



Gatron

HALF YEARLY **REPORT**

December 31, 2024

GATRON (INDUSTRIES) LIMITED



Gatron (Industries) Limited

Liaison Office : 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi-75530, Pakistan.
Phone: 021-35659500-09, **Fax:** 021-35659516, **E-mail:** headoffice@gatron.com

Directors' Report

Dear Shareholders,

The Directors of Gatron (Industries) Limited present herewith the half yearly report together with the financial statements, duly reviewed by the external auditors, for the half year ended December 31, 2024.

Financial Review:

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

- Net sales Rs.13,124 million,
- Operating loss Rs.429 million,
- Loss before levies and income tax Rs.1,339 million,
- Levies and income tax Rs.166 million
- Loss after income tax Rs.1,505 million,
- Paid up capital Rs. 1,087 million,
- Shareholders' equity Rs.11,782 million

The loss before levies and income tax for the period ended December 31, 2024 is Rs.1,339 million compared to Rs.494 million in the corresponding period. However, including the results of the captive power subsidiary, your Company incurred a loss of Rs.1,336 million before levies and income tax and Rs.1,511 million after income tax compared to Rs.286 million loss before levies and income tax and Rs.711 million loss after income tax in the corresponding period. While Dumping is predominantly contributing to the negative results, the situation was further exacerbated by the sharp drop in international raw material prices in September 2024, which led to a sharp drop in product prices both internationally and locally while the company had higher stocks of finished goods and raw material from the previous months with higher costs. Moreover with the end of peak summer buying season the preform production and sales for most of the months of this 6 months period was quite low.

Your company achieved net revenue of Rs.13,124 million compared to Rs.18,198 million in the corresponding period, indicating an overall net decrease of 28%, as yarn sales quantities reduced by 13% as compared to the corresponding period. The value reduction was also due to the fall in unit prices due to the reduction of raw material prices. Further during the current period preforms and film grade chips operations run on tolling basis. The volume of film grade chips was also low due to overall surplus in virgin polyester chips/resin market on account of use of recycle resin in the industry.

As already communicated in previous reports, the Company is facing extraordinary dumping of imported yarn adding supply of yarn in the local market at exceptionally low dumped prices. The National Tariff Commission (NTC) had terminated the Anti-Dumping Duties (ADD) on Polyester Filament Yarn (PFY) with its notification dated November 07, 2023, on a technical reason as noted below in the future outlook section. However late in November 2024 NTC has imposed provisional anti-dumping duties on PFY on major Chinese exporters in the range of 2.13% to 5.91%. The final anti-dumping duties will however be imposed after on-site audit of the major Chinese suppliers. Presently in the world seven countries have imposed between 20% to 78% anti-dumping duties against Chinese PFY. Your company hopes that the NTC of Pakistan is able to audit the Chinese suppliers effectively to get the high anti-dumping duties to mitigate the high injury level.



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The prevalence of widespread dumping of PFY and surge in imports, in anticipation of the provisional Anti-dumping duties in November 2024 has compelled the company to operate at significantly diminished levels of its capacity, as such not being able to utilize fully the expanded capacity. Consequently, this has resulted in a notable escalation in fixed cost including the depreciation of the newly installed capacity. As you are aware that including this financial year, your company has made an investment of over Rs. 20 billion in the last 4 to 5 years to enable the increase annual production capability of mixed deniers from 65,000 tons in 2020 to approx. 99,000 tons, viz an increase in production capability by around 50% since 2020. In fact, the production capability was only 36,000 tons in 2017 so since 2017 production capability of PFY has increased by 2.75 times. The diversified polymer capacity has also been added through this capital expenditure.

The widespread prevalence of misuse of duty free import under EFS for export and sale of the same in the domestic market is also adding the pressure in the market. It is hoped that the liberal 3 to 5 years performance demonstration in the current law and necessary measures of publicizing input output ratio will stem this misuse.

In the coming months the full benefit of the in-house production of POY tubes to replace imported tubes and the start of up of another 3.7 MW of Solar based power will be reflected.

Distribution & selling expenses increased by 84% as compared to correspondence period. On the other side, administrative expenses decreased by 11%.

Finance cost decreased compared to the corresponding period due to the recent reduction in discount rate by SBP. The future periods should see lower financial charges if the company is able to control the Finished goods stocks.

On the Balance Sheet front as compared to June 30, 2024, stocks decreased by Rs.1,294 million to reach to Rs.6,209 million, mainly due to low raw material stocks while finished goods increased during this period. Debtors increased by Rs. 430 million to reach Rs.3946 million while creditors decreased by Rs.851 million to reach Rs.4,672 million. The company's short-term borrowings increased by Rs.853 million as compared to June 30, 2024 to reach Rs.4,433 million.

CHALLENGES FACED AND FUTURE OUTLOOK

As noted above, NTC in November 2024 has imposed provisional anti-dumping duties on PFY on major Chinese exporters in the range of 2.13% to 5.91%. The final anti-dumping duties will however be imposed after on-site audit of the major Chinese suppliers. Presently in the world seven countries have imposed between 20% to 78% Anti-dumping duties against Chinese. Your company hopes that the NTC Pakistan is able to audit the Chinese suppliers effectively to get the high anti-dumping duties to mitigate the high injury level. The normal deadline of imposing final ADD is May 2025.

- The Anti-Dumping Duties (ADD) levels in Pakistan are anyhow low compared to what is imposed by other countries against China (details below). But even at these low levels the importers evaded the ADD duties, thus injury to domestic manufacturers was not mitigated by the notified ADD. The importers get a stay in one High Court, (w/o any security being deposited with the court). The petition then 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 petitions against the said ADD. In this way they have so far illegally got stays (more than



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35 times) against the PFY ADD one after the other and failed to pay the due ADD of all these dismissed petitions and stays.

- The ADD rates in Pakistan imposed in 2017 were already low (now terminated from November 2023), to cover the actual dumping/injury and are much lower than the following ADD imposed on Chinese exporters of Polyester Filament Yarn:
 - by Turkey of minimum 16% or \$250/ton
 - by India of minimum 23%
 - by the USA ranging from 76% to 77%
 - by Vietnam of minimum 17% (and max 21.23%)
 - by Brazil \$57.85 – 585.70/ton (4.35% - 44%)
 - by Mexico \$532/ton (40%)
 - by Korea

So, 7 major countries have imposed Anti-Dumping or countervailing duties on PFY from China, while Indonesia is restricting imports of PFY by not allowing the same to traders and intends to increase import duties on the same. So, this covers most the PFY producing countries. Bangladesh protects its PFY industry by way of 25% import duty on competing imported yarn.

Since October 2023, India has imposed the non-tariff barrier removing the BIS (Bureau of Indian standard) exemption for imports of PFY into India. Because of which the import of PFY from China into India have reduced from 50,000 tons per month (annualized 600,000 MT) to less than 10,000 tons per month (annualized 120,000 MT) at present. The Chinese producers have been trying for long to call the BIS team for inspection and approval but while other countries like Korea, Taiwan etc. have got the BIS approval, the BIS visit/approval of China is not happening. However, India allows Chinese PFY to be imported under Export Bond Scheme for processing and export. So effectively its not for quality/standards but to prevent the injury to the local PFY industry by the excess Chinese dumping. In the above background it is hoped the dumping margins and the dumping duties in Pakistan on Chinese PFY imports will be revived or will be revised to higher levels and that imports of yarn remain subject to Regulatory Duty (RD) until these anti-dumping duties are effectively enforced and collected.

