



GATRON (INDUSTRIES) LIMITED

Half Yearly Report

December 31, 2022

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Corporate Information

Board of Directors

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

Special Advisor

Pir Muhammad Diwan

Audit Committee

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

HR & Remuneration Committee

Talat Iqbal - Chairman
Usman Habib Bilwani
Muhammad Iqbal Bilwani

Company Secretary

Muhammad Yasin Bilwani

Chief Financial Officer

Mustufa Bilwani

Auditor

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

Legal Advisor

Naeem Ahmed Khan
Advocates
Quetta.

Shares Registrar

F.D. Registrar Services (Pvt) Limited
Suit 1705, 17th Floor, Saima Trade Tower-A,
I.I. Chundrigar Road, Karachi.
Phone: 021-32271905-6

Bankers

Askari Bank Limited
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
The Bank of Punjab
United Bank Limited

Plant

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

Registered Office

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

Liaison/Correspondence Office

11th Floor, G&T Tower,
18 Beaumont Road,
Civil Lines-10,
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Website

www.gatron.com



GATRON (INDUSTRIES) LIMITED

Directors' Report

Dear Shareholders,

The Directors of Gatron (Industries) Limited are pleased to present the half yearly report together with the financial statements, duly reviewed by the external auditors, for the half year ended December 31, 2022.

Financial Review:

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

- Net sales Rs. 12,028 million,
- Operating loss Rs. 132.49 million,
- Profit before income tax Rs. 20.15 million,
- Loss after income tax Rs. 108.58 million,
- Loss per share Rs. 2.83

During the period under review, your Company has achieved net sales revenue of Rs. 12,028 million as compared to Rs. 11,064 million in corresponding period of last year. While in the first 3 months of the period, the sales and production quantum were affected both by floods in the country as well as increased overhang of imports, the second 3 months of the period even though price per unit in Rupees increased due to devaluation of rupee to average 223 per US\$, the sales in the second 3 months were affected by the increased imported product overhang (resulting in lower production) as well as falling international prices both on account of falling raw material prices as well as super intense dumping by Chinese producers at product prices reflecting only dollar based raw material, packaging and sea freight. The production of filament yarn due to these reasons was around 70% of Capacity. In the second 3 months of the period the Pak rupee also did not devalue with the average remaining around Rs 223 per US\$. On the other hand, the sales volume of PET Preforms remained at lower side during the period as compared to last year corresponding period due to the impact of floods and the winter season following the floods.

While in the previous financial year the Company enjoyed the advantage of high sea freight on competitive imported yarn, this has now finished due to normalization of freight rates during the reporting period. Moreover, at the time when the Company has invested heavily in expansion plant & machinery, the lower operating rates for reasons noted above, resulted in higher fixed cost of depreciation and finance cost (further accentuated by increase in interest rates) All these factors alongwith falling prices (resulting in dynamic inventory losses) put pressure on the net result of the company, particularly in the second 3 months of the reporting period.

Further, during the period under review, selling prices of local yarn have been under pressure due to the large inventory of imported PFY which is being dumped with no anti-dumping duties being paid = evaded at import stage by the traders. To provide some cushion to the local players of PFY manufacturer, which are in an expansion phase but affected by evasion of anti-dumping duties, the Government has imposed much needed 5% regulatory duty in December 2022, so the positive impact of the same is expected in the coming periods. The coming periods are also expected to be better because raw material prices = resulting product prices have bottomed out so no further inventory losses are expected except for the month of January 2023, while the devaluation of Pak Rupee to a level over Rs 260 will help in inventory gain in rupee terms. The startup of the polymer plant with increased varieties of Polyester resin will also add to the versatility. However the challenge to achieve operating rates above 80% will remain a challenge due to overhang inventory of imported product for the next 3 or 4 months. In October to December 2022 the Quarterly PFY imports were 90,746 tons, compared

to the quarterly average of 81,098 tons in the Jan to sept 2022 and 70,249 tons from Jan to Dec 2021. Hopefully with the difficulties of opening of LCs for trader importers, this overhang inventory will clear out in some months and will also allow the company to increase prices of its yarn. However raw material arrangement for the next few months will also be a challenge for your company.

Distribution & selling expenses increased by around 30% as compared to last corresponding period mainly due to increase in freight and transportation charges. On the other hand, administrative expenses increased by 41% mainly due to inflationary factors because of Pak Rupee devaluation.

Finance cost has also increased significantly as compared to last year corresponding period due to the mark up on loans for capacity expansion. Further, a significant increase in stock in trade and receivables has resulting higher working capital requirements coupled with increased markup rates by the Central Bank, have also increased the Financial charges. The Company is actively pursuing a reduction in stock in trade and receivables, which in the current environment is certainly a challenge.

On the Balance Sheet front as compared to June 30, 2022, stocks increased by Rs.3,742 million to Rs.10,060 million. Debtors increased by Rs.1,366 million to Rs. 5,689 million while creditors increased by Rs. 4,889 million to reach Rs. 8,557 million. In view of the above, Company's short-term borrowing increased by Rs.2,063 million, to meet financing in working capital requirements.

As already reported earlier, with the resolve of the Government to strongly pursue the collection of Anti-Dumping Duty on Filament Yarn and to provide alternate protection your Company has already proceeded with phase 2 of its expansion plan. This will allow the Company to produce 95,000 to 99,000 tons per annum of mixed denier (up from 75,000 tons current potential). This is three times the 33,000 tons of similar mixed denier production potential of the Company 5 years ago in 2017. Also, a polymer plant of capacity more than 230,000 tons/year is being installed, which will start InshaAllah in the current financial year. This Polymer will now be able to feed all the PFY lines including the new capacity. Furthermore, it also allows production of additional polymer for more diversified products for local sale, own use as well as export. The additional bright polymer will give the opportunity to the Company to expand the production of FDY yarn by direct spinning if it so choses. Further, the export opportunity is being tapped to obtain low rate of long term financing of capital costs of the respective production plant. This would also allow better utilization of production capacity at a time when the domestic market is in flux.

After some delays in view of supplies and travel restriction in China due to COVID situation, by April 2023, your Company Insha Allah will increase its capability of producing recycled yarn from PET bottle flakes upto nearly 12% of its PFY capacity, thus increasing the potential of more diverse set of customers for the same and increasing further the diversity in the already broad range of different varieties of PFY that the Company is able to produce.

During the period under review, Pakistan's largest SAP (Systems, Applications and Products) implementation went live at Gatron. We have implemented and activated modules in Finance, Production, Supply Chain, Projects and HR. This will bring a result in a cultural shift that brings together people, data, and processes from across the business to create a better customer experience and become more competitive in an increasingly digital world.

CHALLENGES FACED AND FUTURE OUTLOOK

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

While Brazil as well as Mexico have also initiated Anti-Dumping Duties on PFY from China. So, 6 major countries have Anti-Dumping or countervailing duties on PFY from China, while Indonesia is restricting imports of PFY by not allowing the same to traders. So, this covers most the PFY producing countries. Bangladesh protects its PFY industry by way of 20% import duty on competing imported yarn. The higher anti-dumping rates in other countries compared to Pakistan means that those countries import less Chinese PFY, resulting in the Chinese dumping extra quantity of product in Pakistan.

- However even at these low levels of ADD in Pakistan the continuation of ADD and its effective collection in Pakistan for next 5 years is essential. Moreso since the importers have evaded/still not paid the ADD for much of the previous 5 year. The importers get a stay in one high court, which gets dismissed in 5 or 6 months. Though they cannot file the same petition in another High court once it has been dismissed, they do so in another city High court, by hiding the fact that it has been dismissed earlier and by declaring that this is the first time they are filing petition against the said ADD. In this way they have so far filed petition against the PFY ADD one after the other (after the dismissal of earlier petition for more than 35 times).
- The importers have made so far a mockery of the Government efforts to collect the Anti-dumping duty on PFY with over Rs 16b remaining uncollected. However, the Government has restored 5% Regulatory duty on import to counter the impact.
- As noted above now the dumping by the Chinese producers have become super intense due to their capacity expansions coming on stream and correspondingly reduction in world demand due to recession. The re-imposition of 5% RD w.e.f. December 2022 will help in this situation.
- Effectively the ADD along with the Regulatory Duty and ACD from year 2017 to 2019, motivated your Company and other producers to increase its capacity since 2017, such that production capacity of the domestic PFY Industry next year will reach 165,000 tons, if it operates at 95% utilization. This compares to only around 70,000 tons in 2017. With removal of RD and ACD in July 2021, the partial shield also had gone away, so continuation of currently restored RD with the renewal of Anti-Dumping Duty in the sunset review and its effective collection is most important since a major part of the expansion has recently started or will start in the ensuing period. And since Chinese producers due to their capacity increases and reduced international demand on account of recession, have now resorted to super intense dumping

with CFR prices which hardly cover raw material, packaging, and sea freight costs in dollar/kg terms.

- The expansions of your Company as well expansions by other Filament Yarn producers in Pakistan, on the back of Regulatory Duty on competing imported yarn as well as Anti-Dumping Duties against dumping can take the indigenous production of PFY to a level which will meet above 60% of local demand in the coming years compared to only 30% in 2017. This expansion will give import substitution and reduce the current account deficit (now on rise) while will also provide local employment beyond the jobs already provided by the industry.
- PFY is ranked 15 among the top imports of the country in 2020 so needs to be produced locally, particularly when its raw material PTA is also produced locally. It should also be kept in mind that in the year 2003 over 90% of local demand of Filament yarn was met by indigenous production.
- Moreover, the downstream industry and demand has also grown over the years and the total demand in the year 2021-22 stood at 361,000 tons compared to 260,000 tons in year 2017-18 so increasing domestic production of the same is also essential to prevent reduce pressure on the current account deficit.
- Due to the limited size of cotton crop, the aim of the country should be able to provide clothe/kapra to more than 220 million population with locally produced textile raw materials. It is worthwhile to note that the major raw material of Filament Yarn viz PTA is also produced in Pakistan and with any new 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.

OTHER MATTERS

- The principal business of Wholly Owned Subsidiary Company Messrs. Gatro Power (Private) Limited is to generate and sell electric power. The operations of the subsidiary company remined satisfactory and it has paid cash dividend amounting to Rs. 677.250 million during the reporting period.
- 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 soon.
- Wholly Owned Subsidiary Messrs. Global Synthetics Limited has yet to commence its operations.

APPROPRIATION

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

EARNING PER SHARE

The loss per share of the Company for the half year ended on December 31, 2022, is Rs.2.83.

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.



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

INTERNAL FINANCIAL CONTROLS

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

AUDITORS' REVIEW REPORT

The Auditors of the Company, M/s. Kreston Hyder Bhimji & Co., Chartered Accountants have issued an unqualified review report to the members of the Company on financial statements for the half year ended December 31, 2022.

