GATRON

GATRON (INDUSTRIES) LIMITED

annual report 2021

GATRON (INDUSTRIES) LIMITED

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CONSOLIDATED PRESENTATION

CORPORATE INFORMAITON

Board of Directors

Abdul Razak Diwan - Chairman
Shabbir Diwan - Chief Executive
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 & Company
Chartered Accountants
Karachi.

Legal Advisor

Naeem Ahmed Khan
Advocates
Quetta.

Shares Registrar

C&K Management Associates (Private) Limited
Room No. 404, Trade Tower,
Abdullah Haroon Road, Near Metropole Hotel,
Karachi-75530 - Pakistan.
Phone: 021-35687839, 35685930

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

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-First Annual General Meeting of Gatron (Industries) Limited will be held on Tuesday, October 26, 2021 at 10.00 a.m., at Serena Hotel, Quetta to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Fortieth Annual General Meeting and Extra Ordinary General Meeting of the Company held on October 26, 2020 and December 22, 2020 respectively.

2. To receive, consider and adopt the audited accounts of the Company for the year ended June 30, 2021 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, 2022 and fix their remuneration.

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

By Order of the Board

September 18, 2021

Muhammad Yasin Bilwani
Company Secretary

Notes:

1 The Share Transfer Books of the Company will remain closed from October 19, 2021 to October 26, 2021 (both days inclusive). Transfers received in order at the office of the Shares Registrar before the close of business on October 18 2021 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, 2021 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 اکتالیسواں سالانہ اجلاس عام درج ذیل کارروائی کی انجام دہی کیلئے بروز منگل 26 اکتوبر 2021ء دن 10:00 بجے بمقام سیرینا ہوٹل کوئٹہ میں منعقد ہوگا۔

عمومی کارروائی

1 کمپنی کا چالیسواں سالانہ اجلاس عام منعقدہ 26 اکتوبر 2020ء اور غیر معمولی اجلاس عام منعقدہ 22 دسمبر 2020ء کی کارروائیوں کی بالترتیب توثیق۔

2 30 جون 2021ء کو اختتام پذیر ہونے والے سال کیلئے کمپنی کے آڈٹ شدہ حسابات ان پر آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ کی وصولی، غور وخوض اور منظوری۔

3 30 جون 2022 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: 18 ستمبر 2021ء

حسب الحکم بورڈ

محمد یاسین بلوانی

کمپنی سیکریٹری

نوٹس:

1 کمپنی کی شیئرز ٹرانسفر بکس 19 اکتوبر 2021ء سے 26 اکتوبر 2021ء تک دونوں دن شامل ہیں) بند رہیں گی۔ شیئرز رجسٹرار کے دفتر میں جو منتقلیاں 18 اکتوبر 2021ء کو کاروباری اوقات کے اختتام سے قبل موصول ہوجائیں 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 ہوجائیں۔ مختار نامہ 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 جس ممبر 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 2021ء کو ختم شدہ سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ پر فراہم کردیئے گئے 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 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 تا دفعہ 145 اور کمپنیز (پوسٹل بیلٹ) ریگولیشنز 2018ء کے قابل اطلاق شقوں کی شرائط پر پورا اترنے سے مشروط ہوگا۔

CHAIRMAN'S REVIEW

I am pleased to present annual review as Chairman of the Board of Directors of Gatron (Industries) Limited for the year ended June 30, 2021.

The Board has played a pivotal role in achieving the Company's objectives and safeguarding interests of the shareholders. The Board has ten Directors including three executive directors, four non-executive and three independent Directors. The Directors have rich and varied experience in the fields of business. During the year, 06 board meetings were held. The Board has fulfilled all of their mandatory responsibilities including providing strategic direction to the management and ensuring compliance with all legal and regulatory requirements by the management of the Company. 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. An annual evaluation of performance of the Board, members of the Board and its Committees was carried out with the help of a formal and effective mechanism. On the basis of the feedback received through this mechanism overall role of the Board has been found to be effective.

I would like to take this opportunity to express my appreciation for the untiring efforts of our employees and express gratitude to all the stakeholders including our valued customers, banks, suppliers and contractors for their continued cooperation and support.

Abdul Razak Diwan
Chairman

چیئرمین کی جائزہ رپورٹ

مجھے 30 جون 2021ء کوختم ہونے والے سال کے لیے گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کے چیئرمین کی حیثیت سے سالانہ جائزہ پیش کرنے پرخوشی ہے۔

بورڈ نے کمپنی کے مقاصد کے حصول اور حصص یافتگان کے مفادات کے تحفظ میں اہم کردارادا کیا ہے۔ بورڈ کے دس ڈائریکٹرز ہیں جن میں 03 ایگزیکٹوڈائریکٹرز، 04 نان ایگزیکٹواور 03 Independent ڈائریکٹرز شامل ہیں۔ڈائریکٹرز کوکاروباری شعبوں میں بھرپوراوروسیع تجربہ ہے۔سال کے دوران، 06 بورڈ میٹنگز منعقد کی گئیں۔ بورڈ نے اپنی تمام ضروری ذمہ داریاں پوری کیں جن میں انتظامیہ کواسٹریٹجک سمت فراہم کرنااورکمپنی کے انتظام کی طرف سے تمام قانونی اورریگولیٹری ضروریات کی تعمیل کویقینی بنانا شامل ہے۔ بورڈ نے آڈٹ کمیٹی اورایچ آر اینڈ ری میونریشن کمیٹی تشکیل دی ہے۔ان کمیٹیوں نے بورڈ کوقیمتی رہنمائی اورمدد فراہم کی۔آڈٹ کمیٹی نے خاص طور پر مالی حسابات اورداخلی کنٹرول کے اثرات کاتفصیلی جائزہ لینے پرتوجہ دی۔ بورڈ کے ارکان اوراس کی کمیٹیوں کی کارکردگی کا سالانہ جائزہ موثر طریقہ کارکی مدد سے لیا گیا۔اس میکانزم کے ذریعے موصول ہونے والی آراء کی بنیاد پر بورڈ کا مجموعی کردار موثر پایا گیا۔

اس موقع سے فائدہ اٹھاتے ہوئے، میں اپنے ملازمین کی انتھک کوششوں کے لیے اپنی تعریف کا اظہار کرتاہوں اور ہمارے قابل قدر صارفین، بینکوں، سپلائرز اور کانٹریکٹرزسمیت تمام اسٹیک ہولڈرز کے مسلسل تعاون اورمدد کے لیے شکریہ ادا کرتاہوں۔

عبدالرزاق دیوان
چیئرمین

DIRECTORS' REPORT 2021

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, 2021, 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. 16,558 million,
- Operating profit Rs. 1,316 million,
- Investment income Rs. 113 million,
- Profit before income tax Rs. 1,302 million,
- Profit after income tax Rs. 1,066 million,
- Earnings per share Rs. 27.78

After a challenging last year, Alhamdulillah your Company has managed to improve its performance in the current period. During this year your Company has achieved net revenue of Rs. 16,558 million as compared to Rs.12,938 million in the same period last year (SPLY) with an overall net increase of 28% mainly because of increase in sales volume of both products of the Company. The increase in sales is on account of the increase in production capacity of PFY on account of the new expansion (which was made ready for production in the second half of previous financial year) and due to higher unit value of the product (because of raw material price increase). However, the actual production of PFY was still 82% of the capacity unlike the above 95% capacity achieved in the years before the year 2014. The primary reason was the overhang of stocks in the market due to imported yarn, the quantity of which has increased tremendously after March to July 2020 lockdown period. Despite increase in the economic activity in the most of quarters of this year, the stocks of Filament Yarn increased to almost double in quantity term as compared to the beginning of the year, while preform stocks reduce by around 20%. The pricing of PFY also could not catch up with the landed cost of PFY due to the tremendous overhang of imported yarn stocks.

The gross profit margin increased to 11.27% in current financial year (FY) as compared to 7.30% same period last year, because of increase in capacity and resultant increase in quantity sold along with reduction in the energy costs on account of removal of GIDC based on the Supreme Court decision as well as freight advantage and dynamic inventory gains. The dynamic inventory gains were on account of the main raw material prices i.e. PTA/MEG which was average \$475/\$410 per ton in July 2020 increased to \$710/\$620 per ton respectively, as of reporting date following the trend of the oil prices (WTI) from \$40 to \$70 per barrel, as well as increase in freight aspect in the competing product - (low priced raw material fetching a higher finished goods price by the time its manufactured/sold). The gross margin was further helped in the second half of the reporting period by freight gains on account of higher global shipping rates impact on imported yarns while your company's raw material did not face that much high-level shipping freight costs. These may turn out to be one time gains as the energy costs may again increase over time due to gas price increases and the dynamic inventory gain will go out of the pocket in the coming periods as dynamic inventory losses once Oil prices and the company's raw materials/product prices trend downwards. The freight gains are again also related to a particular period of time.

The exchange rate which started at Rs. 160 in May 2020 saw an upsurge to Rs.166-Rs.168 in the first quarter of the reporting period but then again came down to around Rs.160 in the second quarter, but significantly down in the last month of the reporting period around Rs.158, which resulted in exchange gain on Company's import liabilities. Again, the same will be reversed next year since exchange rate has risen to Rs.169 at the time of this report.

Distribution & selling expenses significantly increased by around 22% 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 slightly down by 3%.

The bottom line was further supported by the decrease in finance costs by 38% mainly on account of the decrease in State Bank Key Policy Rate from 13.25% (applicable in SPLY) as compared to 7% (applicable for this period).

As explained above, most of the factors which made FY 2021 to be a good year are one time gains or reversible gains. So going forward, we see the next year to be a challenging one because of the removal of RD and ACD on PFY which has seen a reduction in import tariff of PFY by 4.50% while raw material tariff remained the same. This will impact the financials of your company unless the Government is firm and successful in getting the importers to pay the Anti-Dumping Duty on the competing imported yarn consignments, which so far, for 4 years the importers are not paying (discussed in detail below).

On the Balance Sheet front as compared to June 30, 2020, stocks increased by Rs.1,445 million to reach to Rs.3,840 million. Debtors increased by Rs.667 million to reach Rs.2,897 million while creditors increased by Rs.269 million to reach Rs.1,847 million. In view of the above, Company's short-term borrowing increased by Rs.1,849 million as compared to June 30, 2020, to meet financing in working capital requirements.

Besides the expansions noted in the subsequent paragraph, installation of solar panels of 1136 kw and upgradation of winders of old lines, the Company has also undertaken capex on the power generation side by procuring HFO Generators and a Battery Energy Storage System to prevent thread breakages on account of frequent power disturbances on account of gas pressure dropping. The Company has also invested in automation and A1 system for the packing and inspection of PFY.

The Company has also undertaken in this period capital expenditure to expand the

Filament Yarn production from 60,000 tons to 75,000 tons in stage 1 and as noted below, now decided to proceed ahead with to take production to 95,000 tons in stage 2.

As mentioned in the previous Directors' report, the Board of Directors had approved a further expansion of Polyester Filament Yarn capacity and as well as other investments to produce diversified Polyester Products involving a total investment of nearly Rs.8.5 billion, subject to collection of Anti-Dumping Duty. Since the Government has shown a firm resolve and given a firm commitment that it will take firm and result oriented steps against the 4-year evasion of Anti-Dumping Duty on imported Polyester Filament Yarn (PFY) the Board of Directors has given the go ahead of investing the funds in this expansion. The outcome of this expansion will take the Company's production of Polyester Filament Yarn to around 95,000 tons/year in the year 2023 as well as gear up the Company for diversified polyester products. With this expansion significant import substitution will take place reducing the country's imports of Filament Yarn.

CHALLENGES FACED AND FUTURE OUTLOOK

- An important development was that while Regulatory Duty earlier in July 2020 was restored at 2.50% on imported Polyester Filament Yarn (PFY), now in July 2021 this Regulatory Duty has been removed. Not only that but the 2% Additional Custom Duty has also been removed. So, a total reduction of 4.50% in the competing yarn import tariff. The regular import duty on PFY remains at 11% and the intermediate material Polyester Chips at 5% and the basic raw material PTA also at 5%. The Company has strongly conveyed to the Government that while it has not effectively reduced the injury of the domestic PFY industry against dumping because of the Government's inability to stop the evasion of the average 7% anti-dumping (year on year for 4 years) it was totally inappropriate to remove the 4.50% shield of RD and ACD while this evasion continues and while the local PFY industry is willing and geared up to expand capacity. There are many other industrial raw materials and intermediate materials where either RD or ACD still continues.

- The Anti-Dumping Duty continues to be evaded by the importers and is not being paid on majority of the imports of PFY. In the last 4 years 85% of the **Anti-Dumping Duty (government revenue) amounting to over Rs.10 billion has not been collected and therefore the injury to the industry has actually NOT been mitigated by the notified Anti-Dumping Duty.** Also, in the year 2005 to 2010 when the previous Anti-Dumping was imposed, hardly 5% of the applicable dumping duty was collected while 95% not collected. As such Anti-Dumping Duty has proved totally ineffective in mitigating the injury to the PFY industry both in 2005 to 2010 and the 2017 to 2021 while in the intervening period of 2013-2017 Anti-Dumping Duties could not be imposed because of non-functioning of NTC because of quorum issues. So effectively the only shield (that too also partial) was given by the Regulatory Duty and ACD since year 2017 along with the current tariff of 11% on PFY which has helped the above increase in capacity since 2017. Now with removal of RD and ACD that partial shield also has gone away.

- We earnestly hope that Government shows the firm resolve and takes firm and result oriented steps against the 4-year evasion of Anti-Dumping Duty on imported Polyester Filament, which has made a mockery of not only the anti-dumping measures for the local industry against foreign suppliers but also reflects very bad on the ability of the Government to stop such mockery. What happens is that importers of yarn (though being mostly Karachi based) file a petition in one of the benches of the Punjab/Peshawar High Court e.g. Rawalpindi, get a stay, do not pay the

- Anti-Dumping Duty on their imported consignments based on that stay, prolong the hearing to 6 months and once petition is dismissed in that bench of High court, they file the similar petition in a different bench e.g. in Lahore – giving a false affidavit that this is their first petition on this matter and get a stay from that bench of High court, since without that false affidavit they cannot again file a petition in the High court after earlier dismissal. That way by misleading the high court, they have filed petitions in several benches of high court and got stays in last 4 years and not paid the Anti-Dumping Duty.

- The average Anti-Dumping Duty of 7% (minimum 3.25% to max 11.35%) imposed by Pakistan on the Chinese producers is already quite low to cover the actual dumping/injury and is much lower than Anti-Dumping Duties imposed by Turkey minimum 16% or $250/ton and India minimum 23% on the same producers. As such the Regulatory Duty/ACD and the appropriate duty tariff is needed even after collection of the Anti-Dumping Duty. Recently, the USA has also imposed Anti-Subsidy Duties against Chinese Filament Yarn producers @ 32% to 459% and Vietnam has also imposed 17.45% to 21.23% provisional Anti-Dumping Duties against dumped imports of PFY from China and Malaysia. While Brazil has also initiated Anti-Dumping Duties on PFY from China. So, 5 major countries have Anti-Dumping or Countervailing Duties on PFY from China. It is worthwhile to note that regular import duty on Filament Yarn in Bangladesh is 25%.

- 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 effective of Anti-Dumping Duties against dumping injury 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.

- As such the restoration of 2.50% RD and 2% ACD besides the effective collection of Anti-Dumping Duty is strongly requested from the Government.

- Due to the limited size of cotton crop, the aim of the country should be to provide clothe/kapra to more than 200 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 Saudi 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.

- Decision of The Honorable Supreme Court of Pakistan on GIDC for 2011 to 2020, required the Company to settle its liability within 48 equal installments. Review Petition was filed against the said judgment of the Supreme Court of Pakistan wherein the Honorable Supreme Court of Pakistan has decided that since the GIDC Act, 2015 has been held intra vires by the Supreme Court of Pakistan, therefore, any provision of it, which grants relief in respect of waiver of GIDC liability prior to the promulgation of GIDC Act, 2015, is also enforceable under the law. However, in order avail such relief, if applicable, Honorable Supreme Court of Pakistan held that to avail such relief, petitioners should approach another forum to determine as to whether the impact of GIDC was passed on or not. To avail the said relief, the Company filed petition before the Honorable Sindh High Court and the Court has granted stay order to the Company and restrained M/s. Sui Southern Gas Company Limited from charging the cess and recovery of monthly installments till final decision of the matter.

- The Company's significant funds are stuck in Income Tax refunds, which unnecessarily affecting liquidity of the Company.

- A project of Digital Upgradation through SAP has been started in the Company to implement the best international practices for better utilization of resources in an efficient manner. This is not just a technological upgrade but a transformation which requires re-imagining business processes, organizational realignment and upscaling of human resource. On successful implementation its aim is to provide a competitive edge through timely and better-informed decisions.

OTHER MATTERS

- During the period operations of Wholly Owned Subsidiary Messrs. Gatro Power (Private) Limited remained disturbed due to shortage of gas supply and use of alternate sources to supply power to Parent Company, resulting in increased power cost.

- 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.

- Alhamdulillah, the Company had derecognized the investment in associated Company as per approved scheme of Arrangement, which was approved by the High Court on September 21, 2020, and same order of the Honorable Court filed with the Registrar on October 06, 2020.

APPROPRIATION

The Board of Directors of the Company has not recommended any dividend for the year ended June 30, 2021.

EARNINGS PER SHARE

The earnings per share of the Company for the year ended on June 30, 2021, is Rs 27.78.

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 2021-22.

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, 2021 prepared by the management of the company, present its state of 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 adequately disclosed and explained;
- The system of internal control is sound in design and 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 at June 30, 2021 was Rs. 542 million;

- During the year 06 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, 2021, 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. Pir Muhammad Diwan	(*resigned w.e.f.16 Feb, 2021)	04*		
Mr. Abdul Razak Diwan		06		
Mr. Shabbir Diwan		05		
Mr. Haroon Bilwani	(**resigned w.e.f.16 Feb, 2021)	06	03**	
Mr. Zakaria Bilwani	(***appointed w.e.f.16 Feb, 2021)	06	01***	
Mr. Usman Habib Bilwani		06	04	04
Mr. Muhammad Iqbal Bilwani		06	04	04
Mr. Muhammad Taufiq Bilwani		06		
Mr. Muhammad Waseem	(****resigned w.e.f.24 Dec, 2020)	06	04	02****
Mr. Talat Iqbal	(*****appointed w.e.f. 24 Dec, 2020)	03		02*****
Ms. Huma Rafique	(appointed w.e.f. 24 Dec, 2020)	03		

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

BOARD OF DIRECTORS

Changes in the Board of Directors subsequent to election of Directors of the Company held on December 22, 2020 have already been communicated to the members in the Directors report of half yearly ended on December 31, 2020.

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

The Board of the Company is grateful to all the Stakeholder for their diligent trust and confidence in the Company and all the Directors acknowledged their consistent cooperation and continued support throughout the years and we are confident that they will continue to do so in the future.

We would like to express our sincere appreciation to each member of the Company for their commitment, innovative thinking and delivering their duties with utmost dedication and also we are thankful to all the Government Institutions, Auditors, the SECP, the PSX and Banks for their valuable guidance and assistance extended for the growth and progress of the Company.

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

September 18, 2021.

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۔

اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے ہم پر اعتماد کیا اور تمام ڈائریکٹرز ان کے مسلسل تعاون اور حمایت کو اس یقین کے ساتھ کے وہ آئندہ بھی ایسا کرتے رہیں گے تسلیم کرتے ہیں۔

ہم کمپنی کے ہر ممبر کے پر عزم، جدید سوچ اور اپنے فرائض کو انتہائی لگن کے ساتھ سرانجام دینے پر اُن کے تہہ دل سے مشکور ہیں۔ ساتھ ہی ہم تمام سرکاری اداروں، آڈیٹرز، ایس ای سی پی، پی ایس ایکس اور بینکرز کے شکر گزار ہیں جنہوں نے کمپنی کی ترقی میں اپنا کردار بخوبی نبھایا۔

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

18 ستمبر، 2021ء

شیئر ہولڈنگ کی ترتیب:

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

مجموعی مالیاتی گوشوارے:

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

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 2021ء 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۔
☆ دورانِ سال ڈاریکٹرز نے جو کمپنی کے حصص میں تجارت کی معلومات تفصیلاً شیئر ہولڈنگ کی ترتیب میں بیان کی گی ہیں۔
☆ گزشتہ 6 سال کا اہم آپریٹنگ اور فنانشل ڈیٹا اس رپورٹ میں منسلک ہے۔
☆ 30 جون 2021ء کو پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر مبلغ 542 ملین روپے تھی۔
☆ دوران سال 6 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 پیر محمد دیوان *(16 فروری 2021ء کو مستعفی ہوئے)	04*	-	-
محترم جناب عبدالرزاق دیوان	06	-	-
محترم جناب شبیر دیوان	05	-	-
محترم حاجی ہارون بلوانی **(16 فروری 2021ء کو مستعفی ہوئے)	06	03**	-
محترم جناب زکریا بِلوانی ***(16 فروری 2021ء کو منتخب ہوئے)	06	01***	-
محترم جناب عثمان حبیب بِلوانی	06	04	04
محترم جناب محمد اقبال بِلوانی	06	04	04
محترم جناب محمد توفیق بِلوانی	06	-	-
محترم جناب محمد وسیم ****(24 دسمبر 2020ء کو مستعفی ہوئے)	06	04	02****
محترم جناب طلعت اقبال *****(24 دسمبر 2020ء کو منتخب ہوئے)	03	-	02*****
محترمہ ہما رفیق (24 دسمبر 2020ء کو منتخب ہوئیں)	03	-	-

(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 22 دسمبر 2020ء کو منعقد ہونے والے کمپنی کے ڈائریکٹرز کے انتخاب کے بعد واقع تبدیلی کی معلومات 31 دسمبر 2020ء کو ختم ہونے والی ششماہی ڈائریکٹرز رپورٹ میں ممبروں کو پہلے ہی دی جا چکی ہے۔

☆ جی آئی ڈی سی (GIDC) کے متعلق 2011ء سے 2020ء تک سپریم کورٹ آف پاکستان کے فیصلے کی وجہ سے کمپنی کو اپنی بقایا جات 48 اقساط کی شکل میں ادا کرنی پڑیں گی۔ سپریم کورٹ آف پاکستان کے مذکورہ فیصلے کے خلاف نظر ثانی کی درخواست دائر کی گئی تھی جس میں معزز سپریم کورٹ آف پاکستان نے فیصلہ کیا کہ چونکہ GIDC Act, 2015 کو سپریم کورٹ آف پاکستان نے Intra Vires قرار دیا، لہذا، اس کی کوئی بھی شق، جو GIDC ایکٹ 2015 کے نفاذ سے قبل GIDC واجبات کی وصولی کے حوالے سے ریلیف دیتی ہو، قانون کے تحت قابل عمل ہے۔ تاہم، یہ ریلیف قابل اطلاق ہونے کیلئے، معزز سپریم کورٹ آف پاکستان نے یہ کہا ہے کہ، درخواست گزاروں کو کسی دوسرے فورم سے رجوع کرنا چاہیے تاکہ یہ معلوم کیا جا سکے کہ جی آئی ڈی سی کے اثرات آگے منتقل ہوئے ہیں یا نہیں۔ مذکورہ ریلیف حاصل کرنے کے لیے کمپنی نے سندھ ہائی کورٹ میں پٹیشن دائر کی ہے اور اس معاملے کے حتمی فیصلے تک سوئی سدرن گیس کمپنی کی جانب سے ماہانہ بلوں (BILLS) میں GIDC کے اقساط وصولی کے خلاف معزز ہائیکورٹ آف سندھ نے کمپنی کے حق میں Stay Order دیا ہے۔

☆ کمپنی کی خطیر رقم انکم ٹیکس ری فنڈ میں پھنسی ہوئی ہے جو Liquidity پر اثر انداز ہو رہی ہے۔

☆ SAP کے ذریعے (Digital-Upgradation) ڈیجیٹل اپ گریڈیشن کا پروجیکٹ شروع کیا گیا ہے، تا کہ وسائل کو بہتر استعمال اور موثر انداز میں بہترین بین الاقوامی طریقوں کو عمل میں لایا جاسکے۔ یہ صرف Technological Upgrade نہیں ہے بلکہ ایسی تبدیلی ہے جس میں Business Processes، تنظیم سازی کی بحالی اور انسانی وسائل کو اعلیٰ درجہ پر لانا شامل ہے۔ اس کی کامیاب تکمیل کا مقصد بر وقت اور باخبر فیصلوں کے ذریعے مسابقتی برتری کی فراہمی ہے۔

دیگر امور:

☆ زیر جائزہ مدت کے دوران مکمل ملکیتی ماتحت ادارہ میسرز گیٹرو پاور (پرائیویٹ) لمیٹڈ کی عملی کارکردگی گیس کی فراہمی میں قلت اور پیرنٹ کمپنی کو متبادل ذرائع سے تیار شدہ مہنگی بجلی کی فراہمی کے نتیجے میں متاثر رہی۔

☆ 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۔

☆ اَلحَمدُ لِلّٰہ، کمپنی نے متعلقہ کمپنی میں اپنی سرمایہ کاری کو منظور شدہ Scheme of Arrangement کی موثر تاریخ سے ڈی ریکگنائزڈ (Derecognized) کر دیا ہے، جس کی ہائیکورٹ آف بلوچستان، کوئٹہ نے 21 ستمبر 2020ء کو منظوری دی اور 6 اکتوبر 2020ء کو اس منظوری کی آگاہی رجسٹرار کو دے دی ہے۔

تصرف:

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2021ء کے اختتام پذیر ہونے والے سال کیلئے حتمی منافع منقسمہ نہ دینے کی تجویز پیش کی ہے۔

آمدن فی حصہ:

30 جون 2021ء کو اختتام پذیر ہونے والے سال کے لیئے منافع فی حصہ 27.78 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 22-2021 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۔

