GATRON (INDUSTRIES) LIMITED

QUARTERLY REPORT

MARCH 31, 2020

CORPORATION INFORMATION

Board of Directors

Haroon Bilwani - Chairman

Pir Muhammad Diwan - Chief Executive

Abdul Razak Diwan

Zakaria Bilwani

Usman Habib Bilwani

Muhammad Iqbal Bilwani

Shabbir Diwan

Muhammad Taufiq Bilwani

Muhammad Waseem

Audit Committee Members

Muhammad Waseem - Chairman

Haroon Bilwani

Usman Habib Bilwani

Muhammad Iqbal Bilwani

HR & Remuneration Committee Members

Muhammad Waseem - Chairman

Usman Habib Bilwani

Muhammad Iqbal Bilwani

Company Secretary

Muhammad Yasin Bilwani

Chief Financial Officer

Mustufa Bilwani

Auditors

M/s. Kreston Hyder Bhimji & Company

Chartered Accountants

Karachi.

Plant

Plot No.441/49-M2, Sector "M",

H.I.T.E., Main R.C.D. Highway,

HUB, District Lasbela,

Balochistan, Pakistan.

Legal Advisor

Naeem Ahmed Khan

Advocates

Quetta.

Registered Office

Room No.32, First Floor,

Ahmed Complex,

Jinnah Road, Quetta - Pakistan.

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

Liaison/Correspondence Office

11th Floor, G&T Tower,

18 Beaumont Road,

Civil Lines-10,

Karachi-75530 - Pakistan.

Phone: 021-35659500-9

Fax: 021-35659516

Email

headoffice@gatron.com

Website

www.gatron.com

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

GATRON

Gatron (Industries) Limited

Registered Office: Room No. 32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta, Balochistan, Pakistan. Telephone: (92-81) 2849396, Fax: 081-2825304
Liaison Office : 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi-75530, Pakistan.
Tel: 35659500-6, Fax: 021-35659516, E-mail: headoffice@gatron.com

Directors' Review

Dear Shareholders,

The Directors of Gatron (Industries) Limited are pleased to present the nine months report together with the financial statements, for the nine months ended March 31, 2020.

Financial Review:

The financial synopsis for the nine months July 2019 to March 2020 under review is as below:

- Net sales Rs. 10,478 million,
- Operating profit Rs. 358 million,
- Investment income Rs. 465 million,
- Profit before income tax Rs. 672 million,
- Profit after income tax Rs. 455 million,
- Earnings per share including investment income Rs. 11.87

The net profit after tax of the nine months is mainly due to the results of July to December 2019. When compared to the corresponding period of July 2018 to March 2019 the operating profit has reduced by 60% and profit after tax has reduced by 70%. The January to March result was low due to the dumping and situation arising from crashing oil prices and the COVID-19 as detailed further herein. The overall sales revenue of the Company decreased by 14% as compared to last corresponding period mainly due to decrease in sale volume of both products of the Company but reduction in sale of Polyester Filament Yarn was more vis 16%. This reduction was primarily due to the dumping of foreign product and also due the imposition of 17% sales tax on textile sector in June 2019 plus the condition of CNIC on traders/unregistered buyers and the strong initial reaction to these measures.

On March 11, 2020 the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, and its spread has gained momentum. The measures taken by provincial governments to reduce the spread have resulted in an overall economic slowdown and disruptions to various businesses. Accordingly, the sales of filament yarn of the company (which normally form 75% of the total sales) has dropped sharply from mid-March 2020 and consequently the production of filament yarn has also been stopped. In view of the prevailing business situation and the downstream demands, it seems unlikely that your company will resume the production of Filament yarn before end of May.

On the other side, the production of PET Preforms is at a low operating level due to the decline in demand for beverages and mineral water in view of current lockdown situation all over the country.

This force majeure situation will drastically affect the results of the company particularly in view of low revenue generation coupled with cash outflow for fixed costs including salaries & wages. Though the company is fully geared up, to service its obligations, the management of the company is still looking for ways to reduce fixed and indirect variable costs as well as conserve cash to maintain the sustainability of its operations.

Additionally, the sharp fall in oil prices resulted in a sharp decline in raw material prices. This will obviously reduce the sales values once the sales start, but has also resulted in inventory losses. Almost these inventory losses have been recognized in the reporting period so will not be a burden in the ensuing period. The high inventory levels have also resulted in additional financial cost during the reporting period, more so due to the high markup rates. The State Bank of Pakistan has taken certain steps to give some relief to the industry by reducing the Discount Rate by around 4%. This step is appreciated, however the rate was at such high levels to begin with, so even after the reduction the current level of markup is still high considering the consequences and the burden created by the COVID-19 situation.

Distribution & selling expenses reduced slightly as compared to last corresponding period due to low sales volume. On the other hand, Administrative expenses increased due to inflationary factors.

On the Balance Sheet front as compared to June 30 2019, stocks increased by Rs. 658 million to Rs. 3,498 million. Debtors increased by Rs. 1,081 million to Rs.2,610 million due to slow recovery while creditors increased by Rs. 332 million to reach Rs. 2,365 million.

During the period, your company invested Rs. 409 million in a newly incorporated wholly owned power company i.e. G-Pac energy (Pvt) Limited. The above investment is in hybrid form of long term loan as well as equity investment. It is expected that this subsidiary will start its operations in the next financial year.

In view of the above financing and increase in working capital requirements due to the expansion of capacity, the company's short term borrowings increased by Rs. 2,283 million as compared to June 30, 2019, which resulted in increased finance cost of Rs. 143 million during the period as compared to the corresponding period.

There was some good news in the quarter as the company commissioned another project and introduced its latest innovation with the launch of its Ecoron™ yarn. The 100% Recycled Polyester Filament Yarn is produced from post consumer PET Bottles and meets all global certifications. Ecoron™ will give the company and its customers a competitive edge to meet the growing demand of sustainable products around the world. Of course, this venture could not run for a longer time due to the COVID-19 situation.

After the debottlenecking of its capacity, whereby production increased from 41,751MT to 49,390MT in the year 2018-19, as informed earlier company had also embarked on capacity expansion of Polyester Filament Yarn. Accordingly, it started the operations of its Phase-1 Filament Yarn expansion at the end of January 2020. The latest technological equipments in Spinning and Texturizing areas were commissioned to increase the capacity of PFY and capture market share from dumped imports coming from China and South East Asia. However due its shutdown and then with the expected low operating rates post COVID-19 for at least 6 months, though the company will run this new plant, it may not fully add to the targeted overall production increase of the company in this and the next financial year.

The Company has also committed the purchase of machinery for phase-2 of the Filament Yarn expansion which will be shipped in the end of the year.

CHALLENGES FACED AND FUTURE OUTLOOK

- Your company had launched the above mentioned expansions based on the regulatory duty (RD) of 5% imposed on the imports of Filament Yarn. This RD was imposed in response to the very low level of Anti Dumping duties of 3 to 5% (on major exporters to Pakistan) versus the high level of injury (over 20% documented by NTC) to the domestic industry as well as the delay in imposition of such duties. Thereafter the RD was first reduced from 5% to 2.5% and then from 2.5% to zero on being misguided by the traders/importers lobby, despite the commitment by the Government to maintain this RD.

  It is hoped that as committed by Government functionaries (while your company was launching these expansions of capacity) the RD will be re-imposed. More so, because after the COVID-19 situation, (and the fallout as explained below) there is a stronger need to keep the commitment of maintaining the RD to protect and support the heavy investment made in the expansion projects and to support import substitution (to save foreign exchange on imports and support local employment). The target of the domestic industry is to expand the indigenous PFY industry to a level which caters to above 70% of local demand by the year 2025 compared to only 35% in the year 2016.

- The company is continuing to provide employment despite major part of its production being closed due to COVID-19 situation and it may take long time to come to full operational levels, the Government needs to support the Industry by way of tariff and Regulatory Duty.