- As noted above para of this report, now the dumping by the Chinese producers have become intense due to their capacity expansions coming on stream and correspondingly reduction in world and Chinese demand due to near to recession conditions. The continuation of RD with imposition and collection of appropriate ADD is important to provide level playing field to local yarn industry against dumped imports, otherwise in coming period this industry may vanish, and country would be fully dependent of imports which would definitely be burden on balance of payments and would result unemployment.
- On the back of effective implementation of anti-dumping duty for 5 years on the levels similar to the 2 digit level in India, Turkey and Vietnam on competing imported yarn would allow Pakistan PFY producers to fully utilize their capacity which can meet nearly 50% of the Pakistan's domestic use PFY demand and encourage these producers to further expand to meet over 75% of Pakistan in the next 3 years since polymer capacity for the same is already available. This will provide import substitution and reduce the current account deficit while it would also provide local employment beyond the jobs already provided by the industry.



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- PFY is among the top imports 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 of PFY stood over 350,000 tons compared to 260,000 tons in year 2017-18 so increasing domestic production of the same is also essential to reduce this pressure on the current account deficit of 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 company remain normal during the period.
- The principal business of Wholly Owned Subsidiary Company Messrs. G-Pac Energy (Private) Limited is to generate and sell electric power. The operation of this Subsidiary Company has been commenced just after closing of period under review.
- Wholly Owned Subsidiary Messrs. Global Synthetics Limited has yet to commence its operations.

SCHEME OF ARRANGEMENT

- The Board of Directors of Gatron (Industries) Limited on February 10, 2025 have resolved to authorize the Company to enter into a Scheme of Arrangement ("Scheme") with Nova Frontiers Limited ("NFL") and Ghani & Tayub (Private) Limited ("G&T"), subject to the necessary approval by the Honorable High Court of Balochistan at Quetta and the Shareholders of the respective companies.
- Under the proposed Scheme, NFL will cancel the shares held by the certain categories of shareholders (collectively referred to as the "Outgoing Shareholders"), resulting in a corresponding reduction in NFL's share capital. As consideration for the aforesaid, the 29.33% shareholding of Gatron, currently held by NFL will be cancelled upto the ratio determined through valuation and new shares of Gatron will be issued to the Outgoing Shareholders / beneficial owners of outgoing shareholders of NFL in lieu of cancellation of their shareholding in NFL on the basis of SWAP ratio to be determined by professional valuer. It is further informed that the proposed Scheme will not have any impact on the business operations or assets of Gatron.

APPROPRIATION

The Board of Directors of the Company does not recommend any interim cash dividend for the half year period ended December 31, 2024.

EARNING PER SHARE

The loss per share of the Company for the half year period ended on December 31, 2024, is Rs. 13.84.

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.



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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.

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, 2024.

INTERNAL FINANCIAL CONTROLS

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

ACKNOWLEDGMENT

The Board of Directors extends its heartfelt gratitude to all stakeholders for their unwavering trust and confidence in the Company. We deeply appreciate the consistent cooperation and support we have received over the years and are confident in its continuation.

We would also like to express our sincere thanks to every member of the Company for their dedication, innovative thinking, and commitment to their roles. Your efforts are instrumental to our success.

Furthermore, we are grateful to the Government Institutions, Auditors, SECP, PSX, and Banks for their invaluable guidance and assistance, which have significantly contributed to the Company's growth and progress.

Thank you for your continued partnership and support.

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

Dated: February 22, 2025

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, 2024, 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 then 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 this condensed interim un-consolidated financial statements based on our review. The figures for the quarters ended December 31, 2024 and December 31, 2023 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 then ended December 31, 2024.

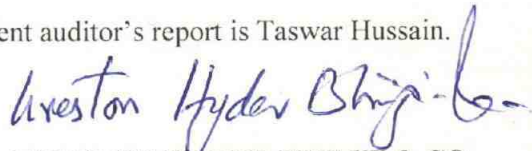
SCOPE OF REVIEW:

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

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim un-consolidated financial statements 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 Taswar Hussain.



KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi

Date: February 24, 2025

UDIN: RR202410729JLMYyUtQp

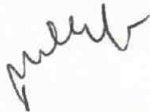
GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

		(Rupees in Thousand)	
	Note	December 2024 (Un-audited)	June 2024 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	19,204,697	18,778,042
Intangible assets	6	55,139	60,152
Long term investments		452,283	509,463
Long term loans		353,531	405,475
Long term deposits		6,936	6,936
		20,072,586	19,760,068
Current Assets			
Stores, spare parts and loose tools		1,847,479	1,990,321
Stock in trade		6,208,990	7,503,024
Trade debts	13	3,945,697	3,516,225
Loans and advances	13	175,008	460,483
Current portion of long term loans		145,442	35,584
Trade deposits and short term prepayments		104,469	71,525
Other receivables	13	243,199	884,648
Advance income tax		-	70,000
Cash and bank balances		145,061	297,008
		12,815,345	14,828,818
TOTAL ASSETS		32,887,931	34,588,886
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	1,087,290	1,087,290
Capital reserves		11,656,603	11,656,603
(Accumulated loss)/unappropriated profit		(961,803)	543,270
		11,782,090	13,287,163
LIABILITIES			
Non - Current Liabilities			
Long term financing		8,131,005	8,507,127
Lease liability against right of use assets		96,729	107,749
Deferred liabilities and income	8	1,315,773	1,340,828
		9,543,507	9,955,704
Current Liabilities			
Trade and other payables	9 & 13	4,672,254	5,522,641
Unclaimed dividend		8,067	8,219
Unpaid dividend		20,801	20,801
Accrued mark-up/ profit		609,030	543,012
Short term borrowings		4,432,778	3,579,563
Current portion of long term financing		1,303,490	1,196,089
Current portion of lease liability against right of use assets		18,780	15,020
Current portion of deferred liabilities and income		251,358	254,090
Provision for levies and income tax less payments		245,776	206,584
		11,562,334	11,346,019
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		32,887,931	34,588,886

The notes 1 to 16 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

GATRON (INDUSTRIES) LIMITED

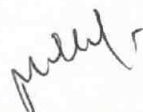
CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	(Rupees in Thousand)			
	Oct-2024 to Dec-2024	Oct-2023 to Dec-2023	Jul-2024 to Dec-2024	Jul-2023 to Dec-2023
		Restated		Restated
Sales	7,219,643	10,284,540	13,124,291	18,198,893
Cost of sales	7,160,007	9,679,515	13,049,481	17,327,186
Gross profit	59,636	605,025	74,810	871,707
Distribution and selling costs	145,343	61,873	267,494	145,766
Administrative expenses	96,900	162,615	264,069	295,976
Other operating expenses	6,051	(92,323)	30,463	39,117
	248,294	132,165	562,026	480,859
	(188,658)	472,860	(487,216)	390,848
Other income	20,060	18,101	58,613	34,282
Operating (loss)/profit	(168,598)	490,961	(428,603)	425,130
Finance cost	405,498	348,456	910,715	918,980
(Loss)/profit before levies and income tax	(574,096)	142,505	(1,339,318)	(493,850)
Levies - Current & prior	91,576	127,864	165,192	225,826
(Loss)/profit before income tax	(665,672)	14,641	(1,504,510)	(719,676)
Income tax - Prior	563	-	563	-
- Deferred	-	193,587	-	199,231
	563	193,587	563	199,231
Loss for the period	(666,235)	(178,946)	(1,505,073)	(918,907)
 Loss per share - Basic and diluted (Rupees)	 (6.13)	 (1.65)	 (13.84)	 (8.45)

