



GATRON (INDUSTRIES) LIMITED

ANNUAL REPORT 2023



GATRON (INDUSTRIES) LIMITED

UNCONSOLIDATED PRESENTATION

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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
Muhammad Iqbal Bilwani
Saqib Haroon Bilwani
Talat Iqbal

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) Ltd
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,
Karachi-75530 - Pakistan.
Phone: 021-35659500-9
Fax: 021-35659516

Email

headoffice@gatron.com

Website

www.gatron.com



GATRON (INDUSTRIES) LIMITED

VISION

To remain at the forefront of quality, innovation and cost competitiveness in the Manufacturing and Marketing of Polyester Filament Yarn, PET Preforms and other Polyester related products.

To achieve corporate success while achieving this vision.

MISSION

To achieve the stated vision of the company with dynamism, business excellence with challenging spirit and flexibility.

To serve the need of the customers by providing high quality products as per their requirement and to their ultimate satisfaction.

To be a good employer by creating a work environment which motivates the employees and promotes team work to encourage the employees to pursue the fulfillment of the vision and mission of the company.

To seek long term good relations with suppliers, banks and financial institutions with fair and honest dealings.

To play our role as a good corporate citizen through socially responsible behaviour and through service of the community where we do business.

To achieve the basic aim of benefiting shareholders and stake-holders while adhering to the above vision and mission.



Notice of Annual General Meeting

Notice is hereby given to the members that the 43rd Annual General Meeting of Gatron (Industries) Limited ("the Company") will be held on Friday, October 27, 2023, at 10:00 a.m. at Serena Hotel, Quetta, to transact the following business:

Ordinary Business:

1. To confirm minutes of the last Annual General Meeting held on October 28, 2022.
2. To receive, consider and adopt the audited Financial Statements of the Company for the year ended June 30, 2023 together with the Directors' and Auditors' Report thereon for the year then ended June 30, 2023.
3. To approve interim cash dividend @ 30% and bonus shares @ 100% for the year ended June 30, 2023 already paid.
4. To appoint External Auditors of the Company for the ensuing year, and to fix their remuneration. The Board of Directors, on the recommendation of Audit Committee of the Company, has proposed re-appointment of M/s. Kreston Hyder Bhimji & Company, Chartered Accountants as external auditors, for the year ending June 30, 2024.

SPECIAL BUSINESS:

5. To consider, and if deem fit, to pass with or without any amendment/modification the following resolution as special resolution, to obtain consent from the members for the transmission of annual audited account through QR enabled code and weblink, as allowed under S.R.O. 389 (I)/2023 issued at March 21,2023 by the Securities and Exchange Commission of Pakistan.

"RESOLVED THAT, notice of meeting shall be dispatched to members as per requirements of the Act, on their registered address, containing the QR code and the weblink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act."

"FURTHER RESOLVED THAT, the Company shall be considered compliant with the relevant requirements of Section 223(6) of the Companies Act, 2017 by sending the Audited Financial Statements through e-mail and/or sending a notice of meeting containing a QR code and the weblink address. In case a hard copy of Audited Financial Statements and/or Notice of AGM of the Company is desired, a specific request for the same will required to be made."

"FURTHER RESOLVED THAT the Chief Executive Officer, Directors and Company Secretary of the Company be and are hereby authorized Singly to do all necessary acts, deeds and things in connection therewith and ancillary thereto as may be



required or expedient to give effect to the spirit and intent of the above resolution.”

Ordinary Business:

6. To transact any other business with the permission of the Chair.

By Order of the Board

October 03, 2023

Muhammad Yasin Bilwani
Company Secretary

NOTICE:

1. The Share Transfer Books of the Company will remain closed from October 20, 2023 to October 27, 2023 (both days inclusive). Transfers received in order at the office of the Shares Registrar before the close of business on October 19, 2023 will be considered in time for the purpose of attendance in the Annual General Meeting.
2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received at the office of the Company not less than 48 hours before the time of holding the meeting. Proxy form is annexed.
3. In case of corporate entity, the Board of Directors resolution/Power of Attorney with specimen signature and attested copy of valid CNIC of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.
4. A member, who has deposited his/her shares in Central Depository Company of Pakistan Limited, must bring his/her Participant ID number and account/sub account number along with original CNIC or NICOP or Passport at the time of attending the meeting.
5. The members are advised to notify to the Company's Shares Registrar of any change in their addresses.
6. The audited financial statements of the Company for the year ended June 30, 2023, are being made available on the company's website.
7. If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. The Company will intimate to such shareholders information about venue of video conference facility at least 5 days before the date of the Annual General Meeting to enable them to access to such facility.
8. Members can exercise their right to demand a poll subject to meeting requirements of Section 143 to Section 145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018



GATRON (INDUSTRIES) LIMITED

Statement of Material Facts under section 134(3) of the Companies Act, 2017, pertaining to said Special business in respect of:

Circulation of Annual Audited Financial Statements through QR enabled code and weblink:

The Securities and Exchange Commission of Pakistan (“SECP”) through its Notification No. S.R.O 389(I)/2023 dated March 21, 2023, has allowed companies to circulate the annual balance sheet and profit and loss account, auditor’s report and directors report, etc. (“annual audited financial statements”) to its members through QR enabled code and weblink.

The approval of the shareholders has to be obtained in the general meeting to circulate the annual audited financial statements to its members through the QR enabled code and weblink.

A shareholder may request the Company Secretary or Share Registrar of the Company to provide a hard copy of Annual Audited Accounts, and the same will be provided at shareholder’s registered addresses, free of cost within one week of the demand. In this regard, the Company’s designated email address / Share Registrar email address will be placed on website of the Company. A shareholder may also prefer to receive hard copies for all future Annual Audited Accounts.

In view of the above, it is proposed that the Special Resolution at Agenda 5 of the Notice of AGM be passed.

None of the Directors of the Company have any personal interest in the aforesaid Special Business except in their capacity as Shareholders or Directors of the Company.

سالانہ اجلاس عام کی اطلاع

بذریعہ اطلاع دی جاتی ہے کہ گیزرون (انڈسٹریز) لمیٹڈ کا سالانہ تینتالیسواں (43rd) اجلاس عام درج ذیل کارروائی کی انجام دہی کیلئے بروز جمعہ 27 اکتوبر 2023 دن 10:00 بجے بمقام سیرینا ہوٹل کوئٹہ میں منعقد ہوگا۔

عمومی امور

- 1 کمپنی کا گزشتہ سالانہ اجلاس عام منعقدہ 28 اکتوبر 2022 کی کارروائی کی توثیق۔
- 2 30 جون 2023ء کو اختتام پذیر ہونے والے مالی سال کیلئے کمپنی کے آڈٹ شدہ حسابات مع 30 جون 2023 کو ختم شدہ سال کیلئے ان پرائز کی رپورٹ اور ڈائریکٹرز کی رپورٹ کی وصولی، غور و خوض اور منظوری۔
- 3 30 جون 2023 کو ختم ہونے والے سال کیلئے 30 فیصد کی شرح سے عبوری نقد ڈیویڈنڈ اور 100 فیصد بونس شیئرز کو منظور کرنا، جو کہ پہلے ہی ادا کیا جا چکا ہے۔
- 4 آئندہ سال کیلئے کمپنی کے ایکسٹرنل آڈیٹرز کا تقرر کرنا، اور ان کے معاوضے کو طے کرنا۔ بورڈ آف ڈائریکٹرز نے کمپنی کی آڈٹ کمیٹی کی سفارش پر 30 جون 2024 کو ختم ہونے والے سال کیلئے میسرز کرسٹن حیدر سٹی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو ایکسٹرنل آڈیٹرز کے طور پر دوبارہ تقرر کرنے کی تجویز پیش کی ہے۔

خصوصی امور

سالانہ آڈٹ شدہ اکاؤنٹ کی QR فعال کوڈ اور ویب لنک کے ذریعے ترسیل کیلئے اراکین سے رضامندی حاصل کرنے کیلئے مندرجہ ذیل قرارداد کو بطور خصوصی قرارداد کے کسی ترمیم/بلا ترمیم غور و خوض، اور اگر مناسب سمجھا جائے تو منظوری جیسا کہ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ SRO نمبر 389(1)/2023 بتاریخ 21 مارچ 2023 کے تحت اجازت دی گئی ہے۔

”قرارداد یا اجلاس کا نوٹس ممبران کو ایکٹ کے تقاضوں کے مطابق، ان کے رجسٹرڈ پتے پر ارسال کیا جائے، جس میں QR کوڈ اور ویب لنک ایڈریس شامل ہوں گے۔“ سالانہ آڈٹ شدہ مالیاتی گوشواروں کو دیکھنے اور ڈاؤن لوڈ کرنے کیلئے رپورٹس اور دستاویزات کے ساتھ ایکٹ کے تحت اس کے ساتھ منسلک ہونا ضروری ہے۔

”مزید قرارداد یا اجلاس کی جانب سے آڈٹ شدہ مالیاتی حسابات ای میل کے ذریعے ارسال کر کے یا اجلاس کا نوٹس QR کوڈ اور ویب لنک ایڈریس پر مشتمل ارسال کرنے سے کمپنیز ایکٹ 2017 کے سیکشن (6) 223 کے متعلقہ تقاضوں کے مطابق تصور کیا جائے گا۔ اگر کمپنی کے آڈٹ شدہ مالیاتی حسابات اور/یا AGM کے نوٹس کی بارڈر کا پی مطلوب ہو تو اس کیلئے مخصوص درخواست فرما کر لازمی ہوگا۔“

”مزید قرارداد یا اجلاس کی جانب سے چیف ایگزیکٹو آفیسر، ڈائریکٹرز اور کمپنی سیکریٹری انفرادی طور پر مذکورہ قرارداد کی روح اور ارادے کو عملی جامہ پہنانے کیلئے اس سے متعلق تمام ضروری کاموں، اعمال اور انجام دینے اور ضروری یا مناسب مطلوبہ ذیلی کی تکمیل کا بذریعہ اختیار اختیار دیا جاتا ہے۔“

دیگر امور

صدر اجلاس کی اجازت سے دیگر امور کو انجام دینا۔

حسب الحکم بورڈ

محمد یاسین بلوانی

کمپنی سیکریٹری

کراچی:

مورخہ: 13 اکتوبر 2023ء

نوٹس:

- 1 کمپنی کی شیئرز ٹرانسفر بکس 20 اکتوبر 2023 تا 27 اکتوبر 2023ء تک (دو دن شامل ہیں) بند رہیں گی۔ شیئرز رجسٹرار میسرز FD رجسٹرار سروس (پرائیویٹ) لمیٹڈ سوئیٹ نمبر 1705، 17 ویں منزل، صائمہ ٹریڈ ٹاور-A، آئی آئی چندریگر روڈ کراچی میں جو منگلیاں 19 اکتوبر 2023 کو کاروباری اوقات کے اختتام سے قبل موصول ہو جائیں گی وہ سالانہ اجلاس عام میں شرکت کے مقصد کیلئے بروقت سمجھی جائیں گی۔
- 2 کوئی بھی ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا/کی حقدار ہے وہ اپنی جگہ شرکت کرنے، تقرر کرنے اور ووٹ دینے کے لئے کسی دوسرے ممبر کو بطور اپنا/اپنی پر کسی مقرر کر سکتا/کر سکتی ہے۔ پراکسیز کے موثر ہونے کے لئے ضروری ہے کہ وہ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے آفس میں وصول ہو جائیں۔ مختار نامہ (پراکسی فارم) منسلک ہے۔
- 3 کارپوریٹ ادارہ کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع کارپوریٹ ادارہ کی جانب سے نمائندگی کرنے اور ووٹ ڈالنے کیلئے نامزد کردہ شخص کا موند دستخط اور کارآمد CNIC کی تصدیق شدہ نقل پراکسی فارم کے ساتھ کمپنی کو پیش کیا جائے۔
- 4 کوئی بھی ممبر جس نے سینٹرل ڈیپازٹری کمپنی آف پاکستان لمیٹڈ میں اپنے شیئرز جمع کرائے ہیں، اجلاس میں شرکت کے وقت اصل CNIC یا NICOP یا پاسپورٹ کے ساتھ اپنا پرائیویٹ ID نمبر اور اکاؤنٹ/سب اکاؤنٹ نمبر لازماً ساتھ لائیں۔
- 5 ممبر کو ہدایت کی جاتی ہے کہ وہ اپنے پتوں میں جس بھی قسم کی تبدیلی سے متعلق کمپنی کے شیئرز رجسٹرار کو مطلع کریں۔
- 6 30 جون 2023 کو ختم شدہ سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ پر فراہم کر دیئے جارہے ہیں۔
- 7 اگر کمپنی کو اجلاس کی تاریخ سے کم از کم 10 روز قبل بذریعہ ویڈیو کانفرنس اجلاس میں شرکت کرنے کیلئے ان ممبران سے رضامندی وصول ہوتی ہے جو مجموعی طور پر 10% یا زائد شیئرز ہولڈنگ کے حامل ہوں اور ایک چیورگرافیکل لوکیشن پر ہائش پذیر ہوں تو کمپنی اس شہر میں ویڈیو کانفرنس کی سہولت کا انتظام کر دے گی بشرطیکہ اس شہر میں ایسی سہولت دستیاب ہو۔ کمپنی سالانہ اجلاس عام کی تاریخ سے کم از کم 05 یوم قبل ویڈیو کانفرنس سہولت کے مقام سے متعلق ایسے شیئرز ہولڈرز کو مکمل ضروری معلومات کے ساتھ مطلع کرے گی تاکہ وہ ایسی سہولت تک رسائی حاصل کر سکیں۔
- 8 ممبران پولنگ کے مطالبہ کے سلسلے میں اپنا حق استعمال کر سکتے ہیں جیکبیز ایکٹ 2017 کی دفعہ 143 اوپنیشن (پوسٹل بیلٹ) ریگولیشنز 2018ء کے قابل اطلاع شدہ کی شرائط پر پورا اترنے سے مشروط ہوگا۔
- 9 کمپنیز ایکٹ 2017 کے سیکشن (134) کے تحت بیانہ سالانہ اجلاس عام کے نوٹس کے ہمراہ حصص یافتگان کو ارسال کیا جا چکا ہے۔



CHAIRMAN'S REVIEW

As the Chairman of the Board of Directors of Gatron (Industries) Limited, it is both an honor and a privilege to present at the forty-third Annual General Meeting of our esteemed Company. I am delighted to present to you an overview of Gatron (Industries) Limited's performance over the past year. Despite the challenging financial results during the year, it's worth noting that our company has consistently exhibited resilience, adaptability, and a steadfast commitment to maintaining high standards of excellence.

The Board consists of ten Directors, comprising two executive directors, five non-executive directors, and three independent Directors, one of whom is female. The Directors of the Company use their wide-ranging knowledge in the business and play an important role in helping the Company to achieve its goals.

Throughout the year, a total of six board meetings were convened. The performance of our Board members remained consistently outstanding, and the Board diligently fulfilled all of its mandatory responsibilities. The collaborative efforts and contributions of our directors are essential in enabling the Company not only to meet its objectives but also to uphold its market reputation while ensuring full compliance with all legal and regulatory obligations. The Audit and Human Resource & Remuneration Committees provided invaluable insights and support to the Board. Notably, the Audit Committee conducts a thorough review of financial statements and assesses the effectiveness of internal controls.

The Board, in its entirety, has conducted a thorough examination of the Annual Report and Financial Statements. It is gratified to confirm that, when considered as a whole, the report and financial statements are deemed fair, equitable, and comprehensible.

Success is the result of a team effort that deserves recognition. I would like to take this opportunity to express my gratitude for our valued customers' constant loyalty, our management's never-ending commitment, all our employees' consistent dedication to their jobs, our banking partners' and government officials' support, and our board of directors' leadership. I look forward to the Company's continued advancement in the times to come.

Abdul Razak Diwan
Chairman

چیئر مین کی جائزہ رپورٹ

گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کے چیئر مین کے طور پر خدمات انجام دینا میرے لیے اعزاز کی بات ہے۔ مجھے آپ کی کمپنی کے تینتا لیسویں سالانہ جنرل اجلاس میں خوش آمدید کہتے ہوئے اور گیٹرون (انڈسٹریز) لمیٹڈ کی گزشتہ سال کی کارکردگی پر اپنا جائزہ آپ کے روبرو پیش کرتے ہوئے بے حد خوشی ہو رہی ہے۔ سال کے دوران مشکل مالیاتی نتائج کے باوجود، یہ بات قابل توجہ ہے کہ ہماری کمپنی نے مستقل مزاجی، موافقت اور اعلیٰ معیار کو برقرار رکھنے کیلئے ثابت قدمی کا مظاہرہ کیا ہے۔

بورڈ دس ڈائریکٹرز کے زیر انتظام ہے جس میں دو ایگزیکٹو ڈائریکٹرز، پانچ نان ایگزیکٹو اور تین آزاد ڈائریکٹرز (بشمول ایک خاتون آزاد ڈائریکٹر) شامل ہیں۔ ڈائریکٹرز کے پاس کاروبار کے شعبوں میں بھرپور وسیع تجربہ ہے، اور وہ کمپنی کے مقاصد کو حاصل کرنے اور شئیر ہولڈرز کے مفادات کے تحفظ میں اہم کردار ادا کر رہے ہیں۔

سال بھر میں کل چھ بورڈ اجلاسوں کا اہتمام کیا گیا۔ ہمارے بورڈ ممبران کی کارکردگی مسلسل شاندار رہی اور بورڈ نے اپنی تمام لازمی ذمہ داریاں احسن طریقے سے پوری کیں۔ تمام ڈائریکٹرز کی اجتماعی کاوشوں نے کمپنی کو نہ صرف اپنے اہداف حاصل کرنے میں مدد دی بلکہ تمام قانونی اور ریگولیٹری تقاضوں کی تعمیل کو یقینی بناتے ہوئے اپنی بہترین مارکیٹ ساکھ کو بھی برقرار رکھا۔ بورڈ نے آڈٹ کمیٹی اور ایجوٹمنٹ ریویو ایڈریٹریوٹیشن کمیٹی تشکیل دی ہے۔ ان کمیٹیوں نے بورڈ کو قیمتی مشورے دیئے اور مدد فراہم کی۔ آڈٹ کمیٹی نے بالخصوص مالی حسابات کے تفصیلی جائزے اور اندرونی کنٹرول کے نفاذ پر توجہ مرکوز کی۔

بورڈ نے مجموعی طور پر سالانہ رپورٹ اور مالیاتی گوشواروں کا جائزہ لیا اور اس بات کی تصدیق کرتے ہوئے خوشی ہو رہی ہے کہ رپورٹ اور مالیاتی گوشوارے مجموعی طور پر منصفانہ، متوازن اور قابل فہم ہیں۔

یہ کامیابی ہماری ٹیم کی زبردست کوشش کا نتیجہ ہے جو قابل تسلیم بات ہے۔ میں اس موقع پر تمام صارفین کی وفاداری، انتظامیہ کی انتھک کوششیں اور تمام ملازمین، بینکرز اور سرکاری افسران کے تعاون اور بورڈ آف ڈائریکٹرز کی ٹھوس قیادت اور معاونت کے لیے ان کا شکر گزار ہوں۔ مجھے امید ہے کہ کمپنی مستقبل میں بھی اپنی ترقی کو اسی طرز پر جاری رکھے گی۔

عبدالرزاق دیوان

چیئر مین



**DIRECTORS'
REPORT 2023**



On behalf of the Board of Directors, we are pleased to present the annual report of Gatron (Industries) Limited for the year ended June 30, 2023, along with the audited financial statements and auditors' report thereon.

Financial Review:

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

- Net sales Rs. 27,384 million,
- Operating profit Rs. 553 million,
- Investment income Rs.1,072 million,
- Profit before income tax Rs. 551 million,
- Profit after income tax Rs.205 million,
- Earnings per share Rs.2.68
- Return on total equity 2.61%

The outgoing year was a challenging period for the Company characterized by severe political-economic crisis. However still unabated dumped imports of PFY continued despite falling foreign exchange reserves and LC opening difficulties. In order to stabilize the economic situation of the country and to resume IMF program, the Government implemented several policy actions. Accordingly, increase in the discount rate to a historical high of 22%, resulted in increase in financial charges, affecting the bottom line after the operating profit. The LC opening difficulties for the Company mainly affected the import of balance machinery for the new projects of the Company, under installation as well as the spare parts, since the State Bank of Pakistan (SBP) restrictions on Chapter 84 and 85 were very very stringent.

Your Company's management is proactively implementing various strategies and plans to mitigate the prevailing challenges by active follow up on matters effecting the operations, risk management and working on alternate strategies to deliver value to stakeholders. However, in presence of all the challenges the biggest issue facing by your Company is dumping of Chinese PFY. This is mainly due to the Chinese mega expansions in last 2 years. It is said that producers in China want to start their new capacities and companies to operate above 90% to give a good picture to the banks and local governments to allow them to full draw their loans for completing their expansions.

During this year your Company has achieved net revenue of Rs.27,384 million as compared to Rs.23,960 million of last year with an overall net increase of 14.3%. This should be seen in the perspective of average rupee exchange rate against US\$ of Rs.248 in current year versus Rs.178 in last year. In the first half of the financial year, the sales and production quantum were partly affected by the floods in the country but mainly by the unabated volumes of intense dumping by Chinese PFY producers at product prices reflecting only dollar based raw material, packaging and sea freight. The production of Filament Yarn was therefore around 75% of capacity. In 2nd half of the financial year, unit prices increased due to devaluation of Pak Rupee and implementation of much needed Regulatory Duty, however the production at around 70% of capacity & sales quantum remained at the lower side primarily due to overhang of imported product inventory. On the other hand, sales volume of PET Preforms remained at lower side by 23% during the year compared to last year mainly due to lower demand of the downstream industry, for preforms produced by your



Company. The bottom line of the Company for the year has been supported by the inventory gains arising from the rupee devaluation in the second half of the year from Rs.227 in Dec 2022 to Rs.287 in June 2023.

As previously reported, we were hopeful that the overhang inventories of dumped imports in the market would reduce, due to restrictions and difficulties in opening Letters of Credit (LCs). Unfortunately, traders and non-industrial importers of PFY found ways to open the LCs for imports without significant obstacles, which continued to exert downward pressure on our bottom line, in addition to the prevailing economic challenges. Dumped imports continue to be imported and stockpiled in warehouses, posing an ongoing challenge in the periods ahead. However, now with Pak Rupee appreciating the traders are holding off imports which will help in reducing the imported inventory in the coming months, helping your Company.

These lower operating rates, as detailed above, resulted in higher fixed costs related to depreciation and finance. These factors, coupled with the increased use of furnace oil and K Electric for power due to the inadequate supply of natural gas, exerted pressure on the Company's net results for the year. The escalating tariffs for gas and electricity are emerging as a major hurdle for many industries, particularly those competing with cheap-rate dumped imports.

Distribution & selling expenses increased by 29% as compared to last year mainly due to increase in freight and transportation charges. On the other side, administrative expenses increased by 44% mainly due to inflationary factors because of Pak Rupee devaluation.

Finance cost significantly increased due to the increasing base markup rate set by the State Bank of Pakistan which started at 13.75% and ended the year at 22%. Higher stock in trade and unit value of stocks also resulted in higher working capital requirements. The Company is actively pursuing a reduction in the quantum of stock in trade and receivables.

On the Balance Sheet front as compared to June 30, 2022, stocks increased by Rs.5,069 million to reach to Rs.11,387 million. Debtors decreased by Rs.347 million to reach Rs.3,976 million while creditors increased by Rs.5,576 million to reach Rs.9,244 million. Company's short-term borrowings increased by Rs.3,582 million as compared to June 30, 2022 to reach Rs.8,474 million.

On the expansion front, we are pleased to announce that your Company has completed Phase 2 of its PFY expansion plan. This will significantly boost our production capabilities, enabling us to manufacture 99,000 tons per annum of mixed denier, a substantial increase from our current capacity of 75,000 tons. This accomplishment represents a remarkable three-fold growth compared to our production potential of 33,000 tons for similar mixed denier just six years ago in 2017.

In addition, we have successfully installed a polymer plant with a capacity exceeding 230,000 tons per year, which is now in the commissioning phase for trial production. This state-of-the-art polymer facility will play a pivotal role in supplying all our PFY lines with direct melt polymer and have surplus for future expansion as well. Moreover, it will open up opportunities for the production of additional polymer for a more diversified range of products for local sale, internal consumption, and export. These diversified products encompass Cationic polymer for Cationic yarn and Film Grade Chips and Silica resin, among others. The surplus bright polymer will provide us with the flexibility to explore the production of FDY yarn through direct spinning if we choose to do so.

Furthermore, we were targeting to capitalize on export opportunities (in markets where Chinese imports are restricted) to secure low SBP announced rate, for long-term financing for the capital costs associated with our production plant expansion. It is important to note that the SBP has not disbursed funds under the ILTFE financing scheme since June 2022 even for the committed amounts. As a result, banks are applying profit charges based on the KIBOR rate for the post June 2022 disbursements through Diminishing Musharika financing resulting in significantly higher finance costs than anticipated.

Following some initial delays, we are delighted to report that our expansion project for Recycled Yarn derived from PET Bottle Flakes has been successfully commissioned. This marks a significant achievement, as this expansion now accounts for more than 12% of our PFY potential production. This development further bolsters the diversity within our already extensive range of PFY varieties that the Company can produce and also showcases our commitment to sustainability. Moreover, the black yarn production capacity of the Company is now increased to 25% and the same can be tapped provided the dumped imports and under invoiced imports do not retard the production of black yarn by your Company.

During the year under review, Pakistan's largest SAP 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 National Tariff Commission (NTC) in 2017, the Importers and foreign exporters of PFY had filed appeals before the Anti-Dumping Appellate Tribunal in 2017. The Appellate Tribunal after more than four years of the appeal remanded the case back to the NTC in December 2021 to re-calculate the duties and reconsider the injury to the domestic industry from non-attributable factors other than dumped imports. Accordingly, NTC made its Final determination in January 2022 and renotified the antidumping duties in the reduced 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%. The NTC also determined that non attributable factors are not causing injury to the domestic industry. It is the dumped imports that are the main cause of injury.
- The importers and traders of PFY again went into appeal in the Anti-Dumping Appellate Tribunal on certain aspects in February 2022, while also filing stay petition in the High Courts. Finally just before the Commission was to become dysfunctional in Dec 2022 they pursued this appeal and for the second time the Tribunal remanded the matter again in December 2022. From January 2023 till August 2023 the NTC was non-functional due to vacancy of Chairman and all the Members. So effectively all the ADD have been suspended with effect from December 2022 till date. This is posing a serious injury to the domestic PFY industry. The NTC has been constituted again with effect from September 2023 and it is hoped that NTC would soon issue its determination on the second remand.
- The Anti-Dumping Duties (ADD) levels in Pakistan are anyhow low compared to what is imposed by other countries against China (details below). 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 6 years. 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 petitions against the said ADD. In this way they have so far filed petitions 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.16 billion remaining uncollected. However, the Government has restored in Dec 2022, the 5% Regulatory Duty on import to counter the impact. The ADD in Pakistan are already low to cover the actual dumping/injury and are much lower than ADD imposed on Chinese exporters of Polyester Filament Yarn:
- 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 ADD 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. Recently India has imposed the non-tariff barrier removing the BIS (Bureau of Indian standard) exemption for imports of PTA into India and it is expected that from mid Oct 2023 the same non-tariff barrier will be imposed on import of PFY into India, since Chinese PFY imports into India are at 40,000_tons/month (similar to China total PFY imports into Pakistan). 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.

- As noted above in the initial 2nd para of this report, now the dumping by the Chinese producers have become intense due to their capacity expansions coming on stream, their strategy to operate at 90% for their banks, their upstream vertical integration and correspondingly reduction in world demand due to recession. The re-imposition of 5% RD w.e.f. December 2022 has slightly helped in this situation where the ADD has been evaded by the importers.
- As referred in many paras above, the exports of PFY by China worldwide in the last 4 years are as below

Product Label	Year	Export quantity, Tons	Percentage increase from last Year
Textured filament yarn of polyester (excl. that put up for retail sale)	2019	1,247,096	16.10%
	2020	1,299,024	4.16%
	2021	1,361,492	4.81%
	2022	1,613,435	18.50%

- While exports of PFY by China to Pakistan in last 4 years are as below :

Product Label	Year	Export quantity, Tons	Percentage increase from last Year
Textured filament yarn of polyester (excl. that put up for retail sale)	2019	109,586	19.36%
	2020	126,497	15.43%
	2021	143,818	13.69%
	2022	211,995	47.41%

- Effectively, the ADD along with the Regulatory Duty and ACD from year 2017 to 2019 and growth in downstream demand as noted above, 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. This compares to only around 70,000 tons in 2017. The restoration of Anti-Dumping Duty pursuant to the remand and thereafter continuation of the same in the sunset review alongwith demonstration of its effective collection for atleast 2 years ahead (before any removal of RD) is most important as a major part of the expansion has recently started or will start in the ensuing period.
- 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 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 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 prevent reduce pressure on the current account deficit.

APPROPRIATION

The Board of Directors of the Company has not recommended any dividend for the year ended June 30, 2023. An interim cash dividend @ 30% i.e. Rs.3 per share and 100% bonus shares i.e. Rs.10 per share already paid.

EARNING PER SHARE

The earnings per share of the Company for the year ended on June 30, 2023, is Rs. 2.68.

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.



CHAIRMAN'S REVIEW

The Chairman's review on the performance of the Company is annexed to this report.

EXTERNAL AUDITORS

The retiring auditors M/s Kreston Hyder Bhimji & Co., Chartered Accountants, being eligible, offered themselves for re-appointment. The Audit Committee has recommended for reappointment as auditors of the Company for the year 2023-24.

The Auditors of the Company M/s. Kreston Hyder Bhimji & Co., Chartered Accountants, have issued an unqualified audit report to the members of the Company.

PATTERN OF SHAREHOLDING

The pattern of shareholding of the Company is annexed to this report.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Group along with notes thereto and auditors' report thereon, have also been included in this annual report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Board confirms the compliance with Corporate and Financial Reporting Framework of the Securities and Exchange Commission of Pakistan and Code of Corporate Governance for the following:

- The financial statements for the year ended June 30, 2023, prepared by the management of the Company, present its overall affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent business judgments.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been disclosed and explained.
- The system of internal control is sound in design, it has been effectively implemented and monitored.
- Significant deviations from last year in the operating results of the Company, if any, are disclosed in this report.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as per regulations.

- Key operating and financial data of the last six years in summarized form is annexed.
- The fair value of the provident funds investments as of June 30, 2023 was Rs.128 million.
- During the year 06 Board meetings, 04 Audit committee meetings and 04 HR & remuneration committee meetings were held.
- The names of the persons, who at any time during the financial year ended 30 June, 2023, were Members of the Board and its Committees along with their attendance is as follows:

Name of Director	Board of Directors Meetings	Audit Committee Meetings	HR & Remuneration Committee Meetings
Mr. Abdul Razak Diwan	6	-	-
Mr. Shabbir Diwan	6	-	-
Mr. Haroon Bilwani	1	-	-
Mr. Zakaria Bilwani	6	4	-
Mr. Usman Habib Bilwani	6	4	4
Mr. Muhammad Iqbal Bilwani	6	4	4
Mr. Saqib Haroon Bilwani	4	-	-
Mr. Muhammad Taufiq Bilwani	6	-	-
Mr. Muhammad Waseem	6	4	-
Mr. Talat Iqbal	6	-	4
Ms. Huma Rafique	5	-	-

(Leaves of absence was granted to the directors for not attending the Board meetings)

BOARD OF DIRECTORS

During the year Mr. Saqib Haroon Bilwani has been appointed as a director in place of Late Mr. Haroon Bilwani.

Haroon Bilwani, the Senior Most founding Director of the Company by the will of Allah (SWT) passed away on October 19, 2022. He was former Chairman of Board of Directors of the Company.

The Board expresses gratitude for the invaluable and unwavering support, guidance, and dedicated contributions that (Late) Haroon Bilwani, provided during his time as Executive Director and Chairman in the advancement of the G&T Group of Companies. This appreciation is a testament to his remarkable role in our organization's growth and success.

Mr. Saqib Haroon Bilwani was co-opted as Non-Executive Director of the Company on October 29, 2022, to fill up the casual vacancy occurred due to the death of (Late) Haroon Bilwani for the remainder of the term, expiring on December 23, 2023.

EVALUATION OF BOARD OWN PERFORMANCE

An effective mechanism has been put in place to review the Board's performance on self-assessment basis. The Board of Directors continued to provide valuable guidance to ensure effective governance.



GATRON (INDUSTRIES) LIMITED

COMMUNICATION WITH SHAREHOLDERS

The Company focuses on the importance of communication with the shareholders. The annual reports are distributed to them on CDs within the time specified in the Companies Act, 2017. The activities of the Company are also updated on its website at www.gatron.com on timely basis.

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

Dated: October 03, 2023

جناب ثاقب ہارون بلوانی کو 29 اکتوبر 2022 کو کمپنی کے نان ایگزیکٹو ڈائریکٹر کے طور پر منتخب کیا گیا تھا، تاکہ (مرحوم) ہارون بلوانی کی وفات کی وجہ سے 23 دسمبر، 2023 کو باقی ماندہ مدت کے لیے خالی اسامی کو پُر کیا جاسکے۔

بورڈ کی اپنی کارکردگی کی تشخیص:

کمپنی نے بورڈ کی کارکردگی کی تشخیص کے لئے اندرون خانہ ایک مؤثر نظام کا نفاذ کیا جو کہ خود تشخیص کی بنیاد کے عین مطابق ہے۔ اسی کے ساتھ بورڈ آف ڈائریکٹرز موثر گورننس کو یقینی بنانے کے لیے قیمتی رہنمائی فراہم کرتے رہے۔

شیئر ہولڈرز کے ساتھ مواصلت:

کمپنی شیئر ہولڈرز کے ساتھ رابطے کو بہت اہم سمجھتی ہے کمپنیز ایکٹ 2017ء کے مطابق مقررہ وقت کے اندر سالانہ رپورٹیں CDs کی صورت میں تقسیم کیں۔ کمپنی کی سرگرمیوں کو اس کی ویب سائٹ www.gatron.com پر بھی ہر وقت اپ ڈیٹ کیا جاتا ہے۔

اظہار تشکر:

ہم بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کے مسلسل تعاون، اعتماد اور حمایت کیلئے شکر یہ ادا کرنا چاہتے ہیں۔ اس امید کے ساتھ کہ ہم مستقبل میں مزید کامیابیاں آئندہ بھی جاری رکھیں گے۔

ہم کمپنی کے ہر ممبر کے عزم، تخلیقی سوچ اور انتہائی لگن کے ساتھ اپنے فرائض کی انجام دہی کے لیے اپنی مخلصانہ تعریف کا اظہار کرنا چاہیں گے اور ساتھ ہی ہم تمام سرکاری اداروں، آڈیٹرز، ایس ای سی پی، پی ایس ایکس اور بینکوں کے بھی شکر گزار ہیں، جنہوں نے گیٹرون کی ترقی میں اپنا کردار بخوبی نبھایا۔

محمد اقبال بلوانی
ڈائریکٹر

شبیر دیوان
افسر اعلیٰ

بتاریخ: 03 اکتوبر 2023ء

- ☆ مناسب طور پر وجوہات کے ساتھ واضح کیا گیا ہے۔
- ☆ 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۔
- ☆ گزشتہ برس کے آپریٹنگ نتائج سے اگر کوئی واضح انحراف ہے تو اس کا تذکرہ اس رپورٹ میں مناسب جگہ پر کیا گیا ہے۔
- ☆ کاروبار جاری رکھنے کے سلسلے میں کمپنی کی اہلیت پر کوئی خاص شک و شبہ نہیں۔
- ☆ کارپوریٹ گورننس کے بہترین معمولات جیسا کہ ریگولیشنز میں تحصیل مذکور ہیں سے کوئی اہم انحراف نہیں کیا گیا۔
- ☆ گزشتہ 6 سال کا اہم آپریٹنگ اور فنانشل ڈیٹا اس رپورٹ میں منسلک ہے۔
- ☆ 30 جون 2023ء کو پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر مبلغ 128 ملین روپے تھی۔
- ☆ دوران سال 6 بورڈ، 4 آڈٹ کمیٹی اور 14 ایچ آر اینڈ ڈی مینجمنٹ کمیٹی کے اجلاس کا انعقاد کیا گیا۔
- ☆ 30 جون 2023 کو ختم ہونے والے مالی سال کے دوران کسی بھی وقت بورڈ اور اس کی کمیٹیوں کے ممبر ہونے والے افراد کے نام ان کی حاضری کے ساتھ درج ذیل ہیں:

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز کے اجلاس	آڈٹ کمیٹی کے اجلاس	ایچ آر اینڈ ڈی مینجمنٹ کمیٹی کے اجلاس
محترم جناب عبدالرزاق دیوان	6	-	-
محترم جناب شبیر دیوان	6	-	-
محترم جناب ہارون بلوانی	1	-	-
محترم جناب زکریا بلوانی	6	4	-
محترم جناب عثمان حبیب بلوانی	6	4	4
محترم جناب محمد اقبال بلوانی	6	4	4
محترم جناب ثاقب ہارون بلوانی	4	-	-
محترم جناب محمد توفیق بلوانی	6	-	-
محترم جناب محمد وسیم	6	4	-
محترم جناب طلعت اقبال	6	-	4
محترمہ ہارون بلوانی	5	-	-

(ان ممبران کی غیر حاضری کی درخواست منظور کی گئی جو اجلاس میں شرکت نہ کر سکے)

بورڈ آف ڈائریکٹرز:

رضائے الہی سے کمپنی کے سینئر ترین بانی ڈائریکٹر ہارون بلوانی 19 اکتوبر 2022 کو انتقال کر گئے۔ وہ کمپنی کے بورڈ آف ڈائریکٹرز کے سابقہ چیئرمین تھے۔

بورڈ ان اصول اور غیر متزلزل تعاون، رہنمائی اور وقف شراکت کے لیے شکر ادا کرتا ہے جو (مرحوم ہارون بلوانی) نے اپنے دور میں بطور ایگزیکٹو ڈائریکٹر اور چیئرمین جی اینڈ ٹی گروپ آف کمپنیز کی ترقی میں فراہم کی۔ یہ تعریف ہماری تنظیم کی ترقی اور کامیابی میں ان کے نمایاں کردار کا ثبوت ہے۔

آمدن فی حصہ:

30 جون 2023ء کو اختتام پذیر ہونے والے سال کے لیے منافع فی حصہ 2.68 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۔

چیئر مین کا جائزہ

چیئر مین کا جائزہ اس سالانہ رپورٹ میں منسلک کیا گیا ہے۔

بیرونی آڈیٹرز:

ریٹائرنگ آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے اہلیت کی بنیاد پر خود کو دوبارہ تقرری کے لئے پیش کیا ہے۔ آڈٹ کمیٹی نے میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کی بطور بیرونی آڈیٹرز برائے مالی سال 2023-24 دوبارہ تقرری کی سفارش کی ہے۔ کمپنی کے بیرونی آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے کمپنی کے ممبران کیلئے غیر مشروط جائزہ رپورٹ جاری کی ہے۔

شیئر ہولڈنگ کی ترتیب:

کمپنی کی شیئر ہولڈنگ کی ترتیب ظاہر کرنے والا گوشوارہ اس رپورٹ کے ساتھ منسلک ہے۔

مجموعی مالیاتی گوشوارے:

زیر نظر سالانہ رپورٹ میں گروپ ہذا کے جامع مالیاتی گوشوارے (consolidated financial statements) ہمراہ نوٹس اور ڈائریکٹرز رپورٹ مذکورہ رپورٹ کے ساتھ منسلک ہیں۔

کارپوریٹ اور فنانشل رپورٹنگ کا فریم ورک:

ڈائریکٹر تصدیق کرتے ہیں کہ درج ذیل امور میں سیکورٹی اینڈ ایکسچینج کمیشن کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک اور کوڈ آف کارپوریٹ گورننس کے ضابطہ اخلاق پر عمل درآمد کیا گیا ہے:

☆ 30 جون 2023ء کو اختتام پذیر ہونے والے سال کیلئے کمپنی ہذا کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، اسکے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلیاں شفاف انداز میں پیش کی گئیں ہیں۔

