



GATRON (INDUSTRIES) LIMITED

Quarterly Report

September 30, 2023

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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
First Habib Modaraba
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,
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Phone: 021-35659500-9
Fax: 021-35659516

Email

headoffice@gatron.com

Website

www.gatron.com



GATRON (INDUSTRIES) LIMITED



Directors' Report

Dear Shareholders,

On behalf of the Board of Directors, we are pleased to present the un-audited financial statements of Gatron (Industries) Limited for the three months ended September 30, 2023.

Financial Review:

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

- Net sales Rs.7,914 million,
- Operating loss Rs.66 million,
- Loss before income tax Rs.636 million,
- Loss after income tax Rs.740 million,
- Loss per share Rs.9.64
- Paid up capital Rs.767 million,
- shareholders' equity Rs.7,120 million

Your company achieved a net revenue of Rs.7,914 million as compared to Rs.4,896 million in the last corresponding period, indicating an overall net increase of 62%. This increase should be viewed in the perspective of the average rupee exchange rate against the US dollar, which was Rs.292 in the current period, as opposed to Rs.223 in the corresponding period and in perspective of the fact that sales and production in the last corresponding period were low due to floods in major part of the country.

The sales volume of PET Preforms decreased by 16% in comparison to the corresponding period due to lower consumer demand affecting beverage sales.

The outgoing period was challenging for the company due to low demand in downstream industries caused by a tight economic and political situation. On the other hand the overhang of imported yarn inventory added to the supply pressure. Moreover, these imports are at exceptionally low dumped prices.

Furthermore, the inconsistent collection or suspension of Anti-Dumping duties poses a significant concern for the PFY industry, which is already facing the challenges of escalating manufacturing costs. It is imperative for the government to take decisive action and create a level playing field for local manufacturers in the face of these dumped imports. All other major PFY producing countries have safeguarded their local PFY industries from dumping by imposing higher Anti-Dumping Duties, ranging from 16% to 32% on Chinese PFY however this range is 2.78% to 6.82% in Pakistan. Additionally, these duties are not effectively collected due to different tactics by trader importers. Serious intervention is essential to rectify this situation and strengthen the domestic PFY industry.

The lower operating rates, due to Dumped competing product, as mentioned previously, led to a surge in fixed costs. On the other hand, local operating costs are increasing particularly the energy costs.

The administrative expenses increased by 15%, mainly due to inflationary factors resulting from the devaluation of the Pak Rupee.

The finance cost significantly increased due to the increase in base markup rate set by the State Bank of Pakistan, reaching a historical high of 22% affecting the bottom-line after the operating results. Besides the sales tax refundable amount, the higher levels of stock in trade and an increased unit value of stocks also led to higher working capital requirements. The Company is actively engaged in efforts to reduce the volume of stock in trade and outstanding

receivables. In the upcoming periods, it is anticipated that, following the operation of the new cost efficient polymer plant, raw material stock levels will normalize, leading to a decrease in working capital requirements. The Company is also exploring other avenues to reduce the finance cost. Unfortunately, the incidence of Minimum Tax on Turnover has led to increase in tax for the period rather than tax being reduced due to evaporation of the profit.

The operation of the cost efficient polymer plant will also reduce cost of production while also adding diversified products in the sales of your company.

On the Balance Sheet front as compared to June 30, 2023, stocks increased by Rs.2,349 million, totaling Rs.13,736 million. Debtors increased by Rs.290 million, reaching Rs.4,266 million, whereas creditors increased by Rs.4,040 million, reaching Rs.13,284 million. The company's short-term borrowings rose by Rs.886 million compared to June 30, 2023, reaching Rs.9,360 million. It is expected that these will be reduced in the coming months.

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 the following 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 rates in Pakistan imposed in 2017 are already low to cover the actual dumping/injury and are much lower than the following ADD

imposed on Chinese exporters of Polyester Filament Yarn:

- by Turkey of minimum 16% or \$250/ton
- by India of minimum 23%
- by the USA 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 in the coming weeks, 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. In the above background it is expected that the dumping margins and the dumping duties in Pakistan on Chinese PFY imports will also be revised to higher levels.

- As noted above Para of this report, now the dumping by the Chinese producers have become intense due to their capacity expansions coming on stream and correspondingly reduction in world 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 by China, 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 by China, 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 is expected as noted above.
- 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 10 imports of Pakistan, 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 MT 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.

OTHER MATTERS

- The principal business of Wholly Owned Subsidiary Company Messrs. Gatro Power (Private) Limited is to generate and sell electric power. The operations of the subsidiary Company remained disturbed due to irregularity in gas supply during the reporting period.
- The principal business of Wholly Owned Subsidiary Company Messrs. G-Pac Energy (Private) Limited is to generate and sell electric power. The operations of this Subsidiary Company are expected to be commenced soon and it is waiting commissioning of the sanctioned gas in the already laid new gas line.
- Wholly Owned Subsidiary Messrs. Global Synthetics Limited has yet to commence its operations.

APPROPRIATION

The Board of Directors of the Company does not recommend any interim cash dividend for the three months period ended September 30, 2023.

EARNING PER SHARE

The loss per share of the Company for the three months period ended on September 30, 2023, is Rs.9.64.

MATERIAL CHANGES AND COMMITMENTS

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

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

INTERNAL FINANCIAL CONTROLS

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



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 24, 2023

تصرف:

کمپنی کے بورڈ آف ڈائریکٹرز نے 30 ستمبر 2023ء کے اختتام پذیر ہونے والی سہ ماہی کیلئے کسی بھی عبوری نقد منافع منقسمہ کی سفارش نہیں کی ہے۔

آمدن فی حصہ:

30 ستمبر 2023ء کے اختتام پذیر ہونے والی سہ ماہی کیلئے کمپنی کا فی حصہ نقصان 9.64 روپے ہے۔

اہم تبدیلیاں اور معاہدے:

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

مختصر عبوری مجموعی مالیاتی گوشوارے:

گروپ ہذا کے مختصر عبوری جامع مالیاتی گوشوارے (CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS) ہمراہ نوٹس اور ڈائریکٹرز رپورٹ مذکورہ رپورٹ کے ساتھ منسلک ہیں۔

داخلی مالیاتی انتظام:

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 جارہی 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 خاصا نہ تعریف کا اظہار کرنا چاہیں گے اور ساتھ ہی ہم تمام سرکاری اداروں، آڈیٹرز، ایس ای سی پی، پی ایس ایس اور بینکوں کے بھی شکر گزار ہیں۔ کمپنی کی کارکردگی اور مجموعی ترقی کے لیے رہنمائی اور معاونت فراہم کی۔

محمد اقبال بلوانی
ڈائریکٹر

شیر دیوان
آفسر اعلیٰ

تاریخ: 24 اکتوبر 2023ء

☆ جیسا کہ اس رپورٹ کے ابتداء میں درج کیا گیا ہے، اب چین کے پروڈیوسروں کی جانب سے ان کی صلاحیت میں توسیع کی وجہ سے، اور معاشی گراؤت کی وجہ سے عالمی طلب میں کمی کے باعث ڈیمینڈ انتہائی شدید ہو گئی ہے۔ دسمبر 2022 سے 5 فیصد RD کے دو بارہ نفاذ نے اس صورتحال میں قدرے مدد کی ہے جبکہ برآمد کنندگان ADD دینے سے گریز کر رہے ہیں۔

☆ جیسا کہ اوپر ذکر کیا گیا ہے کہ گزشتہ 4 سالوں میں دنیا بھر میں چین کی جانب سے PFY کی برآمدات ذیل ہیں۔

پروڈکٹ لیبل	سال	برآمدی مقدار چائنہ کی جانب سے ٹن میں	پچھلے سال کے مقابلے میں فیصد اضافہ
ٹیکسچر ڈفلامینٹ (پولی میٹر) 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	برآمدی مقدار چائنہ کی جانب سے ٹن میں	پچھلے سال کے مقابلے میں فیصد اضافہ
ٹیکسچر ڈفلامینٹ (پولی میٹر) 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%

☆ مؤثر طریقے سے ADD کے ساتھ ساتھ سال 2017 سے 2019 تک ریگولیٹری ڈیوٹی اور ڈاؤن اسٹریم کی ٹانگ میں اضافے نے آپ کی کمپنی اور دیگر پروڈیوسرز کو 2017 میں اپنی صلاحیت میں اضافہ کرنے کی ترغیب دی، اس طرح اگلے سال مقامی PFY صنعت کی پیداواری صلاحیت 165000 ٹن تک پہنچ جائے گی۔ جو کہ 2017 میں صرف 70,000 ٹن کے مقابلے میں ہے۔ ریمانڈ کے مطابق ایٹنی ڈیمینڈ ڈیوٹی کی بحالی اور اس کے بعد سیٹ کے جائزے میں اسی کا تسلسل متوقع ہے جیسا کہ اوپر بتایا گیا ہے۔

☆ آپ کی کمپنی کی توسیع کے ساتھ پاکستان میں دیگر فلیمنٹ یارن پروڈیوسرز کی توسیع، درآمدی یارن کے مقابلے پر ریگولیٹری ڈیوٹی کے ساتھ ڈیمینڈ کے خلاف ایٹنی ڈیمینڈ ڈیوٹی 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 2019 میں صرف 30 فیصد تھی۔ مذکورہ توسیع درآمدات کا متبادل فراہم کرے گی اور کرنٹ اکاؤنٹ خسارے کو کم کرے گی (نی اوفت بڑھ رہا ہے) جبکہ صنعت کی جانب سے سپلائی سے فراہم کردہ ملازمتوں کے علاوہ مقامی روزگار بھی فراہم کرے گی۔

☆ PFY برآمدات میں سے 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 90 فیصد سے زیادہ مقامی پیداوار سے پورا کیا گیا، مزید برآں، ڈاؤن اسٹریم کی صنعت اور طلب میں بھی متعدد سالوں کے دوران اضافہ ہوا ہے اور کل طلب 350000 میٹرک ٹن سے زائد رہی جو کہ سال 18-2017 میں 260000 ٹن بھی لہذا کرنٹ اکاؤنٹ خسارے پر دباؤ کو کم کرنے کے لیے اس کی کئی پیداوار میں اضافہ بھی ضروری ہے۔

دیگر معاملات

☆ مکمل ملکیتی ذیلی کمپنی میسرز گیکو واپور (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار بجلی کی پیداوار اور فروخت ہے۔ رپورٹنگ کی مدت کے دوران گیس کی فراہمی میں بے ضابطگی کی ذیلی کمپنی کے آپریشنز میں مشکلات کا باعث رہی۔

