



GATRON (INDUSTRIES) LIMITED

Half Yearly Report

December 31, 2023

CONTENTS

02 | Corporate Information

UNCONSOLIDATED PRESENTATION

03 | Directors' Report

11 | Directors' Report (in Urdu)

12 | Auditor's Report to Members on Review of
Condensed Interim Financial Statement

13 | Condensed Interim Statement of Financial Position

14 | Condensed Interim Statement of Profit or Loss

15 | Condensed Interim Statement of Comprehensive Income

16 | Condensed Interim Statement of Changes in Equity

17 | Condensed Interim Statement of Cash Flows

18 | Notes to the Condensed Interim Financial Statements

CONSOLIDATED PRESENTATION

32 | Directors' Report

35 | Directors' Report (in Urdu)

36 | Condensed Interim Statement of Financial Position

37 | Condensed Interim Statement of Profit or Loss

38 | Condensed Interim Statement of Comprehensive Income

39 | Condensed Interim Statement of Changes in Equity

40 | Condensed Interim Statement of Cash Flows

41 | Notes to the Condensed Interim Financial Statements

55 | Notes for Members

Board of Directors

Abdul Razak Diwan - Chairman
Shabbir Diwan - Chief Executive Officer
Zakaria Bilwani
Muhammad Iqbal Bilwani
Saqib Haroon Bilwani
Muhammad Taufiq Bilwani
Muhammad Altaf Bilwani
Talat Iqbal
Muhammad Tufail Iqbal
Huma Rafique

Special Advisor

Pir Muhammad Diwan

Audit Committee

Muhammad Tufail Iqbal - Chairman
Muhammad Iqbal Bilwani
Talat Iqbal

HR & Remuneration Committee

Talat Iqbal - Chairman
Muhammad Iqbal Bilwani
Saqib Haroon 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 / Financial Institutions

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

Email

headoffice@gatron.com

Website

www.gatron.com



GATRON (INDUSTRIES) LIMITED



Directors' Report

Dear Shareholders,

The Directors of Gatron (Industries) Limited are pleased to present the half yearly report together with the financial statements, duly reviewed by the external auditors, for the half year ended December 31, 2023.

Financial Review:

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

- Net sales Rs.18,199 million,
- Operating Profit Rs.425 million,
- Loss before income tax Rs. 494 million,
- Loss after income tax Rs.919 million,
- Loss per share Rs.11.98
- Paid up capital Rs. 767 million,
- Shareholders' equity Rs.6,941 million

The Operating Profit of your company is Rs 425 million for the six months ending 31 Dec 2023 compared to operating profit of Rs 553 million in the 12 months period ending 30 June 2023 .Your company achieved a net revenue of Rs. 18,199 million compared to Rs. 12,028 million in the last corresponding 6 months period, indicating an overall net increase of 51%. This substantial increase in sales has been accomplished by the introduction of a new product line, Film Grade Chips (FGC), and the effect of the average rupee exchange rate against the US dollar, which was Rs. 283 in the current reporting quarter compared to Rs. 223 in the corresponding quarter last year. FGC is a polyester chip, which your company is now producing in addition to the regular yarn grade polymer/chip.

The current reporting period was challenging for the company due to extraordinary dumping of imported yarn adding supply of yarn in the local market at exceptionally low dumped prices. NTC has terminated ab-initio (since 2017) the anti-dumping duties on PFY with its notification dated November 07, 2023 on a technical reason by exclusion of Fully Drawn Yarn (FDY) from the scope of Sunset Review, despite acknowledging the existence of injury due to already proven dumping on DTY yarn. This exclusion of FDY from the sunset review was done by NTC itself in the year 2022. Your company has challenged this termination in the Appellate Tribunal. The low demand in downstream industries caused by a tight economic and political situation as well as inflationary impact on the consumers with this overhang of dumped imported yarn inventory made it more challenging.

Despite significant investments in PFY capacity in recent years, company has encountered obstacles in fully utilizing its available capacity. The prevalence of widespread dumping of PFY at substantially reduced prices has compelled us to operate at significantly diminished levels. Consequently, this has resulted in a notable escalation in fixed costs including the depreciation of the newly installed capacity. As you are aware that your company has made investments in the last 3 years to allow increase of annual production of mixed deniers by around 100% to make it approx. 95,000 tons.

The administrative expenses saw an 25% increase, primarily attributed to inflationary pressures stemming from the devaluation of the Pak Rupee.

A notable escalation in finance costs occurred (compared to the corresponding period last year) due to the significant rise in the base markup rate set by the State Bank of Pakistan, reaching a historical high of 22%. This increase directly impacted the bottom line following the operating results. Moreover, heightened levels of stock-in-trade, coupled with an increased

unit value of stocks, necessitated higher working capital requirements in rupee terms while the Company successfully reduced stock levels in terms of quantum compared to the previous corresponding period. We are also actively engaged in efforts to reduce the volume of outstanding receivables. Looking ahead, with the forthcoming operation of the newly installed higher capacity polymer plant, we anticipate lower polymer production costs compared to the previous plant as well normalized raw material stock levels, consequently decreasing working capital requirements. The new installed polymer line will increase the flexibility to allow production of other kind of polymers/chips adding new a revenue stream as well offset some of the increase in operating cost due to increase in gas and energy rates.

Regrettably, the imposition of the Minimum Tax on Turnover has resulted in a tax increase for the period. Minimum Tax is quite regressive by not being linked to actual profits.

In terms of the balance sheet, compared to June 30, 2023, we observed a decrease in stocks by Rs. 2,820 million, totaling Rs. 8,567 million. Conversely, debtors increased by Rs. 470 million, reaching Rs. 4,446 million, while creditors increased by Rs. 2,843 million, reaching Rs. 12,087 million. Notably, the company's short-term borrowings decreased by Rs. 3,485 million compared to June 30, 2023, reaching Rs. 4,989 million. This reduction can be attributed to reduction in inventory. We anticipate further sharp decreases in short-term borrowings in the coming months due optimization of stock levels as well as the equity funds is being injected in the company. This will help in improving the financial health of your company.

Despite challenges and unfavorable business environment your company's management taking cost saving measures in every part of the operations and administration.

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 renitified 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 for again giving a hearing for injury. However, after injury hearing, the newly constituted NTC on November 07, 2023 terminated the original anti-dumping investigation against dumped imports of PFY China and Malaysia ab-anitio that is from the year 2017. On a technical reason of the exclusion of Fully Drawn Yarn (FDY) from the scope of Sunset Review, despite acknowledging the existing of injury due already proven dumping on DTY yarn. This exclusion for the sunset review was done by NTC itself in the year 2022 your company has challenged this termination in the Appellate Tribunal.

- The ADD rates in Pakistan imposed in 2017 were already low, now terminated, 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 PFY into India. 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 be revived or will be revised to higher levels or that imports of yarn remain subject to Regulatory duty (RD).

- 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 had earlier been evaded by the importers and now been terminated. The NTC has also acknowledged that the 5% RD is needed to remain in view of the injury sustained by the industry and the ADD being removed.
- In current situation, continuation (in fact doubling) of Regulatory Duty is need to promote local production since the domestic industry with investment to double its capacity in last 3 years now has capacity to approx. 165,000 tons per annum which is around 45% of the total need of the local industry in the country. 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 at nearly 350,000 MT tons compared to 260,000 tons in year 2018-19.

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

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

The Board of Directors in their meeting held on December 14, 2023 approved to raise further capital by issue of a further 32,000,000 right shares at a value of Rs. 175 per share (premium of Rs. 165 per share) to its existing shareholders in the proportion of 41.7052 right shares for every 100 ordinary share held.

EARNING PER SHARE

The loss per share of the Company for half year ended on December 31, 2023, is Rs.11.98.

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.

AUDTORS' REVIEW REPORT

The Auditors of the Company, M/s. Kreston Hyder Bhimji & Co., Chartered Accountants have issued an unqualified review report to the members of the Company on financial statements for the half year ended December 31, 2023.

INTERNAL FINANCIAL CONTROLS

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

BOARD OF DIRECTORS

In the Extra Ordinary General Meeting of the Company held on December 04, 2023, members of the Company elected following Directors for the term of three years commencing from December 24, 2023:

1) Mr. Shabbir Diwan	Director
2) Mr. Abdul Razak Diwan	Director
3) Mr. Zakaria Bilwani	Director
4) Mr. Muhammad Iqbal Bilwani	Director
5) Mr. Saqib Haroon Bilwani	Director
6) Mr. Muhammad Taufiq Bilwani	Director
7) Mr. Muhammad Altaf Bilwani	Director
8) Mr. Talat Iqbal	Independent Director
9) Mr. Muhammad Tufail Iqbal	Independent Director
10) Ms. Huma Rafique	Independent Director



ACKNOWLEDGMENT

The Board of the Company is grateful to all the Stakeholders 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: February 29, 2024

آڈیٹرز کی جائزہ رپورٹ

کمپنی کے آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے ممبران کو 31 دسمبر 2023ء کو اختتام پزیر ہونے والے ششماہی مدت کے مالیاتی گوشوارے پر غیر کو الیفینڈ جائزہ رپورٹ جاری کی ہے۔

داعلی مالیاتی انتظام

اندرونی گھماری کا نظام مضبوط بنیادوں پر استوار ہے اور اس کا نفاذ موثر طریقے سے کیا گیا ہے اور اس پر نظر رکھی گئی ہے۔

بورڈ آف ڈائریکٹرز:

04 دسمبر 2023ء کو منعقدہ کمپنی کی غیر معمولی اجلاس عام میں، کمپنی کے اراکین نے 24 دسمبر 2023ء سے شروع ہونے والی تین سال کی مدت کے لیے درج ذیل ڈائریکٹرز کا انتخاب کیا:

- (1) جناب شبیر دیوان ڈائریکٹر
- (2) جناب عبدالرزاق دیوان ڈائریکٹر
- (3) جناب زکریا بلوانی ڈائریکٹر
- (4) جناب محمد اقبال بلوانی ڈائریکٹر
- (5) جناب ثاقب ہارون بلوانی ڈائریکٹر
- (6) جناب محمد توفیق بلوانی ڈائریکٹر
- (7) جناب محمد الطاف بلوانی ڈائریکٹر
- (8) جناب طلعت اقبال انڈیپنڈنٹ ڈائریکٹر
- (9) جناب محمد طفیل اقبال انڈیپنڈنٹ ڈائریکٹر
- (10) محترمہ ہمار فقیح انڈیپنڈنٹ ڈائریکٹر

