# GATRON (INDUSTRIES) LIMITED

# quarterly report

March 31, 2021

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# Corporate Information

## 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

## Auditors

M/s. Kreston Hyder Bhimji & Company
Chartered Accountants
Karachi.

## Legal Advisor

Naeem Ahmed Khan
Advocates
Quetta.

## Share 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

# Directors' Report

**Dear Shareholders,**

The Directors of Gatron (Industries) Limited are pleased to present financial statements for the nine months ended March 31, 2021 together with report thereon.

**Financial Review:**

The financial synopsis for the period under review is as below:

- Net sales Rs. 12,267 million,
- Operating profit Rs. 976 million,
- Profit before income tax Rs. 901 million,
- Profit after income tax Rs. 722 million,
- Earnings per share Rs. 18.82

The net profit after tax of the nine months has increased by 59% as compared to corresponding period. The main reason is due to the increase in net profit in March quarter vs the same quarter of the prior period. In the prior period the Company witnessed an unusual situation arising out of crashing oil prices and COVID-19 impact. The Preform operations also contributed significantly in the increase of net profit. The other thing that helped the bottom line was the increase in production of yarn on account of smooth operation of the expansion project which though commissioned in March 2020, could not fully contribute to increase in production until October 2020 due to COVID-19. The PTA/MEG which was average $475/$410 per ton in July 2020 increased to $690/$700 per ton respectively, as of reporting date. This was one of the main factor of a good profit this quarter as it contributed to-dynamic gains (low priced raw material fetching a higher finished goods price by the time its manufactured/sold) as well as to normal inventory gains. The remeasurement gain of GIDC liability has also contributed to profit of this period. The exchange rate which started at Rs 160 in May 2020 saw an upsurge to 166-168 in the first quarter of the reporting period but then again came down to around 160 in the second quarter vis November remaining so until end Feb 2021, but significantly down in the last month the reporting period vis March 2021 to around 154, which resulted in exchange gain on Company's import liabilities.

Although the country is still going through a difficult time due to COVID-19, your Company has managed to improve its performance in the current period versus the corresponding period last year. Capacity utilization has been ramped up since the removal of the nationwide lockdown and subsequent increase in demand however the prognosis for April to June 2021 does not look that well. The operating revenue of the Company increased by 17% as compared to last corresponding period mainly due to increase in sale volume of both products of the Company. Polyester Filament Yarn (PFY) sale volume increased by around 27% as compared to last corresponding period and on the other hand Preforms' sales volume went up by around 19%. The PFY sales volume increase compared to the corresponding period in the previous year since in the previous year period sales were lower than normal due to the drastic policy changes in the budget 2019-2020 of 17% sales tax on textile sector and the CNIC condition for unregistered buyers as well as the impact of COVID-19. The increase in sales is also due to higher unit value of the product (due to raw material price increase).

Distribution & selling expenses significantly increased by around 37% as compared to last corresponding period and it is mainly due to extra-ordinary increase in freight and transportation charges. On the other hand, administrative expenses slightly reduced by 1%. Water costs also reduced due to reduction of purchase of water on account of rains allowing proper supply through the Hub Dam water supply.

On the Balance Sheet front as compared to June 30, 2020 stocks increased by Rs.892 million to reach amounting to Rs.3,287 million both on account of raw material as well as finished goods. Debtors increased by Rs. 923 million to reach Rs.3,153 million while creditors increased by Rs. 660 million to reach Rs.2,238 million. In view of the above, Company's short term borrowings have been increased by Rs. 1,020 million as compared to June 30, 2020, to meet working capital requirements.

The company has undertaken capital expenditure by way of installation of solar panels of 1136 kw and upgradation of winders and extruders of old lines, as well on the power generation side to cater for the frequent gas load shedding.

As noted below, the company has also undertaken in this period capital expenditure to expand the Filament Yarn production from 60,000 tons to 75,000 tons.

The Board of Directors has also approved a further expansion of Polyester Filament Yarn capacity and as well as other investments to produce diversified Polyester Products and to save costs through upgradation, which will involve a total investment of nearly Rs 8.5 billion. However, the approval of the putting in of investment funds in this expansion is subject to continuation of the Regulatory Duty on import of Filament yarn and effective collection of Anti-Dumping Duties (more details regarding Regulatory Duty and Anti-Dumping Duty has given below in future outlook section). This expansion if implemented will take the company's production of Polyester Filament Yarn to around 95,000 tons/year in the year 2023. With this expansion significant import substitution will take place reducing the country's imports of Filament Yarn. The Company hopes that the Government continues to maintain the Regulatory Duty (to compensate for the injury not mitigated in the past 4 years due to the failure of collection of Anti-Dumping Duties) as well as maintain the current tariff structure.

## CHALLENGES FACED AND FUTURE OUTLOOK

- An important development was that in the last budget Regulatory Duty (which was removed in June 2019) was restored at 2.50% on imported Polyester Filament Yarn (PFY) w.e.f. 1st July 2020. The Company appreciates this restoration as the Regulatory Duty has helped the Company to compete against dumped imported product and expand its production from 36,000 tons in year 2017 to hopefully above 60,000 tons in 2020-21.

- As already informed in the earlier Director's Report, that in view of the Regulatory Duty restoration the Company went ahead with its further expansion (which it earlier had put on hold) which will come into production in June 2021, to take the annual production to 75,000 tons in year 2021-22. This expansion comes under the heel of the previous expansion) which took the production of the Company from 57,000 tons to 65,000 tons. As such the production of the Company which was just 36,000 tons in 2016-17 will InshaAllah double to 75,000 tons in the year 2021-22 and further to 95,000 tons if the proposed expansion project noted above is implemented.

- The Anti-Dumping Duty still continues to be evaded by the importers and is not being paid on majority of the imports of PFY. In the last 3 years 85% of **the Anti-Dumping Duty amounting to over Rs 8 billion has not been collected and therefore the injury to the industry has actually NOT been mitigated by the Anti-Dumping Duty.** 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 been proved totally ineffective in mitigating the injury to the PFY industry both in 2005 to 2010 and the 2017 to 2020 while in the intervening period of

2013-2017 Anti-Dumping Duties could not be imposed due to NTC quorum issues. So effectively the only shield (that also partial) has been given by the Regulatory Duty as well as the current tariff of 11% on PFY which has helped the above increase in capacity. It is expected that the Government will continue the Regulatory Duty in the coming years to compensate for the last 4 years when it the Government and more specifically the NTC failed to mitigate the injury of dumping by non-collection of Anti-Dumping Duties.

- The average Anti-Dumping Duty of 7% (minimum 3.25% to max 11.35%) imposed by Pakistan on the Chinese producers is 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 and the appropriate duty tariff is needed. Recently the USA also imposed Anti-Subsidy Duties against Chinese Filament Yarn producers @ 32% to 459%. And even this low 3.25% to 11.35% duty has not been collected in Pakistan 85% of the time in the last 3 years.

- 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 continuation of Anti-Dumping Duties beyond the year 2022, can take the indigenous production of PFY to a level which will meet above 70% of local demand by 2024-25 compared to only 33% in 2017. Besides import substitution this expansion will also increase local employment beyond the jobs already provided by the industry.

- 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 vis PTA is also produced in Pakistan and with the upcoming new Saudi refinery the basic chemicals for PTA vis 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, may require Company to settle its liability within 48 equal installments which will hurt its liquidity position significantly. The Honorable Sindh High 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. The Company is in touch with its legal counsel to consider legal remedies available and for reducing the impact on the Company in view of not passing on the GIDC impact to its customer and the GIDC Act, 2015 clearly state that the GIDC is not applicable on Industrial category for the years before 2015.

- There was severe gas pressure drop and load shedding in the HUB industrial area during the current period which meant that the Company had to resort to using higher priced HFO to produce power and hence led to higher costs. If this gas load shedding continues in the HUB industrial area than the performance of the Company will suffer not only due to higher power generation costs but also due to production loss due to unavailability of gas.

- 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 financial year.

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

- The Honorable High Court of Balochistan at Quetta has sanctioned on 21 September 2020, the Scheme of Arrangement duly approved by the BOD on 30 September 2019. Accordingly, the Company has filed the order with Registrar on October 06, 2020 and de-recognized the investment in associated company as per approved Scheme of Arrangement.

## APPROPRIATION

The Board of Directors of the Company has not recommended any interim dividend for the period ended March 31, 2021.

## EARNING PER SHARE

The earnings per share of the Company for the period ended on March 31, 2021 is Rs. 18.82.

## MATERIAL CHANGES AND COMMITMENT

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 CONTROL

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

## CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The un-audited condensed interim consolidated financial statements of the Group along with notes and director report there to have also been included in this report.

## ACKNOWLEDGMENT

The Board of Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support and look forward for continued collaboration with the Company as we move forward to meet and execute our targets together.

Further, we appreciate the Company's management and supporting staff for their satisfactory performance and devotion to duty and we are grateful to all Government Institutions, Auditors, the SECP, the PSX and Banks for their valuable support and cooperation.

**Shabbir Diwan**
Chief Executive

**Muhammad Iqbal Bilwani**
Director

April 20, 2021

☆ معزز ہائیکورٹ آف بلوچستان، کوئٹہ نے 21 ستمبر 2020ء کو Scheme of Arrangement کی منظوری دی جس کو بورڈ آف ڈائریکٹرز نے 30 ستمبر 2019ء کی میٹنگ میں منظور کیا تھا۔ پیرینٹ کمپنی نے 6 اکتوبر 2020ء کو اس منظوری کی آگاہی رجسٹرار کو دے دی ہے اور منظور شدہ SOA کی موئژ تاریخ سے کمپنی نے متعلقہ کمپنی میں اپنی سرمایہ کاری کو ڈی ریکگنائز (Derecogize) کر دیا ہے۔

**تصرف:**

حالیہ نو ماہی کے دوران بورڈ آف ڈائریکٹرز نے کسی عبوری منافع منقسمہ کی تجویز پیش نہیں کی۔

**آمدنی فی حصہ:**

31 مارچ 2021ء کو اختتام پذیر ہونے والی نو ماہی مدت میں منافع فی حصہ 18.82 روپے رہا۔

**اہم تبدیلیاں اور معاہدے:**

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

**اندرونی مالیاتی کنٹرول:**

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

**مجموعی مالیاتی گوشوارے:**

زیرِ نظر نو ماہی رپورٹ میں گروپ ہٰذہ کے غیر آڈٹ شدہ مختصر جامع مالیاتی گوشوارے (Condensed Interim Consolidated Financial Statements) بمعہ نوٹس منسلک ہیں۔

**اظہارِ تشکر:**

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا۔ ساتھ ہی اپنی مینجمنٹ ٹیم کی پرخلوص محنت پر اُن کے تہہ دل سے مشکور ہیں۔ بورڈ آف ڈائریکٹرز کی جانب سے مسلسل رہنمائی پر اُن کے متمنی ہیں اور اپنے تمام متعلقہ افراد بشمول سرکاری ادارے، آڈیٹرز، ایس ای سی پی، پی ایس ایکس اور بینکرز کے شکر گزار ہیں جنہوں نے گیٹرون کی ترقی میں اپنا کردار بخوبی نبھایا۔