☆ مکمل ملکیتی ذیلی کمپنی میسرز جیک انرجی (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ مذکورہ ذیلی کمپنی کے امور کا جلد آغاز متوقع ہے اور یہ سپلائی سے بچھائی گئی گیس لائن میں منظور شدہ گیس شروع ہونے کا انتظار کر رہی ہے۔

☆ مکمل ملکیتی ذیلی ادارہ میسرز گلوبل سٹینٹیکس لمیٹڈ نے تا حال اپنے کام کا آغاز کرنا ہے۔

بیلنس شیٹ کی سطح پر 30 جون 2023 کے مقابلے میں، اسٹاک میں 2,349 ملین روپے کا اضافہ ہوا، جو کل 13,736 ملین روپے ہیں۔ قرض 290 ملین روپے بڑھ کر 4,266 ملین روپے تک پہنچ گیا، جبکہ قرض و ہندسہ 4,040 ملین روپے بڑھ کر 13,284 ملین روپے تک پہنچ گئے۔ کمپنی کے قلیل مدتی قرضے 30 جون 2023 کے مقابلے میں 886 ملین روپے بڑھ کر 9,360 ملین روپے تک پہنچ گئے۔ توقع ہے کہ آنے والے مہینوں میں ان میں کمی ہو جائے گی۔

درج ذیل چیلنجز اور مستقبل پر ایک نظر:

☆ این ٹی سی کی جانب سے 2017 میں اینٹی ڈیمپنگ ڈیوٹی کے حتمی نعتین کے مطابق، PFY کے درآ مدکنندگان اور غیر ملکی برآمد کنندگان نے 2017 میں اینٹی ڈیمپنگ اوبیلٹ ٹریبونل کے سامنے اپیلیں دائر کی تھیں۔ اوبیلٹ ٹریبونل نے اپیل کے جارجسٹری 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 مقامی صنعت کو پہنچنے والے نقصان پر نظر ثانی کی جاسکے۔ اس کے مطابق، این ٹی سی نے جنوری 2022 میں اپنا حتمی فیصلہ 2.78 فیصد سے 6.82 فیصد (اوسط 4.8 فیصد) کی کم حد تک کیا اور اینٹی ڈیمپنگ ڈیوٹی کو دوبارہ نوٹیفائیڈ کیا۔ ریماڈرنہ سے پہلے نوٹیفائیڈ اینٹی ڈیمپنگ ڈیوٹی 3.25 فیصد سے 11.35 فیصد کے درمیان تھی۔ این ٹی سی نے یہ بھی طے کیا کہ غیر منسوب عوامل مقامی صنعت کو نقصان نہیں پہنچا رہے۔ یہ ڈمپ شدہ درآمدات ہیں جو نقصان کی بنیادی وجہ ہیں۔

PFY کے درآ مدکنندگان اور تاجروں نے فروری 2022 میں دوبارہ بعض پہلوؤں پر اینٹی ڈیمپنگ اوبیلٹ ٹریبونل میں اپیل کی، جبکہ ہائی کورٹس میں اسٹےٹیشن بھی دائر کی۔ آخر کار دسمبر 2022 میں کمیشن 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 ریماڈرنہ کر دیا۔ جنوری 2023 سے اگست 2023 تک NTC چیئرمین اور تمام ممبران کی آسامیاں خالی ہونے کی وجہ سے غیر فعال تھیں۔ لہذا مؤثر طریقے سے تمام ADD کو دسمبر 2022 سے اب تک معطل رہی۔ اس سے مقامی PFY صنعت کو شدید نقصان پہنچ رہا ہے۔ این ٹی سی کو ستمبر 2023 سے دوبارہ تشکیل دیا گیا ہے اور امید ہے کہ این ٹی سی جلد ہی دوسرے ریماڈرنہ پر اپنا فیصلہ جاری کرے گا۔

☆ پاکستان میں ADD کی سطح (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 پٹلی سطحوں پر بھی ADD کا تسلسل اور اگلے 5 سالوں تک پاکستان میں اس کا مؤثر نفاذ ضروری ہے۔ مزید یہ کہ درآ مدکنندگان نے گزشتہ 6 سالوں سے زیادہ تر کے لیے ADD کی ادائیگی نہیں کی ہے۔ درآ مدکنندگان کو ایک ہائی کورٹ میں اسٹےٹل جاتا ہے جو کہ 6 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 سٹی کی ہائی کورٹ میں اس حقیقت کو چھپاتے ہوئے کرتے ہیں کہ اسے پہلے خارج کر دیا گیا ہے دائر کرتے ہیں اور یہ ظاہر کرتے ہیں کہ یہ پہلی بار ہے کہ وہ مدکوہ ADD کے خلاف درخواست دائر کر رہے ہیں۔ اس طرح انہوں نے اب تک ایک کے بعد ایک (35 سے زیادہ مرتبہ پہلی پٹیشن کے خارج ہونے کے بعد) PFY کے ADD کے خلاف پٹیشن دائر کی ہیں۔

☆ درآ مدکنندگان نے اب تک PFY پر اینٹی ڈیمپنگ ڈیوٹی جمع کرنے کی حکومتی کوششوں کا مذاق اڑایا ہے جس کی وجہ سے اب تک 16 ملین روپے سے زیادہ رقم جمع نہیں ہوئی۔ تاہم حکومت نے دسمبر 2022 میں اثرات کو کم کرنے کے لیے درآ مد پر 5 فیصد ریگولٹری ڈیوٹی بحال کر دی ہے۔ پاکستان میں 2017 میں عائد کردہ ADD کی شرحیں اصل ڈیمپنگ/نقصان کو پورا کرنے کے لیے پہلے ہی کم ہیں اور پالیسی فریم ورک یارن کے پیشی برآمد کنندگان پر عائد اینٹی ڈیمپنگ ڈیوٹیوں سے بہت کم ہیں:

ترکی کی جانب سے کم از کم 16 فیصد (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 ڈیوٹی)
ویتنام کی جانب سے کم از کم 17.45 فیصد (اوز زیادہ سے زیادہ 21.23 فیصد)

جبکہ برازیل کے ساتھ ہی میکسیکو نے بھی چین سے PFY پر اینٹی ڈیمپنگ ڈیوٹی شروع کر دی ہے۔ لہذا، 6 بڑے ممالک چین کی جانب سے PFY پر اینٹی ڈیمپنگ یا کونٹریوٹنگ ڈیوٹی 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 درآ مدی بارن پر 20 فیصد درآ مدی ڈیوٹی کے ذریعے تحفظ فراہم کرتا ہے۔ حال ہی میں ہندوستان نے ہندوستان میں درآمدات کے لئے این ٹی ایس (بیورو آف انڈین اسٹینڈرڈز) کی اسٹیٹ کو جہلاتے ہوئے نان ٹیریف ہیریز نافذ کیا ہے کیونکہ ہندوستان میں چین کی پی ایف وائی کی درآمدات (پاکستان میں چین کی پی ایف وائی کی درآمدات کے ٹن کی طرح) ماہانہ 40,000 ٹن 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 پی ایف وائی ایس کے دورے/منظور ہونے کی توقع نہیں ہے۔ مندرجہ بالا پالیسی منظر میں یہ توقع کی جاتی ہے کہ پیشی پی ایف وائی درآمدات پر پاکستان میں ڈیمپنگ مارچن اور ڈیمپنگ ڈیوٹی کو بھی اعلیٰ سطحوں پر نفاذ کے لیے نظر ثانی کی جائے گی۔

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان،

بورڈ آف ڈائریکٹرز کی جانب سے گھبرون (انڈسٹریز) لمیٹڈ کے 30 ستمبر 2023 کو اختتام پذیر ہونے والی سہ ماہی مدت کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

مالیاتی جائزہ:

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے:

خالص فروخت 7,914 ملین روپے،
 آپریٹنگ خسارہ 66 ملین روپے،
 خسارہ قبل از کم ٹیکس 636 ملین روپے،
 خسارہ بعد از کم ٹیکس 740 ملین روپے،
 خسارہ فی حصہ 9.64 روپے،
 ادا شدہ سرمایہ 767 ملین روپے
 ایکویٹی بابت حصص یافتگان 7,120 ملین روپے

آپ کی کمپنی نے گذشتہ اسی مدت میں 4,896 ملین روپے کے مقابلے میں 7,120 ملین روپے کی خالص فروخت کی، جو مجموعی طور پر 62 فیصد کے خالص اضافے کو ظاہر کرتی ہے۔ اس اضافے کو امریکی ڈالر کے مقابلے روپے کی اوسط شرح مبادلہ کے تناظر میں دیکھا جانا چاہیے، جو کہ موجودہ مدت میں پچھلی مدت کے اوسط 223 روپے کے مقابلے میں 292 روپے جا پہنچا اور اس امر کے تناظر میں گذشتہ اسی عرصے میں ملک کے بڑے حصوں میں سیلاب کی وجہ سے فروخت اور پیداوار کم تھی۔

PET ریپرائمر کی فروخت کا حجم اسی مدت کے مقابلے میں 16 فیصد کم ہوا جو کہ صارفین کی کم طلب کی وجہ سے مشروبات کی فروخت متاثر ہوئی ہے۔

سخت اقتصادی اور سیاسی صورتحال کی وجہ سے ڈاؤن اسٹریک کی صنعتوں میں کم مانگ کی بناء پر پختہ مدت کمپنی کے لیے چیلنجنگ تھی، دوسری جانب درآ مد شدہ یارن کی الومینیری کی اور پیگ نے سپلائی پر بیٹری میں اضافہ کیا۔ مزید برآں، یہ درآمدات غیر معمولی طور پر کم قیمتوں پر ہیں۔

مزید برآں، اینٹی ڈیمنگ ڈیوٹی کی غیر متعاد وصولی یا معطلی PFY اسٹریک کے لیے ایک اہم تشویش کا باعث ہے، جو پہلے ہی مینوفیکچرنگ لاگت میں اضافے کے چیلنجوں کا سامنا کر رہی ہے۔ حکومت کے لیے یہ ضروری ہے کہ وہ فیصلہ کن کارروائی کرے اور مقامی مینوفیکچررز کے لیے ان ڈمپ شدہ درآمدات کے مقابلے میں ایک ہمہ گیر میدان پیدا کرے۔ دیگر تمام بڑے PFY پیدا کرنے والے ملک نے چینی PFY پر 16 فیصد سے 32 فیصد تک اعلیٰ اینٹی ڈیمنگ ڈیوٹی لگا کر اپنی مقامی PFY صنعتوں کو ڈیمنگ سے محفوظ رکھا ہے، تاہم پاکستان میں یہ 2.78 فیصد سے 6.82 فیصد ہے۔ مزید برآں، تاجروں اور درآمد کنندگان کی جانب سے مختلف حربوں کی وجہ سے یہ ڈیولپمنٹس موثر طریقے سے جمع نہیں کی جاتی ہیں۔ اس صورتحال کو ٹھیک کرنے اور مقامی PFY صنعت کو مضبوط کرنے کے لیے سنجیدہ حکمت عملی ضروری ہے۔