اظہار شکر:

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 فرانسس کی انجام دہی کے لیے اپنی مخلصانہ تعریف کا اظہار کرنا چاہیں گے اور ساتھ ہی ہم تمام سرکاری اداروں، آڈیٹرز، ایس ای سی پی، پی ایس ایس اور بینکوں کے بھی شکر گزار ہیں۔ کمپنی کی کارکردگی اور مجموعی ترقی کے لیے رہنمائی اور مدد فراہم کی۔

محمد اقبال بلوانی
ڈائریکٹر

شبیر دیوان
چیف ایگزیکٹو آفیسر

29 فروری 2024ء



حاصل کر لی ہے، جین کے BIS کے دورے منظور ہونے کی توقع نہیں ہے۔ مندرجہ بالا پس منظر میں یہ توقع کی جاتی ہے کہ چینی پی ایف وائی درآمدات پر پاکستان میں ڈیمینگ مارچن اور ڈیمینگ ڈیوٹی کو بحال کیا جائے گا یا اس پر نظر ثانی کی جائے گی یا اس میں ترمیم کی جائے گی یا یارن کی درآمدات ریگولیٹری ڈیوٹی (RD) کے تابع رہیں گی۔

☆ جیسا کہ اس رپورٹ کے ہیڈ گراف میں اوپر بیان کیا گیا ہے، اب چینی پروڈیوسروں کی جانب سے ڈیمینگ شدید ہو گئی ہے کیونکہ ان کی صلاحیت میں توسیع جاری ہے اور اسی طرح اقتصادی مندی کی وجہ سے عالمی طلب میں کمی ہوئی ہے۔ دسمبر 2022ء سے 5 فیصد RD کے دوبارہ نفاذ سے اس صورت حال میں قدرے مدد ملی ہے جہاں پہلے ہی ADD کو درآمد کنندگان نے روک دیا تھا اور اب اسے ختم کر دیا گیا ہے۔ NTC نے یہ بھی تسلیم کیا ہے کہ صنعت کو بچھیننے والے نقصان اور ADD کو ہٹانے جانے کے پیش نظر 5 فیصد RD مطلوب ہے۔

☆ موجودہ صورتحال میں ریگولیٹری ڈیوٹی کے تسلسل (حقیقت میں دوگنا) مقامی پیداوار کو فروغ دینے کی ضرورت ہے کیونکہ گھریلو صنعت گزشتہ 3 سالوں میں اپنی صلاحیت کو دوگنا کرنے کے لیے سرمایہ کاری کے ساتھ تقریباً 165,000 ٹن سالانہ پیداوار کی صلاحیت رکھتی ہے، جو کہ ملک میں مقامی صنعت کی کل ضرورت کا تقریباً 45 فیصد ہے۔ PFY پاکستان کی سرفہرست 10 درآمدات میں شامل ہے، اس لیے مقامی طور پر تیار 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 2003ء میں فلیمنٹ یارن کی مقامی طلب کا 90 فیصد سے زیادہ مقامی پیداوار سے پورا کیا جاتا تھا، مزید برآں، ڈاؤن اسٹریم کی صنعت اور طلب میں بھی متعدد سالوں کے دوران اضافہ ہوا ہے اور کل طلب میں سال 2018-19 کی 260,000 میٹرک ٹن کے مقابلے میں تقریباً 350,000 میٹرک ٹن برقرار رہی۔

دیگر معاملات

- مکمل ملکیتی ذیلی کمپنی میسرز گیٹرو پاور (پرائیویٹ) لمیٹڈ کا اصل کاروبار بجلی پیدا کرنا اور فروخت ہے۔ رپورٹنگ کی مدت کے دوران گیس کی فراہمی میں بے ضابطگی کے باعث ذیلی کمپنی کے آپریشنز متاثر رہے۔
- مکمل ملکیت والی ذیلی کمپنی میسرز G-Pac انرجی (پرائیویٹ) لمیٹڈ کا اصل کاروبار ایکٹو پاور بنانا اور فروخت ہے۔ اس ذیلی کمپنی کے کام جلد شروع ہونے کی توقع ہے اور یہ پہلے سے بچھائی گئی نئی گیس لائن میں منظور شدہ گیس کی آمد کا انتظار کر رہی ہے۔
- مکمل ملکیتی ماتحت میسرز گھول سٹینٹیکس لمیٹڈ نے تاحال اپنے آپریشنز کا آغاز نہیں کیا ہے۔

تصرف

نصف سال کے دوران، کمپنی کا بورڈ آف ڈائریکٹرز نے کسی عبوری اقدامات کی سفارش نہیں کی ہے۔

بورڈ آف ڈائریکٹرز نے 14 دسمبر 2023ء کو ہونے والے اپنے اجلاس میں اس کے موجودہ شیئرز ہولڈرز کو ہر 100 عام شیئرز کے لیے 41.7052 رائٹ شیئرز کے تناسب سے 175 روپے فی حصص (165 روپے فی حصص کا پریمیم) کی قیمت پر مزید 32,000,000 رائٹ شیئرز جاری کر کے مزید سرمایہ بڑھانے کی منظوری دی۔

آمدنی حصہ:

31 دسمبر 2023ء کو ختم ہونے والے ششماہی کے لیے کمپنی کا فی حصص خسارہ 11.98 روپے ہے۔

اہم تبدیلیاں اور معاہدے:

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

مختصر عبوری مجموعی مالیاتی گوشوارے

گروپ ہذا کے مختصر مجموعی مالیاتی گوشوارے (CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS) ہمارا نوٹس اور ڈائریکٹرز کی رپورٹ مذکورہ رپورٹ کے ساتھ منسلک ہیں۔

نرخوں میں اضافے کی وجہ سے آپریٹنگ لاگت میں ہونے والے کچھ اضافے کو پورا کرے گی۔

انفوس کے ساتھ، ٹرن اوور پر Minimum Tax کے نفاذ کے نتیجے میں اس مدت کے لیے ٹیکس میں اضافہ ہوا ہے۔ Minimum Tax اصل منافع سے منسلک نہ ہونے کی وجہ سے کافی رجعت پسند ہے۔

بیلنس شیٹ کے لحاظ سے، 30 جون 2023ء کے مقابلے میں، ہم نے اسٹاک میں 2,820 ملین روپے کی کمی دیکھی، جو کل 8,567 ملین روپے ہے۔ اس کے برعکس، قابل وصول قرضوں کی مابیت 470 ملین روپے بڑھ کر 4,446 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری کی مابیت 2,843 ملین روپے بڑھ کر 12,087 ملین روپے تک پہنچ گئی۔ قابل ذکر بات یہ ہے کہ کمپنی کے قلیل مدتی قرضہ جات 30 جون 2023ء کے مقابلے میں 3,485 ملین روپے کم ہو کر 4,988 ملین روپے تک پہنچ گئے۔ اس کی اونیٹری میں کمی سے منسوب کیا جاسکتا ہے۔ ہم آنے والے مہینوں میں قلیل مدتی قرضوں میں مزید تیزی سے کمی کی توقع کرتے ہیں اونیٹری کی سطح کو بہتر بنانے کے ساتھ ساتھ کمپنی میں ایکویٹی فنڈز لگانے جارہے ہیں۔ اس سے آپ کی کمپنی کی مالیاتی حالت کو بہتر بنانے میں مدد ملے گی۔

چیلنجوں اور ناموافق کاروباری ماحول کے باوجود آپ کی کمپنی آپریٹنگ اور انتظامیہ کے ہر حصے میں لاگت بچانے کے اقدامات کر رہی ہے۔

درپیش چیلنجز اور مستقبل پر ایک نظر:

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

PFY کے درآمد کنندگان اور تاجروں نے فروری 2022ء میں دوبارہ بعض پہلوؤں پر اینٹی ڈمپنگ ایبیلیٹی ٹریبونل میں اپیل دائر کی، جبکہ بائی کورٹس میں اسٹے پٹیشن بھی دائر کر رہے ہیں۔ آخر کار دسمبر 2022ء میں کمیشن کے غیر فعال ہونے سے پہلے انہوں نے اس اپیل کی بیرونی کی اور دوسری بار ٹریبونل نے دسمبر 2022ء میں اس معاملے کو دوبارہ ریہانڈ دیا۔ تاہم، FDY کون سیٹ ریویو کے دائرہ کار سے خارج کرنے کی کھینکی وجہ سے DTY یارن پر پہلے سے ثابت شدہ ڈمپنگ کی وجہ سے موجودہ نقصان کو تسلیم کرنے کے باوجود تشکیل شدہ NTC نے 07 نومبر 2023ء کو چارج اور نیا اسٹیٹیا سے PFY کی ڈمپ شدہ درآمدات کو 2017ء کی ابتداء سے اصل اینٹی ڈمپنگ تحقیقات کو ختم کر دیا۔ حالانکہ NTC نے خود سال 2022ء میں FDY کون سیٹ ریویو کے دائرہ کار سے خارج کر دیا تھا۔ آپ کی کمپنی نے ایبیلیٹی ٹریبونل میں اس برطانی پر اعتراض دائر کر دیا ہے۔

☆ پاکستان میں 2017ء میں عائد کردہ ADD کی شرحیں پہلے ہی کم تھیں، جو اب ختم کر دی گئی ہیں، تاکہ اصل ڈمپنگ/نقصان کو پورا کیا جاسکے۔ پولیسٹر فلیٹ بیٹ یارن کے چینی برآمد کنندگان پر عائد مختلف ممالک نے درج ذیل ADD عائد کر رکھی ہیں جو کہ پاکستان میں عائد کی جانے والی ADD جو اب ختم کر دی گئی ہیں سے بہت زیادہ ہیں۔

ترکی کی جانب سے کم از کم \$250 / ٹن

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

امریکہ کی جانب سے کم از کم 32 فیصد (اینٹی ڈمپنگ اور اینٹی سبسڈی ڈیوٹی)

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

جبکہ برازیل کے ساتھ ہی میکسیکو نے بھی چین سے PFY پر اینٹی ڈمپنگ ڈیوٹی شروع کر دی ہے۔ لہذا، 6 بڑے ممالک چین کی جانب سے PFY پر اینٹی ڈمپنگ یا کونٹرو بیلنگ 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 سبالتی درآمدی یارن پر 20 فیصد درآمدی ڈیوٹی کے ذریعے تحفظ فراہم کرتا ہے۔ حال ہی میں ہندوستان نے پی ٹی ای سے ہندوستان میں درآمدات کے لئے پی ٹی ای ایس (بیورو آف انڈین اسٹینڈرڈ) کی تشکیل کو جانتے ہوئے نان ٹیرف بیئر ٹرانڈ کیا ہے۔ چین کے پروڈیوسر طویل عرصے سے چانچ 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