☆ کمپنی نے کھانہ جات موزوں طور سے مرتب کئے ہیں۔

☆ مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں پر مستعمل عمل درآمد کیا گیا اور اکاؤنٹنگ تخمینہ جات مناسب اور محتاط کاروباری قیاسات پر مبنی ہیں۔

☆ مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز ملحوظ خاطر رکھے گئے ہیں اور اگر کسی جگہ ان سے انحراف کیا گیا ہے تو اسے

☆ جیسا کہ اوپر کئی پیرا فرانس میں بیان ہے، گزشتہ 4 سالوں میں دنیا بھر میں چین کی جانب سے PFY کی برآمدات ذیل ہیں۔

پروڈکٹ لیبل	سال	برآمد کی مقدار، ٹن میں	پچھلے سال کے مقابلے میں فیصد اضافہ
پولی ایسٹر کا بناوٹ والا دھاگہ (سوائے جو کہ خوردہ فروخت کے لیے رکھا گیا ہے)	2019	1,247,096	16.10%
	2020	1,299,024	4.16%
	2021	1,361,492	4.81%
	2022	1,613,435	18.50%

☆ جبکہ گزشتہ 4 سالوں میں چین کی جانب سے پاکستان کو PFY کی برآمدات درج ذیل ہیں:

پروڈکٹ لیبل	سال	برآمد کی مقدار، ٹن میں	پچھلے سال کے مقابلے میں فیصد اضافہ
پولی ایسٹر کا بناوٹ والا دھاگہ (سوائے جو کہ خوردہ فروخت کے لیے رکھا گیا ہے)	2019	109,586	19.36%
	2020	126,497	15.43%
	2021	143,818	13.69%
	2022	211,995	47.41%

☆ موثر طریقے سے ADD کے ساتھ ساتھ سال 2017 سے 2019 تک ریگولیٹری ڈیوٹی اور ACD اور ڈاؤن اسٹریم کی مانگ میں اضافے نے آپ کی کمپنی اور دیگر پروڈیوسرز کو 2017 سے اپنی صلاحیت میں اضافہ کرنے کی ترغیب دی، اس طرح اگلے سال گھریلو PFY صنعت کی پیداواری صلاحیت 16,500 ٹن تک پہنچ جائے گی۔ جو کہ 2017 میں صرف 70,000 ٹن کے مقابلے میں ہے۔ ریمانڈ کے مطابق اینٹی ڈمپنگ ڈیوٹی کی بحالی اور اس کے بعد سین سیٹ کے جائزے میں اسے جاری رکھنا اور کم از کم 2 سال آگے (RD کو ہٹانے سے قبل) اس کے موثر مجموعہ کا مظاہرہ سب سے اہم ہے کیونکہ توسیع کا ایک بڑا حصہ ہے۔ حال ہی میں شروع ہوا یا آنے والے عرصے میں شروع ہوگا۔

☆ آپ کی کمپنی کی توسیع کے ساتھ پاکستان میں دیگر فلیمنٹ یارن پروڈیوسرز کی توسیع، درآمدی یارن کے مقابلے پر ریگولیٹری ڈیوٹی کے ساتھ ڈمپنگ کے خلاف اینٹی ڈمپنگ ڈیوٹی PFY کی مقامی پیداوار کو ایک سطح پر لے جاسکتی ہے جو آنے والے سالوں میں مقامی طلب کے 60 فیصد سے زیادہ کو پورا کرے گی جبکہ 2017 میں صرف 30 فیصد تھی۔ مذکورہ توسیع درآمدات کا متبادل فراہم کرے گی اور کرنٹ اکاؤنٹ خسارے کو کم کرے گی (فی الوقت بڑھ رہا ہے) جبکہ صنعت کی جانب سے پہلے سے فراہم کردہ ملازمتوں کے علاوہ مقامی روزگار بھی فراہم کرے گی۔

☆ PFY سرفہرست درآمدات میں سے ہے اس لیے مقامی طور پر پیدا کرنے کی ضرورت ہے، بالخصوص جب اس کا خام مال PTA بھی مقامی طور پر تیار کیا جاتا ہے۔ یہ بات بھی ذہن میں رہے کہ سال 2003 میں فلیمنٹ یارن کی مقامی طلب کا 90 فیصد سے زیادہ مقامی پیداوار سے پورا کیا، مزید برآں، ڈاؤن اسٹریم کی صنعت اور طلب میں بھی متعدد سالوں کے دوران اضافہ ہوا ہے اور کل طلب 350,000 ٹن سے زائد رہی جو کہ سال 2017-18 میں 260,000 ٹن تھی لہذا کرنٹ اکاؤنٹ خسارے پر دباؤ کو کم کرنے کے لیے اس کی ملکی پیداوار میں اضافہ بھی ضروری ہے۔

تصرف:

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 جون 2023ء کے اختتام پذیر ہونے والے سال کیلئے کسی بھی ڈیویڈنڈ کی سفارش نہیں کی ہے۔ 30 فیصد یعنی 3 روپے فی حصہ عبوری نقد منافع منقسمہ اور 100 فیصد بونس شیئرز یعنی 10 روپے فی حصہ کی شرح سے پہلے ہی ادا کیا جا چکا ہے۔

سے اب تک معطل کر دیا گیا ہے۔ اس سے گھریلو PFY صنعت کو شدید نقصان پہنچ رہا ہے۔ این ٹی سی ستمبر 2023 سے دوبارہ تشکیل دیا گیا ہے اور امید ہے کہ این ٹی سی جلد ہی دوسرے ریماٹڈ پراپٹا فیصلہ جاری کرے گا۔

☆ پاکستان میں ADD کی سطح چین (تفصیلات ذیل میں) کے خلاف دوسرے ممالک کی طرف سے عائد کردہ پابندیوں کے مقابلے میں بہر حال کم ہے، تاہم پاکستان میں ADD کی ان نجی سطحوں پر بھی ADD کا تسلسل اور اگلے 5 سالوں تک پاکستان میں اس کا موثر مجموعہ ضروری ہے۔ مزید یہ کہ درآمد کنندگان نے گزشتہ 6 سالوں میں سے زیادہ تر کے لیے ADD کی ادائیگی نہیں کی ہے۔ درآمد کنندگان کو ایک ہائی کورٹ میں اسٹیل جاتا ہے جو کہ 5 یا 6 ماہ میں خارج ہو جاتا ہے، اگرچہ وہ اسی درخواست کو خارج کر دینے کے بعد دوسری ہائی کورٹ میں دائر نہیں کر سکتے، تاہم وہ ایک اور ہائی کورٹ میں اس حقیقت کو چھپاتے ہوئے کرتے ہیں کہ اسے پہلے خارج کر دیا گیا ہے اور یہ اعلان کرتے ہیں کہ یہ پہلی بار ہے کہ وہ مذکورہ ADD کے خلاف درخواست دائر کر رہے ہیں۔ اس طرح انہوں نے اب تک ایک کے بعد ایک (35 سے زیادہ مرتبہ پہلے کی پٹیشن کے خارج ہونے کے بعد) PFY کے ADD کے خلاف پٹیشن دائر کی ہے۔

☆ درآمد کنندگان نے اب تک PFY پرائیویٹ ڈیمپنگ ڈیویژن جمع کرنے کی حکومتی کوششوں کا مذاق اڑایا ہے جس میں 16 بلین روپے سے زیادہ رقم جمع نہیں ہوئی۔ تاہم، حکومت نے اثرات کا مقابلہ کرنے کے لیے درآمد پر 5 فیصد ریگولیٹری ڈیویژن بحال کر دی ہے۔ پاکستان میں ADD دراصل ڈیمپنگ/نقصان کو پورا کرنے کے لیے پہلے ہی کم ہیں اور پولیٹریٹیمینٹ یارن کے چین برآمد کنندگان پر عائد اینٹی ڈیمپنگ ڈیویژنوں سے بہت کم ہیں:

ترکی کی جانب سے کم از کم 16 فیصد یا \$250 / ٹن
انہی پروڈیوسرز پر ہندوستان کی جانب سے کم از کم 23 فیصد
امریکہ کی جانب سے کم از کم 32 فیصد (اینٹی ڈیمپنگ اور اینٹی سبسڈی ڈیویژن)
ویتنام کی جانب سے کم از کم 17.45 فیصد (اور زیادہ سے زیادہ 21.23 فیصد)

جبکہ برازیل کے ساتھ ہی میکسیکو نے بھی چین سے PFY پرائیویٹ ڈیمپنگ ڈیویژن شروع کر دی ہے۔ لہذا، 6 بڑے ممالک چین کی جانب سے PFY پرائیویٹ ڈیمپنگ یا کاؤنٹر وینڈنگ ڈیویژن کے حامل ہیں، جبکہ انڈونیشیا تاجروں کو اس کی اجازت نہ دے کر PFY کی درآمدات کو محدود کر رہا ہے۔ لہذا، اس میں زیادہ تر PFY پیدا کرنے والے ممالک شامل ہیں۔ بنگلہ دیش اپنی PFY صنعت کو مسابقتی درآمدی یارن پر 20 فیصد درآمدی ڈیویژن کے ذریعے تحفظ فراہم کرتا ہے۔ حال ہی میں ہندوستان نے ہندوستان میں درآمدات کے لئے بی آئی ایس (بیورو آف انڈین اسٹینڈرڈ) کی اسٹینڈیکلو ہٹاتے ہوئے نان ٹیرف بیریر نافذ کیا ہے اور توقع ہے کہ اکتوبر 2023 کے وسط سے ہندوستان میں PFY کی درآمد پر بھی یہی نان ٹیرف رکاوٹ عائد کر دی جائے گی، کیونکہ ہندوستان میں چینی پی ایف وائی کی درآمدات (پاکستان میں چین کی پی ایف وائی درآمدات کے ٹن کی طرح) ماہانہ ٹنوں میں ہے۔ چین کے پروڈیوسر طویل عرصے سے جانچ اور منظوری کے لیے BIS ٹیم سے ملنے کی کوشش کر رہے تھے لیکن جب کہ دوسرے ممالک جیسے کوریا، تائیوان وغیرہ نے BIS کی منظوری حاصل کر لی ہے، چین کے بی آئی ایس کے دورے/منظور ہونے کی توقع نہیں ہے۔

☆ جیسا کہ اس رپورٹ کے ابتدائی دوسرے پیراگراف میں اوپر درج کیا گیا ہے، اب چین کے پروڈیوسروں کی جانب سے ان کی صلاحیت میں توسیع کی وجہ سے، ان کے بینکوں کے لیے 90 فیصد پر کام کرنے کی حکمت عملی، ان کی اپ اسٹریٹیم میں عمودی انضمام اور اسی طرح معاشی گراؤ کی وجہ سے عالمی طلب میں کمی کے باعث ڈیمپنگ انتہائی شدید ہو گئی ہے۔ دسمبر 2022 سے 5 فیصد RD کے دوبارہ نفاذ نے اس صورتحال میں قدرے مدد کی ہے جہاں ADD کو درآمد کنندگان نے روک دیا ہے۔

اس کے علاوہ، ہم نے 230,000 ٹن سے زائد سالانہ صلاحیت کے ساتھ ایک پولیمر پلانٹ کامیابی کے ساتھ نصب کیا ہے، جو آب آرائشی پیداوار کے ابتدائی مرحلے میں ہے۔ یہ جدید ترین پولیمر سہولت ہماری تمام PFY لائنوں کو براہ راست کھلنے والے پولیمر کے ساتھ سپلائی کرنے میں اہم کردار ادا کرے گی اور مستقبل میں توسیع کے لیے بھی اضافی (Surplus) ہوگی۔ مزید برآں، یہ مقامی فروخت، اندرونی کھپت اور برآمد کے لیے مصنوعات کی مزید متنوع (Diversified) رینج کے لیے اضافی پولیمر کی پیداوار کے مواقع فراہم کرتا ہے۔ ان متنوع (Diversified) مصنوعات میں کیشنک (Cationic) یارن اور فلم گریڈ چپس اور سیلیکا ریزین (Resin Silica) کے لیے کیشنک (Cationic) پولیمر شامل ہیں۔ اگر ہم ایسا کرنے کا انتخاب کرتے ہیں تو اضافی روشن (Surplus Bright) پولیمر ہمیں براہ راست اسپننگ کے ذریعے FDY یارن کی پیداوار کو بڑھانے کے مواقع فراہم کرے گا۔

مزید برآں، ہم برآمدی مواقع سے (ان مارکیٹوں میں جہاں چینی درآمدات محدود ہیں) فائدہ اٹھانے کے ہدف بنا رہے تھے تاکہ اسٹیٹ بینک کی اعلان کردہ کم شرح کو محفوظ بنایا جاسکے، تاکہ ہمارے پیداواری پلانٹ کی توسیع سے وابستہ سرمائے کی لاگت کے لئے طویل مدتی فنانشنگ کی جاسکے۔ نوٹ کرنا ضروری ہے کہ اسٹیٹ بینک نے جون 2022 سے ILTF فنانشنگ اسکیم کے تحت فنڈز ادا نہیں کیے۔ نتیجتاً، بینک مذکورہ ادا کیوں کے لیے KIBOR کی شرح کی بنیاد پر منافع کے چارجز کا اطلاق کر رہے ہیں جس کے نتیجے میں ڈیٹا بینکنگ مشارکہ فنانشنگ کے ذریعے مالیاتی لاگت متوقع طور پر زیادہ ہوتی ہے۔

کچھ ابتدائی تاخیر کے بعد، ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ PET بوتل کے فلیکس سے اخذ کردہ ری سائیکل شدہ یارن کے لیے ہمارے توسیعی منصوبے کو کامیابی کے ساتھ شروع کر دیا گیا ہے۔ یہ ایک اہم کامیابی ہے، کیونکہ یہ توسیع اب ہماری PFY صلاحیت کا تقریباً 12 فیصد ہے۔ یہ ترقی PFY اقسام کی ہماری پہلے سے وسیع رینج کے اندر تنوع (Diversity) کو مزید تقویت دیتی ہے جو کمپنی پیدا کر سکتی ہے اور پائیداری کے لیے ہمارے عزم کو بھی ظاہر کرتی ہے۔ مزید برآں کمپنی کی بلیک یارن کی پیداواری صلاحیت اب 25 فیصد تک اضافہ ہوا ہے اور اسی کو استعمال کیا جاسکتا ہے بشرطیکہ ڈمپ شدہ درآمدات اور انڈرانوائس شدہ درآمدات (under invoiced imports) آپ کی کمپنی کی جانب سے بلیک یارن کی پیداوار کو روک نہ دیں۔

زیر جائزہ سال کے دوران، پاکستان کا سب سے بڑا SAPI نفاذ گیٹرون میں براہ راست شروع ہوا۔ فنانش، پروڈکشن، سپلائی چین، پروڈکٹس اور HR میں ماڈیولز کو لاگو اور فعال 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۔

درپیش چیلنجز اور مستقبل پر ایک نظر:

☆ این ٹی سی کی جانب سے 2017 میں اینٹی ڈمپنگ ڈیوٹی کے حتمی تعین کے مطابق، PFY کے درآمد کنندگان اور غیر ملکی برآمد کنندگان نے 2017 میں اینٹی ڈمپنگ ایبیلیٹی ٹریبونل کے سامنے اپیلیں دائر کی تھی۔ ایبیلیٹی ٹریبونل نے چار سال سے زیادہ کی اپیل کے بعد دسمبر 2021 میں کیس کو دوبارہ NTC کو بھیج دیا تاکہ ڈیوٹی کا دوبارہ حساب لگایا جاسکے اور ڈمپ کی گئی درآمدات کے علاوہ غیر منسوب عوامل سے گھر یلو صنعت کو پہنچنے والے نقصان پر نظر ثانی کی جاسکے۔ اس کے مطابق، این ٹی سی نے جنوری 2022 میں اپنا حتمی فیصلہ کیا اور 2.78 فیصد سے 6.82 فیصد (اوسط 4.8 فیصد) کی کم حد میں اینٹی ڈمپنگ ڈیوٹی کو دوبارہ نوٹیفائی کیا۔ ریمانڈ سے پہلے نوٹیفائیڈ اینٹی ڈمپنگ ڈیوٹی 3.25 فیصد سے 11.35 فیصد کے درمیان تھی۔ این ٹی سی نے یہ بھی طے کیا کہ غیر منسوب عوامل گھر یلو صنعت کو نقصان نہیں پہنچا رہے ہیں۔ یہ ڈمپ شدہ درآمدات ہیں جو نقصان کی بنیادی وجہ ہیں۔

PFY کے درآمد کنندگان اور تاجروں نے فروری 2022 کو دوبارہ بعض پہلوؤں پر اینٹی ڈمپنگ ایبیلیٹی ٹریبونل میں اپیل کی جبکہ ہائی کورٹ میں حکم امتناع کی درخواست بھی دائر کی۔ آخر کار دسمبر 2022 میں کیشن کے غیر فعال ہونے سے پہلے انہوں نے اس اپیل کی پیروی کی اور دوسری بار ٹریبونل نے دسمبر 2022 میں اس معاملے کو دوبارہ ریمانڈ دیا۔ جنوری 2023 سے اگست 2023 تک NTC چیئرمین اور تمام ممبران کی اسامی خالی ہونے کی وجہ سے غیر فعال تھا۔ لہذا موثر طریقے سے تمام ADD کو دسمبر 2022

پیداوار صلاحیت کے 75 فیصد کے لگ بھگ تھی۔ مالی سال کی دوسری ششماہی میں پاکستانی روپے کی قدر میں کمی اور انتہائی ضروری ریگولیٹری ڈیوٹی کے نفاذ کی وجہ سے یونٹ کی قیمتوں میں اضافہ ہوا، تاہم پیداوار اور فروخت کی مقدار بنیادی طور پر درآمدی مصنوعات کی انوینٹری کے اور پیگ کی وجہ سے پیداواری صلاحیت اور سیلز کو اٹم کے تقریباً 70 فیصد پر کم رہی۔ دوسری جانب گزشتہ سال کے مقابلے میں سال کے دوران PET پر پیفارمر کی فروخت کا حجم 23 فیصد تک کم رہا جس کی بنیادی وجہ آپ کی کمپنی کے تیار کردہ پیفارمر کی ڈاؤن اسٹریم انڈسٹری میں مانگ کم ہے۔ موجودہ سال کے لیے کمپنی کی باٹم لائن کو سال کی دوسری ششماہی میں روپے کی قدر میں کمی سے پیدا ہونے والے انوینٹری کے فوائد (Gain) سے معاونت ملی جو دسمبر 2022 میں 227 روپے سے جون 2023 میں 287 روپے تک خاطر خواہ اضافہ ہوا۔

جیسا کہ قبل ازاں ریکارڈ کیا گیا، ہم لیٹر آف کریڈٹ (LCs) کھولنے میں پابندیوں اور مشکلات کی وجہ سے ڈمپ کی گئی درآمدات کی اور پیگ انوینٹری کو کلیئر کرنے کے لیے پر امید تھے۔ بد قسمتی سے، PFY کے تاجروں اور غیر صنعتی درآمد کنندگان نے بلا کسی خاطر خواہ رکاوٹ اپنی کنٹینٹس کو کلیئر کرنے کے طریقے دریافت کئے، جس نے موجودہ معاشی چیلنجوں کے علاوہ ہماری مصنوعات کی قیمتوں پر نچلی جانب دباؤ جاری رکھا۔ ڈمپ شدہ درآمدات کو کلیئر کرنا اور گوداموں میں ذخیرہ کرنا جاری ہے، جو آنے والے ادوار میں ایک جاری چیلنج ہوگا۔ تاہم پاکستانی روپے کی قدر میں اضافے کے بعد تاجروں کی درآمدات روک رہے ہیں جس سے آنے والے مہینوں میں درآمد شدہ انوینٹری کو کم کرنے میں مدد ملے گی جس سے آپ کی کمپنی کو مدد ملے گی۔

مذکورہ کم پیداواری شرح، جیسا کہ اوپر مفصل بیان کیا گیا ہے کے نتیجے میں فرسودگی اور مالیات کی ضمن میں اضافی سمنقرہ اخراجات صرف ہوئے۔ ان عوامل کے ساتھ فرنس آئل کا بڑھتا ہوا استعمال اور قدرتی گیس کی ناکافی فراہمی کی وجہ سے الیکٹرک کی بجلی کا استعمال جو کمپنی کے سالانہ خالص نتائج پر شدید اثر انداز ہوئے۔ گیس اور بجلی کے بڑھتے ہوئے ٹیرف، بہت سی صنعتوں کے لیے ایک بڑی رکاوٹ کے طور پر ابھر رہے ہیں، جو بالخصوص سستی شرح ڈمپڈ درآمدات کا مقابلہ کر رہے ہیں۔

ڈسٹری بیوٹن اور فروخت کے اخراجات میں پچھلے اسی عرصے کے مقابلے میں تقریباً 29 فیصد اضافہ ہوا جس کی بنیادی وجہ فریٹ اور ٹرانسپورٹیشن چارجز میں اضافہ ہے۔ دوسری جانب دوسری جانب انتظامی اخراجات میں 44 فیصد اضافہ ہوا جس کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی کی وجہ سے افراط زر کے عوامل میں اضافہ ہے۔

اسٹیٹ بینک آف پاکستان کی جانب سے مقرر کردہ بیس مارک اپ کی شرح میں اضافے کی وجہ سے مالیاتی لاگت میں نمایاں اضافہ ہوا جو 13.75 فیصد سے شروع ہوا اور سال کے اختتام پر 22 فیصد رہا۔ تجارت میں زیادہ اسٹاک اور اسٹاک کی یونٹ ویلیو کے نتیجے میں ورکنگ کپینٹل کی ضروریات میں اضافہ ہوا۔ کمپنی قابل وصول قرضوں اور اسٹاک کی مقدار میں کمی کے لیے سرگرم عمل ہے۔

30 جون 2022 کے مقابلے میں بیلینس شیٹ کی سطح پر، اسٹاک میں 5,069 ملین روپے کا اضافہ ہوا اور 11,387 ملین روپے تک پہنچ گیا۔ قابل وصول قرضوں کی مالیت 347 ملین روپے کم ہو کر 3,976 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری کی مالیت 5,576 ملین روپے بڑھ کر 9,244 ملین تک پہنچ گئی۔ کمپنی کے قلیل مدتی قرضہ جات 30 جون 2022 کے مقابلے میں 3,582 ملین روپے بڑھ کر 8,474 ملین روپے کا اضافہ ہوا۔

توسیعی سطح پر، ہمیں یہ اعلان کرتے ہوئے خوشی ہو رہی ہے کہ آپ کی کمپنی نے اپنے PFY توسیعی منصوبے کا دوسرا مرحلہ مکمل کر لیا ہے۔ یہ اسٹریٹجک اقدام ہماری پیداواری صلاحیتوں کو نمایاں طور پر فروغ دے گا، جس سے ہم 99,000 ٹن سالانہ مکسڈ ڈیز تیار کر سکیں گے، جو کہ ہماری موجودہ 75,000 ٹن حالیہ استطاعت سے خاطر خواہ اضافہ ہے۔ یہ کامیابی صرف چھ سال قبل 2017 میں اسی طرح کے مکسڈ ڈیز کے لیے ہماری 33,000 ٹن کی پیداواری صلاحیت کے مقابلے میں تین گنا نمایاں ترقی کی نمائندگی کرتی ہے۔

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،

بورڈ آف ڈائریکٹرز کی جانب سے گیلٹون (انڈسٹریز) لمیٹڈ کے ڈائریکٹرز 30 جون 2023 کو اختتام پذیر ہونے والے سال کی رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرتے ہوئے ہم دلی مسرت محسوس کر رہے ہیں۔

مالیاتی جائزہ:

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے:

خالص فروخت 27,384 ملین روپے،

آپریٹنگ منافع 553 ملین روپے،

آمدنی بذریعہ سرمایہ کاری 1,072 ملین روپے،

منافع قبل از انکم ٹیکس 551 ملین روپے،

منافع بعد از انکم ٹیکس 205 ملین روپے،

آمدنی فی حصہ 2.68 روپے،

کل ایکویٹی پروا پسی 2.61 فیصد

گزشتہ سال کمپنی کے لیے ایک مشکل دور تھا جو شدید سیاسی اقتصادی بحران کی نشاندہی کرتا ہے، تاہم غیر ملکی زرمبادلہ کے ذخائر میں کمی اور ایل سی کھولنے میں مشکلات کے باوجود PFY کی مسلسل ڈمپڈ درآمدات ریکارڈ کی گئیں۔ ملک کی معاشی صورتحال کو مستحکم کرنے اور آئی ایم ایف پروگرام کا دوبارہ آغاز کرنے کے لیے حکومت نے متعدد پالیسی اقدامات پر عمل درآمد کیا۔ جس کے تحت ڈسکاؤنٹ کی شرح میں 22 فیصد کی تاریخی بلند ترین اضافہ بعد از آپریٹنگ منافع کی باٹم لائن کو متاثر کیا۔ کمپنی کے لیے ایل سی کھولنے کی مشکلات نے بنیادی طور پر نئے پروڈیکٹس کی بیلس مشینری اور اسپیر پارٹس کی درآمدات کو متاثر کیا، کیونکہ اسٹیٹ بینک آف پاکستان (SBP) کی باب 84 اور 85 میں پابندیاں بہت سخت تھیں۔

آپ کی کمپنی کی انتظامیہ مختلف حکمت عملیوں کو فعال طور پر نافذ کر رہی ہے اور آپریشنز پر اثر انداز ہونے والے معاملات پر فعال فالو اپ کے ذریعے موجودہ چیلنجوں کو کم کرنے کے منصوبے بنا رہی ہے، جس میں رسک مینجمنٹ اور کمپنی کے اسٹیک ہولڈرز کو قدر فراہم کرنے کے لیے متبادل حکمت عملیوں پر کام کرنا شامل ہیں۔ تاہم، تمام چیلنجوں کی موجودگی میں آپ کی کمپنی کو درپیش سب سے بڑا مسئلہ چین کی PFY کی ڈمپنگ ہے۔ اس کی بنیادی وجہ گزشتہ 2 سالوں میں چین کی میگا توسیعات ہیں۔ کہا جا رہا ہے کہ چین میں پروڈیوسر اپنی نئی صلاحیتوں اور کمپنیوں کو 90 فیصد سے زائد کام کرنے کے لیے بیٹنگوں اور مقامی حکومتوں کو اچھے مواقع فراہم کرنا چاہتے ہیں تاکہ وہ اپنی توسیع کو مکمل کرنے کے لیے اپنے قرضوں کو مکمل طور پر حاصل کر سکیں۔

رواں سال کے دوران آپ کی کمپنی نے 14.3 فیصد کے مجموعی خالص اضافہ کے ساتھ گزشتہ سال کے 23960 ملین روپے کے مقابلے میں 27,384 ملین روپے کی خالص آمدنی حاصل کی ہے۔ اس کا جائزہ گزشتہ سال کے 178 روپے کے مقابلے میں موجودہ سال میں 248 روپے کے امریکی ڈالر کے مقابلے میں روپے کی اوسط شرح تبادلہ کے تناظر میں دیکھا جاسکتا ہے۔ مالی سال کی پہلی ششماہی میں، فروخت اور پیداوار کی مقدار جزوی طور پر ملک میں سیلاب سے متاثر ہوئی تاہم بنیادی طور پر چین کی PFY پروڈیوسرز کی جانب سے مصنوعات کی قیمتوں پر انتہائی شدید ڈمپنگ کی وجہ سے ہوئی جو صرف ڈالر پر مبنی خام مال، پیکیجنگ اور سمندر مال برداری کی عکاسی کرتی ہے۔ چنانچہ فلیمیمینٹ یارن کی



SUSTAINABILITY REPORT



Sustainability Report

A Note From Company's Executive



We are proud to present our sustainability report for FY 2023. This report highlights our progress in achieving our sustainability goals and our commitment to building a more sustainable future.

At Gatron, we believe that sustainability is essential to our long-term success. It is also the right thing to do. We have a responsibility to protect the environment and support the communities in which we operate.

Our sustainability report is an important tool for communicating our progress to our stakeholders. It also helps us to identify areas where we can improve.

We are pleased to report that we have made significant progress in FY 2023. We have reduced our environmental impact, supported our communities, and strengthened our governance practices.

This report is a testament to the hard work and dedication of our employees. We are grateful for their commitment to sustainability.

Together, we can create a more sustainable future for all!

MUSTAFA DIWAN



Strategy & Values

At Gatron, sustainability is at the heart of our ethos. It reflects our dedication to aligning the present with the aspirations of future generations. Guided by the Triple Bottom Line framework, we steer our efforts towards preserving ecological integrity, nurturing communities, and strengthening our economic foundation. We recognize the interconnections of society, the environment, and the economy and strive for holistic solutions that benefit all while minimizing negative impacts.

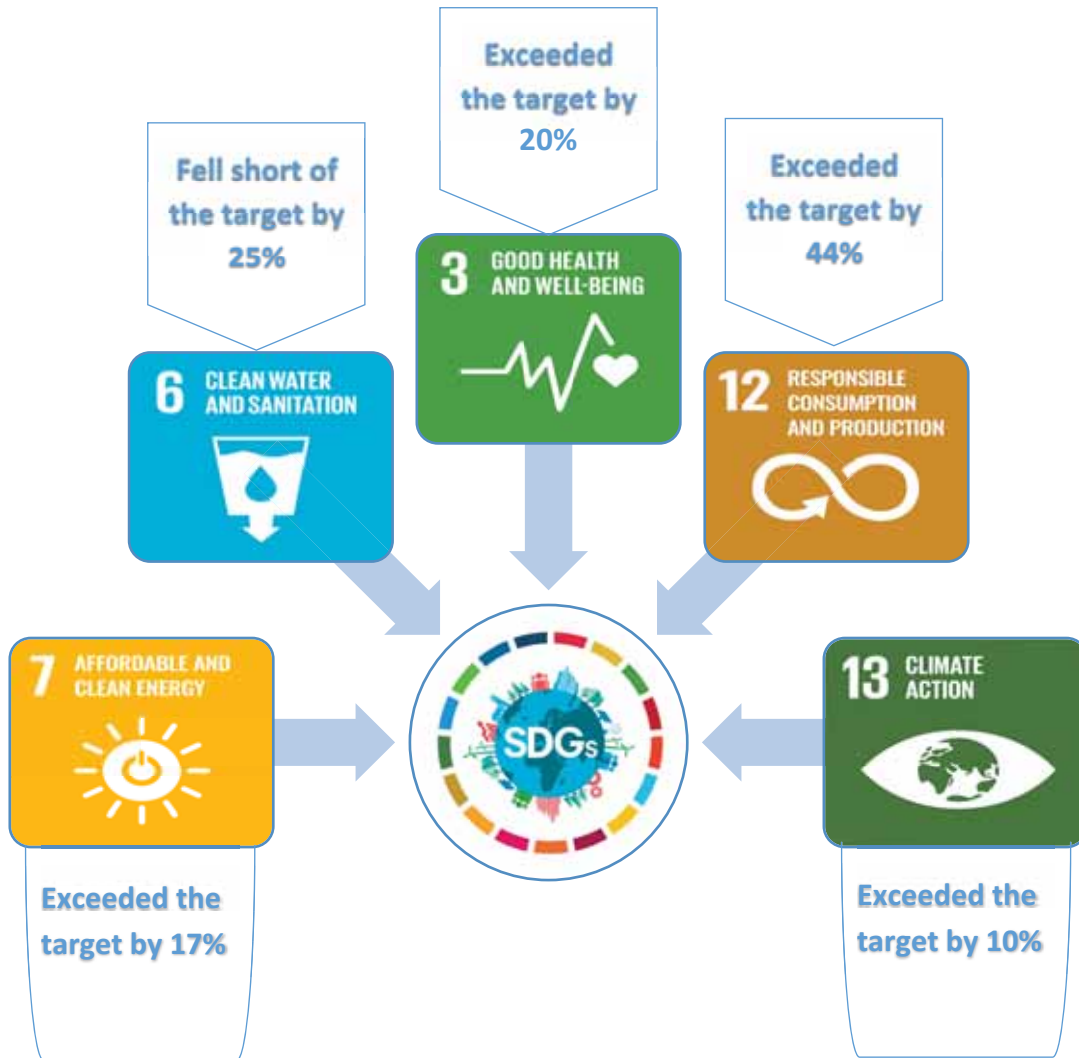


Journey & Development Framework



Our journey towards sustainability began in 2020 with the release of our inaugural sustainability report, a pivotal moment in our annual reporting. Since 2020, Gatron has embraced the United Nations Sustainable Development Goals (SDGs) as our strategic compass. Among the 17 SDGs outlined by the United Nations, we have carefully selected those that closely align with our business values and industrial pursuits.

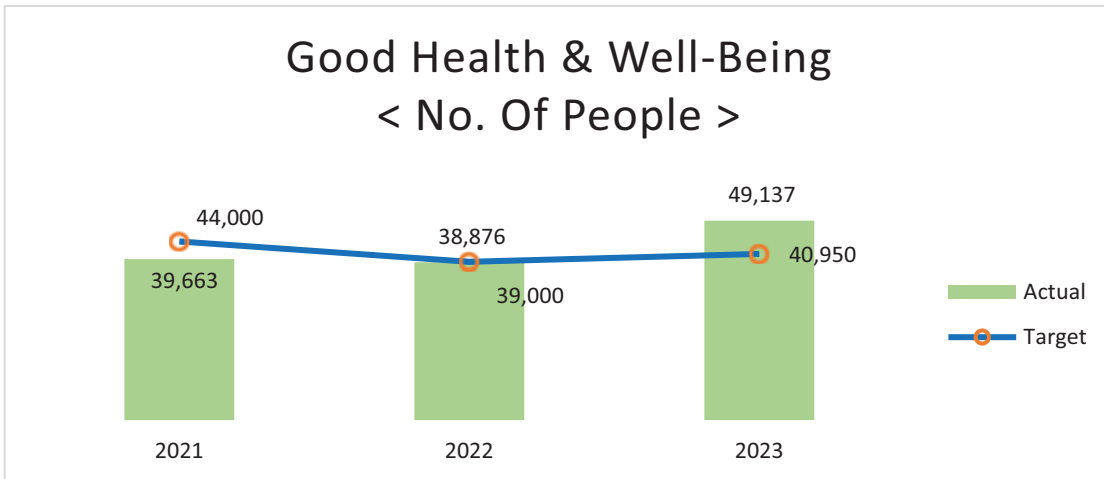
Performance At A Glance



	2021-2022		2022-2023		% Actual YOY
	Target	Actual	Target	Actual	
G3 Good Health & Well Being	39,000	38,876	40,950	49,137 ▶	21%
Health Care (no. of people)	-	23,277	-	22,707	
Well being to impacted communities	-	15,000	-	26,430	
Management of Global health risk/ Pandemics (no. of people)	-	599	-		
G6 Clean Water and Sanitation	17,000,000	21,870,000	40,000,000	29,797,140 ▶	27%
RO5 (IG/year)	-	12,960,000	-	9,898,140	
ETP (IG/year)	-	8,910,000	-	19,899,000	
G7 Affordable and Clean Energy	2,000,000	2,650,018	3,000,000	3,511,593 ▶	25%
NG Savings due to Renewable Energy (m ³ /year)	-	597,343	-	711,101	
NG Savings due to Efficient Machinery (m ³ /year)	-	2,052,675	-	2,800,492	
G13 Climate Action	12,430	12,725	12,880	14,105 ▶	10%
Savings due to Renewable Energy (Tons/yr)	-	1,068	-	1,259	
Savings due to Direct Emissions (Tons/yr)	-	6,425	-	2,763	
Savings due to Indirect Emissions (Tons/yr)	-	5,232	-	10,083	
G12 Responsible Consumption and Production	6,475,000	7,623,915	7,475,000	10,757,948 ▶	29%
Electrical Savings due to Efficient Machinery (kWeh/yr)	-	7,623,915	-	10,757,948	



GOOD HEALTH
AND WELL-BEING



In Fiscal Year 2023, Gatron Industries Limited remained committed to UN Sustainable Development Goal 3 - Good Health and Well-Being. We made a significant impact on healthcare and community well-being through our strategic investment in three Eye Care Clinics located in areas where healthcare access is limited:



- Ghulam Qadir Khan Hospital - Hub, Balochistan
- Uthal Hospital - Uthal, Balochistan
- Landhi - Karachi, Sindh

In FY 2023, our healthcare outreach reached 22,707 individuals, positively impacting the well-being of 26,430 community members and transforming the lives of 49,137 people. This demonstrates our alignment with SDG Goal 3.



Gatron Industries Limited actively contributed to combating hunger and promoting well-being during this fiscal year. Our commitment was evident through the distribution of food rations and clothing, reflecting our dedication to eradicating hunger within our sphere of influence. An impactful initiative was our inflation relief campaign, which provided essential sustenance to 6,810 labor employees. This compassionate endeavor echoes our pursuit of zero hunger, encapsulating both our corporate ethos and humanitarian values.

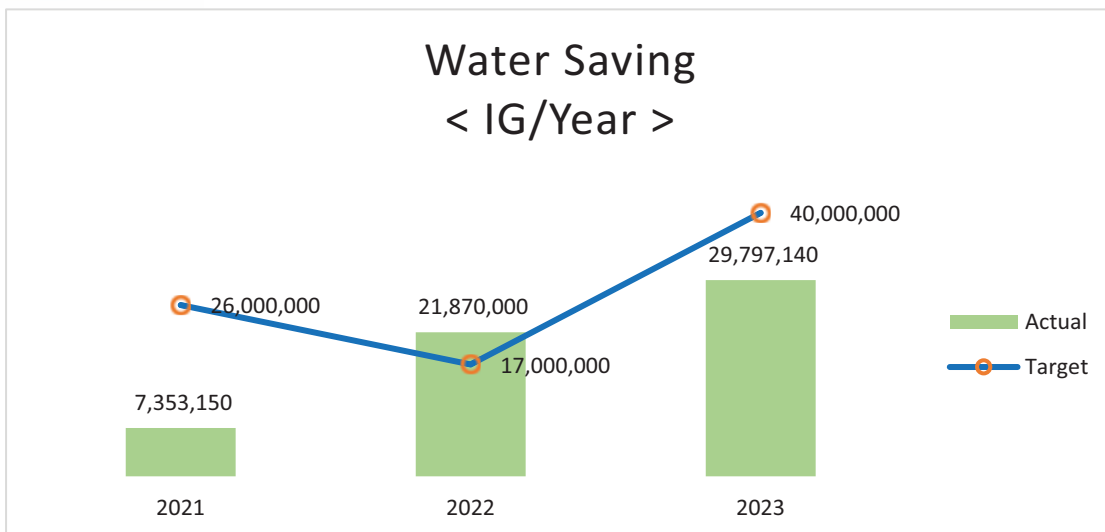
As we move forward, Gatron Industries Limited remains steadfast in its mission to alleviate hunger and promote well-being, exemplifying our commitment to the Zero Hunger goal of the Sustainable Development Agenda.



Devastating floods caused by monsoons and glacier melt left a quarter of Pakistan's population exposed and homeless. Gatron Industries took swift action to fulfill its social and national responsibility. Through the Gatron Foundation Fund, we partnered with various organizations to provide 2,000 food bags and 50 emergency shelters efficiently. These collaborative efforts addressed urgent needs, offering relief and comfort to the most affected communities during this crisis.



