



GATRON (INDUSTRIES) LIMITED

halfyearly report

December 31, 2021



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Corporate Information

Board of Directors

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

Special Advisor

Pir Muhammad Diwan

Audit Committee

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

HR & Remuneration Committee

Talat Iqbal - Chairman
Usman Habib Bilwani
Muhammad Iqbal Bilwani

Company Secretary

Muhammad Yasin Bilwani

Chief Financial Officer

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,

The Directors of Gatron (Industries) Limited are pleased to present the half yearly report together with the financial statements duly reviewed by the external auditors of the Company for the half year ended December 31, 2021.

FINANCIAL REVIEW:

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

- Net sales Rs. 11.064 billion,
- Operating profit Rs. 1.519 billion,
- Investment income Rs.0.226 billion.
- Profit before income tax Rs. 1.640 billion,
- Profit after income tax Rs. 1.290 billion,
- Earnings per share on total income after tax: Rs. 33.62

Alhamdulillah during the first half of 2021-2022 under review, your Company has managed to significantly increase its turnover by 49%, securing the top line of Rs.11.064 billion against Rs.7.411 billion in Same Period Last Year (SPLY). The growth attributed is mainly due to increase in the prices of the polyester value chain starting from crude oil up to PTA and MEG (PTA/MEG composite cost increasing by nearly 52% compared to SPLY) and rupee devaluation compared to SPLY of around 3%, which led to selling prices also being pushed up. Additionally, the capacity expansion undertaken by your Company became operation in October 2021, so accordingly production and sales volume also grew. The Polyester Filament Yarn (PFY) finished goods stock on December 2021, however was 1.25 times of the quantity as of December 2020.

The raw material pushed price increase and 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.178 in December 2021 resulted in substantial static and dynamic inventory gains (i.e. gain in unit value from purchase to production to sale time). The prices were also supported by freight costs which continued to remain high in the reporting period which is a one time phenomena and it appears that they may come down in the next 6 months. The ITP base price for duty assessment of imported yarn is still not fully reflecting this freight increase. The main raw material prices i.e., PTA/MEG which was around \$475/\$410 per ton in July 2020 and around \$675/\$620 in April 2021, increased to \$700/\$620 per ton respectively, as of December 2021 following the trend of the oil prices (WTI) from \$40 in July 2020 to \$ 72-74 per barrel in December 2021. Even considering from April 2021 to December 2021, the oil price has increased from \$63 to \$72-74 prompting an increase in PTA/MEG prices during this period. This increasing trend of raw material prices has also added substantially to 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 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 may be taken away.

On the operational front, Phase 1 of the capacity enhancement of PFY started production in October 2021 which took Filament Yarn capacity from 60,000 tons to 75,000 tons annually. The reporting period does not reflect full capacity utilization of operation due to the tremendous increase in quantity of dumped imported yarn. This dumping of imported yarn also resulted in the stocks of PFY as of at the end of this period to almost doubling in quantity terms compared to June 2020, despite post COVID-19 increase in economic activities in the country.

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 is proceeding with the phase 2 of the expansion. This will allow the Company to produce at the annual capacity of 95,000 to 99,000 tons of mixed denier (up from 75,000 tons) as well as add a polymer plant lines of above 200,000 tons/year, to allow direct polymer spinning of the above noted Filament Yarn expansion phase 1 and 2 from PTA and MEG instead of via Polyester Chips. These Polymer plant lines expected to start in January 2023. They will not only replace the existing small and old polymer plant presently operating to feed the Filament Yarn lines but will also allow production of additional polymer/resins for local sale/tolling as well as export, hence increasing the revenue of the Company substantially.

During the first half of 2021-2022 under review, the dividend income received by your Company from its wholly owned subsidiary was Rupees 226 million.

Distribution & selling expenses increased by 34% 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 16% 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.511 million to reach amounting to Rs.4,351 million. Debtors increased by Rs.733 million to reach Rs.3,630 million while creditors enhanced by Rs.570 million to reach Rs.2,417 million.

All above are indicating increase in working capital requirements and accordingly Company short term borrowings are increased as compared to SPLY, which resulting in increased in finance costs.

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.

- The Anti-Dumping Duty imposed in Pakistan has been evaded by the importers and has not been paid on majority of the imports of PFY. In the last 4 years 85% of the Anti-Dumping Duty (government revenue) amounting to over Rs.10 billion has not been collected and therefore the injury to the industry has NOT been mitigated by the notified Anti-Dumping Duty. Also, in the year 2005 to 2010 when the previous Anti-Dumping was imposed, hardly 5% of the applicable dumping duty was collected while 95% not collected. As such Anti-Dumping Duty has proved totally ineffective in mitigating the injury to the PFY industry both in 2005 to 2010 and the 2017 to 2021 while in the intervening period of 2013-2017 Anti-Dumping Duties could not be imposed because of non-functioning of NTC because of quorum issues.
- So effectively the main shield against dumping was given by the Regulatory Duty and ACD since year 2017 which has helped the Company increase in capacity since 2017. Now with removal of RD and ACD that partial shield also has gone away so Anti-Dumping Duty collection is most important.
- We have been now told that the Government will show firm resolve and will take firm and result oriented steps against the 4-year evasion of Anti-Dumping Duty on imported Polyester Filament Yarn. This 4-year evasion has made a mockery of not only the Anti-Dumping measures for the local industry against foreign suppliers but also reflects very bad on the ability of the Government to stop such mockery. What happens is that importers of yarn (though being mostly Karachi based) file a petition in one of the benches of the Punjab/Peshawar High Court e.g. Rawalpindi, get a stay, do not pay the Anti-Dumping Duty on their imported consignments based on that stay, prolong the hearing to 6 months and once petition is dismissed in that bench of High court, they file the similar petition in a different a bench e.g. in Lahore - giving a false affidavit that this is their first petition on this matter and get a stay from that bench of High court, since without that false affidavit they cannot again file a petition in the High court after earlier dismissal. That way by misleading the High Court, they have filed petitions in several benches of High Court and got stays in last 4 years and not paid the Anti-Dumping Duty.
- The expansions of your Company as well expansions by other Filament Yarn producers in Pakistan, on the back of Regulatory Duty on competing imported yarn as well as effective of Anti-Dumping Duties against dumping injury can take the indigenous production of PFY to a level which will meet above 60% of local demand in the coming years compared to only 30% in 2017. These expansions will give import substitution and reduce the current account deficit (now on rise) while will also provide local employment beyond the jobs already provided by the industry. PFY is ranked 15 among the top imports of the country in 2020 so needs to be produced locally, particularly when its raw material PTA is also produced locally.
- As such the restoration of 2.5% RD and 2% ACD besides the effective collection of Anti-Dumping Duty is strongly requested from the Government to expedite further expansions of domestic capacity.



- The ITP of imported Filament Yarn is also much lower (around 15%) than the international prices promoting under-invoicing by importers and diluting the duty protection to the domestic PFY producers.
- 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.
- The inflationary trend in the Country as well as the world is increasing the costs and overheads of operation. And the full impact of these will be felt in the ensuing periods. The Gas (energy) prices and cost is also expected to increase in the ensuing periods as well as financial charges (due to policy rate increase on account of continuing inflation and pressures on the Rupee value).
- 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

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

APPROPRIATION

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

EARNING PER SHARE

The earnings per share of the Company for the period ended on December 31, 2021, is Rs.33.62.

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.