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



SHABBIR DIWAN
Chief Executive Officer



MUHAMMAD IQBAL BILWANI
Director



MUSTAFA BILWANI
Chief Financial Officer

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	(Rupees in Thousand)			
	Oct-2024 to Dec-2024	Oct-2023 to Dec-2023	Jul-2024 to Dec-2024	Jul-2023 to Dec-2023
Loss for the period	(666,235)	(178,946)	(1,505,073)	(918,907)
Other comprehensive income	-	-	-	-
Total comprehensive loss	<u>(666,235)</u>	<u>(178,946)</u>	<u>(1,505,073)</u>	<u>(918,907)</u>

The notes 1 to 16 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

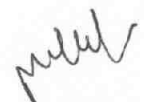
GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	(Rupees in Thousand)			
	Share capital	Capital reserves	Unappropriated (loss)/profit	Total
Balances as at July 01, 2023	767,290	6,383,645	709,132	7,860,067
Total comprehensive loss for the half year ended December 31, 2023				
Loss for the period	-	-	(918,907)	(918,907)
Other comprehensive income	-	-	-	-
	-	-	(918,907)	(918,907)
Balances as at December 31, 2023	767,290	6,383,645	(209,775)	6,941,160
Total comprehensive income for the half year ended June 30, 2024				
Profit for the period	-	-	714,549	714,549
Other comprehensive income	-	-	38,496	38,496
	-	-	753,045	753,045
Transactions with owners				
Subscription of shares against right issue @41.7052% at a premium of Rs.165 per share	320,000	5,280,000	-	5,600,000
Shares issue cost	-	(7,042)	-	(7,042)
Balances as at June 30, 2024	1,087,290	11,656,603	543,270	13,287,163
Total comprehensive loss for the half year ended December 31, 2024				
Loss for the period	-	-	(1,505,073)	(1,505,073)
Other comprehensive income	-	-	-	-
	-	-	(1,505,073)	(1,505,073)
Balances as at December 31, 2024	1,087,290	11,656,603	(961,803)	11,782,090

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


SHABBIR DIWAN
Chief Executive Officer


MUHAMMAD IQBAL BILWANI
Director


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Chief Financial Officer

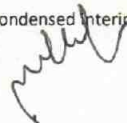
GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM UN-CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	(Rupees in Thousand)	
	Jul-2024 to Dec-2024	Jul-2023 to Dec-2023
Cash Flows from Operating Activities		
Loss before levies and income tax	(1,339,318)	(493,850)
Adjustments for:		
Depreciation on property, plant and equipment	714,123	361,645
Depreciation on right of use assets	13,254	-
Amortization of intangible asset	5,013	5,013
Provision for defined benefit plan	66,686	66,419
Gain on disposal of property, plant and equipment	(7,577)	(8,544)
Impairment in long term investments	13,405	16,829
(Reversal)/impairment of allowance for ECL-net	(52)	24,679
Impairment allowance for slow moving stores, spare parts and loose tools-net	9,861	7,290
Amortization of interest free long term loan to subsidiary company	(32,999)	(12,055)
Remeasurement gain on discounting of provision for GIDC	(1,173)	(6,048)
Finance costs	910,715	918,980
	1,691,256	1,374,208
	351,938	880,358
Decrease/(increase) in current assets:		
Stores, spare parts and loose tools	132,981	217,191
Stock in trade	1,294,034	2,819,708
Trade debts	(429,420)	(495,241)
Loans and advances	285,475	(70,860)
Trade deposits and short term prepayments	(32,944)	167,582
Other receivables	641,449	199,925
	1,891,575	2,838,305
(Decrease)/increase in trade and other payables	(849,190)	2,850,666
Cash flows from operations before following	1,394,323	6,569,329
Receipts of/(Payments for):		
Long term loans	18,860	(22,301)
Long term deposits	-	(691)
Defined benefit plan	(10,655)	(12,341)
Finance costs	(832,963)	(582,770)
Income tax	(54,588)	(176,339)
Group taxation impact	(1,975)	-
Net cash flows from operating activities	513,002	5,774,887
Cash flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(1,166,293)	(2,874,033)
Proceeds from disposal of property, plant and equipment	19,838	14,550
Net cash flows towards investing activities	(1,146,455)	(2,859,483)
Cash flows from/(towards) Financing Activities		
Long term financing - proceeds received	141,463	792,878
Long term financing - repayments	(494,026)	(193,996)
Payments for lease liability against right of use assets	(18,994)	-
Short term borrowings - net (fixed term instruments)	1,463,775	-
Dividend paid	(152)	(11,634)
Net cash flows from financing activities	1,092,066	587,248
Net increase in cash and cash equivalents	458,613	3,502,652
Cash and cash equivalents at the beginning of the period	(3,117,730)	(7,337,802)
Cash and cash equivalents at the end of the period	(2,659,117)	(3,835,150)
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	145,061	353,684
Short term borrowings	(2,804,178)	(4,188,834)
	(2,659,117)	(3,835,150)

The notes 1 to 16 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, 2024

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.

- 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.

2.1 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.

2.3 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, 2024.

2.4 The figures included in the condensed interim un-consolidated statement of profit or loss and condensed interim un-consolidated statement of comprehensive income for the quarter ended December 31, 2024 and 2023 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 year ended December 31, 2024 and 2023.

2.5.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the period

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, 2024; however, these do not have any significant impact on these condensed interim unconsolidated financial statements, hence not described.

IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes

The Institute of Chartered Accountants of Pakistan ('ICAP') has withdrawn Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" vide its circular No. 07/2024 dated May 15, 2024 ("the Guidance"). According to the Guidance, the minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis in excess of normal tax liability, and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime, are out of scope of IAS 12 "Income Taxes" and fall in the ambit of IFRIC 21 "Leases" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Accordingly, the Company has changed its accounting policy to recognize such taxes as 'Levies' which were previously being recognized as 'Income Tax'. This change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". There has been no effect of restatement on the condensed interim un-consolidated statement of financial position, the condensed interim un-consolidated statement of comprehensive income, the condensed interim un-consolidated statement of changes in equity and earnings / loss per share as a result of this change.