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

**20 اپریل 2021ء**

- ☆ 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 ڈمپنگ 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 $250 or فی ٹن اور ہندوستان انہیں پروڈیوسروں پر کم سے کم 23 فیصد۔ لہٰذا ریگولیٹری ڈیوٹی اور 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 بھی عائد کردی ہیں۔ اور یہ کم 3.25 سے 11.35 فیصد ڈیوٹی بھی گذشتہ 3 سالوں میں 85 فیصد وقت میں پاکستان میں جمع نہیں کی گئی 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 سال 2022ء کے بعد اینٹی ڈمپنگ ڈیوٹیوں کا تسلسل، PFY کی پیداوار کو ایک سطح تک لے جاسکتا ہے جو سال 2024-25 تک مقامی طلب کے 70 فیصد کو پورا کرے گا جبکہ 2017ء میں یہ صرف 33 فیصد تھی۔ اس کے علاوہ اس توسیع سے صنعت کے ذریعہ پہلے سے فراہم کردہ ملازمتوں سے بھی زیادہ مقامی ملازمت میں اضافہ ہوگا۔

- ☆ 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 خودانحصاری حاصل ہوسکے گی اور خام تیل سے لیکر پولیسٹر ملبوسات تک کی پوری Chain ملک میں ہی بنے گی۔

- ☆ جی آئی ڈی سی (GIDC) کے متعلق 2011ء سے 2020ء تک سپریم کورٹ آف پاکستان کے فیصلے کی وجہ سے کمپنی کو اپنی بقایاجات 48 اقساط کی شکل میں ادا کرنی پڑیں گی جس سے کمپنی کی Liquidity نمایاں طور پر متاثر ہوگی۔ مزید یہ کہ 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 جاری کردیا ہے۔ کمپنی نے اپنے صارفین سے GIDC وصول نہیں کیا، جس کا قانونی حل نکالنے کے لئے کمپنی اپنے قانونی مشیر سے رابطے میں ہے تاکہ کمپنی پر اس کے اثرات کم ہوسکیں جبکہ GIDC Act, 2015 میں یہ واضح ہے کہ 2015ء سے پہلے کا GIDC کا اطلاق صنعتی Category پر نہیں ہوگا۔

- ☆ کمپنی کی خطیر رقم سیلز ٹیکس اور انکم ٹیکس ری فنڈ میں پھنسی ہوئی ہے جو Liquidity پر اثر انداز ہورہی ہے۔

- ☆ SAP کے ذریعے (Digital-Upgradation) ڈیجیٹل اپ گریڈیشن کا پروجیکٹ شروع کیا گیا ہے، تاکہ 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 بروقت 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 مالی 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۔

30 جون 2020ء کی بیلنس شیٹ کے مقابلے میں اسٹاک میں 892 ملین روپے کا اضافہ ہوا جو 3,287 ملین روپے تک پہنچ گیا یہ اضافہ خام مال اور تیار شدہ سامان دونوں میں ہوا۔ قابل وصول قرضوں کی مالیت 923 ملین روپے کے اضافے کے ساتھ 3,153 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 660 ملین روپے سے بڑھ کر 2,238 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 1,020 ملین روپے کا اضافہ ہوا۔

کمپنی 1136 کلوواٹ کے شمسی پینل کی تنصیب، پرانی لائنوں کے وائینڈرس اور ایکسٹروڈرس (Winders & Extruders) کی صلاحیتوں کو بڑھانا، بار بار گیس کی لوڈ شیڈنگ سے نمٹنے کیلئے بجلی کی مد میں سرمایہ کاری کر رہی ہے۔

جیسا کہ ذیل میں درج کیا گیا ہے کہ کمپنی حالیہ مدت میں فلیمنٹ یارن کی پیداواری صلاحیت 60,000 ٹن سے بڑھا کر 75,000 ٹن تک لے جانے کے توسیعی منصوبہ میں بھی سرمایہ کاری کر رہی ہے۔

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۔ تاہم اس توسیع میں سرمایہ کاری کی منظوری فلیمنٹ یارن کی درآمد پر ریگولیٹری ڈیوٹی کے تسلسل اور اینٹی ڈمپنگ ڈیوٹی کے موثر نفاذ سے مشروط ہے (مزید تفصیلات مستقبل پر ایک نظر میں ریگولیٹری ڈیوٹی اور اینٹی ڈمپنگ ڈیوٹی موجود ہیں) اگر اس پر عمل درآمد کیا گیا تو سال 2023ء میں کمپنی کی پالیسٹر فلیمنٹ یارن کی پیداوار کو تقریباً 95,000 ٹن سالانہ تک لے جایا جا سکے گا۔ اس توسیع کے ساتھ ہی ملک میں فلیمنٹ یارن کی درآمدات میں کمی واقع ہوگی۔ کمپنی کو امید ہے کہ حکومت ریگولیٹری ڈیوٹی (اینٹی ڈمپنگ ڈیوٹیوں کی وصولی میں ناکامی کی وجہ سے پچھلے 4 سالوں کے ہرجانے کی تلافی کے لئے) کے ساتھ ساتھ موجودہ ٹیرف کو بھی برقرار رکھے گی۔

## درپیش چیلنجز اور مستقبل کا منظر نامہ:

☆ ایک اہم پیشرفت یہ ہے کہ پچھلے بجٹ میں درآمد شدہ پالیسٹر فلیمنٹ یارن (PFY) پر ریگولیٹری ڈیوٹی (جو کہ جون 2019ء میں ہٹا دی گئی تھی) کو یکم جولائی 2020ء سے 2.50 فیصد سے بحال کی گئی۔ کمپنی اس بحالی کی قدر کرتی ہے کیونکہ اس ریگولیٹری ڈیوٹی سے کمپنی کو Dumped Imported مصنوعات کا مقابلہ کرنے میں مدد ملی اور امید ہے کہ کمپنی کی پیداواری صلاحیت سال 2017ء میں 36,000 ٹن سے بڑھ کر سال 21–2020 تک 60,000 ٹن سے بھی زیادہ ہو جائے گی۔

☆ جیسا کہ پچھلی ڈائریکٹرز رپورٹ میں بھی واضع کیا گیا کہ ریگولیٹری ڈیوٹی کی بحالی کے پیش نظر کمپنی اپنی پیداواری صلاحیت میں مزید توسیع (جو پہلے روک دی گئی تھی) کے ساتھ آگے بڑھ رہی ہے، جو جون 2021ء میں شروع ہو جانے کی امید ہے۔ پچھلی توسیع جس نے ابھی کمپنی کی پیداوار کو 57,000 ٹن سے 65,000 ٹن تک پہنچایا ہے۔ اس طرح کمپنی کی پیداوار جو 17–2016 میں محض 36,000 ٹن تھی انشاء اللہ سال 22–2021 میں دوگنی ہو کر 75,000 ٹن ہو جائے گی اور اگر اوپر نوٹ کیئے گئے توسیعی منصوبے پر عمل درآمد کیا جائے تو مزید 95,000 ٹن تک ہو جائے گی۔

☆ 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 3 سالوں میں تقریباً 85 فیصد پی ایف وائی درآمدات پر اینٹی ڈمپنگ ڈیوٹی نہیں دی گئی **جس کی مالیت 8 بلین روپے سے زیادہ ہے جبکہ اِس رویئے 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 2020ء 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 جا سکی۔ ریگولیٹری ڈیوٹی جو کہ واحد ڈھال ہے (گو کہ جزوی ہے) کو مؤثر طریقے سے نافذ کی گئی جسکی وجہ سے پیداواری صلاحیت میں اوپر ذِکر کئے گئے اضافے میں مدد ملی۔ امید کی جاتی ہے کہ حکومت اس ریگولیٹری ڈیوٹی کو حالیہ سالوں میں برقرار رکھے گی تا کہ حکومت اور بلخصوص NTC جو کہ اینٹی ڈمپنگ ڈیوٹیوں کی وصولی میں پچھلے 4 سالوں میں ناکامی کا شکار رہے کی تلافی کی جا سکے۔

## بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران

گیٹرون (انڈسٹریز) لمیٹڈ کے ڈائریکٹرز 31 مارچ 2021ء کو اختتام پذیر ہونے والی نو ماہی مدت کیلئے مالیاتی گوشوارے ہمراہ رپورٹ پیش کرتے ہوئے مسرت محسوس کررہے ہیں۔

**مالیاتی جائزہ :**

زیر جائزہ نو ماہی مدت کا مالیاتی خلاصہ درج ذیل ہے :

خالص فروخت 12,267 ملین روپے
آپریٹنگ منافع 976 ملین روپے
منافع قبل از انکم ٹیکس 901 ملین روپے
منافع بعد از انکم ٹیکس 722 ملین روپے
آمدنی فی حصہ 18.82 روپے

نو ماہ کی مدت کا بعد از ٹیکس منافع میں پچھلی اسی مدت کے مقابلے میں 59 فیصد کا اضافہ ہوا اس کی بنیادی وجہ 31 مارچ 2021ء کو ختم ہونے والی سہ ماہی میں پچھلی اسی سہ ماہی کے مقابلے میں خالص منافع میں اضافہ ہے۔ کمپنی نے گذشتہ کچھ عرصہ سے تیل کی قیمتوں میں خاطر خواہ کمی اور COVID-19 جیسے غیر معمولی حالات کا سامنا کیا۔ پریفارمز کی operations نے بھی خالص منافع میں اضافے میں نمایاں حصہ لیا۔ دوسری وجہ جو منافع میں زیادتی کا سبب بنی وہ یارن کی پیداوار میں نئے توسیعی منصوبہ کی ہموار کارکردگی ہے جو مارچ 2020ء میں شروع ہو چکا تھا مگر COVID-19 کی وجہ سے اکتوبر 2020ء تک پوری طرح سے فعال نہیں تھی۔ PTA/MEG کی قیمتیں جو جولائی 2020ء میں اوسطاً $475/$410 فی ٹن تھیں رپورٹنگ تاریخ میں بڑھ کر $690/$700 فی ٹن ہوگئیں جس سے اچھے منافع کا حصول ممکن ہوا (کم قیمت والے خام مال کی خرید اور تیار شدہ مال کے درمیانی مدت میں قیمتوں میں اضافے کی وجہ سے) بلکہ اس کے ساتھ ساتھ عام انوینٹری میں بھی فائدہ ہوا۔ جی آئی ڈی سی کے واجبات کی remeasurement کے منافع سے بھی کمپنی کے منافع میں اضافہ ہوا۔ Exchange Rate جو کہ مئی 2020ء میں 160 روپے تھا رواں سال کے شروع میں 168-166 روپے ہوگیا پھر دوسری سہ ماہی کے نومبر میں گر کر 160 روپے ہوگیا جو فروری 2021ء تک رہا۔ اسکے بعد مزید گر کر مارچ 2021ء میں 154 روپے ہوگیا۔ جس کی وجہ سے کمپنی کے درآمدی قرزداری کی مالیت میں کمی کا فائدہ ہوا۔

