GATRON (INDUSTRIES) LIMITED

Annual Report 2022

GATRON

GATRON (INDUSTRIES) LIMITED

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CONSOLIDATED PRESENTATION

CORPORATE INFORMATION

Board of Directors
Abdul Razak Diwan - Chairman
Shabbir Diwan - Chief Executive Officer
Haroon Bilwani
Zakaria Bilwani
Usman Habib Bilwani
Muhammad Iqbal Bilwani
Muhammad Taufiq Bilwani
Muhammad Waseem
Talat Iqbal
Huma Rafique

Special Advisor
Pir Muhammad Diwan

Audit Committee
Muhammad Waseem - Chairman
Zakaria Bilwani
Usman Habib Bilwani
Muhammad Iqbal Bilwani

HR & Remuneration Committee
Talat Iqbal - Chairman
Usman Habib Bilwani
Muhammad Iqbal Bilwani

Company Secretary
Muhammad Yasin Bilwani

Chief Financial Officer
Mustufa Bilwani

Auditor
M/s. Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi.

Legal Advisor
Naeem Ahmed Khan
Advocates
Quetta.

Shares Registrar
F.D. Registrar Services (Pvt) Limited
Suit 1705, 17th Floor, Saima Trade Tower-A,
I.I. Chundrigar Road, Karachi.
Phone: 021-32271905-6

Bankers
Bank Alfalah Limited
Bank Al-Habib Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Standard Chartered Bank (Pakistan) Limited
United Bank Limited

Plant
Plot No.441/49-M2, Sector "M",
H.I.T.E., Main R.C.D. Highway,
HUB, District Lasbela,
Balochistan, Pakistan.

Registered Office
Room No.32, First Floor,
Ahmed Complex,
Jinnah Road, Quetta - Pakistan.

Liaison / Correspondence Office
11th Floor, G&T Tower,
18 Beaumont Road,
Civil Lines-10,
Karachi-75530 - Pakistan.
Phone: 021-35659500-9
Fax: 021-35659516

Email
headoffice@gatron.com

Website
www.gatron.com

GATRON (INDUSTRIES) LIMITED

OUR VISION & MISSION

VISION

To remain at the forefront of quality, innovation and cost competitiveness in the Manufacturing and Marketing of Polyester Filament Yarn, PET Preforms and other Polyester related products.

To achieve corporate success while achieving this vision.

MISSION

To achieve the stated vision of the company with dynamism, business excellence with challenging spirit and flexibility.

To serve the need of the customers by providing high quality products as per their requirement and to their ultimate satisfaction.

To be a good employer by creating a work environment which motivates the employees and promotes team work to encourage the employees to pursue the fulfillment of the vision and mission of the company.

To seek long term good relations with suppliers, banks and financial institutions with fiar and honest dealings.

To play our role as a good corporate citizen through socially responsible behaviour and through service of the community where we do business.

To achieve the basic aim of benefiting shareholders and stake-holders while adhering to the above vision and mission.

Notice of Annual General Meeting

NOTICE IS HEREBY given that the Forty-Second Annual General Meeting of Gatron (Industries) Limited will be held on Friday, October 28, 2022 at 10:00 a.m., at Serena Hotel, Quetta, Balochistan, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Forty-First Annual General Meeting of the Company held on October 26, 2021.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2022 together with the Auditors' Report thereon and Directors' Report for the year then ended.

3. To appoint Company's Auditors for the year ending June 30, 2023 and fix their remuneration.

4. To transact any other Ordinary Business with the permission of the Chair.

By Order of the Board

September 17, 2022

Muhammad Yasin Bilwani
Company Secretary

Notes:

1. The Share Transfer Books of the Company will remain closed from October 21, 2022 to October 28, 2022 (both days inclusive). Transfers received in order at the office of the Shares Registrar before the close of business on October 20, 2022 will be considered in time for the purpose of attendance in the Annual General Meeting.

2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received at the office of the Company not less than 48 hours before the time of holding the meeting. Proxy form is annexed.

3. In case of corporate entity, the Board of Directors resolution/Power of Attorney with specimen signature and attested copy of valid CNIC of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.

4. A member, who has deposited his/her shares in Central Depository Company of Pakistan Limited, must bring his/her Participant ID number and account/sub account number along with original CNIC or NICOP or Passport at the time of attending the meeting.

5. The members are advised to notify to the Company's Shares Registrar of any change in their addresses.

6. The audited financial statements of the Company for the year ended June 30, 2022 are being made available on the company's website.

7. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate to such shareholders information about venue of video conference facility at least 5 days before the date of the Annual General Meeting to enable them to access to such facility.

8. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

سالانہ اجلاس عام کی اطلاع

بذریعہ ہذا اطلاع دی جاتی ہے کہ گیٹرون (انڈسٹریز) لمیٹڈ کا سالانہ بیالیسواں اجلاس عام درج ذیل کارروائی کی انجام دہی کیلئے بروز جمعہ 28 اکتوبر 2022ء دن 10:00 بجے بمقام سیرینا ہوٹل کوئٹہ میں منعقد ہوگا۔

عمومی کارروائی

1 کمپنی کا اکتالیسواں سالانہ اجلاس عام منعقدہ 26 اکتوبر 2021ء کی کارروائی کی توثیق۔

2 30 جون 2022ء کو اختتام پذیر ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ حسابات مع اس وقت ختم شدہ سال کیلئے ان پر آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ کی وصولی، غور وخوض اور منظوری۔

3 30 جون 2023 کو اختتام پذیر ہونے والے سال کیلئے کمپنی آڈیٹرز کا تقرر اور ان کے مشاہرہ کا تعین کرنا۔

4 صدر اجلاس کی اجازت سے دیگر عمومی امور انجام دینا۔

کراچی:
مورخہ: 17 ستمبر 2022ء

حسب الحکم بورڈ
محمد یاسین بلوانی
کمپنی سیکریٹری

نوٹس:

1 کمپنی کی شیئرز ٹرانسفر بکس 21 اکتوبر 2022ء سے 28 اکتوبر 2022ء تک (دونوں دن شامل ہیں) بند رہیں گی۔ شیئرز رجسٹرار کے دفتر میں جو منتقلیاں 20 اکتوبر 2022ء کو کاروباری اوقات کے اختتام سے قبل موصول ہو جائیں گی وہ سالانہ اجلاس عام میں شرکت کے مقصد کیلئے بروقت سمجھی جائیں گی۔

2 کوئی بھی ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا/کی حقدار ہے وہ اپنی جگہ شرکت کرنے، تقریر کرنے اور ووٹ دینے کے لئے کسی دوسرے ممبر کو بطور اپنا/اپنی پراکسی مقرر کرسکتا/کرسکتی ہے۔ پراکسیز کے موثر ہونے کے لئے ضروری ہے کہ وہ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے آفس میں وصول ہو جائیں۔ مختار نامہ (پراکسی فورم) اس رپورٹ کے ہمراہ منسلک ہے۔

3 کارپوریٹ ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع کارپوریٹ ادارہ کی جانب سے نمائندگی کرنے اور ووٹ ڈالنے کیلئے نامزد کردہ شخص کا نمونہ دستخط اور کارآمد CNIC کی تصدیق شدہ نقل پراکسی فارم کے ساتھ کمپنی کو پیش کیا جائے۔

4 کوئی بھی ممبر جس نے سینٹرل ڈیپازیٹری کمپنی آف پاکستان لمیٹڈ میں اپنے شیئرز جمع کرائے ہیں، اجلاس میں شرکت کے وقت اصل CNIC یا NICOP یا پاسپورٹ کے ساتھ اپنا پارٹیسپنٹ ID نمبر اور اکاؤنٹ/سب اکاؤنٹ نمبر لازماً ساتھ لائیں۔

5 ممبرز کو ہدایت کی جاتی ہے کہ وہ اپنے پتوں میں جس بھی قسم کی تبدیلی سے متعلق کمپنی کے شیئرز رجسٹرار کو مطلع کریں۔

6 30 جون 2022ء کو ختم شدہ سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ پر فراہم کردیئے جارہے ہیں۔

7 اگر کمپنی کو اجلاس کی تاریخ سے کم از کم 10 روز قبل بذریعہ ویڈیو کانفرنس اجلاس میں شرکت کرنے کیلئے ان ممبران سے رضامندی وصول ہوتی ہے جو مجموعی طور پر 10% یا زائد شیئر ہولڈنگ کے حامل ہوں اور ایک جیوگرافیکل لوکیشن پر رہائش پذیر ہوں تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا انتظام کردے گی بشرطیکہ اس شہر میں ایسی سہولت دستیاب ہو۔ کمپنی سالانہ اجلاس عام کی تاریخ سے کم از کم 05 یوم قبل ویڈیو کانفرنس سہولت کے مقام سے متعلق ایسے شیئر ہولڈرز کو مکمل ضروری معلومات کے ساتھ مطلع کرے گی تاکہ وہ ایسی سہولت تک رسائی حاصل کرسکیں۔

8 ممبران پولنگ کے مطالبہ کے سلسلے میں اپنا حق استعمال کرسکتے ہیں جو کمپنیز ایکٹ 2017ء کی دفعہ 143 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018ء کے قابل اطلاع شقوں کی شرائط پر پورا اترنے سے مشروط ہوگا۔

CHAIRMAN'S REVIEW

It is my privilege to be serving as the Chairman of Board of Directors of Gatron (Industries) Limited. I am pleased to welcome you to the Forty-Second Annual General Meeting of your Company and present to you my review on the Company's performance.

The Board is governed by ten Directors including three executive directors, four non-executive and three independent Directors (including one female Independent Director). The Directors have rich and varied experience in the fields of business, and they play an important role in achieving the Company's objectives and safeguarding interests of the shareholders.

Pakistan's history is filled with twisted and turning moments and the last financial year was no exception. Besides all the happenings, economic activity rebounded strongly from the aftershocks of the ongoing COVID-19 pandemic. In the period, 2021-22, the Company accelerated sharply with implementation of core strategy. This has been key to steering the Company through industrywide challenges – from the ongoing pandemic to super commodity cycle. The Company is well-focused to make even better use of the opportunities that lie ahead.

During the year, 04 board meetings were held. Performance of members of our Board remained excellent throughout the year and the Board has fulfilled all its mandatory responsibilities. Collective contributions and efforts of all the directors allowed the Company to not only achieve its targets but also maintain its excellent market reputation ensuring compliance with all legal and regulatory requirements. The Board has constituted Audit Committee and Human Resource and Remuneration Committee. These committees provided valuable input and assistance to the Board. The Audit Committee particularly focused on detailed review of financial statements and effectiveness of internal controls. Amongst all the challenges, your company's performance has immensely improved over the period.

The Board as a whole has reviewed the Annual Report and Financial Statements and is pleased to confirm that they consider the report and financial statements, taken as a whole, are fair, balanced and understandable.

Success is the outcome of a tremendous team effort that deserves to be recognized. I would like to take this opportunity to express my appreciation towards the loyalty of all consumers, the management's tireless efforts and devoted services of all our employees, our bankers and government officials, and the Board of Directors' continuous leadership. Achieving such wonderful results in the year 2021-22 wouldn't have been possible without them. I hope that the Company would continue its progress in the future.

Abdul Razak Diwan
Chairman

چیئرمین کی جائزہ رپورٹ

گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کے چیئرمین کے طور پر خدمات انجام دینا میرے لیے اعزاز کی بات ہے۔ مجھے آپ کی کمپنی کے 42ویں سالانہ جنرل میٹنگ میں خوش آمدید کہتے ہوئے اور کمپنی کی کارکردگی پر اپنا جائزہ آپ کے سامنے پیش کرتے ہوئے بے حد خوشی ہو رہی ہے۔

بورڈ دس ڈائریکٹرز کے زیرِ انتظام ہے جس میں تین ایگزیکٹو ڈائریکٹرز، چار نان ایگزیکٹو اور تین آزاد ڈائریکٹرز (بشمول ایک خاتون آزاد ڈائریکٹر) ہیں۔ ڈائریکٹرز کے پاس کاروبار کے شعبوں میں بھرپور اور وسیع تجربہ ہے، اور وہ کمپنی کے مقاصد کو حاصل کرنے اور شیئر ہولڈرز کے مفادات کے تحفظ میں اہم کردار ادا کر رہے ہیں۔

پاکستان کی حالیہ معیشت اونچ نیچ کا شکار ہے اور گزشتہ مالی سال بھی اس سے مستثنیٰ نہیں۔ تمام واقعات کے علاوہ COVID-19 وبائی مرض کے اثرات کے بعد معاشی سرگرمیاں تیز ہو رہی ہیں۔ سال 22-2021 کی مدت میں، کمپنی نے بنیادی حکمت عملی کے نفاذ سے کمپنی کو تیزی سے آگے بڑھایا اور کمپنی کی توجہ آنے والے حالات سے بہتر طور سے نمٹنے کیلئے پوری طرح مرکوز ہے۔

سال کے دوران بورڈ کے 04 اجلاس ہوئے۔ بورڈ کے ممبران کی کارکردگی سال بھر شاندار رہی اور بورڈ نے اپنی تمام لازمی ذمہ داریاں اِحسن طریقے سے پوری کیں۔ تمام ڈائریکٹرز کی اجتماعی کاوشوں نے کمپنی کو نہ صرف اپنے اہداف حاصل کرنے میں مددی دی بلکہ تمام قانونی اور ریگولیٹری تقاضوں کی تعمیل کو یقینی بناتے ہوئے اپنی بہترین مارکیٹ ساکھ کو بھی برقرار رکھا۔ بورڈ نے آڈٹ کمیٹی اور ہیومن ریسورس اینڈ ریمونریشن کمیٹی تشکیل دی ہے۔ ان کمیٹیوں نے بورڈ کو قیمتی مشورے دیئے اور مدد فراہم کی۔ آڈٹ کمیٹی نے خاص طور پر مالی حسابات کے تفصیلی جائزے اور اندرونی کنٹرول کے نِفاذ پر توجہ مرکوز کی۔ تمام چیلنجوں کے باوجود، آپ کی کمپنی کی کارکردگی اس عرصے کے دوران اچھی رہی۔

بورڈ نے مجموعی طور پر سالانہ رپورٹ اور مالیاتی گوشواروں کا جائزہ لیا اور اس بات کی تصدیق کرتے ہوئے خوشی ہو رہی ہے کہ رپورٹ اور مالیاتی گوشوارے مجموعی طور پر منصفانہ، متوازن اور قابل فہم ہیں۔

یہ کامیابی ایک ٹیم کی مشترکہ کوشش کا نتیجہ ہے جو قابلِ تسلیم بات ہے۔ میں اس موقع پر تمام صارفین کی وفاداری، انتظامیہ کی انتھک کوششیں اور تمام ملازمین، بینکرز اور سرکاری افسران کی خدمات اور بورڈ آف ڈائریکٹرز کی مسلسل تعاون اور مدد کے لیے اِن کا شکرگزار ہوں۔ سال 22-2021 کے ایسے اچھے نتائج کا حصول ان کے بغیر ممکن نہیں تھا۔ مجھے امید ہے کہ کمپنی مستقبل میں بھی اپنی ترقی کو اسی طرز پر جاری رکھے گی۔

عبدالرزاق دیوان
چیئرمین

DIRECTORS' REPORT 2022

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the annual report of Gatron (Industries) Limited for the year ended June 30, 2022, along with the audited financial statements and auditor's report thereon.

FINANCIAL REVIEW:

The financial synopsis for the year under review are as below:

- Net sales Rs. 23,960 million,
- Operating profit Rs. 2,646 million,
- Investment income Rs. 226 million,
- Profit before income tax Rs. 2,559 million,
- Profit after income tax Rs. 1,827 million,
- Earnings per share Rs. 47.63
- Return on Total Equity 23.51%

Alhamdulillah! During this year your Company has achieved net revenue of Rs. 23,960 million as compared to Rs.16,558 million of last year with an overall net increase of 45%. This was mainly due to increase in quantum of sales of Polyester Filament Yarn (PFY) as well as higher unit value of the product (because of raw material price increase) and devaluation of Pak Rupee. The quantum of sales of PFY increased on account of the increase in the Production Capacity of the PFY due to startup of the 2nd plant of phase 1 expansion, taking the potential annual production from 60,000 tons to 75,000 tons annually. The sales of PFY would have been even higher but there was quite an overhang of inventory in the Market due to sudden surge of imported PFY. On the other hand, sales volume of PET Preforms remained at lower side by 15% during the year compared to last year mainly due to the winter sales of preforms this year being lower than last year. The Company has also procured two new molds having preform sizes in demand, the impact of which will be realized in the sales of coming periods.

The rising raw material prices and Pak Rupee devaluation versus the Dollar led to dynamic inventory gains for the Company which saw net profit increase from Rs.1.066 billion to Rs.1.827 billion. The higher container sea freight cost on the competing product versus the raw material imported in bulk (non-container) also contributed to this net profit. However, while the high container sea freight cost is temporary, the Pak Rupee devaluation is an ongoing phenomenon increasing the rupee profit may remain albeit sometimes at a high level and sometimes at a lower level.

During the period, the Company has increased its production capacity to 75,000 MT as planned but as noted above the actual production of PFY remained below capacity due to sudden surge of competing imported yarn. The plant utilization was remained at 76% of the capacity while Pre-COVID, it was much higher. The pricing of PFY also could not catch up fully with the landed cost of PFY due to the tremendous overhang of imported yarn stocks.

Besides the increased production and sales, as well as the diversification of PFY to more value added product types, the bottom line of the Company has also improved as noted above due to devaluation of Pak Rupee and the rising trend of raw material prices in dollar terms pushing up unit value of product prices. The continued devaluation of Pak Rupee versus the US$ on monthly average from Rs.157 in June 2021 to Rs.205 in June 2022 resulted in substantial static and dynamic inventory gains. As noted the price and margin was also supported by container freight costs which continued to remain high in the reporting period. Further, main raw material prices i.e., PTA which was average $ 750 per ton in July 2021 increased to $ 1100 per ton as of reporting date following the trend of the oil prices (WTI) from $75 in July 2021 to $106 in June 2022. This high level of PTA (raw material) prices was last achieved in the summer of year 2018. This increasing trend of raw material prices both in dollar terms further enhanced in rupee terms due to devaluation adds to the profit due to dynamic inventory gains vis. purchased raw material at lower rupee cost by the time converted into finished product increases in rupee value pushing the rupee/ kg price for that product which adds to the profitability. While devaluation may continue the rising trend of raw material prices in dollar terms may not continue.

Distribution & selling expenses significantly increased by around 42% as compared to last corresponding period and it is mainly due to increase in sales volume and increase in freight and transportation charges. On the other hand, administrative expenses increased by 23% mainly increased due to inflationary factors because of Pak Rupee devaluation.

Finance costs have also increased due to significant increase in Stock in Trade and Receivables which resulting in higher working capital requirements. Also finance costs increased substantially due to increase in discount rate from 7% in June 2021 to 13.75% in June 2022.

On the Balance Sheet front as compared to June 30, 2021, stocks increased by Rs. 2,478 million to reach to Rs. 6,318 million. Debtors increased by Rs. 1,426 million to reach Rs. 4,323 million while creditors increased by Rs. 1,862 million to reach Rs. 3,668 million. In view of the above, Company's short-term borrowing increased by Rs.1,371 million as compared to June 30, 2021, to meet financing in working capital requirements.

As already reported in September 2021 that with the resolve of the Government to strongly pursue the collection of Anti-Dumping Duty on Filament Yarn, your Company has already proceeded with the phase 2 of its expansion plan. This will allow the Company the capacity to produce 95,000 to 99,000 tons per annum of mixed denier (up from 75,000 tons current potential). This is three times the 33,000 tons of similar mixed denier production potential of the Company 5 years ago in 2017. Also the polymer plant of capacity more than 200,000 tons/year is being installed, which will start Insha Allah in April 2023. This Polymer will now be able to feed all the PFY lines including the new capacity which otherwise the existing polymer plant would have been to able to feed only one-third of the PFY capacity. Furthermore, it also allows production of additional polymer for more diversified products for local sale, own use as well as export. These diversified products also include Cationic polymer for Cationic yarn as well as Film grade Silica resin. The additional bright polymer will give the opportunity to the Company to expand the production of FDY yarn by Direct spinning if it so choses. Further, the export opportunity is being tapped to obtain low rate of long term financing of capital costs of the respective production plant. This would also allow better utilization of production capacity at a time when the domestic market is in a flux.

Furthermore by December 2022, your Company Insha Allah will increase its capability of producing recycled yarn from PET bottle flakes to upto nearly 12% of its PFY capacity, thus increasing the potential of more diverse set of customers for the same and increasing further the diversity in the already broad range of different varieties of PFY that the Company is able to produce.

Also by December 2022 the auto handling, auto inspection and auto packing project of PFY will Insha Allah be in full swing, under this project the yarn trolleys move on a track and the yarn bobbins are inspected, graded, and packed in sealed & labelled cartons without any human touching the bobbins. The inspection, grading as well as packed production data also auto uploaded to the digital records of the Company.

Your Company has put up in-house knitting machines to supply Knitted Fabric of good quality for the local buyers of such product. This project is more to show the way for improved quality of Polyester Knitted fabric to the market and to demonstrate that the same can be produced with your Company's yarn. At moment the available capacity can convert 2.50% of your Company's PFY production into Knitted Fabric.

In July 2022, Pakistan's largest SAP implementation went live at Gatron. We have implemented and activated modules in Finance, Production, Supply Chain, Projects and HR. This will bring a result in a cultural shift that brings together people, data, and processes from across the business to create a better customer experience and become more competitive in an increasingly digital world.

CHALLENGES FACED AND FUTURE OUTLOOK

- Pursuant to the final determination of antidumping duties made by the NTC in 2017, the Importers and foreign exporters of PFY had also filed appeals before the Appellate Tribunal. The Appellate Tribunal after more than four years remanded the case back to the NTC in December 2021 to re-calculate the duties for certain aspects. Accordingly, NTC has reduced the notified antidumping duties in the range of 2.78% to 6.82% (average 4.8%) before remand the notified antidumping duties were in the range of 3.25% to 11.35%. These were already low to cover the actual dumping/injury and are much lower than Anti-Dumping Duties imposed on Chinese exporters of Polyester Filament yarn:

  - by Turkey of minimum 16% or $250/ton
  - by India of minimum 23% on the same producers.
  - by the USA of minimum 32% (anti-dumping and anti-subsidy duties)
  - by Vietnam of minimum 17.45% (and max 21.23%)

  While Brazil as well as Mexico have also initiated Anti-Dumping Duties on PFY from China. So, 6 major countries have Anti-Dumping or countervailing duties on PFY from China, while Indonesia is restricting imports of PFY by not allowing the same to traders. So this covers most the PFY producing countries. Bangladesh protects its PFY industry by way of 20% import duty on competing imported yarn.

- However even at these low levels of ADD in Pakistan the continuation of ADD and its effective collection in Pakistan for next 5 years is essential. Moreso since the importers have evaded/still not paid the ADD for much of the previous 5 year. The importers get a stay in one high court, which gets dismissed in 5 or 6 months. Though they cannot file the same petition in another High court once it has been dismissed, they do so in another city High court, by hiding the fact that it has been dismissed earlier and by declaring that this is the first time they are filing petition against the said ADD. In this way they have so far filed petition against the PFY ADD one after the other (after the dismissal of earlier petition for more than 35 times).

- The importers have made so far a mockery of the Government efforts to collect the Anti-dumping duty on PFY with over Rs 16b remaining uncollected. It is time the Government restores the 5% RD/ACD on import of PFY until the importers demonstrate seriously that they pay the ADD on PFY.

- Effectively the ADD along with the Regulatory Duty and ACD since year 2017 motivated your Company and other producers to increase its capacity since 2017, such that production capacity of the Domestic PFY Industry next year will reach 165,000 tons, if it is operates at 95% utilization, compared to only around 70,000 tons in 2017. Now with removal of RD and ACD that partial shield also has gone away so the renewal of Anti-Dumping Duty in the sunset review and its effective collection is most important since a major part of the expansion has recently started or will start in the ensuing period.

- The expansions of your Company as well expansions by other Filament Yarn producers in Pakistan, on the back of Regulatory Duty on competing imported yarn as well as Anti-Dumping Duties against dumping can take the indigenous production of PFY to a level which will meet above 60% of local demand in the coming years compared to only 30% in 2017. This expansion will give import substitution and reduce the current account deficit (now on rise) while will also provide local employment beyond the jobs already provided by the industry.

- PFY is ranked 15 among the top imports of the country in 2020 so needs to be produced locally, particularly when its raw material PTA is also produced locally. It should also be kept in mind that in the year 2003 over 90% of local demand of Filament yarn was met by indigenous production.

- Moreover the downstream industry and demand has also grown over the years and the total Demand in the year 2021-22 is estimated at 357,000 tons compared to 260,000 tons in year 2017-18 so increasing domestic production of the same is also essential to prevent reduce pressure on the current account deficit.

- Due to the limited size of cotton crop, the aim of the country should be able to provide clothe/kapra to more than 220 million population with locally produced textile raw materials. It is worthwhile to note that the major raw material of Filament Yarn viz PTA is also produced in Pakistan and with any new refinery the basic chemicals for PTA viz Paraxylene may also be produced from crude oil within the country, achieving the self-reliance and full chain of crude oil to polyester clothes within the country.

OTHER MATTERS

- The principal business of wholly owned subsidiary Company Messrs. Gatro Power (Private) Limited is to generate and sell electric power. During the period under review, the subsidiary Company has paid dividend of Rs. 226 million.

- The principal business of Wholly Owned Subsidiary Company Messrs. G-Pac Energy (Private) Limited is to generate and sell electric power. The operations of this Subsidiary Company are expected to be commenced by the end of current calendar year.

- Wholly Owned Subsidiary Messrs. Global Synthetics Limited has yet to commence its operations.

APPROPRIATION

The Board of Directors of the Company has not recommended any dividend for the year ended June 30, 2022.

EARNING PER SHARE

The earnings per share of the Company for the year ended on June 30, 2022, is Rs. 47.63.

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred during the period to which the balance sheet relates and the date of this report.

CHAIRMAN'S REVIEW

The Chairman's review on the performance of the Company is annexed to this report.

EXTERNAL AUDITORS

The retiring auditors M/s Kreston Hyder Bhimji & Co., Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended for reappointment as auditors of the Company for the year 2022-23.

The Auditors of the Company M/s. Kreston Hyder Bhimji & Co., Chartered Accountants, have issued an unqualified audit report to the members of the Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company is annexed to this report.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group along with notes thereto and auditors' report thereon, have also been included in this annual report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board confirms the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following:

- The financial statements for the year ended June 30, 2022, prepared by the management of the Company, present its overall affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent business judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been disclosed and explained.
- The system of internal control is sound in design, it has been effectively implemented and monitored.
- Significant deviations from last year in operating results of the Company, if any, are disclosed in this report.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as per regulations.
- Key operating and financial data of last six years in summarized form is annexed.
- The fair value of the provident funds investments as of June 30, 2022 was Rs. 581 million.
- During the year 04 Board meetings, 04 Audit committee meetings and 04 HR & remuneration committee meetings were held.
- The names of the persons, who at any time during the financial year ended 30 June, 2022, were Members of the Board and its Committees along with their attendance is as follows:

Name of Director	Board of Directors Meetings	Audit Committee Meetings	HR & Remuneration Committee Meetings
Mr. Abdul Razak Diwan	3	-	-
Mr. Shabbir Diwan	4	-	-
Mr. Haroon Bilwani	4	-	-
Mr. Zakaria Bilwani	4	4	
Mr. Usman Habib Bilwani	4	4	4
Mr. Muhammad Iqbal Bilwani	4	4	4
Mr. Muhammad Taufiq Bilwani	4	-	-
Mr. Muhammad Waseem	4	4	-
Mr. Talat Iqbal	4	-	4
Ms. Huma Rafique	4	-	-

(Leaves of absence were granted to the directors for not attending the Board meetings)

BOARD OF DIRECTORS

There is no change in the Board of Directors of the Company.

EVALUATION OF BOARD OWN PERFORMANCE

Effective mechanism has been put in place to review the Board's performance on self-assessment basis. Board of Directors continued to provide valuable guidance to ensure effective governance.

COMMUNICATION WITH SHAREHOLDERS

The Company focuses on the importance of the communication with the shareholders. The annual reports are distributed to them on CDs within the time specified in the Companies Act, 2017. The activities of the Company are also updated on its website at www.gatron.com on timely basis.

ACKNOWLEDGMENT

We are grateful to all our stakeholders and would like to thank them for their continuous support, trust, and commitment to the company. We look forward to sharing more success in the future.

The growth of the company would have not been possible without the assistance and guidance of our Key Stakeholders. The dedication, innovation, and creative thinking of every member of the Company has also played a vital role in overall Company's growth and progress.

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

September 17, 2022

بورڈ کی اپنی کارکردگی کی تشخیص:

کمپنی نے بورڈ کی کارکردگی کی تشخیص کے لئے اندرونِ خانہ ایک مؤثر نظام کا نفاذ کیا جو کہ خود تشخیص کی بنیاد کے عین مطابق ہے۔اسی کے ساتھ بورڈ آف ڈائریکٹرز موثر گورننس کو یقینی بنانے کے لیے قیمتی رہنمائی فراہم کرتے رہے۔

شیئر ہولڈرز کے ساتھ مواصلت:

کمپنی شیئر ہولڈرز کے ساتھ رابطے کو بہت اہم سمجھتی ہے۔کمپنیز ایکٹ 2017ء کے مطابق مقررہ وقت کے اندر سالانہ رپورٹیں CDs کی صورت میں تقسیم کیں۔کمپنی کی سرگرمیوں کو اس کی ویب سائٹ www.gatron.com پر بھی بروقت اپ ڈیٹ کیا جاتا ہے۔

اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کے مسلسل تعاون، اعتماد اور حمایت کیلئے شکر یہ ادا کرنا چاہتے ہیں۔اس امید کے ساتھ کہ ہم مستقبل میں مزید کامیابیاں آئندہ بھی بانٹتے رہیں گے۔

کمپنی کی ترقی ہمارے کلیدی اسٹیک ہولڈرز کی مدد اور رہنمائی کے بغیر ممکن نہیں تھی۔ہم کمپنی کے ہر ممبر کی لگن، جدید اور تخلیقی سوچ نے بھی کمپنی کی مجموعی ترقی میں اہم کردار ادا کیا ہے۔

شبیر دیوان	**محمد اقبال بلوانی**
افسر اعلیٰ	ڈائریکٹر

17 ستمبر، 2022ء

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک:

ڈائریکٹرز تصدیق کرتے ہیں کہ درج ذیل امور میں سیکیورٹی اینڈ ایکسچینج کمیشن کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک اور کوڈ آف کارپوریٹ گورنینس کے ضابطہ اخلاق پر عمل درآمد کیا گیا ہے:

- ☆ 30 جون 2022ء کو اختتام پذیر ہونے والے سال کیلئے کمپنی ہٰذا کی انتظامیہ کے تیار کردہ مالیاتی گورشوارے، کمپنی کے معاملات، اسکے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیاں شفاف انداز میں پیش کی گئیں ہیں۔
- ☆ کمپنی نے کھاتہ جات موزوں طور سے مرتب کئے ہیں۔
- ☆ مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں پر مستقلاً عمل درآمد کیا گیا اور اکاؤنٹنگ تخمینہ جات مناسب اور محتاط کاروباری قیاسیات پر مبنی ہیں۔
- ☆ مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز ملحوظ خاطر رکھے گئے ہیں اور اگر کسی جگہ ان سے انحراف کیا گیا ہے تو اسے مُناسِب طور پر وجوہات کے ساتھ واضح کیا گیا ہے۔
- ☆ اندرونی نگہداری کا نظام مضبوط بنیادوں پر استوار ہے اور اس کا نفاذ موثر طور سے کیا گیا ہے اور اس پر نظر بھی رکھی جا رہی ہے۔
- ☆ گزشتہ برس کے آپریٹنگ نتائج سے اگر کوئی واضح انحراف ہے تو اس کا تذکرہ اس رپورٹ میں مناسب جگہ پر کیا گیا ہے۔
- ☆ کاروبار جاری رکھنے کے سلسلے میں کمپنی کی اہلیت پر کوئی خاص شک وشبہ نہیں۔
- ☆ کارپوریٹ گورننس کے بہترین معمولات جیسا کہ ریگولیشنز میں تفصیلاً مذکور ہیں سے کوئی اہم انحراف نہیں کیا گیا۔
- ☆ گزشتہ 6 سال کا اہم آپریٹنگ اور فنانشل ڈیٹا اس رپورٹ میں منسلک ہے۔
- ☆ 30 جون 2022ء کو پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر مبلغ 581 ملین روپے تھی۔
- ☆ دوران سال 4 بورڈ، 4 آڈٹ کمیٹی اور 4 ایچ آر اینڈ ری میونریشن کمیٹی کے اجلاس کا انعقاد کیا گیا۔ جس میں ڈائریکٹرز اور ممبران کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے اجلاس	آڈٹ کمیٹی کے اجلاس	ایچ آر اینڈ ری میونریشن کمیٹی کے اجلاس
محترم جناب عبدالرزاق دیوان	03	-	-
محترم جناب شبیر دیوان	04	-	-
محترم ہارون بِلوانی	04	-	-
محترم جناب زکریا بِلوانی	04	04	-
محترم جناب عثمان حبیب بِلوانی	04	04	04
محترم جناب محمد اقبال بِلوانی	04	04	04
محترم جناب محمد توفیق بِلوانی	04	-	-
محترم جناب محمد وسیم	04	04	-
محترم جناب طلعت اقبال	04	-	04
محترمہ ہما رفیق	04	-	-

(ان ممبران کی غیر حاضری کی درخواست منظور کی گئی جو میٹنگ میں شرکت نہ کر سکے)

بورڈ آف ڈائریکٹرز:

کمپنی کے بورڈ آف ڈائریکٹرز میں کوئی تبدیلی واقع نہیں ہوئی۔

دیگر امور:

☆ مکمل ملکیتی ماتحت ادارہ میسرز گیٹرو پاور (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس ادارے نے سال کے دوران 226 ملین روپے کے نقد منافع منقسمہ کی ادائیگی کی۔

☆ میسرز جی پیک انرجی (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس کمپنی کے آپریشنز موجودہ سال کے آخر تک شروع ہونے کی توقع ہے۔

☆ مکمل ملکیتی ماتحت ادارہ میسرز گلوبل سینتھیٹک لمیٹڈ نے اب تک اپنے آپریشنز شروع نہیں کئے۔

تصرف:

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2022ء کے اختتام پذیر ہونے والے سال کیلئے حتمی منافع منقسمہ نہ دینے کی تجویز پیش کی ہے۔

آمدن فی حصہ:

30 جون 2022ء کو اختتام پذیر ہونے والے سال کے لیئے منافع فی حصہ 47.63 روپے رہا۔

اہم تبدیلیاں اور معاہدے:

بیلنس شیٹ کی تاریخ اور رپورٹ ہٰذا کی تاریخ کے درمیان کمپنی کی مالیاتی حیثیت میں تبدیلی لانے والی نہ کوئی اہم بات رونما ہوئی اور نہ ہی ایسے معاہدے ہوئے۔

چیئرمین کا جائزہ:

چیئرمین کا جائزہ اس سالانہ رپورٹ میں منسلک کیا گیا ہے۔

بیرونی آڈیٹرز:

ریٹائرنگ آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی بطور بیرونی آڈیٹرز برائے مالی سال 2022-23 دوبارہ تقرری کی سفارش کی ہے۔ کمپنی کے بیرونی آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے کمپنی کے ممبران کیلئے غیر مشروط جائزہ رپورٹ جاری کی ہے۔

شیئر ہولڈنگ کی ترتیب:

کمپنی کی شیئر ہولڈنگ کی ترتیب ظاہر کرنے والا گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔

مجموعی مالیاتی گوشوارے:

زیرِ نظر سالانہ رپورٹ میں گروپ ہٰذا کے جامع مالیاتی گوشوارے (Consolidated Financial Statement) ہمراہ نوٹس اور ڈائریکٹرز رپورٹ اس رپورٹ کے ساتھ منسلک ہیں۔

Stay Order جو کہ 5 یا 6 ماہ تک خارج ہوتی ہے، حاصل کر کے درآمدی یارن پر اینٹی ڈمپنگ ڈیوٹی ادا نہیں کرتے ہائی کورٹ کے بینچ میں ایک بار درخواست خارج ہونے کے بعد وہی درخواست دوبارہ دائر نہیں ہو سکتی، تاہم اسی طرح کی درخواست ایک مختلف شہر میں دائر کرتے ہیں، جھوٹا حلف نامہ دے کر کہ یہ اس معاملے پر ان کی پہلی درخواست ہے اور اس ہائی کورٹ کی بینچ سے Stay حاصل کرتے ہیں، چونکہ اس جھوٹے حلف نامے کے بغیر وہ پہلی برخاستگی کے بعد دوبارہ ہائی کورٹ میں عرضی داخل نہیں کر سکتے۔ اس طرح ہائی کورٹ کو گمراہ کر کے، مختلف بینچوں میں (35 سے زائد مرتبہ پہلے کی درخواست خارج ہونے کے بعد) درخواستیں دائر کی ہوئی ہیں اور Stay حاصل کر کے اینٹی ڈمپنگ ڈیوٹی کی ادائیگی نہیں کر رہے۔