- While inventory losses have been fully accounted for in the current reporting period, there will no burden of the same in the ensuing period. In fact, lower unit values would mean a lower inventory in amount terms, and lower carrying costs. Moreover, with such low unit price/values the Polyester Filament Yarn will become more attractive versus cotton yarn and other yarns, promoting its use and demand. The aim of your company would be that the customer prefers to buy from domestic producers rather than import the same.

- Moreover, fortunately your company did not have any significant Debt before the current COVID-19 crisis. So is fully capable as well as geared up to service its obligations. Furthermore, the polymer plant has in the meantime been converted to produce packaging film grade resin and is in operation alongwith part of the Preform operations.

- The mark up rates have gone down which will help control the Finance Costs while in the coming period the efforts to reduce the inventory levels will help free up the cash along with low unit values of items also further reducing the inventory in rupee amount and the resultant inventory carrying cost.

- .As reported in previous reports, the anti-dumping duties (ADDs) continue to be ineffective due to litigation on composition of National Tariff Commission (NTC) (resulting in repeated stay orders in different High Courts). Earlier the imposition of ADDs was delayed for 4 years due to quorum issues at the NTC. These ADDs are already set at a very low level of 3.25% to 4.9% on the major 3 Chinese suppliers, while the injury to the Pakistan Filament Yarn Industry was exceeding 20% by the Chinese dumped imports as calculated by the NTC in anti-dumping investigation. Part of this injury was mitigated by the regulatory duty which also has been removed. It is also worthwhile to note that the dumping duty on China imposed by Turkey and India on these same producers was in excess of 10%.

- As already reported in previous directors' reports that there also appears an element of subsidy schemes helping the Chinese and Malaysian exporters to export at much low prices. The NTC did not initiate the countervailing anti-subsidy proceedings due to some legal limitation, on the previous application by the Filament Yarn Industry. Many countries like Canada and USA have calculated anti-subsidy duties on China on various polyester products which demonstrate that Chinese producers have available subsidy on their exports. Of course, USA, Canada and Europe have also imposed anti-subsidy duties on numerous other Chinese products besides polyester.

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

OTHER MATTERS

- During the period, operations of wholly owned subsidiary Messrs. Gatro Power (Private) Limited remained below par due to increase in gas prices. In coming periods supply rate to the Parent Company may be increased to cover escalation in power generation cost. During the period this subsidiary company paid cash dividend amounting to Rs. 67.725 million. Being the only customer, the stoppage of production at Parent Company in view of COVID-19 situation, the sales revenue and profit of the subsidiary company may be declined sharply in coming periods till the situation does not come to normal.

- During the period, wholly owned subsidiary Messrs. G-Pac Energy (Private) Limited has issued 24,998,998 right shares of Rs. 10 each at par to Parent Company i.e. Gatron (Industries) Limited.

- During the period, an associated company i.e. Messrs. Novatex Limited has paid Rs. 397 million cash dividend.

- The Board of Directors of Gatron (Industries) Limited (the "Company") in its meeting held on September 30, 2019 has approved the draft Scheme of Arrangement with the members under Sections 279 to 283 and 285 of the Companies Act, 2017 (the "Scheme") as placed before the board subject to any modification / amendments required or conditions as may be imposed by the Honorable High Court of Balochistan at Quetta.

  The members of the Company has approved the Scheme in Extra Ordinary General Meeting held on 12th February, 2020.

  After above approval of members, the petition for approval of Scheme already submitted at High Court of Balochistan at Quetta. The Court has issued notices to all relevant institutes to file their response on Scheme, if any.

APPROPRIATION

During the quarter, the Board of Directors does not recommend any interim dividend.

EARNING PER SHARE

The earnings per share of the Company for the nine months ended on March 31, 2020 is Rs. 11.87

MATERIAL CHANGES AND COMMITMENTS

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENS

The unaudited condensed interim consolidated financial statements of the Group along with notes thereto, have also been included in this report.

Gatron (Industries) Limited

ACKNOWLEDGMENT

We, on behalf of the Board of Directors would like to take this opportunity to thank our valued customers for the trust they continued to place on us, the management team for its sincere efforts, the Board of Directors for their guidance, and all Stakeholders, Bankers, Dealers, Vendors, Associates and Shareholders for helping build Gatron (Industries) Limited into a valuable company.

Muhammad Iqbal Bilwani
Director

Shabbir Diwan
Director

April 25, 2020

GATRON (INDUSTRIES) LIMITED
CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Note	March 2020 (Un-audited)	June 2019 (Audited)
		(Rupees in Thousand)	
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	**3,605,875**	2,359,404
Long term investments		**895,287**	602,830
Long term loans		**117,068**	99
Long term deposits		**3,229**	2,723
		4,621,459	2,965,056
Current Assets			
Stores, spare parts and loose tools		**754,538**	692,348
Stock in trade	6	**3,498,316**	2,840,779
Trade debts	14	**2,609,708**	1,528,561
Loans and advances		**65,537**	74,742
Trade deposits and short term prepayments	14	**68,412**	65,153
Other receivables	14	**472,468**	254,439
Income tax refundable - payments less provision		**32,507**	-
Advance income tax		**-**	116,273
Sales tax refund due from Federal Government		**77,941**	142,375
Cash and bank balances		**51,806**	70,317
		7,631,233	5,784,987
TOTAL ASSETS		**12,252,692**	8,750,043
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	**383,645**	383,645
Capital reserve - share premium		**383,645**	383,645
General reserve		**3,250,000**	3,250,000
Unappropriated profit		**687,523**	1,286,708
		4,704,813	5,303,998
LIABILITIES			
Non - Current Liabilities			
Long term financing		**1,151,702**	126,540
Deferred liabilities - defined benefit plan		**414,066**	373,162
		1,565,768	499,702
Current Liabilities			
Trade and other payables	8 & 14	**2,364,710**	2,032,547
Unclaimed dividend		**414,254**	16,393
Accrued mark up		**55,534**	8,584
Short term borrowings		**3,147,613**	864,718
Provision for income tax less payments		**-**	24,101
		5,982,111	2,946,343
CONTINGENCIES AND COMMITMENTS	9		
TOTAL EQUITY AND LIABILITIES		12,252,692	8,750,043

The notes 1 to 16 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

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

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2020

		(Rupees in Thousand)			
	Note	Jan-2020 to Mar-2020	Jan-2019 to Mar-2019	Jul-2019 to Mar-2020	Jul-2018 to Mar-2019
Sales		**3,840,432**	4,234,175	**10,477,749**	12,233,456
Cost of sales		**3,585,731**	3,809,542	**9,725,202**	10,939,379
Gross profit		**254,701**	424,633	**752,547**	1,294,077
Distribution and selling costs		**37,778**	38,274	**117,469**	121,869
Administrative expenses		**74,526**	64,745	**223,469**	192,223
Other operating expenses		**41,789**	28,743	**71,269**	125,325
		154,093	131,762	**412,207**	439,417
		100,608	292,871	**340,340**	854,660
Other income		**(11,180)**	3,439	**17,419**	7,641
Operating profit		**89,428**	296,310	**357,759**	862,301
Finance costs		**73,873**	5,772	**150,819**	7,733
		15,555	290,538	**206,940**	854,568
Investment income - Dividend	10	**-**	-	**464,625**	905,100
Profit before income tax		**15,555**	290,538	**671,565**	1,759,668
Income tax - Current & prior	11	**57,429**	45,608	**216,195**	217,951
- Deferred		**-**	244	**-**	8,655
		57,429	45,852	**216,195**	226,606
Profit/(loss) after income tax		**(41,874)**	244,686	**455,370**	1,533,062
Earnings/(loss) per share - Basic and diluted (Rupe		**(1.09)**	6.38	**11.87**	39.96

The notes 1 to 16 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

MUHAMMAD IQBAL BILWANI
Director

SHABBIR DIWAN
Director

MUSTUFA BILWANI
Chief Financial Officer

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2020

	(Rupees in Thousand)			
	Jan-2020 to Mar-2020	**Jan-2019 to Mar-2019**	**Jul-2019 to Mar-2020**	**Jul-2018 to Mar-2019**
Profit/(loss) after income tax	**(41,874)**	244,686	**455,370**	1,533,062
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Gain on remeasurement of defined benefit plan having nil tax impact	**-**	-	**468**	-
Total comprehensive income/(loss)	**(41,874)**	244,686	**455,838**	1,533,062