CLEAN WATER AND SANITATION



Gatron Industries Limited is proactively addressing the mounting water crisis in Hub, Lasbela, through innovative water treatment and resource management initiatives. In FY-2023, our achievements include:

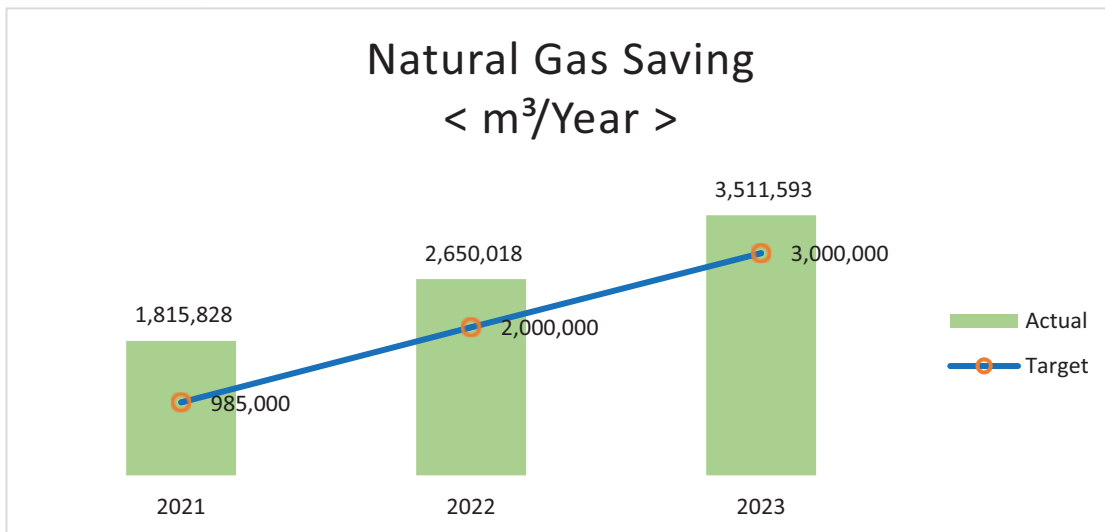
- **Bleed Water Re-usage:** Recycling 65% of cooling tower bleed water via Reverse Osmosis for sustainability.

These strategies conserved 29.79 million imperial gallons of water this year. Gatron is committed to further elevating its water conservation efforts through the installation of two new Reverse Osmosis Plants and a Water Flow Meter for precise resource allocation and consumption monitoring. Our dedication extends beyond immediate challenges, aiming to resolve the water crisis in Hub, Lasbela, and contribute to broader Clean Water and Sanitation objectives.





AFFORDABLE AND
CLEAN ENERGY



In the face of global and national energy price surges, Gatron Industries Limited has demonstrated its dedication to the Affordable and Clean Energy goal. We achieved significant milestones in sustainable energy solutions by adopting clean energy strategies, which reduced energy expenses and mitigated our carbon footprint. These measures include the installation and commissioning of Higher Efficiency Engines, along with the strategic replacement of aging chillers and compressors, resulting in a remarkable reduction of 2,052,675 m³ in natural gas consumption.

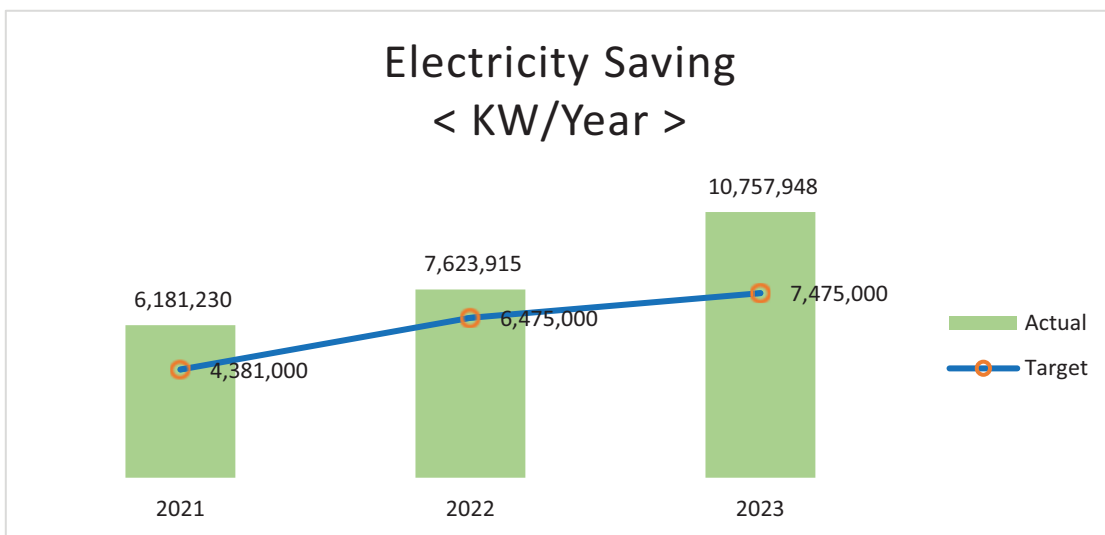
These initiatives not only enhance energy efficiency but also reflect Gatron's proactive stance in shaping a greener, more sustainable future. We are committed to attaining our targeted 3 million m³ natural gas savings by FY 2023, reinforcing our role as industry leaders in sustainable energy practices.

Our road map includes alternative media integration, expanding solar energy capacity, and investing in advanced spinning lines, all aimed at furthering our commitment to Affordable and Clean Energy.





RESPONSIBLE
CONSUMPTION
AND PRODUCTION



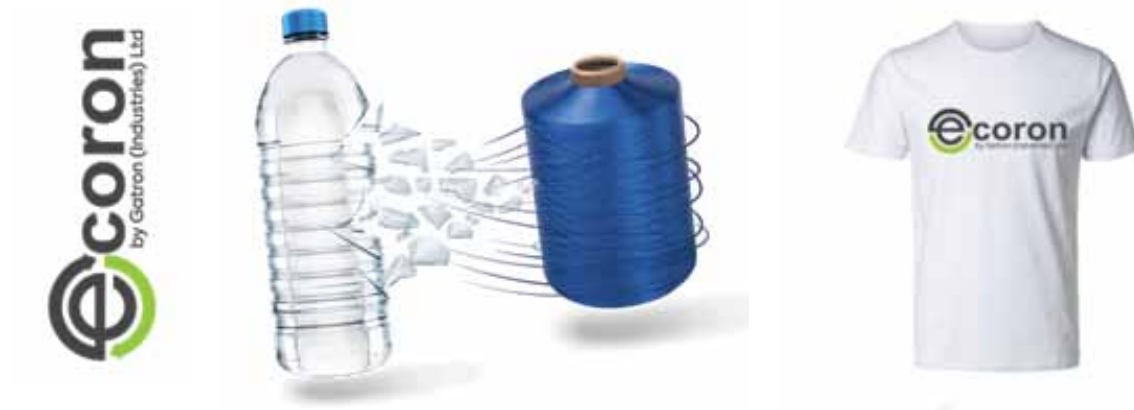
Our commitment to efficient resource management and sustainable waste disposal stands as a testament to our alignment with this vital goal. Through strategic decisions and investments in green technologies, we achieved significant milestones in responsible consumption and production during Fiscal Year 2022-2023. Embracing innovative and efficient technologies led to a substantial reduction in electricity consumption, saving approximately 7.8 million kWh and contributing to a greener future.





GATRON (INDUSTRIES) LIMITED

Recycling and reuse are fundamental in our sustainability road-map. Our flagship sustainable product, "ECORON," showcases our commitment by re-purposing 90 million post-consumer plastic bottles to produce high-quality yarn.



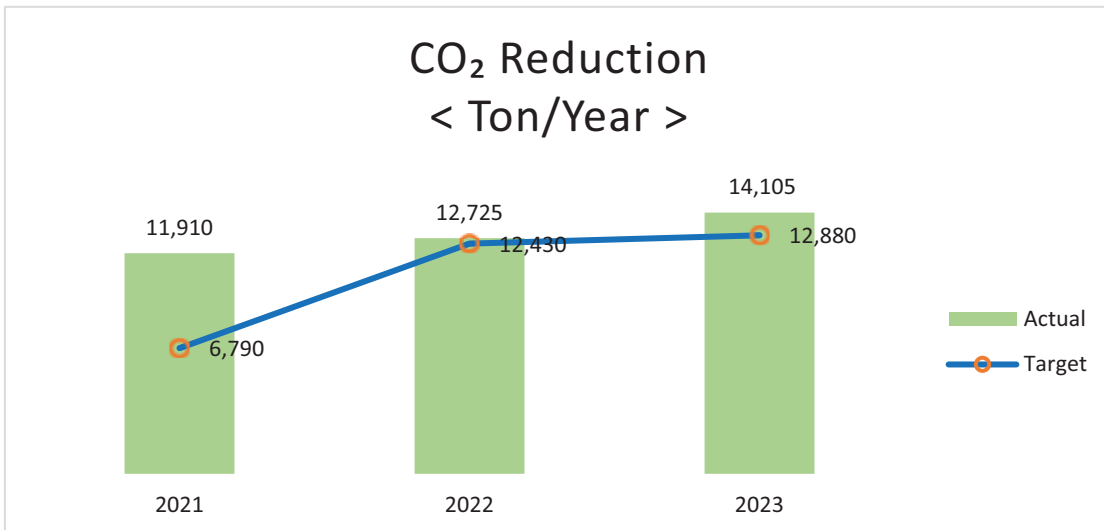
Gatron's commitment to responsible consumption and production extends beyond business interests; it signifies our responsibility to society and the environment.

We are proud to announce that Gatron has recently earned the Ocean Bound Plastic (OBP) certification for our recycled yarn ECORON. This certification reflects our unwavering commitment to sustainability and responsible production practices. Through this achievement, we have taken a significant step towards reducing plastic pollution in our oceans and promoting a more eco-friendly and sustainable future. In the coming years we are focused on promoting our products produced and certified through OBP.





CLIMATE ACTION



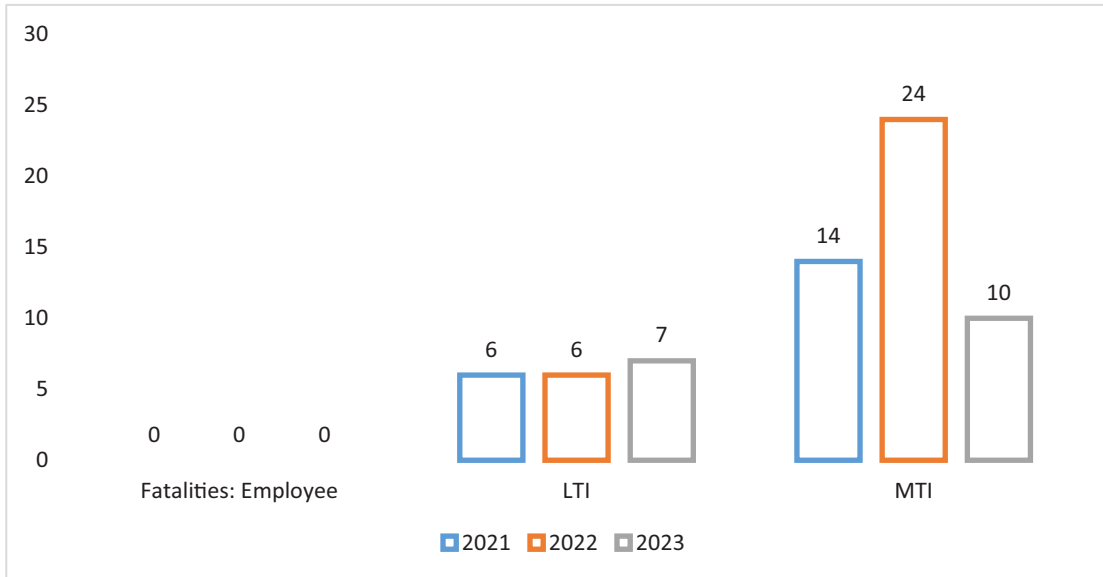
In FY2023, our efforts led to a substantial reduction of 14,000 tons in CO₂ emissions, highlighting our commitment to climate control measures and advanced technologies. We are expanding our renewable energy sources, implementing passive heating and cooling solutions, and enhancing energy efficiency across our operations. Approximately 90% of our on-site steam is generated through waste heat recovery boilers, reducing reliance on fossil fuels. We have also organized environmental protection and awareness campaigns, including a significant partnership with the Lasbela Chamber of Commerce and Industry for World Environment Day.

Gatron Industries Limited unwavering dedication to climate action underscores our commitment to a greener, more sustainable future, contributing to global environmental resilience and setting an example within the industrial landscape.





Occupational Health & Safety



Occupational Health & Safety (OHS) holds paramount significance at Gatron Industries Limited. We prioritize the physical and mental well-being of our employees as the driving force behind our operations. We allocate substantial resources to enhance working conditions and uphold the highest Health and Safety standards within our facilities.

Our robust OHS framework ensures strict compliance with safety protocols, monitors all operations for improvements, and mitigates potential hazards. We established a Safety Operation Committee to assess our safety management system, emphasizing continuous enhancement in workplace safety.

In FY 2023, we introduced the Safety Champion Program, appointing safety champions from every department to foster safety awareness, ensure compliance with safety protocols, and identify and address hazards.

These accomplishments reflect our enduring commitment to employee well-being and the effectiveness of our OHS framework and Safety Champion Program.



**HUMAN RESOURCE MANAGEMENT
RISK MANAGEMENT
FIRE AND SAFETY
INFORMATION TECHNOLOGY**

HUMAN RESOURCE MANAGEMENT

At Gatron (Industries) Limited, Human Resource Management is about creating a coherent and planned framework for employees to be hired, managed and developed in ways that supports the achievement of long-term goals of the organization. To create a high performance culture, organization has been consistently focusing on aligning individual goals with organizational goals and providing an enabling environment using digitalization as a vehicle for HR transformation.



In order to achieve the HR transformation agenda, Human Resource function has been restructured around the operating model of HR Business Partnership, Centers of Excellence (CoE) and HR Operations. CoE's primary role is to identify major HR challenges and then design various HR programs to address those challenges. Strategic HR programs are then rolled-out through HR Business Partners team. HR Business Partners primary agenda is to act as an internal consultant, enablers and collaborator to work closely with other functions and facilitate in achievement of organizational goals by managing the change effectively.

Organization also achieved a major milestone in the efforts towards digital transformation by successfully achieving the SAP GO-Live target. On HR's front, digitalization efforts would involve implementation of complete suite of SAP SuccessFactors, which has already begun with the commissioning of Employee Central – the foundational module of SAP Success Factors.

Pursuing further on the HR transformation and Organizational Development efforts, Organization-wide Core Competencies along with Management level and Individual position specific Behavioral as well as Technical Competencies have been identified. The competency framework will serve as a foundation to build and enhance capabilities of employees through focused learning and development programs.

RISK MANAGEMENT

Pakistan's industrial landscape, including our domain in polyester yarn, resin and, preforms is characterized by its inherent complexities and unforeseeable challenges. In this context, our approach to insurance and risk management serves as a shield against potential vulnerabilities. Our insurance portfolio spans property damage, business interruption, machinery breakdown, marine, motor, political violence, and terrorism risks, providing us with the essential safety net we need to protect our interests and those of our valued stakeholders.



One of the core principles of our risk management strategy is the method of risk transfer through insurance. It's a method that allows us to effectively share the financial burden of unforeseen events with our trusted insurance and reinsurance partners. By doing so, we not only mitigate the impact of potential losses but also enhance our resilience and

financial stability. Insurance as risk transfer mechanism empowers us to focus on our core business activities, innovation, and growth, knowing that we have necessary protection in place to mitigate the fallout of unexpected events.

Our risk transfer and management approaches are perfectly aligned with our commitment to prudence, enabling us to navigate ever-evolving business landscape with confidence and agility. As we move forward, we will continue to refine our insurance programs and risk management practices to adapt to emerging risks, safeguard our assets, and uphold the trust placed in us.

FIRE AND SAFETY MANAGEMENT

Health and safety are of highest value to Gatron (Industries) Ltd. Our approach towards health and safety is primarily preventive in nature and focused on enhancement of the occupational health and safety culture across the company. This includes all of our operational sites and manufacturing facilities. This health and safety structure is designed for minimizing occupational incidents, illnesses and major adverse effects.



The Safety Operation Committee, consisting of senior management, has been formed for this purpose. They conduct safety operation committee meeting on monthly/ quarterly basis. They also convene on a monthly basis to review accidents or incidents through HSE department via root cause analysis reports and advise as well as provide resource mitigation.

All critical activities are being followed by work permit system and joint Job Safety Analysis by the process, maintenance and HSE Department representatives to complete the tasks safely in all regards. In fact for safe operation planned preventive as well as corrective maintenance schedules are being prepared and implemented accordingly.

In addition all spark potential activities and other critical activities are being followed by the Work Clearance Management System (new launched SAP Module)

The company has inducted a fire tender to tackle fire emergency situations at any corner of the plant. Furthermore, one ambulance is always available and ready at our operational facility with adequate equipment/accessories for shifting injured person to the hospital.

In addition to Fire Safety Men in each shifts, Emergency Response Team is also established developed for the support to tackle any type of emergency.

Emergency cabinets are placed at different critical locations of plant and at office premises with maximum stock of personal protective equipment and rescue items.

Health Safety Environment Department's Representatives conduct Fire Safety Risk Assessment Surveys to identify fire safety hazards on regular basis for reduction of work place hazards.



and also issue stop card through email to the concerned department for corrective action. Additionally we conduct comprehensive Occupational Health and Safety Training sessions including practical live fire fighting mock drills, so as in case of any emergency available staff could handle the situation through their skills. Furthermore, annually refresher trainings are also being conducted of all employees, including top management and contractor's work force.

Emergency evacuation drills conducted on biannual basis to aware the occupants how to escape out in case of any natural or other technological disaster.

Health Safety Environment Department has developed following manuals/booklets:

- Emergency Response Manual
- Business Continuity Plan
- Small pocket size Fire Safety Guide Book in Urdu provided to all employees for study and review
- Project Fire & Safety (Passive and Active Management System) Guide Lines
- HSE Management System Code Of Practices
- Contractor Fire & Safety Management System

We have implemented procedures based on nationally and internationally recognized laws and customers' code of conduct, covering occupational environment, safety and health.

By the Grace of Almighty Allah, since the beginning of its operation, there has been no fatality at Gatron (Industries) limited and we take every precaution to keep it at "Zero".

Our aim for the years to come is "Zero". We have set our objective to reduce our Lost Time Injury cases by "50%" in the year 2023-24 and "75%" by June 2025. Which means that 5 injuries in the year 2022 and 2 injuries by the year 2025.

Safety is Gainful & Accident is Painful

INFORMATION TECHNOLOGY

Gatron Industries Limited went live with Tier 1 ERP, SAP S/4 HANA in July 2022. The initiative was part of the future proofing strategy to ensure that standardized processes and best practices are implemented pivoting the organization from people centric to process centric approach.

To fully leverage data for decision making, it is also vital to have Data Governance in place, Gatron Industries Limited achieved it through holistic Data Governance Framework and automating the process of Master Data Governance through centralized MDG tool. MDG tool provides central data quality checks and deduplication of master across systems resulting in improved planning and reporting.

To further enhance and streamline the planning process, SAP PPDS was also implemented. This enabled planning based on heuristics which resulted in increased production





throughput, better production and procurement planning and improved on time delivery performance.

Employee Self Service and Manager Self Service were also made available with Success Factors Employee Central implementation which is part of the top-of-the-line HXM suite of applications. Performance and Goal Management was also covered through Success Factors modules of PMGM. It would enable better employee experience and streamlined HR related processes execution.

On GRC front, Position based Roles and Authorization were implemented with SAP GRC Access Control. Gatron (Industries) Limited now has the capability to provide access to its critical information assets based on Golden rule set including but not limited to Segregation of Duties and Fire Fighter IDs. UI masking was also implemented to mask critical information and only make it available on need-to-know basis within the system.

Integrations with Banks and Shop floor through a service layer was also implemented to ensure secure interaction between systems and shop floor equipment. Pakistan's first Treasury and Risk Management module was also implemented during this tenure to manage the borrowings and optimize their financial risks.

Warehouse operations were automated using QR Code based handheld devices for issuance, bin to bin transfer and dispatches using handheld devices for accurate real time warehouse operations.

Enterprise class Data Warehouse has also been implemented to ingest data from multiple data sources and leverage the same data for analytics and planning in future. Selected reporting has already been developed leveraging this data using SAP AFO capabilities.

In next year, the focus would be on optimization of these already implemented technologies as well as implementation of full fledged Augmented Analytics and Planning function and as Integrated Business Planning functionalities.

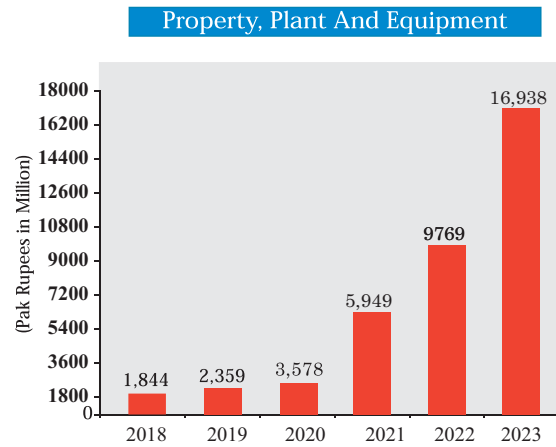
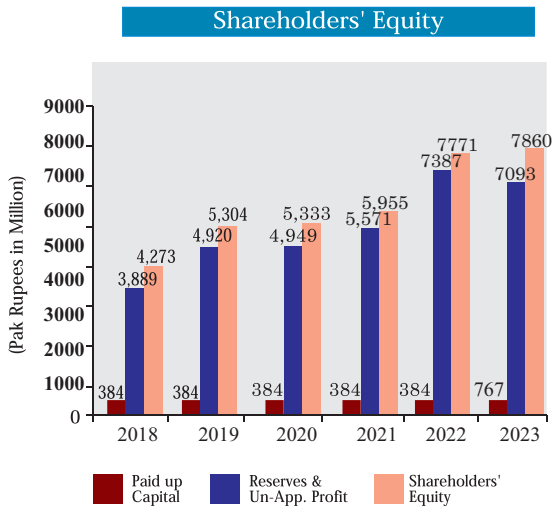
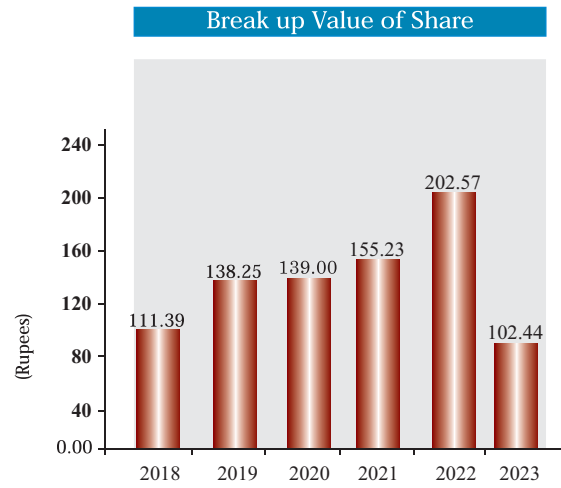
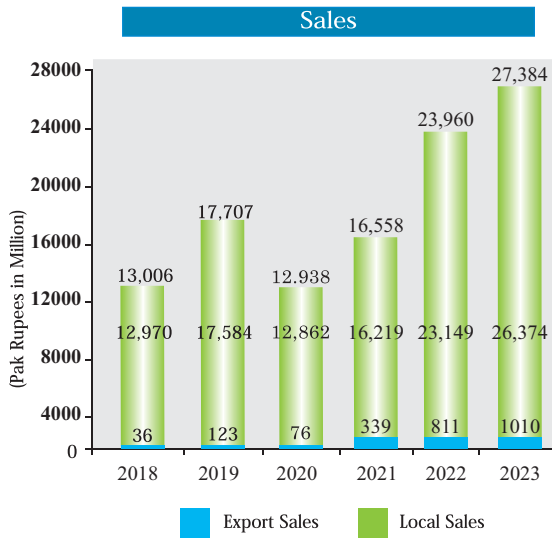


Financial Highlights

Particulars	2022	2021	2020	2019	2018	2017
Operating Results						
Pak Rupees in Thousands						
Sales	23,959,654	16,557,561	12,938,377	17,707,325	13,006,437	12,325,651
Gross Profit	3,176,386	1,866,775	945,052	1,655,654	1,247,390	261,944
Operating Profit	2,646,192	1,316,094	451,250	1,001,225	653,512	(164,314)
Profit / (Loss) after taxation	1,827,244	1,065,724	1,060,633	1,794,735	981,856	57,464
Percentage						
Dividend	0.00	0.00	125.00	265.00	102.50	0.00
Financial Position						
Pak Rupees in Thousands						
Paid up Capital	383,645	383,645	383,645	383,645	383,645	383,645
Reserves & unappropriated profit	7,387,797	5,571,507	4,949,084	4,920,353	3,889,724	2,987,893
Property, Plant & Equipment	9,769,076	5,949,200	3,577,722	2,359,404	1,843,643	2,022,061
Current Assets	13,366,480	8,272,998	5,699,899	5,784,987	5,059,281	4,921,715
Current Liabilities	9,407,985	5,562,385	3,362,395	2,946,343	2,891,778	3,655,306
Net Current Assets	3,958,495	2,710,613	2,337,504	2,838,644	2,167,503	1,266,409
Long Term Liabilities	5,696,304	2,840,439	1,174,783	126,540	-	136,034
Deferred Liabilities	795,533	502,344	415,372	373,162	337,260	394,508
Financial Ratios & Percentages						
Percentages						
Gross Profit Ratio	13.26	11.27	7.30	9.35	9.59	2.13
Return on Capital Employed	20.86	16.05	25.53	39.03	25.90	1.02
Return on Equity	23.51	17.90	19.89	33.84	22.98	1.70
Number of Times						
Inventory Turnover	4.09	4.71	4.58	5.76	4.77	5.72
Debtors Turnover	6.64	6.46	6.88	13.33	9.45	10.39
Total Assets Turnover	1.24	1.32	1.36	2.18	1.73	1.75
Fixed Assets Turnover	3.05	3.48	4.36	8.43	6.73	6.20
Interest Cover	9.30	11.48	8.15	137.63	86.43	1.20
Ratio						
Debt-Equity	43 : 57	33 : 67	18 : 82	2 : 98	0 : 100	4 : 96
Current Ratio	1.42 : 1	1.48 : 1	1.70 : 1	1.96 : 1	1.75 : 1	1.35 : 1
Per Share Results and Returns						
Pak Rupees						
Break-up Value	202.57	155.23	139.00	138.25	111.39	87.88
Earnings per Share – Basic and diluted*	23.81	27.78	27.65	46.78	25.59	1.50
Dividend per Share	0.00	0	12.50	26.50	10.25	0.00
Percentages						
Dividend Yield	0.00	0.00	2.17	9.37	4.61	0.00
Dividend Pay Out	0.00	0.00	45.21	56.65	40.05	0.00
Number of Times						
Price Earning Ratio – Year end price*	17.51	17.11	20.80	6.04	8.70	58.33
Share Performance						
Pak Rupees						
Highest	450.00	700.00	575.12	360.00	280.00	117.64
Lowest	399.00	425.50	268.64	211.00	80.00	84.05
At year end	417.00	475.20	575.12	282.78	222.56	87.50

* 2022 data restated

Graphical Presentation





GATRON (INDUSTRIES) LIMITED



Independent Auditor's Review Report to the Members of Gatron (Industries) Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Gatron (Industries) Limited (the company) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

Kreston Hyder Bhimji & Co.
Chartered Accountants
Karachi: October 04, 2023
UDIN Number: CR2023102259hOXtQWHq

Suite No. 1601, 16th Floor, Kashif Centre, Shahr-e-Faisal, Karachi. Phone: 92-21-35640050 – 52
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OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

A member of Kreston Global

Statement Of Compliance With Listed Companies (Code Of Corporate Governance) Regulations, 2019

Name of company: Gatron (Industries) Limited
Year ended: June 30, 2023

The Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

1. The total number of directors are 10 (Ten) as per the following:
 - a) Male: 9
 - b) Female: 1

2. The composition of board is as follows:

a) Independent Directors	Mr. Muhammad Waseem *
	Mr. Talat Iqbal *
	Ms. Huma Rafique *
b) Other Non-Executive Directors	Mr. Abdul Razak Diwan
	Mr. Zakaria Bilwani
	Mr. Usman Habib Bilwani
	Mr. Muhammad Iqbal Bilwani
	Mr. Saqib Haroon Bilwani **
c) Executive Directors	Mr. Shabbir Diwan
	Mr. Muhammad Taufiq Bilwani

- * [The Independent Directors meets the criteria of Independence under Section 166(2) of the Companies Act, 2017]
- ** [During this year, Mr, Saqib Haroon Bilwani has been appointed as a Director in place of Late Haroon Bilwani]

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.

4. The company has prepared Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy, and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 ("the Act") and the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("CCG Regulations").

7. The meetings of the board were presided over by the Chairman. The board has complied with the requirements of the Act and the CCG Regulations with respect to



- frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the CCG Regulations.
 9. Out of ten, nine Directors have either obtained Certificate of Director's Training Program or are exempted from the requirement of Director's Training Program as per the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, during the year, no Director's Training Program was arranged.
 10. The Board has approved appointment of Chief Financial Officer, Company Secretary and head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
 11. The duties of the Company Secretary and Chief Financial Officer segregated and complied with the relevant requirements of the CCG Regulations.
 12. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
 13. The board has formed committees comprising of members given below:
 - a) Audit Committee: Muhammad Waseem - Chairman
Muhammad Iqbal Bilwani
Saqib Haroon Bilwani
Talat Iqbal
 - b) HR and Remuneration Committee: Talat Iqbal - Chairman
Usman Habib Bilwani
Muhammad Iqbal Bilwani
 14. The terms of reference of the aforesaid committees have been formed, documented, and advised to the committee for compliance.
 15. The frequency of meetings of the committees were as per following:
 - a) Audit Committee: 04 meetings
 - b) HR and Remuneration Committee: 04 meetings
 16. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
 17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.



18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the CCG regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
19. We confirm that all other requirements of Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with.

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

October 03, 2023



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATRON (INDUSTRIES) LIMITED

Report on the Audit of Un-Consolidated Financial Statements

Opinion

We have audited the annexed un-consolidated financial statements of **Gatron (Industries) Limited**, ("the Company") which comprise the un-consolidated statement of financial position as at June 30, 2023, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity, the un-consolidated statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the un-consolidated statement of financial position, un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the un-consolidated financial statements of the current year. These matters were addressed in the context of our audit of the un-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the Key audit matters:

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Stock in Trade:</p> <p>The Company has significant levels of inventories amounting to Rs. 11.387 billion as at the reporting date, being 30% of total assets of the Company. A number of estimates are involved in the valuation of inventories and judgment has also been applied by management in determining the net realizable values of inventories.</p> <p>The significance of the balance coupled with the judgments and estimates involved in their valuation has resulted in inventories being considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ➤ Attended the stock taking to gain comfort over the existence and condition of inventories and internal controls designed by the Company. ➤ Obtained valuation sheets of inventories, traced quantities from working papers of observation of physical stock taking on sample basis. ➤ Obtained understanding of internal controls designed by the Company over recording of purchases and valuation of inventories, and tested their operating effectiveness on sample basis. ➤ Verified historical costs recorded in inventory valuation by performing test of details on purchases and also examined computation of average costs on sample basis. ➤ Assessed the management's determination of net realizable values including testing of sales prices fetched by the Company before and after year end on sample basis. ➤ Performed analytical and other relevant audit procedures. ➤ Evaluated the adequacy of un-consolidated financial statements presentation and disclosures with respect to inventories in the light of applicable financial reporting framework.
2.	<p>Property, plant and equipment</p> <p>During the year, the Company has incurred significant capital expenditures as disclosed in note 4 of the annexed un-consolidated financial</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ➤ Obtaining an understanding of the Company's process with respect to capital expenditure including determination of useful lives and

	<p>statements.</p> <p>Capital expenditures incurred during the year represent significant transactions and involve judgments in respect of capitalisation of elements of eligible components of costs, including borrowing costs, as per the applicable reporting standards in determining, when the assets are available for use and estimation of their useful lives and residual value.</p> <p>Accordingly, we have identified the capital expenditure and as a key audit matter.</p>	<p>testing the Company's controls in this area;</p> <ul style="list-style-type: none"> ➤ Evaluated whether the components of capitalized cost including borrowing cost meet the recognition criteria for capitalization as set out in the relevant applicable accounting standard; ➤ Checked the timing of capitalisation by examining, on a sample basis, relevant completion certificates and other ➤ related information; ➤ Examined, on a sample basis, vendors' agreements, invoices and payments made for acquisition, installations of the operating assets capitalized during the year in order to assess the nature, occurrence and the accuracy with which the costs were capitalized; and ➤ Assessed the adequacy of the Company's disclosures in accordance with the applicable financial reporting framework.
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Information Other than the un-consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the un-consolidated financial statements and our auditors' report thereon.

Our opinion on the un-consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the un-consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the un-consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Responsibilities of Management and Board of Directors for the un-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the un-consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of un-consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the un-consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the un-consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the un-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the un-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the un-consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the un-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the un-consolidated statement of financial position, the un-consolidated statement of profit or loss, the un-consolidated statement of comprehensive income, the un-consolidated statement of changes in equity and the un-consolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;



- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

Chartered Accountants
Karachi:
Dated: October 04, 2023
UDIN: AR2023102250B5NgdAf9



GATRON (INDUSTRIES) LIMITED

Un-consolidated Statement of Financial Position AS AT JUNE 30, 2023

(Rupees in Thousand)

ASSETS	Note	2023	2022
Non - Current Assets			
Property, plant and equipment	4	16,938,295	9,769,076
Intangible assets	5	70,177	59,594
Long term investments	6	389,745	402,569
Long term loans	7	174,449	70,699
Long term deposits	8	4,919	2,845
		17,577,585	10,304,783
Current Assets			
Stores, spare parts and loose tools	9	1,579,468	1,315,073
Stock in trade	10	11,386,739	6,318,100
Trade debts	11	3,975,789	4,322,527
Loans and advances	12	310,314	276,461
Current portion of long term loans	13	74,848	149,736
Trade deposits and short term prepayments	14	389,068	225,601
Other receivables	15	1,846,390	551,613
Advance income tax		100,000	66,000
Sales tax refund due from Federal Government	16	-	8,634
Cash and bank balances	17	336,613	132,735
		19,999,229	13,366,480
TOTAL ASSETS		37,576,814	23,671,263
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	767,290	383,645
Capital reserves	19	6,383,645	383,645
General reserve	20	-	3,250,000
Unappropriated profit		709,132	3,754,151
		7,860,067	7,771,441
LIABILITIES			
Non - Current Liabilities			
Long term financing	21	8,179,328	5,696,304
Deferred liabilities and income	22	1,672,727	795,533
		9,852,055	6,491,837
Current Liabilities			
Trade and other payables	23	9,244,061	3,668,083
Unclaimed dividend		21,055	21,381
Unpaid dividend	24	20,801	-
Accrued mark up/ profit	25	882,396	205,251
Short term borrowings	26	8,474,415	4,891,866
Current portion of long term financing	21	732,545	277,228
Current portion of non-current Liabilities	27	233,987	70,767
Provision for income tax less payments	28	255,432	273,409
		19,864,692	9,407,985
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		37,576,814	23,671,263

The notes 1 to 50 annexed herewith form an integral part of these un-consolidated financial statements.

SHABIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Buying/Selling closing conversion rates were 1 US\$ = Rs.286.60/287.10, 1 Euro € = Rs.313.72/314.27 and 1 Pound £ = Rs.364.77/365.40



GATRON (INDUSTRIES) LIMITED

Un-consolidated Statement of Profit or Loss FOR THE YEAR ENDED JUNE 30, 2023

		(Rupees in Thousand)	
	Note	2023	2022
Sales	30	27,383,780	23,959,654
Cost of sales	31	25,930,150	20,783,268
Gross profit		1,453,630	3,176,386
Distribution and selling costs	32	383,738	298,264
Administrative expenses	33	499,156	347,744
Other operating expenses	34	91,867	239,983
		974,761	885,991
		478,869	2,290,395
Other income	35	74,599	355,797
Operating profit		553,468	2,646,192
Finance costs	36	1,074,505	312,727
		(521,037)	2,333,465
Investment income - Dividend	37	1,072,313	225,750
Profit before income tax		551,276	2,559,215
Income tax - Current & prior		338,675	520,225
- Deferred		7,301	211,746
	38	345,976	731,971
Profit after income tax		205,300	1,827,244
			Restated
Earnings per share - Basic and diluted (Rupees)	39	2.68	23.81

The notes 1 to 50 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

Un-Consolidated Statement of Comprehensive Income FOR THE YEAR ENDED JUNE 30, 2023

		(Rupees in Thousand)	
	Note	2023	2022
Profit after income tax		205,300	1,827,244
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Loss on remeasurement of defined benefit plan having nil tax impact	22.2	(1,581)	(10,955)
Total comprehensive income		<u>203,719</u>	<u>1,816,289</u>

The notes 1 to 50 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

Un-Consolidated Statement of Changes in Equity FOR THE YEAR ENDED JUNE 30, 2023

	Share Capital	Capital reserve	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 year ended June 30, 2022	-	-	-	1,816,289	1,816,289
Balances as at June 30, 2022	383,645	383,645	3,250,000	3,754,151	7,771,441
Total comprehensive income for the year ended June 30, 2023	-	-	-	203,719	203,719
Transfer to capital reserves	-	6,000,000	(3,250,000)	(2,750,000)	-
Transactions with owners					
Interim cash dividend for the year ended June 30, 2023 at Rs.3.00 per share i.e. @30%	-	-	-	(115,093)	(115,093)
Issuance of Bonus shares @100% i.e. Rs.10 per share	383,645	-	-	(383,645)	-
	383,645	-	-	(498,738)	(115,093)
Balances as at June 30, 2023	767,290	6,383,645	-	709,132	7,860,067

The notes 1 to 50 annexed herewith form an integral part of these un-consolidated financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

Un-Consolidated Statement of Cash Flows FOR THE YEAR ENDED JUNE 30, 2023

(Rupees in Thousand)

	Note	2023	2022 (Restated)
Cash Flows (towards)/from Operating Activities			
Profit before income tax		551,276	2,559,215
Adjustments for:			
Depreciation	4.2	932,071	789,611
Provision for defined benefit plan	22.2	89,744	62,567
Gain on disposal of property, plant and equipment	35	(5,040)	(261,284)
Loss on disposal of property, plant and equipment	34	-	318
Impairment in long term investments	34	26,316	20,820
(Reversal)/impairment allowance for ECL-net	11.6	(3,501)	6,636
Impairment allowance for slow moving stores, spare parts and loose tools-net	9.1	16,189	22,838
Amortisation of interest free long term loan to subsidiary company	35	(18,463)	(16,000)
Amortisation of intangible asset	5	10,025	-
Remeasurement gain on discounting of provision for GIDC	35	(4,417)	(11,081)
Investment income - Dividend	37	(1,072,313)	(225,750)
Finance costs	36	1,074,505	312,727
		<u>1,045,116</u>	<u>701,402</u>
		1,596,392	3,260,617
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(280,584)	(453,040)
Stock in trade		(5,068,639)	(2,477,754)
Trade debts		350,239	(1,431,962)
Loans and advances		(33,853)	(214,608)
Trade deposits and short term prepayments		(163,467)	(71,697)
Other receivables		(1,294,777)	(232,781)
Sales tax refund due from Federal Government		8,634	-
		<u>(6,482,447)</u>	<u>(4,881,842)</u>
Increase in Trade and other payables		5,591,418	1,759,042
Cash flows from operations before following		<u>705,363</u>	<u>137,817</u>
(Payments for)/receipts of:			
Long term loans		(23,891)	(24,347)
Long term deposits		(2,074)	2
Defined benefit plan	22.2	(25,820)	(9,434)
Finance costs		(397,360)	(146,261)
Income tax		(390,530)	(361,213)
Group taxation impact		(122)	(1,499)
Net cash flows towards operating activities		<u>(134,434)</u>	<u>(404,935)</u>
Cash Flows (towards)/from Investing Activities			
Additions in property, plant and equipment		(8,114,323)	(4,500,927)
Proceeds from disposal of property, plant and equipment	4.4	18,073	267,241
Additions in intangible assets	5	(20,608)	(23,696)
Dividend received	37	1,072,313	225,750
Net cash flows towards investing activities		<u>(7,044,545)</u>	<u>(4,031,632)</u>
Cash Flows from/(towards) Financing Activities			
Long term financing - proceeds received		4,123,805	3,185,617
Long term financing - repayments		(228,879)	(90,428)
Short term borrowings - net		(550,000)	(890,000)
Dividend paid		(94,618)	(130)
Net cash flows from financing activities		<u>3,250,308</u>	<u>2,205,059</u>
Net decrease in cash and cash equivalents		<u>(3,928,671)</u>	<u>(2,231,508)</u>
Cash and cash equivalents at the beginning of the year		<u>(3,409,131)</u>	<u>(1,177,623)</u>
Cash and cash equivalents at the end of the year	40	<u>(7,337,802)</u>	<u>(3,409,131)</u>

The notes 1 to 50 annexed herewith form an integral part of these un-consolidated financial statements.

SHABIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

Notes to the Un-Consolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2023

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 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 manufacturing facility of the Company is situated at Plot No 441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub Chowki, Distt 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 The Company also wholly owns following Subsidiary Companies:

- 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 Statement of Compliance

These un-consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and
- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2023

2.2.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial reporting.

2.2.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's un-consolidated financial statements other than certain additional disclosures.



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Effective from accounting period beginning on or after:

IAS - 1	Presentation of financial statements (Amendment regarding classification of liabilities)	January 01, 2023
IAS - 8	Accounting Policies, Changing in Accounting Estimates and Errors (Amendments regarding change in definition of accounting estimate)	January 01, 2023
IAS - 12	Income Taxes (Amendments) (Amendment regarding International Tax Reform)	January 01, 2023
IAS - 7	Statement of Cash Flows (Amendments) (Amendment regarding supplier finance arrangements)	January 01, 2023
IFRS - 4	Insurance Contracts (Amendments)	January 01, 2023
IFRS - 7	Financial Instruments	January 01, 2023
IFRS - 16	Leases (Amendments) (Amendment regarding lease liability in a sale and leaseback)	January 01, 2024

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC 12	Service Concession Arrangement

2.3 Basis of measurement

These un-consolidated financial statements have been prepared under the historical cost convention except otherwise specifically stated in note 3.

These un-consolidated financial statements are the separate financial statements of the Company in which Investment in subsidiaries has been accounted for at cost less accumulated impairment losses, if any.

These un-consolidated financial statements have been prepared following accrual basis of accounting except for statement of cash flows.

2.4 Critical Accounting Estimates and Judgments

The preparation of un-consolidated financial statements requires management to make judgments, estimates and assumptions that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that, in the considered opinion of the management, are reasonable, under the circumstances, the results whereof provide the basis of making judgment in relation to carrying value of assets and liabilities that are not readily measurable, using other means. The definitive impact of ultimate outcome, may fluctuate from these estimates.

The estimates and underlying assumptions are periodically appraised. Revision to accounting estimates is recognized and effect is given in the period in which estimates are revised, or in the period of the revision and future periods as appropriate.

Judgments made by the management that have significant effect on the un-consolidated financial statements and estimates with a significant probability of material adjustment in future are disclosed hereunder:



2.4.1 Property, plant and equipment

The Company's management reviews the estimated useful lives and related depreciation charge for its property, plant and equipment on each reporting date. The Company reviews the value of the assets for possible impairment on each reporting date where there is any such indication. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

2.4.2 Trade debts, advances and other receivables

The estimates of doubtful trade debts, advances and other receivables are made, using and appropriately judging the relevant inputs and applying parameters as stated in note 3.3 & 3.7, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is recorded as and when it takes place.

2.4.3 Stock in trade

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the carrying values on each reporting date. Net realisable value is determined with respect to estimated selling prices less estimated expenditure to make the sales.

2.4.4 Stores, spare parts and loose tools

The estimate of slow moving and obsolete stores, spare parts and loose tools, are made, using and appropriately judging the relevant inputs and applying the parameter i.e. age analysis and obsolescence, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is recorded as and when it takes place.

2.4.5 Defined benefit plan

The actuarial valuation of defined benefit plan, have been premised on certain actuarial hypothesis, as disclosed in note 3.9.2 and 22.2. Changes in assumptions in future years may affect the liability under this scheme upto those years.

2.4.6 Income tax

In making the estimate for income tax liabilities, the management considers current income tax law and the decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate, as also stated disclosed in note 3.12.

2.4.7 Impairment of investment in Subsidiary Companies

In making an estimate of recoverable amount of the Company's investment, the management considers breakup value of shares of respective period, see note 3.4.

2.4.8 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

2.5 Functional and presentation currency

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



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3 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these 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, 2022. The principal accounting policies applied in the preparation of these un-consolidated financial statements are set out below:

3.1 Property, plant and equipment

Recognition & measurement:

These are stated 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. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Depreciation:

Depreciation is charged on diminishing balance method at the rates mentioned in Note 4.1, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation on addition is charged from the month of the asset is available for use upto the month prior to disposal.

The Company has changed its estimate of useful life of certain Plant and Machinery 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 year would have been decreased by Rs.8.577 million and the value of Property, plant and Equipment would also have been decreased by Rs.8.577 million.

Subsequent costs:

Subsequent costs (including those on account of major repairs) are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future additional economic benefits associated with such additional cost will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance incurred are taken to statement of profit or loss.

Impairment:

The carrying amounts of the Company's assets are reviewed at each reporting date where there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their respective estimated recoverable amounts. Where estimated carrying amounts exceed the respective recoverable amounts, the estimated carrying amounts are appropriately adjusted with impairment loss recognised in statement of profit or loss for the period. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value means the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Write off:

An item of property, plant and equipment is derecognised when no economic future benefits are expected from its use.

Gain or Loss:

Gain or loss on disposal of property, plant and equipment, if any, is taken to statement of profit or loss.



3.2 Intangible Assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding, beyond one year, are recognised as an intangible asset.

These are stated at cost less accumulated amortisation and impairment, if any except capital work in progress which are stated at cost. Intangible assets are amortised on straight line basis over its estimated useful life(s). Amortisation on additions during the financial year is charged from month in which the asset is intended to use, whereas no amortisation is charged from the month the asset is disposed-off.

3.3 Impairment

Financial assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets and



inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the un-consolidated statement of profit or loss.

3.4 Investments

Subsidiary Companies

Investment in Subsidiary Companies are initially recognized at cost. The carrying amount of investments is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the investment's recoverable amount is estimated which is higher of its value in use and its fair value / breakup value less cost to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

3.5 Stores, spare parts and loose tools

These are valued at weighted average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges incurred thereon till the reporting date. Adequate impairment allowance is made for slow moving and obsolete items based on parameter set out by the management as stated in note 2.4.4. The major value spares and stand by equipments are capitalized and depreciated according to their useful life.

3.6 Stock in trade

These are valued at lower of weighted average cost and net realisable value. The value of goods in process and finished goods represents costs of direct materials plus applicable labour and production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Stock in transit is valued at cost comprising invoice value plus other incidental charges incurred thereon upto the reporting date.

3.7 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. Export debtors are translated into Rupee at the rate prevailing on the reporting date. An expected credit loss is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the trade debts. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

3.8 Cash and cash equivalents

For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and running finance. Running finance are shown within short term borrowings.

3.9 Employees' post employment benefits

3.9.1 Defined contribution plan

The Company provides provident fund benefits to all its eligible employees. Equal contributions are



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made, both by the Company and the employees and the same is charged to the statement of profit or loss.

The Company has ceased defined contribution plan (staff provident fund) w.e.f 01-07-2022 for eligible employees.

3.9.2 Defined benefit plan

The Company operates an unfunded defined gratuity scheme, in addition to defined contribution plan being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation by an independent actuary using the "Projected Unit Credit Method". The latest actuarial valuation was conducted on the balances as at June 30, 2023.

3.10 Compensated unavailed leaves

The Company accounts for its estimated liability towards unavailed leaves accumulated by employees on accrual basis.

3.11 Government scheme

This represents assistance in form of transfer of resources to an entity by government entity in return for the compliance with certain past or future conditions related to the entity's operating activities. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes benefits under the government schemes when there is reasonable assurance that benefits of the schemes will be received and the Company will be able to comply with conditions associated with schemes. These benefits are recognized at fair value, as deferred income.

Schemes that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. schemes that compensate for the cost of an asset are recognized in income on systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loan at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit under the government financing scheme is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the scheme.

3.12 Income Tax

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax u/s 113 and alternate corporate tax u/s 113C of the Income Tax Ordinance, 2001, whichever is higher. The Company to the extent of export sales fall under the final tax regime u/s 154 read with section 169 of the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the period for such years.

Deferred

The Company accounts for deferred income tax on all temporary timing differences using the liability method. Deferred income tax assets are recognised to the extent, it is probable that taxable profit will be available against which, the deductible temporary differences, unused tax losses and tax credits, can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. In this regard, the effect on deferred taxation of the portion of income expected to



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be subject to final tax regime is adjusted.

3.13 Trade and other payables

Trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services recognized upto reporting date.

3.14 Provision

Provision is recognised when the Company has present legal or constructive obligation as a result of past event, if it is probable that an outflow of economic resources will be required to settle the obligation, and reliable estimate of the amounts can be made.

3.15 Borrowings and their costs

Borrowings are recorded as the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction, installation or production of a qualifying asset, where borrowing costs, if any, are capitalised as part of the cost of that asset.

3.16 Foreign currency transactions and translation

Foreign currency transactions are recorded into Rupee using the prevailing exchange rates. As on reporting date, monetary assets and liabilities in foreign currencies are translated into Rupee at the prevailing exchange rates on the reporting date. Resultant exchange differences are taken to statement of profit or loss.

3.17 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The revenue from diverse sources is recognised as explained below:

- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.
- Processing services are recognised on completion of services rendered.
- Dividend income is recognised when the right of receipt is established.
- Income from rent is recognized on accrual basis.
- Storage and handling income is recognised on performing services or issuance of invoices.
- Profit on deposits is recognised using the effective interest method.

3.18 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.



3.19 Dividend and appropriation to reserve

Liability for dividend and appropriation to reserve are recognised in the un-consolidated financial statements in the period in which these are approved.

Transfer between reserves made subsequent to the reporting date is considered as a non-adjusting event and is recognised in the period in which such transfers are made.

3.20 Financial instruments

Initial measurement of financial asset

The Company classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition

Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

3.21 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.



A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

3.22 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the statement of financial position, if the Company has a legally enforceable right to set-off the recognised amounts and the Company intends either to settle on a net basis or to realise the asset and discharge the liability simultaneously.

3.23 Operating segments

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure if any, is the total cost incurred during the year to acquire property, plant and equipment. Segment results are stated in note 43.

3.24 Contingent liabilities

Contingent liability is disclosed when

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

		(Rupees in Thousand)	
	Note	2023	2022
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	6,034,197	6,321,928
Capital work in progress	4.6	10,904,098	3,447,148
		<u>16,938,295</u>	<u>9,769,076</u>

4.1 Operating fixed assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land								
(Rupees in Thousand)												
Net carrying value												
Year ended June 30, 2023												
Net book value (NBV) as at 01st July, 2022	53,483	45,574	433	830,304	954	5,165,507	2,418	42,956	3,994	176,305	-	6,321,928
Additions	-	-	-	422	-	142,213	650	12,467	10,450	59,813	-	226,015
Transfer from capital work in progress (Note 4.3)	-	-	-	27,538	-	403,820	-	-	-	-	-	431,358
Disposal at NBV	-	-	-	-	56	-	-	-	-	12,977	-	13,033
Depreciation	-	-	43	83,553	91	797,115	495	9,498	1,657	39,619	-	932,071
Net book value as at 30th June, 2023	53,483	45,574	390	774,711	807	4,914,425	2,573	45,925	12,787	183,522	-	6,034,197
Gross carrying value												
At June 30, 2023												
Cost	53,483	45,574	14,248	1,340,380	3,921	11,503,571	5,316	117,158	25,459	381,635	-	13,490,745
Accumulated depreciation	-	-	13,858	565,669	3,114	6,589,146	2,743	71,233	12,672	198,113	-	7,456,548
Net book value	53,483	45,574	390	774,711	807	4,914,425	2,573	45,925	12,787	183,522	-	6,034,197
Depreciation rate - % per annum	-	-	10	10	10	15 to 20	20	20	20 to 30	20	-	-
Net carrying value												
Year ended June 30, 2022												
Net book value (NBV) as at 01st July, 2021	26,390	45,574	481	354,413	1,642	3,054,745	503	45,380	5,492	164,703	2,392	3,701,715
Additions	27,540	-	-	542,659	-	182,070	2,085	7,665	-	52,456	-	271,816
Transfer from capital work in progress (Note 4.3)	-	-	-	-	-	2,601,624	-	-	-	-	-	3,144,283
Transfer at NBV	-	-	-	-	-	2,033	-	-	-	-	(2,033)	-
Disposal at NBV	447	-	-	-	563	2,030	-	39	-	3,196	-	6,275
Depreciation	-	-	48	66,768	125	672,935	170	10,050	1,498	37,658	359	789,611
Net book value as at 30th June, 2022	53,483	45,574	433	830,304	954	5,165,507	2,418	42,956	3,994	176,305	-	6,321,928
Gross carrying value												
At June 30, 2022												
Cost	53,483	45,574	14,248	1,312,420	4,171	10,957,538	4,666	104,691	15,009	345,900	-	12,857,700
Accumulated depreciation	-	-	13,815	482,116	3,217	5,792,031	2,248	61,735	11,015	169,595	-	6,535,772
Net book value	53,483	45,574	433	830,304	954	5,165,507	2,418	42,956	3,994	176,305	-	6,321,928
Depreciation rate - % per annum	-	-	10	10	10	15 to 25	20	20	20 to 30	20	15	-





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(Rupees in Thousand)

4.2 Depreciation for the year has been allocated as follows:

	Note	2023	2022
Cost of sales	31	917,990	778,434
Distribution and selling costs	32	1,851	2,812
Administrative expenses	33	12,230	8,365
		<u>932,071</u>	<u>789,611</u>

4.3 It includes borrowing cost of Rs.5.176 million (2022: Rs.24.841 million). Effective rate of borrowing cost is 3% (2022: 3% to 4%).

4.4 Detail of property, plant and equipment disposed off during the year :

(Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
OFFICE PREMISIES						
Items having book value upto Rs.500 thousand each	250	56	990	934	Various	Various
Sub Total	250	56	990	934		
MOTOR VEHICLES						
Toyota Corolla BLQ-542	1,894	711	847	136	Company Policy	Syed Aftab Alam Employee of the company
Honda BR-Vtec BJ-2293	3,497	2,658	3,361	703	Company Policy	Mr. Rizwan Saeed Employee of the company
KIA Sportage BH-9391	4,405	3,066	4,232	1,166	Company Policy	Mr. Asad ul Azim Employee of the company
Honda Civic I-VTEC BKN-122	2,363	768	1,379	611	Company Policy	Mr. Muhammad Tufail Employee of the company
Toyota Corolla GLI BLM-192	1,969	678	886	208	Company Policy	Syed Sarfaraz Employee of the company
Toyota Corolla Altis BJM-407	1,999	570	1,047	477	Company Policy	Mr. Abdul Razzak Employee of the company
Toyota Corolla Altis LED-19-3787	2,606	1,056	1,071	15	Company Policy	Mr. Naeem Ahmed Employee of the company
Honda BRV i-Vtec BK-7340	3,707	3,027	3,027	-	Negotiation	Novatex Limited Karachi
Items having book value upto Rs.500 thousand each	1,638	443	1,233	790	Various	Various
Sub Total	24,078	12,977	17,083	4,106		
Total - 2023	24,328	13,033	18,073	5,040		
Total - 2022	90,354	6,275	267,241	260,966		

(Rupees in Thousand)

4.4.1 Detail of net gain/(loss) on disposal of property, plant & equipment

	Note	2023	2022
Gain on disposal of Property, Plant & Equipment	35	5,040	261,284
Loss on disposal of Property, Plant & Equipment	34	-	(318)
		<u>5,040</u>	<u>260,966</u>



4.5 Particulars of Company's immovable operating fixed assets are as follows :

Particulars	Location	Approximate Area
Land		
Freehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	14 Acres
Freehold	Manghopir, Gadap Town, Karachi	13 Acres
Leasehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	35 Acres
Building		
On Freehold land	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	5,500 Sq. Meters
On Leasehold land	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	142,300 Sq. Meters
Office Premises	M.A Jinnah Road / Dunolly Road Karachi	350 Sq. Meters
Office Premises	I.I Chundrigar Road, Karachi	225 Sq. Meters
Office Premises	Jinnah Road, Quetta	115 Sq. Meters
Office Premises	Katcheri Bazar, Faisalabad	85 Sq. Meters

4.6 Capital Work-in-Progress

(Rupees in Thousand)

	Balance as at July 1, 2022	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2023
Factory building on lease hold land under construction	313,712	587,752	(27,538)	873,926
Plant and machinery under erection	3,133,436	7,300,556	(403,820)	10,030,172
	3,447,148	7,888,308	(431,358)	10,904,098

	Balance as at July 1, 2021	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2022
Factory building on lease hold land under construction	381,665	474,706	(542,659)	313,712
Plant and machinery under erection	1,865,820	3,869,240	(2,601,624)	3,133,436
	2,247,485	4,343,946	(3,144,283)	3,447,148

4.6.1 It includes borrowing cost of Rs.706.912 million (2022: Rs.99.831 million) and net of with amortization of government scheme amounting to Rs.97.775 million (2022: Rs.Nil). Effective rate of borrowing cost ranges between 3% to 22.67% (2022: 3% to 15.28%).

(Rupees in Thousand)

	Note	2023	2022
5 INTANGIBLE ASSETS			
Software & licences			
Balance as at start of the year		59,594	35,898
Additions during the year		20,608	23,696
		80,202	59,594
Amortization during the year	33	(10,025)	-
Balance as at end of the year		70,177	59,594

5.1 During the year, the Company has successfully implemented SAP S/4 HANA ERP System, which is being amortised over a period of 8 years.



6 LONG TERM INVESTMENTS		(Rupees in Thousand)	
		2023	2022
Wholly Owned Subsidiary Companies - Unquoted			
22.575 million (2022: 22.575 million) shares including 7.525 million bonus shares in Messrs. Gatro Power (Private) Limited	6.1	150,500	150,500
35,000 (2022: 35,000) shares in Messrs. Global Synthetics Limited	6.2	350	350
Impairment loss	6.3	(349)	(325)
		1	25
25 million (2022: 25 million) shares in Messrs. G-Pac Energy (Private) Limited	6.4	250,000	250,000
Present value discounting impact of interest free long term loan to Messrs. G-Pac Energy (Private) Limited	6.5	64,041	50,549
Impairment loss	6.6	(74,797)	(48,505)
		239,244	252,044
		389,745	402,569
6.1 The value of investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2023 amounted to Rs.1,913.570 million (2022: Rs.2,368.916 million).			
6.2 The value of the investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2023 amounted to Rs.1 thousand (2022: Rs.25 thousand).			
6.3 Impairment loss			
Balance as at start of the year		325	295
Charge for the year		24	30
Balance as at end of the year		349	325
6.4 The value of the investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2023 amounted to Rs.239.244 million (2022: Rs.252.044 million).			
6.5 This represents difference between receipt value and present value discounting at relevant risk free rate of interest free loan given to Subsidiary Company.			
6.6 Impairment loss			
Balance as at start of the year		48,505	27,715
Charge for the year		26,289	20,790
Balance as at end of the year		74,794	48,505
7 LONG TERM LOANS - Considered good			
Unsecured - Interest free			
To subsidiary company - M/s. G-Pac Energy (Private) Limited		231,795	207,595
Addition during the year		158,159	24,200
Repayment during the year		(145,745)	-
	7.1	244,209	231,795
Present value adjustment taken to long term investments	6.5	(64,041)	(50,549)
Amortization of long term loan	7.2	53,365	34,902
		233,533	216,148
Current portion of long term loan to subsidiary company	13	(61,850)	(145,745)
		171,683	70,403
Secured - Interest free			
To employees other than Chief Executive & Directors	7.3 & 7.4	15,764	4,287
Amount due in twelve months shown under current assets	13	(12,998)	(3,991)
Recoverable within three years		2,766	296
		174,449	70,699



- 7.1** This represents interest free long term loan given to Subsidiary Company Messrs. G-Pac Energy (Private) Limited for likely period of three years.
- 7.2** The Company has recorded the interest free long term loan given to Subsidiary Company Messrs. G-Pac Energy (Private) Limited at its present value by discounting the future cash flows at risk free rate. The amount of difference between loan and its present value shall be amortised during the tenor of loan.
- 7.3** The above loans are under the terms of employment and are secured against the post employment benefits of the employees.
- 7.4** Interest free long term loans have been carried out at cost as the effect of carrying these balances at amortised cost is not material.

(Rupees in Thousand)

	Note	2023	2022
8 LONG TERM DEPOSITS			
Security deposits for utilities and others		<u>4,919</u>	<u>2,845</u>
9 STORES, SPARE PARTS AND LOOSE TOOLS			
In hand:			
Stores		<u>479,563</u>	429,409
Spare parts		<u>1,131,455</u>	924,298
Loose tools		<u>7,899</u>	6,822
		<u>1,618,917</u>	1,360,529
Impairment allowance for slow moving stores, spare parts and loose tools	9.1	<u>(96,877)</u>	(80,688)
		<u>1,522,040</u>	1,279,841
In transit		<u>57,428</u>	35,232
		<u>1,579,468</u>	<u>1,315,073</u>

9.1 Impairment allowance for slow moving stores, spare parts and loose tools

Balance as at start of the year		<u>80,688</u>	57,850
Provision during the year	34	<u>16,189</u>	22,838
Balance as at end of the year		<u>96,877</u>	<u>80,688</u>

10 STOCK IN TRADE

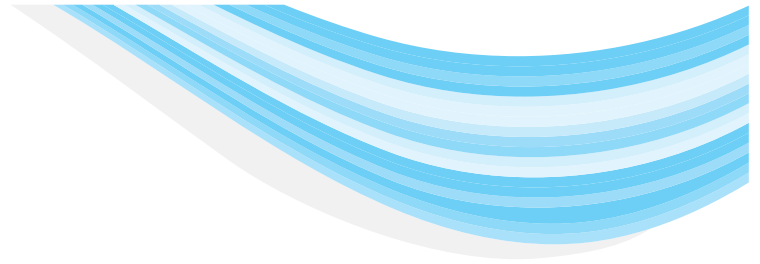
Raw and packing material		<u>4,300,342</u>	2,534,550
Raw and packing material in transit		<u>2,278,263</u>	422,381
Goods in process		<u>241,586</u>	1,108,306
Unfinished goods held for sale	10.1	<u>280,595</u>	-
Finished goods	10.2	<u>4,285,953</u>	2,252,863
		<u>11,386,739</u>	<u>6,318,100</u>

10.1 These include items costing Rs.530.595 million (2022: Rs.Nil) valued at net realisable value of Rs.280.595 million (2022: Rs.Nil).

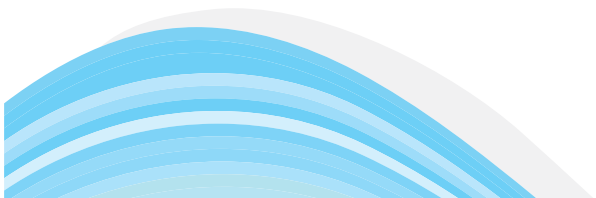
10.2 These include items costing Rs.28.416 million (2022: Rs.76.972 million) valued at net realisable value of Rs.21.035 million (2022: Rs.55.672 million).



GATRON (INDUSTRIES) LIMITED



		(Rupees in Thousand)		
11	TRADE DEBTS	Note	2023	2022
	Considered good			
	Secured			
	Local		31,094	133,118
	Export	11.1	252,051	103,435
		11.2	283,145	236,553
	Unsecured - local	11.3, 11.4 & 11.5	3,692,644	4,085,974
			<u>3,975,789</u>	<u>4,322,527</u>
	Allowance for ECL - local			
	Unsecured - local		118,179	121,680
	Allowance for ECL - local	11.6	(118,179)	(121,680)
			-	-
			<u>3,975,789</u>	<u>4,322,527</u>
11.1	These represent balances of US\$ 0.879 million (2022: US\$ 0.503 million).			
11.2	These are secured against letters of credit issued by banks in favour of the Company.			
11.3	These include Rs.28.300 million (2022: Rs.2.012 million) due from a related party Messrs. Novatex Limited and this amount is not past due and not outstanding for more than three months. The maximum aggregate amount due at any month end during the year was Rs.46.974 million (2022: Rs.181.459 million).			
11.4	These include Rs.Nil (2022: Rs.60.919 million) due from a related party Messrs. Krystalite Products (Private) Limited. The maximum aggregate amount due at any month end during the year was Rs.263.764 million (2022: Rs.91.133 million).			
11.4.1	Not past due		-	60,900
	Past due 1-30 days		-	19
			<u>-</u>	<u>60,919</u>
11.5	These include Rs.1.296 million (2022: Rs.13.617 million) due from a related party Messrs. Mushtaq & Company (Private) Limited. The maximum aggregate amount due at any month end during the year was Rs.40.511 million (2022: Rs.16.355 million).			
11.5.1	Not past due		525	13,617
	Past due 1-30 days		260	-
	Past due 31-90 days		511	-
			<u>1,296</u>	<u>13,617</u>
11.6	Allowance for ECL - local			
	Balance as at start of the year		121,680	115,044
	Charge for the year		51,650	51,948
	Reversals since recovered		(55,151)	(45,312)
			<u>(3,501)</u>	<u>6,636</u>
	Balance as at end of the year		<u>118,179</u>	<u>121,680</u>
12	LOANS AND ADVANCES - Considered good			
	Secured			
	Advances to employees	12.1	8,136	547
	Unsecured			
	Advances:			
	to suppliers and contractors	12.2	240,770	256,984
	against purchase of land		14,800	-
	for imports		46,608	18,930
			<u>302,178</u>	<u>275,914</u>
			<u>310,314</u>	<u>276,461</u>





12.1 These represent advances against monthly salaries under the terms of employment.

12.2 These include advances against purchase of vehicles Rs.5.128 million (2022: Rs.9.655 million).

		(Rupees in Thousand)	
	Note	2023	2022
13 CURRENT PORTION OF LONG TERM LOANS			
Current portion of long term loan to subsidiary company	7	61,850	145,745
Loan recoverable in twelve months from employees	7	12,998	3,991
		74,848	149,736
14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Shipping guarantees - deposits	14.1	-	66,979
Margins held by banks	14.2	374,297	149,314
Security deposits		7,520	8,775
Prepayments		7,251	533
		389,068	225,601

14.1 This represents margin held by bank against issuance of shipping guarantees for clearance of import consignments.

14.2 This represents margin held by bank against opening of Letters of Credit.

15 OTHER RECEIVABLES - Considered good

Receivable from suppliers	15.1	184,895	171,103
Claims receivable from suppliers		1,742	322
Claims receivable from Insurance Companies		2,585	-
Sales tax		1,571,265	304,160
Partial alleged sales tax demand paid	29.1.4, 29.1.16 & 29.1.18	30,472	30,472
Partial alleged income tax demand paid	29.1.13 & 29.1.20	43,169	29,816
Receivable from Workers' Provident Fund Trust		-	1,816
Others	15.2, 15.3, 15.4 & 15.5	12,262	13,924
		1,846,390	551,613

15.1 These includes balances receivable in foreign currency of US\$ 0.569 million (2022: US\$ 0.305 million).

15.2 These include Rs.10.619 million (2022: Rs.0.045 million) receivable from a subsidiary company Messrs. Gatro Power (Private) Limited, mainly on account of plant operation arrangement and this balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.11.184 million (2022: Rs.18.314 million).

15.3 These include Rs. 6 thousand (2022: Rs. 30 thousand) receivable from a subsidiary company Messrs. G-Pac Energy (Private) Limited on account of reimbursement of expenses and this balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs. 33 thousand (2022: Rs. 96 thousand).

15.4 These include Rs.Nil (2022: Rs.7.098 million) receivable from a related party Messrs. Novatex Limited on account of common sharing expenses and balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.16.718 million (2022: Rs.26.680 million).

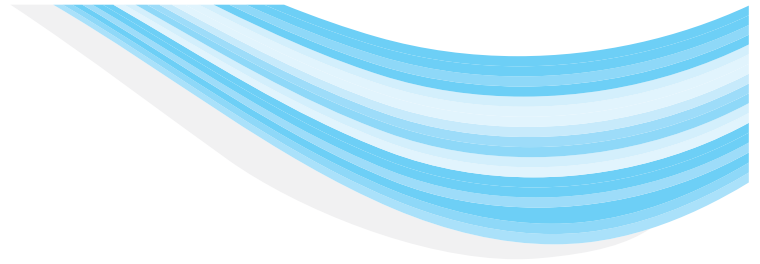
15.5 These include Rs.1.126 million (2022: Rs.Nil) receivable from a related party Messrs. Gani & Tayub (Private) Limited and this balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.1.126 million (2022: Rs.Nil).

**16 SALES TAX REFUND
DUE FROM FEDERAL GOVERNMENT**

Sales tax		-	8,634
		-	8,634



GATRON (INDUSTRIES) LIMITED



		(Rupees in Thousand)	
17 CASH AND BANK BALANCES	Note	2023	2022
Cash in hand		1,948	2,063
Cash at banks			
In current accounts : Local currency		203,311	55,682
In saving account : Local currency	17.1	1,535	2,003
In current accounts : Foreign currency	17.2	129,819	72,987
	17.3	334,665	130,672
		<u>336,613</u>	<u>132,735</u>

17.1 This represents security deposits received from contractors, refer note 23.8.

17.2 These represent balances of US\$ 452,273.29 and Euro € 629.98 (2022: US\$ 354,509.48 and Euro € 629.98).

17.3 Balance in bank accounts includes an amount of Rs.156.406 million (2022: Rs.94.689 million) kept with Shariah compliant banks.

18 SHARE CAPITAL (Number of Shares)

		2023	2022		
18.1 Authorised capital					
95,000,000	95,000,000	Ordinary shares of Rs.10 each	<u>950,000</u>	<u>950,000</u>	
18.2 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	
46,592,880	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	465,929	82,284	
<u>76,728,960</u>	<u>38,364,480</u>		<u>767,290</u>	<u>383,645</u>	

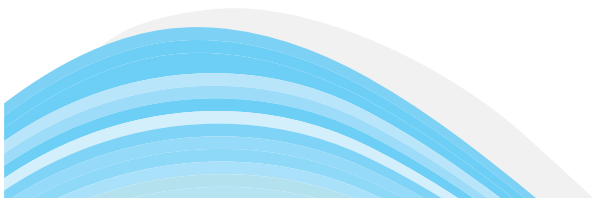
These include 3,240,774 (2022: 1,620,387) shares held by a related party, Messrs. Gani & Tayub (Private) Limited.

		(Number of shares)	
18.3 Movement in number of shares			
Opening Balance		38,364,480	38,364,480
Bonus shares issued during the year		38,364,480	-
Closing balance		<u>76,728,960</u>	<u>38,364,480</u>

		(Rupees in Thousand)	
19 CAPITAL RESERVE			
Share premium	19.1	383,645	383,645
Capital expenditure and BMR	19.2	6,000,000	-
		<u>6,383,645</u>	<u>383,645</u>

19.1 This represents premium of Rs.20 per share received on initial public issue of 17,438,400 shares in 1992 and premium of Rs.10 per share received on right issue of 3,487,680 shares in 1998. This reserve can be utilised by the Company only for the purposes specified in section 81 of the Companies Act 2017.

19.2 The Board of Directors of the Company in its meeting held on June 26, 2023 decided to earmark a sum of PKR 6,000 million as not available for distribution by way of dividend on account of capacity expansions and BMR to more accurately reflect the nature of these reserves.





		(Rupees in Thousand)		
		Note	2023	2022
20	GENERAL RESERVE		-	3,250,000
	This represents reserve created from accumulation of past years' profit, to meet future exigencies.			
21	LONG TERM FINANCING - Secured			
	from banking companies Under Shariah compliant			
	Meezan Bank Limited	21.1	2,184,985	2,386,464
	Dubai Islamic Bank Pakistan Limited	21.2	67,250	75,576
	United Bank Limited	21.3	1,396,382	460,451
	Bank Al-Falah Limited	21.4	905,805	831,661
	Meezan Bank Limited	21.5	1,554,482	1,486,069
	Habib Metropolitan Bank Limited	21.6	76,165	33,913
	Faysal Bank Limited	21.7	198,039	179,212
	Faysal Bank Limited	21.8	1,142,508	475,029
	Habib Bank Limited	21.9	1,279,978	45,157
	Bank Al-Habib Limited	21.10	106,279	-
			<u>8,911,873</u>	<u>5,973,532</u>
	Current maturity shown under current liabilities		<u>(732,545)</u>	<u>(277,228)</u>
			<u>8,179,328</u>	<u>5,696,304</u>
21.1	This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.2,500 million out of which Rs.2,465.193 million (2022: Rs.2,465.193 million) obtained during June 2019 to June 2021 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during May 2029 to May 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+2% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.			
	Balance as at start of the year		2,386,464	2,465,193
	Repayments during the year		(201,479)	(78,729)
	Balance as at end of the year		<u>2,184,985</u>	<u>2,386,464</u>
21.2	This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.120 million out of which Rs.88.204 million (2022: Rs.88.204 million) obtained during February 2020 to September 2021 for procurement of solar panels/solar plant. Principal is repayable alongwith profit in 20 equal half yearly installments, commencing after a grace period of three months and expiring during March 2030 to October 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+1.50% bank profit. IFRE facility is secured against the hypothecation charge over specific plant and machinery.			
	Balance as at start of the year		75,576	86,221
	Obtained during the year		-	1,054
	Repayments during the year		(8,326)	(11,699)
	Balance as at end of the year		<u>67,250</u>	<u>75,576</u>
21.3	This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.2,200 million out of which Rs.2,200 million (2022: Rs.488.478 million) having present value of Rs.1,396.382 million (2022: Rs.460.451 million) obtained during February 2021 to October 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during February 2031 to October 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1.25% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.			



GATRON (INDUSTRIES) LIMITED

(Rupees in Thousand)

2023 2022

Balance as at start of the year	460,451	322,723
Obtained during the year	1,711,522	142,838
Fair value differential of long term finance transferred to government scheme	(858,470)	(9,815)
Amortisation of government scheme	82,879	4,705
Balance as at end of the year	<u>1,396,382</u>	<u>460,451</u>

- 21.4** This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.1,000 million out of which Rs.1,000 million (2022: Rs.880.603 million) having present value of Rs.905.805 million (2022: Rs.831.661 million) obtained during April 2021 to September 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during April 2031 to September 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

Balance as at start of the year	831,661	56,644
Loan obtained	119,397	820,625
Fair value differential of long term finance transferred to government scheme	(58,523)	(49,288)
Amortisation of government scheme	13,270	3,680
Balance as at end of the year	<u>905,805</u>	<u>831,661</u>

- 21.5** This represents Diminishing Musharakah amounting to Rs.1,900 million out of which Rs.1,554.482 million (2022: Rs.1,486.069 million) obtained during August 2021 to August 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 14 equal half yearly installments, commencing after a grace period of one years and expiring during August 2029 to August 2030 on their respective maturities. The applicable rate of profit is 6 months KIBOR+0.10%. The outstanding principal sum and accrued profit thereon are secured by way of specific/exclusive hypothecation charge over plant & machinery.

Balance as at start of the year	1,486,069	-
Obtained during the year	68,413	1,486,069
Balance as at end of the year	<u>1,554,482</u>	<u>1,486,069</u>

- 21.6** This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.120 million out of which Rs.119.904 million (2022: Rs.35.633 million) having present value of Rs.76.165 million (2022: Rs.33.913 million) obtained during July 2021 to March 2023 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during July 2031 to March 2033 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

Balance as at start of the year	33,913	-
Loan obtained	84,272	35,633
Fair value differential of long term finance transferred to government scheme	(46,163)	(1,994)
Amortisation of government scheme	4,143	274
Balance as at end of the year	<u>76,165</u>	<u>33,913</u>

- 21.7** This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.280 million out of which Rs.217.113 million (2022: Rs.179.212 million) obtained



during July 2021 to February 2023 for procurement of plant & machinery (solar equipments). Principal is repayable alongwith profit in 20 equal half yearly installments, commencing after a grace period of three months and expiring during September 2031 to May 2033 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. IFRE facility is secured against the specific hypothecation charge over plant and machinery (solar equipment).

Balance as at start of the year	179,212	-
Obtained during the year	37,901	179,212
Repayments during the year	(19,074)	-
Balance as at end of the year	<u>198,039</u>	<u>179,212</u>

21.8 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.1,200 million out of which Rs.1,142.508 million (2022: Rs.475.029 million) obtained during September 2021 to April 2023 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during September 2031 to April 2033 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. During the year, SBP has not disbursed loan amounting to Rs.706.811 million under ILTFF Scheme, therefore bank is charging profit at 6 months KIBOR+0.10% on those disbursements. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

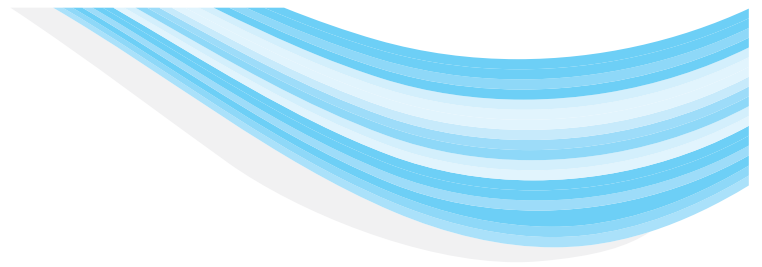
Balance as at start of the year	475,029	-
Obtained during the year	667,479	475,029
Balance as at end of the year	<u>1,142,508</u>	<u>475,029</u>

21.9 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.3,000 million out of which Rs.1,279.978 million (2022: Rs.45.157 million) obtained during June 2022 to June 2023 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during June 2032 to June 2033 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. During the year, SBP has not disbursed loan amounting to Rs.1,254.541 million under ILTFF Scheme, therefore bank is charging profit at 3 months KIBOR+0.50% on those disbursements. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

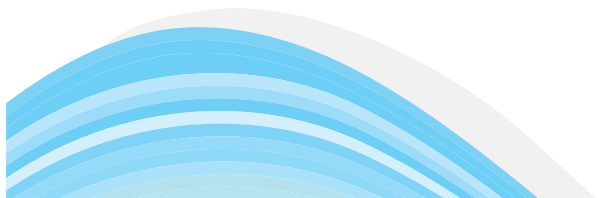
Balance as at start of the year	45,157	-
Obtained during the year	1,234,821	45,157
Balance as at end of the year	<u>1,279,978</u>	<u>45,157</u>

21.10 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.200 million out of which Rs.200 million (2022: Rs.Nil) having present value of Rs.106.279 million (2022: Rs.Nil) obtained during August 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during August 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

Loan obtained	200,000	-
Fair value differential of long term finance transferred to government scheme	(103,829)	-
Amortisation of government scheme	10,108	-
Balance as at end of the year	<u>106,279</u>	<u>-</u>



		(Rupees in Thousand)	
	Note	2023	2022
22	DEFERRED LIABILITIES AND INCOME		
	Deferred Liabilities		
	Income tax - net	22.1 219,047	211,746
	Defined benefit plan	22.2 567,977	502,472
	Provision for Gas Infrastructure Development Cess (GIDC)	22.3 1,471	16,023
	Deferred income		
	Deferred Income - Government scheme	22.4 884,232	65,292
		<u>1,672,727</u>	<u>795,533</u>
22.1	This comprises of the following major timing differences:		
	Taxable temporary difference arising due to:		
	tax depreciation allowances	281,026	270,215
	Deductible temporary difference arising due to:		
	Impairment allowance for ECL	(34,272)	(35,287)
	Impairment allowance for slow moving stores, spare parts and loose tools	(27,707)	(23,182)
		<u>219,047</u>	<u>211,746</u>
22.1.1	Movement in deferred tax		
	Opening balance	211,746	-
	Charged for the year	38 7,301	211,746
	Closing balance	<u>219,047</u>	<u>211,746</u>
	At the reporting date, deferred tax asset amounting to Rs.718.038 million (2022: Rs.570.596 million) has not been recognised considering remote chances of reversal.		
22.2	Actuarial valuation of the plan was carried out as at June 30, 2023. The calculation for provision of defined benefit plan is as under:		
	Movement of the present value of defined benefit obligation (PVDBO)		
	Balance as at start of the year	502,472	438,384
	Expense	22.2.1 89,744	62,567
	Remeasurement loss	1,581	10,955
	Payments	(25,820)	(9,434)
	Balance as at end of the year	<u>567,977</u>	<u>502,472</u>
22.2.1	Expense		
	Service cost	23,653	19,200
	Interest cost	66,091	43,367
		<u>89,744</u>	<u>62,567</u>
	Allocation are as follows:		
	Cost of Sales	31.1 47,197	30,940
	Distribution and selling costs	32.1 2,610	3,415
	Administrative expenses	33.1 39,937	28,212
		<u>89,744</u>	<u>62,567</u>
	The principal actuarial assumptions used were as follows:		
	Discount rate	15.75%	13.50%
	Future salary increase rate	15.75%	13.50%
	Withdrawal Rate	Moderate	High
	Mortality	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005





GATRON (INDUSTRIES) LIMITED

Sensitivity Analysis

	2023		2022	
	PVDBO (Rupees in Thousand)	Percentage Change	PVDBO (Rupees in Thousand)	Percentage Change
Current Liability	567,977	-	502,472	-
+ 1% Discount Rate	542,653	-4.46%	480,069	-4.46%
- 1% Discount Rate	597,349	5.17%	528,456	5.17%
+ 1% Salary Increase Rate	599,860	5.61%	530,678	5.61%
- 1% Salary Increase Rate	540,138	-4.90%	477,843	-4.90%
+ 10% Withdrawal Rates	566,811	-0.21%	501,440	-0.21%
- 10% Withdrawal Rates	569,194	0.21%	503,549	0.21%
1 Year Mortality age set back	567,993	0.00%	502,487	0.00%
1 Year Mortality age set forward	567,960	(0.00%)	502,457	(0.00%)

(Rupees in Thousand)

	2023	2022
	Undiscounted payments	
Year 1	161,733	170,569
Year 2	25,328	21,679
Year 3	81,298	12,049
Year 4	71,704	31,931
Year 5	61,401	26,948
Year 6 to 10	439,960	107,781
Year 11 and above	1,582,075	387,577

Maturity profile

Risks Associated with Defined Benefit Plan

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk:

The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

	Note	(Rupees in Thousand)	
		2023	2022
22.3 Provision for Gas Infrastructure Development Cess			
Balance at start of the year		73,393	78,436
Remeasurement gain on discounting of provision for GIDC	35	(4,417)	(11,081)
Un-winding of long term provision for GIDC	36	15,440	6,038
		<u>84,416</u>	<u>73,393</u>
Current portion of Gas Infrastructure Development Cess	27	(82,945)	(57,370)
		<u>1,471</u>	<u>16,023</u>



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.