اگرچہ COVID-19 کے سبب ملک ابھی تک مشکل دور سے گزر رہا ہے اسکے باوجود کمپنی موجودہ مدت میں گذشتہ سال کے اسی عرصے کے مقابلے میں اپنی کارکردگی بہتر بنانے میں کامیاب رہی۔ ملک بھر میں لاک ڈاؤن کو ختم ہونے اور اس کے نتیجے میں مانگ میں اضافے کے بعد پیداواری صلاحیتوں میں اضافہ کیا گیا تاہم اپریل سے جون 2021ء کے دوران ایسی کارکردگی کے تسلسل کی امید نہیں۔ کمپنی کی آپریٹنگ آمدنی میں گذشتہ اسی عرصہ کے مقابلہ میں 17 فیصد کا اضافہ ہوا جس کی بنیادی وجہ کمپنی کی دونوں مصنوعات کی فروخت کے حجم میں اضافہ ہے۔ گذشتہ اسی عرصہ کے مقابلے میں پالیسٹر فلیمنٹ یارن (PFY) کی فروخت کے حجم میں تقریباً 27 فیصد کا اضافہ ہوا اور دوسری طرف پریفارمز کی فروخت کے حجم میں 19 فیصد کے قریب اضافہ ہوا۔ PFY کی فروخت کے حجم میں زیر نظر مدت میں اضافہ ہوا جو کہ پچھلی مدت میں ٹیکسٹائل سیکٹر پر 17 فیصد سیلز ٹیکس کے نفاذ جیسے غیر معمولی اقدام، غیر رجسٹرڈ خریداروں کے لئے سی این آئی سی (CNIC) جیسی سخت شرائط اور COVID-19 کے سبب کم رہا۔ فروخت میں اضافہ کی ایک اور وجہ تیار شدہ مال کی فروخت کی قیمتوں میں (خام مال کی قیمتوں میں اضافہ کی وجہ سے) اضافہ ہے۔

ڈسٹری بیوشن اور فروخت کے اخراجات میں گذشتہ اسی عرصہ کے مقابلے میں 37 فیصد کا اضافہ ہوا جس کی بنیادی وجہ فریٹ اور ٹرانسپورٹ کے چارجز میں غیر معمولی اضافہ ہے۔ دوسری طرف انتظامی اخراجات میں 1 فیصد کی کمی ہوئی۔ پانی کی خریداری میں کمی کی وجہ سے پانی کے اخراجات بھی کم ہوئے جو کہ بارش کی وجہ سے حب ڈیم کے ذریعے پانی کی فراہمی ممکن ہوئی۔

# Condensed Interim Un-consolidated Statement Of Financial Position

AS AT MARCH 31, 2021

| | Note | March 2021 (Un-audited) | June 2020 (Audited) |
|---|---|---|---|
| | | (Rupees in Thousand) | |
| **ASSETS** | | | |
| **Non - Current Assets** | | | |
| Property, plant and equipment | 5 | 4,935,103 | 3,577,722 |
| Intangible assets | 6 | 33,214 | 17,614 |
| Long term investments | | 427,246 | 875,097 |
| Long term loans | | 169,659 | 111,718 |
| Long term deposits | | 3,079 | 3,229 |
| | | 5,568,301 | 4,585,380 |
| **Current Assets** | | | |
| Stores, spare parts and loose tools | | 854,299 | 762,932 |
| Stock in trade | 7 | 3,286,992 | 2,394,758 |
| Trade debts | 16 | 3,152,731 | 2,230,264 |
| Loans and advances | | 80,470 | 65,654 |
| Trade deposits and short term prepayments | | 159,725 | 42,746 |
| Other receivables | 16 | 244,757 | 130,754 |
| Sales tax refund due from Federal Government | | 8,634 | 8,634 |
| Cash and bank balances | | 124,352 | 64,157 |
| | | 7,911,960 | 5,699,899 |
| **TOTAL ASSETS** | | 13,480,261 | 10,285,279 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | 8 | 383,645 | 383,645 |
| Capital reserve - share premium | | 383,645 | 383,645 |
| General reserve | | 3,250,000 | 3,250,000 |
| Unappropriated profit | | 1,590,568 | 1,315,439 |
| | | 5,607,858 | 5,332,729 |
| **LIABILITIES** | | | |
| **Non - Current Liabilities** | | | |
| Long term financing | | 2,280,674 | 1,174,783 |
| Deferred and other liabilities | 9 | 494,255 | 415,372 |
| | | 2,774,929 | 1,590,155 |
| **Current Liabilities** | | | |
| Trade and other payables | 10 & 16 | 2,238,477 | 1,577,633 |
| Unclaimed dividend | | 21,380 | 21,544 |
| Accrued mark up | | 34,655 | 53,469 |
| Short term borrowings | | 2,692,219 | 1,671,941 |
| Current portion of long term financing | | 74,025 | 3,170 |
| Provision for income tax less payments | | 36,718 | 34,638 |
| | | 5,097,474 | 3,362,395 |
| **CONTINGENCIES AND COMMITMENTS** | 11 | | |
| **TOTAL EQUITY AND LIABILITIES** | | 13,480,261 | 10,285,279 |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

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

# Condensed Interim Un-consolidated Statement Of Profit Or Loss (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Note | Jan-2021 to Mar-2021 | Jan-2020 to Mar-2020 | Jul-2020 to Mar-2021 | Jul-2019 to Mar-2020 |
|---|---|---|---|---|---|
| | | (Rupees in Thousand) | | | |
| Sales | | 4,856,120 | 3,840,432 | 12,266,620 | 10,477,749 |
| Cost of sales | | 4,211,185 | 3,585,731 | 10,925,152 | 9,725,202 |
| **Gross profit** | | 644,935 | 254,701 | 1,341,468 | 752,547 |
| Distribution and selling costs | | 53,210 | 37,778 | 161,178 | 117,469 |
| Administrative expenses | | 76,159 | 74,526 | 221,144 | 223,469 |
| Other operating expenses | | 34,716 | 41,789 | 74,884 | 71,269 |
| | | 164,085 | 154,093 | 457,206 | 412,207 |
| | | 480,850 | 100,608 | 884,262 | 340,340 |
| Other income | | 38,268 | (11,180) | 92,198 | 17,419 |
| **Operating profit** | | 519,118 | 89,428 | 976,460 | 357,759 |
| Finance costs | | 45,919 | 73,873 | 91,562 | 150,819 |
| | | 473,199 | 15,555 | 884,898 | 206,940 |
| Remeasurement gain on provision for GIDC | | 2,050 | - | 16,303 | - |
| Investment income - Dividend | 12 | - | - | - | 464,625 |
| **Profit before income tax** | | 475,249 | 15,555 | 901,201 | 671,565 |
| Income tax - Current & prior | 13 | 72,055 | 57,429 | 179,859 | 216,195 |
| - Deferred | | 2,773 | - | (787) | - |
| | | 74,828 | 57,429 | 179,072 | 216,195 |
| **Profit/(loss) after income tax** | | 400,421 | (41,874) | 722,129 | 455,370 |
| **Earnings/(loss) per share - Basic and diluted ( Rupees )** | | 10.44 | (1.09) | 18.82 | 11.87 |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

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

# Condensed Interim Un-consolidated Statement Of Comprehensive Income (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Jan-2021 to Mar-2021 | Jan-2020 to Mar-2020 | Jul-2020 to Mar-2021 | Jul-2019 to Mar-2020 |
|---|---|---|---|---|
| | (Rupees in Thousand) | | | |
| **Profit / (loss) after income tax** | **400,421** | (41,874) | **722,129** | 455,370 |
| Other comprehensive income | | | | |
| *Items that will never be reclassified to profit or loss* | | | | |
| Gain on remeasurement of defined benefit plan having nil tax impact | - | - | - | 468 |
| **Total comprehensive income / (loss)** | **400,421** | (41,874) | **722,129** | 455,838 |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

**SHABBIR DIWAN**
Chief Executive

**MUHAMMAD IQBAL BILWANI**
Director

**MUSTUFA BILWANI**
Chief Financial Officer

# Condensed Interim Un-consolidated Statement Of Changes In Equity (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 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 nine months ended March 31, 2020 | - | - | - | 455,838 | 455,838 |
| **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 March 31, 2020 | 383,645 | 383,645 | 3,250,000 | 687,523 | 4,704,813 |
| Total comprehensive income for the three months ended June 30, 2020 | - | - | - | 627,916 | 627,916 |
| Balances as at June 30, 2020 | 383,645 | 383,645 | 3,250,000 | 1,315,439 | 5,332,729 |
| Total comprehensive income for the nine months ended March 31, 2021 | - | - | - | 722,129 | 722,129 |
| Effect on long term investment in associated company Messrs. Novatex Limited under approved Scheme of arrangement | - | - | - | (447,000) | (447,000) |
| **Balances as at March 31, 2021** | **383,645** | **383,645** | **3,250,000** | **1,590,568** | **5,607,858** |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

**SHABBIR DIWAN**
Chief Executive

**MUHAMMAD IQBAL BILWANI**
Director

**MUSTUFA BILWANI**
Chief Financial Officer

# Condensed Interim Un-consolidated Statement Of Cash Flows (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Jul-2020 to Mar-2021 | Jul-2019 to Mar-2020 |
|---|---|---|
| | (Rupees in Thousand) | |
| **Cash Flows (towards)/from Operating Activities** | | |
| Profit before income tax | **901,201** | 671,565 |
| Adjustments for: | | |
| Depreciation | **378,871** | 275,004 |
| Provision for defined benefit plan | **31,509** | 47,514 |
| Gain on disposal of property, plant and equipment | **(18,640)** | (11,126) |
| Loss on disposal of property, plant and equipment | **36** | 899 |
| Impairment in long term investments | **12,930** | 25 |
| (Reversal)/provision of allowance for ECL - net | **(15,929)** | 13,709 |
| (Reversal)/provision for slow moving stores, spare parts and loose tools - net | **(7,547)** | 4,082 |
| Remeasurement gain on provision for GIDC | **(16,303)** | - |
| Investment income - Dividend | **-** | (464,625) |
| Finance costs | **91,562** | 150,819 |
| | **456,489** | 16,301 |
| | **1,357,690** | 687,866 |
| (Increase)/decrease in current assets: | | |
| Stores, spare parts and loose tools | **(83,820)** | (66,272) |
| Stock in trade | **(892,234)** | (657,537) |
| Trade debts | **(906,538)** | (1,094,856) |
| Loans and advances | **(12,186)** | 10,593 |
| Trade deposits and short term prepayments | **(116,979)** | (3,259) |
| Other receivables | **(114,003)** | (218,029) |
| Sales tax refund due from Federal Government | **-** | 64,434 |
| | **(2,125,760)** | (1,964,926) |
| Increase in Trade and other payables | **741,442** | 346,679 |
| Cash flows towards operations before following | **(26,628)** | (930,381) |
| (Payments for)/receipts of: | | |
| Long term loans | **(60,571)** | (118,357) |
| Long term deposits | **150** | (506) |
| Defined benefit plan | **(13,742)** | (6,142) |
| Finance costs | **(110,376)** | (103,869) |
| Income tax | **(177,898)** | (174,090) |
| Group taxation impact | **(2,903)** | (28) |
| Net cash flows towards operating activities | **(391,968)** | (1,333,373) |
| **Cash Flows (towards)/from Investing Activities** | | |
| Additions in property, plant and equipment | **(1,740,768)** | (1,532,355) |
| Proceeds from disposal of property, plant and equipment | **23,750** | 24,179 |
| Additions in intangible assets | **(15,600)** | - |
| Long term investment made | **(12,079)** | (292,482) |
| Dividend received | **-** | 464,625 |
| Net cash flows towards investing activities | **(1,744,697)** | (1,336,033) |
| **Cash Flows from/(towards) Financing Activities** | | |
| Long term financing - proceeds received | **1,176,746** | 1,025,162 |
| Dividend paid | **(164)** | (657,162) |
| Net cash flows from financing activities | **1,176,582** | 368,000 |
| **Net decrease in cash and cash equivalents** | **(960,083)** | (2,301,406) |
| **Cash and cash equivalents at the beginning of the period** | **(1,607,784)** | (794,401) |
| **Cash and cash equivalents at the end of the period** | **(2,567,867)** | (3,095,807) |
| **CASH AND CASH EQUIVALENTS COMPRISE OF:** | | |
| Cash and bank balances | **124,352** | 51,806 |
| Short term borrowings | **(2,692,219)** | (3,147,613) |
| | **(2,567,867)** | (3,095,807) |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