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

February 21, 2023

تصرف:

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

آمدن فی حصہ:

31 دسمبر، 2022ء کو اختتام پذیر ہونے والے ششماہی مدت کے لیے منافع فی حصہ 2.83 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 معاہدے ہوئے۔

اندرونی مالیاتی کنٹرول:

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

مجموعی مالیاتی گوشوارے:

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

آڈیٹرز کی جائزہ رپورٹ:

کمپنی کے آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے ممبران کو 31 دسمبر، 2022ء کو اختتام پذیر ہونے والی ششماہی مدت کے مالیاتی گوشوارے پر غیر کو الیفا سڈ جائزہ رپورٹ جاری کی ہے۔

اظہار تشکر:

ہم کمپنی کے 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 کی امید کرتے ہیں۔

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

محمد اقبال بلواری
ڈائریکٹر

شمیر دیوان
افسر اعلیٰ

21 فروری، 2023ء

☆ جیسا کہ اوپر ذکر کیا گیا ہے کہ اب چینی پروڈیوسروں کی طرف سے ڈمپنگ انتہائی شدید ہو گئی ہے کیونکہ ان کی صلاحیت میں توسیع جاری ہے اور اسی طرح recession کی وجہ سے عالمی طلب میں کمی ہے۔ دسمبر 2022ء سے 5 فیصد Regulatory Duty کا دوبارہ نفاذ اس صورتحال میں مدد کرے گا۔

☆ ریگولیٹری ڈیوٹی اور اے سی ڈی جو کہ ڈمپنگ کے خلاف واحد ہال تھیں جس نے 2017ء سے کہنی اور دوسرے پروڈیوسرز کو پیداواری صلاحیت میں اضافہ کرنے میں مدد کی ہے۔ اس طرح مقامی پی ایف وائی صنعت کی پیداوار اگلے سال 165,000 ٹن تک پہنچ جائے گی اگرچہ یہ 95 فیصد کا استعمال کر پائے، جبکہ 2017ء میں صرف 70,000 ٹن تھی۔ اب ریگولیٹری ڈیوٹی اور اے سی ڈی کے ہٹانے سے وہ جزوی ڈھال بھی ختم ہو گئی اس لیے ایٹنی ڈمپنگ ڈیوٹی کو دوبارہ نافذ کرنا اور اسکی موثر طور پر وصولی سب سے اہم ہے کیونکہ توسیع کا ایک بڑا حصہ حال ہی میں شروع ہوا ہے یا آنے والے عرصے میں شروع ہوگا۔ اور چونکہ چینی پروڈیوسرز نے اپنی صلاحیت میں اضافے اور recession کی وجہ سے بین الاقوامی مانگ میں کمی، CFR قیمتوں کے ساتھ انتہائی شدید ڈمپنگ کا سہارا لیا ہے جس میں خام مال، پیکیجنگ، اور سمندری مال برداری کے اخراجات کو ڈالر/کلوگرام کے لحاظ سے مشکل سے پورا کیا جاسکے گا۔

☆ کمپنی کی توسیع کے ساتھ ساتھ پاکستان میں فہمسنٹ یارن کے دوسرے پروڈیوسروں کی طرف سے توسیع، درآمد شدہ یارن کا مقابلہ کرنے کے لئے ریگولیٹری ڈیوٹی کے ساتھ ساتھ ڈمپنگ Injury کے خلاف 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 گی جبکہ 2017ء میں یہ صرف 30 فیصد تھا۔ یہ توسیع منصوبے درآمدات کا متبادل ثابت ہوئے گا اور کرنٹ اکاؤنٹ کا خسارہ کم کریں گے (جو اس وقت عروج پر ہے) اور انڈسٹری کی جانب سے پہلے سے فراہم کی جانے والی ملازمتوں کے علاوہ مزید مقامی روزگار بھی فراہم کرے گی۔

☆ پی ایف وائی کی درآمد 2020ء میں ملک کی سب سے بڑی درآمدات میں 15 ویں نمبر پر تھی لہذا اسے مقامی طور پر تیار کرنے کی ضرورت ہے، خاص طور پر جب کہ اس کا خام مال پی ٹی اے بھی مقامی طور پر تیار کیا جاتا ہے۔ یہ بات بھی ذہن میں رہے کہ سال 2003ء میں فہمسنٹ یارن کی مقامی طلب کا 90 فیصد سے زیادہ مقامی پیداوار سے پورا کیا جاتا تھا۔

☆ Downstream کی صنعت اور طلب میں بھی اضافہ ہوا ہے اور سال 2021-22 میں کل طلب 361,000 ٹن ہے جو کہ سال 2017-18 کے مقابلے میں 260,000 ٹن تھا۔ اس لیے ملک کے کرنٹ اکاؤنٹ خسارے پر دباؤ کم کرنے کے لیے ملکی پیداوار میں اضافہ ضروری ہے۔

☆ کاٹن کی فصل محدود پیمانے پر کاشت کی جانے کی وجہ سے یہ ضروری ہے کہ 220 ملین سے زیادہ مقامی آبادی مقامی خام مال سے تیار شدہ ٹیکسٹائل مصنوعات استعمال کرے۔ یہاں یہ بتانا بھی ضروری ہے کہ فلامنٹ یارن میں استعمال ہونے والا PTA جیسا اہم خام مال پاکستان میں بنایا جاتا ہے اور کسی بھی نئی ریفائنری کے ساتھ PTA کا اہم خام مال PARAXYLENE کی مکمل بھی خام تیل سے ملک میں ہی بنایا جاسکے گا جس کے نتیجے میں خود انحصاری حاصل ہو سکے اور خام تیل سے لیکر پالیٹر بلوسات تک کی پوری Chain ملک میں ہی بنے۔

دیگر امور:

☆ مکمل ملکیتی ماتحت ادارہ میسرز گیٹر و پاور (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس کمپنی کے آپریشنز تسلی بخش رہے اور رپورٹنگ کی مدت کے دوران 677.250 ملین روپے منافع منقسمہ کی ادائیگی کی۔

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

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

زیر نظر مدت کے دوران، پاکستان کے سب سے بڑے SAP (System Applications and Products) کے نفاذ سے Gatron میں فنانس، پروڈکشن، سپلائی چین، پروفیکشن اور HR ماڈیولز کو Live کیا گیا۔ اس سے ایک تبدیلی کی راہ ہموار ہوگی اور اس سے منسلک لوگوں، ڈیٹا اور عمل کو اکٹھا کر کے صارفین کا ایک بہتر تجربہ تخلیق کیا جاسکے اور ڈیجیٹل دنیا میں زیادہ مسابقتی بننے میں مدد ملے گی۔ پاکستان کے مقابلے دوسرے ممالک میں ایٹمی ڈمپنگ کی زیادہ شرح کا مطلب یہ ہے کہ وہ ممالک چینی پی ایف وائی کم درآمد کرتے ہیں، جس کے نتیجے میں چینی مصنوعات کی اضافی مقدار پاکستان میں پھینک دیئے ہیں۔

درپیش چیلنجز اور مستقبل پر ایک نظر:

☆ این ٹی سی کی جانب سے 2017ء میں کی گئی ایٹمی ڈمپنگ ڈیوٹی کے حتمی تعین کے خلاف پی ایف وائی کے درآمد کنندگان اور غیر ملکی برآمد کنندگان نے بھی اپیلٹ ٹریبیونل میں اپیلیں دائر کی تھیں۔ اپیلٹ ٹریبیونل نے چار سال سے زائد عرصہ گزرنے کے بعد دسمبر 2021ء میں کیس کو این ٹی سی کو Remand Back کر دیا تاکہ کچھ پہلوؤں کے لیے ڈیوٹی کا دوبارہ حساب لگایا جاسکے۔ اس کے مطابق، این ٹی سی نے مطلع شدہ ایٹمی ڈمپنگ ڈیوٹی کو 2.78 فیصد سے 6.82 فیصد (اوسط 4.8 فیصد) کی حد میں کم کر دیا ہے۔ ریمانڈ سے پہلے مطلع شدہ ایٹمی ڈمپنگ ڈیوٹی 3.25 فیصد سے 11.35 فیصد کی حد میں تھی جو اصل ڈمپنگ/Injury کو پورا کرنے کے لیے پہلے ہی نا کافی تھی اور پالیسٹر فیلمینٹ یارن کے چینی برآمد کنندگان پر عائد ایٹمی ڈمپنگ ڈیوٹیوں سے بہت کم ہے:

○ ترکی کی جانب سے کم از کم 16 فیصد یا \$250/ٹن

○ انہی پروڈیوسرز پر ہندوستان کی جانب سے کم از کم 23 فیصد

○ امریکہ کی جانب سے کم از کم 32 فیصد (ایٹمی ڈمپنگ اور ایٹمی سبسڈی ڈیوٹیوں پر)

○ ویتنام کی جانب سے کم از کم 17.45 فیصد (اور زیادہ سے زیادہ 21.23 فیصد)

جبکہ برازیل اور میکسیکو نے بھی چینی پی ایف وائی پر ایٹمی ڈمپنگ ڈیوٹی شروع کی ہے۔ اس طرح 6 بڑے ممالک نے چینی پی ایف وائی پر ایٹمی ڈمپنگ یا کاؤنٹر ویلنگ ڈیوٹی کو عائد کر رکھی ہے، جبکہ انڈونیشیا تاجروں کو اس کی اجازت نہ دے کر پی ایف وائی کی درآمدات کو محدود کر رہا ہے۔ لہذا، اس میں زیادہ تر پی ایف وائی پیدا کرنے والے ممالک شامل ہیں۔ بلکہ دیش اپنی پی ایف وائی صنعت کو مسابقتی درآمدی یارن پر 20 فیصد درآمدی ڈیوٹی کے ذریعے تحفظ فراہم کرتا ہے۔ پاکستان کے مقابلے دوسرے ممالک میں ایٹمی ڈمپنگ کی زیادہ شرح کا مطلب یہ ہے کہ وہ ممالک چینی پی ایف وائی کو کم درآمد کرتے ہیں، جس کے نتیجے میں چینی مصنوعات کی اضافی مقدار پاکستان میں پھینک دیئے ہیں۔