	(Rupees in Thousand)		
	Before change in accounting policy	Impact of adjustment	After Change in accounting policy
Effect on statement of profit or loss			
For the half year ended December 31, 2024			
Levies	-	(165,192)	(165,192)
Loss before income tax	(1,339,318)	(165,192)	(1,504,510)
Income tax	(165,755)	165,192	(563)
For the half year ended December 31, 2023			
Levies	-	(225,826)	(225,826)
Loss before income tax	(493,850)	(225,826)	(719,676)
Income tax	(425,057)	225,826	(199,231)

2.5.2 New accounting standards / amendments and IFRS interpretations 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, 2024. 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, 2024.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these condensed interim un-consolidated financial statements are the same as those applied in the preparation of the un-consolidated financial statements of the Company for the year ended June 30, 2024.

		(Rupees in Thousand)	
		December 2024 (Un-audited)	June 2024 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	14,599,134	13,803,433
Capital work in progress	5.2	4,509,992	4,848,559
Right of use assets	5.3	95,571	108,825
Advance for purchase of land		-	17,225
		<u>19,204,697</u>	<u>18,778,042</u>

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

Additions to operating fixed assets at cost during the period including transfer from Capital work in progress

	Half year ended December 2024	Half year ended December 2023
Freehold Land	169,525	132,585
Building on freehold land	283,141	-
Building on leasehold land	-	213,604
Plant and machinery	1,043,253	2,314,514
Factory equipment	4,524	6,632
Office equipment	1,009	-
Motor vehicles	20,633	73,797
	<u>1,522,085</u>	<u>2,741,132</u>
Disposals of operating fixed assets at NBV during the period		
Plant and machinery	149	-
Motor vehicles	12,112	6,006
	<u>12,261</u>	<u>6,006</u>
Depreciation on property, plant and equipment	<u>714,123</u>	<u>361,645</u>
5.2 Capital work in progress		
Balance as at start of the period	4,848,559	10,904,098
Additions during the period	982,222	2,638,919
Transfer to operating fixed assets during the period	(1,320,789)	(2,506,019)
Balance as at end of the period	<u>4,509,992</u>	<u>11,036,998</u>
5.2.1 Breakup of capital work in progress		
Building on leasehold land	403,406	841,514
Plant and machinery	<u>4,106,586</u>	<u>10,195,484</u>
	<u>4,509,992</u>	<u>11,036,998</u>

		(Rupees in Thousand)	
		December 2024 (Un-audited)	June 2024 (Audited)
Note			
5.3	Right of use assets		
	Rented premises		
	Balance as at start of the period	108,825	-
	Additions during the period/year	-	132,545
	Depreciation for the period/year	(13,254)	(23,720)
	Balance as at end of the period	95,571	108,825
6	INTANGIBLE ASSETS		
	Software and licences		
	Balance as at start of the period	60,152	70,177
	Amortization during the period/year	(5,013)	(10,025)
	Balance as at end of the period	55,139	60,152
7	SHARE CAPITAL		
	(Number of Shares)		
	December 2024 (Un-audited)	June 2024 (Audited)	
7.1	Authorized capital		
	130,000,000	130,000,000	Ordinary shares of Rs. 10 each
		1,300,000	1,300,000
7.2	Issued, subscribed and paid up capital		
	62,136,080	62,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash
		621,361	621,361
	46,592,880	46,592,880	Ordinary shares of Rs.10 each allotted as fully paid bonus shares
		465,929	465,929
	108,728,960	108,728,960	1,087,290
8	DEFERRED LIABILITIES AND INCOME		
	Deferred Liabilities		
	Defined benefit plan	8.1	680,108
			624,077
	Deferred income		
	Deferred Income - Government scheme	8.2	635,665
			716,751
		1,315,773	1,340,828
8.1	Defined benefit plan		
	Balance as at start of the period	624,077	567,977
	Expense for the period/year	66,686	130,509
	Remeasurement gain	-	(38,496)
	Payments during the period/year	(10,655)	(35,913)
	Balance as at end of the period	680,108	624,077
8.2	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		
	There are no material changes in the status of provision includes in trade and other payables as reported in the annual audited un-consolidated financial statements for the year ended June 30, 2024, except for the 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 2024: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 2024: 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. In September 2024, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. M/s. SSGCL filed an appeal before the Double Bench of Sindh High Court against the decision which has been decided in favour of the petitioners during February 2025.		

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10 CONTINGENCIES AND COMMITMENTS

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

10.1 Contingencies

There are no material changes in the status of contingencies as reported in the annual audited un-consolidated financial statements for the year ended June 30, 2024, except for the following:

- 10.1.1 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. The Company has challenged the provision of Finance Act, 2019 before the Sindh High Court and the Court has decided the matter in favour of 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. The Tax department has challenged the judgement of Sindh High Court in Supreme Court of Pakistan through petition no. CPLA 649-K/2023 and CPLA 665-K/2023 for TY 2020 & TY 2021 respectively, which is decided in favour of the Company to the extent of that the machinery purchased and installed both by June 30, 2019, and other than that decided in favour of the Tax Department. The Company has filed review petition before the Supreme Court of Pakistan in case of tax years 2020 and 2021.

The ADCIR has passed Assessments Orders for the tax years TY 2020 and TY 2021, raised demand amounting Rs.105.230 million and Rs.94.804 million respectively. The Company has paid/adjusted tax demands against available income tax refunds under the protest.

- 10.1.2 The Tax Department disallowed expenses of Rs.74 million under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2022. However, no income tax demand was raised owing to tax refundable position both before and after amendment of assessment proceedings. The Company's appeal is reserved for order before the CIRA. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company.

10.2 Guarantees

Bank Guarantees in favor of:

The Director Excise and Taxation, Karachi
The Electric Inspector, President Licensing Board, Quetta
Pakistan State Oil Company Limited
K-Electric Limited
Nazir of the High Court of Sindh, Karachi

Letters of Credit in favor of:

Sui Southern Gas Company Limited for Gas

(Rupees in Thousand)	
December 2024 (Un-audited)	June 2024 (Audited)
828,365	778,365
10	10
70,000	70,000
18,496	18,496
15,351	15,351
38,300	38,300
970,522	920,522

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
Raw and packing material
Spare parts and others

417,369	576,401
1,328,696	838,897
41,588	92,163
1,787,653	1,507,461

Local currency:

Property, plant and equipment
Raw material
Spare parts and others

58,641	53,509
911,727	1,426,605
-	11,156
970,368	1,491,270
2,758,021	2,998,731

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 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.

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12 SEGMENT REPORTING

12.1 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.