کم آپریٹنگ شرح، ڈمپڈ مسابقتی مصنوعات کی وجہ سے، جیسا کہ پہلے ذکر کیا گیا، مقررہ لاگت میں اضافے کا باعث بنی۔ دوسری جانب مقامی آپریٹنگ اخراجات بالخصوص توانائی کے اخراجات بڑھ رہے ہیں۔ انتظامی اخراجات میں 15 فیصد اضافہ ہوا، جس کی بنیادی وجہ پاکستانی روپے کی قدر میں کمی کے نتیجے میں افراط زر کے عوامل ہیں۔ اسٹیٹ بینک آف پاکستان کی جانب سے مقرر کردہ بیس مارک اپ کی شرح جو کہ آپریٹنگ نتائج کے بعد اہداف کو متاثر کرتے ہوئے 22 فیصد کی تاریخی بلند ترین سطح پر پہنچ گئی، اور اسی اضافے کی وجہ سے مالیاتی لاگت میں نمایاں اضافہ ہوا۔ سیلز ٹیکس کی قابل واپسی رقم کے علاوہ، تجارت میں اسٹاک کی اعلیٰ سطح اور اسٹاک کی بڑھتی ہوئی یونٹ ویلیو بھی کلید بنی۔ بڑھتی ہوئی قیمتیں اور واجب الادا وصولی میں اور اسٹاک کے حجم کو کم کرنے کی کوششوں میں سرگرم عمل ہے۔ آنے والے ادوار میں، یہ توقع ہے کہ موثر لاگت کے حامل نئے پالیمر پلانٹ کے آپریشن کے بعد، خام مال کے اسٹاک کی سطح معمول پر آجائے گی، جس کے نتیجے میں سرمائے کی ضروریات میں کمی واقع ہوگی۔ کمپنی مالیاتی لاگت کو کم کرنے کے لیے دیگر ذرائع بھی تلاش کر رہی ہے۔ بد قسمتی سے، ہزن اور پر کم از کم ٹیکس شرح نے منافع کے کمی کی وجہ سے ٹیکس کم ہونے کے بجائے مذکورہ مدت کے لیے ٹیکس میں اضافہ کیا ہے۔



Condensed Interim Un-consolidated Statement Of Financial Position AS AT SEPTEMBER 30, 2023

			(Rupees in Thousand)	
	Note	September 2023 (Un-audited)	June 2023 (Audited)	
ASSETS				
Non - Current Assets				
Property, plant and equipment	5	18,644,675	16,938,295	
Intangible assets	6	67,671	70,177	
Long term investments		398,417	389,745	
Long term loans		201,659	174,449	
Long term deposits		4,919	4,919	
		19,317,341	17,577,585	
Current Assets				
Stores, spare parts and loose tools		1,371,834	1,579,468	
Stock in trade		13,736,006	11,386,739	
Trade debts	13	4,265,572	3,975,789	
Loans and advances		863,121	310,314	
Current portion of long term loans		45,865	74,848	
Trade deposits and short term prepayments		184,943	389,068	
Other receivables	13	2,248,221	1,846,390	
Advance income tax		-	100,000	
Cash and bank balances		465,580	336,613	
		23,181,142	19,999,229	
TOTAL ASSETS		42,498,483	37,576,814	
EQUITY AND LIABILITIES				
EQUITY				
Share capital	7	767,290	767,290	
Capital reserves		6,383,645	6,383,645	
Unappropriated (loss) / profit		(30,829)	709,132	
		7,120,106	7,860,067	
LIABILITIES				
Non - Current Liabilities				
Long term financing		8,414,300	8,179,328	
Deferred liabilities and income	8	1,664,751	1,672,727	
		10,079,051	9,852,055	
Current Liabilities				
Trade and other payables	9 & 13	13,283,693	9,244,061	
Unclaimed dividend		9,465	21,055	
Unpaid dividend		20,801	20,801	
Accrued mark up/ profit		1,366,003	882,396	
Short term borrowings		9,359,940	8,474,415	
Current portion of long term financing		901,347	732,545	
Current portion of non-current Liabilities		241,538	233,987	
Provision for income tax less payments		116,539	255,432	
		25,299,326	19,864,692	
CONTINGENCIES AND COMMITMENTS	10			
TOTAL EQUITY AND LIABILITIES		42,498,483	37,576,814	

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	(Rupees in Thousand)	
	Jul-2023 to Sep-2023	Jul-2022 to Sep-2022
Sales	7,914,353	4,896,444
Cost of sales	<u>7,647,671</u>	<u>4,712,556</u>
Gross profit	266,682	183,888
Distribution and selling costs	<u>83,893</u>	<u>105,230</u>
Administrative expenses	<u>133,361</u>	<u>116,016</u>
Other operating expenses	<u>131,440</u>	<u>15,383</u>
	<u>348,694</u>	<u>236,629</u>
	<u>(82,012)</u>	<u>(52,741)</u>
Other income	<u>16,181</u>	<u>11,554</u>
Operating loss	(65,831)	(41,187)
Finance costs	<u>570,524</u>	<u>236,336</u>
Loss before income tax	(636,355)	(277,523)
Income tax - Current	<u>97,962</u>	<u>61,206</u>
- Deferred	<u>5,644</u>	<u>31,467</u>
	<u>103,606</u>	<u>92,673</u>
Loss after income tax	(739,961)	(370,196)
Loss per share - Basic and diluted (Rupees)	<u>(9.64)</u>	(Restated) <u>(4.82)</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



Condensed Interim Un-consolidated Statement Of Comprehensive Income (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

(Rupees in Thousand)

	Jul-2023 to Sep-2023	Jul-2022 to Sep-2022
Loss after income tax	(739,961)	(370,196)
Other comprehensive income	-	-
Total comprehensive loss	<u>(739,961)</u>	<u>(370,196)</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IOBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

(Rupees in Thousand)

	Share capital	Capital reserves	General reserve	Unappropriated (loss) / profit	Total
Balances as at July 01, 2022	383,645	383,645	3,250,000	3,754,151	7,771,441
Total comprehensive loss for the three months ended September 30, 2022	-	-	-	(370,196)	(370,196)
Balances as at September 30, 2022	383,645	383,645	3,250,000	3,383,955	7,401,245
Total comprehensive income for the nine months ended June 30, 2023	-	-	-	573,915	573,915
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)	-
Balances as at June 30, 2023	767,290	6,383,645	-	709,132	7,860,067
Total comprehensive loss for the three months ended September 30, 2023	-	-	-	(739,961)	(739,961)
Balances as at September 30, 2023	767,290	6,383,645	-	(30,829)	7,120,106

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	(Rupees in Thousand)	
	Jul-2023 to Sep-2023	Jul-2022 to Sep-2022 (Restated)
Cash Flows from/(towards) Operating Activities		
Loss before income tax	(636,355)	(277,523)
Adjustments for:		
Depreciation	158,791	228,153
Provision for defined benefit plan	33,210	33,198
Gain on disposal of property, plant and equipment	(1,178)	(2,119)
Impairment in long term investments	8,089	6,041
(Reversal)/impairment allowance for ECL-net	(2,845)	4,262
Impairment allowance for slow moving stores, spare parts and loose tools-net	3,678	2,305
Amortisation of interest free long term loan to subsidiary company	(5,641)	(4,437)
Amortisation of intangible asset	2,506	1,862
Remeasurement gain on discounting of provision for GIDC	(3,206)	(834)
Finance costs	570,524	236,336
	<u>763,928</u>	<u>504,767</u>
	127,573	227,244
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	203,956	(443,572)
Stock in trade	(2,349,267)	(5,536,584)
Trade debts	(286,938)	(258,664)
Loans and advances	(552,807)	(450,688)
Trade deposits and short term prepayments	204,125	23,893
Other receivables	(401,831)	(816,727)
	<u>(3,182,762)</u>	<u>(7,482,342)</u>
Increase in Trade and other payables	4,043,776	4,051,660
Cash flows from/(towards) operations before following	<u>988,587</u>	<u>(3,203,438)</u>
(Payments for)/receipts of:		
Long term loans	(9,347)	(17,164)
Defined benefit plan	(4,523)	(5,546)
Finance costs	(86,917)	(94,142)
Income tax	(136,855)	(109,154)
Net cash flows from/(towards) operating activities	<u>750,945</u>	<u>(3,429,444)</u>
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(1,865,509)	(2,135,654)
Proceeds from disposal of property, plant and equipment	1,516	8,638
Net cash flows towards investing activities	<u>(1,863,993)</u>	<u>(2,127,016)</u>
Cash Flows from/(towards) Financing Activities		
Long term financing - proceeds received	447,616	2,709,624
Long term financing - repayments	(79,536)	(57,548)
Short term borrowings - net	850,000	600,000
Dividend paid	(11,590)	(58)
Net cash flows from financing activities	<u>1,206,490</u>	<u>3,252,018</u>
Net increase/(decrease) in cash and cash equivalents	<u>93,442</u>	<u>(2,304,442)</u>
Cash and cash equivalents at the beginning of the period	<u>(7,337,802)</u>	<u>(3,409,131)</u>
Cash and cash equivalents at the end of the period	<u>(7,244,360)</u>	<u>(5,713,573)</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	465,580	208,856
Short term borrowings	<u>(7,709,940)</u>	<u>(5,922,429)</u>
	<u>(7,244,360)</u>	<u>(5,713,573)</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

THE COMPANY AND ITS OPERATIONS

- 1.1 The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are quoted at the Pakistan Stock Exchange Limited since 1992. The principal business of the Company is manufacturing of Polyester Filament Yarn through its self-produced Polyester Polymer/Chips. The Company also produces PET Preforms. The registered office of the Company is situated at Room No.32, 1st Floor, Ahmed Complex, Jinnah Road, Quetta whereas the plant of the Company is situated at Plot No.441/49-M2, Sector "M", H.I.T.E., Main R.C.D. Highway, Hub, District Lasbela, Balochistan and Liaison office of the Company is situated at 11th Floor, G&T Tower, #18 Beaumont Road, Civil Lines-10, Karachi.
- 1.2 Following are the wholly owned subsidiaries of the Company:
- Gatro Power (Private) Limited, which is engaged in power generation.
 - Global Synthetics Limited, which has yet to commence its operations.
 - G-Pac Energy (Private) Limited, which has yet to commence its operations.