☆ تاہم پاکستان میں ایٹمی ڈمپنگ ڈیوٹی کی ان کم سطحوں پر بھی ایٹمی ڈمپنگ ڈیوٹی کے حصول کیلئے اگلے 5 سالوں تک پاکستان میں اس کا موثر نفاذ ضروری ہے۔ مزید یہ کہ چونکہ درآمد کنندگان نے پچھلے 5 سالوں میں زیادہ تر عرصے میں ایٹمی ڈمپنگ ڈیوٹی کی ادائیگی نہیں کی۔ یارن کے درآمد کنندگان ہائی کورٹ سے Stay Order جو کہ 6 یا 6 ماہ تک خارج ہوتی ہے، حاصل کر کے درآمدی یارن پر ایٹمی ڈمپنگ ڈیوٹی ادا نہیں کرتے ہائی کورٹ کے فیصلے میں ایک بار درخواست خارج ہونے کے بعد وہی درخواست دوبارہ دائر نہیں ہو سکتی، تاہم اسی طرح کی درخواست ایک مختلف شہر میں دائر کرتے ہیں، جھوٹا حلف نامہ دے کر کہ یہ اس معاملے پر ان کی پہلی درخواست ہے اور اس ہائی کورٹ کی فیصلے سے Stay حاصل کرتے ہیں، چونکہ اس جھوٹے حلف نامے کے بغیر وہ پہلی برخاستگی کے بعد دوبارہ ہائی کورٹ میں عرضی داخل نہیں کر سکتے۔ اس طرح ہائی کورٹ کو گواہ کر کے مختلف بیچوں میں (35 سے زائد مرتبہ پہلی درخواست خارج ہونے کے بعد) درخواستیں دائر کی جاتی ہیں اور Stay حاصل کر کے ایٹمی ڈمپنگ ڈیوٹی کی ادائیگی نہیں کر رہے۔

☆ درآمد کنندگان نے اب تک پی ایف وائی پر ایٹمی ڈمپنگ ڈیوٹی جمع کرنے کی حکومتی کوششوں کا مذاق اڑایا ہے جس میں 16 بلین روپے سے زیادہ کی رقم وصول نہیں ہوئی۔ یہی وقت ہے کہ حکومت پی ایف وائی کی درآمد پر 5 فیصد آر ڈی اور اے سی ڈی (Regulatory Duty/Additional Custom Duty) کو بحال کرے جب تک کہ درآمد کنندگان سنجیدگی سے پی ایف وائی پر ایٹمی ڈمپنگ ڈیوٹی ادا نہیں کرتے۔

Overhang Inventory کی وجہ سے 80 فیصد سے زیادہ آپریٹنگ ریٹ حاصل کرنا ایک چیلنج ہوگا۔ اکتوبر تا دسمبر 2022ء، سہ ماہی میں پی ایف وائی درآمدات 90,746 ٹن تھیں، جبکہ سہ ماہی اوسط 81,098 ٹن جنوری تا ستمبر 2022ء، اور جنوری تا دسمبر 2021ء تک 70,249 ٹن تھیں، امید ہے کہ تا جرد درآمد کنندگان کے لیے ایل سی کھولنے کی مشکلات کے ساتھ، یہ Overhang Inventory کچھ مہینوں میں ختم ہو جائے اور کمپنی اپنے دھاگے کی قیمتیں بڑھا پائے۔ تاہم اگلے چند ماہ کے لیے خام مال کا انتظام بھی آپ کی کمپنی کے لیے ایک چیلنج ہوگا۔

تقسیم اور فروخت کے اخراجات میں گزشتہ سال کے مقابلے میں 30 فیصد کا خاطر خواہ اضافہ ہوا جس کی بنیادی وجہ فریٹ اور ٹرانسپورٹ کے چارجز میں اضافہ ہے۔ دوسری طرف، انتظامی اخراجات میں 41 فیصد اضافہ ہوا جس کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی کی وجہ سے افراط زر کے عوامل میں اضافہ ہے۔

صلاحیت میں توسیع کے لیے قرضوں پر مارک اپ کی وجہ سے مالیاتی لاگت میں بھی گزشتہ سال کی اسی مدت کے مقابلے میں نمایاں اضافہ ہوا ہے۔ مزید یہ کہ، stock in trade and receivables میں نمایاں اضافہ جس کے نتیجے میں زیادہ ورکنگ کیپیٹل کی ضروریات کے ساتھ ساتھ مرکزی بینک کی جانب سے مارک اپ کی شرح میں اضافہ کی وجہ سے مالیاتی چارجز میں بھی اضافہ ہوا۔ کمپنی stock in trade and receivables میں کمی کے لیے سرگرم ہے، جو کہ حالیہ ماحول میں یقیناً ایک چیلنج ہے۔

مالیاتی لاگت میں بھی گزشتہ سال کی اسی مدت کے مقابلے میں نمایاں اضافہ ہوا جس کی وجہ قابل وصول قرضوں اور اسٹاک کی قدر میں نمایاں اضافے کی وجہ سے ورکنگ کیپیٹل کی ضروریات میں Discount Rate کے ساتھ اضافہ ہے۔

30 جون 2022ء کے مقابلے میں اسٹاک میں 3,742 ملین روپے کا اضافہ ہوا جو 10,060 ملین روپے تک پہنچ گیا۔ قابل وصول قرضوں کی مالیت 1,366 ملین روپے کے اضافے کے ساتھ 5,689 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 4,889 ملین روپے سے بڑھ کر 8,557 ملین روپے تک پہنچی۔ ان امور کی وجہ سے ورکنگ کیپیٹل کی ضروریات بڑھ گئیں اور قلیل مدتی قرضہ جات میں 2,063 ملین روپے کا اضافہ ہوا۔

جیسا کہ پچھلے رپورٹ میں اطلاع دی گئی کہ حکومت کے فلیٹمنٹ یارن پرائیویٹ ڈیولپمنٹ ڈیویژن کی وصولی اور متبادل تحفظ فراہم کرنے کے عزم کے ساتھ، آپ کی کمپنی توسیع منصوبوں کے دوسرے مرحلے کے ساتھ آگے بڑھ رہی ہے۔ اس سے کمپنی سالانہ 95,000 سے 99,000 ٹن مسکسڈ ڈیٹنٹر (75,000 ٹن حالیہ استطاعت سے زیادہ) پیدا کر سکے گی۔ یہ 5 سال پہلے 2017ء میں کمپنی کی 33,000 ٹن اسی طرح کی مسکسڈ ڈیٹنٹر پیداواری صلاحیت سے تین گنا زیادہ ہے۔ اس کے ساتھ ساتھ سالانہ 230,000 ٹن سے زائد کی پولیمر پلانٹ کی لائسنس بھی شامل ہیں جن کی پیداوار اسی سال میں شروع ہونے کی توقع ہے۔ یہ پولیمر پلانٹ اب تمام پی ایف وائی لائنوں کو فیلڈ کرنے کے قابل ہو جائے گا جس میں نئی صلاحیت بھی شامل ہے۔ مزید یہ کہ، اضافی پولیمر Diversified مصنوعات کی پیداوار، برآمد اور مقامی فروخت کے کام آئے گا۔ ان Diversified مصنوعات میں Cationic یارن کے لیے Cationic پولیمر کے ساتھ فلم گریڈ Silica Resin بھی شامل ہے۔ اضافی Bright FDY پولیمر یارن کی پیداوار کوڈائزنگ اسپیٹنگ کے ذریعے بڑھانے کا موقع فراہم کرے گا۔ مزید برآں، متعلقہ پیداواری پلانٹ کے سرمائے کی لاگت کی طویل مدتی فنانسنگ کی کم شرح حاصل کرنے کے لیے Export Opportunity کو استعمال میں لایا جا رہا ہے۔ مقامی مارکیٹ میں تیزی کی صورت میں اس اضافی پیداواری صلاحیت کو بہتر طور پر استعمال کیا جاسکتا ہے۔

Covid-19 کی صورتحال کی وجہ سے چین میں سپلائی اور سفری پابندی کے پیش نظر کچھ تاخیر کے بعد، اپریل 2023ء تک، آپ کی کمپنی انشاء اللہ پی ایف وائی بوتل کے فلیکس سے سربسٹینشل شدہ یارن تیار کرنے کی صلاحیت کو اپنی پی ایف وائی کی صلاحیت کے تقریباً 12 فیصد تک بڑھا دے گی، اس طرح مختلف صارفین کے لیے مختلف اقسام کے پالیمر فلیٹمنٹ یارن بھی بنا سکے گی۔

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،

گیٹر ون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2022ء کو اختتام پذیر ہونے والی ششماہی مدت کے لئے رپورٹ ہمراہ مالیاتی گوشوارے جس کا کمپنی کے بیرونی آڈیٹرز نے جائزہ لیا، پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

مالیاتی جائزہ:

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے :

- ☆ خالص فروخت 12,028 ملین روپے۔
- ☆ آپریٹنگ خسارہ 132.49 ملین روپے۔
- ☆ منافع قبل از انکم ٹیکس 20.15 ملین روپے۔
- ☆ خسارہ بعد از انکم ٹیکس 108.58 ملین روپے۔
- ☆ خسارہ فی حصہ 2.83 روپے۔

زیر جائزہ مدت کے دوران، کمپنی کی خالص فروخت 12,028 ملین روپے تک کی سطح غریبہ کی جو کہ پچھلے سال اسی مدت میں 11,084 ملین روپے تھی۔ جبکہ اسی مدت کے پہلے 3 مہینوں میں، ملک میں سیلاب اور درآمدات میں اضافے کی وجہ سے فروخت اور پیداواری مقدار دونوں متاثر ہوئیں، دوسرے 3 مہینوں میں پاکستانی روپے کی کمی یونٹ قیمت میں کمی کی وجہ سے اضافہ ہوا جو اوسطاً 223 روپے فی امریکی ڈالر جبکہ دوسرے 3 ماہ میں فروخت جو کہ درآمد شدہ مصنوعات کی اور ہینگ (جس کے نتیجے میں پیداوار کم رہی) اور بین الاقوامی قیمتوں میں گرتی ہوئی عام مال کی قیمتوں میں کمی کے ساتھ ساتھ انتہائی شدید ڈمپنگ کی وجہ سے متاثر ہوئی۔ چائنیز پروڈیوسرز مصنوعات کی قیمتوں پر صرف ڈالر کی بنیاد پر عام مال، پیکجنگ اور سمندری فریٹ کی عکاسی کرتے ہیں۔ ان وجوہات کی وجہ سے فلیٹسمنٹ یارن کی پیداوار صلاحیت کا تقریباً 70 فیصد پورا کر پائی۔ اس مدت کے دوسرے 3 مہینوں میں بھی پاکستانی روپے کی قدر میں کمی نہیں ہوئی جو اوسطاً 223 روپے فی امریکی ڈالر رہی۔ دوسری طرف، سیلاب کے اثرات اور سیلاب کے بعد سر دیوں کے موسم کی وجہ سے پی ای ٹی پر بیفار مرکز کی فروخت کا حجم پچھلے سال کی اسی مدت کے مقابلے میں کم رہا۔