12.2 Segment results:

The segment information for the reportable segments for the half year ended December 31, 2024 is as follows:

	December 2024			December 2023		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	12,019,093	1,105,198	13,124,291	16,517,989	1,680,904	18,198,893
Segment result before depreciation	(123,436)	380,806	257,370	311,918	479,692	791,610
Less: Depreciation on property, plant and equipment	(681,162)	(32,961)	(714,123)	(329,984)	(31,661)	(361,645)
Segment result after depreciation	(804,598)	347,845	(456,753)	(18,066)	448,031	429,965
Reconciliation of segment results with Loss before levies and income tax:						
Total results for reportable segments			(456,753)			429,965
Other operating expenses			(30,463)			(39,117)
Other income			58,613			34,282
Finance costs			(910,715)			(918,980)
Loss before levies and income tax			(1,339,318)			(493,850)

Assets and liabilities by segments are as follows:

	December 2024			June 2024		
	(Un-audited)			(Audited)		
Segment assets	26,320,464	874,339	27,194,803	28,461,355	814,333	29,275,688
Segment liabilities	13,536,440	262,478	13,798,918	14,207,708	475,089	14,682,797

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	27,194,803	13,798,918	29,275,688	14,682,797
Unallocated	5,693,128	7,306,923	5,313,198	6,618,926
Total as per condensed interim un-consolidated statement of financial position	32,887,931	21,105,841	34,588,886	21,301,723

Other segment information is as follows:

	December 2024			December 2023		
Depreciation on property, plant and equipment	681,162	32,961	714,123	329,984	31,661	361,645
Capital expenditures incurred during the period	357,699	-	357,699	2,398,251	325,820	2,724,071
Unallocated capital expenditure incurred during the period			808,594			149,962
Total			1,166,293			2,874,033

12.3 97.88% (December 2023: 96.35%) out of total sales of the Company relates to customers in Pakistan.

12.4 All non-current assets of the Company as at December 31, 2024 are located in Pakistan.

12.5 Revenue from major customer individually accounting for more than 10% of the Company's revenue was Rs.1,907.438 million (December 2023 Rs. 3,530.276 million).

TRANSACTIONS WITH RELATED PARTIES

The related parties include Subsidiaries, Associates and Other Related Group Companies, Key Management Personnel and Defined Contribution Plan (Provident Fund). 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 Fund) 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 2024	Half year ended December 2023
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	2,093,490	1,531,083
			Plant operation arrangement	24,000	21,000
			Reimbursement of expenses	14,400	2,086
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Long term loan disbursed	10,900	66,800
			Repayment of long term loan	26,500	53,550
			Reimbursement of expenses	-	16
Novatex Limited	Related Party	Common directorship	Sales of goods and other material	962,103	3,590,738
			Rendering of services	961,216	-
			Purchase of raw & other material	876,343	858,501
			Rent	13,187	11,988
			Reimbursement of expenses	150,004	113,820
Krystalite Product (Private) Limited	Related Party	Common key management	Sales of goods and other material	760	148,077
			Reimbursement of expenses	167	-
Gani & Tayub (Private) Limited	Related Party	Common directorship	Rent	3,900	3,900
Gatron Foundation	Related Party	Common directorship	Payment of donation	-	3,954
G&T Tyre (Private) Limited	Related Party	Common directorship	Purchase of other material	329	680
G-Pac Corporation	Related Party	Common directorship	Sale of goods	79,174	-
Nova Mobility (Private) Limited	Related Party	Common directorship	Purchase of other material	32	-
			Reimbursement of expenses	98	-
Krystosoft (Private) Limited	Related Party	Common key management	Acquisition of services	57	-
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	3,203	3,292

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.382.524 million (December 2023: Rs.305.331 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, 2024 (Un-audited)	As at June 30, 2024 (Audited)
Gatro Power (Private) Limited		
Loans and advances	-	53,611
Trade and other payables	7,338	-
Novatex Limited		
Trade debts	504,480	-
Other receivables	-	23,192
Trade and other payables	550,252	287,471

10/2/24

(Rupees in Thousand)	
As at December 31, 2023 (Un-audited)	As at June 30, 2024 (Audited)
Krystalite Product (Private) Limited	
Trade debts	15,431
Other receivables	2,459
Trade and other payables	9
Gani & Tayub (Private) Limited	
Trade and other payables	1,300
G-Pac Corporation	
Trade debts	59,128
G&T Tyre (Private) Limited	
Trade and other payables	209
Nova Mobility (Private) Limited	
Other receivables	132
Trade and other payables	34
Gatron (Industries) Limited Workers Provident Fund	
Trade and other payables	1,054
	1,103

14 DATE OF AUTHORISATION

These condensed interim un-consolidated financial statements were authorized for issue on February 22, 2025 by the Board of Directors of the Company.

15 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.

16 GENERAL

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

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


SHABBIR DIWAN
Chief Executive Officer


MUHAMMAD IQBAL BILWANI
Director


MUSTUFA BILWANI
Chief Financial Officer



CONSOLIDATED FINANCIAL STATEMENTS



Gatron (Industries) Limited

Liaison Office : 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi-75530, Pakistan.
Phone: 021-35659500-09, Fax: 021-35659516, E-mail: headoffice@gatron.com

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, 2024.

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, 2024, 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 operations of the Subsidiary Company remain normal during the period.

The principal business of Wholly Owned Subsidiary Company Messrs. G-Pac Energy (Private) Limited is to generate and sell electric power. The operation of this Subsidiary Company has been commenced just after closing of period under review.

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

CONSOLIDATED FINANCIALS:

	(Pak Rupees in Thousand)
Operating results for the half year ended December 31, 2024	
Loss before levies and income tax	(1,336,492)
Levies and Income tax	174,181
Loss after income tax	(1,510,673)
Un- appropriated Profit brought forward	1,778,223
Un- appropriated Profit carried forward	267,550
Loss per share - Basic and diluted (Rupees)	(13.89)



Gatron (Industries) Limited

Liaison Office : 11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi-75530, Pakistan.
Phone: 021-35659500-09, Fax: 021-35659516, E-mail: headoffice@gatron.com

	(Pak Rupees in Thousand)
State of Affairs as on December 31, 2024	
Property, plant and equipment	21,936,285
Other non-current assets	65,212
Current assets	13,982,231
Total assets	35,983,728
Deduct:	
Non-current liabilities	9,546,817
Current liabilities	13,140,468
Total liabilities	22,687,285
Net assets financed by shareholders' equity	13,296,443

MATERIAL CHANGES AND COMMITMENTS

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

INTERNAL FINANCIAL CONTROLS

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

ACKNOWLEDGMENT

The Board of Directors of your Company take this opportunity to express their deep sense of gratitude for all the stakeholders for their encouragement and continued support, we appreciate the Company's management and supporting staff for their satisfactory performance and devotion to duty and we are grateful to all Government Institutions, Auditors, the SECP, the PSX and Banks for their valuable support and cooperation.

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

February 22, 2025

GATRON (INDUSTRIES) LIMITEDCONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

		(Rupees in Thousand)	
	Note	December 2024 (Un-audited)	June 2024 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	21,936,285	21,533,422
Intangible assets	6	55,139	60,152
Long term loans		3,137	9,532
Long term deposits		6,936	6,936
		22,001,497	21,610,042
Current Assets			
Stores, spare parts and loose tools		2,646,161	2,845,915
Stock in trade		6,208,990	7,503,024
Trade debts	13	3,945,697	3,516,225
Loans and advances		199,338	428,652
Current portion of long term loans		16,409	13,411
Trade deposits and short term prepayments		151,985	83,653
Other receivables	13	315,308	961,506
Advance income tax		-	70,000
Short term investments		293,797	296,297
Cash and bank balances		204,546	340,660
		13,982,231	16,059,343
TOTAL ASSETS		35,983,728	37,669,385
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	1,087,290	1,087,290
Capital reserves		11,656,603	11,656,603
General reserve		285,000	285,000
Unappropriated profit		267,550	1,778,223
		13,296,443	14,807,116
LIABILITIES			
Non - Current Liabilities			
Long term financing		8,131,005	8,507,127
Lease liability against right of use assets		96,729	107,749
Deferred liabilities and income	8	1,319,083	1,343,682
		9,546,817	9,958,558
Current Liabilities			
Trade and other payables	9 & 13	5,522,570	6,358,763
Unclaimed dividend		8,067	8,219
Unpaid dividend		20,801	20,801
Accrued mark-up/ profit		609,030	543,012
Short term borrowings		4,432,778	3,579,563
Current portion of long term financing		1,303,490	1,196,089
Current portion of lease liability against right of use assets		18,780	15,020
Current portion of deferred liabilities and income		979,387	981,914
Provision for levies and income tax less payments		245,565	200,330
		13,140,468	12,903,711
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		35,983,728	37,669,385

