



Gatron (Industries) Limited

THIRD QUARTERLY REPORT
MARCH 31, 2019



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Corporate Information

Board of Directors

Haji Haroon Bilwani	- Chairman
Peer Mohammad Diwan	- Chief Executive
Abdul Razak Diwan	
Zakaria Bilwani	
Usman Bilwani	
Iqbal Bilwani	
Shabbir Diwan	
Muhammad Taufiq Bilwani	
Muhammad Waseem	

Audit Committee Members

Iqbal Bilwani	- Chairman
Haji Haroon Bilwani	
Usman Bilwani	
Muhammad Waseem	

HR & Remuneration Committee Members

Usman Bilwani	- Chairman
Iqbal Bilwani	
Muhammad Waseem	

Company Secretary / Chief Financial Officer

Muhammad Yasin Bilwani

Auditors

M/s. Kreston Hyder Bhimji & Company
Chartered Accountants,
Karachi.

Legal Advisor

Naeem Ahmed Khan
Advocates
Quetta.

Share Registrar

C&K Management Associates (Private) Limited
Room No. 404, Trade Tower,
Abdullah Haroon Road, Near Metropole Hotel,
Karachi-75530 - Pakistan.
Phone: 021-35687839, 35685930

Bankers

Bank Alfalah Limited
Bank Al-Habib Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited
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



Directors' Report

Dear Shareholders,

The Directors of Gatron (Industries) Limited are pleased to present the nine months report together with the financial statements, for the nine months ended March 31, 2019.

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

- Net sales Rs.12,233 million,
- Operating profit Rs.862 million,
- Investment income Rs.905 million,
- Profit before income tax Rs.1,760 million,
- Profit after income tax Rs.1,533 million,
- Earnings per share Rs.39.96

Revenue of the Company increased by 40% as compared to corresponding period of last year. This is on the one hand due to increase in unit value of finished products on account of increasing trend of raw material prices coupled with the sharp rupee devaluation increasing the unit value of product for sale and on the other hand due to the increase in your company's production output and resultant increased sales volume of Polyester Filament Yarn (PFY).

Your Company has already informed you about the investments in increase of the capacity and operating rate for Yarn, as a result of which annual production which was 36,023 MT per annum on mix deniers in 2016-17, is expected to be in excess of 75,000 MT by 2020-21 Insha Allah, which is kicking in step by step. During current quarter revenue increased due to yarn sales revenue could have been much higher was limited to 19% as compared to corresponding quarter, owing to low sales of Preforms due to longer winter season across the country.

One of the major factor contributing in increase of operating income is the devaluation of rupee against US\$.

Once the exchange rate parity stabilizes this windfall in operating results will not be there. The income from operations contributed only around 49% to the overall bottom line, while major contribution of 51% came from investment income.

Preforms segment results remained satisfactory in view of international margins. However, the current winter season stayed longer with rains and snow this year, which has affected the consumption of beverages and consequently targeted performs sale. However, in coming summer months its sale will Insha Allah increase and preforms segment expected to contribute positively in the overall performance of the company in remaining period of the financial year.

On the Balance Sheet front as compared to June 30, 2018 stocks increased by Rs.814 million to reach amounting to Rs.3,549 million. Debtors increased by Rs.360 million to reach Rs.1,489 million while creditors increased by Rs.599 million to reach Rs.2,815 million.

CHALLENGES FACED AND FUTURE OUTLOOK

- Production of the company also increased by 19% during the period as compared to corresponding period of last year, which is the evidence of company's announcement to increase indigenous capacity in various steps as noted above, to cater the local need of Polyester Filament Yarn.

- Federal Government in its recent mini budget has reduced Regulatory Duty on PFY from 5% to 2.5%. It will hurt the investment already made in the initial phases of the expansion and will definitely make it challenging for local PFY manufacturing industry to proceed with the further phases of targeted expansion in production capacity. This expansion plan was taking the indigenous production to a level which was to meet above 70% of indigenous demand by 2021-22 compared to 35% in 2016 and was also to increase local employment beyond the jobs already provided by the industry.
- Maintaining the current import duty with consistent Regulatory Duty for PFY will help in the growth of domestic PFY industry to cater over 70% of total domestic demand in 2021-22 and reduce the import bill and reliance on international borrowings. Due to limited size of cotton crop, the aim of the country should be to clothe more than 200 million population with locally produced textile raw-materials. It is worthwhile to note that the major raw material of Filament Yarn vis PTA is also produced in Pakistan and with the upcoming new Saudi refinery the basic chemicals for PTA vis Paraxylene may also be produced from crude oil within the country, achieving the self-reliance and full chain of crude oil to polyester clothes within the country.
- We also hope that proposed Phase II FTA with China does not negatively hurt the filament yarn production as well as the downstream synthetic weaving industry. Filament Yarn Manufacturers had already informed the Textile Ministry and Commerce Ministry to take care of the HS codes of these industries in this respect.
- As reported in previous reports, the anti-dumping duties (ADDs) continue to be ineffective due to litigation on composition of National Tariff Commission (NTC) (resulting in repeated stay orders in different High Courts). Earlier the imposition of ADDs was delayed for 4 years due to quorum issues at the NTC. These ADDs are already set at a very low level of 3.25% to 4.9% on the major 3 Chinese suppliers, while the injury to the Pakistan Filament Yarn Industry was exceeding 20% by the Chinese dumped imports as calculated by the NTC in anti-dumping investigation. It is also worthwhile to note that the dumping duty on China imposed by Turkey and India on these same producers was in excess of 10%.
- As already reported in previous directors' reports that there also appears an element of subsidy schemes helping the Chinese and Malaysian exporters to export at much low prices. The NTC did not initiate the countervailing proceedings due to some legal limitation, on the previous application by the Filament Yarn Industry. Many countries like Canada and USA have calculated anti-subsidy duties on China on various polyester products which demonstrate that Chinese producers have available subsidy on their exports. Of course USA, Canada and Europe have also imposed anti-subsidy duties on numerous other Chinese products besides polyester.
- All the above factors necessitate the Regulatory Duty of 5% on import of PFY for the next 5 years.
- It is also necessary that the Government does not further increase the gas prices to prevent the import substitution industry from becoming further incompetent.
- The Company's significant funds are stuck in Sales Tax and Income Tax refunds, which unnecessarily affecting liquidity of the Company.



OTHER MATTERS

- During the period operations of wholly owned subsidiary Messrs. Gatro Power (Private) Limited remained satisfactory. During the period, this subsidiary company paid cash dividends amounting to Rs.452 million.
- During the period a new wholly owned subsidiary company Messrs. G-Pac Energy (Private) Limited has been incorporated, whose principal business is to generate and sell electric power. The operations of this company is expected to commence in next financial year.
- During the period, an associated company i.e. Messrs. Novatex Limited has paid 80% interim cash dividend for the year ending on June 30, 2019.
- Despite increasing water level in Hub dam due to recent rains in Balochistan, water supply to Hub industrial area is not yet restored to desired level, therefore the company has to arrange water from alternate sources resulting in increased cost of production.

APPROPRIATION

The Board of Directors has approved second interim cash dividend @20% to all the shareholders of the Company.

EARNINGS PER SHARE

The earnings per share of the Company for the nine months ended on March 31, 2019 is Rs. 39.96.

MATERIAL CHANGES AND COMMITMENTS

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

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS

The consolidated condensed interim financial statements of the Group along with notes thereto, have also been included in this report.

ACKNOWLEDGMENT

We would like to express deep gratitude to our customers for their trust and support. We would also like to appreciate our shareholders, bankers and suppliers for their continued support and our employees for their dedication and contribution to the Company .

Peer Mohammad Diwan
Chief Executive Officer

Iqbal Bilwani
Director

April 19, 2019

☆ یہ بھی ضروری ہے کہ حکومت گیس کی قیمتوں میں مزید اضافہ نہ کرے تاکہ درآمد کی متبادل صنعت کو مزید غیر فعال ہونے سے روکا جاسکے۔

☆ کمپنی کی خطیر رقم سبزی گیس اور انکم ٹیکس ری فنڈ میں پھنسی ہوئی ہے جو لیکوئڈٹی پر اثر انداز ہو رہی ہے۔

دیگر امور

☆ زیر جائزہ مدت میں میسرز گیسٹر و پاور (پرائیویٹ) لمیٹڈ کی عملی کارکردگی اطمینان بخش رہی اور اسی دوران اس ذیلی ادارے نے مبلغ 452 ملین روپے کے نقد منافع کی ادائیگی کی۔

☆ زیر جائزہ مدت میں نیا مکمل ماتحت ادارہ میسرز جی بی بی اے (پرائیویٹ) لمیٹڈ کا قیام عمل میں آیا جس کا اہم کاروبار بجلی پیدا اور فروخت کرنا ہے۔ اس ادارے کے آپریشنز اگلے مالی سال میں شروع ہونے کی توقع ہے۔

☆ زیر جائزہ مدت میں ایک متعلقہ کمپنی میسرز نو واٹیکس لمیٹڈ نے 30 جون 2019ء کو ختم ہونے والے سال کیلئے 80 فیصد نقد عبوری منافع کی ادائیگی کی۔

☆ بلوچستان میں حالیہ بارشوں کی وجہ سے حب ڈیم میں پانی کی سطح بلند ہونے کے باوجود حب صنعتی ایریا کو پانی کی فراہمی مطلوبہ سطح پر بحال نہیں کی جاسکی۔ لہذا کمپنی کو متبادل ذرائع سے پانی کا بندوبست کرنا پڑتا ہے جس کی وجہ سے پیداواری لاگت میں اضافہ ہو رہا ہے۔

تصرف

بورڈ آف ڈائریکٹرز نے تمام ممبران کے لئے 20 فیصد کے دوسرے نقد عبوری منافع کی منظوری دی۔

منافع فی حصہ

31 مارچ، 2019ء کو اختتام پزیر ہونے والی نو ماہی مدت میں منافع فی حصہ مبلغ 39.96 روپے رہا۔

اہم تبدیلیاں اور معاہدے

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

جامع مالیاتی گوشوارے

زیر نظر نو ماہی رپورٹ میں گروپ ہذا کے جامع عبوری مالیاتی گوشوارے (Consolidated Interim Financial Statements) بمعہ ڈائریکٹرز رپورٹ منسلک کر دیئے گئے ہیں۔

اظہار تشکر

ہم اپنے گاہکوں کے اعتماد اور تعاون کے لئے دل کی گہرائیوں سے ان کے مشکور ہیں اس کے علاوہ ہم اپنے شیئرز، ہولڈرز، بینکرز اور سپلائرز کے تعاون اور کمپنی کے ملازمین کی خدمات پر ان کا بھی شکریہ ادا کرتے ہیں۔