☆ درآمد کنندگان نے اب تک پی ایف وائی پر اینٹی ڈمپنگ ڈیوٹی جمع کرنے کی حکومتی کوششوں کا مذاق اڑایا ہے جس میں 16 بلین روپے سے زیادہ کی رقم وصول نہیں ہوئی۔ یہی وقت ہے کہ حکومت پی ایف وائی کی درآمد پر 5 فیصد آر ڈی اور اے سی ڈی (Regulatory Duty/Additional Custom Duty) کو بحال کرے جب تک کہ درآمد کنندگان سنجیدگی سے پی ایف وائی پر اینٹی ڈمپنگ ڈیوٹی ادا نہیں کرتے۔

☆ ریگولیٹری ڈیوٹی اور اے سی ڈی جو کہ ڈمپنگ کے خلاف واحد ڈھال تھیں جس نے 2017ء سے کمپنی اور دوسرے پروڈیوسرز کو پیداواری صلاحیت میں اضافہ کرنے میں مدد کی ہے۔ اس طرح مقامی پی ایف وائی صنعت کی پیداوار اگلے سال 165,000 ٹن تک پہنچ جائے گی اگرچہ یہ 95 فیصد کا استعمال کر پائے، جبکہ 2017ء میں صرف 70,000 ٹن تھی۔ اب ریگولیٹری ڈیوٹی اور اے سی ڈی کے ہٹانے سے وہ جزوی ڈھال بھی ختم ہوگئی اس لیے اینٹی ڈمپنگ ڈیوٹی کو دوبارہ نافذ کرنا اور اسکی موثر طور پر وصولی سب سے اہم ہے کیونکہ توسیع کا ایک بڑا حصہ حال ہی میں شروع ہوا ہے یا آنے والے عرصے میں شروع ہوگا۔

☆ کمپنی کی توسیع کے ساتھ ساتھ پاکستان میں فلیمنٹ یارن کے دوسرے پروڈیوسروں کی طرف سے توسیع، درآمد شدہ یارن کا مقابلہ کرنے کے لئے ریگولیٹری ڈیوٹی کے ساتھ ساتھ ڈمپنگ Injury کے خلاف اینٹی ڈمپنگ ڈیوٹیوں کا تسلسل، PFY کی مقامی پیداوار کو ایک سطح تک لے جا سکتا ہے جو آنے والے سالوں میں مقامی طلب کے 60 فیصد کو پورا کرے گی جبکہ 2017ء میں یہ صرف 30 فیصد تھا۔ یہ توسیعی منصوبے درآمدات کا متبادل ثابت ہونگے اور کرنٹ اکاؤنٹ کا خسارہ کم کرینگے (جو اس وقت عروج پر ہے) اور انڈسٹری کی جانب سے پہلے سے فراہم کی جانے والی ملازمتوں کے علاوہ مزید مقامی روزگار بھی فراہم کرے گی۔

☆ پی ایف وائی کی درآمد 2020ء میں ملک کی سب سے بڑی درآمدات میں 15 ویں نمبر پر تھی لہٰذا اسے مقامی طور پر تیار کرنے کی ضرورت ہے، خاص طور پر جب کہ اس کا خام مال پی ٹی اے بھی مقامی طور پر تیار کیا جاتا ہے۔ یہ بات بھی ذہن میں رہے کہ سال 2003ء میں فلیمنٹ یارن کی مقامی طلب کا 90 فیصد سے زیادہ مقامی پیداوار سے پورا کیا جاتا تھا۔

☆ Downstream کی صنعت اور طلب میں بھی اضافہ ہوا ہے اور سال 22–2021 میں کل طلب کا تخمینہ 357,000 ٹن ہے جو کہ سال 18–2017 کے مقابلے میں 260,000 ٹن تھا۔ اس لیے ملک کے کرنٹ اکاؤنٹ خسارے پر دباؤ کم کرنے کے لیے ملکی پیداوار میں اضافہ ضروری ہے۔

☆ کاٹن کی فصل محدود پیمانے پر کاشت کی جانے کی وجہ سے یہ ضروری ہے کہ 220 ملین سے زیادہ مقامی آبادی مقامی خام مال سے تیار شدہ ٹیکسٹائل مصنوعات استعمال کرے۔ یہاں یہ بتانا بھی ضروری ہے کہ فلامنٹ یارن میں استعمال ہونے والا PTA جیسا اہم خام مال پاکستان میں بنایا جاتا ہے اور کسی بھی نئی ریفائنری کے ساتھ PTA کا اہم خام مال PARAXYLENE کیمیکل بھی خام تیل سے ملک میں ہی بنایا جا سکے گا جس کے نتیجے میں خود انحصاری حاصل ہو سکے اور خام تیل سے لیکر پالیسٹر ملبوسات تک کی پوری Chain ملک میں ہی بنے۔

فیصد تک بڑھا دے گی، اس طرح مختلف صارفین کے لیے مختلف اِقسام کے پالیسٹر فلیمنٹ یارن بھی بنا سکے گی۔

کمپنی دسمبر 2022ء تک پی ایف وائی کا آٹو ہینڈلنگ، آٹو انسپکشن اور آٹو پیکنگ کا پروجیکٹ انشاء اللہ پوری طرح سے شروع کر دے گی، اس پروجیکٹ کے تحت یارن کی ٹرالیاں ایک ٹریک پر چلنے اور وہاں سے دھاگے کے Bobbins کا معائنہ، ان کی درجہ بندی اور سیل، لیبل والے کارٹن کے عمل تک بغیر کسی انسان کے بوبن کو چھو پائے گا۔ معائنہ، گریڈنگ کے ساتھ ساتھ پیکڈ پروڈکشن ڈیٹا بھی کمپنی کے ڈیجیٹل ریکارڈ پر خود بخود اپ لوڈ ہوگا۔

آپ کی کمپنی نے مقامی خریداروں کو اچھا اور معیاری Knitted Fabric فراہم کرنے کے لیے In-house Knitting Machines لگائی ہیں۔ اس پراجیکٹ سے مارکیٹ میں پالیسٹر Knitted Fabric کے بہتر معیار کا راستہ ہموار ہوگا اور یہ اس بات کا آئینہ دار ہے کہ آپ کی کمپنی کے دھاگے سے بھی اس طرز کے پروڈکٹس کو تیار کیا جاسکتا ہے۔ اس وقت آپ کی کمپنی موجودہ صلاحیت کی پی ایف وائی پیداوار کے 2.50 فیصد کو Knitted Fabric میں تبدیل کر سکتی ہے۔

جولائی 2022ء میں، پاکستان کا سب سے بڑا SAP کا نفاذ Gatron میں Live ہوا۔ فنانس، پروڈکشن، سپلائی چین، پروجیکٹس اور HR ماڈیولز کو لاگو اور فعال کیا گیا۔ اس سے ایک تبدیلی کی راہ ہموار ہوگی اور اس سے منسلک لوگوں، ڈیٹا اور عمل کو اکٹھا کر کے صارفین کا ایک بہتر تجربہ تخلیق کیا جاسکے اور ڈیجیٹل دنیا میں زیادہ مسابقتی بننے میں مدد ملے گی۔

درپیش چیلنجز اور مستقبل پر ایک نظر:

☆ این ٹی سی کی جانب سے 2017ء میں کی گئی اینٹی ڈمپنگ ڈیوٹی کے حتمی تعین کے خلاف پی ایف وائی کے درآمد کنندگان اور غیر ملکی برآمد کنندگان نے بھی اپیلٹ ٹربیونل میں اپیلیں دائر کی تھیں۔ اپیلٹ ٹربیونل نے چار سال سے زائد عرصہ گزرنے کے بعد دسمبر 2021ء میں کیس کو این ٹی سی کو Remand Back کر دیا تاکہ کچھ پہلوؤں کے لیے ڈیوٹی کا دوبارہ حساب لگایا جا سکے۔ اس کے مطابق، این ٹی سی نے مطلع شدہ اینٹی ڈمپنگ ڈیوٹی کو 2.78 فیصد سے 6.82 فیصد (اوسط 4.8 فیصد) کی حد میں کم کر دیا ہے۔ ریمانڈ سے پہلے مطلع شدہ اینٹی ڈمپنگ ڈیوٹی 3.25 فیصد سے 11.35 فیصد کی حد میں تھی جو اصل ڈمپنگ/Injury کو پورا کرنے کے لیے پہلے ہی ناکافی تھی اور پالیسٹر فلیمنٹ یارن کے چینی برآمد کنندگان پر عائد اینٹی ڈمپنگ ڈیوٹیوں سے بہت کم ہے:

- o ترکی کی جانب سے کم از کم 16 فیصد یا $250/ٹن
- o انہی پروڈیوسرز پر ہندوستان کی جانب سے کم از کم 23 فیصد
- o امریکہ کی جانب سے کم از کم 32 فیصد (اینٹی ڈمپنگ اور اینٹی سبسڈی ڈیوٹیز)
- o ویتنام کی جانب سے کم از کم 17.45 فیصد (اور زیادہ سے زیادہ 21.23 فیصد)

جبکہ برازیل اور میکسیکو نے بھی چینی پی ایف وائی پر اینٹی ڈمپنگ ڈیوٹی شروع کی ہے۔ اس طرح، 6 بڑے ممالک نے چینی پی ایف وائی پر اینٹی ڈمپنگ یا کاؤنٹر ویلنگ ڈیوٹی عائد کر رکھی ہے، جبکہ انڈونیشیا تاجروں کو اس کی اجازت نہ دے کر پی ایف وائی کی درآمدات کو محدود کر رہا ہے۔ لہذا، اس میں زیادہ تر پی ایف وائی پیدا کرنے والے ممالک شامل ہیں۔ بنگلہ دیش اپنی پی ایف وائی صنعت کو مسابقتی درآمدی یارن پر 20 فیصد درآمدی ڈیوٹی کے ذریعے تحفظ فراہم کرتا ہے۔

☆ تاہم پاکستان میں اینٹی ڈمپنگ ڈیوٹی کی ان کم سطحوں پر بھی اینٹی ڈمپنگ ڈیوٹی کے حصول کیلئے اگلے 5 سالوں تک پاکستان میں اس کا موثر نفاذ ضروری ہے۔ مزید یہ کہ چونکہ درآمد کنندگان نے پچھلے 5 سالوں میں زیادہ تر عرصے میں اینٹی ڈمپنگ ڈیوٹی کی ادائیگی نہیں کی ۔ یارن کے درآمد کنندگان ہائی کورٹ سے

بڑھتی ہوئی پیداوار اور فروخت کے ساتھ ساتھ پی ایف وائی کی مزید value-added اقسام بنانے اور امریکی ڈالر میں خام مال کی قیمتوں میں اضافے کے رجحان کی وجہ سے کمپنی کی نچلی لائن (Bottom Line) میں بہتری آئی جیسا کہ اوپر بیان کیا گیا کہ پاکستانی روپے کی قدر میں کمی اور ڈالر کے لحاظ سے خام مال کی قیمتوں کے بڑھتے ہوئے رجحان کی وجہ سے مصنوعات کی قیمتوں کی یونٹ ویلیو میں اضافہ ہوا۔ ماہانہ اوسطاً پاکستانی روپے بمقابلہ امریکی ڈالر کی قدر میں جون 2021ء میں 157 روپے سے جون 2022ء میں 205 روپے تک کمی کے نتیجے میں خاطر خواہ انوینٹری Gain ہوا۔ جیسا کہ نوٹ کیا گیا، قیمت اور مارجن کو Container Sea Freight Costs سے بھی مدد ملی جو رپورٹنگ مدت میں مسلسل بلند رہی۔ مزید برآں، خام مال کی قیمتیں یعنی پی ٹی اے کی قیمت جو جولائی 2021ء میں اوسطاً 750$ فی ٹن تھی بڑھ کر 1100$ فی ٹن ہوگئیں، رپورٹنگ تاریخ کے مطابق تیل (WTI) کی قیمتیں جو جولائی 2021ء میں 75$ سے جون 2022ء میں 106$ فی بیرل تک ہوگئیں۔ پی ٹی اے (خام مال) کی قیمتوں کی یہ بلند سطح آخری بار سال 2018ء کے موسم گرما میں تھیں۔ ڈالر کے لحاظ سے خام مال کی قیمتوں کے اس بڑھتے ہوئے رجحان، روپے کی قدر میں کمی اور خام انوینٹری کے منافع (کم قیمت کا خام مال جو Finished Goods تیار ہونے تک زیادہ قیمت میں فروخت ہوا) جس سے پروڈکٹ کی قیمت روپے/کلو بڑھ جانے سے منافع میں اضافہ ہوتا ہے۔ روپے کی قدر میں گراوٹ جاری رہ سکتی ہے جبکہ خام مال کی قیمتوں میں ڈالر کے لحاظ سے اضافہ جاری متوقع نہیں۔

ڈسٹری بیوشن اور فروخت کے اخراجات میں پچھلے اسی عرصے کے مقابلے میں تقریباً 42 فیصد کا اضافہ ہوا اور اس کی بنیادی وجہ فروخت کے حجم میں اضافہ اور ٹرانسپورٹیشن چارجز میں اضافہ ہے۔ دوسری طرف، انتظامی اخراجات میں 23 فیصد اضافہ ہوا جس کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی کی وجہ سے افراط زر کے عوامل میں اضافہ ہے۔

قابلِ وصول قرضوں اور اسٹاک کی قدر میں نمایاں اضافے کی وجہ سے ورکنگ کیپیٹل (Working Capital) کی ضروریات میں اضافہ ہوا جس کی وجہ سے مالیاتی لاگت میں اضافہ ہوا۔ جون 2021ء میں Discount Rate کی شرح میں 7 فیصد سے جون 2022ء میں 13.75 فیصد تک بڑھ جانے کی وجہ سے بھی مالیاتی اخراجات میں خاطر خواہ اضافہ ہوا۔

30 جون 2021ء کے مقابلے میں اسٹاک میں 2,478 ملین روپے کا اضافہ ہوا جو 6,318 ملین روپے تک پہنچ گیا۔ قابل وصول قرضوں کی مالیت 1,426 ملین روپے کے اضافے کے ساتھ 4,323 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 1,862 ملین روپے سے بڑھ کر 3,668 ملین روپے تک پہنچی۔ اِن امور کی وجہ سے ورکنگ کیپیٹل کی ضروریات بڑھ گئیں اور قلیل مدتی قرضہ جات میں 30 جون 2021ء کے مقابلہ میں 1,371 ملین روپے کا اضافہ ہوا۔

جیسا کہ ستمبر 2021ء کی رپورٹ میں اطلاع دی گئی کہ حکومت کے فلیمنٹ یارن پر اینٹی ڈمپنگ ڈیوٹی کی وصولی کو موثر طور پر آگے بڑھانے کے عزم کے ساتھ، آپ کی کمپنی توسیعی منصوبوں کے دوسرے مرحلے کے ساتھ آگے بڑھ رہی ہے۔ اس سے کمپنی سالانہ 95,000 سے 99,000 ٹن مکسڈ ڈینئر (75,000 ٹن حالیہ استطاعت سے زیادہ) پیدا کر سکے گی۔ یہ 5 سال پہلے 2017 میں کمپنی کی 33,000 ٹن اسی طرح کی مکسڈ ڈینئر پیداواری صلاحیت سے تین گنا زیادہ ہے۔ اس کے ساتھ ساتھ سالانہ 200,000 ٹن سے زائد کی پولیمر پلانٹ کی لائنیں بھی شامل ہیں جن کی پیداوار اپریل 2023ء میں شروع ہونے کی توقع ہے۔ یہ پولیمر پلانٹ اب تمام پی ایف وائی لائنوں کو فیڈ کرنے کے قابل ہو جائے گا جس میں نئی صلاحیت بھی شامل ہے جو بصورت دیگر موجودہ پولیمر پلانٹ پی ایف وائی کی صرف ایک تہائی صلاحیت کو فیڈ کرنے کے قابل تھا۔ مزید یہ کہ، اضافی پولیمر Diversified مصنوعات کی پیداوار، برآمد اور مقامی فروخت کے کام آپئیگا۔ ان Diversified مصنوعات میں Cationic یارن کے لیے Cationic پولیمر کے ساتھ فلم گریڈ Silica Resin بھی شامل ہے۔ اضافی Bright پولیمر FDY یارن کی پیداوار کو ڈائریکٹ اسپننگ کے ذریعے بڑھانے کے موقع فراہم کرے گا۔ مزید برآں، متعلقہ پیداواری پلانٹ کے سرمائے کی لاگت کی طویل مدتی فنانسنگ کی کم شرح حاصل کرنے کے لیے Export Opportunity کو استعمال میں لایا جا رہا ہے۔ مقامی مارکیٹ میں تیزی کی صورت میں اِس اضافی پیداواری صلاحیت کو بہتر طور پر استعمال کیا جا سکتا ہے۔

مزید برآں دسمبر 2022ء تک، آپ کی کمپنی انشاء اللہ پی ای ٹی بوتل کے فلیکس سے ری سائیکل شدہ یارن تیار کرنے کی صلاحیت کو اپنی پی ایف وائی کی صلاحیت کے تقریباً 12

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،

گیٹرون (انڈسٹریز) لمیٹڈ کے ڈائریکٹرز 30 جون 2022ء کو اختتام پذیر ہونے والے سال کی رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

مالیاتی جائزہ :

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے:

- ☆ خالص فروخت 23,960 ملین روپے۔
- ☆ آپریٹنگ منافع 2,646 ملین روپے۔
- ☆ آمدنی بذریعہ سرمایہ کاری 226 ملین روپے۔
- ☆ منافع قبل از انکم ٹیکس 2,559 ملین روپے۔
- ☆ منافع بعد از انکم ٹیکس 1,827 ملین روپے۔
- ☆ آمدنی فی حصہ 47.63 روپے۔
- ☆ کل ایکویٹی پر واپسی 23.51 فیصد۔

الحمدللہ زیر جائزہ مدت کے دوران، کمپنی کی خالص آمدنی 23,960 ملین روپے رہی جبکہ گزشتہ سال کی اسی مدت میں 16,558 ملین روپے تھی جو کہ پچھلے سال کے مقابلے میں 45 فیصد اضافہ ہے۔اس اضافے کی بنیادی وجہ پالیسٹر فلیمنٹ یارن (پی ایف وائی) کی فروخت کی مقدار میں اضافے کے ساتھ ساتھ مصنوعات کی Higher Unit Value (جو کہ خام مال کی قیمت میں اضافے کی وجہ سے) اور پاکستانی روپے کی قدر میں کمی تھی۔ پی ایف وائی کی فروخت کی مقدار میں اضافہ جو فیز ون کی توسیع منصوبے کے دوسرے پلانٹ جس کی ممکنہ سالانہ پیداوار 60,000 سے 75,000 ٹن تک بڑھ جانے سے ہوا۔ تاہم پی ایف وائی کی فروخت اور بھی زیادہ ہوتی لیکن درآمدی پی ایف وائی میں اچانک اضافے کی وجہ سے مارکیٹ میں انوینٹری کا اضافہ ہوا۔ دوسری طرف پی ای ٹی پریفارمز کی فروخت کا حجم گزشتہ سال کے مقابلے 15 فیصد کم رہا جس کی بنیادی وجہ اس سال موسم سرما میں پریفارمز کی فروخت گزشتہ سال کے مقابلے کم رہی۔ کمپنی نے 2 نئے Molds بھی منگوائے ہیں جسکے پریفارم کی سائز کی مانگ زیادہ ہے، جس کا اثر آئندہ دور کی فروخت میں نظر آئیگا۔

خام مال کی بڑھتی ہوئی قیمتوں اور ڈالر کے مقابلے میں روپے کی قدر میں کمی کی وجہ سے کمپنی کو خاطر خواہ Dynamic انوینٹری Gain ہوا جس سے خالص منافع 1.066 بلین روپے سے بڑھ کر 1.827 بلین روپے ہوگیا۔ Bulk (بغیر کنٹینر) میں درآمد کیے جانے والے خام مال کے مقابلے مسابقتی مصنوعات پر زیادہ Sea Freight نے بھی اس خالص منافع میں اضافہ کیا۔ تاہم، Higher Sea Freight لاگت عارضی ہے، روپے کی قدر میں کمی ایک مسلسل رجحان ہے جس سے روپے کے منافع میں اضافہ ہو سکتا ہے البتہ کبھی زیادہ کبھی کم رہ سکتا ہے۔

موجودہ مدت کے دوران، کمپنی نے منصوبہ بندی کے مطابق اپنی پیداواری صلاحیت کو 75,000 میٹرک ٹن تک بڑھا دیا ہے لیکن جیسا کہ اوپر بتایا گیا ہے کہ پی ایف وائی کی اصل پیداوار مسابقتی درآمدی یارن کے اچانک اضافے کی وجہ سے کم رہی۔ پلانٹ کا استعمال صلاحیت کا 76 فیصد تھا جبکہ Covid سے پہلے دور میں یہ بہت زیادہ تھا۔ پی ایف وائی کی قیمتیں پی ایف وائی کی زمینی لاگت (Landed Cost) کے برابر بھی حاصل نہیں ہوسکی جس کی اصل وجہ درآمد شدہ یارن اسٹاک کا بڑھ جانا ہے۔

SUSTAINABILITY REPORT

Sustainability Report

A Note From Company's Executive

At the time of writing this report Pakistan was going through a climate catastrophe the likes it has never seen before. A third of the county has been submerged by flooding caused by melting of glaciers and torrential monsoon rainfall. It has directly impacted 33 million people or 15% of the population. This comes as Pakistan is responsible for less than 1% of the worlds carbon emissions but one of the countries that is most impacted by climate change.

At Gatron we have been working towards our stated goal **"To be an Innovative, Sustainable and Competitive World Class Producer of Polyester Products with a Positive Impact on Society"**. Owing to the crisis that has engulfed Pakistan, we want to accelerate our work in this segment and reach our goal faster. This report outlines Gatron's success in addressing sustainability and climate issues that matter most to our stakeholders.

MUSTAFA DIWAN

Sustainability : Our Strategy & Values

Sustainability at Gatron (Industries) Limited means developing an environment that fulfills the need of this contemporary world without compromising the needs of the future generations. We use the Triple Bottom Line approach that is aimed to ascertain that our actions do not harm the ecosystem, people, and stakeholders. We recognize the interconnection between society, environment and the economy and aim to use a holistic approach to find solutions that deliver benefits for all of these while mitigating negative impacts. **This year we have achieved a landmark in our Journey by recycling 100 Million Bottles for our flagship product ECORON.**

The emphasis on sustainable growth is driven by the commitment to our Vision that helps to integrate Environment Safety Governance (ESG) considerations in how we plan, operate, and develop our business model. To make Sustainable Development a reality for us, it is essential that the actions outlined in our framework are

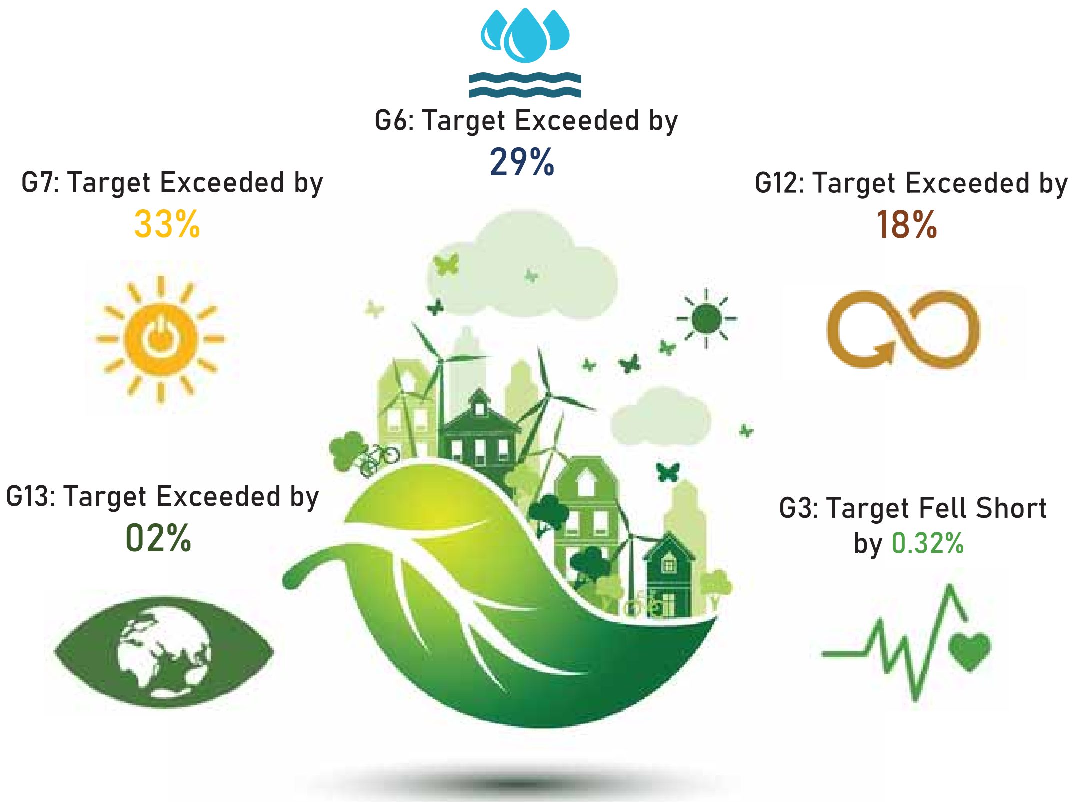
- Embedded within our operations
- Proactively delivered
- And accurately monitored and reported

Sustainablity: Our Journey & Development Framework

We as an organization envision that running operations in a sustainable way is no longer a tick-box exercise but an essential need of the hour to combat the emerging climate emergency. Our proactive transition to a sustainable future kicked off in 2020 when Gatron (Industries) Limited published its first sustainability report as part of its Annual report.

Since 2020, we have placed UN Sustainable development goals (SDGs) at the heart of our strategic framework. From the total of 17 SDG goals, adopted by the United Nation in its Sustainable Development Summit of heads of state and government in September 2015, we have underpinned goals that are highly relevant to our business conduct and industrial operations.

Sustainability: Our Performance at a Glance



	2020-2021 Target	2020-2021 Actual	2021-2022 Target	2021-2022 Actual	% Actual YOY
G3 Good Health & Well Being	**44,000**	**39,663**	**39,000**	**38,876**	**-2%**
Health Care (no. of people)	-	17,851	-	23,277	
Well being to impacted communities	-	-	-	15,000	
Management of Global health risk/ Pandemics (no. of people)	-	21,812	-	599	
G6 Clean Water and Sanitation	**26,000,000**	**7,353,150**	**17,000,000**	**21,870,000**	**197%**
Contribution of Direct Air Floatation System (IG/year)	-		-	12,960,000	
Effluent Treatment through ETP (IG/year)	-		-	8,910,000	
G7 Affordable and Clean Energy	**985,000**	**1,815,828**	**2,000,000**	**2,650,018**	**46%**
NG Savings due to Renewable Energy (m^3/year)	-		-	597,343	
NG Savings due to Efficient Machinery (m^3/year)	-		-	2,052,675	
G13 Climate Action	**6,790**	**11,910**	**12,430**	**12,725**	**7%**
Savings due to Renewable Energy (Tons/yr)	-		-	1,068	
Savings due to Direct Emissions (Tons/yr)	-		-	6,425	
Savings due to Indirect Emissions (Tons/yr)	-		-	5,232	
G12 Responsible Consumption and Production	**4,381,000**	**6,181,230**	**6,475,000**	**7,623,915**	**23%**
Electrical Savings due to Efficient Machinery (kWeh/yr)	-		-	7,623,915	

Good Health and Well-Being

	Achieved		Targets		
	By end of FY 2021	By end of FY 2021	By end of FY 2022	By end of FY 2023	By end of FY 2024
Health Care No. of People	23,277	17,292	24,000	25,200	26,460
Management of Global health risk/ Pandemics	599	21,812	-	-	-
Well Being of Impacted Communities	15,000	-	15,000	15,750	16,538
Overall Achieved/Targets	**38,876**	**39,104**	**39,000**	**40,950**	**42,998**

SDG goal 03 inspires to extend health services to the underprivileged society in order to avoid suffering due to preventable diseases and promote well-beings for all ages. Gatron (Industries) Limited is committed to the cause and has invested in multiple health-care projects through the Gatron Foundation Fund.

For the community, we have invested in three Eye Care Clinics in the following districts to provide basic eye care through OPD and Eye Surgeries:

- Landhi - Karachi, Sindh
- Ghulam Qadir Khan Hospital - Hub, Balochistan
- Uthal Hospital - Uthal, Balochistan

Moreover, this year an eye care camp was also established at Gatron, where 680 employees benefited from basic eye care services. Employees who require Cataract and other surgeries have been identified and have been offered free of cost corrective surgery at Gatron's eye clinic or elsewhere.

3 days Eye Camp at Gatron (Industries) Limited

In continuation of our response to COVID-19, we have successfully achieved our target of 100% vaccinated workforce. In addition to the government's effort, strict precautionary protocols and compulsory immunization at Gatron, helped to diminish the impact of

COVID'19 throughout this fiscal year. With the sharp decline in positivity ratio and the spread in early quarters of FY 21-22, the country went back to normal. Thus, the shallow repercussions of Covid'19 has given us the room to revise our targets for the subsequent year.

During this fiscal year, we have been readily involved in the distribution of food rations & clothing to meet our ambition of zero hunger. This year about 3000 employees have benefited by our inflation relief campaign with ration packages .

Ration Distribution at Gatron (Industries) Limited

Triggered by heavy monsoon and catastrophic effects of melting glaciers, unprecedented floods have devastated a major land mass of Pakistan. The floods have left about one-fourth of the population has been left under the open sky. Owing to our sense of social and national responsibility, Gatron has been proactively involved in providing food and emergency shelters to the most vulnerable. Gatron Foundation Fund has collaborated with multiple organizations including **LASBELA WELFARE TRUST (REGD) BALOCHISTAN and Sardar Akhter Khan Mengal Fund** for effective flood relief.

Ration distribution for flood victims

6 CLEAN WATER AND SANITATION

Clean Water and Sanitation

	By end of FY 2021	By end of FY 2022	By end of FY 2023	By end of FY 2024
Water Savings IG/Year	26 Million	17 Million	40 Million	49 Million
Achieved Results IG/Year	7.3 Million	21.8 Million		

The water crisis at Hub, Lasbela has worsened in the recent years. Gatron has been continuously confronting water scarcity, provoked by appalling low level of Hub Dam in the winter followed by acute tropical rainfalls. However, Gatron (Industries) Limited has shown unwavering dedication for the cause by adopting indigenous technologies and methodologies for water treatment and resource management:

1. Dissolved Air Flotation System
2. Effluent Treatment Plant
3. Bleed Water Reusage

This rigorous approach and effective resource management has enabled us to conserve **21.87 Million Imperial Gallons** of water this year. Moreover, 50% of our bleed water from cooling towers is re-used through Reverse osmosis treatment.

Gatron (Industries) Limited is highly motivated to further scale up our efforts and contribution to Clean water and Sanitation, by managing our water consumption and treatment. Our Future endeavors and ideas to meet this challenge include:

1. Commissioning and operation of **Two New Reverse Osmosis plants** along with a new ETP plant to meet fresh water scarcity.

2. Planning of future framework in **reducing evaporation from water reservoirs and ponds,** to meet water conservation targets.

3. Procurement and installation of **Water Flow meters** at each distribution network towards departments and sub-sections, for better resource management.

ETP Plant

7 AFFORDABLE AND CLEAN ENERGY

Affordable and Clean Energy

	By end of FY 2021	By end of FY 2022	By end of FY 2023	By end of FY 2024
Targeted Natural Gas Savings m^3/Year	985,000	2,000,000	3,000,000	3,900,000
Achieved Results m^3/Year	1,815,828	2,650,018		

The last year has seen record high energy prices throughout the globe and also in the country. Gatron's early adoption of affordable and clean energy has helped it to reduce its energy bill along with reducing its carbon footprint. Keeping in line with its vision to be a pioneer in clean energy, Gatron undertook a project with Reon Energy to install Pakistan's first large/utility scale Battery Energy Storage System (BESS) of 2.7 MW. This project was a part of the UNIDO sustainable Energy Initiative for Industries.

BESS system at Gatron (Industries) Limited

Our quest for Affordable and Clean Energy led to the planning, installation and commissioning of the following projects in FY 2021-2022:

1. **Additional 400 kW Renewable Solar Energy** plant installation and commissioning has resulted in yearly savings of 65,741 m^3 of Natural Gas. This took the total installed capacity of Solar to 1535 KW while increasing renewable penetration in our energy mix to 7%.

2. Installing and commissioning of **Higher Efficiency Engines** and **replacement of old Chillers and compressors** has resulted in 2,052,675 m^3.

Our Future Plans for expanding on the avenue of this Development Goal include:

1. Commissioning and operation of alternative **Preheating source of Heat Transfer Media** to save tons of Natural Gas.

2. Planning of future investments in Solar Energy to increase output of **Renewable Energy to 2507 kW** resulting in Savings of 975,595 m^3 of Natural Gas per Year.

3. Planning of future investments in further **Replacement of existing winders and installation of highly efficient Spinning Lines.**

Solar plant installation at Gatron (Industries) Limited

13 CLIMATE ACTION

Climate Action

	By end of FY 2021	By end of FY 2022	By end of FY 2023	By end of FY 2024
Target Reduction in CO_2 Emissions Tons/Year	6,790	12,430	12,880	13,330
Achieved Results Tons/Year	11,910	12,725		

Climate Change is a real and undeniable threat to not only our ecosystem but also to the entirety of the existence of our civilization. The United Nations' SDG goal 13 urges the world leaders to combat climate change and its catastrophic impact at the earliest. Gatron (Industries) Limited is committed to strengthen resilience against climate crisis and lays paramount importance to move towards carbon neutrality.

By integrating climate control measures into policy-making and adaptation of latest technologies, we have been able to prevent **12,725** Tons of CO_2 emissions.

To stay true to our commitment we are expanding our Renewable energy share in our energy mix, embracing passive heating and cooling solutions, improving energy efficiency, and operational excellence . Almost 90% of the steam being generated at our site is through waste heat recovery boilers instead of fossil fuels. We are designing all new buildings with sufficient natural light and also modifying older buildings to add more exposure of natural light so we can minimize electricity usage.

According to a UN report, Pakistan's forest cover has been reduced to an alarming level of **2.2%**. To secure a green future for our planet and keeping in mind with the Government of Pakistan's Billion tree Tsunami drive - Gatron (Industries) Limited has initiated a tree plantation drive for mitigating carbon footprint. We have successfully planted **68 trees on our premises** this fiscal year with plans of increasing that number in the coming years. Moreover, as part of our social responsibility initiatives, Gatron (Industries) Limited has conducted multiple Environmental protection and awareness campaigns including sponsoring and organizing the World Environment Day campaign with the Lasbela Chamber of Commerce and Industry.

World Environment Day Campaign 2022

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Responsible Consumption and Production

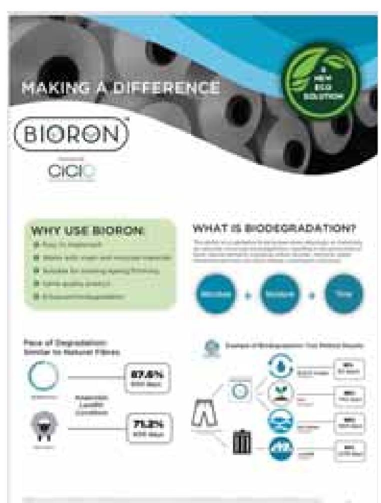
	By end of FY 2021	By end of FY 2022	By end of FY 2023	By end of FY 2024
Electrical Savings kWh/Year	4,381,000	6,475,000	7,475,000	8,475,000
Achieved Results kWh/Year	6,181,230	7,623,915		

The efficient management of our shared natural resources, and the way we dispose of toxic waste and pollutants are important milestones of this goal. Owing to our vision, Gatron (Industries) Limited ensures that its business strategies and decision-making are aligned with the theme of responsible consumption and production.