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


GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	(Rupees in Thousand)			
	Oct-2024 to Dec-2024	Oct-2023 to Dec-2023 Restated	Jul-2024 to Dec-2024	Jul-2023 to Dec-2023 Restated
Sales	7,219,643	10,284,540	13,124,291	18,198,893
Cost of sales	7,204,323	9,680,263	13,048,529	17,105,606
Gross profit	15,320	604,277	75,762	1,093,287
Distribution and selling costs	145,343	61,873	267,494	145,766
Administrative expenses	102,018	166,299	273,647	304,286
Other operating expenses	2,058	(100,902)	20,746	25,158
	249,419	127,270	561,887	475,210
	(234,099)	477,007	(486,125)	618,077
Other income	23,843	42,813	71,045	80,228
Operating (loss)/profit	(210,256)	519,820	(415,080)	698,305
Finance cost	405,971	379,148	921,412	984,468
(Loss)/profit before levies and income tax	(616,227)	140,672	(1,336,492)	(286,163)
Levies - Current & prior	91,576	127,864	165,192	225,826
(Loss)/profit before income tax	(707,803)	12,808	(1,501,684)	(511,989)
Income tax - Current & prior	5,587	-	8,989	-
- Deferred	-	193,587	-	199,231
	5,587	193,587	8,989	199,231
Loss for the period	(713,390)	(180,779)	(1,510,673)	(711,220)
Loss per share - Basic and diluted (Rupees)	(6.56)	(1.66)	(13.89)	(6.54)

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

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	(Rupees in Thousand)			
	Oct-2024 to Dec-2024	Oct-2023 to Dec-2023	Jul-2024 to Dec-2024	Jul-2023 to Dec-2023
Loss for the period	(713,390)	(180,779)	(1,510,673)	(711,220)
Other comprehensive income	-	-	-	-
Total comprehensive loss	<u>(713,390)</u>	<u>(180,779)</u>	<u>(1,510,673)</u>	<u>(711,220)</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


MUSTUFA BILWANI
Chief Financial Officer


GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	(Rupees in Thousand)				
	Share capital	Capital reserves	General reserve	Unappropriated profit/(loss)	Total
Balances as at July 01, 2023	767,290	6,383,645	285,000	2,179,798	9,615,733
Total comprehensive loss for the half year ended December 31, 2023					
Loss for the period	-	-	-	(711,220)	(711,220)
Other comprehensive income	-	-	-	-	-
	-	-	-	(711,220)	(711,220)
Balances as at December 31, 2023	767,290	6,383,645	285,000	1,468,578	8,904,513
Total comprehensive income for the half year ended June 30, 2024					
Profit for the period	-	-	-	271,172	271,172
Other comprehensive income	-	-	-	38,473	38,473
	-	-	-	309,645	309,645
Transactions with owners					
Subscription of shares against right issue @41.7052% at a premium of Rs.165 per share	320,000	5,280,000	-	-	5,600,000
Shares issue cost	-	(7,042)	-	-	(7,042)
Balances as at June 30, 2024	1,087,290	11,656,603	285,000	1,778,223	14,807,116
Total comprehensive loss for the half year ended December 31, 2024					
Loss for the period	-	-	-	(1,510,673)	(1,510,673)
Other comprehensive income	-	-	-	-	-
	-	-	-	(1,510,673)	(1,510,673)
Balances as at December 31, 2024	1,087,290	11,656,603	285,000	267,550	13,296,443

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

GATRON (INDUSTRIES) LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

	(Rupees in Thousand)	
	Jul-2024 to Dec-2024	Jul-2023 to Dec-2023
Cash flows from Operating Activities		
Loss before levies and income tax	(1,336,492)	(286,163)
Adjustments for:		
Depreciation on property, plant and equipment	797,158	434,851
Depreciation on right of use assets	13,254	-
Amortization of intangible asset	5,013	5,013
Provision for defined benefit plan	67,142	66,820
Gain on disposal of property, plant and equipment	(7,577)	(8,544)
(Reversal)/impairment of allowance for ECL-net	(52)	24,679
Impairment allowance for slow moving stores, spare parts and loose tools-net	13,549	10,160
Remeasurement gain on discounting of provision for GIDC	(11,008)	(56,741)
Finance costs	921,412	984,468
	1,798,891	1,460,706
	462,399	1,174,543
Decrease/(increase) in current assets:		
Stores, spare parts and loose tools	186,205	(112,444)
Stock in trade	1,294,034	2,819,708
Trade debts	(429,420)	(495,241)
Loans and advances	229,314	110,635
Trade deposits and short term prepayments	(68,332)	121,175
Other receivables	646,198	217,109
	1,857,999	2,660,942
	(824,956)	2,905,763
(Decrease)/increase in trade and other payables		
Cash flows from operations before following	1,495,442	6,741,248
Receipts of/(payments for):		
Long term loans	3,397	(9,051)
Long term deposits	-	(691)
Defined benefit plan	(10,655)	(13,216)
Finance costs	(843,660)	(648,258)
Income tax	(58,946)	(178,101)
Net cash flows from operating activities	585,578	5,891,931
Cash flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(1,225,536)	(3,006,415)
Proceeds from disposal of property, plant and equipment	19,838	14,550
Decrease in short term investments	2,500	-
Net cash flows towards investing activities	(1,203,198)	(2,991,865)
Cash flows from/(towards) Financing Activities		
Long term financing - proceeds received	141,463	792,878
Long term financing - repayments	(494,026)	(193,996)
Payments for lease liability against right of use assets	(18,994)	-
Short term borrowings - net (fixed term instruments)	1,463,775	-
Dividend paid	(152)	(11,634)
Net cash flows from financing activities	1,092,066	587,248
Net increase in cash and cash equivalents	474,446	3,487,314
Cash and cash equivalents at the beginning of the period	(3,074,078)	(7,290,331)
Cash and cash equivalents at the end of the period	(2,599,632)	(3,803,017)
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	204,546	385,817
Short term borrowings	(2,804,178)	(4,188,834)
	(2,599,632)	(3,803,017)

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

GATRON (INDUSTRIES) LIMITED

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE HALF YEAR ENDED DECEMBER 31, 2024

1 THE GROUP AND ITS OPERATIONS

The Group consists of:

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

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

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

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

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

2 BASIS OF PREPARATION

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

2.2 These condensed interim consolidated financial statements are unaudited and do not include all the information and disclosures of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended June 30, 2024.

