



**GATRON (INDUSTRIES) LIMITED**

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# **quarterly report**

**September 30, 2021**



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## Corporate Information

### Board of Directors

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

### Special Advisor

Pir Muhammad Diwan

### Audit Committee

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

### HR & Remuneration Committee

Talat Iqbal - Chairman  
Usman Habib Bilwani  
Muhammad Iqbal Bilwani

### Company Secretary

Muhammad Yasin Bilwani

### Chief Financial Officer

Mustafa Bilwani

### Auditor

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

### Legal Advisor

Naeem Ahmed Khan  
Advocates  
Quetta.

### Shares Registrar

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

### Bankers

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

### Plant

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

### Registered Office

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

### Liaison/Correspondence Office

11th Floor, G&T Tower,  
# 18 Beaumont Road,  
Civil Lines-10,  
Karachi-75530 - Pakistan.  
Phone: 021-35659500-9  
Fax: 021-35659516

### Email

headoffice@gatron.com

### Website

www.gatron.com

## Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the un-audited financial statements of Gatron (Industries) Limited for the three months ended September 30, 2021.

### FINANCIAL REVIEW:

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

- Net sales Rs. 4,953 million,
- Operating profit Rs. 543 million,
- Investment income Rs. 226 million.
- Profit before income tax Rs. 704 million,
- Profit after income tax Rs. 643 million,
- Earnings per share on total income after tax: Rs. 16.75

Alhamdulillah in this quarter, your Company has managed to achieve net revenue of Rs. 4,953 million as compared to Rs. 3,748 million in same period last year (SPLY) with an overall net increase of 32%, since the SPLY had extraordinarily low sales of Polyester Filament Yarn (PFY) due to covid lockdown effects, whereby existing capacity in SPLY had a significant low utilization and the new expansion (which was made ready for production in the second half of FY 2020) was also not fully utilized. However, the actual production and sale level of PFY of this quarter still do not reflect full capacity utilization of operation (still near to 80% vs above 95% in the pre-2015 period) and in the reporting period pricing of PFY could not catch up with the landed cost of PFY due to tremendous overhang of imported yarn stock. This low capacity utilization was primarily due to the tremendous increase in quantity of imported yarn. This dumping of imported yarn also resulted in the stocks of PFY as of at the end of this quarter to almost doubling in quantity terms compared to June 2020, despite post covid increase in economic activities in the country.

The Rupee value of sales also increased because of higher unit value of the product (due to raw material price increase) in current quarter. The main raw material prices i.e. PTA/MEG which was average \$475/\$410 per ton in July 2020 increased to \$720/\$675 per ton respectively, as of reporting date following the trend of the oil prices (WTI) from \$40 in July 2020 to \$74 per barrel in Sept 2021. Also from April 2021 to Sept 2021, the oil price has increased from \$63 to \$74 prompting an increase in PTA/MEG prices during this period. This increasing trend of raw material prices has added substantially to the profitability of the period due to inventory gains (by the time existing inventory- static gain, as well as new purchased stock -dynamic gain, is produced and sold the raw material increase has pushed up the product prices). Of course, this gain will come out of pocket once oil and raw material price start to fall. The depreciation of Pak rupee versus US\$ in 3 months from around Rs.158 in end of June 2021 to Rs.170 has also resulted in substantial static and dynamic inventory gains and form a substantial portion of the profit of the period. This again is a one time gain only due to Rupee devaluation. The increase in freight of competing imported filament yarn versus so far no increase in the freight of company's main raw material has also added in this period's profitability however this freight gain/differential is not expected to continue in the next calendar year for at least one of the main raw materials.



Distribution & selling expenses increased by 6% as compared to SPLY and it is mainly due to increase in sales volume and increase in freight and transportation charges. Administrative expenses increased due to inflationary factors because of Pak Rupee devaluation.

On the Balance Sheet front as compared to June 30, 2021, stocks decreased by Rs.146 million to reach amounting to Rs. 3,694 million. Debtors increased by Rs.186 million to reach Rs. 3,084 million while creditors increased by Rs. 357 million to reach Rs. 2,204 million.

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

The PFY capacity expansion from 60,000 tons of mixed denier production to 75,000 tons mixed denier production is expected to start in the current quarter vis October to December 2021.

The various capex of the company and its background, including the Rs 8.5 billion expansion of PFY and diversified polyester products (expected to come on stream in year 2022-23) have already been reported in detail in the Directors report of June 2021, published with the annual accounts.

#### **CHALLENGES FACED AND FUTURE OUTLOOK**

- An important development was that Regulatory Duty though restored at 2.50% earlier in July 2020 on imported Polyester Filament Yarn (PFY), but from July 2021 it has been removed. Not only that but the 2% Additional Custom Duty has also been removed. So, a total reduction of 4.50% in the competing yarn import tariff. The regular import duty on PFY remains at 11% and the intermediate material Polyester Chips at 5% and the basic raw material PTA also at 5%. The Company has strongly conveyed to the Government that while it has not effectively reduced the injury of the domestic PFY industry against dumping because of the Government's inability to stop the evasion of the average 7% anti-dumping (year on year for 4 years) it was totally inappropriate to remove the 4.50% shield of RD and ACD while this evasion continues and while the local PFY industry is willing and geared up to expand capacity. There are many other industrial raw materials and intermediate materials where either RD or ACD still continues.
- The Anti-Dumping Duty continues to be evaded by the importers and is not being paid on majority of the imports of PFY. In the last 4 years 85% of the **Anti-Dumping Duty (government revenue) amounting to over Rs.10 billion has not been collected and therefore the injury to the industry has NOT been mitigated by the notified Anti-Dumping Duty.** Also, in the year 2005 to 2010 when the previous Anti-Dumping was imposed, hardly 5% of the applicable dumping duty was collected while 95% not collected. As such Anti-Dumping Duty has proved totally ineffective in mitigating the injury to the PFY industry both in 2005 to 2010 and the 2017 to 2021 while in the intervening period of 2013-2017 Anti-Dumping Duties could not be imposed because of non-functioning of NTC because of quorum issues. So effectively the main shield against dumping (that too also partial) was given by the Regulatory Duty and ACD since year 2017 (while regular tariff remained at 11% on PFY versus 5% on basic raw material PTA and 5% on Intermediate raw material P-chips) which has helped the above increase in capacity since 2017. Now with removal of RD and ACD that partial shield also has gone away.

- We have been now told that the Government will show firm resolve and will take firm and result oriented steps against the 4-year evasion of Anti-Dumping Duty on imported Polyester Filament Yarn. This 4-year evasion has made a mockery of not only the anti-dumping measures for the local industry against foreign suppliers but also reflects very bad on the ability of the Government to stop such mockery. What happens is that importers of yarn (though being mostly Karachi based) file a petition in one of the benches of the Punjab/Peshawar High Court e.g. Rawalpindi, get a stay, do not pay the Anti-Dumping Duty on their imported consignments based on that stay, prolong the hearing to 6 months and once petition is dismissed in that bench of High court, they file the similar petition in a different bench e.g. in Lahore - giving a false affidavit that this is their first petition on this matter and get a stay from that bench of High Court, since without that false affidavit they cannot again file a petition in the High Court after earlier dismissal. That way by misleading the High Court, they have filed petitions in several benches of High Court and got stays in last 4 years and not paid the Anti-Dumping Duty.
- The average Anti-Dumping Duty of 7% (minimum 3.25% to max 11.35%) imposed by Pakistan on the Chinese producers is already quite low to cover the actual dumping/injury and is much lower than Anti-Dumping Duties imposed by Turkey minimum 16% or \$250/ton and India minimum 23% on the same producers. Recently, the USA and Vietnam have also imposed Anti-Subsidy Duties/Anti-Dumping duties against Chinese Filament Yarn producers @ minimum 32% and 17.45% respectively (maximum 459% & 21.23%). While Brazil has also initiated Anti-Dumping Duties on PFY from China. So, 5 major countries have Anti-Dumping or Countervailing Duties on PFY from China. It is worthwhile to note that regular import duty on Filament Yarn in Bangladesh is 25%. As such the Regulatory Duty/ACD and the appropriate duty tariff is needed even after collection of the Anti-Dumping Duty.
- The expansions of your Company as well expansions by other Filament Yarn producers in Pakistan, on the back of Regulatory Duty on competing imported yarn as well as effective of Anti-Dumping Duties against dumping injury can take the indigenous production of PFY to a level which will meet above 60% of local demand in the coming years compared to only 30% in 2017. This expansion will give import substitution and reduce the current account deficit (now on rise) while will also provide local employment beyond the jobs already provided by the industry. PFY is ranked 15 among the top imports of the country in 2020 so needs to be produced locally, particularly when its raw material PTA is also produced locally.
- As such the restoration of 2.5% RD and 2% ACD besides the effective collection of Anti-Dumping Duty is strongly requested from the Government.
- Due to the limited size of cotton crop, the aim of the country should be to provide clothe/kapra to more than 200 million populations with locally produced textile raw materials. It is worthwhile to note that the major raw material of Filament Yarn viz PTA is also produced in Pakistan and with any new Saudi refinery the basic chemicals for PTA viz Paraxylene may also be produced from crude oil within the country, achieving the self-reliance and full chain of crude oil to polyester clothes within the country.
- Significant gas load shedding in the Hub industrial area is also affecting the cost of production of the company and its substitutes as relatively expensive furnace oil is being used to produce power when there is low gas pressure.



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

#### **OTHER MATTERS**

- During the period operations of Wholly Owned Subsidiary Messrs. Gatro Power (Private) Limited remained disturbed due to shortage of gas supply and use of alternate sources to supply power to Parent Company, resulting in increased power cost.
- The principal business of Wholly Owned Subsidiary Company Messrs. G-Pac Energy (Private) Limited is to generate and sell electric power. The operations of this Subsidiary Company are expected to be commenced by the end of current calendar year.
- Wholly Owned Subsidiary Messrs. Global Synthetics Limited has yet to commence its operations.

#### **APPROPRIATION**

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

#### **EARNING PER SHARE**

The earnings per share of the Company for the quarter ended on September 30, 2021, is Rs 16.75

#### **MATERIAL CHANGES AND COMMITMENTS**

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

#### **INTERNAL FINANCIAL CONTROLS**

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

#### **CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

#### **ACKNOWLEDGMENT**

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



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

**SHABBIR DIWAN**

CHIEF EXECUTIVE OFFICER

**MUHAMMAD IQBAL BILWANI**

DIRECTOR

October 23, 2021



☆ مکمل ملکیتی ماتحت ادارہ میسرز گلوبل سینیٹھیک لمیٹڈ نے اب تک اپنے آپریشنز شروع نہیں کئے۔

تصرف:

حالیہ سہ ماہی کے دوران کمپنی کے بورڈ آف ڈائریکٹرز نے عبوری منافع منقسمہ نہ دینے کی تجویز پیش کی ہے۔

آمدن فی حصہ:

30 ستمبر 2021ء کو اختتام پذیر ہونے والی سہ ماہی مدت میں منافع فی حصہ مبلغ 16.75 روپے رہا۔

اہم تبدیلیاں اور معاہدے:

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

اندرونی مالیاتی کنٹرول:

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

مجموعی مالیاتی گوشوارے:

زیر نظر سہ ماہی رپورٹ میں گروپ ہذا کے غیر آڈٹ شدہ مختصر جامع مالیاتی گوشوارے (Condensed Consolidated Financial Statements) ہمارا ہڈائریکٹرز رپورٹ منسلک ہیں۔

اظہار تشکر:

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

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

محمد اقبال بلوانی

ڈائریکٹر

شعیب دیوان

افسر اعلیٰ

23 اکتوبر، 2021ء

جھوٹے ٹھکانے کے بغیر وہ پہلی برخواستگی کے بعد دوبارہ بانی کورٹ میں عرضی داخل نہیں کر سکتے۔ اس طرح بانی کورٹ کو گمراہ کر کے مختلف بینچوں میں درخواستیں دائر کی جاتی ہیں اور پچھلے 4 سالوں سے Stay حاصل کر کے ایٹنی ڈمپنگ ڈیوٹی کی ادائیگی نہیں کر رہے۔

☆ چین کے پروڈیوسروں پر پاکستان کی طرف سے لگائی جانے والی اوسط 7 فیصد ایٹنی ڈمپنگ ڈیوٹی (کم سے کم 3.25 فیصد سے زیادہ 11.35 فیصد) اصل Dumping/Injury کا احاطہ کرنے کے لئے کافی کم ہے اور ترکی کی طرف سے عائد ایٹنی ڈمپنگ ڈیوٹی سے کہیں کم ہے جو کہ 16 فیصد یا \$250 فی ٹن اور ہندوستان نے انہی پروڈیوسروں پر کم سے کم 23 فیصد لاگو کر رکھی ہے۔ حال ہی میں امریکہ اور ویت نام نے چین کے فلیمنٹ یارن کے پروڈیوسروں کے خلاف کم سے کم 32 فیصد اور 17.45 فیصد (زیادہ سے زیادہ 459 فیصد اور 21.23 فیصد) تک ایٹنی سبڈی/ایٹنی ڈمپنگ ڈیوٹیاں عائد کی ہیں۔ جبکہ برازیل نے بھی چینی پی ایف وائی پر ایٹنی ڈمپنگ ڈیوٹیاں لاگو کر دی ہیں۔ چنانچہ، 5 بڑے ممالک نے چینی پی ایف وائی پر ایٹنی ڈمپنگ اور Countervailing Duties عائد کی ہوئی ہیں۔ یہ بات قابل غور ہے کہ بنگلہ دیش میں فلیمنٹ یارن پر باقاعدہ درآمدی ڈیوٹی 25 فیصد ہے۔ چنانچہ ایٹنی ڈمپنگ ڈیوٹی کی وصولی کے بعد بھی ریگولیٹری ڈیوٹی یا ایسی ڈی (Regulatory Duty/Additional Custom Duty) اور مناسبت ڈیوٹی ٹیرف کی ضرورت ہے۔