By investing in green and efficient technologies, we have successfully surpassed our target and have achieved **electrical savings of approximately 7.62 Million kWh for FY 2021-2022.**

Recycling and reuse are the today's pressing priorities. **"ECORON"** is our Flagship sustainable product that uses post consumer plastic bottles to produce Yarn. So far, we have successfully **Recycled 100 Million PET bottles** for Ecoron

"742 days in Soil! And your Clothes have disintegrated."
Driven by our sense of responsibility to our society and ecosystem, we have stepped into the production of **"Bioron",** after successful trials, with the help of our Technology partner CiCLO. This sustainable product has a bio-degradation pace similar to that of natural fibers.



HSE

Occupational Health and Safety

	Achieved		Targets		
	By end of FY 2021	By end of FY 2022	By end of FY 2022	By end of FY 2023	By end of FY 2024
Fatalities: employees	0	0	0	0	0
LTI - Lost time Injury	6	6	5	3	2
MTI - Medical Treatment Injury	14	24	12	12	6

The Occupational Health & safety of every employee is pre-eminent to Gatron (Industries) Limited's operations and is strategic imperative to our vision. We believe the physical and mental health of our employees is the motivating power behind our operational excellence and progressive production.

Moreover, Gatron (Industries) Limited is devoted to invest substantial resources to improve working conditions and maintain the highest standards of Health and safety within our facilities so that we can improve our safety culture and enhance the value of our stakeholders.

At Gatron (Industries) limited, we have a comprehensive and robust OHS framework in place that is dedicated to mitigate risk and hazards , ensure compliance to standard safety protocols and monitor all company's operations for any substantial improvement.

To demonstrate management's dedication towards improving workplace safety, a Safety operation committee along with the organization's top management meets every yearly quarter to discuss and review the performance of our safety management system.

The initiation of the **Safety Champion Program** has been the landmark of this year's safety implementation framework. This indigenous program aimed to recruit one employee from every department and label them as safety champions/ representatives. These now act as a linchpin between their department and safety department for creating safety awareness, ensuring compliance to safety protocols, and highlighting and mitigating foreseeable hazards.

However unfortunately, we have been unable to meet our targets of MTI and LTI. The utmost reason is the greater influx of employees and labor due to numerous on-going projects. Nonetheless, we are committed to revamp our systematic management, incident reporting, and risk analysis of the target areas where most of the MTIs were reported, to identify and target preventive interventions and provide training, support, and resources for mitigation.

HUMAN RESOURCE MANAGEMENT
RISK MANAGEMENT
FIRE AND SAFETY
INFORMATION TECHNOLOGY

HUMAN RESOURCE MANAGEMENT

At Gatron (Industries) Limited, Human Resource Management is about creating a coherent and planned framework for employees to be hired, managed and developed in ways that supports the achievement of long-term goals of the organization. To create a high performance culture, organization has been consistently focusing on aligning individual goals with organizational goals and providing an enabling environment using digitalization as a vehicle for HR transformation.

In order to achieve the HR transformation agenda, Human Resource function has been restructured around the operating model of HR Business Partnership, Centers of Excellence (CoE) and HR Operations. CoE's primary role is to identify major HR challenges and then design various HR programs to address those challenges. Strategic HR programs are then then rolled-out through HR Business Partners team. HR Business Partners primary agenda is to act as an internal consultant, enablers and collaborator to work closely with other functions and facilitate in achievement of organizational goals by managing the change effectively.

Organization also achieved a major milestone in the efforts towards digital transformation by successfully achieving the SAP GO-Live target. On HR's front, digitalization efforts would involve implementation of complete suite of SAP SuccessFactors, which has already begun with the commissioning of Employee Central – the foundational module of SAP SuccessFactors.

Pursuing further on the HR transformation and Organizational Development efforts, Organization-wide Core Competencies along with Management level and Individual position specific Behavioral as well as Technical Competencies have been identified. The competency framework will serve as a foundation to build and enhance capabilities of employees through focused learning and development programs.

RISK MANAGEMENT

Insurance management involves identifying and controlling potential threats to Company's capital of tangible and tangible assets. These risks arise from a wide array of sources including general economic conditions, litigation, technology issues, strategic initiatives, and natural disasters. Company has in place a robust risk management program which assists in managing full range of risks, in line with the Company's vision, Company faces.

Primary risk objective involves examining relationship between various risks and the potential impact they could have on our strategic goals. This ensures that our risk management initiatives remain aligned with organizational strategy. Most organizations face the risk of unexpected and potentially harmful events that may cause severe damage to assets or cause disruption in operations. Company remains fully cognizant of its current risk profile emanating from multiple sources, including but not limited to:

- Supply chain interruptions
- Product liabilities
- Natural disasters
- Workplace safety

Management fully recognizes the importance of insuring assets against unforeseen circumstances and is confident that all major risks, including resulting production losses, are well covered. Furthermore, the Company has strict policies and controls in place to ensure all surveyor recommendations are compiled by within reasonable timelines. The Company continuously strives to promote a more risk aware culture, with well-communicated processes, to support good business decisions and enable proactive role of Risk Management.

FIRE AND SAFETY MANAGEMENT

Health and safety are of highest value to Gatron (Industries) Ltd. Our approach towards health and safety is primarily preventive in nature and focused on enhancement of the occupational health and safety culture across the company. This includes all of our operational sites and manufacturing facilities. This health and safety structure is designed for minimizing occupational incidents, illnesses and major adverse effects.

The Safety Operation Committee, consisting of senior management, has been formed for this purpose. They conduct safety operation committee meetings on monthly/quarterly basis. They also convene on a monthly basis to review accidents or incidents through HSE department via root cause analysis reports and advise as well as provide resource mitigation.

All critical activities are being followed by work permit system and joint Job Safety Analysis by the concerned, maintenance and HSE Department representatives to complete the tasks safely in all regards. In fact, for safe operation, planned corrective maintenance schedules are being prepared and implemented accordingly.

In addition, all spark potential activities and other critical activities are being followed by the Work Clearance Management System (new launched SAP Module)
The company has inducted a fire tender to tackle fire emergency situations at any corner of the plant. Furthermore, one ambulance is always available and ready at our operational facility with adequate equipment/accessories for shifting injured person to the hospital.

In addition to Fire Safety Men in each shift, Emergency Response Team is also established/developed for the support to tackle any type of emergency.

Emergency cabinets are placed at different critical locations of plant with maximum stock of personal protective equipment and rescue items.

Health Safety Environment Department's Representatives conduct Fire Safety Risk Assessment Surveys to identify fire safety hazards on regular basis for reduction of workplace hazards.

Health Safety Environment Department conduct accident/incident statistics gap analysis and issue stop card through email to the concerned department for corrective action.

Additionally, we conduct comprehensive Occupational Health and Safety Training sessions including practical live firefighting mock drills, so as in case of any emergency available staff could handle the situation through their skills. Furthermore, annually refresher trainings are also being conduct of all employees, including top management and contractor's work force.

Emergency evacuation drills conducted on biannual basis to aware the occupants how to escape out in case of any natural or other technological disaster.

Health Safety Environment Department has developed following manuals/booklets:

- Emergency Response Manual
- Business Continuity Plan
- Small pocket size Fire Safety Guidebook in Urdu provided to all employees for study and review
- Project Fire & Safety (Passive and Active Management System) Guidelines
- HSE Management System Code of Practices
- Contractor Fire & Safety Management System

We have implemented procedures based on nationally and internationally recognized laws and customers' code of conduct, covering occupational environment, safety and health.

By the Grace of Almighty Allah, since the beginning of its operation, there has been no fatality at Gatron (Industries) limited and we take every precaution to keep it at "Zero".

Our aim for the years to come is "Zero". We have set our objective to reduce our Lost Time Injury cases by "50%" in the year 2022-23 and "75%" by June 2025. Which means that 5 injuries in the year 2022 and 2 injuries by the year 2025.

INFORMATION TECHNOLOGY

The year 2021-22 was the year of Digital Transformation for Gatron (Industries) Limited. The Digital Transformation program “Digital” covered all three key aspects of a Transformation, i.e. People, Process and Technology.

While People Advisory Services were engaged for HR realignment and Business Process Re-engineering were done to reassess the Business Processes. The Technology front had multiple well thought out initiates to complete the Digital Transformation.

One of the major projects was implementation of SAP S/4 HANA to cover end to end processes of Gatron (Industries) Limited. The modules included Production Planning, Quality Management, Sales and Distribution, Materials Management, Project Systems, Investment Management, Fund Management, Human Capital Management, Finance and Controlling.

One of the leading HR Solution SuccessFactors was also chosen to enhance the experience of our Human Resources with Employee Service and Manager Self Service capabilities. Success Factors Employee Central has been implemented during the period and other modules are also planned in coming year.

To support a hybrid Cloud environment, the infrastructure and security layers also needed to be upgraded. A Cyber Security Assessment was performed to baseline the current security posture. Complete overhaul of entire passive network was performed to remove daisy chains and performance bottlenecks. The site connectivity was transferred from traditional MPLS and Point to Point Fiber to Internet.

Entire Campus network was upgraded to a well thought out design segregating IT and OT traffic on all layers. SD WAN was deployed for local internet services breakout (to access Cloud Based Applications like SuccessFactors EC etc.) and Full Mesh topology was implemented for seamless routing of end clients in case of Services running from DR Site. This would also enable direct communication between two sites without the need to route the traffic through Head Office.

Email security was also implemented that included but is not limited to antivirus, anti-spam, impersonation Analysis, advance multi-layer Malware protection, and identity-based encryption.

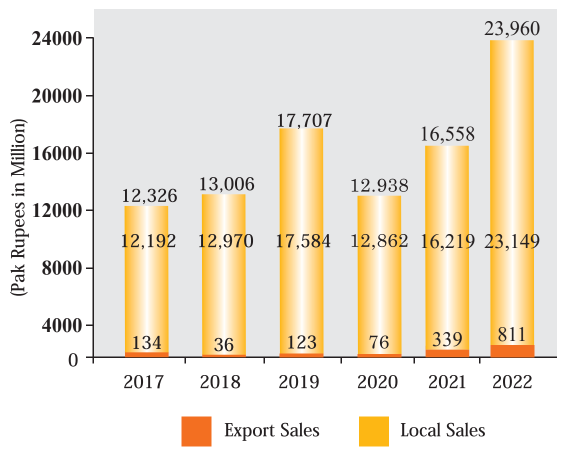
The program shall continue through 2022 and will deliver the second wave of innovations. The year 2022-23 shall have more focus on enhancing Customer Experience, increase visibility through Analytics (SAP Analytics Cloud & Digital Boardroom) coupled with Data Warehouse, Manufacturing Integration's and Intelligence and other exciting technologies.

Financial Highlights

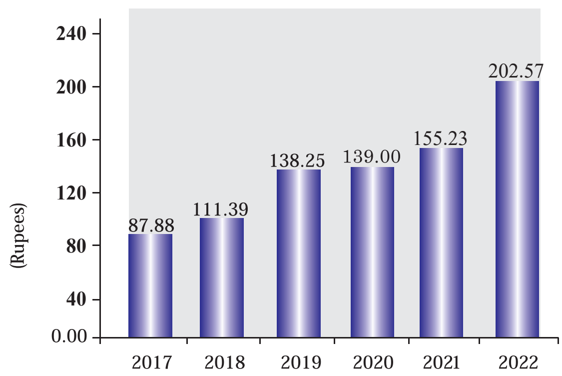
Particulars	2021	2020	2019	2018	2017	2016
Operating Results						
Pak Rupees in Thousands						
Sales	16,557,561	12,938,377	17,707,325	13,006,437	12,325,651	8,766,903
Gross Profit / (Loss)	1,866,775	945,052	1,655,654	1,247,390	261,944	(228,271)
Operating Profit / (Loss)	1,316,094	451,250	1,001,225	653,512	(164,314)	(697,887)
Profit / (Loss) after taxation	1,065,724	1,060,633	1,794,735	981,856	57,464	(254,495)
Percentage						
Dividend	0.00	125.00	265.00	102.50	0.00	0.00
Financial Position						
Pak Rupees in Thousands						
Paid up Capital	383,645	383,645	383,645	383,645	383,645	383,645
Reserves & unappropriated profit	5,571,507	4,949,084	4,920,353	3,889,724	2,987,893	2,935,022
Property, Plant & Equipment	5,949,200	3,577,722	2,359,404	1,843,643	2,022,061	1,952,288
Current Assets	8,272,998	5,699,899	5,784,987	5,059,281	4,921,715	3,958,822
Current Liabilities	5,562,385	3,362,395	2,946,343	2,891,778	3,655,306	2,767,766
Net Current Assets	2,710,613	2,337,504	2,838,644	2,167,503	1,266,409	1,191,056
Long Term Liabilities	2,840,439	1,174,783	126,540	-	136,034	-
Deferred Liabilities	502,344	415,372	373,162	337,260	394,508	425,204
Financial Ratios & Percentages						
Percentages						
Gross Profit / (Loss) Ratio	11.27	7.30	9.35	9.59	2.13	(2.60)
Return on Capital Employed	16.05	25.53	39.03	25.90	1.02	(4.76)
Return on Equity	17.90	19.89	33.84	22.98	1.70	(7.67)
Number of Times						
Inventory Turnover	4.71	4.58	5.76	4.77	5.72	3.97
Debtors Turnover	6.46	6.88	13.33	9.45	10.39	11.56
Total Assets Turnover	1.32	1.36	2.18	1.73	1.75	1.33
Fixed Assets Turnover	3.48	4.36	8.43	6.73	6.20	4.63
Interest Cover	11.48	8.15	137.63	86.43	1.20	(2.79)
Ratio						
Debt-Equity	33 : 67	18 : 82	2 : 98	0 : 100	4 : 96	0 : 100
Current Ratio	1.48 : 1	1.70 : 1	1.96 : 1	1.75 : 1	1.35 : 1	1.43 : 1
Per Share Results and Returns						
Pak Rupees						
Break-up Value	155.23	139.00	138.25	111.39	87.88	86.50
Earnings per Share – Basic and diluted	27.78	27.65	46.78	25.59	1.50	(6.63)
Dividend per Share	0	12.50	26.50	10.25	0.00	0.00
Percentages						
Dividend Yield	0.00	2.17	9.37	4.61	0.00	0.00
Dividend Pay Out	0.00	45.21	56.65	40.05	0.00	0.00
Number of Times						
Price Earning Ratio – Year end price	3.06	20.80	6.04	8.70	58.33	(14.93)
Share Performance						
Pak Rupees						
Highest	700.00	575.12	360.00	280.00	117.64	141.00
Lowest	425.50	268.64	211.00	80.00	84.05	99.00
At year end	475.20	575.12	282.78	222.56	87.50	99.00

Graphical Presentation

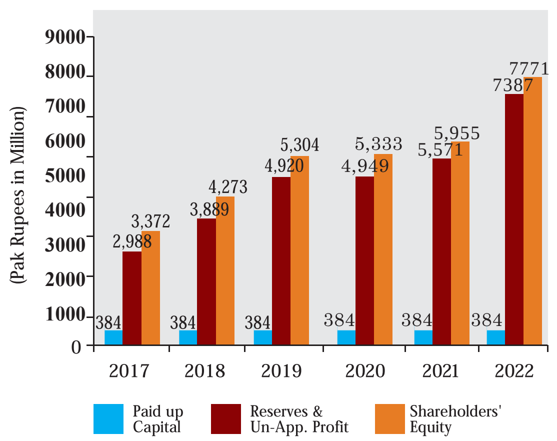
Sales



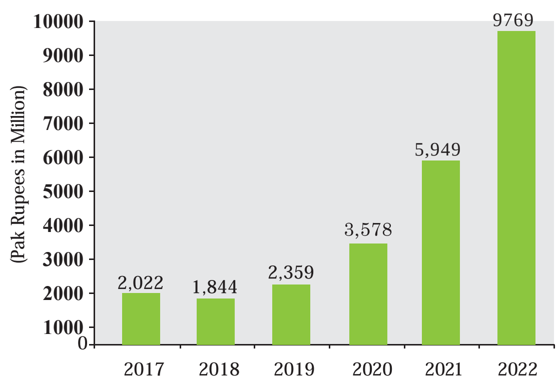
Break up Value of Share



Shareholders' Equity



Property, Plant And Equipment



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Independent Auditor's Review Report to the Members of Gatron (Industries) Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gatron (Industries) Limited (the company) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.

Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi: September 19, 2022
UDIN Number: CR202210222R9BgZG217

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Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019

Name of company: Gatron (Industries) Limited
Year ended: June 30, 2022

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are 10 (Ten) as per the following:

   a) Male: 9
   b) Female: 1

2. The composition of board is as follows:

a) Independent Directors	Mr. Muhammad Waseem * Mr. Talat Iqbal * Ms. Huma Rafique *
b) Other Non-Executive Directors	Mr. Abdul Razak Diwan Mr. Zakaria Bilwani Mr. Usman Habib Bilwani Mr. Muhammad Iqbal Bilwani
c) Executive Directors	Mr. Shabbir Diwan Mr. Haroon Bilwani Mr. Muhammad Taufiq Bilwani

* [The Independent Directors meets the criteria of Independence under Section 166(2) of the Companies Act, 2017]

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy, and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (“the Act”) and the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“CCG Regulations”).

7. The meetings of the board were presided over by the Chairman. The board has complied with the requirements of the Act and the CCG Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the CCG Regulations.

9. Out of ten, nine Directors have either obtained Certificate of Director's Training Program or are exempted from the requirement of Director's Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, during the year, no Director's Training Program was arranged.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. The duties of the Company Secretary and Chief Financial Officer segregated and complied with the relevant requirements of the CCG Regulations.

12. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

13. The board has formed committees comprising of members given below:

a) Audit Committee:	Muhammad Waseem - Chairman Zakaria Bilwani Usman Habib Bilwani Muhammad Iqbal Bilwani
b) HR and Remuneration Committee:	Talat Iqbal - Chairman Usman Habib Bilwani Muhammad Iqbal Bilwani

14. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committee for compliance.

15. The frequency of meetings of the committees were as per following:

a) Audit Committee:	04 meetings
b) HR and Remuneration Committee:	04 meetings

16. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the CCG regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

19. We confirm that all other requirements of Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

September 17, 2022

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATRON (INDUSTRIES) LIMITED

Report on the Audit of Un-consolidated Financial Statements

Opinion

We have audited the annexed un-consolidated financial statements of **Gatron (Industries) Limited**, (''the Company'') which comprise of the un-consolidated statement of financial position as at June 30, 2022, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity, the un-consolidated statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the un-consolidated statement of financial position, un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit, comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the un-consolidated financial statements of the current year. These matters were addressed in the context of our audit of the un-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	Stock in Trade: The Company has significant levels of inventory amounting to Rs. 6.318 billion as at the reporting date, being 27% of total assets of the Company. A number of estimates are involved in the valuation of inventory and judgment has also been applied by management in determining the net realizable values of finished goods. The significance of the balance coupled with the judgments and estimates involved in their valuation has resulted in inventories being considered as a key audit matter.	Our audit procedures included the following: ➢ Attended the stock take to gain comfort over the existence and condition of inventories and internal controls designed by the company. ➢ Obtained the final valuation sheets of inventories, traced quantities from working papers of observation of physical stock taking and examined computation of average costs. ➢ Obtained understanding of internal controls designed by the Company over recording of purchases and valuation of inventories, and tested their operating effectiveness on sample basis. ➢ Assessed historical costs recorded in inventory valuation by performing test of details on purchases. ➢ Assessed the management's determination of net realizable values including testing of sales prices fetched by the Company before and after year end on sample basis. ➢ Performed analytical and other relevant audit procedures. ➢ Evaluated the adequacy of financial statement presentation and disclosures with respect to inventories.

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2.	Revenue Recognition: Revenue from sale of Company's products has increased by approximately 45% as compared to last year. Revenue is recognised when performance obligations are satisfied by transferring control of promised goods to customer, generally on the delivery of goods. There is an inherent risk that revenue may be overstated since the Company focuses on revenue as a key performance indicator, which could create an incentive for revenue to be recognized before control has been transferred. Considering revenue recognition as a significant risk area, we have identified this as a key audit matter.	Our audit procedures, amongst others, included the following: ➢ Evaluated the appropriateness of the Company's revenue recognition accounting policy; ➢ Obtained an understanding of management's internal controls over the revenue process and tested effectiveness of controls relevant to such process; ➢ Performed testing of sales transactions on a sample basis to ensure that related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer; ➢ Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. ➢ Assessed the adequacy of disclosures statements related to revenue in accordance with applicable financial reporting standards.
3.	Property, plant & equipment During the year, the Company has added a new plant to its existing manufacturing facility for the purpose of capacity enhancement. In addition, the Company has also incurred several other capital expenditures as disclosed in note 4 of the annexed un-consolidated financial statements. Capital expenditures incurred during the year represent a significant transaction and involve significant	Our audit procedures included the following: ➢ Obtaining an understanding of the Company's process with respect to capital expenditure including determination of useful lives and testing the Company's controls in this area relevant to our audit; ➢ Considered whether the items of cost capitalised, including borrowing cost, meet the recognition criteria of an assets in accordance with the applicable financial reporting

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	judgments in respect of capitalisation of elements of eligible components of costs, including borrowing costs, as per the applicable reporting standards in determining, when the assets are available for use and estimation of their useful lives and residual value. Accordingly, we have identified the capital expenditure and as a key audit matter.	standards; ➢ Checked the timing of capitalisation by examining, on a sample basis, relevant completion certificates; ➢ Examined, on a sample basis, vendors' agreements, invoices and payments made for acquisition, installations of the operating assets capitalized during the year in order to assess the nature, occurrence and the accuracy with which the costs were capitalized; and ➢ Assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting standards.

Information Other than the un-consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the un-consolidated financial statements and our auditors' report thereon.

Our opinion on the un-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the un-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the un-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the un-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the un-consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of un-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the un-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related

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to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the un-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the un-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the un-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the un-consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the un-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980(XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.

Chartered Accountants
Karachi:
Dated: September 19, 2022
UDIN: AR202210222OuNb2adkV

Un-consolidated Statement of Financial Position

AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in Thousand)	
ASSETS			
Non - Current Assets			
Property, plant and equipment	4	9,769,076	5,949,200
Intangible assets	5	59,594	35,898
Long term investments	6	402,569	417,294
Long term loans	7	70,699	182,083
Long term deposits	8	2,845	2,847
		10,304,783	6,587,322
Current Assets			
Stores, spare parts and loose tools	9	1,315,073	884,871
Stock in trade	10	6,318,100	3,840,346
Trade debts	11	4,322,527	2,897,201
Loans and advances	12	276,461	61,853
Current portion of non-current assets	13	149,736	4,100
Trade deposits and short term prepayments	14	225,601	153,904
Other receivables	15	551,613	318,832
Advance income tax		66,000	-
Sales tax refund due from Federal Government	16	8,634	8,634
Cash and bank balances	17	132,735	103,257
		13,366,480	8,272,998
TOTAL ASSETS		23,671,263	14,860,320
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	383,645	383,645
Capital reserve	19	383,645	383,645
General reserve	20	3,250,000	3,250,000
Unappropriated profit		3,754,151	1,937,862
		7,771,441	5,955,152
LIABILITIES			
Non - Current Liabilities			
Long term financing	21	5,696,304	2,840,439
Deferred liabilities and income	22	795,533	502,344
		6,491,837	3,342,783
Current Liabilities			
Trade and other payables	23	3,668,083	1,806,327
Unclaimed dividend		21,381	21,511
Accrued mark up/profit	24	205,251	38,785
Short term borrowings	25	4,891,866	3,520,880
Current portion of long term financing	21	277,228	90,342
Current portion of non-current liabilities	26	70,767	40,727
Provision for income tax less payments	27	273,409	43,813
		9,407,985	5,562,385
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		23,671,263	14,860,320

The notes 1 to 49 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN	**MUHAMMAD IQBAL BILWANI**	**MUSTUFA BILWANI**
Chief Executive Officer	Director	Chief Financial Officer

Buying/Selling closing conversion rates were 1 US$ = Rs.205.50/206.00, 1 Euro € = Rs.215.23/215.75 and 1 Pound £ = Rs.249.31/249.92

Un-consolidated Statement of Profit or Loss
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in Thousand)	
Sales	29	23,959,654	16,557,561
Cost of sales	30	20,783,268	14,690,786
Gross profit		3,176,386	1,866,775
Distribution and selling costs	31	298,264	210,284
Administrative expenses	32	347,744	282,681
Other operating expenses	33	239,983	172,232
		885,991	665,197
		2,290,395	1,201,578
Other income	34	355,797	114,516
Operating profit		2,646,192	1,316,094
Finance costs	35	312,727	127,204
		2,333,465	1,188,890
Investment income - Dividend	36	225,750	112,875
Profit before income tax		2,559,215	1,301,765
Income tax - Current & prior years		520,225	243,987
- Deferred		211,746	(7,946)
	37	731,971	236,041
Profit after income tax		1,827,244	1,065,724
Earnings per share - Basic and diluted (Rupees)	38	47.63	27.78

The notes 1 to 49 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN	**MUHAMMAD IQBAL BILWANI**	**MUSTUFA BILWANI**
Chief Executive Officer	Director	Chief Financial Officer

Un-Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in Thousand)	
Profit after income tax		1,827,244	1,065,724
Other comprehensive income			
Items that will never be reclassified to profit or loss			
(Loss)/gain on remeasurement of defined benefit plan having nil tax impact	22.2	(10,955)	3,699
Total comprehensive income		1,816,289	1,069,423

The notes 1 to 49 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Un-Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2022

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2020	383,645	383,645	3,250,000	1,315,439	5,332,729
Total comprehensive income for the year ended June 30, 2021	-	-	-	1,069,423	1,069,423
Derecognition of long term investment in associated company Messrs. Novatex Limited under approved Scheme of arrangement	-	-	-	(447,000)	(447,000)
Balances as at June 30, 2021	383,645	383,645	3,250,000	1,937,862	5,955,152
Total comprehensive income for the year ended June 30, 2022	-	-	-	1,816,289	1,816,289
Balances as at June 30, 2022	**383,645**	**383,645**	**3,250,000**	**3,754,151**	**7,771,441**

The notes 1 to 49 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Un-Consolidated Statement of Cash Flows
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in Thousand)	
Cash Flows (towards)/from Operating Activities			
Profit before income tax		2,559,215	1,301,765
Adjustments for:			
Depreciation	4.2	789,611	523,372
Impairment of operating fixed assets	33	-	18,800
Property, plant and equipment - written off	33	-	45,084
Provision for defined benefit plan	22.2	62,567	48,997
Gain on disposal of property, plant and equipment	34	(261,284)	(20,529)
Loss on disposal of property, plant and equipment	33	318	35
Impairment in long term investments	33	20,820	13,192
Impairment/(reversal) of allowance for ECL-net	11.6	6,636	(3,096)
Impairment/(reversal of) allowance for slow moving stores, spare parts and loose tools-net	9.1	22,838	(3,462)
Amortisation of interest free long term loan to subsidiary company	34	(16,000)	(10,783)
Remeasurement gain on discounting of provision for GIDC	34	(11,081)	(8,422)
Investment income - Dividend	36	(225,750)	(112,875)
Finance costs	35	312,727	127,204
		701,402	617,517
		3,260,617	1,919,282
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(453,040)	(118,477)
Stock in trade		(2,477,754)	(1,445,588)
Trade debts		(1,431,962)	(663,841)
Loans and advances		(214,608)	1,222
Trade deposits and short term prepayments		(71,697)	(111,158)
Other receivables		(232,781)	(194,444)
		(4,881,842)	(2,532,286)
Increase in Trade and other payables		1,759,042	286,254
Cash flows (towards) operations before following		137,817	(326,750)
(Payments for)/receipts of:			
Long term loans		(24,347)	(63,392)
Long term deposits		2	382
Defined benefit plan	22.2	(9,434)	(14,340)
Finance costs		(146,261)	(141,888)
Income tax		(361,213)	(228,565)
Group taxation impact		(1,499)	(2,903)
Net cash flows towards operating activities		(404,935)	(777,456)
Cash Flows (towards)/from Investing Activities			
Additions in property, plant and equipment		(4,500,927)	(2,933,237)
Proceeds from disposal of property, plant and equipment	4.3	267,241	27,317
Additions in intangible assets	5	(23,696)	(18,284)
Long term investment made		-	(100)
Dividend received	36	225,750	112,875
Net cash flows towards investing activities		(4,031,632)	(2,811,429)
Cash Flows from/(towards) Financing Activities			
Long term financing - proceeds received		3,185,617	1,780,008
Long term financing - repayments		(90,428)	(929)
Dividend paid		(130)	(33)
Net cash flows from financing activities		3,095,059	1,779,046
Net decrease in cash and cash equivalents		(1,341,508)	(1,809,839)
Cash and cash equivalents at the beginning of the year		(3,417,623)	(1,607,784)
Cash and cash equivalents at the end of the year	39	(4,759,131)	(3,417,623)

The notes 1 to 49 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN	MUHAMMAD IQBAL BILWANI	MUSTUFA BILWANI
Chief Executive Officer	Director	Chief Financial Officer

Notes to the Un-Consolidated Financial Statements
FOR THE YEAR ENDED JUNE 30, 2022

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are quoted at Pakistan Stock Exchange Limited since 1992. The principal business of the Company is manufacturing of Polyester Filament Yarn through its self-produced Polyester Polymer/Chips. The Company also produces Pet Preforms. The registered office of the Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta whereas the manufacturing facility of the Company is situated at Plot No 441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub Chowki, Distt Lasbela, Balochistan and Liaison office of the Company is situated at 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi.

1.2 The Company also wholly owns following Subsidiary Companies:

- Gatro Power (Private) Limited, which is engaged in power generation.
- Global Synthetics Limited, which has yet to commence its operations.
- G-Pac Energy (Private) Limited, which has yet to commence its operations.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These un-consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and
- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2022

2.2.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's un-consolidated financial statements other than certain additional disclosures.

IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - Interest Rate Benchmark Reform (Amendments)

IFRS 16, - COVID-19, Related Rent Concessions beyond June 30, 2021 (Amendments)

2.2.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's un-consolidated financial statements other than certain additional disclosures.

		Effective from accounting period beginning on or after:
IFRS - 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS - 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS - 37	Onerous Contracts - Cost of Fulfilling a Contract (Amendments)	January 01, 2022
IAS - 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS - 1	Disclosures of Accounting Policies (Amendments)	January 01, 2023
IAS - 8	Definition of Accounting Estimates (Amendments)	January 01, 2023
IAS - 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 1/ IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized

Improvements to Accounting Standards Issued by the IASB (2018-2020 Cycle)

IFRS - 9	Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS - 41	Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS - 16	Leases: Lease Incentives	January 01, 2022

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards

- IFRS 17 – Insurance Contracts

2.3 Basis of measurement

These un-consolidated financial statements have been prepared under the historical cost convention except otherwise specifically stated in note 3.

These un-consolidated financial statements are the separate financial statements of the Company in which Investment in subsidiaries has been accounted for at cost less accumulated impairment losses, if any.

These un-consolidated financial statements have been prepared following accrual basis of accounting except for statement of cash flows.

2.4 Critical Accounting Estimates and Judgments

The preparation of un-consolidated financial statements requires management to make judgments, estimates and assumptions that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that, in the considered opinion of the management, are reasonable, under the circumstances, the results whereof provide the basis of making judgment in relation to carrying value of assets and liabilities that are not readily measurable, using other means. The definitive impact of ultimate outcome, may fluctuate from these estimates.

The estimates and underlying assumptions are periodically appraised. Revision to accounting estimates is recognized and effect is given in the period in which estimates are revised, or in the period of the revision and future periods as appropriate.

Judgments made by the management that have significant effect on the un-consolidated financial statements and estimates with a significant probability of material adjustment in future are disclosed hereunder:

2.4.1 Property, plant and equipment

The Company's management reviews the estimated useful lives and related depreciation charge for its property, plant and equipment on each reporting date. The Company reviews the value of the assets for possible impairment on each reporting date where there is any such indication. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

2.4.2 Trade debts, advances and other receivables

The estimates of doubtful trade debts, advances and other receivables are made, using and appropriately judging the relevant inputs and applying parameters as stated in note 3.3 & 3.7, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is recorded as and when it takes place.

2.4.3 Stock in trade

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the carrying values on each reporting date. Net realisable value is determined with respect to estimated selling prices less estimated expenditure to make the sales.

2.4.4 Stores, spare parts and loose tools

The estimate of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameter i.e. age analysis and obsolescence, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is recorded as and when it takes place.

2.4.5 Defined benefit plan

The actuarial valuation of defined benefit plan, have been premised on certain actuarial hypothesis, as disclosed in note 3.9.2 and 22.2. Changes in assumptions in future years may affect the liability under this scheme upto those years.

2.4.6 Income tax

In making the estimate for income tax liabilities, the management considers current income tax law and the decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate, as also stated disclosed in note 3.12.

2.4.7 Impairment of investment in Subsidiary Companies

In making an estimate of recoverable amount of the Company's investment, the management considers breakup value of shares of respective period, see note 3.4.

2.4.8 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

2.5 Functional and presentation currency

These un-consolidated financial statements are presented in Pakistani Rupee (Rupees), which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these un-consolidated financial statements are the same as those applied in the preparation of the un-consolidated financial statements of the Company for the year ended June 30, 2021. The principal accounting policies applied in the preparation of these un-consolidated financial statements are set out below:

3.1 Property, plant and equipment

Recognition & measurement:

These are stated at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Depreciation:

Depreciation is charged on diminishing balance method at the rates mentioned in Note 4.1, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation on addition is charged from the month of the asset is available for use upto the month prior to disposal.

Subsequent costs:

Subsequent costs (including those on account of major repairs) are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future additional economic benefits associated with such additional cost will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance incurred are taken to statement of profit or loss.

Impairment:

The carrying amounts of the Company's assets are reviewed at each reporting date where there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their respective estimated recoverable amounts. Where estimated carrying amounts exceed the respective recoverable amounts, the estimated carrying amounts are appropriately adjusted with impairment loss recognised in statement of profit or loss for the period. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value means the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Write off:

An item of property, plant and equipment is derecognised when no economic future benefits are expected from its use.

Gain or Loss:

Gain or loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.

3.2 Intangible Assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding, beyond one year, are recognised as an intangible asset.

These are stated at cost less accumulated amortisation and impairment, if any except capital work in progress which are stated at cost. Intangible assets are amortised on straight line basis over its estimated useful life(s). Amortisation on additions during the financial year is charged from month in which the asset is intended to use, whereas no amortisation is charged from the month the asset is disposed-off.

3.3 Impairment

Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and

- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the un-consolidated statement of profit or loss.

3.4 Investments

Subsidiary Companies

Investment in Subsidiary Companies are initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

3.5 Stores, spare parts and loose tools

These are valued at weighted average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges incurred thereon till the reporting date. Adequate impairment allowance is made for slow moving and obsolete items based on parameter set out by the management as stated in note 2.4.4. The major value spares and stand by equipments are capitalized and depreciated according to their useful life.

3.6 Stock in trade

These are valued at lower of weighted average cost and net realisable value. The value of goods in process and finished goods represents costs of direct materials plus applicable labour and production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Stock in transit is valued at cost comprising invoice value plus other incidental charges incurred thereon upto the reporting date.

3.7 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. Export debtors are translated into Rupee at the rate prevailing on the reporting date. An expected credit loss is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the trade debts. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.8 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term borrowings.

3.9 Employees' post employment benefits

3.9.1 Defined contribution plan

The Company provides provident fund benefits to all its eligible employees. Equal contributions are made, both by the Company and the employees and the same is charged to the statement of profit or loss.

Subsequent to the reporting date, the Company has ceased defined contribution plan (staff provident fund) w.e.f 01-07-2022 for eligible employees.

3.9.2 Defined benefit plan

The Company operates an unfunded defined gratuity scheme, in addition to defined contribution plan being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation by an independent actuary using the "Projected Unit Credit Method". The latest actuarial valuation was conducted on the balances as at June 30, 2022.

3.10 Compensated unavailed leaves

The Company accounts for its estimated liability towards unavailed leaves accumulated by employees on accrual basis.

3.11 Government scheme

This represents assistance in form of transfer of resources to an entity by government entity in return for the compliance with certain past or future conditions related to the entity's operating activities. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes benefits under the government schemes when there is reasonable assurance that benefits of the schemes will be received and the Company will be able to comply with conditions associated with schemes. These benefits are recognized at fair value, as deferred income.

Schemes that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. schemes that compensate for the cost of an asset are recognized in income on systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loan at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit under the government financing scheme is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the scheme.

3.12 Income Tax

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax u/s 113 and alternate corporate tax u/s 113C of the Income Tax Ordinance, 2001, whichever is higher. The Company to the extent of export sales fall under the final tax regime u/s 154 read with section 169 of the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the period for such years.