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان،

گیڑوان (انڈسٹریز) لمیٹڈ کے ڈائریکٹرز 31 دسمبر 2023ء کو ختم ہونے والے ششماہی سال کے لیے ایکسٹرنل آڈیٹرز کی جانب سے باقاعدہ طور پر جائزہ شدہ مالیاتی گوشواروں کے ساتھ ششماہی رپورٹ پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

مالیاتی جائزہ:

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے:

خالص فروخت 18,199 ملین روپے،

آپریٹنگ منافع 425 ملین روپے،

خسارہ قبل از کم ٹیکس 494 ملین روپے،

خسارہ بعد از کم ٹیکس 919 ملین روپے،

خسارہ فی حصہ 11.98 روپے،

ادا شدہ سرمایہ 767 روپے،

حصص یافتگان کی ایکویٹی 6,941 فیصد

آپ کی کمپنی کا آپریٹنگ منافع 30 جون 2023 کو ختم ہونے والے 12 ماہ کی مدت میں 553 ملین روپے کے آپریٹنگ منافع کے مقابلے میں 31 دسمبر 2023ء کو ختم ہونے والے چھ ماہ کے لیے 425 ملین روپے ہے۔ آپ کی کمپنی نے گزشتہ اسی ماہ کی مدت میں 12,028 ملین روپے کے مقابلے میں 18,199 ملین روپے کی خالص آمدنی حاصل کی، جو کہ مجموعی طور پر 51 فیصد کے خالص اضافے کو ظاہر کرتا ہے۔ فروخت میں یہ خاطر خواہ اضافہ ایک نئی پروڈکٹ لائن، فلم گریڈ چیس (FGC) کے متعارف ہونے اور امریکی ڈالر کے مقابلے روپے کی اوسط شرح مبادلہ میں کمی کے اثر سے ہوا ہے، جو کہ گزشتہ سال کی اسی سرمایہ میں 223 روپے کے مقابلے موجودہ رپورٹنگ سہ ماہی میں 283 روپے رہا۔ FGC ایک پولیسٹر چیس ہے، جسے آپ کی کمپنی اب ریگولر بارن گریڈ پولیسٹر/چیس کے علاوہ تیار کر رہی ہے۔

درآمدی بارن کی غیر معمولی ڈیمینڈ کی وجہ سے مقامی مارکیٹ میں غیر معمولی طور پر کم قیمتوں پر بارن کی سپلائی شامل کرنے کی وجہ سے موجودہ رپورٹنگ کا دورانہ کمپنی کے لیے دشوار تھا۔ NTC نے 07 نومبر 2023ء کے نوٹیفیکیشن کے تحت DTY بارن پر پمپ سے ثابت شدہ ڈیمینڈ کی وجہ سے نقصان کی موجودگی کو تسلیم کرنے کے باوجود FDY کون سیٹ ریویو کے دائرہ کار سے خارج کرنے کی تکنیکی وجہ سے ابتداء سے ہی (2017ء سے) PFY پرائیٹی ڈیمینڈ ڈیوٹی ختم کر دی ہے۔ ن سیٹ ریویو کے لیے FDY کا یا اخراج خود NTC نے سال 2022ء میں کیا تھا۔ آپ کی کمپنی نے ایپٹ ٹریڈ میں اس برطرفی کو چیلنج کیا ہے۔ سخت اقتصادی اور سیاسی صورتحال کی وجہ سے ڈاؤن اسٹیم کی صنعتوں میں طلب کی کمی اور ساتھ ہی ساتھ ڈمپ شدہ درآمدی بارن کی انویسٹری کے اس دور و پینگ کے ساتھ صارفین پر افراط زر کے اثرات نے اسے مزید چیلنج بنا دیا۔

حالیہ برسوں میں PFY کی صلاحیت میں نمایاں سرمایہ کاری کے باوجود، کمپنی کو اپنی دستیاب صلاحیت کو مکمل طور پر استعمال کرنے میں رکاوٹوں کا سامنا کرنا پڑا ہے۔ کافی حد تک کم قیمتوں پر PFY کے بڑے پیمانے پر ڈیمینڈ کے پھیلاؤ نے ہمیں نمایاں طور پر کم سطحوں پر کام کرنے پر مجبور کیا ہے۔ نتیجتاً، مقررہ لاگت میں قابل ذکر اضافہ ہوا ہے جس میں نئی نصب شدہ صلاحیت کی فرسودگی بھی شامل ہے۔ جیسا کہ آپ کو معلوم ہے کہ آپ کی کمپنی نے گزشتہ 3 سالوں میں سرمایہ کاری کی تاکہ مخلوط ڈیویڈنڈ پیریز کی سالانہ پیداوار میں تقریباً 100 فیصد اضافہ کیا جاسکتا تھا اسے تقریباً 95,000 ٹن بنایا جاسکے۔

انتظامی اخراجات میں 25 فیصد اضافہ دیکھا گیا، جس کی بنیادی وجہ روپے کی قدر میں کمی سے پیدا ہونے والے افراط زر کا دباؤ ہے۔

اسٹیٹ بینک آف پاکستان کی جانب سے مقرر کردہ بین مارک اپ کی شرح میں نمایاں اضافے کی وجہ سے مالیاتی اخراجات میں ایک قابل ذکر اضافہ (گزشتہ سال کی اسی مدت کے مقابلے) ہوا، جو 22 فیصد کی تاریخی بلند ترین سطح پر پہنچ گیا۔ اس اضافے نے آپریٹنگ نتائج کے بعد بائٹ لائن کو براہ راست متاثر کیا۔ مزید برآں، انویسٹری کی بلند سطح، اور اس کی بڑھتی ہوئی پونٹ ویلیو کے ساتھ زیادہ ورکنگ کپینل کے تقاضوں کی ضرورت تھی جبکہ کمپنی نے گزشتہ اسی مدت کے مقابلے میں انویسٹری کی سطح کو کامیابی کے ساتھ کم کیا۔ ہم واجب الادا وصولیوں کے حجم کو کم کرنے کی کوششوں میں بھی سرگرم ہیں۔ مستقبل میں، نئے نصب شدہ اعلیٰ صلاحیت والے پولیسٹر پلانٹ کے آنے والے آپریشن کے ہمراہ، ہم پچھلے پلانٹ کے مقابلے میں کم پولیسٹر کی پیداواری لاگت کے ساتھ ساتھ خام مال کے اسٹاک کی سطح کو معمول پر لانے کی توقع کرتے ہیں، جس کے نتیجے میں ورکنگ کپینل کی ضروریات میں کمی واقع ہوگی۔ نئی نصب شدہ پولیسٹر لائن ڈیویڈنڈ کے پولیسٹر/چیس کی پیداوار کے لیے لگت میں اضافہ کرے گی اور اس کے ساتھ ساتھ گیس اور توانائی کے



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

Introduction:

We have reviewed the accompanying condensed interim un-consolidated statement of financial position of GATRON (INDUSTRIES) LIMITED ("the Company") as at December 31, 2023, and the related condensed interim un-consolidated statement of profit or loss, condensed interim un-consolidated statement of comprehensive income, condensed interim un-consolidated statement of changes in equity and condensed interim un-consolidated statement of cash flows and notes to the financial statements for the half year ended (here-in-after referred to as the "condensed interim un-consolidated financial statements"). Management is responsible for the preparation and presentation of these condensed interim un-consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim un-consolidated financial statements based on our review. The figures for the quarters ended December 31, 2023 and December 31, 2022 in the condensed interim un-consolidated financial statements have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2023.

Scope of Review:

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

Conclusion:

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

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

KRESTON HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Karachi: February 29, 2024
UDIN: RR202310225tbpa5FxS6



Condensed Interim Un-consolidated Statement of Financial Position AS AT DECEMBER 31, 2023

		(Rupees in Thousand)	
	Note	December 2023 (Un-audited)	June 2023 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	19,444,677	16,938,295
Intangible assets	6	65,164	70,177
Long term investments		399,787	389,745
Long term loans		209,267	174,449
Long term deposits		5,610	4,919
		20,124,505	17,577,585
Current Assets			
Stores, spare parts and loose tools		1,354,987	1,579,468
Stock in trade		8,567,031	11,386,739
Trade debts	14	4,446,351	3,975,789
Loans and advances		381,174	310,314
Current portion of long term loans		47,515	74,848
Trade deposits and short term prepayments		221,486	389,068
Other receivables	14	1,646,465	1,846,390
Advance income tax		-	100,000
Cash and bank balances		353,684	336,613
		17,018,693	19,999,229
TOTAL ASSETS		37,143,198	37,576,814
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	767,290	767,290
Capital reserves		6,383,645	6,383,645
Unappropriated profit		(209,775)	709,132
		6,941,160	7,860,067
LIABILITIES			
Non - Current Liabilities			
Long term financing		8,622,138	8,179,328
Deferred liabilities and income	8	1,840,497	1,672,727
		10,462,635	9,852,055
Current Liabilities			
Trade and other payables	9 & 14	12,086,922	9,244,061
Unclaimed dividend		9,421	21,055
Unpaid dividend		20,801	20,801
Accrued mark up/ profit		1,218,606	882,396
Short term borrowings		4,988,834	8,474,415
Current portion of long term financing		961,897	732,545
Current portion of non-current Liabilities		248,003	233,987
Provision for income tax less payments		204,919	255,432
		19,739,403	19,864,692
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		37,143,198	37,576,814

The notes 1 to 18 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

SHABBIIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTAFA BILWANI
Chief Financial Officer

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

AS AT DECEMBER 31, 2023

	(Rupees in Thousand)			
Note	Oct-2023 to Dec-2023	Oct-2022 to Dec-2022	Jul-2023 to Dec-2023	Jul-2022 to Dec-2022
Sales	10,284,540	7,131,106	18,198,893	12,027,550
Cost of sales	9,679,515	7,075,347	17,327,186	11,787,903
Gross profit	605,025	55,759	871,707	239,647
Distribution and selling costs	61,873	82,805	145,766	188,035
Administrative expenses	162,615	119,819	295,976	235,835
Other operating expenses	(92,323)	37,354	39,117	52,737
	132,165	239,978	480,859	476,607
	472,860	(184,219)	390,848	(236,960)
Other income	18,101	92,912	34,282	104,466
Operating Profit/(Loss)	490,961	(91,307)	425,130	(132,494)
Finance costs	348,456	288,269	918,980	524,605
	142,505	(379,576)	(493,850)	(657,099)
Investment income - Dividend 11	-	677,250	-	677,250
Profit/(Loss) before income tax	142,505	297,674	(493,850)	20,151
Income tax - Current	127,864	89,296	225,826	150,502
- Deferred	193,587	(53,238)	199,231	(21,771)
	321,451	36,058	425,057	128,731
(Loss)/Profit after income tax	(178,946)	261,616	(918,907)	(108,580)
(Loss)/Earnings per share		Restated		Restated
- Basic and diluted (Rupees)	(2.33)	3.4	(11.98)	(1.42)

The notes 1 to 18 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.