اقبال بلوانی
ڈائریکٹر

پیر محمد یوان
انصر اعلیٰ

مورخہ: 19 اپریل، 2019ء

درپیش چینجز اور مستقبل پر ایک نظر

- ☆ گزشتہ سال کے اسی مدت کے مقابلے میں کمپنی کی پیداوار میں بھی 19% اضافہ ہوا جو اوپر بیان کردہ مختلف اقدامات کی وجہ سے مقامی پیداواری صلاحیت میں اضافے کی عکاسی کرتا ہے جو PFY کی مقامی کھپت کو پورا کرنے میں مدد دے گا۔
- ☆ وفاقی حکومت نے اپنے حالیہ معنی بھٹ میں PFY پر لاگو ریگولیٹری ڈیوٹی کو 5 فیصد سے گھٹا کر 2.5 فیصد کر دیا۔ اس اقدام سے نہ صرف کاروبار کو وسعت دینے کے لئے انتہائی مراحل میں کی جانے والی سرمایہ کاری کو ٹیکس پینچنگ بلکہ اس سے مقامی PFY مینوفیکچرنگ انڈسٹری کے لیے پیداواری صلاحیت میں توسیع کے ہدف کو مرحلہ وار پورا کرنے میں بھی مشکلات ہونگی۔ یہ توسیع منصوبہ بندی مقامی پیداوار کو 2016 کی مقامی طلب کا 35 فیصد کی سطح سے 2021-22 تک 70 فیصد سے زائد پورا کرنے اور مزید لوگوں کو برسر روزگار بنانے کے لیے کی گئی تھی۔
- ☆ PFY کی درآمد پر موجودہ درآمدی ڈیوٹی اور ریگولیٹری ڈیوٹی کو برقرار رکھنے سے مقامی PFY تیار کرنے والوں کو ترقی کا موقع ملے گا اور وہ جہاں ایک جانب 2021-22 تک ملکی طلب کو 70 فیصد سے زائد مقامی پیداوار سے پورا کر سکیں گے وہیں ملکی درآمدی بل میں واضح کمی آئے گی اور بیرونی قرضوں کی مجموعی صورت حال بھی بہتر ہوگی۔ کاشن کی فصل کم کاشت کی جانے کی وجہ سے یہ ضروری ہے کہ 200 ملین مقامی آبادی مقامی خام مال سے تیار شدہ ٹیکسٹائل مصنوعات استعمال کریں۔ یہاں یہ بتانا بھی ضروری ہے کہ فلامنٹ یارن میں استعمال ہونے والا PTA جیسا اہم خام مال پاکستان میں بنایا جاتا ہے اور اب جبکہ سعودی ریفاٹری کی قیام عمل میں لایا جا رہا ہے تو PTA کا اہم خام مال پرازیلا بلین کییکل بھی نام تیل سے ملک میں ہی بنایا جاسکے گا جس کے نتیجے میں خود انحصاری حاصل ہو سکے گی اور خام تیل سے لیکر پولیسٹر بلوسا تک کی مصنوعات ملک میں ہی دستیاب ہونگی۔
- ☆ ہم یہ بھی امید کرتے ہیں کہ چین کے ساتھ زبردستی FTA کے دوسرے مرحلے سے یارن کی پیداوار کے ساتھ ساتھ Downstream Synthetic Weaving صنعت کو بھی نقصان نہیں پہنچے گا۔ فلامنٹ یارن کے مینوفیکچرز نے پہلے سے ہی ٹیکسٹائل منسٹری اور کامرس منسٹری کو اس سلسلے میں ان صنعتوں کے ایچ ایس کوڈز کو مدنظر رکھنے کی تجویز دے رکھی ہے۔
- ☆ جیسا کہ سابقہ ڈائریکٹرز رپورٹ میں بتایا گیا ہے کہ ایٹنی ڈمپنگ ڈیوٹیز (ADDs) مسلسل غیر فعال ہیں کیونکہ نیشنل ٹیرف کمیشن (NTC) کی ٹیرف کمپوزیشن پر درآمد کنندگان نے مختلف ہائی کوٹس سے حکم امتناعی حاصل کر رکھے ہیں پہلے ہی ADDs کے نفاذ میں NTC کے اجلاس میں کورم نہ ہونے سے چار سال کی تاخیر ہوئی ہے۔ یہ ADDs تین بڑے چینی سپلائرز پر کم سطح 3.25 سے 4.9 فیصد عائد ہے۔ جبکہ متذکرہ ایٹنی ڈمپنگ کی تحقیقات میں NTC نے تعین کیا تھا کہ پاکستان فلامنٹ یارن انڈسٹری کو چائنیز ڈمپڈ ایپورٹس کے ذریعہ نقصان 20 فیصد سے زیادہ ہے ان ہی چائنیز پروڈیوسرز پر ترکی اور انڈیا نے 10 فیصد ایٹنی ڈمپنگ ڈیوٹی عائد کر رکھی ہے۔
- ☆ جیسا کہ گزشتہ ڈائریکٹرز رپورٹس میں ذکر کیا گیا کہ سبسڈی اسکیموں کا ایک ایسا عنصر محسوس ہوتا ہے جس کی وجہ سے چینی اور ملائیشیائی درآمد کنندگان کو انتہائی ارزاں نرخ پر برآمدات کرنے میں مدد ملتی ہے۔ مقامی فلامنٹ یارن صنعت کی جانب سے اس معاملہ کے متعلق گزشتہ داخل کردہ درخواست پر چند قانونی پابندیوں کے باعث NTC بروقت اقدام کرنے سے قاصر رہا دیگر ممالک جیسا کہ کینیڈا اور امریکہ نے چین کی دیگر پولیسٹر مصنوعات پر ایٹنی سبسڈی ڈیوٹی لے کر اسے چینی پروڈیوسرز کی برآمدات میں سبسڈی شامل ہے۔ امریکہ، کینیڈا اور یورپ نے چین کی دیگر مصنوعات پر بھی ایٹنی سبسڈی ڈیوٹی عائد کر رکھی ہے۔
- ☆ مندرجہ بالا تمام عوامل کے پیش نظر PFY کی درآمد پر 5 فیصد ریگولیٹری ڈیوٹی اگلے 5 سالوں کے لیے برقرار رکھنے کی ضرورت ہے۔

ڈائریکٹرز کی جائزہ رپورٹ

معزز ممبران،

گیٹرون (انڈسٹریز) لمیٹڈ کے ڈائریکٹرز 31 مارچ، 2019ء کو اختتام پذیر ہونے والی نو ماہی مدت کیلئے رپورٹ ہمراہ غیر آڈٹ شدہ عبوری مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے:

●	خالص فروخت	مبلغ 12,233 ملین روپے
●	آپریٹنگ منافع	مبلغ 862 ملین روپے
●	آمدنی بذریعہ سرمایہ کاری	مبلغ 905 ملین روپے
●	منافع قبل از ٹیکس	مبلغ 1,760 ملین روپے
●	منافع بعد از ٹیکس	مبلغ 1,533 ملین روپے
●	آمدنی فی حصہ	مبلغ 39.96 روپے

کمپنی کی مجموعی فروخت میں گزشتہ سال کی اسی مدت کے مقابلے میں 40 فیصد اضافہ ہوا۔ یہ اضافہ ایک طرف خام مال کی قیمتوں میں اضافے کے رجحان اور روپے کی قدر میں نمایاں کمی کی باعث تیار ہونے والی مصنوعات کی یونٹ ویلیو میں اضافہ اور دوسری جانب کمپنی کی پیداواری صلاحیت میں اضافے کے باعث پولیٹریفلو منٹ یارن (PFY) کی فروخت کے حجم میں بڑھوتی کے سبب ہوا۔

آپ کی کمپنی یارن کی پیداواری صلاحیت میں اضافے کے متعلق سرمایہ کاری کے بارے میں آپ کو پہلے ہی مطلع کر چکی ہے جس کے نتیجے میں 17-2016 میں کس ڈیٹریز پر سالانہ پیداوار جو 36,023 میٹرک ٹن تھی امید کی جاتی ہے کہ 2020-21 تک رفتہ رفتہ انشاء اللہ 75,000 میٹرک ٹن سے زیادہ ہو جائے گی۔ جنوری تا مارچ، 2019ء کے دوران یارن کی فروخت میں اضافے کے باوجود گزشتہ سال کی اسی سہ ماہی کے مقابلے میں مجموعی فروخت میں اضافہ صرف 19 فیصد تک محدود رہا جس کی اہم وجہ ملک بھر میں طویل موسم سرما کے باعث پری فارمر کی فروخت میں خاطر خواہ کمی ہے۔

آپریٹنگ آمدن میں اضافے کی اہم وجہ امریکی ڈالر کے مقابلے میں روپے کی قدر میں کمی ہے۔

ایک بار جب آپ کی کمپنی ریٹ مستحکم ہو جائے گا تو آپریٹنگ کے نتائج معمول پر آسکتے ہیں۔ کمپنی کی مجموعی آمدن میں آپریٹنگ سے حاصل ہونے والی آمدنی کا حجم صرف 49 فیصد رہا جبکہ آمدن کا 51 فیصد جتنا بڑا حصہ سرمایہ کاری کی آمدنی پر مشتمل ہے۔

پری فارمر سیگمنٹ کے نتائج بین الاقوامی مارجن کے مطابق اطمینان بخش رہے۔ تاہم اس بار موسم سرما بارش اور برف باری کے ساتھ طویل رہا جس کے باعث مشروبات کی کھپت میں کمی کے نتیجے میں پری فارمر کی فروخت کے اہداف حاصل نہ ہو سکے۔ تاہم موسم گرما میں انشاء اللہ پری فارمر کی فروخت میں اضافہ ہوگا اور مالیاتی سال کی باقی مدت میں ادارے کی مجموعی کارکردگی میں پری فارمر سیگمنٹ کا مثبت کردار متوقع ہے۔

30 جون، 2018ء کے مقابلے میں اسٹاک کے ذخیرے کی مالیت میں 814 ملین روپے کا اضافہ ہوا جو 3,549 ملین روپے تک پہنچ گیا۔ قابل وصول قرضوں کی مالیت 360 ملین روپے اضافے کے ساتھ 1,489 ملین روپے تک پہنچ گئی۔ جبکہ قرضداری 599 ملین اضافے کے ساتھ 2,815 ملین روپے تک پہنچی۔