2 BASIS OF PREPARATION

- 2.1 These condensed interim un-consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of International Accounting Standards (IAS) 34, interim financial reporting, issued by International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirement of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.
- 2.2 These condensed interim un-consolidated financial statements are the separate condensed interim un-consolidated financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.
- 2.3 These condensed interim un-consolidated financial statements are unaudited and do not include all the information and disclosures of the annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2023.
- 2.4 **Changes in accounting standards, interpretations and amendments to published approved accounting standards**
- 2.4.1 **Amendments to published approved accounting standards which are effective during the three months ended September 30, 2023:**
- There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2023; however, these do not have any significant impact on these condensed interim un-consolidated financial statements, hence not described.
- 2.4.2 **Standards and amendments to published approved accounting standards that are not yet effective:**
- There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2023. However, these amendments will not have any significant impact on the financial reporting of the Company, therefore, have not been disclosed in these condensed interim un-consolidated financial statements.

2.5 Functional and reporting currency

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim un-consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2023, except for useful life of certain plant and machinery.

The Company has changed its estimate of useful life of certain plant and machinery by changing the depreciation rate from 15% to 10%. 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 loss for the three months would have increased by Rs.59.716 million and the value of Property, plant and Equipment would have decreased by Rs.59.716 million.

4 SIGNIFICANT ACCOUNTING POLICIES

These condensed interim un-consolidated financial statements have been prepared, following the same accounting policies as were applied in the preparation of the audited financial statements as at and for the year ended June 30, 2023.

(Rupees in Thousand)			
	Note	September 2023 (Un-audited)	June 2023 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	6,047,668	6,034,197
Capital work in progress	5.2	<u>12,597,007</u>	<u>10,904,098</u>
		<u>18,644,675</u>	<u>16,938,295</u>
5.1 Following are the cost of additions and net book value (NBV) of assets disposed off during the period:			
Additions at cost during the period including transfer from Capital work in progress			
		Three months ended September 2023	Three months ended September 2022
Freehold Land		128,902	-
Building on leasehold land		1,304	3,156
Plant and machinery		231	775
Factory equipment		1,279	-
Motor vehicles		<u>40,884</u>	<u>7,161</u>
		<u>172,600</u>	<u>11,092</u>
Disposals at NBV during the period			
Motor vehicles		<u>338</u>	<u>6,519</u>
		<u>338</u>	<u>6,519</u>
5.2 Capital work in progress			
Balance as at start of the period		10,904,098	3,447,148
Additions		1,694,444	1,961,286
Transfer to operating fixed assets		<u>(1,535)</u>	<u>-</u>
Balance as at end of the period		<u>12,597,007</u>	<u>5,408,434</u>
5.2.1 Building on leasehold land		969,449	331,303
Plant and machinery		<u>11,627,558</u>	<u>5,077,131</u>
		<u>12,597,007</u>	<u>5,408,434</u>



	Note	September 2023 (Un-audited)	June 2023 (Audited)
6 INTANGIBLE ASSETS			
Software & licences			
Balance as at start of the period		70,177	59,594
Additions		-	20,608
Amortization during the period		(2,506)	(10,025)
Balance as at end of the period		<u>67,671</u>	<u>70,177</u>
7 SHARE CAPITAL			
(Number of Shares)			
September 2023 (Un-audited)	June 2023 (Audited)		
7.1 Authorised capital			
95,000,000	95,000,000 Ordinary shares of Rs. 10 each	<u>950,000</u>	<u>950,000</u>
7.2 Issued, subscribed and paid up capital			
30,136,080	30,136,080 Ordinary shares of Rs.10 each allotted for consideration paid in cash	<u>301,361</u>	<u>301,361</u>
46,592,880	46,592,880 Ordinary shares of Rs.10 each allotted as fully paid bonus shares	<u>465,929</u>	<u>465,929</u>
<u>76,728,960</u>	<u>76,728,960</u>	<u>767,290</u>	<u>767,290</u>
8 DEFERRED LIABILITIES AND INCOME			
Deferred Liabilities			
Income tax - net		224,691	219,047
Defined benefit plan	8.1	596,664	567,977
Provision for Gas Infrastructure Development Cess (GIDC)	8.2	-	1,471
Deferred income			
Deferred Income - Government scheme	8.3	<u>843,396</u>	<u>884,232</u>
		<u>1,664,751</u>	<u>1,672,727</u>
8.1 Defined benefit plan			
Balance as at start of the period		567,977	502,472
Expense		33,210	89,744
Remeasurement loss		-	1,581
Payments		(4,523)	(25,820)
Balance as at end of the period		<u>596,664</u>	<u>567,977</u>

8.2 Provision for Gas Infrastructure Development Cess

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

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

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

8.3 Deferred Income - Government scheme

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

9 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

- 9.1** The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Company alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Messrs. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before the Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court amounting to Rs.47.667 million (June 2023: Rs.47.667 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 2023: Rs.40.194 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories which the Company is paying in full as per the notification.
- 9.2** In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Company with effect from September 2013. On December 21, 2015, the Company alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court (refer note 9.1). As an abundant precaution, the Company has made provision of Rs.15.977 million (June 2023: Rs.15.977 million) pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.13.629 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Company is paying full amount of the gas bills as per this notification. In February, 2020, the Honorable Single Bench of Sindh High Court has decided the case in favor of Petitioners. SSGCL has filed appeal before the Double Bench of Sindh High Court against the decision and is pending for adjudication.
- 9.3** Provision of Sindh Sales Tax on rent payable by the Company to a related party Messrs. Novatex Limited amounting to Rs.7.887 million (June 2023: Rs.7.887 million). 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 Honorable Supreme Court of Pakistan has maintained the decision of Sindh High Court.



- 9.4 The Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. On October 23, 2017, the Company has also challenged the new Act in the Sindh High Court against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Company has filed 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.628.365 million (June 2023: Rs.578.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 10.2). Full provision after December 27, 2006 has been made in these condensed interim un-consolidated financial statements as an abundant precaution.
- 9.5 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.
- 9.6 Provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (June 2023: Rs.4.131 million) and rate difference of gas tariff Rs.2.655 million (June 2023: Rs.2.655 million) on account of common expenses payable by the Company to a related party Messrs. Novatex Limited.

10 CONTINGENCIES AND COMMITMENTS

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

10.1 Details of Litigations/ Tax Related Issues

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

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

By way of abundant precaution, the amount of Rs.27.762 million has been charged to un-consolidated statement of profit or loss in previous period i.e. year 2014. On September 04, 2021, the Special Judge Custom and Taxation Court has decided the case in favor of the Company. The FBR has filed appeal at Honorable Sindh High Court Karachi against the decision of Special judge which is pending adjudication.

- 10.1.2 In May 2015, the Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015, which seeks to impose GIDC levy since 2011. On July 16, 2015, the Company alongwith several other companies filed suit in the Sindh High Court against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Honorable Single Bench of Sindh High Court had

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

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

- 10.1.3** The Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has restrained EOBI from taking any coercive action against the Company. On December 03, 2021, the Honorable Sindh High Court has dismissed the Petition. However, the Company has filed an appeal at Supreme Court of Pakistan against the judgment. No provision of the amount involved i.e. Rs.34,921 million (June 2023: Rs.34.713 million) has been made in these condensed interim un-consolidated financial statements.
- 10.1.4** The Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A))-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. 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 condensed interim un-consolidated financial statements as the Company is confident that the matter will be decided in favor by the appellate authorities.
- 10.1.5** Tax Department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Company. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.
- 10.1.6** Tax Department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favor of the Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Company out of which Rs.1.594 million has been adjusted with

the income tax demand pertaining to tax year 2019. Appeal has been filed by the Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company, hence Rs.2.197 million recorded as refundable.

- 10.1.7** The Tax Officer alleged the Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that reduced rate was applicable to customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Company. Appeal was decided in favor of the Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.8** The case of the Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Company. Considering that the matter decided against the Company has no material impact, therefore, the Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.9** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta disallowed expenses of Rs.60.7 million vide order dated June 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 condensed interim un-consolidated financial statements.
- 10.1.10** The Company had filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Company has provided 100% bank guarantee amounting to Rs.15.351 million (June 2023: Rs.15.351 million), refer note 10.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.
- 10.1.11** Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, 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 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 condensed interim un-consolidated financial statements.
- 10.1.12** The Company had filed a petition before the Sindh High Court wherein the Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Company. The Tax Department has

filed an appeal before the 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 condensed interim un-consolidated financial statements.

- 10.1.13** The Company had filed a petition before the Sindh High Court wherein the Company had challenged the notice requiring to pay Super Tax for tax year 2018 amounting to Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Company. The Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Company also filed appeals before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 which has been concluded in favor of the Tax Department. The Company has filed appeals before the ATIR against the orders passed by the CIR(A). The Company has also paid 50% of demand for auto stay from recovery. The management is confident that the case will ultimately be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these condensed interim un-consolidated financial statements.
- 10.1.14** Income tax return for tax year 2019 has been amended by the DCIR vide order dated June 29, 2020 creating tax demand of Rs.1.594 million while abolishing refund of Rs.35.819 million as claimed in ITR 2019 against which the Company filed an appeal before the CIR(A), which has been partially decided in favour of the Company resulting in net tax refundable of Rs.4 million, 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.
- 10.1.15** Through Finance Act, 2019, section 65B of the Income Tax Ordinance, 2001 was amended to disallow credit on investment in plant & machinery from tax year 2020 and onwards. Consequently, the tax credit in respect of LCs opened on or before 30th June 2019 was also disallowed amounting to Rs.105.230 million. The Company has challenged the provision of Finance Act, 2019 before the Sindh High Court, 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 condensed interim un-consolidated financial statements.
- 10.1.16** 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. 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 condensed interim un-consolidated financial statements.
- 10.1.17** Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Company filed petitions against the said notices before the 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. However, full liability of WWF has been provided in respective years un-consolidated financial statements.
- 10.1.18** Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Company has filed an appeal before the CIR(A). The Company has paid 10% of demand for auto stay from recovery Rs.2.130 million. The CIR(A) has decided the case partially in favor of the Company and partially in favor of Tax Department. The order contains significant errors for which Company has filed rectification application before CIR(A). The management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.19** 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.

- 10.1.20 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. The management is confident that the case will be decided in favor of the Company. However, as an abundant precaution, the Company has not reversed the liability in these condensed interim un-consolidated financial statements.
- 10.1.21 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 case will be decided in favor of the Company.
- 10.1.22 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.
- 10.1.23 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 has filed an appeal before CIR(A) which has been decided in favour of the Company.

