



GATRON (INDUSTRIES) LIMITED

quarterly report

March 31, 2022



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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

Mustafa Bilwani

Auditor

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

Legal Advisor

Naeem Ahmed Khan
Advocates
Quetta.

Shares Registrar

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

Bankers

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

Plant

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

Registered Office

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

Liaison/Correspondence Office

11th Floor, G&T Tower,
18 Beaumont Road,
Civil Lines-10,
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Phone: 021-35659500-9
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Website

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Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the un-audited financial statements of Gatron (Industries) Limited for the nine months ended March 31, 2022.

FINANCIAL REVIEW:

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

- Net sales Rs.17.016 billion,
- Operating profit Rs.2.310 billion,
- Investment income Rs.0.226 billion.
- Profit before income tax Rs.2.352 billion,
- Profit after income tax Rs.1.894 billion,
- Earnings per share on total income after tax Rs.49.38

Alhamdulillah, during the period under review, your Company has achieved a net sales of Rs.17.016 billion against Rs.12.267 billion in Same Period Last Year (SPLY), significantly increasing its turnover by 39%. The growth is attributed to three main reasons. The first is higher international prices of raw materials and the second is devaluation of the Rupee. Both of which led to an increase in the prices of our finished goods. The third is the increase in volumetric sales due to our capacity expansion of Filament Yarn going live this year. However, the sales in Q3 of this year were much lower than expected leading lower plant capacity utilization. In fact the production quantum of Filament yarn for the reporting 9 months is more or less the same as 9 months of SPLY despite increase in capacity. The production of Preforms was also low in reporting 9 months due to the company lacking the sizes of preforms which are now in demand. To correct this the company has ordered 2 new preform size molds. However, the rising raw material prices and devaluation led to dynamic inventory gains for the company which saw net profit increase from Rs.722 million to Rs.1.894 billion. The higher container sea freight on the competing product versus the raw material imported in bulk (non-container) also contributed to this net profit. However, both these factors are temporary. In fact, the part of profit from rising raw material prices will be taken away once raw material prices follow a downward trend.

The sales value increase was in line with the devaluation of average Rupee to \$ rate of current year versus SPLY. The continued devaluation of Pak Rupee versus the US\$ on monthly average from Rs.157 in June 2021 to Rs.169 in September 2021 to Rs.180 in March 2022 resulted in substantial static and dynamic inventory gains. As noted the sales price was also supported by container freight costs which continued to remain high in the reporting period. The other main thing that helped the top line was the increase in, main raw material prices i.e., PTA/MEG which was average \$475/\$410 per ton in July 2020 increased to \$1000/\$670 per ton respectively, as of reporting date following the trend of the oil prices (WTI) from \$40 in July 2020 to \$103 per barrel in March 2022. Also, from April 2021 to March 2022, the oil price has increased from \$63 to \$103 prompting an increase in PTA/MEG prices during this period. This increasing trend of raw material prices has substantially added in the profitability of the period. This meant that purchased raw material at lower rupee cost by the time converted into finished product had increased in rupee value pushing the rupee/ kg price for that product. Hence this current profitability may not repeat to the current levels once raw material price increasing trend stops. In fact, once oil and raw material prices reverse on a downward trend, the margins may go negative, and this windfall received will all drain out and will likely reverse.

On the operational front, capacity has been ramped up since Capital Expenditure which has been undertaken to expand the Filament Yarn production from 60,000 tons to 75,000 in Phase 1 has started its production in the beginning of second quarter of the reporting period. However, the actual production and sale level of PFY of this reporting period do not reflect full capacity utilization of operation due to the tremendous increase in quantity of imported yarn. On account of this, the production levels have also been cutback significantly at the time of this report in April 2022.

As already reported in September 2021 that with the resolve of the Government to strongly pursue the collection of Anti-Dumping Duty on Filament Yarn, your Company has already proceeded with the phase 2 of its expansion plan. This will allow the Company the capacity to produce 95,000 to 99,000 tons of mixed denier (up from 75,000 tons) as well as add a polymer plant of above 200,000 tons/year. The Polymer Plant is expected to start in January 2023 will not only replace the existing polymer plant presently operating to feed the Filament Yarn lines but also allow production of additional polymer for local sale/tolling as well as export. The export opportunity of the additional polymer is being tapped to obtain low rate of Long term financing.

During the period under review, the dividend income received by your Company from its wholly owned subsidiary was Rupees 226 million.

Distribution & selling expenses increased by 24% as compared to SPLY and it is mainly due to increase in sales volume and increase in freight and transportation charges. Administrative expenses remained under control and there is no major change noted as compared to SPLY pattern. As, it is increased by 14% as compared to SPLY mainly due to inflationary factors because of Pak Rupee devaluation.

On the Balance Sheet front as compared to June 30, 2021, stocks increased by Rs.306 million to reach amounting to Rs.4,147 million. Debtors increased by Rs.867 million to reach Rs.3,764 million while creditors increased by Rs.607 million to reach Rs.2,454 million.

All above are indicating increase in working capital requirements which resulting in increased in finance costs. Also finance costs increased due to increase in discount rate from 7% (applicable in SPLY) as compared to 9.75% (applicable in this period).

CHALLENGES FACED AND FUTURE OUTLOOK

- Pursuant to the final determination of antidumping duties made by the NTC in 2017 Importers and foreign exporters of PFY had also filed appeals before the Appellate Tribunal. The Appellate Tribunal after more than four years remanded the case back to the NTC in December 2021 to re-calculate the duties for certain aspects. Accordingly, NTC has reduced the notified antidumping duties in the range of 2.78% to 6.82% (average 4.8%) Before remand the notified antidumping duties were in the range of 3.25% to 11.35% which was already quite low to cover the actual dumping/injury and is much lower than Anti-Dumping Duties imposed on Chinese exporters of Polyester Filament yarn:
 - o by Turkey of minimum 16% or \$250/ton
 - o by India of minimum 23% on the same producers.
 - o by the USA of minimum 32% (anti-dumping and anti-subsidy duties)
 - o by Vietnam of minimum 17.45% (and max 21.23%)

While Brazil has also initiated Anti-Dumping Duties on PFY from China. So, 5 major countries have Anti-Dumping or countervailing duties on PFY from China.

- Effectively the ADD along with the Regulatory Duty and ACD since year 2017 motivated the Company to increase its capacity since 2017. Now with removal of RD and ACD that partial shield also has gone away so the renewal of Anti-Dumping Duty in the sunset review and its effective collection is most important since a major part of the expansion has recently started or will start in the ensuing period.
- The expansions of your Company as well expansions by other Filament Yarn producers in Pakistan, on the back of Regulatory Duty on competing imported yarn as well as Anti-Dumping Duties against dumping can take the indigenous production of PFY to a level which will meet above 60% of local demand in the coming years compared to only 30% in 2017. This expansion will give import substitution and reduce the current account deficit (now on rise) while will also provide local employment beyond the jobs already provided by the industry. PFY is ranked 15 among the top imports of the country in 2020 so needs to be produced locally, particularly when its raw material PTA is also produced locally. It should also be kept in mind that in the year 2003 over 90% of local demand of Filament yarn was met by indigenous production.
- As such the restoration of 2.5% RD and 2% ACD besides the renewal and continuation of Anti-Dumping Duty for a further period of 5 years is strongly requested from the Government to expedite further expansions of domestic capacity.
- Due to the limited size of cotton crop, the aim of the country should be to provide clothe/kapra to more than 220 million population with locally produced textile raw materials. It is worthwhile to note that the major raw material of Filament Yarn viz PTA is also produced in Pakistan and with any new Saudi refinery the basic chemicals for PTA viz Paraxylene may also be produced from crude oil within the country, achieving the self-reliance and full chain of crude oil to polyester clothes within the country.
- 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. The SAP project will go live in the next year.

OTHER MATTERS

- 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.

APPROPRIATION

The Board of Directors of the Company has not recommended any interim cash dividend for the period ended March 31, 2022.

EARNING PER SHARE

The earnings per share of the Company for the period ended on March 31, 2022, is Rs.49.38.

MATERIAL CHANGES AND COMMITMENTS

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

INTERNAL FINANCIAL CONTROLS

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

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, 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 OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

APRIL 21, 2022

تصرف:

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

آمدن فی حصہ:

31 مارچ، 2022ء کو اختتام پذیر ہونے والے نو ماہی مدت تک کیلئے منافع فی حصہ 49.38 روپے رہا۔

اہم تبدیلیاں اور معاہدے:

بیلنس شیٹ کی تاریخ اور رپورٹ ہڈا 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 موثر طور سے کیا گیا ہے اور اس پر نظر بھی رکھی جا رہی ہے۔

مجموعی مالیاتی گوشوارے:

زیر نظر نو ماہی رپورٹ میں گروپ ہڈا کے غیر آڈٹ شدہ مختصر جامع مالیاتی گوشوارے (Condensed Interim Consolidated Financial Statements) (ہمراہ نوٹس اور ڈائریکٹرز رپورٹ منسلک ہیں۔

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 بیجنٹ ٹیم کی پر خلوص محنت پر ان کے تہہ دل سے مشکور ہیں اور اپنے تمام متعلقہ افراد بشمول سرکاری ادارے، آڈیٹرز، ایس ای سی پی، پی ایس ایس اور بینکرز کے شکر گزار ہیں جنہوں نے گیسٹرون کی ترقی میں اپنا کردار بخوبی نبھایا۔

محمد اقبال بلوانی
ڈائریکٹر

شعبہ دیوان
انسر علی

21 اپریل، 2022ء

30 جون 2021ء کے مقابلہ میں اسٹاک کی مالیت تقریباً 306 ملین روپے اضافے سے بڑھ کر 4,147 ملین روپے کی سطح پر پہنچ گئی۔ قابل وصول قرضوں کی مالیت 867 ملین روپے سے بڑھ کر 3,764 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 607 ملین روپے اضافے سے بڑھ کر 2,454 ملین روپے تک پہنچی۔