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

☆ اس لئے 2.5 فیصد آر ڈی اور 2 فیصد ایسی ڈی کی بحالی کے علاوہ ایٹنی ڈمپنگ ڈیوٹی کے موثر وصولی کی حکومت سے پرورد درخواست کی جاتی ہے۔

☆ کاٹن کی فصل کم کاشت کی جانے کی وجہ سے یہ ضروری ہے کہ 200 ملین سے زیادہ مقامی آبادی مقامی خام مال سے تیار شدہ ٹیکسٹائل مصنوعات استعمال کرے۔ یہاں یہ بتانا بھی ضروری ہے کہ فلامنٹ یارن میں استعمال ہونے والا PTA جیسا کہ ہم خام مال پاکستان میں بنایا جاتا ہے اور اب جبکہ سعودی ریفاٹری کا قیام عمل میں لایا جا رہا ہے تو PTA کا اہم خام مال PARAXYLENE کیمیکل بھی خام تیل سے ملک میں ہی بنایا جاسکے گا جس کے نتیجے میں خود انحصاری حاصل ہو سکے گی اور خام تیل سے لیکر پولیسٹر بوسات تک کی پوری Chain ملک میں ہی بنے گی۔

☆ گیس کی بہت زیادہ Load Shedding حب کے صنعتی علاقے کو متاثر کر رہی ہے اور اس کا معیاد مل مہنگا Furnace Oil کے استعمال کرنے سے پیداواری لاگت میں اضافہ ہو رہا ہے۔

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

دیگر امور:

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

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

30 جون 2021ء کے مقابلے میں اسٹاک کی مالیت میں 146 ملین روپے کی کمی ہوئی جو 3,694 ملین روپے تک پہنچ گئی۔ قابل وصول قرضوں کی مالیت 186 ملین روپے کے اضافے کے ساتھ 3,084 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 357 ملین روپے سے بڑھ کر 2,204 ملین روپے تک پہنچی۔

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

کمپنی کی پی ایف وائی کی پیداواری صلاحیت 60,000 ٹن Mixed Denier سے بڑھا کر 75,000 ٹن Mixed Denier تک لے جانے کے توسیعی منصوبے کا آغاز اکتوبر تا دسمبر 2021ء تک کے سہ ماہ کے دوران شروع کرنے کی توقع ہے۔

کمپنی کے مختلف Capex اور اس کے پس منظر، بشمول پی ایف وائی کی 8.5 بلین روپے کی توسیع اور Diversified پالیسٹر مصنوعات (جو کہ سال 2022-23 میں شروع کی جانے کی توقع ہے) جس کی تفصیلات جون 2021ء کی ڈائریکٹر رپورٹ میں دی جا چکی ہیں، جو سالانہ حسابات کے ساتھ شائع ہوئی۔

#### درپیش چیلنجز اور مستقبل پر ایک نظر:

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

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

☆ ہمیں اب بتایا گیا ہے کہ حکومت درآمد شدہ پالیسٹر فلیسمنٹ یارن پر اینٹی ڈمپنگ ڈیوٹی کی 4 سال کی غیر وصولی کے خلاف پختہ اور نتیجہ پر مبنی اقدامات کرے گی۔ اس 4 سال کی غیر وصولی جو کہ غیر ملکی سپلائرز کے خلاف مقامی صنعت کے لیے نہ صرف اینٹی ڈمپنگ اقدامات کا مذاق اڑاتا ہے بلکہ اس طرح کے عمل کو نہ روکنے کی وجہ سے حکومت کی صلاحیت پر بھی برا اثر ڈال رہا ہے۔ ایسا ہوتا ہے کہ یارن کے درآمد کنندگان (اگرچہ زیادہ تر کراچی میں مقیم ہیں) پنچاب/پشاور ہائی کورٹ کے ایک فیچ میں درخواست دائر کرتے ہیں جیسے کہ راولپنڈی سے، Stay Order حاصل کر کے درآمدی یارن پر اینٹی ڈمپنگ ڈیوٹی ادا نہیں کرتے، سماعت کو 6 ماہ تک بڑھاتے ہیں اور ہائی کورٹ کے اس فیچ میں ایک بار درخواست خارج ہونے کے بعد، اسی طرح کی درخواست ایک مختلف فیچ میں دائر کرتے ہیں جیسے لاہور میں۔ جھوٹا حلف نامہ دے کر کہ یہ اس معاملے پر ان کی پہلی درخواست ہے ہائی کورٹ کی اس دوسری فیچ سے Stay حاصل کرتے ہیں، چونکہ اس

## بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،

میسرز گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2021ء کو اختتام پذیر ہونے والی سہ ماہی مدت کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

### مالیاتی جائزہ :

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے:

|                                                    |   |
|----------------------------------------------------|---|
| ☆ خالص فروخت 4,953 ملین روپے۔                      | ☆ |
| ☆ آپریٹنگ منافع 543 ملین روپے۔                     | ☆ |
| ☆ آمدنی بذریعہ سرمایہ کاری 226 ملین روپے۔          | ☆ |
| ☆ منافع قبل از ٹیکس 704 ملین روپے۔                 | ☆ |
| ☆ منافع بعد از ٹیکس 643 ملین روپے۔                 | ☆ |
| ☆ آمدنی فی حصہ ٹیکس کے بعد کل آمدنی پر 16.75 روپے۔ | ☆ |

الحمد للہ کمپنی موجودہ مدت میں اپنی کارکردگی کو بہتر بنانے میں کامیاب رہی۔ اس سہ ماہی کے دوران کمپنی کی خالص فروخت 4,953 ملین روپے رہی جبکہ گزشتہ سال کی اسی مدت میں 3,748 ملین تھی جس میں 32 فیصد اضافہ ہوا۔ جو کہ گزشتہ سال کی اسی مدت میں Covid Lock Down کی وجہ سے پی ایف وائی کی فروخت اور پیداواری صلاحیت کے استعمال میں نمایاں طور پر کمی ہوئی اور توسیع منصوبہ (جو کہ پچھلے مالی سال کے دوسرے نصف حصے میں پیداوار کے لیے تیار کیا گیا تھا) بھی مکمل طور پر استعمال نہیں کیا جاسکا۔ تاہم اسی سہ ماہی کی پی ایف وائی کی فروخت اور پیداوار کمپنی کی مکمل پیداواری صلاحیت کے پورے استعمال کی عکاسی نہیں کرتی (جو کہ 80 فیصد کے قریب رہی اور سال 2015ء سے پہلے کے سالوں میں 95 فیصد تک حاصل کی گئی تھی) اور رپورٹنگ مدت میں پی ایف وائی کی قیمتیں بھی درآمد شدہ یارن کے اسٹاک میں زبردست اضافے کی وجہ سے Landed Cost تک بھی نہیں پہنچ سکیں۔ اس کی بنیادی وجہ درآمد شدہ یارن کے ذخیرہ کا مارکیٹ میں حد سے زیادہ ہونا ہے۔ اس درآمد شدہ یارن کی Dumping کے نتیجے میں اس سہ ماہی کے اختتام تک پی ایف وائی کا ذخیرہ جون 2020ء کے مقابلے میں مقدار کے لحاظ سے ملک میں Covid کے بعد اقتصادی سرگرمیوں میں اضافے کے باوجود تقریباً ڈگنا ہو گیا۔

موجودہ سہ ماہی میں خام مال کی قیمتوں میں اضافے کے رجحان کی وجہ سے کمپنی کے خام مال کی قیمتوں میں اضافہ ہوا اور اسی کی وجہ سے کمپنی کی مصنوعات کی فروخت کی قیمتوں میں اضافہ ہوا۔ خام مال PTA/MEG کی قیمتیں جو جولائی 2020ء میں اوسط \$475/\$410 فی ٹن تھیں سے بڑھ کر پورٹنگ تاریخ کے وقت \$720/\$675 فی ٹن تک بالترتیب ہو گئیں۔ تیل کی قیمت جو جولائی 2020ء میں \$40 (WTI) فی بیرل تھی ستمبر 2021ء میں \$74 فی بیرل تک بڑھ گئیں۔ اپریل 2021ء سے ستمبر 2021ء تک، تیل کی قیمت \$63 سے بڑھ کر \$74 ہو گئی جس کی وجہ سے اس عرصے کے دوران PTA/MEG کی قیمتوں میں اضافہ ہوا۔ خام مال کی قیمتوں کے اس بڑھتے ہوئے رجحان سے Inventory Gain ہونے سے حالیہ مدت کے منافع میں خاطر خواہ اضافہ ہوا (موجودہ خام مال اور سونے خریدے ہوئے خام مال کی قیمتوں میں بڑھتے ہوئے رجحان کی وجہ سے تیار شدہ Products کی فروخت کی قیمتوں میں بھی اضافہ دیکھا گیا)۔ یقیناً، یہ ایک وقت کا فائدہ عارضی نوعیت کا ہو سکتا ہے کیونکہ تیل کی قیمتوں اور خام مال/مصنوعات کی قیمتوں میں گراوٹ کی وجہ سے ختم ہو سکتا ہے۔ ڈالر کے مقابلے میں پاکستانی روپے کی قدر جو جون 2021ء کو 158 روپے تھی 3 ماہ بعد 170 روپے ہو گئی۔ روپے کی اس کدر گراوٹ کے نتیجے سے بھی خاطر خواہ Inventory Gain ہوا۔ اس Gain کا کمپنی کے منافع میں نمایاں حصہ ہے۔ یہ Gain وقتی ہے جو روپے کی قدر میں کمی کی وجہ سے ہوا۔ درآمدی فلیکسمنٹ یارن کے Sea Freight میں اضافہ ہوا جبکہ کمپنی کے خام مال کے Sea Freight میں اضافہ نہیں ہوا۔ اس وجہ سے بھی اس مدت کے منافع میں اضافہ ہوا تاہم یہ اضافہ اگلے سال تک جاری رہنے کی توقع نہیں۔

ڈسٹری بیوٹن اور فروخت کے اخراجات میں پچھلے اسی عرصے کے مقابلے میں تقریباً 6 فیصد کا اضافہ اور اس کی بنیادی وجہ فروخت کے حجم میں اضافہ اور Sea Freight اور ٹرانسپورٹیشن چارجز میں اضافہ ہے۔ پاکستانی روپے کی قدر میں کمی کی وجہ سے مہنگائی کے عوامل نے انتظامی اخراجات میں اضافہ کیا۔

**Condensed Interim Un-consolidated Statement Of Financial Position**

AS AT SEPTEMBER 30, 2021

|                                              |         | (Rupees in Thousand)              |                           |
|----------------------------------------------|---------|-----------------------------------|---------------------------|
|                                              | Note    | September<br>2021<br>(Un-audited) | June<br>2021<br>(Audited) |
| <b>ASSETS</b>                                |         |                                   |                           |
| <b>Non - Current Assets</b>                  |         |                                   |                           |
| Property, plant and equipment                | 5       | 7,494,416                         | 5,949,200                 |
| Intangible assets                            | 6       | 45,866                            | 35,898                    |
| Long term investments                        |         | 413,991                           | 417,294                   |
| Long term loans                              |         | 190,602                           | 182,083                   |
| Long term deposits                           |         | 2,847                             | 2,847                     |
|                                              |         | <b>8,147,722</b>                  | 6,587,322                 |
| <b>Current Assets</b>                        |         |                                   |                           |
| Stores, spare parts and loose tools          |         | 936,525                           | 884,871                   |
| Stock in trade                               | 7       | 3,694,198                         | 3,840,346                 |
| Trade debts                                  | 15      | 3,083,534                         | 2,897,201                 |
| Loans and advances                           |         | 78,074                            | 65,953                    |
| Trade deposits and short term prepayments    |         | 176,826                           | 153,904                   |
| Other receivables                            | 15      | 368,858                           | 318,832                   |
| Dividend receivable from subsidiary company  | 15      | 225,750                           | -                         |
| Sales tax refund due from Federal Government |         | 8,634                             | 8,634                     |
| Cash and bank balances                       |         | 121,964                           | 103,257                   |
|                                              |         | <b>8,694,363</b>                  | 8,272,998                 |
| <b>TOTAL ASSETS</b>                          |         | <b>16,842,085</b>                 | 14,860,320                |
| <b>EQUITY AND LIABILITIES</b>                |         |                                   |                           |
| <b>EQUITY</b>                                |         |                                   |                           |
| Share capital                                | 8       | 383,645                           | 383,645                   |
| Capital reserve - share premium              |         | 383,645                           | 383,645                   |
| General reserve                              |         | 3,250,000                         | 3,250,000                 |
| Unappropriated profit                        |         | 2,580,552                         | 1,937,862                 |
|                                              |         | <b>6,597,842</b>                  | 5,955,152                 |
| <b>LIABILITIES</b>                           |         |                                   |                           |
| <b>Non - Current Liabilities</b>             |         |                                   |                           |
| Long term financing                          |         | 4,548,688                         | 2,840,439                 |
| Deferred liabilities and income              | 9       | 528,204                           | 502,344                   |
|                                              |         | <b>5,076,892</b>                  | 3,342,783                 |
| <b>Current Liabilities</b>                   |         |                                   |                           |
| Trade and other payables                     | 10 & 15 | 2,204,369                         | 1,847,054                 |
| Unclaimed dividend                           |         | 21,463                            | 21,511                    |
| Accrued mark up                              |         | 54,954                            | 38,785                    |
| Short term borrowings                        |         | 2,724,407                         | 3,520,880                 |
| Current portion of long term financing       |         | 161,938                           | 90,342                    |
| Provision for income tax less payments       |         | 220                               | 43,813                    |
|                                              |         | <b>5,167,351</b>                  | 5,562,385                 |
| <b>CONTINGENCIES AND COMMITMENTS</b>         | 11      |                                   |                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>          |         | <b>16,842,085</b>                 | 14,860,320                |