The notes 1 to 16 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

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

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2018	383,645	383,645	2,075,000	1,431,079	4,273,369
Total comprehensive income for the nine months ended March 31, 2019	-	-	-	1,533,062	1,533,062
Transfer to general reserve	-	-	1,175,000	(1,175,000)	-
Transactions with owners					
Final cash dividend for the year ended June 30, 2018 at Rs. 8.25 per share i.e. @82.50%	-	-	-	(316,507)	(316,507)
1st Interim cash dividend for the year ended June 30, 2019 at Rs.9.50 per share i.e. @95%	-	-	-	(364,463)	(364,463)
	-	-	-	(680,970)	(680,970)
Balances as at March 31, 2019	383,645	383,645	3,250,000	1,108,171	5,125,461
Total comprehensive income for the three months ended June 30, 2019	-	-	-	255,266	255,266
Transactions with owners					
2nd Interim cash dividend for the year ended June 30, 2019 at Rs.2.00 per share i.e. @20%	-	-	-	(76,729)	(76,729)
Balances as at June 30, 2019	383,645	383,645	3,250,000	1,286,708	5,303,998
Total comprehensive income for the nine months ended March 31, 2020	-	-	-	455,838	455,838
Transactions with owners					
Final cash dividend for the year ended June 30, 2019 at Rs.15.00 per share i.e. @150%	-	-	-	(575,467)	(575,467)
1st Interim cash dividend for the year ending on June 30, 2020 at Rs.12.50 per share i.e. @125%	-	-	-	(479,556)	(479,556)
	-	-	-	(1,055,023)	(1,055,023)
Balances as at March 31, 2020	**383,645**	**383,645**	**3,250,000**	**687,523**	**4,704,813**

The notes 1 to 16 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

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

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)

FOR THE NINE MONTHS ENDED MARCH 31, 2020

	(Rupees in Thousand)	
	Jul-2019 to Mar-2020	Jul-2018 to Mar-2019
Cash Flows (towards)/from Operating Activities		
Profit before income tax	671,565	1,759,668
Adjustments for:		
Depreciation	275,004	221,902
Provision for defined benefit plan	47,514	27,839
Gain on disposal of property, plant and equipment	(11,126)	(5,329)
Loss on disposal of property, plant and equipment	899	44
Impairment in long term investments	25	84
Provision/(reversal) of allowance for ECL - net	13,709	(1,440)
Provision for slow moving stores, spare parts and loose tools - net	4,082	3,414
Investment income - Dividend	(464,625)	(905,100)
Finance costs	150,819	7,733
	16,301	(650,853)
	687,866	1,108,815
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(66,272)	(108,993)
Stock in trade	(657,537)	(814,158)
Trade debts	(1,094,856)	(358,750)
Loans and advances	10,593	36,363
Trade deposits and short term prepayments	(3,259)	(65,376)
Other receivables	(218,029)	(221,542)
Sales tax refund due from Federal Government	64,434	-
	(1,964,926)	(1,532,456)
Increase in Trade and other payables	346,679	614,804
Cash flows from operations before following	(930,381)	191,163
(Payments for)/receipts of:		
Long term loans	(118,357)	724
Long term deposits	(506)	(646)
Defined benefit plan	(6,142)	(9,070)
Finance costs	(103,869)	(3,502)
Income tax	(174,090)	(167,129)
Group taxation impact	(28)	(24)
Net cash flows (towards)/from operating activities	(1,333,373)	11,516
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(1,532,355)	(658,118)
Proceeds from disposal of property, plant and equipment	24,179	12,880
Long term investment made	(292,482)	(5,039)
Dividend received	464,625	905,100
Net cash flows (towards)/from investing activities	(1,336,033)	254,823
Cash Flows from/(towards) Financing Activities		
Long term financing - proceed	1,025,162	-
Dividend paid	(657,162)	(422,231)
Net cash flows from/(towards) financing activities	368,000	(422,231)
Net decrease in cash and cash equivalents	(2,301,406)	(155,892)
Cash and cash equivalents at the beginning of the period	(794,401)	(532,618)
Cash and cash equivalents at the end of the period	(3,095,807)	(688,510)
CASH AND CASH EQUIVALENTS COMPRISE OF :		
Cash and bank balances	51,806	61,122
Short term borrowings	(3,147,613)	(749,632)
	(3,095,807)	(688,510)

The notes 1 to 16 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

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

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 own subsidiaries of the Company:

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

1.3 The Board of Directors of the Company in its meeting held on September 30, 2019 has approved the draft Scheme of Arrangement under Sections 279 to 283 and 285 of the Companies Act, 2017 in respect of shares owned by the Company in associated company Messrs. Novatex Limited. The members of the Company has approved the Scheme in the Extra Ordinary General Meeting held on February 12, 2020. In term of the scheme, all 56.7 million Ordinary Shares of Messrs. Novatex Limited held by the Company shall be cancelled and in lieu of such cancellation new shares in Messrs. Novatex Limited will be issued to the shareholders of the Company, held by the respective shareholder as of the book closure date.

2 BASIS OF PREPARATION

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

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

2.3 These condensed interim un-consolidated financial statements are unaudited and do not include all the information and disclosures of the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2019.

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

2.4.1 Amendments to published approved accounting standards which are effective during the nine months ended March 31, 2020:

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, 2019; however, these do not have any significant impact on these condensed interim un-consolidated financial statements, hence not detailed.

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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2020. However, these amendments will not have any significant impact on the financial reporting of the Company, therefore, have not been disclosed in these condensed interim un-consolidated financial statements.

2.5 Functional and reporting currency

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim un-consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2019.

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, 2019.

	Note	(Rupees in Thousand) March 2020 (Un-audited)	June 2019 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,000,017	2,163,271
Capital work in progress	5.2	605,858	196,133
		3,605,875	2,359,404

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 transferred from Capital work in progress

	Nine months period ended March 2020	Nine months period ended March 2019
Building on leasehold land	15,953	11,548
Plant and machinery	1,018,492	404,180
Furniture and fixture	-	3,100
Factory equipment	13,938	19,564
Office equipment	-	2,452
Motor vehicles	77,319	50,067
	1,125,702	490,911
Disposals at NBV during the period		
Plant and machinery	1,209	1,478
Office equipment	53	-
Motor vehicles	12,690	6,117
	13,952	7,595

5.2 Capital work in progress

Balance as at 01st July	196,133	156,577
Additions	1,412,745	522,189
Transfer to operating fixed assets	(1,003,020)	(354,972)
Balance as at 31st March	605,858	323,794

6 STOCK IN TRADE

These include finished goods costing Rs.2,067.165 million (June 2019: Rs.132.461 million) valued at net realisable value of Rs.1,768.114 million (June 2019: Rs.88.900 million).

7 SHARE CAPITAL

(Number of Shares)				
March 2020 (Un-audited)	June 2019 (Audited)		March 2020 (Un-audited)	June 2019 (Audited)
7.1 Authorised capital				
95,000,000	95,000,000	Ordinary shares of Rs. 10 each	**950,000**	950,000
7.2 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

8 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

8.1 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 has been restrained. In May 2016, The Single Bench of Sindh High Court decided the case in favour of the Petitioners. However, in June 2016, Defendants filed appeal before Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and Messrs. Sui Southern Gas Company Limited (SSGCL) billed @ Rs.600 per MMBTU. However, the Company alongwith others filed a suit in the Sindh High Court on January 19, 2017 against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise the 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 2019: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 2019: Rs.40.194 million). On October 04, 2018, OGRA has issued notification to increase the gas tariff with effect from September 27, 2018 for different categories and the Company is paying full amount of the gas bills as per notification.

8.2 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. The Company alongwith several other companies filed suit in the Sindh High Court on December 21, 2015 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, the Company alongwith others filed a suit in the Sindh High Court on January 19, 2017 against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise the 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 8.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (June 2019: 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 notification to increase the gas tariff with effect from September 27, 2018 for different categories and the Company is paying full amount of the gas bills as per notification. In the month of February, 2020, the Single Bench of Honorable High Court of Sindh decided the case in favor of Petitioners. Till date, the defendant has not filed appeal against the decision.