مندرجہ بالا اعداد و شمار، Working Capital کی کھپت میں اضافے کی نشاندہی کر رہے ہیں جس کے نتیجے میں مالیاتی اخراجات میں اضافہ ہوا ہے۔ نیز Bank Rate میں 9.75 فیصد (اس مدت میں) کے مقابلے میں 7 فیصد (پچھلے سال کی اسی مدت) SBP Discount Rate میں اضافے کی وجہ سے مالیاتی اخراجات میں اضافہ ہوا۔

درجہ اول چیلنجز اور مستقبل پر ایک نظر

☆ این پی سی کی جانب سے 2017ء میں کی گئی اسٹینڈیڈ ڈیپٹنگ کے تحت تعین کے خلاف پی ایف وائی کے درآمد کنندگان اور غیر ملکی درآمد کنندگان نے بھی ایپیلٹ ٹریبیونل میں اپیلیں دائر کی تھیں۔ ایپیلٹ ٹریبیونل نے چار سال سے زائد عرصہ گزرنے کے بعد ستمبر 2021ء میں کیس کو این پی سی کو Remand Back کر دیا تاکہ کچھ پہلوؤں کے لیے ڈیوٹی کا دوبارہ حساب لگایا جاسکے۔ اس کے مطابق، این پی سی نے مطلع شدہ اسٹینڈیڈ ڈیپٹنگ ڈیوٹی کو 2.78 فیصد سے 6.82 فیصد (وسط 4.8 فیصد) کی حد میں کم کر دیا ہے۔ ریٹائرڈ سے پہلے مطلع شدہ اسٹینڈیڈ ڈیپٹنگ ڈیوٹی 3.25 فیصد سے 11.35 فیصد کی حد میں بھی جو اصل ڈیپٹنگ / Injury کو پورا کرنے کے لیے پہلے ہی ناکافی تھی اور پالیٹر فلیمنٹ یارن کے چینی درآمد کنندگان پر عائد اسٹینڈیڈ ڈیپٹنگ ڈیوٹیوں سے بہت کم ہے:

- ترکی کی جانب سے کم از کم 16 فیصد یا \$250 / ٹن
- انہی پروڈیوسرز پر ہندوستان کی جانب سے کم از کم 23 فیصد
- امریکہ کی جانب سے کم از کم 32 فیصد (اسٹینڈیڈ ڈیپٹنگ اور اسٹینڈیڈ سیڈی ڈیوٹی)
- ویتنام کی جانب سے کم از کم 17.45 فیصد (اورز یادہ سے زیادہ 21.23 فیصد) جبکہ برازیل نے بھی چینی پی ایف وائی پر اسٹینڈیڈ ڈیپٹنگ ڈیوٹی شروع کی ہے۔ اس طرح، 5 بڑے ممالک نے چینی پی ایف وائی پر اسٹینڈیڈ ڈیپٹنگ یا کاؤنٹر ٹریڈنگ ڈیوٹی عائد کر رکھی ہے۔

☆ ریگولٹری ڈیوٹی اور اسے ڈی جوڈ ڈیپٹنگ کے خلاف واحد ڈیپٹنگ جس نے 2017ء سے کمپنی کی صلاحیت میں اضافہ کرنے میں مدد کی ہے۔ اب ریگولٹری ڈیوٹی اور اسے ڈی کے بٹانے سے وہ جزوی ڈیپٹنگ بھی ختم ہو گئی اس لیے اسٹینڈیڈ ڈیپٹنگ ڈیوٹی کو دوبارہ نافذ کرنا اور اسکی موثر طور پر وصولی سب سے اہم ہے کیونکہ توسیع کا ایک بڑا حصہ حال ہی میں شروع ہوا ہے یا آنے والے عرصے میں شروع ہوگا۔

☆ کمپنی کی توسیع کے ساتھ ساتھ پاکستان میں فلیمنٹ یارن کے دوسرے پروڈیوسروں کی طرف سے توسیع، درآمد شدہ یارن کا مقابلہ کرنے کے لئے ریگولٹری ڈیوٹی کے ساتھ ساتھ ڈیپٹنگ Injury کے خلاف اسٹینڈیڈ ڈیپٹنگ ڈیوٹیوں کا تسلسل، PFY کی مقامی پیداوار کو ایک سطح تک لے جاسکتا ہے جو آنے والے سالوں میں مقامی طلب کے 60 فیصد کو پورا کرے گی جبکہ 2017ء میں یہ صرف 30 فیصد تھا۔ یہ توسیع منصوبے درآمدات کا متبادل ثابت ہو گئے اور کرنٹ اکاؤنٹ کا خسارہ کم کرینگے (جو اس وقت عروج پر ہے) اور انڈسٹری کی جانب سے پہلے سے فراہم کی جانے والی ملازمتوں کے علاوہ مزید مقامی روزگار بھی فراہم کرے گی۔ پی ایف وائی کی درآمد 2020ء میں ملک کی سب سے بڑی درآمدات میں 15 ویں نمبر پر تھی لہذا اسے مقامی طور پر تیار کرنے کی ضرورت ہے، خاص طور پر جب کہ اس کا خام مال پی ٹی اے بھی مقامی طور پر تیار کیا جاتا ہے۔ یہ بات بھی ذہن میں رہے کہ سال 2003ء میں فلیمنٹ یارن کی مقامی طلب کا 90 فیصد سے زیادہ مقامی پیداوار سے پورا کیا جاتا تھا۔

☆ لہذا 2.5 فیصد آر ڈی اور 2 فیصد اے سی ڈی کی بحالی اور اسٹینڈیڈ ڈیپٹنگ ڈیوٹی کی مزید 5 سال کی مدت کے لیے تجدید کے علاوہ اسٹینڈیڈ ڈیپٹنگ ڈیوٹی کے موثر وصولی کے لئے حکومت سے پر زور درخواست کی جاتی ہے تاکہ مقامی پیداوار کی صلاحیت میں مزید توسیع رفتار کو تیز کیا جاسکے۔

☆ کاؤن کی فصل محدود پیمانے پر کاشت کی جانے کی وجہ سے یہ ضروری ہے کہ 220 ملین سے زیادہ مقامی آبادی مقامی خام مال سے تیار شدہ ٹیکسٹائل مصنوعات استعمال کرے۔ یہاں یہ بتانا بھی ضروری ہے کہ فلامنٹ یارن میں استعمال ہونے والا PTA اہم خام مال پاکستان میں بنایا جاتا ہے اور اب جبکہ سعودی ریفاٹری کا قیام عمل میں آیا جا رہا ہے تو PTA اہم خام مال PARAXYLENE کییکل بھی خام تیل سے ملک میں بنایا جاسکے گا جس کے نتیجے میں خود انحصاری حاصل ہو سکے گی اور خام تیل سے لیکر پالیٹر فلیمنٹ تک کی پوری Chain ملک میں بنی بنی ہوگی۔

☆ 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 باختر فیصلوں کے ذریعے مسابقتی برتری کی فراہمی ہے۔ SAP پروجیکٹ اگلے سال تک شروع ہو جائے گا۔

دیگر امور:

- ☆ مکمل ملکیتی ماتحت ادارہ میسرز گلوبل سیٹھنیک لمیٹڈ نے اب تک اپنے آپریٹنگ شروع نہیں کئے۔
- ☆ میسرز جی پیک انرجی (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس کمپنی کے آپریٹنگ موجودہ مالی سال کے آخر تک شروع ہونے کی توقع ہے۔

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،
میسرز گیسٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 مارچ 2022ء کو ختم شدہ نو ماہی مدت کیلئے گروپ ہذا کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے بمسرت پیش کر رہے ہیں۔

مالیاتی جائزہ:

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے:

☆	خالص فروخت 17.016 بلین روپے۔
☆	آپریٹنگ منافع 2.310 بلین روپے۔
☆	آمدنی بذریعہ سرمایہ کاری 0.226 بلین روپے۔
☆	منافع قبل از ٹیکس 2.352 بلین روپے۔
☆	منافع بعد از ٹیکس 1.894 بلین روپے۔
☆	آمدنی فی حصہ ٹیکس کے بعد کل آمدنی پر 49.38 روپے۔

الحمد للہ زیر جائزہ مدت کے دوران کمپنی نے اپنی خالص فروخت میں 39 فیصد کا نمایاں اضافہ حاصل کرتے ہوئے 17.016 بلین روپے تک کی سطح تک پہنچا جو کہ پچھلے سال اسی مدت میں 12.267 بلین تھی۔ اس اضافہ کی تین اہم وجوہات ہیں، پہلا خام مال کی تین الاقوامی قیمتوں میں اضافہ اور دوسرا روپے کی قدر میں کمی۔ یہ دونوں چیزیں ہماری تیار شدہ اشیاء کی قیمتوں میں اضافے کا باعث بنیں۔ تیسرا اس سال فلیٹمنٹ یارن کی صلاحیت میں توسیع کی وجہ سے والیو بیٹرک فروخت میں اضافہ ہے۔ تاہم، اس سال کی تیسری سہ ماہی میں فروخت توقع سے کم رہی جس کی وجہ سے پلانٹ کی پیداواری صلاحیت پوری طرح استعمال نہیں ہوئی۔ درحقیقت رپورٹنگ کی نو ماہی مدت میں فلیٹمنٹ یارن کی پیداواری مقداری صلاحیت میں اضافے کے باوجود پیداوار کم و بیش پچھلے سال کی اسی نو ماہی مدت کے برابر رہی۔ ان 9 مہینوں میں پر پیٹرن مرکری پروڈکشن بھی کم رہی کیونکہ کمپنی کے پاس اس پر پیٹرن مرکری کے سائز کی کمی تھی جو کہ اب مانگ میں ہے۔ اس کو درست کرنے کے لیے کمپنی نے پر پیٹرن سائز کے 2 Molds کا آرڈر دیا ہے۔ تاہم خام مال کی بڑھتی ہوئی قیمتوں اور روپے کی قدر میں کمی کی وجہ سے کمپنی کو انوینٹری Gain ہوا جس کی وجہ سے خالص منافع 722 بلین روپے سے 1.894 بلین روپے تک بڑھ گیا۔ (بغیر کنٹینر) میں درآمد کیے جانے والے خام مال کے مقابلے میں مقامی مصنوعات پر زیادہ Sea Freight نے بھی اس خالص منافع میں اضافہ کیا۔ یہ دونوں عوامل عارضی ہیں۔ درحقیقت خام مال کی قیمتوں میں اضافے سے ہونے والا منافع ختم ہو جائے گا جب خام مال کی قیمتوں کا رجحان نیچے کی طرف جائے گا۔