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

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

|                                                          | Note | (Rupees in Thousand)       |                            |
|----------------------------------------------------------|------|----------------------------|----------------------------|
|                                                          |      | Jul-2021<br>to<br>Sep-2021 | Jul-2020<br>to<br>Sep-2020 |
| Sales                                                    |      | 4,953,241                  | 3,747,555                  |
| Cost of sales                                            |      | 4,237,940                  | 3,332,560                  |
| <b>Gross profit</b>                                      |      | <b>715,301</b>             | 414,995                    |
| Distribution and selling costs                           |      | 52,095                     | 49,327                     |
| Administrative expenses                                  |      | 81,548                     | 65,091                     |
| Other operating expenses                                 |      | 45,692                     | 25,883                     |
|                                                          |      | 179,335                    | 140,301                    |
|                                                          |      | 535,966                    | 274,694                    |
| Other income                                             |      | 6,639                      | 8,162                      |
| <b>Operating profit</b>                                  |      | <b>542,605</b>             | 282,856                    |
| Finance costs                                            |      | 64,755                     | 20,798                     |
|                                                          |      | 477,850                    | 262,058                    |
| Investment income - Dividend                             | 12   | 225,750                    | -                          |
| <b>Profit before income tax</b>                          |      | <b>703,600</b>             | 262,058                    |
| Income tax - Current                                     |      | 60,910                     | 55,852                     |
| - Deferred                                               |      | -                          | (5,437)                    |
|                                                          |      | 60,910                     | 50,415                     |
| <b>Profit after income tax</b>                           |      | <b>642,690</b>             | 211,643                    |
| <b>Earnings per share - Basic and diluted ( Rupees )</b> |      | <b>16.75</b>               | 5.52                       |

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

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

|                            | (Rupees in Thousand)       |                            |
|----------------------------|----------------------------|----------------------------|
|                            | Jul-2021<br>to<br>Sep-2021 | Jul-2020<br>to<br>Sep-2020 |
| Profit after income tax    | 642,690                    | 211,643                    |
| Other comprehensive income | -                          | -                          |
| Total comprehensive income | <u>642,690</u>             | <u>211,643</u>             |

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

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

|                                                                                                                                   | Share<br>Capital     | Capital reserve<br>Share Premium | General<br>reserve | Unappropriated<br>profit | Total            |
|-----------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------|--------------------|--------------------------|------------------|
|                                                                                                                                   | (Rupees in Thousand) |                                  |                    |                          |                  |
| Balances as at July 01, 2020                                                                                                      | 383,645              | 383,645                          | 3,250,000          | 1,315,439                | 5,332,729        |
| Total comprehensive income for the<br>quarter ended September 30, 2020                                                            | -                    | -                                | -                  | 211,643                  | 211,643          |
| Balances as at September 30, 2020                                                                                                 | 383,645              | 383,645                          | 3,250,000          | 1,527,082                | 5,544,372        |
| Total comprehensive income for the<br>nine months ended June 30, 2021                                                             | -                    | -                                | -                  | 857,780                  | 857,780          |
| Derecognition of long term<br>investment in associated company<br>Messrs. Novatex Limited under<br>approved Scheme of arrangement | -                    | -                                | -                  | (447,000)                | (447,000)        |
| Balances as at June 30, 2021                                                                                                      | 383,645              | 383,645                          | 3,250,000          | 1,937,862                | 5,955,152        |
| Total comprehensive income for the<br>quarter ended September 30, 2021                                                            | -                    | -                                | -                  | 642,690                  | 642,690          |
| <b>Balances as at September 30, 2021</b>                                                                                          | <b>383,645</b>       | <b>383,645</b>                   | <b>3,250,000</b>   | <b>2,580,552</b>         | <b>6,597,842</b> |

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

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

|                                                                                            | (Rupees in Thousand)<br>Jul-2021<br>to<br>Sep-2021 | Jul-2020<br>to<br>Sep-2020 |
|--------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------|
| <b>Cash Flows from/(towards) Operating Activities</b>                                      |                                                    |                            |
| Profit before income tax                                                                   | 703,600                                            | 262,058                    |
| Adjustments for:                                                                           |                                                    |                            |
| Depreciation                                                                               | 136,106                                            | 123,083                    |
| Provision for defined benefit plan                                                         | 12,540                                             | 10,503                     |
| Gain on disposal of property, plant and equipment                                          | (2,308)                                            | (360)                      |
| Loss on disposal of property, plant and equipment                                          | 4                                                  | 13                         |
| Impairment in long term investments                                                        | 4,535                                              | 2,892                      |
| Impairment allowance for ECL - net                                                         | 5,385                                              | 8,386                      |
| (Reversal)/impairment allowance for slow moving stores,<br>spare parts and loose tools-net | (562)                                              | 69                         |
| Amortisation of interest free long term loan to subsidiary company                         | (3,661)                                            | (2,869)                    |
| Investment income - Dividend                                                               | (225,750)                                          | -                          |
| Finance costs                                                                              | 64,755                                             | 20,798                     |
|                                                                                            | (8,956)                                            | 162,515                    |
|                                                                                            | 694,644                                            | 424,573                    |
| (Increase)/decrease in current assets:                                                     |                                                    |                            |
| Stores, spare parts and loose tools                                                        | (51,092)                                           | (55,468)                   |
| Stock in trade                                                                             | 146,148                                            | 28,669                     |
| Trade debts                                                                                | (191,718)                                          | (191,214)                  |
| Loans and advances                                                                         | (12,558)                                           | 7,164                      |
| Trade deposits and short term prepayments                                                  | (22,922)                                           | (16,654)                   |
| Other receivables                                                                          | (50,026)                                           | (41,736)                   |
|                                                                                            | (182,168)                                          | (269,239)                  |
| Increase in Trade and other payables                                                       | 356,621                                            | 464,714                    |
| Cash flows from operations before following                                                | 869,097                                            | 620,048                    |
| (Payments for)/receipts of:                                                                |                                                    |                            |
| Long term loans                                                                            | (5,653)                                            | (36,058)                   |
| Long term deposits                                                                         | -                                                  | 151                        |
| Defined benefit plan                                                                       | (2,462)                                            | (2,817)                    |
| Finance costs                                                                              | (48,586)                                           | (17,885)                   |
| Income tax                                                                                 | (104,503)                                          | (70,623)                   |
| Net cash flows from operating activities                                                   | 707,893                                            | 492,816                    |
| <b>Cash Flows (towards)/from Investing Activities</b>                                      |                                                    |                            |
| Additions in property, plant and equipment                                                 | (1,691,068)                                        | (456,334)                  |
| Proceeds from disposal of property, plant and equipment                                    | 4,127                                              | 847                        |
| Additions in intangible assets                                                             | (9,968)                                            | (5,200)                    |
| Net cash flows towards investing activities                                                | (1,696,909)                                        | (460,687)                  |
| <b>Cash Flows from/(towards) Financing Activities</b>                                      |                                                    |                            |
| Long term financing - proceeds received                                                    | 1,804,244                                          | 320,461                    |
| Dividend paid                                                                              | (48)                                               | (36)                       |
| Net cash flows from financing activities                                                   | 1,804,196                                          | 320,425                    |
| <b>Net increase in cash and cash equivalents</b>                                           | 815,180                                            | 352,554                    |
| <b>Cash and cash equivalents at the beginning of the period</b>                            | (3,417,623)                                        | (1,607,784)                |
| <b>Cash and cash equivalents at the end of the period</b>                                  | (2,602,443)                                        | (1,255,230)                |
| <b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>                                              |                                                    |                            |
| Cash and bank balances                                                                     | 121,964                                            | 91,325                     |
| Short term borrowings                                                                      | (2,724,407)                                        | (1,346,555)                |
|                                                                                            | (2,602,443)                                        | (1,255,230)                |

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

**SHABIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

## 1 THE COMPANY AND ITS OPERATIONS

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

**1.2** Following are the wholly owned subsidiaries of the Company:

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

## 2 BASIS OF PREPARATION

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

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

**2.3** These condensed interim un-consolidated financial statements are unaudited and do not include all the information and disclosures of the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2021.



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

### 2.4.1 Amendments to published approved accounting standards which are effective during the quarter ended September 30, 2021:

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

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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Company, therefore, have not been disclosed in these condensed interim un-consolidated financial statements.

## 2.5 Functional and reporting currency

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

## 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim un-consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2021.

## 4 SIGNIFICANT ACCOUNTING POLICIES

These condensed interim un-consolidated financial statements have been prepared, following the same accounting policies as were applied in the preparation of the audited financial statements as at and for the year ended June 30, 2021.

|                                        | Note | (Rupees in Thousand)<br>September<br>2021<br>(Un-audited) | June<br>2021<br>(Audited) |
|----------------------------------------|------|-----------------------------------------------------------|---------------------------|
| <b>5 PROPERTY, PLANT AND EQUIPMENT</b> |      |                                                           |                           |
| Operating fixed assets                 | 5.1  | 3,582,399                                                 | 3,701,715                 |
| Capital work in progress               | 5.2  | 3,912,017                                                 | 2,247,485                 |
|                                        |      | <u>7,494,416</u>                                          | <u>5,949,200</u>          |


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

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

|                                    | (Rupees in Thousand)<br>Quarter ended<br>September<br>2021 | Quarter ended<br>September<br>2020 |
|------------------------------------|------------------------------------------------------------|------------------------------------|
| Leasehold land                     | -                                                          | 32,226                             |
| Building on leasehold land         | -                                                          | 4,958                              |
| Plant and machinery                | 4,585                                                      | 51,166                             |
| Factory equipment                  | 3,288                                                      | 6,547                              |
| Motor vehicles                     | 10,740                                                     | 5,174                              |
|                                    | <u>18,613</u>                                              | <u>100,071</u>                     |
| Disposals at NBV during the period |                                                            |                                    |
| Office equipment                   | -                                                          | 2                                  |
| Motor vehicles                     | 1,823                                                      | 498                                |
|                                    | <u>1,823</u>                                               | <u>500</u>                         |

**5.2 Capital work in progress**

|                                    |                  |                |
|------------------------------------|------------------|----------------|
| Balance as at start of the period  | 2,247,485        | 312,487        |
| Additions                          | 1,664,532        | 409,283        |
| Transfer to operating fixed assets | -                | (44,521)       |
| Balance as at end of the period    | <u>3,912,017</u> | <u>677,249</u> |

|                                           | September<br>2021<br>(Un-audited) | June<br>2021<br>(Audited) |
|-------------------------------------------|-----------------------------------|---------------------------|
| <b>6 INTANGIBLE ASSETS</b>                |                                   |                           |
| Capital work in progress - SAP ERP System |                                   |                           |
| Balance as at start of the period         | 35,898                            | 17,614                    |
| Additions                                 | 9,968                             | 18,284                    |
| Balance as at end of the period           | <u>45,866</u>                     | <u>35,898</u>             |

**7 STOCK IN TRADE**

These include items costing Rs.82.839 million (June 2021: Rs.104.845 million) valued at net realisable value of Rs.55.533 million (June 2021: Rs.69.329 million).