AUDITORS' REVIEW REPORT

The Auditors of the Company, M/s. Kreston Hyder Bhimji & Co., Chartered Accountants have issued an unqualified review report to the members of the Company on financial statements for the half year ended December 31, 2021.

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

FEBRUARY 19, 2022



دیگر امور

- ☆ زیر جائزہ مدت کے دوران مکمل ملکیتی ماتحت ادارہ میسرز گیٹر و پاور (پرائیویٹ) لمیٹڈ کی عملی کارکردگی گیس کی فراہمی میں قلت اور پیرنٹ کمپنی کو متبادل ذرائع سے تیار شدہ ہنگی بجلی کی فراہمی کے نتیجے میں متاثر رہی۔
- ☆ مکمل ملکیتی ماتحت ادارہ میسرز گلوبل سینتھیک لمیٹڈ نے اب تک اپنے آپریشنز شروع نہیں کئے۔
- ☆ میسرز جی پیک انرجی (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس کمپنی کے آپریشنز موجودہ مالی سال کے آخر تک شروع ہونے کی توقع ہے۔

تصرف:

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

آمدن فی حصہ:

31 دسمبر، 2021ء کو اختتام پذیر ہونے والے ششماہی مدت کے لیے منافع فی حصہ 33.62 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 ششماہی رپورٹ میں گروپ ہڈا کے غیر آڈٹ شدہ مختصر جامع مالیاتی گوشوارے (Condensed Interim Consolidated Financial Statements) ہمراہ نوٹس اور ڈائریکٹرز رپورٹ منسلک ہیں۔

آڈیٹرز کی جائزہ رپورٹ:

کمپنی کے آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے ممبران کو 31 دسمبر، 2021ء کو اختتام پذیر ہونے والی ششماہی مدت کے مالیاتی گوشوارے پر غیر کوالیفائیڈ جائزہ رپورٹ جاری کی ہے۔

اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا۔ ساتھ ہی اپنی مینجمنٹ ٹیم کی 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 گیٹر ون کی ترقی میں اپنا کردار بخوبی نبھایا۔

محمد اقبال بلوani
ڈائریکٹر

شعبہ دیوان
انسر اعلیٰ

19 فروری، 2022ء



☆ ریگولیٹری ڈیوٹی اور اے سی ڈی جو کہ ڈمپنگ کے خلاف واحد ڈھال تھیں جس نے 2017ء سے کمپنی کی صلاحیت میں اضافہ کرنے میں مدد کی ہے۔ اب ریگولیٹری ڈیوٹی اور اے سی ڈی کے ہٹانے سے وہ جزوی ڈھال بھی ختم ہوگئی اس لیے اینٹی ڈمپنگ ڈیوٹی کی وصولی سب سے اہم ہے۔

☆ ہمیں اب بتایا گیا ہے کہ حکومت درآمد شدہ پالیسٹر فلیمنٹ یارن پر اینٹی ڈمپنگ ڈیوٹی کی 4 سال کی غیر وصولی کے خلاف پختہ اور نتیجہ پر مبنی اقدامات کرے گی۔ اس 4 سال کی غیر وصولی جو کہ غیر ملکی سپلائرز کے خلاف مقامی صنعت کے لیے نہ صرف اینٹی ڈمپنگ اقدامات کا مذاق اڑانے کے مترادف ہے بلکہ اس طرح کے عمل کو روکنے میں ناکامی کی وجہ سے حکومت کی صلاحیت پر بھی برا اثر ڈال رہی ہے۔ ایسا ہوتا ہے کہ یارن کے درآمد کنندگان (اگرچہ زیادہ تر کراچی میں مقیم ہیں) پنجاب/پشاور ہائی کورٹ کے ایک بیج میں درخواست دائر کرتے ہیں جیسے کہ راولپنڈی سے، Stay-Order حاصل کر کے درآمدی یارن پر اینٹی ڈمپنگ ڈیوٹی ادا نہیں کرتے، ساعت کو 6 ماہ تک بڑھاتے ہیں اور ہائی کورٹ کے اس بیج میں ایک بار درخواست خارج ہونے کے بعد، اسی طرح کی درخواست ایک مختلف بیج میں دائر کرتے ہیں جیسے کہ لاہور میں۔ جھوٹا حلف نامہ دے کر کہ یہ اس معاملے پر ان کی پہلی درخواست ہے ہائی کورٹ کی اس دوسری بیج سے Stay حاصل کرتے ہیں، چونکہ اس جھوٹے حلف نامے کے بغیر وہ پہلی برخاستگی کے بعد دوبارہ ہائی کورٹ میں عرضی داخل نہیں کر سکتے۔ اس طرح ہائی کورٹ کو گمراہ کر کے مختلف بیجوں میں درخواستیں دائر کی ہوئی ہیں اور پچھلے 4 سالوں سے Stay حاصل کر کے اینٹی ڈمپنگ ڈیوٹی کی ادائیگی نہیں کر رہے۔

☆ کمپنی کی توسیع کے ساتھ ساتھ پاکستان میں فلیمنٹ یارن کے دوسرے پروڈیوسروں کی طرف سے توسیع، درآمد شدہ یارن کا مقابلہ کرنے کے لئے ریگولیٹری ڈیوٹی کے ساتھ ساتھ ڈمپنگ Injury کے خلاف اینٹی ڈمپنگ ڈیوٹیوں کا تسلسل، PFY کی مقامی پیداوار کو ایک سطح تک لے 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 پٹی اے بھی مقامی طور پر تیار کیا جاتا ہے۔

☆ لہذا 2.51 فیصد آر ڈی اور 2 فیصد اے سی ڈی کی بحالی کے علاوہ اینٹی ڈمپنگ ڈیوٹی کے موثر وصولی کے لئے حکومت سے پرزور درخواست کی جاتی ہے تاکہ مقامی پیداواری صلاحیت میں مزید توسیعی رفتار کو تیز کیا جاسکے۔

☆ درآمد شدہ فلیمنٹ یارن کا آئی ٹی پی بھی بین الاقوامی قیمتوں سے بہت کم (تقریباً 15 فیصد) ہے جو درآمد کنندگان کی جانب سے Under-Invoicing کو فروغ دیتا ہے اور مقامی پی ایف وائی پروڈیوسرز کی ڈیوٹی کے تحفظ کو کم کر رہا ہے۔

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

☆ ملک کے ساتھ ساتھ دنیا میں مہنگائی کا رجحان آپریشن کے اخراجات اور ادور ہینڈز میں اضافہ کر رہا ہے۔ اور ان کا پورا اٹھانے والے ادوار میں محسوس ہوگا۔ گیس (توانائی) کی قیمتوں اور لاگت میں آنے والے ادوار کے ساتھ ساتھ مالیاتی چارجز میں بھی اضافہ متوقع (مسلل Inflation اور روپے کی قدر پر دباؤ کی وجہ سے پالیسی ریٹ میں اضافہ) ہے۔

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

جیسا کہ ستمبر 2021ء کی رپورٹ میں اطلاع دی گئی کہ حکومت کے فلیکسمنٹ یارن پرائیویٹ ڈیمپنگ 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 مکسڈ ڈیسنٹر (75,000 ٹن سے) پیدا کرنے کے ساتھ ساتھ سالانہ 200,000 ٹن سے زائد کی پولیمر پلانٹ کی لائسنس بھی شامل ہیں، تاکہ پالیسٹر چیس کے بجائے PTA اور MEG سے مذکورہ بالا فلیکسمنٹ 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 فلیکسمنٹ 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 جاسکے گی۔