- ☆ پی ایف وائی (PFY) کے اکثر درآمد کنندگان اینٹی ڈمپنگ ڈیوٹی دینے سے گریز کر رہے ہیں اور ابھی تک یہ ڈیوٹی نہیں دے رہے۔ پچھلے 4 سالوں میں تقریباً 85 فیصد پی ایف وائی درآمدات پر اینٹی ڈمپنگ ڈیوٹی (حکومتی ریونیو) نہیں دی گئی جس کی مالیت **10 بلین روپے سے زیادہ ہے جبکہ اِس روییے نے انڈسٹری کو ہونے والے نقصان کو اس اینٹی ڈمپنگ ڈیوٹی نے کم کرنے مدد نہیں دی**۔ سال 2005ء سے 2010ء میں جب سابقہ اینٹی ڈمپنگ نافذ کی گئی تھی تو، قابل اطلاق ڈمپنگ ڈیوٹی صرف 5 فیصد جمع کی گئی جبکہ 95 فیصد جمع نہیں کی گئی۔ اینٹی ڈمپنگ ڈیوٹی پی ایف وائی انڈسٹری پر سال 2005ء سے 2010ء اور 2017ء سے 2021ء کے دوران پہنچنے والے نقصانات کی تلافی میں سراسر غیر موثر ثابت ہوئی، سال 2013ء سے 2017ء تک NTC کورم کے مسائل کی وجہ سے اینٹی ڈمپنگ ڈیوٹی عائد نہیں کی جاسکی۔ ریگولیٹری ڈیوٹی اور اے سی ڈی (Regulatory Duty & Additional Custom Duty) جو کہ واحد ڈھال ہیں (گو کہ جزوی ہیں) کو مؤثر طریقے سے سال 2017ء سے نافذ کیا گیا جسکی وجہ سے پیداواری صلاحیت میں اوپر ذِکر کئے گئے اضافے میں مدد ملی اس کے ساتھ پی ایف وائی پر 11 فیصد ٹیرف نے سال 2017ء کے بعد سے اوپر کی صلاحیت میں اضافے میں مدد کی ہے۔ اب آر ڈی اور اے سی ڈی (Regulatory Duty & Additional Custom Duty) کو ہٹانے سے جزوی ڈھال بھی برقرار نہیں رہی۔

- ☆ ہمیں پوری امید ہے کہ حکومت درآمد شدہ پالیسٹر فلیمنٹ یارن پر اینٹی ڈمپنگ ڈیوٹی کی 4 سال کی غیر وصولی کے خلاف پختہ اور نتیجہ پر مبنی اقدامات کرے گی، جو کہ غیر ملکی سپلائرز کے خلاف مقامی صنعت کے لیے نہ صرف اینٹی ڈمپنگ اقدامات کا مذاق اڑانا ہے بلکہ اس طرح کے عمل کو نہ روکنے کی وجہ سے حکومت کی صلاحیت پر بھی برا اثر ڈال رہا ہے۔ ایسا ہوتا ہے کہ یارن کے درآمد کنندگان (اگرچہ زیادہ تر کراچی میں مقیم ہیں) پنجاب/ پشاور ہائی کورٹ کے ایک بینچ میں درخواست دائر کرتے ہیں جیسے کہ راولپنڈی سے، Stay Order حاصل کر کے درآمدی یارن پر اینٹی ڈمپنگ ڈیوٹی ادا نہیں کرتے، سماعت کو 6 ماہ تک بڑھاتے ہیں اور ہائی کورٹ کے اس بینچ میں ایک بار درخواست خارج ہونے کے بعد، اسی طرح کی درخواست ایک مختلف بنچ میں دائر کرتے ہیں جیسے لاہور میں — 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 درخواستیں دائر کی ہوئی ہیں اور پچھلے 4 سالوں سے Stay حاصل کر کے اینٹی ڈمپنگ ڈیوٹی کی ادائیگی نہیں کر رہے۔

- ☆ چینی پروڈیوسروں پر پاکستان کی طرف سے لگائی جانے والی اوسطاً 7 فیصد اینٹی ڈمپنگ ڈیوٹی (کم سے کم 3.25 فیصد سے زیادہ سے زیادہ 11.35 فیصد) اصل Dumping/Injury کا احاطہ کرنے کے لئے کافی کم ہے اور ترکی کی طرف سے عائد اینٹی ڈمپنگ ڈیوٹی سے کہیں کم ہے جو کہ 16 فیصد یا $250 فی ٹن اور ہندوستان انہیں پروڈیوسروں پر کم سے کم 23 فیصد لاگو کر رکھی ہے۔ لہٰذا ریگولیٹری ڈیوٹی / اے سی ڈی اور اینٹی ڈمپنگ ڈیوٹی (Regulatory Duty/Additional Custom Duty & Anti-dumping Duty) جمع کرنے کے بعد بھی مناسب ڈیوٹی ٹیرف کی ضرورت ہے۔ حال ہی میں امریکہ نے چینی فلیمنٹ یارن کے پروڈیوسروں کے خلاف 32 فیصد سے 459 فیصد تک اینٹی سبسڈی ڈیوٹیاں عائد کی ہیں اور ویت نام نے بھی پی ایف وائی کی Dumped Imports پر چین اور ملائیشیا کے سپلائیرز پر 17.43 فیصد سے 21.23 فیصد تک عارضی اینٹی ڈمپنگ ڈیوٹی عائد کر دی ہے۔ جبکہ برازیل نے بھی چینی پی ایف وائی پر اینٹی ڈمپنگ ڈیوٹیاں شروع کر دی ہیں۔ چنانچہ، 5 بڑے ممالک نے چینی پی ایف وائی پر اینٹی ڈمپنگ اور Countervailing Duties عائد کی ہوئی ہیں۔ یہ بات قابل غور ہے کہ بنگلہ دیش میں فلیمنٹ یارن پر باقاعدہ درآمدی ڈیوٹی 25 فیصد ہے۔

- ☆ کمپنی کی توسیع کے ساتھ ساتھ پاکستان میں فلیمنٹ یارن کے دوسرے پروڈیوسروں کی طرف سے توسیع، درآمد شدہ یارن کا مقابلہ کرنے پر ریگولیٹری ڈیوٹی کے ساتھ ساتھ ڈمپنگ Injury کے خلاف اینٹی ڈمپنگ ڈیوٹیوں کا تسلسل، PFY کی مقامی پیداوار کو ایک سطح تک لے جاسکتا ہے جو آنے والے سالوں میں مقامی طلب کے 60 فیصد کو پورا کرے گا جبکہ 2017ء میں یہ صرف 30 فیصد تھا۔ یہ توسیع درآمد کا متبادل دے گی اور کرنٹ اکاؤنٹ کا خسارہ کم کرے گی (جو اس وقت عروج پر ہے) اور انڈسٹری کی جانب سے پہلے سے فراہم کی جانے والی ملازمتوں کے علاوہ اور بھی مقامی روزگار فراہم کرے گی۔ پی ایف وائی 2020ء میں ملک کی سب سے بڑی درآمدات میں 15 ویں نمبر پر تھی لہذا 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۔

- ☆ اس لئے 2.5 فیصد آر ڈی اور 2 فیصد اے سی ڈی کی بحالی کے علاوہ اینٹی ڈمپنگ ڈیوٹی کے موثر وصولی کی حکومت سے پرزور درخواست کی جاتی ہے۔

- ☆ کاٹن کی فصل کم کاشت کی جانے کی وجہ سے یہ ضروری ہے کہ 200 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 اب جبکہ سعودی ریفائنری کا قیام عمل میں لایا جارہا ہے تو PTA کا اہم خام مال PARAXYLENE کیمیکل بھی خام تیل سے ملک میں ہی بنایا جاسکے گا جس کے نتیجے میں خود انحصاری حاصل ہو سکے گی اور خام تیل سے لیکر پولیسٹر ملبوسات تک کی پوری Chain ملک میں ہی بنے گی۔

ڈسٹری بیوشن اور فروخت کے اخراجات میں پچھلے اسی عرصے کے مقابلے میں تقریبا 22 فیصد کا اضافہ ہوا اور اس کی بنیادی وجہ فروخت کے حجم میں اضافہ اور Sea Freight اور ٹرانسپورٹیشن چارجز میں اضافہ ہے۔ دوسری طرف، انتظامی اخراجات میں 3 فیصد کی کمی ہوئی۔

فنانس کے اخراجات میں 38 فیصد تک کمی کی وجہ سے کمپنی کے نتائج مزید بہتر ہوئے جس کی بنیادی وجہ اسٹیٹ بینک کی کلیدی پالیسی کی شرح جو پچھلے سال کی اسی مدت میں 13.25 فیصد تھی اب 7 فیصد تک ہوگئی۔

جیسا کہ اوپر بیان کیا گیا ہے، زیادہ تر عوامل جنہوں نے مالی سال 2021 کو ایک اچھا سال بنایا وہ ایک وقتی ہیں۔ لہذا آگے بڑھتے ہوئے، ہم پی ایف وائی پر آر ڈی اور اے سی ڈی (Regulatory Duty & Additional Custom Duty) ہٹ جانے کی وجہ سے اگلے سال کو ایک مشکل سال دیکھتے ہیں جس میں پی ایف وائی کے درآمدی ٹیرف میں 4.5 فیصد کی کمی دیکھی گئی جبکہ خام مال کے ٹیرف میں کوئی تبدیلی نہیں ہوئی۔ یہ آپ کی کمپنی کے نتائج کو متاثر کرے گا جب تک کہ حکومت یارن درآمد کنندگان سے اینٹی ڈمپنگ ڈیوٹی پابندی کے ساتھ وصول کرنے میں کامیاب ہو، جو کہ 4 سال سے درآمد کنندگان ادا نہیں کر رہے۔ (ذیل میں تفصیل سے ذکر کیا گیا ہے)۔

30 جون 2020ء کے مقابلے میں اسٹاک میں 1,445 ملین روپے کا اضافہ ہوا جو 3,840 ملین روپے تک پہنچ گیا۔ قابل وصول قرضوں کی مالیت 667 ملین روپے کے اضافے کے ساتھ 2,897 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 269 ملین روپے سے بڑھ کر 1,847 ملین روپے تک پہنچی۔ اِن امور کی وجہ سے ورکنگ کیپیٹل کی ضروریات بڑھ گئیں اور قلیل مدتی قرضہ جات میں 30 جون 2020ء کے مقابلہ میں 1,849 ملین روپے کا اضافہ ہوا۔

جیسا کہ نیچے درج کیا گیا ہے کہ کمپنی 1136 کلوواٹ کے شمسی پینل کی تنصیب، پرانی لائنوں کے وائینڈرس (Winders) کی صلاحیتوں کو بڑھانے کے علاوہ، کمپنی نے گیس کے پریشر میں بار بار گرنے کی وجہ سے بجلی کی مسلسل رکاوٹوں کو روکنے کے لیے HFO جنریٹرز اور بیٹری انرجی اسٹوریج سسٹم درآمد کر رہی ہے۔ کمپنی PFY کی پیکنگ اور معائنہ کے لیے آٹومیشن اور A1 سسٹم میں بھی سرمایہ کاری کر رہی ہے۔

کمپنی نے حالیہ مدت میں فلیمنٹ یارن کی پیداواری صلاحیت 60,000 ٹن سے بڑھا کر 75,000 ٹن تک لے جانے کے توسیعی منصوبے کے پہلے مرحلے کے بعد اب دوسرے مرحلے میں پیداواری صلاحیت 95,000 ٹن تک لے جانے کا فیصلہ کیا ہے۔

جیسا کہ پچھلی ڈائریکٹرز رپورٹ میں درج کیا گیا کہ بورڈ آف ڈائریکٹرز نے پالیسٹر فلیمنٹ یارن میں توسیع اور لاگتوں میں کمی کے لئے دیگر پراجیکٹس کے upgradation کی بھی منظوری دی جس میں مجموعی طور پر 8.5 بلین روپے کی سرمایہ کاری ہوگی جو کہ اینٹی ڈمپنگ ڈیوٹی کے موثر نفاذ سے مشروط ہے۔ چونکہ حکومت نے پختہ عزم اور پختہ یقین دلایا ہے کہ وہ درآمدی پالیسٹر فلامینٹ یارن (پی ایف وائی) پر اینٹی ڈمپنگ ڈیوٹی کی 4 سال کی چوری کے خلاف مضبوط اور نتیجہ پر مبنی اقدامات کرے گی اس لئے بورڈ آف ڈائریکٹرز نے اس توسیع میں فنڈز کی سرمایہ کاری کو آگے بڑھانے کا عندیہ دیا ہے۔ اس توسیع عمل کے نتیجے میں کمپنی سال 2023ء تک پالیسٹر فلیمنٹ یارن کی پیداوار کو تقریباً 95,000 ٹن سالانہ تک لے جایا جا سکے گا اور ساتھ ہی کمپنی کو دیگر پالیسٹر مصنوعات کی تیاری میں بھی مدد ملے گی۔ یہ توسیعی منصوبہ غیر ملکی فلامنٹ یارن کی درآمدات کو کم کرے گا۔

درپیش چیلنجز اور مستقبل پر ایک نظر:

☆ ایک اہم پیشرفت یہ ہے کہ پچھلے بجٹ میں درآمد شدہ پالیسٹر فلیمنٹ یارن (PFY) پر ریگولیٹری ڈیوٹی کو جولائی 2020ء سے 2.50 فیصد سے بحال کیا گیا تھا جو جولائی 2021ء میں اسے ختم کر دیا گیا ہے۔ نہ صرف یہ بلکہ 2 فیصد اضافی کسٹم ڈیوٹی بھی ختم کر دی گئی ہے۔ تو مجموعی طور پر 4.5 فیصد کی کمی مسابقتی درآمدی یارن ٹیرف پر ہوئی۔ پی ایف وائی پر باقاعدہ درآمدی ڈیوٹی 11 فیصد اور انٹرمیڈیٹ مٹیریل پالیسٹر چپس پر 5 فیصد اور بنیادی خام مال پی ٹی اے پر بھی 5 فیصد پر برقرار ہے۔ کمپنی نے حکومت کو سختی سے آگاہ کیا ہے کہ اگرچہ ڈمپنگ کے خلاف مقامی پی ایف وائی انڈسٹری کی Injury کو مؤثر طریقے سے کم نہیں کیا کیونکہ حکومت کی اوسط 7 فیصد اینٹی ڈمپنگ کی چوری کو روکنے میں ناکامی کی وجہ سے (ہر سال 4 سال تک) آر ڈی اور اے سی ڈی (Regulatory Duty & Additional Custom Duty) کی 4.5 فیصد شیلڈ کو ہٹانا مکمل طور پر نامناسب ہے جبکہ یہ چوری جاری ہے اور جبکہ مقامی پی ایف وائی انڈسٹری صلاحیت کو بڑھانے کے لیے مکمل طور پر تیار رہے۔ بہت سے دوسرے صنعتی خام مال اور انٹرمیڈیٹ مال ایسے ہیں جن پر آر ڈی یا اے سی ڈی (Regulatory Duty & Additional Custom Duty) اب بھی لاگو ہے۔

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،

گیٹرون (انڈسٹریز) لمیٹڈ کے ڈائریکٹرز 30 جون 2021ء 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 16,558 ملین روپے۔
☆ آپریٹنگ منافع 1,316 ملین روپے۔
☆ آمدنی بذریعہ سرمایہ کاری 113 ملین روپے۔
☆ منافع قبل از انکم ٹیکس 1,302 ملین روپے۔
☆ منافع بعد از انکم ٹیکس 1,066 ملین روپے۔
☆ آمدنی فی حصہ 27.78 روپے۔

پچھلے مشکل مالی سال کے بعد، الحمدللہ کمپنی موجودہ مدت میں اپنی کارکردگی کو بہتر بنانے میں کامیاب رہی۔ اس سال کے دوران کمپنی کی خالص فروخت 16,558 ملین روپے رہی جبکہ گزشتہ سال کی اسی مدت میں 12,938 ملین تھی یہ 28 فیصد اضافے کی بنیادی وجہ کمپنی کی دونوں مصنوعات کی فروخت کے حجم میں اضافہ اور فروخت میں اضافہ کی اہم وجہ پی ایف وائی کی پیداواری صلاحیت میں اضافہ ہے جس کی وجہ توسیع منصوبہ (جو کہ پچھلے مالی سال کے نصف حصے میں پیداوار کے لیے تیار کیا گیا تھا) اور مصنوعات کی Higher Unit Value (جو کہ خام مال کی قیمت میں اضافے کی وجہ سے) ہے۔ تاہم پی ایف وائی کی اصل پیداواری صلاحیت کا 82 فیصد رہی جو کہ سال 2014ء سے پہلے کے سالوں میں 95 فیصد تک حاصل کی گئی تھی۔ اس کی بنیادی وجہ درآمد شدہ یارن کا اسٹاک مارکیٹ میں حد سے زیادہ ہونا ہے، جس کی مقدار مارچ تا جولائی 2020ء کی لاک ڈاؤن مدت کے بعد بہت زیادہ بڑھ گئی۔ معاشی سرگرمیوں میں اضافے کے باوجود، سال کے بیشتر حصہ میں فلیمینٹ یارن کے اسٹاک میں مقدار کے لحاظ سے سال کے آغاز کے مقابلے میں تقریباً دوگنا اضافہ ہوا، جبکہ پریفارمز کا اسٹاک کم و بیش 20 فیصد کم ہوا۔ پی ایف وائی کی قیمتیں بھی درآمد شدہ یارن کے اسٹاک میں زبردست اضافے کی وجہ سے Landed Cost تک بھی نہیں پہنچ سکیں۔

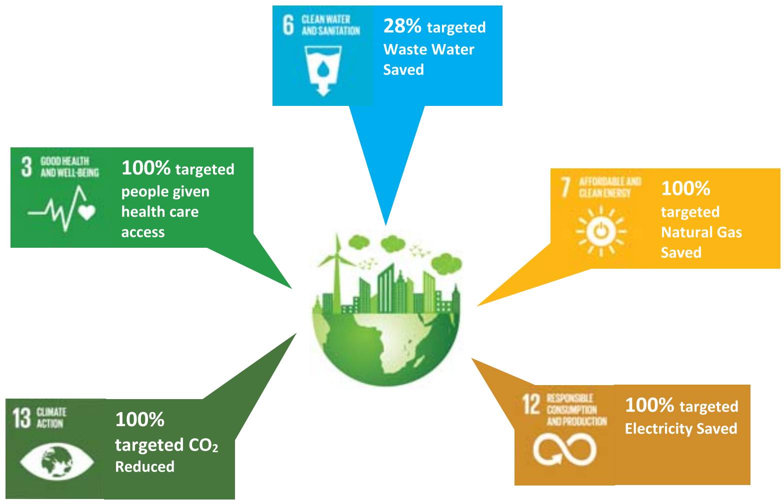
موجودہ مالی سال میں مجموعی منافع کا مارجن بڑھ کر 11.27 فیصد ہو گیا جو گذشتہ سال کی اسی مدت میں 7.30 فیصد تھا جس کی وجہ پیداواری صلاحیت میں اضافہ اور اس کے نتیجے میں فروخت ہونے والی مقدار میں اضافے کے ساتھ ساتھ توانائی کے اخراجات میں کمی، جی آئی ڈی سی جو سپریم کورٹ کے فیصلے کے مطابق ختم ہونے کے سبب اور اس کے ساتھ ساتھ Sea Freight کا فائدہ اور غیر معمولی Inventory Gain ہے۔ غیر معمولی Inventory Gain خام مال کی قیمتوں کی وجہ سے تھا یعنی PTA/MEG کی قیمتیں جو جولائی 2020ء میں اوسط $475/$410 فی ٹن سے $710/$620 فی ٹن تک بالترتیب بڑھ گئیں، رپورٹنگ تاریخ کے مطابق تیل کی قیمتوں کے رجحان جو (WTI) $40 سے $70 فی بیرل ہونے کے ساتھ ساتھ مسابقتی مصنوعات کے Sea Freight میں اضافہ ہے (کم قیمت کا خام مال جو Finished Goods تیار ہونے تک زیادہ قیمت میں فروخت ہوا)۔ مجموعی مارجن کو رپورٹنگ مدت کے دوسرے نصف حصے میں Freight Gains میں عالمی سطح پر Sea Freight میں غیر معمولی اضافے کے اثرات کمپنی کے خام مال کے مقابلے میں درآمدی یارن پر زیادہ پڑے۔ یہ ایک وقت کا فائدہ عارضی نوعیت کا ہو سکتا ہے کیونکہ توانائی کی قیمتوں میں وقت کے ساتھ اضافہ گیس کی قیمت میں اضافے کی وجہ سے دوبارہ بڑھ سکتی ہیں اور آنے والی مدتوں میں غیر معمولی Inventory کا فائدہ تیل کی قیمتوں اور خام مال/مصنوعات کی قیمتوں میں گراوٹ کی وجہ سے ختم ہو سکتا ہے۔

زرمبادلہ کی شرح جو مئی 2020ء میں 160 روپے سے شروع ہوئی تھی اور رپورٹنگ مدت پہلی سہ ماہی میں 166 روپے سے 168 روپے تک بڑھ گئی لیکن دوسری سہ ماہی میں دوبارہ کم ہو کر 160 روپے تک آ گئی، لیکن رپورٹنگ مدت کے آخری مہینے میں نمایاں طور پر 158 روپے تک مزید نیچے آ گئی جس کے نتیجے میں کمپنی کی درآمدی واجبات پر Exchange Rate کا فائدہ ہوا۔ یہ فائدہ اس رپورٹ کے وقت زرمبادلہ کی شرح بڑھ کر 169 روپے ہو جانے کی وجہ سے موجودہ سال میں ختم ہو جائیگا۔

SUSTAINABILITY REPORT

Sustainability Report

PEOPLE. PLANET. PROSPERITY.



Sustainable practices are crucial to ensuring that Gatron (Industries) Limited continues to thrive in the long-term by advancing the Triple Bottom Line approach - people, planet and prosperity. We continue to improve our efforts to further integrate the Sustainability Development Goals into our business strategy, operations and our organizational culture by creating shared value and demonstrating environmental and economic performance.

The concept of sustainability provides perspective on the relationship between Gatron (Industries) Limited and its stakeholders. Sustainability allows the company to consider how social and environmental issues affect our business and it is a driver of Gatron's strategy. Sustainability factors have increasingly become paramount for Gatron (Industries) Limitedas we aim to balance profitability, environmental protection and the growth and prosperity of the social communities in which we operate.

We have adopted and followed the framework laid by the UNDP goals encompassing five key focus areas:

1. SDG-3: Good Health and Well-being
2. SDG-6: Clean Water and Sanitation
3. SDG-7: Affordable and Clean Energy
4. SDG-13: Climate Action
5. SDG-12: Responsible Consumption and Production

Our Goals achieved for fiscal year 2021 are as follow:

1. We have contributed in health care and provided basic medical outreach to **30,500** people.
2. We have allocated a budget which benefits **21,800** people by early warning, risk reduction and pandemic management like COVID-19.
3. We intended to save **26 Million Imperial Gallons of waste water** by end of FY 2021. We managed to save **7.3 Million Imperial Gallons of waste water.**
4. We have saved **1,815,800 cubic meters of Natural Gas.**
5. We have reduced **CO_2 Emissions by 11,910 Tons**
6. We have saved **6,181,000 kWh of Electricity.**

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	30,500	30,000	32,500	35,000	40,000
Management of Global health risk/ Pandemics	21,812	14,000	15,000	16,000	17,000
Overall Achieved/Targets	52,312	44,000	47,500	51,000	57,000

Gatron (Industries) Limited initiated a joint COVID-19 vaccination drive with LIEDA from April 2021 successfully vaccinating 700 individuals and promoting employees to get vaccinated through meetings, emails and motivational sessions, and we aim to have a fully vaccinated workforce by end of September 2021.

For the community, we are committed to facilitate the people in under-privileged areas to improve their health and well-being. Gatron has 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

All expenses of our Eye Care Clinics provided through the Welfare Chapter of Gatron Foundation.

Vaccination drive at Gatron (Industries) Limited

We provide food rations and donate clothing to the under-privileged because we empathize with the fact that per WHO, "around 820 million people do not have enough to eat in the world". In the future, we aim to play our part to achieve the UNDP SDG-2 of "Zero Hunger".

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			

Water is life; for both our world and its industries which is why Gatron (Industries) Limited focuses immensely on its conservation and responsible usage.

Gatron (Industries) Limited has adopted the following technologies and methodologies to conserve water by playing its part:

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

Using the above mentioned technologies and methodologies we have managed to save **7.3 Million Imperial Gallons** this year.

Delays in commissioning of DAF System and Effluent Treatment Plant, many of which are attributable to COVID-19, have resulted in failure to reach our intended 26 Million IG water savings.

Despite the setbacks brought on by FY 2020-2021, we are wholly dedicated to further the water conservation and intend to commit more resources to Clean Water and Sanitation. Reducing our water consumption and ensuring our effluent does not adversely effect our ecosystem will indirectly also lead to reduced CO_2 emissions due to reduced Water Tanker movement to our factory.

Dissolved Air Flotation System

Affordable and Clean Energy

	By end of FY 2021	By end of FY 2022	By end of FY 2023	By end of FY 2024
Natural Gas Savings m3/Year	985,000	2,000,000	3,000,000	3,900,000
Achieved Results m3/Year	1,815,828			

Harnessing the power of the sun and waste heat to reduce our dependence of Natural Gas has paved the way to Gatron (Industries) Limited improving its sustainability. By increasing our reliance on renewable resources and employing more efficient energy recovery methodologies we have ensured production of more economical power that will ensure a cleaner, healthier planet for generations to come.

Our journey for Affordable and Clean Energy led to the planning, installation and commissioning of the following projects in FY 2020-2021:

1. **1135 kW Renewable Solar Energy** plant installation and commissioning has resulted in yearly savings of 384,900 m3 of Natural Gas.
2. Alternative **Preheating source of Heat Transfer Media** was met with delays, despite which it has been installed however we were unable to benefit from it in this fiscal year.
3. Installing and commissioning of **Higher Efficiency Engines** and **replacement of old Chillers** has resulted in 1,430,000 m3

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 340,000 m3/year of Natural Gas.
2. Planning of future investments in Solar Energy to increase output of **Renewable Energy to 1535 kW** resulting in Savings of 820,000 m3 of Natural Gas per Year.
3. Planning of future investments in further **Preheating source of Heat Transfer Media** to save 4,400,000 m3/year of Natural Gas.

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
Reduction in CO_2 Emissions Tons/Year	6,790	12,430	12,880	13,330
Achieved Results Tons/Year	11,910			

Climate change has arguably caused most harm to our planet. Gatron (Industries) Limited lays special importance to this Development Goal for achieving sustainability in natural resource management.