**8 SHARE CAPITAL**

| (Number of Shares)                         |                        | Note                                                                  | (Rupees in Thousand)           |                        |
|--------------------------------------------|------------------------|-----------------------------------------------------------------------|--------------------------------|------------------------|
| September 2021<br>(Un-audited)             | June 2021<br>(Audited) |                                                                       | September 2021<br>(Un-audited) | June 2021<br>(Audited) |
| 8.1 Authorised capital                     |                        |                                                                       |                                |                        |
| 95,000,000                                 | 95,000,000             | Ordinary shares of Rs. 10 each                                        | 950,000                        | 950,000                |
| 8.2 Issued, subscribed and paid up capital |                        |                                                                       |                                |                        |
| 30,136,080                                 | 30,136,080             | Ordinary shares of Rs.10 each allotted for consideration paid in cash | 301,361                        | 301,361                |
| 8,228,400                                  | 8,228,400              | Ordinary shares of Rs.10 each allotted as fully paid bonus shares     | 82,284                         | 82,284                 |
| 38,364,480                                 | 38,364,480             |                                                                       | 383,645                        | 383,645                |

**9 DEFERRED LIABILITIES AND INCOME**
**Deferred Liabilities**

|                                                          |     |         |         |
|----------------------------------------------------------|-----|---------|---------|
| Defined benefit plan                                     | 9.1 | 448,462 | 438,384 |
| Provision for Gas Infrastructure Development Cess (GIDC) | 9.2 | 37,086  | 41,761  |

**Deferred income**

|                                     |     |                |                |
|-------------------------------------|-----|----------------|----------------|
| Deferred Income - Government scheme | 9.3 | <u>42,656</u>  | <u>22,199</u>  |
|                                     |     | <u>528,204</u> | <u>502,344</u> |

**9.1 Defined benefit plan**

|                                   |                |                 |
|-----------------------------------|----------------|-----------------|
| Balance as at start of the period | 438,384        | 407,426         |
| Expense                           | 12,540         | 48,997          |
| Remeasurement gain                | -              | (3,699)         |
| Payments                          | <u>(2,462)</u> | <u>(14,340)</u> |
| Balance as at end of the period   | <u>448,462</u> | <u>438,384</u>  |

**9.2 Provision for Gas Infrastructure Development Cess**

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

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

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

### 9.3 Deferred Income - Government scheme

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

## 10 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

- 10.1** The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Company alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. M/s. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court amounting to Rs.47.667 million (June 2021: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 2021: Rs.40.194 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories which the Company is paying in full as per the notification.
- 10.2** In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Company with effect from September 2013. On December 21, 2015, the Company alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court (refer note 10.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (June 2021: Rs.15.977 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.13.629 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Company is paying full amount of the gas bills as per this notification. In February, 2020, the Honorable Single Bench of Sindh High Court has decided the case in favor of Petitioners. SSGCL has filed appeal before the Double Bench of Sindh High Court against the decision and is pending for adjudication.

**10.3** Provision of Sindh Sales Tax on rent payable by the Company to a related party Messrs. Novatex Limited amounted to Rs.6.746 million (June 2021: Rs.6.596 million). The related party had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Honorable Single Bench of Sindh High Court decided the case in favor of the related party. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court. Pending outcome of the facts, the Company as a matter of prudence provided the same.

**10.4** The Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. On October 23, 2017, the Company has also challenged the new Act in the Sindh High Court against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Company has filed appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Company has provided bank guarantee amounting to Rs.288.365 million (June 2021: Rs.248.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 11.2). Full provision after December 27, 2006 has been made in these condensed interim un-consolidated financial statements as an abundant precaution.

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

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will ultimately decided in favor of the Company. However, as an abundant precaution, the Company has made provision of Rs.65.752 million till June 30, 2018.

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

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Company has made provision of Rs.75.468 million (June 2021: Rs.68.615 million).

**10.7** Provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (June 2021: Rs.4.131 million) and rate difference of gas tariff Rs.2.437 million (June 2021: Rs.2.354 million) on account of common expenses payable by the Company to a related party Messrs. Novatex Limited.



## **11 CONTINGENCIES AND COMMITMENTS**

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

### **11.1 Contingencies**

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

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

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

- 11.1.2** In May 2015, the Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015, which seeks to impose GIDC levy since 2011. On July 16, 2015, the Company alongwith several other companies filed suit in the Sindh High Court against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Honorable Single Bench of Sindh High Court had decided the case in favor of Petitioners. However, in May 2020, Defendants have filed appeal before the Double Bench of Sindh High Court. On August 13, 2020, the Honorable Supreme Court of Pakistan finally in the appeals filed by industries of Khyber Pakhtunkhwa, passed a judgment in favor of Government declaring the GIDC Act 2015 intra vires and directed all the Petitioners/Appellants (including industries of all over Pakistan) for payment of Cess liability accrued till July 31, 2020 in 24 equal monthly installments. The Company has filed Review Petition against the Judgment, wherein the Honorable Supreme Court of Pakistan has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments and also hold that GIDC relating to period prior to the GIDC Act, 2015 is not recoverable in case the same was not passed on by the Company. As per the judgement of Supreme Court of Pakistan, the Company has filed a Civil Suit before the Sindh High Court against payment of GIDC instalments on the ground that the Company has not passed on the burden of Cess. The Honorable Sindh High Court has granted stay order to Plaintiffs whereby the Messrs. Sui Southern Gas Company Limited has been restrained to take any coercive action against non payment of GIDC installments.

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

- 11.1.3** The Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the Company. No provision of the amount involved i.e. Rs.28.731 million (June 2021: Rs.27.954 million) has been made in these condensed interim un-consolidated financial statements as the Company is confident for the favorable outcome of the Petition.

- 11.1.4** The Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A)) – 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders passed by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Company has already deposited Rs.28 million under protest into the Government Treasury for stay against the full recovery. The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). Appeal pertaining to tax periods July 2013 to June 2014 has been heard and is reserved for order. The CIR(A) has decided the matter for tax periods July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Company. However, the Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these condensed interim un-consolidated financial statements as the Company is confident that the matter will be decided in favor by the appellate authorities.
- 11.1.5** Income Tax Department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Company wherein refund of Rs.7.7 million had been determined. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.
- 11.1.6** Income Tax Department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favor of the Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company.
- 11.1.7** The Tax Officer alleged the Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that reduced rate was applicable to customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Company. Appeal was decided in favor of the Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company.



- 11.1.8** The case of the Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Company. Considering that the matter decided against the Company has no material impact, therefore, the Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A) which has not yet been concluded.
- 11.1.9** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta vide order dated June 29, 2016 against which the Company filed an appeal before the CIR(A), who vide order dated January 20, 2017 decided the case partially in favor of the Company and partially in favor of Tax Department. The Tax Department has filed an appeal before the ATIR which has not yet been concluded.
- 11.1.10** The Company had filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Company has provided 100% bank guarantee amounting to Rs.15.351 million (June 2021: Rs.15.351 million), refer note 11.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01,2020.
- 11.1.11** Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, the involving tax credit of Rs.42 million for tax year 2019 to the Company was disallowed. The Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Company to claim 10% tax credit on investment in plant & machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these condensed interim un-consolidated financial statements.
- 11.1.12** The Company had filed a petition before the Sindh High Court wherein the Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Company.
- 11.1.13** The Company had filed a petition before the Sindh High Court wherein the Company had challenged the notice requiring to pay Super Tax for tax year 2018 Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Company. The Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Company also filed an appeal before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 based on the judgement of the Sindh High Court for recovery of Super Tax, which has been concluded in favor of the Tax Department. The Company has paid 50% of demand for auto stay from recovery.



**11.1.14** Income tax return for tax year 2019 has been amended by the DCIR vide order dated June 29, 2020 creating tax demand of Rs.1.594 million while abolishing refund of Rs.35.819 million as claimed in ITR 2019 against which the Company filed an appeal before the CIR(A), which has not yet been concluded. Further the Company has also submitted an application to the Tax Department thereby requesting to adjust such tax demand against Company's available refunds. In response thereto, the Tax Department has adjusted the instant demand with available refunds of tax year 2015.

**11.1.15** Through Finance Act, 2019, section 65B of the Income Tax Ordinance, 2001 was amended to disallow credit on investment in plant & machinery from tax year 2020 and onwards. Consequently, the tax credit in respect of LCs opened on or before 30th June 2019 was also disallowed amounting to Rs.105.230 million. The Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Company to claim 10% tax credit on investment in plant & machinery on the basis of pre-amended position of section 65B. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these condensed interim un-consolidated financial statements.

**11.1.16** The Tax Officer alleged the Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty. The Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that zero rate was applicable to customer as the customer was active and operative at the time of execution of sales transaction. Appeal is pending for hearing.

**11.1.17** Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 million and Rs.3.022 million respectively. The Company filed petitions against the said notices before the Sindh High Court and has been granted stay till the decision of the case.

|                                                           |                   | (Rupees in Thousand)              |                           |
|-----------------------------------------------------------|-------------------|-----------------------------------|---------------------------|
|                                                           |                   | September<br>2021<br>(Un-audited) | June<br>2021<br>(Audited) |
| <b>11.2</b>                                               | <b>Guarantees</b> |                                   |                           |
| Bank Guarantees in favor of:                              |                   |                                   |                           |
| The Director Excise and Taxation, Karachi                 |                   | 288,365                           | 248,365                   |
| The Electric Inspector, President Licencing Board, Quetta |                   | 10                                | 10                        |
| Pakistan State Oil Company Limited                        |                   | 40,000                            | 40,000                    |
| K-Electric Limited                                        |                   | 11,560                            | 11,560                    |
| Nazir of the High Court of Sindh, Karachi                 |                   | 15,351                            | 15,351                    |
| Letters of Credit in favor of:                            |                   |                                   |                           |
| Sui Southern Gas Company Limited for Gas                  |                   | 32,592                            | 32,592                    |
|                                                           |                   | <u>387,878</u>                    | <u>347,878</u>            |

### 11.3 Commitments

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

|                               |  |                  |                  |
|-------------------------------|--|------------------|------------------|
| Foreign currency:             |  |                  |                  |
| Property, plant and equipment |  | 2,723,083        | 3,584,297        |
| Raw material                  |  | 648,735          | 286,607          |
| Spare parts and others        |  | 37,389           | 55,431           |
|                               |  | <u>3,409,207</u> | <u>3,926,335</u> |
| Local currency:               |  |                  |                  |
| Property, plant and equipment |  | 342,126          | 281,501          |
| Raw material                  |  | 153,342          | 136,984          |
|                               |  | <u>495,468</u>   | <u>418,485</u>   |
|                               |  | <u>3,904,675</u> | <u>4,344,820</u> |



(Rupees in Thousand)  
Quarter ended September 2021      Quarter ended September 2020

**12 INVESTMENT INCOME - DIVIDEND**

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

225,750

-

**13 MEASUREMENT OF FAIR VALUE**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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.

**14 SEGMENT REPORTING****14.1 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.



## 14.2 Segment results:

The segment information for the reportable segments for the quarter ended September 30, 2021 is as follows:

| (Rupees in Thousand)                                             |                        |          |                         |                        |           |           |
|------------------------------------------------------------------|------------------------|----------|-------------------------|------------------------|-----------|-----------|
| September 2021                                                   |                        |          | September 2020          |                        |           |           |
| Polyester Filament Yarn                                          | Polyester PET Preforms | Total    | Polyester Filament Yarn | Polyester PET Preforms | Total     |           |
| External sales                                                   | 3,974,700              | 978,541  | 4,953,241               | 2,629,575              | 1,117,980 | 3,747,555 |
| Segment result before depreciation                               | 536,776                | 180,988  | 717,764                 | 259,860                | 163,800   | 423,660   |
| Less: Depreciation                                               | (126,898)              | (9,208)  | (136,106)               | (110,548)              | (12,535)  | (123,083) |
| Segment result after depreciation                                | 409,878                | 171,780  | 581,658                 | 149,312                | 151,265   | 300,577   |
| Reconciliation of segment results with Profit before income tax: |                        |          |                         |                        |           |           |
| Total results for reportable segments                            |                        | 581,658  |                         |                        | 300,577   |           |
| Other operating expenses                                         |                        | (45,692) |                         |                        | (25,883)  |           |
| Other income                                                     |                        | 6,639    |                         |                        | 8,162     |           |
| Finance costs                                                    |                        | (64,755) |                         |                        | (20,798)  |           |
| Investment income - Dividend                                     |                        | 225,750  |                         |                        | -         |           |
| Profit before income tax                                         |                        | 703,600  |                         |                        | 262,058   |           |

Assets and liabilities by segments are as follows:

|                     | September 2021<br>(Un-audited) |           |            | June 2021<br>(Audited) |           |            |
|---------------------|--------------------------------|-----------|------------|------------------------|-----------|------------|
| Segment assets      | 12,807,922                     | 1,876,984 | 14,684,906 | 10,887,564             | 2,193,877 | 13,081,441 |
| Segment liabilities | 5,006,593                      | 180,138   | 5,186,731  | 3,550,786              | 161,139   | 3,711,925  |

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

|                                                                                       | Assets            | Liabilities       | Assets            | Liabilities      |
|---------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|------------------|
| Total for reportable segments                                                         | 14,684,906        | 5,186,731         | 13,081,441        | 3,711,925        |
| Unallocated                                                                           | 2,157,179         | 5,057,512         | 1,778,879         | 5,193,243        |
| <b>Total as per condensed interim un-consolidated statement of financial position</b> | <b>16,842,085</b> | <b>10,244,243</b> | <b>14,860,320</b> | <b>8,905,168</b> |