(Rupees in Thousand)

	September 2023 (Un-audited)	June 2023 (Audited)
10.2 Guarantees		
Bank Guarantees in favor of:		
The Director Excise and Taxation, Karachi	628,365	578,365
The Electric Inspector, President Licencing Board, Quetta	10	10
Pakistan State Oil Company Limited	70,000	70,000
K-Electric Limited	18,496	18,496
Nazir of the High Court of Sindh, Karachi	15,351	15,351
Letters of Credit in favor of:		
Sui Southern Gas Company Limited for Gas	32,592	32,592
	<u>764,814</u>	<u>714,814</u>

10.3 Commitments

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

Foreign currency:		
Property, plant and equipment	698,700	789,298
Raw and packing material	1,846,639	5,578,080
Spare parts and others	142,742	378,184
	<u>2,688,081</u>	<u>6,745,562</u>
Local currency:		
Property, plant and equipment	62,482	90,079
Raw material	-	349,999
Spare parts and others	5,984	11,972
	<u>68,466</u>	<u>452,050</u>
	<u>2,756,547</u>	<u>7,197,612</u>

11 MEASUREMENT OF FAIR VALUE

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

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

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

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

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

12 SEGMENT REPORTING

12.1 Reportable segments

The Company's reportable segments are as follows:

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

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

12.2 Segment results:

The segment information for the reportable segments for the quarter ended September 30, 2023 is as follows:

	September 2023			September 2022		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	<u>6,910,314</u>	<u>1,004,039</u>	<u>7,914,353</u>	3,867,591	1,028,853	4,896,444
Segment result before depreciation	92,025	116,194	208,219	(101,736)	292,531	190,795
Less: Depreciation	(144,110)	(14,681)	(158,791)	(209,010)	(19,143)	(228,153)
Segment result after depreciation	<u>(52,085)</u>	<u>101,513</u>	<u>49,428</u>	<u>(310,746)</u>	<u>273,388</u>	<u>(37,358)</u>
Reconciliation of segment results with loss before income tax:						
Total results for reportable segments			49,428			(37,358)
Other operating expenses			(131,440)			(15,383)
Other income			16,181			11,554
Finance costs			(570,524)			(236,336)
Loss before income tax			<u>(636,355)</u>			<u>(277,523)</u>

Assets and liabilities by segments are as follows:



	September 2023 (Un-audited)			June 2023 (Audited)		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
Segment assets	<u>35,367,441</u>	<u>1,294,398</u>	<u>36,661,839</u>	31,313,879	1,758,171	33,072,050
Segment liabilities	<u>20,031,992</u>	<u>401,443</u>	<u>20,433,435</u>	<u>12,587,734</u>	<u>500,476</u>	<u>13,088,210</u>

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

	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	36,661,839	20,433,435	33,072,050	13,088,210
Unallocated	5,836,644	14,944,942	4,504,764	16,628,537
Total as per un-consolidated statement of financial position	<u>42,498,483</u>	<u>35,378,377</u>	<u>37,576,814</u>	<u>29,716,747</u>

Other segment information is as follows:

	September 2023			September 2022		
Depreciation	<u>144,110</u>	<u>14,681</u>	<u>158,791</u>	<u>209,010</u>	<u>19,143</u>	<u>228,153</u>
Capital expenditures incurred during the year	1,405,248	896	1,406,144	2,057,099	-	2,057,099
Unallocated capital expenditure incurred during the year		<u>459,365</u>				<u>78,555</u>
Total		<u>1,865,509</u>				<u>2,135,654</u>

- 12.3 95.11% (September 2022: 97.69%) out of total sales of the Company relates to customers in Pakistan.
- 12.4 All non-current assets of the Company as at September 30, 2023 are located in Pakistan.
- 12.5 The Company does not have transaction with any external customer which amount to 10 percent or more of the Company's revenue.

13 TRANSACTIONS WITH RELATED PARTIES

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



Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Three months ended September 2023	Three months ended September 2022
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	719,790	824,860
			Plant operation arrangement	10,500	10,500
			Reimbursement of expenses	1,865	-
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Long term loan disbursed	39,800	16,600
			Repayment of long term loan	35,750	-
			Reimbursement of expenses	15	-
Novatex Limited	Related Party	Common directorship	Sales of goods	-	1,841
			Rendering of services	43,396	2,154
			Acquisition of services	67,810	79,172
			Purchase of raw & other material	356,124	127,786
			Rent	5,378	5,378
Reimbursement of expenses	17,762	11,663			
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	113,899	27,754
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	-	585
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	-	999
			Rent	1,950	-
Gatron Foundation	Related Party	Common directorship	Payment of donation	3,494	600
G&T Tyre (Private) Limited	Related Party	Common key management	Purchase of other material	544	-
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	1,506	1,205

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.158.543 million (September 2022: Rs.98.081 million).

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

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

	(Rupees in Thousand)	
	As at September 30, 2023 (Un-audited)	As at June 30, 2023 (Audited)
Gatro Power (Private) Limited		
Other receivables	21,857	10,619
Trade and other payables	129,491	161,521
G-Pac Energy (Private) Limited		
Other receivables	15	6
Novatex Limited		
Trade debts	37,201	28,300
Other receivables	3,187	-
Trade and other payables	4,355,414	1,010,678



(Rupees in Thousand)

	As at September 30, 2023 (Un-audited)	As at June 30, 2023 (Audited)
Krystalite Product (Private) Limited		
Trade debts	57,671	-
Trade and other payables	-	7,806
Mushtaq & Company (Private) Limited		
Trade debts	1,296	1,296
Gani & Tayub (Private) Limited		
Other receivables	1,126	1,126
G&T Tyre (Private) Limited		
Trade and other payables	321	-
Gatron (Industries) Limited Workers Provident Fund		
Trade and other payables	1,012	1,029

14 RESTATEMENT OF CASH & CASH EQUIVALENTS

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 period, 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
Condensed interim Un-consolidated Statement of Cash Flows			
Cash flow from financing activities	2,652,018	600,000	3,252,018
Cash and cash equivalents at the beginning of the period	(4,759,131)	1,350,000	(3,409,131)
Cash and cash equivalents at the end of the period	(7,663,573)	1,950,000	(5,713,573)

However, there is no impact on the comparative condensed interim un-consolidated statement of financial position and condensed interim un-consolidated statement of profit or loss.

15 DATE OF AUTHORISATION

"These condensed interim un-consolidated financial statements were authorised for issue on October 24, 2023 by the Board of Directors of the Company.

16 CORRESPONDING FIGURES

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

17 GENERAL

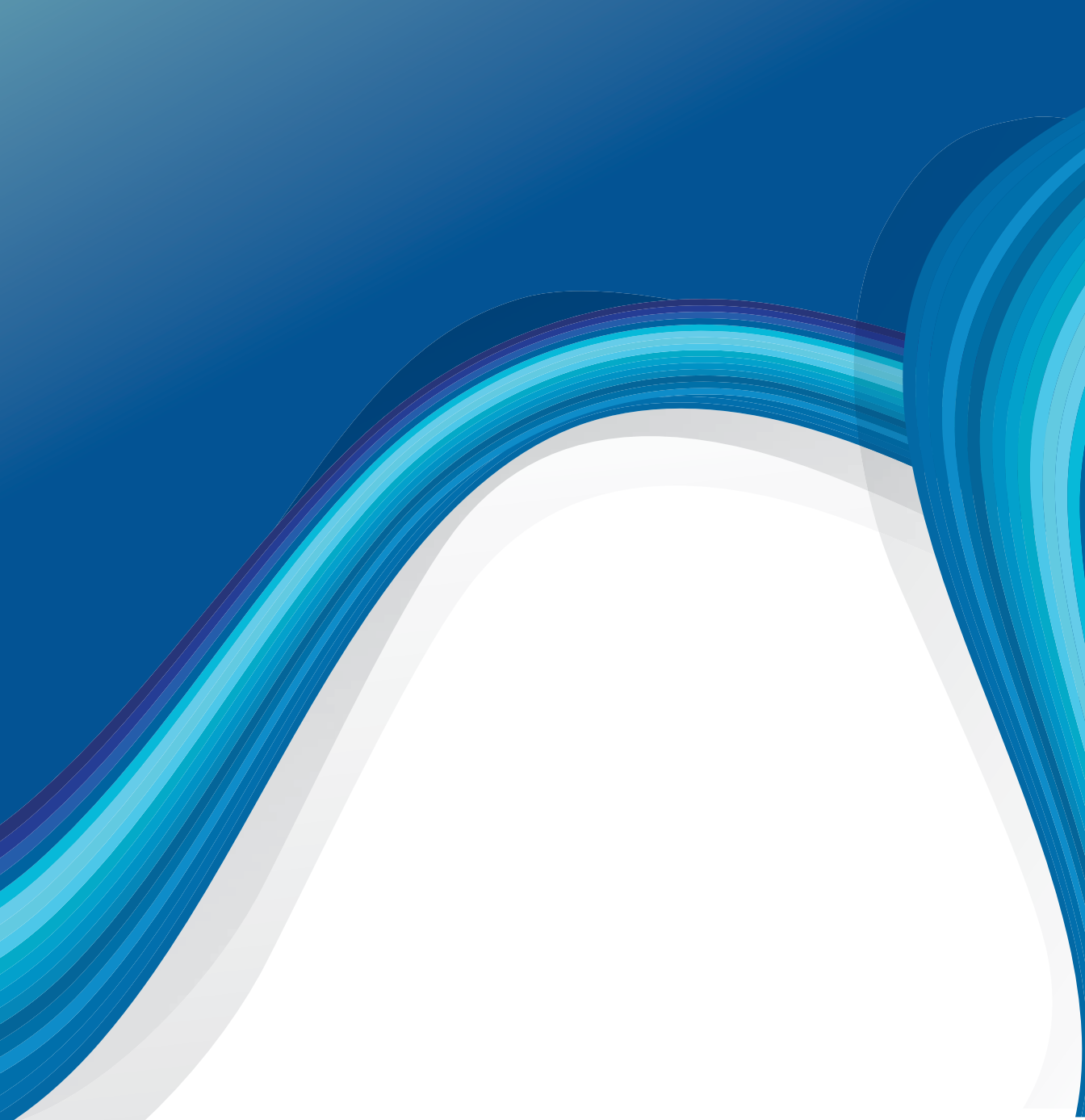
17.1 Charge for Workers' Profit Participation Fund, Workers' Welfare Fund, Deferred Tax and Income Tax (where applicable) are interim and final liability will be determined on the basis of annual results.

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer



**CONSOLIDATED
FINANCIAL
STATEMENTS**



Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the Un-Audited Condensed Interim Consolidated Financial Statements of the Group for the three months ended September 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 three months ended September 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. The operations of the subsidiary Company remained disturbed due to irregularity in gas supply during the reporting period.

The principal business of Wholly Owned Subsidiary Company Messrs. G-Pac Energy (Private) Limited is to generate and sell electric power. The operations of this Subsidiary Company are expected to be commenced soon and it is waiting commissioning of the sanctioned gas in the already laid new gas line.