We were able to save **11,910 Tons** of CO_2 emissions by reliance on renewable energy and replacing and procuring higher efficiency equipment.

Our continuous commitment to utilizing waste heat to make our entire site thermally more efficient has resulted in CO_2 emissions reductions.

Trees are essential to our ecosystem, they are the breath of our world. To secure a green future for our planet, Gatron (Industries) Limited has initiated a tree plantation drive for carbon sequestration. We have successfully planted 148 trees this fiscal year with future plans of increasing that number in the coming years.

HTM Pre-Heater

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			

Continuing our focus towards reducing global waste, initiated by our product Ecoron, we now expand towards **biodegradable yarn "Bioron".**

We have partnered with CiCLO to introduce **"Bioron"** which has a biodegradation pace quicker even than wool fibers. We hope to bring about a reduction in our planet's pollutants and are committed to making the world more sustainable for our generations to inherit.

To further our competitive superiority, we at Gatron (Industries) Limited believe that long term sustainable advancement is derived from growing alongside society and our environment in which we operate.

We have successfully surpassed our goal of saving 4.3 Million kWh of electricity and have achieved **electrical savings of 6.1 Million kWh for FY 2020-2021.**

Our global technology partners enable us to access the latest and most efficient technologies to consistently improve our capacities and quality.

Aligned with the responsible consumption and production theme, we have continued investing multi-million dollars for capacity & quality enhancement, energy efficient and environment friendly projects.

Reducing, reusing and recycling are the needs of the hour and we continuously engage ourselves in collective efforts to further improve our responsibility towards consumption and production, throughout this fiscal year we have added more **Barmag e-Save state-of-the-art texturing machines** which have higher energy efficiency and would result in energy conservation along with producing high yarn quality with improved productivity.

HSE

Occupational Health and Safety

	Achieved	Targets		
	By end of FY 2021	By end of FY 2022	By end of FY 2023	By end of FY 2024
Fatalities: employees	0	0	0	0
LTI - Lost time Injury	6	4	3	2
MTI - Medical Treatment Injury	14	11	10	9

Gatron (Industries) Limited lays paramount value on Health and Safety. Our approach is to enhance occupational health and safety across the company. Our safety structure is designed for minimizing occupational incidents, illnesses and major adverse effects.

The Safety Operation Committee convenes on monthly and quarterly basis in which all members, including senior management, meet to discuss and review accidents and incidents through HSE Department through root cause analysis and advise as well as provide resource mitigation.

Issuance and Compliance to Personal Protective Equipment has been a focus for FY 2020-2021 for which safety helmets have been issued and PPE zones have been defined.

Fire Safety Risk Assessment Surveys are regularly conducted for fire risk mitigation and Fire tender and ambulance is available and always ready to respond to emergency situations.

HSE Department conducts the gap analysis of incidents/accidents and issues stop cards accordingly. Additionally we conduct comprehensive Occupational Health and Safety Training sessions including practical live fire fighting mock drills, so as in case of any emergency available staff could handle the situation.

By the Grace of Almighty Allah, our aim for **"Zero"** fatalities has remained steadfast and we will take every precaution to keep it at **"Zero".** Our aim for the years to come is **"Zero".**

We were unable to meet our target for 5 LTIs and 12 MTIs this year. There were 6 Lost Time Injuries and 14 Medical Treatment Injuries in FY 2020-2021. We aim to reduce these to 3 LTIs and 10 MTIs by the end of FY 2022-2023 eventually striving for accident and incident free premises.

HUMAN RESOURCE MANAGEMENT
RISK MANAGEMENT
FIRE AND SAFETY
INFORMATION TECHNOLOGY

HUMAN RESOURCE MANAGEMENT

At Gatron (Industries) Limited, each of our employee is considered a valuable asset and an integral part of the Company's continued success. During the year, our core objectives were drawn towards attracting, developing, and retaining talented people, who possess the characteristics necessary to help the organization achieve its current and future objectives.

Pursuing our Competency Framework Project, the Human Resources Department at Gatron continued to build and enhance capabilities of employees through continuous learning and on the job opportunities. Moreover, in the wake of ongoing COVID-19 pandemic and with COVID-19 SOPs in place for the health, safety and well-being of our employees, the HR department encouraged employees to focus more on the on-line learning opportunities then on physical class room sessions.

In continuation of organization wide DIGITAL TRANSFORMATION and SAP Implementation, the HR department along with other departments were fully engaged throughout the year in this transformation journey. HR Department has demonstrated a proactive approach towards various phases of SAP Implementation and successfully completed the Explore and Diagnose phases within the stipulated time. With these high spirits and commitment, we believe, that this transformation will empower the stakeholders with real time information, not only they will make well informed and predictive decisions but also uplift the efficiency level of the employees, which will be ultimately beneficial for Company's success.

RISK MANAGEMENT

The Company relies on a well-defined framework to manage the risks faced across the entire organization. Risks are viewed as situations that may potentially threaten our ability to achieve strategic objectives. Thus, effective management of risks is recognized as a key priority of our strategy. The Company has a dedicated risk function independent from the other business units, support functions as well as the Internal Audit. The function is responsible for ensuring a sound risk culture throughout the organization.

The following are overall objectives of risk management activities:

- Individuals who take or manage risks clearly understand them
- Overall risk exposure is maintained within the risk appetite approved by the Board
- Risk-taking decisions are in line with the corporate goals set by the Board

The risk identification process involves consideration of the causes and sources of risk, the probability that the risk event will occur and their positive or negative consequences. During Covid-19, it was essential to ensure business continuity. The Company was able to react timely to mitigate the impact and to prepare the Company for further development of Covid-19 and its possible scenarios, to the extent possible.

Insurance of assets against unforeseen damage continue to be our priority; with the objective to ensuring business continuity. Company has a comprehensive insurance strategy in place with strict controls that continue to ensure that surveyor recommendations are implemented within stipulated timelines.

Overall, the Company follows a structured approach to risk management and has strong systems in place that discourage excessive risk taking.

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 meeting 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 concern, maintenance and HSE Department representatives to complete the tasks safely in all regard

In fact for safe operation planned corrective maintenance schedules are being prepared and implemented accordingly.

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 shifts, 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 work place hazards.

Health Safety Environment Department conduct accident/incident statistics gap analysis and also 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 fire fighing mock drills, so as in case of any emergency available staff could handle the situation.

Emergency evacuation drills conducted on biannual basis. Furthermore, annually refresher trainings are also being conduct of all employees, including top management and contractor's work force.

Health Safety Environment Department has developed following manuals/booklets:

- Emergency Response Manual
- Business Continuity Plan
- Small pocket size Fire Safety Guide Book in Urdu provided to all employees for study and review

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 "30%" in the year 2020-21 and "70%" by June 2025. Which means that 5 injuries in the year 2021 and 2 injuries by the year 2025.

INFORMATION TECHNOLOGY

Globally, industries have experiences dramatic shifts during the current Pandemic. The disruption caused by COVID 19 has forced many businesses to close down while other not only survived but prospered. Quickly adopting and capitalizing on change is one of the key traits of businesses that showed growth during pandemic.

Businesses need to rethink and reimagine their end-to-end operations and ensure they are flexible enough to recover and even thrive with such sudden changes as COVID 19.

Gatron initiated its Digital Transformation Journey last year. Gatron took a holistic approach towards Digital Transformation covering people, processes and technology in perfect alignment with the goals and objectives of the company.

The Program is ongoing and is expected to deliver globally benchmarked new business processes from ground up coupled with new organization structure specifically designed to support the new processes and governance required for such agile organization. Data being at the center of the whole transformation and tools to organize, model and analyze the data that provide previously hidden business insights ensuring fast and accurate decision making.

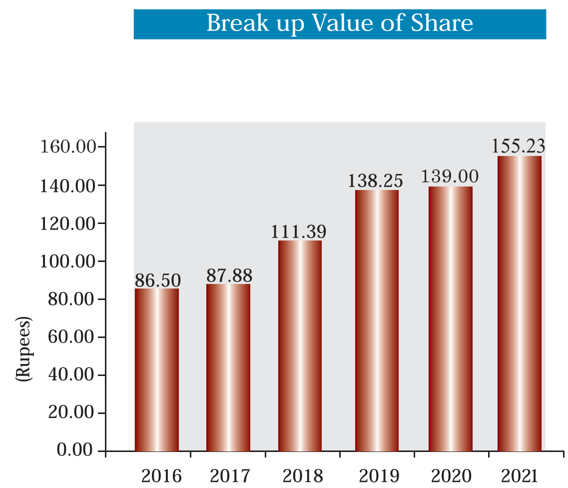
To put it all into technical perspective and end to end integrated SAP Product Portfolio was selected running on hybrid cloud model for flexibility and scale. Zero compromise were made while selecting the platform of choice for the on-Premises part of the service and RISC based Systems were chosen with NVME Flash storage systems. A comprehensive Information Risk Assessment was performed and its recommendations were incorporated in the Network and Security upgrade of the entire organization. Software Defined WAN, complete Core and Campus Network redesign was also performed with security including IT/OT traffic segregation, SASE Architecture, Firewalls for Data Centers and Edges, XDR, P-NAC, Risk based Access Management and more. ITSM in 16 of the core processes areas is also implemented to align the IT services delivery in line with the requirements of business.

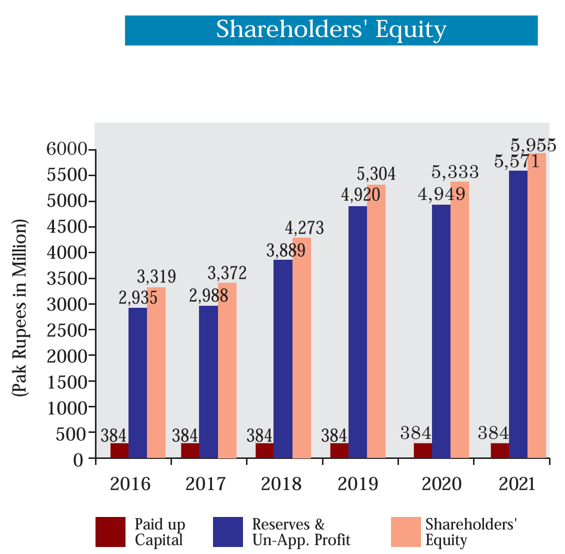
With meticulously planned initiatives, Gatron is at pace to transform itself into a more resilient and cognitive enterprise of the future.

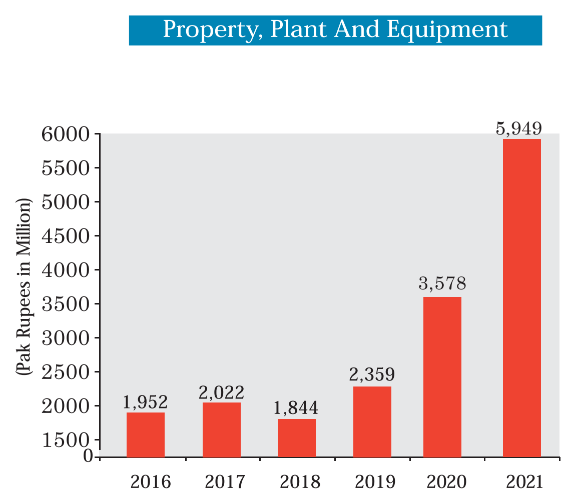
Financial Highlights

Particulars	2020	2019	2018	2017	2016	2015
Operating Results						
Pak Rupees in Thousands						
Sales	12,938,377	17,707,325	13,006,437	12,325,651	8,766,903	10,275,281
Gross Profit/(loss)	945,052	1,655,654	1,247,390	261,944	(228,271)	36,265
Operating Profit/(loss)	451,250	1,001,225	653,512	(164,314)	(697,887)	(451,346)
Profit/(loss) after taxation	1,060,633	1,794,735	981,856	57,464	(254,495)	88,911
Percentage						
Dividend	125.00	265.00	102.50	0.00	0.00	35.00
Financial Position						
Pak Rupees in Thousands						
Paid up Capital	383,645	383,645	383,645	383,645	383,645	383,645
Reserves & unappropriated profit	4,949,084	4,920,353	3,889,724	2,987,893	2,935,022	3,262,345
Property, Plant & Equipment	3,577,722	2,359,404	1,843,643	2,022,061	1,952,288	1,837,233
Current Assets	5,699,899	5,784,987	5,059,281	4,921,715	3,958,822	4,233,600
Current Liabilities	3,362,395	2,946,343	2,891,778	3,655,306	2,767,766	2,620,345
Net Current Assets	2,337,504	2,838,644	2,167,503	1,266,409	1,191,056	1,613,255
Long Term Liabilities	1,174,783	126,540	-	136,034	-	-
Deferred Liabilities	415,372	373,162	337,260	394,508	425,204	404,613
Financial Ratios & Percentages						
Percentages						
Gross Profit/(Loss) Ratio	7.30	9.35	9.59	2.13	(2.60)	0.35
Return on Capital Employed	25.53	39.03	25.90	1.02	(4.76)	4.48
Return on Equity	19.89	33.84	22.98	1.70	(7.67)	2.44
Number of Times						
Inventory Turnover	4.58	5.76	4.77	5.72	3.97	4.24
Debtors Turnover	6.88	13.33	9.45	10.39	11.56	11.07
Total Assets Turnover	1.36	2.18	1.73	1.75	1.33	1.53
Fixed Assets Turnover	4.36	8.43	6.73	6.20	4.63	5.65
Interest Cover	8.15	137.63	86.43	1.20	(2.79)	1.58
Ratio						
Debt-Equity	18 : 82	2 : 98	0 : 100	4 : 96	0 : 100	0 : 100
Current Ratio	1.70 : 1	1.96 : 1	1.75 : 1	1.35 : 1	1.43 : 1	1.62 : 1
Per Share Results and Returns						
Pak Rupees						
Break-up Value	139.00	138.25	111.39	87.88	86.50	95.04
Earnings per Share – Basic and diluted	27.65	46.78	25.59	1.50	(6.63)	2.32
Dividend per Share	12.50	26.50	10.25	0.00	0.00	3.50
Percentages						
Dividend Yield	2.17	9.37	4.61	0.00	0.00	2.48
Dividend Pay Out	45.21	56.65	40.05	0.00	0.00	150.86
Number of Times						
Price Earning Ratio – Year end price	20.80	6.04	8.70	58.33	(14.93)	60.78
Share Performance						
Pak Rupees						
Highest	575.12	360.00	280.00	117.64	141.00	175.00
Lowest	268.64	211.00	80.00	84.05	99.00	139.00
At year end	575.12	282.78	222.56	87.50	99.00	141.00

Graphical Presentation







KRESTON
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CHARTERED ACCOUNTANTS

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, 2021 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, 2021.

Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi: September 18, 2021

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

Name of company : Gatron (Industries) Limited
Year ending: June 30, 2021

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) 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 a 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 (the Regulations).

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for his purpose. The board has complied with the requirements of 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. During the year, the Company has arranged Directors' Training Programme for 2 (two) Independent Directors namely Mr Talat Iqbal and Ms Huma Rafique. However, Seven Directors are duly certified and exempted from the Directors' Training Program.

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 have 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 Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners of the firm, their spouses and minor

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 18, 2021

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HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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

Report on the Audit of the Un-consolidated Financial Statements

Opinion

We have audited the annexed un-consolidated financial statements of **Gatron (Industries) Limited**, ("the Company") which comprise the un-consolidated statement of financial position as at June 30, 2021, and 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, 2021 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. 3.840 billion as at the reporting date, being 26% 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 the inventories being considered as a key audit matter.	Our audit procedures included the following: ➢ Attended the year end 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 the inventories, traced quantities from working papers of observation of physical stock taking and examination of computation of average costs. ➢ Obtained understanding of internal controls designed by the Company over recording of purchases and valuation of the inventories, and tested their operating effectiveness on sample basis. ➢ Assessed historical costs recorded in the inventory valuation by performing test of details on purchases. ➢ Assessed the management's determination of the 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 the Company's disclosures in respect of inventories.
2.	Contingencies: The Company is under litigation in respect of various matters including Gas Infrastructure Developments Cess (GIDC) and other miscellaneous cases including that of taxes as disclosed in note 26 of the accompanying financial statements.	Our audit procedures included the following: ➢ Assessed management's processes to identify new possible obligations and changes in existing obligations through inquiries from the management and review of the minutes of meetings of the Board of Directors and Audit Committee. ➢ Reviewed of the relevant information

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	Given the nature of contingencies, the assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payments and analysis of a reliable estimate, requires significant management's judgment to ensure appropriate accounting and disclosures. These judgments can change over time as new facts emerge and the case progresses. Therefore, we have identified this matter as a key audit matter.	including case proceedings and correspondences in respect of the ongoing litigations. ➢ Obtained confirmation from the legal counsels of the Company to evaluate the status of the pending litigations and view point of the Company's legal counsels thereon. ➢ Evaluated legal and professional expenses to confirm that all pending legal matters are identified and disclosed. ➢ Re-computed the amounts of obligations based on available underlying information and confronted parameters. ➢ Assessed the appropriateness of the related disclosures made in the accompanying financial statements in light of IAS-37 "Provisions and Contingencies".

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.

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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 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.

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- 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.

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 18, 2021

Un-consolidated Statement of Financial Position
AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in Thousand)	
ASSETS			
Non - Current Assets			
Property, plant and equipment	4	5,949,200	3,577,722
Intangible assets	5	35,898	17,614
Long term investments	6	417,294	875,097
Long term loans	7	182,083	111,718
Long term deposits	8	2,847	3,229
		6,587,322	4,585,380
Current Assets			
Stores, spare parts and loose tools	9	884,871	762,932
Stock in trade	10	3,840,346	2,394,758
Trade debts	11	2,897,201	2,230,264
Loans and advances	12	65,953	65,654
Trade deposits and short term prepayments	13	153,904	42,746
Other receivables	14	318,832	130,754
Sales tax refund due from Federal Government	15	8,634	8,634
Cash and bank balances	16	103,257	64,157
		8,272,998	5,699,899
TOTAL ASSETS		14,860,320	10,285,279
EQUITY AND LIABILITIES			
EQUITY			
Share capital	17	383,645	383,645
Capital reserve	18	383,645	383,645
General reserve	19	3,250,000	3,250,000
Unappropriated profit		1,937,862	1,315,439
		5,955,152	5,332,729
LIABILITIES			
Non - Current Liabilities			
Long term financing	20	2,840,439	1,174,783
Deferred liabilities and income	21	502,344	415,372
		3,342,783	1,590,155
Current Liabilities			
Trade and other payables	22	1,847,054	1,577,633
Unclaimed dividend		21,511	21,544
Accrued mark up	23	38,785	53,469
Short term borrowings	24	3,520,880	1,671,941
Current portion of long term financing	20	90,342	3,170
Provision for income tax less payments	25	43,813	34,638
		5,562,385	3,362,395
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		14,860,320	10,285,279

The notes 1 to 47 annexed herewith form an integral part of these un-consolidated financial statements.

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

Buying/Selling closing conversion rates were 1 US$ = Rs.157.80/158.30, 1 Euro € = Rs.188.12/188.71 and 1 Pound £ = Rs.218.58/219.28

Un-consolidated Statement of Profit or Loss
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in Thousand)	
Sales	27	16,557,561	12,938,377
Cost of sales	28	14,690,786	11,993,325
Gross profit		1,866,775	945,052
Distribution and selling costs	29	210,284	172,446
Administrative expenses	30	282,681	290,659
Other operating expenses	31	172,232	113,158
		665,197	576,263
		1,201,578	368,789
Other income	32	114,516	82,461
Operating profit		1,316,094	451,250
Finance costs	33	127,204	205,681
		1,188,890	245,569
Investment income - Dividend	34	112,875	1,212,750
Profit before income tax		1,301,765	1,458,319
Income tax - Current & prior		243,987	389,740
- Deferred		(7,946)	7,946
	35	236,041	397,686
Profit after income tax		1,065,724	1,060,633
Earnings per share - Basic and diluted (Rupees)	36	27.78	27.65

The notes 1 to 47 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Un-Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in Thousand)	
Profit after income tax		**1,065,724**	1,060,633
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Gain on remeasurement of defined benefit plan having nil tax impact	21.2	3,699	23,121
Total comprehensive income		**1,069,423**	1,083,754

The notes 1 to 47 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Un-Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2021

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2019	383,645	383,645	3,250,000	1,286,708	5,303,998
Total comprehensive income for the year ended June 30, 2020	-	-	-	1,083,754	1,083,754
Transactions with owners					
Final cash dividend for the year ended June 30, 2019 at Rs.15.00 per share i.e. @150%	-	-	-	(575,467)	(575,467)
Interim cash dividend for the year ended June 30, 2020 at Rs.12.50 per share i.e. @125%	-	-	-	(479,556)	(479,556)
	-	-	-	(1,055,023)	(1,055,023)
Balances as at June 30, 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**

The notes 1 to 47 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Un-Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in Thousand)	
Cash Flows (towards)/from Operating Activities			
Profit before income tax		1,301,765	1,458,319
Adjustments for:			
Depreciation	4.3	523,372	405,405
Impairment of operating fixed assets	31	18,800	-
Property, plant and equipment - written off	31	45,084	-
Provision for defined benefit plan	21.2	48,997	63,556
Gain on disposal of property, plant and equipment	32	(20,529)	(70,473)
Loss on disposal of property, plant and equipment	31	35	900
Impairment in long term investments	31	13,192	14,559
(Reversal)/impairment allowance for ECL - net	11.6	(3,096)	45,499
(Reversal)/impairment allowance for slow moving stores, spare parts and loose tools - net	9.1	(3,462)	8,242
Amortisation of interest free long term loan to subsidiary company	32	(10,783)	(8,119)
Remeasurement gain on discounting of provision for GIDC	32	(8,422)	-
Investment income - Dividend	34	(112,875)	(1,212,750)
Finance costs	33	127,204	205,681
		617,517	(547,500)
		1,919,282	910,819
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(118,477)	(78,826)
Stock in trade		(1,445,588)	446,021
Trade debts		(663,841)	(747,202)
Loans and advances		1,222	8,798
Trade deposits and short term prepayments		(111,158)	22,407
Other receivables		(194,444)	123,685
Sales tax refund due from Federal Government		-	133,741
		(2,532,286)	(91,376)
Increase/(decrease) in Trade and other payables		286,254	(450,532)
Cash flows (towards)/from operations before following		(326,750)	368,911
(Payments for)/receipts of:			
Long term loans		(63,392)	(145,375)
Long term deposits		382	(506)
Defined benefit plan	21.2	(14,340)	(6,171)
Finance costs		(141,888)	(160,796)
Income tax		(228,565)	(283,275)
Group taxation impact		(2,903)	(28)
Net cash flows towards operating activities		(777,456)	(227,240)
Cash Flows (towards)/from Investing Activities			
Additions in property, plant and equipment		(2,933,237)	(1,657,082)
Proceeds from disposal of property, plant and equipment	4.4	27,317	118,923
Additions in intangible assets	5	(18,284)	(17,614)
Long term investment made		(100)	(244,661)
Dividend received	34	112,875	1,212,750
Net cash flows towards investing activities		(2,811,429)	(587,684)
Cash Flows from/(towards) Financing Activities			
Long term financing - proceeds received		1,780,008	1,051,413
Long term financing - repayment		(929)	-
Dividend paid		(33)	(1,049,872)
Net cash flows from financing activities		1,779,046	1,541
Net decrease in cash and cash equivalents		(1,809,839)	(813,383)
Cash and cash equivalents at the beginning of the year		(1,607,784)	(794,401)
Cash and cash equivalents at the end of the year	37	(3,417,623)	(1,607,784)

The notes 1 to 47 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Notes to the Un-Consolidated Financial Statements
FOR THE YEAR ENDED JUNE 30, 2021

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.

1.3 The Board of Directors of the Company in its meeting held on September 30, 2019 had approved the Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017 in respect of shares owned by the Company in associated company Messrs. Novatex Limited, and the same scheme had been approved in the Extra Ordinary General Meeting held on February 12, 2020 by the members of the Company. In term of the scheme, all 56.7 million Ordinary Shares of Messrs. Novatex Limited held by the Company were to be cancelled and in lieu of such cancellation new shares in Messrs. Novatex Limited will be issued to the shareholders of the Company in proportion to shares held by the respective shareholder as of the book closure date. Alhamdullilah, on September 21, 2020, the Honorable Balochistan High Court had approved/sanctioned the said Scheme of Arrangement and the Company had filed the order of the Honorable Court with Registrar on October 06, 2020. Accordingly, the Company had derecognized the investment in associated company amounting to Rs.447 million.

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, 2021

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, 2021. 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.

	Effective from accounting period beginning on or after:
Amendment to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Amendment regarding the definition of business	January 01, 2020
Amendment to IAS 1 'Presentation of Financial statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	January 01, 2020
Amendments to IAS 39, IFRS 7 & IFRS 9 - The amendment will effect entities that apply the hedge accounting requirements of IFRS 9 pr IAS 39 to hedging relationship directly affected by the interest rate benchmark reform.	January 01, 2020

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.

IFRS 14 - Regulatory Deferral Accounts	July 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Interest Rate Benchmark Reforms - Phase 2 (Amendment to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39)	January 01, 2021
Amendment to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework	January 01, 2022
Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contract - cost of fulfilling a contract	January 01, 2022
Amendment to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023

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 and associate have 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 21.2. 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 and Associated Company

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

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, 2020. 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. 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 and Associated Companies

Investment in Subsidiary and Associated 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.

The investment in associated company has not been accounted for using the equity method in these un-consolidated financial statements as the Company prepares Consolidated financial statements in accordance with IAS 27 'Separate financial statements'.

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.

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, 2021.

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 a reasonable assurance that 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 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 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.

3.19 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.

3.20 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.

3.21 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the 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.

3.22 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 if any, is the total cost incurred during the year to acquire property, plant and equipment. Segment results are stated in note 40.