پچھلے مالی سال میں کمپنی کو موسمیاتی درآمدی یارن پر سمندری مال برداری کا فائدہ ہوا جو کہ رپورٹنگ مدت کے دوران مال برداری کی شرح کو معمول پر لانے کی وجہ سے ختم ہو گیا۔ مزید برآں، اس وقت جب کمپنی نے توسیعی پلانٹ اور مشینری میں بہت زیادہ سرمایہ کاری کی ہے، اوپر بتائی گئی وجوہات کی بنا پر کم آپریٹنگ ریٹ، جس کے نتیجے میں فروڈگی کی زیادہ مقررہ لاگت اور مالیاتی لاگت (مزید سود کی شرح میں اضافے کی وجہ سے) یہ تمام عوامل گرنے کے ساتھ ساتھ قیمتیں (متحرک انوینٹری کے نقصانات کے نتیجے میں) کمپنی کے خالص نتیجہ پر باؤ ڈالتی ہیں، خاص طور پر رپورٹنگ کی مدت کے دوسرے 3 مہینوں میں۔

مزید، زیر جائزہ مدت کے دوران، درآمدی پی ایف وائی کی بڑی انوینٹری کی وجہ سے مقامی دھاگے کی فروخت کی قیمتوں پر باؤ پڑا ہے جس کو بغیر کسی اینٹی ڈمپنگ ڈیوٹی کے ادا کیے تاہم جروس کی طرف سے درآمدی مرحلے پر ادا نہیں کیا جا رہا۔ پی ایف وائی مینیوفیکچر کے مقامی کھلاڑیوں کو کچھ Cushion فراہم کرنے کے لئے، جو توسیع کے مرحلے میں ہیں لیکن اینٹی ڈمپنگ ڈیوٹی ادا نہ کرنے کی وجہ سے متاثر ہیں، حکومت نے دسمبر 2022ء میں انتہائی ضروری 5 فیصد ریگولیٹری ڈیوٹی عائد کی، جس کے شہت نتائج آنے والے وقت میں متوقع ہیں اور آنے والے ادوار میں بھی بہتر ہونے کی امید ہے کیونکہ خام مال کی قیمتوں کی وجہ سے مصنوعات کی قیمتیں نیچے آگئی ہیں لہذا جنوری 2023ء کے مہینے کے علاوہ انوینٹری کے مزید نقصانات کی توقع نہیں، جبکہ پاکستانی روپے کی قدر میں 260 روپے سے زیادہ کی سطح تک کی روپے کے لحاظ سے Inventory gain میں مددگار ہوگا۔ پالیسٹر یزن کی بڑھتی ہوئی اقسام کے ساتھ پالمر پلانٹ کا آغاز بھی استعداد میں اضافہ کرے گا۔ تاہم اگلے 3 یا 4 مہینوں تک درآمدی مصنوعات کی

INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Gatron (Industries) Limited
Report on Review of Condensed Interim Un-consolidated financial statements

Introduction:

We have reviewed the accompanying condensed interim un-consolidated statement of financial position of **GATRON (INDUSTRIES) LIMITED** ("the Company") as at December 31, 2022, and the related condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows and notes to the financial statements for the half year ended (here-in-after referred to as the "condensed interim un-consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim un-consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim un-consolidated financial statements based on our review. The figures for the quarters ended December 31, 2022 and December 31, 2021 in the condensed interim un-consolidated financial statements have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2022.

Scope of Review:

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

Conclusion:

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

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

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi: the February 22, 2023
UDIN: RR202210225wguG0JoW6

Condensed Interim Un-consolidated Statement Of Financial Position

AS AT DECEMBER 31, 2022

(Rupees in Thousand)			
	Note	December 2022 (Un-audited)	June 2022 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	13,438,685	9,769,076
Intangible assets	6	55,869	59,594
Long term investments		396,535	402,569
Long term loans		153,870	70,699
Long term deposits		2,845	2,845
		14,047,804	10,304,783
Current Assets			
Stores, spare parts and loose tools		1,567,205	1,315,073
Stock in trade		10,059,914	6,318,100
Trade debts	14	5,688,755	4,322,527
Loans and advances		550,926	276,461
Current portion of non-current assets		94,816	149,736
Trade deposits and short term prepayments		206,474	225,601
Other receivables	14	1,418,063	551,613
Advance income tax		-	66,000
Sales tax refund due from Federal Government		8,634	8,634
Cash and bank balances		343,780	132,735
		19,938,567	13,366,480
TOTAL ASSETS		33,986,371	23,671,263
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	383,645	383,645
Capital reserve - share premium		383,645	383,645
General reserve		3,250,000	3,250,000
Unappropriated profit		3,645,571	3,754,151
		7,662,861	7,771,441
LIABILITIES			
Non - Current Liabilities			
Long term financing		8,220,512	5,696,304
Deferred liabilities and income	8	1,239,707	795,533
		9,460,219	6,491,837
Current Liabilities			
Trade and other payables	10 & 14	8,557,281	3,668,083
Unclaimed dividend		21,241	21,381
Accrued mark up		503,459	205,251
Short term borrowings		6,955,180	4,891,866
Current portion of long term financing		478,811	277,228
Current portion of non-current Liabilities		157,999	70,767
Provision for income tax less payments		189,320	273,409
		16,863,291	9,407,985
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		33,986,371	23,671,263

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

SHABIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Condensed Interim Un-consolidated Statement of Profit or Loss (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

(Rupees in Thousand)				
Note	Oct-2022 to Dec-2022	Oct-2021 to Dec-2021	Jul-2022 to Dec-2022	Jul-2021 to Dec-2021
Sales	7,131,106	6,111,137	12,027,550	11,064,378
Cost of sales	7,075,347	5,152,447	11,787,903	9,390,387
Gross profit	55,759	958,690	239,647	1,673,991
Distribution and selling costs	82,805	92,121	188,035	144,216
Administrative expenses	119,819	85,992	235,835	167,540
Other operating expenses	37,354	67,753	52,737	113,445
	239,978	245,866	476,607	425,201
	(184,219)	712,824	(236,960)	1,248,790
Other income	92,912	263,707	104,466	270,346
Operating (loss)/ profit	(91,307)	976,531	(132,494)	1,519,136
Finance costs	288,269	40,275	524,605	105,030
	(379,576)	936,256	(657,099)	1,414,106
Investment income - Dividend 11	677,250	-	677,250	225,750
Profit before income tax	297,674	936,256	20,151	1,639,856
Income tax - Current	89,296	129,009	150,502	189,919
- Deferred	(53,238)	160,315	(21,771)	160,315
	36,058	289,324	128,731	350,234
Profit /(loss) after income tax	261,616	646,932	(108,580)	1,289,622
Earnings /(Loss) per share - Basic and diluted (Rupees)	6.82	16.86	(2.83)	33.62

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



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

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	(Rupees in Thousand)			
	Oct-2022 to Dec-2022	Oct-2021 to Dec-2021	Jul-2022 to Dec-2022	Jul-2021 to Dec-2021
Profit / (Loss) after income tax	261,616	646,932	(108,580)	1,289,622
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss)	<u>261,616</u>	<u>646,932</u>	<u>(108,580)</u>	<u>1,289,622</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IOBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2021	383,645	383,645	3,250,000	1,937,862	5,955,152
Total comprehensive income for the half year ended December 31, 2021	-	-	-	1,289,622	1,289,622
Balances as at December 31, 2021	383,645	383,645	3,250,000	3,227,484	7,244,774
Total comprehensive income for the half year ended June 30, 2022	-	-	-	526,667	526,667
Balances as at June 30, 2022	383,645	383,645	3,250,000	3,754,151	7,771,441
Total comprehensive (Loss) for the half year ended December 31, 2022	-	-	-	(108,580)	(108,580)
Balances as at December 31, 2022	383,645	383,645	3,250,000	3,645,571	7,662,861

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



Condensed Interim Un-consolidated Statement of Cash Flows (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	(Rupees in Thousand)	
	Jul-2022 to Dec-2022	Jul-2021 to Dec-2021
Cash Flows from/(towards) Operating Activities		
Profit before income tax	20,151	1,639,856
Adjustments for:		
Depreciation	457,256	334,507
Provision for defined benefit plan	64,200	25,080
Gain on disposal of property, plant and equipment	(3,898)	(256,109)
Loss on disposal of property, plant and equipment	-	309
Impairment in long term investments	10,601	9,550
Impairment allowance for ECL-net	4,262	4,567
Impairment allowance for slow moving stores, spare parts and loose tools-net	4,610	16,082
Amortisation of interest free long term loan to subsidiary company	(7,007)	(7,619)
Amortisation of intangible asset	3,725	-
Remeasurement loss/ (gain) on discounting of provision for GIDC	4,307	(1,352)
Investment income - Dividend	(677,250)	(225,750)
Finance costs	524,605	105,030
	<u>385,411</u>	<u>4,295</u>
	405,562	1,644,151
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(256,742)	(140,214)
Stock in trade	(3,741,814)	(511,028)
Trade debts	(1,370,490)	(737,127)
Loans and advances	(274,465)	(64,943)
Trade deposits and short term prepayments	19,127	(13,591)
Other receivables	(866,450)	(55,452)
	<u>(6,490,834)</u>	<u>(1,522,355)</u>
Increase in Trade and other payables	5,052,474	529,450
Cash flows (towards)/ from operations before following	<u>(1,032,798)</u>	<u>651,246</u>
(Payments for)/receipts of:		
Long term loans	(25,811)	(14,548)
Defined benefit plan	(5,805)	(3,765)
Finance costs	(226,397)	(70,154)
Income tax	(156,347)	(176,093)
Group taxation impact	(122)	(1,499)
Net cash flows (towards)/ from operating activities	<u>(1,447,280)</u>	<u>385,187</u>
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(4,298,177)	(2,018,637)
Proceeds from disposal of property, plant and equipment	11,934	260,013
Additions in intangible assets	-	(14,336)
Dividend received	677,250	225,750
Net cash flows towards investing activities	<u>(3,608,993)</u>	<u>(1,547,210)</u>
Cash Flows from/(towards) Financing Activities		
Long term financing - proceeds received	3,278,049	1,851,297
Long term financing - repayments	(73,905)	(8,678)
Dividend paid	(140)	(69)
Net cash flows from financing activities	<u>3,204,004</u>	<u>1,842,550</u>
Net decrease in cash and cash equivalents	<u>(1,852,269)</u>	<u>680,527</u>
Cash and cash equivalents at the beginning of the period	<u>(4,759,131)</u>	<u>(3,417,623)</u>
Cash and cash equivalents at the end of the period	<u><u>(6,611,400)</u></u>	<u><u>(2,737,096)</u></u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	343,780	136,681
Short term borrowings	(6,955,180)	(2,873,777)
	<u><u>(6,611,400)</u></u>	<u><u>(2,737,096)</u></u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 THE COMPANY AND ITS OPERATIONS

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

1.2 Following are the wholly owned subsidiaries of the Company:

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

2 BASIS OF PREPARATION

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

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

2.3 These condensed interim un-consolidated financial statements are unaudited and do not include all the information and disclosures of the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2022.