زیر جائزہ مدت کے دوران فروخت کی قیمتوں میں اضافہ پاکستانی روپے کی قدر میں امریکی ڈالر کے مقابلے میں کمی کے مطابق رہی جو کہ ماہانہ اوسط شرح تبادلہ میں مسلسل کمی جو جون 2021ء میں 157 روپے، ستمبر 2021ء میں 169 روپے اور مارچ 2022ء میں 180 روپے رہی جس کے نتیجے میں خاطر خواہ انوینٹری Gain ہوا۔ جیسا کہ نوٹ کیا گیا ہے کہ ان قیمتوں کو Sea Freight کے اضافے سے بھی مدد ملی جو رپورٹنگ مدت میں مسلسل بلند رہی۔ منافع میں اضافہ کی دوسری اہم وجہ خام مال کی قیمتوں میں اضافہ ہے، یعنی PTA/MEG جو کہ جولائی 2020ء میں اوسطاً \$475/\$410 فی ٹن سے بڑھ کر \$1000/\$670 فی ٹن ہو گئیں، یہ اضافہ تیل WTI کی قیمتوں میں اضافے کے رجحان کی وجہ سے ہوا جو جولائی 2020ء میں \$40 فی بیرل تھیں، سے بڑھ کر مارچ 2022ء میں \$103 فی بیرل تک ہو گئیں۔ یہاں تک کہ اپریل 2021ء سے مارچ 2022ء تک، تیل کی قیمت \$63 سے بڑھ کر \$103 ہو گئی، اس مدت کے دوران PTA/MEG کی قیمتوں میں اضافہ ہوا۔ خام مال کی قیمتوں کے اس بڑھتے ہوئے رجحان نے اس مدت کے منافع میں کافی اضافہ کیا۔ یعنی کم قیمتوں میں خرید ہوا خام مال پیداوار کے بعد تیار شدہ مال فروخت کے وقت خام مال کی قیمتوں میں اضافہ تیار شدہ مال کی فروخت کی قیمتوں میں اضافہ کا باعث بنا۔ خام مال کی قیمت میں اضافے کا رجحان رک جانے کے بعد یہ منافع موجودہ سطح پر برقرار نہیں رہے گا۔ جب تیل اور خام مال کی قیمتیں نیچے کی طرف گویا شروع ہو گئی تو مارجن منفی ہو سکتا ہے اور حاصل ہونے والا یہ غیر معمولی اضافہ واپس ہو سکتا ہے۔

آپریٹنگ فرنٹ پر، کمپنیل ایکسپینڈیچر کے بعد سے پیداواری صلاحیت میں اضافہ ہوا ہے۔ فیئر 1 میں فلیٹمنٹ یارن کی پیداوار کو 60,000 ٹن سے بڑھا کر 75,000 ٹن کرنے کے توسیعی منصوبے نے رپورٹنگ مدت کی دوسری سہ ماہی کے آغاز میں اپنی پیداوار شروع کر دی ہے۔ تاہم، اس رپورٹنگ مدت کے پی ایف ڈی کی اصل پیداوار اور فروخت کی سطح درآمدی دھلاگے کی مقدار مارکیٹ میں زبردست اضافے کی وجہ سے آپریشن کی مکمل صلاحیت کے استعمال کی عکاسی نہیں کرتی اور اس کی وجہ سے، اپریل 2022ء میں اس رپورٹ کے وقت پیداواری سطح میں نمایاں کمی آئی ہے۔

جیسا کہ ستمبر 2021ء کی رپورٹ میں اطلاع دی گئی کہ حکومت کے فلیٹمنٹ یارن پر اپنی ڈمپنگ ڈیوٹی کی وصولی کو موثر طور پر آگے بڑھانے کے عزم کے ساتھ، آپ کی کمپنی توسیعی منصوبوں کے دوسرے مرحلے کے ساتھ آگے بڑھ رہی ہے۔ اس سے کمپنی کو سالانہ 95,000 سے 99,000 ٹن مسکڈ ڈیٹریٹر (75,000 ٹن سے) پیدا کرنے کے ساتھ ساتھ سالانہ 200,000 ٹن سے زائد کی پولیمر پلانٹ کی لائسنس بھی شامل ہیں، تاکہ پالیمر چیمپس کے بجائے PTA اور MEG سے مذکورہ بالا فلیٹمنٹ یارن کے توسیعی پہلے اور دوسرے مرحلے کی براہ راست پولیمر اسپیننگ کی جاسکے۔ یہ پالیمر پلانٹ لائسنس جن کی پیداوار جنوری 2023ء میں شروع ہونے کی توقع ہے، نہ صرف موجودہ چھوٹے اور پرانے پالیمر پلانٹ کی جگہ لیں گی جو فلیٹمنٹ یارن کی لائسنس کو Feed کرنے کے لیے اس وقت کام کر رہی ہے بلکہ اضافی پالیمر Resin کی پیداوار مقامی فروخت اور ٹولنگ کے ساتھ ساتھ برآمد بھی کی جاسکتی۔ اضافی پالیمر کی برآمد پر کام ہو رہا ہے کہ طویل مدتی فنانسنگ کم شرح پر حاصل ہو سکے۔

زیر جائزہ مدت کے دوران، آپ کی کمپنی کو اس کی مکمل ملکیتی ذیلی کمپنی سے حاصل کردہ منافع کی آمدنی 226 ملین روپے تھی۔

تقیم اور فروخت کے اخراجات میں گذشتہ سال کے مقابلے میں 24 فیصد کا خاطر خواہ اضافہ ہوا جس کی بنیادی وجہ فروخت کے حجم اور فریٹ اور ٹرانسپورٹ کے چارجز میں غیر معمولی اضافہ ہے۔ اختطای اخراجات کنٹرول میں رہے اور پچھلے سال کی اسی مدت کے مقابلے میں کوئی بڑی تبدیلی نہیں ہوئی۔ تاہم اس میں پچھلے سال کی اسی مدت کے مقابلے میں 14 فیصد اضافہ ہوا، جس کی وجہ پاکستانی روپے کی قدر میں کمی کی وجہ سے Inflationary Factors ہیں۔



Condensed Interim Un-consolidated Statement Of Financial Position

AS AT MARCH 31, 2022

		(Rupees in Thousand)	
	Note	March 2022 (Un-audited)	June 2021 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	8,288,089	5,949,200
Intangible assets	6	54,602	35,898
Long term investments		406,299	417,294
Long term loans		79,970	182,083
Long term deposits		2,847	2,847
		8,831,807	6,587,322
Current Assets			
Stores, spare parts and loose tools		1,100,771	884,871
Stock in trade	7	4,146,597	3,840,346
Trade debts	16	3,763,865	2,897,201
Loans and advances		387,261	65,953
Trade deposits and short term prepayments		139,703	153,904
Other receivables	16	184,742	318,832
Sales tax refund due from Federal Government		8,634	8,634
Cash and bank balances		163,971	103,257
		9,895,544	8,272,998
TOTAL ASSETS		18,727,351	14,860,320
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		3,832,323	1,937,862
		7,849,613	5,955,152
LIABILITIES			
Non - Current Liabilities			
Long term financing		4,914,913	2,840,439
Deferred liabilities and income	9	690,401	502,344
		5,605,314	3,342,783
Current Liabilities			
Trade and other payables	10 & 16	2,454,151	1,847,054
Unclaimed dividend		21,439	21,511
Accrued mark up		133,336	38,785
Short term borrowings		2,249,751	3,520,880
Current portion of long term financing		262,275	90,342
Provision for income tax less payments		151,472	43,813
		5,272,424	5,562,385
CONTINGENCIES AND COMMITMENTS			
	11		
TOTAL EQUITY AND LIABILITIES		18,727,351	14,860,320

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 Profit Or Loss (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

		(Rupees in Thousand)			
	Note	Jan-2022 to Mar-2022	Jan-2021 to Mar-2021	Jul-2021 to Mar-2022	Jul-2020 to Mar-2021
Sales		5,951,216	4,856,120	17,015,594	12,266,620
Cost of sales		4,970,518	4,211,185	14,360,905	10,925,152
Gross profit		980,698	644,935	2,654,689	1,341,468
Distribution and selling costs		55,510	53,210	199,726	161,178
Administrative expenses		83,896	76,159	251,436	221,144
Other operating expenses		72,575	34,716	186,020	74,884
		211,981	164,085	637,182	457,206
		768,717	480,850	2,017,507	884,262
Other income		21,828	40,318	292,174	108,501
Operating profit		790,545	521,168	2,309,681	992,763
Finance costs		78,430	45,919	183,460	91,562
		712,115	475,249	2,126,221	901,201
Investment income - Dividend	12	-	-	225,750	-
Profit before income tax		712,115	475,249	2,351,971	901,201
Income tax - Current & prior	13	120,610	72,055	310,529	179,859
- Deferred		(13,334)	2,773	146,981	(787)
		107,276	74,828	457,510	179,072
Profit after income tax		604,839	400,421	1,894,461	722,129
Earnings per share -					
Basic and diluted (Rupees)		15.77	10.44	49.38	18.82