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

# Notes To The Condensed Interim Un-consolidated Financial Statements (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 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 the 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 plant of the Company is situated at Plot No 441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub, District 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** Following are the wholly owned subsidiaries of the Company:

- 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 has approved the draft 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. The members of the Company has approved the Scheme in the Extra Ordinary General Meeting held on February 12, 2020. In term of the scheme, all 56.7 million Ordinary Shares of Messrs. Novatex Limited held by the Company shall be cancelled and in lieu of such cancellation new shares in Messrs. Novatex Limited will be issued to the shareholders of the Company, held by the respective shareholder as of the book closure date. On September 21, 2020, the Honorable Balochistan High Court has sanctioned the Scheme of Arrangement and the Company has filed the order with Registrar on October 06, 2020. Accordingly, the Company has derecognise the investment in associated company amounting to Rs.447 million as per approved Scheme of Arrangement.

## 2 BASIS OF PREPARATION

**2.1** These condensed interim un-consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of International Accounting Standards (IAS) 34, interim financial reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim un-consolidated financial statements are the separate condensed interim un-consolidated financial statements of the Company in which investments in subsidiaries and associate have been accounted for at cost less accumulated impairment losses, if any.

**2.3** These condensed interim un-consolidated financial statements are unaudited and do not include all the information and disclosures of the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2020.

### 2.4 Changes in accounting standards, interpretations and amendments to published approved accounting standards

### 2.4.1 Amendments to published approved accounting standards which are effective during the nine months ended March 31, 2021:

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2020; however, these do not have any significant impact on these condensed interim un-consolidated financial statements, hence not described.

### 2.4.2 Standards and amendments to published approved accounting standards that are not yet effective:

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2021. However, these amendments will not have any significant impact on the financial reporting of the Company, therefore, have not been disclosed in these condensed interim un-consolidated financial statements.

### 2.5 Functional and reporting currency

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

## 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim un-consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2020.

## 4 SIGNIFICANT ACCOUNTING POLICIES

These condensed interim un-consolidated financial statements have been prepared, following the same accounting policies as were applied in the preparation of the audited financial statements as at and for the year ended June 30, 2020.

| | Note | (Rupees in Thousand) March 2021 (Un-audited) | June 2020 (Audited) |
|---|---|---|---|
| **5 PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 5.1 | **3,270,238** | 3,265,235 |
| Capital work in progress | 5.2 | **1,664,865** | 312,487 |
| | | **4,935,103** | 3,577,722 |

**5.1 Following are the cost of additions and net book value (NBV) of assets disposed off during the period:**

Additions at cost during the period including transfer from Capital work in progress

| | (Rupees in Thousand) Nine months period ended March 2021 | Nine months period ended March 2020 |
|---|---|---|
| Freehold Land | **1,070** | - |
| Leasehold land | **32,226** | - |
| Building on leasehold land | **6,095** | 15,953 |
| Plant and machinery | **320,187** | 1,018,492 |
| Factory equipment | **9,134** | 13,938 |
| Motor vehicles | **20,308** | 77,319 |
| | **389,020** | 1,125,702 |

Disposals at NBV during the period

| | | |
|---|---|---|
| Office premises | **942** | - |
| Plant and machinery | **831** | 1,209 |
| Office equipment | **29** | 53 |
| Motor vehicles | **3,344** | 12,690 |
| | **5,146** | 13,952 |

**5.2 Capital work in progress**

| | | |
|---|---|---|
| Balance as at start of the period | **312,487** | 196,133 |
| Additions | **1,656,335** | 1,412,745 |
| Transfer to operating fixed assets | **(303,957)** | (1,003,020) |
| Balance as at end of the period | **1,664,865** | 605,858 |

**6 INTANGIBLE ASSETS**

Capital work in progress

| | March 2021 (Un-audited) | June 2020 (Audited) |
|---|---|---|
| Balance as at start of the period | **17,614** | - |
| Additions | **15,600** | 17,614 |
| Balance as at end of the period | **33,214** | 17,614 |

**7 STOCK IN TRADE**

These include items costing Rs.151.165 million (June 2020: Rs.1,343.485 million) valued at net realisable value of Rs.101.745 million (June 2020: Rs.1,193.240 million).

## 8 SHARE CAPITAL

| (Number of Shares) March 2021 (Un-audited) | June 2020 (Audited) | | Note | (Rupees in Thousand) March 2021 (Un-audited) | June 2020 (Audited) |
|---|---|---|---|---|---|

### 8.1 Authorised capital

| | | | | | |
|---|---|---|---|---|---|
| **95,000,000** | 95,000,000 | Ordinary shares of Rs. 10 each | | **950,000** | 950,000 |

### 8.2 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 |

## 9 DEFERRED AND OTHER LIABILITIES

| | Note | March 2021 | June 2020 |
|---|---|---|---|
| Income tax - net | | **7,159** | 7,946 |
| Defined benefit plan | **9.1** | **425,193** | 407,426 |
| Provision for Gas Infrastructure Development Cess | **9.2** | **61,903** | - |
| | | **494,255** | 415,372 |

### 9.1 Defined benefit plan

| | March 2021 | June 2020 |
|---|---|---|
| Balance as at start of the period | **407,426** | 373,162 |
| Expense | **31,509** | 63,556 |
| Remeasurement gain | **-** | (23,121) |
| Payments | **(13,742)** | (6,171) |
| Balance as at end of the period | **425,193** | 407,426 |

### 9.2 Provision for Gas Infrastructure Development Cess

During the period, 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 dismissed the Review Petition.

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.

The Company has recorded the provision at its present value by discounting the future cash flows at risk free rate and has booked income of Rs.16.303 million.

## 10 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

**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 (June 2020: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 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.

**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 10.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (June 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.

**10.3** Provision of Sindh Sales Tax on rent payable to an associated company Messrs. Novatex Limited amounted to Rs.6.447 million (June 2020: Rs.5.998 million). The associated company had file 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.

**10.4** 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.228.365 million (June 2020: Rs.198.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 11.2). The Court has now reserved the judgment for announcement which is expected soon. Based on the legal advise, the management believes that the case will be decided in favour of the Company. However, full provision after December 27, 2006 has been made in these condensed interim un-consolidated financial statements as an abundant precaution.

**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 is in process of filing 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.

**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.55.736 million (June 2020: Rs.36.485 million).

**10.7** Provision of Gas Infrastructure Development Cess Rs.7.512 million (June 2020: Rs.7.417 million) and rate difference of gas tariff Rs.2.219 million (June 2020: Rs.2.063 million) on account of common expenses payable to an associated company Messrs. Novatex Limited.

## 11 CONTINGENCIES AND COMMITMENTS

The detail of contingencies and commitments as at reporting date are as follows:

### 11.1 Contingencies

**11.1.1** 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.

**11.1.2** 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 the 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 dismissed the Review Petition. 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.

Total amount of enhanced GIDC upto July 31, 2020 worked out at Rs.162.479 million (June 2020: Rs.161.487 million), however the Company make a provision of liability for Rs.123.141 million (June 2020: Rs.122.149 million) pertaining to the period of July 2014 to July 2020 for Captive Power and June 2015 to July 2020 for Industrial as an abundant precaution, so that current ratio will not materially disturbed in case of payment.

**11.1.3** 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.27.179 million (June 2020: Rs.24.882 million) has been made in these condensed interim un-consolidated financial statements as the Company is confident for the favorable outcome of the Petition.

**11.1.4** 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. 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 condensed interim un-consolidated financial statements as the Company is confident that the matter will be decided in favour by the appellate authorities.

**11.1.5** Income tax department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs. 37.773 million was raised on various issues. Out of the total amount, the Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in 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 1, 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.

**11.1.6** Income Tax department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the Tax Year 2015 wherein income tax demand of Rs. 25.888 million was raised on various issues. Out of the total amount, the Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in 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.

**11.1.7** 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.

11.1.8 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.

11.1.9 Income tax return of Tax Year 2014 has been 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.

11.1.10 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.15.209 million (June 2020: Rs.15.209 million), refer note 11.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01,2020

11.1.11 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 condensed interim un-consolidated financial statements.

11.1.12 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.

11.1.13 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 not yet been concluded. The Company has paid 50% of demand for auto stay from recovery.

**11.1.14** 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.

**11.1.15** 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 condensed interim un-consolidated financial statements.

## 11.2 Guarantees

| | (Rupees in Thousand) | |
|---|---|---|
| | **March 2021 (Un-audited)** | **June 2020 (Audited)** |
| Bank Guarantees in favour of: | | |
| The Director Excise and Taxation, Karachi | **228,365** | 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 | **15,209** | 15,209 |
| Letters of Credit in favour of: | | |
| Sui Southern Gas Company Limited for Gas | **32,592** | 32,592 |
| | **327,736** | 297,736 |

## 11.3 Commitments

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

| | | |
|---|---|---|
| Foreign currency: | | |
| Property, plant and equipment | **2,368,910** | 1,446,353 |
| Raw material | **603,159** | 208,634 |
| Spare parts and others | **69,140** | 62,712 |
| | **3,041,209** | 1,717,699 |
| Local currency: | | |
| Property, plant and equipment | **58,404** | 52,956 |
| Raw material | **146,750** | 96,866 |
| | **205,154** | 149,822 |
| | **3,246,363** | 1,867,521 |

| | (Rupees in Thousand) | |
|---|---|---|
| | Nine months period ended March 2021 | Nine months period ended March 2020 |
| **12 INVESTMENT INCOME - DIVIDEND** | | |
| From wholly owned subsidiary company - Messrs. Gatro Power (Private) Limited | - | 67,725 |
| From associated company - Messrs. Novatex Limited | - | 396,900 |
| | - | 464,625 |

## 13 INCOME TAX

Provision for taxation includes current year provision of Rs.182.057 million (March 2020: Rs.216.169 million) and reversal of prior year of Rs.2.198 million (March 2020: prior year Rs.0.026 million).