Condensed Interim Un-consolidated Statement Of Financial Position

AS AT MARCH 31, 2019

		(Rupees in Thousand)	
		March 2019 (Un-audited)	June 2018 (Audited)
ASSETS			
Non - current Assets			
	5	2,272,274	1,843,643
Property, plant and equipment		602,518	597,563
Long term investments		12	88
Long term loans		2,478	1,832
Long term deposits		2,877,282	2,443,126
Current Assets			
	6	645,402	539,823
Stores, spare parts and loose tools		3,548,913	2,734,755
Stock in trade	15	1,489,130	1,128,940
Trade debts		62,767	99,778
Loans and advances	15	101,386	36,010
Trade deposits and short term prepayments	15	358,866	137,324
Other receivables		-	30,000
Advance income tax		239,208	305,252
Sales and income tax refund due from Federal Government		61,122	47,399
Cash and bank balances		6,506,794	5,059,281
TOTAL ASSETS		9,384,076	7,502,407
EQUITY AND LIABILITIES			
EQUITY			
	7	383,645	383,645
Share capital		383,645	383,645
Capital reserve - share premium		3,250,000	2,075,000
General reserve		1,108,171	1,431,079
Unappropriated profit		5,125,461	4,273,369
LIABILITIES			
Non - current Liabilities			
	8	364,684	337,260
Deferred liabilities			
Current Liabilities			
	9 & 15	2,814,604	2,216,006
Trade and other payables		269,977	11,238
Unclaimed dividend		4,373	142
Accrued mark up		749,632	580,017
Short term borrowings		55,345	84,375
Provision for income tax less payments		3,893,931	2,891,778
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		9,384,076	7,502,407

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer



Condensed Interim Un-consolidated Statement Of Profit Or Loss (Un-audited)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2019

(Rupees in Thousand)					
	Note	Jan-2019 to Mar-2019	Jan-2018 to Mar-2018	Jul-2018 to Mar-2019	Jul-2017 to Mar-2018
Sales		4,234,175	3,556,819	12,233,456	8,765,896
Cost of sales		3,809,542	3,234,570	10,939,379	8,073,795
Gross profit		424,633	322,249	1,294,077	692,101
Distribution and selling costs		38,274	37,394	121,869	98,300
Administrative expenses		64,745	56,183	192,223	176,942
Other operating expenses		28,743	37,658	125,325	73,296
		131,762	131,235	439,417	348,538
		292,871	191,014	854,660	343,563
Other income		3,439	7,873	7,641	10,364
Operating profit		296,310	198,887	862,301	353,927
Finance costs		5,772	2,638	7,733	13,499
		290,538	196,249	854,568	340,428
Investment income - Dividend	11	-	229,163	905,100	454,913
Profit before income tax		290,538	425,412	1,759,668	795,341
Income tax - Current & prior	12	45,608	52,218	217,951	98,979
- Deferred		244	(14,072)	8,655	(26,910)
		45,852	38,146	226,606	72,069
Profit after income tax		244,686	387,266	1,533,062	723,272
Earnings per share -					
Basic and diluted (Rupees)		6.38	10.09	39.96	18.85

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer



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

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2019

	(Rupees in Thousand)			
	Jan-2019 to Mar-2019	Jan-2018 to Mar-2018	Jul-2018 to Mar-2019	Jul-2017 to Mar-2018
Profit after income tax	244,686	387,266	1,533,062	723,272
Other comprehensive income	-	-	-	-
Total comprehensive income	<u>244,686</u>	<u>387,266</u>	<u>1,533,062</u>	<u>723,272</u>

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer



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

FOR THE NINE MONTHS ENDED MARCH 31, 2019

(Rupees in Thousand)

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
Balances as at July 01, 2017	383,645	383,645	2,075,000	529,248	3,371,538
Total comprehensive income for the nine months ended March 31, 2018	-	-	-	723,272	723,272
Transactions with owners					
Interim cash dividend for the year ended June 30, 2018 at Rs.2.00 per share i.e. @20%	-	-	-	(76,729)	(76,729)
Balances as at March 31, 2018	383,645	383,645	2,075,000	1,175,791	4,018,081
Total comprehensive income for the three months ended June 30, 2018	-	-	-	255,288	255,288
Balances as at June 30, 2018	383,645	383,645	2,075,000	1,431,079	4,273,369
Total comprehensive income for the nine months ended March 31, 2019	-	-	-	1,533,062	1,533,062
Transfer to general reserve	-	-	1,175,000	(1,175,000)	-
Transactions with owners					
Final cash dividend for the year ended June 30, 2018 at Rs.8.25 per share i.e. @82.50%	-	-	-	(316,507)	(316,507)
Interim cash dividend for the year ending on June 30, 2019 at Rs.9.50 per share i.e. @95%	-	-	-	(364,463)	(364,463)
	-	-	-	(680,970)	(680,970)
Balances as at March 31, 2019	383,645	383,645	3,250,000	1,108,171	5,125,461

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer

Third Quarterly Report March 31, 2019



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

FOR THE NINE MONTHS ENDED MARCH 31, 2019

	(Rupees in Thousand)	
	Jul-2018 to Mar-2019	Jul-2017 to Mar-2018
Cash Flows from/(towards) Operating Activities		
Profit before income tax	1,759,668	795,341
Adjustments for:		
Depreciation	221,902	224,992
Impairment of operating fixed assets	-	56,620
Provision for defined benefit plan	27,839	23,696
Gain on disposal of property, plant and equipment	(5,329)	(9,393)
Loss on disposal of property, plant and equipment	44	-
Impairment in long term investments	84	2
(Reversal)/provision for doubtful trade debts - net	(1,440)	3,818
Provision for slow moving stores, spare parts and loose tools - net	3,414	3,534
Investment income - Dividend	(905,100)	(454,913)
Finance costs	7,733	13,499
	<u>(650,853)</u>	<u>(138,145)</u>
	1,108,815	657,196
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(108,993)	(7,550)
Stock in trade	(814,158)	1,759
Trade debts	(358,750)	398,848
Loans and advances	36,363	(18,380)
Trade deposits and short term prepayments	(65,376)	(6,324)
Other receivables	(221,542)	69,914
	<u>(1,532,456)</u>	<u>438,267</u>
Increase in Trade and other payables	614,804	211,314
Cash flows from operations	<u>191,163</u>	<u>1,306,777</u>
(Payments for)/receipts of:		
Long term loans	724	761
Long term deposits	(646)	-
Defined benefit plan	(9,070)	(20,669)
Finance costs	(3,502)	(15,915)
Income tax	(167,129)	(71,546)
Group taxation impact	(24)	(147)
Net cash flows from operating activities	<u>11,516</u>	<u>1,199,261</u>
Cash Flows from/(towards) Investing Activities		
Additions in property, plant and equipment	(658,118)	(166,742)
Proceeds from disposal of property, plant and equipment	12,880	25,899
Investment made	(5,039)	-
Dividend received	905,100	454,913
Net cash flows from investing activities	<u>254,823</u>	<u>314,070</u>
Cash Flows towards Financing Activities		
Dividend paid	(422,231)	(76,431)
Net cash flows towards financing activities	<u>(422,231)</u>	<u>(76,431)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(155,892)</u>	<u>1,436,900</u>
Cash and cash equivalents at the beginning of the period	<u>(532,618)</u>	<u>(2,111,373)</u>
Cash and cash equivalents at the end of the period	<u>(688,510)</u>	<u>(674,473)</u>
CASH AND CASH EQUIVALENTS COMPRISE OF :		
Cash and bank balances	61,122	169,793
Short term borrowings	(749,632)	(844,266)
	<u>(688,510)</u>	<u>(674,473)</u>

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer



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

FOR THE NINE MONTHS ENDED MARCH 31, 2019

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 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 and is also capable of producing PET Bottle Grade Chips. 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** The Company wholly owns following Subsidiary Companies:
- Gatro Power (Private) Limited, which is engaged in power generation.
 - Global Synthetics Limited, which has yet to commence its operations.
 - G-Pac Energy (Private) Limited, which has yet to commence its operations.

2 BASIS OF PREPARATION

- 2.1** 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 provision 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 and associate 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, 2018.
- 2.4 Changes in accounting standards, interpretations and amendments to published approved accounting standards**
- a) Amendments to published approved accounting standards which are effective during the nine months period ended March 31, 2019:**
- There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Company's annual accounting period beginning on July 1, 2018; however, these do not have any significant impact on these condensed interim un-consolidated financial statements hence not detailed. Further following new standards have become effective during the period due to which certain changes in accounting policies have been made;



IFRS 9 'Financial Instruments' - This standard replaces IAS-39 "Financial Instruments: Recognition and Measurement" and includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting for financial assets and financial liabilities. The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach, i.e., the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

The Company's financial assets mainly include trade debts, loans and advances, deposits, receivables and bank balances held with commercial banks. Considering the nature of the financial assets, the Company has applied the standard's simplified approach for assessment of expected credit losses and the Company has concluded there is no material impact of the impairment on its financial assets, other than trade debts for which appropriate allowance is already made, to these condensed interim un-consolidated financial statements. Effect of other provisions of this IFRS is also immaterial on these condensed interim un-consolidated financial statements.

IFRS 15 'Revenue from Contracts with customers' applies to all revenue arising from contracts with customers, unless those contracts are not in the scope of other standards and it has superseded IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers based on the principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Company has concluded that this standard does not have significant impact on these condensed interim un-consolidated financial statements and it is already in compliance with the significant provisions of this standard.

b) 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, 2019. However, these amendments will not have any significant impact on the financial reporting of the Company and, therefore, have not been disclosed in these condensed interim un-consolidated financial statements.

2.5 Functional and reporting currency

These condensed interim un-consolidated financial statements are presented in Pakistani Rupee, 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, 2018.

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, 2018.



	(Rupees in Thousand)	
	March 2019 (Un-audited)	June 2018 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (note 5.1)	1,948,480	1,687,066
Capital work in progress (note 5.2)	323,794	156,577
	2,272,274	1,843,643

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 transferred from Capital work in progress

	Nine months period ended March 2019	Nine months period ended March 2018
Building on leasehold land	11,548	-
Plant and machinery	404,180	266,689
Furniture and fixture	3,100	778
Factory equipment	19,564	10,247
Office equipment	2,452	1,584
Motor vehicles	50,067	22,892
	490,911	302,190

Disposals at NBV during the period

Plant and machinery	1,478	11,173
Motor vehicles	6,117	5,333
	7,595	16,506

5.2 Additions to capital work in progress and transfers during the period amounted to Rs.522.189 million and Rs.354.972 million respectively (March 2018: additions to capital work in progress and transfers amounted to Rs.129.730 million and Rs.265.372 million respectively).