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 Comprehensive Income (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	(Rupees in Thousand)			
	Jan-2022 to Mar-2022	Jan-2021 to Mar-2021	Jul-2021 to Mar-2022	Jul-2020 to Mar-2021
Profit after income tax	604,839	400,421	1,894,461	722,129
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>604,839</u>	<u>400,421</u>	<u>1,894,461</u>	<u>722,129</u>

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, 2022

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2020	383,645	383,645	3,250,000	1,315,439	5,332,729
Total comprehensive income for the nine months ended March 31, 2021	-	-	-	722,129	722,129
Derecognition of 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
Total comprehensive income for the three months ended June 30, 2021	-	-	-	347,294	347,294
Balances as at June 30, 2021	383,645	383,645	3,250,000	1,937,862	5,955,152
Total comprehensive income for the nine months ended March 31, 2022	-	-	-	1,894,461	1,894,461
Balances as at March 31, 2022	383,645	383,645	3,250,000	3,832,323	7,849,613

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, 2022

Cash Flows from/(towards) Operating Activities

Profit before income tax

Adjustments for:

Depreciation
Provision for defined benefit plan
Gain on disposal of property, plant and equipment
Loss on disposal of property, plant and equipment
Impairment in long term investments
Reversal of allowance for ECL-net
Impairment/(reversal of) allowance for slow moving stores,
spare parts and loose tools-net
Amortisation of interest free long term loan to subsidiary company
Remeasurement gain on discounting of provision for GIDC
Investment income - Dividend
Finance costs

(Rupees in Thousand)
Jul-2021
to
Mar-2022
Jul-2020
to
Mar-2021

2,351,971	901,201
545,629	378,871
37,620	31,509
(258,637)	(18,640)
318	36
14,979	12,930
(8,903)	(15,929)
17,854	(7,547)
(11,748)	(11,157)
(3,022)	(16,303)
(225,750)	-
183,460	91,562
291,800	445,332
2,643,771	1,346,533

(Increase)/decrease in current assets:

Stores, spare parts and loose tools
Stock in trade
Trade debts
Loans and advances
Trade deposits and short term prepayments
Other receivables

(233,754)	(83,820)
(306,251)	(892,234)
(857,761)	(906,538)
(192,460)	(12,186)
14,201	(116,979)
134,090	(114,003)
(1,441,935)	(2,125,760)
540,972	741,442
1,742,808	(37,785)

Increase in Trade and other payables

Cash flows from/(towards) operations before following

(Payments for)/receipts of:

Long term loans
Long term deposits
Defined benefit plan
Finance costs
Income tax
Group taxation impact

(18,971)	(61,393)
-	150
(8,213)	(13,742)
(88,909)	(110,376)
(207,454)	(177,898)
(1,499)	(2,903)
1,417,762	(403,947)

Net cash flows from/(towards) operating activities

Cash Flows (towards)/from Investing Activities

Additions in property, plant and equipment
Proceeds from disposal of property, plant and equipment
Additions in intangible assets
Long term investment made
Dividend received

(2,835,237)	(1,740,768)
263,261	23,750
(18,704)	(15,600)
-	(100)
225,750	-
(2,364,930)	(1,732,718)

Net cash flows towards investing activities

Cash Flows from/(towards) Financing Activities

Long term financing - proceeds received
Long term financing - repayments
Dividend paid
Net cash flows from financing activities

2,351,398	1,176,746
(72,315)	-
(72)	(164)
2,279,011	1,176,582

Net increase/(decrease) in cash and cash equivalents

Cash and cash equivalents at the beginning of the period

Cash and cash equivalents at the end of the period

1,331,843	(960,083)
(3,417,623)	(1,607,784)
(2,085,780)	(2,567,867)

CASH AND CASH EQUIVALENTS COMPRISE OF:

Cash and bank balances
Short term borrowings

163,971	124,352
(2,249,751)	(2,692,219)
(2,085,780)	(2,567,867)

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

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are quoted at 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.

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 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, 2021.

**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, 2022:**

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, 2021; 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, 2022. 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, 2021.

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, 2021.

	Note	(Rupees in Thousand)	
		March 2022 (Un-audited)	June 2021 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,287,385	3,701,715
Capital work in progress	5.2	3,000,704	2,247,485
		<u>8,288,089</u>	<u>5,949,200</u>


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 ended March 2022	Nine months ended March 2021
Freehold land	-	1,070
Leasehold land	-	32,226
Building on leasehold land	386,870	6,095
Plant and machinery	1,708,373	320,187
Factory equipment	6,504	9,134
Motor vehicles	34,494	20,308
	<u>2,136,241</u>	<u>389,020</u>

Disposals at NBV during the period

Freehold land	447	-
Office premises	563	942
Plant and machinery	760	831
Office equipment	-	29
Motor vehicles	3,172	3,344
	<u>4,942</u>	<u>5,146</u>

5.2 Capital work in progress

Balance as at start of the period	2,247,485	312,487
Additions	2,818,450	1,656,335
Transfer to operating fixed assets	(2,065,231)	(303,957)
Balance as at end of the period	<u>3,000,704</u>	<u>1,664,865</u>

6 INTANGIBLE ASSETS

Capital work in progress - SAP ERP System

	March 2022 (Un-audited)	June 2021 (Audited)
Balance as at start of the period	35,898	17,614
Additions	18,704	18,284
Balance as at end of the period	<u>54,602</u>	<u>35,898</u>

7 STOCK IN TRADE

These include items costing Rs.89.457 million (June 2021: Rs.104.845 million) valued at net realisable value of Rs.54.192 million (June 2021: Rs.69.329 million).


8 SHARE CAPITAL

(Number of Shares)		Note	(Rupees in Thousand)	
March 2022 (Un-audited)	June 2021 (Audited)		March 2022 (Un-audited)	June 2021 (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 LIABILITIES AND INCOME
Deferred Liabilities

Income tax - net		146,981	-
Defined benefit plan	9.1	467,791	438,384
Provision for Gas Infrastructure Development Cess (GIDC)	9.2	25,800	41,761

Deferred income

Deferred Income - Government scheme	9.3	<u>49,829</u>	<u>22,199</u>
		<u>690,401</u>	<u>502,344</u>

9.1 Defined benefit plan

Balance as at start of the period	438,384	407,426
Expense	37,620	48,997
Remeasurement gain	-	(3,699)
Payments	<u>(8,213)</u>	<u>(14,340)</u>
Balance as at end of the period	<u>467,791</u>	<u>438,384</u>

9.2 Provision for Gas Infrastructure Development Cess

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

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

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

9.3 Deferred Income - Government scheme

This represents the value of benefit of below-market markup rate on the loans obtained under Islamic Temporary Economic Refinance Scheme (ITERF). ITERF scheme is a 'temporary' relief measure taken by the State Bank of Pakistan (SBP) in context of COVID-19 related economic situation and with the objective to provide stimulus to the economy across the board by supporting new investment and BMR of the existing projects in the country. The difference between the fair value of these loans and proceeds received is recorded as Deferred income - Government scheme.

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 Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Messrs. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before the Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court amounting to Rs.47.667 million (June 2021: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 2021: Rs.40.194 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories which the Company is paying in full as per the notification.
- 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 2021: Rs.15.977 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.13.629 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Company is paying full amount of the gas bills as per this notification. In February, 2020, the Honorable Single Bench of Sindh High Court has decided the case in favor of Petitioners. SSGCL has filed appeal before the Double Bench of Sindh High Court against the decision and is pending for adjudication.

10.3 Provision of Sindh Sales Tax on rent payable by the Company to a related party Messrs. Novatex Limited amounted to Rs.7.242 million (June 2021: Rs.6.596 million). The related party had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Honorable Single Bench of Sindh High Court decided the case in favor of the related party. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court. Pending outcome of the facts, the Company as a matter of prudence provided the same.

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. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Company has provided bank guarantee amounting to Rs.308.365 million (June 2021: Rs.248.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 11.2). 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 favor of Tax Department, against which the Company has filed an appeal before the Supreme Court of Pakistan.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will ultimately decide in favor 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 Honorable Islamabad High 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 favor of the Company. However, as an abundant precaution, the Company has made provision of Rs.115.359 million (June 2021: Rs.68.615 million).

10.7 Provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (June 2021: Rs.4.131 million) and rate difference of gas tariff Rs.2.572 million (June 2021: Rs.2.354 million) on account of common expenses payable by the Company to a related party 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 favor of Chief Commissioner Inland Revenue.

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

By way of abundant precaution, the amount of Rs.27.762 million has been charged to un-consolidated statement of profit or loss in previous period. On September 04, 2021, the Special Judge Custom and Taxation Court has decided the case in favor of the Company.

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

Total amount of enhanced GIDC upto July 31, 2020 worked out at Rs.129.801 million (June 2021: Rs.129.801 million), however the Company has maintained a provision for Rs.86.858 million (June 2021: Rs.86.858 million) pertaining to the period of June 2015 to July 2020 as an abundant precaution.

- 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 restrained EOBI from taking any coercive action against the Company. On December 03, 2021, the Honorable Sindh High Court has dismissed the Petition. However, the Company has filed an appeal at Supreme Court of Pakistan against the judgment. No provision of the amount involved i.e. Rs.30.317 million (June 2021: Rs.27.954 million) has been made in these condensed interim un-consolidated financial statements.



- 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). The CIR(A) has decided the matter for tax periods July 2013 to June 2014, July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Company. However, the Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these condensed interim unconsolidated financial statements as the Company is confident that the matter will be decided in favor 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 favor of the Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Company wherein refund of Rs.7.7 million had been determined. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.
- 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 favor of the Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company.
- 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 customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Company. Appeal was decided in favor of the Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company.