## 14 MEASUREMENT OF FAIR VALUE

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.

## 15 SEGMENT REPORTING

### 15.1 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.

## 15.2 Segment results:

The segment information for the reportable segments for the nine months ended March 31, 2021 is as follows:

(Rupees in Thousand)

| | March 2021 | | | March 2020 | | |
|---|---|---|---|---|---|---|
| | Polyester Filament Yarn | Polyester PET Preforms | Total | Polyester Filament Yarn | Polyester PET Preforms | Total |
| External sales | 9,503,547 | 2,763,073 | 12,266,620 | 8,074,022 | 2,403,727 | 10,477,749 |
| Segment result before depreciation | 848,198 | 489,819 | 1,338,017 | 490,571 | 196,042 | 686,613 |
| Less: Depreciation | (341,372) | (37,499) | (378,871) | (225,973) | (49,031) | (275,004) |
| Segment result after depreciation | 506,826 | 452,320 | 959,146 | 264,598 | 147,011 | 411,609 |

| Reconciliation of segment results with Profit before income tax: | March 2021 | March 2020 |
|---|---|---|
| Total results for reportable segments | 959,146 | 411,609 |
| Other operating expenses | (74,884) | (71,269) |
| Other income | 92,198 | 17,419 |
| Finance costs | (91,562) | (150,819) |
| Remeasurement gain on provision for GIDC | 16,303 | - |
| Investment income - Dividend | - | 464,625 |
| **Profit before income tax** | 901,201 | 671,565 |

Assets and liabilities by segments are as follows:

| | March 2021 (Un-audited) | | | June 2020 (Audited) | | |
|---|---|---|---|---|---|---|
| Segment assets | 8,993,629 | 2,636,427 | 11,630,056 | 6,555,013 | 1,982,912 | 8,537,925 |
| Segment liabilities | 2,982,994 | 178,299 | 3,161,293 | 1,648,669 | 271,276 | 1,919,945 |

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

| | Assets | Liabilities | Assets | Liabilities |
|---|---|---|---|---|
| Total for reportable segments | 11,630,056 | 3,161,293 | 8,537,925 | 1,919,945 |
| Unallocated | 1,850,205 | 4,711,110 | 1,747,354 | 3,032,605 |
| **Total as per condensed interim un-consolidated statement of financial position** | 13,480,261 | 7,872,403 | 10,285,279 | 4,952,550 |

Other segment information is as follows:

| | March 2021 | | | March 2020 | | |
|---|---|---|---|---|---|---|
| Depreciation | 341,372 | 37,499 | 378,871 | 225,973 | 49,031 | 275,004 |
| Capital expenditures incurred during the period | 1,580,823 | 1,589 | 1,582,412 | 1,460,850 | 9,066 | 1,469,916 |
| Unallocated capital expenditure incurred during the period | | | 158,356 | | | 62,439 |
| **Total** | | | 1,740,768 | | | 1,532,355 |

**15.3** 97.67% (March 2020 : 99.34%) out of total sales of the Company relates to customers in Pakistan.

**15.4** All non-current assets of the Company as at March 31, 2021 are located in Pakistan.

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

## 16 TRANSACTIONS WITH RELATED PARTIES

The related parties include Subsidiaries, Associate and Other Related Group Companies, Key Management Personnel and Defined Contribution Plans (Provident Funds). The Company continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. Contributions to defined contribution plan (Provident Funds) are made as per the terms of employment. Remuneration of Key Management Personnel is in accordance with their terms of engagements. Details of transactions with related parties are as follows:

| Name | Nature of relationship | Basis of relationship | Nature of transaction | (Rupees in Thousand) Nine months period ended March 2021 | Nine months period ended March 2020 |
|---|---|---|---|---|---|
| Gatro Power (Private) Limited | Subsidiary Company | 100% ownership | Purchase of power | **1,663,562** | 1,436,241 |
| | | | Dividend income | **-** | 67,725 |
| | | | Plant operation arrangement | **27,000** | 27,000 |
| | | | Reimbursement of expenses | **667** | 415 |
| Global Synthetics Limited | Subsidiary Company | 100% ownership | Investment made | **100** | - |
| G-Pac Energy (Private) Limited | Subsidiary Company | 100% ownership | Investment made | **-** | 249,990 |
| | | | Long term loan | **58,550** | 159,690 |
| | | | Reimbursement of expenses | **4** | - |
| Novatex Limited | Associated Company | Common directorship | Sales of goods | **1,117,155** | 393,593 |
| | | | Rendering of services | **31,477** | - |
| | | | Acquisition of services | **533,608** | 522,941 |
| | | | Purchase of raw & other material | **34,555** | 38 |
| | | | Dividend income | **-** | 396,900 |
| | | | Rent | **14,963** | 15,712 |
| | | | Reimbursement of expenses | **126,026** | 128,749 |
| Krystalite Product (Private) Limited | Related Party | Common management | Sale of goods | **264,304** | 262,792 |
| | | | Purchase of raw & other material | **303** | 455 |
| Mushtaq & Company (Private) Limited | Related Party | Common management | Sale of goods | **32,713** | 19,795 |
| Gani & Tayub (Private) Limited | Related Party | Common directorship | Payment of dividend | **-** | 24,306 |
| | | | Charges on account of handling | **6,302** | 5,386 |
| Gatron Foundation | Related Party | Common directorship | Payment of donation | **4,655** | 5,370 |

| Name | Nature of relationship | Basis of relationship | Nature of transaction | Nine months period ended March 2021 | Nine months period ended March 2020 |
|---|---|---|---|---|---|
| | | | | (Rupees in Thousand) | |
| Gatron (Industries) Limited Staff Provident Fund | Retirement benefit fund | Employees fund | Provident fund contribution | **18,014** | 18,292 |
| Gatron (Industries) Limited Workers Provident Fund | Retirement benefit fund | Employees fund | Provident fund contribution | **2,990** | 2,907 |

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.216.513 million (March 2020: Rs.219.851 million).

The above figures are exclusive of sales tax, where applicable.

**Outstanding balances, as at reporting date, are disclosed as follows:**

| | As at March 31, 2021 (Un-audited) | As at June 30, 2020 (Audited) |
|---|---|---|
| | ( Rupees in Thousand ) | |
| Gatro Power (Private) Limited | | |
| Other receivables | **3,058** | 3,059 |
| Trade and other payables | **349,642** | 93,539 |
| G-Pac Energy (Private) Limited | | |
| Other receivables | **25** | 99 |
| Novatex Limited | | |
| Trade debts | **258,080** | 97,287 |
| Other receivables | **7,208** | 13,214 |
| Trade and other payables | **98,901** | 35,599 |
| Krystalite Product (Private) Limited | | |
| Trade debts | **277,506** | 239,176 |
| Mushtaq & Company (Private) Limited | | |
| Trade debts | **18,380** | 12,673 |
| Gani & Tayub (Private) Limited | | |
| Trade and other payables | **651** | 482 |
| Gatron (Industries) Limited Staff Provident Fund | | |
| Trade and other payables | **4,042** | 4,046 |
| Gatron (Industries) Limited Workers Provident Fund | | |
| Trade and other payables | **675** | 370 |

**17 DATE OF AUTHORISATION**

These condensed interim un-consolidated financial statements were authorised for issue on April 20, 2021 by the Board of Directors of the Company.

**18 CORRESPONDING FIGURES**

In order to comply with the requirements of IAS 34, the condensed interim un-consolidated statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

**19 GENERAL**

**19.1** Charge for Workers' Profit Participation Fund, Workers' Welfare Fund, Deferred Tax and Income Tax (where applicable) are interim and final liability will be determined on the basis of annual results.

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

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

# Gatron (Industries) Limited and Subsidiary Companies

# Condensed Interim Consolidated Financial Statements For the Nine Months ended March 31, 2021

# Directors' Report

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the Un-audited Condensed Interim Consolidated Financial Statements of the Group for the nine months ended March 31, 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.

Messrs. Global Synthetics Limited has yet to commence its operations.

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

## CONSOLIDATED FINANCIALS

| | (Pak Rupees in Thousand) |
|---|---|
| **Operating results for the nine months ended March 31, 2021** | |
| Operating profit after finance costs | 1,157,577 |
| Remeasurement gain on provision for GIDC | 210,475 |
| Share of profit after income tax in associated company | 953,955 |
| Profit before income tax | 2,322,007 |
| Income Tax | 322,938 |
| Profit after income tax | 1,999,069 |
| Un- appropriated Profit brought forward | 8,836,672 |
| Un- appropriated Profit carried forward | 2,372,522 |
| Earnings per share - Basic and diluted (Rupees) | 52.11 |
| **State of Affairs as on March 31, 2021** | |
| Property, Plant and Equipment | 6,513,924 |
| Other non-current assets | 36,525 |
| Current assets | 9,479,655 |
| Total assets | 16,030,104 |
| Deduct: | |
| Non-current liabilities | 3,514,208 |
| Current liabilities | 5,841,084 |
| Total liabilities | 9,355,292 |
| Net assets financed by shareholders' equity | 6,674,812 |

## OTHER MATTERS

The Honorable High Court of Balochistan at Quetta has sanctioned on 21 September 2020, the Scheme of Arrangement duly approved by the BOD on 30 September 2019. Accordingly, the Parent Company has filed the order with Registrar on October 06, 2020 and de-recognized the investment in associated company as per approved Scheme of Arrangement.

## MATERIAL CHANGES AND COMMITMENTS

No material changes and commitments affecting the financial position of the group 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 Directors take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support and look forward for continued collaboration with the Group as we move forward to meet and execute our targets together.

Further, we appreciate the Group's management and supporting staff for their satisfactory performance and devotion to duty and we are grateful to all Government Institutions, Auditors, the SECP, the PSX and banks, for their valuable support and cooperation throughout the period.