8.3 Provision of Sindh Sales Tax on rent payable to an associated company Messrs. Novatex Limited amounted to Rs.5.841 million (June 2019: Rs.5.369 million). The associated company had file a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Single Bench of Sindh High Court decided the case in favour of the associated Company. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court.

8.4 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. The Company has also challenged the new Act in the Sindh High Court on October 23, 2017 against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. Till reporting date, the Company has provided bank guarantee amounting to Rs.198.365 million (June 2019: Rs.178.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 9.2). Based on the legal advise, the management believes that the case will be decided in favour of the Company. However, full provision after December 27, 2006 has been made in these condensed interim un-consolidated financial statements as an abundant precaution.

8.5 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. The Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Company to claim input tax adjustment.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company. However, as an abundant precaution, the Company has made provision of Rs.65.752 million till June 30, 2018, as after that it was allowed for input tax adjustment.

8.6 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. The Company had challenged the restriction so placed before the Islamabad High Court on December 21, 2015 against Federation of Pakistan. The Court has granted interim relief order and allowed the Company to claim input tax adjustment on building material.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company. However, as an abundant precaution, the Company has made provision of Rs.31.789 million (June 2019: Rs.20.792 million).

8.7 Provision of Gas Infrastructure Development Cess Rs.7.211 million (June 2019: Rs.6.591 million) and rate difference of gas tariff Rs.1.976 million (June 2019: Rs.1.718 million) on account of common expenses payable to an associated company Messrs. Novatex Limited.

9 CONTINGENCIES AND COMMITMENTS

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

9.1 Contingencies

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

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

By way of abundant precaution, the amount of Rs.27.762 million has been charged to un-consolidated statement of profit or loss in previous period. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

9.1.2 The Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015 in May 2015, which seeks to impose GIDC levy since 2011. The Company alongwith several other companies filed suit in the Sindh High Court on July 16, 2015 against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Single Bench of Honorable Sindh High Court had decided the case in favour of Petitioners. However, Defendants have filed appeal on November 10, 2016 before the Double Bench of Sindh High Court against only one of the leading petitioner but not against the Company.

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Company is confident that the case will be decided in favour of the Petitioners. Total amount of enhanced GIDC upto March 31, 2020 worked out at Rs.158.967 million (June 2019: Rs.145.554 million), however the Company accounted for Rs.119.629 million (June 2019: Rs.106.216 million) pertaining to the period of July 2014 to March 2020 for Captive Power and June 2015 to March 2020 for Industrial as an abundant precaution.

9.1.3 The Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the Company. No provision of the amount involved i.e. Rs.24.109 million (June 2019: Rs.21.726 million) has been made in these condensed interim un-consolidated financial statements as the Company is confident for the favorable outcome of the Petition.

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

9.1.5 Income tax department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favour of the Company whereas major issues were decided in favour of the tax department. Based on the judgment of the CIR(A), the revised demand comes out to Rs. 28.2 million. Against the order of the CIR(A), the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and the learned ATIR, vide its judgment dated January 1, 2019 has decided the case in favour of the Company. Based on the said judgment of the ATIR, partial demand of Rs.3.777 million earlier paid by the Company under protest is now refundable. As of now, the tax department has not yet filed appeal against the said judgment of ATIR.

9.1.6 Income Tax department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the Tax Year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favour of the Company. Appeal has been filed by the Company as well as the tax department before Appellate Tribunal Inland Revenue, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company.

9.1.7 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 Commissioner Inland Revenue (Appeals) against order of the tax department on the ground that reduced rate was applicable to buyers as those buyers were active and operative at the time of execution of sales transaction. Moreover, the tax department has adjusted the impugned demand with sales tax refunds available with the Company. Appeal was filed before Commissioner Inland Revenue (Appeals), which was decided in favour of the Company. Tax Department has filed an appeal in Appellate Tribunal Inland Revenue. The Company has filed sales tax refund application in respect of the impugned demand adjusted by the tax department.

9.1.8 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 against 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 against which the Company has moved rectification application against which rectified order was issued. Moreover, the Company has also filed an appeal before Commissioner Inland Revenue (Appeals) to secure its interest in case rectification application is rejected by the concerned tax officer. Commissioner Inland Revenue (Appeals) has decided the matter mainly in favour of the Company. Tax Department has not filed an appeal in Appellate Tribunal Inland Revenue till date.

9.1.9 The Company has filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Company has provided 100% bank guarantee amounting to Rs.15.209 million (refer note 9.2).

9.1.10 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 to the Company was disallowed. The Company has challenged the provision of Finance Act, 2019 before the honorable Sindh High Court and has been granted interim relief whereby the Sindh High Court has allowed the Company to claim 10% tax credit on investment in Plant & Machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Company, hence has not considered the same as liability.

	(Rupees in Thousand)	
	March 2020 (Un-audited)	**June 2019 (Audited)**
9.2 Guarantees		
Bank Guarantees in favour of:		
The Director Excise and Taxation, Karachi	**198,365**	178,365
The Electric Inspector, President Licencing Board, Quetta	**10**	10
Pakistan State Oil Company Limited	**40,000**	40,000
K-Electric Limited	**11,560**	11,560
Nazir of the High Court of Sindh, Karachi	**15,209**	-
Letters of Credit in favour of:		
Sui Southern Gas Company Limited for Gas	**32,592**	30,992
	297,736	260,927

	(Rupees in Thousand)	
	March 2020 (Un-audited)	**June 2019 (Audited)**

9.3 Commitments

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

	March 2020	June 2019
Foreign currency:		
Property, plant and equipment	**1,420,524**	1,046,130
Raw material	**319,530**	346,064
Spare parts and others	**118,156**	91,457
	1,858,210	1,483,651
Local currency:		
Property, plant and equipment	**79,207**	-
Raw material	**164,223**	-
Spare parts and others	**-**	40,161
	243,430	40,161
	2,101,640	1,523,812

	Nine months period ended March 2020	**Nine months period ended March 2019**
10 INVESTMENT INCOME - DIVIDEND		
From wholly owned subsidiary company - Messrs. Gatro Power (Private) Limited	**67,725**	451,500
From associated company - Messrs. Novatex Limited	**396,900**	453,600
	464,625	905,100

11 INCOME TAX

Provision for taxation includes current year provision of Rs.216.169 million (March 2019: Rs.256.627 million), prior year of Rs.0.026 million (March 2019: Rs.3.833 million) and has been net off with tax credit amounting to Rs.Nil (March 2019: Rs.42.509 million) available under section 65B of Income Tax Ordinance, 2001.

12 MEASUREMENT OF FAIR VALUE

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

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

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

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

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

13 SEGMENT REPORTING

13.1 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.

13.2 Segment results:

The segment information for the reportable segments for the nine months ended March 31, 2020 is as follows:

(Rupees in Thousand)

	March 2020			March 2019		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	8,074,022	2,403,727	10,477,749	9,573,816	2,659,640	12,233,456
Segment result before depreciation	490,571	196,042	686,613	915,675	286,212	1,201,887
Less: Depreciation	(225,973)	(49,031)	(275,004)	(167,498)	(54,404)	(221,902)
Segment result after depreciation	264,598	147,011	411,609	748,177	231,808	979,985
Reconciliation of segment results with Profit before income tax:						
Total results for reportable segments			411,609			979,985
Other operating expenses			(71,269)			(125,325)
Other income			17,419			7,641
Finance costs			(150,819)			(7,733)
Investment income - Dividend			464,625			905,100
Profit before income tax			671,565			1,759,668

Assets and liabilities by segments are as follows:

	March 2020 (Un-audited)			June 2019 (Audited)		
Segment assets	7,392,121	2,556,049	9,948,170	4,280,373	2,702,702	6,983,075
Segment liabilities	1,823,663	384,743	2,208,406	723,986	510,631	1,234,617

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	9,948,170	2,208,406	6,983,075	1,234,617
Unallocated	2,304,522	5,339,473	1,766,968	2,211,428
Total as per condensed interim un-consolidated statement of financial position	12,252,692	7,547,879	8,750,043	3,446,045

Other segment information is as follows:

	March 2020			March 2019		
Depreciation	225,973	49,031	275,004	167,498	54,404	221,902
Capital expenditures incurred during the period	1,460,850	9,066	1,469,916	583,386	66,135	649,521
Unallocated capital expenditure incurred during the period			62,439			8,597
Total			1,532,355			658,118

13.3 99.34% (March 2019 : 99.34%) out of total sales of the Company relates to customers in Pakistan.