Deferred

The Company accounts for deferred income tax on all temporary timing differences using the liability method. Deferred income tax assets are recognised to the extent, it is probable that taxable profit will be available against which, the deductible temporary differences, unused tax losses and tax credits, can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. In this regard, the effect on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted.

3.13 Trade and other payables

Trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services recognized upto reporting date.

3.14 Provision

Provision is recognised when the Company has present legal or constructive obligation as a result of past event, if it is probable that an outflow of economic resources will be required to settle the obligation, and reliable estimate of the amounts can be made.

3.15 Borrowings and their costs

Borrowings are recorded as the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction, installation or production of a qualifying asset, where borrowing costs, if any, are capitalised as part of the cost of that asset.

3.16 Foreign currency transactions and translation

Foreign currency transactions are recorded into Rupee using the prevailing exchange rates. As on reporting date, monetary assets and liabilities in foreign currencies are translated into Rupee at the prevailing exchange rates on the reporting date. Resultant exchange differences are taken to statement of profit or loss.

3.17 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The revenue from diverse sources is recognised as explained below:

- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.

- Processing services are recognised on completion of services rendered.

- Dividend income is recognised when the right of receipt is established.

- Income from rent is recognized on accrual basis.

- Storage and handling income is recognised on accrual basis.

- Profit on deposits is recognised using the effective interest method.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.19 Dividend and appropriation to reserve

Liability for dividend and appropriation to reserve are recognised in the un-consolidated financial statements in the period in which these are approved.

Transfer between reserves made subsequent to the reporting date is considered as a non-adjusting event and is recognised in the period in which such transfers are made.

3.20 Financial instruments

Initial measurement of financial asset

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition

Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

3.21 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

3.22 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the asset and discharge the liability simultaneously.

3.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure if any, is the total cost incurred during the year to acquire property, plant and equipment. Segment results are stated in note 42.

3.24 Contingent liabilities

Contingent liability is disclosed when

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

	Note	2022	2021
		(Rupees in Thousand)	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	6,321,928	3,701,715
Capital work in progress	4.5	3,447,148	2,247,485
		9,769,076	5,949,200

4.1 Operating fixed assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land								
	(Rupees in Thousand)											
Net carrying value												
Year ended June 30, 2022												
Net book value (NBV) as at 01st July, 2021	26,390	45,574	481	354,413	1,642	3,054,745	503	45,380	5,492	164,703	2,392	**3,701,715**
Additions	27,540	-	-	-	-	182,070	2,085	7,665	-	52,456	-	**271,816**
Transfer from capital work in progress	-	-	-	542,659	-	2,601,624	-	-	-	-	-	**3,144,283**
Transfer at NBV	-	-	-	-	-	2,033	-	-	-	-	(2,033)	**-**
Disposal at NBV	447	-	-	-	563	2,030	-	39	-	3,196	-	**6,275**
Depreciation	-	-	48	66,768	125	672,935	170	10,050	1,498	37,658	359	**789,611**
Net book value as at 30th June, 2022	**53,483**	**45,574**	**433**	**830,304**	**954**	**5,165,507**	**2,418**	**42,956**	**3,994**	**176,305**	**-**	**6,321,928**
Gross carrying value												
At June 30, 2022												
Cost	53,483	45,574	14,248	1,312,420	4,171	10,957,538	4,666	104,691	15,009	345,900	-	**12,857,700**
Accumulated depreciation	-	-	13,815	482,116	3,217	5,792,031	2,248	61,735	11,015	169,595	-	**6,535,772**
Net book value	**53,483**	**45,574**	**433**	**830,304**	**954**	**5,165,507**	**2,418**	**42,956**	**3,994**	**176,305**	**-**	**6,321,928**
Net carrying value												
Year ended June 30, 2021												
Net book value (NBV) as at 01st July, 2020	25,320	13,348	535	390,264	2,796	2,612,998	2,548	43,057	9,796	161,556	3,017	**3,265,235**
Additions	1,070	32,226	-	-	-	25,854	-	16,712	-	43,125	-	**118,987**
Transfer from capital work in progress	-	-	-	6,095	-	905,477	-	-	-	-	-	**911,572**
Transfer at NBV	-	-	-	-	-	203	-	-	-	-	(203)	**-**
Disposal at NBV	-	-	-	-	942	817	-	16	29	5,019	-	**6,823**
Write offs at NBV	-	-	-	2,448	-	34,964	1,567	4,177	1,730	198	-	**45,084**
Depreciation	-	-	54	39,498	212	435,206	478	10,196	2,545	34,761	422	**523,372**
Impairment	-	-	-	-	-	18,800	-	-	-	-	-	**18,800**
Net book value as at 30th June, 2021	**26,390**	**45,574**	**481**	**354,413**	**1,642**	**3,054,745**	**503**	**45,380**	**5,492**	**164,703**	**2,392**	**3,701,715**
Gross carrying value												
At June 30, 2021												
Cost	26,390	45,574	14,248	769,761	6,462	8,237,187	2,581	97,295	15,009	307,774	9,674	**9,531,955**
Accumulated depreciation	-	-	13,767	415,348	4,820	5,182,442	2,078	51,915	9,517	143,071	7,282	**5,830,240**
Net book value	**26,390**	**45,574**	**481**	**354,413**	**1,642**	**3,054,745**	**503**	**45,380**	**5,492**	**164,703**	**2,392**	**3,701,715**
Depreciation rate % per annum	-	-	10	10	10	15 to 33	20	20	20 to 30	20	15	

	Note	2022	2021
		(Rupees in Thousand)	
4.2 Depreciation for the year has been allocated as follows:			
Cost of sales	30	778,434	512,319
Distribution and selling costs	31	2,812	2,615
Administrative expenses	32	8,365	8,438
		789,611	523,372

4.3 Detail of property, plant and equipment disposed off during the year :

(Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
FREEHOLD LAND						
Items having book value upto Rs.500 thousand each	447	447	230,000	229,553	Negotiation	**"M/s. Pharmnova (Private) Limited** Related Party"
Sub Total	**447**	**447**	**230,000**	**229,553**		
OFFICE PREMISES						
Items having book value upto Rs.500 thousand each	2,291	563	22,073	21,510	-	Various
Sub Total	**2,291**	**563**	**22,073**	**21,510**		
PLANT & MACHINERY						
Absorption Chiller	12,117	984	1,300	316	Negotiation	**Mr. Umer Hayat** Block-A Nawab Colony, Baldia Town, Karachi
Winder with Accessories	33,959	692	387	(305)	Negotiation	**Mr. Abdul Sattar** Tufail Shaheed Road, Faisalabad
Items having book value upto Rs.500 thousand each	26,941	354	3,700	3,346	-	**Various**
Sub Total	**73,017**	**2,030**	**5,387**	**3,357**		
FACTORY EQUIPMENT						
Items having book value upto Rs.500 thousand each	269	39	650	611	Negotiation	**"M/s. Novatex Limited** Related Party"
Sub Total	**269**	**39**	**650**	**611**		
MOTOR VEHICLES						
Toyota Corolla BEW-122	1,828	539	822	283	Company Policy	**Mr. Yousuf Hadman** Employee of the company
Toyota Grande BCN-685	2,302	524	1,500	976	Negotiation	**Ms. Anisa Majid** Karachi
Items having book value upto Rs.500 thousand each	10,060	2,071	6,760	4,689	-	**Various**
Items having book value below Rs.500 thousand each	140	62	49	(13)	-	**Various**
Sub Total	**14,330**	**3,196**	**9,131**	**5,935**		
Total - 2022	**90,354**	**6,275**	**267,241**	**260,966**		
Total - 2021	34,036	6,823	27,317	20,494		

	Note	2022	2021
		(Rupees in Thousand)	
4.3.1 Detail of net gain / (loss) on disposal of property, plant & equipment			
Gain on disposal of Property, Plant & Equipment	34	261,284	20,529
Loss on disposal of Property, Plant & Equipment	33	(318)	(35)
		260,966	20,494

4.4 Particulars of Company's immovable operating fixed assets are as follows :

Particulars	Location	Approximate Area
Land		
Freehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	14 Acres
Freehold	Manghopir, Gadap Town, Karachi	13 Acres
Leasehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	35 Acres
Building		
On Freehold land	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	5,500 Sq. Meters
On Leasehold land	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	142,000 Sq. Meters
Office Premises	M.A Jinnah Road / Dunolly Road Karachi	375 Sq. Meters
Office Premises	I.I Chundrigar Road, Karachi	225 Sq. Meters
Office Premises	Jinnah Road, Quetta	115 Sq. Meters
Office Premises	Katcheri Bazar, Faisalabad	85 Sq. Meters

4.4.1 This includes addition of free hold land bearing Khasra no.53/2, Mouza Baroot, Tehsil Hub, Distt. Lasbela, Balochistan.

4.5 Capital Work-in-Progress

(Rupees in Thousand)

	Balance as at July 1, 2021	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2022
Factory building on lease hold land under construction	**381,665**	**474,706**	**(542,659)**	**313,712**
Plant and machinery under erection	**1,865,820**	**3,869,240**	**(2,601,624)**	**3,133,436**
	2,247,485	**4,343,946**	**(3,144,283)**	**3,447,148**

	Balance as at July 1, 2020	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2021
Factory building on lease hold land under construction	56,256	331,504	(6,095)	381,665
Plant and machinery under erection	256,231	2,515,066	(905,477)	1,865,820
	312,487	2,846,570	(911,572)	2,247,485

4.5.1 It includes borrowing cost of Rs.128.770 million (2021: Rs.28.582 million) and net of with amortization of government scheme amounting to Rs.4.098 million (2021: Rs.0.852 million). Effective rate of borrowing cost ranges between 3% to 15.28%.

(Rupees in Thousand)

	Note	2022	2021
5 INTANGIBLE ASSETS			
Capital work in progress - SAP ERP System under installation			
Balance as at start of the year		**35,898**	17,614
Additions during the year		**23,696**	18,284
Balance as at end of the year		**59,594**	35,898

5.1 The company is in the process of implementation of SAP S/4 HANA ERP System and will be operative in next financial year.

	Note	2022	2021
		(Rupees in Thousand)	
6 LONG TERM INVESTMENTS			
Wholly Owned Subsidiary Companies			
22.575 million (2021: 22.575 million) shares including 7.525 million bonus shares in Messrs. Gatro Power (Private) Limited	6.1	150,500	150,500
35,000 (2021: 35,000) shares in Messrs. Global Synthetics Limited - Unquoted	6.2	350	350
Impairment loss	6.3	(325)	(295)
		25	55
25 million (2021: 25 million) shares in Messrs. G-Pac Energy (Private) Limited	6.4	250,000	250,000
Present value discounting impact of interest free long term loan to Messrs. G-Pac Energy (Private) Limited	6.5	50,549	44,454
Impairment loss	6.6	(48,505)	(27,715)
		252,044	266,739
		402,569	417,294

6.1 The value of investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2022 amounted to Rs.2,368.916 million (2021: Rs.1,883.387 million).

6.2 The value of the investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2022 amounted to Rs.0.025 million (2021: Rs.0.055 million).

6.3 Impairment loss

	2022	2021
Balance as at start of the year	295	250
Charge for the year	30	45
Balance as at end of the year	325	295

6.4 The value of the investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2022 amounted to Rs.252.044 million (2021: Rs.266.739 million).

6.5 This represents difference between receipt value and present value discounting at relevant risk free rate of interest free loan given to Subsidiary Company.

6.6 Impairment loss

	2022	2021
Balance as at start of the year	27,715	14,568
Charge for the year	20,790	13,147
Balance as at end of the year	48,505	27,715

7 LONG TERM LOANS - Considered good
Secured - Interest free

	Note	2022	2021
To subsidiary company - M/s. G-Pac Energy (Private) Limited	7.1	231,795	207,595
Present value adjustment taken to long term investments	6.5	(50,549)	(44,454)
Amortization of long term loan	7.2	34,902	18,902
		216,148	182,043
Current portion of long term loan to subsidiary company	13	(145,745)	-
		70,403	182,043
To employees other than Chief Executive & Directors	7.3 & 7.4	4,287	4,140
Amount due in twelve months shown under current assets	13	(3,991)	(4,100)
Recoverable within three years		296	40
		70,699	182,083

7.1 This represents interest free long term loan given to Subsidiary Company Messrs. G-Pac Energy (Private) Limited for likely period of three years.

7.2 The Company has recorded the interest free long term loan given to Subsidiary Company Messrs. G-Pac Energy (Private) Limited at its present value by discounting the future cash flows at risk free rate. The amount of difference between loan and its present value shall be amortised during the tenor of loan.

7.3 The above loans are under the terms of employment and are secured against the post employment benefits of the employees.

7.4 Interest free long term loans have been carried out at cost as the effect of carrying these balances at amortised cost is not material.

	Note	2022	2021
		(Rupees in Thousand)	
8 LONG TERM DEPOSITS			
Security deposits for utilities and others		2,845	2,847
9 STORES, SPARE PARTS AND LOOSE TOOLS			
In hand:			
Stores		429,409	184,342
Spare parts		924,298	746,398
Loose tools		6,822	7,090
		1,360,529	937,830
Impairment allowance for slow moving stores, spare parts and loose tools	9.1	(80,688)	(57,850)
		1,279,841	879,980
In transit		35,232	4,891
		1,315,073	884,871
9.1 Impairment allowance for slow moving stores, spare parts and loose tools			
Balance as at start of the year		57,850	61,312
Charge for the year		22,874	2,689
Reversals due to consumption		(36)	(6,151)
		22,838	(3,462)
Balance as at end of the year		80,688	57,850
10 STOCK IN TRADE			
Raw and packing material		2,534,550	1,784,620
Raw and packing material in transit		422,381	112,888
Goods in process		1,108,306	352,687
Finished goods		2,252,863	1,590,151
	10.1	6,318,100	3,840,346

10.1 These include items costing Rs.76.972 million (2021: Rs.104.845 million) valued at net realisable value of Rs.55.672 million (2021: Rs.69.329 million).

(Rupees in Thousand)

11 TRADE DEBTS	Note	2022	2021
Considered good			
Secured			
Local		133,118	45,501
Export	11.1	103,435	34,768
	11.2	236,553	80,269
Unsecured - local	11.3, 11.4 & 11.5	4,085,974	2,816,932
		4,322,527	2,897,201
Allowance for ECL - local			
Unsecured - local		121,680	115,044
Allowance for ECL - local	11.6	(121,680)	(115,044)
		-	-
		4,322,527	2,897,201

11.1 These represent balances of US$ 0.503 million (2021: US$ 0.220 million).

11.2 These are secured against letters of credit issued by banks in favour of the Company.

11.3 These include Rs.2.012 million (2021: Rs.97.520 million) due from a related party Messrs. Novatex Limited and this amount is not past due and not outstanding for more than three months. The maximum aggregate amount due at any month end during the year was Rs.181.459 million (2021: Rs.323.015 million).

11.4 These include Rs.60.919 million (2021: Rs.115.843 million) due from a related party Messrs. Krystalite Products (Private) Limited. The maximum aggregate amount due at any month end during the year was Rs.91.133 million (2021: Rs.285.613 million).

11.4.1	2022	2021
Not past due	60,900	46,882
Past due 1-30 days	19	68,961
	60,919	115,843

11.5 These include Rs.13.617 million (2021: Rs.Nil) due from a related party Messrs. Mushtaq & Company (Private) Limited and this amount is not past due and not outstanding for more than three months. The maximum aggregate amount due at any month end during the year was Rs.16.355 million (2021: Rs.23.597 million).

11.6 Allowance for ECL - local	2022	2021
Balance as at start of the year	115,044	118,796
Charge for the year	51,948	44,386
Reversals since recovered	(45,312)	(47,482)
	6,636	(3,096)
Written off during the year	-	(656)
Balance as at end of the year	121,680	115,044

12 LOANS AND ADVANCES - Considered good	Note	2022	2021
Secured			
Advances to employees	12.1	547	522
Unsecured			
Advances:			
to suppliers and contractors	12.2	256,984	52,605
for imports		18,930	8,726
		275,914	61,331
		276,461	61,853

12.1 These represent advances against monthly salaries under the terms of employment.

12.2 These include advances against purchase of vehicles Rs.9.655 million (2021: Rs.7.221 million).

		Note	2022	2021
			(Rupees in Thousand)	
13	**CURRENT PORTION OF NON-CURRENT ASSETS**			
	Secured			
	Current portion of long term loan to subsidiary company	7	145,745	-
	Loan recoverable in twelve months from employees	7	3,991	4,100
			149,736	4,100

		Note	2022	2021
14	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Shipping guarantees - deposits	14.1	66,979	1,945
	Margins held by banks	14.2	149,314	137,022
	Security deposits		8,775	14,355
	Prepayments		533	582
			225,601	153,904

14.1 This represents margin held by bank against issuance of shipping guarantees for clearance of import consignments.

14.2 This represents 100% margin held by bank against opening of Letters of Credit.

		Note	2022	2021
15	**OTHER RECEIVABLES - Considered good**			
	Receivable from suppliers	15.1	171,103	92,858
	Claims receivable from suppliers		322	2,756
	Sales tax		304,160	130,763
	Partial alleged sales tax demand paid	28.1.4, 28.1.16 & 28.1.18	30,472	28,000
	Partial alleged income tax demand paid	28.1.13	29,816	29,816
	Receivable from Workers' Provident Fund Trust		1,816	991
	Others	15.2, 15.3 & 15.4	13,924	33,648
			551,613	318,832

15.1 These includes balances receivable in foreign currency of US$ 0.305 million (2021: US$ 0.552 million).

15.2 These include Rs.0.045 million (2021: Rs.3.066 million) receivable from a subsidiary company Messrs. Gatro Power (Private) Limited, mainly on account of plant operation arrangement and this balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.18.314 million (2021: Rs.3.829 million).

15.3 These include Rs.0.030 million (2021: Rs.0.025 million) receivable from a subsidiary company Messrs. G-Pac Energy (Private) Limited on account of reimbursement of expenses and this balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.0.096 million (2021: Rs.0.147 million).

15.4 These include Rs.7.098 million (2021: Rs.23.144 million) receivable from a related party Messrs. Novatex Limited on account of common sharing expenses and this balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.26.680 million (2021: Rs.23.144 million).

		Note	2022	2021
			(Rupees in Thousand)	
16	**SALES TAX REFUND DUE FROM FEDERAL GOVERNMENT**			
	Sales tax		**8,634**	8,634
17	**CASH AND BANK BALANCES**			
	Cash in hand		**2,063**	1,074
	Cash at banks			
	In current accounts : Local currency		**55,682**	85,903
	In saving account : Local currency	17.1	**2,003**	1,943
	In current accounts : Foreign currency	17.2	**72,987**	14,337
		17.3	**130,672**	102,183
			132,735	103,257

17.1 This represents security deposits received from contractors, refer note 23.8.

17.2 These represent balances of US$ 354,509.48 and Euro € 629.98 (2021: US$ 90,103.47 and Euro € 629.98).

17.3 Balance in bank accounts includes an amount of Rs.94.689 million (2021: Rs.34.006 million) kept with Shariah compliant banks.

18 SHARE CAPITAL

18.1 Authorised capital

(Number of Shares) 2022	2021		2022	2021
95,000,000	95,000,000	Ordinary shares of Rs.10 each	**950,000**	950,000

18.2 Issued, subscribed and paid up capital

2022	2021		2022	2021
30,136,080	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash	**301,361**	301,361
8,228,400	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	**82,284**	82,284
38,364,480	38,364,480		**383,645**	383,645

These include 1,620,387 (2021: 1,620,387) shares held by a related party, Messrs. Gani & Tayub (Private) Limited.

19 CAPITAL RESERVE

	2022	2021
Share premium	**383,645**	383,645

This represents premium of Rs.20 per share received on initial public issue of 17,438,400 shares in 1992 and premium of Rs.10 per share received on right issue of 3,487,680 shares in 1998. This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act 2017.

	2022	2021
20 GENERAL RESERVE	**3,250,000**	3,250,000

This represents reserve created from accumulation of past years' profit, to meet future exigencies.

	Note	2022	2021
		(Rupees in Thousand)	
21 LONG TERM FINANCING - Secured			
from banking companies Under Shariah compliant			
Meezan Bank Limited	21.1	2,386,464	2,465,193
Dubai Islamic Bank Pakistan Limited	21.2	75,576	86,221
United Bank Limited	21.3	460,451	322,723
Bank Al-Falah Limited	21.4	831,661	56,644
Meezan Bank Limited	21.5	1,486,069	-
Habib Metropolitan Bank Limited	21.6	33,913	-
Faysal Bank Limited	21.7	179,212	-
Faysal Bank Limited	21.8	475,029	-
Habib Bank Limited	21.9	45,157	-
		5,973,532	2,930,781
Current maturity shown under current liabilities		(277,228)	(90,342)
		5,696,304	2,840,439

21.1 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.2,500 million out of which Rs.2,465.193 million (2021: Rs.2,465.193 million) obtained during June 2019 to June 2021 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during May 2029 to May 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+2% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

	2022	2021
Balance as at start of the year	2,465,193	1,133,129
Obtained during the year	-	1,332,064
Repayments during the year	(78,729)	-
Balance as at end of the year	2,386,464	2,465,193

21.2 This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.120 million out of which Rs.88.204 million (2021: Rs.87.150 million) obtained during February 2020 to September 2021 for procurement of solar panels/solar plant. Principal is repayable alongwith profit in 20 equal half yearly installments, commencing after a grace period of three months and expiring during March 2030 to October 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+1.50% bank profit. IFRE facility is secured against the hypothecation charge over specific plant and machinery.

	2022	2021
Balance as at start of the year	86,221	44,824
Obtained during the year	1,054	42,326
Repayments during the year	(11,699)	(929)
Balance as at end of the year	75,576	86,221

21.3 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.2,200 million out of which Rs.488.478 million (2021: Rs.345.640 million) having present value of Rs.460.451 million (2021: Rs.322.723 million) obtained during February 2021 to May 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during February 2031 to May 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+1.25% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

	Note	2022	2021
		(Rupees in Thousand)	
Balance as at start of the year		**322,723**	-
Obtained during the year		**142,838**	345,640
Fair value differential of long term finance transferred to government scheme		**(9,815)**	(23,747)
Amortisation of government scheme		**4,705**	830
Balance as at end of the year		**460,451**	322,723

21.4 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.1,000 million out of which Rs.880.603 million (2021: Rs.59.978 million) having present value of Rs.831.661 million (2021: Rs.56.644 million) obtained during April 2021 to June 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during April 2031 to June 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

Balance as at start of the year	**56,644**	-
Loan obtained	**820,625**	59,978
Fair value differential of long term finance transferred to government scheme	**(49,288)**	(3,356)
Amortisation of government scheme	**3,680**	22
Balance as at end of the year	**831,661**	56,644

21.5 This represents Diminishing Musharakah amounting to Rs.1,900 million out of which Rs.1,486.069 million (2021: Rs.Nil) obtained during August 2021 to June 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 14 equal half yearly installments, commencing after a grace period of one years and expiring during August 2029 to June 2030 on their respective maturities. The applicable rate of profit is 6 months KIBOR+0.10%. The outstanding principal sum and accrued profit thereon are secured by way of specific/exclusive hypothecation charge over plant & machinery.

21.6 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.120 million out of which Rs.35.633 million (2021: Rs.Nil) having present value of Rs.33.913 million (2021: Rs.Nil) obtained during July 2021 to August 2021 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during July 2031 to August 2031 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

Loan obtained	**35,633**	-
Fair value differential of long term finance transferred to government scheme	**(1,994)**	-
Amortisation of government scheme	**274**	-
	33,913	-

21.7 This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.280 million out of which Rs.179.212 million (2021: Rs.Nil) obtained during July 2021 to March 2022 for procurement of plant & machinery (solar equipments). Principal is repayable alongwith profit in 20 equal half yearly installments, commencing after a grace period of three months and expiring during September 2031 to June 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. IFRE facility is secured against the specific hypothecation charge over plant and machinery (solar equipment).

21.8 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.1,200 million out of which Rs.475.029 million (2021: Rs.Nil) obtained during September 2021 to June 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during September 2031 to June 2032 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

21.9 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.3,000 million out of which Rs.45.157 million (2021: Rs.Nil) obtained during June 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring in June 2032 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

	Note	2022 (Rupees in Thousand)	2021 (Rupees in Thousand)
22 DEFERRED LIABILITIES AND INCOME			
Deferred Liabilities			
Income tax - net	22.1	211,746	-
Defined benefit plan	22.2	502,472	438,384
Provision for Gas Infrastructure Development Cess (GIDC)	22.3	16,023	41,761
Deferred income			
Deferred Income - Government scheme	22.4	65,292	22,199
		795,533	502,344

22.1 This comprises of the following major timing differences:

	2022	2021
Taxable temporary difference arising due to:		
tax depreciation allowances	270,215	39,183
Deductible temporary difference arising due to:		
Impairment allowance for ECL	(35,287)	(33,363)
Impairment allowance for slow moving stores, spare parts and loose tools	(23,182)	(16,777)
	211,746	(10,957)
Net deferred tax assets of taxable temporary difference not recognised	-	10,957
	211,746	-

22.1.1 Movement in deferred tax

	Note	2022	2021
Opening balance		-	7,946
Charged/(reversal) for the year	37	211,746	(7,946)
Closing balance		211,746	-

At the reporting date, deferred tax asset amounting to Rs.570.596 million (2021: Rs.610.579 million) has not been recognised considering remote chances of reversal.

22.2 Actuarial valuation of the plan was carried out as at June 30, 2022. The calculation for provision of defined benefit plan is as under:

	Note	2022	2021
		(Rupees in Thousand)	
Movement of the present value of defined benefit obligation (PVDBO)			
Balance as at start of the year		438,384	407,426
Expense	22.2.1	62,567	48,997
Remeasurement loss/(gain)		10,955	(3,699)
Payments		(9,434)	(14,340)
Balance as at end of the year		502,472	438,384

22.2.1 Expense

	Note	2022	2021
Service cost		19,200	20,765
Interest cost		43,367	28,232
		62,567	48,997
Allocation are as follows:			
Cost of Sales	30.1	30,940	22,144
Distribution and selling costs	31.1	3,415	2,375
Administrative expenses	32.1	28,212	24,478
		62,567	48,997

The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	13.50%	10.00%
Future salary increase rate	13.50%	10.00%
Withdrawal Rate	High	High
Mortality	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

Sensitivity Analysis

	2022		2021	
	PVDBO (Rupees in Thousand)	Percentage Change	PVDBO (Rupees in Thousand)	Percentage Change
Current Liability	502,472	-	438,384	-
+ 1% Discount Rate	480,069	-4.46%	422,319	-3.66%
- 1% Discount Rate	528,456	5.17%	456,624	4.16%
+ 1% Salary Increase Rate	530,678	5.61%	458,060	4.49%
- 1% Salary Increase Rate	477,843	-4.90%	420,705	-4.03%
+ 10% Withdrawal Rates	501,440	-0.21%	438,382	(0.00%)
- 10% Withdrawal Rates	503,549	0.21%	438,387	0.00%
1 Year Mortality age set back	502,487	0.00%	438,385	0.00%
1 Year Mortality age set forward	502,457	(0.00%)	438,384	(0.00%)

	2022	2021
	(Rupees in Thousand)	
	Undiscounted payments	
Maturity profile		
Year 1	170,569	183,221
Year 2	21,679	17,180
Year 3	12,049	27,204
Year 4	31,931	24,664
Year 5	26,948	23,644
Year 6 to 10	107,781	112,681
Year 11 and above	387,577	375,025

Risks Associated with Defined Benefit Plan

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

22.3 Provision for Gas Infrastructure Development Cess

	Note	2022	2021
		(Rupees in Thousand)	
Balance at start of the year		78,436	122,149
Provision during the year		-	991
Reversal during the year	34	-	(36,282)
Remeasurement gain on discounting of provision for GIDC	34	(11,081)	(8,422)
Un-winding of long term provision for GIDC	35	6,038	-
		73,393	78,436
Current portion of Gas Infrastructure Development Cess	26	(57,370)	(36,675)
		16,023	41,761

The Supreme Court of Pakistan has decided the Appeal against consumers upholding the vires of GIDC Act, 2015 through its judgement dated August 13, 2020. The Review Petition was filed against the Judgment, wherein the Honorable Court has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments and also hold that GIDC relating to period prior to the GIDC Act, 2015 is not recoverable in case the same was not passed on by the Company.

As per judgement of the Supreme Court of Pakistan, the Company has filed a Civil Suit before the Sindh High Court against payment of GIDC installments on the ground that the Company has not passed on the burden of Cess. The Honorable Court has granted stay order to Plaintiffs whereby the Messrs. Sui Southern Gas Company Limited has been restrained to take any coercive action against non payment of GIDC installments.

The Company has recorded the provision at its present value by discounting the future cash flows at risk free rate.

22.4 Deferred Income - Government scheme

This represents the value of benefit of below-market markup rate on the loans obtained under Islamic Temporary Economic Refinance Scheme (ITERF) disclosed in note 21.3, 21.4 & 21.6 to these un-consolidated financial statements. ITERF scheme is a ‘temporary’ relief measure taken by the State Bank of Pakistan (SBP) in context of COVID-19 related economic situation and with the objective to provide stimulus to the economy across the board by supporting new investment and BMR of the existing projects in the country. The difference between the fair value of these loans and proceeds received is recorded as Deferred income - Government scheme and the reconciliation of carrying amount is as follows:

	Note	2022	2021
		(Rupees in Thousand)	
Opening balance		26,251	-
Fair value differential of long term finance transferred		61,097	27,103
Amortisation of government scheme		(8,659)	(852)
		78,689	26,251
Current portion of government scheme	26	(13,397)	(4,052)
		65,292	22,199

23 TRADE AND OTHER PAYABLES

	Note	2022	2021
Trade creditors	23.1 & 23.2	1,463,000	323,821
Creditors for capital expenditures		163,276	48,441
Bills payable	23.3	280,624	286,974
Accrued expenses	23.4, 23.5 & 23.6	515,573	383,856
Advance payments from customers - unsecured	23.7	451,275	176,363
Security deposits from contractors	23.8	2,003	1,943
Workers' Profit Participation Fund	23.9	111,248	63,137
Workers' Welfare Fund	23.10	22,977	14,484
Provisions	23.11	561,913	433,897
Withholding taxes		21,646	7,712
Payable to Provident Fund Trusts		-	4,070
Other liabilities	23.12	74,548	61,629
		3,668,083	1,806,327

23.1 These include Rs.115.388 million (2021: Rs.8.756 million) payable to a related party Messrs. Novatex Limited.

23.2 These include Rs.0.210 million (2021: Rs.0.204 million) payable to a related party Messrs. G&T Tyres (Private) Limited.

23.3 This represents balances payable in foreign currency of US$ 1.362 million (2021: US$ 1.813 million).

23.4 These include Rs.240.560 million (2021: Rs.201.556 million) payable to a subsidiary company Messrs. Gatro Power (Private) Limited on account of purchase of power.

23.5 These include Rs.159.701 million (2021: Rs.33.903 million) payable to a related party Messrs. Novatex Limited.

23.6 These include Rs.0.767 million (2021: Rs.0.619 million) payable to a related party Messrs. Gani & Tayub (Private) Limited.

23.7 These include Rs.Nil (2021: Rs.14.040 million) received from a related party Messrs. Mushtaq & Company (Private) Limited.

23.8 This represents return-free security deposits from contractors held in separate bank account, refer note 17.1.

23.9 Workers' Profit Participation Fund

	Note	2022	2021
Balance as at start of the year		63,137	13,113
Interest on funds utilised in the Company's business	35	70	1,260
Allocation	33	111,248	63,137
Payments		(63,207)	(14,373)
Balance as at end of the year		111,248	63,137

		Note	2022	2021
			(Rupees in Thousand)	
23.10	**Workers' Welfare Fund**			
	Balance as at start of the year		14,484	786
	Provision		22,977	14,484
	Provision - prior year		(8,401)	2,236
		33	14,576	16,720
	Adjustment through income tax refund	27	(6,083)	(3,022)
	Balance as at end of the year		22,977	14,484
23.11	**Provisions for:**			
	Enhanced gas rate	23.11.1 & 23.11.2	56,171	56,171
	Sindh Sales Tax on rent	23.11.3	7,242	6,596
	Infrastructure Cess on imports	23.11.4	333,097	230,278
	Sales tax	23.11.5 & 23.11.6	158,617	134,367
	Others	23.11.7	6,786	6,485
			561,913	433,897

23.11.1 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Company alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Messrs. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before the Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheese to Nazir of High Court amounting to Rs.47.667 million (2021: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (2021: Rs.40.194 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories which the Company is paying in full as per the notification.

23.11.2 In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Company with effect from September 2013. On December 21, 2015, the Company alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheese to Nazir of High Court (refer note 23.11.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (2021: Rs.15.977 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.13.629 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Company is paying full amount of the gas bills as per this notification. In February, 2020, the Honorable Single Bench of Sindh High Court has decided the case in favor of Petitioners. SSGCL has filed appeal before the Double Bench of Sindh High Court against the decision and is pending for adjudication.

23.11.3 This represents provision of Sindh Sales Tax on rent payable by the Company to a related party Messrs. Novatex Limited. The related party had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Honorable Single Bench of Sindh High Court decided the case in favor of the related party. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court. Pending outcome of the facts, the Company as matter of prudence recorded the sales tax impact.

	(Rupees in Thousand)	
	2022	**2021**
23.11.4 Movement is as under:		
Balance as at start of the year	**230,278**	190,267
Provision made during the year	**113,418**	80,022
Payments made during the year	**(10,599)**	(40,011)
Balance as at end of the year	**333,097**	230,278

The Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. On October 23, 2017, the Company has also challenged the new Act in the Sindh High Court against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Company has provided bank guarantee amounting to Rs.378.365 million (2021: Rs.248.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 28.2). Full provision after December 27, 2006 has been made in these un-consolidated financial statements as an abundant precaution.

23.11.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made certain amendments in SRO 1125(I)/2011 dated December 31, 2011 including disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustment on packing material of textile product was not being allowed for adjustment with effect from July 01, 2016 till June 30, 2018. On January 16, 2017, the Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court against Federation of Pakistan and others. The Honorable Sindh High Court has decided the matter in favor of Tax Department, against which the Company has filed an appeal before the Supreme Court of Pakistan.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will ultimately be decided in favor of the Company. However, as an abundant precaution, the Company has made provision of Rs.16.757 million till June 30, 2018.

23.11.6 The FBR vide SRO 450(I)/2013 dated May 27, 2013 made certain amendments in SRO 490(I)/2004 dated June 12, 2004 and disallowed input tax adjustment on building materials with effect from May 28, 2013. On December 21, 2015, the Company had challenged the restriction so placed before the Islamabad High Court against Federation of Pakistan. The Honorable Islamabad High Court has held that input tax adjustments on items relating to building materials, used for manufacture and or production of taxable goods or for taxable supplies made or to be made, is allowed. However, as an abundant precaution, the Company has made provision of Rs.141.860 million (2021: Rs.68.615 million).

23.11.7 This represents provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (2021: Rs.4.131 million) and rate difference of gas tariff Rs.2.655 million (2021: Rs.2.354 million) on account of common expenses payable by the Company to a related party Messrs. Novatex Limited.

23.12 These include Rs.63.776 million (2021: Rs.50.481 million) received from employees under Company car policy.

	Note	2022	2021
		(Rupees in Thousand)	
24 ACCRUED MARK UP/PROFIT			
Profit on long term financing		137,440	17,859
Mark up/profit on short term borrowings		67,811	20,926
	24.1	205,251	38,785

24.1 This includes accrued profit of Rs.161.515 million (2021: Rs.30.154 million) under Shariah compliant arrangements.

25 SHORT TERM BORROWINGS - Secured

From banking companies under mark up/profit arrangements

	2022	2021
Running finance - Under Conventional	1,698,567	628,057
- Under Shariah compliant	1,843,299	652,823
	3,541,866	1,280,880
Short term finance - Under Conventional	1,200,000	1,090,000
- Under Shariah compliant	-	1,075,000
	1,200,000	2,165,000
Export re-finance - Under Shariah compliant	150,000	75,000
	4,891,866	3,520,880

25.1 The Company has aggregate facilities of short term borrowings amounting to Rs.5,905 million (2021: Rs.5,805 million) from various commercial banks (as listed in Note 25.3) out of which Rs.1,013 million (2021: Rs.2,284 million) remained unutilised at the year end. The Company also has Rs.150 million (2021: Rs.400 million) swinging facility with a related party Messrs. Novatex Limited, out of which Rs. Nil (2021: Rs.Nil) has been utilized by the Company at the year end. The mark up/profit rates during the year for running finance and Musharakah ranges between 7.56% to 15.65%, for short term finance 7.54% to 14.13% and for export refinance 2.40% to 2.50% per annum. These facilities are renewable annually at respective maturities.