سال 2021-22 کی پہلی ششماہی کے دوران، آپ کی کمپنی کو اس کی مکمل ملکیتی ذیلی کمپنی سے حاصل کردہ منافع کی آمدنی 226 ملین روپے تھی۔

تقسیم اور فروخت کے اخراجات میں گزشتہ سال کے مقابلے میں 34 فیصد کا خاطر خواہ اضافہ ہوا جس کی بنیادی وجہ فروخت کے حجم اور فریٹ اور ٹرانسپورٹ کے چارجز میں غیر معمولی اضافہ ہے۔ انتظامی 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 16 فیصد اضافہ ہوا، جس کی وجہ پاکستانی روپے کی قدر میں کمی کی وجہ سے Inflationary Factors ہیں۔

30 جون 2021ء کے مقابلے میں اسٹاک کی مالیت تقریباً 511 ملین روپے اضافے سے بڑھ کر 4,351 ملین روپے کی سطح پر پہنچ گئی۔ قابل وصول قرضوں کی مالیت 733 ملین روپے سے بڑھ کر 3,630 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 570 ملین روپے اضافے سے بڑھ کر 2,417 ملین روپے تک پہنچی۔

اوپر دی گئی تمام معلومات ورکنگ کیسٹیشنل کی ضروریات میں اضافے کی نشاندہی کر رہی ہیں اور اس کے مطابق کمپنی کے قلیل مدتی قرضے گزشتہ سال کی اسی مدت کے مقابلے میں بڑھ گئے، جس کے نتیجے میں مالیاتی اخراجات میں اضافہ ہوا۔

درپیش چیلنجز اور مستقبل پر ایک نظر

☆ این ٹی سی کی جانب سے 2017ء میں کی گئی اینٹی ڈیمپنگ ڈیوٹی کے حتمی تعین کے خلاف پی ایف وائی کے درآمد کنندگان اور غیر ملکی برآمد کنندگان نے بھی ایپیلٹ ٹریبونل میں اپیلیں دائر کی تھیں۔ ایپیلٹ ٹریبونل نے چار سال سے زائد عرصہ گزرنے کے بعد ستمبر 2021ء میں کیس کو این ٹی سی کو Remand Back کر دیا تاکہ کچھ پہلوؤں کے لیے ڈیوٹی کا دوبارہ حساب لگایا جاسکے۔ اس کے مطابق، این ٹی سی نے مطلع شدہ اینٹی ڈیمپنگ ڈیوٹی کو 2.78 فیصد سے 6.82 فیصد (اوسط 4.8 فیصد) کی حد میں کم کر دیا ہے۔ ریمائنڈ سے پہلے مطلع شدہ اینٹی ڈیمپنگ ڈیوٹی 3.25 فیصد سے 11.35 فیصد کی حد میں تھی جو اصل ڈیمپنگ / Injury کو پورا کرنے کے لیے پہلے ہی نا کافی تھی اور پالیسٹر فلیکسمنٹ یارن کے چینی برآمد کنندگان پر عائد اینٹی ڈیمپنگ 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 (اینٹی ڈیمپنگ اور اینٹی سبسڈی ڈیوٹیز)
- ویتنام کی جانب سے کم از کم 17.45 فیصد (اور زیادہ سے زیادہ 21.23 فیصد) جبکہ برازیل نے بھی چینی پی ایف وائی پرائیویٹ ڈیمپنگ ڈیوٹی شروع کی ہے۔ اس طرح، 5 بڑے ممالک نے چینی پی ایف وائی پرائیویٹ ڈیمپنگ یا کاؤنٹر ویلنگ ڈیوٹی عائد کر رکھی ہے۔

☆ پی ایف وائی (PFY) کے اکثر درآمد کنندگان اینٹی ڈیمپنگ ڈیوٹی دینے سے گریز کر رہے ہیں اور ابھی تک یہ ڈیوٹی نہیں دے رہے۔ پچھلے 4 سالوں میں تقریباً 85 فیصد پی ایف وائی درآمدات پرائیویٹ ڈیمپنگ ڈیوٹی ادا نہیں کی گئی جس کی مالیت 10 ملین روپے (حکومتی موصولات) سے زیادہ ہے جبکہ اس روپیہ نے انڈسٹری کو ہونے والے نقصان کو اس اینٹی ڈیمپنگ ڈیوٹی نے کم کرنے میں مدد نہیں دی۔ سال 2005ء سے 2010ء میں جب سابقہ اینٹی ڈیمپنگ نافذ کی گئی تھی تو، قابل اطلاق ڈیمپنگ ڈیوٹی صرف 5 فیصد جمع کی گئی جبکہ 95 فیصد جمع نہیں کی گئی۔ اینٹی ڈیمپنگ ڈیوٹی پی ایف وائی انڈسٹری پر سال 2005ء سے 2010ء اور 2017ء سے 2021ء کے دوران پہنچنے والے نقصانات کی تلافی میں سراسر غیر موثر ثابت ہوئی، سال 2013ء سے 2017ء تک این ٹی سی کو کم کے مسائل کی وجہ سے اینٹی ڈیمپنگ ڈیوٹی عائد نہیں کی جاسکی۔

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،

گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2021ء کو اختتام پذیر ہونے والی ششماہی مدت کے لئے رپورٹ ہمراہ مالیاتی گوشوارے جس کا کمپنی کے بیرونی آڈیٹرز نے جائزہ لیا، پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

مالیاتی جائزہ:

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے :

☆	خالص فروخت 11.064 بلین روپے۔
☆	آپریٹنگ منافع 1.519 بلین روپے۔
☆	آمدنی بذریعہ سرمایہ کاری 0.226 بلین روپے۔
☆	منافع قبل از ٹیکس 1.640 بلین روپے۔
☆	منافع بعد از ٹیکس 1.290 بلین روپے۔
☆	آمدنی فی حصہ ٹیکس کے بعد کل آمدنی پر 33.62 روپے۔

الحمد للہ زیر جائزہ 2021-22 کی پہلی ششماہی کے دوران، کمپنی نے اپنی خالص فروخت میں 49 فیصد کا نمایاں اضافہ حاصل کرتے ہوئے 11.064 بلین روپے تک کی سطح تک رسائی کی جو کہ پچھلے سال اسی مدت میں 7.411 بلین تھی۔ اس اضافہ کی بنیادی وجہ خام تیل سے لے کر پی ٹی اے اور ایم ای جی تک پالیسٹر ویلیو چین کی قیمتوں میں اضافہ (پچھلے سال کی اسی مدت کے مقابلے میں پی ٹی اے اور ایم ای جی کی مجموعی لاگت میں تقریباً 52 فیصد اضافہ) اور روپے کی قدر پچھلے سال کی اسی مدت کے مقابلے میں تقریباً 3 فیصد کمی، جس کی وجہ سے فروخت کی قیمتیں بھی بڑھیں۔ مزید برآں، کمپنی کی طرف سے کی گئی صلاحیت میں توسیع، جو اکتوبر 2021ء میں آپریشن میں آنے کی وجہ سے، پیداوار اور فروخت کا حجم بڑھا۔ البتہ دسمبر 2021ء میں تیار شدہ پالیسٹر فلیٹمنٹ یارن کی مقدار، دسمبر 2020ء کے مقابلے میں 1.25 گنا زیادہ رہی۔