13.4 All non-current assets of the Company as at March 31, 2020 are located in Pakistan.

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

14 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	Nine months period ended March 2020	Nine months period ended March 2019
				(Rupees in Thousand)	
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	**1,436,241**	1,366,071
			Dividend income	**67,725**	451,500
			Plant operation arrangement	**27,000**	27,000
			Reimbursement of expenses	**415**	959
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Investment made	**249,990**	10
			Subscriptions money against issuance of shares	**-**	5,029
			Long term loan	**159,690**	-
Novatex Limited	Associated Company	Common directorship	Sales of goods	**393,593**	-
			Obtaining of services	**522,941**	467,818
			Purchase of raw material	**38**	-
			Dividend income	**396,900**	453,600
			Rent	**15,712**	13,863
			Reimbursement of expenses	**128,749**	116,290
Krystalite Product (Private) Limited	Related Party	Common management	Sale of goods	**262,792**	408,614
			Purchase of raw material	**455**	-
			Reimbursement of expenses	**-**	292
Mushtaq & Company (Private) Limited	Related Party	Common management	Sale of goods	**19,795**	71,291
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend	**24,306**	13,368
			Charges on account of handling	**5,386**	6,460
Gatron Foundation	Related Party	Common directorship	Payment of donation	**5,370**	2,710
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Contribution made	**18,292**	16,167
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Contribution made	**2,907**	2,905

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.219.851 million (March 2019: Rs.183.798 million).

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

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

	(Rupees in Thousand)	
	As at March 31, 2020 (Un-audited)	As at June 30, 2019 (Audited)
Gatro Power (Private) Limited		
Other receivables	**3,253**	3,071
Trade and other payables	**201,121**	37,951
Novatex Limited		
Trade debts	**94,313**	-
Trade deposits and short term prepayments	**5,237**	-
Other receivables	**29,850**	11,961
Trade and other payables	**127,001**	13,678
Krystalite Product (Private) Limited		
Trade debts	**149,035**	87,212
Other receivables	**-**	87
Mushtaq & Company (Private) Limited		
Trade debts	**17,860**	24,633
Gani & Tayub (Private) Limited		
Trade and other payables	**700**	909
Gatron (Industries) Limited Staff Provident Fund		
Trade and other payables	**4,014**	3,676
Gatron (Industries) Limited Workers Provident Fund		
Trade and other payables	**699**	571

15 DATE OF AUTHORISATION

These condensed interim un-consolidated financial statements were authorised for issue on April 25, 2020 by the Board of Directors of the Company.

16 GENERAL

16.1 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.

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

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

GATRON (INDUSTRIES) LIMITED

and Subsidiary Companies

Condensed Interim Consolidated
Financial Statements
For the Quarter ended March 31, 2020

GATRON

Gatron (Industries) Limited

Registered Office: Room No. 32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta, Balochistan, Pakistan. Telephone: (92-81) 2849396, Fax: 081-2825304
Liaison Office : 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi-75530, Pakistan.
Tel: 35659500-6, Fax: 021-35659516, E-mail: headoffice@gatron.com

DIRECTORS' REPORT TO THE MEMBERS

We on behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the un-audited Condensed Interim Consolidated Financial Statements of the Group for the nine months ended March 31, 2020.

The Group

The Group comprises of Gatron (Industries) Limited and its subsidiaries i.e Gatro Power (Private) Limited, Global Synthetics Limited and G-Pac Energy (Private) Limited.

During the period operations of wholly owned subsidiary M/s. Gatro Power (Private) Limited remained satisfactory. This subsidiary company has paid cash dividends amounting to Rs.67.725 million during the period. Being the only customer, the stoppage of production at Parent Company in view of COVID-19 situation, the sales revenue and profit of the subsidiary company may be declined sharply in coming periods till the situation does not come to normal.

M/s. Global Synthetics Limited has yet to commence its operations till date.

M/s. G-Pac Energy (Private) Limited has yet to commence its operations. The principal business is to generate and sell electric power. The operations of the company are expected to be commenced in next financial year.

CONSOLIDATED FINANCIALS

	(Pak Rupees in Thousand)
Operating results for the nine months ended March 31, 2020	
Profit before share of profit in associated company	338,706
Share of profit after income tax in associated company	1,318,869
Profit before income tax	1,657,575
Income Tax	354,476
Profit after income tax	1,303,099
Un- appropriated Profit brought forward	8,426,484
Un- appropriated Profit carried forward	8,674,969

Factory : Plot No. 441/49-M2, Sector 'M', H.I.T.E., Main R.C.D. Highway, Hub Chowki, Distt. Lasbela, Balochistan, Pakistan.
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GATRON

Gatron (Industries) Limited

Registered Office: Room No. 32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta, Balochistan, Pakistan. Telephone: (92-81) 2849396, Fax: 081-2825304
Liaison Office : 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi-75530, Pakistan.
Tel: 35659500-6, Fax: 021-35659516, E-mail: headoffice@gatron.com

State of Affairs as on March 31, 2020	(Pak Rupees in Thousand)
Property, Plant and Equipment	5,292,688
Other non-current assets	9,357,251
Current assets	8,985,914
Total assets	23,635,853
Deduct:	
Non-current liabilities	2,885,497
Current liabilities	7,773,097
Total liabilities	10,658,594
Net assets financed by shareholders' equity	12,977,259

Muhammad Iqbal Bilwani
Director

Shabbir Diwan
Director

April 25, 2020

Factory : Plot No. 441/49-M2, Sector 'M', H.I.T.E., Main R.C.D. Highway, Hub Chowki, Distt. Lasbela, Balochistan, Pakistan.
Tel: 0853-364324-25, Fax: 0853-363241, E-mail: gatfac@gatron.com, Website: www.gatronova.com

GATRON (INDUSTRIES) LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	Note	March 2020 (Un-audited)	June 2019 (Audited)
		(Rupees in Thousand)	
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	5,292,688	3,239,252
Long term investment		9,353,935	8,432,060
Long term loans		87	99
Long term deposits		3,229	2,723
		14,649,939	11,674,134
Current Assets			
Stores, spare parts and loose tools		1,016,837	942,242
Stock in trade	6	3,498,316	2,840,779
Trade debts	14	2,609,708	1,528,561
Loans and advances		83,900	79,492
Trade deposits and short term prepayments	14	72,159	65,849
Other receivables	14	475,008	247,302
Income tax refundable - payments less provision		38,705	-
Advance income tax		-	116,273
Sales tax refund due from Federal Government		77,941	142,375
Cash and bank balances		1,113,340	1,381,563
		8,985,914	7,344,436
TOTAL ASSETS		23,635,853	19,018,570
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	383,645	383,645
Capital reserve - share premium		383,645	383,645
General reserve		3,535,000	3,535,000
Unappropriated profit		8,674,969	8,426,484
		12,977,259	12,728,774
LIABILITIES			
Non - Current Liabilities			
Long term financing		1,151,702	126,540
Deferred liabilities	8	1,733,795	1,554,370
		2,885,497	1,680,910
Current Liabilities			
Trade and other payables	9 & 14	4,155,696	3,698,476
Unclaimed dividend		414,254	16,393
Accrued mark up		55,534	8,584
Short term borrowings		3,147,613	864,718
Provision for income tax less payments		-	20,715
		7,773,097	4,608,886
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		23,635,853	19,018,570