25.2 These arrangements are secured against pari passu hypothecation charge on the stock and book debts of the Company.

25.3 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib Limited, Dubai Islamic Bank Pakistan Limited, Faysal Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited, MCB Bank Limited, Meezan Bank Limited, Standard Chartered Bank (Pakistan) Limited and United Bank Limited.

26 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2022	2021
Gas Infrastructure Development Cess	22.3	57,370	36,675
Government scheme	22.4	13,397	4,052
		70,767	40,727

		Note	2022	2021
			(Rupees in Thousand)	
27	**PROVISION FOR INCOME TAX LESS PAYMENTS**			
	Balance as at start of the year		43,813	34,638
	Provision - Current		521,150	246,185
	- Prior		(925)	(2,198)
		37	520,225	243,987
			564,038	278,625
	Payments		(295,213)	(228,565)
	Income tax refundable transferred from other receivables		-	(6,366)
	Adjustment of Workers' Welfare Fund	23.10	6,083	3,022
	Adjustment of group taxation		(1,499)	(2,903)
			(290,629)	(234,812)
	Balance as at end of the year		273,409	43,813

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 FBR initiated action against few customers of the Company for violating/non compliance of the provisions of SRO 1125 dated December 31, 2011 and alleging the Company to provide them assistance and illegal facilitation. The dispute relates to the period of time when supplies were zero rated and as a result of which the Company had to pay Rs.27.762 million and had also to submit post-dated cheques of Rs.83.287 million under protest in favor of Chief Commissioner Inland Revenue.

However, the Company had challenged the action before the Sindh High Court on December 23, 2013 against Federation of Pakistan and others. Realizing the facts of the case, circumstances and legal position, the Honorable Sindh High Court has granted interim relief whereby encashment of above mentioned post dated cheques has been restrained.

By way of abundant precaution, the amount of Rs.27.762 million has been charged to un-consolidated statement of profit or loss in previous period i.e. year 2014. On September 04, 2021, the Special Judge Custom and Taxation Court has decided the case in favor of the Company. The FBR has filed appeal at Honorable Sindh High Court Karachi against the decision of Special judge which is pending adjudication.

28.1.2 In May 2015, the Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015, which seeks to impose GIDC levy since 2011. On July 16, 2015, the Company alongwith several other companies filed suit in the Sindh High Court against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Honorable Single Bench of Sindh High Court had decided the case in favor of Petitioners. However, in May 2020, Defendants have filed appeal before the Double Bench of Sindh High Court. On August 13, 2020, the Honorable Supreme Court of Pakistan finally in the appeals filed by industries of Khyber Pakhtunkhwa, passed a judgment in favor of Government declaring the GIDC Act 2015 intra vires and directed all the Petitioners/Appellants (including industries of all over Pakistan) for payment of Cess liability accrued till July 31, 2020 in 24 equal monthly installments. The Company has filed Review Petition against the Judgment, wherein the Honorable Supreme Court of Pakistan has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments and also hold that GIDC relating to period prior to the GIDC Act, 2015 is not recoverable in case the same was not passed on by the Company. As per the judgement of Supreme Court of Pakistan, the Company has filed a Civil Suit before the Sindh High Court against payment of GIDC instalments on the ground that the Company has not passed on the burden of Cess. The Honorable Sindh High Court has granted stay order to Plaintiffs whereby the Messrs. Sui Southern Gas Company Limited has been restrained to take any coercive action against non payment of GIDC installments.

Total amount of enhanced GIDC upto July 31, 2020 worked out at Rs.129.801 million, however the Company has maintained a provision for Rs.86.858 million pertaining to the period of June 2015 to July 2020 as an abundant precaution.

28.1.3 The Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has restrained EOBI from taking any coercive action against the Company. On December 03, 2021, the Honorable Sindh High Court has dismissed the Petition. However, the Company has filed an appeal at Supreme Court of Pakistan against the judgment. No provision of the amount involved i.e. Rs.31.119 million (2021: Rs.27.954 million) has been made in these un-consolidated financial statements.

28.1.4 The Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A)) – 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Company has already deposited Rs.28 million under protest into the Government Treasury for stay against the full recovery (refer note 15). The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The CIR(A) has decided the matter for tax periods July 2013 to June 2014, July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Company. However, the Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these un-consolidated financial statements as the Company is confident that the matter will be decided in favor by the appellate authorities.

28.1.5 Income Tax Department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Company wherein refund of Rs.7.7 million had been determined. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.

28.1.6 Income Tax Department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favor of the Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. Hence Rs. 2.197 million recorded as refundable.

28.1.7 The Tax Officer alleged the Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that reduced rate was applicable to customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Company. Appeal was decided in favor of the Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. No provision has been made in these un-consolidated financial statements.

28.1.8 The case of the Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Company. Considering that the matter decided against the Company has no material impact, therefore, the Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favour of the company. No provision has been made in these un-consolidated financial statements.

28.1.9 Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta disallowed expenses of Rs.60.7 million vide order dated June 29, 2016 against which the Company filed an appeal before the CIR(A), who vide order dated January 20, 2017 decided the case partially in favor of the Company and partially in favor of Tax Department. The Tax Department has filed an appeal before the ATIR which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company. No provision has been made in these un-consolidated financial statements.

28.1.10 The Company had filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Company has provided 100% bank guarantee amounting to Rs.15.351 million (2021: Rs.15.351 million), refer note 28.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.

28.1.11 Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, disallowing tax credit of Rs.42 million for tax year 2019. The Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Company to claim 10% tax credit on investment in plant & machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these un-consolidated financial statements.

28.1.12 The Company had filed a petition before the Sindh High Court wherein the Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Company. The Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Honorable Sindh High Court. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company. However, on prudent basis Rs. 40.395 million has been provided in these un-consolidated financial statements.

28.1.13 The Company had filed a petition before the Sindh High Court wherein the Company had challenged the notice requiring to pay Super Tax for tax year 2018 amounting to Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Company. The Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Company also filed appeals before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 which has been concluded in favor of the Tax Department. The Company has filed appeals before the ATIR against the orders passed by the CIR(A). The Company has also paid 50% of demand for auto stay from recovery (refer note 15). The management is confident that the case will ultimately be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these un-consolidated financial statements.

28.1.14 Income tax return for tax year 2019 has been amended by the DCIR vide order dated June 29, 2020 creating tax demand of Rs.1.594 million while abolishing refund of Rs.35.819 million as claimed in ITR 2019 against which the Company filed an appeal before the CIR(A), which has been partially decided in favour of the Company resulting in net tax refundable of Rs.4 million. The Company as well as Tax Department have filed appeals before the ATIR, which is pending till date. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company.

28.1.15 Through Finance Act, 2019, section 65B of the Income Tax Ordinance, 2001 was amended to disallow credit on investment in plant & machinery from tax year 2020 and onwards. Consequently, the tax credit in respect of LCs opened on or before 30th June 2019 was also disallowed amounting to Rs.105.230 million. The Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Company to claim 10% tax credit on investment in plant & machinery on the basis of pre-amended position of section 65B. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these un-consolidated financial statements.

28.1.16 The Tax Officer alleged the Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty. The Company has paid 10% of demand for auto stay from recovery Rs.0.342 million (refer note 15). CIR(A) has decided the case in favour of Company. The Tax Department has filed an appeal before ATIR against the said judgment.

28.1.17 Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Company filed petitions against the said notices before the Honorable Sindh High Court, which has been decided in favour of the Company. However, Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company.

28.1.18 Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Company has filed an appeal before the CIR(A). The Company has paid 10% of demand for auto stay from recovery Rs.2.130 million (refer note 15). The case has been heard by the CIR(A) and reserved for order. The management is confident that the case will be decided in favor of the Company.

28.1.19 The Tax Department disallowed expenses of Rs.45.6 million under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2016. However, no income tax demand was raised owing to taxable losses both before and after amendment of assessment proceedings. Moreover, the Company has filed an appeal before CIR(A), which has not yet been concluded. The management is confident that the case will be decided in favor of the Company. No provision has been made in these un-consolidated financial statements.

	Note	2022	2021
		(Rupees in Thousand)	
28.2 Guarantees			
Bank Guarantees in favour of:			
The Director Excise & Taxation, Karachi	23.11.4	378,365	248,365
The Electric Inspector, President Licencing Board, Quetta		10	10
Pakistan State Oil Company Limited		70,000	40,000
K-Electric Limited		11,560	11,560
Nazir of the High Court of Sindh, Karachi	28.1.10	15,351	15,351
Letters of Credit in favour of:			
Sui Southern Gas Company Limited for Gas		32,592	32,592
		507,878	347,878

	Note	2022	2021
		(Rupees in Thousand)	

28.3 Commitments

The Company's commitments, against which the banks have opened Letters of Credit, in favor of different suppliers, are as follows:

	2022	2021
Foreign currency:		
Property, plant and equipment	3,801,553	3,584,297
Raw and packing material	1,780,644	286,607
Spare parts and others	170,747	55,431
	5,752,944	3,926,335
Local currency:		
Property, plant and equipment	229,587	281,501
Raw material	294,382	136,984
Spare parts and others	63,231	-
	587,200	418,485
	6,340,144	4,344,820

29 SALES

	2022	2021
Gross local sales	26,907,428	18,954,971
Third party processing charges	195,888	37,015
	27,103,316	18,991,986
Less: Sales tax	3,954,409	2,773,646
	23,148,907	16,218,340
Export sales	810,747	339,221
	23,959,654	16,557,561

30 COST OF SALES

	Note	2022	2021
Raw and packing material consumed		14,734,760	9,152,461
Stores, spare parts and loose tools consumed		521,643	408,113
Outsource processing charges		808,252	682,136
Salaries, wages, allowances and benefits	30.1 & 30.2	1,546,452	1,257,631
Power, fuel and gas		3,375,894	2,512,767
Rent, rates and taxes		16,023	10,741
Insurance		48,084	39,788
Cartage & transportation		148,137	122,326
Repairs and maintenance		208,421	157,414
Communications & Computer		2,753	3,246
Water supply		5,809	15,087
Travelling		2,933	280
Sundry		40,887	34,482
Depreciation	4.2	778,434	512,319
		22,238,482	14,908,791
Duty draw back		(275)	(1,029)
Scrap sales	30.3	(36,608)	(20,897)
		22,201,599	14,886,865
Opening stock of goods-in-process		352,687	589,548
Closing stock of goods-in-process		(1,108,306)	(352,687)
Cost of goods manufactured		21,445,980	15,123,726
Opening stock of finished goods		1,590,151	1,157,211
Closing stock of finished goods		(2,252,863)	(1,590,151)
		20,783,268	14,690,786

30.1 These include Rs.22.549 million (2021: Rs.19.098 million) and Rs.30.940 million (2021: Rs.22.144 million) respectively, representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan.

30.2 It is net off by Rs.42 million (2021: Rs.36 million) in respect of amount received from a subsidiary company Messrs. Gatro Power (Private) Limited against plant operation arrangement.

30.3 Net off sales tax amounting to Rs.7.300 million (2021: Rs.4.101 million).

	Note	2022	2021
		(Rupees in Thousand)	
31 DISTRIBUTION AND SELLING COSTS			
Salaries, allowances and benefits	31.1	52,114	41,283
Insurance		5,151	4,891
Rent, rates and taxes		2,340	2,438
Handling, freight and transportation		221,585	147,164
Advertisement and sales promotion		62	336
Communications		1,597	1,771
Travelling		395	383
Legal and professional fee		2,333	494
Sundry		9,875	8,909
Depreciation	4.2	2,812	2,615
		298,264	210,284

31.1 These include Rs.1.784 million (2021: Rs.1.314 million) and Rs.3.415 million (2021: Rs.2.375 million) respectively, representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan.

	Note	2022	2021
32 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	32.1	253,839	192,536
Rent, rates and taxes		21,826	20,252
Insurance		8,868	8,096
Repairs and maintenance		12,658	11,408
Travelling		2,347	965
Communications		2,609	3,065
Legal and professional fees		6,735	12,547
Utilities		5,248	5,244
Printing and stationery		1,655	1,594
Transportation		10,833	8,444
Sundry		12,761	10,092
Depreciation	4.2	8,365	8,438
		347,744	282,681

32.1 These include Rs.8.935 million (2021: Rs.7.645 million) and Rs.28.212 million (2021: Rs.24.478 million) respectively, representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan.

	Note	2022	2021
		(Rupees in Thousand)	

33 OTHER OPERATING EXPENSES

	Note	2022	2021
Loss on disposal of property, plant and equipment	4.3.1	318	35
Impairment of operating fixed assets	4.1	-	18,800
Property, plant and equipment - written off	4.1	-	45,084
Impairment allowance for ECL - net	11.6	6,636	-
Impairment allowance for slow moving stores, spare parts and loose tools - net	9.1	22,838	-
Impairment in long term investments	6.3 & 6.6	20,820	13,192
Exchange loss - net		39,105	-
Corporate social responsibility	33.1	21,415	12,468
Workers' Profit Participation Fund	23.9	111,248	63,137
Workers' Welfare Fund	23.10	14,576	16,720
Auditors' remuneration	33.2	3,027	2,796
		239,983	172,232

33.1 These includes donations of Rs.20.415 million (2021: Rs.12.068 million) to a related party Messrs. Gatron Foundation in which Chief Executive and three directors of the Company are governors. None of the directors or their spouses has any interest in any other donee fund, so far as other donations are concerned.

33.2 Auditors' remuneration

	2022	2021
Audit fee - Annual financial statements	2,175	2,175
Limited review, audit of annual consolidated financial statements and certification fee	450	285
Sindh Sales Tax on services	210	197
Out of pocket expenses	192	139
	3,027	2,796

34 OTHER INCOME

	Note	2022	2021
Income from financial assets			
Reversal of impairment allowance for ECL - net	11.6	-	3,096
Profit on deposits		151	129
		151	3,225
Income from non - financial assets & others			
Gain on disposal of property, plant and equipment	4.3.1	261,284	20,529
Liabilities no more payable written back		57,417	2,980
Reversal of impairment allowance for slow moving store, spare parts and loose tools-net		-	3,462
Amortisation of interest free long term loan to subsidiary company	9.1	16,000	10,783
Amortisation of Government Scheme		4,561	-
Exchange gain - net		-	28,545
Reversal of provision for Gas Infrastructure Development Cess	22.3	-	36,282
Remeasurement gain on discounting of provision for GIDC	22.3	11,081	8,422
Miscellaneous income		5,303	288
		355,646	111,291
		355,797	114,516

		Note	2022	2021
			(Rupees in Thousand)	
35	**FINANCE COSTS**			
	Profit on long term financing		103,769	47,797
	Mark up/profit on short term borrowings		198,564	75,134
	Un-winding of long term provision for GIDC	22.3	6,038	-
	Interest on Workers' Profit Participation Fund	23.9	70	1,260
	Bank charges and guarantee commission		4,286	3,013
		35.1	312,727	127,204

35.1 It includes finance costs under Shariah Complaint arrangement amounting to Rs.179.005 million (2021: Rs.65.277 million).

		Note	2022	2021
36	**INVESTMENT INCOME - DIVIDEND**			
	Dividend income from subsidiary company			
	- Messrs. Gatro Power (Private) Limited		225,750	112,875
37	**INCOME TAX**			
	For the current year		521,150	246,185
	For the prior year		(925)	(2,198)
		27	520,225	243,987
	Deferred	22.1.1	211,746	(7,946)
			731,971	236,041
	Relationship between income tax and profit before income tax:			
	Profit before income tax		2,559,215	1,301,765
	Income tax rate		29%	29%
	Income tax on profit before income tax		742,172	377,512
	Tax effect of:			
	group taxation impact		(65,468)	(32,734)
	minimum tax		289,163	242,431
	alternative corporate tax		50,188	-
	brought forward minimum tax and loss adjusted		(419,632)	(352,789)
	super tax		174,301	-
	income assessed under final tax regime - export sales		(15,541)	(5,540)
	Reversal of prior year income tax		(925)	(2,198)
	others		(22,287)	9,359
	Income tax for the year		731,971	236,041

37.1 Sufficient provision for tax has been made in these un-consolidated financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and tax assessed for last three years are as follows:

	2021	2020	2019
	(Rupees in Thousand)		
Tax provision	246,185	355,086	307,913
Tax assessed	150,456	247,658	256,479

The difference between tax provision and tax assessed is mainly due to the amount of tax credit claimed under pre-amended version of section 65B of the Income tax Ordinance, 2001, which has been withdrawn by the government through Finance Act, 2019 and the same has been challenged by the Company before the Sindh High Court. However, as an abundant precaution, the Company has not reversed the liability in these un-consolidated financial statements.

		(Rupees in Thousand)	
		2022	2021
38	EARNINGS PER SHARE - Basic and diluted		
	Profit after income tax	1,827,244	1,065,724
		(Number of Shares)	
	Weighted average number of Ordinary Shares in issue during the year	38,364,480	38,364,480
		(Rupees)	
	Earnings per share - Basic and diluted	47.63	27.78

There is no dilutive effect on the basic earnings per share of the Company.

		Note	(Rupees in Thousand) 2022	2021
39	CASH AND CASH EQUIVALENTS			
	Cash and bank balances	17	132,735	103,257
	Short term borrowings	25	(4,891,866)	(3,520,880)
			(4,759,131)	(3,417,623)

40 FINANCIAL INSTRUMENTS

	2022	2021
Financial assets as per statement of financial position - Measured at amortised cost		
Loans and advances	220,982	186,705
Deposits	227,913	156,169
Trade debts	4,322,527	2,897,201
Other receivables	186,843	127,497
Cash and bank balances	132,735	103,257
	5,091,000	3,470,829
Financial liabilities as per statement of financial position - Measured at amortised cost		
Long term financing	5,973,532	2,930,781
Trade and other payables	2,546,496	1,123,390
Unclaimed dividend	21,381	21,511
Accrued mark up/profit	205,251	38,785
Short term borrowings	4,891,866	3,520,880
	13,638,526	7,635,347

The effective interest/markup rates for the monetary financial assets and liabilities are mentioned in respective notes to the un-consolidated financial statements.

40.1 MEASUREMENT OF FAIR VALUE

International Financial Reporting Standard (IFRS), IFRS 13 "Fair Value Measurement", unifies the framework for measurement of fair values as required by other IFRS and requires disclosure regarding fair value measurement, i.e., disclosure of valuation techniques and inputs used to measure the fair value and in case recurring fair value measurements using unobservable inputs the effect of fair value measurement on statement of profit or loss or statement of other comprehensive income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company's certain accounting policies and disclosure requires use of fair value measurement and the Company while assessing fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs establishing a fair value hierarchy, i.e., input used in fair value measurement is categorized into following three levels:

Level 1 Inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

Level 2 Inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

As at reporting date the fair value of all the assets and liabilities approximates to their carrying values except property, plant and equipment and long term investments in subsidiary companies. The property, plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost, whereas long term investment in subsidiary companies carried at cost less accumulated impairment, if any. The Company does not expect that unobservable inputs may have significant effect on fair values.

40.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk Management is carried out under policies and principles approved by the Board. All treasury related transactions are carried out within the parameters of these policies and principles.

40.2.1 Market Risk

A Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to foreign exchange risk arising from currency value fluctuations, primarily with respect to the USD, Euro, JPY and CHF. The Company's exposure to foreign currency risk is as follows:

	(Rupees in Thousand) 2022	2021
Bills Payable	**280,624**	286,974
Trade creditors	**-**	1,279
Creditors for capital expenditure	**69,546**	23,921
	350,170	312,174
Trade Debts	**(103,435)**	(34,768)
Receivable from suppliers	**(62,662)**	(87,046)
Cash at bank in foreign currency accounts	**(72,987)**	(14,337)
	(239,084)	(136,151)
	111,086	176,023
Commitments - Outstanding letters of credit	**5,752,944**	3,926,335
Net exposure	**5,864,030**	4,102,358

The following significant exchange rates have been applied:

	Average rate (Rupees)				Reporting date rate			
	2022		2021		2022		2021	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
USD to PKR	**177.36**	**177.86**	160.21	160.71	**205.50**	**206.00**	157.80	158.30
Euro to PKR	**200.00**	**200.57**	191.14	191.75	**215.23**	**215.75**	188.12	188.71
JPY to PKR	**1.51**	**1.52**	1.51	1.51	**1.50**	**1.51**	1.43	1.43
CHF to PKR	**190.22**	**190.76**	176.08	176.64	**215.43**	**215.96**	171.32	171.86

Sensitivity Analysis

At reporting date, if the PKR had strengthened/weakened by 10% against the USD, Euro, JPY and CHF with all other variables held constant, pre tax profit for the period would have been higher/lower by the amount shown below, mainly as a result of net foreign exchange gain or net foreign currency exposure at reporting date.

	(Rupees in Thousand) Average rate		Reporting date rate	
	2022	2021	2022	2021
Effect on statement of profit or loss				
USD to PKR	**405,146**	309,539	**469,233**	304,898
Euro to PKR	**104,719**	97,973	**112,646**	96,419
JPY to PKR	**90**	1,547	**90**	1,468
CHF to PKR	**3,917**	7,658	**4,434**	7,451
	513,872	416,717	**586,403**	410,236

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the period and assets / liabilities of the Company.

B Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to equity price risk since there are no investment in listed equity securities.

C Interest / Markup rate risk

Interest/Markup rate risk arises from the possibility of changes in Interest/Markup rates which may effect the value of financial instruments. The Company has short term borrowings at variable rates. At the reporting date the Interest/Markup profile of the Company's Interest/Markup-bearing financial instrument is:

	2022	2021	2022	2021
	Effective rate (in %)		Carrying amount (Rupees in Thousand)	
Financial Assets				
Variable rate instruments				
Bank balance	**8.60**	6.63	**2,003**	1,943
Financial Liabilities				
Variable rate instruments				
Long term financing	**7.66 - 15.28**	-	**(1,486,069)**	-
Short term borrowings	**2.40 - 15.65**	2.40 - 8.71	**(4,891,866)**	(3,520,880)
			(6,375,932)	(3,518,937)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for June 2021.

	Statement of profit or loss before tax (Rupees in Thousand)	
	100 bp increase	100 bp decrease
As at June 30, 2022 Cash flow sensitivity - Variable rate	**(63,759)**	**63,759**
As at June 30, 2021 Cash flow sensitivity - Variable rate	**(35,189)**	**35,189**

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the period and assets / liabilities of the Company.

40.2.2 Credit risk

Credit risk represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk interalia by setting credit limits in relation to individual customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. The Company has established an allowance for the doubtful trade debts that represents its estimate of incurred losses in respect of trade debts. Consequently, the Company believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposure before any credit enhancements. Out of total financial assets of Rs.5,091.000 million (2021: Rs.3,470.829 million), financial assets of Rs.5,088.937 million (2021: Rs.3,469.755 million) are subject to credit risk. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	(Rupees in Thousand)	
	2022	2021
Loans and advances	220,982	186,705
Deposits	227,913	156,169
Trade debts	4,322,527	2,897,201
Other receivables	186,843	127,497
	4,509,370	3,024,698
Bank balances	130,672	102,183
	5,088,937	3,469,755

The aging of trade debts and other receivables at the reporting date:

	2022	2021
Not past due	3,968,925	2,484,751
Past due 1-30 days	250,810	247,740
Past due 31-90 days	194,918	183,142
Past due 91-180 days	82,887	106,615
Past due 180 days	133,510	117,494
	4,631,050	3,139,742
Allowance for ECL - local	(121,680)	(115,044)
	4,509,370	3,024,698

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Banks	Rating Agency	Rating Short term	Rating Long term	(Rupees in Thousand) 2022	2021
Bank Al-Falah Limited	PACRA	A-1+	AA+	23,343	33,373
Bank Al-Habib Limited	PACRA	A-1+	AAA	201	127
Citibank N.A.	Moody's	P-1	Aa3	65	65
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA	2,083	2,019
Faysal Bank Limited	PACRA	A-1+	AA	61	1,740
Habib Bank Limited	VIS	A-1+	AAA	5,088	9,582
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	71,356	36,646
MCB Bank Limited	PACRA	A-1+	AAA	6,653	1,150
Meezan Bank Limited	VIS	A-1+	AAA	18,975	15,034
National Bank of Pakistan	PACRA	A-1+	AAA	2,266	1,786
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	466	430
The Bank of Punjab	PACRA	A-1+	AA+	25	-
United Bank Limited	VIS	A-1+	AAA	90	231
				130,672	102,183

Above ratings are updated from website of State Bank of Pakistan.

40.2.3 Liquidity risk

Liquidity risk represents where an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2022, the Company has Rs.5,905 million plus Rs.150 million swinging facility with a related party Messrs. Novatex Limited, available borrowing limit from financial institutions. The Company has unutilised borrowing facilities of Rs.1,013 million in addition to balances at banks of Rs.131 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest/mark up payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
			----- (Rupees in Thousand) -----				
2022							
Long term financing	**5,973,532**	**7,212,359**	**135,538**	**319,952**	**885,576**	**2,900,268**	**2,971,025**
Trade and other payables	**2,546,496**	**2,546,496**	**2,546,496**	-	-	-	-
Unclaimed dividend	**21,381**	**21,381**	**21,381**	-	-	-	-
Accrued mark up/profit	**205,251**	**205,251**	**205,251**	-	-	-	-
Short term borrowings	**4,891,866**	**4,893,264**	**4,893,264**	-	-	-	-
	13,638,526	**14,878,751**	**7,801,930**	**319,952**	**885,576**	**2,900,268**	**2,971,025**
2021							
Long term financing	2,930,781	3,549,151	64,770	131,464	282,272	1,346,677	1,723,968
Trade and other payables	1,123,390	1,123,390	1,123,390	-	-	-	-
Unclaimed dividend	21,511	21,511	21,511	-	-	-	-
Accrued mark up/profit	38,785	38,785	38,785	-	-	-	-
Short term borrowings	3,520,880	3,527,299	3,527,299	-	-	-	-
	7,635,347	8,260,136	4,775,755	131,464	282,272	1,346,677	1,723,968

40.3 CAPITAL RISK MANAGEMENT

The Company's objectives in managing capital is to ensure the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio as at June 30, 2022 and June 30, 2021 were as follows:

	(Rupees in Thousand) 2022	2021
Total borrowings	**10,865,398**	6,451,661
Cash and bank balances	**(132,735)**	(103,257)
Net debt	**10,732,663**	6,348,404
Total equity	**7,771,441**	5,955,152
Total capital	**18,504,104**	12,303,556
Gearing ratio	**58%**	52%

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix amongst various sources of finance to minimize risk and cost.

The Company is not exposed to any externally imposed capital requirement.

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to statement of profit or loss for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company are as follows:

(Rupees in Thousand)

Particulars	Chief Executive		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Managerial remuneration	13,017	17,349	30,142	33,168	214,954	138,763	258,113	189,280
Post employment benefits	4,673	6,503	1,731	4,734	32,710	18,798	39,114	30,035
Utilities	30	93	11	30	85	11	126	134
Other benefits	1,741	-	4,295	2,485	91,500	55,069	97,536	57,554
Reimbursement	-	-	-	-	2,289	1,178	2,289	1,178
Total	19,461	23,945	36,179	40,417	341,538	213,819	397,178	278,181
Number of persons for remuneration	1	2	2	4	52	40	55	46

41.1 Aggregate amount of meeting fee to 6 non-executive directors (2021: Chairman and 6 non-executive Directors) was Rs.1.200 million (2021: Rs.1.700 million).

41.2 In addition, the Chief Executive and working directors are provided with Company maintained car and certain executives are provided with household furniture and cars under Company policies, the monetary impact where of is not quantifiable.

41.3 During the year, a related party Messrs. Novatex Limited reimbursed Rs.79.731 million (2021: Rs.61.992 million) in respect of shared resources of certain directors and executives.

41.4 Last year, Mr. Pir Mouhammad Diwan, Chief Executive have been ceased to be the Chief Executive of the Company w.e.f. February 16, 2021 and Mr. Shabbir Diwan have been appointed as Chief Executive of the Company.

42 SEGMENT REPORTING

42.1 Reportable segments

The Company's reportable segments are as follows:

- Polyester Filament Yarn - it comprises manufacturing of Polyester Filament Yarn and its raw material.
- Polyester PET Preforms - it comprises manufacturing of Polyester PET Preforms and its raw material.

Other operating expenses, other income, finance costs and taxation are managed at Company level.

42.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2022 is as follows:

(Rupees in Thousand)

	2022			2021		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	19,724,675	4,234,979	23,959,654	12,614,386	3,943,175	16,557,561
Segment result before depreciation	2,385,010	934,979	3,319,989	1,214,891	682,291	1,897,182
Less: Depreciation	(742,662)	(46,949)	(789,611)	(475,049)	(48,323)	(523,372)
Segment result after depreciation	1,642,348	888,030	2,530,378	739,842	633,968	1,373,810

Reconciliation of segment results with Profit before income tax:

	2022	2021
Total results for reportable segments	2,530,378	1,373,810
Other operating expenses	(239,983)	(172,232)
Other income	355,797	114,516
Finance costs	(312,727)	(127,204)
Investment income - Dividend	225,750	112,875
Profit before income tax	2,559,215	1,301,765

Assets and liabilities by segments are as follows:

	Polyester Filament Yarn 2022	Polyester PET Preforms 2022	Total 2022	Polyester Filament Yarn 2021	Polyester PET Preforms 2021	Total 2021
Segment assets	18,424,870	2,476,987	20,901,857	10,887,564	2,193,877	13,081,441
Segment liabilities	7,841,407	447,626	8,289,033	3,550,786	161,139	3,711,925

Reconciliation of segments assets and liabilities with total in the un-consolidated statement of financial position is as follows:

	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	20,901,857	8,289,033	13,081,441	3,711,925
Unallocated	2,769,406	7,610,789	1,778,879	5,193,243
Total as per un-consolidated statement of financial position	23,671,263	15,899,822	14,860,320	8,905,168

Other segment information is as follows:

	Polyester Filament Yarn 2022	Polyester PET Preforms 2022	Total 2022	Polyester Filament Yarn 2021	Polyester PET Preforms 2021	Total 2021
Depreciation	742,662	46,949	789,611	475,049	48,323	523,372
Capital expenditures incurred during the year	4,066,901	150,952	4,217,853	2,689,975	4,378	2,694,353
Unallocated capital expenditure incurred during the year			283,074			238,884
Total			4,500,927			2,933,237

42.3 96.62% (2021: 97.95%) out of total sales of the Company relates to customers in Pakistan.

42.4 All non-current assets of the Company as at June 30, 2022 are located in Pakistan.

42.5 The Company does not have transaction with any external customer which amount to 10 percent or more of the Company's revenue.

	Note	2022	2021
		(Metric Tons)	
43 PLANT CAPACITY AND ACTUAL PRODUCTION			
Polyester Filament Yarn	43.1		
Annual capacity-75 denier		43,424	36,974
Annual capacity-150 denier		86,280	73,396
Actual production		56,887	52,913
Polyester P.E.T. Preforms	43.2		
Annual capacity		41,017	41,017
Actual production		14,080	16,954
Knitted Fabrics	43.3		
Annual capacity		1,090	-
Actual production		200	-

43.1 The capacity is determined based on 75 denier and 24 filaments/150 denier and 48 filaments. Actual production represents production of various deniers.

43.2 The capacity is determined based on 43.66 gms production. Actual production represents production of various grammage. The actual production versus annual capacity is lower on account of the Company lacking the sizes of preforms, which are in demand. The actual production of preforms (various grammage) in pieces was 523.110 million (2021: 615.745 million) against annual capacity (based on 43.66 gms) of 939 million pieces.

43.3 The production of Knitted Fabrics does not reflect full year impact due to the Company has started Knitted Fabrics production during the year, therefore, actual production versus annual capcity is lower.

44 TRANSACTIONS WITH RELATED PARTIES

During the year, details of transactions with related parties are as follows:

Name	Nature of relationship	Basis of relationship	Nature of transaction	2022 (Rupees in Thousand)	2021
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	2,233,222	2,202,265
			Receipt of dividend	225,750	112,875
			Plant operation arrangement	42,000	36,000
			Reimbursement of expenses	1,198	689
Global Synthetics Limited	Subsidiary Company	100% ownership	Investment made	-	100
			Reimbursement of expenses	1	-
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Long term loan	24,200	61,850
			Reimbursement of expenses	358	12
Novatex Limited	Related Party	Common directorship	Sale of goods	328,712	1,499,573
			Rendering of services	165,431	31,637
			Obtaining of services	808,252	682,136
			Purchase of raw and other material	307,557	103,777
			Sale of property, plant & equipment	650	-
			Rent	21,512	19,951
			Reimbursement of expenses	230,460	184,659
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	202,429	306,300
			Purchase of raw and other material	-	303
			Reimbursement of expenses	115	-

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand) 2022	2021
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	**42,352**	44,261
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	**8,649**	8,028
Gatron Foundation	Related Party	Common directorship	Payment of donation	**20,415**	12,068
Pharmnova (Private) Limited	Related Party	Common key management	Sale of property, plant & equipment	**230,000**	-
G&T Tyres (Private) Limited	Related Party	Common key management	Purchase of other material	**1,025**	174
Gatron (Ind) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	**29,018**	24,052
Gatron (Ind) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	**4,250**	4,005

- The above figures are exclusive of sales tax, where applicable.
- Outstanding balances, as at reporting date, are disclosed in their respective notes.

Transactions and outstanding balances, as applicable in relation to Defined Contribution Plan (DCP) and Key Management Personnel (KMP) have been disclosed in note 41 of KMP and note 4.3 of disposal of property, plant and equipment. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers its Chief Executive, Executive Directors and other executives to be KMP.

45 PROVIDENT FUND RELATED DISCLOSURES

The Following information is based on latest financial statements of the Funds.	(Rupees in Thousand) 2022 (Un-Audited)	2021 (Audited)
Size of the Funds - Total Assets	**584,750**	547,596
Cost of Investments made	**473,432**	468,252
Fair value of investments	**581,453**	542,264
Percentage of investments made (Fair value to size of the fund)	**99.44%**	99.03%

	2022 Amount	2022 %	2021 Amount	2021 %
	(Rupees in Thousand)			
45.1 The Break-up of cost of investments is:				
Shares of Listed Companies	-	0.00%	19,282	4.12%
Government Securities	273,610	57.79%	273,610	58.43%
Mutual Funds	-	0.00%	9,912	2.12%
Bank Deposits	199,822	42.21%	165,448	35.33%
	473,432	100.00%	468,252	100.00%

45.2 Investments out of the provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

46 NUMBER OF EMPLOYEES

	2022	2021
	(Number of employees)	
Total number of employees as at June 30	832	769
Average number of employees during the year	805	767

47 CORRESPONDING FIGURES

Prior year's figure have been reclassified for the purpose of better presentation. Change made during the year is as follows:

Reclassification from component	Reclassification to component	(Rupees in Thousand)
Loans and advances	**Current portion of non-current assets**	
Amount recoverable in twelve months from employees	Loan recoverable in twelve months from employees	4,100
Trade and other payables	**Current portion of non-current liabilities**	
Current portion of Gas Infrastructure Development Cess	Gas Infrastructure Development Cess	36,675
Current portion of government scheme	Government scheme	4,052

48 DATE OF AUTHORISATION FOR ISSUE

These un-consolidated financial statements were authorised for issue on September 17, 2022 by the Board of Directors of the Company.

49 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

SHABBIR DIWAN	MUHAMMAD IQBAL BILWANI	MUSTUFA BILWANI
Chief Executive Officer	Director	Chief Financial Officer

Pattern of Shareholding

As on June 30, 2022

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
323	1	100	17,774
617	101	500	279,273
206	501	1,000	132,189
58	1,001	5,000	116,496
4	5,001	10,000	26,773
1	10,001	15,000	14,300
1	15,001	20,000	15,100
1	30,001	35,000	33,641
1	45,001	50,000	46,000
1	65,001	70,000	70,000
1	100,001	105,000	101,000
1	110,001	115,000	115,000
1	125,001	130,000	126,000
1	175,001	180,000	176,545
1	190,001	195,000	190,504
1	195,001	200,000	200,000
1	200,001	205,000	200,626
1	225,001	230,000	229,880
2	235,001	240,000	478,390
3	240,001	245,000	720,585
1	285,001	290,000	287,750
1	290,001	295,000	294,045
5	350,001	355,000	1,770,465
1	365,001	370,000	369,093
1	395,001	400,000	400,000
1	490,001	495,000	491,033
2	495,001	500,000	1,000,000
1	500,001	505,000	500,500
1	505,001	510,000	509,093
1	570,001	575,000	571,612
1	585,001	590,000	587,558
1	630,001	635,000	630,320
1	650,001	655,000	654,000
1	805,001	810,000	807,154
1	1,095,001	1,100,000	1,099,926
1	1,170,001	1,175,000	1,170,245
1	1,325,001	1,330,000	1,327,932
1	1,500,001	1,505,000	1,504,100
1	1,520,001	1,525,000	1,520,565
1	1,545,001	1,550,000	1,547,048
1	1,550,001	1,555,000	1,551,262
1	1,620,001	1,625,000	1,620,387
1	1,925,001	1,930,000	1,925,057
1	2,705,001	2,710,000	2,706,451
1	2,805,001	2,810,000	2,808,070
1	3,460,001	3,465,000	3,463,370
1	3,955,001	3,960,000	3,957,368
1,258		Total	38,364,480

Categories of Shareholders	Share Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	9,687,177	25.25
Associated Companies, undertakings and related parties.	1,620,387	4.22
NIT and ICP	3,050	0.01
Banks Development Financial Institutions, Non Banking Financial Institutions.	6,272,930	16.35
Insurance Companies	200	0.00
Modarabas and Mutual Funds	Nil	Nil
Share holders holding 10%	4,466,461	11.64
General Public		
a. Local	15,627,286	40.74
b. Foreign	686,088	1.79
Others	901	0.00

CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the Audited Consolidated Financial Statements of the Group for the year ended June 30, 2022.