2.4 The figures included in the condensed interim un-consolidated statement of profit or loss and interim unconsolidated statement of comprehensive income for the quarters ended December 31, 2022 and 2021 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2022 and 2021.

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

2.5.1 Amendments to published approved accounting standards which are effective during the half year ended December 31, 2022:

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2022; however, these do not have any significant impact on these condensed interim un-consolidated financial statements, hence not described.

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

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

2.6 Functional and reporting currency

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim un-consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2022, except for useful life of Plant and Machinery-Mold.

The Company has changed its estimate of useful life of Mold by changing the depreciation rate from 25% to 20%.The change in accounting estimate has been applied prospectively in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." Had this estimate not been changed, the profit for the half year would have decreased by Rs. 4.29 million and the value of Property, plant and Equipment would have decreased by Rs. 4.29 million.

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, 2022.

	Note	(Rupees in Thousand)	
		December 2022 (Un-audited)	June 2022 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	5,927,666	6,321,928
Capital work in progress	5.2	7,511,019	3,447,148
		<u>13,438,685</u>	<u>9,769,076</u>

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

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

	(Rupees in Thousand)	
	Half year ended December 2022	Half year ended December 2021
Building on leasehold land	3,156	386,870
Plant and machinery	46,650	1,701,536
Factory equipment	1,592	4,015
Motor vehicles	19,633	23,664
	<u>71,031</u>	<u>2,116,085</u>
Disposals at NBV during the period		
Freehold land	-	447
Office premises	56	563
Plant and machinery	-	760
Motor vehicles	7,980	2,443
	<u>8,036</u>	<u>4,213</u>

			(Rupees in Thousand)	
		Note	Half year ended December 2022	Half year ended December 2021
5.2	Capital work in progress			
	Balance as at start of the period		3,447,148	2,247,485
	Additions		4,063,871	2,001,577
	Transfer to operating fixed assets		-	(2,065,230)
	Balance as at end of the period	5.2.1	<u>7,511,019</u>	<u>2,183,832</u>
5.2.1	Building on leasehold land		523,059	157,884
	Plant and Machinery		<u>6,987,960</u>	<u>2,025,948</u>
			<u>7,511,019</u>	<u>2,183,832</u>
			December 2022 (Un-audited)	June 2022 (Audited)
6	INTANGIBLE ASSETS			
	Balance as at start of the period		59,594	35,898
	Additions		-	23,696
	Amortization during the period		<u>(3,725)</u>	-
	Balance as at end of the period		<u>55,869</u>	<u>59,594</u>
7	SHARE CAPITAL			
	(Number of Shares)		(Rupees in Thousand)	
	December 2022 (Un-audited)	June 2022 (Audited)	December 2022 (Un-audited)	June 2022 (Audited)
7.1	Authorised capital			
	95,000,000	95,000,000 Ordinary shares of Rs. 10 each	<u>950,000</u>	<u>950,000</u>
7.2	Issued, subscribed and paid up capital			
	30,136,080	30,136,080 Ordinary shares of Rs.10 each allotted for consideration paid in cash	<u>301,361</u>	<u>301,361</u>
	8,228,400	8,228,400 Ordinary shares of Rs.10 each allotted as fully paid bonus shares	<u>82,284</u>	<u>82,284</u>
	<u>38,364,480</u>	<u>38,364,480</u>	<u>383,645</u>	<u>383,645</u>
8	DEFERRED LIABILITIES AND INCOME			
	Deferred Liabilities			
	Income tax - net		189,975	211,746
	Defined benefit plan	8.1	<u>560,867</u>	<u>502,472</u>
	Provision for Gas Infrastructure Development Cess (GIDC)	8.2	<u>3,508</u>	<u>16,023</u>
	Deferred income			
	Deferred Income - Government scheme	8.3	<u>485,357</u>	<u>65,292</u>
			<u>1,239,707</u>	<u>795,533</u>
8.1	Defined benefit plan			
	Balance as at start of the period		502,472	438,384
	Expense		64,200	62,567
	Remeasurement gain		-	10,955
	Payments		<u>(5,805)</u>	<u>(9,434)</u>
	Balance as at end of the period		<u>560,867</u>	<u>502,472</u>

8.2 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.

8.3 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.

9 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

9.1 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Company alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Messrs. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before the Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court amounting to Rs.47.667 million (June 2022: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 2022: 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.

9.2 In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the 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 9.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (June 2022: 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.

9.3 The Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. On October 23, 2017, the Company has also challenged the new Act in the Sindh High Court against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Company has provided bank guarantee amounting to Rs.478.365 million (June 2022: Rs.378.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 10.2). Full provision after December 27, 2006 has been made in these condensed interim un-consolidated financial statements as an abundant precaution.

9.4 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 be decided in favor of the Company. However, as an abundant precaution, the Company has made provision of Rs.16.757 million till June 30, 2018.

9.5 This represents provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (June 2022: Rs.4.131 million) and rate difference of gas tariff Rs.2.655 million (June 2022: Rs.2.655 million) on account of common expenses payable by the Company to a related party Messrs. Novatex Limited.

10 CONTINGENCIES AND COMMITMENTS

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

10.1 Details of Litigations/ Tax Related Issues

10.1.1 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 i.e. year 2014. On September 04, 2021, the Special Judge Custom and Taxation Court has decided the case in favor of the

Company. The FBR has filed appeal at Honorable Sindh High Court Karachi against the decision of Special judge which is pending adjudication.

- 10.1.2** 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, however the Company has maintained a provision for Rs.86.858 million pertaining to the period of June 2015 to July 2020 as an abundant precaution.

- 10.1.3** The Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has restrained EOBI from taking any coercive action against the Company. On December 03, 2021, the Honorable Sindh High Court has dismissed the Petition. However, the Company has filed an appeal at Supreme Court of Pakistan against the judgment. No provision of the amount involved i.e. Rs.31.927 million (June 2022: Rs.31.119 million) has been made in these condensed interim un-consolidated financial statements.
- 10.1.4** 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 by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Company has already deposited Rs.28 million under protest into the Government Treasury for stay against the full recovery. The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The CIR(A) has decided the matter for tax periods July 2013 to June 2014, July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor of 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.
- 10.1.5** 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. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.

- 10.1.6** 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, hence Rs.2.197 million recorded as refundable.
- 10.1.7** 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. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.8** The case of the Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Company. Considering that the matter decided against the Company has no material impact, therefore, the Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.9** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta disallowed expenses of Rs.60.7 million 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. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.10** 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 2022: Rs.15.351 million), (refer note 10.2). Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.
- 10.1.11** Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, the involving tax credit of Rs.42 million 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.

10.1.12 The Company had filed a petition before the Sindh High Court wherein the Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Company. The Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Honorable Sindh High Court. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company, however, on a prudent basis Rs.40.395 million has been provided in these condensed interim un-consolidated financial statements.

10.1.13 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 amounting to Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Company. The Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Company also filed appeals before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 which has been concluded in favor of the Tax Department. The Company has filed appeals before the ATIR against the orders passed by the CIR(A). The Company has also paid 50% of demand for auto stay from recovery. The management is confident that the case will ultimately 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.

The Company has filed a petition before Sindh High Court against Super Tax under section 4C of the Income Tax Ordinance, 2001 for the tax year 2022. The SHC held that the Super Tax is applicable from the tax year 2023.

10.1.14 Income tax return for tax year 2019 has been amended by the DCIR vide order dated June 29, 2020 creating tax demand of Rs.1.594 million while abolishing refund of Rs.35.819 million as claimed in ITR 2019 against which the Company filed an appeal before the CIR(A), which has been partially decided in favour of the Company resulting in net tax refundable of Rs.4 million. The Company as well as Tax Department have filed appeals before the ATIR, which is pending till date. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company.

10.1.15 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 on machinery arrived in tax year 2020 and 2021. 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.

10.1.16 The Tax Officer alleged the Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty. The Company has paid 10% of demand for auto stay from recovery Rs.0.342 million. CIR(A) has decided the case in favour of the Company. The Tax Department has filed an appeal before ATIR against the said judgment.

10.1.17 Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Company filed petitions against the said notices before the Honorable Sindh High Court, which has been decided in favour of the Company. However, Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company.

10.1.18 Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Company has filed an appeal before the CIR(A). The Company has paid 10% of demand for auto stay from recovery Rs.2.130 million. The CIR(A) has decided the case partially in favor of the Company and partially in favor of Tax Department. The order contains significant errors for which Company has filed rectification application before CIR(A).

- 10.1.19** The Tax Department disallowed expenses of Rs.45.6 million under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2016. However, no income tax demand was raised owing to taxable losses both before and after amendment of assessment proceedings. Moreover, the Company has filed an appeal before CIR(A), which has not yet been concluded. The management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.20** The company has filed the case before Honorable Sindh High Court against conducting Sales Tax Audit for the tax year 2019. The SHC has granted interim relief till the decision of the case. The management is confident that the case will be decided in favor of the Company.
- 10.1.21** The company has filed the case before Honorable Sindh High Court against conducting post refund Sales Tax Audit pertaining to the tax year 2016, on the ground of time barred proceeding. The SHC has granted interim relief till the decision of the case. The management is confident that the case will be decided in favor of the Company.

(Rupees in Thousand)

	December 2022 (Un-audited)	June 2022 (Audited)
10.2 Guarantees		
Bank Guarantees in favor of:		
The Director Excise and Taxation, Karachi	478,365	378,365
The Electric Inspector, President Licencing Board, Quetta	10	10
Pakistan State Oil Company Limited	70,000	70,000
K-Electric Limited	18,496	11,560
Nazir of the High Court of Sindh, Karachi	15,351	15,351
Letters of Credit in favor of:		
Sul Southern Gas Company Limited for Gas	32,592	32,592
	<u>614,814</u>	<u>507,878</u>

10.3 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	530,479	3,801,553
Raw material	557,502	1,780,644
Spare parts and others	134,518	170,747
	<u>1,222,499</u>	<u>5,752,944</u>
Local currency:		
Property, plant and equipment	283,716	229,587
Raw material	153,951	294,382
Spare parts and others	35,730	63,231
	<u>473,397</u>	<u>587,200</u>
	<u>1,695,896</u>	<u>6,340,144</u>

(Rupees in Thousand)

Half year ended December 2022	Half year ended December 2021
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11 INVESTMENT INCOME - DIVIDEND

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

<u>677,250</u>	<u>225,750</u>
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12 MEASUREMENT OF FAIR VALUE

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

- Level 1 Inputs are the quoted prices in active markets for identical assets or liabilities that can be assessed at measurement.
- Level 2 Inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs are unobservable inputs for the asset or liability.