6 STOCK IN TRADE

These include items costing Rs.129.159 million (June 2018: Rs.109.514 million) valued at net realisable value of Rs.92.776 million (June 2018: Rs.79.949 million).

7 SHARE CAPITAL

(Number of Shares)		(Rupees in Thousand)	
March 2019 (Un-audited)	June 2018 (Audited)	March 2019 (Un-audited)	June 2018 (Audited)
7.1 Authorised capital			
95,000,000	44,000,000	Ordinary shares of Rs. 10 each	950,000
			440,000
7.2 Issued, subscribed and paid up capital			
30,136,080	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash	301,361
8,228,400	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	82,284
38,364,480	38,364,480		383,645



	(Rupees in Thousand)	
	March 2019 (Un-audited)	June 2018 (Audited)
8 DEFERRED LIABILITIES		
Income tax - net	11,213	2,558
Defined benefit plan	<u>353,471</u>	<u>334,702</u>
	<u>364,684</u>	<u>337,260</u>

9 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

- a) 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 has been restrained. In May 2016, The Single Bench of Sindh High Court decided the case in favour of the petitioners. However, in June 2016, defendants filed appeal before Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and Messrs. Sui Southern Gas Company Limited (SSGCL) billed @ Rs.600 per MMBTU. However the Company alongwith others filed a suit in the Sindh High Court on January 19, 2017 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 2018: Rs.37.827 million). As an abundant precaution, the Company has made total provision of Rs.40.194 million (June 2018: Rs.35.374 million). 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.

- b) In August 2013, OGRA had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power and accordingly, SSGCL started charging rate prescribed for captive power to the Company with effect from September 2013. The Company alongwith several other companies filed suit in the Sindh High Court on December 21, 2015 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 the Company alongwith others filed a suit in the Sindh High Court on January 19, 2017 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 (a). As an abundant precaution, the Company has made provision of Rs.15.977 million (June 2018: Rs.14.213 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.



- c) Provision of Sindh Sales Tax on rent payable to an associated company Messrs. Novatex Limited amounted to Rs.5.231 million (June 2018: Rs.4.815 million). The associated company had filed a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Single Bench of Sindh High Court decided the case in favour of the associated company. However, the Sindh Revenue Board filed an appeal against the decision before the double bench of Sindh High Court.
- d) 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. The Company has also challenged the new Act in the Sindh High Court on October 23, 2017 against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. Till reporting date, the Company has provided bank guarantee amounting to Rs.168.365 million (June 2018: Rs.148.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006. Based on the legal advise, the management believes that the case will be decided in favour of the Company. However, full provision after December 27, 2006 has been made in these condensed interim unconsolidated financial statements as an abundant precaution.
- e) 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. The Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Company to claim input tax adjustment.
- 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 Company. However, as an abundant precaution, the Company has made provision of Rs.65.752 million (June 2018: Rs.65.752 million).
- f) The FBR vide SRO 450(I)/2013 dated May 27, 2013 made certain amendments in SRO 490(I)/2004 dated June 12, 2004 and disallowed input tax adjustment on building materials with effect from May 28, 2013. The Company had challenged the restriction so placed before the Islamabad High Court on December 21, 2015 against Federation of Pakistan. The Court has granted interim relief order and allowed the Company to claim input tax adjustment on building material.
- 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 Company. However, as an abundant precaution, the Company has made provision of Rs.12.682 million (June 2018: Rs.5.192 million).
- g) Provision of Gas Infrastructure Development Cess Rs.6.351 million (June 2018: Rs.5.757 million) and rate difference of gas tariff Rs.1.718 million (June 2018: Rs.1.597 million) on account of common expenses payable to an associated company Messrs. Novatex Limited.



10 CONTINGENCIES AND COMMITMENTS

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

10.1 Contingencies

- a) FBR initiated action against few buyers 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 favour of Chief Commissioner Inland Revenue.

The Company had, however, challenged the action before the Honorable 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 statement of profit or loss in previous period. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

- b) The Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015 in May 2015, which seeks to impose GIDC levy since 2011. The Company alongwith several other companies filed suit in the Sindh High Court on July 16, 2015 against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Single Bench of Honorable Sindh High Court had decided the case in favour of petitioners. However, defendants have filed appeal on November 10, 2016 before the Double Bench of Sindh High Court.

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Company is confident that the case will be decided in favour of the petitioners. Total amount of enhanced GIDC upto March 31, 2019 worked out at Rs.136.132 million (June 2018: Rs.115.218 million), however the Company accounted for Rs.96.794 million (June 2018: Rs.75.880 million) pertaining to the period of July 2014 to March 2019 for Captive Power and June 2015 to March 2019 for Industrial as an abundant precaution in view of reason stated above.

- c) 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 already restrained EOBI from taking any coercive action against the Company. No provision of the amount involved i.e Rs.20.967 million (June 2018: Rs.18.504 million) has been made in these condensed interim un-consolidated financial statements as the Company is confident of the favorable outcome of the Petition.
- d) The Company filed four appeals on 2nd, 9th, 17th May and 20th June 2018 before the Commissioner Inland Revenue (Appeals) (CIR(A)) – 2, Large Taxpayers Unit, Karachi for the tax periods July 2012 to December 31, 2016 against the assessment orders passed 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 person. 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). 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 favour by the appellate authorities.

- e) Income 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. Against the order of the CIR(A), the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) and the learned ATIR, vide its judgment dated January 1, 2019 has decided all the remaining issues in favor of the Company. Based on the said judgment of the ATIR, partial demand of Rs. 3.777 million earlier paid by the Company under protest is now refundable. As of now, the tax department has not yet filed appeal against the said judgment of ATIR.
- f) Income 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 major issue in favor of the Company, however, minor issues of taxability have been decided against the Company. As of now, tax department has not filed an appeal against order passed by the CIR(A). Based on the advice of our legal counsel, no provision has been made in these condensed interim un-consolidated financial statements.

	(Rupees in Thousand)	
	March 2019 (Un-audited)	June 2018 (Audited)
10.2 Guarantees		
Bank Guarantees in favour of:		
The Director Excise and Taxation, Karachi	168,365	148,365
The Electric Inspector, President Licencing Board, Quetta	10	10
Pakistan State Oil Company Limited	40,000	30,000
K-Electric Limited	11,560	11,560
Letters of Credit in favour of:		
Sui Southern Gas Company Limited for Gas	30,992	30,992
	250,927	220,927



(Rupees in Thousand)

March 2019 (Un-audited) June 2018 (Audited)

10.3 Commitments

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

Foreign currency:		
Property, plant and equipment	886,071	345,212
Raw material	536,342	424,044
Spare parts and others	117,339	78,202
	1,539,752	847,458
Local currency:		
Raw material	135,086	108,585
	1,674,838	956,043

Nine months period ended March 2019 Nine months period ended March 2018

11 INVESTMENT INCOME - DIVIDEND

From wholly owned subsidiary company - Messrs. Gatro Power (Private) Limited	451,500	327,338
From associated company - Messrs. Novatex Limited	453,600	127,575
	905,100	454,913

12 INCOME TAX

Provision for taxation includes current year provision of Rs.256.627 million (March 2018: Rs.128.943 million), prior year of Rs.3.833 million (March 2018: Rs.0.077 million) and has been net off with tax credit amounting to Rs.42.509 million (March 2018: Rs.30.041 million) available under section 65B of Income Tax Ordinance, 2001.

13 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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 of 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 investments 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.

14 SEGMENT REPORTING

14.1 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.

14.2 Segment results:

The segment information for the reportable segments for the nine months ended March 31, 2019 is as follows:

(Rupees in Thousand)

	March 2019			March 2018		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	<u>9,573,816</u>	<u>2,659,640</u>	<u>12,233,456</u>	<u>6,222,030</u>	<u>2,543,866</u>	<u>8,765,896</u>
Segment result before depreciation and impairment	<u>915,675</u>	<u>286,212</u>	<u>1,201,887</u>	351,868	346,603	698,471
Less: Depreciation and impairment	<u>(167,498)</u>	<u>(54,404)</u>	<u>(221,902)</u>	(203,809)	(77,803)	(281,612)
Segment result after depreciation and impairment	<u>748,177</u>	<u>231,808</u>	<u>979,985</u>	<u>148,059</u>	<u>268,800</u>	<u>416,859</u>
Reconciliation of segment results with Profit before income tax:						
Total results for reportable segments			<u>979,985</u>			416,859
Other operating expenses			<u>(125,325)</u>			(73,296)
Other income			<u>7,641</u>			10,364
Finance costs			<u>(7,733)</u>			(13,499)
Investment income - Dividend			<u>905,100</u>			454,913
Profit before income tax			<u>1,759,668</u>			<u>795,341</u>

Assets and liabilities by segments are as follows:

	March 2019 (Un-audited)			June 2018 (Audited)		
Segment assets	<u>4,461,213</u>	<u>3,106,504</u>	<u>7,567,717</u>	<u>3,927,058</u>	<u>2,015,436</u>	<u>5,942,494</u>
Segment liabilities	<u>492,422</u>	<u>364,515</u>	<u>856,937</u>	<u>711,383</u>	<u>676,663</u>	<u>1,388,046</u>

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

	Assets		Liabilities	
Total for reportable segments	<u>7,567,717</u>	<u>856,937</u>	5,942,494	1,388,046
Unallocated	<u>1,816,359</u>	<u>3,401,678</u>	1,559,913	1,840,992
Total as per condensed interim un-consolidated statement of financial position	<u>9,384,076</u>	<u>4,258,615</u>	<u>7,502,407</u>	<u>3,229,038</u>

Other segment information is as follows:

	March 2019			March 2018		
Depreciation and impairment	<u>167,498</u>	<u>54,404</u>	<u>221,902</u>	<u>203,809</u>	<u>77,803</u>	<u>281,612</u>
Capital expenditures incurred during the period	<u>583,386</u>	<u>66,135</u>	<u>649,521</u>	138,511	20,612	159,123
Unallocated capital expenditure incurred during the period			<u>8,597</u>			<u>7,619</u>
Total			<u>658,118</u>			<u>166,742</u>



14.3 99.34% (March 2018 : 99.59%) out of total sales of the Company relates to customers in Pakistan.