Other segment information is as follows:

|                                                            | September 2021 |              |                  | September 2020 |               |                |
|------------------------------------------------------------|----------------|--------------|------------------|----------------|---------------|----------------|
| Depreciation                                               | <u>126,898</u> | <u>9,208</u> | <u>136,106</u>   | <u>110,548</u> | <u>12,535</u> | <u>123,083</u> |
| Capital expenditures incurred during the period            | 1,504,882      | 1,589        | 1,506,471        | 441,212        | -             | 441,212        |
| Unallocated capital expenditure incurred during the period |                |              | <u>184,597</u>   |                |               | <u>15,122</u>  |
| Total                                                      |                |              | <u>1,691,068</u> |                |               | <u>456,334</u> |

**14.3** 95.96% (September 2020: 98.84%) out of total sales of the Company relates to customers in Pakistan.

**14.4** All non-current assets of the Company as at September 30, 2021 are located in Pakistan.

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



## 15 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:

| (Rupees in Thousand)                               |                         |                         |                                  |                              |                              |
|----------------------------------------------------|-------------------------|-------------------------|----------------------------------|------------------------------|------------------------------|
| Name                                               | Nature of relationship  | Basis of relationship   | Nature of transaction            | Quarter ended September 2021 | Quarter ended September 2020 |
| Gatro Power (Private) Limited                      | Subsidiary Company      | 100% ownership          | Purchase of power                | 605,988                      | 511,694                      |
|                                                    |                         |                         | Dividend income                  | 225,750                      | -                            |
|                                                    |                         |                         | Plant operation arrangement      | 9,000                        | 9,000                        |
|                                                    |                         |                         | Reimbursement of expenses        | 129                          | 6                            |
| G-Pac Energy (Private) Limited                     | Subsidiary Company      | 100% ownership          | Long term loan                   | 6,100                        | 35,750                       |
|                                                    |                         |                         | Reimbursement of expenses        | 88                           | 4                            |
| Novatex Limited                                    | Related Party           | Common Key directorship | Sales of goods                   | 317,831                      | 563,848                      |
|                                                    |                         |                         | Rendering of services            | -                            | 31,477                       |
|                                                    |                         |                         | Acquisition of services          | 147,893                      | 224,045                      |
|                                                    |                         |                         | Purchase of raw & other material | 86,633                       | 115                          |
|                                                    |                         |                         | Rent                             | 4,988                        | 4,988                        |
|                                                    |                         |                         | Reimbursement of expenses        | 51,139                       | 34,791                       |
| Krystalite Product (Private) Limited               | Related Party           | Common Key management   | Sale of goods                    | 32,931                       | 28,556                       |
|                                                    |                         |                         | Purchase of raw & other material | -                            | 174                          |
|                                                    |                         |                         | Reimbursement of expenses        | 15                           | -                            |
| Mushtaq & Company (Private) Limited                | Related Party           | Common management       | Sale of goods                    | 6,477                        | 10,533                       |
| Gani & Tayub (Private) Limited                     | Related Party           | Common directorship     | Charges on account of handling   | 2,061                        | 1,804                        |
| Gatron Foundation                                  | Related Party           | Common directorship     | Payment of donation              | 1,430                        | 585                          |
| Gatron (Industries) Limited Staff Provident Fund   | Retirement benefit fund | Employees fund          | Provident fund contribution      | 7,082                        | 5,767                        |
| Gatron (Industries) Limited Workers Provident Fund | Retirement benefit fund | Employees fund          | Provident fund contribution      | 1,003                        | 949                          |



There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.81.483 million (September 2020: Rs.60.296 million).

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

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

|                                                    | <b>( Rupees in Thousand )</b>                            |                                                  |
|----------------------------------------------------|----------------------------------------------------------|--------------------------------------------------|
|                                                    | <b>As at<br/>September 30,<br/>2021<br/>(Un-audited)</b> | <b>As at<br/>June 30,<br/>2021<br/>(Audited)</b> |
| Gatro Power (Private) Limited                      |                                                          |                                                  |
| Other receivables                                  | <b>9,056</b>                                             | 3,066                                            |
| Dividend receivable                                | <b>225,750</b>                                           | -                                                |
| Trade and other payables                           | <b>238,736</b>                                           | 201,556                                          |
| G-Pac Energy (Private) Limited                     |                                                          |                                                  |
| Other receivables                                  | <b>35</b>                                                | 25                                               |
| Novatex Limited                                    |                                                          |                                                  |
| Trade debts                                        | -                                                        | 97,520                                           |
| Other receivables                                  | <b>15,591</b>                                            | 23,144                                           |
| Trade and other payables                           | <b>129,835</b>                                           | 55,740                                           |
| Krystalite Product (Private) Limited               |                                                          |                                                  |
| Trade debts                                        | <b>38,528</b>                                            | 115,843                                          |
| Other receivables                                  | <b>15</b>                                                | -                                                |
| Mushtaq & Company (Private) Limited                |                                                          |                                                  |
| Trade and other payables                           | <b>6,814</b>                                             | 14,040                                           |
| Gani & Tayub (Private) Limited                     |                                                          |                                                  |
| Trade and other payables                           | <b>803</b>                                               | 619                                              |
| Gatron (Industries) Limited Staff Provident Fund   |                                                          |                                                  |
| Trade and other payables                           | <b>5,055</b>                                             | 4,070                                            |
| Gatron (Industries) Limited Workers Provident Fund |                                                          |                                                  |
| Other receivables                                  | <b>1,048</b>                                             | 991                                              |

**16 CORRESPONDING FIGURES**

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

| Reclassification from component         | Reclassification to component                                      | (Rupees in Thousand) |
|-----------------------------------------|--------------------------------------------------------------------|----------------------|
| Cash Flows towards Investing Activities | Cash Flows towards Operating Activities                            |                      |
| Long term investment made               | Amortisation of interest free long term loan to subsidiary company | 2,869                |
| Long term investment made               | Long term loans                                                    | 4,658                |

**17 DATE OF AUTHORISATION**

These condensed interim un-consolidated financial statements were authorised for issue on October 23, 2021 by the Board of Directors of the Company.

**18 CORRESPONDING FIGURES**

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

**19 GENERAL**

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

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

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer





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

**Condensed Interim Consolidated  
Financial Statements  
For the Three Months ended  
September 30, 2021**

## Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the Un-audited Consolidated Financial Statements of the Group for the quarter ended September 30, 2021.

### THE GROUP

The Group comprises of Gatron (Industries) Limited and its subsidiaries i.e. Gatro Power (Private) Limited, Global Synthetics Limited and G-Pac Energy (Private) Limited. During the period operations of wholly owned subsidiary Messrs. Gatro Power (Private) Limited remained disturbed due shortage of gas supply and use of alternate sources to supply power to Parent Company, resulting in increased power cost.

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

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

### CONSOLIDATED FINANCIALS

(Pak Rupees in Thousand)

#### Operating results for the quarter ended September 30, 2021

|                                                 |           |
|-------------------------------------------------|-----------|
| Profit before income tax                        | 655,034   |
| Income Tax                                      | 60,910    |
| Profit after income tax                         | 594,124   |
| Un- appropriated Profit brought forward         | 3,378,345 |
| Un- appropriated Profit carried forward         | 3,972,469 |
| Earnings per share - Basic and diluted (Rupees) | 15.49     |

#### State of Affairs as on September 30, 2021

|                               |            |
|-------------------------------|------------|
| Property, Plant and Equipment | 9,158,840  |
| Other non-current assets      | 48,743     |
| Current assets                | 10,316,833 |
| Total assets                  | 19,524,416 |

#### Deduct:

|                                             |            |
|---------------------------------------------|------------|
| Non-current liabilities                     | 5,402,282  |
| Current liabilities                         | 5,847,375  |
| Total liabilities                           | 11,249,657 |
| Net assets financed by shareholders' equity | 8,274,759  |

### MATERIAL CHANGES AND COMMITMENTS

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

### **INTERNAL FINANCIAL CONTROLS**

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

### **ACKNOWLEDGMENT**

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

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

**SHABBIR DIWAN**  
CHIEF EXECUTIVE OFFICER

**MUHAMMAD IQBAL BILWANI**  
DIRECTOR

**OCTOBER 23, 2021**

اظہار تشکر:

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

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

محمد اقبال یلوانی  
ڈائریکٹر

شعبہ دیوان  
افسر اعلیٰ

23 اکتوبر، 2021ء

## گروپ کے جامع مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

معزز ممبران،

میسرز گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2021ء کو اختتام پذیر ہونے والی سہ ماہی مدت کے گروپ ہلڈا کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

### گروپ:

یہ گروپ میسرز گیٹرون (انڈسٹریز) لمیٹڈ اور اس کے مکمل ماتحت اداروں میسرز گیٹرو پاور (پرائیویٹ) لمیٹڈ، میسرز گلوبل سسٹیمز لمیٹڈ اور میسرز جی بیگ انرجی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔ زیر جائزہ مدت کے دوران مکمل ملکیتی ماتحت ادارہ میسرز گیٹرو پاور (پرائیویٹ) لمیٹڈ کی عملی کارکردگی گیس کی فراہمی میں قلت اور پیرینٹ کمپنی کو متبادل ذرائع سے تیار شدہ ہنگی بجلی کی فراہمی کے نتیجے میں متاثر رہی۔

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

مکمل ملکیتی ماتحت ادارہ میسرز گلوبل سسٹیمز لمیٹڈ نے اب تک اپنے آپریشنز شروع نہیں کئے۔

### جامع مالیات:

| (روپے '000)                                 | آپریٹنگ نتائج برائے مدت سہ ماہی ختمہ 30 ستمبر 2021ء                                 |
|---------------------------------------------|-------------------------------------------------------------------------------------|
| 655,034                                     | منافع قبل از ٹیکس                                                                   |
| 60,910                                      | ٹیکس                                                                                |
| 594,124                                     | منافع بعد از ٹیکس                                                                   |
| 3,378,345                                   | غیر متصرف منافع کز شدہ (Un-appropriated profit brought forward)                     |
| 3,972,469                                   | غیر متصرف منافع حالیہ (Un-appropriated profit carried forward)                      |
| 15.49                                       | آمدنی فی شیئر بنیادی اور تحلیل شدہ (Earning per share) (Basic and Diluted) (Rupees) |
| <b>30 ستمبر 2021ء تک معاملات کی صورتحال</b> |                                                                                     |
| 9,158,840                                   | الماک، پلانٹ اور ایکوئپمنٹ                                                          |
| 48,743                                      | دیگر پائیدار اثاثہ جات                                                              |
| 10,316,833                                  | بدل پذیر اثاثہ جات                                                                  |
| 19,524,416                                  | کل اثاثہ جات                                                                        |
| <b>منہا جات:</b>                            |                                                                                     |
| 5,402,282                                   | پائیدار واجبات                                                                      |
| 5,847,375                                   | بدل پذیر واجبات                                                                     |
| 11,249,657                                  | کل واجبات                                                                           |
| 8,274,759                                   | خالص اثاثہ جات ادا شدہ منجانب ایکوئٹی ہائے حصص یافتگان                              |

### اہم تبدیلیاں اور معاہدے:

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

### اندرونی مالیاتی کنٹرول:

اندرونی نگہداری کا نظام مضبوط بنیادوں پر استوار ہے اور اس کا نفاذ موثر طور سے کیا گیا ہے اور اس پر نظر بھی کھی جارہی ہے۔