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

13 SEGMENT REPORTING

13.1 Reportable segments

The Company's reportable segments are as follows:

- Polyester Filament Yarn - it comprises manufacturing of Polyester Filament Yarn and its raw material
- Polyester PET Preforms - it comprises manufacturing of Polyester PET Preforms and its raw material.

Other operating expenses, other income, finance costs and taxation are managed at Company level.

13.2 Segment results:

The segment information for the reportable segments for the year ended December 31, 2022 is as follows:

	December 2022			(Rupees in Thousand)		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	<u>10,270,799</u>	<u>1,756,751</u>	<u>12,027,550</u>	9,584,586	1,479,792	11,064,378
Segment result before depreciation	(173,803)	446,836	273,033	1,421,173	275,569	1,696,742
Less: Depreciation	<u>(419,506)</u>	<u>(37,750)</u>	<u>(457,256)</u>	<u>(316,515)</u>	<u>(17,992)</u>	<u>(334,507)</u>
Segment result after depreciation	<u>(593,309)</u>	<u>409,086</u>	<u>(184,223)</u>	<u>1,104,658</u>	<u>257,577</u>	<u>1,362,235</u>
Reconciliation of segment results with Profit before income tax:						
Total results for reportable segments			(184,223)			1,362,235
Other operating expenses			(47,432)			(113,445)
Other income			99,161			270,346
Finance costs			(524,605)			(105,030)
Investment income - Dividend			677,250			225,750
Profit before income tax			<u>20,151</u>			<u>1,639,856</u>

Assets and liabilities by segments are as follows:

	December 2022 (Un-audited)			(Rupees in Thousand) June 2022 (Audited)		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
Segment assets	<u>26,378,732</u>	<u>1,801,642</u>	<u>28,180,374</u>	<u>18,424,870</u>	<u>2,476,987</u>	<u>20,901,857</u>
Segment liabilities	<u>12,788,232</u>	<u>281,812</u>	<u>13,070,044</u>	<u>7,841,407</u>	<u>447,626</u>	<u>8,289,033</u>

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	28,180,374	13,070,044	20,901,857	8,289,033
Unallocated	5,805,997	13,253,466	2,769,406	7,610,789
Total as per condensed interim un-consolidated statement of financial position	<u>33,986,37</u>	<u>26,323,510</u>	<u>23,671,263</u>	<u>15,899,822</u>

Other segment information is as follows:

	December 2022			December 2021		
Depreciation	<u>419,506</u>	<u>37,750</u>	<u>457,256</u>	<u>316,515</u>	<u>17,992</u>	<u>334,507</u>
Capital expenditures incurred during the year	4,169,543	-	4,169,543	1,887,489	1,589	1,889,078
Unallocated capital expenditure incurred during the year			<u>128,634</u>			<u>129,559</u>
Total			<u>4,298,17</u>			<u>2,018,637</u>

13.3 97.97% (December 2021: 96.12%) out of total sales of the Company relates to customers in Pakistan.

13.4 All non-current assets of the Company as at December 31, 2022 are located in Pakistan.

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

14 TRANSACTIONS WITH RELATED PARTIES

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

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Half year ended December 2022	Half year ended December 2021
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	1,312,244	1,211,923
			Dividend income	677,250	225,750
			Plant operation arrangement	21,000	21,000
			Reimbursement of expenses	855	951
Global Synthetics Limited	Subsidiary Company	100% ownership	Investment made	-	-
			Reimbursement of expenses	-	1
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Long term loan	20,941	14,400
			Reimbursement of expenses	4	178
Novatex Limited	Related Party	Common directorship	Sales of goods	-	329,224
			Rendering of services	30,169	29,052
			Acquisition of services	252,055	334,253
			Purchase of raw & other material	166,343	111,467
			Rent	10,756	10,756
			Reimbursement of expenses	30,172	119,660
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	53,348	34,596
			Reimbursement of expenses	-	37
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	22,474	10,357
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	1,226	4,537
Gatron Foundation	Related Party	Common directorship	Payment of donation	1,600	3,410
Pharmnova (Private) Limited	Related Party	Common key management	Sale of property, plant & equipment	-	230,000
G&T Tyre (Private) Limited	Related Party	Common directorship	Purchase of raw & other material	303	-
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	-	14,448
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	5,436	2,034

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs. 245.798 million (December 2021: Rs.189.432 million).

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

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

	(Rupees in Thousand)	
	As at December 31, 2022 (Un-audited)	As at June 30, 2022 (Audited)
Gatro Power (Private) Limited		
Other receivables	9,645	45
Trade and other payables	512,846	240,560
G-Pac Energy (Private) Limited		
Other receivables	6	30
Trade and other payables	10	-
Novatex Limited		
Trade debts	33,902	2,012
Other receivables	31,910	7,098
Trade and other payables	193,198	275,089
Krystalite Product (Private) Limited		
Trade debts	47,322	60,919
Mushtaq & Company (Private) Limited		
Trade debts	39,911	13,617
Gani & Tayub (Private) Limited		
Trade and other payables	-	767
Gatron (Industries) Limited Workers Provident Fund		
Other receivables	-	1,816
Trade and other payables	911	-
G&T Tyre (Private) Limited		
Trade and other payables	-	210

15 DATE OF AUTHORISATION

These condensed interim un-consolidated financial statements were authorised for issue on February 21, 2023 by the Board of Directors of the Company.

16 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.

17 GENERAL

17.1 Charge for 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 Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



Condensed Interim Consolidated Financial Statements

For the Half Year ended December 31, 2022

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the Un-audited Condensed Interim Consolidated Financial Statements of the Group for the half year ended December 31, 2022.

THE GROUP

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

The principal business of Wholly Owned Subsidiary Company Messrs. Gatro Power (Private) Limited is to generate and sell electric power. The subsidiary company paid cash dividend amounting to Rs. 677.250 million during the reporting period.

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 soon.

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

CONSOLIDATED FINANCIALS:

(Rupees in Thousand)

Operating results for the three months ended December 31, 2022

Profit before income tax	49,975
Income tax	128,731
Loss after income tax	78,756
Un- appropriated Profit brought forward	5,680,163
Un- appropriated Profit carried forward	5,601,407
Loss per share - Basic and diluted (Rupees)	(2.05)

State of Affairs as on December 31, 2022

Property, plant and equipment	15,940,669
Other non-current assets	59,932
Current assets	20,913,608
Total assets	36,914,209
Deduct:	
Non-current liabilities	9,583,532
Current liabilities	17,426,980
Total liabilities	27,010,512
Net assets financed by shareholders' equity	9,903,697

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

February 21, 2023

اہم تبدیلیاں اور معاہدے:

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

اندرونی مالیاتی کنٹرول:

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

اظہار تشکر:

ہم کمپنی کے 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 کی امید 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 یلوانی
ڈائریکٹر

شہیر دیوان
انفیر اعلیٰ

21 فروری، 2023ء

گروپ کے جامع مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

معزز ممبران،

میسرز گیٹر ون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر، 2022ء کو ختم شدہ ششماہی مدت کیلئے گروپ ہذا کے غیر آڈٹ شدہ مختصر مالیاتی گوشوارے سمیت پیش کر رہے ہیں۔

گروپ:

یہ گروپ میسرز گیٹر ون (انڈسٹریز) لمیٹڈ اور اس کے مکمل ماتحت اداروں میسرز گیٹر و پاور (پرائیویٹ) لمیٹڈ، میسرز گلوبل سسٹیمز لمیٹڈ اور جی پیک ایئری (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔ ہولڈنگ کمپنی یعنی گیٹر ون (انڈسٹریز) لمیٹڈ کی 31 دسمبر، 2022ء کو ختم شدہ ششماہی کارکردگی کو اس رپورٹ میں الگ سے منسلک کیا گیا ہے۔

مکمل ملکیتی ماتحت ادارہ میسرز گیٹر و پاور (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس کمپنی کے آپریشنز تسلی بخش رہے اور رپورٹنگ کی مدت کے دوران 677.250 ملین روپے منافع منقسمہ کی ادائیگی کی۔

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

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

جامع مالیات:

آپریٹنگ نتائج برائے ششماہی مدت ختم شدہ 31 دسمبر، 2022ء	(روپے 000)
منافع قبل از ٹیکس	49,975
ٹیکس	128,731
تیسارہ بعد از ٹیکس	78,756
غیر منصرف منافع گزشتہ (Un-appropriated profit brought forward)	5,680,163
غیر منصرف منافع حالیہ (Un-appropriated profit carried forward)	5,601,407
تیسارہ فی شیئر بنیادی اور تہمتہ شدہ (Rupess) Earning per share - Basic and Diluted	(2.05)
31 دسمبر، 2022ء تک معاملات کی صورتحال	
املاک، پلانٹ اور ایکوئپمنٹ	15,940,669
دیگر پائیدار اثاثہ جات	59,932
بدل پذیر اثاثہ جات	20,913,608
کل اثاثہ جات	36,914,209
کنوٹی:	
پائیدار واجبات	9,683,532
بدل پذیر واجبات	17,426,980
کل واجبات	27,010,512
خالص اثاثہ جات ادا شدہ مخاصمہ ایکوئٹی بائیں حصص یافتگان	9,903,697

Condensed Interim Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2022

(Rupees in Thousand)			
	Note	December 2022 (Un-audited)	June 2022 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	15,940,669	12,345,436
Intangible assets	6	55,869	59,594
Long term loans		1,218	296
Long term deposits		2,845	2,845
		16,000,601	12,408,171
Current Assets			
Stores, spare parts and loose tools		2,406,517	1,734,413
Stock in trade		10,059,914	6,318,100
Trade debts	13	5,688,755	4,322,527
Loans and advances		615,585	341,490
Current portion of Non-current assets		7,940	3,991
Trade deposits and short term prepayments		233,193	225,908
Other receivables	13	1,458,827	581,196
Advance income tax		-	66,000
Sales tax refund due from Federal Government		8,634	8,634
Cash and bank balances		434,243	899,455
		20,913,608	14,501,714
TOTAL ASSETS		36,914,209	26,909,885
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	383,645	383,645
Capital reserve - share premium		383,645	383,645
General reserve		3,535,000	3,535,000
Unappropriated profit		5,601,407	5,680,163
		9,903,697	9,982,453
LIABILITIES			
Non - Current Liabilities			
Long term financing		8,220,512	5,696,304
Deferred liabilities and income	8	1,363,020	943,480
		9,583,532	6,639,784
Current Liabilities			
Trade and other payables	10 & 13	8,561,841	4,056,483
Unclaimed dividend		21,241	21,381
Accrued mark up		503,459	205,251
Short term borrowings		6,955,180	4,891,866
Current portion of long term financing		478,811	277,228
Current portion of non-current Liabilities		721,152	565,441
Provision for income tax less payments		185,296	269,998
		17,426,980	10,287,648
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		36,914,209	26,909,885