14.4 All non - current assets of the Company as at March 31, 2019 are located in Pakistan.

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

15 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)	
				Nine months period ended March 2019	Nine months period ended March 2018
Gatro Power (Private) Limited	Subsidiary Company	100% ownership	Purchase of power	1,366,071	1,139,506
			Dividend income	451,500	327,338
			Plant operation arrangement	27,000	27,000
			Storage and handling	-	362
			Rent	-	5
			Reimbursement of expenses	959	88
			G-Pac Energy (Private) Limited	Subsidiary Company	100% ownership
Novatex Limited	Associated Company	Common directorship	Rendering of services	-	1,044
			Obtaining of services	467,818	290,851
			Purchase of raw material	-	1,431
			Purchase of property, plant & equipment	-	10,300
			Dividend income	453,600	127,575
			Rent	13,863	13,863
			Reimbursement of expenses	116,290	102,590
Krystalite Product (Private) Limited	Related Party	Common management	Sale of goods	408,614	300,884
			Reimbursement of expenses	292	-
Mushtaq & Company (Private) Limited	Related Party	Common management	Sale of goods	71,291	58,825
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend	13,368	3,241
			Charges on account of handling	6,460	5,715
Gatron Foundation	Related Party	Common directorship	Payment of donation	2,710	1,525



Name	Nature of relationship	Basis of relationship	Nature of transaction	(Rupees in Thousand)	
				Nine months period ended March 2019	Nine months period ended March 2018
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Contribution made	16,167	14,736
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Contribution made	2,905	2,865

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.183.798 million (March 2018: Rs.136.861 million).

- The above figures are exclusive of sales tax, where applicable.
- Outstanding balances, as at reporting date, are disclosed as follows:

	As at Mar 31, 2019 (Un-audited)	As at Jun 30, 2018 (Audited)
Gatro Power (Private) Limited		
Other receivables	3,048	3,175
Trade and other payables	842,784	-
Novatex Limited		
Trade deposits and short term prepayments	4,621	-
Other receivables	11,520	12,365
Trade and other payables	76,140	12,169
Krystalite Product (Private) Limited		
Trade debts	264,956	-
Other receivables	87	458
Mushtaq & Company (Private) Limited		
Trade debts	36,480	28,689
Gani & Tayub (Private) Limited		
Trade and other payables	828	478
Gatron (Industries) Limited Staff Provident Fund		
Trade and other payables	3,758	3,277
Gatron (Industries) Limited Workers Provident Fund		
Trade and other payables	23	209



16 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors, in its meeting held on April 19, 2019, has recommended 20% interim cash dividend (i.e. Rs.2.00 per share). This is in addition to 1st interim cash dividend @95% (i.e. Rs.9.50 per share). Since it is a non adjusting event, the condensed interim un-consolidated financial statements for the nine months ended March 31, 2019 do not include the effect of the recommended cash dividend.

17 DATE OF AUTHORISATION

These condensed interim un-consolidated financial statements were authorised for issue on April 19, 2019 by the Board of Directors of the Company.

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.

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer



**Gatron (Industries) Limited
and Subsidiary Companies**

**Condensed Interim Consolidated
Financial Statements
For the Third Quarter ended
March 31, 2019**



Directors' Report To The Members

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 nine months ended March 31, 2019.

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.

During the period operations of wholly owned subsidiary M/s. Gatro Power (Private) Limited remained satisfactory. This subsidiary company has paid cash dividends amounting to Rs.452 million during the period.

Global Synthetics Limited has not yet commenced its operations till date.

During the period a new wholly owned subsidiary company M/s. G-Pac Energy (Private) Limited has been incorporated, whose principal business is to generate and sell electric power. The operations of the company is expected to be commenced in next financial year.

CONSOLIDATED FINANCIALS

(Rupees in Thousand)

Operating results for the nine months ended March 31, 2019

Profit before share of profit in associated company	1,122,849
Share of profit after income tax in associated company	2,422,641
Profit before income tax	3,545,490
Income Tax	521,115
Profit after income tax	3,024,375
Un- appropriated Profit brought forward	6,669,762
Un- appropriated Profit carried forward	7,832,519

State of Affairs as on March 31, 2019

Property, Plant and Equipment	3,056,391
Other non-current assets	7,936,572
Current assets	7,260,670
Total assets	18,253,633
Deduct:	
Non-current liabilities	1,471,080
Current liabilities	4,647,744
Total liabilities	6,118,824
Net assets financed by shareholders' equity	12,134,809

Peer Mohammad Diwan
Chief Executive

Iqbal Bilwani
Director

April 19, 2019

Third Quarterly Report March 31, 2019

ڈائریکٹرز کی جائزہ رپورٹ

معزز ممبران،

ہم بورڈ آف ڈائریکٹرز کی جانب سے گروپ ہذا کے 31 مارچ، 2019ء کو اختتام پذیر ہونے والی نو ماہی مدت کیلئے غیر آڈٹ شدہ مجموعی حسابات پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

گروپ

یہ گروپ میسرز گیٹرون (انڈسٹریز) لمیٹڈ اور اسکے مکمل ماتحت اداروں میسرز گیٹرون پاور (پرائیویٹ) لمیٹڈ، گلوبل سینتھینک لمیٹڈ اور جی پیک ایبیز جی (پرائیویٹ) لمیٹڈ پر مشتمل ہے۔

زیر جائزہ مدت میں میسرز گیٹرون پاور (پرائیویٹ) لمیٹڈ کی عملی کارکردگی اطمینان بخش رہی اور اسی دوران ذیلی ادارے نے مبلغ 452 ملین روپے کے نقد منافع کی ادائیگی کی۔

کمپنی کے دوسرے مکمل ماتحت ادارے میسرز گلوبل سینتھینک لمیٹڈ نے ابھی اپنے آپریٹنگ شروع نہیں کئے۔

زیر جائزہ مدت میں نیا مکمل ماتحت ادارہ میسرز جی پیک ایبیز جی (پرائیویٹ) لمیٹڈ کا قیام عمل میں آیا جس کا اہم کاروبار بجلی پیدا کرنا اور فروخت کرنا ہے۔ اس ادارے کے آپریٹنگ اگلے مالی سال میں شروع ہونے کی توقع ہے۔

جامع مالیات

(روپے 000)	
	آپریٹنگ نتائج برائے نو ماہی مدت ختمہ 31 مارچ، 2019ء
1,122,849	منافع قبل از ٹین منافع من متعلقہ کمپنی
2,422,641	منافع من متعلقہ کمپنی بعد از کم ٹیکس
3,545,490	منافع قبل از کم ٹیکس
521,115	کم ٹیکس
3,024,375	منافع بعد از کم ٹیکس
6,669,762	غیر منصرف منافع گزشتہ (Un-appropriated profit brought forward)
7,832,519	غیر منصرف منافع حالیہ (Un-appropriated profit carried forward)
	31 مارچ، 2019ء تک معاملات کی صورتحال
3,056,391	املاک، پلانٹ اور ایکویپمنٹ
7,936,572	دیگر پائیدار اثاثہ جات
7,260,670	پول پزیر اثاثہ جات
18,253,633	کل اثاثہ جات
	کٹوتی:
1,471,080	پائیدار واجبات
4,647,744	پول پزیر واجبات
6,118,824	کل واجبات
12,134,809	خالص اثاثہ جات اور اثادہ مخائب ایکویٹی بائیں حصص یافتگان

اقبال بلو انی
ڈائریکٹر

پیر محمد یوان
افسر اعلیٰ

مورخہ: 19 اپریل، 2019ء



Condensed Interim Consolidated Statement Of Financial Position

AS AT MARCH 31, 2019

	Note	(Rupees in Thousand)	
		March 2019 (Un-audited)	June 2018 (Audited)
ASSETS			
Non - current Assets			
Property, plant and equipment	5	3,056,391	2,586,952
Long term investment		7,934,082	5,970,689
Long term loans		12	88
Long term deposits		2,478	4,332
		10,992,963	8,562,061
Current Assets			
Stores, spare parts and loose tools		927,343	779,255
Stock in trade	6	3,548,913	2,734,755
Trade debts	14	1,489,130	1,128,940
Loans and advances		72,851	114,155
Trade deposits and short term prepayments	14	106,816	36,263
Other receivables	14	356,166	134,836
Advance income tax		-	30,000
Sales and income tax refund due from Federal Government		242,474	308,518
Cash and bank balances		516,977	1,377,617
		7,260,670	6,644,339
TOTAL ASSETS		18,253,633	15,206,400
EQUITY AND LIABILITIES			
EQUITY			
Share capital	7	383,645	383,645
Capital reserve - share premium		383,645	383,645
General reserve		3,535,000	2,360,000
Unappropriated profit		7,832,519	6,669,762
		12,134,809	9,797,052
LIABILITIES			
Non - current Liabilities			
Deferred liabilities	8	1,471,080	1,148,969
Current Liabilities			
Trade and other payables	9 & 14	3,568,446	3,584,631
Unclaimed dividend		269,977	11,238
Accrued mark up		4,373	142
Short term borrowings		749,632	580,017
Provision for income tax less payments		55,316	84,351
		4,647,744	4,260,379
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		18,253,633	15,206,400

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer

Third Quarterly Report March 31, 2019



Condensed Interim Consolidated Statement Of Profit Or Loss (Un-audited)

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2019

	(Rupees in Thousand)			
Note	Jan-2019 to Mar-2019	Jan-2018 to Mar-2018	Jul-2018 to Mar-2019	Jul-2017 to Mar-2018
Sales	4,234,175	3,556,819	12,233,456	8,765,896
Cost of sales	3,737,162	3,158,415	10,666,056	7,895,557
Gross profit	497,013	398,404	1,567,400	870,339
Distribution and selling costs	38,274	37,394	121,869	98,300
Administrative expenses	65,267	56,643	194,401	178,543
Other operating expenses	29,662	37,646	129,425	74,047
	133,203	131,683	445,695	350,890
	363,810	266,721	1,121,705	519,449
Other income	4,996	23,695	9,397	25,941
Operating profit	368,806	290,416	1,131,102	545,390
Finance costs	6,089	2,727	8,253	13,829
	362,717	287,689	1,122,849	531,561
Share of profit after income tax in associated company	407,210	232,381	2,422,641	870,561
Profit before income tax	769,927	520,070	3,545,490	1,402,122
Income tax - Current & prior	45,608	52,218	217,951	98,979
- Deferred	60,619	1,093	303,164	82,468
	106,227	53,311	521,115	181,447
Profit after income tax	663,700	466,759	3,024,375	1,220,675
Earnings per share -				
Basic and diluted (Rupees)	17.30	12.17	78.83	31.82

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer
Third Quarterly Report March 31, 2019