## Condensed Interim Consolidated Statement Of Financial Position

AS AT SEPTEMBER 30, 2021

|                                                 |         | (Rupees in Thousand)              |                           |
|-------------------------------------------------|---------|-----------------------------------|---------------------------|
|                                                 | Note    | September<br>2021<br>(Un-audited) | June<br>2021<br>(Audited) |
| <b>ASSETS</b>                                   |         |                                   |                           |
| <b>Non - Current Assets</b>                     |         |                                   |                           |
| Property, plant and equipment                   | 5       | 9,158,840                         | 7,498,060                 |
| Intangible assets                               | 6       | 45,866                            | 35,898                    |
| Long term loans                                 |         | 30                                | 40                        |
| Long term deposits                              |         | 2,847                             | 2,847                     |
|                                                 |         | <b>9,207,583</b>                  | <b>7,536,845</b>          |
| <b>Current Assets</b>                           |         |                                   |                           |
| Stores, spare parts and loose tools             |         | 1,292,566                         | 1,215,414                 |
| Stock in trade                                  | 7       | 3,694,198                         | 3,840,346                 |
| Trade debts                                     | 14      | 3,083,534                         | 2,897,201                 |
| Loans and advances                              |         | 93,078                            | 82,857                    |
| Trade deposits and short term prepayments       |         | 195,570                           | 154,193                   |
| Other receivables                               | 14      | 385,606                           | 335,766                   |
| Income tax refundable - payments less provision |         | 4,607                             | -                         |
| Sales tax refund due from Federal Government    |         | 8,634                             | 8,634                     |
| Cash and bank balances                          |         | 1,559,040                         | 1,493,170                 |
|                                                 |         | <b>10,316,833</b>                 | <b>10,027,581</b>         |
| <b>TOTAL ASSETS</b>                             |         | <b>19,524,416</b>                 | <b>17,564,426</b>         |
| <b>EQUITY AND LIABILITIES</b>                   |         |                                   |                           |
| <b>EQUITY</b>                                   |         |                                   |                           |
| Share capital                                   | 8       | 383,645                           | 383,645                   |
| Capital reserve - share premium                 |         | 383,645                           | 383,645                   |
| General reserve                                 |         | 3,535,000                         | 3,535,000                 |
| Unappropriated profit                           |         | 3,972,469                         | 3,378,345                 |
|                                                 |         | <b>8,274,759</b>                  | <b>7,680,635</b>          |
| <b>LIABILITIES</b>                              |         |                                   |                           |
| <b>Non - Current Liabilities</b>                |         |                                   |                           |
| Long term financing                             |         | 4,548,688                         | 2,840,439                 |
| Deferred liabilities and income                 | 9       | 853,594                           | 854,432                   |
|                                                 |         | <b>5,402,282</b>                  | <b>3,694,871</b>          |
| <b>Current Liabilities</b>                      |         |                                   |                           |
| Trade and other payables                        | 10 & 14 | 2,884,613                         | 2,478,354                 |
| Unclaimed dividend                              |         | 21,463                            | 21,511                    |
| Accrued mark up                                 |         | 54,954                            | 38,785                    |
| Short term borrowings                           |         | 2,724,407                         | 3,520,880                 |
| Current portion of long term financing          |         | 161,938                           | 90,342                    |
| Provision for income tax less payments          |         | -                                 | 39,048                    |
|                                                 |         | <b>5,847,375</b>                  | <b>6,188,920</b>          |
| <b>CONTINGENCIES AND COMMITMENTS</b>            |         |                                   |                           |
|                                                 | 11      |                                   |                           |
| <b>TOTAL EQUITY AND LIABILITIES</b>             |         | <b>19,524,416</b>                 | <b>17,564,426</b>         |

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

|                                                          | (Rupees in Thousand)       |                            |
|----------------------------------------------------------|----------------------------|----------------------------|
|                                                          | Jul-2021<br>to<br>Sep-2021 | Jul-2020<br>to<br>Sep-2020 |
| Sales                                                    | 4,953,241                  | 3,747,555                  |
| Cost of sales                                            | 4,045,980                  | 3,238,159                  |
| <b>Gross profit</b>                                      | <b>907,261</b>             | 509,396                    |
| Distribution and selling costs                           | 52,095                     | 49,327                     |
| Administrative expenses                                  | 83,508                     | 67,008                     |
| Other operating expenses                                 | 41,710                     | 23,468                     |
|                                                          | <b>177,313</b>             | 139,803                    |
|                                                          | <b>729,948</b>             | 369,593                    |
| Other income                                             | 2,416                      | 6,249                      |
| <b>Operating profit</b>                                  | <b>732,364</b>             | 375,842                    |
| Finance costs                                            | 77,330                     | 20,799                     |
|                                                          | <b>655,034</b>             | 355,043                    |
| Share of profit after income tax in associated company   | -                          | 406,154                    |
| <b>Profit before income tax</b>                          | <b>655,034</b>             | 761,197                    |
| Income tax - Current                                     | 60,910                     | 55,852                     |
| - Deferred                                               | -                          | 55,969                     |
|                                                          | <b>60,910</b>              | 111,821                    |
| <b>Profit after income tax</b>                           | <b>594,124</b>             | 649,376                    |
| <b>Earnings per share - Basic and diluted ( Rupees )</b> | <b>15.49</b>               | 16.93                      |

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

|                                                                    | (Rupees in Thousand)       |                            |
|--------------------------------------------------------------------|----------------------------|----------------------------|
|                                                                    | Jul-2021<br>to<br>Sep-2021 | Jul-2020<br>to<br>Sep-2020 |
| Profit after income tax                                            | 594,124                    | 649,376                    |
| Other comprehensive income/(loss)                                  |                            |                            |
| <i>Items that will never be reclassified to profit or loss</i>     |                            |                            |
| Share of other comprehensive income/(loss) of associate-net of tax |                            |                            |
| Remeasurement gain on defined benefit obligation                   | -                          | 4,623                      |
| Unrealised loss on remeasurement of investments                    | -                          | (1,408)                    |
|                                                                    | -                          | 3,215                      |
| Total comprehensive income                                         | 594,124                    | 652,591                    |

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

|                                                                                                                                                  | Share<br>Capital     | Capital reserve<br>Share Premium | General<br>reserve | Unappropriated<br>profit | Total            |
|--------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------------|--------------------|--------------------------|------------------|
|                                                                                                                                                  | (Rupees in Thousand) |                                  |                    |                          |                  |
| Balances as at July 01, 2020                                                                                                                     | 383,645              | 383,645                          | 3,535,000          | 8,836,672                | 13,138,962       |
| Total comprehensive income for the<br>quarter ended September 30, 2020                                                                           | -                    | -                                | -                  | 652,591                  | 652,591          |
| Balances as at September 30, 2020                                                                                                                | 383,645              | 383,645                          | 3,535,000          | 9,489,263                | 13,791,553       |
| Total comprehensive income for the<br>nine months ended June 30, 2021                                                                            | -                    | -                                | -                  | 2,357,448                | 2,357,448        |
| Derecognition of long term<br>investment in associated company<br>Messrs. Novatex Limited under<br>approved Scheme of arrangement-<br>net of tax | -                    | -                                | -                  | (8,468,366)              | (8,468,366)      |
| Balances as at June 30, 2021                                                                                                                     | 383,645              | 383,645                          | 3,535,000          | 3,378,345                | 7,680,635        |
| Total comprehensive income for the<br>quarter ended September 30, 2021                                                                           | -                    | -                                | -                  | 594,124                  | 594,124          |
| <b>Balances as at September 30, 2021</b>                                                                                                         | <b>383,645</b>       | <b>383,645</b>                   | <b>3,535,000</b>   | <b>3,972,469</b>         | <b>8,274,759</b> |

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

|                                                                                 | (Rupees in Thousand)       |                            |
|---------------------------------------------------------------------------------|----------------------------|----------------------------|
|                                                                                 | Jul-2021<br>to<br>Sep-2021 | Jul-2020<br>to<br>Sep-2020 |
| <b>Cash Flows from/(towards) Operating Activities</b>                           |                            |                            |
| Profit before income tax                                                        | 655,034                    | 761,197                    |
| Adjustments for:                                                                |                            |                            |
| Depreciation                                                                    | 172,374                    | 157,633                    |
| Provision for defined benefit plan                                              | 12,620                     | 10,590                     |
| Gain on disposal of property, plant and equipment                               | (2,308)                    | (360)                      |
| Loss on disposal of property, plant and equipment                               | 4                          | 13                         |
| Impairment allowance for ECL-net                                                | 5,385                      | 8,386                      |
| Impairment allowance for slow moving stores,<br>spare parts and loose tools-net | 553                        | 546                        |
| Share of profit after income tax in associated company                          | -                          | (406,154)                  |
| Finance costs                                                                   | 77,330                     | 20,799                     |
|                                                                                 | <u>265,958</u>             | <u>(208,547)</u>           |
|                                                                                 | 920,992                    | 552,650                    |
| (Increase)/decrease in current assets:                                          |                            |                            |
| Stores, spare parts and loose tools                                             | (77,705)                   | (84,128)                   |
| Stock in trade                                                                  | 146,148                    | 28,669                     |
| Trade debts                                                                     | (191,718)                  | (191,214)                  |
| Loans and advances                                                              | (10,658)                   | 813                        |
| Trade deposits and short term prepayments                                       | (41,377)                   | (29,027)                   |
| Other receivables                                                               | (49,840)                   | (29,048)                   |
|                                                                                 | <u>(225,150)</u>           | <u>(303,935)</u>           |
| Increase in Trade and other payables                                            | 386,089                    | 519,521                    |
| Cash flows from operations before following                                     | <u>1,081,931</u>           | <u>768,236</u>             |
| (Payments for)/receipts of:                                                     |                            |                            |
| Long term loans                                                                 | 447                        | (308)                      |
| Long term deposits                                                              | -                          | 151                        |
| Defined benefit plan                                                            | (2,462)                    | (2,817)                    |
| Finance costs                                                                   | (61,161)                   | (17,886)                   |
| Income tax                                                                      | (104,565)                  | (72,074)                   |
| Net cash flows from operating activities                                        | <u>914,190</u>             | <u>675,302</u>             |
| <b>Cash Flows (towards)/from Investing Activities</b>                           |                            |                            |
| Additions in property, plant and equipment                                      | (1,850,202)                | (515,577)                  |
| Proceeds from disposal of property, plant and equipment                         | 4,127                      | 847                        |
| Additions in intangible assets                                                  | (9,968)                    | (5,200)                    |
| Net cash flows towards investing activities                                     | <u>(1,856,043)</u>         | <u>(519,930)</u>           |
| <b>Cash Flows from/(towards) Financing Activities</b>                           |                            |                            |
| Long term financing - proceeds received                                         | 1,804,244                  | 320,461                    |
| Dividend paid                                                                   | (48)                       | (36)                       |
| Net cash flows from financing activities                                        | <u>1,804,196</u>           | <u>320,425</u>             |
| <b>Net increase in cash and cash equivalents</b>                                | <u>862,343</u>             | <u>475,797</u>             |
| <b>Cash and cash equivalents at the beginning of the period</b>                 | <u>(2,027,710)</u>         | <u>(536,581)</u>           |
| <b>Cash and cash equivalents at the end of the period</b>                       | <u>(1,165,367)</u>         | <u>(60,784)</u>            |
| <b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>                                   |                            |                            |
| Cash and bank balances                                                          | 1,559,040                  | 1,285,771                  |
| Short term borrowings                                                           | (2,724,407)                | (1,346,555)                |
|                                                                                 | <u>(1,165,367)</u>         | <u>(60,784)</u>            |

The notes 1 to 17 annexed herewith form an integral part of these condensed interim consolidated financial statements.

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

## 1 THE GROUP AND ITS OPERATIONS

The Group consists of :

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

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

Gatro Power (Private) Limited is a wholly owned subsidiary of Gatron (Industries) Limited. The principal business of the Subsidiary Company is to generate and sale electric power. The registered office of the Subsidiary Company is situated at Room No.32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta. The plant of the Subsidiary Company is situated at Plot No.441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub, District Lasbela, Balochistan and liaison office of the Subsidiary Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

Global Synthetics Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations. The registered and liaison office of the Subsidiary Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

G-Pac Energy (Private) Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations. The principal business of the Subsidiary Company is to generate and sale electric power. The registered and liaison office of the Subsidiary Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

## 2 BASIS OF PREPARATION

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



**2.2** These condensed interim consolidated financial statements are unaudited and do not include all the information and disclosures of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended June 30, 2021.

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

**2.3.1 Amendments to published approved accounting standards which are effective during the quarter ended September 30, 2021:**

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

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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2022. However, these amendments will not have any significant impact on the financial reporting of the Group, therefore, have not been disclosed in these condensed interim consolidated financial statements.

**2.4 Functional and reporting currency**

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

**3 ACCOUNTING ESTIMATES AND JUDGEMENTS**

Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements were the same as those applied to the audited consolidated financial statements as at and for the year ended June 30, 2021.