THE GROUP

The Group comprises of Gatron (Industries) Limited and its subsidiaries i.e. Gatro Power (Private) Limited, Global Synthetics Limited and G-Pac Energy (Private) Limited. The Director's report, detailing performance of the Holding Company i.e. Gatron (Industries) Limited for the year ended June 30, 2022, has been annexed separately in this report.

The principal business of wholly owned subsidiary Company Messrs. Gatro Power (Private) Limited is to generate and sell electric power. During the period under review, the subsidiary company has paid dividend Rs.226 million.

Wholly owned subsidiary Messrs. Global Synthetics Limited has yet to commence its operations.

The principal business of wholly owned subsidiary Company Messrs. G-Pac Energy (Private) Limited is to generate and sell electric power. The operations of this Subsidiary Company are expected to be commenced by the end of calendar year.

CONSOLIDATED FINANCIALS:

Operating results for the year ended June 30, 2022	(Pak Rupees in Thousand)
Profit before income tax	3,044,886
Income tax	731,971
Profit after income tax	2,312,915
Un- appropriated Profit brought forward	3,378,345
Un- appropriated Profit carried forward	5,680,163
Earnings per share - Basic and diluted (Rupees)	60.29

State of Affairs as on June 30, 2022	(Pak Rupees in Thousand)
Property, plant and equipment	12,345,436
Other non-current assets	62,735
Current assets	14,501,714
Total assets	26,909,885
Deduct:	
Non-current liabilities	6,639,784
Current liabilities	10,287,648
Total liabilities	16,927,432
Net assets financed by shareholders' equity	9,982,453

MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the Company occurred during the period to which the balance sheet relates and the date of this report.

INTERNAL FINANCIAL CONTROLS

The system of internal controls is sound in design and has been effectively implemented and monitored.

ACKNOWLEDGMENT

We are grateful to all our stakeholders and would like to thank them for their continuous support, trust, and commitment to the company. We look forward to sharing more success in the future.

The growth of the company would have not been possible without the assistance and guidance of our Key Stakeholders. The dedication, innovation, and creative thinking of every member of the Company has also played a vital role in overall Company's growth and progress.

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

September 17, 2022

اہم تبدیلیاں اور معاہدے:

بیلنس شیٹ کی تاریخ اور رپورٹ ہٰذا کی تاریخ کے درمیان کمپنی کی مالیاتی حیثیت میں تبدیلی لانے والی نہ کوئی اہم بات رونما ہوئی اور نہ ہی ایسے معاہدے ہوئے۔

اندرونی مالیاتی کنٹرول:

اندرونی نگہداری کا نظام مضبوط بنیادوں پر استوار ہے اور اس کا نفاذ مؤثر طور سے کیا گیا ہے اور اس پر نظر بھی رکھی جا رہی ہے۔

اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کے مسلسل تعاون، اعتماد اور حمایت کیلئے شکریہ ادا کرنا چاہتے ہیں۔ اس امید کے ساتھ کہ ہم مستقبل میں مزید کامیابیاں آئندہ بھی بانٹتے رہیں گے۔

کمپنی کی ترقی ہمارے کلیدی اسٹیک ہولڈرز کی مدد اور رہنمائی کے بغیر ممکن نہیں تھی۔ ہم کمپنی کے ہر ممبر کی لگن، جدید اور تخلیقی سوچ نے بھی کمپنی کی مجموعی ترقی میں اہم کردار ادا کیا ہے۔

شبیر دیوان	**محمد اِقبال بِلوانی**
افسر اعلیٰ	ڈائریکٹر

17 ستمبر، 2022ء

گروپ کے جامع مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

معزز ممبران،

میسرز گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2022ء کو ختم شدہ سال کیلئے گروپ ہٰذا کے جامع مالیاتی گوشوارے پیش کرتے ہوئے مُسرت محسوس کرتے ہیں۔

گروپ :

یہ گروپ میسرز گیٹرون (انڈسٹریز) لمیٹڈ اور اس کے مکمل ماتحت اداروں میسرز گیٹرو پاور (پرائیویٹ) لمیٹڈ، میسرز گلوبل سینتھیٹک لمیٹڈ اور میسرز جی پیک ایزجی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔

مکمل ملکیتی ماتحت ادارہ میسرز گیٹرو پاور (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس ادارے نے سال کے دوران 226 ملین روپے کے نقد منافع منقسمہ کی ادائیگی کی۔

میسرز جی پیک انرجی (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس کمپنی کے آپریشنز موجودہ سال کے آخر تک شروع ہونے کی توقع ہے۔

مکمل ملکیتی ماتحت ادارہ میسرز گلوبل سینتھیٹک لمیٹڈ نے اب تک اپنے آپریشنز شروع نہیں کئے۔

جامع مالیات:

آپریٹنگ نتائج برائے سال مختتمہ 30 جون 2022ء	(روپے '000)
منافع قبل از انکم ٹیکس	3,044,886
انکم ٹیکس	731,971
منافع بعد از انکم ٹیکس	2,312,915
غیر متصرف منافع گزشتہ (Un-appropriated profit brought forward)	3,378,345
غیر متصرف منافع حالیہ (Un-appropriated profit carried forward)	5,680,163
آمدنی فی شیئر بنیادی اور تقسیم شدہ (Rupees)(Basic and Diluted–Earning per share)	60.29
30 جون 2022ء تک معاملات کی صورتحال	
املاک، پلانٹ اور ایکوپمنٹ	12,345,436
دیگر پائیدار اثاثہ جات	62,735
بدل پزیر اثاثہ جات	14,501,714
کل اثاثہ جات	26,909,885
کٹوتی :	
پائیدار واجبات	6,639,784
بدل پزیر واجبات	10,287,648
کل واجبات	16,927,432
خالص اثاثہ جات اداشدہ منجانب ایکوئٹی بابتہ حصص یافتگان	9,982,453

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATRON (INDUSTRIES) LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Gatron (Industries) Limited and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at June 30, 2022, and consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2022 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the contents of notes 28.1.1 of the annexed consolidated financial statements relating to provision in respect of WPPF, the ultimate outcome whereof cannot be presently ascertained, and no provision for any liability, that may arise, has been made in the annexed consolidated Financial Statements, Our opinion is not qualified in respect of this matter.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the annexed consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	Stock in Trade: The Group has significant levels of inventory amounting to Rs. 6.318 billion as at the reporting date, being 23% of total assets of the Group. A number of estimates are involved in the valuation of inventory and judgment has also been applied by management in determining the net realizable values of finished goods. The significance of the balance coupled with the judgments and estimates involved in their valuation has resulted in inventories being considered as a key audit matter.	Our audit procedures included the following: ➢ Attended the stock take to gain comfort over the existence and condition of inventories and internal controls designed by the Group. ➢ Obtained the final valuation sheets of inventories, traced quantities from working papers of observation of physical stock taking and examined computation of average costs. ➢ Obtained understanding of internal controls designed by the Group over recording of purchases and valuation of inventories, and tested their operating effectiveness on sample basis. ➢ Assessed historical costs recorded in inventory valuation by performing test of details on purchases. ➢ Assessed the management's determination of net realizable values including testing of sales prices fetched by the Group before and after year end on sample basis. ➢ Performed analytical and other relevant audit procedures. ➢ Evaluated the adequacy of financial statement presentation and disclosures with respect to inventories.

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2.	Revenue Recognition: Revenue from sale of Group's products has increased by approximately 45% as compared to last year. Revenue is recognised when performance obligations are satisfied by transferring control of promised goods to customer, generally on the delivery of goods. There is an inherent risk that revenue may be overstated since the Group focuses on revenue as a key performance indicator, which could create an incentive for revenue to be recognized before control has been transferred. Considering revenue recognition as a significant risk area, we have identified this as a key audit matter.	Our audit procedures, amongst others, included the following: ➢ Evaluated the appropriateness of the Group's revenue recognition accounting policy; ➢ Obtained an understanding of management's internal controls over the revenue process and tested effectiveness of controls relevant to such process; ➢ Performed testing of sales transactions on a sample basis to ensure that related revenues are recorded appropriately at the correct quantity and price when control of goods has been transferred to the customer; ➢ Tested on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue was recognised in the correct period. ➢ Assessed the adequacy of disclosures statements related to revenue in accordance with applicable financial reporting standards.
3.	Property, plant & equipment During the year, the Group has added a new plant to its existing manufacturing facility for the purpose of capacity enhancement. In addition, the Group has also incurred several other capital expenditures as disclosed in note 5 of the annexed consolidated financial statements. Capital expenditures incurred during the year represent a significant transaction and involve significant	Our audit procedures included the following: ➢ Obtaining an understanding of the Group's process with respect to capital expenditure including determination of useful lives and testing the Group's controls in this area relevant to our audit; ➢ Considered whether the items of cost capitalised, including borrowing cost, meet the recognition criteria of an assets in accordance with the applicable financial reporting

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	judgments in respect of capitalisation of elements of eligible components of costs, including borrowing costs, as per the applicable reporting standards in determining, when the assets are available for use and estimation of their useful lives and residual value. Accordingly, we have identified the capital expenditure and as a key audit matter.	standards; ➢ Checked the timing of capitalisation by examining, on a sample basis, relevant completion certificates; ➢ Examined, on a sample basis, vendors' agreements, invoices and payments made for acquisition, installations of the operating assets capitalized during the year in order to assess the nature, occurrence and the accuracy with which the costs were capitalized; and ➢ Assessed the adequacy of the Group's disclosures in accordance with the applicable financial reporting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Company, but does not include the un-consolidated and consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Hanif Razzak.

Chartered Accountants
Karachi:
Dated: September 19, 2022
UDIN: AR202210222Mi3rA1w7v

Consolidated Statement of Financial Position
AS AT JUNE 30, 2022

	Note	2022	2021
		(Rupees in Thousand)	
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	12,345,436	7,498,060
Intangible assets	6	59,594	35,898
Long term loans	7	296	40
Long term deposits	8	2,845	2,847
		12,408,171	7,536,845
Current Assets			
Stores, spare parts and loose tools	9	1,734,413	1,215,414
Stock in trade	10	6,318,100	3,840,346
Trade debts	11	4,322,527	2,897,201
Loans and advances	12	341,490	78,757
Current portion of non-current assets	13	3,991	4,100
Trade deposits and short term prepayments	14	225,908	154,193
Other receivables	15	581,196	335,766
Advance income tax		66,000	-
Sales tax refund due from Federal Government	16	8,634	8,634
Cash and bank balances	17	899,455	1,493,170
		14,501,714	10,027,581
TOTAL ASSETS		26,909,885	17,564,426
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	383,645	383,645
Capital reserve	19	383,645	383,645
General reserve	20	3,535,000	3,535,000
Unappropriated profit		5,680,163	3,378,345
		9,982,453	7,680,635
LIABILITIES			
Non - Current Liabilities			
Long term financing	21	5,696,304	2,840,439
Deferred liabilities and income	22	943,480	854,432
		6,639,784	3,694,871
Current Liabilities			
Trade and other payables	23	4,056,483	2,130,225
Unclaimed dividend		21,381	21,511
Accrued mark up/profit	24	205,251	38,785
Short term borrowings	25	4,891,866	3,520,880
Current portion of long term financing	21	277,228	90,342
Current portion of non-current liabilities	26	565,441	348,129
Provision for income tax less payments	27	269,998	39,048
		10,287,648	6,188,920
CONTINGENCIES AND COMMITMENTS	28		
TOTAL EQUITY AND LIABILITIES		26,909,885	17,564,426

The notes 1 to 48 annexed herewith form an integral part of these consolidated financial statements.

SHABBIR DIWAN	**MUHAMMAD IQBAL BILWANI**	**MUSTUFA BILWANI**
Chief Executive Officer	Director	Chief Financial Officer

Buying/Selling closing conversion rates were 1 US$ = Rs.205.50/206.00, 1 Euro € = Rs.215.23/215.75 and 1 Pound £ = Rs.249.31/249.92

Consolidated Statement of Profit or Loss
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in Thousand)	
Sales	29	23,959,654	16,557,561
Cost of sales	30	20,064,765	14,254,055
Gross profit		3,894,889	2,303,506
Distribution and selling costs	31	298,264	210,284
Administrative expenses	32	356,109	289,381
Other operating expenses	33	238,746	159,612
		893,119	659,277
		3,001,770	1,644,229
Other income	34	407,178	910,479
Operating profit		3,408,948	2,554,708
Finance costs	35	364,062	127,645
		3,044,886	2,427,063
Share of profit after income tax in associated company		-	953,955
Profit before income tax		3,044,886	3,381,018
Income tax - Current & prior years		520,225	243,987
- Deferred		211,746	135,920
	36	731,971	379,907
Profit after income tax		2,312,915	3,001,111
Earnings per share - Basic and diluted (Rupees)	37	60.29	78.23

The notes 1 to 48 annexed herewith form an integral part of these consolidated financial statements.

SHABBIR DIWAN	MUHAMMAD IQBAL BILWANI	MUSTUFA BILWANI
Chief Executive Officer	Director	Chief Financial Officer

Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in Thousand)	
Profit after income tax		2,312,915	3,001,111
Other comprehensive income			
Items that will never be reclassified to profit or loss			
(Loss)/gain on remeasurement of defined benefit plan having nil tax impact	22.2	(11,097)	3,781
Share of other comprehensive income of associate-net of tax			
Remeasurement gain on defined benefit obligation		-	4,623
Unrealised gain on remeasurement of investments		-	524
		(11,097)	8,928
Total comprehensive income		2,301,818	3,010,039

The notes 1 to 48 annexed herewith form an integral part of these consolidated financial statements.

SHABBIR DIWAN	**MUHAMMAD IQBAL BILWANI**	**MUSTUFA BILWANI**
Chief Executive Officer	Director	Chief Financial Officer

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2022

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2020	383,645	383,645	3,535,000	8,836,672	13,138,962
Total comprehensive income for the year ended June 30, 2021	-	-	-	3,010,039	3,010,039
Derecognition of long term investment in associated company Messrs. Novatex Limited under approved Scheme of arrangement-net of tax	-	-	-	(8,468,366)	(8,468,366)
Balances as at June 30, 2021	383,645	383,645	3,535,000	3,378,345	7,680,635
Total comprehensive income for the year ended June 30, 2022	-	-	-	2,301,818	2,301,818
Balances as at June 30, 2022	**383,645**	**383,645**	**3,535,000**	**5,680,163**	**9,982,453**

The notes 1 to 48 annexed herewith form an integral part of these consolidated financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022	2021
		(Rupees in Thousand)	
Cash Flows from/(towards) Operating Activities			
Profit before income tax		3,044,886	3,381,018
Adjustments for:			
Depreciation	5.2	931,632	659,817
Impairment of operating fixed assets	33	-	18,800
Property, plant and equipment - written off	33	-	45,084
Provision for defined benefit plan	22.2	62,952	49,374
Gain on disposal of property, plant and equipment	34	(261,284)	(20,529)
Loss on disposal of property, plant and equipment	33	5,418	35
Impairment/(reversal) of allowance for ECL-net	11.6	6,636	(3,096)
Impairment of allowance for slow moving stores, spare parts and loose tools-net	33	28,249	362
Remeasurement gain on discounting of provision for GIDC	34	(78,395)	(79,016)
Share of profit after income tax in associated company		-	(953,955)
Finance costs	35	364,062	127,645
		1,059,270	(155,479)
		4,104,156	3,225,539
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(547,248)	(202,281)
Stock in trade		(2,477,754)	(1,445,588)
Trade debts		(1,431,962)	(663,841)
Loans and advances		(262,733)	6,539
Trade deposits and short term prepayments		(71,715)	(111,447)
Other receivables		(245,430)	(201,633)
		(5,036,842)	(2,618,251)
Increase/(decrease) in Trade and other payables		1,798,003	(489,245)
Cash flows from operations before following		865,317	118,043
(Payments for)/receipts of:			
Long term loans		(147)	(1,542)
Long term deposits		2	382
Defined benefit plan	22.2	(10,123)	(14,340)
Finance costs		(197,596)	(142,329)
Income tax		(361,358)	(230,064)
Net cash flows from/(towords) operating activities		296,095	(269,850)
Cash Flows (towards)/from Investing Activities			
Additions in property, plant and equipment		(5,601,050)	(3,009,358)
Proceeds from disposal of property, plant and equipment	5.3	268,891	27,317
Additions in intangible assets	6	(23,696)	(18,284)
Net cash flows towards investing activities		(5,355,855)	(3,000,325)
Cash Flows from/(towards) Financing Activities			
Long term financing - proceeds received		3,185,617	1,780,008
Long term financing - repayments		(90,428)	(929)
Dividend paid		(130)	(33)
Net cash flows from financing activities		3,095,059	1,779,046
Net decrease in cash and cash equivalents		(1,964,701)	(1,491,129)
Cash and cash equivalents at the beginning of the year		(2,027,710)	(536,581)
Cash and cash equivalents at the end of the year	38	(3,992,411)	(2,027,710)

The notes 1 to 48 annexed herewith form an integral part of these consolidated financial statements.

SHABBIR DIWAN	MUHAMMAD IQBAL BILWANI	MUSTUFA BILWANI
Chief Executive Officer	Director	Chief Financial Officer

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2022

1 THE GROUP AND ITS OPERATIONS

The Group consists of :

Gatron (Industries) Limited

Gatro Power (Private) Limited

Global Synthetics Limited

G-Pac Energy (Private) Limited

The Parent Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are being quoted at Pakistan Stock Exchange Limited since 1992. The principal business of the Parent Company is manufacturing of Polyester Filament Yarn through its self-produced Polyester Polymer/Chips. The Parent Company also produces Pet Preforms. The registered office of the Parent Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta whereas the manufacturing facility of the Parent Company is situated at Plot No 441/49-M2, Sector “M”, H.I.T.E., Main R.C.D. Highway, Hub Chowki, Distt Lasbela, Balochistan and Liaison office of the Parent Company is situated at 11th floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi.

Gatro Power (Private) Limited is a wholly owned subsidiary of Gatron (Industries) Limited. The principal business of the Subsidiary Company is to generate and sales electric power. The registered office of the Subsidiary Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta. The plant of the Subsidiary Company is situated at Plot No 441/49-M2, Sector “M”, H.I.T.E., Main R.C.D. Highway, Hub Chowki, Distt Lasbela, Balochistan and liaison office of the Subsidiary Company is situated at 11th floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi.

Global Synthetics Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations. The registered office of the Company has been changed from Room No.50, 2nd Floor, Ahmed Complex, Jinnah Road, Quetta to 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi. The liaison office of the Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

G-Pac Energy (Private) Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations. The principal business of the Subsidiary Company is to generate and sale electric power. The registered office of the Company has been changed from Room no. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta to 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi. The liaison office of the Subsidiary Company is situated at 11th floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi.

2 BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Parent Company Gatron (Industries) Limited, Subsidiary Companies Gatro Power (Private) Limited, Global Synthetics Limited and G-Pac Energy (Private) Limited. The financial statements of the Parent and Subsidiary Companies are prepared upto the same reporting date using consistent accounting policies. Assets and liabilities of the subsidiaries have been consolidated on line by line basis and the carrying value of investment held by Parent Company is eliminated against the subsidiaries share capital, intra Group balances and transactions are eliminated.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and

- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2022

3.2.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 - Interest Rate Benchmark Reform (Amendments)

IFRS 16, - COVID-19, Related Rent Concessions beyond June 30, 2021 (Amendments)

3.2.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

		Effective from accounting period beginning on or after:
IFRS - 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS - 16	Property, Plant and Equipment: Proceeds before Intended Use (Amendments)	January 01, 2022
IAS - 37	Onerous Contracts - Cost of Fulfilling a Contract (Amendments)	January 01, 2022
IAS - 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2023
IAS - 1	Disclosures of Accounting Policies (Amendments)	January 01, 2023
IAS - 8	Definition of Accounting Estimates (Amendments)	January 01, 2023

		Effective from accounting period beginning on or after:
IAS - 12	Deferred tax related to Assets and Liabilities arising from a single transaction (Amendments)	January 01, 2023
IFRS 1/ IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized

Improvements to Accounting Standards Issued by the IASB (2018-2020 Cycle)

IFRS - 9	Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS - 41	Agriculture - Taxation in fair value measurements	January 01, 2022
IFRS - 16	Leases: Lease Incentives	January 01, 2022

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except otherwise specifically stated in note 4.

These consolidated financial statements have been prepared following accrual basis of accounting except for statement of cash flows.

3.4 Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that, in the considered opinion of the management, are reasonable, under the circumstances, the results whereof provide the basis of making judgment in relation to carrying value of assets and liabilities that are not readily measurable, using other means. The definitive impact of ultimate outcome, may fluctuate from these estimates.

The estimates and underlying assumptions are periodically appraised. Revision to accounting estimates is recognized and effect is given in the period in which estimates are revised, or in the period of the revision and future periods as appropriate.

Judgments made by management that have significant effect on the consolidated financial statements and estimates with a significant probability of material adjustment in future are disclosed hereunder:

3.4.1 Property, plant and equipment

The Group's management reviews the estimated useful lives and related depreciation charge for its property, plant and equipment on each reporting date. The Group reviews the value of the assets for possible impairment on each reporting date where there is any such indication. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

3.4.2 Trade debts, advances and other receivables

The estimates of doubtful trade debts, advances and other receivables are made, using and appropriately judging the relevant inputs and applying parameters as stated in note 4.3 & 4.6, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is recorded as and when it takes place.

3.4.3 Stock in trade

The Parent Company reviews the net realisable value of stock-in-trade to assess any diminution in the carrying values on each reporting date. Net realisable value is determined with respect to estimated selling prices less estimated expenditure to make the sales.

3.4.4 Stores, spare parts and loose tools

The estimate of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameter i.e age analysis and obsolescence, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is recorded as and when it takes place.

3.4.5 Defined benefit plan

The actuarial valuation of defined benefit plan, have been premised on certain actuarial hypothesis, as disclosed in note 4.8.2 and 22.2. Changes in assumptions in future years may affect the liability under this scheme upto those years.

3.4.6 Income tax

In making the estimate for income tax liabilities, the management considers current income tax law and the decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate, as also stated disclosed in note 4.11.

3.4.7 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

3.5 Functional and reporting currency

These consolidated financial statements are presented in Pakistani Rupee (Rupees), which is the Group's functional currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended June 30, 2021. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

4.1 Property, plant and equipment

Recognition & measurement:

These are stated at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Depreciation:

Depreciation is charged on diminishing balance method except overhauling of generators, which are depreciated at straight line method, at the rates mentioned in Note 5.1, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation on addition is charge from the month of the asset is available for use upto the month prior to disposal.

Subsequent costs:

Subsequent costs (including those on account of major repairs) are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future additional economic benefits associated with such additional cost will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance incurred are taken to consolidated statement of profit or loss.

Impairment:

The carrying amounts of the Group's assets are reviewed at each reporting date where there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their respective estimated recoverable amounts. Where estimated carrying amounts exceed the respective recoverable amounts, the estimated carrying amounts are appropriately adjusted with impairment loss recognised in consolidated statement of profit or loss for the period. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value means the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Write off:
An item of property, plant and equipment is derecognised when no economic future benefits are expected from its use.

Gain or Loss:
Gain or loss on disposal of property, plant and equipment, if any, is taken to consolidated statement of profit or loss.

4.2 Intangible Assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding, beyond one year, are recognised as an intangible asset.

These are stated at cost less accumulated amortisation and impairment, if any except capital work in progress which are stated at cost. Intangible assets are amortised on straight line basis over its estimated useful life(s). Amortisation on additions during the financial year is charged from month in which the asset is intended to use, whereas no amortisation is charged from the month the asset is disposed off.

4.3 Impairment

Financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respects to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

4.4 Stores, spare parts and loose tools

These are valued at weighted average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges incurred thereon till the reporting date. Adequate impairment allowance is made for slow moving and obsolete items based on parameter set out by the management as stated in note 3.4.4. The major value spares and stand by equipments are capitalized and depreciated according to their useful life.

4.5 Stock in trade

These are valued at lower of weighted average cost and net realisable value. The value of goods in process and finished goods represents costs of direct materials plus applicable labour and production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Stock in transit is valued at cost comprising invoice value plus other incidental charges incurred thereon upto the reporting date.

4.6 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. Export debtors are translated into Rupee at the rate prevailing on the reporting date. An expected credit loss is established when there is objective evidence that the Parent Company will not be able to collect amounts due according to the original terms of the trade debts. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.7 Cash and cash equivalents

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and short term borrowings.

4.8 Employees' post employment benefits

4.8.1 Defined contribution plan

The Group provides provident fund benefits to all its eligible employees. Equal contributions are made, both by the Group and the employees and the same is charged to the statement of profit or loss.

Subsequent to the reporting date, the Group has ceased defined contribution plan (staff provident fund) w.e.f 01-07-2022 for eligible employees.

4.8.2 Defined benefit plan

The Group operates an unfunded defined gratuity scheme, in addition to defined contribution plan being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation by an independent actuary using the "Projected Unit Credit Method". The latest actuarial valuation was conducted on the balances as at June 30, 2022.

4.9 Compensated unavailed leaves

The Group accounts for its estimated liability towards unavailed leaves accumulated by employees on accrual basis.

4.10 Government scheme

This represents assistance in form of transfer of resources to an entity by government entity in return for the compliance with certain past or future conditions related to the entity's operating activities. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Group recognizes benefits under the government schemes when there is reasonable assurance that benefits of the schemes will be received and the Group will be able to comply with conditions associated with schemes. These benefits are recognized at fair value, as deferred income.

Schemes that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Schemes that compensate for the cost of an asset are recognized in income on systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loan at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit under the government financing scheme is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the scheme.

4.11 Income Tax

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax u/s 113 and alternate corporate tax u/s 113C of the Income Tax Ordinance, 2001, whichever is higher. The Parent Company to the extent of export sales fall under the final tax regime u/s 154 read with section 169 of the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the period for such years.

Profits and gains derived by the Subsidiary Company i.e. Gatro Power (Private) Limited from electric power generation project are exempt from income tax under clause 132 of Part-I of the Second Schedule to the Income Tax Ordinance, 2001.The Subsidiary Company is also exempt from minimum tax on turnover under section 113 as per clause 11 (V) of the Part-IV of Second Schedule to the Income Tax Ordinance, 2001.

Deferred

The Parent Company accounts for deferred income tax on all temporary timing differences using the liability method. Deferred income tax assets are recognised to the extent, it is probable that taxable profit will be available against which, the deductible temporary differences, unused tax losses and tax credits, can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. In this regard, the effect on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted.

4.12 Trade and other payables

Trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services recognized upto reporting date.

4.13 Provision

Provision is recognised when the Group has present legal or constructive obligation as a result of past event, if it is probable that an outflow of economic resources will be required to settle the obligation, and reliable estimate of the amounts can be made.

4.14 Borrowings and their costs

Borrowings are recorded as the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction, installation or production of a qualifying asset, where borrowing costs, if any, are capitalised as part of the cost of that asset.

4.15 Foreign currency transactions and translation

Foreign currency transactions are recorded into Rupee using the prevailing exchange rates. As on reporting date, monetary assets and liabilities in foreign currencies are translated into Rupee at the prevailing exchange rates on the reporting date. Resultant exchange differences are taken to consolidated statement of profit or loss.

4.16 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The revenue from diverse sources is recognised as explained below:

- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.

- Processing services are recognised on completion of services rendered.

- Dividend income is recognised when the right of receipt is established.

- Income from rent is recognized on accrual basis.

- Storage and handling income is recognised on accrual basis.

- Profit on deposits is recognised using the effective interest method.

4.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.18 Dividend and appropriation to reserve

Liability for dividend and appropriation to reserve are recognised in the consolidated financial statements in the period in which these are approved.

Transfer between reserves made subsequent to the reporting date is considered as a non-adjusting event and is recognised in the period in which such transfers are made.

4.19 Financial instruments

Initial measurement of financial asset

The Group classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.20 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

4.21 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated statement of financial position, if the Group has a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis or to realise the asset and discharge the liability simultaneously.

4.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure have the total cost incurred during the year to acquire property, plant and equipment. Segment results are stated in note 41.

4.23 Contingent liabilities

Contingent liability is disclosed when

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

	Note	2022	2021
		(Rupees in Thousand)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	7,545,839	4,845,696
Capital work in progress	5.5	4,799,597	2,652,364
		12,345,436	7,498,060

5.1 Operating fixed assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Overhauling of generators	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land									
	(Rupees in Thousand)												
Net carrying value													
Year ended June 30, 2022													
Net book value (NBV) as at 01st July, 2021	26,390	47,265	481	354,691	1,642	4,003,769	645	47,104	5,532	165,161	190,051	2,965	4,845,696
Additions	27,540	-	-	-	-	182,070	2,085	7,665	-	52,456	-	-	271,816
Transfer from capital work in progress	-	-	-	559,117	-	2,813,867	-	-	-	-	-	-	3,372,984
Transfer at NBV	-	-	-	-	-	2,549	-	-	-	-	-	(2,549)	-
Disposal at NBV	447	-	-	-	563	8,780	-	39	-	3,196	-	-	13,025
Depreciation	-	-	48	66,933	125	772,056	199	10,395	1,509	37,749	42,202	416	931,632
Net book value as at 30th June, 2022	**53,483**	**47,265**	**433**	**846,875**	**954**	**6,221,419**	**2,531**	**44,335**	**4,023**	**176,672**	**147,849**	**-**	**7,545,839**
Gross carrying value													
At June 30, 2022													
Cost	53,483	47,265	14,248	1,333,265	4,171	12,981,043	5,447	109,212	15,224	346,974	420,056	-	15,330,388
Accumulated depreciation	-	-	13,815	486,390	3,217	6,759,624	2,916	64,877	11,201	170,302	272,207	-	7,784,549
Net book value	**53,483**	**47,265**	**433**	**846,875**	**954**	**6,221,419**	**2,531**	**44,335**	**4,023**	**176,672**	**147,849**	**-**	**7,545,839**
Net carrying value													
Year ended June 30, 2021													
Net book value (NBV) as at 01st July, 2020	25,320	15,039	535	390,573	2,796	3,351,981	2,725	45,212	9,852	162,128	247,073	3,654	4,256,888
Additions	1,070	32,226	-	-	-	26,857	-	16,712	-	43,125	-	-	119,990
Transfer from capital work in progress	-	-	-	6,095	-	1,193,247	-	-	-	-	-	-	1,199,342
Transfer at NBV	-	-	-	-	-	203	-	-	-	-	-	(203)	-
Disposal at NBV	-	-	-	-	942	817	-	16	29	5,019	-	-	6,823
Wirte offs at NBV	-	-	-	2,448	-	34,964	1,567	4,177	1,730	198	-	-	45,084
Depreciation	-	-	54	39,529	212	513,938	513	10,627	2,561	34,875	57,022	486	659,817
Impairment	-	-	-	-	-	18,800	-	-	-	-	-	-	18,800
Net book value as at 30th June, 2021	**26,390**	**47,265**	**481**	**354,691**	**1,642**	**4,003,769**	**645**	**47,104**	**5,532**	**165,161**	**190,051**	**2,965**	**4,845,696**
Gross carrying value													
At June 30, 2021													
Cost	26,390	47,265	14,248	774,148	6,462	10,074,496	3,362	101,816	15,224	308,848	420,056	11,153	11,803,468
Accumulated depreciation	-	-	13,767	419,457	4,820	6,070,727	2,717	54,712	9,692	143,687	230,005	8,188	6,957,772
Net book value	**26,390**	**47,265**	**481**	**354,691**	**1,642**	**4,003,769**	**645**	**47,104**	**5,532**	**165,161**	**190,051**	**2,965**	**4,845,696**
Depreciation rate % per annum	-	-	10	10	10	10 to 33	20	20	20 to 30	20	10 to 30	10 to 15	

	Note	(Rupees in Thousand) 2022	2021
5.2 Depreciation for the year has been allocated as follows:			
Cost of sales	30	920,363	648,649
Distribution and selling costs	31	2,812	2,615
Administrative expenses	32	8,457	8,553
		931,632	659,817

5.3 Detail of property, plant and equipment disposed off during the year :

(Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
FREEHOLD LAND						
Items having book value upto Rs.500 thousand each	447	447	230,000	229,553	Negotiation	"**M/s. Pharmnova (Private) Limited** Related Party"
Sub Total	**447**	**447**	**230,000**	**229,553**		
OFFICE PREMISIES						
Items having book value upto Rs.500 thousand each	2,291	563	22,073	21,510	-	**Various**
Sub Total	**2,291**	**563**	**22,073**	**21,510**		
PLANT & MACHINERY						
Absorption Chiller	12,117	984	1,300	316	Negotiation	**Mr. Umer Hayat** Block-A Nawab Colony, Baldia Town, Karachi
Winder with Accessories	33,959	692	387	(305)	Negotiation	**Mr. Abdul Sattar** Tufail Shaheed Road, Faisalabad
Ge Jenbacker Gas Genset	27,526	6,750	1,650	(5,100)	Negotiation	**M/s. Omega Energy** Zia Town, Faisalabad
Items having book value upto Rs.500 thousand each	26,941	354	3,700	3,346	-	**Various**
Sub Total	**100,543**	**8,780**	**7,037**	**(1,743)**		
FACTORY EQUIPMENT						
Items having book value upto Rs.500 thousand each	269	39	650	611	Negotiation	**M/s. Novatex Limited** Related Party
Sub Total	**269**	**39**	**650**	**611**		
MOTOR VEHICLES						
Toyota Corolla BEW-122	1,828	539	822	283	Company Policy	**Mr. Yousuf Hadman** Employee of the company
Toyota Grande BCN-685	2,302	524	1,500	976	Negotiation	**Ms. Anisa Majid** Karachi
Items having book value upto Rs.500 thousand each	10,060	2,071	6,760	4,689	-	**Various**
Items having book value below Rs.500 thousand each	140	62	49	(13)	-	**Various**
Sub Total	**14,330**	**3,196**	**9,131**	**5,935**		
Total - 2022	**117,880**	**13,025**	**268,891**	**255,866**		
Total - 2021	34,036	6,823	27,317	20,494		

5.3.1 Detail of net gain / (loss) on disposal of property, plant & equipment	Note	(Rupees in Thousand) 2022	2021
Gain on disposal of Property, Plant & Equipment	34	261,284	20,529
Loss on disposal of Property, Plant & Equipment	33	(5,418)	(35)
		255,866	20,494

5.4 Particulars of Group's immovable operating fixed assets are as follows :

Particulars	Location	Note	Approximate Area
Land			
Freehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	5.4.1	14 Acres
Freehold	Manghopir, Gadap Town, Karachi		13 Acres
Leasehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan		38 Acres
Building			
On Freehold land	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan		5,500 Sq. Meters
On Leasehold land	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan		149,300 Sq. Meters
Office Premises	M.A Jinnah Road / Dunolly Road Karachi		375 Sq. Meters
Office Premises	I.I Chundrigar Road, Karachi		225 Sq. Meters
Office Premises	Jinnah Road, Quetta		115 Sq. Meters
Office Premises	Katcheri Bazar, Faisalabad		85 Sq. Meters

5.4.1 This includes addition of free hold land bearing Khasra no.53/2, Mouza Baroot, Tehsil Hub, Distt. Lasbela, Balochistan.

5.5 Capital Work-in-Progress

(Rupees in Thousand)

	Balance as at July 1, 2021	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2022
Factory building on lease hold land under construction	456,783	495,856	(559,117)	393,522
Plant and machinery under erection	2,195,581	5,024,361	(2,813,867)	4,406,075
	2,652,364	**5,520,217**	**(3,372,984)**	**4,799,597**

	Balance as at July 1, 2020	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2021
Factory building on lease hold land under construction	121,475	341,403	(6,095)	456,783
Plant and machinery under erection	837,576	2,551,252	(1,193,247)	2,195,581
	959,051	2,892,655	(1,199,342)	2,652,364

5.5.1 It includes borrowing cost of Rs.128.770 million (2021 : Rs.28.582 million) and net of with amortization of government scheme amounting to Rs.4.098 million (2021: Rs.0.852 million). Effective rate of borrowing cost ranges between 3% to 15.28%.