2.3 New accounting standards / amendments and IFRS interpretations that are effective for the period ended December 31, 2024

2.3.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the period

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, 2024; however, these do not have any significant impact on these condensed interim consolidated financial statements, hence not described.

IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes

The Institute of Chartered Accountants of Pakistan ('ICAP') has withdrawn Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes" vide its circular No. 07/2024 dated May 15, 2024 ('the Guidance'). According to the Guidance, the minimum taxes and the final taxes that are not calculated on the 'taxable profit' as defined in IAS 12 but calculated on turnover or other basis in excess of normal tax liability, and the tax deducted at source other than from dividends from subsidiaries, joint ventures and associates under final tax regime, are out of scope of IAS 12 "Income Taxes" and fall in the ambit of IFRIC 21 "Levies" and IAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

Accordingly, the Group has changed its accounting policy to recognize such taxes as 'Levies' which were previously being recognized as 'Income Tax'. This change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". There has been no effect of restatement on the condensed interim consolidated statement of financial position, the condensed interim consolidated statement of comprehensive income, the condensed interim consolidated statement of changes in equity and earnings / loss per share as a result of this change.

Effect on statement of profit or loss

For the half year ended December 31, 2024

	Before change in accounting policy	Impact of adjustment	After Change in accounting policy
Levies	-	(165,192)	(165,192)
Loss before income tax	(1,336,492)	(165,192)	(1,501,684)
Income tax	(174,181)	165,192	(8,989)

For the half year ended December 31, 2023

Levies	-	(225,826)	(225,826)
Loss before income tax	(286,163)	(225,826)	(511,989)
Income tax	(425,057)	225,826	(199,231)

2.3.2 New accounting standards / amendments and IFRS interpretations 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, 2024. 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 consolidated financial statements.

2.4 Functional and reporting currency

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2024.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policies adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the consolidated financial statements of the Group for the year ended June 30, 2024.

5 PROPERTY, PLANT AND EQUIPMENT

	Note	(Rupees in Thousand) December 2024 (Un-audited)	June 2024 (Audited)
Operating fixed assets	5.1	15,897,183	15,178,047
Capital work in progress	5.2	5,943,531	6,229,325
Right of use assets	5.3	95,571	108,825
Advance for purchase of land		-	17,225
		<u>21,936,285</u>	<u>21,533,422</u>

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

Additions to operating fixed assets at cost during the period including transfer from Capital work in progress

	Half year ended December 2024	Half year ended December 2023
Freehold land	169,525	132,585
Building on freehold land	283,141	-
Building on leasehold land	-	213,604
Plant and machinery	1,049,723	2,314,514
Factory equipment	4,524	17,991
Office equipment	1,009	-
Motor vehicles	20,633	78,709
	<u>1,528,555</u>	<u>2,757,403</u>

		(Rupees in Thousand)	
		Half year ended December 2024	Half year ended December 2023
Disposals of operating fixed assets at NBV during the period			
Plant and machinery		149	-
Motor vehicles		12,112	6,006
		<u>12,261</u>	<u>6,006</u>
Depreciation on property, plant and equipment		<u>797,158</u>	<u>434,851</u>
5.2	Capital work in progress		
Balance as at start of the period		6,229,325	12,421,171
Additions during the period		1,041,465	2,755,031
Transfer to operating fixed assets during the period		(1,327,259)	(2,506,019)
Balance as at end of the period		<u>5,943,531</u>	<u>12,670,183</u>
5.2.1	Breakup of capital work in progress		
Building on leasehold land		485,783	923,891
Plant and machinery		5,457,748	11,746,292
		<u>5,943,531</u>	<u>12,670,183</u>
		Note	
		December 2024 (Un-audited)	June 2024 (Audited)
5.3	Right of use assets		
Rented premises			
Balance as at start of the period		108,825	-
Additions during the period/year		-	132,545
Depreciation for the period/year		(13,254)	(23,720)
Balance as at end of the period		<u>95,571</u>	<u>108,825</u>
6	INTANGIBLE ASSETS		
Software and licences			
Balance as at start of the period		60,152	70,177
Amortization during the period/year		(5,013)	(10,025)
Balance as at end of the period		<u>55,139</u>	<u>60,152</u>
7	SHARE CAPITAL		
		(Number of Shares)	
		December 2024 (Un-audited)	June 2024 (Audited)
7.1	Authorized capital		
		<u>130,000,000</u>	<u>130,000,000</u>
Ordinary shares of Rs.10 each		<u>1,300,000</u>	<u>1,300,000</u>
7.2	Issued, subscribed and paid up capital		
62,136,080		62,136,080	62,136,080
Ordinary shares of Rs.10 each allotted for consideration paid in cash		621,361	621,361
46,592,880		46,592,880	46,592,880
Ordinary shares of Rs.10 each allotted as fully paid bonus shares		465,929	465,929
		<u>1,087,290</u>	<u>1,087,290</u>
8	DEFERRED LIABILITIES AND INCOME		
Deferred Liabilities			
Defined benefit plan		8.1	683,418
			626,931
Deferred income			
Deferred Income - Government scheme		8.2	635,665
			716,751
		<u>1,319,083</u>	<u>1,343,682</u>

		December 2024 (Un-audited)	June 2024 (Audited)
8.1	Defined benefit plan		
	Balance as at start of the period	626,931	570,947
	Expense for the period/year	67,142	131,243
	Remeasurement gain	-	(38,473)
	Payments during the period/year	(10,655)	(36,786)
	Balance as at end of the period	<u>683,418</u>	<u>626,931</u>
8.2	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		
	There are no material changes in the status of provision includes in trade and other payables as reported in the annual audited consolidated financial statements for the year ended June 30, 2024, except for the 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 2024: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (June 2024: 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. In September 2024, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. M/s. SSGCL filed an appeal before the Double Bench of Sindh High Court against the decision which has been decided in favour of the petitioners during February 2025.		
10	CONTINGENCIES AND COMMITMENTS		
	The detail of contingencies and commitments as at reporting date are as follows:		
10.1	Contingencies		
	There are no material changes in the status of contingencies as reported in the annual audited consolidated financial statements for the year ended June 30, 2024, except for the following:		
10.1.1	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 the Court has decided the matter in favour of 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. The Tax department has challenged the Judgement of Sindh High Court in Supreme Court of Pakistan through petition no. CPLA 649-K/2023 and CPLA 665-K/2023 for TY 2020 & TY 2021 respectively, which is decided in favour of the Parent Company to the extent of that the machinery purchased and installed both by June 30, 2019, and other than that decided in favour of the Tax Department. The Parent Company has filed review petition before the Supreme Court of Pakistan in case of tax years 2020 and 2021. The ADCIR has passed Assessments Orders for the tax years TY 2020 and TY 2021, raised demand amounting Rs.105.230 million and Rs.94.804 million respectively. The Parent Company has paid/adjusted tax demands against available income tax refunds under protest.		
10.1.2	The Tax Department disallowed expenses of Rs.74 million under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2022. However, no income tax demand was raised owing to tax refundable position both before and after amendment of assessment proceedings. The Parent Company's appeal is reserved for order before the CIRA. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company.		