- 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 favor of the Company. Considering that the matter decided against the Company has no material impact, therefore, the Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded.
- 11.1.9** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta vide order dated June 29, 2016 against which the Company filed an appeal before the CIR(A), who vide order dated January 20, 2017 decided the case partially in favor of the Company and partially in favor of Tax Department. The Tax Department has filed an appeal before the ATIR which has not yet been concluded.
- 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.15.351 million (June 2021: Rs.15.351 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 Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Company to claim 10% tax credit on investment in plant & machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these condensed interim un-consolidated financial statements.
- 11.1.12** The Company had filed a petition before the Sindh High Court wherein the Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Company. The Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Honorable Sindh High Court.
- 11.1.13** The Company had filed a petition before the Sindh High Court wherein the Company had challenged the notice requiring to pay Super Tax for tax year 2018 Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Company. The Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Company also filed appeals before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 which has been concluded in favor of the Tax Department. The Company has filed appeals before the ATIR against the orders passed by the CIR(A). The Company has also paid 50% of demand for auto stay from recovery.



- 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 been partially decided in favour of the Company. The Company as well as Tax Department have filed appeals before the ATIR, which is pending till date.
- 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 Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Company to claim 10% tax credit on investment in plant & machinery on the basis of pre-amended position of section 65B. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these condensed interim un-consolidated financial statements.
- 11.1.16** The Tax Officer alleged the Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty. The Company has paid 10% of demand for auto stay from recovery. CIR(A) has decided the case in favour of Company. As of now, the Tax Department has filed an appeal before ATIR against the said judgment.
- 11.1.17** Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Company filed petitions against the said notices before the Honorable Sindh High Court, which has been decided in favour of the Company. However, Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan.
- 11.1.18** Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Company has filed an appeal before the CIR(A), case has been heard by the CIR(A) and reserved for order. The management is confident that the case will be decided in favor of the Company.

		(Rupees in Thousand)	
		March 2022 (Un-audited)	June 2021 (Audited)
11.2	Guarantees		
Bank Guarantees in favor of:			
The Director Excise and Taxation, Karachi		308,365	248,365
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		15,351	15,351
Letters of Credit in favor of:			
Sui Southern Gas Company Limited for Gas		32,592	32,592
		<u>407,878</u>	<u>347,878</u>

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	3,638,761	3,584,297
Raw material	969,336	286,607
Spare parts and others	118,748	55,431
	<u>4,726,845</u>	<u>3,926,335</u>

Local currency:

Property, plant and equipment	169,519	281,501
Raw material	231,193	136,984
	<u>400,712</u>	<u>418,485</u>
	<u>5,127,557</u>	<u>4,344,820</u>



		(Rupees in Thousand)	
		Nine months ended March 2022	Nine months ended March 2021
12	INVESTMENT INCOME - DIVIDEND		
	From wholly owned subsidiary company - Messrs. Gatro Power (Private) Limited	<u>225,750</u>	<u>-</u>

13 INCOME TAX

Provision for taxation includes current year provision of Rs.311.454 million (March 2021: Rs.182.057 million) and reversal of prior year provision of Rs.0.925 million (March 2021: prior year Rs.2.198 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 financial 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, 2022 is as follows:

	March 2022			March 2021		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	14,846,723	2,168,871	17,015,594	9,503,547	2,763,073	12,266,620
Segment result before depreciation	2,295,794	453,362	2,749,156	848,198	489,819	1,338,017
Less: Depreciation	(518,498)	(27,131)	(545,629)	(341,372)	(37,499)	(378,871)
Segment result after depreciation	1,777,296	426,231	2,203,527	506,826	452,320	959,146
Reconciliation of segment results with Profit before income tax:						
Total results for reportable segments			2,203,527			959,146
Other operating expenses			(186,020)			(74,884)
Other income			292,174			108,501
Finance costs			(183,460)			(91,562)
Investment income - Dividend			225,750			-
Profit before income tax			2,351,971			901,201

Assets and liabilities by segments are as follows:

	March 2022 (Un-audited)			June 2021 (Audited)		
Segment assets	14,504,524	1,935,569	16,440,093	10,887,564	2,193,877	13,081,441
Segment liabilities	5,936,241	239,390	6,175,631	3,550,786	161,139	3,711,925

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	16,440,093	6,175,631	13,081,441	3,711,925
Unallocated	2,287,258	4,702,107	1,778,879	5,193,243
Total as per condensed interim un-consolidated statement of financial position	18,727,351	10,877,738	14,860,320	8,905,168

Other segment information is as follows:

	March 2022			March 2021		
Depreciation	518,498	27,131	545,629	341,372	37,499	378,871
Capital expenditures incurred during the period	2,560,935	3,153	2,564,088	1,580,823	1,589	1,582,412
Unallocated capital expenditure incurred during the period			271,149			158,356
Total			2,835,237			1,740,768

15.3 96.07% (March 2021: 97.67%) 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, 2022 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 ended March 2022	Nine months ended March 2021
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	1,609,451	1,663,562
			Dividend income	225,750	-
			Plant operation arrangement	31,500	27,000
			Reimbursement of expenses	1,075	667
Global Synthetics Limited	Subsidiary Company	100% ownership	Investment made	-	100
			Reimbursement of expenses	1	-
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Long term loan	17,400	58,550
			Reimbursement of expenses	264	4
Novatex Limited	Related Party	Common directorship	Sales of goods	329,224	1,117,155
			Rendering of services	68,454	31,477
			Acquisition of services	506,176	533,608
			Purchase of raw & other material	115,037	34,555
			Rent	16,134	14,963
			Reimbursement of expenses	174,466	126,026
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	51,374	264,304
			Purchase of raw & other material	-	303
			Reimbursement of expenses	69	-
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	28,183	32,713
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	6,697	6,302
Gatron Foundation	Related Party	Common directorship	Payment of donation	10,945	4,655
Pharmnova (Private) Limited	Related Party	Common key management	Sale of property, plant & equipment	230,000	-
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	21,673	18,014
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	3,109	2,990

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.299.733 million (March 2021: Rs.216.513 million).

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

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

	(Rupees in Thousand)	
	As at March 31, 2022 (Un-audited)	As at June 30, 2021 (Audited)
Gatro Power (Private) Limited		
Other receivables	3,541	3,066
Trade and other payables	199,055	201,556
Global Synthetics Limited		
Other receivables	1	-
G-Pac Energy (Private) Limited		
Other receivables	29	25
Novatex Limited		
Trade debts	29,480	97,520
Other receivables	14,855	23,144
Trade and other payables	119,571	55,740
Krystalite Product (Private) Limited		
Trade debts	18,425	115,843
Mushtaq & Company (Private) Limited		
Trade and other payables	7,707	14,040
Gani & Tayub (Private) Limited		
Trade and other payables	775	619
Gatron (Industries) Limited Staff Provident Fund		
Trade and other payables	4,937	4,070
Gatron (Industries) Limited Workers Provident Fund		
Other receivables	1,007	991

**17 CORRESPONDING FIGURES**

Prior year's figures have been reclassified for the purpose of better presentation. Significant changes made during the period are as follows:

Reclassification from component	Reclassification to component	(Rupees in Thousand)
Cash Flows towards Investing Activities	Cash Flows towards Operating Activities	
Long term investment made	Amortisation of interest free long term loan to subsidiary company	11,157
Long term investment made	Long term loans	822

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.

18 DATE OF AUTHORISATION

These condensed interim un-consolidated financial statements were authorised for issue on April 21, 2022 by the Board of Directors of the Company.

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
Chief Executive

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



**Gatron (Industries) Limited
and Subsidiary Companies**

**Condensed Interim Consolidated
Financial Statements
For the Quarter ended
March 31, 2022**



Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the un-audited Consolidated Financial Statements of the Group for the nine months ended March 31, 2022.

THE GROUP

The Group comprises of Gatron (Industries) Limited and its subsidiaries i.e. Gatro Power (Private) Limited, Global Synthetics Limited and G-Pac Energy (Private) Limited. The Director's report, detailing performance of the holding Company i.e. Gatron (Industries) Limited for the nine months ended March 31, 2022, has been annexed separately in this report.

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

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

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

CONSOLIDATED FINANCIALS:

(Pak Rupees in Thousand)

Operating results for the nine months ended March 31, 2022

Profit before income tax	2,591,484
Income tax	457,510
Profit after income tax	2,133,974
Un- appropriated Profit brought forward	3,378,345
Un- appropriated Profit carried forward	5,512,319
Earnings per share - Basic and diluted (Rupees)	55.62

State of Affairs as on March 31, 2022

Property, plant and equipment	10,686,813
Other non-current assets	58,014
Current assets	10,943,000
Total assets	21,687,827

Deduct:

Non-current liabilities	5,835,836
Current liabilities	6,037,382
Total liabilities	11,873,218
Net assets financed by shareholders' equity	9,814,609

MATERIAL CHANGES AND COMMITMENTS

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



INTERNAL FINANCIAL CONTROLS

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

ACKNOWLEDGMENT

The Board of Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support, 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 OFFICER

MUHAMMAD IQBAL BILWANI

DIRECTOR

April 21, 2022

گروپ کے جامع مالیاتی گوشواروں پر ڈائریکٹری کی رپورٹ

معزز ممبران،
میسرز گیسٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹری کی جانب سے ہم 31 مارچ، 2022ء کو ختم شدہ نو ماہی مدت کیلئے گروپ ہنڈا کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے مسرت پیش کر رہے ہیں۔

گروپ:
ہم گروپ میسرز گیسٹرون (انڈسٹریز) لمیٹڈ اور اس کے مکمل ماتحت اداروں میسرز گیسٹرون پاور (پرائیویٹ) لمیٹڈ، میسرز گلوبل سٹینڈیک لمیٹڈ اور جی پیک ایبیز جی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔ ہولڈنگ کمپنی یعنی گیسٹرون (انڈسٹریز) لمیٹڈ کی 31 مارچ، 2022ء کو ختم شدہ نو ماہی کارکردگی کو اس رپورٹ میں الگ سے منسلک کیا گیا ہے۔