(Rupees in Thousand)

	2022	2021
6 INTANGIBLE ASSETS		
Capital work in progress - SAP ERP System under installation		
Balance as at start of the year	**35,898**	17,614
Additions during the year	**23,696**	18,284
Balance as at end of the year	**59,594**	35,898

6.1 The Group is in the process of implemetation of SAP S/4 HANA ERP System and will be operative in next financial year.

	Note	2022	2021
		(Rupees in Thousand)	
7 LONG TERM LOANS - Considered good			
Secured - Interest free			
To employees other than Chief Executive & Directors	7.1 & 7.2	4,287	4,140
Amount due in twelve months shown under current assets	13	(3,991)	(4,100)
Recoverable within three years		296	40

7.1 The above loans are under the terms of employment and are secured against the post employment benefits of the employees.

7.2 Interest free long term loans have been carried out at cost as the effect of carrying these balances at amortised cost is not material.

8 LONG TERM DEPOSITS

	Note	2022	2021
Security deposits for utilities and others		2,845	2,847

9 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2022	2021
In hand:			
Stores		553,115	250,906
Spare parts		1,242,923	1,027,972
Loose tools		8,513	8,766
		1,804,551	1,287,644
Impairment allowance for slow moving stores, spare parts and loose tools	9.1	(105,370)	(77,121)
		1,699,181	1,210,523
In transit		35,232	4,891
		1,734,413	1,215,414

9.1 Impairment allowance for slow moving stores, spare parts and loose tools

	Note	2022	2021
Balance as at start of the year		77,121	76,759
Charge for the year		28,288	6,531
Reversals due to consumption		(39)	(6,169)
	33	28,249	362
Balance as at end of the year		105,370	77,121

10 STOCK IN TRADE

	Note	2022	2021
Raw and packing material		2,534,550	1,784,620
Raw and packing material in transit		422,381	112,888
Goods in process		1,108,306	352,687
Finished goods		2,252,863	1,590,151
	10.1	6,318,100	3,840,346

10.1 These include items costing Rs.76.972 million (2021: Rs.104.845 million) valued at net realisable value of Rs.55.672 million (2021: Rs.69.329 million).

		Note	2022	2021
			(Rupees in Thousand)	
11	**TRADE DEBTS**			
	Considered good			
	Secured			
	Local		133,118	45,501
	Export	11.1	103,435	34,768
		11.2	236,553	80,269
	Unsecured - local	11.3, 11.4 & 11.5	4,085,974	2,816,932
			4,322,527	2,897,201
	Allowance for ECL - local			
	Unsecured - local		121,680	115,044
	Allowance for ECL - local	11.6	(121,680)	(115,044)
			-	-
			4,322,527	2,897,201

11.1 These represent balances of US$ 0.503 million (2021: US$ 0.220 million).

11.2 These are secured against letters of credit issued by banks in favour of the Parent Company.

11.3 These include Rs.2.012 million (2021: Rs.97.520 million) due from a related party Messrs. Novatex Limited and this amount is not past due and not outstanding for more than three months. The maximum aggregate amount due at any month end during the year was Rs.181.459 million (2021: Rs.323.015 million).

11.4 These include Rs.60.919 million (2021: Rs.115.843 million) due from a related party Messrs. Krystalite Products (Private) Limited. The maximum aggregate amount due at any month end during the year was Rs.91.133 million (2021: Rs.285.613 million).

		2022	2021
11.4.1	Not past due	60,900	46,882
	Past due 1-30 days	19	68,961
		60,919	115,843

11.5 These include Rs.13.617 million (2021: Rs.Nil) due from a related party Messrs. Mushtaq & Company (Private) Limited and this amount is not past due and not outstanding for more than three months. The maximum aggregate amount due at any month end during the year was Rs.16.355 million (2021: Rs.23.597 million).

11.6 Allowance for ECL - local

	2022	2021
Balance as at start of the year	115,044	118,796
Charge for the year	51,948	44,386
Reversals since recovered	(45,312)	(47,482)
	6,636	(3,096)
Written off during the year	-	(656)
Balance as at end of the year	121,680	115,044

		Note	2022	2021
			(Rupees in Thousand)	
12	**LOANS AND ADVANCES - Considered good**			
	Secured			
	Advances to employees	12.1	547	522
	Unsecured			
	Advances:			
	to suppliers and contractors	12.2	301,072	68,457
	for imports		39,871	9,778
			340,943	78,235
			341,490	78,757

12.1 These represent advances against monthly salaries under terms of employment.

12.2 These include advances against purchase of vehicles Rs.9.655 million (2021: Rs.7.221 million).

		Note	2022	2021
13	**CURRENT PORTION OF NON-CURRENT ASSETS**			
	Secured			
	Loan recoverable in twelve months from employees	7	3,991	4,100

		Note	2022	2021
14	**TRADE DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Shipping guarantees - deposits	14.1	66,979	1,945
	Margins held by banks	14.2	149,314	137,022
	Security deposits		8,775	14,355
	Prepayments		840	871
			225,908	154,193

14.1 This represents margin held by bank against issuance of shipping guarantees on behalf of the Parent Company for clearance of import consignments.

14.2 This represents 100% margin held by bank against opening of Letters of Credit on behalf of the Parent Company.

		Note	2022	2021
15	**OTHER RECEIVABLES - Considered good**			
	Receivable from suppliers	15.1	171,103	92,858
	Claims receivable from suppliers		322	2,851
	Claim receivable from Insurance Companies		5,677	-
	Sales tax		328,130	150,650
	Partial alleged sales tax demand paid	28.1.5, 28.1.17, 28.1.19 & 28.1.21	30,483	28,011
	Partial alleged income tax demand paid	28.1.14	29,816	29,816
	Receivable from Workers' Provident Fund Trust		1,816	991
	Others	15.2	13,849	30,589
			581,196	335,766

15.1 These includes balances receivable in foreign currency of US$ 0.305 million (2021: US$ 0.552 million).

15.2 These include Rs.7.098 million (2021: Rs.23.144 million) receivable from a related party Messrs. Novatex Limited on account of common sharing expenses and this balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.26.680 million (2021: Rs.23.144 million).

		Note	2022	2021
			(Rupees in Thousand)	
16	**SALES TAX REFUND DUE FROM FEDERAL GOVERNMENT**			
	Sales tax		**8,634**	8,634
17	**CASH AND BANK BALANCES**			
	Cash in hand		**2,396**	1,177
	Cash at banks			
	In current accounts : Local currency		**822,069**	1,475,713
	In saving account : Local currency	**17.1**	**2,003**	1,943
	In current accounts : Foreign currency	**17.2**	**72,987**	14,337
		17.3	**897,059**	1,491,993
			899,455	1,493,170

17.1 This represents security deposits received from contractors, refer note 23.7.

17.2 These represent balances of US$ 354,509.48 and Euro € 629.98 (2021: US$ 90,103.47 and Euro € 629.98).

17.3 Balance in bank accounts includes an amount of Rs.323.378 million (2021: Rs.405.135 million) kept with Shariah compliant banks.

18 SHARE CAPITAL

(Number of Shares) 2022	2021		2022	2021
18.1 Authorised capital				
95,000,000	95,000,000	Ordinary shares of Rs.10 each	**950,000**	950,000
18.2 Issued, subscribed and paid up capital				
30,136,080	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash	**301,361**	301,361
8,228,400	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	**82,284**	82,284
38,364,480	38,364,480		**383,645**	383,645

These include 1,620,387 (2021: 1,620,387) shares held by a related party, Messrs. Gani & Tayub (Private) Limited.

19 CAPITAL RESERVE

	2022	2021
Share premium	**383,645**	383,645

This represents premium of Rs.20 per share received on initial public issue of 17,438,400 shares in 1992 and premium of Rs.10 per share received on right issue of 3,487,680 shares in 1998. This reserve can be utilised by the Parent Company only for the purposes specified in section 81 of the Companies Act 2017.

	Note	2022	2021
		(Rupees in Thousand)	
20 GENERAL RESERVE		**3,535,000**	3,535,000

This represents reserve created from accumulation of past years' consolidated profit, to meet future exigencies.

21 LONG TERM FINANCING - Secured
from banking companies Under Shariah compliant

	Note	2022	2021
Meezan Bank Limited	21.1	**2,386,464**	2,465,193
Dubai Islamic Bank Pakistan Limited	21.2	**75,576**	86,221
United Bank Limited	21.3	**460,451**	322,723
Bank Al-Falah Limited	21.4	**831,661**	56,644
Meezan Bank Limited	21.5	**1,486,069**	-
Habib Metropolitan Bank Limited	21.6	**33,913**	-
Faysal Bank Limited	21.7	**179,212**	-
Faysal Bank Limited	21.8	**475,029**	-
Habib Bank Limited	21.9	**45,157**	-
		5,973,532	2,930,781
Current maturity shown under current liabilities		**(277,228)**	(90,342)
		5,696,304	2,840,439

21.1 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.2,500 million out of which Rs.2,465.193 million (2021: Rs.2,465.193 million) obtained by the Parent Company during June 2019 to June 2021 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during May 2029 to May 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+2% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

	2022	2021
Balance as at start of the year	**2,465,193**	1,133,129
Obtained during the year	**-**	1,332,064
Repayments during the year	**(78,729)**	-
Balance as at end of the year	**2,386,464**	2,465,193

21.2 This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.120 million out of which Rs.88.204 million (2021: Rs.87.150 million) obtained by the Parent Company during February 2020 to September 2021 for procurement of solar panels/solar plant. Principal is repayable alongwith profit in 20 equal half yearly installments, commencing after a grace period of three months and expiring during March 2030 to October 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+1.50% bank profit. IFRE facility is secured against the hypothecation charge over specific plant and machinery.

	2022	2021
Balance as at start of the year	**86,221**	44,824
Obtained during the year	**1,054**	42,326
Repayments during the year	**(11,699)**	(929)
Balance as at end of the year	**75,576**	86,221

21.3 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.2,200 million out of which Rs.488.478 million (2021: Rs.345.640 million) having present value of Rs.460.451 million (2021: Rs.322.723 million) obtained by the Parent Company during February 2021 to May 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during February 2031 to May 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+1.25% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing

	2022	2021
	(Rupees in Thousand)	
Balance as at start of the year	**322,723**	-
Loan obtained	**142,838**	345,640
Fair value differential of long term finance transferred to government scheme	**(9,815)**	(23,747)
Amortisation of government scheme	**4,705**	830
	460,451	322,723

21.4 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.1,000 million out of which Rs.880.603 million (2021: Rs.59.978 million) having present value of Rs.831.661 million (2021: Rs.56.644 million) obtained by the Parent Company during April 2021 to June 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during April 2031 to June 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

	2022	2021
Balance as at start of the year	**56,644**	-
Loan obtained	**820,625**	59,978
Fair value differential of long term finance transferred to government scheme	**(49,288)**	(3,356)
Amortisation of government scheme	**3,680**	22
	831,661	56,644

21.5 This represents Diminishing Musharakah amounting to Rs.1,900 million out of which Rs.1,486.069 million (2021: Rs.Nil) obtained by the Parent Company during August 2021 to June 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 14 equal half yearly installments, commencing after a grace period of one years and expiring during August 2029 to June 2030 on their respective maturities. The applicable rate of profit is 6 months KIBOR+0.10%. The outstanding principal sum and accrued profit thereon are secured by way of specific/exclusive hypothecation charge over plant & machinery.

21.6 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.120 million out of which Rs.35.633 million (2021: Rs.Nil) having present value of Rs.33.913 million (2021: Rs.Nil) obtained by the Parent Company during July 2021 to August 2021 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during July 2031 to August 2031 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

	2022	2021
Loan obtained	**35,633**	-
Fair value differential of long term finance transferred to government scheme	**(1,994)**	-
Amortisation of government scheme	**274**	-
	33,913	-

21.7 This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.280 million out of which Rs.179.212 million (2021: Rs.Nil) obtained by the Parent Company during July 2021 to March 2022 for procurement of plant & machinery (solar equipments). Principal is repayable alongwith profit in 20 equal half yearly installments, commencing after a grace period of three months and expiring during September 2031 to June 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. IFRE facility is secured against the specific hypothecation charge over plant and machinery (solar equipment).

21.8 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.1,200 million out of which Rs.475.029 million (2021: Rs.Nil) obtained by the Parent Company during September 2021 to June 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during September 2031 to June 2032 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

21.9 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.3,000 million out of which Rs.45.157 million (2021: Rs.Nil) obtained by the Parent Company during June 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring in June 2032 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

	Note	2022	2021
		(Rupees in Thousand)	
22 DEFERRED LIABILITIES AND INCOME			
Deferred Liabilities			
Income tax - net	22.1	211,746	-
Defined benefit plan	22.2	504,365	440,439
Provision for Gas Infrastructure Development Cess (GIDC)	22.3	162,077	391,794
Deferred income			
Deferred Income - Government scheme	22.4	65,292	22,199
		943,480	854,432

22.1 This comprises of the following major timing differences:

	2022	2021
Taxable temporary difference arising due to:		
tax depreciation allowances	270,215	39,183
Deductible temporary difference arising due to:		
Impairment allowance for ECL	(35,287)	(33,363)
Impairment allowance for slow moving stores, spare parts and loose tools	(23,182)	(16,777)
	211,746	(10,957)
Net deferred tax assets of taxable temporary difference not recognised	-	10,957
	211,746	-

22.1.1 Movement in deferred tax

	Note	2022	2021
Opening balance		-	1,258,439
Charged for the year	36	211,746	135,920
Reversal of provision on derecognition of long term investment in associated company		-	(1,394,359)
Closing balance		211,746	-

At the reporting date, deferred tax asset amounting to Rs.570.596 million (2021: Rs.610.579 million) has not been recognised by the Parent Company considering remote chances of reversal.

22.2 Actuarial valuation of the plan was carried out as at June 30, 2022. The calculation for provision of defined benefit plan is as under:

	Note	2022	2021
		(Rupees in Thousand)	
Movement of the present value of defined benefit obligation (PVDBO)			
Balance as at start of the year		440,439	409,186
Expense	22.2.1	62,952	49,374
Remeasurement loss/(gain)		11,097	(3,781)
Payments		(10,123)	(14,340)
Balance as at end of the year		504,365	440,439

22.2.1 Expense

	Note	2022	2021
Service cost		19,414	20,993
Interest cost		43,538	28,381
		62,952	49,374
Allocation are as follows:			
Cost of Sales	30.1	31,057	22,347
Distribution and selling costs	31.1	3,415	2,375
Administrative expenses	32.1	28,480	24,652
		62,952	49,374

The principal actuarial assumptions used were as follows:

	2022	2021
Discount rate	13.50%	10.00%
Future salary increase rate	13.50%	10.00%
Withdrawal Rate	High	High
Mortality	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

Sensitivity Analysis

	2022		2021	
	PVDBO (Rupees in Thousand)	Percentage Change	PVDBO (Rupees in Thousand)	Percentage Change
Current Liability	504,365	-	440,439	-
+ 1% Discount Rate	481,774	(4.48%)	424,307	(3.66%)
- 1% Discount Rate	530,572	5.20%	458,752	4.16%
+ 1% Salary Increase Rate	532,810	5.64%	460,194	4.49%
- 1% Salary Increase Rate	479,531	(4.92%)	422,687	(4.03%)
+ 10% Withdrawal Rates	503,330	(0.21%)	440,437	(0.00%)
- 10% Withdrawal Rates	505,446	0.21%	440,443	0.00%
1 Year Mortality age set back	504,380	0.00%	440,440	0.00%
1 Year Mortality age set forward	504,350	(0.00%)	440,439	(0.00%)

	2022	2021
	(Rupees in Thousand)	
Maturity profile	Undiscounted payments	
Year 1	170,583	183,254
Year 2	21,730	17,747
Year 3	12,888	27,219
Year 4	31,969	24,679
Year 5	26,989	23,661
Year 6 to 10	108,028	114,151
Year 11 and above	389,759	375,527

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

22.3 Provision for Gas Infrastructure Development Cess

	Note	2022 (Rupees in Thousand)	2021 (Rupees in Thousand)
Balance at start of the year		**735,871**	1,564,813
Provision during the year		**-**	24,980
Reversal during the year	34	**-**	(774,906)
Remeasurement gain on discounting of provision for GIDC	34	**(78,395)**	(79,016)
Un-winding of long term provision for GIDC	35	**56,645**	-
		714,121	735,871
Current portion of Gas Infrastructure Development Cess	26	**(552,044)**	(344,077)
		162,077	391,794

The Supreme Court of Pakistan has decided the Appeal against consumers upholding the vires of GIDC Act, 2015 through its judgement dated August 13, 2020. The Review Petition was filed against the Judgment, wherein the Honorable Court has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments and also hold that GIDC relating to period prior to the GIDC Act, 2015 is not recoverable in case the same was not passed on by the Group.

As per judgement of the Supreme Court of Pakistan, the Group has filed a Civil Suit before the Sindh High Court against payment of GIDC installments on the ground that the Group has not passed on the burden of Cess. The Honorable Court has granted stay order to Plaintiffs whereby the Messrs. Sui Southern Gas Company Limited has been restrained to take any coercive action against non payment of GIDC installments.

The Group has recorded the provision at its present value by discounting the future cash flows at risk free rate.

22.4 Deferred Income - Government scheme

This represents the value of benefit of below-market markup rate on the loans obtained under Islamic Temporary Economic Refinance Scheme (ITERF) disclosed in note 21.3, 21.4 & 21.6 to these consolidated financial statements. ITERF scheme is a ‘temporary’ relief measure taken by the State Bank of Pakistan (SBP) in context of COVID-19 related economic situation and with the objective to provide stimulus to the economy across the board by supporting new investment and BMR of the existing projects in the country. The difference between the fair value of these loans and proceeds received is recorded as Deferred income - Government scheme and the reconciliation of carrying amount is as follows:

	Note	2022	2021
Opening balance		**26,251**	-
Fair value differential of long term finance transferred		**61,097**	27,103
Amortisation of government scheme		**(8,659)**	(852)
		78,689	26,251
Current portion of government scheme	26	**(13,397)**	(4,052)
		65,292	22,199

23 TRADE AND OTHER PAYABLES

	Note	2022 (Rupees in Thousand)	2021 (Rupees in Thousand)
Trade creditors	23.1 & 23.2	1,597,420	439,044
Creditors for capital expenditures		248,808	57,825
Bills payable	23.3	280,624	286,974
Accrued expenses	23.4 & 23.5	277,551	183,951
Advance payments from customers - unsecured	23.6	451,275	176,363
Security deposits from contractors	23.7	2,003	1,943
Workers' Profit Participation Fund	23.8	111,248	63,137
Workers' Welfare Fund	23.9	22,977	14,484
Provisions	23.10	967,419	832,321
Withholding taxes		21,795	7,809
Payable to Provident Fund Trusts		-	4,070
Other liabilities	23.11	75,363	62,304
		4,056,483	2,130,225

23.1 These include Rs.115.388 million (2021: Rs.8.756 million) payable to a related party Messrs. Novatex Limited.

23.2 These include Rs.0.210 million (2021: Rs.0.204 million) payable to a related party Messrs. G&T Tyres (Private) Limited.

23.3 This represents balances payable in foreign currency of US$ 1.362 million (2021: US$ 1.813 million).

23.4 These include Rs.159.701 million (2021: Rs.33.903 million) payable to a related party Messrs. Novatex Limited.

23.5 These include Rs.0.767 million (2021: Rs.0.619 million) payable to a related party Messrs. Gani & Tayub (Private) Limited.

23.6 These include Rs.Nil (2021: Rs.14.040 million) received from a related party Messrs. Mushtaq & Company (Private) Limited.

23.7 This represents return-free security deposits from contractors held in separate bank account, refer note 17.1.

23.8 Workers' Profit Participation Fund

	Note	2022	2021
Balance as at start of the year		63,137	13,113
Interest on funds utilised in the Company's business	35	70	1,260
Allocation	33	111,248	63,137
Payments		(63,207)	(14,373)
Balance as at end of the year		111,248	63,137

23.9 Workers' Welfare Fund

	Note	2022	2021
Balance as at start of the year		14,484	786
Provision		22,977	14,484
Provision - prior year		(8,401)	2,236
	33	14,576	16,720
Adjustment through income tax refund	27	(6,083)	(3,022)
Balance as at end of the year		22,977	14,484

		Note	(Rupees in Thousand) 2022	2021
23.10	**Provisions for:**			
	Enhanced gas rate	23.10.1 & 23.10.2	447,171	447,171
	Sindh Sales Tax on rent	23.10.3	7,242	6,596
	Infrastructure Cess on imports	23.10.4	347,603	237,702
	Sales tax	23.10.5 & 23.10.6	158,617	134,367
	Others	23.10.7	6,786	6,485
			967,419	832,321

23.10.1 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Messrs. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before the Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court amounting to Rs.316.797 million (2021: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (2021: Rs.159.264 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories which the Group is paying in full as per the notification.

23.10.2 In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Group with effect from September 2013. On December 21, 2015, the Group alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court (refer note 23.10.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (2021: Rs.287.907 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.240.238 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Group is paying full amount of the gas bills as per this notification. In February, 2020, the Honorable Single Bench of Sindh High Court has decided the case in favor of Petitioners. SSGCL has filed appeal before the Double Bench of Sindh High Court against the decision and is pending for adjudication.

23.10.3 This represents provision of Sindh Sales Tax on rent payable by the Parent Company to a related party Messrs. Novatex Limited. The related party had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Honorable Single Bench of Sindh High Court decided the case in favor of the related party. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court. Pending outcome of the facts, the Parent Company as matter of prudence recorded the sales tax impact.

	(Rupees in Thousand)	
	2022	**2021**
23.10.4 Movement is as under:		
Balance as at start of the year	**237,702**	196,911
Provision made during the year	**127,581**	81,582
Payments made during the year	**(17,680)**	(40,791)
Balance as at end of the year	**347,603**	237,702

The Parent Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. On October 23, 2017, the Parent Company has also challenged the new Act in the Sindh High Court against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Parent Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Parent Company has provided bank guarantee amounting to Rs.378.365 million (2021: Rs.248.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 28.2). Full provision after December 27, 2006 has been made in these consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed a petition in the Sindh High Court on April 13, 2018 against Province of Sindh and others at Karachi challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The case of the Subsidiary Company remains pending as it is omitted by the High Court staff to include in the bunch of cases which have been decided. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.17.500 million (2021: Rs.7.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 28.2). Full provision after April 13, 2018 has been made in these consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. G-Pac Energy (Private) Limited has filed a petition in the Sindh High Court at Karachi on June 24, 2019 against Province of Sindh and others challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.2.500 million (2021: Rs.2.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared (refer note 28.2). Full provision has been made in these consolidated financial statements as an abundant precaution.

23.10.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made certain amendments in SRO 1125(I)/2011 dated December 31, 2011 including disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustment on packing material of textile product was not being allowed for adjustment with effect from July 01, 2016 till June 30, 2018. On January 16, 2017, the Parent Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court against Federation of Pakistan and others. The Honorable Sindh High Court has decided the matter in favor of Tax Department, against which the Parent Company has filed an appeal before the Supreme Court of Pakistan.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will ultimately be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.16.757 million till June 30, 2018.

23.10.6 The FBR vide SRO 450(I)/2013 dated May 27, 2013 made certain amendments in SRO 490(I)/2004 dated June 12, 2004 and disallowed input tax adjustment on building materials with effect from May 28, 2013. On December 21, 2015, the Parent Company had challenged the restriction so placed before the Islamabad High Court against Federation of Pakistan. The Honorable Islamabad High Court has held that input tax adjustments on items relating to building materials, used for manufacture and or production of taxable goods or for taxable supplies made or to be made, is allowed. However, as an abundant precaution, the Parent Company has made provision of Rs.141.860 million (2021: Rs.68.615 million).

23.10.7 This represents provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (2021: Rs.4.131 million) and rate difference of gas tariff Rs.2.655 million (2021: Rs.2.354 million) on account of common expenses payable by the Parent Company to a related party Messrs. Novatex Limited.

23.11 These include Rs.64.589 million (2021: Rs.51.155 million) received from employees under Group car policy.

	Note	2022 (Rupees in Thousand)	2021 (Rupees in Thousand)
24 ACCRUED MARK UP/PROFIT			
Profit on long term financing		**137,440**	17,859
Mark up/profit on short term borrowings		**67,811**	20,926
	24.1	**205,251**	38,785

24.1 This includes accrued profit of Rs.161.515 million (2021: Rs.30.154 million) under Shariah compliant arrangements.

	2022	2021
25 SHORT TERM BORROWINGS - Secured		
From banking companies under mark up/profit arrangements		
Running finance - Under Conventional	**1,698,567**	628,057
- Under Shariah compliant	**1,843,299**	652,823
	3,541,866	1,280,880
Short term finance - Under Conventional	**1,200,000**	1,090,000
- Under Shariah compliant	**-**	1,075,000
	1,200,000	2,165,000
Export re-finance - Under Shariah compliant	**150,000**	75,000
	4,891,866	3,520,880

25.1 The Parent Company has aggregate facilities of short term borrowings amounting to Rs.5,905 million (2021: Rs.5,805 million) from various commercial banks (as listed in Note 25.3) out of which Rs.1,013 million (2021: Rs.2,284 million) remained unutilised at the year end. The Parent Company also has Rs.150 million (2021: Rs.400 million) swinging dacility with a related party Messrs. Novatex Limited, out of which Rs.Nil (2021: Rs.Nil) has been utilized by the Parent Company at the year end. The mark up / profit rates during the year for running finance and Musharakah ranges between 7.56% to 15.65%, for short term finance 7.54% to 14.13% and for export refinance 2.40% to 2.50% per annum. These facilities are renewable annually at respective maturities.

25.2 These arrangements are secured against pari passu hypothecation charge on the stock and book debts of the Parent Company.

25.3 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib Limited, Dubai Islamic Bank Pakistan Limited, Faysal Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited, MCB Bank Limited, Meezan Bank Limited, Standard Chartered Bank (Pakistan) Limited and United Bank Limited.

	Note	2022	2021
		(Rupees in Thousand)	
26 CURRENT PORTION OF NON-CURRENT LIABILITIES			
Gas Infrastructure Development Cess	22.3	552,044	344,077
Government scheme	22.4	13,397	4,052
		565,441	348,129

27 PROVISION FOR INCOME TAX LESS PAYMENTS

	Note	2022	2021
Balance as at start of the year		39,048	28,469
Provision - Current		521,150	246,185
- Prior		(925)	(2,198)
	36	520,225	243,987
		559,273	272,456
Payments		(295,358)	(230,064)
Income tax refundable transferred from other receivables		-	(6,366)
Adjustment of Workers' Welfare Fund	23.9	6,083	3,022
		(289,275)	(233,408)
Balance as at end of the year		269,998	39,048

28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

28.1.1 The Subsidiary Company Messrs. Gatro Power (Private) Limited has not made any provision in respect of Workers' Profit Participation Fund on the ground that there are no workers as defined in The Companies Profits (Workers' Participation) Act, 1968 and accordingly the said Act does not apply to the Subsidiary Company. The Subsidiary Company is confident that no liability will arise on this account.

28.1.2 FBR initiated action against few customers of the Parent Company for violating/non compliance of the provisions of SRO 1125 dated December 31, 2011 and alleging the Parent Company to provide them assistance and illegal facilitation. The dispute relates to the period of time when supplies were zero rated and as a result of which the Parent Company had to pay Rs.27.762 million and had also to submit post-dated cheques of Rs.83.287 million under protest in favor of Chief Commissioner Inland Revenue.

However, the Parent Company had challenged the action before the Sindh High Court on December 23, 2013 against Federation of Pakistan and others. Realizing the facts of the case, circumstances and legal position, the Honorable Sindh High Court has granted interim relief whereby encashment of above mentioned post dated cheques has been restrained.

By way of abundant precaution, the amount of Rs.27.762 million has been charged to consolidated statement of profit or loss in previous period i.e. year 2014. On September 04, 2021, the Special Judge Custom and Taxation Court has decided the case in favor of the Parent Company. The FBR has filed appeal at Honorable Sindh High Court Karachi against the decision of Special judge which is pending adjudication.

28.1.3 In May 2015, the Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015, which seeks to impose GIDC levy since 2011. On July 16, 2015, the Group alongwith several other companies filed suit in the Sindh High Court against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Honorable Single Bench of Sindh High Court had decided the case in favor of Petitioners. However, in May 2020, Defendants have filed appeal before the Double Bench of Sindh High Court. On August 13, 2020, the Honorable Supreme Court of Pakistan finally in the appeals filed by industries of Khyber Pakhtunkhwa, passed a judgment in favor of Government declaring the GIDC Act 2015 intra vires and directed all the Petitioners/Appellants (including industries of all over Pakistan) for payment of Cess liability accrued till July 31, 2020 in 24 equal monthly installments. The Group has filed Review Petition against the Judgment, wherein the Honorable Supreme Court of Pakistan has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments and also hold that GIDC relating to period prior to the GIDC Act, 2015 is not recoverable in case the same was not passed on by the Group. As per the judgement of Supreme Court of Pakistan, the Group has filed a Civil Suit before the Sindh High Court against payment of GIDC instalments on the ground that the Group has not passed on the burden of Cess. The Honorable Sindh High Court has granted stay order to Plaintiffs whereby the Messrs. Sui Southern Gas Company Limited has been restrained to take any coercive action against non payment of GIDC installments.

Total amount of enhanced GIDC upto July 31, 2020 worked out at Rs.1,169.955 million, however the Group has maintained a provision for Rs.814.887 million pertaining to the period of June 2015 to July 2020 as an abundant precaution.

28.1.4 The Parent Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Parent Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has restrained EOBI from taking any coercive action against the Parent Company. On December 03, 2021, the Honorable Sindh High Court has dismissed the Petition. However, the Parent Company has filed an appeal at Supreme Court of Pakistan against the judgment. No provision of the amount involved i.e. Rs.31.119 million (2021: Rs.27.954 million) has been made in these consolidated financial statements.

28.1.5 The Parent Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A)) – 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Parent Company has already deposited Rs.28 million under protest into the Government Treasury for stay against the full recovery (refer note 15). The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The CIR(A) has decided the matter for tax periods July 2013 to June 2014, July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Parent Company. However, the Parent Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these consolidated financial statements as the Parent Company is confident that the matter will be decided in favor by the appellate authorities.

28.1.6 Income Tax Department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Parent Company wherein refund of Rs.7.7 million had been determined. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.

28.1.7 Income Tax Department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favor of the Parent Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Parent Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Parent Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company, hence Rs. 2.197 million recorded as refundable.

28.1.8 The Tax Officer alleged the Parent Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Parent Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that reduced rate was applicable to customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Parent Company. Appeal was decided in favor of the Parent Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these consolidated financial statements.

28.1.9 The case of the Parent Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Parent Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Parent Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Parent Company. Considering that the matter decided against the Parent Company has no material impact, therefore, the Parent Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favour of the parent company. No provision has been made in these consolidated financial statements.

28.1.10 Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta disallowed expenses of Rs.60.7 million vide order dated June 29, 2016 against which the Parent Company filed an appeal before the CIR(A), who vide order dated January 20, 2017 decided the case partially in favor of the Parent Company and partially in favor of Tax Department. The Tax Department has filed an appeal before the ATIR which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these consolidated financial statements.

28.1.11 The Parent Company had filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Parent Company has provided 100% bank guarantee amounting to Rs.15.351 million (2021: Rs.15.351 million), refer note 28.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.

28.1.12 Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, disallowing tax credit of Rs.42 million for tax year 2019. The Parent Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Parent Company to claim 10% tax credit on investment in plant & machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these consolidated financial statements.

28.1.13 The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Parent Company. The Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Honorable Sindh High Court. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company, however, on prudent basis Rs. 40.395 million has been provided in these consolidated financial statements.

28.1.14 The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the notice requiring to pay Super Tax for tax year 2018 amounting to Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Parent Company. The Parent Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Parent Company also filed appeals before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 which has been concluded in favor of the Tax Department. The Parent Company has filed appeals before the ATIR against the orders passed by the CIR(A). The Parent Company has also paid 50% of demand for auto stay from recovery (refer note 15). The management is confident that the case will ultimately be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these consolidated financial statements.

28.1.15 Income tax return for tax year 2019 has been amended by the DCIR vide order dated June 29, 2020 creating tax demand of Rs.1.594 million while abolishing refund of Rs.35.819 million as claimed in ITR 2019 against which the Parent Company filed an appeal before the CIR(A), which has been partially decided in favour of the Parent Company resulting in net tax refundable of Rs.4 million. The Parent Company as well as Tax Department have filed appeals before the ATIR, which is pending till date. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company.

28.1.16 Through Finance Act, 2019, section 65B of the Income Tax Ordinance, 2001 was amended to disallow credit on investment in plant & machinery from tax year 2020 and onwards. Consequently, the tax credit in respect of LCs opened on or before 30th June 2019 was also disallowed amounting to Rs.105.230 million. The Parent Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Parent Company to claim 10% tax credit on investment in plant & machinery on the basis of pre-amended position of section 65B. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these consolidated financial statements.

28.1.17 The Tax Officer alleged the Parent Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty. The Parent Company has paid 10% of demand for auto stay from recovery Rs.0.342 million (refer note 15). CIR(A) has decided the case in favour of Parent Company. The Tax Department has filed an appeal before ATIR against the said judgment.

28.1.18 Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Parent Company filed petitions against the said notices before the Honorable Sindh High Court, which has been decided in favour of the Parent Company. However, Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company.

28.1.19 Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Parent Company has filed an appeal before the CIR(A). The Parent Company has paid 10% of demand for auto stay from recovery Rs.2.130 million (refer note 15). The case has been heard by the CIR(A) and reserved for order. The management is confident that the case will be decided in favor of the Parent Company.

28.1.20 The Tax Department disallowed expenses of Rs.45.6 million under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2016. However, no income tax demand was raised owing to taxable losses both before and after amendment of assessment proceedings. Moreover, the Parent Company has filed an appeal before CIR(A), which has not yet been concluded. The management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these consolidated financial statements.

28.1.21 The Tax Officer disallowed input sales tax amounting to Rs.0.042 and Rs.0.109 million, claimed by the Subsidiary Company Messrs. Gatro Power (Private) Limited on building materials used for installation of plant and machinery for tax period February 2017. An appeal was filed against the said order before the CIR(A). The learned CIR(A) has decided the matter in favor of the Subsidiary Company in both cases. The Tax Department has filed an appeal before the ATIR against aforementioned CIR(A) orders. No provision has been made as the management is hopeful for a favorable outcome.

28.1.22 Tax Department initiated monitoring of withholding proceedings for tax year 2011 wherein demand of Rs.47.408 million including default surcharge and penalty was raised on account of intercorporate dividend paid to Parent Company. The Subsidiary Company Messrs. Gatro Power (Private) Limited had filed an appeal before CIR(A) against order of the Tax Department which was decided in favor of the Subsidiary Company on ground of the order being time barred whereas on other grounds the appeal was dismissed. Accordingly, both the Subsidiary Company as well as the Tax Department have filed an appeal before the ATIR, which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Subsidiary Company. No provision has been made in these consolidated financial statements.

28.1.23 Tax Department raised demand of Rs.14.101 million and Rs.103.346 million on the basis of order passed for monitoring of tax withholding for tax years 2014 and 2015 respectively. Appeal was filed before the CIR(A), which was decided in favor of the Subsidiary Company Messrs. Gatro Power (Private) Limited. However, Tax Department has filed appeals before ATIR, hearing of which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Subsidiary Company. No provision has been made in these consolidated financial statements.

28.1.24 The Subsidiary Company Messrs. Gatro Power (Private) Limited had filed a petition before the Sindh High Court wherein the Subsidiary Company had challenged the show cause notice disallowing input tax amounting to Rs.14 million claimed by the Subsidiary Company on various invoices during July 2017 to September 2019, which is stated to be inadmissible under section 8(1) of the Sales Tax Act, 1990 read with SRO 490(I)/2004 dated June 12, 2004. The Honorable Sindh High Court has decided the case in favor of Tax Department, however, the Subsidiary Company has filed an appeal before the Supreme Court of Pakistan. The management is confident that the case will ultimately be decided in favor of the Subsidiary Company. No provision has been made in these consolidated financial statements.

28.1.25 Tax Department has raised demand of Rs.1.8 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed an appeal before the CIR(A). CIR(A) has decided the case in favour of Subsidiary Company. As of now, the Tax Department has not yet filed appeal against the said judgment. No provision has been made in these consolidated financial statements.