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

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2019

	(Rupees in Thousand)			
	Jan-2019 to Mar-2019	Jan-2018 to Mar-2018	Jul-2018 to Mar-2019	Jul-2017 to Mar-2018
Consolidated profit after income tax	663,700	466,759	3,024,375	1,220,675
Other comprehensive income				
<i>Items that will never be reclassified to profit or loss</i>				
Share of other comprehensive loss of associate - net of tax	-	-	(2,768)	(3,634)
<i>Items that may be reclassified subsequently to profit or loss</i>				
Share of other comprehensive loss of associate - net of tax	(4,711)	(3,706)	(2,880)	(10,167)
	(4,711)	(3,706)	(5,648)	(13,801)
Total comprehensive income	<u>658,989</u>	<u>463,053</u>	<u>3,018,727</u>	<u>1,206,874</u>

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer



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

FOR THE NINE MONTHS ENDED MARCH 31, 2019

(Rupees in Thousand)

	Share Capital	Capital reserve Share Premium	General reserve	Unappropriated profit	Total
Balances as at July 01, 2017	383,645	383,645	2,360,000	4,695,857	7,823,147
Total comprehensive income for the nine months ended March 31, 2018	-	-	-	1,206,874	1,206,874
Transactions with owners					
Interim cash dividend for the year ended June 30, 2018 at Rs.2.00 per share i.e. @ 20%	-	-	-	(76,729)	(76,729)
Balances as at March 31, 2018	383,645	383,645	2,360,000	5,826,002	8,953,292
Total comprehensive income for the three months ended June 30, 2018	-	-	-	843,760	843,760
Balances as at June 30, 2018	383,645	383,645	2,360,000	6,669,762	9,797,052
Total comprehensive income for the nine months ended March 31, 2019	-	-	-	3,018,727	3,018,727
Transfer to general reserve	-	-	1,175,000	(1,175,000)	-
Transactions with owners					
Final cash dividend for the year ended June 30, 2018 at Rs.8.25 per share i.e. @82.50%	-	-	-	(316,507)	(316,507)
Interim cash dividend for the year ending on June 30, 2019 at Rs.9.50 per share i.e. @95%	-	-	-	(364,463)	(364,463)
	-	-	-	(680,970)	(680,970)
Balances as at March 31, 2019	383,645	383,645	3,535,000	7,832,519	12,134,809

(1) Included in un-appropriated profit, is a sum of Rs 7,367.082 million, representing proportionate share in un-appropriated profit of an associated company Messrs. Novatex Limited upto December 31, 2018, which is not available for distribution to the shareholder of the Parent Company, until realised.

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer

Third Quarterly Report March 31, 2019



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

FOR THE NINE MONTHS ENDED MARCH 31, 2019

	(Rupees in Thousand)	
	Jul-2018 to Mar-2019	Jul-2017 to Mar-2018
Cash Flows (towards)/from Operating Activities		
Consolidated profit before income tax	3,545,490	1,402,122
Adjustments for:		
Depreciation	300,283	272,889
Impairment of operating fixed assets	-	56,620
Provision for defined benefit plan	28,017	23,839
Gain on disposal of property, plant and equipment	(5,329)	(9,393)
Loss on disposal of property, plant and equipment	44	-
(Reversal)/provision for doubtful trade debts - net	(1,440)	3,818
Provision for slow moving stores, spare parts and loose tools - net	5,434	4,287
Share of profit after income tax in associated company	(2,422,641)	(870,561)
Finance costs	8,253	13,829
	<u>(2,087,379)</u>	<u>(504,672)</u>
	1,458,111	897,450
(Increase)/decrease in current assets:		
Stores, spare parts and loose tools	(153,522)	(22,645)
Stock in trade	(814,158)	1,759
Trade debts	(358,750)	398,848
Loans and advances	40,656	(26,334)
Trade deposits and short term prepayments	(70,553)	(9,721)
Other receivables	(221,330)	65,377
	<u>(1,577,657)</u>	407,284
Increase in Trade and other payables	10,424	425,013
Cash flows (towards)/from operations	<u>(109,122)</u>	1,729,747
(Payments for)/receipts of:		
Long term loans	724	761
Long term deposits	1,854	-
Defined benefit plan	(9,070)	(20,669)
Finance costs	(4,022)	(16,245)
Income tax	(167,158)	(71,567)
Net cash flows (towards)/from operating activities	<u>(286,794)</u>	1,622,027
Cash Flows (towards)/from Investing Activities		
Additions in property, plant and equipment	(787,710)	(305,212)
Proceeds from disposal of property, plant and equipment	12,880	25,899
Dividend received from associated company	453,600	127,575
Net cash flows towards investing activities	<u>(321,230)</u>	(151,738)
Cash Flows towards Financing Activities		
Dividend paid	(422,231)	(76,431)
Net cash flows towards financing activities	<u>(422,231)</u>	(76,431)
Net (decrease)/increase in cash and cash equivalents	<u>(1,030,255)</u>	1,393,858
Cash and cash equivalents at the beginning of the period	<u>797,600</u>	(922,657)
Cash and cash equivalents at the end of the period	<u>(232,655)</u>	471,201
CASH AND CASH EQUIVALENTS COMPRISE OF :		
Cash and bank balances	516,977	1,315,467
Short term borrowings	(749,632)	(844,266)
	<u>(232,655)</u>	471,201

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer

Third Quarterly Report March 31, 2019

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

FOR THE NINE MONTHS ENDED MARCH 31, 2019

1 THE GROUP AND ITS OPERATIONS

The Group consists of :

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

The Parent Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are being quoted at the Pakistan Stock Exchange 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 and is also capable of producing PET Bottle Grade Chips. 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 office of the Subsidiary Company is situated at Room No.50, 2nd floor, Ahmed Complex, Jinnah Road, Quetta 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 office of the Subsidiary Company is situated at Room no.32, 1st floor, Ahmed Complex, Jinnah Road, Quetta 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 provision 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, 2018.

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

a) Amendments to published approved accounting standards which are effective during the nine months period ended March 31, 2019:

There are certain amendments and an interpretation to approved accounting and reporting standards which are mandatory for the Group's annual accounting period beginning on July 1, 2018; however, these do not have any significant impact on these condensed interim consolidated financial statements hence not detailed. Further following new standards have become effective during the period due to which certain changes in accounting policies have been made;

IFRS 9 'Financial instruments' - This standard replaces IAS-39 "Financial Instruments: Recognition and Measurement" and includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting for financial assets and financial liabilities. The adoption of IFRS 9 has changed the accounting for impairment losses for financial assets by replacing the incurred losses model approach with a forward looking expected credit loss (ECL) approach, i.e., the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive.

The Group's financial assets mainly include trade debts, loans and advances, deposits, receivables and bank balances held with commercial banks. Considering the nature of the financial assets, the Group has applied the standard's simplified approach for assessment of expected credit losses and the Group has concluded there is no material impact of the impairment on its financial assets, other than trade debts for which appropriate allowance is already made, to these condensed interim consolidated financial statements. Effect of other provisions of this IFRS is also immaterial on these condensed interim consolidated financial statements.

IFRS 15 'Revenue from Contracts with customers' applies to all revenue arising from contracts with customers, unless those contracts are not in the scope of other standards and it has superseded IAS 11 "Construction Contracts", IAS 18 "Revenue" and related interpretations. The new standard establishes a five-step model to account for revenue arising from contracts with customers based on the principle that an entity should recognize revenue representing the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers.

The Group has concluded that this standard does not have significant impact on these condensed interim consolidated financial statements and it is already in compliance with the significant provisions of this standard.

b) 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, 2019. However, these amendments will not have any significant impact on the financial reporting of the Group and, 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, which is the Group's functional currency.



3 ACCOUNTING ESTIMATES AND JUDGEMENTS

Judgements and estimates made by the management in the preparation of these condensed interim consolidated financial statements were the same as those applied to the audited consolidated financial statements as at and for the year ended June 30, 2018.

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, 2018.

5 PROPERTY, PLANT AND EQUIPMENT

	(Rupees in Thousand) March 2019 (Un-audited)	June 2018 (Audited)
Operating fixed assets (note 5.1)	2,722,120	2,399,123
Capital work in progress (note 5.2)	334,271	187,829
	<u>3,056,391</u>	<u>2,586,952</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 transferred from Capital work in progress

	Nine months period ended March 2019	Nine months period ended March 2018
Building on lease hold land	11,548	-
Plant and machinery	542,643	342,736
Furniture and fixture	3,100	961
Factory equipment	21,065	10,859
Office equipment	2,452	1,677
Motor vehicles	50,067	23,966
Overhauling of generators	-	36,489
	<u>630,875</u>	<u>416,688</u>

Disposals at NBV during the period

Plant and machinery	1,478	11,173
Motor vehicles	6,117	5,333
	<u>7,595</u>	<u>16,506</u>

5.2 Additions to capital work in progress and transfers during the period amounted to Rs.639.501 million and Rs.493.059 million respectively (March 2018: additions to capital work in progress and transfers amounted to Rs.268.638 million and Rs.377.136 million respectively).



6 STOCK IN TRADE

These include items costing Rs.129.159 million (June 2018: Rs.109.514 million) valued at net realisable value of Rs.92.776 million (June 2018: Rs.79.949 million).

7 SHARE CAPITAL

(Number of Shares)		(Rupees in Thousand)		
March 2019 (Un-audited)	June 2018 (Audited)	March 2019 (Un-audited)	June 2018 (Audited)	
7.1 Authorised capital				
95,000,000	44,000,000	Ordinary shares of Rs. 10 each	950,000	440,000
7.2 Issued, subscribed and paid up capital				
30,136,080	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash	301,361	301,361
8,228,400	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	82,284	82,284
<u>38,364,480</u>	<u>38,364,480</u>		<u>383,645</u>	<u>383,645</u>

8 DEFERRED LIABILITIES

Income tax - net	1,116,275	813,111
Defined benefit plan	354,805	335,858
	<u>1,471,080</u>	<u>1,148,969</u>

9 TRADE AND OTHER PAYABLES

Trade and other payables includes provision in respect of following:

- a) 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 has been restrained. In May 2016, The Single Bench of Sindh High Court decided the case in favour of the petitioners. However, in June 2016, defendants filed appeal before Double Bench of Sindh High Court which was also decided in favor of the Petitioners. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and Messrs. Sui Southern Gas Company Limited (SSGCL) billed @ Rs.600 per MMBTU. However the Group alongwith others filed suit in the Sindh High Court on January 19, 2017 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 2018: Rs.250.700 million). As an abundant precaution, the Group has made total provision of Rs.159.264 million (June 2018: Rs.143.928 million). 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.