**4 SIGNIFICANT ACCOUNTING POLICIES**

These condensed interim consolidated financial statements have been prepared, following the same accounting policies as were applied in the preparation of the audited consolidated financial statements as at and for the year ended June 30, 2021.



|                                                                                                                                                                   | Note                                                                                                          | (Rupees in Thousand)<br>September<br>2021<br>(Un-audited) | June<br>2021<br>(Audited)                   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|---------------------------------------------|
| <b>5</b>                                                                                                                                                          | <b>PROPERTY, PLANT AND EQUIPMENT</b>                                                                          |                                                           |                                             |
| Operating fixed assets                                                                                                                                            | 5.1                                                                                                           | 4,690,112                                                 | 4,845,696                                   |
| Capital work in progress                                                                                                                                          | 5.2                                                                                                           | 4,468,728                                                 | 2,652,364                                   |
|                                                                                                                                                                   |                                                                                                               | <u>9,158,840</u>                                          | <u>7,498,060</u>                            |
| <b>5.1</b>                                                                                                                                                        | <b>Following are the cost of additions and net book value (NBV) of assets disposed off during the period:</b> |                                                           |                                             |
| Additions at cost during the period including transfer from Capital work in progress                                                                              |                                                                                                               |                                                           |                                             |
|                                                                                                                                                                   |                                                                                                               | <b>Quarter ended<br/>September<br/>2021</b>               | <b>Quarter ended<br/>September<br/>2020</b> |
| Leasehold land                                                                                                                                                    |                                                                                                               | -                                                         | 32,226                                      |
| Building on lease hold land                                                                                                                                       |                                                                                                               | -                                                         | 4,958                                       |
| Plant and machinery                                                                                                                                               |                                                                                                               | 4,585                                                     | 51,166                                      |
| Factory equipment                                                                                                                                                 |                                                                                                               | 3,288                                                     | 6,547                                       |
| Motor vehicles                                                                                                                                                    |                                                                                                               | 10,740                                                    | 5,174                                       |
|                                                                                                                                                                   |                                                                                                               | <u>18,613</u>                                             | <u>100,071</u>                              |
| Disposals at NBV during the period                                                                                                                                |                                                                                                               |                                                           |                                             |
| Office equipment                                                                                                                                                  |                                                                                                               | -                                                         | 2                                           |
| Motor vehicles                                                                                                                                                    |                                                                                                               | 1,823                                                     | 498                                         |
|                                                                                                                                                                   |                                                                                                               | <u>1,823</u>                                              | <u>500</u>                                  |
| <b>5.2</b>                                                                                                                                                        | <b>Capital work in progress</b>                                                                               |                                                           |                                             |
| Balance as at start of the period                                                                                                                                 |                                                                                                               | 2,652,364                                                 | 959,051                                     |
| Additions                                                                                                                                                         |                                                                                                               | 1,816,364                                                 | 436,724                                     |
| Transfer to operating fixed assets                                                                                                                                |                                                                                                               | -                                                         | (44,521)                                    |
| Balance as at end of the period                                                                                                                                   |                                                                                                               | <u>4,468,728</u>                                          | <u>1,351,254</u>                            |
|                                                                                                                                                                   |                                                                                                               | <b>September<br/>2021<br/>(Un-audited)</b>                | <b>June<br/>2021<br/>(Audited)</b>          |
| <b>6</b>                                                                                                                                                          | <b>INTANGIBLE ASSETS</b>                                                                                      |                                                           |                                             |
| Capital work in progress - SAP ERP System                                                                                                                         |                                                                                                               |                                                           |                                             |
| Balance as at start of the period                                                                                                                                 |                                                                                                               | 35,898                                                    | 17,614                                      |
| Additions                                                                                                                                                         |                                                                                                               | 9,968                                                     | 18,284                                      |
| Balance as at end of the period                                                                                                                                   |                                                                                                               | <u>45,866</u>                                             | <u>35,898</u>                               |
| <b>7</b>                                                                                                                                                          | <b>STOCK IN TRADE</b>                                                                                         |                                                           |                                             |
| These include items costing Rs.82.839 million (June 2021: Rs.104.845 million) valued at net realisable value of Rs.55.533 million (June 2021: Rs.69.329 million). |                                                                                                               |                                                           |                                             |


**8 SHARE CAPITAL**

| (Number of Shares)                         |                        | Note                                                                  | (Rupees in Thousand)           |                        |
|--------------------------------------------|------------------------|-----------------------------------------------------------------------|--------------------------------|------------------------|
| September 2021<br>(Un-audited)             | June 2021<br>(Audited) |                                                                       | September 2021<br>(Un-audited) | June 2021<br>(Audited) |
| 8.1 Authorised capital                     |                        |                                                                       |                                |                        |
| 95,000,000                                 | 95,000,000             | Ordinary shares of Rs. 10 each                                        | 950,000                        | 950,000                |
| 8.2 Issued, subscribed and paid up capital |                        |                                                                       |                                |                        |
| 30,136,080                                 | 30,136,080             | Ordinary shares of Rs.10 each allotted for consideration paid in cash | 301,361                        | 301,361                |
| 8,228,400                                  | 8,228,400              | Ordinary shares of Rs.10 each allotted as fully paid bonus shares     | 82,284                         | 82,284                 |
| 38,364,480                                 | 38,364,480             |                                                                       | 383,645                        | 383,645                |

**9 DEFERRED LIABILITIES AND INCOME**
**Deferred Liabilities**

|                                                          |     |         |         |
|----------------------------------------------------------|-----|---------|---------|
| Defined benefit plan                                     | 9.1 | 450,597 | 440,439 |
| Provision for Gas Infrastructure Development Cess (GIDC) | 9.2 | 360,341 | 391,794 |

**Deferred income**

|                                     |     |                |                |
|-------------------------------------|-----|----------------|----------------|
| Deferred Income - Government scheme | 9.3 | <u>42,656</u>  | <u>22,199</u>  |
|                                     |     | <u>853,594</u> | <u>854,432</u> |

**9.1 Defined benefit plan**

|                                   |                |                 |
|-----------------------------------|----------------|-----------------|
| Balance as at start of the period | 440,439        | 409,186         |
| Expense                           | 12,620         | 49,374          |
| Remeasurement gain                | -              | (3,781)         |
| Payments                          | <u>(2,462)</u> | <u>(14,340)</u> |
| Balance as at end of the period   | <u>450,597</u> | <u>440,439</u>  |

**9.2 Provision for Gas Infrastructure Development Cess**

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

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

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

### 9.3 Deferred Income - Government scheme

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

## 10 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

- 10.1** The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. M/s. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court amounting to Rs.316.797 million (June 2021: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159,264 million (June 2021: Rs.159.264 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories which the Group is paying in full as per the notification.
- 10.2** In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Group with effect from September 2013. On December 21, 2015, the Group alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court (refer note 10.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (June 2021: Rs.287.907 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.240.238 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Group is paying full amount of the gas bills as per this notification. In February, 2020, the Honorable Single Bench of Sindh High Court has decided the case in favor of Petitioners. SSGCL has filed appeal before the Double Bench of Sindh High Court against the decision and is pending for adjudication.

**10.3** Provision of Sindh Sales Tax on rent payable by the Parent Company to a related party Messrs. Novatex Limited amounted to Rs.6.746 million (June 2021: Rs.6.596 million). The related party had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Honorable Single Bench of Sindh High Court decided the case in favor of the related party. However, the Sindh Revenue Board filed an appeal against the decision before the Double Bench of Sindh High Court. Pending outcome of the facts, the Parent Company as a matter of prudence provided the same.

**10.4** The Parent Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. On October 23, 2017, the Parent Company has also challenged the new Act in the Sindh High Court against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Parent Company has filed appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Parent Company has provided bank guarantee amounting to Rs.288.365 million (June 2021: Rs.248.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 11.2). Full provision after December 27, 2006 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed a petition in the Sindh High Court on April 13, 2018 against Province of Sindh and others at Karachi challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The case of the Subsidiary Company remains pending as it is omitted by the High Court staff to include in the bunch of cases which have been decided. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.7.500 million (June 2021: Rs.7.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 11.2). Full provision after April 13, 2018 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. G-Pac Energy (Private) Limited has filed a petition in the Sindh High Court at Karachi on June 24, 2019 against Province of Sindh and others challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.2.500 million (June 2021: Rs.2.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared (refer note 11.2). Full provision has been made in these condensed interim consolidated financial statements as an abundant precaution.



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

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will ultimately be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.65.752 million till June 30, 2018.

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

Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has made provision of Rs.75.468 million (June 2021: Rs.68.615 million).

- 10.7** Provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (June 2021: Rs.4.131 million) and rate difference of gas tariff Rs.2.437 million (June 2021: Rs.2.354 million) on account of common expenses payable by the Parent Company to a related party Messrs. Novatex Limited.

## **11 CONTINGENCIES AND COMMITMENTS**

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

### **11.1 Contingencies**

- 11.1.1** The Subsidiary Company Messrs. Gatro Power (Private) Limited has not made any provision in respect of Workers' Profit Participation Fund on the ground that there are no workers as defined in The Companies Profits (Workers' Participation) Act, 1968 and accordingly the said Act does not apply to the Subsidiary Company. The Subsidiary Company is confident that no liability will arise on this account.

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

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



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

- 11.1.3** In May 2015, the Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015, which seeks to impose GIDC levy since 2011. On July 16, 2015, the Group alongwith several other companies filed suit in the Sindh High Court against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Honorable Single Bench of Sindh High Court had decided the case in favor of Petitioners. However, in May 2020, Defendants have filed appeal before the Double Bench of Sindh High Court. On August 13, 2020, the Honorable Supreme Court of Pakistan finally in the appeals filed by industries of Khyber Pakhtunkhwa, passed a judgment in favor of Government declaring the GIDC Act 2015 intra vires and directed all the Petitioners/Appellants (including industries of all over Pakistan) for payment of Cess liability accrued till July 31, 2020 in 24 equal monthly installments. The Group has filed Review Petition against the Judgment, wherein the Honorable Supreme Court of Pakistan has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments and also hold that GIDC relating to period prior to the GIDC Act, 2015 is not recoverable in case the same was not passed on by the Group. As per the judgement of Supreme Court of Pakistan, the Group has filed a Civil Suit before the Sindh High Court against payment of GIDC instalments on the ground that the Group has not passed on the burden of Cess. The Honorable Sindh High Court has granted stay order to Plaintiffs whereby the Messrs. Sui Southern Gas Company Limited has been restrained to take any coercive action against non payment of GIDC installments.

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

- 11.1.4** The Parent Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Parent Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has already restrained EOBI from taking any coercive action against the Parent Company. No provision of the amount involved i.e. Rs.28.731 million (June 2021: Rs.27.954 million) has been made in these condensed interim consolidated financial statements as the Parent Company is confident for the favorable outcome of the Petition.
- 11.1.5** The Parent Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A)) – 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders passed by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Parent Company has already deposited Rs.28 million under protest into the Government Treasury for stay against the full recovery. The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). Appeal pertaining to tax periods July 2013 to June 2014 has been heard and is reserved for order. The CIR(A) has decided the matter for tax periods July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Parent Company. However, the Parent Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these condensed interim consolidated financial statements as the Parent Company is confident that the matter will be decided in favor by the appellate authorities.

- 11.1.6** Income Tax Department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the Parent Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Parent Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Parent Company wherein refund of Rs.7.7 million had been determined. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.
- 11.1.7** Income Tax Department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favor of the Parent Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Parent Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Parent Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company.
- 11.1.8** The Tax Officer alleged the Parent Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Parent Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that reduced rate was applicable to customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Parent Company. Appeal was decided in favor of the Parent Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company.
- 11.1.9** The case of the Parent Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Parent Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Parent Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Parent Company. Considering that the matter decided against the Parent Company has no material impact, therefore, the Parent Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A) which has not yet been concluded.
- 11.1.10** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta vide order dated June 29, 2016 against which the Parent Company filed an appeal before the CIR(A), who vide order dated January 20, 2017 decided the case partially in favor of the Parent Company and partially in favor of Tax Department. The Tax Department has filed an appeal before the ATIR which has not yet been concluded.



- 11.1.11** The Parent Company had filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Parent Company has provided 100% bank guarantee amounting to Rs.15.351 million (June 2021: Rs.15.351 million), refer note 11.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.
- 11.1.12** Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, the involving tax credit of Rs.42 million for tax year 2019 to the Parent Company was disallowed. The Parent Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Parent Company to claim 10% tax credit on investment in plant & machinery. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these condensed interim consolidated financial statements.
- 11.1.13** The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Parent Company.
- 11.1.14** The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the notice requiring to pay Super Tax for tax year 2018 Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Parent Company. The Parent Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Parent Company also filed an appeal before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 based on the judgement of the Sindh High Court for recovery of Super Tax, which has been concluded in favor of the Tax Department. The Parent Company has paid 50% of demand for auto stay from recovery.
- 11.1.15** Income tax return for tax year 2019 has been amended by the DCIR vide order dated June 29, 2020 creating tax demand of Rs.1.594 million while abolishing refund of Rs.35.819 million as claimed in ITR 2019 against which the Parent Company filed an appeal before the CIR(A), which has not yet been concluded. Further the Parent Company has also submitted an application to the Tax Department thereby requesting to adjust such tax demand against Parent Company's available refunds. In response thereto, the Tax Department has adjusted the instant demand with available refunds of tax year 2015.
- 11.1.16** Through Finance Act, 2019, section 65B of the Income Tax Ordinance, 2001 was amended to disallow credit on investment in plant & machinery from tax year 2020 and onwards. Consequently, the tax credit in respect of LCs opened on or before 30th June 2019 was also disallowed amounting to Rs.105.230 million. The Parent Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and has been granted interim relief whereby the Honorable Sindh High Court has allowed the Parent Company to claim 10% tax credit on investment in plant & machinery on the basis of pre-amended position of section 65B. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these condensed interim consolidated financial statements.