خام مال کی قیمتوں میں اضافہ اور پاکستانی روپے کی امریکی ڈالر کے مقابلے میں مابانہ اوسطاً شرح تبادلہ میں مسلسل کمی جو جون 2021ء میں 157 روپے، ستمبر 2021ء میں 169 روپے اور دسمبر 2021ء میں 178 روپے رہی جس کے نتیجے میں خاطر خواہ انویسٹری Gain (یعنی خرید سے لے کر پیداوار تک، فروخت کے وقت تک یونٹ کی قیمت میں اضافہ)۔ ان قیمتوں کو Sea Freight کی لاگت سے بھی مدد ملی جو رپورٹنگ مدت میں مسلسل بلند رہی جو کہ ایک وقتی رجحان ہے اور ایسا لگتا ہے کہ اگلے 6 ماہ میں ان میں کمی آسکتی ہے۔ درآمدی یارن کی ڈیوٹی سسٹمنٹ کے لیے آئی ٹی پی کی بنیادی قیمت اب بھی اس Sea Freight میں اضافے کی پوری طرح عکاسی نہیں کر رہی۔ اہم خام مال کی قیمتیں یعنی PTA/MEG جو کہ جولائی 2020ء میں اوسطاً \$410 / \$475 فی ٹن اور اپریل 2021ء میں اوسطاً \$620 / \$675 فی ٹن تھیں، بڑھ کر دسمبر 2021ء تک بالترتیب \$620 / \$700 فی ٹن ہو گئیں، یہ اضافے تیل WTI کی قیمتوں میں اضافے کے رجحان کی وجہ سے ہوا جو جولائی 2020ء میں \$40 فی بیرل تھیں، بڑھ کر دسمبر 2021ء میں \$72-74 فی بیرل تک ہو گئیں۔ یہاں تک کہ اپریل 2021ء سے دسمبر 2021ء تک، تیل کی قیمت \$63 سے بڑھ کر \$72-74 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۔ جو کہ تیار شدہ پروڈکٹ میں تبدیل ہونے تک کم روپے کی قیمت پر خرید اگیا خام مال روپے کی قدر میں بڑھنے کی وجہ سے اس پروڈکٹ کی قیمت بڑھ گئی۔ اس لیے خام مال کی قیمت میں اضافے کا رجحان رک جانے کے بعد یہ منافع موجودہ سطح پر برقرار نہیں رہ سکتا۔ درحقیقت، ایک بار جب تیل اور خام مال کی قیمتیں نیچے کی طرف پلٹ جاتی ہیں، تو مارجن منفی ہو سکتا ہے اور حاصل ہونے والا یہ غیر معمولی اضافہ عارضی ہے اور واپس ہو سکتا ہے۔

آپریٹنگ فرنٹ پر، پالیسٹر فلیٹمنٹ یارن کی پیداواری صلاحیت میں اضافہ کے پہلے فیز نے اکتوبر 2021ء میں پیداوار شروع کی جس سے فلیٹمنٹ یارن کی پیداواری صلاحیت سالانہ 60,000 ٹن سے 75,000 ٹن تک ہو گئی۔ حالیہ رپورٹنگ مدت ڈمپ شدہ درآمدی یارن کی مقدار میں زبردست اضافے کی وجہ سے آپریشن مکمل صلاحیت کے استعمال کی عکاسی نہیں کرتی۔ درآمدی یارن کی اس ڈمپنگ کے نتیجے میں حالیہ مدت کے اختتام تک پالیسٹر فلیٹمنٹ یارن کا ذخیرہ جون 2020ء کے مقابلے میں مقدار کے لحاظ سے تقریباً دو گنا ہو گیا، باوجود اس کے کہ ملک میں COVID-19 کے بعد معاشی سرگرمیوں میں اضافہ ہوا۔



**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF GATRON (INDUSTRIES) LIMITED
ON REVIEW OF CONDENSED INTERIM UN-CONSOLIDATED FINANCIAL STATEMENTS**

INTRODUCTION:

We have reviewed the accompanying condensed interim un-consolidated statement of financial position of **GATRON (INDUSTRIES) LIMITED** ("the Company") as at December 31, 2021, and the related 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, and notes to the condensed interim un-consolidated financial statements for the half year ended (here-in-after referred to as the "condensed interim un-consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim un-consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim un-consolidated financial statements based on our review. The figures for the quarters ended December 31, 2021 and 2020 in the condensed interim un-consolidated financial statements have not been reviewed, as we were required to review only the cumulative figures for the half year ended December 31, 2021.

SCOPE OF REVIEW:

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim un-consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim un-consolidated financial statements are not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Chartered Accountants
Karachi:
Dated:

Suite No. 1601, 16th Floor, Kashif Centre, Shahrah-e-Faisal Karachi Phone: 92-21-35640050 - 52
Website: www.krestonhb.com E-mail: hyderbhimji@krestonhbco.com info@krestonhbco.com

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Condensed Interim Un-consolidated Statement Of Financial Position

AS AT DECEMBER 31, 2021

		(Rupees in Thousand)	
	Note	December 2021 (Un-audited)	June 2021 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	7,662,912	5,949,200
Intangible assets	6	50,234	35,898
Long term investments		410,997	417,294
Long term loans		88,390	182,083
Long term deposits		2,847	2,847
		8,215,380	6,587,322
Current Assets			
Stores, spare parts and loose tools		1,009,003	884,871
Stock in trade	7	4,351,374	3,840,346
Trade debts	16	3,629,761	2,897,201
Loans and advances		243,503	65,953
Trade deposits and short term prepayments		167,495	153,904
Other receivables	16	374,284	318,832
Sales tax refund due from Federal Government		8,634	8,634
Cash and bank balances		136,681	103,257
		9,920,735	8,272,998
TOTAL ASSETS		18,136,115	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		3,227,484	1,937,862
		7,244,774	5,955,152
LIABILITIES			
Non - Current Liabilities			
Long term financing		4,588,606	2,840,439
Deferred liabilities and income	9	694,331	502,344
		5,282,937	3,342,783
Current Liabilities			
Trade and other payables	10 & 16	2,416,564	1,847,054
Unclaimed dividend		21,442	21,511
Accrued mark up		73,661	38,785
Short term borrowings		2,873,777	3,520,880
Current portion of long term financing		160,737	90,342
Provision for income tax less payments		62,223	43,813
		5,608,404	5,562,385
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		18,136,115	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 HALF YEAR ENDED DECEMBER 31, 2021

		(Rupees in Thousand)			
	Note	Oct-2021 to Dec-2021	Oct-2020 to Dec-2020	Jul-2021 to Dec-2021	Jul-2020 to Dec-2020
Sales		6,111,137	3,662,945	11,064,378	7,410,500
Cost of sales		5,152,447	3,381,407	9,390,387	6,713,967
Gross profit		958,690	281,538	1,673,991	696,533
Distribution and selling costs		92,121	58,641	144,216	107,968
Administrative expenses		85,992	79,894	167,540	144,985
Other operating expenses		67,753	14,285	113,445	40,168
		245,866	152,820	425,201	293,121
		712,824	128,718	1,248,790	403,412
Other income		263,707	60,021	270,346	68,183
Operating profit		976,531	188,739	1,519,136	471,595
Finance costs		40,275	24,845	105,030	45,643
		936,256	163,894	1,414,106	425,952
Investment income - Dividend	12	-	-	225,750	-
Profit before income tax		936,256	163,894	1,639,856	425,952
Income tax - Current & prior	13	129,009	51,952	189,919	107,804
- Deferred		160,315	1,877	160,315	(3,560)
		289,324	53,829	350,234	104,244
Profit after income tax		646,932	110,065	1,289,622	321,708
Earnings per share -					
Basic and diluted (Rupees)		16.86	2.87	33.62	8.39