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

SHABIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Condensed Interim Consolidated Statement of Profit or Loss (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	(Rupees in Thousand)			
	Oct-2022 to Dec-2022	Oct-2021 to Dec-2021	Jul-2022 to Dec-2022	Jul-2021 to Dec-2021
Sales	7,131,106	6,111,137	12,027,550	11,064,378
Cost of sales	6,929,564	4,917,730	11,220,723	8,963,710
Gross profit	201,542	1,193,407	806,827	2,100,668
Distribution and selling costs	82,805	92,121	188,035	144,216
Administrative expenses	122,852	87,850	241,276	171,358
Other operating expenses	33,008	63,808	43,402	105,518
	238,665	243,779	472,713	421,092
	(37,123)	949,628	334,114	1,679,576
Other income	277,263	271,719	284,380	274,135
Operating profit	240,140	1,221,347	618,494	1,953,711
Finance costs	310,586	53,119	568,519	130,449
(Loss)/Profit before income tax	(70,446)	1,168,228	49,975	1,823,262
Income tax - Current	89,296	129,009	150,502	189,919
- Deferred	(53,238)	160,315	(21,771)	160,315
	36,058	289,324	128,731	350,234
(Loss)/Profit after income tax	(106,504)	878,904	(78,756)	1,473,028
 (Loss)/Earnings per share - Basic and diluted (Rupees)	 (2.78)	 22.91	 (2.05)	 38.40

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



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

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	(Rupees in Thousand)			
	Oct-2022 to Dec-2022	Oct-2021 to Dec-2021	Jul-2022 to Dec-2022	Jul-2021 to Dec-2021
(Loss)/Profit after income tax	(106,504)	878,904	(78,756)	1,473,028
Other comprehensive income	-	-	-	-
Total comprehensive (Loss)/income	<u>(106,504)</u>	<u>878,904</u>	<u>(78,756)</u>	<u>1,473,028</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IOBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
	(Rupees in Thousand)				
Balances as at July 01, 2021	383,645	383,645	3,535,000	3,378,345	7,680,635
Total comprehensive income for the half year ended December 31, 2021	-	-	-	1,473,028	1,473,028
Balances as at December 31, 2021	383,645	383,645	3,535,000	4,851,373	9,153,663
Total comprehensive income for the half year ended June 30, 2022	-	-	-	828,790	828,790
Balances as at June 30, 2022	383,645	383,645	3,535,000	5,680,163	9,982,453
Total comprehensive (loss) for the half year ended December 31, 2022	-	-	-	(78,756)	(78,756)
Balances as at December 31, 2022	383,645	383,645	3,535,000	5,601,407	9,903,697

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Condensed Interim Consolidated Statement of Cash Flows (Un-audited)

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

	(Rupees in Thousand)	
	Jul-2022 to Dec-2022	Jul-2021 to Dec-2021
Cash Flows from/(towards) Operating Activities		
Profit before income tax	49,975	1,823,262
Adjustments for:		
Depreciation	555,203	404,746
Provision for defined benefit plan	64,448	25,239
Gain on disposal of property, plant and equipment	(3,898)	(256,109)
Loss on disposal of property, plant and equipment	-	309
Impairment allowance for ECL-net	4,262	4,567
Impairment allowance for slow moving stores, spare parts and loose tools-net	5,586	18,374
Amortisation of intangible asset	3,725	-
Remeasurement loss/(gain) on discounting of provision for GIDC	47,900	(12,680)
Finance costs	568,519	130,449
	<u>1,245,745</u>	<u>314,895</u>
	1,295,720	2,138,157
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(677,690)	(194,173)
Stock in trade	(3,741,814)	(511,028)
Trade debts	(1,370,490)	(737,127)
Loans and advances	(274,095)	(111,035)
Trade deposits and short term prepayments	(7,285)	(26,553)
Other receivables	(877,631)	(73,271)
	<u>(6,949,005)</u>	<u>(1,653,187)</u>
Increase in Trade and other payables	<u>4,668,634</u>	<u>471,610</u>
Cash flows (towards)/ from operations before following	<u>(984,651)</u>	<u>956,580</u>
(Payments for)/receipts of:		
Long term loans	(4,870)	(148)
Defined benefit plan	(5,805)	(3,765)
Finance costs	(270,311)	(95,573)
Income tax	(157,115)	(176,181)
Net cash flows from operating activities	<u>(1,422,752)</u>	<u>680,913</u>
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(4,321,712)	(2,418,003)
Proceeds from disposal of property, plant and equipment	11,934	260,013
Additions in intangible assets	-	(14,336)
Net cash flows towards investing activities	<u>(4,309,778)</u>	<u>(2,172,326)</u>
Cash Flows from/(towards) Financing Activities		
Long term financing - proceeds received	3,278,049	1,851,297
Long term financing - repayments	(73,905)	(8,678)
Dividend paid	(140)	(69)
Net cash flows from financing activities	<u>3,204,004</u>	<u>1,842,550</u>
Net decrease in cash and cash equivalents	<u>(2,528,526)</u>	<u>351,137</u>
Cash and cash equivalents at the beginning of the period	<u>(3,992,411)</u>	<u>(2,027,710)</u>
Cash and cash equivalents at the end of the period	<u>(6,520,937)</u>	<u>(1,676,573)</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	434,243	1,197,204
Short term borrowings	(6,955,180)	(2,873,777)
	<u>(6,520,937)</u>	<u>(1,676,573)</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer

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

FOR THE HALF YEAR ENDED DECEMBER 31, 2022

1 THE GROUP AND ITS OPERATIONS

1.1 The Group consists of :

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

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

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

Global Synthetics Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations. The registered 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, 2022.

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

2.3.1 Amendments to published approved accounting standards which are effective during the half year ended December 31, 2022:

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2022; 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 un-consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2022, except for useful life of Mold.

The Company has changed its estimate of useful life of Mold by changing the depreciation rate from 25% to 20%. The change in accounting estimate has been applied prospectively in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors." Had this estimate not been changed, the profit for the half year would have decreased by Rs. 4.29 million and the value of Property, plant and Equipment would have decreased by Rs. 4.29 million.

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, 2022.

	Note	(Rupees in Thousand)	
		December 2022 (Un-audited)	June 2022 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	7,053,631	7,545,839
Capital work in progress	5.2	8,887,038	4,799,597
		<u>15,940,669</u>	<u>12,345,436</u>

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

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

	(Rupees in Thousand)	
	Half year ended December 2022	Half year ended December 2021
Building on leasehold land	3,156	386,870
Plant and machinery	46,650	1,701,536
Factory equipment	1,592	4,015
Motor vehicles	19,633	23,664
	<u>71,031</u>	<u>2,116,085</u>
Disposals at NBV during the period		
Freehold land	-	447
Office premises	-	563
Plant and machinery	56	760
Motor vehicles	-	2,443
	<u>7,980</u>	<u>4,213</u>
	<u>8,036</u>	<u>4,213</u>

			Note	(Rupees in Thousand)	
				Half year ended December 2022	Half year ended December 2021
5.2 Capital work in progress					
Balance as at start of the period				4,799,597	2,652,364
Additions				4,087,441	2,400,429
Transfer to operating fixed assets				-	(2,065,230)
Balance as at end of the period				8,887,038	2,987,563
5.2.1 Building on leasehold land					
Plant and Machinery				584,841	232,386
				8,302,197	2,755,177
				8,887,038	2,987,563
				(Rupees in Thousand)	
				December 2022 (Un-audited)	June 2022 (Audited)
6 INTANGIBLE ASSETS					
Capital work in progress - SAP ERP System					
Balance as at start of the period				59,594	35,898
Additions				-	23,696
Amortization during the period				(3,725)	-
Balance as at end of the period				55,869	59,594
7 SHARE CAPITAL					
(Number of Shares)				(Rupees in Thousand)	
December 2022 (Un-audited)		June 2022 (Audited)		December 2022 (Un-audited)	June 2022 (Audited)
7.1 Authorised capital					
95,000,000	95,000,000	Ordinary shares of Rs. 10 each		950,000	950,000
7.2 Issued, subscribed and paid up capital					
30,136,080	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash		301,361	301,361
8,228,400	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares		82,284	82,284
38,364,480	38,364,480			383,645	383,645
8 DEFERRED LIABILITIES AND INCOME					
Deferred Liabilities					
Income tax - net				189,975	211,746
Defined benefit plan			8.1	563,008	504,365
Provision for Gas Infrastructure Development Cess (GIDC)			8.2	124,680	162,077
Deferred income					
Deferred Income - Government scheme			8.3	485,357	65,292
				1,363,020	943,480
8.1 Defined benefit plan					
Balance as at start of the period				504,365	440,439
Expense				64,448	62,952
Remeasurement gain				-	11,097
Payments				(5,805)	(10,123)
Balance as at end of the period				563,008	504,365

8.2 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.

8.3 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.

9 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

9.1 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Messrs. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before the Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court amounting to Rs.316.797 million (June 2022: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (June 2022: 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.

9.2 In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Group with effect from September 2013. 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 9.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (June 2022: 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.

- 9.3** The Parent Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. On October 23, 2017, the Parent Company has also challenged the new Act in the Sindh High Court against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Parent Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Parent Company has provided bank guarantee amounting to Rs.428.365 million (June 2022: Rs.378.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 10.2). Full provision after December 27, 2006 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed a petition in the Sindh High Court on April 13, 2018 against Province of Sindh and others at Karachi challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The case of the Subsidiary Company remains pending as it is omitted by the High Court staff to include in the bunch of cases which have been decided. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.17.500 million (June 2021: Rs.7.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 10.2). Full provision after April 13, 2018 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. G-Pac Energy (Private) Limited has filed a petition in the Sindh High Court at Karachi on June 24, 2019 against Province of Sindh and others challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.2.500 million (June 2022: Rs.2.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared (refer note 10.2). Full provision has been made in these condensed interim consolidated financial statements as an abundant precaution.

- 9.4** 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.16.757 million till June 30, 2018.

- 9.5** This represents provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (June 2022: Rs.4.131 million) and rate difference of gas tariff Rs.2.655 million (June 2022: Rs.2.655 million) on account of common expenses payable by the Parent Company to a related party Messrs. Novatex Limited.

10 CONTINGENCIES AND COMMITMENTS

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

10.1 Contingencies

- 10.1.1** The Subsidiary Company Messrs. Gatro Power (Private) Limited has not made any provision in respect of Workers' Profit Participation Fund on the ground that there 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.

- 10.1.2** 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 i.e. year 2014. On September 04, 2021, the Special Judge Custom and Taxation Court has decided the case in favor of the Parent Company. The FBR has filed appeal at Honorable Sindh High Court Karachi against the decision of Special judge which is pending adjudication.