3.23 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	2021	2020
		(Rupees in Thousand)	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	3,701,715	3,265,235
Capital work in progress	4.6	2,247,485	312,487
		5,949,200	3,577,722

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, 2021												
Net book value (NBV) as at 01st July	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 (note:4.2)	-	-	-	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	**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**
Net carrying value												
Year ended June 30, 2020												
Net book value (NBV) as at 01st July	25,320	13,348	594	107,872	3,107	1,851,732	3,185	32,081	13,432	107,975	4,625	**2,163,271**
Additions	-	-	-	-	-	55,614	-	19,794	-	95,948	-	**171,356**
Transfer from capital work in progress	-	-	-	296,045	-	1,089,318	-	-	-	-	-	**1,385,363**
Transfer at NBV	-	-	-	-	-	1,076	-	-	-	-	(1,076)	**-**
Disposal at NBV	-	-	-	-	-	36,586	-	-	53	12,711	-	**49,350**
Depreciation	-	-	59	13,653	311	348,156	637	8,818	3,583	29,656	532	**405,405**
Net book value as at 30th June	**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**
Gross carrying value												
At June 30, 2020												
Cost	25,320	13,348	14,248	776,143	9,902	8,091,265	9,950	97,525	30,215	279,402	10,419	**9,357,737**
Accumulated depreciation	-	-	13,713	385,879	7,106	5,478,267	7,402	54,468	20,419	117,846	7,402	**6,092,502**
Net book value	**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**
Depreciation rate												
% per annum	-	-	10	10	10	15 to 33	20	20	20 to 30	20	15	

4.2 During the year, the Company identified certain items of operating fixed assets from which further economic benefits are no longer expected to be derived. Therefore, assets having net book value of Rs.45.084 million (2020: Rs.Nil) have been retired from active use and have been written off in these un-consolidated financial statements. These assets are also expected to be sold as scrap, hence written off.

	Note	2021	2020
		(Rupees in Thousand)	
4.3 Depreciation for the year has been allocated as follows:			
Cost of sales	28	512,319	393,595
Distribution and selling costs	29	2,615	3,039
Administrative expenses	30	8,438	8,771
		523,372	405,405

4.4 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
OFFICE PREMISIES						
Textile Plaza, M.A Jinnah / Dunally Road, Karachi.	1,949	537	9,309	8,772	Negotiation	**M/s. Vohra Traders** 21-B, Khayaban-e-Khalid, Phase 8, DHA, Karachi
Items having book value upto Rs.500 thousand each	1,491	405	5,432	5,027	Various	**Various**
Sub Total	**3,440**	**942**	**14,741**	**13,799**		
PLANT & MACHINERY						
Refrigeration Air Dryers, Strapping Machine along with accessories	5,150	741	1,514	773	Negotiation	**Rahat Shah** Dawak Khana Pusht Ardhe, Tehsil Salar Zai, Bajor
Items having book value upto Rs.500 thousand each	13,003	76	3,603	3,527	Various	**Various**
Sub Total	**18,153**	**817**	**5,117**	**4,300**		
FACTORY EQUIPMENT						
Items having book value upto Rs.500 thousand each	143	16	83	67	Various	**Various**
Sub Total	**143**	**16**	**83**	**67**		
OFFICE EQUIPMENT						
Items having book value upto Rs.500 thousand each	138	29	5	(24)	Various	**Various**
Sub Total	**138**	**29**	**5**	**(24)**		
MOTOR VEHICLES						
Corolla XLI 1.3L A/T BRE-890	2,480	2,081	2,356	275	Company Policy	**Mr. Muhammad Javed** Employee of the company
Suzuki Cultus BRP-270	1,865	1,451	1,828	377	-- do --	**Mr. Tafheem** Employee of the company
Items having book value upto Rs.500 thousand each	7,685	1,432	3,143	1,711	Various	**Various**
Items having book value upto Rs.500 thousand each	132	55	44	(11)	Various	**Various**
Sub Total	**12,162**	**5,019**	**7,371**	**2,352**		
Total - 2021	**34,036**	**6,823**	**27,317**	**20,494**		
Total - 2020	116,095	49,350	118,923	69,573		

	Note	2021	2020
		(Rupees in Thousand)	
4.4.1 Detail of net gain/(loss) on disposal of property, plant and equipment			
Gain on disposal of property, plant and equipment	32	20,529	70,473
Loss on disposal of property, plant and equipment	31	(35)	(900)
		20,494	69,573

4.5 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	11 Acres
Freehold	Manghopir, Gadap Town, Karachi	13 Acres
Freehold	Landhi, Karachi	4 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	124,000 Sq. Meters
Office Premises	M.A Jinnah Road / Dunolly Road Karachi	800 Sq. Meters
Office Premises	I.I Chundrigar Road, Karachi	225 Sq. Meters
Office Premises	Jinnah Road, Quetta	115 Sq. Meters
Office Premises	Ketcheri Bazar, Faisalabad	85 Sq. Meters

4.6 Capital Work-in-Progress

(Rupees in Thousand)

	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

	Balance as at July 1, 2019	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2020
Factory building on lease hold land under construction	171,781	180,520	(296,045)	56,256
Plant and machinery under erection	24,352	1,321,197	(1,089,318)	256,231
	196,133	1,501,717	(1,385,363)	312,487

4.6.1 It includes borrowing cost of Rs.28.582 million (2020: Rs.Nil) and net of with amortization of government scheme amounting to Rs.0.852 million (2020: Rs.Nil) refer note 21.4.

		Note	2021	2020
			(Rupees in Thousand)	
5	**INTANGIBLE ASSETS**			
	Capital work in progress - SAP ERP System			
	Balance as at start of the year		17,614	-
	Additions during the year		18,284	17,614
	Balance as at end of the year		35,898	17,614
6	**LONG TERM INVESTMENTS**			
	Wholly Owned Subsidiary Companies			
	22.575 million (2020: 22.575 million) shares including 7.525 million bonus shares in Messrs. Gatro Power (Private) Limited	6.1	150,500	150,500
	35,000 (2020: 25,000) shares in Messrs. Global Synthetics Limited - Unquoted	6.2	350	250
	Impairment loss	6.3	(295)	(250)
			55	-
	25 million (2020: 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	44,454	42,165
	Impairment loss	6.6	(27,715)	(14,568)
			266,739	277,597
			417,294	428,097
	Associated Company			
	Nil (2020: 56.7 million shares including 12 million bonus shares) in Messrs. Novatex Limited - Unquoted	6.7	-	447,000
			417,294	875,097

6.1 The value of investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2021 amounted to Rs.1,883.387 million (2020: Rs.758.019 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, 2021 amounted to Rs.0.055 million (2020: Rs.-0.012 million).

6.3 Impairment loss

	2021	2020
Balance as at start of the year	250	212
Charge for the year	45	38
Balance as at end of the year	295	250

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, 2021 amounted to Rs.266.739 million (2020: Rs.277.597 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

	2021	2020
Balance as at start of the year	14,568	47
Charge for the year	13,147	14,521
Balance as at end of the year	27,715	14,568

6.7 During the year, the Company has derecognised the investment in associated company amounting to Rs.447 million as per approved Scheme of Arrangement sanctioned by Honorable High Court of Balochistan, refer note 1.3.

	Note	2021	2020
		(Rupees in Thousand)	
7 LONG TERM LOANS - Considered good			
Secured - Interest free			
To subsidiary company - M/s. G-Pac Energy (Private) Limited	7.1	207,595	145,745
Present value adjustment taken to long term investments	6.5	(44,454)	(42,165)
Amortization of long term loan		18,902	8,119
		182,043	111,699
To employees other than Chief Executive & Directors	7.2 & 7.3	4,140	2,598
Amount due in twelve months shown under current assets	12	(4,100)	(2,579)
Recoverable within three years		40	19
		182,083	111,718

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 and to be repaid from normal operations of the Subsidiary Company in due course of time.

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

7.3 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	2021	2020
8 LONG TERM DEPOSITS			
Security deposits for utilities and others		2,847	3,229
9 STORES, SPARE PARTS AND LOOSE TOOLS			
In hand:			
Stores		184,342	133,404
Spare parts		746,398	685,583
Loose tools		7,090	5,257
		937,830	824,244
Impairment allowance for slow moving stores, spare parts and loose tools	9.1	(57,850)	(61,312)
		879,980	762,932
In transit		4,891	-
		884,871	762,932
9.1 Impairment allowance for slow moving stores, spare parts and loose tools			
Balance as at start of the year		61,312	53,070
Charge for the year		2,689	8,623
Reversals due to consumption		(6,151)	(381)
		(3,462)	8,242
Balance as at end of the year		57,850	61,312

	Note	2021	2020
		(Rupees in Thousand)	
10 STOCK IN TRADE			
Raw material		**1,784,620**	606,218
Raw material in transit		**112,888**	41,781
Goods in process		**352,687**	589,548
Finished goods		**1,590,151**	1,157,211
	10.1	**3,840,346**	2,394,758

10.1 These include items costing Rs.104.845 million (2020: Rs.1,343.485 million) valued at net realisable value of Rs.69.329 million (2020: Rs.1,193.240 million).

11 TRADE DEBTS

	Note	2021	2020
Considered good			
Secured			
Local		**45,501**	10,295
Export	**11.1**	**34,768**	5,209
	11.2	**80,269**	15,504
Unsecured - local	**11.3, 11.4 & 11.5**	**2,816,932**	2,214,760
		2,897,201	2,230,264
Allowance for ECL - local			
Unsecured - local		**115,044**	118,796
Allowance for ECL - local	**11.6**	**(115,044)**	(118,796)
		-	-
		2,897,201	2,230,264

11.1 These represent balances of US$ 0.220 million (2020: US$ 0.031 million).

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

11.3 These include Rs.97.520 million (2020: Rs.97.287 million) due from an associated company 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.323.015 million (2020: Rs.201.354 million).

11.4 These include Rs.115.843 million (2020: Rs.239.176 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.285.613 million (2020: Rs.293.378 million).

		2021	2020
11.4.1	Not past due	**46,882**	144,342
	Past due 1-30 days	**68,961**	94,834
		115,843	239,176

11.5 These include Rs.Nil (2020: Rs.12.673 million) due from a related party Messrs. Mushtaq & Company (Private) Limited. The maximum aggregate amount due at any month end during the year was Rs.23.597 million (2020: Rs.36.128 million).

		2021	2020
11.5.1	Not past due	**-**	9,813
	Past due 1-30 days	**-**	2,860
		-	12,673

		Note	2021	2020
			(Rupees in Thousand)	
11.6	**Allowance for ECL - local**			
	Balance as at start of the year		118,796	73,297
	Charge for the year		44,386	57,202
	Reversals since recovered		(47,482)	(11,703)
			(3,096)	45,499
	Written off during the year		(656)	-
	Balance as at end of the year		115,044	118,796

12 LOANS AND ADVANCES - Considered good

	Note	2021	2020
Secured			
Amount recoverable in twelve months from employees	7	4,100	2,579
Advances to employees	12.1	522	696
		4,622	3,275
Unsecured			
Advances:			
to suppliers and contractors	12.2	52,605	46,998
Against purchase of land		-	10,000
for imports		8,726	5,381
		61,331	62,379
		65,953	65,654

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

12.2 These include advances against purchase of vehicles Rs.7.221 million (2020: Rs.3.205 million).

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2021	2020
Shipping guarantees - deposits	13.1	1,945	-
Margins held by banks	13.2	137,022	40,222
Security deposits		14,355	100
Prepayments		582	2,424
		153,904	42,746

13.1 This represents margin held by bank against issuance of shipping guarantees for clearance of spare parts consignments.

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

14 OTHER RECEIVABLES - Considered good

	Note	2021	2020
Receivable from suppliers	14.1	92,858	77,386
Claims receivable from suppliers		2,756	879
Sales tax		130,763	-
Receivable from Federal Government - Sales tax	26.1.4	28,000	28,000
Receivable from Federal Government - Income tax	26.1.5, 26.1.6 & 26.1.13	29,816	6,366
Receivable from Workers' Provident Fund Trust		991	-
Others	14.2, 14.3 & 14.4	33,648	18,123
		318,832	130,754

14.1 These includes balances receivable in foreign currency of US$ 0.552 million (2020: US$ 0.460 million).

14.2 These include Rs.3.066 million (2020: Rs.3.059 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.3.829 million (2020: Rs.6.276 million).

14.3 These include Rs.0.025 million (2020: Rs.0.099 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.0.147 million (2020: Rs.0.099 million).

14.4 These include Rs.23.144 million (2020: Rs.13.214 million) receivable from an associated company 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.23.144 million (2020: Rs.30.121 million).

		Note	2021	2020
			(Rupees in Thousand)	
15	**SALES TAX REFUND DUE FROM FEDERAL GOVERNMENT**			
	Sales tax		**8,634**	8,634
16	**CASH AND BANK BALANCES**			
	Cash in hand		**1,074**	1,200
	Cash at banks			
	In current accounts : Local currency		**85,903**	52,819
	In saving account : Local currency	16.1	**1,943**	1,903
	In current accounts : Foreign currency	16.2	**14,337**	8,235
		16.3	**102,183**	62,957
			103,257	64,157

16.1 This represents security deposits received from contractors, refer note 22.7.

16.2 These represent balances of US$ 90,103.47 and Euro € 629.98 (2020 : US$ 48,239.25 and Euro € 629.98).

16.3 Balance in bank accounts includes an amount of Rs.34.006 million (2020: Rs.12.118 million) kept with Shariah compliant banks.

17 SHARE CAPITAL

(Number of Shares) 2021	2020		2021	2020
17.1 Authorised capital				
95,000,000	95,000,000	Ordinary shares of Rs.10 each	**950,000**	950,000
17.2 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 (2020: 1,620,387) shares held by a related party, Messrs. Gani & Tayub (Private) Limited.

		Note	2021	2020
			(Rupees in Thousand)	
18	**CAPITAL RESERVE**			
	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.

			2021	2020
19	**GENERAL RESERVE**		**3,250,000**	3,250,000

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

20 LONG TERM FINANCING - Secured
from banking companies Under Shariah compliant

	Note	2021	2020
Meezan Bank Limited	**20.1**	**2,465,193**	1,133,129
Dubai Islamic Bank Pakistan Limited	**20.2**	**86,221**	44,824
United Bank Limited	**20.3**	**322,723**	-
Bank Al-Falah Limited	**20.4**	**56,644**	-
		2,930,781	1,177,953
Current maturity shown under current liabilities		**(90,342)**	(3,170)
		2,840,439	1,174,783

20.1 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.2,500 million out of which Rs.2,465.193 million (2020: Rs.1,133.129 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 i.e. 2% + 2% bank profit equal to 4% per annum. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

20.2 This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.120 million out of which Rs.87.150 million (2020: Rs.44.824 million) obtained during February 2020 to March 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 April 2031 on their respective maturities. The applicable rate of return is relevant SBP rate i.e 2% + 1.50% bank profit equal to 3.50% per annum. IFRE facility is secured against the hypothecation charge over specific plant and machinery.

20.3 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.2,200 million out of which Rs.345.640 million (2020: Rs.Nil) having present value of Rs.322.723 million (2020: Rs.Nil) obtained during February 2021 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 February 2031 to June 2031 on their respective maturities. The applicable rate of return is relevant SBP rate i.e. 1% + 1.25% bank profit equal to 2.25% per annum. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

		2021	2020
20.3.1	Loan obtained	**345,640**	-
	Fair value differential of long term finance transferred to government scheme	**(23,747)**	-
	Amortisation of government scheme	**830**	-
		322,723	-

20.4 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.1,000 million out of which Rs.59.978 million (2020: Rs.Nil) having present value of Rs.56.644 million (2020: Rs.Nil) obtained during April 2021 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 April 2031 to June 2031 on their respective maturities. The applicable rate of return is relevant SBP rate i.e. 1% + 1% bank profit equal to 2% per annum. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

		Note	2021	2020
			(Rupees in Thousand)	
20.4.1	Loan obtained		**59,978**	-
	Fair value differential of long term finance transferred to government scheme		**(3,356)**	-
	Amortisation of government scheme		**22**	-
			56,644	-

21 DEFERRED LIABILITIES AND INCOME

		Note	2021	2020
	Deferred Liabilities			
	Income tax - net	**21.1**	**-**	7,946
	Defined benefit plan	**21.2**	**438,384**	407,426
	Provision for Gas Infrastructure Development Cess (GIDC)	**21.3**	**41,761**	-
	Deferred income			
	Deferred Income - Government scheme	**21.4**	**22,199**	-
			502,344	415,372

21.1 This comprises of the following major timing differences:

	2021	2020
Taxable temporary difference arising due to:		
tax depreciation allowances	**39,183**	60,164
Deductible temporary difference arising due to:		
impairment of allowance for ECL	**(33,363)**	(34,451)
impairment allowance for slow moving stores, spare parts and loose tools	**(16,777)**	(17,767)
	(10,957)	7,946
Net deferred tax assets of taxable temporary difference not recognised	**10,957**	-
	-	7,946

At the reporting date, deferred tax asset amounting to Rs.610.579 million (2020: Rs.461.381 million) has not been recognised considering chances of reversal are remote.

21.2 Actuarial valuation of the plan was carried out as at June 30, 2021. The calculation for provision of defined benefit plan is as under:

	Note	2021	2020
Movement of the present value of defined benefit obligation (PVDBO)			
Balance as at start of the year		**407,426**	373,162
Expense	**21.2.1**	**48,997**	63,556
Remeasurement gain		**(3,699)**	(23,121)
Payments		**(14,340)**	(6,171)
Balance as at end of the year		**438,384**	407,426

		Note	2021	2020
			(Rupees in Thousand)	
21.2.1	**Expense**			
	Service cost		**20,765**	20,670
	Interest cost		**28,232**	42,886
			48,997	63,556
	Allocation are as follows:			
	Cost of Sales	**28.1**	**22,144**	27,768
	Distribution and selling costs	**29.1**	**2,375**	2,984
	Administrative expenses	**30.1**	**24,478**	32,804
			48,997	63,556

The principal actuarial assumptions used were as follows:

	2021	2020
Discount rate	**10.00%**	8.50%
Future salary increase rate	**10.00%**	8.50%
Withdrawal Rate	**High**	High
Mortality	**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005

Sensitivity Analysis

	2021		2020	
	PVDBO (Rupees in Thousand)	Percentage Change	PVDBO (Rupees in Thousand)	Percentage Change
Current Liability	**438,384**	**-**	407,426	-
+ 1% Discount Rate	**422,319**	**(3.66%)**	392,088	(3.76%)
- 1% Discount Rate	**456,624**	**4.16%**	424,897	4.29%
+ 1% Salary Increase Rate	**458,060**	**4.49%**	426,271	4.63%
- 1% Salary Increase Rate	**420,705**	**(4.03%)**	390,548	(4.14%)
+ 10% Withdrawal Rates	**438,382**	**(0.00%)**	407,420	(0.00%)
- 10% Withdrawal Rates	**438,387**	**0.00%**	407,432	0.00%
1 Year Mortality age set back	**438,385**	**0.00%**	407,426	0.00%
1 Year Mortality age set forward	**438,384**	**(0.00%)**	407,426	0.00%

	2021	2020
	(Rupees in Thousand)	
	Undiscounted payments	
Maturity profile		
Year 1	**183,221**	153,022
Year 2	**17,180**	22,838
Year 3	**27,204**	15,610
Year 4	**24,664**	24,884
Year 5	**23,644**	22,103
Year 6 to 10	**112,681**	83,877
Year 11 and above	**375,025**	291,139

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.

21.3 Provision for Gas Infrastructure Development Cess

	Note	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
Balance at start of the year	22.10	122,149	-
Provision during the year		991	-
Reversal during the year	32	(36,282)	-
Remeasurement gain on discounting of provision for GIDC	32	(8,422)	-
Current portion of Gas Infrastructure Development Cess	22.10	(36,675)	-
		41,761	-

During the year, 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 Honorable 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.

On the basis of the judgements of the Honorable Sindh High Court as well the Honorable Supreme Court of Pakistan read with judgment in review petition, the Company has decided to reverse partial GIDC representing provision for periods prior to the GIDC Act, 2015 as well the provision representing the difference between GIDC rates [computed on the basis of rates applicable to captive connections and the rates applicable to industrial connections] for connections, which were treated as captive power connections by SSGC, however, as per the judgement of the Honorable Sindh High Court, those connections should have been treated at par with industrial connections.

21.4 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 20.3 & 20.4 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	2021	2020
Fair value differential of long term finance transferred		27,103	-
Amortisation of government scheme	4.6.1	(852)	-
		26,251	-
Current portion of government scheme	22	(4,052)	-
		22,199	-

		Note	(Rupees in Thousand) 2021	2020
22	**TRADE AND OTHER PAYABLES**			
	Trade creditors	22.1	323,821	241,659
	Creditors for capital expenditures		48,441	16,121
	Bills payable	22.2	286,974	290,488
	Accrued expenses	22.3, 22.4 & 22.5	383,856	244,299
	Advance payments from customers - unsecured	22.6	176,363	219,406
	Sales tax payable		-	1,645
	Security deposits from contractors	22.7	1,943	1,903
	Current portion of government scheme	21.4	4,052	-
	Workers' Profit Participation Fund	22.8	63,137	13,113
	Workers' Welfare Fund	22.9	14,484	786
	Provisions	22.10	470,572	486,302
	Withholding taxes		7,712	8,404
	Payable to Provident Fund Trusts		4,070	4,416
	Other liabilities	22.11	61,629	49,091
			1,847,054	1,577,633

22.1 These include Rs.8.756 million (2020: Rs.Nil) payable to an associated company Messrs. Novatex Limited.

22.2 These include balances payable in foreign currency of US$ 1.813 million (2020: US$ 0.249 million).

22.3 These include Rs.201.556 million (2020: Rs.93.539 million) payable to a subsidiary company Messrs. Gatro Power (Private) Limited on account of purchase of power.

22.4 These include Rs.33.903 million (2020: Rs.20.121 million) payable to an associated company Messrs. Novatex Limited.

22.5 These include Rs.0.619 million (2020: Rs.0.482 million) payable to a related party Messrs. Gani & Tayub (Private) Limited.

22.6 These include Rs.14.040 million (2020: Rs.Nil) received from a related party Messrs. Mushtaq & Company (Private) Limited.

22.7 This represents return-free security deposits from contractors held in separate bank account, refer note 16.1.

		Note	2021	2020
22.8	**Workers' Profit Participation Fund**			
	Balance as at start of the year		13,113	52,637
	Interest on funds utilised in the Company's business	33	1,260	-
	Allocation	31	63,137	13,113
	Payments		(14,373)	(52,637)
	Balance as at end of the year		63,137	13,113
22.9	**Workers' Welfare Fund**			
	Balance as at start of the year		786	17,586
	Provision		14,484	786
	Provision - prior year		2,236	2,787
		31	16,720	3,573
	Adjustment through income tax refund	25	(3,022)	(20,373)
	Balance as at end of the year		14,484	786

		Note	2021	2020
			(Rupees in Thousand)	
22.10	**Provisions for:**			
	Gas Infrastructure Development Cess	21.3	-	122,149
	Current portion of Gas Infrastructure Development Cess	21.3	36,675	-
	Enhanced gas rate	22.10.1 & 22.10.2	56,171	56,171
	Sindh Sales Tax on rent	22.10.3	6,596	5,998
	Infrastructure Cess on imports	22.10.4	230,278	190,267
	Sales tax	22.10.5 & 22.10.6	134,367	102,237
	Others	22.10.7	6,485	9,480
			470,572	486,302

22.10.1 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 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 Single Bench of Sindh High Court decided the case in favour of the Petitioners. However, in June 2016, Defendants filed appeal before Double Bench of Sindh High Court which was also decided in favor of the Petitioners. M/s. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before 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 cheque to Nazir of High Court amounting to Rs.47.667 million (2020: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (2020: 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.

22.10.2 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 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 cheque to Nazir of High Court (refer note 22.10.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (2020: 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.

22.10.3 This represents provision of Sindh Sales Tax on rent payable by the Company to an associated company Messrs. Novatex Limited. The associated company had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Single Bench of Sindh High Court decided the case in favour of the associated company. 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 a matter of prudence provided the same.

	(Rupees in Thousand)	
	2021	2020
22.10.4 Movement is as under:		
Balance as at start of the year	**190,267**	167,926
Provision made during the year	**80,022**	44,681
Payments made during the year	**(40,011)**	(22,340)
Balance as at end of the year	**230,278**	190,267

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. Till reporting date, the Company has provided bank guarantee amounting to Rs.248.365 million (2020: Rs.198.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 26.2). On June 04, 2021, the Court has passed the judgment in favor of the government. The Company has filed appeal in Supreme Court against the judgment. The 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. Full provision after December 27, 2006 has been made in these un-consolidated financial statements as an abundant precaution.

22.10.5 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 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 favour of Tax Department, against which the Company has filed an appeal before the Honorable 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 decided in favour of the Company. However, as an abundant precaution, the Company has made provision of Rs.65.752 million till June 30, 2018.

22.10.6 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 Company had challenged the restriction so placed before the Islamabad High Court against Federation of Pakistan. The Court has granted interim relief order and allowed the Company to claim input tax adjustment on building material.

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 favour of the Company. However, as an abundant precaution, the Company has made provision of Rs.68.615 million (2020: Rs.36.485 million).

22.10.7 This represents provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (2020: Rs.7.417 million) and rate difference of gas tariff Rs.2.354 million (2020: Rs.2.063 million) on account of common expenses payable by the Company to an associated company Messrs. Novatex Limited.

22.11 These include Rs.50.481 million (2020: Rs.39.305 million) received from employees under Company car policy.

	Note	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
23 ACCRUED MARK UP			
Profit on long term financing		**17,859**	38,509
Mark up/profit on short term borrowings		**20,926**	14,960
	23.1	**38,785**	53,469

23.1 This includes accrued profit of Rs.30.154 million (2020: Rs.43.468 million) under Shariah compliant arrangements.

24 SHORT TERM BORROWINGS - Secured

From banking companies under mark up arrangements

	Note	2021	2020
Running finance - Under Conventional		**628,057**	540,106
- Under Shariah compliant		**652,823**	305,000
		1,280,880	845,106
Short term finance - Under Conventional		**1,090,000**	640,000
- Under Shariah compliant		**1,075,000**	-
		2,165,000	640,000
Finance under F.E. Circular No.25 of SBP-Foreign currency		**-**	166,835
Export re-finance - Under Shariah compliant	**24.2**	**75,000**	20,000
		3,520,880	1,671,941

24.1 The Company has aggregate facilities of short term borrowings amounting to Rs.6,205 million (2020: Rs.5,755 million) from various commercial banks (as listed in Note 24.4) out of which Rs.2,684 million (2020: Rs.4,083 million) remained unutilised at the year end. The above facilities includes limit of Rs.Nil (2020: Rs.1,000 million) swinging facility with an associated company Messrs. Novatex Limited, out of which Rs.Nil (2020: Rs.6 million) has been utilized by the Company at the year end. The mark up rates during the year for running finance and Musharakah ranged between 7.41% to 8.71%, for short term finance 7.32% to 8.52% & for export refinance 2.40% to 2.50% per annum. These facilities are renewable annually at respective maturities.