مکمل ملکیتی کمپنی میسرز گیسٹرون پاور (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ زیر جائزہ مدت کے دوران، اس مکمل ملکیتی کمپنی نے 226 ملین روپے تک منافع منقسمہ کی ادائیگی کی۔

میسرز گلوبل سٹینڈیکس لمیٹڈ نے ابھی تک اپنے آپریٹنگ شروع نہیں کئے۔

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

جامع مالیات:

آپریٹنگ نتائج برائے نو ماہی مدت ختمہ 31 مارچ، 2022ء	(روپے 000)
منافع قبل از ٹیکس	2,591,484
ٹیکس	457,510
منافع بعد از ٹیکس	2,133,974
غیر منصرف منافع کز شدہ (Un-appropriated profit brought forward)	3,378,345
غیر منصرف منافع جاریہ (Un-appropriated profit carried forward)	5,512,319
آمدنی فی شیئر بنیادی اور نیم شدہ (Rupees Basic and Diluted—Earning per share)	55.62
31 مارچ، 2022ء تک معاملات کی صورتحال	
املاک، پلانٹ اور ٹولز	10,686,813
دیگر پائیدار اثاثہ جات	58,014
بدل پڑے اثاثہ جات	10,943,000
کل اثاثہ جات	21,687,827
کسٹومی:	
پائیدار واجبات	5,835,836
بدل پڑے واجبات	6,037,382
کل واجبات	11,873,218
خالص اثاثہ جات ادا شدہ منجانب ایکٹوٹی بایٹ حصص یافتگان	9,814,609

اہم تبدیلیاں اور معاہدے:
ٹیلنس شیٹ کی تاریخ اور رپورٹ ہنڈا کی تاریخ کے درمیان کمپنی کی مالیاتی حیثیت میں تبدیلی لانے والی نہ کوئی بات رومنا ہوئی اور نہ ہی ایسے معاہدے ہوئے۔

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

اظہار تشکر:
ہم بورڈ آف ڈائریکٹری کی جانب سے اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا۔ ساتھ ہی اپنی بیعت ٹیم کی پر خلوص محنت پر ان کے تہہ دل سے مشکور ہیں اور اپنے تمام متعلقہ افراد بشمول سرکاری ادارے، آڈیٹرز، ایس ای سی پی، پی ایس ایکس اور بینکوں کے شکر گزار ہیں جنہوں نے گیسٹرون کی ترقی میں اپنا کردار بخوبی نبھایا۔

محمد اقبال پلوانی
ڈائریکٹر

شعبہ دیوان
انصر اعلیٰ

21 اپریل، 2022ء



Condensed Interim Consolidated Statement Of Financial Position

AS AT MARCH 31, 2022

		(Rupees in Thousand)	
	Note	March 2022 (Un-audited)	June 2021 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	10,686,813	7,498,060
Intangible assets	6	54,602	35,898
Long term loans		565	40
Long term deposits		2,847	2,847
		10,744,827	7,536,845
Current Assets			
Stores, spare parts and loose tools		1,469,268	1,215,414
Stock in trade	7	4,146,597	3,840,346
Trade debts	15	3,763,865	2,897,201
Loans and advances		322,354	82,857
Trade deposits and short term prepayments		147,142	154,193
Other receivables	15	221,147	335,766
Sales tax refund due from Federal Government		8,634	8,634
Cash and bank balances		863,993	1,493,170
		10,943,000	10,027,581
TOTAL ASSETS		21,687,827	17,564,426
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		5,512,319	3,378,345
		9,814,609	7,680,635
LIABILITIES			
Non - Current Liabilities			
Long term financing		4,914,913	2,840,439
Deferred liabilities and income	9	920,923	854,432
		5,835,836	3,694,871
Current Liabilities			
Trade and other payables	10 & 15	3,222,463	2,478,354
Unclaimed dividend		21,439	21,511
Accrued mark up		133,336	38,785
Short term borrowings		2,249,751	3,520,880
Current portion of long term financing		262,275	90,342
Provision for income tax less payments		148,118	39,048
		6,037,382	6,188,920
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		21,687,827	17,564,426

The notes 1 to 18 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 Profit Or Loss (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

		(Rupees in Thousand)			
	Note	Jan-2022 to Mar-2022	Jan-2021 to Mar-2021	Jul-2021 to Mar-2022	Jul-2020 to Mar-2021
Sales		5,951,216	4,856,120	17,015,594	12,266,620
Cost of sales		4,900,342	4,074,006	13,864,052	10,648,006
Gross profit		1,050,874	782,114	3,151,542	1,618,614
Distribution and selling costs		55,510	53,210	199,726	161,178
Administrative expenses		85,811	77,583	257,169	226,469
Other operating expenses		69,099	29,666	174,617	61,954
		210,420	160,459	631,512	449,601
		840,454	621,655	2,520,030	1,169,013
Other income		19,034	60,790	293,169	290,859
Operating profit		859,488	682,445	2,813,199	1,459,872
Finance costs		91,266	46,076	221,715	91,820
		768,222	636,369	2,591,484	1,368,052
Share of profit after income tax in associated company		-	-	-	953,955
Profit before income tax		768,222	636,369	2,591,484	2,322,007
Income tax - Current & prior	12	120,610	72,055	310,529	179,859
- Deferred		(13,334)	2,773	146,981	143,079
		107,276	74,828	457,510	322,938
Profit after income tax		660,946	561,541	2,133,974	1,999,069
Earnings per share -					
Basic and diluted (Rupees)		17.23	14.64	55.62	52.11

The notes 1 to 18 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 Comprehensive Income (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	(Rupees in Thousand)			
	Jan-2022 to Mar-2022	Jan-2021 to Mar-2021	Jul-2021 to Mar-2022	Jul-2020 to Mar-2021
Profit after income tax	660,946	561,541	2,133,974	1,999,069
Other comprehensive income				
<i>Items that will never be reclassified to profit or loss</i>				
Share of other comprehensive income of associate-net of tax				
Remeasurement gain on defined benefit obligation	-	-	-	4,623
Unrealised gain on remeasurement of investments	-	-	-	524
	-	-	-	5,147
Total comprehensive income	660,946	561,541	2,133,974	2,004,216

The notes 1 to 18 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 Changes In Equity (Un-audited)

FOR THE NINE MONTHS ENDED MARCH 31, 2022

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2020	383,645	383,645	3,535,000	8,836,672	13,138,962
Total comprehensive income for the nine months ended March 31, 2021	-	-	-	2,004,216	2,004,216
Derecognition of long term investment in associated company Messrs. Novatex Limited under approved Scheme of arrangement-net of tax	-	-	-	(8,468,366)	(8,468,366)
Balances as at March 31, 2021	383,645	383,645	3,535,000	2,372,522	6,674,812
Total comprehensive income for the three months ended June 30, 2021	-	-	-	1,005,823	1,005,823
Balances as at June 30, 2021	383,645	383,645	3,535,000	3,378,345	7,680,635
Total comprehensive income for the nine months ended March 31, 2022	-	-	-	2,133,974	2,133,974
Balances as at March 31, 2022	383,645	383,645	3,535,000	5,512,319	9,814,609

The notes 1 to 18 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, 2022

	(Rupees in Thousand)	
	Jul-2021 to Mar-2022	Jul-2020 to Mar-2021
Cash Flows from/(towards) Operating Activities		
Profit before income tax	2,591,484	2,322,007
Adjustments for:		
Depreciation	649,579	478,637
Provision for defined benefit plan	37,857	31,768
Gain on disposal of property, plant and equipment	(258,637)	(18,640)
Loss on disposal of property, plant and equipment	318	36
Reversal of allowance for ECL-net	(8,903)	(15,929)
Impairment/(reversal of) allowance for slow moving stores, spare parts and loose tools-net	21,178	(5,934)
Remeasurement gain on discounting of provision for GIDC	(15,685)	(210,475)
Share of profit after income tax in associated company	-	(953,955)
Finance costs	221,715	91,820
	647,422	(602,672)
	3,238,906	1,719,335
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(275,032)	(109,464)
Stock in trade	(306,251)	(892,234)
Trade debts	(857,761)	(906,538)
Loans and advances	(238,451)	(21,205)
Trade deposits and short term prepayments	7,051	(121,688)
Other receivables	114,619	(116,186)
	(1,555,825)	(2,167,315)
Increase in Trade and other payables	569,243	592,822
Cash flows from operations before following	2,252,324	144,842
(Payments for)/receipts of:		
Long term loans	(1,571)	(2,843)
Long term deposits	-	150
Defined benefit plan	(8,902)	(13,742)
Finance costs	(127,164)	(110,634)
Income tax	(207,542)	(179,396)
Net cash flows from/(towards) operating activities	1,907,145	(161,623)
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(3,788,761)	(1,809,171)
Proceeds from disposal of property, plant and equipment	263,261	23,750
Additions in intangible assets	(18,704)	(15,600)
Net cash flows towards investing activities	(3,544,204)	(1,801,021)
Cash Flows from/(towards) Financing Activities		
Long term financing - proceeds received	2,351,398	1,176,746
Long term financing - repayments	(72,315)	-
Dividend paid	(72)	(164)
Net cash flows from financing activities	2,279,011	1,176,582
Net increase/(decrease) in cash and cash equivalents	641,952	(786,062)
Cash and cash equivalents at the beginning of the period	(2,027,710)	(536,581)
Cash and cash equivalents at the end of the period	(1,385,758)	(1,322,643)
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	863,993	1,369,576
Short term borrowings	(2,249,751)	(2,692,219)
	(1,385,758)	(1,322,643)

The notes 1 to 18 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

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

FOR THE NINE MONTHS ENDED MARCH 31, 2022

1 THE GROUP AND ITS OPERATIONS

The Group consists of :

- Gatron (Industries) Limited
- Gatro Power (Private) Limited
- Global Synthetics Limited
- G-Pac Energy (Private) Limited

The Parent Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are being quoted at 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 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 and liaison office of the Subsidiary Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

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, 2021.