22.4 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) disclosed in note 21.3, 21.4, 21.6 & 21.10 to these un-consolidated financial statements. 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 and the reconciliation of carrying amount is as follows:

		(Rupees in Thousand)	
	Note	2023	2022
Opening balance		78,689	26,251
Fair value differential of long term finance transferred		1,066,985	61,097
Amortisation of government scheme		<u>(110,400)</u>	<u>(8,659)</u>
		1,035,274	78,689
Current portion of government scheme	27	<u>(151,042)</u>	<u>(13,397)</u>
		<u>884,232</u>	<u>65,292</u>

23 TRADE AND OTHER PAYABLES

Trade creditors	23.1 & 23.2	2,092,162	1,626,276
Bills payable	23.3	4,673,909	280,624
Accrued expenses	23.4, 23.5 & 23.6	865,144	515,573
Advance payments from customers - unsecured	23.7	547,698	451,275
Security deposits from contractors	23.8	1,535	2,003
Workers' Profit Participation Fund	23.9	-	111,248
Workers' Welfare Fund	23.10 & 38.1	22,977	22,977
Provisions	23.11	905,948	561,913
Withholding taxes		36,300	21,646
Payable to Provident Fund Trusts		1,029	-
Other liabilities	23.12	97,359	74,548
		<u>9,244,061</u>	<u>3,668,083</u>

23.1 These include Rs.566.571 million (2022: Rs.115.388 million) payable to a related party Messrs. Novatex Limited.

23.2 These include Rs.Nil (2022: Rs.0.210 million) payable to a related party Messrs. G&T Tyres (Private) Limited.

23.3 These include balances payable in foreign currency of US\$ 13.076 million (2022: US\$ 1.362 million).

23.4 These include Rs.161.521 million (2022: Rs.240.560 million) payable to a subsidiary company Messrs. Gatro Power (Private) Limited on account of purchase of power.



- 23.5** These include Rs.429.434 million (2022: Rs.159.701 million) payable to a related party Messrs. Novatex Limited on account of obtaining of services and cost sharing expenses.
- 23.6** These include Rs.Nil (2022: Rs.0.767 million) payable to a related party Messrs. Gani & Tayub (Private) Limited.
- 23.7** These include Rs.7.806 million (2022: Rs.Nil) received from a related party Messrs. Krystalite Products (Private) Limited.
- 23.8** This represents return-free security deposits from contractors held in separate bank account, refer note 17.1.

		(Rupees in Thousand)	
	Note	2023	2022
23.9 Workers' Profit Participation Fund			
Balance as at start of the year		111,248	63,137
Interest on funds utilised in the Company's business	36	458	70
Allocation	34	-	111,248
Payments		(111,706)	(63,207)
Balance as at end of the year		<u>-</u>	<u>111,248</u>
23.10 Workers' Welfare Fund			
Balance as at start of the year		22,977	14,484
Provision		-	22,977
Provision - prior year		-	(8,401)
	34	-	14,576
Adjustment through income tax refund	28	-	(6,083)
Balance as at end of the year		<u>22,977</u>	<u>22,977</u>
23.11 Provisions for:			
Enhanced gas rate	23.11.1 & 23.11.2	56,171	56,171
Sindh Sales Tax on rent	23.11.3	7,887	7,242
Infrastructure Cess on imports	23.11.4	493,381	333,097
Sales tax	23.11.5	341,723	158,617
Others	23.11.6	6,786	6,786
		<u>905,948</u>	<u>561,913</u>

23.11.1 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 (2022: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (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.

23.11.2 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 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 23.11.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (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.

23.11.3 This represents provision of Sindh Sales Tax on rent payable by the Company to a related party Messrs. Novatex Limited. The related party had filed a suit in the Sindh High Court against Sindh Revenue Board [SRB] and Province of Sindh etc. On August 28, 2018, the Honorable Single Bench of Sindh High Court decided the case in favor of the related party. However, SRB filed an appeal before Supreme Court of Pakistan against the decision of Double Bench of Sindh High Court. The Honourable Supreme Court of Pakistan has maintained the decision of Sindh High Court.

(Rupees in Thousand)

23.11.4 Movement is as under:

	2023	2022
Balance as at start of the year	333,097	230,278
Provision made during the year	160,284	113,418
Payments made during the year	-	(10,599)
Balance as at end of the year	<u>493,381</u>	<u>333,097</u>

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.578.365 million (2022: Rs.378.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 29.2). Full provision after December 27, 2006 has been made in these consolidated financial statements as an abundant precaution.

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



the Company has filed an appeal before the Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan has maintained the High Court decision. Total amount of demand raised by the tax department is Rs.16.757 million, against which appeal has been filed before CIRA which has also been decided against the Company, however, due to certain apparent mistakes in order, rectification application has been filed, which is pending.

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

23.12 These include Rs.73.146 million (2022: Rs.63.776 million) received from employees under Company car policy.

24 UNPAID DIVIDEND

This represents part of interim dividend for the year ended June 30, 2023, which remained unpaid to non-resident shareholders of the Company due to pending approval from the State Bank of Pakistan.

		(Rupees in Thousand)		
		Note	2023	2022
25	ACCRUED MARK UP/PROFIT			
	Profit on long term financing		653,001	137,440
	Mark up/profit on short term borrowings		229,395	67,811
		25.1	<u>882,396</u>	<u>205,251</u>

25.1 This includes accrued profit of Rs.786.124 million (2022: Rs.161.515 million) under Shariah compliant arrangements.

26 SHORT TERM BORROWINGS - Secured

From banking companies under mark up/profit arrangements

Running finance - Under Conventional	2,258,660	1,698,567
- Under Shariah compliant	5,415,755	1,843,299
	<u>7,674,415</u>	<u>3,541,866</u>

Short term finance - Under Conventional	650,000	1,200,000
Export re-finance - Under Shariah compliant	150,000	150,000
	<u>8,474,415</u>	<u>4,891,866</u>

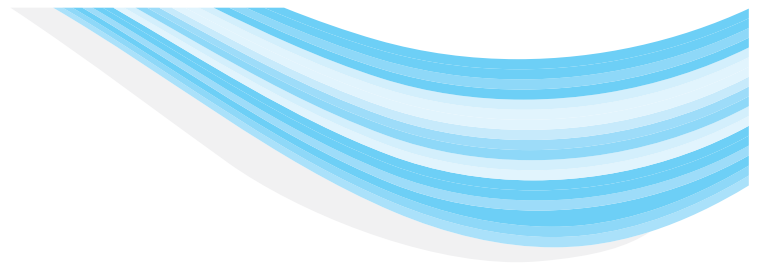
26.1 The Company has aggregate facilities of short term borrowings amounting to Rs.10,580 million (2022: Rs.5,905 million) from various commercial banks (as listed in Note 26.3) out of which Rs.2,106 million (2022: Rs.1,013 million) remained unutilised at the year end. The Company also has Rs.150 million (2022: Rs.150 million) swinging facility with a related party Messrs. Novatex Limited, out of which Rs.Nil (2022: Rs.Nil) has been utilized by the Company at the year end. The mark up/profit rates during the year for running finance and Musharakah ranges between 14.35% to 22.48%, for short term finance 13.71% to 21.85% and for export refinance 2.40% to 17.00% per annum. These facilities are renewable annually at respective maturities.

26.2 These arrangements are secured against pari passu hypothecation charge on the stock and book debts of the Company.

26.3 The finances have been obtained or are available from Askari Bank Limited, Bank Al-Falah 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, Standard Chartered Bank (Pakistan) Limited, The Bank of Punjab and United Bank Limited.

27 CURRENT PORTION OF NON-CURRENT LIABILITIES

Gas Infrastructure Development Cess	22.3	82,945	57,370
Government scheme	22.4	151,042	13,397
		<u>233,987</u>	<u>70,767</u>



	Note	(Rupees in Thousand)	
		2023	2022
28 PROVISION FOR INCOME TAX LESS PAYMENTS			
Balance as at start of the year		273,409	43,813
Provision - Current		338,675	521,150
- Prior		-	(925)
	38	338,675	520,225
Payments		612,084	564,038
Adjustment of Workers' Welfare Fund		(356,530)	(295,213)
Adjustment of group taxation	23.10	-	6,083
		(122)	(1,499)
		(356,652)	(290,629)
Balance as at end of the year		255,432	273,409

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 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.

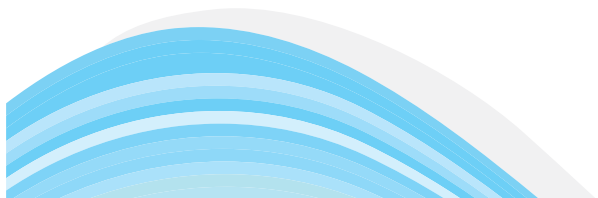
However, the Company had challenged the action before the Sindh High Court on December 23, 2013 against Federation of Pakistan and others. Realizing the facts of the case, circumstances and legal position, the Honorable Sindh High Court has granted interim relief whereby encashment of above mentioned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

29.1.2 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.

29.1.3 "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.34.713 million (2022: Rs.31.119 million) has been made in these un-consolidated financial statements.

- 29.1.4** The Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A))-II, Large Taxpayers Office, Karachi for the tax periods July 2012 to December, 2016 against the assessment orders by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Office, 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 (refer note 15). 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 Company. However, the Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these un-consolidated financial statements as the Company is confident that the matter will be decided in favor by the appellate authorities.
- 29.1.5** 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.
- 29.1.6** 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.
- 29.1.7** 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 un-consolidated financial statements.
- 29.1.8** 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



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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 un-consolidated financial statements.

- 29.1.9** 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 30, 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 un-consolidated financial statements.
- 29.1.10** 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 (2022: Rs.15.351 million), refer note 29.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.
- 29.1.11** 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 Company has challenged the provision of Finance Act, 2019 before the Sindh High Court, the Court has decided the matter in favour of Parent Company to claim 10% tax credit on investment in plant & machinery in the tax year 2019, however, the Tax Department has filed petition 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 be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these un-consolidated financial statements.
- 29.1.12** 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 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, as an abundant precaution, Rs.40.395 million has been provided in these un-consolidated financial statements.
- 29.1.13** 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 (refer note 15). 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 un-consolidated financial statements.
- 29.1.14** 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



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decided in favour of the Company resulting in net tax refundable of Rs.4 million, appeal effect order is not yet issued by the Tax Department. 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.

29.1.15 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, the Court has decided the matter in favour of 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 years 2020 and 2021, however, the Tax Department has filed petition 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 be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these un-consolidated financial statements.

29.1.16 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, aggregated demand of Rs.3.421 million. The Company has paid 10% of demand for auto stay from recovery Rs.0.342 million (refer note 15). CIR(A) has decided the case in favour of Company, department also issued appeal effect and determined the payment of Rs.0.342 million as refundable. The Tax Department has filed an appeal before ATIR against the said judgment. No provision has been made in these un-consolidated financial statements.

29.1.17 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 Sindh High Court, which has been decided in favour of the Company. However, Tax Department has filed an appeal before the 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. Full liability of WWF has been provided in respective years un-consolidated financial statements.

29.1.18 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 (refer note 15). 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 CIRA. The management is confident that the case will be decided in favor of the Company. No provision has been made in these un-consolidated financial statements.

29.1.19 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), who vide order dated March 16, 2023 decided the case partially in favor of the Company and partially in favor of Tax Department. 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.

29.1.20 The Company has filed a petition before the Sindh High Court against the levy of Super Tax under section 4C of the Income Tax Ordinance, 2001 for the tax year 2022. The Honorable Sindh High Court held that the Super Tax is not applicable for the tax year 2022. However, the Tax Department has filed petition before the Supreme Court of Pakistan and has issued interim order whereby the Honorable Supreme Court has directed to pay Super Tax to the extent of 4%. Therefore, the Company has paid the Super Tax of Rs. 13.353 million on the direction of the Honorable Supreme Court and in the compliance of the tax department notice as well (refer note 15). 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 un-consolidated financial statements.

29.1.21 The Company has filed the case before Sindh High Court against conducting Sales Tax Audit for the tax year 2019. The Honorable Sindh High Court has granted interim relief till the decision of the case. Amount is not determined as proceeding not yet initiated. The management is confident that the



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case will be decided in favor of the Company.

29.1.22 The Company has filed the case before Sindh High Court against conducting post refund Sales Tax Audit pertaining to the tax year 2016, on the ground of time barred proceeding. The Honorable Sindh High Court has granted interim relief till the decision of the case. Amount is not determined as proceeding not yet initiated. The management is confident that the case will be decided in favor of the Company.

29.1.23 Tax Department has raised demand of Rs.0.240 million on the basis of not charging sales tax on sale of fixed assets for the tax periods from July 2018 to June 2019. However, the Company has duly charged and deposited the sales tax on disposal of fixed assets. The Company is preparing to file an appeal before CIR(A).

29.2 Guarantees	Note	(Rupees in Thousand)	
		2023	2022
Bank Guarantees in favour of:			
The Director Excise & Taxation, Karachi	23.11.4	578,365	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	29.1.10	15,351	15,351
Letters of Credit in favour of:			
Sui Southern Gas Company Limited for Gas		32,592	32,592
		714,814	507,878

29.3 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	789,298	3,801,553
Raw and packing material	5,578,080	1,780,644
Spare parts and others	378,184	170,747
	6,745,562	5,752,944

Local currency:

Property, plant and equipment	90,079	229,587
Raw material	349,999	294,382
Spare parts and others	11,972	63,231
	452,050	587,200
	7,197,612	6,340,144

30 SALES

Gross local sales	30,873,115	26,907,428
Third party processing charges	108,765	195,888
	30,981,880	27,103,316
Less: Sales tax	4,607,606	3,954,409
	26,374,274	23,148,907
Export sales	1,009,506	810,747
	27,383,780	23,959,654



		(Rupees in Thousand)	
31 COST OF SALES	Note	2023	2022
Raw and packing material consumed		18,395,948	14,734,760
Stores, spare parts and loose tools consumed		679,464	521,643
Outsource processing charges		674,311	808,252
Salaries, wages, allowances and benefits	31.1 & 31.2	2,041,909	1,546,452
Power, fuel and gas		4,018,939	3,375,894
Rent, rates and taxes		45,025	16,023
Insurance		80,953	48,084
Cartage & transportation		249,653	148,137
Repairs and maintenance		282,529	208,421
Communications & Computer		1,775	2,753
Water supply		7,595	5,809
Travelling		5,144	2,933
Sundry		43,024	40,887
Depreciation	4.2	917,990	778,434
		<u>27,444,259</u>	<u>22,238,482</u>
Duty draw back		-	(275)
Scrap sales	31.3	(67,144)	(36,608)
		<u>27,377,115</u>	<u>22,201,599</u>
Opening stock of goods-in-process		1,108,306	352,687
Closing stock of goods-in-process		(241,586)	(1,108,306)
Closing stock of unfinished goods held for sale	10.1	(280,595)	-
Cost of goods manufactured		<u>27,963,240</u>	21,445,980
Opening stock of finished goods		2,252,863	1,590,151
Closing stock of finished goods		<u>(4,285,953)</u>	<u>(2,252,863)</u>
		<u>25,930,150</u>	<u>20,783,268</u>

31.1 These include Rs.5.684 million (2022: Rs.22.549 million) and Rs.47.197 (2022: Rs.30.940 million) respectively, representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan.

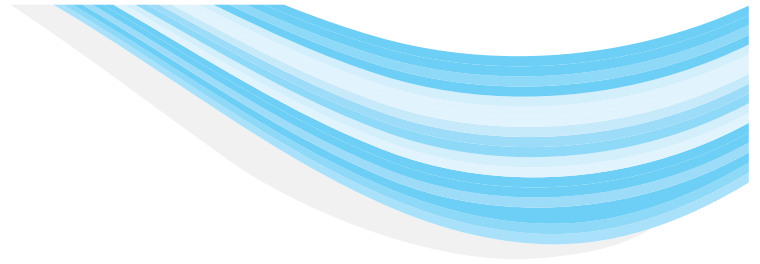
31.2 It is net off by Rs.42 million (2022: Rs.42 million) in respect of amount received from a subsidiary company Messrs. Gatro Power (Private) Limited against plant operation arrangement.

31.3 Net off sales tax amounting to Rs.12.867 million (2022: Rs.7.300 million).

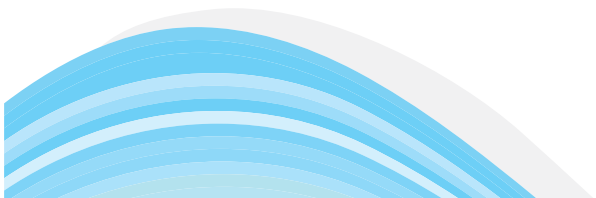
32 DISTRIBUTION AND SELLING COSTS

Salaries, allowances and benefits	32.1	44,207	52,114
Insurance		3,527	5,151
Rent, rates and taxes		3,841	2,340
Handling, freight and transportation		315,638	221,585
Advertisement and sales promotion		-	62
Communications		924	1,597
Travelling		593	395
Legal and professional fee		925	2,333
Sundry		12,232	9,875
Depreciation	4.2	1,851	2,812
		<u>383,738</u>	<u>298,264</u>

32.1 These include Rs.Nil (2022: Rs.1.784 million) and Rs.2.610 million (2022: Rs.3.415 million) respectively, representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan.



		(Rupees in Thousand)	
	Note	2023	2022
33 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	33.1	335,681	253,839
Rent, rates and taxes		27,476	21,826
Insurance		7,915	8,868
Repairs and maintenance		34,522	12,658
Travelling		3,076	2,347
Communications		7,168	2,609
Legal and professional fees		8,677	6,735
Utilities		13,899	5,248
Printing and stationery		664	1,655
Transportation		9,223	10,833
Sundry		28,600	12,761
Depreciation	4.2	12,230	8,365
Amortization of intangible assets	5	10,025	-
		499,156	347,744
33.1	These include Rs.0.010 million (2022: Rs.8.935 million) and Rs.39.937 million (2022: Rs.28.212 million) respectively, representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan.		
34 OTHER OPERATING EXPENSES			
Loss on disposal of property, plant and equipment	4.4.1	-	318
Impairment allowance for ECL - net	11.6	-	6,636
Impairment allowance for slow moving stores, spare parts and loose tools - net	9.1	16,189	22,838
Impairment in long term investments	6.3 & 6.6	26,316	20,820
Exchange loss - net		8,328	39,105
Corporate social responsibility	34.1	37,274	21,415
Workers' Profit Participation Fund	23.9	-	111,248
Workers' Welfare Fund	23.10	-	14,576
Auditors' remuneration	34.2	3,760	3,027
		91,867	239,983
34.1	These includes donations of Rs.22.148 million (2022: Rs.20.415 million) to a related party Messrs. Gatron Foundation in which Chief Executive and four directors of the Company are governors. None of the directors or their spouses has any interest in any other donee fund, so far as other donations are concerned.		
34.2 Auditors' remuneration			
Audit fee - Annual financial statements		2,500	2,175
Limited review, audit of annual consolidated financial statements and certification fee		390	450
Sindh Sales Tax on services		231	210
Out of pocket expenses		639	192
		3,760	3,027



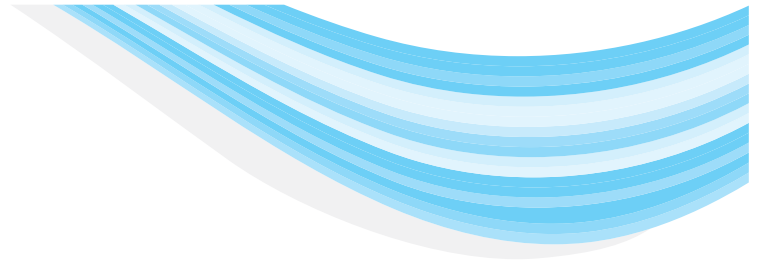


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35 OTHER INCOME	Note	(Rupees in Thousand)	
		2023	2022
Income from financial assets			
Reversal of impairment allowance for ECL - net	11.6	3,501	-
Profit on deposits		209	151
		3,710	151
Income from non - financial assets & others			
Gain on disposal of property, plant and equipment	4.4.1	5,040	261,284
Liabilities no more payable written back		3	57,417
Amortisation of interest free long term loan to subsidiary company		18,463	16,000
Amortisation of Government Scheme		10,454	4,561
Remeasurement gain on discounting of provision for GIDC	22.3	4,417	11,081
Insurance claim		32,202	-
Miscellaneous income		310	5,303
		70,889	355,646
		74,599	355,797
36 FINANCE COSTS			
Profit on long term financing		135,602	103,769
Mark up/profit on short term borrowings		910,304	198,564
Un-winding of long term provision for GIDC	22.3	15,440	6,038
Interest on Workers' Profit Participation Fund	23.9	458	70
Bank charges and guarantee commission		12,701	4,286
	36.1	1,074,505	312,727
36.1	It includes finance costs under Shariah Complaint arrangement amounting to Rs.644.237 million (2022: Rs.179.005 million).		
37 INVESTMENT INCOME - DIVIDEND			
Dividend income from subsidiary company - Messrs. Gatro Power (Private) Limited		1,072,313	225,750
38 INCOME TAX			
For the current year		338,675	521,150
For the prior year	28	-	(925)
		338,675	520,225
Deferred	22.1.1	7,301	211,746
		345,976	731,971



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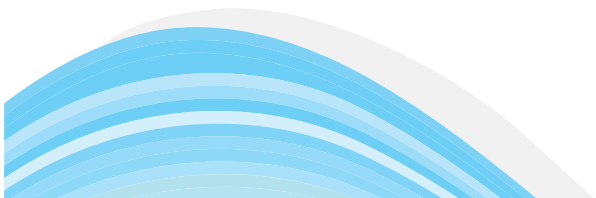
	(Rupees in Thousand)	
	2023	2022
Relationship between income tax and profit before income tax:		
Profit before income tax	551,276	2,559,215
Income tax rate	29%	29%
Income tax on profit before income tax	159,870	742,172
Tax effect of:		
group taxation impact	(310,971)	(65,468)
minimum tax	329,678	289,163
tax loss not recognised	210,967	-
alternative corporate tax	-	50,188
brought forward minimum tax and loss adjusted	-	(419,632)
super tax	-	174,301
income assessed under final tax regime - export sales	1,340	(15,541)
Reversal of prior year income tax	-	(925)
others	(44,908)	(22,287)
Income tax for the year	<u>345,976</u>	<u>731,971</u>

38.1 Sufficient provision for tax has been made in these un-consolidated financial statements taking into account the profit or loss for the year and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and tax assessed for last three years are as follows:

	(Rupees in Thousand)		
	2022	2021	2020
Tax provision	<u>521,150</u>	<u>246,185</u>	<u>355,086</u>
Tax assessed	<u>210,317</u>	<u>150,456</u>	<u>247,658</u>

The difference between tax provision and tax assessed is mainly due to the fact that provision of for super tax has been made at the rate of 10% whereas no amount of super tax was paid along with the return in line with the then applicable interim stay issued by the Sindh High Court [SHC]. Later on the case was decided in favour of the Company against which the tax department has filed appeal before the Supreme Court of Pakistan [SCP]. The SCP vide interim order has directed the Company to pay super tax at the rate of 4% instead of 10%. Final judgment of the SCP has not yet been issued. Other differences represent change in the pattern of computation of income and tax thereon in line with the judgement of the SHC and Appellate Tribunal Inland Revenue reported as 2022 PTD 558 and 2022 PTD 599 respectively. Due to these differences, corresponding difference is also there in provision of WWF as per financial statements and the amount as per income tax return.

	(Rupees in Thousand)	
	2023	2022
39 EARNINGS PER SHARE - Basic and diluted		
Profit after income tax	205,300	1,827,244
(Number of Shares)		
Weighted average number of Ordinary Shares in issue during the year	76,728,960	76,728,960
(Rupees)		
Earnings per share - Basic and diluted	<u>2.68</u>	<u>Restated 23.81</u>





Weighted average number of shares for the year ended 30 June 2022 have been restated due to issuance of bonus shares as stated in note 18 of these un-consolidated financial statements.

There is no dilutive effect on the basic earnings per share of the Company.

40 CASH AND CASH EQUIVALENTS	Note	(Rupees in Thousand)	
		2023	2022
Cash and bank balances	17	336,613	132,735
Short term borrowings	26	(7,674,415)	(3,541,866)
		<u>(7,337,802)</u>	<u>(3,409,131)</u>

40.1 Previously, the Company classified all its short term borrowings as a part of cash and cash equivalents for the purpose of statement of cash flows. However, during the year, the Company has classified only running finance as part of cash and cash equivalents to meet the criteria of cash and cash equivalents as per the requirements of IAS -7 " Statement of Cash Flows". Accordingly adjustment in comparative figures are as follows:

	As previously reported	Effect of restatement	As Restated
Un-consolidated Statement of Cash Flows			
Cash flow from financing activities	3,095,059	(890,000)	2,205,059
Cash and cash equivalents at the beginning of the year	(3,417,623)	2,240,000	(1,177,623)
Cash and cash equivalents at the end of the year	(4,759,131)	1,350,000	(3,409,131)

However, there is no impact on the comparative unconsolidated statement of financial position and unconsolidated statement of profit or loss.

41 FINANCIAL INSTRUMENTS

Financial assets as per statement of financial position - Measured at amortised cost	(Rupees in Thousand)	
	2023	2022
Loans and advances	257,433	220,982
Deposits	386,736	227,913
Trade debts	3,975,789	4,322,527
Other receivables	199,742	186,843
Cash and bank balances	336,613	132,735
	<u>5,156,313</u>	<u>5,091,000</u>
Financial liabilities as per statement of financial position - Measured at amortised cost		
Long term financing	8,911,873	5,973,532
Trade and other payables	7,657,992	2,546,496
Unclaimed dividend	21,055	21,381
Unpaid dividend	20,801	-
Accrued mark up/profit	882,396	205,251
Short term borrowings	8,474,415	4,891,866
	<u>25,968,532</u>	<u>13,638,526</u>

The effective interest/markup rates for the monetary financial assets and liabilities are mentioned in respective notes to the un-consolidated financial statements.



41.1 MEASUREMENT OF FAIR VALUE

International Financial Reporting Standard (IFRS), IFRS 13 "Fair Value Measurement", unifies the framework for measurement of fair values as required by other IFRS and requires disclosure regarding fair value measurement, i.e., disclosure of valuation techniques and inputs used to measure the fair value and in case recurring fair value measurements using unobservable inputs the effect of fair value measurement on statement of profit or loss or statement of other comprehensive income.

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 subsidiary companies. 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 subsidiary companies carried at cost less accumulated impairment, if any. The Company does not expect that unobservable inputs may have significant effect on fair values.

41.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk Management is carried out under policies and principles approved by the Board. All treasury related transactions are carried out within the parameters of these policies and principles.

41.2.1 Market Risk

A Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to foreign exchange risk arising from currency value fluctuations, primarily with respect to the USD, Euro, CHF and JPY. The Company's Exposure to foreign currency risk is as follows:



GATRON (INDUSTRIES) LIMITED

	(Rupees in Thousand)	
	2023	2022
Trade creditors	1,044,260	69,546
Bills Payable	3,747,552	280,624
	4,791,812	350,170
Trade Debts	(252,051)	(103,435)
Receivable from suppliers	(163,140)	(62,662)
Cash at bank in foreign currency accounts	(129,819)	(72,987)
	(545,010)	(239,084)
	4,246,802	111,086
Commitments - Outstanding letters of credit	6,745,562	5,752,944
Net exposure	10,992,364	5,864,030

The following significant exchange rates have been applied:

	Rupees			
	Average rate		Reporting date rate	
	2023	2022	2023	2022
USD to PKR	248.04	177.61	286.60	205.75
Euro to PKR	260.52	200.29	313.64	215.49
CHF to PKR	265.25	191.49	320.90	215.70
JPY to PKR	-	1.51	-	1.51

At reporting date, if the PKR had strengthened/weakened by 10% against the USD, Euro, CHF and with all other variables held constant, pre tax profit for the period would have been higher/lower by the amount shown below, mainly as a result of net foreign exchange gain or net foreign currency exposure at reporting date.

	(Rupees in Thousand)			
	Average rate		Reporting date rate	
	2023	2022	2023	2022
Effect on statement of profit or loss				
USD to PKR	915,496	405,146	1,057,823	469,233
Euro to PKR	33,098	104,719	39,846	112,646
CHF to PKR	1,296	3,917	1,567	4,434
JPY to PKR	-	90	-	90
	949,890	513,872	1,099,236	586,403

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the period and assets / liabilities of the Company.

B Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to equity price risk since there are no investment in listed equity securities.

C Interest / Markup rate risk

Interest/Markup rate risk arises from the possibility of changes in Interest/Markup rates which may effect the value of financial instruments. The Company has short term borrowings at variable rates. At the reporting date the Interest/Markup profile of the Company's Interest/Markup-bearing



GATRON (INDUSTRIES) LIMITED

financial instrument is:

	2023		2022	
	Effective rate (in %)		Effective rate (in %)	
(Rupees in Thousand)				
			2023	2022
			Carrying amount	
Financial Assets				
Variable rate instruments				
Bank balance	13.75 - 14.00	8.60	1,535	2,003
Financial Liabilities				
Variable rate instruments				
Long term financing	10.90 - 22.67	7.66 - 15.28	(3,515,834)	(1,486,069)
Short term borrowings	2.40 - 22.48	2.40 - 15.65	(8,474,415)	(4,891,866)
			<u>(11,988,714)</u>	<u>(6,375,932)</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest/markup rates at the reporting date would have decreased/(increased) profit for the year by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for June 2022.

	Statement of profit or loss before tax	
	100 bp increase	100 bp decrease
As at June 30, 2023		
Cash flow sensitivity - Variable rate	<u>(119,887)</u>	<u>119,887</u>
As at June 30, 2022		
Cash flow sensitivity - Variable rate	<u>(63,759)</u>	<u>63,759</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the period and assets / liabilities of the Company.

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities. Therefore, a change in interest/markup rate at the reporting date would not effect unconsolidated statement of profit or loss of the Company.

41.2.2 Credit risk

Credit risk represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company manages credit risk inter alia by setting credit limits in relation to individual customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. The Company has established an allowance for the doubtful trade debts that represents its estimate of incurred losses in respect of trade debts. Consequently, the Company believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposure before any credit enhancements. Out of total financial assets of Rs.5,156.313 million (2022: Rs.5,091.000 million), financial assets of Rs.5,154.365 million (2022: Rs.5,088.937 million) are subject to credit risk. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:



GATRON (INDUSTRIES) LIMITED

	(Rupees in Thousand)	
	2023	2022
Loans and advances	257,433	220,982
Deposits	386,736	227,913
Trade debts	3,975,789	4,322,527
Other receivables	199,742	186,843
	4,175,531	4,509,370
Bank balances	334,665	130,672
	5,154,365	5,088,937

Loans and advances

These represents loan to subsidiary company recoverable on respective maturity. Loan and advances to employees are recovered on monthly basis. Retirement balances are also available for these employees against which balance can be adjusted incase of default. The Company actively pursues for the recovery of these loans and the Company does not expect that these employees will fail to meet their obligations, hence the management believes no impairment allowance is required there against.

Deposits

Deposits includes utilities deposits and bank margin and others which are neither past due nor impaired with the counter parties. Company believes that based on past relationship, credit rating and financial soundness of the counter parties chances of default are remote and also there is no material impact of changes in credit risks. The management does not expect to incur credit loss there against.

The aging of trade debts and other receivables at the reporting date:

Not past due	3,779,585	3,968,925
Past due 1-30 days	168,807	250,810
Past due 31-90 days	86,917	194,918
Past due 91-180 days	130,288	82,887
Past due 180 days	128,113	133,510
	4,293,710	4,631,050
Allowance for ECL - local	(118,179)	(121,680)
	4,175,531	4,509,370

The credit quality of Company's bank balances can be assessed with reference to external credit rating as follows:

Banks	Rating Agency	Rating		(Rupees in Thousand)	
		Short term	Long term	2023	2022
Bank Al-Falah Limited	PACRA	A-1+	AA+	78,194	23,343
Bank Al-Habib Limited	PACRA	A-1+	AAA	4,272	201
Citibank N.A.	Moody's	P-1	Aa3	-	65
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA	2,054	2,083
Faysal Bank Limited	PACRA	A-1+	AA	6,789	61
Habib Bank Limited	VIS	A-1+	AAA	15,786	5,088
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	132,840	71,356
MCB Bank Limited	PACRA	A-1+	AAA	22,148	6,653
Meezan Bank Limited	VIS	A-1+	AAA	43,536	18,975
National Bank of Pakistan	PACRA	A-1+	AAA	4,779	2,266
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	21,994	466
The Bank of Punjab	PACRA	A-1+	AA+	86	25
United Bank Limited	VIS	A-1+	AAA	2,187	90
				334,665	130,672

Above ratings are updated from website of State Bank of Pakistan.



GATRON (INDUSTRIES) LIMITED

41.2.3 Liquidity risk

Liquidity risk represents where an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2023, the Company has Rs.10,580 million plus Rs.150 million swinging facility with a related party Messrs. Novatex Limited, available borrowing limit from financial institutions. The Company has unutilised borrowing facilities of Rs.2,106 million in addition to balances at banks of Rs.335 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest/mark up payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
---- (Rupees in Thousand) ----							
2023							
Long term financing	8,911,873	15,509,267	1,263,080	860,085	1,960,730	6,053,270	5,372,102
Trade and other payables	7,657,992	7,657,992	7,657,992	-	-	-	-
Unclaimed dividend	21,055	21,055	21,055	-	-	-	-
Unpaid dividend	20,801	20,801	20,801	-	-	-	-
Accrued mark up/profit	882,396	882,396	882,396	-	-	-	-
Short term borrowings	8,474,415	8,475,972	8,475,972	-	-	-	-
	<u>25,968,532</u>	<u>32,567,483</u>	<u>18,321,296</u>	<u>860,085</u>	<u>1,960,730</u>	<u>6,053,270</u>	<u>5,372,102</u>
2022							
Long term financing	5,973,532	7,212,359	135,538	319,952	885,576	2,900,268	2,971,025
Trade and other payables	2,546,496	2,546,496	2,546,496	-	-	-	-
Unclaimed dividend	21,381	21,381	21,381	-	-	-	-
Accrued mark up/profit	205,251	205,251	205,251	-	-	-	-
Short term borrowings	4,891,866	4,893,264	4,893,264	-	-	-	-
	<u>13,638,526</u>	<u>14,878,751</u>	<u>7,801,930</u>	<u>319,952</u>	<u>885,576</u>	<u>2,900,268</u>	<u>2,971,025</u>

41.3 CAPITAL RISK MANAGEMENT

The Company's objectives in managing capital is to ensure the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio as at June 30, 2023 and June 30, 2022 were as follows:

	(Rupees in Thousand)	
	2023	2022
Total borrowings	17,386,288	10,865,398
Cash and bank balances	<u>(336,613)</u>	<u>(132,735)</u>
Net debt	17,049,675	10,732,663
Total equity	7,860,067	7,771,441
Total capital	<u>24,909,742</u>	<u>18,504,104</u>
Gearing ratio	68%	58%

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix amongst various sources of finance to minimize risk and cost.

The Company is not exposed to any externally imposed capital requirement.



42 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to statement of profit or loss for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Company are as follows:

(Rupees in Thousand)

Particulars	Chief Executive		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Managerial remuneration	13,226	13,017	15,839	30,142	340,537	214,954	369,602	258,113
Post employment benefits	5,889	4,673	7,248	1,731	53,165	32,710	66,302	39,114
Utilities	17	30	15	11	11	85	43	126
Other benefits	3,122	1,741	2,370	4,295	142,074	91,500	147,566	97,536
Reimbursement	-	-	-	-	3,848	2,289	3,848	2,289
Total	22,254	19,461	25,472	36,179	539,635	341,538	587,361	397,178

Number of persons for remuneration

Chief Executive	1	1	2	2	86	52	89	55
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42.1 Aggregate amount of meeting fee to 7 non-executive directors (2022: 6 non-executive Directors) was Rs.1.850 million (2022: Rs.1.200 million).

42.2 In addition, the Chief Executive and working directors are provided with Company maintained car and certain executives are provided with household furniture and cars under Company policies, the monetary impact where of is not quantifiable.

42.3 During the year, a related party Messrs. Novatex Limited reimbursed Rs.114.983 million (2022: Rs.79.731 million) in respect of shared resources of certain directors and executives.

42.4 During the year, Mr. Haroon Bilwani have been ceased to be the executive director of the Company on his demise dated October 19, 2022 and Mr. Saqib Haroon Bilwani have been appointed as non-executive director of the Company w.e.f. October 29, 2022.

43 SEGMENT REPORTING

43.1 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.