Condensed Interim Un-consolidated Statement Of Comprehensive Income (Un-audited) AS AT DECEMBER 31, 2023

	(Rupees in Thousand)			
	Oct-2023 to Dec-2023	Oct-2022 to Dec-2022	Jul-2023 to Dec-2023	Jul-2022 to Dec-2022
(Loss) / Profit after income tax	(178,946)	261,616	(918,907)	(108,580)
Other comprehensive income	-	-	-	-
Total comprehensive (Loss) / Profit	<u>(178,946)</u>	<u>261,616</u>	<u>(918,907)</u>	<u>(108,580)</u>

The notes 1 to 18 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) AS AT DECEMBER 31, 2023

(Rupees in Thousand)

	Share Capital	Capital reserves	General reserve	Unappropriated 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 half year ended December 31, 2022	-	-	-	(108,580)	(108,580)
Balances as at December 31, 2022	383,645	383,645	3,250,000	3,645,571	7,662,861
Total comprehensive income for half year ended June 30, 2023	-	-	-	312,299	312,299
Transfer to capital reserves	-	6,000,000	(3,250,000)	(2,750,000)	-
Transactions with owners					
Interim cash dividend for the year ended June 30, 2023 at Rs.3.00 per share i.e. @30%	-	-	-	(115,093)	(115,093)
Issuance of Bonus shares @100% i.e. Rs.10 per share	383,645	-	-	(383,645)	-
	383,645	-	-	(498,738)	(115,093)
Balances as at June 30, 2023	767,290	6,383,645	-	709,132	7,860,067
Total comprehensive loss for half year ended December 31, 2023	-	-	-	(918,907)	(918,907)
Balances as at December 31, 2023	767,290	6,383,645	-	(209,775)	6,941,160

The notes 1 to 18 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)

AS AT DECEMBER 31, 2023

	(Rupees in Thousand)	
	Jul-2023 to Dec-2023	Jul-2022 to Dec-2022 (Restated)
Cash Flows from/(towards) Operating Activities		
(Loss) / Profit before income tax	(493,850)	20,151
Adjustments for:		
Depreciation	361,645	457,256
Provision for defined benefit plan	66,419	64,200
Gain on disposal of property, plant and equipment	(8,544)	(3,898)
Impairment in long term investments	16,829	10,601
(Reversal)/impairment allowance for ECL-net	24,679	4,262
Impairment allowance for slow moving stores, spare parts and loose tools-net	7,290	4,610
Amortisation of interest free long term loan to subsidiary company	(12,055)	(7,007)
Amortisation of intangible asset	5,013	3,725
Remeasurement gain on discounting of provision for GIDC	(6,048)	4,307
Investment income - Dividend	-	(677,250)
Finance costs	918,980	524,605
	<u>1,374,208</u>	<u>385,411</u>
	880,358	405,562
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	217,191	(256,742)
Stock in trade	2,819,708	(3,741,814)
Trade debts	(495,241)	(1,370,490)
Loans and advances	(70,860)	(274,465)
Trade deposits and short term prepayments	167,582	19,127
Other receivables	199,925	(866,450)
	<u>2,838,305</u>	<u>(6,490,834)</u>
Increase in Trade and other payables	2,850,666	5,052,474
Cash flows from/(towards) operations before following	<u>6,569,329</u>	<u>(1,032,798)</u>
(Payments for)/receipts of:		
Long term loans	(22,301)	(25,811)
Long term deposits	(691)	-
Defined benefit plan	(12,341)	(5,805)
Finance costs	(582,770)	(226,397)
Income tax	(176,339)	(156,347)
Group taxation impact	-	(122)
Net cash flows from/(towards) operating activities	<u>5,774,887</u>	<u>(1,447,280)</u>
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(2,874,033)	(4,298,177)
Dividend received	-	677,250
Proceeds from disposal of property, plant and equipment	14,550	11,934
Net cash flows towards investing activities	<u>(2,859,483)</u>	<u>(3,608,993)</u>
Cash Flows from/(towards) Financing Activities		
Long term financing - proceeds received	792,878	3,278,049
Long term financing - repayments	(193,996)	(73,905)
Short term borrowings - net	-	480,000
Dividend paid	(11,634)	(140)
Net cash flows from financing activities	<u>587,248</u>	<u>3,684,004</u>
Net increase/(decrease) in cash and cash equivalents	<u>3,502,652</u>	<u>(1,372,269)</u>
Cash and cash equivalents at the beginning of the period	<u>(7,337,802)</u>	<u>(3,559,131)</u>
Cash and cash equivalents at the end of the period	<u>(3,835,150)</u>	<u>(4,931,400)</u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	353,684	343,780
Short term borrowings	(4,188,834)	(5,275,180)
	<u>(3,835,150)</u>	<u>(4,931,400)</u>

The notes 1 to 18 annexed herewith form an integral part of these condensed interim un-consolidated financial statements.

SHABIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer

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

AS AT DECEMBER 31, 2023

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are quoted at 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 The figures included in the condensed interim un-consolidated statement of profit or loss and condensed interim un-consolidated statement of comprehensive income for the quarters ended December 31, 2023 and 2022 and in the notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the accumulated figures for the half years ended December 31, 2023 and 2022.

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

2.5.1 Amendments to published approved accounting standards which are effective during the six months ended December 31, 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.

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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Company's annual accounting periods beginning on or after July 1, 2024. However, these amendments will not have any significant impact on the financial reporting of the



Company, therefore, have not been disclosed in these condensed interim un-consolidated financial statements.

2.6 Functional and reporting currency

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

3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim un-consolidated financial statements were the same as those applied to the audited financial statements as at and for the year ended June 30, 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 half year ended have increased by Rs. 138.668 million and the value of Property, plant and Equipment would have decreased by Rs. 138.668 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.

	Note	(Rupees in Thousand)	
		December 2023 (Un-audited)	June 2023 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	8,407,679	6,034,197
Capital work in progress	5.2	11,036,998	10,904,098
		<u>19,444,677</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

	Half Year Ended December 2023	Half Year Ended December 2022
Freehold Land	132,585	-
Building on leasehold land	213,604	3,156
Plant and machinery	2,314,514	46,650
Factory equipment	6,632	1,592
Motor vehicles	73,797	19,633
	<u>2,741,132</u>	<u>71,031</u>

Disposals at NBV during the period

	December 2023	December 2022
Office premises	-	56
Motor vehicles	6,006	7,980
	<u>6,006</u>	<u>8,036</u>

5.2 Capital work in progress

	December 2023	December 2022
Balance as at start of the period	10,904,098	3,447,148
Additions	2,638,919	4,063,871
Transfer to operating fixed assets	(2,506,019)	-
Balance as at end of the period	<u>11,036,998</u>	<u>7,511,019</u>

5.2.1 As of period ended December 31, 2023, additions in plant and machinery includes mark-up on financing utilized amounting to Rs. 637.70 million (December 31, 2022: Rs 204.67 million).

				(Rupees in Thousand)		
		Note	Half Year Ended December 2023	Half Year Ended December 2022		
5.2.2	Building on leasehold land		841,514	523,059		
	Plant and machinery		<u>10,195,484</u>	<u>6,987,960</u>		
			<u>11,036,998</u>	<u>7,511,019</u>		

				(Rupees in Thousand)		
		Note	December 2023 (Un-audited)	June 2023 (Audited)		
6	INTANGIBLE ASSETS					
	Balance as at start of the period		70,177	59,594		
	Additions		-	20,608		
	Amortization during the period		<u>(5,013)</u>	<u>(10,025)</u>		
	Balance as at end of the period		<u>65,164</u>	<u>70,177</u>		

		(Number of Shares)			
		December 2023 (Un-audited)	June 2023 (Audited)		
7	SHARE CAPITAL				
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	301,361
		46,592,880	46,592,880	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	465,929
		<u>76,728,960</u>	<u>76,728,960</u>		<u>767,290</u>
					<u>767,290</u>

		(Number of Shares)				
		December 2023 (Un-audited)	June 2023 (Audited)			
8	DEFERRED LIABILITIES AND INCOME					
	Deferred Liabilities					
	Income tax - net		418,279	219,047		
	Defined benefit plan	8.1	622,053	567,977		
	Provision for Gas Infrastructure Development Cess (GIDC)	8.2	-	1,471		
	Deferred income					
	Deferred Income - Government scheme	8.3	<u>800,165</u>	884,232		
			<u>1,840,497</u>	<u>1,672,727</u>		
8.1	Defined benefit plan					
	Balance as at start of the period		567,977	502,472		
	Expense		66,419	89,744		
	Remeasurement gain		-	1,581		
	Payments		<u>(12,343)</u>	<u>(25,820)</u>		
	Balance as at end of the period		<u>622,053</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 Group with effect from September 2013. On December 21, 2015, the Company alongwith several other companies filed suit in the Sindh High Court against OGRA, SSGCL and others challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGCL billed @ Rs.600 per MMBTU. However, on January 19, 2017, the Company alongwith others filed a suit in the Sindh High Court against OGRA, SSGCL and others. The Honorable Sindh High Court granted interim relief and instructed SSGCL to revise bills at previous rate against securing the differential amount with the Nazir of the Court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court (refer note 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.8.247 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.678.365 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.34.713 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 of the Company. However, the Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these condensed interim un-consolidated financial statements as the Company is confident that the matter will be decided in favor by the appellate authorities.
- 10.1.5** Tax Department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Company filed an appeal before the ATIR

against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Company. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.