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

CONSOLIDATED FINANCIALS:

(Rupees in Thousand)

Operating results for the three months ended September 30, 2023

Loss before income tax	(426,835)
Income tax	103,606
Loss after income tax	(530,441)
Un- appropriated Profit brought forward	2,179,798
Un- appropriated Profit carried forward	1,649,357
Loss per share - Basic and diluted (Rupees)	(6.91)

State of Affairs as on September 30, 2023

Property, plant and equipment	21,463,059
Other non-current assets	79,986
Current assets	24,270,177
Total assets	45,813,222
Deduct:	
Non-current liabilities	10,082,221
Current liabilities	26,645,709
Total liabilities	36,727,930
Net assets financed by shareholders' equity	9,085,292



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 24, 2023



اہم تبدیلیاں اور معاہدات:

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

اندرونی مالیاتی کنٹرول:

اندرونی گنبداری 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، PSX، SECP اور بینکوں کو ان کی قیمتی معاہدت اور تعاون کے مشکور ہیں۔

محمد اقبال بلوانی

ڈائریکٹر

شہیر دیوان

آفسر اعلیٰ

تاریخ: 24 اکتوبر 2023ء

گروپ کے جامع مالیاتی گوشواروں پر ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان،

میسرز گیلرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کے لیے گروپ ہڈا کے غیر آڈٹ شدہ مختصر عبوری جامع مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

گروپ

مذکورہ گروپ گیلرون (انڈسٹریز) لمیٹڈ اور اس کے ذیلی اداروں یعنی گیلرو پاور (پرائیویٹ) لمیٹڈ، گلوبل سٹینڈنگس لمیٹڈ اور جی بی بی انرجی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔ ہولڈنگ کمپنی یعنی گیلرون (انڈسٹریز) لمیٹڈ کی 30 ستمبر 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 گیلرو پاور (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار بجلی کی پیداوار اور فروخت ہے۔ زیر جائزہ مدت کے دوران، گیس کی فراہمی میں بے ضابطگی کے باعث ذیلی کمپنی کے آپریشنز مشکلات کا شکار رہے۔

مکمل ملکیتی ماتحت کمپنی میسرز جی بی بی 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 پہلے سے نصب کی گئی نئی گیس لائن میں منظور شدہ گیس کے شروع ہونے کا انتظار کیا جا رہا ہے۔

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

جامع مالیات:

پاکستانی روپے (ہزاروں میں)	
	آپریٹنگ نتائج برائے سہ ماہی 30 ستمبر 2023ء
(426,835)	خسارہ قبل از اکٹمنگس
103,606	اکٹمنگس
(530,441)	خسارہ بعد از اکٹمنگس
2,179,798	غیر متصرف منافع کرشنا (Un- appropriated Profit brought forward)
1,649,357	غیر متصرف منافع حالیہ (Un- appropriated Profit carried forward)
(6.91)	نقصان فی شیئر بنیادی اور تقسیم شدہ (Loss per share - Basic and diluted) (روپے)
	30 ستمبر 2023ء تک معاملات کی صورتحال
21,463,059	املاک، پلانٹ اور ایکویپمنٹ
79,986	دیگر پائیدار اثاثہ جات
24,270,177	بول پڑا اثاثہ جات
45,813,222	کل اثاثہ جات
	کٹوتی:
10,082,221	پائیدار واجبات
26,645,709	بول پڑا واجبات
36,727,930	کل واجبات
9,085,292	خالص اثاثہ جات ادا شدہ مخائب ایکویٹی ہائے حصص یافتگان



Condensed Interim Consolidated Statement of Financial Position AS AT SEPTEMBER 30, 2023

(Rupees in Thousand)			
	Note	September 2023 (Un-audited)	June 2023 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	21,463,059	19,673,941
Intangible assets	6	67,671	70,177
Long term loans		7,396	2,766
Long term deposits		4,919	4,919
		21,543,045	19,751,803
Current Assets			
Stores, spare parts and loose tools		2,038,557	2,171,428
Stock in trade		13,736,006	11,386,739
Trade debts	13	4,265,572	3,975,789
Loans and advances		1,064,356	522,272
Current portion of long term loans		13,665	12,998
Trade deposits and short term prepayments		189,473	404,956
Other receivables	13	2,414,026	1,992,042
Advance income tax		-	100,000
Cash and bank balances		548,522	384,084
		24,270,177	20,950,308
TOTAL ASSETS		45,813,222	40,702,111
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	767,290	767,290
Capital reserves		6,383,645	6,383,645
General reserve		285,000	285,000
Unappropriated profit		1,649,357	2,179,798
		9,085,292	9,615,733
LIABILITIES			
Non - Current Liabilities			
Long term financing		8,414,300	8,179,328
Deferred liabilities and income	8	1,667,921	1,688,031
		10,082,221	9,867,359
Current Liabilities			
Trade and other payables	9 & 13	13,920,251	9,907,287
Unclaimed dividend		9,465	21,055
Unpaid dividend		20,801	20,801
Accrued mark up/ profit		1,366,003	882,396
Short term borrowings		9,359,940	8,474,415
Current portion of long term financing		901,347	732,545
Current portion of non-current Liabilities		956,957	929,213
Provision for income tax less payments		110,945	251,307
		26,645,709	21,219,019
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		45,813,222	40,702,111

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

SHABBI DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	(Rupees in Thousand)	
	Jul-2023 to Sep-2023	Jul-2022 to Sep-2022
Sales	7,914,353	4,896,444
Cost of sales	<u>7,425,343</u>	<u>4,291,159</u>
Gross profit	<u>489,010</u>	<u>605,285</u>
Distribution and selling costs	<u>83,893</u>	<u>105,230</u>
Administrative expenses	<u>137,987</u>	<u>118,424</u>
Other operating expenses	<u>126,060</u>	<u>10,394</u>
	<u>347,940</u>	<u>234,048</u>
	<u>141,070</u>	<u>371,237</u>
Other income	<u>37,415</u>	<u>7,117</u>
Operating profit	<u>178,485</u>	<u>378,354</u>
Finance costs	<u>605,320</u>	<u>257,933</u>
(Loss)/profit before income tax	<u>(426,835)</u>	<u>120,421</u>
Income tax - Current	<u>97,962</u>	<u>61,206</u>
- Deferred	<u>5,644</u>	<u>31,467</u>
	<u>103,606</u>	<u>92,673</u>
(Loss)/ Profit after income tax	<u>(530,441)</u>	<u>27,748</u>
		(Restated)
(Loss)/ Earnings per share - Basic and diluted (Rupees)	<u>(6.91)</u>	<u>0.36</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



Condensed Interim Consolidated Statement Of Comprehensive Income (Un-audited) FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	(Rupees in Thousand)	
	Jul-2023 to Sep-2023	Jul-2022 to Sep-2022
(Loss)/profit after income tax	(530,441)	27,748
Other comprehensive income	-	-
Total comprehensive (loss)/income	<u>(530,441)</u>	<u>27,748</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IOBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

(Rupees in Thousand)

	Share Capital	Capital reserves	General reserve	Unappropriated profit	Total
Balances as at July 01, 2022	383,645	383,645	3,535,000	5,680,163	9,982,453
Total comprehensive income for the three months ended September 30, 2022	-	-	-	27,748	27,748
Balances as at September 30, 2022	383,645	383,645	3,535,000	5,707,911	10,010,201
Total comprehensive loss for the nine months ended June 30, 2023	-	-	-	(279,375)	(279,375)
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)	-
Balances as at June 30, 2023	767,290	6,383,645	285,000	2,179,798	9,615,733
Total comprehensive loss for the three months ended September 30, 2023	-	-	-	(530,441)	(530,441)
Balances as at September 30, 2023	767,290	6,383,645	285,000	1,649,357	9,085,292

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	(Rupees in Thousand)	
	Jul-2023 to Sep-2023	Jul-2022 to Sep-2022 Restated
Cash Flows from/(towards) Operating Activities		
(Loss)/ profit before income tax	(426,835)	120,421
Adjustments for:		
Depreciation	195,258	277,174
Provision for defined benefit plan	33,410	33,322
Gain on disposal of property, plant and equipment	(1,178)	(2,119)
(Reversal)/Impairment allowance for ECL-net	(2,845)	4,262
Impairment allowance for slow moving stores, spare parts and loose tools-net	5,113	3,281
Amortisation of intangible asset	2,506	1,862
Remeasurement (gain)/ loss on discounting of provision for GIDC	(30,081)	20,609
Finance costs	605,320	257,933
	<u>807,503</u>	<u>596,324</u>
	380,668	716,745
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	127,758	(729,971)
Stock in trade	(2,349,267)	(5,536,584)
Trade debts	(286,938)	(258,664)
Loans and advances	(542,084)	(452,133)
Trade deposits and short term prepayments	215,483	(15,490)
Other receivables	(421,984)	(811,651)
	<u>(3,257,032)</u>	<u>(7,804,493)</u>
Increase in Trade and other payables	4,051,842	3,796,052
Cash flows from / (towards) operations before following	<u>1,175,478</u>	<u>(3,291,696)</u>
(Payments for)/receipts of:		
Long term loans	(5,297)	(564)
Defined benefit plan	(4,523)	(5,546)
Finance costs	(121,713)	(115,739)
Income tax	(138,324)	(109,919)
Net cash flows from / (towards) operating activities	<u>905,621</u>	<u>(3,523,464)</u>
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(1,984,714)	(2,152,245)
Proceeds from disposal of property, plant and equipment	1,516	8,638
Net cash flows towards investing activities	<u>(1,983,198)</u>	<u>(2,143,607)</u>
Cash Flows from/(towards) Financing Activities		
Long term financing - proceeds received	447,616	2,709,624
Long term financing - repayments	(79,536)	(57,548)
Short term borrowings - net	850,000	600,000
Dividend paid	(11,590)	(58)
Net cash flows from financing activities	<u>1,206,490</u>	<u>3,252,018</u>
Net increase/(decrease) in cash and cash equivalents	<u>128,913</u>	<u>(2,415,053)</u>
Cash and cash equivalents at the beginning of the period	<u>(7,290,331)</u>	<u>(2,642,411)</u>
Cash and cash equivalents at the end of the period	<u>(7,161,418)</u>	<u>(5,057,464)</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	548,522	864,965
Short term borrowings	<u>(7,709,940)</u>	<u>(5,922,429)</u>
	<u>(7,161,418)</u>	<u>(5,057,464)</u>

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1 THE GROUP AND ITS OPERATIONS

1.1 The Group consists of :

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

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

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

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

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

2 BASIS OF PREPARATION

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

2.2 These condensed interim consolidated financial statements are unaudited and do not include all the information and disclosures of the annual consolidated financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended June 30, 2023.