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, 2022:

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, 2021; 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, 2022. 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, 2021.

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, 2021.



	Note	(Rupees in Thousand) March 2022 (Un-audited)	June 2021 (Audited)
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	6,327,416	4,845,696
Capital work in progress	5.2	4,359,397	2,652,364
		<u>10,686,813</u>	<u>7,498,060</u>
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 ended March 2022	Nine months ended March 2021
Freehold land		-	1,070
Leasehold land		-	32,226
Building on leasehold land		386,870	6,095
Plant and machinery		1,708,373	320,695
Factory equipment		6,504	9,134
Motor vehicles		34,494	20,308
		<u>2,136,241</u>	<u>389,528</u>
Disposals at NBV during the period			
Freehold land		447	-
Office premises		563	942
Plant and machinery		760	831
Office equipment		-	29
Motor vehicles		3,172	3,344
		<u>4,942</u>	<u>5,146</u>
5.2	Capital work in progress		
Balance as at start of the period		2,652,364	959,051
Additions		3,772,264	1,696,197
Transfer to operating fixed assets		(2,065,231)	(303,957)
Balance as at end of the period		<u>4,359,397</u>	<u>2,351,291</u>
		March 2022 (Un-audited)	June 2021 (Audited)
6	INTANGIBLE ASSETS		
Capital work in progress - SAP ERP System			
Balance as at start of the period		35,898	17,614
Additions		18,704	18,284
Balance as at end of the period		<u>54,602</u>	<u>35,898</u>
7	STOCK IN TRADE		
These include items costing Rs.89.457 million (June 2021: Rs.104.845 million) valued at net realisable value of Rs.54.192 million (June 2021: Rs.69.329 million).			


8 SHARE CAPITAL

(Number of Shares)		Note	(Rupees in Thousand)	
March 2022 (Un-audited)	June 2021 (Audited)		March 2022 (Un-audited)	June 2021 (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 LIABILITIES AND INCOME
Deferred Liabilities

Income tax - net		146,981	-
Defined benefit plan	9.1	469,394	440,439
Provision for Gas Infrastructure Development Cess (GIDC)	9.2	254,719	391,794

Deferred income

Deferred Income - Government scheme	9.3	49,829	22,199
		920,923	854,432

9.1 Defined benefit plan

Balance as at start of the period	440,439	409,186
Expense	37,857	49,374
Remeasurement gain	-	(3,781)
Payments	(8,902)	(14,340)
Balance as at end of the period	469,394	440,439

9.2 Provision for Gas Infrastructure Development Cess

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

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

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

9.3 Deferred Income - Government scheme

This represents the value of benefit of below-market markup rate on the loans obtained under Islamic Temporary Economic Refinance Scheme (ITERF). ITERF scheme is a 'temporary' relief measure taken by the State Bank of Pakistan (SBP) in context of COVID-19 related economic situation and with the objective to provide stimulus to the economy across the board by supporting new investment and BMR of the existing projects in the country. The difference between the fair value of these loans and proceeds received is recorded as Deferred income - Government scheme.

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 Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Messrs. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before the Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court amounting to Rs.316.797 million (June 2021: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (June 2021: Rs.159.264 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories which the Group is paying in full as per the notification.
- 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 2021: Rs.287.907 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.240.238 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Group is paying full amount of the gas bills as per this notification. In February, 2020, the Honorable Single Bench of Sindh High Court has decided the case in favor of Petitioners. SSGCL has filed appeal before the Double Bench of Sindh High Court against the decision and is pending for adjudication.

10.3 Provision of Sindh Sales Tax on rent payable by the Parent Company to a related party Messrs. Novatex Limited amounted to Rs.7.242 million (June 2021: Rs.6.596 million). The related party had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Honorable Single Bench of Sindh High Court decided the case in favor of the related party. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court. Pending outcome of the facts, the Parent Company as a matter of prudence provided the same.

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. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Parent Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Parent Company has provided bank guarantee amounting to Rs.308.365 million (June 2021: Rs.248.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 11.2). 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. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The case of the Subsidiary Company remains pending as it is omitted by the High Court staff to include in the bunch of cases which have been decided. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.17.500 million (June 2021: Rs.7.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 11.2). 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. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.2.500 million (June 2021: Rs.2.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared (refer note 11.2). 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 favor of Tax Department, against which the Parent Company has filed an appeal before the Supreme Court of Pakistan.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will ultimately decide in favor 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 Honorable Islamabad High 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 decide in favor of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.115.359 million (June 2021: Rs.68.615 million).

- 10.7** Provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (June 2021: Rs.4.131 million) and rate difference of gas tariff Rs.2.572 million (June 2021: Rs.2.354 million) on account of common expenses payable by the Parent Company to a related party 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 favor of Chief Commissioner Inland Revenue.

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



By way of abundant precaution, the amount of Rs.27.762 million has been charged to consolidated statement of profit or loss in previous period. On September 04, 2021, the Special Judge Custom and Taxation Court has decided the case in favor of the Parent Company.

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

Total amount of enhanced GIDC upto July 31, 2020 worked out at Rs.1,169.955 million (June 2021: Rs.1,169.955 million), however the Group has maintained a provision for Rs.814.887 million (June 2021: Rs.814.887 million) pertaining to the period of June 2015 to July 2020 as an abundant precaution.

- 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 restrained EOBI from taking any coercive action against the Parent Company. On December 03, 2021, the Honorable Sindh High Court has dismissed the Petition. However, the Parent Company has filed an appeal at Supreme Court of Pakistan against the judgment. No provision of the amount involved i.e. Rs.30.317 million (June 2021: Rs.27.954 million) has been made in these condensed interim consolidated financial statements.
- 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). The CIR(A) has decided the matter for tax periods July 2013 to June 2014, July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Parent Company. However, the Parent Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these condensed interim consolidated financial statements as the Parent Company is confident that the matter will be decided in favor 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 favor of the Parent Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Parent Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Parent Company wherein refund of Rs.7.7 million had been determined. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.
- 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 favor of the Parent Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Parent Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Parent Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company.
- 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 customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Parent Company. Appeal was decided in favor of the Parent Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company.
- 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 favor of the Parent Company. Considering that the matter decided against the Parent Company has no material impact, therefore, the Parent Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded.
- 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 favor of the Parent Company and partially in favor of Tax Department. The Tax Department has filed an appeal before the ATIR which has not yet been concluded.

- 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.15.351 million (June 2021: Rs.15.351 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 Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Parent Company to claim 10% tax credit on investment in plant & machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the 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 the Sindh High Court wherein the Parent Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Parent Company. The Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Honorable Sindh High Court.
- 11.1.14** The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the notice requiring to pay Super Tax for tax year 2018 Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Parent Company. The Parent Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Parent Company also filed appeals before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 which has been concluded in favor of the Tax Department. The Parent Company has filed appeals before the ATIR against the orders passed by the CIR(A). The Parent Company has also paid 50% of demand for auto stay from recovery.
- 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 been partially decided in favour of the Parent Company. The Parent Company as well as Tax Department have filed appeals before the ATIR, which is pending till date.
- 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 Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Parent Company to claim 10% tax credit on investment in plant & machinery on the basis of pre-amended position of section 65B. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these condensed interim consolidated financial statements.



- 11.1.17** The Tax Officer alleged the Parent Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty. The Parent Company has paid 10% of demand for auto stay from recovery. CIR(A) has decided the case in favour of Parent Company. The Tax Department has filed an appeal before ATIR against the said judgment.
- 11.1.18** Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Parent Company filed petitions against the said notices before the Honorable Sindh High Court, which has been decided in favour of the Parent Company. However, Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan.
- 11.1.19** Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Parent Company has filed an appeal before the CIR(A), case has been heard by the CIR(A) and reserved for order. The management is confident that the case will be decided in favor of the Parent Company.
- 11.1.20** The Tax Officer disallowed input sales tax amounting to Rs.0.042 and Rs.0.109 million, claimed by the Subsidiary Company Messrs. Gatro Power (Private) Limited on building materials used for installation of plant and machinery for tax period February 2017. An appeal was filed against the said order before the CIR(A). The learned CIR(A) has decided the matter in favor of the Subsidiary Company in both cases. The Tax Department has filed an appeal before the ATIR against aforementioned CIR(A) orders. No provision has been made as the management is hopeful for a favorable outcome.
- 11.1.21** Tax Department initiated monitoring of withholding proceedings for tax year 2011 wherein demand of Rs.47.408 million including default surcharge and penalty was raised on account of intercorporate dividend paid to Parent Company. The Subsidiary Company Messrs. Gatro Power (Private) Limited had filed an appeal before CIR(A) against order of the Tax Department which was decided in favor of the Subsidiary Company on ground of the order being time barred whereas on other grounds the appeal was dismissed. Accordingly, both the Subsidiary Company as well as the Tax Department have filed an appeal before the ATIR, which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Subsidiary Company.
- 11.1.22** Tax Department raised demand of Rs.14.101 million and Rs.103.346 million on the basis of order passed for monitoring of tax withholding for tax years 2014 and 2015 respectively. Appeal was filed before the CIR(A), which was decided in favor of the Subsidiary Company Messrs. Gatro Power (Private) Limited. However, Tax Department has filed appeals before ATIR, hearing of which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Subsidiary Company.
- 11.1.23** The Subsidiary Company Messrs. Gatro Power (Private) Limited had filed a petition before the Sindh High Court wherein the Subsidiary Company had challenged the show cause notice disallowing input tax amounting to Rs.14 million claimed by the Subsidiary Company on various invoices during July 2017 to September 2019, which is stated to be inadmissible under section 8(1) of the Sales Tax Act, 1990 read with SRO 490(I)/2004 dated June 12, 2004. The Honorable Sindh High Court has decided the case in favor of Tax Department, however, the Subsidiary Company has filed an appeal before the Supreme Court of Pakistan. The management is confident that the case will ultimately be decided in favor of the Subsidiary Company.
- 11.1.24** Tax Department has raised demand of Rs.1.8 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed an appeal before the CIR(A). CIR(A) has decided the case in favour of Subsidiary Company. As of now, the Tax Department has not yet filed appeal against the said judgment.