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 HALF YEAR ENDED DECEMBER 31, 2021

	(Rupees in Thousand)			
	Oct-2021 to Dec-2021	Oct-2020 to Dec-2020	Jul-2021 to Dec-2021	Jul-2020 to Dec-2020
Profit after income tax	646,932	110,065	1,289,622	321,708
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>646,932</u>	<u>110,065</u>	<u>1,289,622</u>	<u>321,708</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 HALF YEAR ENDED DECEMBER 31, 2021

	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 half year ended December 31, 2020	-	-	-	321,708	321,708
Derecognition of long term investment in associated company Messrs. Novatex Limited under approved Scheme of arrangement	-	-	-	(447,000)	(447,000)
Balances as at December 31, 2020	383,645	383,645	3,250,000	1,190,147	5,207,437
Total comprehensive income for the half year ended June 30, 2021	-	-	-	747,715	747,715
Balances as at June 30, 2021	383,645	383,645	3,250,000	1,937,862	5,955,152
Total comprehensive income for the half year ended December 31, 2021	-	-	-	1,289,622	1,289,622
Balances as at December 31, 2021	383,645	383,645	3,250,000	3,227,484	7,244,774

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 HALF YEAR ENDED DECEMBER 31, 2021

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

Impairment/(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

(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

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

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

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

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

CASH AND CASH EQUIVALENTS COMPRISE OF:

Cash and bank balances

Short term borrowings

(Rupees in Thousand)

Jul-2021

to

Dec-2021

Jul-2020

to

Dec-2020

1,639,856

425,952

334,507

247,508

25,080

21,006

(256,109)

(16,665)

309

36

9,550

7,880

4,567

(1,262)

16,082

(8,084)

(7,619)

(6,886)

(1,352)

(14,253)

(225,750)

-

105,030

45,643

4,295

274,923

1,644,151

700,875

(140,214)

1,563

(511,028)

(476,816)

(737,127)

(332,152)

(64,943)

(9,368)

(13,591)

(120,529)

(55,452)

(128,162)

(1,522,355)

(1,065,464)

529,450

282,794

651,246

(81,795)

(14,548)

(56,477)

-

150

(3,765)

(8,185)

(70,154)

(80,234)

(176,093)

(140,304)

(1,499)

(2,903)

385,187

(369,748)

(2,018,637)

(819,560)

260,013

20,514

(14,336)

(10,400)

-

(100)

225,750

-

(1,547,210)

(809,546)

1,851,297

474,380

(8,678)

-

(69)

(45)

1,842,550

474,335

680,527

(704,959)

(3,417,623)

(1,607,784)

(2,737,096)

(2,312,743)

136,681

94,434

(2,873,777)

(2,407,177)

(2,737,096)

(2,312,743)

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 HALF YEAR ENDED DECEMBER 31, 2021

1 THE COMPANY AND ITS OPERATIONS

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

1.2 Following are the wholly owned subsidiaries of the Company:

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

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 The figures included in the condensed interim un-consolidated statement of profit or loss for the quarters ended December 31, 2021 and 2020 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2021 and 2020.

**2.5 Changes in accounting standards, interpretations and amendments to published approved accounting standards****2.5.1 Amendments to published approved accounting standards which are effective during the half year ended December 31, 2021:**

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2021; however, these do not have any significant impact on these condensed interim un-consolidated financial statements, hence not described.

2.5.2 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.

2.6 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) December 2021 (Un-audited)	June 2021 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,479,080	3,701,715
Capital work in progress	5.2	2,183,832	2,247,485
		<u>7,662,912</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)	
	Half year ended December 2021	Half year ended December 2020
Freehold land	-	1,070
Leasehold land	-	32,226
Building on leasehold land	386,870	6,095
Plant and machinery	1,701,536	129,392
Factory equipment	4,015	7,626
Motor vehicles	23,664	8,050
	<u>2,116,085</u>	<u>184,459</u>

Disposals at NBV during the period

Freehold land	447	-
Office premises	563	942
Plant and machinery	760	35
Office equipment	-	29
Motor vehicles	2,443	2,879
	<u>4,213</u>	<u>3,885</u>

5.2 Capital work in progress

Balance as at start of the period	2,247,485	312,487
Additions	2,001,577	749,747
Transfer to operating fixed assets	(2,065,230)	(113,977)
Balance as at end of the period	<u>2,183,832</u>	<u>948,257</u>

6 INTANGIBLE ASSETS

Capital work in progress - SAP ERP System

	December 2021 (Un-audited)	June 2021 (Audited)
Balance as at start of the period	35,898	17,614
Additions	14,336	18,284
Balance as at end of the period	<u>50,234</u>	<u>35,898</u>

7 STOCK IN TRADE

These include items costing Rs.89.023 million (June 2021: Rs.104.845 million) valued at net realisable value of Rs.54.746 million (June 2021: Rs.69.329 million).


8 SHARE CAPITAL

(Number of Shares)		Note	(Rupees in Thousand)	
December 2021 (Un-audited)	June 2021 (Audited)		December 2021 (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		160,315	-
Defined benefit plan	9.1	459,699	438,384
Provision for Gas Infrastructure Development Cess (GIDC)	9.2	32,323	41,761

Deferred income

Deferred Income - Government scheme	9.3	41,994	22,199
		<u>694,331</u>	<u>502,344</u>

9.1 Defined benefit plan

Balance as at start of the period	438,384	407,426
Expense	25,080	48,997
Remeasurement gain	-	(3,699)
Payments	(3,765)	(14,340)
Balance as at end of the period	<u>459,699</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.6.919 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.103.282 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.2.518 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. No provision of the amount involved i.e. Rs.29.500 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). Appeal pertaining to tax periods July 2013 to June 2014 has been heard and is reserved for order. The CIR(A) has decided the matter for tax periods July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in 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 un-consolidated 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 filed an appeal before CIR(A) against order of the Tax Department on the ground that zero rate was applicable to customer as the customer was active and operative at the time of execution of sales transaction. The Company has also paid 10% of demand for auto stay from recovery. Appeal is pending for hearing.
- 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), hearing of which is pending. The management is confident that the case will be decided in favor of the Company.