24.2 This represents balances payable in foreign currency of US$ Nil (2020: US$ 0.989 million).

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

24.4 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib 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 and United Bank Limited.

25 PROVISION FOR INCOME TAX LESS PAYMENTS

	Note	2021	2020
Balance as at start of the year		**34,638**	24,101
Provision - Current		**246,185**	355,086
- Prior		**(2,198)**	34,654
	35	**243,987**	389,740
		278,625	413,841
Payments		**(228,565)**	(399,548)
Income tax refundable transferred from other receivables		**(6,366)**	-
Adjustment of Workers' Welfare Fund	**22.9**	**3,022**	20,373
Adjustment of group taxation		**(2,903)**	(28)
		(234,812)	(379,203)
Balance as at end of the year		**43,813**	34,638

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

26.1.1 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 favour of Chief Commissioner Inland Revenue.

However, the Company had challenged the action before the Honorable 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. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

26.1.2 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 Single Bench of Honorable Sindh High Court had decided the case in favour 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 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 Honorable Sindh High Court against payment of GIDC instalments 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.

Total amount of enhanced GIDC upto July 31, 2020 worked out at Rs.129.801 million (2020: Rs.161.487 million), however the Company has maintained a provision for Rs.86.858 million (2020: Rs.122.149 million) pertaining to the period of June 2015 to July 2020 as an abundant precaution.

26.1.3 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 already restrained EOBI from taking any coercive action against the Company. No provision of the amount involved i.e. Rs.27.954 million (2020: Rs.24.882 million) has been made in these un-consolidated financial statements as the Company is confident for the favorable outcome of the Petition.

26.1.4 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 passed 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 14). 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). Appeal pertaining to tax periods July 2013 to June 2014 has been heard and is reserved for order. The CIR(A) has decided the matter for tax periods July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favour 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 favour by the appellate authorities.

26.1.5 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 (refer note 14). Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favour of the Company whereas major issues were decided in favour 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 Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favour 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.

26.1.6 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 (refer note 14). Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favour 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. 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 favour of the Company.

26.1.7 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 buyers as those buyers 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 favours 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 favour of the Company.

26.1.8 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 favour 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) which has not yet been concluded.

26.1.9 Income tax return of Tax Year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta 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 favour of the Company and partially in favour of tax department. The tax department has filed an appeal before the ATIR which has not yet been concluded.

26.1.10 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 (2020: Rs.15.209 million), refer note 26.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01,2020.

26.1.11 Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, the involving tax credit of Rs.42 million for Tax Year 2019 to the Company was disallowed. The Company has challenged the provision of Finance Act, 2019 before the Honorable Sindh High Court and has been granted interim relief whereby the 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 favour of the Company. However, as an abundant precaution, the Company has not reversed the liability in these un-consolidated financial statements.

26.1.12 The Company had filed a petition before Honorable 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.

26.1.13 The Company had filed a petition before Honorable Sindh High Court wherein the Company had challenged the notice requiring to pay Super Tax for tax year 2018 Rs.28.187 million and 2019 Rs.31.444 million respectively. The Sindh High Court has decided the matter against the Company. The Company has filed petition before the Honorable Supreme Court of Pakistan against the judgement of the Honorable Sindh High Court, hearing of which is pending at the moment. The Company also filed an appeal before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 based on the judgement of the Sindh High Court for recovery of Super Tax, which has been concluded in favour of the Tax Department. The Company has paid 50% of demand for auto stay from recovery (refer note 14).

26.1.14 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 not yet been concluded. Further the Company has also submitted an application to the tax department thereby requesting to adjust such tax demand against Company's available refunds. In response thereto, the tax department has adjusted the instant demand with available refunds of Tax Year 2015.

26.1.15 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 Honorable Sindh High Court and has been granted interim relief whereby the 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 favour of the Company. However, as an abundant precaution, the Company has not reversed the liability in these un-consolidated financial statements.

26.1.16 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 filed an appeal before CIR(A) against order of the tax department on the ground that zero rate was applicable to buyer as the buyer was active and operative at the time of execution of sales transaction. Appeal is pending for hearing.

	Note	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
26.2 Guarantees			
Bank Guarantees in favour of:			
The Director Excise & Taxation, Karachi	22.10.4	248,365	198,365
The Electric Inspector, President Licencing Board, Quetta		10	10
Pakistan State Oil Company Limited		40,000	40,000
K-Electric Limited		11,560	11,560
Nazir of the High Court of Sindh, Karachi	26.1.10	15,351	15,209
Letters of Credit in favour of:			
Sui Southern Gas Company Limited for Gas		32,592	32,592
		347,878	297,736

26.3 Commitments

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

	2021	2020
Foreign currency:		
Property, plant and equipment	3,584,297	1,446,353
Raw material	286,607	208,634
Spare parts and others	55,431	62,712
	3,926,335	1,717,699
Local currency:		
Property, plant and equipment	281,501	52,956
Raw material	136,984	96,866
	418,485	149,822
	4,344,820	1,867,521

27 SALES

	2021	2020
Gross local sales	18,954,971	14,987,588
Third party processing charges	37,015	76,250
	18,991,986	15,063,838
Less: Sales tax	2,773,646	2,201,971
	16,218,340	12,861,867
Export sales	339,221	76,510
	16,557,561	12,938,377

28 COST OF SALES

	Note	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
Raw material consumed		9,152,461	7,639,264
Stores, spare parts and loose tools consumed		408,113	357,713
Outsource processing charges		682,136	609,189
Salaries, wages, allowances and benefits	28.1 & 28.2	1,257,631	976,086
Power, fuel and gas		2,512,767	1,779,498
Rent, rates and taxes		10,741	15,418
Insurance		39,788	35,557
Cartage & transportation		122,326	88,223
Repairs and maintenance		157,414	148,168
Communications & Computer		3,246	1,937
Water supply		15,087	6,028
Travelling		280	8,315
Sundry		34,482	26,468
Depreciation	4.3	512,319	393,595
		14,908,791	12,085,459
Duty draw back		(1,029)	(204)
Scrap sales	28.3	(20,897)	(13,799)
		14,886,865	12,071,456
Opening stock of goods-in-process		589,548	484,446
Closing stock of goods-in-process		(352,687)	(589,548)
Cost of goods manufactured		15,123,726	11,966,354
Opening stock of finished goods		1,157,211	1,184,182
Closing stock of finished goods		(1,590,151)	(1,157,211)
		14,690,786	11,993,325

28.1 These include Rs.19.098 million (2020: Rs.18.456 million) and Rs.22.144 million (2020: Rs.27.768 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

28.2 It is net off by Rs.36 million (2020: Rs.36 million) in respect of amount received from a subsidiary company Messrs. Gatro Power (Private) Limited against plant operation arrangement.

28.3 Net off sales tax amounting to Rs.4.101 million (2020: Rs.2.729 million).

29 DISTRIBUTION AND SELLING COSTS

	Note	2021	2020
Salaries, allowances and benefits	29.1	41,283	37,520
Insurance		4,891	3,711
Rent, rates and taxes		2,438	2,263
Handling, freight and transportation		147,164	115,030
Advertisement and sales promotion		336	938
Communications		1,771	757
Travelling		383	312
Fee & subscriptions		-	236
Legal & professional fee		494	1,010
Sundry		8,909	7,630
Depreciation	4.3	2,615	3,039
		210,284	172,446

29.1 These include Rs.1.314 million (2020: Rs.1.238 million) and Rs.2.375 million (2020: Rs.2.984 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

	Note	2021	2020
		(Rupees in Thousand)	
30 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	30.1	192,536	204,361
Rent, rates and taxes		20,252	21,387
Insurance		8,096	1,997
Repairs and maintenance		11,408	11,832
Travelling		965	2,593
Communications		3,065	2,712
Legal and professional fees		12,547	10,678
Utilities		5,244	5,440
Printing and stationery		1,594	1,386
Transportation		8,444	8,004
Sundry		10,092	11,498
Depreciation	4.3	8,438	8,771
		282,681	290,659

30.1 These include Rs.7.645 million (2020: Rs.8.307 million) and Rs.24.478 million (2020: Rs.32.804 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

31 OTHER OPERATING EXPENSES

	Note	2021	2020
Loss on disposal of property, plant and equipment	4.4.1	35	900
Impairment of operating fixed assets	4.1	18,800	-
Property, plant and equipment - written off	4.2	45,084	-
Impairment allowance for ECL - net	11.6	-	45,499
Impairment allowance for slow moving stores, spare parts and loose tools - net	9.1	-	8,242
Impairment in long term investments	6.3 & 6.6	13,192	14,559
Exchange loss - net		-	14,941
Corporate social responsibility	31.1	12,468	7,720
Workers' Profit Participation Fund	22.8	63,137	13,113
Workers' Welfare Fund	22.9	16,720	3,573
Auditors' remuneration	31.2	2,796	4,611
		172,232	113,158

31.1 These includes donations of Rs.12.068 million (2020: Rs.7.470 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 donee fund, so far as other donations are concerned.

31.2 Auditors' remuneration

	2021	2020
Audit fee - Annual financial statements	2,175	1,800
Audit fee - Supplementary financial statements	-	1,250
Limited review, audit of annual & supplementary consolidated financial statements and certification fee	285	1,125
Sindh Sales Tax on services	197	334
Out of pocket expenses	139	102
	2,796	4,611

	Note	2021	2020
		(Rupees in Thousand)	
32 OTHER INCOME			
Income from financial assets			
Reversal of impairment allowance for ECL - net	11.6	3,096	-
Profit on deposits		129	1,642
		3,225	1,642
Income from non - financial assets & others			
Gain on disposal of property, plant and equipment	4.4.1	20,529	70,473
Liabilities no more payable written back		2,980	1,818
Reversal of impairment allowance for slow moving store, spare parts and loose tools	9.1	3,462	-
Amortisation of interest free long term loan to subsidiary company		10,783	8,119
Exchange gain - net		28,545	-
Reversal of provision for Gas Infrastructure Development Cess	21.3	36,282	-
Remeasurement gain on discounting of provision for GIDC	21.3	8,422	-
Miscellaneous income		288	409
		111,291	80,819
		114,516	82,461

33 FINANCE COSTS

	Note	2021	2020
Profit on long term financing		47,797	38,121
Mark up/profit on short term borrowings		75,134	165,724
Interest on Workers' Profit Participation Fund	22.8	1,260	-
Bank charges and guarantee commission		3,013	1,836
	33.1	127,204	205,681

33.1 It includes finance costs under Shariah Complaint arrangement amounting to Rs.65.277 million (2020: Rs.43.214 million).

34 INVESTMENT INCOME - DIVIDEND

	2021	2020
Dividend income from subsidiary company - Messrs. Gatro Power (Private) Limited	112,875	135,450
Dividend income from associated company - Messrs. Novatex Limited	-	1,077,300
	112,875	1,212,750

35 INCOME TAX

	Note	2021	2020
For the current year		246,185	355,086
For the prior year		(2,198)	34,654
	25	243,987	389,740
Deferred		(7,946)	7,946
		236,041	397,686

	Note	2021	2020
		(Rupees in Thousand)	
Relationship between income tax and profit before income tax:			
Profit before income tax		**1,301,765**	1,458,319
Income tax rate		**29%**	29%
Income tax on profit before income tax		**377,512**	422,913
Tax effect of:			
group taxation impact		**(32,734)**	(39,281)
minimum tax		**242,431**	183,776
brought forward minimum tax and loss adjusted		**(352,789)**	(33,060)
income assessed under final tax regime - export sales and dividend income		**(5,540)**	(149,888)
(reversal)/provision of prior year income tax		**(2,198)**	34,654
others		**9,359**	(21,428)
Income tax for the year		**236,041**	397,686

35.1 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:

	2020	2019	2018
	(Rupees in Thousand)		
Tax provision	355,086	307,913	185,231
Tax assessed	247,658	256,479	150,139

36 EARNINGS PER SHARE - Basic and diluted

	2021	2020
	(Rupees in Thousand)	
Profit after income tax	**1,065,724**	1,060,633
	(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	**27.78**	27.65

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

37 CASH AND CASH EQUIVALENTS

	Note	2021	2020
Cash and bank balances	16	**103,257**	64,157
Short term borrowings	24	**(3,520,880)**	(1,671,941)
		(3,417,623)	(1,607,784)

	(Rupees in Thousand) 2021	2020
38 FINANCIAL INSTRUMENTS		
Financial assets as per statement of financial position		
- Measured at amortised cost		
Loans and advances	**186,705**	114,993
Deposits	**156,169**	43,551
Trade debts	**2,897,201**	2,230,264
Other receivables	**127,497**	95,509
Cash and bank balances	**103,257**	64,157
	3,470,829	2,548,474
Financial liabilities as per statement of financial position		
- Measured at amortised cost		
Long term financing	**2,930,781**	1,177,953
Trade and other payables	**1,123,390**	821,785
Unclaimed dividend	**21,511**	21,544
Accrued mark up	**38,785**	53,469
Short term borrowings	**3,520,880**	1,671,941
	7,635,347	3,746,692

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

38.1 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 subsidiaries and associate. 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 subsidiaries and associate carried at cost less accumulated impairment, if any. The Company does not expect that unobservable inputs may have significant effect on fair values.

38.2 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.

38.2.1 Market Risk

A Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instrument 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)	
	2021	2020
Bills Payable	286,974	41,981
Trade creditors	1,279	1,414
Creditors for capital expenditure	23,921	3,240
Finance under F.E. Circular No.25 of SBP-Foreign currency	-	166,835
	312,174	213,470
Trade Debts	(34,768)	(5,209)
Receivable from suppliers	(87,046)	(77,386)
Cash at bank in foreign currency accounts	(14,337)	(8,235)
	(136,151)	(90,830)
	176,023	122,640
Commitments - Outstanding letters of credit	3,926,335	1,717,699
Net exposure	4,102,358	1,840,339

The following significant exchange rates have been applied:

	Average rate				Reporting date rate			
	Rupees							
	2021		2020		2021		2020	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
USD to PKR	160.21	160.71	158.19	158.69	157.80	158.30	168.25	168.75
Euro to PKR	191.14	191.75	175.04	175.68	188.12	188.71	189.11	189.73
JPY to PKR	1.51	1.51	1.46	1.47	1.43	1.43	1.56	1.57
CHF to PKR	176.08	176.64	160.42	160.96	171.32	171.86	176.83	177.43

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	
	2021	2020	2021	2020
Effect on statement of profit or loss				
USD to PKR	**309,539**	115,114	**304,898**	122,410
Euro to PKR	**97,973**	55,144	**96,419**	59,554
JPY to PKR	**1,547**	276	**1,468**	294
CHF to PKR	**7,658**	1,611	**7,451**	1,776
	416,717	172,145	**410,236**	184,034

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:

	2021	2020	2021	2020
	Effective rate (in %)		Carrying amount (Rupees in Thousand)	
Financial Assets				
Variable rate instruments				
Bank balance	**6.63**	10.05	**1,943**	1,903
Financial Liabilities				
Variable rate instruments				
Short term borrowings	**2.40-8.71**	2.25-14.86	**(3,520,880)**	(1,671,941)
			(3,518,937)	(1,670,038)

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 2020.

	(Rupees in Thousand) Statement of profit or loss before tax	
	100 bp increase	100 bp decrease
As at June 30, 2021		
Cash flow sensitivity - Variable rate	**(35,189)**	**35,189**
As at June 30, 2020		
Cash flow sensitivity - Variable rate	(16,700)	16,700

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

38.2.2 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.3,470.829 million (2020: Rs.2,548.474 million), financial assets of Rs.3,469.755 million (2020: Rs.2,547.274 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) 2021	2020
Loans and advances	**186,705**	114,993
Deposits	**156,169**	43,551
Trade debts	**2,897,201**	2,230,264
Other receivables	**127,497**	95,509
	3,024,698	2,325,773
Bank balances	**102,183**	62,957
	3,469,755	2,547,274

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

	2021	2020
Not past due	**2,484,751**	1,434,398
Past due 1-30 days	**247,740**	316,740
Past due 31-90 days	**183,142**	416,316
Past due 91-180 days	**106,615**	165,739
Past due 180 days	**117,494**	111,376
	3,139,742	2,444,569
Allowance for ECL - local	**(115,044)**	(118,796)
	3,024,698	2,325,773

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) 2021	2020
Bank Al-Falah Limited	PACRA	A1+	AA+	**33,373**	14,596
Bank Al-Habib Limited	PACRA	A1+	AAA	**127**	80
Citibank N.A.	Moody's	P-1	Aa3	**65**	63
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA	**2,019**	1,953
Faysal Bank Limited	PACRA	A1+	AA	**1,740**	496
Habib Bank Limited	VIS	A-1+	AAA	**9,582**	4,908
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	**36,646**	27,853
MCB Bank Limited	PACRA	A1+	AAA	**1,150**	807
Meezan Bank Limited	VIS	A-1+	AAA	**15,034**	8,872
National Bank of Pakistan	PACRA	A1+	AAA	**1,786**	2,837
Samba Bank Limited	VIS	A-1	AA	**-**	57
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	**430**	334
United Bank Limited	VIS	A-1+	AAA	**231**	101
				102,183	62,957

Above ratings are updated from PACRA, VIS & Moody's websites.

38.2.3 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, 2021, the Company has Rs.6,205 million available borrowing limit from financial institutions. The Company has unutilised borrowing facilities of Rs.2,684 million in addition to balances at banks of Rs.102 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) -----				
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	**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**
2020							
Long term financing	1,177,953	1,428,964	10,770	25,884	137,475	546,073	708,762
Trade and other payables	821,785	821,785	821,785	-	-	-	-
Unclaimed dividend	21,544	21,544	21,544	-	-	-	-
Accrued mark up	53,469	53,469	53,469	-	-	-	-
Short term borrowings	1,671,941	1,674,327	1,674,327	-	-	-	-
	3,746,692	4,000,089	2,581,895	25,884	137,475	546,073	708,762

38.3 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, 2021 and June 30, 2020 were as follows:

	2021	2020
	(Rupees in Thousand)	
Total borrowings	6,451,661	2,849,894
Cash and bank balances	(103,257)	(64,157)
Net debt	6,348,404	2,785,737
Total equity	5,955,152	5,332,729
Total capital	12,303,556	8,118,466
Gearing ratio	52%	34%

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.

39 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Managerial remuneration	17,349	20,836	33,168	36,008	138,763	127,219	189,280	184,063
Post employment benefits	6,503	11,199	4,734	8,699	18,798	19,045	30,035	38,943
Utilities	93	84	30	27	11	12	134	123
Other benefits	-	-	2,485	2,444	55,069	61,145	57,554	63,589
Reimbursement	-	-	-	-	1,178	1,569	1,178	1,569
Total	23,945	32,119	40,417	47,178	213,819	208,990	278,181	288,287
Number of persons for remuneration	2	1	4	3	40	39	46	43

39.1 Aggregate amount of meeting fee to Chairman and 6 non-executive directors (2020: Chairman and 4 non-executive Directors) was Rs.1.700 million (2020: Rs.1.400 million).

39.2 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.

39.3 During the year, an associated company Messrs. Novatex Limited reimbursed Rs.61.992 million (2020: Rs.54.067 million) in respect of shared resources of certain directors and executives.

39.4 During the year, Mr.Haroon Bilwani, Chairman and Mr.Pir Mouhammad Diwan, Chief Executive have been ceased to be the Chairman and Chief Executive of the Company w.e.f. February 16, 2021 and Mr.Abdul Razak Diwan and Mr.Shabbir Diwan have been appointed as Chairman and Chief Executive of the Company, respectively. Mr. Pir Muhammad Diwan has been appointed as Special Advisor to the Company w.e.f. February 16, 2021.

40 SEGMENT REPORTING

40.1 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.

40.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2021 is as follows:

(Rupees in Thousand)

	2021			2020		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	**12,614,386**	**3,943,175**	**16,557,561**	9,208,002	3,730,375	12,938,377
Segment result before depreciation	**1,214,891**	**682,291**	**1,897,182**	546,401	340,951	887,352
Less: Depreciation	**(475,049)**	**(48,323)**	**(523,372)**	(339,585)	(65,820)	(405,405)
Segment result after depreciation	**739,842**	**633,968**	**1,373,810**	206,816	275,131	481,947

Reconciliation of segment results with Profit before income tax:	2021	2020
Total results for reportable segments	**1,373,810**	481,947
Other operating expenses	**(172,232)**	(113,158)
Other income	**114,516**	82,461
Finance costs	**(127,204)**	(205,681)
Investment income - Dividend	**112,875**	1,212,750
Profit before income tax	**1,301,765**	1,458,319

Assets and liabilities by segments are as follows:

	2021 Polyester Filament Yarn	2021 Polyester PET Preforms	2021 Total	2020 Polyester Filament Yarn	2020 Polyester PET Preforms	2020 Total
Segment assets	**10,887,564**	**2,193,877**	**13,081,441**	6,555,013	1,982,912	8,537,925
Segment liabilities	**3,550,786**	**161,139**	**3,711,925**	1,648,669	271,276	1,919,945

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	**13,081,441**	**3,711,925**	8,537,925	1,919,945
Unallocated	**1,778,879**	**5,193,243**	1,747,354	3,032,605
Total as per un-consolidated statement of financial position	**14,860,320**	**8,905,168**	10,285,279	4,952,550

(Rupees in Thousand)

	2021			2020		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
Other segment information is as follows:						
Depreciation	**475,049**	**48,323**	**523,372**	339,585	65,820	405,405
Capital expenditures incurred during the year	**2,689,975**	**4,378**	**2,694,353**	1,520,704	13,319	1,534,023
Unallocated capital expenditure incurred during the year			**238,884**			123,059
Total			**2,933,237**			1,657,082

40.3 97.95% (2020: 99.41%) out of total sales of the Company relates to customers in Pakistan.

40.4 All non-current assets of the Company as at June 30, 2021 are located in Pakistan.

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

41 PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	2021 (Metric Tons)	2020 (Metric Tons)
Polyester Filament Yarn	41.1		
Annual capacity-75 denier		**36,974**	36,974
Annual capacity-150 denier		**73,396**	73,396
Actual production		**52,913**	37,092
Polyester P.E.T. Preforms	41.2		
Annual capacity		**41,017**	41,017
Actual production		**16,954**	15,370

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

41.2 The capacity is determined based on 43.66 gms production. Actual production represents production of various grammage. The actual production of preforms (various grammage) in pieces was 615.745 million (2020: 540.428 million) against annual capacity (based on 43.66 gms) of 939 million pieces.

42 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	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	**2,202,265**	1,585,841
			Receipt of dividend	**112,875**	135,450
			Plant operation arrangement	**36,000**	36,000
			Reimbursement of expenses	**689**	415
Global Synthetics Limited	Subsidiary Company	100% ownership	Investment made	**100**	-

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand) 2021	2020
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Investment made	**-**	249,990
			Long term loan	**61,850**	145,745
			Reimbursement of expenses	**12**	-
Novatex Limited	Associated Company	Common directorship	Sale of goods	**1,499,573**	873,375
			Rendering of services	**31,637**	65,171
			Obtaining of services	**682,136**	608,156
			Purchase of raw & other material	**103,777**	38
			Receipt of dividend	**-**	1,077,300
			Rent	**19,951**	20,949
			Reimbursement of expenses	**184,659**	163,775
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	**306,300**	386,162
			Purchase of raw & other material	**303**	455
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	**44,261**	28,182
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend	**-**	44,561
			Charges on account of handling	**8,028**	5,875
Gatron Foundation	Related Party	Common directorship	Payment of donation	**12,068**	7,470
Gatron (Ind) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	**24,052**	24,197
Gatron (Ind) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	**4,005**	3,804

- 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 39 of KMP. 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.

43 PROVIDENT FUND RELATED DISCLOSURES

	(Rupees in Thousand) 2021 (Un-Audited)	2020 (Audited)
The Following information is based on latest financial statements of the Funds.		
Size of the Funds - Total Assets	**548,502**	496,062
Cost of Investments made	**467,988**	449,769
Fair value of investments	**542,189**	491,438
Percentage of investments made (Fair value to size of the fund)	**98.85%**	99.07%

	(Rupees in Thousand)			
	2021		2020	
	Amount	%	Amount	%
43.1 The Break-up of cost of investments is:				
Shares of Listed Companies	**19,018**	**4.06%**	24,641	5.48%
Government Securities	**273,610**	**58.47%**	273,610	60.83%
Debt Securities	**-**	**0.00%**	119,911	26.66%
Mutual Funds	**9,912**	**2.12%**	10,853	2.41%
Bank Deposits	**165,448**	**35.35%**	20,754	4.62%
	467,988	**100.00%**	449,769	100.00%

43.2 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.

44 NUMBER OF EMPLOYEES

	(Number of employees)	
	2021	2020
Total number of employees as at June 30	**769**	772
Average number of employees during the year	**767**	779

45 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)
Property, plant and equipment Capital Work-in-Progress Plant and machinery under erection	Property, plant and equipment Capital Work-in-Progress Factory building on lease hold land under construction	5,471
Short term borrowings Running finance - Under Conventional	Short term borrowings Short term finance - Under Conventional	640,000
Cash Flows towards Investing Activities Long term investment made	Cash Flows towards Operating Activities Amortisation of interest free long term loan to subsidiary company	8,119
Long term investment made	Long term loans	34,046

46 DATE OF AUTHORISATION FOR ISSUE

These un-consolidated financial statements were authorised for issue on September 18, 2021 by the Board of Directors of the Company.