	(Rupees in Thousand)	
	March 2022 (Un-audited)	June 2021 (Audited)
11.2 Guarantees		
Bank Guarantees in favor of:		
The Director Excise and Taxation, Karachi	328,365	258,365
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	15,351	15,351
Letters of Credit in favor of:		
Sui Southern Gas Company Limited for Gas	257,592	244,592
	<u>652,878</u>	<u>569,878</u>

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	3,977,828	4,402,432
Raw material	969,336	286,607
Spare parts and others	347,722	89,728
	<u>5,294,886</u>	<u>4,778,767</u>
Local currency:		
Property, plant and equipment	169,519	281,501
Raw material	231,193	136,984
	<u>400,712</u>	<u>418,485</u>
	<u>5,695,598</u>	<u>5,197,252</u>

12 INCOME TAX

Provision for taxation includes current year provision of Rs.311.454 million (March 2021: Rs.182.057 million) and reversal of prior year provision of Rs.0.925 million (March 2021: prior year Rs.2.198 million).

13 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 financial 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.



14 SEGMENT REPORTING

14.1 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.

14.2 Segment results:

The segment information for the reportable segments for the nine months ended March 31, 2022 is as follows:

	March 2022					March 2021				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Sales	<u>14,846,723</u>	<u>2,168,871</u>	<u>17,015,594</u>	<u>1,609,451</u>	<u>18,625,045</u>	<u>9,503,547</u>	<u>2,763,073</u>	<u>12,266,620</u>	<u>1,663,562</u>	<u>13,930,182</u>
Segment result before depreciation	<u>2,295,794</u>	<u>453,356</u>	<u>2,749,150</u>	<u>595,076</u>	<u>3,344,226</u>	<u>848,198</u>	<u>489,816</u>	<u>1,338,014</u>	<u>371,590</u>	<u>1,709,604</u>
Less: Depreciation	<u>(518,498)</u>	<u>(27,131)</u>	<u>(545,629)</u>	<u>(103,950)</u>	<u>(649,579)</u>	<u>(341,372)</u>	<u>(37,499)</u>	<u>(378,871)</u>	<u>(99,766)</u>	<u>(478,637)</u>
Segment result after depreciation	<u>1,777,296</u>	<u>426,225</u>	<u>2,203,521</u>	<u>491,126</u>	<u>2,694,647</u>	<u>506,826</u>	<u>452,317</u>	<u>959,143</u>	<u>271,824</u>	<u>1,230,967</u>
Reconciliation of segment sales and results with sales and profit before income tax:										
Total sales for reportable segments					<u>18,625,045</u>					13,930,182
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					<u>(1,609,451)</u>					(1,663,562)
Sales					<u>17,015,594</u>					<u>12,266,620</u>
Total results for reportable segments		<u>2,203,521</u>	<u>491,126</u>	<u>2,694,647</u>				<u>959,143</u>	<u>271,824</u>	<u>1,230,967</u>
Other operating expenses		<u>(186,020)</u>	<u>(3,576)</u>	<u>(189,596)</u>				<u>(74,884)</u>	<u>(1,613)</u>	<u>(76,497)</u>
Other income		<u>292,174</u>	<u>12,743</u>	<u>304,917</u>				<u>108,501</u>	<u>195,128</u>	<u>303,629</u>
Finance costs		<u>(183,460)</u>	<u>(50,003)</u>	<u>(233,463)</u>				<u>(91,562)</u>	<u>(11,415)</u>	<u>(102,977)</u>
Investment income - Dividend		<u>225,750</u>	<u>-</u>	<u>225,750</u>				<u>-</u>	<u>-</u>	<u>-</u>
Share of profit after income tax in associated company Messrs. Novatex Limited				<u>-</u>						<u>953,955</u>
		<u>2,351,965</u>	<u>450,290</u>	<u>2,802,255</u>				<u>901,198</u>	<u>453,924</u>	<u>2,309,077</u>
Elimination of intra group transaction				<u>(210,771)</u>						<u>12,930</u>
Profit before income tax				<u>2,591,484</u>						<u>2,322,007</u>



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Assets and liabilities by segments are as follows:

(Rupees in Thousand)

	March 2022 (Un-audited)					June 2021 (Audited)				
	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
Segment assets	14,504,524	1,935,619	16,440,143	3,787,316	20,227,459	10,887,564	2,193,956	13,081,520	3,520,180	16,601,700
Segment liabilities	5,936,241	239,391	6,175,632	1,408,666	7,584,298	3,550,786	161,163	3,711,949	1,370,054	5,082,003

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

	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	20,227,459	7,584,298	16,601,700	5,082,003
Unallocated	2,287,258	4,702,107	1,778,879	5,193,243
Elimination of intra group balances	(826,890)	(413,187)	(816,153)	(391,455)
Total as per condensed interim consolidated statement of financial position	21,687,827	11,873,218	17,564,426	9,883,791

Other segment information is as follows:

	March 2022					March 2021				
Depreciation	518,498	27,131	545,629	103,950	649,579	341,372	37,499	378,871	99,766	478,637
Capital expenditures incurred during the period	2,560,935	3,153	2,564,088	953,524	3,517,612	1,580,823	1,589	1,582,412	68,403	1,650,815
Unallocated capital expenditure incurred during the period					271,149					158,356
Total					3,788,761					1,809,171

14.3 All non-current assets of the Group as at March 31, 2022 are located in Pakistan. Parent Company's local sales represents sales to various external customers in Pakistan whereas export sales represents sales to customers in various countries.

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


15 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 ended March 2022	Nine months ended March 2021
Novatex Limited	Related Party	Common directorship	Sales of goods	329,224	1,117,155
			Rendering of services	68,454	31,477
			Acquisition of services	506,176	533,608
			Purchase of raw & other material	115,037	34,555
			Rent	16,134	14,963
			Reimbursement of expenses	174,466	126,026
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	51,374	264,304
			Purchase of raw & other material	-	303
			Reimbursement of expenses	69	-
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	28,183	32,713
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	6,697	6,302
Gatron Foundation	Related Party	Common directorship	Payment of donation	10,945	4,655
Pharmnova (Private) Limited	Related Party	Common key management	Sale of property, plant & equipment	230,000	-
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	21,972	18,352
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	3,109	2,990

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.299.733 million (March 2021: Rs.216.513 million).

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



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

	(Rupees in Thousand)	
	As at March 31, 2022 (Un-audited)	As at June 30, 2021 (Audited)
Novatex Limited		
Trade debts	29,480	97,520
Other receivables	14,855	23,144
Trade and other payables	119,571	55,740
Krystalite Product (Private) Limited		
Trade debts	18,425	115,843
Mushtaq & Company (Private) Limited		
Trade and other payables	7,707	14,040
Gani & Tayub (Private) Limited		
Trade and other payables	775	619
Gatron (Industries) Limited Staff Provident Fund		
Trade and other payables	4,937	4,070
Gatron (Industries) Limited Workers Provident Fund		
Other receivables	1,007	991

16 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on April 21, 2022 by the Board of Directors of the Parent Company.

17 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.

18 GENERAL

18.1 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.

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

SHABBIR DIWAN
Chief Executive

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Notes 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 to the Shares Registrar of the Company. In case of non-receipt of valid CNIC or NICOP, the company will be constrained to withhold the payment of dividend of such shareholders.

The shareholders while sending copies of CNIC or NICOP must quote their respective folio number, CDC IAS and CDC Sub-Account numbers maintained with Stock Brokers.

2. PROVIDING INTERNATIONAL BANK ACCOUNT NUMBER (IBAN)

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

Further, the cash dividend of the members, who have not provided IBAN, will be withheld by the Company under Clause (ii) of Regulation 6 of the Companies (Distribution of Dividends) Regulations, 2017 (the Regulations) and being piled-up with the Company.

3. UNCLAIMED SHARES/DIVIDEND:

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

4. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT:

The shareholders of the Company are hereby informed that as per provisions of Section 72 of the Companies Act, 2017 ('the Act'), the companies are required to replace their physical shares with book-entry-form within a period not exceeding four years from the date of the promulgation of the Act. The Securities and Exchange Commission of Pakistan ('SECP'), vide their letter File no. CSD/ED/Misc./2016-639- 640 dated 26th March, 2021, has advised all listed companies to pursue their such shareholders who still hold their shares in physical form for converting the same into book-entry-form.

In view of the above and as advised by SECP, the shareholders who hold physical shares are requested to arrange to convert the same into book-entry-form. For this purpose, the shareholder shall be required to open an account with either Central Depository Company of Pakistan or any Trading Rights Entitlement Certificate holder (Securities Broker) of Pakistan Stock Exchange.

Notes For Members

The benefits associated with the book-entry-form shares include “readily available for trading, whereas trading of physical scrips is currently not permitted”, “no risk of damaged, lost, forged or duplicate certificates”, “reduced stamp duty on physical to book-entry-form transfers”, “no stamp duty on electronic transfers in CDS”, “instantaneous transfer of ownership”, “instant receipt/credit of dividends and other corporate entitlements (i.e. bonus, rights and new issues, etc.)”, and pledging of securities, etc.



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