The notes 1 to 16 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

GATRON (INDUSTRIES) LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2020

	Note	Jan-2020 to Mar-2020	Jan-2019 to Mar-2019	Jul-2019 to Mar-2020	Jul-2018 to Mar-2019
		(Rupees in Thousand)			
Sales		3,840,432	4,234,175	10,477,749	12,233,456
Cost of sales		3,543,470	3,737,162	9,580,182	10,666,056
Gross profit		296,962	497,013	897,567	1,567,400
Distribution and selling costs		37,778	38,274	117,469	121,869
Administrative expenses		76,728	65,267	227,679	194,401
Other operating expenses		45,201	29,662	75,288	129,425
		159,707	133,203	420,436	445,695
		137,255	363,810	477,131	1,121,705
Other income		(13,184)	4,996	13,191	9,397
Operating profit		124,071	368,806	490,322	1,131,102
Finance costs		73,877	6,089	151,616	8,253
		50,194	362,717	338,706	1,122,849
Share of profit after income tax in associated company		176,509	407,210	1,318,869	2,422,641
Profit before income tax		226,703	769,927	1,657,575	3,545,490
Income tax - Current & prior	11	57,429	45,608	216,195	217,951
- Deferred		27,827	60,619	138,281	303,164
		85,256	106,227	354,476	521,115
Profit after income tax		141,447	663,700	1,303,099	3,024,375
Earnings per share - Basic and diluted (Rupees)		3.69	17.30	33.97	78.83

The notes 1 to 16 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

GATRON (INDUSTRIES) LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31. 2020

	Jan-2020 to Mar-2020	Jan-2019 to Mar-2019	Jul-2019 to Mar-2020	Jul-2018 to Mar-2019
	(Rupees in Thousand)			
Profit after income tax	**141,447**	663,700	**1,303,099**	3,024,375
Other comprehensive income				
Items that will never be reclassified to profit or loss				
Gain on remeasurement of defined benefit plan having nil tax impact	**-**	-	**503**	-
Share of other comprehensive income/(loss) of associate - net of tax	**1,916**	-	**(1,003)**	(2,768)
Items that may be reclassified subsequently to profit or loss				
Share of other comprehensive income/(loss) of associate - net of tax	**7,093**	(4,711)	**909**	(2,880)
	9,009	(4,711)	**409**	(5,648)
Total comprehensive income	**150,456**	658,989	**1,303,508**	3,018,727

The notes 1 to 16 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Share capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2018	383,645	383,645	2,360,000	6,669,762	9,797,052
Total comprehensive income for the nine months ended March 31, 2019	-	-	-	3,018,727	3,018,727
Transfer to General reserve	-	-	1,175,000	(1,175,000)	-
Transactions with owners					
Final cash dividend for the year ended June 30, 2018 at Rs.8.25 per share i.e. @82.50%	-	-	-	(316,507)	(316,507)
1st interim cash dividend for the year ended June 30, 2019 at Rs.9.50 per share i.e. @ 95%	-	-	-	(364,463)	(364,463)
	-	-	-	(680,970)	(680,970)
Balances as at March 31, 2019	383,645	383,645	3,535,000	7,832,519	12,134,809
Total comprehensive income for the three months ended June 30, 2019	-	-	-	670,694	670,694
Transactions with owners					
2nd interim cash dividend for the year ended June 30, 2019 at Rs.2.00 per share i.e. @20%	-	-	-	(76,729)	(76,729)
Balances as at June 30, 2019	383,645	383,645	3,535,000	8,426,484	12,728,774
Total comprehensive income for the nine months ended March 31, 2020	-	-	-	1,303,508	1,303,508
Transactions with owners					
Final cash dividend for the year ended June 30, 2019 at Rs.15.00 per share i.e. @150%	-	-	-	(575,467)	(575,467)
1st Interim cash dividend for the year ending on June 30, 2020 at Rs.12.50 per share i.e. @125%	-	-	-	(479,556)	(479,556)
	-	-	-	(1,055,023)	(1,055,023)
Balances as at March 31, 2020	**383,645**	**383,645**	**3,535,000**	**8,674,969**	**12,977,259**

(1) Included in un-appropriated profit , is a sum of Rs.8,786.935 million, representing proportionate share in un-appropriated profit of an associated company Messrs. Novatex Limited upto December 31, 2019, which is not available for distribution to the shareholder of the Parent Company, until realised.

(2) The notes 1 to 16 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE NINE MONTHS ENDED MARCH 31, 2020

	Jul-2019 to Mar-2020	Jul-2018 to Mar-2019
	(Rupees in Thousand)	
Cash Flows (towards)/from Operating Activities		
Profit before income tax	1,657,575	3,545,490
Adjustments for:		
Depreciation	361,711	300,283
Provision for defined benefit plan	47,789	28,017
Gain on disposal of property, plant and equipment	(11,991)	(5,329)
Loss on disposal of property, plant and equipment	899	44
Provision/(reversal) of allowance for ECL - net	13,709	(1,440)
Provision for slow moving stores, spare parts and loose tools - net	5,169	5,434
Share of profit after income tax in associated company	(1,318,869)	(2,422,641)
Finance costs	151,616	8,253
	(749,967)	(2,087,379)
	907,608	1,458,111
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(79,764)	(153,522)
Stock in trade	(657,537)	(814,158)
Trade debts	(1,094,856)	(358,750)
Loans and advances	(3,020)	40,656
Trade deposits and short term prepayments	(6,310)	(70,553)
Other receivables	(227,706)	(221,330)
Sales tax refund due from Federal Government	64,434	-
	(2,004,759)	(1,577,657)
Increase in Trade and other payables	435,283	10,424
Cash flows towards operations before following	(661,868)	(109,122)
(Payments for)/receipts of:		
Long term loans	(1,376)	724
Long term deposits	(506)	1,854
Defined benefit plan	(6,142)	(9,070)
Finance costs	(104,666)	(4,022)
Income tax	(176,930)	(167,158)
Net cash flows towards operating activities	(951,488)	(286,794)
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(2,394,421)	(787,710)
Proceeds from disposal of property, plant and equipment	29,891	12,880
Dividend received from associated company	396,900	453,600
Net cash flows towards investing activities	(1,967,630)	(321,230)
Cash Flows from/(towards) Financing Activities		
Long term financing - proceed	1,025,162	-
Dividend paid	(657,162)	(422,231)
Net cash flows from/(towards) financing activities	368,000	(422,231)
Net decrease in cash and cash equivalents	(2,551,118)	(1,030,255)
Cash and cash equivalents at the beginning of the period	516,845	797,600
Cash and cash equivalents at the end of the period	(2,034,273)	(232,655)
CASH AND CASH EQUIVALENTS COMPRISE OF :		
Cash and bank balances	1,113,340	516,977
Short term borrowings	(3,147,613)	(749,632)
	(2,034,273)	(232,655)

The notes 1 to 16 annexed herewith form an integral part of these condensed interim consolidated financial statements.

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

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 office of the Subsidiary Company is situated at Room No.50, 2nd Floor, Ahmed Complex, Jinnah Road, Quetta and liaison office of the Subsidiary Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

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

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, 2019.

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

2.3.1 Amendments to published approved accounting standards which are effective during the nine months ended March 31, 2020:

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, 2019; however, these do not have any significant impact on these condensed interim consolidated financial statements, hence not detailed.

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, 2020. 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, 2019.

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, 2019.

	Note	March 2020 (Un-audited)	June 2019 (Audited)
		(Rupees in Thousand)	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,832,886	2,973,233
Capital work in progress	5.2	1,459,802	266,019
		5,292,688	3,239,252

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 transferred from Capital work in progress

	Nine months period ended March 2020	Nine months period ended March 2019
Building on lease hold land	15,953	11,548
Plant and machinery	1,132,953	542,643
Furniture and fixture	-	3,100
Factory equipment	13,938	21,065
Office equipment	-	2,452
Motor vehicles	77,319	50,067
	1,240,163	630,875
Disposals at NBV during the period		
Plant and machinery	5,577	1,478
Office equipment	53	-
Motor vehicles	13,169	6,117
	18,799	7,595

5.2 **Capital work in progress**

Balance as at 01st July	266,019	187,829
Additions	2,311,264	639,501
Transfer to operating fixed assets	(1,117,481)	(493,059)
Balance as at 31st March	1,459,802	334,271

6 STOCK IN TRADE

These include items costing Rs.2,067.165 million (June 2019: Rs.132.461 million) valued at net realisable value of Rs.1,768.114 million (June 2019: Rs.88.900 million).