47 GENERAL

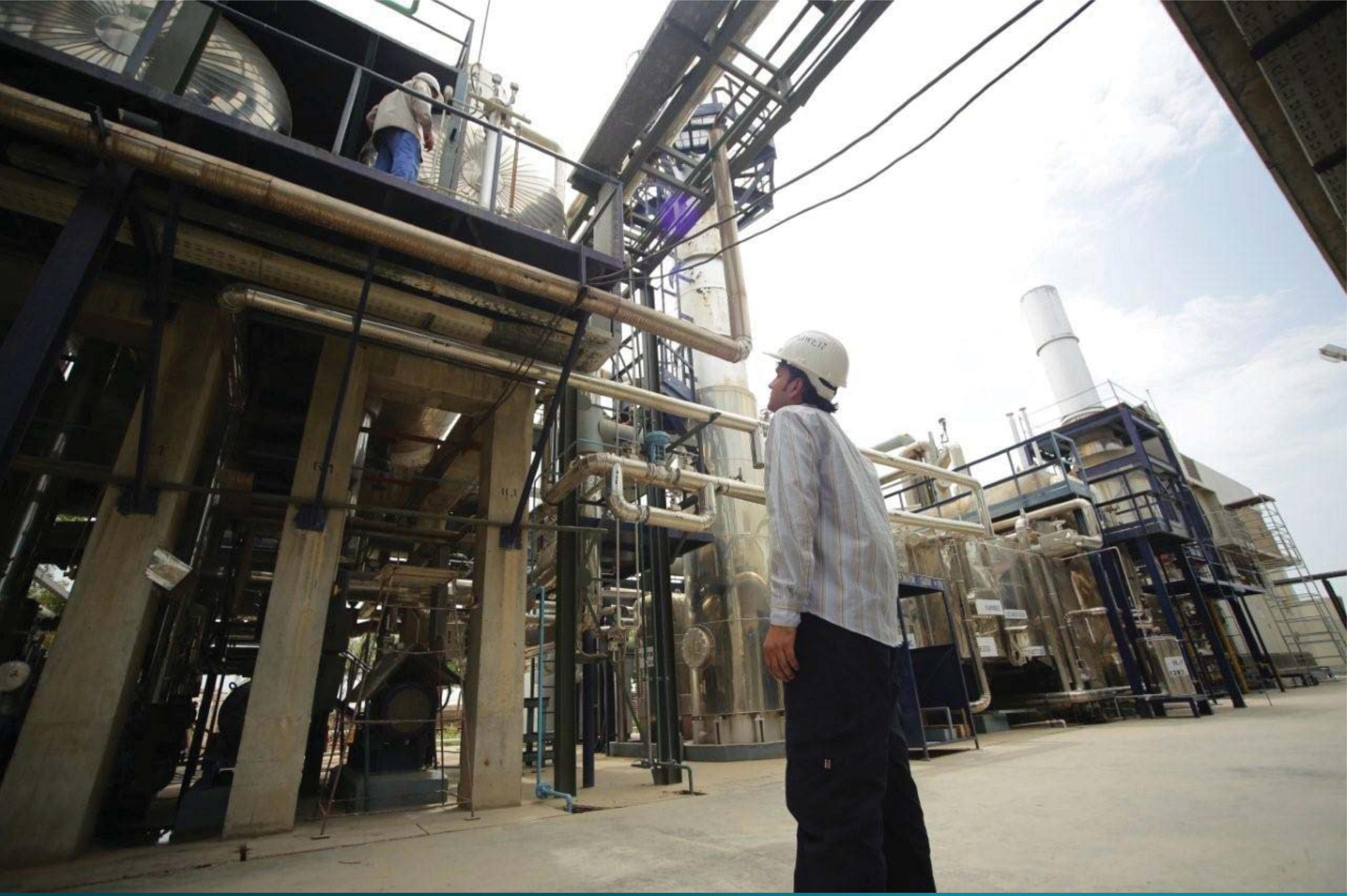
Figures have been rounded off to the nearest thousand of Rupees.

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

Pattern of Shareholding
As on June 30, 2021

No. of Shareholders	Shareholdings From	Shareholdings To	Total Shares Held
312	1	100	17,212
609	101	500	279,595
202	501	1,000	128,629
60	1,001	5,000	120,196
4	5,001	10,000	26,873
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
3	235,001	240,000	717,585
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
2	570,001	575,000	1,144,612
1	585,001	590,000	587,558
1	630,001	635,000	630,320
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	1,390,001	1,395,000	1,393,067
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	1,620,001	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
1,238		Total	38,364,480

Categories of Shareholders	Share Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children.	9,528,982	24.84
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	15,781,981	41.14
b. Foreign	689,588	1.80
Others	901	0.00



CONSOLIDATED FINANCIAL STATEMENTS

DIRECTORS' REPORT

On behalf of the Board of Directors (BOD) 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, 2021.

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.

During the period operations of wholly owned subsidiary Messrs. Gatro Power (Private) Limited remained disturbed due to shortage of gas supply and use of alternate sources to supply power to Parent Company, resulting in increased power cost.

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.

CONSOLIDATED FINANCIALS

Operating results for the year ended June 30, 2021	(Pak Rupees in Thousand)
Profit before Share of profit in associated company	2,427,063
Share of profit after income tax in associated company	953,955
Profit before income tax	3,381,018
Income Tax	379,907
Profit after income tax	3,001,111
Un- appropriated Profit brought forward	8,836,672
Un- appropriated Profit carried forward	3,378,345
Earnings per share – Basic and diluted (Rupees)	78.23

State of Affairs as on June 30, 2021

Property, Plant and Equipment	7,498,060
Other non-current assets	38,785
Current assets	10,027,581
Total assets	17,564,426
Deduct:	
Non-current liabilities	3,694,871
Current liabilities	6,188,920
Total liabilities	9,883,791
Net assets financed by shareholders' equity	7,680,635

OTHER MATTERS

Alhamdulillah, the Company had derecognized the investment in associated company as per approved Scheme of Arrangement, which was approved by the High Court on September 21, 2020, and same order of the Honorable Court filed with the registrar on October 06, 2020.

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

The Board of the Company is grateful to all the Stakeholder for their diligent trust and confidence in the Company and all the Directors acknowledged their consistent cooperation and continued support throughout the years and we are confident that they will continue to do so in the future.

We would like to express our sincere appreciation to each member of the Company for their commitment, innovative thinking and delivering their duties with utmost dedication and also we are thankful to all the Government Institutions, Auditors, the SECP, the PSX and Banks for their valuable guidance and assistance extended for the growth and progress of the Company.

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

September 18, 2021.

اظہارِتشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے ہم پر اعتماد کیا اور تمام ڈائریکٹرز ان کے مسلسل تعاون اور حمایت کو اس یقین کے ساتھ کے وہ آئندہ بھی ایسا کرتے رہیں گے تسلیم کرتے ہیں۔

ہم کمپنی کے ہر ممبر کے پرعزم، جدید سوچ اور اپنے فرائض کو انتہائی لگن کے ساتھ سرانجام دینے پر اُن کے تہہ دل سے مشکور ہیں۔ ساتھ ہی ہم تمام سرکاری اداروں، آڈیٹرز، ایس ای سی پی، پی ایس ایکس اور بینکرز کے شکرگزار ہیں جنہوں نے کمپنی کی ترقی میں اپنا کردار بخوبی نبھایا۔

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

18 ستمبر، 2021ء

گروپ کے جامع مالیاتی گوشواروں پرڈائریکٹرز کی رپورٹ

معززممبران،

میسرز گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2021ء کوختم شدہ سال کیلئے گروپ ہذا کے جامع مالیاتی گوشوارے پیش کرتے ہوئے مُسرت محسوس کرتے ہیں۔

گروپ :

یہ گروپ میسرز گیٹرون (انڈسٹریز) لمیٹڈ اوراس کے مکمل ماتحت اداروں میسرز گیٹر وپاور (پرائیویٹ) لمیٹڈ، میسرز گلوبل سینتھیٹک لمیٹڈ اورمیسرز جی پیک ایزجی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔

زیر جائزہ مدت کے دوران مکمل ملکیتی ماتحت ادارہ میسرز گیٹر وپاور (پرائیویٹ) لمیٹڈ کی عملی کارکردگی گیس کی فراہمی میں قلت اور پیرنٹ کمپنی کومتبادل ذرائع سے تیارشدہ مہنگی بجلی کی فراہمی کے نتیجے میں متاثر رہی۔

میسرز جی پیک انرجی (پرائیویٹ) لمیٹڈ کااصل کاروبار بجلی پیدا کرنااور فروخت کرنا ہے۔اس کمپنی کے آپریشنزموجودہ سال کے آخرتک 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 2021ء	(روپے '000)
منافع قبل ازتعین منافع من منسلکہ کمپنیاں	2,427,063
منافع منسلکہ کمپنی بعدازانکم ٹیکس Share of profit after income tax in associated company	953,955
منافع قبل ازانکم ٹیکس	3,381,018
انکم ٹیکس	379,907
منافع بعدازانکم ٹیکس	3,001,111
غیرمتصرف منافع گزشتہ (Un-appropriated profit brought forward)	8,836,672
غیرمتصرف منافع حالیہ (Un-appropriated profit carried forward)	3,378,345
آمدنی فی شیئر بنیادی اور تقسیم شدہ (Rupees)(Basic and Diluted–Earning per share)	78.23
30 جون 2021ء تک معاملات کی صورتحال	
املاک، پلانٹ اورایکوپمنٹ	7,498,060
دیگر پائیدار اثاثہ جات	38,785
بدل پزیر اثاثہ جات	10,027,581
کل اثاثہ جات	17,564,426
کٹوتی :	
پائیدار واجبات	3,694,871
بدل پزیر واجبات	6,188,920
کل واجبات	9,883,791
خالص اثاثہ جات اداشدہ منجانب ایکوئٹی بابتہ حصص یافتگان	7,680,635

دیگرامور:

اَلحَمدُ لِلّٰہ، کمپنی نے متعلقہ کمپنی میں اپنی سرمایہ کاری کومنظور شدہ Scheme of Arrangement کی موثر تاریخ سے ڈی ریکگنائز (Derecognized) کردیا ہے، جس کی ہائیکورٹ آف بلوچستان، کوئٹہ نے 21 ستمبر 2020ء کومنظوری دی اور 6 اکتوبر 2020ء کواس منظوری کی آگاہی رجسٹرار کودے دی ہے۔

اہم تبدیلیاں اورمعاہدے:

بیلنس شیٹ کی تاریخ اورر پورٹ ہذا 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 کانظام مضبوط بنیادوں پر استوار ہے اوراس کانفاذ مؤثرطور سے کیا گیا ہے اوراس پرنظر بھی رکھی جارہی ہے۔

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

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, 2021, 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, 2021 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 27.1.1 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. 3.840 billion as at the reporting date, being 22% 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 the inventories being considered as a key audit matter.	Our audit procedures included the following: ➢ Attended the year end 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 the inventories, traced quantities from working papers of observation of physical stock taking and examination of computation of average costs. ➢ Obtained understanding of internal controls designed by the Group over recording of purchases and valuation of the inventories, and tested their operating effectiveness on sample basis. ➢ Assessed historical costs recorded in the inventory valuation by performing test of details on purchases. ➢ Assessed the management's determination of the 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 the Group's disclosures in respect of inventories.
2.	Contingencies: The Company is under litigation cases in respect of various matters including Gas Infrastructure Developments Cess (GIDC) and other miscellaneous cases including that of taxes as disclosed in note 27 of the consolidated financial statements.	Our audit procedures included the following: ➢ Assessed management's processes to identify new possible obligations and changes in existing obligations through inquiries from the management and review of the minutes of meetings of the Board of Directors and Audit Committee.

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	Given the nature of contingencies, the assessment of the existence of the present legal or constructive obligation, analysis of the probability of the related payments and analysis of a reliable estimate, requires significant management's judgment to ensure appropriate accounting and disclosures. These judgments can change over time as new facts emerge and the case progresses. Therefore, we have identified this matter as a key audit matter.	➢ Reviewed of the relevant information including case proceedings and correspondences in respect of the ongoing litigations. ➢ Obtained confirmation from the legal counsels of the Group to evaluate the status of the pending litigations and view point of the Group's legal counsels thereon. ➢ Evaluated legal and professional expenses to confirm that all pending legal matters are identified and disclosed. ➢ Re-computed the amounts of obligations based on available underlying information and confronted parameters. ➢ Assessed the appropriateness of the related disclosures made in the consolidated financial statements in light of IAS-37 "Provisions and Contingencies".

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

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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.

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

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CHARTERED ACCOUNTANTS

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.

- 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 18, 2021

Consolidated Statement of Financial Position
AS AT JUNE 30, 2021

	Note	2021	2020
		(Rupees in Thousand)	
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	7,498,060	5,215,939
Intangible assets	6	35,898	17,614
Long term investment	7	-	8,903,623
Long term loans	8	40	19
Long term deposits	9	2,847	3,229
		7,536,845	14,140,424
Current Assets			
Stores, spare parts and loose tools	10	1,215,414	1,013,495
Stock in trade	11	3,840,346	2,394,758
Trade debts	12	2,897,201	2,230,264
Loans and advances	13	82,857	87,875
Trade deposits and short term prepayments	14	154,193	42,746
Other receivables	15	335,766	140,499
Sales tax refund due from Federal Government	16	8,634	8,634
Cash and bank balances	17	1,493,170	1,135,360
		10,027,581	7,053,631
TOTAL ASSETS		17,564,426	21,194,055
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		3,378,345	8,836,672
		7,680,635	13,138,962
LIABILITIES			
Non - Current Liabilities			
Long term financing	21	2,840,439	1,174,783
Deferred liabilities and income	22	854,432	1,667,625
		3,694,871	2,842,408
Current Liabilities			
Trade and other payables	23	2,478,354	3,434,092
Unclaimed dividend		21,511	21,544
Accrued mark up	24	38,785	53,469
Short term borrowings	25	3,520,880	1,671,941
Current portion of long term financing	21	90,342	3,170
Provision for income tax less payments	26	39,048	28,469
		6,188,920	5,212,685
CONTINGENCIES AND COMMITMENTS	27		
TOTAL EQUITY AND LIABILITIES		17,564,426	21,194,055

The notes 1 to 47 annexed herewith form an integral part of these consolidated financial statements.

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

Buying/Selling closing conversion rates were 1 US$ = Rs.157.80/158.30, 1 Euro € = Rs.188.12/188.71 and 1 Pound £ = Rs.218.58/219.28

Consolidated Statement of Profit or Loss
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in Thousand)	
Sales	28	16,557,561	12,938,377
Cost of sales	29	14,254,055	11,873,344
Gross profit		2,303,506	1,065,033
Distribution and selling costs	30	210,284	172,446
Administrative expenses	31	289,381	295,864
Other operating expenses	32	159,612	104,079
		659,277	572,389
		1,644,229	492,644
Other income	33	910,479	75,387
Operating profit		2,554,708	568,031
Finance costs	34	127,645	206,479
		2,427,063	361,552
Share of profit after income tax in associated company	7.1	953,955	1,556,867
Profit before income tax		3,381,018	1,918,419
Income tax - Current & prior		243,987	389,740
- Deferred		135,920	78,680
	35	379,907	468,420
Profit after income tax		3,001,111	1,449,999
Earnings per share - Basic and diluted (Rupees)	36	78.23	37.80

Note: The share of profit from associated company Messrs. Novatex Limited, which in the meanwhile has been derecognized on October 06, 2020 as per the Scheme of Arrangement approved by the Balochistan High Court. If the share of profit from associated company have not been considered, Earnings per share for the year ended June 30, 2021 would have been Rs.57.11.

The notes 1 to 47 annexed herewith form an integral part of these consolidated financial statements.

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

Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in Thousand)	
Profit after income tax		3,001,111	1,449,999
Other comprehensive income/(loss)			
Items that will never be reclassified to profit or loss			
Gain on remeasurement of defined benefit plan having nil tax impact	22.2	3,781	23,216
Share of other comprehensive income/(loss) of associate - net of tax			
Remeasurement gain/(loss) on defined benefit obligation		4,623	(2,919)
Unrealised gain/(loss) on remeasurement of investments		524	(5,085)
		8,928	15,212
Total comprehensive income		3,010,039	1,465,211

The notes 1 to 47 annexed herewith form an integral part of these consolidated financial statements.

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

Consolidated Statement of Changes in Equity
FOR THE YEAR ENDED JUNE 30, 2021

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2019	383,645	383,645	3,535,000	8,426,484	12,728,774
Total comprehensive income for the year ended June 30, 2020	-	-	-	1,465,211	1,465,211
Transactions with owners					
Final cash dividend for the year ended June 30, 2019 at Rs.15.00 per share i.e. @150%	-	-	-	(575,467)	(575,467)
Interim cash dividend for the year ended June 30, 2020 at Rs.12.50 per share i.e. @ 125%	-	-	-	(479,556)	(479,556)
	-	-	-	(1,055,023)	(1,055,023)
Balances as at June 30, 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**

The notes 1 to 47 annexed herewith form an integral part of these consolidated financial statements.

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

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021	2020
		(Rupees in Thousand)	
Cash Flows (towards)/from Operating Activities			
Profit before income tax		3,381,018	1,918,419
Adjustments for:			
Depreciation	5.3	659,817	523,094
Impairment of operating fixed assets	32	18,800	-
Property, plant and equipment - written off	32	45,084	-
Provision for defined benefit plan	22.2	49,374	63,962
Gain on disposal of property, plant and equipment	33	(20,529)	(71,338)
Loss on disposal of property, plant and equipment	32	35	900
(Reversal)/impairment allowance for ECL - net	12.6	(3,096)	45,499
Impairment allowance for slow moving stores, spare parts and loose tools-net	32	362	10,718
Remeasurement gain on discounting of provision for GIDC	33	(79,016)	-
Share of profit after income tax in associated company	7.1	(953,955)	(1,556,867)
Finance costs	34	127,645	206,479
		(155,479)	(777,553)
		3,225,539	1,140,866
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(202,281)	(81,971)
Stock in trade		(1,445,588)	446,021
Trade debts		(663,841)	(747,202)
Loans and advances		6,539	(8,673)
Trade deposits and short term prepayments		(111,447)	23,103
Other receivables		(201,633)	106,803
Sales tax refund due from Federal Government		-	133,741
		(2,618,251)	(128,178)
Increase in Trade and other payables		(489,245)	(290,480)
Cash flows from operations before following		118,043	722,208
(Payments for)/receipts of:			
Long term loans		(1,542)	370
Long term deposits		382	(506)
Defined benefit plan	22.2	(14,340)	(6,171)
Finance costs		(142,329)	(161,594)
Income tax		(230,064)	(286,086)
Net cash flows (towards)/from operating activities		(269,850)	268,221
Cash Flows (towards)/from Investing Activities			
Additions in property, plant and equipment		(3,009,358)	(2,507,509)
Proceeds from disposal of property, plant and equipment	5.4	27,317	124,635
Additions in intangible assets	6	(18,284)	(17,614)
Dividend received from associated company	7	-	1,077,300
Net cash flows towards investing activities		(3,000,325)	(1,323,188)
Cash Flows from/(towards) Financing Activities			
Long term financing - proceeds received		1,780,008	1,051,413
Long term financing - repayment		(929)	-
Dividend paid		(33)	(1,049,872)
Net cash flows from financing activities		1,779,046	1,541
Net decrease in cash and cash equivalents		(1,491,129)	(1,053,426)
Cash and cash equivalents at the beginning of the year		(536,581)	516,845
Cash and cash equivalents at the end of the year	37	(2,027,710)	(536,581)

The notes 1 to 47 annexed herewith form an integral part of these consolidated financial statements.

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

Notes to the Consolidated Financial Statements
FOR THE YEAR ENDED JUNE 30, 2021

1 THE GROUP AND ITS OPERATIONS

1.1 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.

1.2 The Board of Directors of the Parent Company in its meeting held on September 30, 2019 had approved the Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017 in respect of shares owned by the Parent Company in associated company Messrs. Novatex Limited, and the same scheme had been approved in the Extra Ordinary General Meeting held on February 12, 2020 by the members of the Parent Company. In term of the scheme, all 56.7 million Ordinary Shares of Messrs. Novatex Limited held by the Parent Company were to be cancelled and in lieu of such cancellation new shares in Messrs. Novatex Limited will be issued to the shareholders of the Parent Company in proportion to shares held by the respective shareholder as of the book closure date. Alhamdullilah, on September 21, 2020, the Honorable Balochistan High Court had approved/sanctioned the said Scheme of Arrangement and the Parent Company had filed the order of the Honorable Court with Registrar on October 06, 2020. Accordingly, the Parent Company had derecognized the investment in associated company amounting to Rs.8,468.366 million.

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, 2021

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, 2021. 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.

	Effective from accounting period beginning on or after:
Amendment to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Amendment regarding the definition of business	January 01, 2020
Amendment to IAS 1 'Presentation of Financial statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors - Amendments regarding the definition of material	January 01, 2020
Amendments to IAS 39, IFRS 7 & IFRS 9 - The amendment will effect entities that apply the hedge accounting requirements of IFRS 9 pr IAS 39 to hedging relationship directly affected by the interest rate benchmark reform.	January 01, 2020

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 14 - Regulatory Deferral Accounts	July 01, 2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Interest Rate Benchmark Reforms - Phase 2 (Amendment to IFRS 4, IFRS 7, IFRS 9, IFRS 16 and IAS 39)	January 01, 2021
Amendment to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework	January 01, 2022
Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendment to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contract - cost of fulfilling a contract	January 01, 2022
Amendment to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023

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 & 4.7, 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.

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 4.9.2 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 4.12.

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, 2020. 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. 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 Investments

Associated Company

Investment in Associated Company is stated under Equity Method of accounting after having initially recognised at cost. Gains and losses on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate unless in case of losses the transaction provides evidence of an impairment of the assets transferred.

4.5 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 3.4.4. The major value spares and stand by equipments are capitalized and depreciated according to their useful life.

4.6 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.

4.7 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 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.

4.8 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.

4.9 Employees' post employment benefits

4.9.1 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.

4.9.2 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, 2021.

4.10 Compensated unavailed leaves

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

4.11 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 Group recognizes benefits under the government schemes when there is a reasonable assurance that 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.

4.12 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 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.

4.13 Trade and other payables

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

4.14 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.

4.15 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.

4.16 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 consolidated statement of profit or loss.

4.17 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.

4.18 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 40.

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	2021	2020
		(Rupees in Thousand)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,845,696	4,256,888
Capital work in progress	5.6	2,652,364	959,051
		7,498,060	5,215,939

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, 2021													
Net book value (NBV) as at 01st July	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**
Write offs at NBV (note:5.2)	-	-	-	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	**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**
Net carrying value													
Year ended June 30, 2020													
Net book value (NBV) as at 01st July	25,320	15,039	594	108,215	3,107	2,559,875	3,406	34,775	13,510	109,233	94,826	5,333	**2,973,233**
Additions	-	-	-	-	-	55,614	-	19,794	-	95,948	-	-	**171,356**
Transfer from capital work in progress	-	-	-	296,045	-	1,203,779	-	-	-	-	189,766	-	**1,689,590**
Transfer at NBV	-	-	-	-	-	1,076	-	-	-	-	-	(1,076)	**-**
Disposal at NBV	-	-	-	-	-	40,954	-	-	53	13,190	-	-	**54,197**
Depreciation	-	-	59	13,687	311	427,409	681	9,357	3,605	29,863	37,519	603	**523,094**
Net book value as at 30th June	**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**
Gross carrying value													
At June 30, 2020													
Cost	25,320	15,039	14,248	780,530	9,902	9,639,801	10,731	102,046	30,430	280,476	420,056	11,898	**11,340,477**
Accumulated depreciation	-	-	13,713	389,957	7,106	6,287,820	8,006	56,834	20,578	118,348	172,983	8,244	**7,083,589**
Net book value	**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**
Depreciation rate													
% per annum	-	-	10	10	10	10 to 33	20	20	20 to 30	20	10 to 30	10 to 15	

5.2 During the year, the Parent Company identified certain items of operating fixed assets from which further economic benefits are no longer expected to be derived. Therefore, assets having net book value of Rs.45.084 million (2020: Rs.Nil) have been retired from active use and have been written off in these consolidated financial statements.These assets are also expected to be sold as scrap hence written off.

	Note	2021	2020
		(Rupees in Thousand)	
5.3 Depreciation for the year has been allocated as follows:			
Cost of sales	29	**648,649**	511,141
Distribution and selling costs	30	**2,615**	3,039
Administrative expenses	31	**8,553**	8,914
		659,817	523,094

5.4 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
OFFICE PREMISIES						
Textile Plaza, M.A Jinnah / Dunally Road, Karachi.	1,949	537	9,309	8,772	Negotiation	**M/s. Vohra Traders** 21-B, Khayaban-e-Khalid, Phase 8, DHA, Karachi
Items having book value upto Rs.500 thousand each	1,491	405	5,432	5,027	Various	**Various**
Sub Total	**3,440**	**942**	**14,741**	**13,799**		
PLANT & MACHINERY						
Refrigeration Air Dryers, Strapping Machine along with accessories	5,150	741	1,514	773	Negotiation	**Rahat Shah** Dawak Khana Pusht Ardhe, Tehsil Salar Zai, Bajor
Items having book value upto Rs.500 thousand each	13,003	76	3,603	3,527	Various	**Various**
Sub Total	**18,153**	**817**	**5,117**	**4,300**		
FACTORY EQUIPMENT						
Items having book value upto Rs.500 thousand each	143	16	83	67	Various	**Various**
Sub Total	**143**	**16**	**83**	**67**		
OFFICE EQUIPMENT						
Items having book value upto Rs.500 thousand each	138	29	5	(24)	Various	**Various**
Sub Total	**138**	**29**	**5**	**(24)**		
MOTOR VEHICLES						
Corolla XLI 1.3L A/T BRE-890	2,480	2,081	2,356	275	Company Policy	**Mr. Muhammad Javed** Employee of the company
Suzuki Cultus BRP-270	1,865	1,451	1,828	377	-- do --	**Mr. Tafheem** Employee of the company
Items having book value upto Rs.500 thousand each	7,685	1,432	3,143	1,711	Various	**Various**
Items having book value upto Rs.500 thousand each	132	55	44	(11)	Various	**Various**
Sub Total	**12,162**	**5,019**	**7,371**	**2,352**		
Total - 2021	**34,036**	**6,823**	**27,317**	**20,494**		
Total - 2020	123,007	54,197	124,635	70,438		

	Note	2021	2020
		(Rupees in Thousand)	
5.4.1 Detail of net gain/(loss) on disposal of property, plant and equipment			
Gain on disposal of property, plant and equipment	33	**20,529**	71,338
Loss on disposal of property, plant and equipment	32	**(35)**	(900)
		20,494	70,438

5.5 Particulars of Group's immovable operating fixed assets are as follows:

Particulars	Location	Approximate Area
Land		
Freehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	11 Acres
Freehold	Manghopir, Gadap Town, Karachi	13 Acres
Freehold	Landhi, Karachi	4 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	129,500 Sq. Meters
Office Premises	M.A Jinnah Road / Dunolly Road Karachi	800 Sq. Meters
Office Premises	I.I Chundrigar Road, Karachi	225 Sq. Meters
Office Premises	Jinnah Road, Quetta	115 Sq. Meters
Office Premises	Ketcheri Bazar, Faisalabad	85 Sq. Meters

5.6 Capital Work-in-Progress

(Rupees in Thousand)

	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**

	Balance as at July 1, 2019	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2020
Factory building on lease hold land under construction	171,781	245,739	(296,045)	121,475
Plant and machinery under erection	94,238	1,947,117	(1,203,779)	837,576
Overhauling in progress	-	189,766	(189,766)	-
	266,019	**2,382,622**	**(1,689,590)**	**959,051**

5.6.1 It includes borrowing cost of Rs.28.582 million (2020: Rs.Nil) and net of with amortization of government scheme amounting to Rs.0.852 million (2020: Rs.Nil) refer note 22.4.