**Shabbir Diwan**
Chief Executive

**Muhammad Iqbal Bilwani**
Director

April 20, 2021

### دیگر امور:

معزز ہائیکورٹ آف بلوچستان، کوئٹہ نے 21 ستمبر 2020ء کو Scheme of Arrangement کی منظوری دی جس کو بورڈ آف ڈائریکٹرز نے 30 ستمبر 2019ء کی میٹنگ میں منظور کیا تھا۔ پیرینٹ کمپنی نے 6 اکتوبر 2020ء کو اس منظوری کی آگاہی رجسٹرار کو دے دی ہے اور منظور شدہ SOA کی موئژ تاریخ سے کمپنی نے متعلقہ کمپنی میں اپنی سرمایہ کاری کو ڈی ریکگنائز (Derecogize) کر دیا ہے۔

### اہم تبدیلیاں اور معاہدے:

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

### اندرونی مالیاتی کنٹرول:

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

### اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا۔ ساتھ ہی اپنی مینجمنٹ ٹیم کی پرخلوص محنت پر اُن کے تہہ دل سے مشکور ہیں۔ بورڈ آف ڈائریکٹرز کی جانب سے مسلسل رہنمائی پر اُن کے متمنی ہیں اور اپنے تمام متعلقہ افراد بشمول سرکاری ادارے، آڈیٹرز، ایس ای سی پی، پی ایس ایکس اور بینکرز کے شکرگزار ہیں جنہوں نے گیٹرون کی ترقی میں اپنا کردار بخوبی نبھایا۔

| | |
|---|---|
| شبیر دیوان | محمد اِقبال بلوانی |
| افسرِ اعلیٰ | ڈائریکٹر |

20 اپریل 2021ء

# گروپ کے جامع مالیاتی گوشواروں پر ڈائریکٹرز رپورٹ

## معزز ممبران

میسرز گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2021ء کو ختم شدہ نو ماہی مدت کیلئے گروپ ہذا کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے بمسرت پیش کر رہے ہیں۔

## گروپ :

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

زیر جائزہ مدت کے دوران مکمل 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 نے اب تک اپنے آپریشنز شروع نہیں کئے۔ اس کمپنی کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس کی عملی کارکردگی رواں سال کے آخر میں شروع ہونے کی توقع ہے۔

میسرز گلوبل سینتھیٹک لمیٹڈ نے اب تک اپنے آپریشنز شروع نہیں کئے۔

## جامع مالیات:

| آپریٹنگ نتائج برائے مدت نو ماہی مختتمہ 31 مارچ 2021ء | (روپے 000) |
|---|---|
| آپریٹنگ منافع بعد از مالیاتی لاگت | 1,157,577 |
| Remeasurement gain on provision for GIDC | 210,475 |
| منافع من منسلکہ کمپنیاں بعد از انکم ٹیکس Share of profit after income tax in associated Company | 953,955 |
| منافع قبل از انکم ٹیکس | 2,322,007 |
| انکم ٹیکس | 322,938 |
| منافع بعد از انکم ٹیکس | 1,999,069 |
| غیر متصرف منافع گزشتہ (Un-appropriated profit brought forward) | 8,836,672 |
| غیر متصرف منافع حالیہ (Un-appropriated profit carried forward) | 2,372,522 |
| آمدنی فی شیئر بنیادی اور تقسیم شدہ (Rupees)(Basic and Diluted–Earning per share) | 52.11 |
| 31 مارچ 2021ء تک معاملات کی صورتحال | |
| املاک، پلانٹ اور ایکوپمنٹ | 6,513,924 |
| دیگر پائیدار اثاثہ جات | 36,525 |
| بدل پذیر اثاثہ جات | 9,479,655 |
| کل اثاثہ جات | 16,030,104 |
| کٹوتی: | |
| پائیدار واجبات | 3,514,208 |
| بدل پذیر واجبات | 5,841,084 |
| کل واجبات | 9,355,292 |
| خالص اثاثہ جات ادا شدہ منجانب ایکوئٹی بابتہ حصص یافتگان | 6,674,812 |

# Condensed Interim Consolidated Statement Of Financial Position

AS AT MARCH 31, 2021

| | Note | March 2021 (Un-audited) | June 2020 (Audited) |
|---|---|---|---|
| | | (Rupees in Thousand) | |
| **ASSETS** | | | |
| **Non - Current Assets** | | | |
| Property, plant and equipment | 5 | 6,513,924 | 5,215,939 |
| Intangible assets | 6 | 33,214 | 17,614 |
| Long term investment | | - | 8,903,623 |
| Long term loans | | 232 | 19 |
| Long term deposits | | 3,079 | 3,229 |
| | | 6,550,449 | 14,140,424 |
| **Current Assets** | | | |
| Stores, spare parts and loose tools | | 1,128,893 | 1,013,495 |
| Stock in trade | 7 | 3,286,992 | 2,394,758 |
| Trade debts | 16 | 3,152,731 | 2,230,264 |
| Loans and advances | | 111,710 | 87,875 |
| Trade deposits and short term prepayments | | 164,434 | 42,746 |
| Other receivables | 16 | 256,685 | 140,499 |
| Sales tax refund due from Federal Government | | 8,634 | 8,634 |
| Cash and bank balances | | 1,369,576 | 1,135,360 |
| | | 9,479,655 | 7,053,631 |
| **TOTAL ASSETS** | | 16,030,104 | 21,194,055 |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | 8 | 383,645 | 383,645 |
| Capital reserve - share premium | | 383,645 | 383,645 |
| General reserve | | 3,535,000 | 3,535,000 |
| Unappropriated profit | | 2,372,522 | 8,836,672 |
| | | 6,674,812 | 13,138,962 |
| **LIABILITIES** | | | |
| **Non - Current Liabilities** | | | |
| Long term financing | | 2,280,674 | 1,174,783 |
| Deferred and other liabilities | 9 | 1,233,534 | 1,667,625 |
| | | 3,514,208 | 2,842,408 |
| **Current Liabilities** | | | |
| Trade and other payables | 10 & 16 | 2,986,851 | 3,434,092 |
| Unclaimed dividend | | 21,380 | 21,544 |
| Accrued mark up | | 34,655 | 53,469 |
| Short term borrowings | | 2,692,219 | 1,671,941 |
| Current portion of long term financing | | 74,025 | 3,170 |
| Provision for income tax less payments | | 31,954 | 28,469 |
| | | 5,841,084 | 5,212,685 |
| **CONTINGENCIES AND COMMITMENTS** | 11 | | |
| **TOTAL EQUITY AND LIABILITIES** | | 16,030,104 | 21,194,055 |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

# Condensed Interim Consolidated Statement Of Profit Or Loss (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Note | Jan-2021 to Mar-2021 | Jan-2020 to Mar-2020 | Jul-2020 to Mar-2021 | Jul-2019 to Mar-2020 |
|---|---|---|---|---|---|
| | | (Rupees in Thousand) | | | |
| Sales | | **4,856,120** | 3,840,432 | **12,266,620** | 10,477,749 |
| Cost of sales | | **4,074,006** | 3,543,470 | **10,648,006** | 9,580,182 |
| **Gross profit** | | **782,114** | 296,962 | **1,618,614** | 897,567 |
| Distribution and selling costs | | **53,210** | 37,778 | **161,178** | 117,469 |
| Administrative expenses | | **77,583** | 76,728 | **226,469** | 227,679 |
| Other operating expenses | | **29,666** | 45,201 | **61,954** | 75,288 |
| | | **160,459** | 159,707 | **449,601** | 420,436 |
| | | **621,655** | 137,255 | **1,169,013** | 477,131 |
| Other income | | **34,315** | (13,184) | **80,384** | 13,191 |
| **Operating profit** | | **655,970** | 124,071 | **1,249,397** | 490,322 |
| Finance costs | | **46,076** | 73,877 | **91,820** | 151,616 |
| | | **609,894** | 50,194 | **1,157,577** | 338,706 |
| Remeasurement gain on provision for GIDC | | **26,475** | - | **210,475** | - |
| Share of profit after income tax in associated company | | **-** | 176,509 | **953,955** | 1,318,869 |
| **Profit before income tax** | | **636,369** | 226,703 | **2,322,007** | 1,657,575 |
| Income tax - Current & prior | 12 | **72,055** | 57,429 | **179,859** | 216,195 |
| - Deferred | | **2,773** | 27,827 | **143,079** | 138,281 |
| | | **74,828** | 85,256 | **322,938** | 354,476 |
| **Profit after income tax** | | **561,541** | 141,447 | **1,999,069** | 1,303,099 |
| **Earnings per share - Basic and diluted ( Rupees )** | 13 | **14.64** | 3.69 | **52.11** | 33.97 |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

# Condensed Interim Consolidated Statement Of Comprehensive Income (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Jan-2021 to Mar-2021 | Jan-2020 to Mar-2020 | Jul-2020 to Mar-2021 | Jul-2019 to Mar-2020 |
|---|---|---|---|---|
| | (Rupees in Thousand) | | | |
| **Profit after income tax** | **561,541** | 141,447 | **1,999,069** | 1,303,099 |
| 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 | - | - | - | 503 |
| Share of other comprehensive income/ (loss) of associate - net of tax | | | | |
| Remeasurement gain/(loss) on defined benefit obligation | - | 1,916 | **4,623** | (1,003) |
| Unrealised gain on remeasurement of investments | - | 7,093 | **524** | 909 |
| | - | 9,009 | **5,147** | 409 |
| **Total comprehensive income** | **561,541** | 150,456 | **2,004,216** | 1,303,508 |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

# Condensed Interim Consolidated Statement Of Changes In Equity (Un-audited)

## FOR THE NINE MONTHS ENDED MARCH 31, 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 nine months ended March 31, 2020 | - | - | - | 1,303,508 | 1,303,508 |
| **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 March 31, 2020 | 383,645 | 383,645 | 3,535,000 | 8,674,969 | 12,977,259 |
| Total comprehensive income for the three months ended June 30, 2020 | - | - | - | 161,703 | 161,703 |
| Balances as at June 30, 2020 | 383,645 | 383,645 | 3,535,000 | 8,836,672 | 13,138,962 |
| Total comprehensive income for the nine months ended March 31, 2021 | - | - | - | 2,004,216 | 2,004,216 |
| Effect on 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 March 31, 2021** | **383,645** | **383,645** | **3,535,000** | **2,372,522** | **6,674,812** |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**SHABBIR DIWAN**
Chief Executive