11.2	Guarantees	(Rupees in Thousand)	
		December 2021 (Un-audited)	June 2021 (Audited)
	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
		407,878	347,878

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	3,193,156	3,584,297
Raw material	578,369	286,607
Spare parts and others	82,098	55,431
	3,853,623	3,926,335

Local currency:

Property, plant and equipment	320,523	281,501
Raw material	157,845	136,984
	478,368	418,485
	4,331,991	4,344,820



(Rupees in Thousand)
Half year ended December 2021 Half year ended December 2020

12 INVESTMENT INCOME - DIVIDEND

From wholly owned subsidiary company -
Messrs. Gatro Power (Private) Limited

225,750

-

13 INCOME TAX

Provision for taxation includes current year provision of Rs.190.844 million (December 2020: Rs.110.002 million) and reversal of prior year provision of Rs.0.925 million (December 2020: 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 half year ended December 31, 2021 is as follows:

	December 2021			December 2020		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	9,584,586	1,479,792	11,064,378	5,850,542	1,559,958	7,410,500
Segment result before depreciation	1,421,173	275,569	1,696,742	500,657	190,431	691,088
Less: Depreciation	(316,515)	(17,992)	(334,507)	(222,606)	(24,902)	(247,508)
Segment result after depreciation	1,104,658	257,577	1,362,235	278,051	165,529	443,580
Reconciliation of segment results with Profit before income tax:						
Total results for reportable segments			1,362,235			443,580
Other operating expenses			(113,445)			(40,168)
Other income			270,346			68,183
Finance costs			(105,030)			(45,643)
Investment income - Dividend			225,750			-
Profit before income tax			1,639,856			425,952

Assets and liabilities by segments are as follows:

	December 2021			June 2021		
	(Un-audited)			(Audited)		
Segment assets	14,133,110	1,887,905	16,021,015	10,887,564	2,193,877	13,081,441
Segment liabilities	5,401,788	212,109	5,613,897	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	16,021,015	5,613,897	13,081,441	3,711,925
Unallocated	2,115,100	5,277,444	1,778,879	5,193,243
Total as per condensed interim un-consolidated statement of financial position	18,136,115	10,891,341	14,860,320	8,905,168

Other segment information is as follows:

	December 2021			December 2020		
Depreciation	316,515	17,992	334,507	222,606	24,902	247,508
Capital expenditures incurred during the period	1,887,489	1,589	1,889,078	767,198	556	767,754
Unallocated capital expenditure incurred during the period			129,559			51,806
Total			2,018,637			819,560

15.3 96.12% (December 2020: 97.63%) out of total sales of the Company relates to customers in Pakistan.

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

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


16 TRANSACTIONS WITH RELATED PARTIES

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

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Half year ended December 2021	Half year ended December 2020
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	1,211,923	1,021,756
			Dividend income	225,750	-
			Plant operation arrangement	21,000	18,000
			Reimbursement of expenses	951	665
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	14,400	53,550
			Reimbursement of expenses	178	4
Novatex Limited	Related Party	Common directorship	Sales of goods	329,224	705,287
			Rendering of services	29,052	31,477
			Acquisition of services	334,253	399,697
			Purchase of raw & other material	111,467	115
			Rent	10,756	9,976
			Reimbursement of expenses	119,660	86,638
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	34,596	53,901
			Purchase of raw & other material	-	252
			Reimbursement of expenses	37	-
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	10,357	28,070
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	4,537	4,025
Gatron Foundation	Related Party	Common directorship	Payment of donation	3,410	1,805
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	14,448	12,018
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	2,034	1,973



There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.189.432 million (December 2020: Rs.145.895 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 December 31, 2021 (Un-audited)	As at June 30, 2021 (Audited)
Gatro Power (Private) Limited		
Other receivables	3,565	3,066
Trade and other payables	271,633	201,556
Global Synthetics Limited		
Other receivables	1	-
G-Pac Energy (Private) Limited		
Other receivables	31	25
Novatex Limited		
Trade debts	7,369	97,520
Other receivables	26,662	23,144
Trade and other payables	105,313	55,740
Krystalite Product (Private) Limited		
Trade debts	16,869	115,843
Other receivables	8	-
Mushtaq & Company (Private) Limited		
Trade and other payables	3,149	14,040
Gani & Tayub (Private) Limited		
Trade and other payables	779	619
Gatron (Industries) Limited Staff Provident Fund		
Trade and other payables	5,120	4,070
Gatron (Industries) Limited Workers Provident Fund		
Other receivables	930	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	6,886
Long term investment made	Long term loans	3,911

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 February 19, 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 Half Year ended
December 31, 2021**



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 half year ended December 31, 2021.

THE GROUP

The Group comprises of Gatron (Industries) Limited and its subsidiaries i.e. Gatro Power (Private) Limited, Global Synthetics Limited and G-Pac Energy (Private) Limited. The Director's report, detailing performance of the Holding Company i.e. Gatron (Industries) Limited for the half year ended December 31, 2021, has been annexed separately in this report.

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

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 half year ended December 31, 2021

Profit before income tax	1,823,262
Income Tax	350,234
Profit after income tax	1,473,028
Un- appropriated Profit brought forward	3,378,345
Un- appropriated Profit carried forward	4,851,373
Earnings per share - Basic and diluted (Rupees)	38.40

State of Affairs as on December 31, 2021

Property, plant and equipment	9,540,385
Other non-current assets	53,081
Current assets	11,362,049
Total assets	20,955,515

Deduct:

Non-current liabilities	5,556,080
Current liabilities	6,245,772
Total liabilities	11,801,852
Net assets financed by shareholders' equity	9,153,663

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

FEBRUARY 19, 2022

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 ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتے ہیں جنہوں نے ہم پر اعتماد کیا۔ ساتھ ہی اپنی مینجمنٹ ٹیم کی 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 گیارہویں کی ترقی میں اپنا کردار بخوبی نبھایا۔

محمد اقبال یلوانی
ڈائریکٹر

شمیر دیوان
انسر اعلیٰ

19 فروری، 2022ء

گروپ کے جامع مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

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

گروپ:

یہ گروپ میسرز گیٹرون (انڈسٹریز) لمیٹڈ اور اس کے مکمل ماتحت اداروں میسرز گیٹروپاور (پرائیویٹ) لمیٹڈ، میسرز گلوبل سینٹھینک لمیٹڈ اور جی پیک اینرجی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔ ہولڈنگ کمپنی یعنی گیٹرون (انڈسٹریز) لمیٹڈ کی 31 دسمبر، 2021ء کو ختم شدہ ششماہی کارکردگی کو اس رپورٹ میں الگ سے منسلک کیا گیا ہے۔

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

میسرز گلوبل سینٹھینکس لمیٹڈ نے ابھی تک اپنے آپریشنز شروع نہیں کئے۔

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

جامع مالیات:

(روپے 000)	آپریٹنگ نتائج برائے ششماہی مدت ختمہ 31 دسمبر، 2021ء
1,823,262	منافع قبل از ٹیکس
350,234	ٹیکس
1,473,028	منافع بعد از ٹیکس
3,378,345	غیر منصرف منافع گزشتہ (Un-appropriated profit brought forward)
4,851,373	غیر منصرف منافع حالیہ (Un-appropriated profit carried forward)
38.40	آمدنی فی شیئر بنیادی اور تقسیم شدہ (Earning per share - Basic and Diluted (Rupees))
31 دسمبر، 2021ء تک معاملات کی صورتحال	
9,540,385	املاک، پلائنٹ اور ایکویپمنٹ
53,081	دیگر پائیدار اثاثہ جات
11,362,049	بدل پذیر اثاثہ جات
20,955,515	کل اثاثہ جات
سکھوتی:	
5,556,080	پائیدار واجبات
6,245,772	بدل پذیر واجبات
11,801,852	کل واجبات
9,153,663	خالص اثاثہ جات ادا شدہ مخائب ایکویٹی بائیں حصص یافتگان

اہم تبدیلیاں اور معاہدے:

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



Condensed Interim Consolidated Statement Of Financial Position

AS AT DECEMBER 31, 2021

		(Rupees in Thousand)	
	Note	December 2021 (Un-audited)	June 2021 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	9,540,385	7,498,060
Intangible assets	6	50,234	35,898
Long term loans		-	40
Long term deposits		2,847	2,847
		9,593,466	7,536,845
Current Assets			
Stores, spare parts and loose tools		1,391,213	1,215,414
Stock in trade	7	4,351,374	3,840,346
Trade debts	15	3,629,761	2,897,201
Loans and advances		194,080	82,857
Trade deposits and short term prepayments		180,746	154,193
Other receivables	15	409,037	335,766
Sales tax refund due from Federal Government		8,634	8,634
Cash and bank balances		1,197,204	1,493,170
		11,362,049	10,027,581
TOTAL ASSETS		20,955,515	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		4,851,373	3,378,345
		9,153,663	7,680,635
LIABILITIES			
Non - Current Liabilities			
Long term financing		4,588,606	2,840,439
Deferred liabilities and income	9	967,474	854,432
		5,556,080	3,694,871
Current Liabilities			
Trade and other payables	10 & 15	3,057,286	2,478,354
Unclaimed dividend		21,442	21,511
Accrued mark up		73,661	38,785
Short term borrowings		2,873,777	3,520,880
Current portion of long term financing		160,737	90,342
Provision for income tax less payments		58,869	39,048
		6,245,772	6,188,920
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		20,955,515	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

MUSTAFA BILWANI
Chief Financial Officer



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

FOR THE HALF YEAR ENDED DECEMBER 31, 2021

		(Rupees in Thousand)			
	Note	Oct-2021 to Dec-2021	Oct-2020 to Dec-2020	Jul-2021 to Dec-2021	Jul-2020 to Dec-2020
Sales		6,111,137	3,662,945	11,064,378	7,410,500
Cost of sales		4,917,730	3,335,841	8,963,710	6,574,000
Gross profit		1,193,407	327,104	2,100,668	836,500
Distribution and selling costs		92,121	58,641	144,216	107,968
Administrative expenses		87,850	81,878	171,358	148,886
Other operating expenses		63,808	8,820	105,518	32,288
		243,779	149,339	421,092	289,142
		949,628	177,765	1,679,576	547,358
Other income		271,719	223,820	274,135	230,069
Operating profit		1,221,347	401,585	1,953,711	777,427
Finance costs		53,119	24,945	130,449	45,744
		1,168,228	376,640	1,823,262	731,683
Share of profit after income tax in associated company		-	547,801	-	953,955
Profit before income tax		1,168,228	924,441	1,823,262	1,685,638
Income tax - Current & prior	12	129,009	51,952	189,919	107,804
- Deferred		160,315	84,337	160,315	140,306
		289,324	136,289	350,234	248,110
Profit after income tax		878,904	788,152	1,473,028	1,437,528
Earnings per share -					
Basic and diluted (Rupees)		22.91	20.54	38.40	37.47

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 HALF YEAR ENDED DECEMBER 31, 2021

	(Rupees in Thousand)			
	Oct-2021 to Dec-2021	Oct-2020 to Dec-2020	Jul-2021 to Dec-2021	Jul-2020 to Dec-2020
Profit after income tax	878,904	788,152	1,473,028	1,437,528
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	-	1,932	-	524
	-	1,932	-	5,147
Total comprehensive income	878,904	790,084	1,473,028	1,442,675

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 HALF YEAR ENDED DECEMBER 31, 2021

	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 half year ended December 31, 2020	-	-	-	1,442,675	1,442,675
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 December 31, 2020	383,645	383,645	3,535,000	1,810,981	6,113,271
Total comprehensive income for the half year ended June 30, 2021	-	-	-	1,567,364	1,567,364
Balances as at June 30, 2021	383,645	383,645	3,535,000	3,378,345	7,680,635
Total comprehensive income for the half year ended December 31, 2021	-	-	-	1,473,028	1,473,028
Balances as at December 31, 2021	383,645	383,645	3,535,000	4,851,373	9,153,663

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 HALF YEAR ENDED DECEMBER 31, 2021

	(Rupees in Thousand)	
	Jul-2021 to Dec-2021	Jul-2020 to Dec-2020
Cash Flows from/(towards) Operating Activities		
Profit before income tax	1,823,262	1,685,638
Adjustments for:		
Depreciation	404,746	316,619
Provision for defined benefit plan	25,239	21,178
Gain on disposal of property, plant and equipment	(256,109)	(16,665)
Loss on disposal of property, plant and equipment	309	36
Impairment/(reversal of) allowance for ECL-net	4,567	(1,262)
Impairment/(reversal of) allowance for slow moving stores, spare parts and loose tools-net	18,374	(6,153)
Remeasurement gain on discounting of provision for GIDC	(12,680)	(184,000)
Share of profit after income tax in associated company	-	(953,955)
Finance costs	130,449	45,744
	<u>314,895</u>	<u>(778,458)</u>
	2,138,157	907,180
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(194,173)	(20,008)
Stock in trade	(511,028)	(476,816)
Trade debts	(737,127)	(332,152)
Loans and advances	(111,035)	(16,709)
Trade deposits and short term prepayments	(26,553)	(129,631)
Other receivables	(73,271)	(150,084)
	<u>(1,653,187)</u>	<u>(1,125,400)</u>
Increase in Trade and other payables	471,610	289,037
Cash flows from operations before following	<u>956,580</u>	<u>70,817</u>
(Payments for)/receipts of:		
Long term loans	(148)	(2,927)
Long term deposits	-	150
Defined benefit plan	(3,765)	(8,185)
Finance costs	(95,573)	(80,335)
Income tax	(176,181)	(141,802)
Net cash flows from/(towards) operating activities	<u>680,913</u>	<u>(162,282)</u>
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(2,418,003)	(915,081)
Proceeds from disposal of property, plant and equipment	260,013	20,514
Additions in intangible assets	(14,336)	(10,400)
Net cash flows towards investing activities	<u>(2,172,326)</u>	<u>(904,967)</u>
Cash Flows from/(towards) Financing Activities		
Long term financing - proceeds received	1,851,297	474,380
Long term financing - repayments	(8,678)	-
Dividend paid	(69)	(45)
Net cash flows from financing activities	<u>1,842,550</u>	<u>474,335</u>
Net increase/(decrease) in cash and cash equivalents	351,137	(592,914)
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	(1,676,573)	(1,129,495)
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	1,197,204	1,277,682
Short term borrowings	(2,873,777)	(2,407,177)
	<u>(1,676,573)</u>	<u>(1,129,495)</u>

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 HALF YEAR ENDED DECEMBER 31, 2021

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 half year ended December 31, 2021:

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 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) December 2021 (Un-audited)	June 2021 (Audited)
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	6,552,822	4,845,696
Capital work in progress	5.2	2,987,563	2,652,364
		<u>9,540,385</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			
		Half year ended December 2021	Half year ended December 2020
Freehold land		-	1,070
Leasehold land		-	32,226
Building on leasehold land		386,870	6,095
Plant and machinery		1,701,536	129,900
Factory equipment		4,015	7,626
Motor vehicles		23,664	8,050
		<u>2,116,085</u>	<u>184,967</u>
Disposals at NBV during the period			
Freehold land		447	-
Office premises		563	942
Plant and machinery		760	35
Office equipment		-	29
Motor vehicles		2,443	2,879
		<u>4,213</u>	<u>3,885</u>
5.2	Capital work in progress		
Balance as at start of the period		2,652,364	959,051
Additions		2,400,429	816,727
Transfer to operating fixed assets		(2,065,230)	(113,977)
Balance as at end of the period		<u>2,987,563</u>	<u>1,661,801</u>
		December 2021 (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		14,336	18,284
Balance as at end of the period		<u>50,234</u>	<u>35,898</u>
7	STOCK IN TRADE		
These include items costing Rs.89.023 million (June 2021: Rs.104.845 million) valued at net realisable value of Rs.54.746 million (June 2021: Rs.69.329 million).			