(Rupees in Thousand)

	2021	2020
6 INTANGIBLE ASSETS		
Capital work in progress - SAP ERP System		
Balance as at start of the year	**17,614**	-
Additions during the year	**18,284**	17,614
Balance as at end of the year	**35,898**	17,614

	Note	2021	2020
		(Rupees in Thousand)	

7 LONG TERM INVESTMENT
Associated company - Novatex Limited

Nil (2020: 56.7 million) fully paid ordinary shares of Rs.10 each

	Note	2021	2020
Balance as at start of the year		8,903,623	8,432,060
Share of profit after income tax for the period	7.1	959,102	1,548,863
Dividend received		-	(1,077,300)
Derecognition of investment		(9,862,725)	-
Balance as at end of the year	7.2	-	8,903,623

During the year, the Parent Company has derecognised the investment in associated company as per approved Scheme of Arrangement sanctioned by Honorable High Court of Balochistan, refer note 1.2.

7.1 The Parent Company's share in profit or loss

	2021	2020
Sales	12,161,126	25,518,899
Cost of sales	10,556,166	21,731,268
Gross profit	1,604,960	3,787,631
Other expenses, income and taxes	651,005	2,230,764
Profit after taxation	953,955	1,556,867
Other comprehensive income/(loss)	5,147	(8,004)
Total comprehensive income	959,102	1,548,863

7.2 The Parent Company's interest in assets & liabilities:

	2021	2020
Property, plant and equipment	-	4,573,578
Other non - current assets	-	827,932
Current assets	-	14,550,593
	-	19,952,103
Long term liabilities	-	1,140,409
Current liabilities	-	9,227,671
	-	10,368,080
Net assets	-	9,584,023
Less: Dividend paid subsequently by associated company @ Nil i.e. Rs.0.00 per share (March 31, 2020 @ 120% i.e. Rs.12.00 per share)	-	680,400
	-	8,903,623

8 LONG TERM LOANS - Considered good
Secured - Interest free

	Note	2021	2020
To employees other than Chief Executive & Directors	8.1 & 8.2	4,140	2,598
Amount due in twelve months shown under current assets	13	(4,100)	(2,579)
Recoverable within three years		40	19

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

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

	Note	2021	2020
		(Rupees in Thousand)	
9 LONG TERM DEPOSITS			
Security deposits for utilities and others		2,847	3,229
10 STORES, SPARE PARTS AND LOOSE TOOLS			
In hand:			
Stores		250,906	176,993
Spare parts		1,027,972	906,233
Loose tools		8,766	7,028
		1,287,644	1,090,254
Impairment allowance for slow moving stores, spare parts and loose tools	10.1	(77,121)	(76,759)
		1,210,523	1,013,495
In transit		4,891	-
		1,215,414	1,013,495
10.1 Impairment allowance for slow moving stores, spare parts and loose tools			
Balance as at start of the year		76,759	66,041
Charge for the year		6,531	11,105
Reversals due to consumption		(6,169)	(387)
	32	362	10,718
Balance as at end of the year		77,121	76,759
11 STOCK IN TRADE			
Raw material		1,784,620	606,218
Raw material in transit		112,888	41,781
Goods in process		352,687	589,548
Finished goods		1,590,151	1,157,211
	11.1	3,840,346	2,394,758

11.1 These include items costing Rs.104.845 million (2020: Rs.1,343.485 million) valued at net realisable value of Rs.69.329 million (2020: Rs.1,193.240 million).

	Note	2021	2020
12 TRADE DEBTS			
Considered good			
Secured			
Local		45,501	10,295
Export	12.1	34,768	5,209
	12.2	80,269	15,504
Unsecured - local	12.3, 12.4 & 12.5	2,816,932	2,214,760
		2,897,201	2,230,264
Allowance for ECL - local			
Unsecured - local		115,044	118,796
Allowance for ECL - local	12.6	(115,044)	(118,796)
		-	-
		2,897,201	2,230,264

12.1 These represent balances of US$ 0.220 million (2020: US$ 0.031 million).

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

12.3 These include Rs.97.520 million (2020: Rs.97.287 million) due from an associated company 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.323.015 million (2020: Rs.201.354 million).

12.4 These include Rs.115.843 million (2020: Rs.239.176 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.285.613 million (2020: Rs.293.378 million).

		Note	2021	2020
			(Rupees in Thousand)	
12.4.1	Not past due		46,882	144,342
	Past due 1-30 days		68,961	94,834
			115,843	239,176

12.5 These include Rs.Nil (2020: Rs.12.673 million) due from a related party Messrs. Mushtaq & Company (Private) Limited. The maximum aggregate amount due at any month end during the year was Rs.23.597 million (2020: Rs.36.128 million).

		Note	2021	2020
12.5.1	Not past due		-	9,813
	Past due 1-30 days		-	2,860
			-	12,673
12.6	**Allowance for ECL - local**			
	Balance as at start of the year		118,796	73,297
	Charge for the year		44,386	57,202
	Reversals since recovered		(47,482)	(11,703)
			(3,096)	45,499
	Written off during the year		(656)	-
	Balance as at end of the year		115,044	118,796

13 LOANS AND ADVANCES - Considered good

	Note	2021	2020
Secured			
Amount recoverable in twelve months from employees	8	4,100	2,579
Advances to employees	13.1	522	696
		4,622	3,275
Unsecured			
Advances:			
to suppliers and contractors	13.2	68,457	69,192
Against purchase of land		-	10,000
for imports		9,778	5,408
		78,235	84,600
		82,857	87,875

13.1 These represent advances against monthly salaries under terms of employment.

13.2 These include advances against purchase of vehicles Rs.7.221 million (2020: Rs.3.205 million).

	Note	2021	2020
		(Rupees in Thousand)	

14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2021	2020
Shipping guarantees - deposits	14.1	1,945	-
Margins held by banks	14.2	137,022	40,222
Security deposits		14,355	100
Prepayments		871	2,424
		154,193	42,746

14.1 This represents margin held by bank against issuance of shipping guarantees on behalf of the Parent Company for clearance of spare parts consignments.

14.2 This represents 100% margin held by bank against opening of Letters of Credit on behalf of the Parent Company.

15 OTHER RECEIVABLES - Considered good

	Note	2021	2020
Receivable from suppliers	15.1	92,858	77,386
Claims receivable from suppliers		2,851	879
Sales tax		150,650	12,870
Receivable from Federal Government - Sales tax	27.1.5 & 27.1.18	28,011	28,011
Receivable from Federal Government - Income tax	27.1.6, 27.1.7 & 27.1.14	29,816	6,366
Receivable from Workers' Provident Fund Trust		991	-
Others	15.2	30,589	14,987
		335,766	140,499

15.1 These includes balances receivable in foreign currency of US$ 0.552 million (2020: US$ 0.460 million).

15.2 These include Rs.23.144 million (2020: Rs.13.214 million) receivable from an associated company 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.23.144 million (2020: Rs.30.121 million).

16 SALES TAX REFUND DUE FROM FEDERAL GOVERNMENT

	Note	2021	2020
Sales tax		8,634	8,634

17 CASH AND BANK BALANCES

	Note	2021	2020
Cash in hand		1,177	1,299
Cash at banks			
In current accounts : Local currency		1,475,713	1,123,923
In saving account : Local currency	17.1	1,943	1,903
In current accounts : Foreign currency	17.2	14,337	8,235
	17.3	1,491,993	1,134,061
		1,493,170	1,135,360

17.1 This represents security deposits received from contractors, refer note 23.6.

17.2 These represent balances of US$ 90,103.47 and Euro € 629.98 (2020: US$ 48,239.25 and Euro € 629.98).

17.3 Balance in bank accounts includes an amount of Rs.405.135 million (2020: Rs.94.556 million) kept with Shariah compliant banks.

18 SHARE CAPITAL

(Number of Shares) 2021	2020		Note	(Rupees in Thousand) 2021	2020
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 (2020: 1,620,387) shares held by a related party, Messrs. Gani & Tayub (Private) Limited.

19 CAPITAL RESERVE

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.

20 GENERAL RESERVE

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	2021	2020
Meezan Bank Limited	21.1	**2,465,193**	1,133,129
Dubai Islamic Bank Pakistan Limited	21.2	**86,221**	44,824
United Bank Limited	21.3	**322,723**	-
Bank Al-Falah Limited	21.4	**56,644**	-
		2,930,781	1,177,953
Current maturity shown under current liabilities		**(90,342)**	(3,170)
		2,840,439	1,174,783

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 (2020: Rs.1,133.129 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 i.e. 2% + 2% bank profit equal to 4% per annum. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

21.2 This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.120 million out of which Rs.87.150 million (2020: Rs.44.824 million) obtained by the Parent Company during February 2020 to March 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 April 2031 on their respective maturities. The applicable rate of return is relevant SBP rate i.e 2% + 1.50% bank profit equal to 3.50% per annum. IFRE facility is secured against the hypothecation charge over specific plant and machinery.

21.3 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.2,200 million out of which Rs.345.640 million (2020: Rs.Nil) having present value of Rs.322.723 million (2020: Rs.Nil) obtained by the Parent Company during February 2021 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 February 2031 to June 2031 on their respective maturities. The applicable rate of return is relevant SBP rate i.e. 1% + 1.25% bank profit equal to 2.25% per annum. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

		(Rupees in Thousand)	
		2021	**2020**
21.3.1	Loan obtained	**345,640**	-
	Fair value differential of long term finance transferred to government scheme	**(23,747)**	-
	Amortisation of government scheme	**830**	-
		322,723	-

21.4 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs. 1,000 million out of which Rs. 59.978 million (2020: Rs.Nil) having present value of Rs. 56.644 million (2020: Rs.Nil) obtained by the Parent Company during April 2021 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 April 2031 to June 2031 on their respective maturities. The applicable rate of return is relevant SBP rate i.e. 1% + 1% bank profit equal to 2% per annum. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

		2021	2020
21.4.1	Loan obtained	**59,978**	-
	Fair value differential of long term finance transferred to government scheme	**(3,356)**	-
	Amortisation of government scheme	**22**	-
		56,644	-

		Note	2021	2020
			(Rupees in Thousand)	
22	**DEFERRED LIABILITIES AND INCOME**			
	Deferred Liabilities			
	Income tax - net	22.1	-	1,258,439
	Defined benefit plan	22.2	440,439	409,186
	Provision for Gas Infrastructure Development Cess (GIDC)	22.3	391,794	-
	Deferred Income			
	Deferred income - Government scheme	22.4	22,199	-
			854,432	1,667,625

22.1 This comprises of the following major timing differences:

	2021	2020
Taxable temporary difference arising due to:		
tax depreciation allowances	39,183	60,164
deferred tax liability arising in respect of unrealised accumulated profit from an associated company Messrs. Novatex Limited	-	1,250,493
Deductible temporary difference arising due to:		
impairment allowance for ECL	(33,363)	(34,451)
impairment allowance for slow moving stores, spare parts and loose tools	(16,777)	(17,767)
	(10,957)	1,258,439
Net deferred tax assets of taxable temporary difference not recognised	10,957	-
	-	1,258,439

At the reporting date, deferred tax asset amounting to Rs.610.579 million (2020: Rs.461.381 million) has not been recognised by the Parent Company considering chances of reversal are remote.

22.2 Actuarial valuation of the plan was carried out as at June 30, 2021. The calculation for provision of defined benefit plan is as under:

	Note	2021	2020
Movement of the present value of defined benefit obligation (PVDBO)			
Balance as at start of the year		409,186	374,611
Expense	22.2.1	49,374	63,962
Remeasurement gain		(3,781)	(23,216)
Payments		(14,340)	(6,171)
Balance as at end of the year		440,439	409,186

22.2.1 Expense

	Note	2021	2020
Service cost		20,993	20,870
Interest cost		28,381	43,092
		49,374	63,962
Allocation are as follows:			
Cost of Sales	29.1	22,347	28,004
Distribution and selling costs	30.1	2,375	2,984
Administrative expenses	31.1	24,652	32,974
		49,374	63,962

	2021	2020
The principal actuarial assumptions used were as follows:		
Discount rate	**10.00%**	8.50%
Future salary increase rate	**10.00%**	8.50%
Withdrawal Rate	**High**	High
Mortality	**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005

Sensitivity Analysis

	2021		2020	
	PVDBO (Rupees in Thousand)	**Percentage Change**	PVDBO (Rupees in Thousand)	Percentage Change
Current Liability	**440,439**	**-**	409,186	-
+ 1% Discount Rate	**424,307**	**(3.66%)**	393,785	(3.76%)
- 1% Discount Rate	**458,752**	**4.16%**	426,727	4.29%
+ 1% Salary Increase Rate	**460,194**	**4.49%**	428,108	4.62%
- 1% Salary Increase Rate	**422,687**	**(4.03%)**	392,238	(4.14%)
+ 10% Withdrawal Rates	**440,437**	**(0.00%)**	409,180	(0.00%)
- 10% Withdrawal Rates	**440,443**	**0.00%**	409,193	0.00%
1 Year Mortality age set back	**440,440**	**0.00%**	409,186	0.00%
1 Year Mortality age set forward	**440,439**	**(0.00%)**	409,186	0.00%

	(Rupees in Thousand)	
	2021	**2020**
Maturity profile	**Undiscounted payments**	
Year 1	**183,254**	153,729
Year 2	**17,747**	22,866
Year 3	**27,219**	16,105
Year 4	**24,679**	24,894
Year 5	**23,661**	22,113
Year 6 to 10	**114,151**	85,090
Year 11 and above	**375,527**	291,282

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	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
Balance at start of the year	23.9	1,564,813	-
Provision during the year		24,980	-
Reversal during the year	33	(774,906)	-
Remeasurement gain on discounting of provision for GIDC	33	(79,016)	-
Current portion of Gas Infrastructure Development Cess	23.9	(344,077)	-
		391,794	-

During the year, 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 Honorable 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.

On the basis of the judgements of the Honorable Sindh High Court as well the Honorable Supreme Court of Pakistan read with judgment in review petition, the Group has decided to reverse partial GIDC representing provision for periods prior to the GIDC Act, 2015 as well the provision representing the difference between GIDC rates [computed on the basis of rates applicable to captive connections and the rates applicable to industrial connections] for connections, which were treated as captive power connections by SSGC, however, as per the judgement of the Honorable Sindh High Court, those connections should have been treated at par with industrial connections.

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 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	2021	2020
Fair value differential of long term finance transferred		27,103	-
Amortisation of government scheme	5.6.1	(852)	-
		26,251	-
Current portion of government scheme	23	(4,052)	-
		22,199	-

		Note	2021	2020
			(Rupees in Thousand)	
23	**TRADE AND OTHER PAYABLES**			
	Trade creditors	23.1	439,044	312,221
	Creditors for capital expenditures		57,825	54,538
	Bills payable	23.2	286,974	290,488
	Accrued expenses	23.3 & 23.4	183,951	152,240
	Advance payments from customers - unsecured	23.5	176,363	219,406
	Security deposits from contractors	23.6	1,943	1,903
	Current portion of government scheme		4,052	-
	Workers' Profit Participation Fund	23.7	63,137	13,113
	Workers' Welfare Fund	23.8	14,484	786
	Provisions	23.9	1,176,398	2,326,610
	Withholding taxes		7,809	8,744
	Payable to Provident Fund Trusts		4,070	4,416
	Other liabilities	23.10	62,304	49,627
			2,478,354	3,434,092

23.1 These include Rs.8.756 million (2020: Rs.Nil) payable to an associated company Messrs. Novatex Limited.

23.2 These include balances payable in foreign currency of US$ 1.813 million (2020: US$ 0.249 million).

23.3 These include Rs.33.903 million (2020: Rs.20.121 million) payable to an associated company Messrs. Novatex Limited.

23.4 These include Rs.0.619 million (2020: Rs.0.482 million) payable to a related party Messrs. Gani & Tayub (Private) Limited.

23.5 These include Rs.14.040 million (2020: Rs.Nil) received from a related party Messrs. Mushtaq & Company (Private) Limited.

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

		Note	2021	2020
23.7	**Workers' Profit Participation Fund**			
	Balance as at start of the year		13,113	52,637
	Interest on funds utilised in the Company's business	34	1,260	-
	Allocation	32	63,137	13,113
	Payments		(14,373)	(52,637)
	Balance as at end of the year		63,137	13,113

		Note	2021	2020
23.8	**Workers' Welfare Fund**			
	Balance as at start of the year		786	17,586
	Provision		14,484	786
	Provision - prior year		2,236	2,787
		32	16,720	3,573
	Adjustment through income tax refund	26	(3,022)	(20,373)
	Balance as at end of the year		14,484	786

		Note	2021	2020
			(Rupees in Thousand)	
23.9	Provisions for:			
	Gas Infrastructure Development Cess	22.3	-	1,564,813
	Current portion of Gas Infrastructure Development Cess	22.3	344,077	-
	Enhanced gas rate	23.9.1 & 23.9.2	447,171	447,171
	Sindh Sales Tax on rent	23.9.3	6,596	5,998
	Infrastructure Cess on imports	23.9.4	237,702	196,911
	Sales tax	23.9.5 & 23.9.6	134,367	102,237
	Others	23.9.7	6,485	9,480
			1,176,398	2,326,610

23.9.1 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 Single Bench of Sindh High Court decided the case in favour of the Petitioners. However, in June 2016, Defendants filed appeal before Double Bench of Sindh High Court which was also decided in favor of the Petitioners. M/s. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before 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 (2020: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (2020: 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.

23.9.2 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 23.9.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (2020: 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.

23.9.3 This represents provision of Sindh Sales Tax on rent payable by the Parent Company to an associated company Messrs. Novatex Limited. The associated company had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Single Bench of Sindh High Court decided the case in favour of the associated company. 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 a matter of prudence provided the same.

	(Rupees in Thousand) 2021	2020
23.9.4 Movement is as under:		
Balance as at start of the year	**196,911**	169,921
Provision made during the year	**81,582**	53,979
Payments made during the year	**(40,791)**	(26,989)
Balance as at end of the year	**237,702**	196,911

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. Till reporting date, the Parent Company has provided bank guarantee amounting to Rs.248.365 million (2020: Rs.198.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 27.2). On June 04, 2021, the Court has passed the judgment in favor of the government. The Parent Company has filed appeal in Supreme Court against the judgment. The 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. 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. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.7.500 million (2020: Rs.7.500 million) in favour of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 27.2). On June 04, 2021, the Court has passed the judgment in favor of the government. The Subsidiary Company has filed appeal in Supreme Court against the judgment. The case of 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 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. 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. Till reporting date, the Company has provided bank guarantee amounting to Rs.2.500 million (2020: Rs.2.500 million) in favour of Excise and Taxation Department, in respect of consignments cleared (refer note 27.2). On June 04, 2021, the Court has passed the judgment in favor of the government. The Subsidiary Company has filed appeal in Supreme Court against the judgment. The 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. Full provision has been made in these consolidated financial statements as an abundant precaution.

23.9.5 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 favour of Tax Department, against which the Parent Company has filed an appeal before the Honorable 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 decided in favour of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.65.752 million till June 30, 2018.

23.9.6 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 Court has granted interim relief order and allowed the Parent Company to claim input tax adjustment on building material.

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 favour of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.68.615 million (2020: Rs.36.485 million).

23.9.7 This represents provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (2020: Rs.7.417 million) and rate difference of gas tariff Rs.2.354 million (2020: Rs.2.063 million) on account of common expenses payable by the Parent Company to an associated company Messrs. Novatex Limited.

23.10 These include Rs.51.155 million (2020: Rs.39.841 million) received from employees under Group car policy.

	Note	2021	2020
		(Rupees in Thousand)	
24 ACCRUED MARK UP			
Profit on long term financing		**17,859**	38,509
Mark up/profit on short term borrowings		**20,926**	14,960
	24.1	**38,785**	53,469

24.1 This includes accrued profit of Rs.30.154 million (2020: Rs.43.468 million) under Shariah compliant arrangements.

	Note	2021	2020
25 SHORT TERM BORROWINGS - Secured			
From banking companies under mark up arrangements			
Running finance - Under Conventional		**628,057**	540,106
- Under Shariah compliant		**652,823**	305,000
		1,280,880	845,106
Short term finance - Under Conventional		**1,090,000**	640,000
- Under Shariah compliant		**1,075,000**	-
		2,165,000	640,000
Finance under F.E. Circular No.25 of SBP-Foreign currency	**25.2**	**-**	166,835
Export re-finance - Under Shariah compliant		**75,000**	20,000
		3,520,880	1,671,941

25.1 The Parent Company has aggregate facilities of short term borrowings amounting to Rs.6,205 million (2020: Rs.5,755 million) from various commercial banks (as listed in Note 25.4) out of which Rs.2,684 million (2020: Rs.4,083 million) remained unutilised at the year end. The above facilities includes limit of Rs.Nil (2020: Rs.1,000 million) swinging facility with an associated company Messrs. Novatex Limited, out of which Rs.Nil (2020: Rs.6 million) has been utilized by the Parent Company at the year end. The mark up rates during the year for running finance and Musharakah ranged between 7.41% to 8.71%, for short term finance 7.32% to 8.52% and for export refinance 2.40% to 2.50% per annum. These facilities are renewable annually at respective maturities.

25.2 This represents balances payable in foreign currency of US$ Nil (2020: US$ 0.989 million).

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

25.4 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib 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 and United Bank Limited.

26 PROVISION FOR INCOME TAX LESS PAYMENTS

	Note	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
Balance as at start of the year		**28,469**	20,715
Provision - Current		**246,185**	355,086
- Prior		**(2,198)**	34,654
	35	**243,987**	389,740
		272,456	410,455
Payments		**(230,064)**	(402,451)
Income tax refundable transferred from other receivables		**(6,366)**	-
Adjustment of Workers' Welfare Fund	23.8	**3,022**	20,373
Income tax refund received		**-**	92
		(233,408)	(381,986)
Balance as at end of the year		**39,048**	28,469

27 CONTINGENCIES AND COMMITMENTS

27.1 Contingencies

27.1.1 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.

27.1.2 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 favour of Chief Commissioner Inland Revenue.

The Parent Company had, however, challenged the action before the Honorable 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. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

27.1.3 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 Single Bench of Honorable Sindh High Court had decided the case in favour 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 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 Honorable Sindh High Court against payment of GIDC instalments 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.

Total amount of enhanced GIDC upto July 31, 2020 worked out at Rs.1,169.955 million (2020: Rs.1,766.827 million), however the Group has maintained a provision for Rs.814.887 million (2020: Rs.1,564.813 million) pertaining to the period of June 2015 to July 2020 as an abundant precaution.

27.1.4 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 already restrained EOBI from taking any coercive action against the Parent Company. No provision of the amount involved i.e. Rs.27.954 million (2020: Rs.24.882 million) has been made in these consolidated financial statements as the Parent Company is confident for the favorable outcome of the Petition.

27.1.5 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 passed 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). Appeal pertaining to tax periods July 2013 to June 2014 has been heard and is reserved for order. The CIR(A) has decided the matter for tax periods July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favour 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 favour by the appellate authorities.

27.1.6 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 (refer note 15). Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favour of the Parent Company whereas major issues were decided in favour of the tax department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Parent Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favour 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.

27.1.7 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 (refer note 15). Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favour 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. 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 favour of the Parent Company.

27.1.8 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 buyers as those buyers 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 favours 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 favour of the Parent Company.

27.1.9 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 favour 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) which has not yet been concluded.

27.1.10 Income tax return of Tax Year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta 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 favour of the Parent Company and partially in favour of tax department. The tax department has filed an appeal before the ATIR which has not yet been concluded.

27.1.11 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 (2020: Rs.15.209 million), refer note 27.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01,2020.

27.1.12 Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, the involving tax credit of Rs.42 million for Tax Year 2019 to the Parent Company was disallowed. The Parent Company has challenged the provision of Finance Act, 2019 before the Honorable Sindh High Court and has been granted interim relief whereby the 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 favour of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these consolidated financial statements.

27.1.13 The Parent Company had filed a petition before Honorable 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.

27.1.14 The Parent Company had filed a petition before Honorable Sindh High Court wherein the Parent Company had challenged the notice requiring to pay Super Tax for tax year 2018 Rs.28.187 million and 2019 Rs.31.444 million respectively. The Sindh High Court has decided the matter against the Parent Company. The Parent Company has filed petition before the Honorable Supreme Court of Pakistan against the judgement of the Honorable Sindh High Court, hearing of which is pending at the moment. The Parent Company also filed an appeal before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 based on the judgement of the Sindh High Court for recovery of Super Tax, which has been concluded in favour of the Tax Department. The Parent Company has paid 50% of demand for auto stay from recovery (refer note 15).