	Note	2022 (Rupees in Thousand)	2021 (Rupees in Thousand)
28.2 Guarantees			
Bank Guarantees in favour of:			
The Director Excise & Taxation, Karachi	23.10.4	398,365	258,365
The Electric Inspector, President Licencing Board, Quetta		10	10
Pakistan State Oil Company Limited		70,000	40,000
K-Electric Limited		11,560	11,560
Nazir of the High Court of Sindh, Karachi	28.1.11	15,351	15,351
Letters of Credit in favour of:			
Sui Southern Gas Company Limited for Gas		257,592	244,592
		752,878	569,878

28.3 Commitments

The Group's commitments, against which the banks have opened Letters of Credit, in favor of different suppliers, are as follows:

	2022	2021
Foreign currency:		
Property, plant and equipment	3,982,352	4,402,432
Raw and packing material	1,780,644	286,607
Spare parts and others	378,149	89,728
	6,141,145	4,778,767
Local currency:		
Property, plant and equipment	347,624	281,501
Raw material	294,382	136,984
Spare parts and others	63,231	-
	705,237	418,485
	6,846,382	5,197,252

29 SALES

	2022	2021
Gross local sales	26,907,428	18,954,971
Third party processing charges	195,888	37,015
	27,103,316	18,991,986
Less: Sales tax	3,954,409	2,773,646
	23,148,907	16,218,340
Export sales	810,747	339,221
	23,959,654	16,557,561

	Note	2022	2021
		(Rupees in Thousand)	

30 COST OF SALES

	Note	2022	2021
Raw and packing material consumed		14,734,760	9,152,461
Stores, spare parts and loose tools consumed		632,766	512,754
Outsource processing charges		808,252	682,136
Salaries, wages, allowances and benefits	30.1	1,592,840	1,297,526
Power, fuel and gas		2,296,921	1,731,009
Rent, rates and taxes		16,023	10,741
Insurance		73,573	55,547
Cartage & transportation		148,137	122,326
Repairs and maintenance		238,021	201,828
Communications & Computer		2,753	3,246
Water supply		5,809	15,087
Travelling		2,933	280
Sundry		46,828	38,514
Depreciation	5.2	920,363	648,649
		21,519,979	14,472,104
Duty draw back		(275)	(1,029)
Scrap sales	30.2	(36,608)	(20,941)
		21,483,096	14,450,134
Opening stock of goods-in-process		352,687	589,548
Closing stock of goods-in-process		(1,108,306)	(352,687)
Cost of goods manufactured		20,727,477	14,686,995
Opening stock of finished goods		1,590,151	1,157,211
Closing stock of finished goods		(2,252,863)	(1,590,151)
		20,064,765	14,254,055

30.1 These include Rs.22.654 million (2021: Rs.19.295 million) and Rs.31.057 million (2021: Rs.22.347 million) respectively, representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan.

30.2 Net off sales tax amounting to Rs.7.300 million (2021: Rs.4.110 million).

31 DISTRIBUTION AND SELLING COSTS

	Note	2022	2021
Salaries, allowances and benefits	31.1	52,114	41,283
Insurance		5,151	4,891
Rent, rates and taxes		2,340	2,438
Handling, freight and transportation		221,585	147,164
Advertisement and sales promotion		62	336
Communications		1,597	1,771
Travelling		395	383
Legal and professional fee		2,333	494
Sundry		9,875	8,909
Depreciation	5.2	2,812	2,615
		298,264	210,284

31.1 These include Rs.1.784 million (2021: Rs.1.314 million) and Rs.3.415 million (2021: Rs.2.375 million) respectively, representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan.

	Note	2022	2021
		(Rupees in Thousand)	

32 ADMINISTRATIVE EXPENSES

	Note	2022	2021
Salaries, allowances and benefits	32.1	259,870	197,046
Rent, rates and taxes		21,861	20,270
Insurance		8,868	8,096
Repairs and maintenance		12,658	11,408
Travelling		2,347	965
Communications		2,609	3,065
Legal & professional fees		6,735	12,547
Utilities		5,248	5,244
Printing and stationery		1,655	1,594
Transportation		10,833	8,444
Sundry		14,968	12,149
Depreciation	5.2	8,457	8,553
		356,109	289,381

32.1 These include Rs.9.231 million (2021: Rs.7.881 million) and Rs.28.480 million (2021: Rs.24.652 million) respectively, representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan.

33 OTHER OPERATING EXPENSES

	Note	2022	2021
Loss on disposal of property, plant and equipment	5.3.1	5,418	35
Impairment of operating fixed assets	5.1	-	18,800
Property, plant and equipment - written off	5.1	-	45,084
Impairment allowance for ECL - net	11.6	6,636	-
Impairment allowance for slow moving stores, spare parts and loose tools - net	9.1	28,249	362
Exchange loss - net		47,481	-
Corporate social responsibility	33.1	21,415	12,468
Workers' Profit Participation Fund	23.8	111,248	63,137
Workers' Welfare Fund	23.9	14,576	16,720
Auditors' remuneration	33.2	3,723	3,006
		238,746	159,612

33.1 These includes donations of Rs.20.415 million (2021: Rs.12.068 million) to a related party Messrs. Gatron Foundation in which Chief Executive and three directors of the Parent Company are governors. None of the directors or their spouses has any interest in any other donee fund, so far as other donations are concerned.

33.2 Auditors' remuneration

	2022	2021
Audit fee - Annual financial statements		
Parent Company - Gatron (Industries) Limited	2,175	2,175
Subsidiary Company - Gatro Power (Private) Limited	600	150
Subsidiary Company - Global Synthetics Limited	22	22
Subsidiary Company - G-Pac Energy (Private) Limited	22	22
Limited review, audit of annual consolidated financial statements and certification fee	450	285
Sindh Sales Tax on services	262	213
Out of pocket expenses	192	139
	3,723	3,006

	Note	2022	2021
		(Rupees in Thousand)	

34 OTHER INCOME

	Note	2022	2021
Income from financial assets			
Reversal of impairment allowance for ECL - net	11.6	-	3,096
Profit on deposits		151	129
		151	3,225
Income from non - financial assets & others			
Gain on disposal of property, plant and equipment	5.3.1	261,284	20,529
Liabilities no more payable written back		57,484	3,014
Amortisation of Government Scheme		4,561	-
Exchange gain - net		-	29,501
Reversal of provision for Gas Infrastructure Development Cess	22.3	-	774,906
Remeasurement gain on discounting of provision for GIDC	22.3	78,395	79,016
Miscellaneous income		5,303	288
		407,027	907,254
		407,178	910,479

35 FINANCE COSTS

	Note	2022	2021
Profit on long term financing		103,769	47,797
Mark up/profit on short term borrowings		198,564	75,134
Un-winding of long term provision for GIDC		56,645	-
Interest on Workers' Profit Participation Fund	23.8	70	1,260
Bank charges and guarantee commission		5,014	3,454
	35.1	364,062	127,645

35.1 It includes finance costs under Shariah Complaint arrangement amounting to Rs.179.005 million (2021: Rs.65.277 million).

36 INCOME TAX

	Note	2022	2021
For the current year		521,150	246,185
For the prior year		(925)	(2,198)
	27	520,225	243,987
Deferred	22.1.1	211,746	135,920
		731,971	379,907

Relationship between income tax and profit before income tax :

	2022	2021
Profit before income tax	3,044,886	3,381,018
Income tax rate	29%	29%
Income tax on profit before income tax	883,017	980,495

	(Rupees in Thousand) 2022	2021
Tax effect of:		
minimum tax	**289,163**	242,431
alternative corporate tax	**50,188**	-
brought forward minimum tax and loss adjusted	**(419,632)**	(352,789)
super tax	**174,301**	-
income assessed under final tax regime - export sales	**(15,541)**	(5,540)
Reversal of prior year income tax	**(925)**	(2,198)
deferred tax effect on un-realised share of profit in associated company Messrs. Novatex Limited	**-**	143,866
income exempt from subsidiary company Messrs. Gatro Power (Private) Limited	**(206,305)**	(359,065)
loss from subsidiary company Messrs. Global Synthetics Limited	**9**	10
loss from subsidiary company Messrs. G-Pac Energy (Private) Limited	**6,022**	3,811
share of profit in associated company Messrs. Novatex Limited	**-**	(276,647)
others	**(28,326)**	5,533
Income tax for the year	**731,971**	379,907

36.1 Sufficient provision for tax has been made in these consolidated financial statements taking into account the profit or loss for the period and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and tax deemed assessed for last three years are as follows:

	(Rupees in Thousand) 2021	2020	2019
Tax provision	246,185	355,086	307,913
Tax assessed	150,456	247,658	256,479

The difference between tax provision and tax assessed is mainly due to the amount of tax credit claimed under pre-amended version of section 65B of the Income tax Ordinance, 2001, which has been withdrawn by the government through Finance Act, 2019 and the same has been challenged by the Parent Company before the Sindh High Court. However, as an abundant precaution, the Parent Company has not reversed the liability in these consolidated financial statements.

37 EARNINGS PER SHARE - BASIC AND DILUTED

	(Rupees in Thousand) 2022	2021
Profit after income tax	**2,312,915**	3,001,111
	(Number of Shares)	
Weighted average number of Ordinary Shares in issue during the year	**38,364,480**	38,364,480
	(Rupees)	
Earnings per share - Basic and diluted	**60.29**	78.23

There is no dilutive effect on the basic earnings per share of the Group.

	Note	2022	2021
		(Rupees in Thousand)	
38 CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	**899,455**	1,493,170
Short term borrowings	25	**(4,891,866)**	(3,520,880)
		(3,992,411)	(2,027,710)

39 FINANCIAL INSTRUMENTS

	2022	2021
Financial assets as per statement of financial position		
- Measured at amortised cost		
Loans and advances	**4,834**	4,662
Deposits	**227,913**	156,169
Trade debts	**4,322,527**	2,897,201
Other receivables	**192,445**	124,438
Cash and bank balances	**899,455**	1,493,170
	5,647,174	4,675,640
Financial liabilities as per statement of financial position		
- Measured at amortised cost		
Long term financing	**5,973,532**	2,930,781
Trade and other payables	**2,528,428**	1,048,093
Unclaimed dividend	**21,381**	21,511
Accrued mark up/profit	**205,251**	38,785
Short term borrowings	**4,891,866**	3,520,880
	13,620,458	7,560,050

The effective interest/markup rates for the monetary financial assets and liabilities are mentioned in respective notes to the consolidated financial statements.

39.1 MEASUREMENT OF FAIR VALUE

International Financial Reporting Standard (IFRS), IFRS 13 "Fair Value Measurement", unifies the framework for measurement of fair values as required by other IFRS and requires disclosure regarding fair value measurement, i.e., disclosure of valuation techniques and inputs used to measure the fair value and in case recurring fair value measurements using unobservable inputs the effect of fair value measurement on statement of profit or loss or statement of other comprehensive income.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Group's certain accounting policies and disclosure requires use of fair value measurement and the Group while assessing fair value maximize the use of relevant observable inputs and minimize the use of unobservable inputs establishing a fair value hierarchy, i.e., input used in fair value measurement is categorized into following three levels:

Level 1 Inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.

Level 2 Inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Inputs are unobservable inputs for the asset or liability.

As at reporting date, the fair value of all the assets and liabilities approximates to their carrying values except property, plant and equipment. The property, plant and equipment is carried at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. The Group does not expect that unobservable inputs may have significant effect on fair values.

39.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk Management is carried out under policies and principles approved by the Board. All treasury related transactions are carried out within the parameters of these policies and principles.

39.2.1 Market Risk

A Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to foreign exchange risk arising from currency value fluctuations, primarily with respect to the USD, Euro, JPY and CHF. The Group's exposure to foreign currency risk is as follows:

	(Rupees in Thousand)	
	2022	2021
Bills Payable	280,624	286,974
Trade creditors	-	1,279
Creditors for capital expenditure	152,464	23,921
	433,088	312,174
Trade Debts	(103,435)	(34,768)
Receivable from suppliers	(62,662)	(87,046)
Cash at bank in foreign currency accounts	(72,987)	(14,337)
	(239,084)	(136,151)
	194,004	176,023
Commitments - Outstanding letters of credit	6,141,145	4,778,767
Net exposure	6,335,149	4,954,790

The following significant exchange rates have been applied:

	Average rate				Reporting date rate			
	Rupees							
	2022		2021		2022		2021	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
USD to PKR	177.36	177.86	160.21	160.71	205.50	206.00	157.80	158.30
Euro to PKR	200.00	200.57	191.14	191.75	215.23	215.75	188.12	188.71
JPY to PKR	1.51	1.52	1.51	1.51	1.50	1.51	1.43	1.43
CHF to PKR	190.22	190.76	176.08	176.64	215.43	215.96	171.32	171.86

Sensitivity Analysis

At reporting date, if the PKR had strengthened/weakened by 10% against the USD, Euro, JPY and CHF with all other variables held constant, pre tax consolidated profit for the period would have been higher/lower by the amount shown below, mainly as a result of net foreign exchange gain or net foreign currency exposure at reporting date.

	Average rate		Reporting date rate	
	(Rupees in Thousand)			
	2022	2021	2022	2021
Effect on consolidated statement of profit or loss				
USD to PKR	**414,130**	372,079	**479,638**	366,500
Euro to PKR	**138,842**	121,995	**149,353**	120,060
JPY to PKR	**90**	1,547	**90**	1,468
CHF to PKR	**3,917**	7,658	**4,434**	7,451
	556,979	503,279	**633,515**	495,479

The sensitivity analysis prepared is not necessarily indicative of the effects on consolidated profit for the period and assets / liabilities of the Group.

B Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is not exposed to equity price risk since there are no investment in listed equity securities.

C Interest / Markup rate risk

Interest / Markup rate risk arises from the possibility of changes in Interest / Markup rates which may effect the value of financial instruments. The Parent Company has short term borrowings at variable rates. At the reporting date, the interest profile of the Parent Company interest-bearing financial instrument is:

	2022	2021	2022	2021
	Effective rate (in %)		Carrying amount (Rupees in Thousand)	
Financial Assets				
Variable rate instruments				
Bank balance	**8.60**	6.63	**2,003**	1,943
Financial Liabilities				
Variable rate instruments				
Long term financing	7.66 - 15.28	-	**(1,486,069)**	-
Short term borrowings	2.40 - 15.65	2.40 - 8.71	**(4,891,866)**	(3,520,880)
			(6,375,932)	(3,518,937)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect consolidated statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) consolidated profit for the year by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for June 2021.

	(Rupees in Thousand) Statement of profit or loss before tax	
	100 bp increase	100 bp decrease
As at June 30, 2022		
Cash flow sensitivity - Variable rate	**(63,759)**	**63,759**
As at June 30, 2021		
Cash flow sensitivity - Variable rate	(35,189)	35,189

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the period and assets / liabilities of the Parent Company.

39.2.2 Credit risk

Credit risk represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Parent Company manages credit risk interalia by setting credit limits in relation to individual customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. Also the Parent Company does not have significant exposure in relation to individual customer. Consequently, the Group believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposure before any credit enhancements. Out of total financial assets of Rs.5,647.174 million (2021: Rs.4,675.640 million), financial assets of Rs.5,644.778 million (2021: Rs.4,674.463 million) are subject to credit risk. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	(Rupees in Thousand)	
	2022	2021
Loans and advances	**4,834**	4,662
Deposits	**227,913**	156,169
Trade debts	**4,322,527**	2,897,201
Other receivables	**192,445**	124,438
	4,514,972	3,021,639
Bank balances	**897,059**	1,491,993
	5,644,778	4,674,463

The aging of trade debts and other receivables at the reporting date:

Not past due	**3,974,527**	2,481,692
Past due 1-30 days	**250,810**	247,740
Past due 31-90 days	**194,918**	183,142
Past due 91-180 days	**82,887**	106,615
Past due 180 days	**133,510**	117,494
	4,636,652	3,136,683
Allowance for ECL - local	**(121,680)**	(115,044)
	4,514,972	3,021,639

The credit quality of Group's bank balances can be assessed with reference to external credit rating as follows:

Banks	Rating Agency	Rating Short term	Rating Long term	(Rupees in Thousand) 2022	2021
Bank Al-Falah Limited	PACRA	A-1+	AA+	**199,318**	199,905
Bank Al-Habib Limited	PACRA	A-1+	AAA	**304,353**	370,917
Citibank N.A.	Moody's	P-1	Aa3	**65**	65
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA	**2,083**	2,019
Faysal Bank Limited	PACRA	A-1+	AA	**61**	1,740
Habib Bank Limited	VIS	A-1+	AAA	**5,354**	9,899
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	**127,091**	691,257
MCB Bank Limited	PACRA	A-1+	AAA	**6,653**	1,150
Meezan Bank Limited	VIS	A-1+	AAA	**245,157**	185,245
National Bank of Pakistan	PACRA	A-1+	AAA	**6,343**	29,135
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	**466**	430
The Bank of Punjab	PACRA	A-1+	AA+	**25**	-
United Bank Limited	VIS	A-1+	AAA	**90**	231
				897,059	1,491,993

Above ratings are updated from website of State Bank of Pakistan.

39.2.3 Liquidity risk

Liquidity risk represents where an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Parent Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2022, the Parent Company has Rs.5,905 million plus Rs.150 million swinging facility with a related party Messrs. Novatex Limited, available borrowing limit from financial institutions. The Parent Company has unutilised borrowing facilities of Rs.1,013 million in addition to balances at banks of Rs.897 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest/mark-up payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	----- (Rupees in Thousand) -----						
2022							
Long term financing	**5,973,532**	**7,212,359**	**135,538**	**319,952**	**885,576**	**2,900,268**	**2,971,025**
Trade and other payables	**2,528,428**	**2,528,428**	**2,528,428**	**-**	**-**	**-**	**-**
Unclaimed dividend	**21,381**	**21,381**	**21,381**	**-**	**-**	**-**	**-**
Accrued mark up/profit	**205,251**	**205,251**	**205,251**	**-**	**-**	**-**	**-**
Short term borrowings	**4,891,866**	**4,893,264**	**4,893,264**	**-**	**-**	**-**	**-**
	13,620,458	**14,860,683**	**7,783,862**	**319,952**	**885,576**	**2,900,268**	**2,971,025**
2021							
Long term financing	2,930,781	3,549,151	64,770	131,464	282,272	1,346,677	1,723,968
Trade and other payables	1,048,093	1,048,093	1,048,093	-	-	-	-
Unclaimed dividend	21,511	21,511	21,511	-	-	-	-
Accrued mark up/profit	38,785	38,785	38,785	-	-	-	-
Short term borrowings	3,520,880	3,527,299	3,527,299	-	-	-	-
	7,560,050	8,184,839	4,700,458	131,464	282,272	1,346,677	1,723,968

39.3 CAPITAL RISK MANAGEMENT

The Group's objectives in managing capital is to ensure the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio as at June 30, 2022 and June 30, 2021 were as follows:

	(Rupees in Thousand) 2022	2021
Total borrowings	**10,865,398**	6,451,661
Cash and bank balances	**(899,455)**	(1,493,170)
Net debt	**9,965,943**	4,958,491
Total equity	**9,982,453**	7,680,635
Total capital	**19,948,396**	12,639,126
Gearing ratio	**50%**	39%

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix amongst various sources of finance to minimize risk and cost.

The Group is not exposed to any externally imposed capital requirement.

40 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to consolidated statement of profit or loss for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Group are as follows:

(Rupees in Thousand)

Particulars	Chief Executive		Directors		Executives		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Managerial remuneration	**13,017**	17,349	**30,142**	33,168	**214,954**	138,763	**258,113**	189,280
Post Employment benefits	**4,673**	6,503	**1,731**	4,734	**32,710**	18,798	**39,114**	30,035
Utilities	**30**	93	**11**	30	**85**	11	**126**	134
Other benefits	**1,741**	-	**4,295**	2,485	**91,500**	55,069	**97,536**	57,554
Reimbursement	**-**	-	**-**	-	**2,289**	1,178	**2,289**	1,178
Total	**19,461**	23,945	**36,179**	40,417	**341,538**	213,819	**397,178**	278,181
Number of persons for remuneration	**1**	2	**2**	4	**52**	40	**55**	46

40.1 Aggregate amount of meeting fee to 6 non-executive directors (2021: Chairman and 6 non-executive Directors) was Rs.1.200 million (2021: Rs.1.700 million).

40.2 In addition, the Chief Executive and working directors are provided with Company maintained car and certain executives are provided with household furniture and cars under Group policies, the monetary impact where of is not quantifiable.

40.3 During the year, a related party Messrs. Novatex Limited reimbursed Rs.79.731 million (2021: Rs.61.992 million) to the Parent Company in respect of shared resources of certain directors and executives.

40.4 Last year, Mr. Pir Mouhammad Diwan, Chief Executive have been ceased to be the Chief Executive of the Parent Company w.e.f. February 16, 2021 and Mr. Shabbir Diwan have been appointed as Chief Executive of the Parent Company.

41 SEGMENT REPORTING

41.1 Reportable segments

The Group's reportable segments are as follows:

- Polyester Filament Yarn - it comprises manufacturing of Polyester Filament Yarn and its raw material.
- Polyester PET Preform - it comprises manufacturing of Polyester PET Preform and its raw material. This includes the results of Subsidiary Company Messrs. Global Synthetics Limited, which has not yet commenced its operations till date.
- Electric Power generation - it comprises operations of Subsidiary Companies Messrs. Gatro Power (Private) Limited and Messrs. G-Pac Energy (Private) Limited.

Other operating expenses, other income, finance costs and taxation are managed at Group level.

41.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2022 is as follows:

(Rupees in Thousand)

	2022					2021				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Sales	19,724,675	4,234,979	23,959,654	2,233,222	26,192,876	12,614,386	3,943,175	16,557,561	2,202,265	18,759,826
Segment result before depreciation	2,385,010	934,973	3,319,983	852,165	4,172,148	1,214,891	682,282	1,897,173	566,485	2,463,658
Less: Depreciation	(742,662)	(46,949)	(789,611)	(142,021)	(931,632)	(475,049)	(48,323)	(523,372)	(136,445)	(659,817)
Segment result after depreciation	1,642,348	888,024	2,530,372	710,144	3,240,516	739,842	633,959	1,373,801	430,040	1,803,841
Reconciliation of segment sales and results with sales and profit before income tax:										
Total sales for reportable segments										
Elimination of inter-segment sales from subsidiary company					26,192,876					18,759,826
Messrs. Gatro Power (Private) Limited					(2,233,222)					(2,202,265)
Sales					23,959,654					16,557,561
Total results for reportable segments			2,530,372	710,144	3,240,516			1,373,801	430,040	1,803,841
Other operating expenses			(240,007)	(19,559)	(259,566)			(172,256)	(4,010)	(176,266)
Other income			355,797	67,381	423,178			114,516	810,208	924,724
Finance costs			(312,727)	(67,335)	(380,062)			(127,204)	(11,224)	(138,428)
Investment income - Dividend			225,750	-	225,750			112,875	-	112,875
Share of profit after income tax in associated company Messrs. Novatex Limited					-					953,955
			2,559,185	690,631	3,249,816			1,301,732	1,225,014	3,480,701
Elimination of intra group transaction					(204,930)					(99,683)
Profit before income tax					3,044,886					3,381,018
Assets and liabilities by segments are as follows:										
Segment assets	18,424,870	2,477,036	20,901,906	4,108,740	25,010,646	10,887,564	2,193,956	13,081,520	3,520,180	16,601,700
Segment liabilities	7,841,407	447,650	8,289,057	1,487,780	9,776,837	3,550,786	161,163	3,711,949	1,370,054	5,082,003

Reconciliation of segments assets and liabilities with total in the consolidated statement of financial position is as follows:

	2022 Assets	2022 Liabilities	2021 Assets	2021 Liabilities
Total for reportable segments	25,010,646	9,776,837	16,601,700	5,082,003
Unallocated	2,769,406	7,610,789	1,778,879	5,193,243
Elimination of intra group balances	(870,167)	(460,194)	(816,153)	(391,455)
Total as per consolidated statement of financial position	26,909,885	16,927,432	17,564,426	9,883,791

Other segment information is as follows:

	2022 Polyester Filament Yarn	2022 Polyester PET Preforms	2022 Total of Polyester Polymer	2022 Power Generation	2022 Group	2021 Polyester Filament Yarn	2021 Polyester PET Preforms	2021 Total of Polyester Polymer	2021 Power Generation	2021 Group
Depreciation	742,662	46,949	789,611	142,021	931,632	475,049	48,323	523,372	136,445	659,817
Capital expenditures incurred during the year	4,066,901	150,952	4,217,853	1,100,123	5,317,976	2,689,975	4,378	2,694,353	76,121	2,770,474
Unallocated capital expenditure incurred during the year					283,074					238,884
Total					5,601,050					3,009,358

41.3 All non-current assets of the Group as at June 30, 2022 are located in Pakistan. Parent Company's local sales represents sales to various external customers in Pakistan whereas export sales represents sales to customers in various countries.

41.4 The Group does not have transaction with any external customer which amount to 10 percent or more of the Group's revenue.

	Note	2022	2021
		(Rupees in Thousand)	
42 PLANT CAPACITY AND ACTUAL PRODUCTION			
Polyester Filament Yarn	42.1		
Annual capacity-75 denier		**43,424**	36,974
Annual capacity-150 denier		**86,280**	73,396
Actual production		**56,887**	52,913
Polyester P.E.T. Preforms	42.2		
Annual capacity		**41,017**	41,017
Actual production		**14,080**	16,954
Knitted Fabrics	42.3		
Annual capacity		**1,090**	-
Actual production		**200**	-
		(KWH in Thousand)	
Electric Power	42.4		
Annual operating capacity		**263,228**	261,192
Actual production		**137,923**	163,549

42.1 The capacity is determined based on 75 denier and 24 filaments/150 denier and 48 filaments. Actual production represents production of various deniers.

42.2 The capacity is determined based on 43.66 gms production. Actual production represents production of various grammage. The actual production versus annual capacity is lower on account of the Company is lacking the sizes of preforms, which are in demand. The actual production of preforms (various grammage) in pieces was 523.110 million (2021: 615.745 million) against annual capacity (based on 43.66 gms) of 939 million pieces.

42.3 The Production of Knitted Fabrics does not reflect the full year impact due to the Parent Company has started Knitted Fabrics production during the year, therefore, actual production versus annual capacity is lower.

42.4 During the year, annual capacity has been increased due to addition of new gas engine whereas downfall in operating efficiency of generators due to aging has been adjusted. The actual production versus annual capacity is lower on account of annual capacity includes capacities of standby gas generators as well as spare HFO generators and requirement of well optimum running load on gas engines.

43 TRANSACTIONS WITH RELATED PARTIES

During the year, details of transactions with related parties are as follows:

Name	Nature of relationship	Basis of relationship	Nature of transaction	2022 (Rupees in Thousand)	2021 (Rupees in Thousand)
Novatex Limited	Related Party	Common directorship	Sale of goods	328,712	1,499,573
			Rendering of services	165,431	31,637
			Obtaining of services	808,252	682,136
			Purchase of raw and other material	307,557	103,777
			Sale of property, plant and equipment	650	-
			Rent	21,512	19,951
			Reimbursement of expenses	230,460	184,659
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	202,429	306,300
			Purchase of raw and other material	-	303
			Reimbursement of expenses	115	-
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	42,352	44,261
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	8,649	8,028
Gatron Foundation	Related Party	Common directorship	Payment of donation	20,415	12,068
Pharmnova (Private) Limited	Related Party	Common key management	Sale of property, plant & equipment	230,000	-
G&T Tyres (Private) Limited	Related Party	Common key management	Purchase of other material	1,025	174
Gatron (Ind) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	29,419	24,485
Gatron (Ind) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	4,250	4,005

- The above figures are exclusive of sales tax, where applicable.

- Outstanding balances, as at reporting date, are disclosed in their respective notes.

Transactions and outstanding balances, as applicable in relation to Defined Contribution Plan (DCP) and Key Management Personnel (KMP) have been disclosed in note 40 of KMP and note 5.3 of disposal of property, plant and equipment. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Group considers its Chief Executive, Executive Directors and other executives to be KMP.

	(Rupees in Thousand)	
	2022 (Un-audited)	2021 (Audited)
44 PROVIDENT FUND RELATED DISCLOSURES		
The Following information is based on latest financial statements of the Funds.		
Size of the Funds - Total Assets	**584,750**	547,596
Cost of Investments made	**473,432**	468,252
Fair value of investments	**581,453**	542,264
Percentage of investments made (Fair value to size of the fund)	**99.44%**	99.03%

	(Rupees in Thousand)			
	2022		2021	
44.1 The Break-up of cost of investments is:	Amount	%	Amount	%
Shares of Listed Companies	**-**	**0.00%**	19,282	4.12%
Government Securities	**273,610**	**57.79%**	273,610	58.43%
Mutual Funds	**-**	**0.00%**	9,912	2.12%
Bank Deposits	**199,822**	**42.21%**	165,448	35.33%
	473,432	**100.00%**	468,252	100.00%

44.2 Investments out of the provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	(Number of employees)	
	2022	2021
45 NUMBER OF EMPLOYEES		
Total number of employees as at June 30	**837**	774
Average number of employees during the year	**810**	772

46 CORRESPONDING FIGURES

Prior year's figure have been reclassified for the purpose of better presentation. Change made during the year is as follows:

Reclassification from component	Reclassification to component	(Rupees in Thousand)
Loans and advances	**Current portion of non-current assets**	
Amount recoverable in twelve months from employees	Loan recoverable in twelve months from employees	4,100
Trade and other payables	**Current portion of non-current liabilities**	
Current portion of Gas Infrastructure Development Cess	Gas Infrastructure Development Cass	344,077
Current portion of government scheme	Government scheme	4,052

47 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 17, 2022 by the Board of Directors of the Parent Company.

48 GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

SHABBIR DIWAN	**MUHAMMAD IQBAL BILWANI**	**MUSTUFA BILWANI**
Chief Executive Officer	Director	Chief Financial Officer

Notes to the Members

1. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD:

Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) of the shareholders is mandatory requirement for payment of dividend.

Shareholders are therefore, requested to submit copies of their valid CNIC or NICOP to the Shares Registrar of the Company. In case of non-receipt of valid CNIC or NICOP, the company will be constrained to withhold the payment of dividend of such shareholders.

The shareholders while sending copies of CNIC or NICOP must quote their respective folio number, CDC IAS and CDC Sub-Account numbers maintained with Stock Brokers.

2. PROVIDING INTERNATIONAL BANK ACCOUNT NUMBER (IBAN)

The Securities and Exchange Commission of Pakistan vide its Circular Letter No. CL/CSD/Misc/2014-30 dated March 19, 2021, directed all the listed companies to pursue with their shareholders who have not yet provided their IBAN. Therefore, all the shareholders are requested to provide their IBANs as soon as possible to enable the Company to credit the cash dividend payment (if any), through electronic transfer directly into their Bank Account.

Further, the cash dividend of the members, who have not provided IBAN, will be withheld by the Company under Clause (ii) of Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017 and being piled-up with the Company.

3. UNCLAIMED SHARES/DIVIDEND:

Shareholders of the company are once again requested to contact office of the company or the company's shares registrar for collection of their shares/dividends which they have not yet received due to any reason after completing required formalities.

4. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT:

The shareholders of the Company are hereby informed that as per provisions of Section 72 of the Companies Act, 2017, the companies are required to replace their physical shares with book-entry-form within a period not exceeding four years from the date of the promulgation of the Act. The Securities and Exchange Commission of Pakistan (‘SECP’), vide their letter No. CSD/ED/Misc./2016-639- 640 dated 26th March, 2021, has advised all listed companies to pursue their such shareholders who still hold their shares in physical form for converting the same into book-entry-form.

In view of the above and as advised by SECP, the shareholders who hold physical shares are requested to arrange to convert the same into book-entry-form. For this purpose, the shareholder shall be required to open an account with either Central Depository Company of Pakistan or any Trading Rights Entitlement Certificate holder (Securities Broker) of Pakistan Stock Exchange.

The benefits associated with the book-entry-form shares include "readily available for trading, whereas trading of physical scrips is currently not permitted", "no risk of damaged, lost, forged or duplicate certificates", "reduced stamp duty on physical to book-entry-form transfers", "no stamp duty on electronic transfers in CDS", "instantaneous transfer of ownership", "instant receipt/credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues, etc.)", and pledging of securities, etc.

5. DISSEMINATION OF ANNUAL AUDITED ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2022 THROUGH DVD:

The Securities and Exchange Commission of Pakistan vide SRO No. 470(I)/2016 dated May 31, 2016, has allowed listed companies to disseminate their Annual Audited Accounts (i.e. the Annual Balance Sheet and Profit and Loss Account, Auditors' Report and Directors' Report) to its members through CD/DVD/USB at their registered address instead of sending them in hard copy.

Pursuant to the approval of shareholders, the Annual Audited Financial Statements of the Company for the year ended June 30, 2022, are being circulated to the members through DVD. However, shareholders may request to provide a hard copy of Annual Accounts. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form. Relevant forms are available on the Company's website: www.gatron.com

6. PLACEMENT OF FINANCIAL STATEMENTS ON WEBSITE:

The Financial Statements of the Company for the year ended June 30, 2022 along with reports have been placed on the website of the Company at www.gatron.com.

Proxy Form

FORTY SECOND ANNUAL GENERAL MEETING

I/We, ______________________________ of ______________________________

being a Shareholder of **Gatron (Industries) Limited** and holding ____________________

Ordinary Shares as per Register Folio No. ____________________ or "CDC" Participant's

I.D. No. ______________ A/c No. ______________________hereby appoint

Mr. / Ms. ____

of ________________ or failing him/her Mr. / Ms. ______________________of

____________________ as my/our Proxy in my/our absence to attend and vote for me/us

and on my/our behalf at the Forty-Second Annual General Meeting of the Company to be held on

Friday, October 28, 2022 at 10.00 a.m., and at any adjournment thereof.

Signed this ____________ day of , ______________ 2022.

Witness:

1. Signature ______________________
   Name ______________________
   Address ______________________
   CNIC No. ______________________

2. Signature ______________________
   Name ______________________
   Address ______________________
   CNIC No. ______________________

Signature on Revenue Stamp of Rs.5/-

Notes:

1. The proxy form in order to be valid must be signed across five rupees revenue stamp and should be deposited with the company not later than 48 hours before the time of holding the meeting.
2. The proxy must be a member of the company.
3. Signature should agree with the specimen signature, registered with the company.
4. CDC shareholders and their proxies must attach either an attested photocopy of their Computerized National Identity Card or Passport with this proxy form.
5. In case of corporate entity, the Board of Dirrector's Resolution / Power of Attorney with speciman signature shall be submitted along with Proxy Form.

مختارنامہ (پراکسی فارم)

بیالیسواں سالانہ اجلاس عام

میں/ہم ____________________

بحیثیت رکن گیٹرون (انڈسٹریز) لمیٹڈ وحامل ____________________

عام حصص بمطابق شیئر رجسٹر فولیو نمبر ____________ اور/یا سی ڈی سی کے شراکتی آئی ڈی نمبر ____________

اور ذیلی کھاتہ نمبر ____________ محترم/محترمہ ____________ ساکن ____________

یا بصورت دیگر ____________ ساکن ____________

کو اپنی/ہماری جگہ بروز جمعہ، مورخہ 28 اکتوبر، 2022ء، 10:00 بجے میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں شرکت، رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا/کرتی/کرتے ہوں/ہیں۔

دستخط مورخہ ____________ برائے ماہ وسال ____________

گواہ:

1 دستخط ____________

نام ____________

پتہ ____________

سی این آئی سی نمبر ____________

2 دستخط ____________

نام ____________

پتہ ____________

سی این آئی سی نمبر ____________

5 روپے کا رسیدی
ٹکٹ یہاں چسپاں کر کے
دستخط کریں

نوٹ:

(1) مختارنامہ (پراکسی فارم) کے مؤثر ہونے کے لیے ضروری ہے کہ وہ 5 روپے کے رسیدی ٹکٹ پر دستخط کے ساتھ اجلاس شروع ہونے سے 48 گھنٹے قبل کمپنی کو موصول ہو جائے۔

(2) مختار (پراکسی) کو کمپنی کا رُکن (ممبر) ہونا ضروری ہے۔

(3) دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونے کے مطابق ہونی چاہیئے۔

(4) سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی اس مختارنامہ (پراکسی فارم) کے ساتھ منسلک کریں۔

(5) **کارپوریٹ ادارے کی صورت میں، ادارے کے بورڈ آف ڈائیریکٹرز کی منظور شدہ قرارداد/پاور آف اٹرنی بشمول نمونہ دستخط پراکسی فارم کے ساتھ جمع ہوں گی۔**

GATRON

GATRON (INDUSTRIES) LIMITED