- 10.1.6** Tax Department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favor of the Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company, hence Rs.2.197 million recorded as refundable.
- 10.1.7** The Tax Officer alleged the Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that reduced rate was applicable to customers as those customers were active and operative at the time of execution of sales transaction. Moreover, the Tax Department has adjusted the impugned demand with sales tax refunds available with the Company. Appeal was decided in favor of the Company. Tax Department has issued an appeal effect order in line with aforementioned CIR(A) order resulting in refund of Rs.1.828 million for which refund application has been filed. Tax Department has filed an appeal before ATIR against CIR(A) order. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.8** The case of the Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Company. Considering that the matter decided against the Company has no material impact, therefore, the Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company. No provision has been made in these condensed interim un-consolidated financial statements.
- 10.1.9** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta disallowed expenses of Rs.60.7 million vide order dated June 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 is preparing to file an appeal before CIR(A).

(Rupees in Thousand)

December 2023 (Un-audited)	June 2023 (Audited)
----------------------------------	---------------------------

10.2 Guarantees

Bank Guarantees in favor of:

The Director Excise and Taxation, Karachi	678,365	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	<u>32,592</u>	<u>32,592</u>
	<u>814,814</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:



(Rupees in Thousand)

Note	December 2023 (Un-audited)	June 2023 (Audited)
Foreign currency:		
Property, plant and equipment	1,026,524	789,298
Raw material	1,478,671	5,578,080
Spare parts and others	71,683	378,184
	2,576,878	6,745,562
Local currency:		
Property, plant and equipment	53,637	90,079
Raw material	-	349,999
Spare parts and others	5,856	11,972
	59,493	452,050
	2,636,371	7,197,612
	Half Year Ended December 2023	Half Year Ended December 2022
11 INVESTMENT INCOME - DIVIDEND		
From wholly owned subsidiary company - Messrs. Gatro Power (Private) Limited	-	677,250

12 MEASUREMENT OF FAIR VALUE

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

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

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

13 SEGMENT REPORTING

13.1 Reportable segments

The Company's reportable segments are as follows:

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

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

13.2 Segment results:

The segment information for the reportable segments for half year ended December 31, 2023 is as follows:

(Rupees in Thousand)

	December 2023			December 2022		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	16,517,989	1,680,904	18,198,893	10,270,799	1,756,751	12,027,550
Segment result before depreciation	311,918	479,692	791,610	(173,803)	446,836	273,033
Less: Depreciation	(329,984)	(31,661)	(361,645)	(419,506)	(37,750)	(457,256)
Segment result after depreciation	(18,066)	448,031	429,965	(593,309)	409,086	(184,223)
Reconciliation of segment results with Profit before income tax:						
Total results for reportable segments		429,965				(184,223)
Other operating expenses		(39,117)				(47,432)
Other income		34,282				99,161
Finance costs		(918,980)				(524,605)
Investment income - Dividend		-				677,250
Profit before income tax		(493,850)				20,151

Assets and liabilities by segments are as follows:

(Rupees in Thousand)

	December 2023 (Un-audited)			June 2023 (Audited)		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
Segment assets	29,068,053	1,328,097	30,396,150	31,313,879	1,758,171	33,072,050
Segment liabilities	13,297,455	6,203,665	19,501,120	12,587,734	500,476	13,088,210

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

	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	30,396,150	19,501,120	33,072,050	13,088,210
Unallocated	6,747,048	10,700,918	4,504,764	16,628,537
Total as per un-consolidated statement of financial position	37,143,198	30,202,038	37,576,814	29,716,747

Other segment information is as follows:

	December 2023			December 2022		
Depreciation	329,984	31,661	361,645	419,506	37,750	457,256
Capital expenditures incurred during the year	2,398,251	325,820	2,724,071	4,169,543	-	4,169,543
Unallocated capital expenditure incurred during the year		149,962				128,634
Total		2,874,033				4,298,177

13.3 96.35% (December 2022: 97.97%) out of total sales of the Company relates to customers in Pakistan.

13.4 All non-current assets of the Company as at December 31, 2023 are located in Pakistan.

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



14 TRANSACTIONS WITH RELATED PARTIES

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

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Half Year Ended December 2023	Half Year Ended December 2022
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	1,531,083	1,312,244
			Dividend income	-	677,250
			Plant operation arrangement	21,000	21,000
			Reimbursement of expenses	2,086	855
G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership	Long term loan disbursed	66,800	20,941
			Repayment of long term loan	53,550	-
			Reimbursement of expenses	16	4
Novatex Limited	Related Party	Common directorship	Sales of goods	3,530,276	-
			Rendering of services	-	30,169
			Acquisition of services	-	252,055
			Purchase of raw & other material	858,501	166,343
			Rent	11,988	10,756
Reimbursement of expenses	113,820	30,172			
Krystalite Product (Private) Limited	Related Party	Common key management	Sale of goods	148,077	53,348
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	0	22,474
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	0	1,226
			Rent	3,900	-
Gatron Foundation	Related Party	Common directorship	Payment of donation	3,954	1,600
G&T Tyre (Private) Limited	Related Party	Common key management	Purchase of raw & other material	680	303
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	8,986	5,436

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.305.331 million (December 2022: Rs.245.798 million).

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



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

	(Rupees in Thousand)	
	As at December 31, 2023 (Un-audited)	As at June 30, 2023 (Audited)
Gatro Power (Private) Limited		
Other receivables	11	10,619
Trade and other payables	292,543	161,521
G-Pac Energy (Private) Limited		
Other receivables	3	6
Novatex Limited		
Trade debts	251,209	28,300
Trade and other payables	7,352,258	996,005
Krystalite Product (Private) Limited		
Trade debts	71,193	-
Trade and other payables	-	7,806
Mushtaq & Company (Private) Limited		
Trade debts	1,036	1,296
Gani & Tayub (Private) Limited		
Other receivables	1,126	1,126
G&T Tyre (Private) Limited		
Trade and other payables	160	-
Gatron (Industries) Limited Workers Provident Fund		
Trade and other payables	1,082	1,029

15 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	3,204,004	480,000	3,684,004
Cash and cash equivalents at the beginning of the period	(4,759,131)	1,200,000	(3,559,131)
Cash and cash equivalents at the end of the period	(6,611,400)	1,680,000	(4,931,400)

16 DATE OF AUTHORISATION

These condensed interim un-consolidated financial statements were authorised for issue on Feb 29, 2024 by the Board of Directors of the Company."

17 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.

18 GENERAL

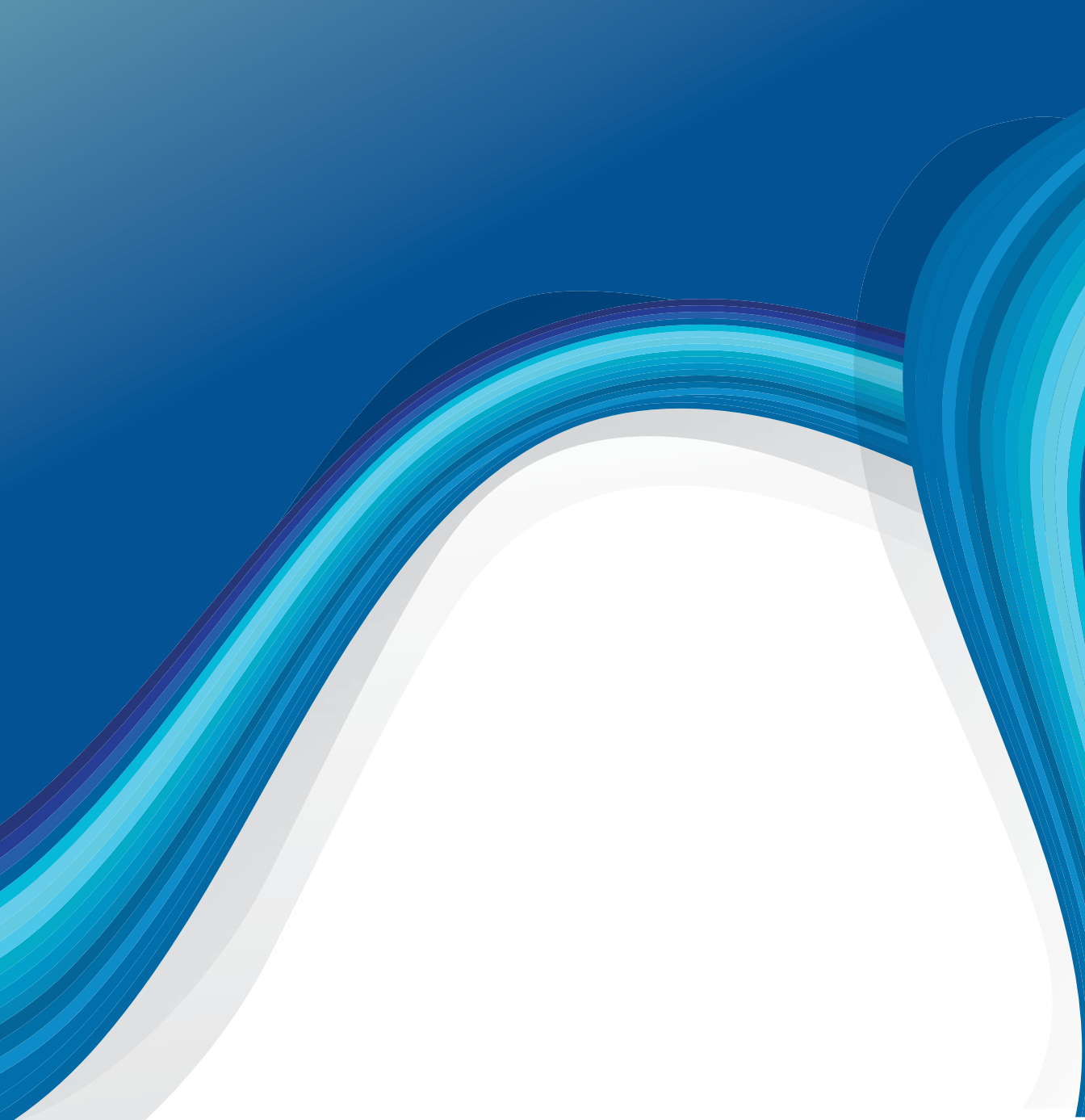
18.1 Charge for Workers' Profit Participation Fund, Workers' Welfare Fund, Deferred Tax and Income Tax (where applicable) are interim and final liability will be determined on the basis of annual results.