- b)** 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. The Group alongwith several other companies filed suit in the Sindh High Court on December 21, 2015 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 the Group alongwith others filed a suit in the Sindh High Court on January 19, 2017 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 (a). As an abundant precaution, the Group has made provision of Rs.287.907 million (June 2018: Rs.254.800 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.
- c)** Provision of Sindh Sales Tax on rent payable by the Parent Company to an associated company Messrs. Novatex Limited amounted to Rs.5.231 million (June 2018: Rs.4.815 million). The associated company had file a suit in the Sindh High Court against Sindh Revenue Board and Province of Sindh etc. On August 28, 2018, the Single Bench of Sindh High Court decided the case in favour of the associated company. However, the Sindh Revenue Board filed an appeal against the decision before the double bench of Sindh High Court.
- d)** 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. The Parent Company has also challenged the new Act in the Sindh High Court on October 23, 2017 against Province of Sindh and Excise and Taxation Department and similar stay has been granted by the Honorable Sindh High Court. Till reporting date, the Parent Company has provided bank guarantee amounting to Rs.168.365 million (June 2018: Rs.148.365 million) in favour of Excise and Taxation Department, in respect of consignments cleared after December 27, 2006. Based on the legal advise, the management believes that the case will be decided in favour of the Parent Company. However, 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 at Karachi on April 13, 2018 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. Till reporting date, the Subsidiary Company has provided bank guarantee amounting to Rs.2.500 million (June 2018: Rs.2.500 million) in favour of Excise and Taxation Department, in respect of consignments cleared after April 13, 2018. Based on the legal advise, the management believes that the case will be decided in favour of the Subsidiary Company. However, full provision after April 13, 2018 has been made in these condensed interim consolidated financial statements as an abundant precaution.



- e) 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. The Parent Company had challenged the disallowance of input tax adjustment on packing material in the Sindh High Court on January 16, 2017 against Federation of Pakistan and others. The Honorable Sindh High Court has granted interim relief order and allowed the Parent Company to claim input tax adjustment.

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. However, as an abundant precaution, the Parent Company has made provision of Rs.65.752 million (June 2018: Rs.65.752 million).

- f) The FBR vide SRO 450(I)/2013 dated May 27, 2013 made certain amendments in SRO 490(I)/2004 dated June 12, 2004 and disallowed input tax adjustment on building materials with effect from May 28, 2013. The Parent Company had challenged the restriction so placed before the Islamabad High Court on December 21, 2015 against Federation of Pakistan. The Court has granted interim relief order and allowed the Parent Company to claim input tax adjustment on building material.

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. However, as an abundant precaution, the Parent Company has made provision of Rs.12.682 million (June 2018: Rs.5.192 million).

- g) Provision of Gas Infrastructure Development Cess Rs.6.351 million (June 2018: Rs.5.757 million) and rate difference of gas tariff Rs.1.718 million (June 2018: Rs.1.597 million) on account of common expenses payable by the Parent Company to an associated company Messrs. Novatex Limited.

10 CONTINGENCIES AND COMMITMENTS

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

10.1 Contingencies

- a) 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 is no worker as defined in The Companies Profits (Workers' Participation) Act, 1968 and accordingly, the said Act does not apply to the Subsidiary Company. The management of the Subsidiary Company is confident that no liability will arise on this account.
- b) FBR initiated action against few buyers 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 favour of Chief Commissioner Inland Revenue.

The Parent Company had, however, challenged the action before the Honorable 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. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

- c) The Parliament passed the Gas Infrastructure Development Cess (GIDC) Act 2015 in May 2015, which seeks to impose GIDC levy since 2011. The Group alongwith several other companies filed suit in the Sindh High Court on July 16, 2015 against OGRA and others challenging the validity and promulgation of GIDC Act 2015. The Single Bench of Honorable Sindh High Court had decided the case in favour of petitioners. However, defendants have filed appeal on November 10, 2016 before the Double Bench of Sindh High Court.

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Group is confident that the case will be decided in favour of the petitioners. Total amount of enhanced GIDC upto March 31, 2019 worked out at Rs.1,421.372 million (June 2018: Rs.1,179.928 million), however the Group accounted for Rs.1,219.358 million (June 2018: Rs.977.914 million) pertaining to the period of July 2014 to March 2019 for Captive Power and June 2015 to March 2019 for Industrial as an abundant precaution in view of reason stated above.

- d) 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 already restrained EOBI from taking any coercive action against the Parent Company. No provision of the amount involved i.e Rs.20.967 million (June 2018: Rs.18.504 million) has been made in these condensed interim consolidated financial statements as the Parent Company is confident of the favorable outcome of the Petition.
- e) 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 passed 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 person. 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). No provision has been made in these condensed interim consolidated financial statements as the Parent Company is confident that the matter will be decided in favour by the appellate authorities.
- f) Income tax department issued order under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2012 wherein income tax demand of Rs. 37.773 million was raised on various issues. Out of the total amount, the Parent Company paid Rs.3.777 million under protest. Appeal was filed before the CIR(A) and the CIR(A) had decided the case partially in favor of the Parent Company whereas major issues were decided in favor of the tax department. Based on the judgment of the CIR(A), the revised demand comes out to Rs. 28.2 million. Against the order of the CIR(A), the Parent Company filed an appeal before the ATIR and the learned ATIR, vide its judgment dated January 1, 2019 has decided all the remaining issues in favor of the Company. Based on the said judgment of the ATIR, partial demand of Rs. 3.777 million earlier paid by the Parent Company under protest is now refundable. As of now, the tax department has not yet filed appeal against the said judgment of ATIR.

- g) Income 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 major issue in favor of the Parent Company, however, minor issues of taxability have been decided against the Parent Company. As of now, tax department has not filed an appeal against order passed by the CIR(A). Based on the advice of our legal counsel, no provision has been made in these condensed interim consolidated financial statements.
- h) The tax officer disallowed input sales tax amounting to Rs.0.042 million, claimed by the Subsidiary Company 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 remanded back the case to the tax officer with specific directions to first ascertain whether the building material was used for installation of plant and machinery or for any other purpose. In case the same was used for installation of plant and machinery then the tax officer has been directed to allow claim for the same. The Subsidiary Company has submitted documents evidencing usage of the said building material for installation of plant and machinery, however, the officer has not yet reverted back, moreover, the tax department has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against allowance of input tax adjustment on building material used for installation of plant and machinery. No provision has been made in these condensed interim consolidated financial statements as the management is hopeful for a favorable outcome.

	(Rupees in Thousand)	
	March 2019 (Un-audited)	June 2018 (Audited)
10.2 Guarantees		
Bank Guarantees in favour of:		
The Director Excise and Taxation, Karachi	170,865	150,865
The Electric Inspector, President Licencing Board, Quetta	10	10
Pakistan State Oil Company Limited	40,000	30,000
K-Electric Limited	11,560	11,560
Letters of Credit in favour of:		
Sui Southern Gas Company Limited for Gas	163,992	161,937
	386,427	354,372

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	942,707	347,863
Raw material	536,342	424,044
Spare parts and others	158,803	257,493
	1,637,852	1,029,400
Local currency:		
Raw material	135,086	108,585
Spare parts and others	-	1,423
	135,086	110,008
	1,772,938	1,139,408



11 INCOME TAX

Provision for taxation includes current year provision of Rs.256.627 million (March 2018: Rs.128.943 million), prior year of Rs.3.833 million (March 2018: Rs.0.077 million) and has been net off with tax credit amounting to Rs.42.509 million (March 2018: Rs.30.041 million) available under section 65B of Income Tax Ordinance, 2001.

12 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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 of 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.

13 SEGMENT REPORTING

13.1 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.

13.2 Segment results:

The segment information for the reportable segments for the nine months ended March 31, 2019 is as follows:

(Rupees in Thousand)

	March 2019					March 2018				
	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preforms	Total of Polyester Polymer	Power Generation	Group
Sales	<u>9,573,816</u>	<u>2,659,640</u>	<u>12,233,456</u>	<u>1,366,071</u>	<u>13,599,527</u>	<u>6,222,030</u>	<u>2,543,866</u>	<u>8,765,896</u>	<u>1,139,506</u>	<u>9,905,402</u>
Segment result before depreciation and impairment	<u>915,675</u>	<u>286,211</u>	<u>1,201,886</u>	<u>349,527</u>	<u>1,551,413</u>	351,868	346,601	698,469	224,169	922,638
Less: Depreciation and impairment	<u>(167,498)</u>	<u>(54,404)</u>	<u>(221,902)</u>	<u>(78,381)</u>	<u>(300,283)</u>	(203,809)	(77,803)	(281,612)	(47,897)	(329,509)
Segment result after depreciation and impairment	<u>748,177</u>	<u>231,807</u>	<u>979,984</u>	<u>271,146</u>	<u>1,251,130</u>	<u>148,059</u>	<u>268,798</u>	<u>416,857</u>	<u>176,272</u>	<u>593,129</u>
Reconciliation of segment sales and results with sales and consolidated profit before income tax:										
Total sales for reportable segments					<u>13,599,527</u>					9,905,402
Elimination of inter-segment sales from subsidiary company Messrs. Gatro Power (Private) Limited					<u>(1,366,071)</u>					(1,139,506)
Sales					<u>12,233,456</u>					<u>8,765,896</u>
Total results for reportable segments			<u>979,984</u>	<u>271,146</u>	<u>1,251,130</u>			416,857	176,272	593,129
Other operating expenses			<u>(125,325)</u>	<u>(4,184)</u>	<u>(129,509)</u>			(73,296)	(753)	(74,049)
Other income			<u>7,641</u>	<u>4,026</u>	<u>11,667</u>			10,364	15,944	26,308
Finance costs			<u>(7,733)</u>	<u>(520)</u>	<u>(8,253)</u>			(13,499)	(330)	(13,829)
Investment income - Dividend			<u>905,100</u>	<u>-</u>	<u>905,100</u>			454,913	-	454,913
Share of profit after income tax in associated company Messrs. Novatex Limited										870,561
			<u>1,759,667</u>	<u>270,468</u>	<u>4,452,776</u>			<u>795,339</u>	<u>191,133</u>	<u>1,857,033</u>
Elimination of intra group transaction										(454,911)
Consolidated profit before income tax										<u>1,402,122</u>

Assets and liabilities by segments are as follows:

	March 2019 (Un-audited)					June 2018 (Audited)				
Segment assets	<u>4,461,213</u>	<u>3,106,566</u>	<u>7,567,779</u>	<u>2,395,245</u>	<u>9,963,024</u>	<u>3,927,058</u>	<u>2,015,523</u>	<u>5,942,581</u>	<u>2,339,113</u>	<u>8,281,694</u>
Segment liabilities	<u>492,422</u>	<u>364,515</u>	<u>856,937</u>	<u>1,605,057</u>	<u>2,461,994</u>	<u>711,383</u>	<u>676,687</u>	<u>1,388,070</u>	<u>1,372,932</u>	<u>2,761,002</u>