- 10.1.3** Tax Department raised demand of Rs.53.194 million, Rs.57.522 million, 64.803 million, Rs.14.101 million and Rs.103.346 million on the basis of order passed for monitoring of tax withholding for tax years 2011 to 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. Appeal against TY 2011 to 2014 have been decided in favour of the Subsidiary Company vide order no. ITA No. 910 to 914/KB//2016 dated October 12, 2024, however hearing of TY 2015 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.

10.2 Guarantees

Bank Guarantees in favor of:

The Director Excise and Taxation, Karachi
The Electric Inspector, President Licencing Board, Quetta
Pakistan State Oil Company Limited
K-Electric Limited
Nazir of the High Court of Sindh, Karachi

Letters of Credit in favor of:

Sui Southern Gas Company Limited for Gas

(Rupees in Thousand)	
December 2024 (Un-audited)	June 2024 (Audited)
863,365	813,365
10	10
70,000	70,000
18,496	18,496
15,351	15,351
470,300	470,300
1,437,522	1,387,522

10.3 Commitments

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

Foreign currency:

Property, plant and equipment
Raw material and packing material
Spare parts and others

417,369	576,401
1,328,696	838,897
56,427	161,027
1,802,492	1,576,325

Local currency:

Property, plant and equipment
Raw material
Spare parts and others

58,641	53,509
911,727	1,426,605
-	11,156
970,368	1,491,270
2,772,860	3,067,595

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.

SEGMENT REPORTING

Reportable segments

The Group's reportable segments are as follows:

- Polyester Filament Yarn - it comprises manufacturing of Polyester Filament Yarn and its raw material.
 - Polyester PET Preform - it comprises manufacturing of Polyester PET Preform and its raw material. This includes the results of Subsidiary Company Messrs. Global Synthetics Limited, which has not yet commenced its operations till date.
 - Electric Power generation - it comprises operations of Subsidiary Companies Messrs. Gatro Power (Private) Limited and Messrs. G-Pac Energy (Private) Limited.
- Other operating expenses, other income, finance costs and taxation are managed at Group level.

Segment results:

The segment information for the reportable segments for the half year ended December 31, 2024 is as follows

	December 2024					December 2023				
	Polyester Filament Yarn	Polyester PET Preform	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preform	Total of Polyester Polymer	Power Generation	Group
Sales	12,019,093	1,105,198	13,124,291	2,093,490	15,217,781	16,517,589	1,680,904	18,198,493	1,531,083	19,729,576
Segment result before depreciation	(123,436)	380,806	257,370	74,409	331,779	311,918	479,692	791,610	286,476	1,078,086
Less: Depreciation on property, plant and equipment	(681,162)	(32,961)	(714,123)	(83,035)	(797,158)	(329,984)	(31,661)	(361,645)	(73,206)	(434,851)
Segment result after depreciation	(804,598)	347,845	(456,753)	(8,626)	(465,379)	(18,066)	448,031	429,965	213,270	643,235
Reconciliation of segment sales and results with sales and loss before levies and income tax:										
Total sales for reportable segments					15,217,781					19,729,576
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					(2,093,490)					(1,531,083)
Sales					13,124,291					18,198,493
Total results for reportable segments					(456,753)					643,235
Other operating expenses					(30,463)					(41,987)
Other income					58,613					92,283
Finance costs					(910,715)					(996,523)
					(1,339,318)					(302,992)
Elimination of intra group transaction loss before levies and income tax					13,405					16,829
					(1,336,492)					(286,163)

Assets and liabilities by segments are as follows:

	December 2024 (Un-audited)				June 2024 (Audited)			
Segment assets	26,320,464	874,489	27,194,953	4,045,692	31,240,645	28,461,355	814,558	29,275,913
Segment liabilities	13,536,440	262,478	13,798,918	2,071,802	15,870,720	14,207,708	475,164	14,682,872
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				31,240,645	15,870,720			33,351,499
Unallocated				5,693,128	7,306,923			5,313,198
Elimination of intra group balances				(950,045)	(490,358)			(995,312)
Total as per condensed interim consolidated statement of financial position				35,983,728	22,687,285			37,669,385
								22,862,269
								(478,445)
								(995,312)
								5,313,198
								33,351,499
								16,721,788
								6,618,926
								37,669,385
								22,862,269
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								6,618,926
								37,669,385
								22,862,269
								(478,445)

Other segment information is as follows

	December 2024			December 2023		
Depreciation on property, plant and equipment	681,152	32,961	714,113	83,035	797,158	329,884
Capital expenditures incurred during the period		-	357,699	59,243	416,942	31,661
Unallocated capital expenditure incurred during the period	357,699				808,584	361,645
Total					1,225,536	73,206
						434,851
						2,856,453
						149,962
						3,006,415

12.3 All non-current assets of the Group as at December 31, 2024 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 United State of America.

12.4 Revenue from major customer individually accounting for more than 10% of the Group's revenue was Rs.1,907.438 million (December 2023 Rs. 3,530.276 million),

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 2024	Half year ended December 2023
Novatex Limited	Related Party	Common directorship	Sales of goods and other material	962,103	3,590,738
			Rendering of services	961,216	-
			Purchase of raw & other material	876,343	858,501
			Rent	13,187	11,988
			Reimbursement of expenses	150,004	113,820
Krystalite Product (Private) Limited	Related Party	Common key management	Sales of goods and other material	760	148,077
			Reimbursement of expenses	167	-
Gani & Tayub (Private) Limited	Related Party	Common directorship	Rent	3,900	3,900
Gatron Foundation	Related Party	Common directorship	Payment of donation	-	3,954
G&T Tyre (Private) Limited	Related Party	Common directorship	Purchase of other material	329	680
G-Pac Corporation	Related Party	Common directorship	Sale of goods	79,174	-
Nova Mobility (Private) Limited	Related Party	Common directorship	Purchase of other material	32	-
			Reimbursement of expenses	98	-
Krystosoft (Private) Limited	Related Party	Common key management	Acquisition of services	57	-
Gatron (Industries) Limited Worker's Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	3,203	3,292

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.390.191 million (December 2023: Rs.312.038 million).

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

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

	As at December 31, 2024 (Un-audited)	As at June 30, 2024 (Audited)
Novatex Limited		
Trade debts	504,480	-
Other receivables	-	23,192
Trade and other payables	550,252	287,471
Krystalite Product (Private) Limited		
Trade debts	-	15,431
Other receivables	-	2,459
Trade and other payables	9	-
Gani & Tayub (Private) Limited		
Trade and other payables	-	1,300
G-Pac Corporation		
Trade debts	59,128	415
G&T Tyre (Private) Limited		
Trade and other payables	209	209
Nova Mobility (Private) Limited		
Other receivables	132	50
Trade and other payables	34	34
Gatron (Industries) Limited Workers Provident Fund		
Trade and other payables	1,054	1,103

14 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorized for issue on February 22, 2025 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.

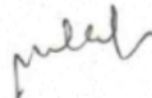
16 GENERAL

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

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



SHABBIR DIWAN
Chief Executive Officer



MUHAMMAD IQBAL BILWANI
Director



MUSTUFA BILWANI
Chief Financial Officer



Gatron