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

2.3.1 Amendments to published approved accounting standards which are effective during the three months ended September 30, 2023:

There are certain amendments and interpretations to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2023; however, these do not have any significant impact on these condensed interim consolidated financial statements, hence not described.



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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 2023. However, these amendments will not have any significant impact on the financial reporting of the Group, therefore, have not been disclosed in these condensed interim consolidated financial statements.

2.4 Functional and reporting currency

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 2023, except for useful life of certain plant and machinery.

The Group has changed its estimate of useful life of certain plant and machinery by changing the depreciation rate from 15% to 10%. 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 loss for the three months would have increased by Rs.73.316 million and the value of Property, plant and Equipment would have decreased by Rs.73.316 million.

4 SIGNIFICANT ACCOUNTING POLICIES

These condensed interim consolidated financial statements have been prepared, following the same accounting policies as were applied in the preparation of the audited consolidated financial statements as at and for the year ended June 30, 2023.

(Rupees in Thousand)			
	Note	September 2023 (Un-audited)	June 2023 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	7,229,774	7,252,770
Capital work in progress	5.2	14,233,285	12,421,171
		21,463,059	19,673,941

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

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

	Three months ended September 2023	Three months ended September 2022
Freehold land	128,902	-
Building on leasehold land	1,304	3,156
Plant and machinery	231	775
Factory equipment	1,279	-
Motor vehicles	40,884	7,161
	172,600	11,092
Disposals at NBV during the period		
Motor vehicles	338	6,519
	338	6,519

		(Rupees in Thousand)	
		Three months ended September 2023	Three months ended September 2022
5.2	Capital work in progress	Note	
	Balance as at start of the period	12,421,171	4,799,597
	Additions	1,813,649	1,977,877
	Transfer to operating fixed assets	(1,535)	-
	Balance as at end of the period	<u>14,233,285</u>	<u>6,777,474</u>
5.2.1	Building on leasehold land	1,051,826	425,913
	Plant and machinery	<u>13,181,459</u>	<u>6,351,561</u>
		<u>14,233,285</u>	<u>6,777,474</u>
		September 2023 (Un-audited)	June 2023 (Audited)
6	INTANGIBLE ASSETS		
	Software & licences		
	Balance as at start of the period	70,177	59,594
	Additions	-	20,608
	Amortization during the period	(2,506)	(10,025)
	Balance as at end of the period	<u>67,671</u>	<u>70,177</u>
7	SHARE CAPITAL		
	(Number of Shares)		
	September 2023 (Un-audited)	September 2023 (Un-audited)	June 2023 (Audited)
	June 2023 (Audited)		
7.1	Authorised capital		
	95,000,000	95,000,000	Ordinary shares of Rs. 10 each
		<u>950,000</u>	<u>950,000</u>
7.2	Issued, subscribed and paid up capital		
	30,136,080	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash
	46,592,880	46,592,880	Ordinary shares of Rs.10 each allotted as fully paid bonus shares
	<u>76,728,960</u>	<u>76,728,960</u>	
		<u>767,290</u>	<u>767,290</u>
8	DEFERRED LIABILITIES AND INCOME		
	Deferred Liabilities		
	Income tax - net	224,691	219,047
	Defined benefit plan	8.1 599,834	570,947
	Provision for Gas Infrastructure Development Cess (GIDC)	8.2 -	13,805
	Deferred income		
	Deferred Income - Government scheme	8.3 843,396	884,232
		<u>1,667,921</u>	<u>1,688,031</u>
8.1	Defined benefit plan		
	Balance as at start of the period	570,947	504,365
	Expense	33,410	90,243
	Remeasurement loss	-	2,159
	Payments	(4,523)	(25,820)
	Balance as at end of the period	<u>599,834</u>	<u>570,947</u>

8.2 Provision for Gas Infrastructure Development Cess

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

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

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

8.3 Deferred Income - Government scheme

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

9 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

9.1 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial and Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU with effect from September 01, 2015. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate was restrained. In May 2016, the Honorable Single Bench of Sindh High Court decided the case in favor of the Petitioners. However, in June 2016, Defendants filed appeal before the Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Messrs. Sui Southern Gas Company Limited (SSGCL) then have filed appeal and pending before the Honorable Supreme Court of Pakistan. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court amounting to Rs.316.797 million (June 2023: Rs.316.797 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (June 2023: Rs.159.264 million). On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories which the Group is paying in full as per the notification.

9.2 In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Group with effect from September 2013. On December 21, 2015, the Group alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Group alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court (refer note 9.1). As an abundant precaution, the Group has made provision of Rs.287.907 million (June 2023: Rs.287.907 million)

pertaining to the period of November 2015 to September 2018 and did not create receivable of Rs.240.238 million in respect of period from August 2013 to October 2015. On October 04, 2018, OGRA has issued another notification to increase gas tariff with effect from September 27, 2018 for different categories and the Group is paying full amount of the gas bills as per this notification. In February, 2020, the Honorable Single Bench of Sindh High Court has decided the case in favor of Petitioners. SSGCL has filed appeal before the Double Bench of Sindh High Court against the decision and is pending for adjudication.

9.3 Provision of Sindh Sales Tax on rent payable by the Parent Company to a related party Messrs. Novatex Limited amounting to Rs.7.887 million (June 2023: Rs.7.887 million). 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 Honorable Supreme Court of Pakistan has maintained the decision of Sindh High Court.

9.4 The Parent Company had filed a petition in the Sindh High Court at Karachi on May 25, 2011 against Province of Sindh and Excise and Taxation Department, challenging the levy of Infrastructure Cess on imports. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. In April 2017, the Government of Sindh has promulgated the Sindh Development and Maintenance of Infrastructure Cess Act, 2017. 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.628.365 million (June 2023: Rs.578.365 million) in favor of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006 (refer note 10.2). Full provision after December 27, 2006 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed a petition in the Sindh High Court on April 13, 2018 against Province of Sindh and others at Karachi challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The case of the Subsidiary Company remains pending as it is omitted by the High Court staff to include in the bunch of cases which have been decided. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.32.500 million (June 2023: Rs.27.500 million) in favor of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018 (refer note 10.2). Full provision after April 13, 2018 has been made in these condensed interim consolidated financial statements as an abundant precaution.

The Subsidiary Company Messrs. G-Pac Energy (Private) Limited has filed a petition in the Sindh High Court at Karachi on June 24, 2019 against Province of Sindh and others challenging the levy of Infrastructure Cess on imports by the Government of Sindh through Sindh Development and Maintenance of Infrastructure Cess Act, 2017. Stay has been granted by the Honorable Sindh High Court ordered to pay 50% in cash of this liability and to submit bank guarantee for the rest of 50% until the final order is passed. On June 04, 2021, the Honorable Sindh High Court has passed the judgment in favor of the Government. The Subsidiary Company has filed an appeal in Supreme Court of Pakistan against the judgment. The Honorable Supreme Court of Pakistan, vide interim order dated September 01, 2021, has suspended the operation of the impugned judgement of the Sindh High Court and has further directed the Custom Authorities to release consignments on the basis of bank guarantee equivalent to the amount of levy claimed by the Excise and Taxation



Department. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.2,500 million (June 2023: Rs.2,500 million) in favor of Excise and Taxation Department, in respect of consignments cleared (refer note 10.2). Full provision has been made in these condensed interim consolidated financial statements as an abundant precaution.

9.5 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.

9.6 Provision of Gas Infrastructure Development Cess amounting to Rs.4.131 million (June 2023: Rs.4.131 million) and rate difference of gas tariff Rs.2.655 million (June 2023: Rs.2.655 million) on account of common expenses payable by the Parent Company to a related party Messrs. Novatex Limited.

10 CONTINGENCIES AND COMMITMENTS

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

10.1 Contingencies

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

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

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

By way of abundant precaution, the amount of Rs.27.762 million has been charged to consolidated statement of profit or loss in previous period i.e. year 2014. On September 04, 2021, the Special Judge Custom and Taxation Court has decided the case in favor of the Parent Company. The FBR has filed appeal at Honorable Sindh High Court Karachi against the decision of Special judge which is pending adjudication.

10.1.3 In May 2015, the Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015, which seeks to impose GIDC levy since 2011. On July 16, 2015, the Group alongwith several other companies filed suit in the Sindh High Court against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Honorable Single Bench of Sindh High Court had decided the case in favor of Petitioners. However, in May 2020, Defendants have filed appeal before the Double Bench of Sindh High Court. On August 13, 2020, the Honorable Supreme Court of Pakistan finally in the appeals filed by industries of Khyber Pakhtunkhwa, passed a judgment in favor of Government declaring the GIDC Act 2015 intra vires and directed all the Petitioners/Appellants (including industries of all over Pakistan) for payment of Cess liability accrued till July 31, 2020 in 24 equal monthly installments. The Group has filed Review Petition against the Judgment, wherein the Honorable Supreme Court of Pakistan has provided some relief by increasing the time period for recovery of GIDC from 24 installments to 48 installments and also hold that GIDC relating to

period prior to the GIDC Act, 2015 is not recoverable in case the same was not passed on by the Group. As per the judgement of Supreme Court of Pakistan, the Group has filed a Civil Suit before the Sindh High Court against payment of GIDC instalments on the ground that the Group has not passed on the burden of Cess. The Honorable Sindh High Court has granted stay order to Plaintiffs whereby the Messrs. Sui Southern Gas Company Limited has been restrained to take any coercive action against non payment of GIDC installments.

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

- 10.1.4** The Parent Company along with several other companies has filed a Constitution Petition in the Sindh High Court on April 13, 2016 against Employment Old Age Benefits Institution (EOBI) and others against a notice issued by the EOBI to the Parent Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable Sindh High Court has restrained EOBI from taking any coercive action against the Parent Company. On December 03, 2021, the Honorable Sindh High Court has dismissed the Petition. However, the Parent Company has filed an appeal at Supreme Court of Pakistan against the judgment. No provision of the amount involved i.e. Rs.34.921 million (June 2023: Rs.34.713 million) has been made in these condensed interim consolidated financial statements.
- 10.1.5** The Parent Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A))-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. The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The CIR(A) has decided the matter for tax periods July 2013 to June 2014, July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Parent Company. However, the Parent Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these condensed interim consolidated financial statements as the Parent Company is confident that the matter will be decided in favor by the appellate authorities.
- 10.1.6** Tax Department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the 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.
- 10.1.7** Tax Department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favor of the Parent Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Parent Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Parent Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company, hence Rs.2.197 million recorded as refundable.
- 10.1.8** The Tax Officer alleged the Parent Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Parent Company has filed an appeal



before CIR(A) against order of the Tax Department on the ground that reduced rate was applicable to customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Parent Company. Appeal was decided in favor of the Parent Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these condensed interim consolidated financial statements.