- 10.1.3** 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, however the Group has maintained a provision for Rs.814.887 million pertaining to the period of June 2015 to July 2020 as an abundant precaution.

- 10.1.4** The Parent Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Parent Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has restrained EOBI from taking any coercive action against the Parent Company. On December 03, 2021, the Honorable Sindh High Court has dismissed the Petition. However, the Parent Company has filed an appeal at Supreme Court of Pakistan against the judgment. No provision of the amount involved i.e. Rs.31.927 million (June 2022: Rs.31.119 million) has been made in these condensed interim consolidated financial statements.
- 10.1.5** The Parent Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A)) – 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Parent Company has already deposited Rs.28 million under protest into the Government Treasury for stay against the full recovery. The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The CIR(A) has decided the matter for tax periods July 2013 to June 2014, July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Parent Company. However, the Parent Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these condensed interim consolidated financial statements as the Parent Company is confident that the matter will be decided in favor by the appellate authorities.
- 10.1.6** 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 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 Parent Company. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.
- 10.1.7** 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, hence Rs.2.197 million recorded as refundable.
- 10.1.8** The Tax Officer alleged the Parent Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Parent Company has filed an appeal before 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. No provision has been made in these condensed interim consolidated financial statements.

- 10.1.9** The case of the Parent Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Parent Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Parent Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Parent Company. Considering that the matter decided against the Parent Company has no material impact, therefore, the Parent Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.10** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta disallowed expenses of Rs.60.7 million 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. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.11** 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 2022: Rs.15.351 million), refer note 10.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.
- 10.1.12** Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, disallowing tax credit of Rs.42 million for tax year 2019. 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 Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these condensed interim consolidated financial statements.
- 10.1.13** The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Parent Company. The Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Honorable Sindh High Court. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company, however, on a prudent basis Rs.40.395 million has been provided in these condensed interim consolidated financial statements.
- 10.1.14** 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 amounting to Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Parent Company. The Parent Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Parent Company also filed appeals before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 which has been

concluded in favor of the Tax Department. The Parent Company has filed appeals before the ATIR against the orders passed by the CIR(A). The Parent Company has also paid 50% of demand for auto stay from recovery. 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 not reversed the liability in these condensed interim consolidated financial statements.

The Company has filed a petition before Sindh High Court against Super Tax under section 4C of the Income Tax Ordinance, 2001 for the tax year 2022. The SHC held that the Super Tax is applicable from the tax year 2023.

- 10.1.15** Income tax return for tax year 2019 has been amended by the DCIR vide order dated June 29, 2020 creating tax demand of Rs.1.594 million while abolishing refund of Rs.35.819 million as claimed in ITR 2019 against which the Parent Company filed an appeal before the CIR(A), which has been partially decided in favour of the Parent Company resulting in net tax refundable of Rs.4 million. The Parent Company as well as Tax Department have filed appeals before the ATIR, which is pending till date. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company.
- 10.1.16** 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 on machinery arrived in tax year 2020 and 2021. 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.
- 10.1.17** The Tax Officer alleged the Parent Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty. The Parent Company has paid 10% of demand for auto stay from recovery Rs.0.342 million. CIR(A) has decided the case in favour of Parent Company. The Tax Department has filed an appeal before ATIR against the said judgment.
- 10.1.18** Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Parent Company filed petitions against the said notices before the Honorable Sindh High Court, which has been decided in favour of the Parent Company. However, Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company.
- 10.1.19** Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Parent Company has filed an appeal before the CIR(A). The Parent Company has paid 10% of demand for auto stay from recovery Rs.2.130 million. The CIR(A) has decided the case partially in favor of the Parent Company and partially in favor of Tax Department. The order contains significant errors for which Company has filed rectification application before CIR(A).
- 10.1.20** The Tax Department disallowed expenses of Rs.45.6 million under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2016. However, no income tax demand was raised owing to taxable losses both before and after amendment of assessment proceedings. Moreover, the Parent Company has filed an appeal before CIR(A), which has not yet been concluded. The management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.21** The company has filed the case before honorable Sindh High Court against conducting Sales Tax Audit for the tax year 2019. The SHC has granted interim relief till the decision of the case. The management is confident that the case will be decided in favor of the Parent Company.
- 10.1.22** The company has filed the case before honorable Sindh High Court against conducting post refund Sales Tax Audit pertaining to the tax year 2016, on the ground of time barred proceeding. The SHC has granted interim relief till the decision of the case. The management is confident that the case will be decided in favor of the Parent Company.

- 10.1.23** 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.
- 10.1.24** 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. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.25** 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. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.26** Tax Department has raised demand of Rs.1.8 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed an appeal before the CIR(A). CIR(A) has decided the case in favour of Subsidiary Company which is pending for hearing. As of now, the Tax Department has filed appeal against the said judgment. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.27** The company has files the case before honorable Sindh High Court against conducting Sales Tax Audit for the tax year 2019. The SHC has granted interim relief till the decision of the case. The management is confident that the case will be decided in favor of the Parent Company.

(Rupees in Thousand)

	December 2022 (Un-audited)	June 2022 (Audited)
10.2 Guarantees		
Bank Guarantees in favor of:		
The Director Excise and Taxation, Karachi	503,365	398,365
The Electric Inspector, President Licencing Board, Quetta	10	10
Pakistan State Oil Company Limited	70,000	70,000
K-Electric Limited	18,496	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	257,592
	<u>864,814</u>	<u>752,878</u>

10.3 Commitments

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

(Rupees in Thousand)

	December 2022 (Un-audited)	June 2022 (Audited)
Foreign currency:		
Property, plant and equipment	550,787	3,982,352
Raw material	557,502	1,780,644
Spare parts and others	181,517	378,149
	1,289,806	6,141,145
Local currency:		
Property, plant and equipment	421,820	347,624
Raw material	153,951	294,382
Spare parts and others	35,730	63,231
	611,501	705,237
	1,901,307	6,846,382

11 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.

12 SEGMENT REPORTING

12.1 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 operation still 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.

12.2 Segment results:

The segment information for the reportable segments for the year ended December 31, 2022 is as follows:

(Rupees in Thousand)

	December-22					December-21				
	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	10,270,799	1,756,751	12,027,550	1,312,245	13,339,795	9,584,586	1,479,792	11,064,378	1,211,923	12,276,301
Segment result before depreciation	(173,803)	446,836	273,033	659,688	932,721	1,421,173	275,565	1,696,738	493,102	2,189,840
Less: Depreciation	(419,506)	(37,750)	(457,256)	(97,947)	(555,203)	(316,515)	(17,992)	(334,507)	(70,239)	(404,746)
Segment result after depreciation	(593,309)	409,086	(184,223)	561,741	377,518	1,104,658	257,573	1,362,231	422,863	1,785,094

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

Total sales for reportable segments					13,339,795					12,276,301
Elimination of Inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					(1,312,245)					(1,211,923)
Sales					12,027,550					11,064,378
Total results for reportable segments			(184,223)	561,741	377,518			1,362,231	422,863	1,785,094
Other operating expenses			(47,432)	(1,266)	(48,698)			(113,445)	(2,292)	(115,737)
Other income			99,161	186,921	286,082			270,346	12,077	282,423
Finance costs			(524,605)	(50,921)	(575,526)			(105,030)	(33,038)	(138,068)
Investment income - Dividend			677,250	-	677,250			225,750	-	225,750
Elimination of Intra group transaction			20,151	696,475	716,626			1,639,852	399,610	2,039,462
Profit before income tax					(666,651)					(216,200)
					49,975					1,823,262

Assets and liabilities by segments are as follows:

(Rupees in Thousand)

	December 2022 (Un-audited)					June 2022 (Audited)				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Segment assets	26,378,732	1,801,642	28,180,374	4,088,003	32,268,377	18,424,870	2,477,036	20,901,906	4,108,740	25,010,646
Segment liabilities	12,788,232	281,812	13,070,044	1,443,251	14,513,295	7,841,407	447,650	8,289,057	1,487,780	9,776,837

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

	Assets		Liabilities	
Total for reportable segments	32,268,377	14,513,295	25,010,646	9,776,837
Unallocated	5,805,997	13,253,466	2,769,406	7,610,789
Elimination of Intra group balances	(1,160,167)	(756,253)	(870,167)	(460,194)
Total as per condensed interim consolidated statement of financial position	36,914,207	27,010,508	26,909,885	16,927,432

Other segment information is as follows:

	December 2022					December 2021				
Depreciation	419,506	37,750	457,256	97,947	555,203	316,515	17,992	334,507	70,239	404,746
Capital expenditures incurred during the year	4,169,543	-	4,169,543	23,535	4,193,078	1,887,489	1,589	1,889,078	399,366	2,288,444
Unallocated capital expenditure incurred during the year			128,634		128,634					129,559
Total			4,298,177		4,321,712					2,418,003

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

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

13 TRANSACTIONS WITH RELATED PARTIES

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

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Half year ended December 2022	Half year ended December 2021
Novatex Limited	Related Party	Common directorship	Sales of goods	-	329,224
			Rendering of services	30,169	29,052
			Acquisition of services	252,055	334,253
			Purchase of raw & other material	166,343	111,467
			Rent	10,756	10,756
			Reimbursement of expenses	30,172	119,660
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	53,348	34,596
			Reimbursement of expenses	-	37
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	22,474	10,357
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	1,226	4,537
Gatron Foundation	Related Party	Common directorship	Payment of donation	1,600	3,410
Pharmnova (Private) Limited	Related Party	Common key management	Sale of property, plant & equipment	-	230,000
G&T Tyre (Private) Limited	Related Party	Common directorship	Purchase of raw & other material	303	-
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	-	14,647
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	5,436	2,034

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs. 245.798 million (December 2021: Rs.189.432 million).

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



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

	(Rupees in Thousand)	
	As at December 31, 2022 (Un-audited)	As at June 30, 2022 (Audited)
Novatex Limited		
Trade debts	33,902	2,012
Other receivables	31,910	7,098
Trade and other payables	193,198	275,089
Krystalite Product (Private) Limited		
Trade debts	47,322	60,919
Mushtaq & Company (Private) Limited		
Trade debts	39,911	13,617
Gani & Tayub (Private) Limited		
Trade and other payables	-	767
Gatron (Industries) Limited Workers Provident Fund		
Other receivables	-	1,816
Trade and other payables	911	-
G&T Tyre (Private) Limited		
Trade and other payables	-	210

14 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on February 21, 2023 by the Board of Directors of the Parent Company.

15 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.

16 GENERAL

16.1 Charge for Deferred Tax and Income Tax (where applicable) are interim and final liability will be determined on the basis of annual results.

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Notes to the 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), through electronic transfer directly into their Bank Account.

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 and being piled-up with the Company.

3. UNCLAIMED SHARES/DIVIDEND:

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

4. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT:

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

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

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



GATRON (INDUSTRIES) LIMITED