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

	(Rupees in Thousand)			
	March 2019 (Un-audited)		June 2018 (Audited)	
	Assets	Liabilities	Assets	Liabilities
Total for reportable segments	9,963,024	2,461,994	8,281,694	2,761,002
Unallocated	9,303,441	4,506,740	7,083,602	2,651,545
Elimination of intra group balances	(1,012,832)	(849,910)	(158,896)	(3,199)
Total as per condensed interim consolidated statement of financial position	18,253,633	6,118,824	15,206,400	5,409,348

Other segment information is as follows:

	March 2019					March 2018				
	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
Depreciation and impairment	167,498	54,404	221,902	78,381	300,283	203,809	77,803	281,612	47,897	329,509
Capital expenditures incurred during the period	583,386	66,135	649,521	129,592	779,113	138,511	20,612	159,123	138,470	297,593
Unallocated capital expenditure incurred during the period					8,597					7,619
Total					787,710					305,212

13.3 All non - current assets of the Group as at March 31, 2019 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.

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

14 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)	
				Nine months period ended March 2019	Nine months period ended March 2018
Novatex Limited	Associated Company	Common directorship	Rendering of services	-	1,044
			Obtaining of services	467,818	290,851
			Purchase of raw material	-	1,431
			Purchase of property, plant & equipment	-	10,300
			Dividend income	453,600	127,575
			Rent	13,863	13,863
			Reimbursement of expenses	116,290	102,590
Krystalite Product (Private) Limited	Related Party	Common management	Sale of goods	408,614	300,884
			Reimbursement of expenses	292	-
Mushtaq & Company (Private) Limited	Related Party	Common management	Sale of goods	71,291	58,825
Gani & Tayub (Private) Limited	Related Party	Common directorship	Payment of dividend	13,368	3,241
			Charges on account of handling	6,460	5,715
Gatron Foundation	Related Party	Common directorship	Payment of donation	2,710	1,525
Gatron (Industries) Limited Staff Provident Fund	Retirement benefit fund	Employees fund	Contribution made	16,374	14,923
Gatron (Industries) Limited Workers Provident Fund	Retirement benefit fund	Employees fund	Contribution made	2,905	2,865

There are no transactions with Key Management Personnel other than remuneration under their terms of employment amounting to Rs.187.473 million (March 2018: Rs.139.576 million).

- The above figures are exclusive of sales tax, where applicable.
- Outstanding balances, as at reporting date, are disclosed as follows:

	As at Mar 31, 2019 (Un-audited)	As at Jun 30, 2018 (Audited)
Novatex Limited		
Trade deposits and short term prepayments	4,621	-
Other receivables	11,520	12,365
Trade and other payables	76,140	12,169



	(Rupees in Thousand)	
	As at Mar 31, 2019 (Un-audited)	As at Jun 30, 2018 (Audited)
Krystalite Product (Private) Limited		
Trade debts	264,956	-
Other receivables	87	458
Mushtaq & Company (Private) Limited		
Trade debts	36,480	28,689
Gani & Tayub (Private) Limited		
Trade and other payables	828	478
Gatron (Industries) Limited Staff Provident Fund		
Trade and other payables	3,758	3,277
Gatron (Industries) Limited Workers Provident Fund		
Trade and other payables	23	209

15 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company, in its meeting held on April 19, 2019, has recommended 20% interim cash dividend (i.e. Rs.2.00 per share). This is in addition to 1st interim cash dividend @95% (i.e. Rs.9.50 per share). Since it is a non adjusting event, the condensed interim consolidated financial statements for the nine months ended March 31, 2019 do not include the effect of the recommended cash dividend.

16 DATE OF AUTHORISATION

These condensed interim consolidated financial statements were authorised for issue on April 19, 2019 by the Board of Directors of the Parent Company.

17 GENERAL

17.1 The latest available un-audited financial results of associate as on December 31, 2018, have been used for the purpose of application of equity method in valuation of long term investment.

17.2 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.

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MUHAMMAD YASIN BILWANI
Chief Financial Officer



To all the Shareholders,

NOTICE OF BOOK CLOSURE
SECOND INTERIM CASH DIVIDEND

We are pleased to inform all the shareholders of the Company that the Second Interim Cash Dividend of Rs. 2.00 per share i.e., 20% has been declared by the Board of Directors of Gatron (Industries) Limited ("the Company") at its meeting held on April 19, 2019.

The Share Transfer Books of the Company will remain closed for entitlement of this interim cash dividend from May 11, 2019 to May 20, 2019 (both days inclusive). The dividend will be paid to the shareholders of the company whose names appear in the Register of Members at the close of business on May 10, 2019.

Pursuant to Section 242 of the Companies Act, 2017, listed companies are required to pay cash dividend directly into the bank accounts of their shareholders electronically instead of paying dividend through physical dividend warrants. Therefore, it has become mandatory for all our valued shareholders to provide their International Bank Account Numbers (IBAN) and other relevant details of bank account to facilitate the payment of cash dividend through electronic mode. In case of non-compliance of the aforesaid requirement, such dividend could be withheld according to directives of Securities Exchange Commission of Pakistan.

For the convenience of shareholders E-Dividend Mandate Form is attached and is also available on the Company's website <http://www.gatron.com>.

By Order of the Board

Muhammad Yasin Bilwani
Company Secretary/CFO

Karachi: April 19, 2019



NOTES FOR MEMBERS

Submission of Computerized National Identity Cards (SNIC) / (CNIC) or (NICOP)

Submission of copy of SNIC / CNIC or NICOP by the shareholder to the company is mandatory requirement for payment of dividend. Shareholders are therefore, requested to submit copies of their SNIC / CNIC or NICOP to the Company's Shares Registrar. In case of non-receipt of valid SNIC / CNIC or NICOP, the Company will be constrained to withhold the payment of dividend of such shareholders. The shareholders while sending SNIC / CNIC or NICOP must quote their respective folio number and name of the company (in case of corporate shareholders).

Payment of Cash Dividend Electronically

As per provision of Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. The shareholders who have not yet provided relevant information are requested to provide their folio number, name and detail of bank account consisting of bank name, branch name, branch code, account number, title of account and International Bank Account Number (IBAN) (24 digits) in which they desire their dividend to be credited, failing which the company will be unable to pay the dividend through any other mode. Standard request form is attached and has also been placed on website of the company. Such information is to be sent to the Shares Registrar at the earliest possible.

Counterfoil Information of Cash Dividend

As per the Companies (Distribution of Dividend) Regulations, 2017 issued by Securities and Exchange Commission of Pakistan vide SRO No.1145(I)/2017 dated November 6, 2017, all the listed companies announcing cash dividend are required to provide a certificate to their shareholders through the Central Depository Company of Pakistan (CDC), specifying the calculation of dividend amount including the number of shares held, total amount of cash dividend, income tax and zakat deductions and the net amount credited into the designated bank account of the shareholders. Shareholders (either holding shares in electronic or physical form) can by logging in CDC's e-Services portal i.e., <https://eipo.cdcaccess.com.pk/public/index.xhtml> retrieve such information.



Withholding Tax on Dividend

Pursuant to the provisions of Income Tax Ordinance, 2001, different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies.

The 'Filer' is defined as a taxpayer whose name appears in the Active Tax-payers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

To enable the Company to withhold tax @ 15% for filers, all the shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted @ 20% as applicable for non-filers.

In case of joint shareholders, each shareholder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each shareholder as may be notified by the shareholders in writing as follows to the company's shares Registrar or if no such notification is received each shareholder shall be assumed to have an equal number of shares:

Folio/CDS Account Number	Total Shares	Principal Shareholder		Joint Shareholder(s)	
		Name and CNIC Number	Shareholding Proportion (No. of Shares)	Name and CNIC Number	Shareholding Proportion (No. of Shares)

The required information must reach the Shares Registrar of the Company M/s. C&K Management Associates (Private) Limited, Room No.404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530 Pakistan (Telephone No.021-35687839 and 35685930) by the close of business on May 10, 2019 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint shareholder(s).

As per FBR's clarification, submission of valid exemption certificate under section 159 of the Ordinance is mandatory to claim exemption of withholding tax under Clause 47B of Part IV of 2nd Schedule of the Income Tax Ordinance, 2001. Those who fall in the category mentioned in the aforesaid clause must provide valid tax exemption certificate before close of business on May 10, 2019 to the Company's Shares Registrar, otherwise tax will be deducted on dividend amount as per rates prescribed in Section 150 of the Income Tax Ordinance, 2001.

The corporate shareholders having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate physical shareholders are requested to send copy of their NTN certificate to the Company's Shares Registrar.

Above form is also available on the Company's website: www.gatron.com.



E-DIVIDEND MANDATE FORM

Date: _____

The Manager
 C&K Management Associates (Pvt) Limited
 Shares Registrar of
 Gatron (Industries) Limited
 Room No. 404, Trade Tower, Abdullah Haroon Road,
 Near Metropole Hotel, Karachi-75530

Subject: Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/We/Messrs., _____,
 being a member of Gatron (Industries) Limited [the "Company"], hereby authorize the Company, to directly credit cash dividends declared by the Company in my / our bank account as detailed below:

(i) Shareholder's details:

Name of the Shareholder:	
Folio No.:	
CDC Participant ID & Sub-Account No. /CDC IAS:	
SNIC/CNIC/NICOP/Passport/NTN No. (please attach copy):	
Contact Number (Landline & Cell Nos.):	
Shareholder's Address:	

(ii) Shareholder's Bank account details:

Title of Bank Account:	
International Bank Account Number (IBAN) (See Note 1 below):	
Bank's Name:	
Branch Name & Code No.:	
Branch Address:	

It is stated that the above particulars given by me/us are correct and I/we shall keep the Company, informed in case of any change in the said particulars in future.

Yours truly,

 Signature of the Shareholder
 (Please affix company stamp in case of corporate entity)

Notes:

1. Please provide complete IBAN, after verification from your concerned bank to enable the company to electronic credit into your bank account.
2. The payment of cash dividend will be processed on the basis of the IBAN number alone.
3. The company is entitled to rely on the IBAN number as per your instructions. The company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligation here under which is caused by incorrect payment instructions and / or due to any event beyond the control of the company.
4. CDC members are requested to submit with Participant/CDC Investor Account Services for incorporation of bank account.

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*Mobile apps are also available for download for android and ios devices



Gatron (Industries) Limited