7 SHARE CAPITAL

(Number of Shares)			(Rupees in Thousand)	
March 2020 (Un-audited)	June 2019 (Audited)		March 2020 (Un-audited)	June 2019 (Audited)
7.1 Authorised capital				
95,000,000	95,000,000	Ordinary shares of Rs.10 each	**950,000**	950,000
7.2 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

8 DEFERRED LIABILITIES

Income tax - net	**1,318,040**	1,179,759
Defined benefit plan	**415,755**	374,611
	1,733,795	1,554,370

9 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

9.1 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate has been restrained. In May 2016, The Single Bench of Sindh High Court decided the case in favour of the Petitioners. However, in June 2016, Defendants filed appeal before Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and Messrs. Sui Southern Gas Company Limited (SSGCL) billed @ Rs.600 per MMBTU. However the Group alongwith others filed a suit in the Sindh High Court on January 19, 2017 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 2019: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (June 2019: 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 and the Group is paying full amount of the gas bills as per this notification.

9.2 In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Group with effect from September 2013. The Group alongwith several other companies filed suit in the Sindh High Court on December 21, 2015 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 the Group alongwith others filed a suit in the Sindh High Court on January 19, 2017 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 9.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (June 2019: 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 the month of February, 2020, the Single Bench of Honorable High Court of Sindh decided the case in favor of Petitioners. Till date, the defendant has not filed appeal against the decision.

9.3 Provision of Sindh Sales Tax on rent payable by the Parent Company to an associated company Messrs. Novatex Limited amounted to Rs.5.841 million (June 2019: Rs.5.369 million). The associated company had file a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Single Bench of Sindh High Court decided the case in favour of the associated company. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court.

9.4 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. The Parent Company has also challenged the new Act in the Sindh High Court on October 23, 2017 against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. Till reporting date, the Parent Company has provided bank guarantee amounting to Rs.198.365 million (June 2019: Rs.178.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 10.2). Based on the legal advise, the management believes that the case will be decided in favour of the Parent Company. However, full provision after December 27, 2006 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed a petition in the Sindh High Court on April 13, 2018 against Province of Sindh and others at Karachi challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.7.500 million (June 2019: Rs.7.500 million) in favour of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 10.2). Based on the legal advise, the management believes that the case will be decided in favour of the Subsidiary Company. However, full provision after April 13, 2018 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. G-Pac Energy (Private) Limited has filed a petition in the Sindh High Court at Karachi on June 24, 2019 against Province of Sindh and others challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. Till reporting date, the Company has provided bank guarantee amounting to Rs.2.500 million (June 2019 Rs. Nil) in favour of Excise and Taxation Department, in respect of consignments cleared (refer note 10.2). Based on the legal advise, the management believes that the case will be decided in favour of the subsidiary Company. However, full provision has been made in these condensed interim consolidated financial statements as an abundant precaution.

9.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made certain amendments in SRO 1125(I)/2011 dated December 31, 2011 including disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustment on packing material of textile product was not being allowed for adjustment with effect from July 01, 2016 till June 30, 2018. The Parent Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Parent Company to claim input tax adjustment.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.65.752 million till June 30, 2018, as after that it was allowed for input tax adjustment.

9.6 The FBR vide SRO 450(I)/2013 dated May 27, 2013 made certain amendments in SRO 490(I)/2004 dated June 12, 2004 and disallowed input tax adjustment on building materials with effect from May 28, 2013. The Parent Company had challenged the restriction so placed before the Islamabad High Court on December 21, 2015 against Federation of Pakistan. The Court has granted interim relief order and allowed the Parent Company to claim input tax adjustment on building material.

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.31.789 million (June 2019: Rs.20.792 million).

9.7 Provision of Gas Infrastructure Development Cess Rs.7.211 million (June 2019: Rs.6.591 million) and rate difference of gas tariff Rs.1.976 million (June 2019: Rs.1.718 million) on account of common expenses payable by the Parent Company to an associated company Messrs. Novatex Limited.

10 CONTINGENCIES AND COMMITMENTS

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

10.1 Contingencies

10.1.1 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 is no worker as defined in The Companies Profits (Workers' Participation) Act, 1968 and accordingly, the said Act does not apply to the Subsidiary Company. The management of the Subsidiary Company is confident that no liability will arise on this account.

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

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

By way of abundant precaution, the amount of Rs.27.762 million has been charged to consolidated statement of profit or loss in previous period. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

10.1.3 The Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015 in May 2015, which seeks to impose GIDC levy since 2011. The Group alongwith several other companies filed suit in the Sindh High Court on July 16, 2015 against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Single Bench of Honorable Sindh High Court had decided the case in favour of Petitioners. However, Defendants have filed appeal on November 10, 2016 before the Double Bench of Sindh High Court against only one of the leading petitioner but not against the Group.

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Group is confident that the case will be decided in favour of the petitioners. Total amount of enhanced GIDC upto March 31, 2020 worked out at Rs.1,742.166 million (June 2019: Rs.1,513.241 million), however the Group accounted for Rs.1,540.152 million (June 2019: Rs.1,311.227 million) pertaining to the period of July 2014 to March 2020 for Captive Power and June 2015 to March 2020 for Industrial as an abundant precaution.

10.1.4 The Parent Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Parent Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the Parent Company. No provision of the amount involved i.e. Rs.24.109 million (June 2019: Rs.21.726 million) has been made in these consolidated financial statements as the Parent Company is confident for the favorable outcome of the Petition.

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

10.1.6 Income tax department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favour of the Parent Company whereas major issues were decided in favour of the tax department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. Against the order of the CIR(A), the Parent Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and the learned ATIR, vide its judgment dated January 1, 2019 has decided case in favour of the Parent Company. Based on the said judgment of the ATIR, partial demand of Rs.3.777 million earlier paid by the Company under protest is now refundable. As of now, the tax department has not yet filed appeal against the said judgment of ATIR.

10.1.7 Income Tax department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the Tax Year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favour of the Parent Company. Appeal has been filed by the Parent Company as well as the tax department before Appellate Tribunal Inland Revenue, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company.

10.1.8 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 Commissioner Inland Revenue (Appeals) against order of the tax department on the ground that reduced rate was applicable to buyers as those buyers were active and operative at the time of execution of sales transaction. Moreover, the tax department has adjusted the impugned demand with sales tax refunds available with the Parent Company. Appeal was filed before Commissioner Inland Revenue (Appeals), which was decided in favour of the Parent Company. Tax Department has filed an appeal in Appellate Tribunal Inland Revenue. The Parent Company has filed sales tax refund application in respect of the impugned demand adjusted by the tax department.

10.1.9 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 against 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 against which the Parent Company has moved rectification application against which rectified order was issued. Moreover, the Parent Company has also filed an appeal before Commissioner Inland Revenue (Appeals) to secure its interest in case rectification application is rejected by the concerned tax officer. Commissioner Inland Revenue (Appeals) has decided the matter mainly in favour of the Parent Company. Tax Department has not filed an appeal in Appellate Tribunal Inland Revenue till date.

10.1.10 The Parent Company has filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Parent Company has provided 100% bank guarantee amounting to Rs.15.209 million (refer note 10.2).

10.1.11 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 to the Parent Company was disallowed. The Parent Company has challenged the provision of Finance Act, 2019 before the honorable Sindh High Court and has been granted interim relief whereby the Sindh High Court has allowed the Parent Company to claim 10% tax credit on investment in Plant & Machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company, hence has not considered the same as liability.