8 SHARE CAPITAL

(Number of Shares)		Note	(Rupees in Thousand)	
December 2021 (Un-audited)	June 2021 (Audited)		December 2021 (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		160,315	-
Defined benefit plan	9.1	461,913	440,439
Provision for Gas Infrastructure Development Cess (GIDC)	9.2	303,252	391,794

Deferred income

Deferred Income - Government scheme	9.3	<u>41,994</u>	<u>22,199</u>
		<u>967,474</u>	<u>854,432</u>

9.1 Defined benefit plan

Balance as at start of the period	440,439	409,186
Expense	25,239	49,374
Remeasurement gain	-	(3,781)
Payments	<u>(3,765)</u>	<u>(14,340)</u>
Balance as at end of the period	<u>461,913</u>	<u>440,439</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 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.6.919 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.103.282 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.2.518 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. No provision of the amount involved i.e. Rs.29.500 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). Appeal pertaining to tax periods July 2013 to June 2014 has been heard and is reserved for order. The CIR(A) has decided the matter for tax periods July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in 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 filed an appeal before CIR(A) against order of the Tax Department on the ground that zero rate was applicable to customer as the customer was active and operative at the time of execution of sales transaction. The Parent Company has also paid 10% of demand for auto stay from recovery. Appeal is pending for hearing.
- 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), hearing of which is pending. 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), hearing of which is pending. The management is confident that the case will be decided in favor of the Subsidiary Company.



	(Rupees in Thousand)	
	December 2021 (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
	652,878	569,878

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	3,741,824	4,402,432
Raw material	578,369	286,607
Spare parts and others	178,263	89,728
	4,498,456	4,778,767
Local currency:		
Property, plant and equipment	320,523	281,501
Raw material	157,845	136,984
	478,368	418,485
	4,976,824	5,197,252

12 INCOME TAX

Provision for taxation includes current year provision of Rs.190.844 million (December 2020: Rs.110.002 million) and reversal of prior year provision of Rs.0.925 million (December 2020: 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 half year ended December 31, 2021 is as follows:

	December 2021					December 2020				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Sales	<u>9,584,586</u>	<u>1,479,792</u>	<u>11,064,378</u>	<u>1,211,923</u>	<u>12,276,301</u>	<u>5,850,542</u>	<u>1,559,958</u>	<u>7,410,500</u>	<u>1,021,756</u>	<u>8,432,256</u>
Segment result before depreciation	<u>1,421,173</u>	<u>275,565</u>	<u>1,696,738</u>	<u>493,102</u>	<u>2,189,840</u>	<u>500,657</u>	<u>190,429</u>	<u>691,086</u>	<u>205,179</u>	<u>896,265</u>
Less: Depreciation	<u>(316,515)</u>	<u>(17,992)</u>	<u>(334,507)</u>	<u>(70,239)</u>	<u>(404,746)</u>	<u>(222,606)</u>	<u>(24,902)</u>	<u>(247,508)</u>	<u>(69,111)</u>	<u>(316,619)</u>
Segment result after depreciation	<u>1,104,658</u>	<u>257,573</u>	<u>1,362,231</u>	<u>422,863</u>	<u>1,785,094</u>	<u>278,051</u>	<u>165,527</u>	<u>443,578</u>	<u>136,068</u>	<u>579,646</u>
Reconciliation of segment sales and results with sales and profit before income tax:										
Total sales for reportable segments					<u>12,276,301</u>					8,432,256
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					<u>(1,211,923)</u>					(1,021,756)
Sales					<u>11,064,378</u>					<u>7,410,500</u>
Total results for reportable segments		<u>1,362,231</u>	<u>422,863</u>	<u>1,785,094</u>			<u>443,578</u>	<u>136,068</u>	<u>579,646</u>	
Other operating expenses		<u>(113,445)</u>	<u>(2,292)</u>	<u>(115,737)</u>			<u>(40,168)</u>	<u>(1,931)</u>	<u>(42,099)</u>	
Other income		<u>270,346</u>	<u>12,077</u>	<u>282,423</u>			<u>68,183</u>	<u>170,703</u>	<u>238,886</u>	
Finance costs		<u>(105,030)</u>	<u>(33,038)</u>	<u>(138,068)</u>			<u>(45,643)</u>	<u>(6,987)</u>	<u>(52,630)</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>1,639,852</u>	<u>399,610</u>	<u>2,039,462</u>			<u>425,950</u>	<u>297,853</u>		<u>1,677,758</u>
Elimination of intra group transaction				<u>(216,200)</u>						<u>7,880</u>
Profit before income tax				<u>1,823,262</u>						<u>1,685,638</u>



GATRON (INDUSTRIES) LIMITED

Assets and liabilities by segments are as follows:

(Rupees in Thousand)

	December 2021 (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	14,133,110	1,887,957	16,021,067	3,717,142	19,738,209	10,887,564	2,193,956	13,081,520	3,520,180	16,601,700
Segment liabilities	5,401,788	212,110	5,613,898	1,389,903	7,003,801	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	19,738,209	7,003,801	16,601,700	5,082,003
Unallocated	2,115,100	5,277,444	1,778,879	5,193,243
Elimination of intra group balances	(897,794)	(479,393)	(816,153)	(391,455)
Total as per condensed interim consolidated statement of financial position	20,955,515	11,801,852	17,564,426	9,883,791

Other segment information is as follows:

	December 2021					December 2020				
Depreciation	316,515	17,992	334,507	70,239	404,746	222,606	24,902	247,508	69,111	316,619
Capital expenditures incurred during the period	1,887,489	1,589	1,889,078	399,366	2,288,444	767,198	556	767,754	95,521	863,275
Unallocated capital expenditure incurred during the period					129,559					51,806
Total					2,418,003					915,081

14.3 All non-current assets of the Group as at December 31, 2021 are located in Pakistan. Parent Company's local sales represents sales to various external customers in Pakistan whereas export sales represents sales to customers in various countries.

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)	
				Half year ended December 2021	Half year ended December 2020
Novatex Limited	Related Party	Common directorship	Sales of goods	329,224	705,287
			Rendering of services	29,052	31,477
			Acquisition of services	334,253	399,697
			Purchase of raw & other material	111,467	115
			Rent	10,756	9,976
			Reimbursement of expenses	119,660	86,638
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	34,596	53,901
			Purchase of raw & other material	-	252
			Reimbursement of expenses	37	-
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	10,357	28,070
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	4,537	4,025
Gatron Foundation	Related Party	Common directorship	Payment of donation	3,410	1,805
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	14,647	12,244
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	2,034	1,973

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.189.432 million (December 2020: Rs.145.895 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 December 31, 2021 (Un-audited)	As at June 30, 2021 (Audited)
Novatex Limited		
Trade debts	7,369	97,520
Other receivables	26,662	23,144
Trade and other payables	105,313	55,740
Krystalite Product (Private) Limited		
Trade debts	16,869	115,843
Other receivables	8	-
Mushtaq & Company (Private) Limited		
Trade and other payables	3,149	14,040
Gani & Tayub (Private) Limited		
Trade and other payables	779	619
Gatron (Industries) Limited Staff Provident Fund		
Trade and other payables	5,120	4,070
Gatron (Industries) Limited Workers Provident Fund		
Other receivables	930	991

16 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on February 19, 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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