43.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2023 is as follows:



GATRON (INDUSTRIES) LIMITED

(Rupees in Thousand)

	2023			2022		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	<u>22,541,665</u>	<u>4,842,115</u>	<u>27,383,780</u>	19,724,675	4,234,979	23,959,654
Segment result before depreciation	<u>592,768</u>	<u>910,039</u>	<u>1,502,807</u>	2,385,010	934,979	3,319,989
Less: Depreciation	<u>(845,586)</u>	<u>(86,485)</u>	<u>(932,071)</u>	(742,662)	(46,949)	(789,611)
Segment result after depreciation	<u>(252,818)</u>	<u>823,554</u>	<u>570,736</u>	1,642,348	888,030	2,530,378
Reconciliation of segment results with Profit before income tax:						
Total results for reportable segments			<u>570,736</u>			2,530,378
Other operating expenses			<u>(91,867)</u>			(239,983)
Other income			<u>74,599</u>			355,797
Finance costs			<u>(1,074,505)</u>			(312,727)
Investment income - Dividend			<u>1,072,313</u>			225,750
Profit before income tax			<u><u>551,276</u></u>			<u><u>2,559,215</u></u>

Assets and liabilities by segments are as follows:

Segment assets	<u>31,313,879</u>	<u>1,758,171</u>	<u>33,072,050</u>	18,424,870	2,476,987	20,901,857
Segment liabilities	<u>12,587,734</u>	<u>500,476</u>	<u>13,088,210</u>	7,841,407	447,626	8,289,033

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

	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	<u>33,072,050</u>	<u>13,088,210</u>	20,901,857	8,289,033
Unallocated	<u>4,504,764</u>	<u>16,628,537</u>	2,769,406	7,610,789
Total as per un-consolidated statement of financial position	<u><u>37,576,814</u></u>	<u><u>29,716,747</u></u>	<u><u>23,671,263</u></u>	<u><u>15,899,822</u></u>

Other segment information is as follows:

Depreciation	<u>845,586</u>	<u>86,485</u>	<u>932,071</u>	742,662	46,949	789,611
Capital expenditures incurred during the year	<u>7,865,037</u>	<u>11,712</u>	<u>7,876,749</u>	4,066,901	150,952	4,217,853
Unallocated capital expenditure incurred during the year			<u>237,574</u>			283,074
Total			<u><u>8,114,323</u></u>			<u><u>4,500,927</u></u>

43.3 96.31% (2022: 96.62%) out of total sales of the Company relates to customers in Pakistan.

43.4 All non-current assets of the Company as at June 30, 2023 are located in Pakistan.

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



GATRON (INDUSTRIES) LIMITED

44 PLANT CAPACITY AND ACTUAL PRODUCTION	Note	(Metric Tons)	
		2023	2022
Polyester Filament Yarn	44.1		
Annual capacity-75 denier		43,424	43,424
Annual capacity-150 denier		86,280	86,280
Actual production		54,594	56,887
Polyester P.E.T. Preforms	44.2		
Annual capacity - 43.66 gms		41,017	41,017
Annual capacity - 27 gms		31,512	31,512
Actual production		12,298	14,080
Knitted Fabrics	44.3		
Annual capacity		1,090	1,090
Actual production		681	200

44.1 The capacity is determined based on 75 denier and 24 filaments/150 denier and 48 filaments. Actual production represents production of various deniers.

44.2 The capacity is determined based on 43.66 gms/27 gms production. Actual production represents production of various grammage. The actual production versus annual capacity is lower on account of the Company is lacking the sizes of preforms, which are in demand. The actual production of preforms (various grammage) in pieces was 480.266 million (2022: 523.110 million) against annual capacity (based on 43.66gm/27 gms) of 939 million/1,167 million pieces.

44.3 The actual production versus annual capacity is lower on account market demand of the Company's product, which is increasing gradually.

45 TRANSACTIONS WITH RELATED PARTIES

During the year, details of transactions with related parties are as follows:

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				2023	2022
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	2,206,265	2,233,222
			Receipt of dividend	1,072,313	225,750
			Plant operation arrangement	42,000	42,000
			Reimbursement of expenses	3,373	1,198
Global Synthetics Limited	Subsidiary Company	100% ownership	Reimbursement of expenses	-	1
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Long term loan disbursed	158,159	24,200
			Repayment of long term loan	145,745	-
			Reimbursement of expenses	18	358
Novatex Limited	Related Party	Common directorship	Sale of goods	8,277	328,712
			Rendering of services	84,681	165,431
			Obtaining of services	674,311	808,252
			Purchase of raw and other material	596,852	307,557
			Purchase of property, plant & equipment	410,258	-
			Sale of property, plant & equipment	3,027	650
			Rent	21,512	21,512
			Reimbursement of expenses	254,550	230,460



GATRON (INDUSTRIES) LIMITED

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				2023	2022
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	358,835	202,429
			Reimbursement of expenses	1,256	115
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	23,431	42,352
			sale of other material	220	-
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend	4,861	-
			Charges on account of handling	-	8,649
			Rent	9,693	-
Gatron Foundation	Related Party	Common directorship	Payment of donation	22,148	20,415
Pharmnova (Private) Limited	Related Party	Common key management	Sale of property, plant & equipment	-	230,000
G&T Tyres (Private) Limited	Related Party	Common key management	Purchase of other material	3,749	1,025
Gatron (Ind) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	-	29,018
Gatron (Ind) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	5,694	4,250

- The above figures are exclusive of sales tax, where applicable.
- Outstanding balances, as at reporting date, are disclosed in their respective notes.

Transactions and outstanding balances, as applicable in relation to Defined Contribution Plan (DCP) and Key Management Personnel (KMP) have been disclosed in note 42 of KMP and note 4.4 of disposal of property, plant and equipment. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers its Chief Executive, Executive Directors and other executives to be KMP.

46 PROVIDENT FUND RELATED DISCLOSURES

	(Rupees in Thousand)	
	2023 (Un-Audited)	2022 (Audited)
The Following information is based on latest financial statements of the Funds.		
Size of the Funds - Total Assets	128,565	584,146
Cost of Investments made	125,437	473,432
Fair value of investments	127,508	581,453
Percentage of investments made (Fair value to size of the fund)	99.18%	99.54%



GATRON (INDUSTRIES) LIMITED

(Rupees in Thousand)

	2023		2022	
	Amount	%	Amount	%
46.1 The Break-up of cost of investments is:				
Government Securities	-	0.00%	273,610	57.79%
Bank Deposits	125,437	100.00%	199,822	42.21%
	<u>125,437</u>	<u>100.00%</u>	<u>473,432</u>	<u>100.00%</u>

46.2 Investments out of the provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

(Number of employees)

	2023	2022
47 NUMBER OF EMPLOYEES		
Total number of employees as at June 30	<u>837</u>	<u>832</u>
Average number of employees during the year	<u>836</u>	<u>805</u>

48 CORRESPONDING FIGURES

Prior year's figure have been reclassified for the purpose of better presentation. Change made during the year is as follows:

Reclassification from component	Reclassification to component	(Rupees in Thousand)
Trade and other payables	Trade and other payables	
Creditors for capital expenditures	Trade creditors	163,276

49 DATE OF AUTHORISATION FOR ISSUE

These un-consolidated financial statements were authorised for issue on October 03, 2023 by the Board of Directors of the Company.

50 GENERAL

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 (INDUSTRIES) LIMITED

Pattern of Shareholding

As on June 30, 2023

No. of Shareholders	From	Shareholdings To	Total Shares Held
269	1	100	18,404
199	101	500	54,766
548	501	1,000	534,801
246	1,001	5,000	400,465
11	5,001	10,000	82,728
3	10,001	15,000	34,880
1	15,001	20,000	18,966
1	25,001	30,000	28,600
1	65,001	70,000	67,282
1	90,001	95,000	92,000
1	135,001	140,000	140,000
1	200,001	205,000	202,000
1	225,001	230,000	230,000
1	250,001	255,000	252,000
1	350,001	355,000	353,090
1	380,001	385,000	381,008
1	395,001	400,000	400,000
1	400,001	405,000	401,252
1	475,001	480,000	478,390
2	480,001	485,000	960,780
1	585,001	590,000	588,090
5	705,001	710,000	3,540,930
1	735,001	740,000	738,186
1	795,001	800,000	800,000
1	980,001	985,000	982,066
2	995,001	1,000,000	2,000,000
1	1,000,001	1,005,000	1,001,000
1	1,015,001	1,020,000	1,018,186
1	1,140,001	1,145,000	1,143,224
1	1,175,001	1,180,000	1,175,116
1	1,305,001	1,310,000	1,308,000
1	1,580,001	1,585,000	1,582,844
1	2,340,001	2,345,000	2,340,490
1	2,365,001	2,370,000	2,367,612
1	2,655,001	2,660,000	2,655,864
1	2,885,001	2,890,000	2,885,698
1	3,005,001	3,010,000	3,008,200
1	3,020,001	3,025,000	3,022,036
1	3,090,001	3,095,000	3,094,096
1	3,240,001	3,245,000	3,240,774
1	4,625,001	4,630,000	4,628,588
1	5,615,001	5,620,000	5,616,140
1	6,910,001	6,915,000	6,911,786
1	6,925,001	6,930,000	6,926,740
1	9,020,001	9,025,000	9,021,882

1,321 Total 76,728,960



GATRON (INDUSTRIES) LIMITED

Categories of Shareholders	Share Held	Percentage
Directors, Chief Executive Officer their Spouse(s) and Minor Children, if any.	25,079,902	32.69
Associated Companies, Undertakings and Related Parties	3,240,774	4.22
NIT and ICP	1,200	0.00
Banks Development Financial Institutions, Non Banking Financial Institutions	12,549,540	16.36
Insurance Companies	400	0.00
Modarabas and Mutual Funds	-	-
General Public		
a) Local	34,446,332	44.89
b) Foreign	1,406,440	1.83
Others	4,372	0.01
	<u>76,728,960</u>	<u>100.00</u>
Shareholders holding 10% Shares or more		
Mr. Rizwan Diwan	10,040,068	13.09
Mr. Saqib Haroon Bilwani	7,985,852	10.41

The background features a series of overlapping, wavy lines in various shades of blue and white, creating a sense of movement and depth. The lines are smooth and fluid, with some appearing as solid colors and others as gradients or shadows.

CONSOLIDATED FINANCIAL STATEMENTS



GATRON (INDUSTRIES) LIMITED

DIRECTORS' REPORT

Dear Shareholders,

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the Audited Consolidated Financial Statements of the Group for the year ended June 30, 2023.

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 year ended June 30, 2023, 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. During the period under review, the subsidiary company has paid dividend Rs. 1,072 million.

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 and it is waiting commissioning of the sanctioned gas in the already laid new gas line by SSGC.

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

CONSOLIDATED FINANCIALS:

(Pak Rupees in Thousand)

Operating results for the year ended June 30, 2023

Profit before income tax	96,508
Income tax	345,976
Loss after income tax	(249,468)
Un- appropriated Profit brought forward	5,680,163
Un- appropriated Profit carried forward	2,179,798
Loss per share - Basic and diluted (Rupees)	(3.25)

State of Affairs as on June 30, 2023

Property, plant and equipment	19,673,941
Other non-current assets	77,862
Current assets	20,950,308
Total assets	40,702,111

Deduct:

Non-current liabilities	9,867,359
Current liabilities	21,219,019
Total liabilities	31,086,378
Net assets financed by shareholders' equity	9,615,733



GATRON (INDUSTRIES) LIMITED

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

October 03, 2023



GATRON (INDUSTRIES) LIMITED

اندرونی مالیاتی کنٹرول:

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

اظہار تشکر:

آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اس موقع پر تمام اسٹیک ہولڈرز کی حوصلہ افزائی اور مسلسل تعاون کیلئے اپنے گہرے جذبات کا اظہار کرتے ہیں۔ ہم کمپنی کی انتظامیہ اور معاون عملے کی تسلی بخش کارکردگی اور ڈیوٹی سے لگن کے لیے ان کی تعریف کرتے ہیں اور ہم تمام حکومتی اداروں، آڈیٹرز، SECP، PSX اور بینکوں کو ان کی قیمتی معاونت اور تعاون کے مشکور ہیں۔

محمد اقبال بلوانی
ڈائریکٹر

شبیر دیوان
افسر اعلیٰ

03 اکتوبر 2023ء



GATRON (INDUSTRIES) LIMITED

گروپ کے جامع مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ معزز ممبران

میسرز گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون 2023 کو ختم ہونے والے سال کے لیے گروپ ہذا کے آڈٹ شدہ جامع مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

گروپ

مذکورہ گروپ گیٹرون (انڈسٹریز) لمیٹڈ اور اس کے ذیلی اداروں یعنی گیٹرون پاور (پرائیویٹ) لمیٹڈ، گلوبل سٹینٹیکس لمیٹڈ اور جی پی اے سی انرجی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔ ہولڈنگ کمپنی یعنی گیٹرون (انڈسٹریز) لمیٹڈ کی 30 جون 2023 کو ختم ہونے والی کارکردگی کے بارے میں ڈائریکٹرز کی رپورٹ کو مذکورہ رپورٹ میں علیحدہ سے منسلک کیا گیا ہے۔

مکمل ملکیتی ذیلی کمپنی میسرز گیٹرون پاور (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار بجلی کی پیداوار اور فروخت ہے۔ زیر جائزہ مدت کے دوران، ذیلی کمپنی نے 1,072 ملین روپے منافع منقسمہ ادا کیا ہے۔

مکمل ملکیتی ماتحت کمپنی میسرز G-یک انرجی (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس ذیلی کمپنی کے کام جلد شروع ہونے کی توقع ہے اور یہ SSGC کی جانب سے پہلے سے نصب کی گئی نئی گیس لائن میں منظور شدہ گیس کے شروع ہونے کا انتظار کر رہا ہے۔

مکمل ملکیتی ذیلی کمپنی میسرز گلوبل سٹینٹیکس لمیٹڈ نے ابھی تک اپنے آپریشنز کا آغاز نہیں کیا ہے۔

جامع مالیات:

پاکستانی روپے (ہزاروں میں)	
	آپریٹنگ نتائج برائے سال ختمہ 30 جون 2023ء
96,508	منافع قبل از انکم ٹیکس
345,976	انکم ٹیکس
(249,468)	منافع بعد از انکم ٹیکس
5,680,163	غیر متصرف منافع کز شدہ (Un- appropriated Profit brought forward)
2,179,798	غیر متصرف منافع حالیہ (Un- appropriated Profit carried forward)
(3.25)	آمدنی فی شیئر بنیادی اور تقسیم شدہ (Loss per share - Basic and diluted) (روپے)
	30 جون 2023ء تک معاملات کی صورتحال
19,673,941	املاک، پلانٹ اور ایکویپمنٹ
77,862	دیگر پائیدار اثاثہ جات
20,950,308	بدل پزیر اثاثہ جات
40,702,111	کل اثاثہ جات
	کٹوتی:
9,867,359	پائیدار واجبات
21,219,019	بدل پزیر واجبات
31,086,378	کل واجبات
9,615,733	خالص اثاثہ جات ادا شدہ مخارج ایکویٹی بائیں حصص یافتگان

اہم تبدیلیاں اور معاہدات:

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۔



GATRON (INDUSTRIES) LIMITED



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GATRON
(INDUSTRIES) LIMITED
Report on the Audit of the Consolidated Financial Statements**

Opinion

We have audited the annexed consolidated financial statements of Gatron (Industries) Limited and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at June 30, 2023, and consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the annexed consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion the annexed consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the contents of notes 29.1.1 of the annexed consolidated financial statements relating to provision in respect of WPPF, the ultimate outcome whereof cannot be presently ascertained, and no provision for any liability, that may arise, has been made in the annexed consolidated Financial Statements, Our opinion is not qualified in respect of this matter.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the annexed consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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GATRON (INDUSTRIES) LIMITED



Following are the Key audit matters:

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>Stock in Trade:</p> <p>The Group has significant levels of inventories amounting to Rs. 11.387 billion as at the reporting date, being 28% of total assets of the Group. A number of estimates are involved in the valuation of inventories and judgment has also been applied by management in determining the net realizable values of inventories.</p> <p>The significance of the balance coupled with the judgments and estimates involved in their valuation has resulted in inventories being considered as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ➤ Attended the stock taking to gain comfort over the existence and condition of inventories and internal controls designed by the Group. ➤ Obtained valuation sheets of inventories, traced quantities from working papers of observation of physical stock taking on sample basis. ➤ Obtained understanding of internal controls designed by the Group over recording of purchases and valuation of inventories, and tested their operating effectiveness on sample basis. ➤ Verified historical costs recorded in inventory valuation by performing test of details on purchases and also examined computation of average costs on sample basis. ➤ Assessed the management's determination of net realizable values including testing of sales prices fetched by the Group before and after year end on sample basis. ➤ Performed analytical and other relevant audit procedures. ➤ Evaluated the adequacy of consolidated financial statements presentation and disclosures with respect to inventories in the light of applicable financial reporting framework
2.	<p>Property, plant & equipment</p> <p>During the year, the Group has incurred significant capital expenditures as disclosed in note 5 of</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> ➤ Obtaining an understanding of the Group's process with respect to capital expenditure including



<p>the annexed consolidated financial statements.</p> <p>Capital expenditures incurred during the year represent significant transactions and involve judgments in respect of capitalisation of elements of eligible components of costs, including borrowing costs, as per the applicable reporting standards in determining, when the assets are available for use and estimation of their useful lives and residual value.</p> <p>Accordingly, we have identified the capital expenditure and as a key audit matter.</p>	<p>determination of useful lives and testing the Group's controls in this area;</p> <ul style="list-style-type: none"> ➤ Evaluated whether the components of capitalized cost including borrowing cost meet the recognition criteria for capitalization as set out in the relevant applicable accounting standard; ➤ Checked the timing of capitalisation by examining, on a sample basis, relevant completion certificates and other related information; ➤ Examined, on a sample basis, vendors' agreements, invoices and payments made for acquisition, installations of the operating assets capitalized during the year in order to assess the nature, occurrence and the accuracy with which the costs were capitalized; and ➤ Assessed the adequacy of the Group's disclosures in accordance with the applicable financial reporting framework.
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Information Other than the Consolidated Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report of the Company, but does not include the un-consolidated and consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



GATRON (INDUSTRIES) LIMITED



Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists,



GATRON (INDUSTRIES) LIMITED



we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Chartered Accountants
Karachi:
Dated: October 04, 2023
UDIN: AR202310225doQTwisI2



GATRON (INDUSTRIES) LIMITED

Consolidated Statement of Financial Position

AS AT JUNE 30, 2023

(Rupees in Thousand)

ASSETS	Note	2023	2022
Non - Current Assets			
Property, plant and equipment	5	19,673,941	12,345,436
Intangible assets	6	70,177	59,594
Long term loans	7	2,766	296
Long term deposits	8	4,919	2,845
		19,751,803	12,408,171
Current Assets			
Stores, spare parts and loose tools	9	2,171,428	1,734,413
Stock in trade	10	11,386,739	6,318,100
Trade debts	11	3,975,789	4,322,527
Loans and advances	12	522,272	341,490
Current portion of long term loans	13	12,998	3,991
Trade deposits and short term prepayments	14	404,956	225,908
Other receivables	15	1,992,042	581,196
Advance income tax		100,000	66,000
Sales tax refund due from Federal Government	16	-	8,634
Cash and bank balances	17	384,084	899,455
		20,950,308	14,501,714
TOTAL ASSETS		40,702,111	26,909,885
EQUITY AND LIABILITIES			
EQUITY			
Share capital	18	767,290	383,645
Capital reserves	19	6,383,645	383,645
General reserve	20	285,000	3,535,000
Unappropriated profit		2,179,798	5,680,163
		9,615,733	9,982,453
LIABILITIES			
Non - Current Liabilities			
Long term financing	21	8,179,328	5,696,304
Deferred liabilities and income	22	1,688,031	943,480
		9,867,359	6,639,784
Current Liabilities			
Trade and other payables	23	9,907,287	4,056,483
Unclaimed dividend		21,055	21,381
Unpaid dividend	24	20,801	-
Accrued mark up/ profit	25	882,396	205,251
Short term borrowings	26	8,474,415	4,891,866
Current portion of long term financing	21	732,545	277,228
Current portion of non-current Liabilities	27	929,213	565,441
Provision for income tax less payments	28	251,307	269,998
		21,219,019	10,287,648
CONTINGENCIES AND COMMITMENTS	29		
TOTAL EQUITY AND LIABILITIES		40,702,111	26,909,885

The notes 1 to 49 annexed herewith form an integral part of these financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer

Buying/Selling closing conversion rates were 1 US\$ = Rs.286.60/287.10, 1 Euro € = Rs.313.72/314.27 and 1 Pound £ = Rs.364.77/365.40



GATRON (INDUSTRIES) LIMITED

Consolidated Statement of Profit or Loss FOR THE YEAR ENDED JUNE 30, 2023

		(Rupees in Thousand)	
	Note	2023	2022
Sales	30	27,383,780	23,959,654
Cost of sales	31	25,383,514	20,064,765
Gross profit		2,000,266	3,894,889
Distribution and selling costs	32	383,738	298,264
Administrative expenses	33	510,788	356,109
Other operating expenses	34	105,183	238,746
		999,709	893,119
		1,000,557	3,001,770
Other income	35	305,606	407,178
Operating profit		1,306,163	3,408,948
Finance costs	36	1,209,655	364,062
Profit before income tax		96,508	3,044,886
Income tax - Current & prior		338,675	520,225
- Deferred		7,301	211,746
	37	345,976	731,971
(Loss)/ Profit after income tax		(249,468)	2,312,915
			(Restated)
(Loss)/ Earnings per share - Basic and diluted (Rupees)	38	(3.25)	30.14

The notes 1 to 49 annexed herewith form an integral part of these financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

Consolidated Statement of Comprehensive Income FOR THE YEAR ENDED JUNE 30, 2023

		(Rupees in Thousand)	
	Note	2023	2022
(Loss)/ Profit after income tax		(249,468)	2,312,915
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss</i>			
Loss on remeasurement of defined benefit plan having nil tax impact	22.2	(2,159)	(11,097)
Total comprehensive (loss)/ income		<u>(251,627)</u>	<u>2,301,818</u>

The notes 1 to 49 annexed herewith form an integral part of these financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

Consolidated Statement of Changes in Equity FOR THE YEAR ENDED JUNE 30, 2023

(Rupees in Thousand)

	<u>Share Capital</u>	<u>Capital reserve Share Premium</u>	<u>General reserve</u>	<u>Unappropriated profit</u>	<u>Total</u>
Balances as at July 01, 2021	383,645	383,645	3,535,000	3,378,345	7,680,635
Total comprehensive income for the year ended June 30, 2022	-	-	-	2,301,818	2,301,818
Balances as at June 30, 2022	383,645	383,645	3,535,000	5,680,163	9,982,453
Total comprehensive loss for the year ended June 30, 2023	-	-	-	(251,627)	(251,627)
Transfer to capital reserves	-	6,000,000	(3,250,000)	(2,750,000)	-
Transactions with owners					
Interim cash dividend for the year ended June 30, 2023 at Rs.3.00 per share i.e. @30%	-	-	-	(115,093)	(115,093)
Issuance of Bonus shares @100% i.e. Rs.10 per share	383,645	-	-	(383,645)	-
	383,645	-	-	(498,738)	(115,093)
Balances as at June 30, 2023	<u>767,290</u>	<u>6,383,645</u>	<u>285,000</u>	<u>2,179,798</u>	<u>9,615,733</u>

The notes 1 to 49 annexed herewith form an integral part of these financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

Consolidated Statement of Cash Flows FOR THE YEAR ENDED JUNE 30, 2023

		(Rupees in Thousand)	
	Note	2023	2022 (Restated)
Cash Flows from/(towards) Operating Activities			
Profit before income tax		96,508	3,044,886
Adjustments for:			
Depreciation	5.2	1,135,289	931,632
Provision for defined benefit plan	22.2	90,243	62,952
Gain on disposal of property, plant and equipment	35	(5,040)	(261,284)
Loss on disposal of property, plant and equipment	34	-	5,418
(Reversal)/Impairment allowance for ECL-net	11.6	(3,501)	6,636
Impairment allowance for slow moving stores, spare parts and loose tools-net	34	21,346	28,249
Amortisation of intangible asset	33	10,025	-
Remeasurement gain on discounting of provision for GIDC	35	(72,382)	(78,395)
Finance costs	36	1,209,655	364,062
		<u>2,385,635</u>	<u>1,059,270</u>
		2,482,143	4,104,156
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(458,361)	(547,248)
Stock in trade		(5,068,639)	(2,477,754)
Trade debts		350,239	(1,431,962)
Loans and advances		(180,782)	(262,733)
Trade deposits and short term prepayments		(179,048)	(71,715)
Other receivables		(1,410,846)	(245,430)
Sales tax refund due from Federal Government		8,634	-
		<u>(6,938,803)</u>	<u>(5,036,842)</u>
Increase in Trade and other payables		6,001,041	1,798,003
Cash flows from operations before following		<u>1,544,381</u>	<u>865,317</u>
(Payments for)/receipts of:			
Long term loans		(11,477)	(147)
Long term deposits		(2,074)	2
Defined benefit plan	22.2	(25,820)	(10,123)
Finance costs		(532,510)	(197,596)
Income tax		(391,366)	(361,358)
Net cash flows from operating activities		<u>581,134</u>	<u>296,095</u>
Cash Flows (towards)/from Investing Activities			
Additions in property, plant and equipment		(8,476,827)	(5,601,050)
Proceeds from disposal of property, plant and equipment	5.4	18,073	268,891
Additions in intangible assets	6	(20,608)	(23,696)
Net cash flows towards investing activities		<u>(8,479,362)</u>	<u>(5,355,855)</u>
Cash Flows from/(towards) Financing Activities			
Long term financing - proceeds received		4,123,805	3,185,617
Long term financing - repayments		(228,879)	(90,428)
Short term borrowings - net		(550,000)	(890,000)
Dividend paid		(94,618)	(130)
Net cash flows from financing activities		<u>3,250,308</u>	<u>2,205,059</u>
Net decrease in cash and cash equivalents		<u>(4,647,920)</u>	<u>(2,854,701)</u>
Cash and cash equivalents at the beginning of the year		<u>(2,642,411)</u>	<u>212,290</u>
Cash and cash equivalents at the end of the year	39	<u>(7,290,331)</u>	<u>(2,642,411)</u>

The notes 1 to 49 annexed herewith form an integral part of these financial statements.

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2023

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 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 manufacturing facility of the Parent Company is situated at Plot No 441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub Chowki, Distt 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 sales 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 Chowki, Distt Lasbela, Balochistan and liaison office of the Subsidiary Company is situated at 11th floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi.

Global Synthetics Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations. The registered office of the Company has been changed from Room No.50, 2nd Floor, Ahmed Complex, Jinnah Road, Quetta to 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi. The liaison office of the Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.

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

2 BASIS OF CONSOLIDATION

These consolidated financial statements include the financial statements of the Parent Company Gatron (Industries) Limited, Subsidiary Companies Gatro Power (Private) Limited, Global Synthetics Limited and G-Pac Energy (Private) Limited. The financial statements of the Parent and Subsidiary Companies are prepared upto the same reporting date using consistent accounting policies. Assets and liabilities of the subsidiaries have been consolidated on line by line basis and the carrying value of investment held by Parent Company is eliminated against the subsidiaries share capital, intra Group balances and transactions are eliminated.



3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of :

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and
- provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2023

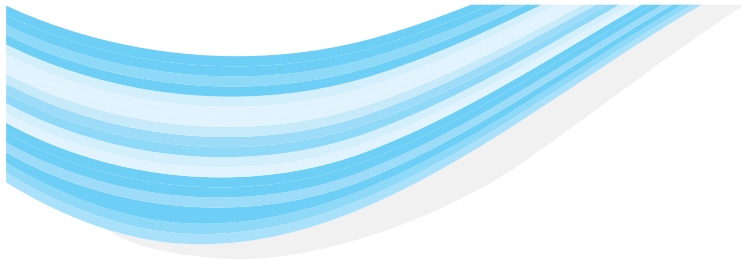
3.2.1 Standards, interpretations and amendments to published approved accounting standards that became effective during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, interpretations and amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial reporting.

3.2.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

		Effective from accounting period beginning on or after:
IAS - 1	Presentation of financial statements (Amendment regarding classification of liabilities)	January 01, 2023
IAS - 8	Accounting Policies, Changing in Accounting Estimates and Errors (Amendments regarding change in definition of accounting estimate)	January 01, 2023
IAS - 12	Income Taxes (Amendments) (Amendment regarding International Tax Reform)	January 01, 2023
IAS - 7	Statement of Cash Flows (Amendments) (Amendment regarding supplier finance arrangements)	January 01, 2023
IFRS - 4	Insurance Contracts (Amendments)	January 01, 2023
IFRS - 7	Financial Instruments	January 01, 2023
IFRS - 16	Leases (Amendments) (Amendment regarding lease liability in a sale and leaseback)	January 01, 2024



GATRON (INDUSTRIES) LIMITED

Other than the aforesaid standards, interpretations and amendments, International Accounting Standards Board (IASB) has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2023;

IFRS 1	First-time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts
IFRIC 12	Service Concession Arrangement

3.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except otherwise specifically stated in note 4.

These consolidated financial statements have been prepared following accrual basis of accounting except for statement of cash flows.

3.4 Critical Accounting Estimates and Judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that have an effect on the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on experience and various other factors that, in the considered opinion of the management, are reasonable, under the circumstances, the results whereof provide the basis of making judgment in relation to carrying value of assets and liabilities that are not readily measurable, using other means. The definitive impact of ultimate outcome, may fluctuate from these estimates.

The estimates and underlying assumptions are periodically appraised. Revision to accounting estimates is recognized and effect is given in the period in which estimates are revised, or in the period of the revision and future periods as appropriate.

Judgments made by management that have significant effect on the consolidated financial statements and estimates with a significant probability of material adjustment in future are disclosed hereunder:

3.4.1 Property, plant and equipment

The Group's management reviews the estimated useful lives and related depreciation charge for its property, plant and equipment on each reporting date. The Group reviews the value of the assets for possible impairment on each reporting date where there is any such indication. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

3.4.2 Trade debts, advances and other receivables

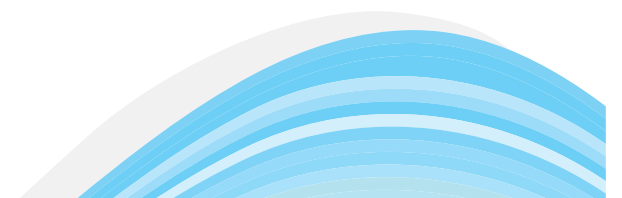
The estimates of doubtful trade debts, advances and other receivables are made, using and appropriately judging the relevant inputs and applying parameters as stated in note 4.3 & 4.6, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is recorded as and when it takes place.

3.4.3 Stock in trade

The Parent Company reviews the net realisable value of stock-in-trade to assess any diminution in the carrying values on each reporting date. Net realisable value is determined with respect to estimated selling prices less estimated expenditure to make the sales.

3.4.4 Stores, spare parts and loose tools

The estimate of slow moving and obsolete stores, spare parts and loose tools, are made, using and





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appropriately judging the relevant inputs and applying the parameter i.e age analysis and obsolescence, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is recorded as and when it takes place.

3.4.5 Defined benefit plan

The actuarial valuation of defined benefit plan, have been premised on certain actuarial hypothesis, as disclosed in note 4.8.2 and 22.2. Changes in assumptions in future years may affect the liability under this scheme upto those years.

3.4.6 Income tax

In making the estimate for income tax liabilities, the management considers current income tax law and the decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate, as also stated disclosed in note 4.11.

3.4.7 Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

3.5 Functional and reporting currency

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

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these 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, 2022. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below:

4.1 Property, plant and equipment

Recognition & measurement:

These are stated 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. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Depreciation:

Depreciation is charged on diminishing balance method except overhauling of generators, which are depreciated at straight line method, at the rates mentioned in Note 5.1, whereby the depreciable amount of an asset is written off over its estimated useful life. Depreciation on addition is charge from the month of the asset is available for use upto the month prior to disposal.

Subsequent costs:

Subsequent costs (including those on account of major repairs) are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future additional economic benefits associated with such additional cost will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance incurred are taken to consolidated statement of profit or loss.



The Parent Company has changed its estimate of useful life of certain Plant and Machinery 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 year would have been decreased by Rs.8.577 million and the value of Property, plant and Equipment would also have been decreased by Rs.8.577 million.

The Subsidiary Company Messer. Gatro Power (Private) Limited has changed its estimate of useful life of Plant and Machinery by changing the depreciation rate from 10% to 15%. 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 year would have been increased by Rs.55.269 million and the value of Property, plant and Equipment would also have been increased by Rs.55.269 million.

Impairment:

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their respective estimated recoverable amounts. Where estimated carrying amounts exceed the respective recoverable amounts, the estimated carrying amounts are appropriately adjusted with impairment loss recognised in consolidated statement of profit or loss for the period. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Fair value means the amount for which an asset could be exchanged between knowledgeable and willing parties in an arm's length transaction. Where an impairment loss is recognised, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Write off:

An item of property, plant and equipment is derecognised when no economic future benefits are expected from its use.

Gain or Loss:

Gain or loss on disposal of property, plant and equipment, if any, is taken to consolidated statement of profit or loss.

4.2 Intangible Assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Costs directly associated with identifiable software that will have probable economic benefits exceeding, beyond one year, are recognised as an intangible asset.

These are stated at cost less accumulated amortisation and impairment, if any except capital work in progress which are stated at cost. Intangible assets are amortised on straight line basis over its estimated useful life(s). Amortisation on additions during the financial year is charged from month in which the asset is intended to use, whereas no amortisation is charged from the month the asset is disposed-off.

4.3 Impairment

Financial assets

The Group recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.



GATRON (INDUSTRIES) LIMITED

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respects to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

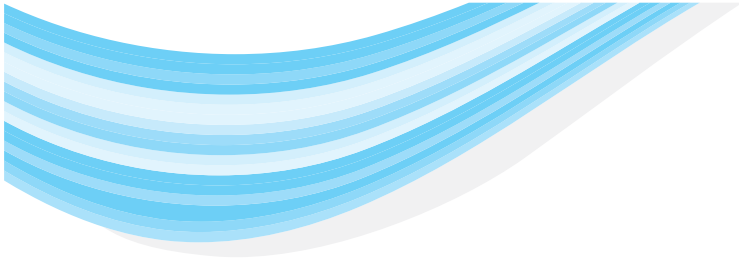
The adoption of the expected loss approach has not resulted in any material change in impairment provision for any financial asset.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets and inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated statement of profit or loss.

4.4 Stores, spare parts and loose tools

These are valued at weighted average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges incurred thereon till the reporting date. Adequate impairment allowance is made for slow moving and obsolete items based on parameter set out by the management as stated in note 3.4.4. The major value spares and stand by equipments are



GATRON (INDUSTRIES) LIMITED

capitalized and depreciated according to their useful life.

4.5 Stock in trade

These are valued at lower of weighted average cost and net realisable value. The value of goods in process and finished goods represents costs of direct materials plus applicable labour and production overheads.

Net realisable value signifies the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

Stock in transit is valued at cost comprising invoice value plus other incidental charges incurred thereon upto the reporting date.

4.6 Trade debts, advances and other receivables

These are classified at amortised cost and are initially recognised when they are originated and measured at fair value of consideration receivable. Export debtors are translated into Rupee at the rate prevailing on the reporting date. An expected credit loss is established when there is objective evidence that the Parent Company will not be able to collect amounts due according to the original terms of the trade debts. These assets are written off when there is no reasonable expectation of recovery. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

4.7 Cash and cash equivalents

For the purpose of Consolidated statement of cash flows, cash and cash equivalents comprise cash and bank balances and running finance. Running finance are shown within short term borrowings.

4.8 Employees' post employment benefits

4.8.1 Defined contribution plan

The Group provides provident fund benefits to all its eligible employees. Equal contributions are made, both by the Group and the employees and the same is charged to the statement of profit or loss.

The Group has ceased defined contribution plan (staff provident fund) w.e.f 01-07-2022 for eligible employees.

4.8.2 Defined benefit plan

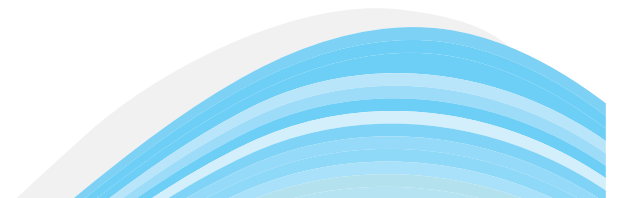
The Group operates an unfunded defined gratuity scheme, in addition to defined contribution plan being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation by an independent actuary using the "Projected Unit Credit Method". The latest actuarial valuation was conducted on the balances as at June 30, 2023.

4.9 Compensated unavailed leaves

The Group accounts for its estimated liability towards unavailed leaves accumulated by employees on accrual basis.

4.10 Government scheme

This represents assistance in form of transfer of resources to an entity by government entity in return for the compliance with certain past or future conditions related to the entity's operating activities. The definition of "government" refers to governments, government agencies and similar bodies, whether





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local, national or international.

The Group recognizes benefits under the government schemes when there is reasonable assurance that benefits of the schemes will be received and the Group will be able to comply with conditions associated with schemes. These benefits are recognized at fair value, as deferred income.

Schemes that compensate the Group for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Schemes that compensate for the cost of an asset are recognized in income on systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loan at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit under the government financing scheme is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the scheme.

4.11 Income Tax

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any, or minimum tax u/s 113 and alternate corporate tax u/s 113C of the Income Tax Ordinance, 2001, whichever is higher. The Parent Company to the extent of export sales fall under the final tax regime u/s 154 read with section 169 of the Income Tax Ordinance, 2001. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the period for such years.

Profits and gains derived by the Subsidiary Company i.e. Gatro Power (Private) Limited from electric power generation project are exempt from income tax under clause 132 of Part-I of the Second Schedule to the Income Tax Ordinance, 2001. The Subsidiary Company is also exempt from minimum tax on turnover under section 113 as per clause 11 (V) of the Part-IV of Second Schedule to the Income Tax Ordinance, 2001.

Deferred

The Parent Company accounts for deferred income tax on all temporary timing differences using the liability method. Deferred income tax assets are recognised to the extent, it is probable that taxable profit will be available against which, the deductible temporary differences, unused tax losses and tax credits, can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse, based on tax rates that have been enacted or substantively enacted by the reporting date. In this regard, the effect on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted.

4.12 Trade and other payables

Trade and other payables are carried at amortised cost, which is the fair value of the consideration to be paid in future for goods and services recognized upto reporting date.

4.13 Provision

Provision is recognised when the Group has present legal or constructive obligation as a result of past event, if it is probable that an outflow of economic resources will be required to settle the obligation, and reliable estimate of the amounts can be made.



GATRON (INDUSTRIES) LIMITED

4.14 Borrowings and their costs

Borrowings are recorded as the proceeds received.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction, installation or production of a qualifying asset, where borrowing costs, if any, are capitalised as part of the cost of that asset.

4.15 Foreign currency transactions and translation

Foreign currency transactions are recorded into Rupee using the prevailing exchange rates. As on reporting date, monetary assets and liabilities in foreign currencies are translated into Rupee at the prevailing exchange rates on the reporting date. Resultant exchange differences are taken to consolidated statement of profit or loss.

4.16 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The revenue from diverse sources is recognised as explained below:

- Revenue from sale of goods is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer, and the control transfers at a point in time, i.e. at the time the goods are dispatched / shipped to customer. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, returns rebates and government levies.
- Processing services are recognised on completion of services rendered.
- Dividend income is recognised when the right of receipt is established.
- Income from rent is recognized on accrual basis.
- Storage and handling income is recognised on performing services or issuance of invoices.
- Profit on deposits is recognised using the effective interest method.

4.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.18 Dividend and appropriation to reserve

Liability for dividend and appropriation to reserve are recognised in the consolidated financial statements in the period in which these are approved.

Transfer between reserves made subsequent to the reporting date is considered as a non-adjusting event and is recognised in the period in which such transfers are made.



GATRON (INDUSTRIES) LIMITED

4.19 Financial instruments

Initial measurement of financial asset

The Group classifies its financial assets in to following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortised cost.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

Debt Investments at FVOCI: These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity Investments at FVOCI: These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL: These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in profit or loss.

Financial assets measured at amortized cost: These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognised in the statement of profit or loss.

Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets and includes trade debts, advances, other receivables and cash and cash equivalent. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

4.20 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised costs are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective yield method.



A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit or loss.

4.21 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated statement of financial position, if the Group has a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis or to realise the asset and discharge the liability simultaneously.

4.22 Operating segments

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure have the total cost incurred during the year to acquire property, plant and equipment. Segment results are stated in note 42.