10.1.12 The tax officer disallowed input sales tax amounting to Rs.0.042 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 remanded back the case to the tax officer with specific directions to first ascertain whether the building material was used for installation of plant and machinery or for any other purpose. In case the same was used for installation of plant and machinery then the tax officer has been directed to allow claim for the same. The Subsidiary Company has submitted documents evidencing usage of the said building material for installation of plant and machinery, however, the officer has not yet reverted back, moreover, the tax department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against allowance of input tax adjustment on building material used for installation of plant and machinery. No provision has been made in these condensed interim consolidated financial statements as the management is hopeful for a favourable outcome.

10.1.13 The tax officer through another order again disallowed input sales tax amounting to 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. The Subsidiary Company has filed an appeal against the said order before the Commissioner Inland Revenue (Appeals), which is pending for hearing.

10.1.14 Tax department initiated monitoring of withholding proceedings against the Subsidiary Company Messrs. Gatro Power (Private) Limited 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 had filed an appeal before Commissioner Inland Revenue (Appeals) against order of the tax department which was decided in favour of the Subsidiary Company on ground of the order being time barred whereas on other grounds the appeal was dismissed. Accordingly, both the Subsidiary Company as well as the tax department have filed an appeal before the Appellate Tribunal Inland Revenue, which is pending at present. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Subsidiary Company.

10.1.15 Tax department raised demand of Rs.14.101 million and Rs.103.346 million against the Subsidiary Company Messrs. Gatro Power (Private) Limited on the basis of order passed for monitoring of tax withholding for tax years 2014 and 2015 respectively. Appeal was filed before the Commissioner Inland Revenue (Appeals), which was decided in favour of the Subsidiary Company. However, tax department has filed appeals before Appellate Tribunal Inland Revenue, hearing of which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favour of the Subsidiary Company.

	(Rupees in Thousand)	
	March 2020 (Un-audited)	June 2019 (Audited)
10.2 Guarantees		
Bank Guarantees in favour of:		
The Director Excise and Taxation, Karachi	208,365	185,865
The Electric Inspector, President Licencing Board, Quetta	10	10
Pakistan State Oil Company Limited	40,000	40,000
K-Electric Limited	11,560	11,560
Nazir of the High Court of Sindh, Karachi	15,209	-
Letters of Credit in favour of:		
Sui Southern Gas Company Limited for Gas	244,592	163,992
	519,736	401,427

10.3 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	1,420,524	1,596,780
Raw material	319,530	346,064
Spare parts and others	170,463	94,321
	1,910,517	2,037,165
Local currency:		
Property, plant and equipment	79,207	-
Raw material	164,223	-
Spare parts and others	-	40,161
	243,430	40,161
	2,153,947	2,077,326

11 INCOME TAX

Provision for taxation includes current year provision of Rs.216.169 million (March 2019: Rs.256.627 million), prior year of Rs.0.026 million (March 2019: Rs.3.833 million) and has been net off with tax credit amounting to Rs.Nil (March 2019: Rs.42.509 million) available under section 65B of Income Tax Ordinance, 2001.

12 MEASUREMENT OF FAIR VALUE

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

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

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

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

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

13 SEGMENT REPORTING

13.1 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.

13.2 Segment results:

The segment information for the reportable segments for the nine months ended March 31, 2020 is as follows:

(Rupees in Thousand)

	March 2020					March 2019				
	Polyester Filament Yarn	Polyester PET Preform	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preform	Total of Polyester Polymer	Power Generation	Group
Sales	8,074,022	2,403,727	10,477,749	1,436,241	11,913,990	9,573,816	2,659,640	12,233,456	1,366,071	13,599,527
Segment result before depreciation	490,571	196,041	686,612	227,518	914,130	915,675	286,211	1,201,886	349,527	1,551,413
Less: Depreciation	(225,973)	(49,031)	(275,004)	(86,707)	(361,711)	(167,498)	(54,404)	(221,902)	(78,381)	(300,283)
Segment result after depreciation	264,598	147,010	411,608	140,811	552,419	748,177	231,807	979,984	271,146	1,251,130

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

Total sales for reportable segments					11,913,990					13,599,527
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					(1,436,241)					(1,366,071)
Sales					10,477,749					12,233,456
Total results for reportable segments			411,608	140,811	552,419			979,984	271,146	1,251,130
Other operating expenses			(71,293)	(4,123)	(75,416)			(125,325)	(4,184)	(129,509)
Other income			17,419	986	18,405			7,641	4,026	11,667
Finance costs			(150,819)	(5,908)	(156,727)			(7,733)	(520)	(8,253)
Investment income - Dividend			464,625	-	464,625			905,100	-	905,100
Share of profit after income tax in associated company Messrs. Novatex Limited					1,318,869					2,422,641
			671,540	131,766	2,122,175			1,759,667	270,468	4,452,776
Elimination of intra group transaction					(464,600)					(907,286)
Profit before income tax					1,657,575					3,545,490

Assets and liabilities by segments are as follows:

	March 2020 (Un-audited)					June 2019 (Audited)				
Segment assets	7,392,121	2,556,062	9,948,183	3,265,675	13,213,858	4,280,373	2,702,764	6,983,137	2,497,710	9,480,847
Segment liabilities	1,823,663	384,743	2,208,406	2,126,446	4,334,852	723,986	510,655	1,234,641	1,715,039	2,949,680

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	13,213,858	4,334,852	9,480,847	2,949,680
Unallocated	11,211,457	6,657,513	9,752,028	3,391,187
Elimination of intra group balances	(789,462)	(333,771)	(214,305)	(51,071)
Total as per condensed interim consolidated statement of financial position	23,635,853	10,658,594	19,018,570	6,289,796

Other segment information is as follows:

	March 2020					March 2019				
Depreciation	225,973	49,031	275,004	86,707	361,711	167,498	54,404	221,902	78,381	300,283
Capital expenditures incurred during the period	1,460,850	9,066	1,469,916	862,066	2,331,982	583,386	66,135	649,521	129,592	779,113
Unallocated capital expenditure incurred during the period					62,439					8,597
Total					2,394,421					787,710

13.3 All non-current assets of the Group as at March 31, 2020 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.

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

14 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	Nine months period ended March 2020	Nine months period ended March 2019
				(Rupees in Thousand)	
Novatex Limited	Associated Company	Common directorship	Sales of goods	**393,593**	-
			Obtaining of services	**522,941**	467,818
			Purchase of raw material	**38**	-
			Purchase of property, plant & equipment	**4,800**	-
			Dividend income	**396,900**	453,600
			Rent	**15,712**	13,863
			Reimbursement of expenses	**128,749**	116,290
Krystalite Product (Private) Limited	Related Party	Common management	Sale of goods	**262,792**	408,614
			Purchase of raw material	**455**	-
			Reimbursement of expenses	**-**	292
Mushtaq & Company (Private) Limited	Related Party	Common management	Sale of goods	**19,795**	71,291
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend	**24,306**	13,368
			Charges on account of handling	**5,386**	6,460
Gatron Foundation	Related Party	Common directorship	Payment of donation	**5,370**	2,710
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Contribution made	**18,517**	16,374
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Contribution made	**2,907**	2,905

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.219.851 million (March 2019: Rs.187.473 million).

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

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

	As at March 31, 2020 (Un-audited)	As at June 30, 2019 (Audited)
Novatex Limited		
Trade debts	**94,313**	-
Trade deposits and short term prepayments	**5,237**	-
Other receivables	**35,466**	11,961
Trade and other payables	**127,001**	13,678
Krystalite Product (Private) Limited		
Trade debts	**149,035**	87,212
Other receivables	**-**	87

	(Rupees in Thousand)	
	As at March 31, 2020 (Un-audited)	**As at June 30, 2019 (Audited)**
Mushtaq & Company (Private) Limited		
Trade debts	**17,860**	24,633
Gani & Tayub (Private) Limited		
Trade and other payables	**700**	909
Gatron (Industries) Limited Staff Provident Fund		
Trade and other payables	**4,014**	3,676
Gatron (Industries) Limited Workers Provident Fund		
Trade and other payables	**699**	571

15 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on April 25, 2020 by the Board of Directors of the Parent Company.

16 GENERAL

16.1 The latest available financial results of associate as on December 31, 2019, have been used for the purpose of application of equity method in valuation of long term investment.

16.2 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.

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

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