27.1.15 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 not yet been concluded. Further the Parent Company has also submitted an application to the tax department thereby requesting to adjust such tax demand against Parent Company's available refunds. In response thereto, the tax department has adjusted the instant demand with available refunds of Tax Year 2015.

27.1.16 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 Honorable Sindh High Court and has been granted interim relief whereby the 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 favour of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these consolidated financial statements.

27.1.17 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.1.711million along with 100% penalty. The Parent Company has filed an appeal before CIR(A) against order of the tax department on the ground that zero rate was applicable to buyer as the buyer was active and operative at the time of execution of sales transaction. Appeal is pending for hearing.

27.1.18 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 favour of the Subsidiary Company in both cases. The tax department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against aforementioned CIR(A) orders. No provision has been made as the management is hopeful for a favorable outcome.

27.1.19 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 favour 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 Appellate Tribunal Inland Revenue, 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 favour of the Subsidiary Company.

27.1.20 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 favour 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 favour of the Subsidiary Company.

27.1.21 The Subsidiary Company Messrs. Gatro Power (Private) Limited had filed a petition before Honorable 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 favour of Tax Department, however, the Subsidiary Company has filed an appeal before the Honorable Supreme Court of Pakistan. The management is confident that the case will ultimately be decided in favour of the Subsidiary Company.

	Note	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
27.2 Guarantees			
Bank Guarantees in favour of:			
The Director Excise & Taxation, Karachi	23.9.4	258,365	208,365
The Electric Inspector, President Licencing Board, Quetta		10	10
Pakistan State Oil Company Limited		40,000	40,000
K-Electric Limited		11,560	11,560
Nazir of the High Court of Sindh, Karachi	27.1.11	15,351	15,209
Letters of Credit in favour of:			
Sui Southern Gas Company Limited for Gas		244,592	244,592
		569,878	519,736

27.3 Commitments

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

	2021	2020
Foreign currency:		
Property, plant and equipment	4,402,432	1,446,353
Raw material	286,607	208,634
Spare parts and others	89,728	115,384
	4,778,767	1,770,371
Local currency:		
Property, plant and equipment	281,501	52,956
Raw material	136,984	96,866
	418,485	149,822
	5,197,252	1,920,193

		Note	2021	2020
			(Rupees in Thousand)	
28	**SALES**			
	Gross local sales		**18,954,971**	14,987,588
	Third party processing charges		**37,015**	76,250
			18,991,986	15,063,838
	Less: Sales tax		**2,773,646**	2,201,971
			16,218,340	12,861,867
	Export sales		**339,221**	76,510
			16,557,561	12,938,377
29	**COST OF SALES**			
	Raw material consumed		**9,152,461**	7,639,264
	Stores, spare parts and loose tools consumed		**512,754**	403,412
	Outsource processing charges		**682,136**	609,189
	Salaries, wages, allowances and benefits	29.1	**1,297,526**	1,018,807
	Power, fuel and gas		**1,731,009**	1,408,404
	Rent, rates and taxes		**10,741**	15,418
	Insurance		**55,547**	51,106
	Cartage & transportation		**122,326**	88,223
	Repairs and maintenance		**201,828**	169,597
	Communications & Computer		**3,246**	1,937
	Water supply		**15,087**	6,028
	Travelling		**280**	8,315
	Sundry		**38,514**	34,666
	Depreciation	5.3	**648,649**	511,141
			14,472,104	11,965,507
	Duty draw back		**(1,029)**	(204)
	Scrap sales	29.2	**(20,941)**	(13,828)
			14,450,134	11,951,475
	Opening stock of goods-in-process		**589,548**	484,446
	Closing stock of goods-in-process		**(352,687)**	(589,548)
	Cost of goods manufactured		**14,686,995**	11,846,373
	Opening stock of finished goods		**1,157,211**	1,184,182
	Closing stock of finished goods		**(1,590,151)**	(1,157,211)
			14,254,055	11,873,344

29.1 These include Rs.19.295 million (2020: Rs.18.662 million) and Rs.22.347 million (2020: Rs.28.004 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

29.2 Net off sales tax amounting to Rs.4.110 million (2020: Rs.2.735 million).

		Note	2021	2020
30	**DISTRIBUTION AND SELLING COSTS**			
	Salaries, allowances and benefits	30.1	**41,283**	37,520
	Insurance		**4,891**	3,711
	Rent, rates and taxes		**2,438**	2,263
	Handling, freight and transportation		**147,164**	115,030
	Advertisement and sales promotion		**336**	938
	Communications		**1,771**	757
	Travelling		**383**	312
	Fee and subscriptions		**-**	236
	Legal and professional fee		**494**	1,010
	Sundry		**8,909**	7,630
	Depreciation	5.3	**2,615**	3,039
			210,284	172,446

30.1 These include Rs.1.314 million (2020: Rs.1.238 million) and Rs.2.375 million (2020: Rs.2.984 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

	Note	2021	2020
		(Rupees in Thousand)	
31 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	31.1	197,046	207,478
Rent, rates and taxes		20,270	22,597
Insurance		8,096	1,997
Repairs and maintenance		11,408	11,832
Travelling		965	2,593
Communications		3,065	2,712
Legal & professional fees		12,547	10,678
Utilities		5,244	5,440
Printing and stationery		1,594	1,386
Transportation		8,444	8,004
Sundry		12,149	12,233
Depreciation	5.3	8,553	8,914
		289,381	295,864

31.1 These include Rs.7.881 million (2020: Rs.8.451 million) and Rs.24.652 million (2020: Rs.32.974 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

	Note	2021	2020
32 OTHER OPERATING EXPENSES			
Loss on disposal of property, plant and equipment	5.4.1	35	900
Impairment of operating fixed assets	5.1	18,800	-
Property, plant and equipment - written off	5.2	45,084	-
Impairment allowance for ECL - net	12.6	-	45,499
Impairment allowance for slow moving stores, spare parts and loose tools - net	10.1	362	10,718
Exchange loss - net		-	17,631
Corporate social responsibility	32.1	12,468	7,720
Workers' Profit Participation Fund	23.7	63,137	13,113
Workers' Welfare Fund	23.8	16,720	3,573
Auditors' remuneration	32.2	3,006	4,925
		159,612	104,079

32.1 These includes donations of Rs.12.068 million (2020: Rs.7.470 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 donee fund, so far as other donations are concerned.

		Note	2021	2020
			(Rupees in Thousand)	
32.2	**Auditors' remuneration**			
	Audit fee - Annual financial statements			
	Parent Company - Gatron (Industries) Limited		**2,175**	1,800
	Subsidiary Company - Gatro Power (Private) Limited		**150**	100
	Subsidiary Company - Global Synthetics Limited		**22**	22
	Subsidiary Company - G-Pac Energy (Private) Limited		**22**	22
	Audit fee - Supplementary financial statements			
	Parent Company - Gatron (Industries) Limited		**-**	1,250
	Subsidiary Company - Gatro Power (Private) Limited		**-**	100
	Subsidiary Company - Global Synthetics Limited		**-**	23
	Subsidiary Company - G-Pac Energy (Private) Limited		**-**	23
	Limited review, audit of annual & supplementary consolidated financial statements and certification fee		**285**	1,125
	Sindh Sales Tax on services		**213**	358
	Out of pocket expenses		**139**	102
			3,006	4,925

33 OTHER INCOME

	Note	2021	2020
Income from financial assets			
Reversal of impairment allowance for ECL - net	12.6	**3,096**	-
Profit on deposits		**129**	1,642
		3,225	1,642
Income from non - financial assets & others			
Gain on disposal of property, plant and equipment	5.4.1	**20,529**	71,338
Liabilities no more payable written back		**3,014**	1,998
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	**79,016**	-
Miscellaneous income		**288**	409
		907,254	73,745
		910,479	75,387

34 FINANCE COSTS

	Note	2021	2020
Profit on long term financing		**47,797**	38,121
Mark up/profit on short term borrowings		**75,134**	165,724
Interest on Workers' Profit Participation Fund	23.7	**1,260**	-
Bank charges and guarantee commission		**3,454**	2,634
	34.1	**127,645**	206,479

34.1 It includes finance costs under Shariah Complaint arrangement amounting to Rs.65.277 million (2020: Rs.43.214 million).

35 INCOME TAX

	Note	2021	2020
For the current year		**246,185**	355,086
For the prior year		**(2,198)**	34,654
	26	**243,987**	389,740
Deferred	35.1	**135,920**	78,680
		379,907	468,420

	(Rupees in Thousand) 2021	2020
Relationship between income tax and profit before income tax :		
Profit before income tax	**3,381,018**	1,918,419
Income tax rate	**29%**	29%
Income tax on profit before income tax	**980,495**	556,341
Tax effect of:		
minimum tax	**242,431**	183,776
brought forward minimum tax and loss adjusted	**(352,789)**	(33,060)
income assessed under final tax regime - export sales	**(5,540)**	934
(reversal)/provision of prior year income tax	**(2,198)**	34,654
deferred tax effect on un-realised share of profit in associated company Messrs. Novatex Limited	**143,866**	70,734
income exempt from subsidiary company Messrs. Gatro Power (Private) Limited	**(359,065)**	(33,639)
loss from subsidiary company Messrs. Global Synthetics Limited	**10**	15
loss from subsidiary company Messrs. G-Pac Energy (Private) Limited	**3,811**	4,211
dividend income and share of profit in associated company Messrs. Novatex Limited	**(276,647)**	(289,896)
others	**5,533**	(25,650)
Income tax for the year	**379,907**	468,420

35.1 It include amounting to Rs.143.866 million (2020: Rs.70.734 million) pertains to deferred tax provided during the year on un-realized share of profit in associated company Messrs. Novatex Limited.

35.2 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) 2020	2019	2018
Tax provision	355,086	307,913	185,231
Tax assessed	247,658	256,479	150,139

36 EARNINGS PER SHARE - Basic and diluted

	(Rupees in Thousand) 2021	2020
Profit after income tax	**3,001,111**	1,449,999
	(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	**78.23**	37.80

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

The share of profit from associated company Messrs. Novatex Limited, which in the meanwhile has been derecognized on October 06, 2020 as per the Scheme of Arrangement approved by the Balochistan High Court. If the share of profit from associated company have not been considered, EPS for the year ended June 30, 2021 would have been Rs.57.11.

	Note	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
37 CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	**1,493,170**	1,135,360
Short term borrowings	25	**(3,520,880)**	(1,671,941)
		(2,027,710)	(536,581)

38 FINANCIAL INSTRUMENTS

	2021	2020
Financial assets as per statement of financial position		
- Measured at amortised cost		
Loans and advances	**4,662**	3,294
Deposits	**156,169**	43,551
Trade debts	**2,897,201**	2,230,264
Other receivables	**124,438**	92,373
Cash and bank balances	**1,493,170**	1,135,360
	4,675,640	3,504,842
Financial liabilities as per statement of financial position		
- Measured at amortised cost		
Long term financing	**2,930,781**	1,177,953
Trade and other payables	**1,048,093**	838,705
Unclaimed dividend	**21,511**	21,544
Accrued mark up	**38,785**	53,469
Short term borrowings	**3,520,880**	1,671,941
	7,560,050	3,763,612

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

38.1 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.

38.2 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.

38.2.1 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)	
	2021	2020
Bills Payable	286,974	41,981
Trade creditors	1,279	4,139
Creditors for capital expenditure	23,921	35,421
Finance under F.E. Circular No.25 of SBP-Foreign currency	-	166,835
	312,174	248,376
Trade Debts	(34,768)	(5,209)
Receivable from suppliers	(87,046)	(77,386)
Cash at bank in foreign currency accounts	(14,337)	(8,235)
	(136,151)	(90,830)
	176,023	157,546
Commitments - Outstanding letters of credit	4,778,767	1,770,371
Net exposure	4,954,790	1,927,917

The following significant exchange rates have been applied:

	Average rate				Reporting date rate			
	Rupees							
	2021		2020		2021		2020	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
USD to PKR	160.21	160.71	158.19	158.69	157.80	158.30	168.25	168.75
Euro to PKR	191.14	191.75	175.04	175.68	188.12	188.71	189.11	189.73
JPY to PKR	1.51	1.51	1.46	1.47	1.43	1.43	1.56	1.57
CHF to PKR	176.08	176.64	160.42	160.96	171.32	171.86	176.83	177.43

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.

	(Rupees in Thousand)			
	Average rate		Reporting date rate	
	2021	**2020**	**2021**	**2020**
Effect on consolidated statement of profit or loss				
USD to PKR	**372,079**	115,827	**366,500**	123,168
Euro to PKR	**121,995**	62,551	**120,060**	67,554
JPY to PKR	**1,547**	276	**1,468**	294
CHF to PKR	**7,658**	1,611	**7,451**	1,776
	503,279	180,265	**495,479**	192,792

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:

	2021	**2020**	**2021**	**2020**
	Effective rate (in %)		(Rupees in Thousand) Carrying amount	
Financial Assets				
Variable rate instruments				
Bank balance	**6.63**	10.05	**1,943**	1,903
Financial Liabilities				
Variable rate instruments				
Short term borrowings	**2.40-8.71**	2.25-14.86	**(3,520,880)**	(1,671,941)
			(3,518,937)	(1,670,038)

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 2020.

	(Rupees in Thousand) Statement of profit or loss before tax	
	100 bp increase	100 bp decrease
As at June 30, 2021		
Cash flow sensitivity - Variable rate	**(35,189)**	**35,189**
As at June 30, 2020		
Cash flow sensitivity - Variable rate	(16,700)	16,700

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

38.2.2 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.4,675.640 million (2020: Rs.3,504.842 million), financial assets of Rs.4,674.463 million (2020: Rs.3,503.543 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) 2021	2020
Loans and advances	**4,662**	3,294
Deposits	**156,169**	43,551
Trade debts	**2,897,201**	2,230,264
Other receivables	**124,438**	92,373
	3,021,639	2,322,637
Bank balances	**1,491,993**	1,134,061
	4,674,463	3,503,543

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

Not past due	**2,481,692**	1,431,262
Past due 1-30 days	**247,740**	316,740
Past due 31-90 days	**183,142**	416,316
Past due 91-180 days	**106,615**	165,739
Past due 180 days	**117,494**	111,376
	3,136,683	2,441,433
Allowance for ECL - local	**(115,044)**	(118,796)
	3,021,639	2,322,637

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	2021	2020
				(Rupees in Thousand)	
Bank Al-Falah Limited	PACRA	A1+	AA+	**199,905**	16,213
Bank Al-Habib Limited	PACRA	A1+	AAA	**370,917**	600,113
Citibank N.A.	Moody's	P-1	Aa3	**65**	63
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA	**2,019**	1,953
Faysal Bank Limited	PACRA	A1+	AA	**1,740**	496
Habib Bank Limited	VIS	A-1+	AAA	**9,899**	5,247
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	**691,257**	411,184
MCB Bank Limited	PACRA	A1+	AAA	**1,150**	807
Meezan Bank Limited	VIS	A-1+	AAA	**185,245**	91,310
National Bank of Pakistan	PACRA	A1+	AAA	**29,135**	6,183
Samba Bank Limited	VIS	A-1	AA	**-**	57
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	**430**	334
United Bank Limited	VIS	A-1+	AAA	**231**	101
				1,491,993	1,134,061

Above ratings are updated from PACRA, VIS & Moody's websites.

38.2.3 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, 2021, the Parent Company has Rs.6,205 million available borrowing limit from financial institutions. The Parent Company has unutilised borrowing facilities of Rs.2,684 million in addition to balances at banks of Rs.1,492 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) -----				
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	**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**
2020							
Long term financing	1,177,953	1,428,964	10,770	25,884	137,475	546,073	708,762
Trade and other payables	838,705	838,705	838,705	-	-	-	-
Unclaimed dividend	21,544	21,544	21,544	-	-	-	-
Accrued mark up	53,469	53,469	53,469	-	-	-	-
Short term borrowings	1,671,941	1,674,327	1,674,327	-	-	-	-
	3,763,612	4,017,009	2,598,815	25,884	137,475	546,073	708,762

38.3 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, 2021 and June 30, 2020 were as follows:

	(Rupees in Thousand)	
	2021	**2020**
Total borrowings	**6,451,661**	2,849,894
Cash and bank balances	**(1,493,170)**	(1,135,360)
Net debt	**4,958,491**	1,714,534
Total equity	**7,680,635**	13,138,962
Total capital	**12,639,126**	14,853,496
Gearing ratio	**39%**	12%

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.

39 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	
	2021	2020	2021	2020	2021	2020	2021	2020
Managerial remuneration	**17,349**	20,836	**33,168**	36,008	**138,763**	127,219	**189,280**	184,063
Post Employment benefits	**6,503**	11,199	**4,734**	8,699	**18,798**	19,045	**30,035**	38,943
Utilities	**93**	84	**30**	27	**11**	12	**134**	123
Other benefits	**-**	-	**2,485**	2,444	**55,069**	61,145	**57,554**	63,589
Reimbursement	**-**	-	**-**	-	**1,178**	1,569	**1,178**	1,569
Total	**23,945**	32,119	**40,417**	47,178	**213,819**	208,990	**278,181**	288,287
Number of persons for remuneration	**2**	1	**4**	3	**40**	39	**46**	43

39.1 Aggregate amount of meeting fee to Chairman and 6 non-executive directors (2020: Chairman and 4 non-executive Directors) was Rs.1.700 million (2020: Rs.1.400 million).

39.2 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.

39.3 During the year, an associated company Messrs. Novatex Limited reimbursed Rs.61.992 million (2020: Rs.54.067 million) to the Parent Company in respect of shared resources of certain directors and executives.

39.4 During the year, Mr. Haroon Bilwani, Chairman and Mr. Pir Mouhammad Diwan, Chief Executive have been ceased to be the Chairman and Chief Executive of the Company w.e.f. February 16, 2021 and Mr. Abdul Razak Diwan and Mr. Shabbir Diwan have been appointed as Chairman and Chief Executive of the Company, respectively. Mr. Pir Muhammad Diwan has been appointed as Special Advisor to the Company w.e.f. February 16, 2021.

40 SEGMENT REPORTING

40.1 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.

40.2 Segment results:

(Rupees in Thousand)

	2021					2020				
	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	12,614,386	3,943,175	16,557,561	2,202,265	18,759,826	9,208,002	3,730,375	12,938,377	1,585,841	14,524,218
Segment result before depreciation	1,214,891	682,282	1,897,173	566,485	2,463,658	546,401	340,950	887,351	232,466	1,119,817
Less: Depreciation	(475,049)	(48,323)	(523,372)	(136,445)	(659,817)	(339,585)	(65,820)	(405,405)	(117,689)	(523,094)
Segment result after depreciation	739,842	633,959	1,373,801	430,040	1,803,841	206,816	275,130	481,946	114,777	596,723
Reconciliation of segment sales and results with sales and profit before income tax:										
Total sales for reportable segments					18,759,826					14,524,218
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					(2,202,265)					(1,585,841)
Sales					16,557,561					12,938,377
Total results for reportable segments			1,373,801	430,040	1,803,841			481,946	114,777	596,723
Other operating expenses			(172,256)	(4,010)	(176,266)			(113,207)	(6,408)	(119,615)
Other income			114,516	810,208	924,724			82,461	2,022	84,483
Finance costs			(127,204)	(11,224)	(138,428)			(205,681)	(8,917)	(214,598)
Investment income - Dividend			112,875	-	112,875			1,212,750	-	1,212,750
Share of profit after income tax in associated company Messrs. Novatex Limited					953,955					1,556,867
			1,301,732	1,225,014	3,480,701			1,458,269	101,474	3,116,610
Elimination of intra group transaction					(99,683)					(1,198,191)
Profit before income tax					3,381,018					1,918,419
Assets and liabilities by segments are as follows:										
Segment assets	10,887,564	2,193,956	13,081,520	3,520,180	16,601,700	6,555,013	1,982,924	8,537,937	3,103,852	11,641,789
Segment liabilities	3,550,786	161,163	3,711,949	1,370,054	5,082,003	1,648,669	271,300	1,919,969	2,068,236	3,988,205
Reconciliation of segments assets and liabilities with total in the consolidated statement of financial position is as follows:										
				Assets	Liabilities				Assets	Liabilities
Total for reportable segments				16,601,700	5,082,003				11,641,789	3,988,205
Unallocated				1,778,879	5,193,243				10,203,977	4,283,098
Elimination of intra group balances				(816,153)	(391,455)				(651,711)	(216,210)
Total as per consolidated statement of financial position				17,564,426	9,883,791				21,194,055	8,055,093
Other segment information is as follows:										
Depreciation	475,049	48,323	523,372	136,445	659,817	339,585	65,820	405,405	117,689	523,094
Capital expenditures incurred during the year	2,689,975	4,378	2,694,353	76,121	2,770,474	1,520,704	13,319	1,534,023	850,427	2,384,450
Unallocated capital expenditure incurred during the year					238,884					123,059
Total					3,009,358					2,507,509

40.3 All non-current assets of the Group as at June 30, 2021 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.

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

41 PLANT CAPACITY AND ACTUAL PRODUCTION

	Note	2021 (Metric Ton)	2020 (Metric Ton)
Polyester Filament Yarn	41.1		
Annual capacity-75 denier		**36,974**	36,974
Annual capacity-150 denier		**73,396**	73,396
Actual production		**52,913**	37,092
Polyester P.E.T. Preforms	41.2		
Annual capacity		**41,017**	41,017
Actual production		**16,954**	15,370
		(KWH in Thousand)	
Electric Power	41.3		
Annual operating capacity		**261,192**	246,240
Actual production		**163,549**	129,931

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

41.2 The capacity is determined based on 43.66 gms production. Actual production represents production of various grammage. The actual production of preforms (various grammage) in pieces was 615.745 million (2020: 540.428 million) against annual capacity (based on 43.66 gms) of 939 million pieces.

41.3 During the year, annual capacity has been increased due to addition of new gas engines 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.

42 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	2021 (Rupees in Thousand)	2020 (Rupees in Thousand)
Novatex Limited	Associated Company	Common directorship	Sale of goods	**1,499,573**	873,375
			Rendering of services	**31,637**	65,171
			Obtaining of services	**682,136**	608,156
			Purchase of raw and other material	**103,777**	38
			Sale of property, plant and equipment	**-**	4,800
			Receipt of dividend	**-**	1,077,300
			Rent	**19,951**	20,949
			Reimbursement of expenses	**184,659**	163,775
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	**306,300**	386,162
			Purchase of raw and other material	**303**	455

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand) 2021	2020
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	**44,261**	28,182
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend	**-**	44,561
			Charges on account of handling	**8,028**	5,875
Gatron Foundation	Related Party	Common directorship	Payment of donation	**12,068**	7,470
Gatron (Ind) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	**24,485**	24,547
Gatron (Ind) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	**4,005**	3,804

- 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 39 of KMP. 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.

43 PROVIDENT FUND RELATED DISCLOSURES

	(Rupees in Thousand) 2021 (Un-audited)	2020 (Audited)
The Following information is based on latest financial statements of the Funds.		
Size of the Funds - Total Assets	**548,502**	496,062
Cost of Investments made	**467,988**	449,769
Fair value of investments	**542,189**	491,438
Percentage of investments made (Fair value to size of the fund)	**98.85%**	99.07%

43.1 The Break-up of cost of investments is:

	(Rupees in Thousand) 2021 Amount	%	2020 Amount	%
Shares of Listed Companies	**19,018**	**4.06%**	24,641	5.48%
Government Securities	**273,610**	**58.47%**	273,610	60.83%
Debt Securities	**-**	**0.00%**	119,911	26.66%
Mutual Funds	**9,912**	**2.12%**	10,853	2.41%
Bank Deposits	**165,448**	**35.35%**	20,754	4.62%
	467,988	**100.00%**	449,769	100.00%

43.2 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.

44 NUMBER OF EMPLOYEES

	(Number of employees) 2021	2020
Total number of employees as at June 30	**774**	777
Average number of employees during the year	**772**	784

45 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)
Property, plant and equipment Capital Work-in-Progress Plant and machinery under erection	Property, plant and equipment Capital Work-in-Progress Factory building on lease hold land under construction	5,471
Short term borrowings Running finance - Under Conventional	Short term borrowings Short term finance - Under Conventional	640,000

46 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 18, 2021 by the Board of Directors of the Parent Company.

47 GENERAL

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

SHABBIR DIWAN
Chief Executive

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Notes to the Members

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.

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), in future through electronic transfer directly into their Bank Account Number.

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 (the Regulations) and being piled-up with the Company.

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 compeleting required formalities.

DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT:

The Securities and Exchange Commission of Pakistan vide its Circular Letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021, directed all the listed companies to pursue with their shareholders who still hold shares in physical form, to convert their shares in the Book-Entry Form. The shareholders of the company are requested to open CDC sub-account with any of the brokers or Investor Account directly with CDC to convert their physical shares into Book-Entry Form. This will facilitate them in many ways including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

Further, Section 72 of the Companies Act, 2017 states that after the commencement of the Act, from the date to be notified by SECP, a company having share capital, shall have shares in book-entry form only. Every existing company shall be required to replace its physical shares with Book-Entry Form in the manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act.

DISSEMINATION OF ANNUAL AUDITED ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2021 THROUGH CD/DVD/USB:

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, 2021, are being circulated to the members through CD/DVD/USB. However, shareholder 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

PLACEMENT OF FINANCIAL STATEMENTS ON WEBSITE:

The Financial Statements of the Company for the year ended June 30, 2021 along with reports have been placed on the website of the Company at www.gatron.com.

Proxy Form

41ST 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 **41st** Annual General Meeting of the Company to be held on Tuesday,

October 26, 2021 at 10.00a.m., and at any adjournment thereof.

Signed this ____________ day of , ______________ 2021.

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.

مختار نامہ (پراکسی فارم)

۴۱ واں 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 منگل، مورخہ 26 اکتوبر، 2021ء، 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 ____________ ثبت ہیں۔

5 روپے کا رسیدی ٹکٹ یہاں چسپاں کر کے دستخط کریں

گواہ:

1 دستخط ____________________

نام ____________________

پتہ ____________________

سی این آئی سی نمبر ____________________

2 دستخط ____________________

نام ____________________

پتہ ____________________

سی این آئی سی نمبر ____________________

نوٹ:

(1) مختار نامہ (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 مختار نامہ (پراکسی فارم) کے ساتھ منسلک کریں۔

GATRON (INDUSTRIES) LIMITED