4.23 Contingent liabilities

Contingent liability is disclosed when

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

		(Rupees in Thousand)	
	Note	2023	2022
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	7,252,770	7,545,839
Capital work in progress	5.6	12,421,171	4,799,597
		<u>19,673,941</u>	<u>12,345,436</u>



5.1 Operating fixed assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Overhauling of generators	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land									
(Rupees in Thousand)													
Net carrying value													
Year ended June 30, 2023													
Net book value (NBV) as at 01st July 2022	53,483	47,265	433	846,875	954	6,221,419	2,531	44,335	4,023	176,672	147,849	-	7,545,839
Additions	-	-	-	422	-	340,093	650	12,467	10,450	59,813	-	-	423,895
Transfer from capital work in progress (Note 5.3)	-	-	-	27,538	-	403,820	-	-	-	-	-	-	431,358
Disposal at NBV	-	-	-	-	56	-	-	-	-	12,977	-	-	13,033
Depreciation	-	-	43	85,210	91	962,922	518	9,774	1,665	39,692	35,374	-	1,135,289
Net book value as at 30th June 2023	53,483	47,265	390	789,625	807	6,002,410	2,663	47,028	12,808	183,816	112,475	-	7,252,770
Gross carrying value													
At June 30, 2023													
Cost	53,483	47,265	14,248	1,361,225	3,921	13,724,956	6,097	121,679	25,674	382,709	420,056	-	16,161,313
Accumulated depreciation	-	-	13,858	571,600	3,114	7,722,546	3,434	74,651	12,866	198,893	307,581	-	8,908,543
Net book value	53,483	47,265	390	789,625	807	6,002,410	2,663	47,028	12,808	183,816	112,475	-	7,252,770
Depreciation rate % per annum	-	-	10	10	10	15 to 20	20	20	20 to 30	20	10 to 30	-	-
Net carrying value													
Year ended June 30, 2022													
Net book value (NBV) as at 01st July 2021	26,390	47,265	481	354,691	1,642	4,003,769	645	47,104	5,532	165,161	190,051	2,965	4,845,696
Additions	27,540	-	-	-	-	182,070	2,085	7,665	-	52,456	-	-	271,816
Transfer from capital work in progress (Note 5.3)	-	-	-	559,117	-	2,813,867	-	-	-	-	-	-	3,372,984
Transfer at NBV	-	-	-	-	-	2,549	-	-	-	-	-	(2,549)	-
Disposal at NBV	447	-	-	-	563	8,780	-	39	-	3,196	-	-	13,025
Depreciation	-	-	48	66,933	125	772,056	199	10,395	1,509	37,749	42,202	416	931,632
Net book value as at 30th June 2022	53,483	47,265	433	846,875	954	6,221,419	2,531	44,335	4,023	176,672	147,849	-	7,545,839
Gross carrying value													
At June 30, 2022													
Cost	53,483	47,265	14,248	1,333,265	4,171	12,981,043	5,447	109,212	15,224	346,974	420,056	-	15,330,388
Accumulated depreciation	-	-	13,815	486,390	3,217	6,759,624	2,916	64,877	11,201	170,302	272,207	-	7,784,549
Net book value	53,483	47,265	433	846,875	954	6,221,419	2,531	44,335	4,023	176,672	147,849	-	7,545,839
Depreciation rate % per annum	-	-	10	10	10	10 to 25	20	20	20 to 30	20	10 to 30	10 to 15	-



	Note	(Rupees in Thousand)	
		2023	2022
5.2 Depreciation for the year has been allocated as follows:			
Cost of sales	31	1,121,135	920,363
Distribution and selling costs	32	1,851	2,812
Administrative expenses	33	12,303	8,457
		<u>1,135,289</u>	<u>931,632</u>

5.3 It includes borrowing cost of Rs.5.176 million (2022: Rs.24.841 million). Effective rate of borrowing cost is 3% (2022: 3% to 4%).

5.4 Detail of property, plant and equipment disposed off during the year : (Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Gain / (Loss)	Mode of Disposal	Particulars of Buyers
OFFICE PREMISIES						
Items having book value upto Rs.500 thousand each	250	56	990	934	Various	Various
Sub Total	250	56	990	934		
MOTOR VEHICLES						
Toyota Corolla BLQ-542	1,894	711	847	136	Company Policy	Syed Affab Alam Employee of the company
Honda BR-Vtec BJ-2293	3,497	2,658	3,361	703	Company Policy	Mr. Rizwan Saeed Employee of the company
KIA Sportage BH-9391	4,405	3,066	4,232	1,166	Company Policy	Mr. Asad ul Azim Employee of the company
Honda Civic I-VTEC BKN-122	2,363	768	1,379	611	Company Policy	Mr. Muhammad Tufail Employee of the company
Toyota Corolla GII BLM-192	1,969	678	886	208	Company Policy	Syed Sarfaraz Employee of the company
Toyota Corolla Altis BJM-407	1,999	570	1,047	477	Company Policy	Mr. Abdul Razzak Employee of the company
Toyota Corolla Altis LED-19-3787	2,606	1,056	1,071	15	Company Policy	Mr. Naeem Ahmed Employee of the company
Honda BRV i-Vtec BK-7340	3,707	3,027	3,027	-	Negotiation	Novatex Limited Karachi
Items having book value upto Rs.500 thousand each	1,638	443	1,233	790	Various	Various
Sub Total	24,078	12,977	17,083	4,106		
Total - 2023	24,328	13,033	18,073	5,040		
Total - 2022	117,880	13,025	268,891	255,866		

	Note	(Rupees in Thousand)	
		2023	2022
5.4.1 Detail of net gain/(loss) on disposal of property, plant & equipment			
Gain on disposal of Property, Plant & Equipment	35	5,040	261,284
Loss on disposal of Property, Plant & Equipment	34	-	(5,418)
		<u>5,040</u>	<u>255,866</u>



5.5 Particulars of Group's immovable operating fixed assets are as follows :

Particulars	Location	Note	Approximate Area
Land			
Freehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan	5.4.1	14 Acres
Freehold	Manghopir, Gadap Town, Karachi		13 Acres
Leasehold	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan		38 Acres
Building			
On Freehold land	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan		5,500 Sq. Meters
On Leasehold land	H.I.T.E., Hub Chowki, Distt. Lasbela Balochistan		149,600 Sq. Meters
Office Premises	M.A Jinnah Road / Dunolly Road Karachi		350 Sq. Meters
Office Premises	I.I Chundrigar Road, Karachi		225 Sq. Meters
Office Premises	Jinnah Road, Quetta		115 Sq. Meters
Office Premises	Katcheri Bazar, Faisalabad		85 Sq. Meters

5.6 Capital Work-in-Progress

(Rupees in Thousand)

	Balance as at July 1, 2022	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2023
Factory building on lease hold land under construction	393,522	590,319	(27,538)	956,303
Plant and machinery under erection	4,406,075	7,462,613	(403,820)	11,464,868
	4,799,597	8,052,932	(431,358)	12,421,171

	Balance as at July 1, 2021	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2022
Factory building on lease hold land under construction	456,783	495,856	(559,117)	393,522
Plant and machinery under erection	2,195,581	5,024,361	(2,813,867)	4,406,075
	2,652,364	5,520,217	(3,372,984)	4,799,597

5.6.1 It includes borrowing cost of Rs.706.912 million (2022: Rs.99.831 million) and net of with amortization of government scheme amounting to Rs.97.775 million (2022: Rs.Nil). Effective rate of borrowing cost ranges between 3% to 22.67% (2022: 3% to 15.28%).

(Rupees in Thousand)

	2023	2022
6 INTANGIBLE ASSETS		
Software & licences		
Balance as at start of the year	59,594	35,898
Additions during the year	20,608	23,696
	80,202	59,594
Amortization during the year	(10,025)	-
Balance as at end of the year	70,177	59,594

6.1 During the year, the Group has successfully implemented SAP S/4 HANA ERP System, which is being amortised over a period of 8 years.



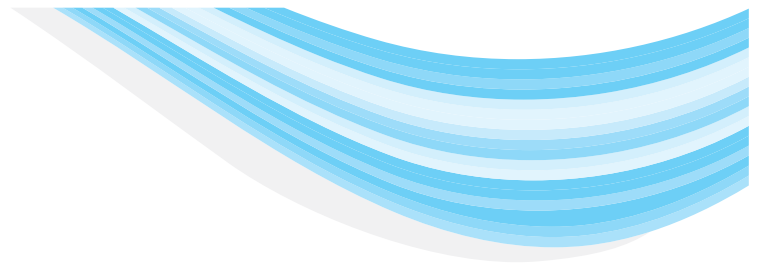
GATRON (INDUSTRIES) LIMITED

(Rupees in Thousand)

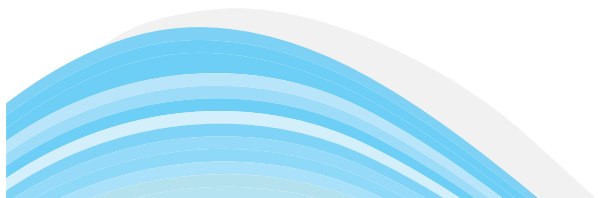
	Note	2023	2022
7 LONG TERM LOANS - Considered good Secured - Interest free			
To employees other than Chief Executive & Directors	7.1 & 7.2	15,764	4,287
Amount due in twelve months shown under current assets	13	(12,998)	(3,991)
Recoverable within three years		<u>2,766</u>	<u>296</u>
7.1	The above loans are under the terms of employment and are secured against the post employment benefits of the employees.		
7.2	Interest free long term loans have been carried out at cost as the effect of carrying these balances at amortised cost is not material.		
8 LONG TERM DEPOSITS			
Security deposits for utilities and others		<u>4,919</u>	<u>2,845</u>
9 STORES, SPARE PARTS AND LOOSE TOOLS			
In hand:			
Stores		564,200	553,115
Spare parts		1,641,317	1,242,923
Loose tools		10,112	8,513
		<u>2,215,629</u>	<u>1,804,551</u>
Impairment allowance for slow moving stores, spare parts and loose tools	9.1	(126,716)	(105,370)
		<u>2,088,913</u>	<u>1,699,181</u>
In transit		82,515	35,232
		<u>2,171,428</u>	<u>1,734,413</u>
9.1 Impairment allowance for slow moving stores, spare parts and loose tools			
Balance as at start of the year		105,370	77,121
Charge for the year	34	21,346	28,249
Balance as at end of the year		<u>126,716</u>	<u>105,370</u>
10 STOCK IN TRADE			
Raw and packing material		4,300,342	2,534,550
Raw and packing material in transit		2,278,263	422,381
Goods in process		241,586	1,108,306
Unfinished goods held for sale	10.1	280,595	-
Finished goods	10.2	4,285,953	2,252,863
		<u>11,386,739</u>	<u>6,318,100</u>
10.1	These include items costing Rs.530.595 million (2022: Rs.Nil) valued at net realisable value of Rs.280.595 million (2022: Rs.Nil).		
10.2	These include items costing Rs.28.416 million (2022: Rs.76.972 million) valued at net realisable value of Rs.21.035 million (2022: Rs.55.672 million).		



GATRON (INDUSTRIES) LIMITED



		(Rupees in Thousand)	
11	Note	2023	2022
TRADE DEBTS			
Considered good			
Secured			
Local		31,094	133,118
Export	11.1	252,051	103,435
	11.2	283,145	236,553
Unsecured - local	11.3, 11.4 & 11.5	3,692,644	4,085,974
		<u>3,975,789</u>	<u>4,322,527</u>
Allowance for ECL - local			
Unsecured - local		118,179	121,680
Allowance for ECL - local	11.6	(118,179)	(121,680)
		-	-
		<u>3,975,789</u>	<u>4,322,527</u>
11.1 These represent balances of US\$ 0.879 million (2022: US\$ 0.503 million).			
11.2 These are secured against letters of credit issued by banks in favour of the Parent Company.			
11.3 These include Rs.28.300 million (2022: Rs.2.012 million) due from a related party Messrs. Novatex Limited and this amount is not past due and not outstanding for more than three months. The maximum aggregate amount due at any month end during the year was Rs.46.974 million (2022: Rs.181.459 million).			
11.4 These include Rs.Nil (2022: Rs.60.919 million) due from a related party Messrs. Krystalite Products (Private) Limited. The maximum aggregate amount due at any month end during the year was Rs.263.764 million (2022: Rs.91.133 million).			
11.4.1	Not past due	-	60,900
	Past due 1-30 days	-	19
		<u>-</u>	<u>60,919</u>
11.5 These include Rs.1.296 million (2022: Rs.13.617 million) due from a related party Messrs. Mushtaq & Company (Private) Limited. The maximum aggregate amount due at any month end during the year was Rs.40.511 million (2022: Rs.16.355 million).			
11.5.1	Not past due	525	13,617
	Past due 1-30 days	260	-
	Past due 31-90 days	511	-
		<u>1,296</u>	<u>13,617</u>
11.6 Allowance for ECL - local			
	Balance as at start of the year	121,680	115,044
	Charge for the year	51,650	51,948
	Reversals since recovered	(55,151)	(45,312)
		<u>(3,501)</u>	<u>6,636</u>
	Balance as at end of the year	<u>118,179</u>	<u>121,680</u>





(Rupees in Thousand)

12	LOANS AND ADVANCES - Considered good	Note	2023	2022
	Secured			
	Advances to employees	12.1	8,331	547
	Unsecured			
	Advances:			
	to suppliers and contractors	12.2	420,367	301,072
	against purchase of land		14,800	-
	for imports		78,774	39,871
			513,941	340,943
			522,272	341,490
12.1	These represent advances against monthly salaries under terms of employment.			
12.2	These include advances against purchase of vehicles Rs.5.128 million (2022: Rs.9.655 million).			
13	CURRENT PORTION OF LONG TERM LOANS			
	Secured			
	Loan recoverable in twelve months from employees	7	12,998	3,991
14	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Shipping guarantees - deposits	14.1	-	66,979
	Margins held by banks	14.2	390,185	149,314
	Security deposits		7,520	8,775
	Prepayments		7,251	840
			404,956	225,908
14.1	This represents margin held by bank against issuance of shipping guarantees on behalf of the Parent Company for clearance of import consignments.			
14.2	This represents margin held by bank against opening of Letters of Credit on behalf of the Group.			
15	OTHER RECEIVABLES - Considered good			
	Receivable from suppliers	15.1	184,895	171,103
	Claims receivable from suppliers		1,742	322
	Claim receivable from Insurance Companies		169,393	5,677
	Sales tax		1,560,723	328,130
	Partial alleged sales tax demand paid	29.1.5, 29.1.17, 29.1.19 & 29.1.25	30,483	30,483
	Partial alleged income tax demand paid	29.1.14 & 29.1.21	43,169	29,816
	Receivable from Workers' Provident Fund Trust		-	1,816
	Others	15.2 & 15.3	1,637	13,849
			1,992,042	581,196
15.1	These includes balances receivable in foreign currency of US\$ 0.569 million (2022: US\$ 0.305 million).			
15.2	These include Rs.Nil (2022: Rs.7.098 million) receivable from a related party Messrs. Novatex Limited on account of common sharing expenses and balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.16.718 million (2022: 26.68 million).			
15.3	These include Rs.1.126 million (2022: Rs.Nil) receivable from a related party Messrs. Gani & Tayub (Private) Limited and this balance is not past due as at year end. The maximum aggregate amount due at any month end during the year was Rs.1.126 million (2022: Rs.Nil).			



GATRON (INDUSTRIES) LIMITED

		(Rupees in Thousand)		
16	SALES TAX REFUND DUE FROM FEDERAL GOVERNMENT	Note	2023	2022
	Sales tax		-	8,634
17	CASH AND BANK BALANCES			
	Cash in hand		2,387	2,396
	Cash at banks			
	In current accounts : Local currency		250,343	822,069
	In saving account : Local currency	17.1	1,535	2,003
	In current accounts : Foreign currency	17.2	129,819	72,987
		17.3	381,697	897,059
			<u>384,084</u>	<u>899,455</u>
17.1	This represents security deposits received from contractors, refer note 23.7.			
17.2	These represent balances of US\$ 452,273.29 and Euro € 629.98 (2022: US\$ 354,509.48 and Euro € 629.98).			
17.3	Balance in bank accounts includes an amount of Rs.164.752 million (2022: Rs.323.378 million) kept with Shariah compliant banks.			
18	SHARE CAPITAL			
	(Number of Shares)			
	2023	2022		
18.1	Authorised capital			
	95,000,000	95,000,000	Ordinary shares of Rs.10 each	950,000
18.2	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
	46,592,880	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	82,284
	<u>76,728,960</u>	<u>38,364,480</u>		<u>383,645</u>
	These include 3,240,774 (2022: 1,620,387) shares held by a related party, Messrs. Gani & Tayub (Private) Limited.			
18.3	Movement in number of shares			
	Opening Balance		38,364,480	38,364,480
	Bonus shares issued during the year		38,364,480	-
	Closing balance		<u>76,728,960</u>	<u>38,364,480</u>
19	CAPITAL RESERVE			
			(Rupees in Thousand)	
	Share premium	19.1	383,645	383,645
	Capital expenditure and BMR	19.2	6,000,000	-
			<u>6,383,645</u>	<u>383,645</u>
19.1	This represents premium of Rs.20 per share received on initial public issue of 17,438,400 shares in 1992 and premium of Rs.10 per share received on right issue of 3,487,680 shares in 1998. This reserve can be utilised by the Parent Company only for the purposes specified in section 81 of the Companies Act 2017.			



19.2 The Board of Directors of the Parent Company in its meeting held on June 26, 2023 decided to earmark a sum of PKR 6,000 million as not available for distribution by way of dividend on account of capacity expansions and BMR to more accurately reflect the nature of these reserves.

(Rupees in Thousand)			
	Note	2023	2022
20	GENERAL RESERVE	<u>285,000</u>	<u>3,535,000</u>

This represents reserve created from accumulation of past years' consolidated profit, to meet future exigencies.

21 **LONG TERM FINANCING - Secured**
from banking companies Under Shariah compliant

Meezan Bank Limited	21.1	2,184,985	2,386,464
Dubai Islamic Bank Pakistan Limited	21.2	67,250	75,576
United Bank Limited	21.3	1,396,382	460,451
Bank Al-Falah Limited	21.4	905,805	831,661
Meezan Bank Limited	21.5	1,554,482	1,486,069
Habib Metropolitan Bank Limited	21.6	76,165	33,913
Faysal Bank Limited	21.7	198,039	179,212
Faysal Bank Limited	21.8	1,142,508	475,029
Habib Bank Limited	21.9	1,279,978	45,157
Bank Al-Habib Limited	21.10	106,279	-
		<u>8,911,873</u>	<u>5,973,532</u>
Current maturity shown under current liabilities		<u>(732,545)</u>	<u>(277,228)</u>
		<u>8,179,328</u>	<u>5,696,304</u>

21.1 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.2,500 million out of which Rs.2,465.193 million (2022: Rs.2,465.193 million) obtained by the Parent Company during June 2019 to June 2021 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during May 2029 to May 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+2% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

Balance as at start of the year	2,386,464	2,465,193
Repayments during the year	(201,479)	(78,729)
Balance as at end of the year	<u>2,184,985</u>	<u>2,386,464</u>

21.2 This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.120 million out of which Rs.88.204 million (2022: Rs.88.204 million) obtained by Parent Company during February 2020 to September 2021 for procurement of solar panels/solar plant. Principal is repayable alongwith profit in 20 equal half yearly installments, commencing after a grace period of three months and expiring during March 2030 to October 2031 on their respective maturities. The applicable rate of return is relevant SBP rate+1.50% bank profit. IFRE facility is secured against the hypothecation charge over specific plant and machinery.

Balance as at start of the year	75,576	86,221
Obtained during the year	-	1,054
Repayments during the year	(8,326)	(11,699)
Balance as at end of the year	<u>67,250</u>	<u>75,576</u>



21.3 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.2,200 million out of which Rs.2,200 million (2022: Rs.488.478 million) having present value of Rs.1,396.382 million (2022: Rs.460.451 million) obtained by Parent Company during February 2021 to October 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during February 2031 to October 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1.25% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

	(Rupees in Thousand)	
	2023	2022
Balance as at start of the year	460,451	322,723
Loan obtained	1,711,522	142,838
Fair value differential of long term finance transferred to government scheme	(858,470)	(9,815)
Amortisation of government scheme	82,879	4,705
	<u>1,396,382</u>	<u>460,451</u>

21.4 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.1,000 million out of which Rs.1,000 million (2022: Rs.880.603 million) having present value of Rs.905.805 million (2022: Rs.831.661 million) obtained by Parent Company during April 2021 to September 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during April 2031 to September 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

Balance as at start of the year	831,661	56,644
Loan obtained	119,397	820,625
Fair value differential of long term finance transferred to government scheme	(58,523)	(49,288)
Amortisation of government scheme	13,270	3,680
	<u>905,805</u>	<u>831,661</u>

21.5 This represents Diminishing Musharakah amounting to Rs.1,900 million out of which Rs.1,554.482 million (2022: Rs.1,486.069 million) obtained by Parent Company during August 2021 to August 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 14 equal half yearly installments, commencing after a grace period of one years and expiring during August 2029 to August 2030 on their respective maturities. The applicable rate of profit is 6 months KIBOR+0.10%. The outstanding principal sum and accrued profit thereon are secured by way of specific/exclusive hypothecation charge over plant & machinery.

Balance as at start of the year	1,486,069	-
Obtained during the year	68,413	1,486,069
Balance as at end of the year	<u>1,554,482</u>	<u>1,486,069</u>

21.6 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.120 million out of which Rs.119.904 million (2022: Rs.35.633 million) having present value of Rs.76.165 million (2022: Rs.33.913 million) obtained by Parent Company during July 2021 to March 2023 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during July 2031 to March 2033 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

Balance as at start of the year	33,913	-
Loan obtained	84,272	35,633
Fair value differential of long term finance transferred to government scheme	(46,163)	(1,994)
Amortisation of government scheme	4,143	274
	<u>76,165</u>	<u>33,913</u>



21.7 This represents Diminishing Musharakah - Islamic Finance Facility for Renewable Energy (IFRE) amounting to Rs.280 million out of which Rs.217.113 million (2022: Rs.179.212 million) obtained by Parent Company during July 2021 to February 2023 for procurement of plant & machinery (solar equipments). Principal is repayable alongwith profit in 20 equal half yearly installments, commencing after a grace period of three months and expiring during September 2031 to May 2033 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. IFRE facility is secured against the specific hypothecation charge over plant and machinery (solar equipment).

Balance as at start of the year	179,212	-
Obtained during the year	37,901	179,212
Repayments during the year	(19,074)	-
Balance as at end of the year	198,039	179,212

21.8 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.1,200 million out of which Rs.1,142.508 million (2022: Rs.475.029 million) obtained by Parent Company during September 2021 to April 2023 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during September 2031 to April 2033 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. During the year, SBP has not disbursed loan amounting to Rs.706.811 million under ILTFF Scheme, therefore bank is charging profit at 6 months KIBOR+0.10% on those disbursements. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

Balance as at start of the year	475,029	-
Obtained during the year	667,479	475,029
Balance as at end of the year	1,142,508	475,029

21.9 This represents Diminishing Musharakah - Islamic Long Term Financing Facility (ILTFF) amounting to Rs.3,000 million out of which Rs.1,279.978 million (2022: Rs.45.157 million) obtained by Parent Company during June 2022 to June 2023 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during June 2032 to June 2033 on their respective maturities. The applicable rate of profit is relevant SBP rate+1% bank profit. During the year, SBP has not disbursed loan amounting to Rs.1,254.541 million under ILTFF Scheme, therefore bank is charging profit at 3 months KIBOR+0.50% on those disbursements. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific plant & machinery.

Balance as at start of the year	45,157	-
Obtained during the year	1,234,821	45,157
Balance as at end of the year	1,279,978	45,157

21.10 This represents Diminishing Musharakah - Islamic Temporary Economic Refinance Facility (ITERF) amounting to Rs.200 million out of which Rs.200 million (2022: Rs.Nil) having present value of Rs.106.279 million (2022: Rs.Nil) obtained by Parent Company during August 2022 for purchase of plant and machinery. Principal is repayable alongwith profit in 16 equal half yearly installments, commencing after a grace period of two years and expiring during August 2032 on their respective maturities. The applicable rate of return is relevant SBP rate+1% bank profit. The outstanding principal sum and accrued profit thereon are secured by way of exclusive hypothecation charge over specific diminishing musharakah assets.

Loan obtained	200,000	-
Fair value differential of long term finance transferred to government scheme	(103,829)	-
Amortisation of government scheme	10,108	-
	106,279	-



GATRON (INDUSTRIES) LIMITED

		(Rupees in Thousand)	
22	Note	2023	2022
DEFERRED LIABILITIES AND INCOME			
Deferred Liabilities			
Income tax - net	22.1	219,047	211,746
Defined benefit plan	22.2	570,947	504,365
Provision for Gas Infrastructure Development Cess (GIDC)	22.3	13,805	162,077
Deferred income			
Deferred Income - Government scheme	22.4	884,232	65,292
		<u>1,688,031</u>	<u>943,480</u>
22.1 This comprises of the following major timing differences:			
Taxable temporary difference arising due to:			
tax depreciation allowances		281,026	270,215
Deductible temporary difference arising due to:			
Impairment allowance for ECL		(34,272)	(35,287)
Impairment allowance for slow moving stores, spare parts and loose tools		(27,707)	(23,182)
		<u>219,047</u>	<u>211,746</u>
22.1.1 Movement in deferred tax			
Opening balance		211,746	-
Charged for the year	37	7,301	211,746
Closing balance		<u>219,047</u>	<u>211,746</u>
At the reporting date, deferred tax asset amounting to Rs.718.038 million (2022: Rs.570.596 million) has not been recognised by the Parent Company considering remote chances of reversal.			
22.2 Actuarial valuation of the plan was carried out as at June 30, 2023. The calculation for provision of defined benefit plan is as under:			
Movement of the present value of defined benefit obligation (PVDBO)			
Balance as at start of the year		504,365	440,439
Expense	22.2.1	90,243	62,952
Remeasurement loss		2,159	11,097
Payments		(25,820)	(10,123)
Balance as at end of the year		<u>570,947</u>	<u>504,365</u>
22.2.1 Expense			
Service cost		23,896	19,414
Interest cost		66,347	43,538
		<u>90,243</u>	<u>62,952</u>
Allocation are as follows:			
Cost of Sales	31.1	47,343	31,057
Distribution and selling costs	32.1	2,610	3,415
Administrative expenses	33.1	40,290	28,480
		<u>90,243</u>	<u>62,952</u>



GATRON (INDUSTRIES) LIMITED

(Rupees in Thousand)

2023 2022

The principal actuarial assumptions used were as follows:

Discount rate	15.75%	13.50%
Future salary increase rate	15.75%	13.50%
Withdrawal Rate	Moderate	High
Mortality	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

Sensitivity Analysis

	2023		2022	
	PVDBO (Rupees in Thousand)	Percentage Change	PVDBO (Rupees in Thousand)	Percentage Change
Current Liability	570,947	-	504,365	-
+ 1% Discount Rate	545,314	(4.49%)	481,774	(4.48%)
- 1% Discount Rate	600,685	5.21%	530,572	5.20%
+ 1% Salary Increase Rate	603,222	5.65%	532,810	5.64%
- 1% Salary Increase Rate	542,773	(4.93%)	479,531	(4.92%)
+ 10% Withdrawal Rates	569,775	(0.21%)	503,330	(0.21%)
- 10% Withdrawal Rates	572,170	0.21%	505,446	0.21%
1 Year Mortality age set back	570,964	0.00%	504,380	0.00%
1 Year Mortality age set forward	570,930	(0.00%)	504,350	(0.00%)

(Rupees in Thousand)

2023 2022

Maturity profile

	Undiscounted payments	
	2023	2022
Year 1	161,759	170,583
Year 2	26,496	21,730
Year 3	81,401	12,888
Year 4	71,816	31,969
Year 5	61,521	26,989
Year 6 to 10	440,606	108,028
Year 11 and above	1,587,094	389,759

Risks Associated with Defined Benefit Plan

Longevity Risks:

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary Increase Risk:

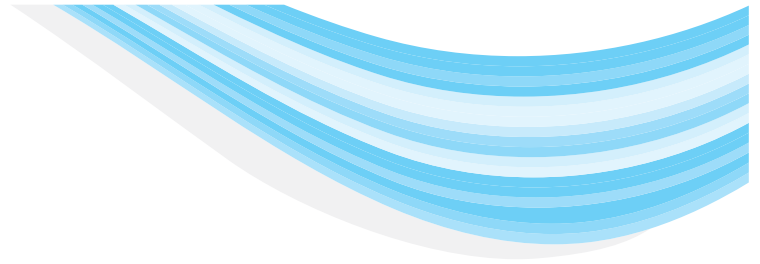
The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal Risk:

The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.



GATRON (INDUSTRIES) LIMITED



		(Rupees in Thousand)	
	Note	2023	2022
22.3 Provision for Gas Infrastructure Development Cess			
Balance at start of the year		714,121	735,871
Remeasurement gain on discounting of provision for GIDC	35	(72,382)	(78,395)
Un-winding of long term provision for GIDC	36	150,237	56,645
		<u>791,976</u>	<u>714,121</u>
Current portion of Gas Infrastructure Development Cess	27	(778,171)	(552,044)
		<u>13,805</u>	<u>162,077</u>

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.

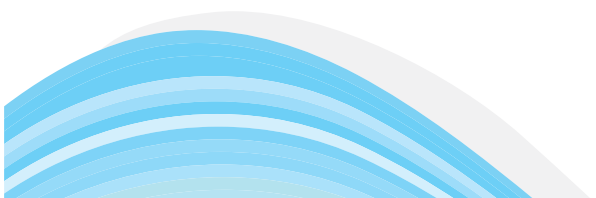
As per judgement of the Supreme Court of Pakistan, the Group has filed a Civil Suit before the Sindh High Court against payment of GIDC installments on the ground that the Group has not passed on the burden of Cess. The Honorable Court has granted stay order to Plaintiffs whereby the Messrs. Sui Southern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

22.4 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) disclosed in note 21.3, 21.4, 21.6 & 21.10 to these consolidated financial statements. 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 and the reconciliation of carrying amount is as follows:

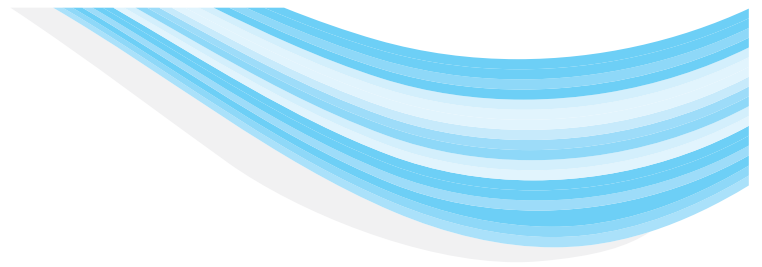
Opening balance		78,689	26,251
Fair value differential of long term finance transferred		1,066,985	61,097
Amortisation of government scheme		(110,400)	(8,659)
		<u>1,035,274</u>	<u>78,689</u>
Current portion of government scheme	27	(151,042)	(13,397)
		<u>884,232</u>	<u>65,292</u>





GATRON (INDUSTRIES) LIMITED

		(Rupees in Thousand)	
	Note	2023	2022
23 TRADE AND OTHER PAYABLES			
Trade creditors	23.1 & 23.2	2,494,404	1,846,228
Bills payable	23.3	4,673,909	280,624
Accrued expenses	23.4 & 23.5	711,749	277,551
Advance payments from customers - unsecured	23.6	547,698	451,275
Security deposits from contractors	23.7	1,535	2,003
Workers' Profit Participation Fund	23.8	-	111,248
Workers' Welfare Fund	23.9 & 37.1	22,977	22,977
Provisions	23.10	1,318,532	967,419
Withholding taxes		37,134	21,795
Payable to Provident Fund Trusts		1,029	-
Other liabilities	23.11	98,320	75,363
		<u>9,907,287</u>	<u>4,056,483</u>
23.1	These include Rs.654.666 million (2022: Rs.115.388 million) payable to a related party Messrs. Novatex Limited.		
23.2	These include Rs.Nil (2022: Rs.0.210 million) payable to a related party Messrs. G&T Tyres (Private) Limited.		
23.3	These include balances payable in foreign currency of US\$ 13.076 million (2022: US\$ 1.362 million).		
23.4	These include Rs.429.434 million (2022: Rs.159.701 million) payable to a related party Messrs. Novatex Limited on account of obtaining of services and cost sharing expenses.		
23.5	These include Rs.Nil (2022: Rs.0.767 million) payable to a related party Messrs. Gani & Tayub (Private) Limited.		
23.6	These include Rs.7.806 million (2022: Rs.Nil) received from a related party Messrs. Krystalite Products (Private) Limited.		
23.7	This represents return-free security deposits from contractors held in separate bank account, refer note 17.1.		
23.8 Workers' Profit Participation Fund			
Balance as at start of the year		111,248	63,137
Interest on funds utilised in the Company's business	36	458	70
Allocation	34	-	111,248
Payments		(111,706)	(63,207)
Balance as at end of the year		<u>-</u>	<u>111,248</u>
23.9 Workers' Welfare Fund			
Balance as at start of the year		22,977	14,484
Provision		-	22,977
Provision - prior year		-	(8,401)
	34	-	14,576
Adjustment through income tax refund	28	-	(6,083)
Balance as at end of the year		<u>22,977</u>	<u>22,977</u>

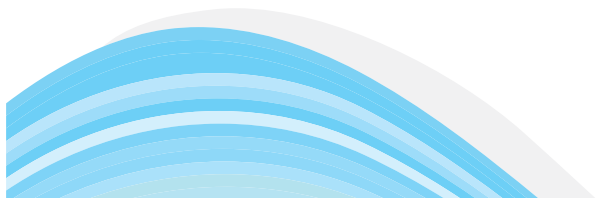


		(Rupees in Thousand)	
	Note	2023	2022
23.10 Provisions for:			
Enhanced gas rate	23.10.1 & 23.10.2	447,171	447,171
Sindh Sales Tax on rent	23.10.3	7,887	7,242
Infrastructure Cess on imports	23.10.4	514,965	347,603
Sales tax	23.10.5	341,723	158,617
Others	23.10.6	6,786	6,786
		1,318,532	967,419

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

23.10.2 In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Group with effect from September 2013. On December 21, 2015, the Group alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court (refer note 23.10.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (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.

23.10.3 This represents provision of Sindh Sales Tax on rent payable by the Parent Company to a related party Messrs. Novatex Limited. The related party had filed a suit in the Sindh High Court against Sindh Revenue Board [SRB] and Province of Sindh etc. On August 28, 2018, the Honorable Single Bench of Sindh High Court decided the case in favor of the related party. However, SRB filed an appeal before Supreme Court of Pakistan against the decision of Double Bench of Sindh High Court. The Honourable Supreme Court of Pakistan has maintained the decision of Sindh High Court.





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		(Rupees in Thousand)	
	Note	2023	2022
23.10.4 Movement is as under:			
Balance as at start of the year		347,603	237,702
Provision made during the year		167,362	127,581
Payments made during the year		-	(17,680)
Balance as at end of the year		<u>514,965</u>	<u>347,603</u>

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.578.365 million (2022: Rs.378.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 29.2). Full provision after December 27, 2006 has been made in these 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.27.500 million (2022: Rs.17.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 29.2). Full provision after April 13, 2018 has been made in these 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 (2022: Rs.2.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared (refer note 29.2). Full provision has been made in these consolidated financial statements as an abundant precaution.

23.10.5 The Federal Board of Revenue (FBR) vide SRO 491(I)/2016 dated June 30, 2016 made certain amendments in SRO 1125(I)/2011 dated December 31, 2011 including disallowance of input tax adjustment on packing material of textile products. Consequently, input tax adjustment on packing material of textile product was not being allowed for adjustment with effect from July 01, 2016 till June 30, 2018. On January 16, 2017, the Parent Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court against Federation of Pakistan and others. The Honorable Sindh High Court has decided the matter in favor of Tax Department, against which the Parent Company has filed an appeal before the Supreme Court of Pakistan. The Honorable Supreme Court of Pakistan has maintained the High Court decision. Total amount of demand raised by the tax department is Rs.16.757 million, against which appeal has been filed before CIRA which has also been decided against the Parent Company, however, due to certain apparent mistakes in order, rectification application has been filed, which is pending.

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

23.11 These include Rs.74.097 million (2022: Rs.64.589 million) received from employees under Group car policy.

24 UNPAID DIVIDEND

This represents part of interim dividend for the year ended June 30, 2023, which remained unpaid to non-resident shareholders of the Parent Company due to pending approval from the State Bank of Pakistan.

	Note	(Rupees in Thousand)	
		2023	2022
25 ACCRUED MARK UP/PROFIT			
Profit on long term financing		653,001	137,440
Mark up/profit on short term borrowings		229,395	67,811
	25.1	882,396	205,251

25.1 This includes accrued profit of Rs.786.124 million (2022: Rs.161.515 million) under Shariah compliant arrangements.

26 SHORT TERM BORROWINGS - Secured

From banking companies under mark up/profit arrangements

Running finance - Under Conventional	2,258,660	1,698,567
- Under Shariah compliant	5,415,755	1,843,299
	7,674,415	3,541,866
Short term finance - Under Conventional	650,000	1,200,000
Export re-finance - Under Shariah compliant	150,000	150,000
	8,474,415	4,891,866



- 26.1** The Parent Company has aggregate facilities of short term borrowings amounting to Rs.10,580 million (2022: Rs.5,905 million) from various commercial banks (as listed in Note 26.3) out of which Rs.2,106 million (2022: Rs.1,013 million) remained unutilised at the year end. The Parent Company also has Rs.150 million (2022: Rs.150 million) swinging facility with a related party Messrs. Novatex Limited, out of which Rs.Nil (2022: Rs.Nil) has been utilized by the Parent Company at the year end. The mark up/profit rates during the year for running finance and Musharakah ranges between 14.35% to 22.48%, for short term finance 13.71% to 21.85% and for export refinance 2.40% to 17.00% per annum. These facilities are renewable annually at respective maturities.
- 26.2** These arrangements are secured against pari passu hypothecation charge on the stock and book debts of the Parent Company.
- 26.3** The finances have been obtained or are available from Askari Bank Limited, Bank Al-Falah 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, Standard Chartered Bank (Pakistan) Limited, The Bank of Punjab and United Bank Limited.

		(Rupees in Thousand)	
		2023	2022
27	CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	
	Gas Infrastructure Development Cess	22.3	778,171
	Government scheme	22.4	552,044
			13,397
			<u>929,213</u>
			<u>565,441</u>
28	PROVISION FOR INCOME TAX LESS PAYMENTS		
	Balance as at start of the year		269,998
	Provision - Current		39,048
	- Prior		521,150
		37	-
			(925)
			<u>338,675</u>
			<u>520,225</u>
	Payments		608,673
	Adjustment of Workers' Welfare Fund	23.9	(357,366)
			(295,358)
			6,083
			<u>(357,366)</u>
			<u>(289,275)</u>
	Balance as at end of the year		<u>251,307</u>
			<u>269,998</u>

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 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.

29.1.2 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



GATRON (INDUSTRIES) LIMITED

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.

- 29.1.3** 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.

- 29.1.4** 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.34.713 million (2022: Rs.31.119 million) has been made in these consolidated financial statements.

- 29.1.5** The Parent Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A))-II, Large Taxpayers Office, Karachi for the tax periods July 2012 to December, 2016 against the assessment orders by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Office, 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 (refer note 15). 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 consolidated financial statements as the Parent Company is confident that the matter will be decided in favor by the appellate authorities.



- 29.1.6** 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 Parent Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Parent Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Parent Company. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.
- 29.1.7** 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.
- 29.1.8** 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 consolidated financial statements.
- 29.1.9** 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 Parent Company. No provision has been made in these consolidated financial statements.
- 29.1.10** 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 30, 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 consolidated financial statements.

- 29.1.11** 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 (2022: Rs.15.351 million), refer note 29.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.
- 29.1.12** 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, the Court has decided the matter in favour of Parent Company to claim 10% tax credit on investment in plant & machinery in the tax year 2019, however, the Tax Department has filed petition 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 be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these consolidated financial statements.
- 29.1.13** 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 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, as an abundant precaution, Rs.40.395 million has been provided in these consolidated financial statements.
- 29.1.14** 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 (refer note 15). 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 consolidated financial statements.
- 29.1.15** 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, appeal effect order is not yet issued by the Tax Department. 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.
- 29.1.16** 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, the Court has decided the matter in favour of 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 years 2020 and 2021, however, the Tax Department has filed petition before



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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 be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these consolidated financial statements.