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

SHABBIR DIWAN
Chief Executive Officer

MUHAMMAD IQBAL BILWANI
Director

MUSTUFA BILWANI
Chief Financial Officer



**CONSOLIDATED
FINANCIAL
STATEMENTS**

Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the Un-audited Condensed Interim Consolidated Financial Statements of the Group for the half year ended December 31, 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 half year ended December 31, 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 subsidiary company paid Nil Cash dividend during the reporting period.

The principal business of Wholly Owned Subsidiary Company Messrs. G-Pac Energy (Private) Limited is to generate and sell electric power. The operations of this Subsidiary Company are expected to be commenced soon.

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

CONSOLIDATED FINANCIALS:

	(Pak Rupees in Thousand)
Operating results for the three months ended December 31, 2023	
Loss before income tax	286,163
Income tax	425,057
Loss after income tax	711,220
Un- appropriated Profit brought forward	5,601,407
Un- appropriated Profit carried forward	1,468,578
Loss per share - Basic and diluted (Rupees)	(9.27)

	(Pak Rupees in Thousand)
State of Affairs as on December 31, 2023	
Property, plant and equipment	22,239,499
Other non-current assets	70,774
Current assets	18,168,078
Total assets	40,478,351
Deduct:	
Non-current liabilities	10,465,133
Current liabilities	21,108,705
Total liabilities	31,573,838
Net assets financed by shareholders' equity	8,904,513



MATERIAL CHANGES AND COMMITMENTS

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

INTERNAL FINANCIAL CONTROLS

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

ACKNOWLEDGMENT

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

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

SHABBIR DIWAN
CHIEF EXECUTIVE OFFICER

MUHAMMAD IQBAL BILWANI
DIRECTOR

February 29, 2023

اندرونی مالیاتی کنٹرول:

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

اظہار تشکر:

ہم کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے اپنے تمام اسٹیک ہولڈرز کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے ہم پر اعتماد کیا اور تمام ڈائریکٹرز ان کے مسلسل تعاون اور حمایت کی امید کرتے ہیں اور ہمیں یقین ہے کہ وہ مستقبل میں بھی ایسا کرتے رہیں گے۔

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

محمد اقبال بلوانی
ڈائریکٹر

شہیر دیوان
چیف ایگزیکٹو آفیسر
29 فروری 2024ء

ڈائریکٹرز کی رپورٹ

معزز حصص یافتگان،

میسرز گیلون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2023ء کو ختم شدہ ششماہی مدت کے لیے گروپ ہڈا کے آڈٹ شدہ مختصر عبوری جامع مالیاتی گوشوارے بمسرت پیش کر رہے ہیں۔

گروپ

یہ گروپ گیلون (انڈسٹریز) لمیٹڈ اور اس کے ماتحت اداروں میسرز گیلون و پاور (پرائیویٹ) لمیٹڈ، میسرز گلوبل سٹینٹیک لمیٹڈ اور G-پیک انرجی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔ ہولڈنگ کمپنی یعنی گیلون (انڈسٹریز) لمیٹڈ کی 31 دسمبر 2023ء کو ختم شدہ ششماہی کارکردگی کے بارے میں ڈائریکٹرز کی رپورٹ کو مذکورہ رپورٹ میں الگ سے منسلک کیا گیا ہے۔

مکمل ملکیتی ذیلی کمپنی میسرز گیلون و پاور (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار بجلی کی پیداوار اور فروخت ہے۔ زیر جائزہ مدت کے دوران، ذیلی کمپنی نے کوئی منافع منقسمہ ادا نہیں کیا ہے۔

مکمل ملکیتی ماتحت کمپنی میسرز G-پیک انرجی (پرائیویٹ) لمیٹڈ کا بنیادی کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس ذیلی کمپنی کے کام جلد شروع ہونے کی توقع ہے۔ اس ذیلی کمپنی کے آپریشنز جلد شروع ہونے کی توقع ہے۔

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

جامع مالیات:

پاکستانی روپے (ہزاروں میں)	
	آپریٹنگ نتائج برائے سہ ماہی ختمہ 31 دسمبر 2023ء
286,163	خسارہ قبل از انکم ٹیکس
425,057	انکم ٹیکس
711,220	خسارہ بعد از انکم ٹیکس
5,601,407	غیر منصرف منافع کز شدہ (Un- appropriated Profit brought forward)
1,468,578	غیر منصرف منافع حالیہ (Un- appropriated Profit carried forward)
(9.27)	خسارہ فی شیئر بنیادی اور منقسم شدہ (Loss per share - Basic and diluted) (روپے)
	31 دسمبر 2023ء تک معاملات کی صورتحال
22,239,499	املاک، پلانٹ اور ایکویپمنٹ
70,774	دیگر پائیدار اثاثہ جات
18,168,078	بدل پزیر اثاثہ جات
40,478,351	کل اثاثہ جات
	کٹوتی:
10,465,133	پائیدار واجبات
21,108,705	بدل پزیر واجبات
31,573,838	کل واجبات
8,904,513	خالص اثاثہ جات ادا شدہ مخائب ایکویٹی یافتہ حصص یافتگان

اہم تبدیلیاں اور معاہدات:

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

Condensed Interim Consolidated Statement of Financial Position

AS AT DECEMBER 31, 2023

(Rupees in Thousand)			
	Note	December 2023 (Un-audited)	June 2023 (Audited)
ASSETS			
Non - Current Assets			
Property, plant and equipment	5	22,239,499	19,673,941
Intangible assets	6	65,164	70,177
Long term loans		-	2,766
Long term deposits		5,610	4,919
		22,310,273	19,751,803
Current Assets			
Stores, spare parts and loose tools		2,273,713	2,171,428
Stock in trade		8,567,031	11,386,739
Trade debts	13	4,446,351	3,975,789
Loans and advances		411,637	522,272
Current portion of long term loans		24,815	12,998
Trade deposits and short term prepayments		283,781	404,956
Other receivables	13	1,774,933	1,992,042
Advance income tax		-	100,000
Cash and bank balances		385,817	384,084
		18,168,078	20,950,308
TOTAL ASSETS		40,478,351	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		1,468,578	2,179,798
		8,904,513	9,615,733
LIABILITIES			
Non - Current Liabilities			
Long term financing		8,622,138	8,179,328
Deferred liabilities and income	8	1,842,995	1,688,031
		10,465,133	9,867,359
Current Liabilities			
Trade and other payables	9 & 13	12,739,825	9,907,287
Unclaimed dividend		9,421	21,055
Unpaid dividend		20,801	20,801
Accrued mark up/ profit		1,218,606	882,396
Short term borrowings		4,988,834	8,474,415
Current portion of long term financing		961,897	732,545
Current portion of non-current Liabilities		970,289	929,213
Provision for income tax less payments		199,032	251,307
		21,108,705	21,219,019
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		40,478,351	40,702,111

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 Profit or Loss (Un-audited)

AS AT DECEMBER 31, 2023

	(Rupees in Thousand)			
Note	Oct-2023 to Dec-2023	Oct-2022 to Dec-2022	Jul-2023 to Dec-2023	Jul-2022 to Dec-2022
Sales	10,284,540	7,131,106	18,198,893	12,027,550
Cost of sales	<u>9,680,263</u>	<u>6,929,564</u>	<u>17,105,606</u>	<u>11,220,723</u>
Gross profit	604,277	201,542	1,093,287	806,827
Distribution and selling costs	<u>61,873</u>	<u>82,805</u>	<u>145,766</u>	188,035
Administrative expenses	<u>166,299</u>	<u>122,852</u>	<u>304,286</u>	241,276
Other operating expenses	<u>(100,902)</u>	<u>33,008</u>	<u>25,158</u>	43,402
	<u>127,270</u>	238,665	<u>475,210</u>	472,713
	<u>477,007</u>	(37,123)	<u>618,077</u>	334,114
Other income	<u>42,813</u>	277,263	<u>80,228</u>	284,380
Operating profit	519,820	240,140	698,305	618,494
Finance costs	<u>379,148</u>	310,586	<u>984,468</u>	568,519
	<u>140,672</u>	(70,446)	<u>(286,163)</u>	49,975
Investment income - Dividend	-	-	-	-
Profit/(Loss) before income tax	140,672	(70,446)	(286,163)	49,975
Income tax - Current	<u>127,864</u>	<u>89,296</u>	<u>225,826</u>	150,502
- Deferred	<u>193,587</u>	<u>(53,238)</u>	<u>199,231</u>	(21,771)
	<u>321,451</u>	36,058	<u>425,057</u>	128,731
Loss after income tax	(180,779)	(106,504)	(711,220)	(78,756)
		Restated		(Restated)
Loss per share - Basic and diluted (Rupees)	<u>(2.36)</u>	<u>(1.39)</u>	<u>(9.27)</u>	<u>(1.03)</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 Comprehensive Income (Un-audited)

AS AT DECEMBER 31, 2023

	(Rupees in Thousand)	
	Jul-2023 to Dec-2023	Jul-2022 to Dec-2022
Loss after income tax	(711,220)	(78,756)
Other comprehensive income		
Total comprehensive Loss	<u>(711,220)</u>	<u>(78,756)</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) AS AT DECEMBER 31, 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 loss for half year ended December 31, 2022	-	-	-	(78,756)	(78,756)
Balances as at December 31, 2022	383,645	383,645	3,535,000	5,601,407	9,903,697
Total comprehensive loss for half year ended June 30, 2023	-	-	-	(172,871)	(172,871)
Transfer to capital reserves	-	6,000,000	(3,250,000)	(2,750,000)	-
Transactions with owners					
Interim cash dividend for the year ended June 30, 2023 at Rs.3.00 per share i.e. @30%	-	-	-	(115,093)	(115,093)
Issuance of Bonus shares @100% i.e. Rs.10 per share	383,645	-	-	(383,645)	-
	383,645	-	-	(498,738)	(115,093)
Balances as at June 30, 2023	767,290	6,383,645	285,000	2,179,798	9,615,733
Total comprehensive loss for the half year ended December 31, 2023	-	-	-	(711,220)	(711,220)
Transfer to capital reserves	-	-	-	-	-
Transactions with owners					
Interim cash dividend for the year ended June 30, 2023 at Rs.3.00 per share i.e. @30%	-	-	-	-	-
Issuance of Bonus shares @100% i.e. Rs.10 per share	-	-	-	-	-
	-	-	-	-	-
Balances as at December 31, 2023	767,290	6,383,645	285,000	1,468,578	8,904,513