**MUHAMMAD IQBAL BILWANI**
Director

**MUSTUFA BILWANI**
Chief Financial Officer

# Condensed Interim Consolidated Statement Of Cash Flows (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2021

| | Jul-2020 to Mar-2021 (Rupees in Thousand) | Jul-2019 to Mar-2020 (Rupees in Thousand) |
|---|---|---|
| **Cash Flows (towards)/from Operating Activities** | | |
| Profit before income tax | **2,322,007** | 1,657,575 |
| Adjustments for: | | |
| Depreciation | **478,637** | 361,711 |
| Provision for defined benefit plan | **31,768** | 47,789 |
| Gain on disposal of property, plant and equipment | **(18,640)** | (11,991) |
| Loss on disposal of property, plant and equipment | **36** | 899 |
| (Reversal)/provision of allowance for ECL - net | **(15,929)** | 13,709 |
| (Reversal)/provision for slow moving stores, spare parts and loose tools - net | **(5,934)** | 5,169 |
| Remeasurement gain on provision for GIDC | **(210,475)** | - |
| Share of profit after income tax in associated company | **(953,955)** | (1,318,869) |
| Finance costs | **91,820** | 151,616 |
| | **(602,672)** | (749,967) |
| | **1,719,335** | 907,608 |
| (Increase)/decrease in current assets: | | |
| Stores, spare parts and loose tools | **(109,464)** | (79,764) |
| Stock in trade | **(892,234)** | (657,537) |
| Trade debts | **(906,538)** | (1,094,856) |
| Loans and advances | **(21,205)** | (3,020) |
| Trade deposits and short term prepayments | **(121,688)** | (6,310) |
| Other receivables | **(116,186)** | (227,706) |
| Sales tax refund due from Federal Government | **-** | 64,434 |
| | **(2,167,315)** | (2,004,759) |
| Increase in Trade and other payables | **592,822** | 435,283 |
| Cash flows from/(towards) operations before following | **144,842** | (661,868) |
| (Payments for)/receipts of: | | |
| Long term loans | **(2,843)** | (1,376) |
| Long term deposits | **150** | (506) |
| Defined benefit plan | **(13,742)** | (6,142) |
| Finance costs | **(110,634)** | (104,666) |
| Income tax | **(179,396)** | (176,930) |
| Net cash flows towards operating activities | **(161,623)** | (951,488) |
| **Cash Flows (towards)/from Investing Activities** | | |
| Additions in property, plant and equipment | **(1,809,171)** | (2,394,421) |
| Proceeds from disposal of property, plant and equipment | **23,750** | 29,891 |
| Additions in intangible assets | **(15,600)** | - |
| Dividend received from associated company | **-** | 396,900 |
| Net cash flows towards investing activities | **(1,801,021)** | (1,967,630) |
| **Cash Flows from/(towards) Financing Activities** | | |
| Long term financing - proceeds received | **1,176,746** | 1,025,162 |
| Dividend paid | **(164)** | (657,162) |
| Net cash flows from financing activities | **1,176,582** | 368,000 |
| **Net decrease in cash and cash equivalents** | **(786,062)** | (2,551,118) |
| **Cash and cash equivalents at the beginning of the period** | **(536,581)** | 516,845 |
| **Cash and cash equivalents at the end of the period** | **(1,322,643)** | (2,034,273) |
| **CASH AND CASH EQUIVALENTS COMPRISE OF:** | | |
| Cash and bank balances | **1,369,576** | 1,113,340 |
| Short term borrowings | **(2,692,219)** | (3,147,613) |
| | **(1,322,643)** | (2,034,273) |

The notes 1 to 19 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

# Notes To The Condensed Interim Consolidated Financial Statements (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 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 the 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 plant of the Parent Company is situated at Plot No.441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub, District 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 sale 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, District 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 Subsidiary Company is situated at Room No.50, 2nd Floor, Ahmed Complex, Jinnah Road, Quetta and liaison office of the Subsidiary 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 Subsidiary Company is situated at Room No.32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta and 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 has approved the draft 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. The members of the Parent Company has approved the Scheme in the Extra Ordinary General Meeting held on February 12, 2020. In term of the scheme, all 56.7 million Ordinary Shares of Messrs. Novatex Limited held by the Parent Company shall be cancelled and in lieu of such cancellation new shares in Messrs. Novatex Limited will be issued to the shareholders of the Parent Company, held by the respective shareholder as of the book closure date. On September 21, 2020, the Honorable Balochistan High Court has sanctioned the Scheme of Arrangement and the Parent Company has filed the order with Registrar on October 06, 2020. Accordingly, the Parent Company has derecognise the investment in associated company amounting to Rs.8,468.366 million as per approved Scheme of Arrangement.

## 2 BASIS OF PREPARATION

**2.1** These condensed interim consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of International Accounting Standards (IAS) 34, interim financial reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2** These condensed interim consolidated financial statements are unaudited and do not include all the information and disclosures of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended June 30, 2020.

**2.3** Changes in accounting standards, interpretations and amendments to published approved accounting standards

### 2.3.1 Amendments to published approved accounting standards which are effective during the nine months ended March 31, 2021:

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2020; however, these do not have any significant impact on these condensed interim consolidated financial statements, hence not described.

### 2.3.2 Standards and amendments to published approved accounting standards that are not yet effective:

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2021. However, these amendments will not have any significant impact on the financial reporting of the Group, therefore, have not been disclosed in these condensed interim consolidated financial statements.

### 2.4 Functional and reporting currency

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

## 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements were the same as those applied to the audited consolidated financial statements as at and for the year ended June 30, 2020.

## 4 SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared, following the same accounting policies as were applied in the preparation of the audited consolidated financial statements as at and for the year ended June 30, 2020.

| | Note | (Rupees in Thousand) March 2021 (Un-audited) | June 2020 (Audited) |
|---|---|---|---|
| **5 PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating fixed assets | 5.1 | **4,162,633** | 4,256,888 |
| Capital work in progress | 5.2 | **2,351,291** | 959,051 |
| | | **6,513,924** | 5,215,939 |

**5.1 Following are the cost of additions and net book value (NBV) of assets disposed off during the period:**

Additions at cost during the period including transfer from Capital work in progress

| | Nine months period ended March 2021 | Nine months period ended March 2020 |
|---|---|---|
| Freehold land | **1,070** | - |
| Leasehold land | **32,226** | - |
| Building on leasehold land | **6,095** | 15,953 |
| Plant and machinery | **320,695** | 1,132,953 |
| Factory equipment | **9,134** | 13,938 |
| Motor vehicles | **20,308** | 77,319 |
| | **389,528** | 1,240,163 |

Disposals at NBV during the period

| | | |
|---|---|---|
| Office premises | **942** | - |
| Plant and machinery | **831** | 5,577 |
| Office equipment | **29** | 53 |
| Motor vehicles | **3,344** | 13,169 |
| | **5,146** | 18,799 |

**5.2 Capital work in progress**

| | | |
|---|---|---|
| Balance as at start of the period | **959,051** | 266,019 |
| Additions | **1,696,197** | 2,311,264 |
| Transfer to operating fixed assets | **(303,957)** | (1,117,481) |
| Balance as at end of the period | **2,351,291** | 1,459,802 |

| | March 2021 (Un-audited) | June 2020 (Audited) |
|---|---|---|
| **6 INTANGIBLE ASSETS** | | |
| Capital work in progress | | |
| Balance as at start of the period | **17,614** | - |
| Additions | **15,600** | 17,614 |
| Balance as at end of the period | **33,214** | 17,614 |

**7 STOCK IN TRADE**

These include items costing Rs.151.165 million (June 2020: Rs.1,343.485 million) valued at net realisable value of Rs.101.745 million (June 2020: Rs.1,193.240 million).

## 8 SHARE CAPITAL

| (Number of Shares) | | | | (Rupees in Thousand) | |
|---|---|---|---|---|---|
| March 2021 (Un-audited) | June 2020 (Audited) | | Note | March 2021 (Un-audited) | June 2020 (Audited) |

### 8.1 Authorised capital

| | | | | |
|---|---|---|---|---|
| **95,000,000** | 95,000,000 | Ordinary shares of Rs. 10 each | **950,000** | 950,000 |

### 8.2 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 |

## 9 DEFERRED AND OTHER LIABILITIES

| | | | |
|---|---|---|---|
| Income tax - net | | **7,159** | 1,258,439 |
| Defined benefit plan | **9.1** | **427,212** | 409,186 |
| Provision for Gas Infrastructure Development Cess | **9.2** | **799,163** | - |
| | | **1,233,534** | 1,667,625 |

### 9.1 Defined benefit plan

| | | |
|---|---|---|
| Balance as at start of the period | **409,186** | 374,611 |
| Expense | **31,768** | 63,962 |
| Remeasurement gain | **-** | (23,216) |
| Payments | **(13,742)** | (6,171) |
| Balance as at end of the period | **427,212** | 409,186 |

### 9.2 Provision for Gas Infrastructure Development Cess

During the period, 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 dismissed the Review Petition.

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.

The Group has recorded the provision at its present value by discounting the future cash flows at risk free rate and has booked income of Rs.210.475 million.

## 10 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

**10.1** The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, The 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 (June 2020: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (June 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.

**10.2** In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Group with effect from September 2013. On December 21, 2015, the Group alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court (refer note 10.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (June 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.

**10.3** Provision of Sindh Sales Tax on rent payable by the Parent Company to an associated company Messrs. Novatex Limited amounted to Rs.6.447 million (June 2020: Rs.5.998 million). The associated company had file 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.

**10.4** 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.228.365 million (June 2020: Rs.198.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 11.2). The Court has now reserved the judgment for announcement which is expected soon. Based on the legal advise, the management believes that the case will be decided in favour of the Parent Company. However, full provision after December 27, 2006 has been made in these condensed interim 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 (June 2020: Rs.7.500 million) in favour of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 11.2). The Court has now reserved the judgment for announcement which is expected soon. Based on the legal advise, the management believes that the case will be decided in favour of the Subsidiary Company. However, full provision after April 13, 2018 has been made in these condensed interim 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 (June 2020: Rs.2.500 million) in favour of Excise and Taxation Department, in respect of consignments cleared (refer note 11.2). The Court has now reserved the judgment for announcement which is expected soon. Based on the legal advise, the management believes that the case will be decided in favour of the subsidiary Company. However, full provision has been made in these condensed interim consolidated financial statements as an abundant precaution.

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

**10.6** The FBR vide SRO 450(I)/2013 dated May 27, 2013 made certain amendments in SRO 490(I)/2004 dated June 12, 2004 and disallowed input tax adjustment on building materials with effect from May 28, 2013. On December 21, 2015, the Parent Company had challenged the restriction so placed before the Islamabad High Court against Federation of Pakistan. The 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.55.736 million (June 2020: Rs.36.485 million).

**10.7** Provision of Gas Infrastructure Development Cess Rs.7.512 million (June 2020: Rs.7.417 million) and rate difference of gas tariff Rs.2.219 million (June 2020: Rs.2.063 million) on account of common expenses payable by the Parent Company to an associated company Messrs. Novatex Limited.

## 11 CONTINGENCIES AND COMMITMENTS

The detail of contingencies and commitments as at reporting date are as follows: `

### 11.1 Contingencies

**11.1.1** 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.

**11.1.2** 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.

However, the Parent 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 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.

**11.1.3** 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 dismissed the Review Petition. 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.1,791.754 million (June 2020: Rs.1,766.827 million), however the Group make a provision of liability for Rs.1,589.740 million (June 2020: Rs.1,564.813 million) pertaining to the period of July 2014 to July 2020 for Captive Power and June 2015 to July 2020 for Industrial as an abundant precaution, so that current ratio will not materially disturbed in case of payment.

**11.1.4** 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.27.179 million (June 2020: Rs.24.882 million) has been made in these condensed interim consolidated financial statements as the Parent Company is confident for the favorable outcome of the Petition.

**11.1.5** 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. 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 condensed interim consolidated financial statements as the Parent Company is confident that the matter will be decided in favour by the appellate authorities.

**11.1.6** Income tax department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs. 37.773 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in 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 1, 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.

**11.1.7** Income Tax department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the Tax Year 2015 wherein income tax demand of Rs. 25.888 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in 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.

**11.1.8** 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.

**11.1.9** 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.

**11.1.10** 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.

**11.1.11** 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.15.209 million (June 2020: Rs.15.209 million), refer note 11.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.

**11.1.12** 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 condensed interim consolidated financial statements.

**11.1.13** 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.

**11.1.14** 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 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 not yet been concluded. The Parent Company has paid 50% of demand for auto stay from recovery.

**11.1.15** 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.

**11.1.16** 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 condensed interim consolidated financial statements.

**11.1.17** 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 favourable outcome.

**11.1.18** 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 Commissioner Inland Revenue (Appeals) 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.