- 29.1.17** 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, aggregated demand of Rs.3.421 million. The Parent Company has paid 10% of demand for auto stay from recovery Rs.0.342 million (refer note 15). CIR(A) has decided the case in favour of Parent Company, department also issued appeal effect and determined the payment of Rs.0.342 million as refundable. The Tax Department has filed an appeal before ATIR against the said judgment. No provision has been made in these consolidated financial statements
- 29.1.18** 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 Sindh High Court, which has been decided in favour of the Parent Company. However, Tax Department has filed an appeal before the 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. However, full liability of WWF has been provided in respective years consolidated financial statements.
- 29.1.19** 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 (refer note 15). 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 CIRA. The management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these consolidated financial statements.
- 29.1.20** 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), who vide order dated March 16, 2023 decided the case partially in favor of the Parent Company and partially in favor of Tax Department. 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.
- 29.1.21** The Parent Company has filed a petition before the Sindh High Court against the levy of Super Tax under section 4C of the Income Tax Ordinance, 2001 for the tax year 2022. The Honorable Sindh High Court held that the Super Tax is not applicable for the tax year 2022. However, the Tax Department has filed petition before the Supreme Court of Pakistan and has issued interim order whereby the Honorable Supreme Court has directed to pay Super Tax to the extent of 4%. Therefore, the Parent Company has paid the Super Tax of Rs. 13.353 million on the direction of the Honorable Supreme Court and in the compliance of the tax department notice as well (refer note 15). 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 consolidated financial statements.
- 29.1.22** The Parent Company has filed the case before Sindh High Court against conducting Sales Tax Audit for the tax year 2019. The Honorable Sindh High Court has granted interim relief till the decision of the case. Amount is not determined as proceeding not yet initiated. The management is confident that the case will be decided in favor of the Parent Company.
- 29.1.23** The Parent Company has filed the case before Sindh High Court against conducting post refund Sales Tax Audit pertaining to the tax year 2016, on the ground of time barred proceeding. The Honorable



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Sindh High Court has granted interim relief till the decision of the case. Amount is not determined as proceeding not yet initiated. The management is confident that the case will be decided in favor of the Parent Company.

- 29.1.24** Tax Department has raised demand of Rs.0.240 million on the basis of not charging sales tax on sale of fixed assets for the tax periods from July 2018 to June 2019. However, the Parent Company has duly charged and deposited the sales tax on disposal of fixed assets. The Parent Company is preparing to file an appeal before CIR(A).
- 29.1.25** 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.
- 29.1.26** 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 consolidated financial statements.
- 29.1.27** 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 consolidated financial statements.
- 29.1.28** 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. Tax Department has filed appeal before ATIR against the CIR(A) order which is pending for hearing. No provision has been made in these consolidated financial statements.
- 29.1.29** The Subsidiary Company Messrs. Gatro Power (Private) Limited has files the case before honorable Sindh High Court against conducting Sales Tax Audit for the tax year 2019. The Honorable Sindh High Court has granted interim relief till the decision of the case. Amount is not determined as proceeding not yet initiated. The management is confident that the case will be decided in favor of the Subsidiary Company.

29.2 Guarantees

Bank Guarantees in favour of:

	Note	(Rupees in Thousand)	
		2023	2022
The Director Excise & Taxation, Karachi	23.10.4	608,365	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	29.1.11	15,351	15,351

Letters of Credit in favour of:

Sui Southern Gas Company Limited for Gas		257,592	257,592
		969,814	752,878



29.3 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)	
	Note	2023	2022
Foreign currency:			
Property, plant and equipment		789,298	3,982,352
Raw and packing material		5,578,080	1,780,644
Spare parts and others		583,842	378,149
		6,951,220	6,141,145
Local currency:			
Property, plant and equipment		164,170	347,624
Raw material		349,999	294,382
Spare parts and others		11,972	63,231
		526,141	705,237
		7,477,361	6,846,382

30 SALES

Gross local sales	30,873,115	26,907,428
Third party processing charges	108,765	195,888
	30,981,880	27,103,316
Less: Sales tax	4,607,606	3,954,409
	26,374,274	23,148,907
Export sales	1,009,506	810,747
	27,383,780	23,959,654

31 COST OF SALES

Raw and packing material consumed		18,395,948	14,734,760
Stores, spare parts and loose tools consumed		839,284	632,766
Outsource processing charges		674,311	808,252
Salaries, wages, allowances and benefits	31.1	2,089,102	1,592,840
Power, fuel and gas		2,985,442	2,296,921
Rent, rates and taxes		45,025	16,023
Insurance		136,081	73,573
Cartage & transportation		249,653	148,137
Repairs and maintenance		302,081	238,021
Communications & Computer		1,775	2,753
Water supply		7,595	5,809
Travelling		5,144	2,933
Sundry		45,047	46,828
Depreciation	5.2	1,121,135	920,363
		26,897,623	21,519,979
Duty draw back		-	(275)
Scrap sales	31.2	(67,144)	(36,608)
		26,830,479	21,483,096
Opening stock of goods-in-process		1,108,306	352,687
Closing stock of goods-in-process		(241,586)	(1,108,306)
Closing stock of unfinished goods held for sale	10.1	(280,595)	-
Cost of goods manufactured		27,416,604	20,727,477
Opening stock of finished goods		2,252,863	1,590,151
Closing stock of finished goods		(4,285,953)	(2,252,863)
		25,383,514	20,064,765



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31.1 These include Rs.5.684 million (2022: Rs.22.654 million) and Rs.47.3437 million (2022: Rs.31.057 million) respectively, representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan.

31.2 Net off sales tax amounting to Rs.12.867 million (2022: Rs.7.300 million).

		(Rupees in Thousand)	
	Note	2023	2022
32	DISTRIBUTION AND SELLING COSTS		
Salaries, allowances and benefits	32.1	44,207	52,114
Insurance		3,527	5,151
Rent, rates and taxes		3,841	2,340
Handling, freight and transportation		315,638	221,585
Advertisement and sales promotion		-	62
Communications		924	1,597
Travelling		593	395
Legal and professional fee		925	2,333
Sundry		12,232	9,875
Depreciation	5.2	1,851	2,812
		383,738	298,264

32.1 These include Rs.Nil (2022: Rs.1.784 million) and Rs.2.610 million (2022: Rs.3.415 million) respectively, representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan.

33 ADMINISTRATIVE EXPENSES

Salaries, allowances and benefits	33.1	343,903	259,870
Rent, rates and taxes		27,540	21,861
Insurance		7,915	8,868
Repairs and maintenance		34,522	12,658
Travelling		3,076	2,347
Communications		7,168	2,609
Legal & professional fees		8,677	6,735
Utilities		13,899	5,248
Printing and stationery		664	1,655
Transportation		9,223	10,833
Sundry		31,873	14,968
Depreciation	5.2	12,303	8,457
Amortization of intangible assets	6	10,025	-
		510,788	356,109

33.1 These include Rs.0.010 million (2022: Rs.9.231 million) and Rs.40.290 million (2022: Rs.28.480 million) respectively, representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan.

34 OTHER OPERATING EXPENSES

Loss on disposal of property, plant and equipment	5.4.1	-	5,418
Impairment allowance for ECL - net	11.6	-	6,636
Impairment allowance for slow moving stores, spare parts and loose tools - net	9.1	21,346	28,249
Exchange loss - net		41,996	47,481
Corporate social responsibility	34.1	37,274	21,415
Workers' Profit Participation Fund	23.8	-	111,248
Workers' Welfare Fund	23.9	-	14,576
Auditors' remuneration	34.2	4,567	3,723
		105,183	238,746



34.1 These includes donations of Rs.22.148 million (2022: Rs.20.415 million) to a related party Messrs. Gatron Foundation in which Chief Executive and four directors of the Parent Company are governors. None of the directors or their spouses has any interest in any other donee fund, so far as other donations are concerned.

		(Rupees in Thousand)	
	Note	2023	2022
34.2 Auditors' remuneration			
Audit fee - Annual financial statements			
Parent Company - Gatron (Industries) Limited		2,500	2,175
Subsidiary Company - Gatro Power (Private) Limited		700	600
Subsidiary Company - Global Synthetics Limited		25	22
Subsidiary Company - G-Pac Energy (Private) Limited		22	22
Limited review, audit of annual consolidated financial statements and certification fee		390	450
Sindh Sales Tax on services		291	262
Out of pocket expenses		639	192
		4,567	3,723

35 OTHER INCOME

Income from financial assets

Reversal of impairment allowance for ECL - net	11.6	3,501	-
Profit on deposits		209	151
		3,710	151

Income from non - financial assets & others

Gain on disposal of property, plant and equipment	5.4.1	5,040	261,284
Liabilities no more payable written back		3	57,484
Amortisation of Government Scheme		10,454	4,561
Remeasurement gain on discounting of provision for GIDC	22.3	72,382	78,395
Insurance claim		213,707	-
Miscellaneous income		310	5,303
		301,896	407,027
		305,606	407,178

36 FINANCE COSTS

Profit on long term financing		135,602	103,769
Mark up/profit on short term borrowings		910,304	198,564
Un-winding of long term provision for GIDC	22.3	150,237	56,645
Interest on Workers' Profit Participation Fund	23.8	458	70
Bank charges and guarantee commission		13,054	5,014
	36.1	1,209,655	364,062

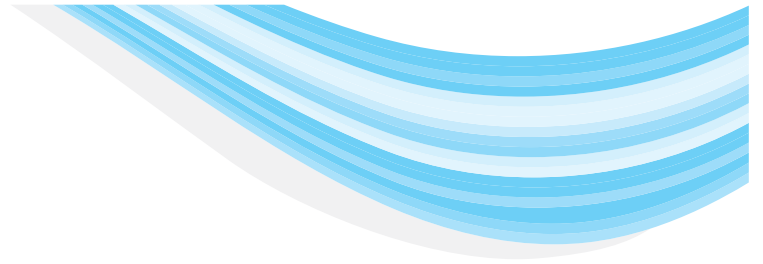
36.1 It includes finance costs under Shariah Complaint arrangement amounting to Rs.644.237 million (2022: Rs.179.005 million).

37 INCOME TAX

For the current year		338,675	521,150
For the prior year		-	(925)
	28	338,675	520,225
Deferred	22.1.1	7,301	211,746
		345,976	731,971



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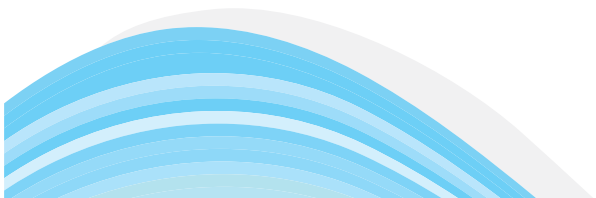


	(Rupees in Thousand)	
	2023	2022
Relationship between income tax and profit before income tax :		
Profit before income tax	96,508	3,044,886
Income tax rate	29%	29%
Income tax on profit before income tax	27,987	883,017
Tax effect of:		
minimum tax	329,678	289,163
tax loss not recognised	210,967	-
alternative corporate tax	-	50,188
brought forward minimum tax and loss adjusted	-	(419,632)
super tax	-	174,301
income assessed under final tax regime - export sales	1,340	(15,541)
Reversal of prior year income tax	-	(925)
income exempt from subsidiary company Messrs. Gatro Power (Private) Limited	(179,032)	(206,305)
loss from subsidiary company Messrs. Global Synthetics Limited	7	9
loss from subsidiary company Messrs. G-Pac Energy (Private) Limited	7,568	6,022
others	(52,539)	(28,326)
Income tax for the year	<u>345,976</u>	<u>731,971</u>

37.1 Sufficient provision for tax has been made in these consolidated financial statements taking into account the profit or loss for the period and various admissible and inadmissible allowances and deduction under the Income Tax Ordinance, 2001. Position of provision and tax deemed assessed for last three years are as follows:

	(Rupees in Thousand)		
	2022	2021	2020
Tax provision	<u>521,150</u>	<u>246,185</u>	<u>355,086</u>
Tax assessed	<u>210,317</u>	<u>150,456</u>	<u>247,658</u>

The difference between tax provision and tax assessed is mainly due to the fact that provision of for super tax has been made at the rate of 10% whereas no amount of super tax was paid along with the return in line with the then applicable interim stay issued by the Sindh High Court [SHC]. Later on the case was decided in favour of the Parent Company against which the tax department has filed appeal before the Supreme Court of Pakistan [SCP]. The SCP vide interim order has directed the Parent Company to pay super tax at the rate of 4% instead of 10%. Final judgment of the SCP has not yet been issued. Other differences represent change in the pattern of computation of income and tax thereon in line with the judgement of the SHC and Appellate Tribunal Inland Revenue reported as 2022 PTD 558 and 2022 PTD 599 respectively. Due to these differences, corresponding difference is also there in provision of WWF as per financial statements and the amount as per income tax return.





GATRON (INDUSTRIES) LIMITED

		(Rupees in Thousand)	
		2023	2022
38	(LOSS) EARNINGS PER SHARE - BASIC AND DILUTED		
	(Loss) Profit after income tax	(249,468)	2,312,915
		(Number of Shares)	
	Weighted average number of Ordinary Shares in issue during the year	76,728,960	76,728,960
		(Rupees)	
	(Loss) Earnings per share - Basic and diluted	<u>(3.25)</u>	<u>30.14</u>

Weighted average number of shares for the year ended 30 June 2022 have been restated due to issuance of bonus shares as stated in note 18 of these consolidated financial statements.

There is no dilutive effect on the basic earnings per share of the Group.

		(Rupees in Thousand)	
39	CASH AND CASH EQUIVALENTS		
	Cash and bank balances	17 384,084	899,455
	Short term borrowings	26 (7,674,415)	(4,891,866)
		<u>(7,290,331)</u>	<u>(3,992,411)</u>

39.1 Previously, the Group classified all its short term borrowings as a part of cash and cash equivalents for the purpose of statement of cash flows. However, during the year, the Group has classified only running finance as part of cash and cash equivalents to meet the criteria of cash and cash equivalents as per the requirements of IAS -7 "Statement of Cash Flows". Accordingly adjustment in comparative figures are as follows:

	As previously reported	Effect of restatement	As Restated
Consolidated Statement of Cash Flows			
Cash flow from financing activities	3,095,059	(890,000)	2,205,059
Cash and cash equivalents at the beginning of the year	(2,027,710)	2,240,000	212,290
Cash and cash equivalents at the end of the year	(3,992,411)	1,350,000	(2,642,411)

However, there is no impact on the comparative consolidated statement of financial position and consolidated statement of profit or loss.

40 FINANCIAL INSTRUMENTS

Financial assets as per statement of financial position - Measured at amortised cost

Loans and advances	24,095	4,834
Deposits	402,624	227,913
Trade debts	3,975,789	4,322,527
Other receivables	355,925	192,445
Cash and bank balances	384,084	899,455
	<u>5,142,517</u>	<u>5,647,174</u>

Financial liabilities as per statement of financial position - Measured at amortised cost

Long term financing	8,911,873	5,973,532
Trade and other payables	7,906,849	2,528,428
Unclaimed dividend	21,055	21,381
Unpaid dividend	20,801	-
Accrued mark up/profit	882,396	205,251
Short term borrowings	8,474,415	4,891,866
	<u>26,217,389</u>	<u>13,620,458</u>



The effective interest/markup rates for the monetary financial assets and liabilities are mentioned in respective notes to the consolidated financial statements.

40.1 MEASUREMENT OF FAIR VALUE

International Financial Reporting Standard (IFRS), IFRS 13 "Fair Value Measurement", unifies the framework for measurement of fair values as required by other IFRS and requires disclosure regarding fair value measurement, i.e., disclosure of valuation techniques and inputs used to measure the fair value and in case recurring fair value measurements using unobservable inputs the effect of fair value measurement on statement of profit or loss or statement of other comprehensive income.

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.

40.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focusses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk Management is carried out under policies and principles approved by the Board. All treasury related transactions are carried out within the parameters of these policies and principles.

40.2.1 Market Risk

A Foreign exchange risk

Foreign exchange risk represents the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Foreign exchange risks arises mainly from future economic transactions or receivables and payables that exist due to transactions in foreign currencies.

The Group is exposed to foreign exchange risk arising from currency value fluctuations, primarily with respect to the USD, Euro, CHF and JPY. The Group's Exposure to foreign currency risk is as follows:



GATRON (INDUSTRIES) LIMITED

	(Rupees in Thousand)	
	2023	2022
Trade creditors	1,149,343	152,464
Bills Payable	3,747,552	280,624
	4,896,895	433,088
Trade Debts	(252,051)	(103,435)
Receivable from suppliers	(163,140)	(62,662)
Cash at bank in foreign currency accounts	(129,819)	(72,987)
	(545,010)	(239,084)
	4,351,885	194,004
Commitments - Outstanding letters of credit	6,951,220	6,141,145
Net exposure	11,303,105	6,335,149

The following significant exchange rates have been applied:

	Rupees			
	Average rate		Reporting date rate	
	2023	2022	2023	2022
USD to PKR	248.04	177.61	286.60	205.75
Euro to PKR	260.52	200.29	313.64	215.49
CHF to PKR	265.25	191.49	320.90	215.70
JPY to PKR	-	1.51	-	1.51

At reporting date, if the PKR had strengthened/weakened by 10% against the USD, Euro, CHF and JPY with all other variables held constant, pre tax profit for the period would have been higher/lower by the amount shown below, mainly as a result of net foreign exchange gain or net foreign currency exposure at reporting date.

	(Rupees in Thousand)			
	Average rate		Reporting date rate	
	2023	2022	2023	2022
Effect on statement of profit or loss				
USD to PKR	927,121	414,130	1,071,255	479,638
Euro to PKR	47,753	138,842	57,489	149,353
CHF to PKR	1,296	3,917	1,567	4,434
JPY to PKR	-	90	-	90
	976,170	556,979	1,130,311	633,515

The sensitivity analysis prepared is not necessarily indicative of the effects on consolidated profit for the period and assets / liabilities of the Group.

B Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest or currency rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is not exposed to equity price risk since there are no investment in listed equity securities.

C Interest / Markup rate risk

Interest / Markup rate risk arises from the possibility of changes in Interest / Markup rates which may effect the value of financial instruments. The Parent Company has short term borrowings at variable rates. At the reporting date, the interest profile of the Parent Company interest-bearing financial instrument is:



GATRON (INDUSTRIES) LIMITED

	2023		2022	
	Effective rate (in %)		Effective rate (in %)	
(Rupees in Thousand)				
			2023	2022
			Carrying amount	
Financial Assets				
Variable rate instruments				
Bank balance	13.75 - 14.00	8.60	1,535	2,003
Financial Liabilities				
Variable rate instruments				
Long term financing	10.90 - 22.67	7.66 - 15.28	(3,515,834)	(1,486,069)
Short term borrowings	2.40 - 22.48	2.40 - 15.65	(8,474,415)	(4,891,866)
			<u>(11,988,714)</u>	<u>(6,375,932)</u>

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest/markup rates at the reporting date would have decreased/(increased) profit for the year by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for June 2022.

	Statement of profit or loss before tax	
	100 bp increase	100 bp decrease
As at June 30, 2023		
Cash flow sensitivity - Variable rate	<u>(119,887)</u>	<u>119,887</u>
As at June 30, 2022		
Cash flow sensitivity - Variable rate	<u>(63,759)</u>	<u>63,759</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the period and assets / liabilities of the Parent Company.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities. Therefore, a change in markup rate at the reporting date would not effect consolidated statement of profit or loss of the Group.

40.2.2 Credit risk

Credit risk represents the risk that one party to financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Parent Company manages credit risk interalia by setting credit limits in relation to individual customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. Also the Parent Company does not have significant exposure in relation to individual customer. Consequently, the Group believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposure before any credit enhancements. Out of total financial assets of Rs.5,142.517 million (2022: Rs.5,647.174 million), financial assets of Rs.5,140.130 million (2022: Rs.5,644.778 million) are subject to credit risk. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:



GATRON (INDUSTRIES) LIMITED

	(Rupees in Thousand)	
	2023	2022
Loans and advances	24,095	4,834
Deposits	402,624	227,913
Trade debts	3,975,789	4,322,527
Other receivables	355,925	192,445
	4,331,714	4,514,972
Bank balances	381,697	897,059
	5,140,130	5,644,778

Loans and advances

These represents loan and advances to employees are recovered on monthly basis. Retirement balances are also available for these employees against which balance can be adjusted incase of default. The Group actively pursues for the recovery of these loans and the Group does not expect that these employees will fail to meet their obligations, hence the management believes no impairment allowance is required there against.

Deposits

Deposits includes utilities deposits and bank margin and others which are neither past due nor impaired with the counter parties. Group believes that based on past relationship, credit rating and financial soundness of the counter parties chances of default are remote and also there is no material impact of changes in credit risks. The management does not expect to incur credit loss there against.

The aging of trade debts and other receivables at the reporting date:

Not past due	3,935,768	3,974,527
Past due 1-30 days	168,807	250,810
Past due 31-90 days	86,917	194,918
Past due 91-180 days	130,288	82,887
Past due 180 days	128,113	133,510
	4,449,893	4,636,652
Allowance for ECL - local	(118,179)	(121,680)
	4,331,714	4,514,972

The credit quality of Group's bank balances can be assessed with reference to external credit rating as follows:

Banks	Rating Agency	Rating		(Rupees in Thousand)	
		Short term	Long term	2023	2022
Bank Al-Falah Limited	PACRA	A-1+	AA+	81,459	199,318
Bank Al-Habib Limited	PACRA	A-1+	AAA	11,523	304,353
Citibank N.A.	Moody's	P-1	Aa3	-	65
Dubai Islamic Bank Pakistan Limited	VIS	A-1+	AA	2,054	2,083
Faysal Bank Limited	PACRA	A-1+	AA	6,789	61
Habib Bank Limited	VIS	A-1+	AAA	16,052	5,354
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	166,106	127,091
MCB Bank Limited	PACRA	A-1+	AAA	22,148	6,653
Meezan Bank Limited	VIS	A-1+	AAA	43,823	245,157
National Bank of Pakistan	PACRA	A-1+	AAA	7,476	6,343
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA	21,994	466
The Bank of Punjab	PACRA	A-1+	AA+	86	25
United Bank Limited	VIS	A-1+	AAA	2,187	90
				381,697	897,059

Above ratings are updated from website of State Bank of Pakistan.



40.2.3 Liquidity risk

Liquidity risk represents where an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Parent Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2023, the Parent Company has Rs.10,580 million plus Rs.150 million swinging facility with a related party Messrs. Novatex Limited, available borrowing limit from financial institutions. The Parent Company has unutilised borrowing facilities of Rs.2,106 million in addition to balances at banks of Rs.382 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest/mark up payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
---- (Rupees in Thousand) ----							
2023							
Long term financing	8,911,873	15,509,267	1,263,080	860,085	1,960,730	6,053,270	5,372,102
Trade and other payables	7,906,849	7,906,849	7,906,849	-	-	-	-
Unclaimed dividend	21,055	21,055	21,055	-	-	-	-
Unpaid dividend	20,801	20,801	20,801	-	-	-	-
Accrued mark up/profit	882,396	882,396	882,396	-	-	-	-
Short term borrowings	8,474,415	8,475,972	8,475,972	-	-	-	-
	<u>26,217,389</u>	<u>32,816,340</u>	<u>18,570,153</u>	<u>860,085</u>	<u>1,960,730</u>	<u>6,053,270</u>	<u>5,372,102</u>
2022							
Long term financing	5,973,532	7,212,359	135,538	319,952	885,576	2,900,268	2,971,025
Trade and other payables	2,528,428	2,528,428	2,528,428	-	-	-	-
Unclaimed dividend	21,381	21,381	21,381	-	-	-	-
Accrued mark up/profit	205,251	205,251	205,251	-	-	-	-
Short term borrowings	4,891,866	4,893,264	4,893,264	-	-	-	-
	<u>13,620,458</u>	<u>14,860,683</u>	<u>7,783,862</u>	<u>319,952</u>	<u>885,576</u>	<u>2,900,268</u>	<u>2,971,025</u>

40.3 CAPITAL RISK MANAGEMENT

The Group's objectives in managing capital is to ensure the Group's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The gearing ratio as at June 30, 2023 and June 30, 2022 were as follows:

	(Rupees in Thousand)	
	2023	2022
Total borrowings	17,386,288	10,865,398
Cash and bank balances	(384,084)	(899,455)
Net debt	<u>17,002,204</u>	9,965,943
Total equity	9,615,733	9,982,453
Total capital	<u>26,617,937</u>	<u>19,948,396</u>
Gearing ratio	64%	50%

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position plus net debt.

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix amongst various sources of finance to minimize risk and cost.



The Group is not exposed to any externally imposed capital requirement.

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to consolidated statement of profit or loss for remuneration, including all benefits to the Chief Executive, Directors and Executives of the Group are as follows:

(Rupees in Thousand)

Particulars	Chief Executive		Directors		Executives		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Managerial remuneration	13,226	13,017	15,839	30,142	345,906	214,954	374,971	258,113
Post Employment benefits	5,889	4,673	7,248	1,731	53,598	32,710	66,735	39,114
Utilities	17	30	15	11	11	85	43	126
Other benefits	3,122	1,741	2,370	4,295	144,687	91,500	150,179	97,536
Reimbursement	-	-	-	-	3,861	2,289	3,861	2,289
	22,254	19,461	25,472	36,179	548,063	341,538	595,789	397,178

Number of persons for remuneration	1	1	2	2	90	52	93	55
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- 41.1** Aggregate amount of meeting fee to 7 non-executive directors (2022: 6 non-executive Directors) was Rs.1.850 million (2022: Rs.1.200 million).
- 41.2** In addition, the Chief Executive and working directors are provided with Company maintained car and certain executives are provided with household furniture and cars under Group policies, the monetary impact where of is not quantifiable.
- 41.3** During the year, a related party Messrs. Novatex Limited reimbursed Rs.114.983 million (2022: Rs.79.731 million) in respect of shared resources of certain directors and executives.
- 41.4** During the year, Mr. Haroon Bilwani have been ceased to be the executive director of the Parent Company on his demise dated October 19, 2022 and Mr. Saqib Haroon Bilwani have been appointed as non-executive director of the Parent Company w.e.f. October 29, 2022.

42 SEGMENT REPORTING

42.1 Reportable segments

The Group's reportable segments are as follows:

- Polyester Filament Yarn - it comprises manufacturing of Polyester Filament Yarn and its raw material.
- Polyester PET Preform - it comprises manufacturing of Polyester PET Preform and its raw material. This includes the results of Subsidiary Company Messrs. Global Synthetics Limited, which has not yet commenced its operations till date.
- Electric Power generation - it comprises operations of Subsidiary Companies Messrs. Gatro Power (Private) Limited and Messrs. G-Pac Energy (Private) Limited.

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



42.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2023 is as follows:

(Rupees in Thousand)

	2023					2022				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Sales	<u>22,541,665</u>	<u>4,842,115</u>	<u>27,383,780</u>	<u>2,206,265</u>	<u>29,590,045</u>	<u>19,724,675</u>	<u>4,234,979</u>	<u>23,959,654</u>	<u>2,233,222</u>	<u>26,192,876</u>
Segment result before depreciation	592,768	910,039	1,502,807	738,222	2,241,029	2,385,010	934,973	3,319,983	852,165	4,172,148
Less: Depreciation	(845,586)	(86,485)	(932,071)	(203,218)	(1,135,289)	(742,662)	(46,949)	(789,611)	(142,021)	(931,632)
Segment result after depreciation	<u>(252,818)</u>	<u>823,554</u>	<u>570,736</u>	<u>535,004</u>	<u>1,105,740</u>	<u>1,642,348</u>	<u>888,024</u>	<u>2,530,372</u>	<u>710,144</u>	<u>3,240,516</u>

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

Total sales for reportable segments					<u>29,590,045</u>					26,192,876
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					<u>(2,206,265)</u>					<u>(2,233,222)</u>
Sales					<u>27,383,780</u>					<u>23,959,654</u>
Total results for reportable segments			<u>570,736</u>	<u>535,004</u>	<u>1,105,740</u>			<u>2,530,372</u>	<u>710,144</u>	<u>3,240,516</u>
Other operating expenses			(91,891)	(39,608)	(131,499)			(240,007)	(19,559)	(259,566)
Other income			74,599	249,470	324,069			355,797	67,381	423,178
Finance costs			(1,074,505)	(153,613)	(1,228,118)			(312,727)	(67,335)	(380,062)
Investment income - Dividend			1,072,313	-	1,072,313			225,750	-	225,750
			<u>551,252</u>	<u>591,253</u>	<u>1,142,505</u>			<u>2,559,185</u>	<u>690,631</u>	<u>3,249,816</u>
Elimination of intra group transaction					<u>(1,045,997)</u>					<u>(204,930)</u>
Profit before income tax					<u>96,508</u>					<u>3,044,886</u>

Assets and liabilities by segments are as follows:

Segment assets	<u>31,313,879</u>	<u>1,758,220</u>	<u>33,072,099</u>	<u>3,962,037</u>	<u>37,034,136</u>	<u>18,424,870</u>	<u>2,477,036</u>	<u>20,901,906</u>	<u>4,108,740</u>	<u>25,010,646</u>
Segment liabilities	<u>12,587,734</u>	<u>500,524</u>	<u>13,088,258</u>	<u>1,809,223</u>	<u>14,897,481</u>	<u>7,841,407</u>	<u>447,650</u>	<u>8,289,057</u>	<u>1,487,780</u>	<u>9,776,837</u>

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

	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	<u>37,034,136</u>	<u>14,897,481</u>	25,010,646	9,776,837
Unallocated	4,504,764	16,628,537	2,769,406	7,610,789
Elimination of intra group balances	(836,789)	(439,640)	(870,167)	(460,194)
Total as per consolidated statement of financial position	<u>40,702,111</u>	<u>31,086,378</u>	<u>26,909,885</u>	<u>16,927,432</u>

Other segment information is as follows:

Depreciation	<u>845,586</u>	<u>86,485</u>	<u>932,071</u>	<u>203,218</u>	<u>1,135,289</u>	<u>742,662</u>	<u>46,949</u>	<u>789,611</u>	<u>142,021</u>	<u>931,632</u>
Capital expenditures incurred during the year	<u>7,865,037</u>	<u>11,712</u>	<u>7,876,749</u>	<u>362,504</u>	<u>8,239,253</u>	4,066,901	150,952	4,217,853	1,100,123	5,317,976
Unallocated capital expenditure incurred during the year					<u>237,574</u>					283,074
Total					<u>8,476,827</u>					<u>5,601,050</u>

42.3 All non-current assets of the Group as at June 30, 2023 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.

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



GATRON (INDUSTRIES) LIMITED

		(Metric Tons)	
		2023	2022
43	PLANT CAPACITY AND ACTUAL PRODUCTION		
	Polyester Filament Yarn	43.1	
	Annual capacity-75 denier	43,424	43,424
	Annual capacity-150 denier	86,280	86,280
	Actual production	54,594	56,887
	Polyester P.E.T. Preforms	43.2	
	Annual capacity - 43.66 gms	41,017	41,017
	Annual capacity - 27 gms	31,512	31,512
	Actual production	12,298	14,080
	Knitted Fabrics	43.3	
	Annual capacity	1,090	1,090
	Actual production	681	200
	Electric Power	43.4	
	Annual operating capacity	258,542	263,228
	Actual production	104,967	137,923

(KWH in Thousand)

43.1 The capacity is determined based on 75 denier and 24 filaments/150 denier and 48 filaments. Actual production represents production of various deniers.

43.2 The capacity is determined based on 43.66 gms/27 gms production. Actual production represents production of various grammage. The actual production versus annual capacity is lower on account of the parent Company is lacking the sizes of preforms, which are in demand. The actual production of preforms (various grammage) in pieces was 480.266 million (2022: 523.110 million) against annual capacity (based on 43.66gm/27 gms) of 939 million/1,167 million pieces.

43.3 The actual production versus annual capacity is lower on account market demand of the Parent Company's product, which is increasing gradually.

43.4 During the year, annual capacity has been adjusted on account of downfall in operating efficiency of generators due to aging. The actual production versus annual capacity is lower on account of annual capacity includes capacities of standby gas generators as well as spare HFO generators and requirement of well optimum running load on gas engines.

44 TRANSACTIONS WITH RELATED PARTIES

During the year, details of transactions with related parties are as follows:



GATRON (INDUSTRIES) LIMITED

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				2023	2022
Novatex Limited	Related Party	Common directorship	Sale of goods	8,277	328,712
			Rendering of services	84,681	165,431
			Obtaining of services	674,311	808,252
			Purchase of raw and other material	671,509	307,557
			Purchase of property, plant and equipment	410,258	-
			Sale of property, plant and equipment	3,027	650
			Rent	21,512	21,512
			Reimbursement of expenses	254,550	230,460
			Krystalite Product	Related Party	Common key management
Reimbursement of expenses	1,256	115			
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	23,431	42,352
			sale of other material	220	-
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend	4,861	-
			Charges on account of handling	-	8,649
			Rent	9,693	-
Gatron Foundation	Related Party	Common directorship	Payment of donation	22,148	20,415
Pharmnova (Private) Limited	Related Party	Common key management	Sale of property, plant & equipment	-	230,000
G&T Tyres (Private) Limited	Related Party	Common key management	Purchase of other material	3,749	1,025
Gatron (Ind) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	-	29,419
Gatron (Ind) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	5,694	4,250

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

- Outstanding balances, as at reporting date, are disclosed in their respective notes.

Transactions and outstanding balances, as applicable in relation to Defined Contribution Plan (DCP) and Key Management Personnel (KMP) have been disclosed in note 41 of KMP and note 5.4 of disposal of property, plant and equipment. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Group considers its Chief Executive, Executive Directors and other executives to be KMP.



GATRON (INDUSTRIES) LIMITED

	(Rupees in Thousand)	
	2023 (Un-audited)	2022 (Audited)
45 PROVIDENT FUND RELATED DISCLOSURES		
The Following information is based on latest financial statements of the Funds.		
Size of the Funds - Total Assets	<u>128,565</u>	<u>584,146</u>
Cost of Investments made	<u>125,437</u>	<u>473,432</u>
Fair value of investments	<u>127,508</u>	<u>581,453</u>
Percentage of investments made (Fair value to size of the fund)	<u>99.18%</u>	<u>99.54%</u>

	(Rupees in Thousand)			
	2023		2022	
	Amount	%	Amount	%
45.1 The Break-up of cost of investments is:				
Government Securities	-	0.00%	273,610	57.79%
Bank Deposits	<u>125,437</u>	<u>100.00%</u>	<u>199,822</u>	<u>42.21%</u>
	<u>125,437</u>	<u>100.00%</u>	<u>473,432</u>	<u>100.00%</u>

45.2 Investments out of the provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	(Number of employees)	
	2023	2022
46 NUMBER OF EMPLOYEES		
Total number of employees as at June 30	<u>842</u>	<u>837</u>
Average number of employees during the year	<u>841</u>	<u>810</u>

47 CORRESPONDING FIGURES

Prior year's figure have been reclassified for the purpose of better presentation. Change made during the year is as follows:

Reclassification from component	Reclassification to component	(Rupees in Thousand)
Trade and other payables	Current portion of non-current liabilities	
Creditors for capital expenditures	Trade creditors	248,808

48 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on October 03, 2023 by the Board of Directors of the Parent Company.

49 GENERAL

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer



GATRON (INDUSTRIES) LIMITED

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 Stockbrokers.

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 the 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 them into book-entry-form. For this purpose, the shareholder shall be required to open an account with either Central



GATRON (INDUSTRIES) LIMITED

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.

5. DISSEMINATION OF ANNUAL AUDITED ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2023, THROUGH DVD:

The Securities and Exchange Commission of Pakistan vide SRO No. 470(I)/2016 dated May 31, 2016, has allowed listed companies to disseminate their Annual Audited Accounts (i.e., the Annual Balance Sheet and Profit and Loss Account, Auditors’ Report and Directors’ Report) to its members through CD/DVD/USB at their registered address instead of sending them in hard copy. Pursuant to the approval of shareholders, the Annual Audited Financial Statements of the Company for the year ended June 30, 2023, are being circulated to the members through DVD. However, shareholders may request to provide a hard copy of Annual Accounts. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form. Relevant forms are available on the Company's website: www.gatron.com

6. PLACEMENT OF FINANCIAL STATEMENTS ON WEBSITE:

The Financial Statements of the Company for the year ended June 30, 2023, along with reports have been placed on the website of the Company at www.gatron.com.

Proxy Form

FORTY THIRD ANNUAL GENERAL MEETING

I/We, _____ of _____
 being a Shareholder of **Gatron (Industries) Limited** and holding _____
 Ordinary Shares as per Register Folio No. _____ or "CDC" Participant's
 I.D. No. _____ A/c No. _____ hereby appoint
 Mr. / Ms. _____
 of _____ or failing him/her Mr. / Ms. _____ of
 _____ as my/our Proxy in my/our absence to attend and vote for me/us
 and on my/our behalf at the 43rd Annual General Meeting of the Company to be held on **Friday**,
 October 27, 2023 at 10.00 a.m. and at any adjournment thereof.

Signed this _____ day of , _____ 2023.

Witness:

1. Signature _____
 Name _____
 Address _____
 CNIC No. _____

2. Signature _____
 Name _____
 Address _____
 CNIC No. _____

Signature
 on Revenue
 Stamp of Rs.5/-

Notes:

1. The proxy form in order to be valid must be signed across five rupees revenue stamp and should be deposited with the company not later than 48 hours before the time of holding the meeting.
2. The proxy must be a member of the company.
3. Signature should agree with the specimen signature, registered with the company.
4. CDC shareholders and their proxies must attach either an attested photocopy of their Computerized National Identity Card or Passport with this proxy form.
5. In case of corporate entity, the Board of Director's Resolution / Power of Attorney with specimen signature shall be submitted along with Proxy Form.



GATRON (INDUSTRIES) LIMITED

مختار نامہ (پراکسی فارم)

۲۳ واں سالانہ اجلاس عام

میں/ہم

بجھیت رکن گیٹرون (انڈسٹریز) لمیٹڈ و حامل
عام حصص بمطابق شیئر رجسٹر فوئیو نمبر _____ اور/یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____
اور ذیلی کھاتہ نمبر _____ محترم/محترمہ _____ ساکن _____
یا بصورت دیگر _____ ساکن _____

کو اپنی/ہماری جگہ بروز جمعہ، مورخہ 27 اکتوبر، 2023ء، بجے 10:00 میں منعقد یا ملتوی ہونے والے تینتالیسویں سالانہ اجلاس عام میں شرکت،
رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا/کرتی/کرتے ہوں/ہیں۔

دستخط مورخہ _____ برائے ماہ و سال _____ شبت ہیں۔

گواہ:

5 روپے کارسیدی
ٹکٹ یہاں چسپاں کر کے
دستخط کریں

1 دستخط _____

نام _____

پتہ _____

سی این آئی سی نمبر _____

2 دستخط _____

نام _____

پتہ _____

سی این آئی سی نمبر _____

نوٹ:

- (1) مختار نامہ (پراکسی فارم) کے موثر ہونے کے لیے ضروری ہے کہ وہ 5 روپے کے رسیدی ٹکٹ پر دستخط کے ساتھ اجلاس شروع ہونے سے
48 گھنٹے قبل کمپنی کو موصول ہو جائے۔
- (2) مختار (پراکسی) کو کمپنی کارکن (ممبر) ہونا ضروری ہے۔
- (3) دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونے کے مطابق ہونی چاہیے۔
- (4) سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی اس مختار نامہ
(پراکسی فارم) کے ساتھ منسلک کریں۔
- (5) کارپوریٹ ادارے کی صورت میں، ادارے کے بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اٹرنی بشمول نمونہ
دستخط پراکسی فارم کے ساتھ جمع ہوں گی۔



GATRON (INDUSTRIES) LIMITED