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 Cash Flows (Un-audited)

AS AT DECEMBER 31, 2023

	(Rupees in Thousand)	
	Jul-2023 to Dec-2023	Jul-2022 to Dec-2022 (Restated)
Cash Flows from/(towards) Operating Activities		
(Loss) / Profit income tax	(286,163)	49,975
Adjustments for:		
Depreciation	434,851	555,203
Provision for defined benefit plan	66,820	64,448
Gain on disposal of property, plant and equipment	(8,544)	(3,898)
Loss on disposal of property, plant and equipment	-	-
Impairment in long term investments	-	-
(Reversal)/Impairment allowance for ECL-net	24,679	4,262
Impairment allowance for slow moving stores, spare parts and loose tools-net	10,160	5,586
Amortisation of interest free long term loan to subsidiary company	0	-
Amortisation of intangible asset	5,013	3,725
Remeasurement gain on discounting of provision for GIDC	(56,741)	47,900
Investment income - Dividend	0	-
Amortisation of long term loan	0	-
Finance costs	984,468	568,519
	<u>1,460,706</u>	<u>1,245,745</u>
	1,174,543	1,295,720
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(112,444)	(677,690)
Stock in trade	2,819,708	(3,741,814)
Trade debts	(495,241)	(1,370,490)
Loans and advances	110,635	(274,095)
Trade deposits and short term prepayments	121,175	(7,285)
Other receivables	217,109	(877,631)
	<u>2,660,942</u>	<u>(6,949,005)</u>
Increase in Trade and other payables	2,905,763	4,668,634
Cash flows from operations before following	<u>6,741,248</u>	<u>(984,651)</u>
(Payments for)/receipts of:		
Long term loans	(9,051)	(4,870)
Long term deposits	(691)	0
Defined benefit plan	(13,216)	(5,805)
Finance costs	(648,258)	(270,311)
Income tax	(178,101)	(157,115)
Group taxation impact - Payment to Gatro Power (Private) Limited	0	-
Net cash flows from operating activities	<u>5,891,931</u>	<u>(1,422,752)</u>
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(3,006,415)	(4,321,712)
Proceeds from disposal of property, plant and equipment	14,550	11,934
Net cash flows towards investing activities	<u>(2,991,865)</u>	<u>(4,309,778)</u>
Cash Flows from/(towards) Financing Activities		
Long term financing - proceeds received	792,878	3,278,049
Long term financing - repayments	(193,996)	(73,905)
Short term borrowings - net	-	480,000
Dividend paid	(11,634)	(140)
Net cash flows from financing activities	<u>587,248</u>	<u>3,684,004</u>
Net increase/(decrease) in cash and cash equivalents	<u>3,487,314</u>	<u>(2,048,526)</u>
Cash and cash equivalents at the beginning of the period	<u>(7,290,331)</u>	<u>(2,792,411)</u>
Cash and cash equivalents at the end of the period	<u><u>(3,803,017)</u></u>	<u><u>(4,840,937)</u></u>
CASH AND CASH EQUIVALENTS COMPRISE OF:		
Cash and bank balances	385,817	434,243
Short term borrowings	<u>(4,188,834)</u>	<u>(5,275,180)</u>
	<u><u>(3,803,017)</u></u>	<u><u>(4,840,937)</u></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)

AS AT DECEMBER 31, 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 nine months ended March 31, 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, 2022; however, these do not have any significant impact on these condensed interim consolidated financial statements, hence not described.

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

There are certain new standards and amendments to the approved accounting standards that will be mandatory for the Group's annual accounting periods beginning on or after July 1, 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 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 half year ended have increased by Rs. 138.668 million and the value of Property, plant and Equipment would have decreased by Rs. 174.687 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	December 2023 (Un-audited)	June 2023 (Audited)
5			
PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	9,569,316	7,252,770
Capital work in progress	5.2	<u>12,670,183</u>	<u>12,421,171</u>
		<u><u>22,239,499</u></u>	<u><u>19,673,941</u></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

	Half Year Ended December 2023	Half Year Ended December 2022
Freehold land	132,585	-
Building on leasehold land	224,963	3,156
Plant and machinery	2,314,514	46,650
Factory equipment	6,632	1,592
Office equipment	-	-
Motor vehicles	<u>78,709</u>	19,633
	<u><u>2,757,403</u></u>	<u><u>71,031</u></u>
Disposals at NBV during the period		
Freehold land	-	-
Office premises	-	56
Plant and machinery	-	-
Motor vehicles	<u>6,006</u>	7,980
	<u><u>6,006</u></u>	<u><u>8,036</u></u>



		(Rupees in Thousand)	
		Half Year Ended December 2023	Half Year Ended December 2022
5.2	Capital work in progress	Note	
	Balance as at start of the period	12,421,171	4,799,597
	Additions	2,755,031	4,087,441
	Transfer to operating fixed assets	<u>(2,506,019)</u>	-
	Balance as at end of the period	<u>12,670,183</u>	<u>8,887,038</u>
5.2.1	As of period ended December 31, 2023, additions in plant and machinery includes mark-up on financing utilized amounting to Rs. 637.70 million (December 31, 2022: Rs 204.67 million).		
5.2.2	Building on leasehold land	923,891	584,841
	Plant and machinery	<u>11,746,292</u>	<u>8,302,197</u>
		<u>12,670,183</u>	<u>8,887,038</u>
		December 2023 (Un-audited)	June 2023 (Audited)
6	INTANGIBLE ASSETS		
	Capital work in progress - SAP ERP System		
	Balance as at start of the period	70,177	59,594
	Additions	-	20,608
	Amortization during the period	<u>(5,013)</u>	<u>(10,025)</u>
	Balance as at end of the period	<u>65,164</u>	<u>70,177</u>
7	SHARE CAPITAL		
	(Number of Shares)		
	December 2023 (Un-audited)	June 2023 (Audited)	December 2023 (Un-audited)
	(Un-audited)	(Audited)	(Un-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>	<u>767,290</u>
8	DEFERRED LIABILITIES AND INCOME		
	Deferred Liabilities		
	Income tax - net	418,279	219,047
	Defined benefit plan	8.1 624,551	570,947
	Provision for Gas Infrastructure Development Cess (GIDC)	8.2 -	13,805
	Deferred income		
	Deferred Income - Government scheme	8.3 <u>800,165</u>	<u>884,232</u>
		<u>1,842,995</u>	<u>1,688,031</u>
8.1	Defined benefit plan		
	Balance as at start of the period	570,947	504,365
	Expense	66,820	90,243
	Remeasurement gain	-	2,159
	Payments	<u>(13,216)</u>	<u>(25,820)</u>
	Balance as at end of the period	<u>624,551</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 2022: Rs.2,500 million) in favor of Excise and Taxation Department, in respect of consignments cleared (refer note 10.2). Full provision has been made in these 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 instalments.

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)) - 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders by the Deputy Commissioner Inland Revenue (DCIR), Large Taxpayers Unit, passed under section 11 (2) of the Sales Tax Act, 1990 through which cumulative demand for the aforesaid periods amounting to Rs.55.423 million excluding default surcharge was created. In the assessment orders, major areas on which impugned demand has been raised relates to disallowance of input tax on purchases and recovery of sales tax on sales to subsequently suspended / blacklisted persons. The Parent Company has already deposited Rs.28 million under protest into the Government Treasury for stay against the full recovery. The CIR(A) has issued judgment in respect of impugned order for tax periods July 2012 to June 2013 wherein the entire order of the Tax Officer has been held as illegal and unconstitutional. However, the Tax Department has been filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIR(A). The CIR(A) has decided the matter for tax periods July 2013 to June 2014, July 2014 to June 2015 and July 2015 to December 2016 wherein the case has been partially decided in favor for the Parent Company. However, the Parent Company has filed appeals before the ATIR against orders passed by CIR(A). No provision has been made in these consolidated financial statements as the Parent Company is confident that the matter will be decided in favor by the appellate authorities.
- 10.1.6** Tax Department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs.37.773 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the Company whereas major issues were decided in favor of the Tax Department. Based on the judgment of the CIR(A), the revised demand comes out to Rs.28.2 million. The Company filed an appeal before the ATIR against the order of the CIR(A) and the learned ATIR, vide its judgment dated January 01, 2019 has decided the case in favor of the Parent Company. As of now, the Tax Department has not yet filed appeal against the said judgment of ATIR.
- 10.1.7** Tax Department issued order under section 122(1) of the Income Tax Ordinance, 2001 for the tax year 2015 wherein income tax demand of Rs.25.888 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.2.589 million under protest. Appeal was filed before the CIR(A) and the CIR(A) has decided partially in favor of the Parent Company. Appeal effect in line with CIR(A) order has been issued by the Tax Department wherein an amount of Rs.3.791 million determined as refundable to the Parent Company out of which Rs.1.594 million has been adjusted with the income tax demand pertaining to tax year 2019. Appeal has been filed by the Parent Company as well as the Tax Department before ATIR, however, no hearing has been conducted till date. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Parent Company, hence Rs.2.197 million recorded as refundable.
- 10.1.8** The Tax Officer alleged the Parent Company for charging sales tax at reduced rate instead of standard rate of 17% during the tax periods from July 2014 to June 2015 and raised the demand of Rs.1.741 million along with penalty of Rs.0.087 million. The Parent Company has filed an appeal before CIR(A) against order of the Tax Department on the ground that reduced rate was applicable to customers as those customers were active and operative at the time of execution of