- 10.1.9** The case of the Parent Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Parent Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Parent Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Parent Company. Considering that the matter decided against the Parent Company has no material impact, therefore, the Parent Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.10** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta disallowed expenses of Rs.60.7 million vide order dated June 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 condensed interim consolidated financial statements.
- 10.1.11** The Parent Company had filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Parent Company has provided 100% bank guarantee amounting to Rs.15.351 million (2023: Rs.15.351 million), refer note 10.2. Moreover, through Finance Act, 2020 this levy has been withdrawn from manufacturer w.e.f. July 01, 2020.
- 10.1.12** Through Finance Act, 2019, the Government has reduced tax credit available on new investment to 5% from 10% with retrospective effect. Consequently, disallowing tax credit of Rs.42 million for tax year 2019. The Parent Company has challenged the provision of Finance Act, 2019 before the Sindh High Court, 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 condensed interim consolidated financial statements.
- 10.1.13** The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Parent Company. The Tax Department has filed an appeal before the 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 condensed interim consolidated financial statements.

- 10.1.14** The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the notice requiring to pay Super Tax for tax year 2018 amounting to Rs.28.187 million and 2019 Rs.31.444 million respectively. The Honorable Sindh High Court has decided the matter against the Parent Company. The Parent Company has filed petition before the Supreme Court of Pakistan against the judgement of the Sindh High Court, hearing of which is pending at the moment. The Parent Company also filed appeals before the CIR(A) against the order passed by DCIR under section 4B of the Income Tax Ordinance, 2001 which has been concluded in favor of the Tax Department. The Parent Company has filed appeals before the ATIR against the orders passed by the CIR(A). The Parent Company has also paid 50% of demand for auto stay from recovery. The management is confident that the case will ultimately be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these condensed interim consolidated financial statements
- 10.1.15** Income tax return for tax year 2019 has been amended by the DCIR vide order dated June 29, 2020 creating tax demand of Rs.1.594 million while abolishing refund of Rs.35.819 million as claimed in ITR 2019 against which the Parent Company filed an appeal before the CIR(A), which has been partially decided in favour of the Parent Company resulting in net tax refundable of Rs.4 million, 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.
- 10.1.16** Through Finance Act, 2019, section 65B of the Income Tax Ordinance, 2001 was amended to disallow credit on investment in plant & machinery from tax year 2020 and onwards. Consequently, the tax credit in respect of LCs opened on or before 30th June 2019 was also disallowed amounting to Rs.105.230 million. The Parent Company has challenged the provision of Finance Act, 2019 before the Sindh High Court, 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 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 condensed interim consolidated financial statements.
- 10.1.17** 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. 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 condensed interim consolidated financial statements
- 10.1.18** Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Parent Company filed petitions against the said notices before the 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.
- 10.1.19** Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Parent Company has filed an appeal before the CIR(A). The Parent Company has paid 10% of demand for auto stay from recovery Rs.2.130 million. The CIR(A) has decided the case partially in favor of the Parent Company and partially in favor of Tax Department. The order contains significant errors for which Company has filed rectification application before CIRA. The management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.20** 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.

- 10.1.21** 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. The management is confident that the case will be decided in favor of the Parent Company. However, as an abundant precaution, the Parent Company has not reversed the liability in these condensed interim consolidated financial statements.
- 10.1.22** 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.
- 10.1.23** 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 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.
- 10.1.24** 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 has filed an appeal before CIR(A) which has been decided in favour of the Company.
- 10.1.25** 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.
- 10.1.26** 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 condensed interim consolidated financial statements.
- 10.1.27** 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 condensed interim consolidated financial statements.
- 10.1.28** 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 condensed interim consolidated financial statements.

10.1.29 The Subsidiary Company Messrs. Gatro Power (Private) Limited has filed 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.

(Rupees in Thousand)		
	September 2023 (Un-audited)	June 2023 (Audited)
10.2 Guarantees		
Bank Guarantees in favor of:		
The Director Excise and Taxation, Karachi	663,365	608,365
The Electric Inspector, President Licencing Board, Quetta	10	10
Pakistan State Oil Company Limited	70,000	70,000
K-Electric Limited	18,496	18,496
Nazir of the High Court of Sindh, Karachi	15,351	15,351
Letters of Credit in favor of:		
Sui Southern Gas Company Limited for Gas	<u>257,592</u>	<u>257,592</u>
	<u>1,024,814</u>	<u>969,814</u>

10.3 Commitments

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

Foreign currency:		
Property, plant and equipment	698,700	789,298
Raw material and packing material	1,846,639	5,578,080
Spare parts and others	381,513	583,842
	<u>2,926,852</u>	<u>6,951,220</u>
Local currency:		
Property, plant and equipment	62,482	164,170
Raw material	-	349,999
Spare parts and others	5,984	11,972
	<u>68,466</u>	<u>526,141</u>
	<u>2,995,318</u>	<u>7,477,361</u>

11 MEASUREMENT OF FAIR VALUE

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

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

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

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

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



12 SEGMENT REPORTING

12.1 Reportable segments

The Group's reportable segments are as follow

- 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.

12.2 Segment results:

The segment information for the reportable segments for the quarter ended September 30, 2023 is as follows:

	September 2023					September 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	6,910,314	1,004,039	7,914,353	719,790	8,634,143	3,867,591	1,028,853	4,896,444	824,860	5,721,304
Segment result before depreciation	92,025	116,194	208,219	254,169	462,388	(101,736)	292,531	190,795	468,010	658,805
Less: Depreciation	(144,110)	(14,681)	(158,791)	(36,467)	(195,258)	(209,010)	(19,143)	(228,153)	(49,021)	(277,174)
Segment result after depreciation	(52,085)	101,513	49,428	217,702	267,130	(310,746)	273,388	(37,358)	418,989	381,631
Reconciliation of segment sales and results with sales and profit before income tax:										
Total sales for reportable segments					8,634,143					5,721,304
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					(719,790)					(824,860)
Sales					7,914,353					4,896,444
Total results for reportable segments			49,428	217,702	267,130			(37,358)	418,989	381,631
Other operating expenses			(131,440)	(2,709)	(134,149)			(15,383)	(1,052)	(16,435)
Other income			16,181	26,875	43,056			11,554		11,554
Finance costs			(570,524)	(40,437)	(610,961)			(236,336)	(26,034)	(262,370)
			(636,355)	201,431	(434,924)			(277,523)	391,903	114,380
Elimination of intra group transaction					8,089					6,041
Profit before income tax					(426,835)					120,421

Assets and liabilities by segments are as follows:

	September 2023 (Un-audited)					June 2023 (Audited)				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Segment assets	35,367,441	1,294,447	36,661,888	4,103,931	40,765,819	31,313,879	1,758,220	33,072,099	3,962,037	37,034,136
Segment liabilities	20,031,992	401,491	20,433,483	1,732,925	22,166,408	12,587,734	500,524	13,088,258	1,809,223	14,897,481
Reconciliation of segments assets and liabilities with total in the condensed interim consolidated statement of financial position is as follows:										
				Assets	Liabilities				Assets	Liabilities
Total for reportable segments				40,765,819	22,166,408				37,034,136	14,897,481
Unallocated				5,836,644	14,944,942				4,504,764	16,628,537
Elimination of intra group balances				(789,241)	(383,420)				(836,789)	(439,640)
Total as per condensed interim consolidated statement of financial position				45,813,222	36,727,930				40,702,111	31,086,378

Other segment information is as follows:

	September 2023					September 2022				
Depreciation	144,110	14,681	158,791	36,467	195,258	209,010	19,143	228,153	49,021	277,174
Capital expenditures										
Incurred during the period	1,405,248	896	1,406,144	119,205	1,525,349	2,057,099	-	2,057,099	16,591	2,073,690
Unallocated capital expenditure										
Incurred during the period					459,365					78,555
Total					1,984,714					2,152,245

12.3 All non-current assets of the Group as at September 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.

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

13 TRANSACTIONS WITH RELATED PARTIES

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

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Three months ended September 2023	Three months ended September 2022
Novatex Limited	Related Party	Common directorship	Sales of goods	-	1,841
			Rendering of services	43,396	2,154
			Acquisition of services	67,810	79,172
			Purchase of raw & other material	356,124	127,786
			Rent	5,378	5,378
			Reimbursement of expenses	17,762	11,663
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	113,899	27,754
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	-	585
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	-	999
			Rent	1,950	-
Gatron Foundation	Related Party	Common directorship	Payment of donation	3,494	600
G&T Tyre (Private) Limited	Related Party	Common key management	Purchase of other material	544	-
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	1,506	1,205

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.161.381 million (September 2022: Rs.98.081 million).

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



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

	(Rupees in Thousand)	
	As at September 30, 2023 (Un-audited)	As at June 30, 2023 (Audited)
Novatex Limited		
Trade debts	37,201	28,300
Other receivables	3,187	-
Trade and other payables	4,443,509	1,098,773
Krystalite Product (Private) Limited		
Trade debts	57,671	-
Trade and other payables	-	7,806
Mushtaq & Company (Private) Limited		
Trade debts	1,296	1,296
Gani & Tayub (Private) Limited		
Other receivables	1,126	1,126
G&T Tyre (Private) Limited		
Trade and other payables	321	-
Gatron (Industries) Limited Workers Provident Fund		
Trade and other payables	1,012	1,029

14 RESTATEMENT OF CASH & CASH EQUIVALENTS

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 period, 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
Condensed interim Consolidated Statement of Cash Flows			
Cash flow from financing activities	2,652,018	600,000	3,252,018
Cash and cash equivalents at the beginning of the period	(3,992,411)	1,350,000	(2,642,411)
Cash and cash equivalents at the end of the period	(7,007,464)	1,950,000	(5,057,464)

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

15 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on October 24, 2023 by the Board of Directors of the Parent Company.

16 CORRESPONDING FIGURES

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

17 GENERAL

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

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

Notes to the Members

1. SUBMISSION OF COMPUTERIZED NATIONAL IDENTITY CARD:

Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) of the shareholders is mandatory requirement for payment of dividend.

Shareholders are therefore, requested to submit copies of their valid CNIC or NICOP to the Shares Registrar of the Company. In case of non-receipt of valid CNIC or NICOP, the company will be constrained to withhold the payment of dividend of such shareholders.

The shareholders while sending copies of CNIC or NICOP must quote their respective folio number, CDC IAS and CDC Sub-Account numbers maintained with Stock Brokers.

2. PROVIDING INTERNATIONAL BANK ACCOUNT NUMBER (IBAN)

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

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

3. UNCLAIMED SHARES/DIVIDEND:

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

4. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNT:

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

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

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



GATRON (INDUSTRIES) LIMITED