- 11.1.17** The Tax Officer alleged the Parent Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty. The Parent Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that zero rate was applicable to customer as the customer was active and operative at the time of execution of sales transaction. Appeal is pending for hearing.
- 11.1.18** Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 million and Rs.3.022 million respectively. The Parent Company filed petitions against the said notices before the Sindh High Court and has been granted stay till the decision of the case.
- 11.1.19** The Tax Officer disallowed input sales tax amounting to Rs.0.042 and Rs.0.109 million, claimed by the Subsidiary Company Messrs. Gatro Power (Private) Limited on building materials used for installation of plant and machinery for tax period February 2017. An appeal was filed against the said order before the CIR(A). The learned CIR(A) has decided the matter in favor of the Subsidiary Company in both cases. The Tax Department has filed an appeal before the ATIR against aforementioned CIR(A) orders. No provision has been made as the management is hopeful for a favorable outcome.
- 11.1.20** Tax Department initiated monitoring of withholding proceedings for tax year 2011 wherein demand of Rs.47.408 million including default surcharge and penalty was raised on account of intercorporate dividend paid to Parent Company. The Subsidiary Company Messrs. Gatro Power (Private) Limited had filed an appeal before CIR(A) against order of the tax department which was decided in favor of the Subsidiary Company on ground of the order being time barred whereas on other grounds the appeal was dismissed. Accordingly, both the Subsidiary Company as well as the Tax Department have filed an appeal before the ATIR, which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Subsidiary Company.
- 11.1.21** Tax Department raised demand of Rs.14.101 million and Rs.103.346 million on the basis of order passed for monitoring of tax withholding for tax years 2014 and 2015 respectively. Appeal was filed before the CIR(A), which was decided in favor of the Subsidiary Company Messrs. Gatro Power (Private) Limited. However, Tax Department has filed appeals before ATIR, hearing of which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Subsidiary Company.
- 11.1.22** The Subsidiary Company Messrs. Gatro Power (Private) Limited had filed a petition before the Sindh High Court wherein the Subsidiary Company had challenged the show cause notice disallowing input tax amounting to Rs.14 million claimed by the Subsidiary Company on various invoices during July 2017 to September 2019, which is stated to be inadmissible under section 8(1) of the Sales tax Act, 1990 read with SRO 490(I)/2004 dated June 12, 2004. The Honorable Sindh High Court has decided the case in favor of Tax Department, however, the Subsidiary Company has filed an appeal before the Supreme Court of Pakistan. The management is confident that the case will ultimately be decided in favor of the Subsidiary Company.



|                                                           | (Rupees in Thousand)              |                           |
|-----------------------------------------------------------|-----------------------------------|---------------------------|
|                                                           | September<br>2021<br>(Un-audited) | June<br>2021<br>(Audited) |
| <b>11.2 Guarantees</b>                                    |                                   |                           |
| Bank Guarantees in favor of:                              |                                   |                           |
| The Director Excise and Taxation, Karachi                 | 298,365                           | 258,365                   |
| The Electric Inspector, President Licencing Board, Quetta | 10                                | 10                        |
| Pakistan State Oil Company Limited                        | 40,000                            | 40,000                    |
| K-Electric Limited                                        | 11,560                            | 11,560                    |
| Nazir of the High Court of Sindh, Karachi                 | 15,351                            | 15,351                    |
| Letters of Credit in favor of:                            |                                   |                           |
| Sui Southern Gas Company Limited for Gas                  | 257,592                           | 244,592                   |
|                                                           | <b>622,878</b>                    | <b>569,878</b>            |

**11.3 Commitments**

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

|                               |                  |                  |
|-------------------------------|------------------|------------------|
| Foreign currency:             |                  |                  |
| Property, plant and equipment | 3,457,312        | 4,402,432        |
| Raw material                  | 648,735          | 286,607          |
| Spare parts and others        | 41,028           | 89,728           |
|                               | <b>4,147,075</b> | <b>4,778,767</b> |
| Local currency:               |                  |                  |
| Property, plant and equipment | 342,126          | 281,501          |
| Raw material                  | 153,342          | 136,984          |
|                               | <b>495,468</b>   | <b>418,485</b>   |
|                               | <b>4,642,543</b> | <b>5,197,252</b> |

**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 quarter ended September 30, 2021 is as follows:

|                                                                                                  | September 2021          |                        |                            |                  |           | September 2020          |                        |                            |                  |                  |
|--------------------------------------------------------------------------------------------------|-------------------------|------------------------|----------------------------|------------------|-----------|-------------------------|------------------------|----------------------------|------------------|------------------|
|                                                                                                  | Polyester Filament Yarn | Polyester PET Preforms | Total of Polyester Polymer | Power Generation | Group     | Polyester Filament Yarn | Polyester PET Preforms | Total of Polyester Polymer | Power Generation | Group            |
| Sales                                                                                            | 3,974,700               | 978,541                | 4,953,241                  | 605,988          | 5,559,229 | 2,629,575               | 1,117,980              | 3,747,555                  | 511,694          | 4,259,249        |
| Segment result before depreciation                                                               | 536,776                 | 180,985                | 717,761                    | 226,271          | 944,032   | 259,860                 | 163,800                | 423,660                    | 127,034          | 550,694          |
| Less: Depreciation                                                                               | (126,898)               | (9,208)                | (136,106)                  | (36,268)         | (172,374) | (110,548)               | (12,535)               | (123,083)                  | (34,550)         | (157,633)        |
| Segment result after depreciation                                                                | 409,878                 | 171,777                | 581,655                    | 190,003          | 771,658   | 149,312                 | 151,265                | 300,577                    | 92,484           | 393,061          |
| Reconciliation of segment sales and results with sales and profit before income tax:             |                         |                        |                            |                  |           |                         |                        |                            |                  |                  |
| Total sales for reportable segments                                                              |                         |                        |                            | 5,559,229        |           |                         |                        |                            |                  | 4,259,249        |
| Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited |                         |                        |                            | (605,988)        |           |                         |                        |                            |                  | (511,694)        |
| <b>Sales</b>                                                                                     |                         |                        |                            | <b>4,953,241</b> |           |                         |                        |                            |                  | <b>3,747,555</b> |
| Total results for reportable segments                                                            |                         | 581,655                | 190,003                    | 771,658          |           |                         |                        | 300,577                    | 92,484           | 393,061          |
| Other operating expenses                                                                         |                         | (45,692)               | (1,115)                    | (46,807)         |           |                         |                        | (25,883)                   | (477)            | (26,360)         |
| Other income                                                                                     |                         | 6,639                  | -                          | 6,639            |           |                         |                        | 8,162                      | 956              | 9,118            |
| Finance costs                                                                                    |                         | (64,755)               | (16,236)                   | (80,991)         |           |                         |                        | (20,798)                   | (2,870)          | (23,668)         |
| Investment income - Dividend                                                                     |                         | 225,750                | -                          | 225,750          |           |                         |                        | -                          | -                | -                |
| Share of profit after income tax in associated company Messrs. Novatex Limited                   |                         |                        |                            | -                |           |                         |                        |                            |                  | 406,154          |
|                                                                                                  |                         | 703,597                | 172,652                    | 876,249          |           |                         |                        | 262,058                    | 90,093           | 758,305          |
| Elimination of intra group transaction                                                           |                         |                        |                            | (221,215)        |           |                         |                        |                            |                  | 2,892            |
| <b>Profit before income tax</b>                                                                  |                         |                        |                            | <b>655,034</b>   |           |                         |                        |                            |                  | <b>761,197</b>   |



## GATRON (INDUSTRIES) LIMITED

Assets and liabilities by segments are as follows:

(Rupees in Thousand)

|                     | September 2021<br>(Un-audited) |                              |                                  |                     |            | June 2021<br>(Audited)        |                              |                                  |                     |            |
|---------------------|--------------------------------|------------------------------|----------------------------------|---------------------|------------|-------------------------------|------------------------------|----------------------------------|---------------------|------------|
|                     | Polyester<br>Filament<br>Yarn  | Polyester<br>PET<br>Preforms | Total of<br>Polyester<br>Polymer | Power<br>Generation | Group      | Polyester<br>Filament<br>Yarn | Polyester<br>PET<br>Preforms | Total of<br>Polyester<br>Polymer | Power<br>Generation | Group      |
| Segment assets      | 12,807,922                     | 1,877,060                    | 14,684,982                       | 3,768,019           | 18,453,001 | 10,887,564                    | 2,193,956                    | 13,081,520                       | 3,520,180           | 16,601,700 |
| Segment liabilities | 5,006,593                      | 180,162                      | 5,186,755                        | 1,669,759           | 6,856,514  | 3,550,786                     | 161,163                      | 3,711,949                        | 1,370,054           | 5,082,003  |

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

|                                                                                    | September 2021<br>(Un-audited) |                   | June 2021<br>(Audited) |                  |
|------------------------------------------------------------------------------------|--------------------------------|-------------------|------------------------|------------------|
|                                                                                    | Assets                         | Liabilities       | Assets                 | Liabilities      |
| Total for reportable segments                                                      | 18,453,001                     | 6,856,514         | 16,601,700             | 5,082,003        |
| Unallocated                                                                        | 2,157,179                      | 5,057,512         | 1,778,879              | 5,193,243        |
| Elimination of intra group balances                                                | (1,085,764)                    | (664,369)         | (816,153)              | (391,455)        |
| <b>Total as per condensed interim consolidated statement of financial position</b> | <b>19,524,416</b>              | <b>11,249,657</b> | <b>17,564,426</b>      | <b>9,883,791</b> |

Other segment information is as follows:

|                                                                  | September 2021 |       |           |         |                  | September 2020 |        |         |        |                |
|------------------------------------------------------------------|----------------|-------|-----------|---------|------------------|----------------|--------|---------|--------|----------------|
| Depreciation                                                     | 126,898        | 9,208 | 136,106   | 36,268  | 172,374          | 110,548        | 12,535 | 123,083 | 34,550 | 157,633        |
| Capital expenditures<br>incurred during<br>the period            | 1,504,882      | 1,589 | 1,506,471 | 159,134 | 1,665,605        | 441,212        | -      | 441,212 | 59,243 | 500,455        |
| Unallocated capital<br>expenditure incurred<br>during the period |                |       |           |         | 184,597          |                |        |         |        | 15,122         |
| <b>Total</b>                                                     |                |       |           |         | <b>1,850,202</b> |                |        |         |        | <b>515,577</b> |

**13.3** All non-current assets of the Group as at September 30, 2021 are located in Pakistan. Parent Company's local sales represents sales to various external customers in Pakistan whereas export sales represents sales to customers in various countries.

**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            | (Rupees in Thousand)         |                              |
|----------------------------------------------------|-------------------------|-----------------------|----------------------------------|------------------------------|------------------------------|
|                                                    |                         |                       |                                  | Quarter ended September 2021 | Quarter ended September 2020 |
| Novatex Limited                                    | Related Party           | Common directorship   | Sales of goods                   | 317,831                      | 563,848                      |
|                                                    |                         |                       | Rendering of services            | -                            | 31,477                       |
|                                                    |                         |                       | Acquisition of services          | 147,893                      | 224,045                      |
|                                                    |                         |                       | Purchase of raw & other material | 86,633                       | 115                          |
|                                                    |                         |                       | Rent                             | 4,988                        | 4,988                        |
|                                                    |                         |                       | Reimbursement of expenses        | 51,139                       | 34,791                       |
| Krystalite Product (Private) Limited               | Related Party           | Common Key management | Sale of goods                    | 32,931                       | 28,556                       |
|                                                    |                         |                       | Purchase of raw & other material | -                            | 174                          |
|                                                    |                         |                       | Reimbursement of expenses        | 15                           | -                            |
| Mushtaq & Company (Private) Limited                | Related Party           | Common Key management | Sale of goods                    | 6,477                        | 10,533                       |
| Gani & Tayub (Private) Limited                     | Related Party           | Common directorship   | Charges on account of handling   | 2,061                        | 1,804                        |
| Gatron Foundation                                  | Related Party           | Common directorship   | Payment of donation              | 1,430                        | 585                          |
| Gatron (Industries) Limited Staff Provident Fund   | Retirement benefit fund | Employees fund        | Provident fund contribution      | 7,179                        | 5,875                        |
| Gatron (Industries) Limited Workers Provident Fund | Retirement benefit fund | Employees fund        | Provident fund contribution      | 1,003                        | 949                          |

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.81.483 million (September 2020: Rs.60.296 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<br>September 30,<br>2021<br>(Un-audited) | As at<br>June 30,<br>2021<br>(Audited) |
| Novatex Limited                                    |                                                |                                        |
| Trade debts                                        | -                                              | 97,520                                 |
| Other receivables                                  | 15,591                                         | 23,144                                 |
| Trade and other payables                           | 129,835                                        | 55,740                                 |
| Krystalite Product (Private) Limited               |                                                |                                        |
| Trade debts                                        | 38,528                                         | 115,843                                |
| Other receivables                                  | 15                                             | -                                      |
| Mushtaq & Company (Private) Limited                |                                                |                                        |
| Trade and other payables                           | 6,814                                          | 14,040                                 |
| Gani & Tayub (Private) Limited                     |                                                |                                        |
| Trade and other payables                           | 803                                            | 619                                    |
| Gatron (Industries) Limited Staff Provident Fund   |                                                |                                        |
| Trade and other payables                           | 5,055                                          | 4,070                                  |
| Gatron (Industries) Limited Workers Provident Fund |                                                |                                        |
| Other receivables                                  | 1,048                                          | 991                                    |

## 15 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on October 23, 2021 by the Board of Directors of the Parent Company.

## 16 CORRESPONDING FIGURES

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

## 17 GENERAL

**17.1** 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.

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

**SHABBIR DIWAN**  
Chief Executive

**MUHAMMAD IQBAL BILWANI**  
Director

**MUSTUFA BILWANI**  
Chief Financial Officer

## Notes For Members

### 1. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD:

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

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

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

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

### 3. UNCLAIMED SHARES/DIVIDEND:

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

### 4. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT:

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

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





**GATRON (INDUSTRIES) LIMITED**