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

- 10.1.9** The case of the Parent Company was selected for income tax audit for tax year 2013. The return was amended under section 122(1)/(5) of the Income Tax Ordinance, 2001, however, no income tax demand was raised owing to taxable losses both before and after amendment of the income tax return. Subsequently, the Tax Department again initiated proceedings for further amendment of the already amended income tax return and raised demand of Rs.1.178 million. Demand has been raised mainly because of figurative errors committed by the Additional Commissioner Inland Revenue (ADCIR) against which the Parent Company has moved rectification application and in response thereto rectified order was issued. Moreover, the Parent Company has also filed an appeal before CIR(A) to secure its interest in case rectification application is rejected by the concerned Tax Officer. CIR(A) has decided the matter partially in favor of the Parent Company. Considering that the matter decided against the Parent Company has no material impact, therefore, the Parent Company had not filed an appeal before the ATIR. The Tax Department filed an appeal before the ATIR against order issued by CIR(A), Quetta, which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Company. No provision has been made in these consolidated financial statements.
- 10.1.10** Income tax return of tax year 2014 was amended by the Deputy Commissioner Inland Revenue, Quetta disallowed expenses of Rs.60.7 million vide order dated June 29, 2016 against which the Parent Company filed an appeal before the CIR(A), who vide order dated January 20, 2017 decided the case partially in favor of the Parent Company and partially in favor of Tax Department. The Tax Department has filed an appeal before the ATIR which has not yet been concluded. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company. No provision has been made in these consolidated financial statements.
- 10.1.11** The Parent Company had filed a petition in Sindh High Court on August 26, 2019 against 3% Minimum Value Addition Tax on import of machinery, which has been levied through Finance Act, 2019. Stay has been granted by the Honorable Sindh High Court against submission of bank guarantee in favor of Nazir of the Court. Till reporting date, the Parent Company has provided 100% bank guarantee amounting to Rs.15.351 million (June 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
- 10.1.13** The Parent Company had filed a petition before the Sindh High Court wherein the Parent Company had challenged the levy and collection of further sales tax on zero rated supplies imposed vide SRO 584(I)/2017 read with section 3(1A) and section 4 of the Sales Tax Act, 1990. The case has been decided by the Honorable Sindh High Court in favor of the Parent Company. The Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Honorable Sindh High Court. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company, however, on a prudent basis Rs.40.395 million has been provided in these 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 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. 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 year 2020, however, tax year 2021 matter is still pending for hearing. 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 favour of the Parent Company in the tax year 2021.
- 10.1.17** The Tax Officer alleged the Parent Company for fake transaction with suspended customer during the tax periods from December 2018 to June 2019 and raised the demand of Rs.1.711 million along with 100% penalty, 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. The Tax Department has filed an appeal before ATIR against the said judgment.
- 10.1.18** Tax Department issued notices thereby disallowing adjustment of Workers Welfare Fund (WWF) against income tax refund of tax year 2018, 2019 and 2020 amounting Rs.16.216 million, Rs.20.373 and Rs.3.022 million respectively. The Parent Company filed petitions against the said notices before the Honorable Sindh High Court, which has been decided in favour of the Parent Company. However, Tax Department has filed an appeal before the Honorable Supreme Court of Pakistan. Based on the merits of the case, the management is confident that the case will be decided in favor of the Parent Company.
- 10.1.19** Tax Department has raised demand of Rs.21.294 million on the basis of sales tax audit for the tax periods from July 2017 to June 2018. The Parent Company has filed an appeal before the CIR(A). The Parent Company has paid 10% of demand for auto stay from recovery Rs.2.130 million. The CIR(A) has decided the case partially in favor of the Parent Company and partially in favor of Tax Department. The order contains significant errors for which Company has filed rectification application before CIR(A).
- 10.1.20** The Tax Department disallowed expenses of Rs.45.6 million under section 122(5A) of the Income Tax Ordinance, 2001 for tax year 2016. However, no income tax demand was raised owing to taxable losses both before and after amendment of assessment proceedings. Moreover, the Parent Company has filed an appeal before CIR(A), who vide order dated March 16, 2023 decided the case partially in favor of the Parent Company and partially in favor of Tax Department. Management is in process to discuss the matter with legal counsel whether file further appeal or not.
- 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 company has filed the case before honorable Sindh High Court against conducting Sales Tax Audit for the tax year 2019. The SHC has granted interim relief till the decision of the case. The management is confident that the case will be decided in favor of the Parent Company.
- 10.1.23** 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 raised demand of Rs.14.101 million and Rs.103.346 million on the basis of order passed for monitoring of tax withholding for tax years 2014 and 2015 respectively. Appeal was filed before the CIR(A), which was decided in favor of the Subsidiary Company Messrs. Gatro Power (Private) Limited. However, Tax Department has filed appeals before ATIR, hearing of which is pending. Based on the merits of the case and the discussions held with the legal counsel, the management is confident that the case will be decided in favor of the Subsidiary Company. No provision has been made in these consolidated financial statements.
- 10.1.27** 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 incorporate 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.
- 10.1.28** 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.
- 10.1.29** 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. As of now, the Tax Department has not yet filed appeal against the said judgment which is pending for hearing. No provision has been made in these condensed interim consolidated financial statements.
- 10.1.30** 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)

	December 2023 (Un-audited)	June 2023 (Audited)
10.2 Guarantees		
Bank Guarantees in favor of:		
The Director Excise and Taxation, Karachi	713,365	398,365
The Electric Inspector, President Licencing Board, Quetta	10	10
Pakistan State Oil Company Limited	70,000	70,000
K-Electric Limited	18,496	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	257,592	257,592
	<u>1,074,814</u>	<u>759,814</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	1,026,524	3,982,352
Raw material	1,478,671	1,780,644
Spare parts and others	178,392	378,149
	<u>2,683,587</u>	<u>6,141,145</u>
Local currency:		
Property, plant and equipment	159,871	164,170
Raw material	-	349,999
Spare parts and others	5,856	11,972
	<u>165,727</u>	<u>526,141</u>
	<u>2,849,313</u>	<u>6,667,286</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 follows:

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

- Polyester PET Preform - it comprises manufacturing of Polyester PET Preform and its raw material. This includes the results of Subsidiary Company Messrs. Global Synthetics Limited, which has not yet commenced its operations till date.
- Electric Power generation - it comprises operations of Subsidiary Companies Messrs. Gatro Power (Private) Limited and Messrs. G-Pac Energy (Private) Limited.

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

12.2 Segment results:

The segment information for the reportable segments for the year December 31, 2023 is as follows:

(Rupees in Thousand)

	December 2023					December 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	16,517,989	1,680,904	18,198,893	1,531,083	19,729,976	10,270,799	1,756,751	12,027,550	1,312,245	13,339,795
Segment result before depreciation	311,918	479,692	791,610	249,737	1,041,347	(173,803)	446,836	273,033	659,688	932,721
Less: Depreciation	(329,984)	(31,661)	(361,645)	(36,467)	(398,112)	(419,506)	(37,750)	(457,256)	(97,947)	(555,203)
Segment result after depreciation	(18,066)	448,031	429,965	213,270	643,235	(593,309)	409,086	(184,223)	561,741	377,518

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

Total sales for reportable segments					19,729,976					13,339,795
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					(1,531,083)					(1,312,245)
Sales					18,198,893					12,027,550
Total results for reportable segments			429,965	213,270	643,235		(184,223)	561,741	377,518	
Other operating expenses			(39,117)	(2,870)	(41,987)		(47,432)	(1,266)	(48,698)	
Other income			34,282	58,001	92,283		99,161	186,921	286,082	
Finance costs			(918,980)	(77,543)	(996,523)		(524,605)	(50,921)	(575,526)	
Investment income - Dividend			-	-	-		677,250	-	677,250	
			(493,850)	190,858	(302,992)		20,151	696,475	716,626	
Elimination of intra group transaction					16,829				(666,651)	
Profit before income tax					(286,163)				49,975	

Assets and liabilities by segments are as follows:

(Rupees in Thousand)

	December 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	29,068,053	1,328,146	30,396,199	4,272,708	34,668,907	31,313,879	1,758,220	33,072,099	3,962,037	37,034,136
Segment liabilities	13,297,455	6,203,713	19,501,168	1,902,166	21,403,334	12,587,734	500,524	13,088,258	1,809,223	14,897,481

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

	Assets		Liabilities		Assets		Liabilities	
Total for reportable segments								
Unallocated			34,668,907	21,403,334	37,034,136	14,897,481		
Elimination of intra group balances			6,747,048	10,700,918	4,504,764	16,628,537		
Total as per consolidated statement of financial position			(937,605)	(530,414)	(836,789)	(439,640)		
			40,478,351	31,573,838	40,702,111	31,086,378		

Other segment information is as follows:

	December 2023					December 2022				
Depreciation	329,984	31,661	361,645	73,206	434,851	419,506	37,750	457,256	97,947	555,203
Capital expenditures										
incurred during the year	2,398,251	325,820	2,724,071	132,382	2,856,453	4,169,543	-	4,169,543	23,535	4,193,078
Unallocated capital expenditure incurred during the year					149,962					128,634
Total					3,006,415					4,321,712



12.3 All non-current assets of the Group as at June 30, 2023 are located in Pakistan. Parent Company's local sales represents sales to various external customers in Pakistan whereas export sales represents sales to customers in various countries.

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

13 TRANSACTIONS WITH RELATED PARTIES

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

Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Half Year Ended December 2023	Half Year Ended December 2022
Novatex Limited	Related Party	Common directorship	Sales of goods	3,530,276	-
			Rendering of services	-	30,169
			Acquisition of services		252,055
			Purchase of raw & other material	864,102	166,343
			Rent	11,988	10,756
			Reimbursement of expenses	128,646	30,172
Krystalite Product	Related Party	Common key management	Sale of goods	148,077	53,348
Mushtaq & Company (Private) Limited	Related Party	Common key management	Sale of goods	-	22,474
Gani & Tayub (Private) Limited	Related Party	Common directorship	Charges on account of handling	-	1,266
			Rent	3,900	-
Gatron Foundation	Related Party	Common directorship	Payment of donation	3,954	1,600
G&T Tyre (Private) Limited	Related Party	Common key management	Purchase of raw & other material	680	303
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Provident fund contribution	8,986	5,436

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.305.331 million (December 31 2022: Rs.245.798 million).

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

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

	(Rupees in Thousand)	
	As at December 31, 2023 (Un-audited)	As at June 30, 2023 (Audited)
Novatex Limited		
Trade debts	251,209	28,300
Other receivables	0	-
Trade and other payables	7,352,258	996,005
Krystalite Product (Private) Limited		
Trade debts	71,193	-
Trade and other payables	-	7,806
Mushtaq & Company (Private) Limited		
Trade debts	1,036	1,296
Gani & Tayub (Private) Limited		
Trade and other payables	1,126	1,126
G&T Tyre (Private) Limited		
Trade and other payables	160	-
Gatron (Industries) Limited Workers Provident Fund		
Other receivables	-	-
Trade and other payables	1,082	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 Consolidated Statement of Cash Flows			
Cash flow from financing activities	3,204,004	480,000	3,684,004
Cash and cash equivalents at the beginning of the period	(3,992,411)	1,200,000	(2,792,411)
Cash and cash equivalents at the end of the period	(6,520,937)	1,680,000	(4,840,937)

15 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on Feb 29, 2024 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.



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