**11.1.19** 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 Commissioner Inland Revenue (Appeals), which was decided in favour of the Subsidiary Company Messrs. Gatro Power (Private) Limited. However, tax department has filed appeals before Appellate Tribunal Inland Revenue, 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.

**11.1.20** 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 is in the process of filing 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.

| | (Rupees in Thousand) | |
|---|---|---|
| **11.2 Guarantees** | **March 2021 (Un-audited)** | **June 2020 (Audited)** |
| Bank Guarantees in favour of: | | |
| The Director Excise and Taxation, Karachi | **238,365** | 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 | **15,209** | 15,209 |
| Letters of Credit in favour of: | | |
| Sui Southern Gas Company Limited for Gas | **244,592** | 244,592 |
| | **549,736** | 519,736 |

**11.3 Commitments**

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

| | | |
|---|---|---|
| Foreign currency: | | |
| Property, plant and equipment | **2,368,910** | 1,446,353 |
| Raw material | **603,159** | 208,634 |
| Spare parts and others | **143,905** | 115,384 |
| | **3,115,974** | 1,770,371 |
| Local currency: | | |
| Property, plant and equipment | **58,404** | 52,956 |
| Raw material | **146,750** | 96,866 |
| | **205,154** | 149,822 |
| | **3,321,128** | 1,920,193 |

## 12 INCOME TAX

Provision for taxation includes current year provision of Rs.182.057 million (March 2020: Rs.216.169 million) and reversal of prior year of Rs.2.198 million (March 2020: prior year Rs.0.026 million).

## 13 EARNINGS PER SHARE - Basic and diluted

The share of profit from associated company Messrs. Novatex Limited, which in the meanwhile has been derecognized on October 6, 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 nine months period ended March 31, 2021 would have been Rs.30.99.

## 14 MEASUREMENT OF FAIR VALUE

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.

## 15 SEGMENT REPORTING

### 15.1 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.

## 15.2 Segment results:

The segment information for the reportable segments for the nine months ended March 31, 2021 is as follows:

(Rupees in Thousand)

| | March 2021 | | | | | March 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 | **9,503,547** | **2,763,073** | **12,266,620** | **1,663,562** | **13,930,182** | 8,074,022 | 2,403,727 | 10,477,749 | 1,436,241 | 11,913,990 |
| Segment result before depreciation | **848,198** | **489,816** | **1,338,014** | **371,590** | **1,709,604** | 490,571 | 196,041 | 686,612 | 227,518 | 914,130 |
| Less: Depreciation | **(341,372)** | **(37,499)** | **(378,871)** | **(99,766)** | **(478,637)** | (225,973) | (49,031) | (275,004) | (86,707) | (361,711) |
| Segment result after depreciation | **506,826** | **452,317** | **959,143** | **271,824** | **1,230,967** | 264,598 | 147,010 | 411,608 | 140,811 | 552,419 |

Reconciliation of segment sales and results with sales and profit before income tax:

| | March 2021 | | | | | March 2020 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Total sales for reportable segments | | | | | **13,930,182** | | | | | 11,913,990 |
| Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited | | | | | **(1,663,562)** | | | | | (1,436,241) |
| **Sales** | | | | | **12,266,620** | | | | | 10,477,749 |
| Total results for reportable segments | | | **959,143** | **271,824** | **1,230,967** | | | 411,608 | 140,811 | 552,419 |
| Other operating expenses | | | **(74,884)** | **(1,613)** | **(76,497)** | | | (71,293) | (4,123) | (75,416) |
| Other income | | | **92,198** | **956** | **93,154** | | | 17,419 | 986 | 18,405 |
| Finance costs | | | **(91,562)** | **(11,415)** | **(102,977)** | | | (150,819) | (5,908) | (156,727) |
| Remeasurement gain on provision for GIDC | | | **16,303** | **194,172** | **210,475** | | | - | - | - |
| Investment income - Dividend | | | **-** | **-** | **-** | | | 464,625 | - | 464,625 |
| Share of profit after income tax in associated company Messrs. Novatex Limited | | | | | **953,955** | | | | | 1,318,869 |
| | | | **901,198** | **453,924** | **2,309,077** | | | 671,540 | 131,766 | 2,122,175 |
| Elimination of intra group transaction | | | | | **12,930** | | | | | (464,600) |
| **Profit before income tax** | | | | | **2,322,007** | | | | | 1,657,575 |

Assets and liabilities by segments are as follows:

| | March 2021 (Un-audited) | | | | | June 2020 (Audited) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Segment assets | **8,993,629** | **2,636,512** | **11,630,141** | **3,513,549** | **15,143,690** | 6,555,013 | 1,982,924 | 8,537,937 | 3,103,852 | 11,641,789 |
| Segment liabilities | **2,982,994** | **178,299** | **3,161,293** | **2,012,030** | **5,173,323** | 1,648,669 | 271,300 | 1,919,969 | 2,068,236 | 3,988,205 |

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

| | March 2021 (Un-audited) | | June 2020 (Audited) | |
|---|---|---|---|---|
| | (Rupees in Thousand) | | | |
| | Assets | Liabilities | Assets | Liabilities |
| Total for reportable segments | 15,143,690 | 5,173,323 | 11,641,789 | 3,988,205 |
| Unallocated | 1,850,205 | 4,711,110 | 10,203,977 | 4,283,098 |
| Elimination of intra group balances | (963,791) | (529,141) | (651,711) | (216,210) |
| Total as per condensed interim consolidated statement of financial position | 16,030,104 | 9,355,292 | 21,194,055 | 8,055,093 |

Other segment information is as follows:

| | March 2021 | | | | | March 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 |
| Depreciation | 341,372 | 37,499 | 378,871 | 99,766 | 478,637 | 225,973 | 49,031 | 275,004 | 86,707 | 361,711 |
| Capital expenditures incurred during the period | 1,580,823 | 1,589 | 1,582,412 | 68,403 | 1,650,815 | 1,460,850 | 9,066 | 1,469,916 | 862,066 | 2,331,982 |
| Unallocated capital expenditure incurred during the period | | | | | 158,356 | | | | | 62,439 |
| Total | | | | | 1,809,171 | | | | | 2,394,421 |

**15.3** All non-current assets of the Group as at March 31, 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.

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

## 16 TRANSACTIONS WITH RELATED PARTIES

The related parties include Associate and Other Related Group Companies, Key Management Personnel and Defined Contribution Plans (Provident Funds). The Group continues to have a policy whereby transactions with related parties are entered into at commercial terms, approved policy and at rate agreed under a contract / arrangement / agreement. Contributions to defined contribution plan (Provident Funds) are made as per the terms of employment. Remuneration of Key Management Personnel is in accordance with their terms of engagements. Details of transactions with related parties are as follows:

| Name | Nature of relationship | Basis of relationship | Nature of transaction | (Rupees in Thousand) Nine months period ended March 2021 | Nine months period ended March 2020 |
|---|---|---|---|---|---|
| Novatex Limited | Associated Company | Common directorship | Sales of goods | **1,117,155** | 393,593 |
| | | | Rendering of services | **31,477** | - |
| | | | Acquisition of services | **533,608** | 522,941 |
| | | | Purchase of raw & other material | **34,555** | 38 |
| | | | Sale of property, plant & equipment | **-** | 4,800 |
| | | | Dividend income | **-** | 396,900 |
| | | | Rent | **14,963** | 15,712 |
| | | | Reimbursement of expenses | **126,026** | 128,749 |
| Krystalite Product (Private) Limited | Related Party | Common management | Sale of goods | **264,304** | 262,792 |
| | | | Purchase of raw & other material | **303** | 455 |
| Mushtaq & Company (Private) Limited | Related Party | Common management | Sale of goods | **32,713** | 19,795 |
| Gani & Tayub (Private) Limited | Related Party | Common directorship | Payment of dividend | **-** | 24,306 |
| | | | Charges on account of handling | **6,302** | 5,386 |
| Gatron Foundation | Related Party | Common directorship | Payment of donation | **4,655** | 5,370 |
| Gatron (Industries) Limited Staff Provident Fund | Retirement benefit fund | Employees fund | Provident fund contribution | **18,352** | 18,517 |
| Gatron (Industries) Limited Workers Provident Fund | Retirement benefit fund | Employees fund | Provident fund contribution | **2,990** | 2,907 |

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.216.513 million (March 2020: Rs.219.851 million).

The above figures are exclusive of sales tax, where applicable.

Outstanding balances, as at reporting date, are disclosed as follows:

| | As at Mar 31, 2021 (Un-audited) | As at Jun 30, 2020 (Audited) |
|---|---|---|
| Novatex Limited | | |
| Trade debts | **258,080** | 97,287 |
| Other receivables | **7,208** | 13,214 |
| Trade and other payables | **98,901** | 35,599 |

| | (Rupees in Thousand) | |
|---|---|---|
| | As at Mar 31, 2021 (Un-audited) | As at Jun 30, 2020 (Audited) |
| Krystalite Product (Private) Limited | | |
| Trade debts | **277,506** | 239,176 |
| Mushtaq & Company (Private) Limited | | |
| Trade debts | **18,380** | 12,673 |
| Gani & Tayub (Private) Limited | | |
| Trade and other payables | **651** | 482 |
| Gatron (Industries) Limited Staff Provident Fund | | |
| Trade and other payables | **4,042** | 4,046 |
| Gatron (Industries) Limited Workers Provident Fund | | |
| Trade and other payables | **675** | 370 |

## 17 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on April 20, 2021 by the Board of Directors of the Parent Company.

## 18 CORRESPONDING FIGURES

In order to comply with the requirements of IAS 34, the condensed interim consolidated statement of financial position has been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim consolidated statement of profit or loss, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

## 19 GENERAL

**19.1** Charge for Workers' Profit Participation Fund, Workers' Welfare Fund, Deferred Tax and Income Tax (where applicable) are interim and final liability will be determined on the basis of annual results.

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

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

# Notes For Members

## 1. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD:

Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) of the shareholders is mandatory requirement for payment of dividend. Shareholders are therefore, requested to submit copies of their valid CNIC or NICOP, the shares Registrar of the Company. In case of non-receipt of valid CNIC or NICOP, the company will be constrained to withhold the payment of dividend of such shareholders. The shareholders while sending copies of CNIC or NICOP must quote their respective folio number, CDC IAS and CDC Sub-Account numbers maintained with Stock Brokers.

## 2. PROVIDING INTERNATIONAL BANK ACCOUNT NUMBER (IBAN)

The Securities and Exchange Commission of Pakistan vide its Circular Letter No. CL/CSD/Misc/2014-30 dated March 19, 2021, directed all the listed companies to pursue with their shareholders who have not yet provided their IBAN. Therefore, all the shareholders are requested to provide their IBANs as soon as possible, enable the Company to credit the cash dividend payment (if any) 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.

## 3. UNCLAIMED SHARES/DIVIDEND:

Shareholders of the company are once again requested to contact office of the company or the company's shares registrar for collection of their shares/dividends which they have not yet received due to any reason.

## 4. 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.

GATRON

Gatron (Industries) Limited