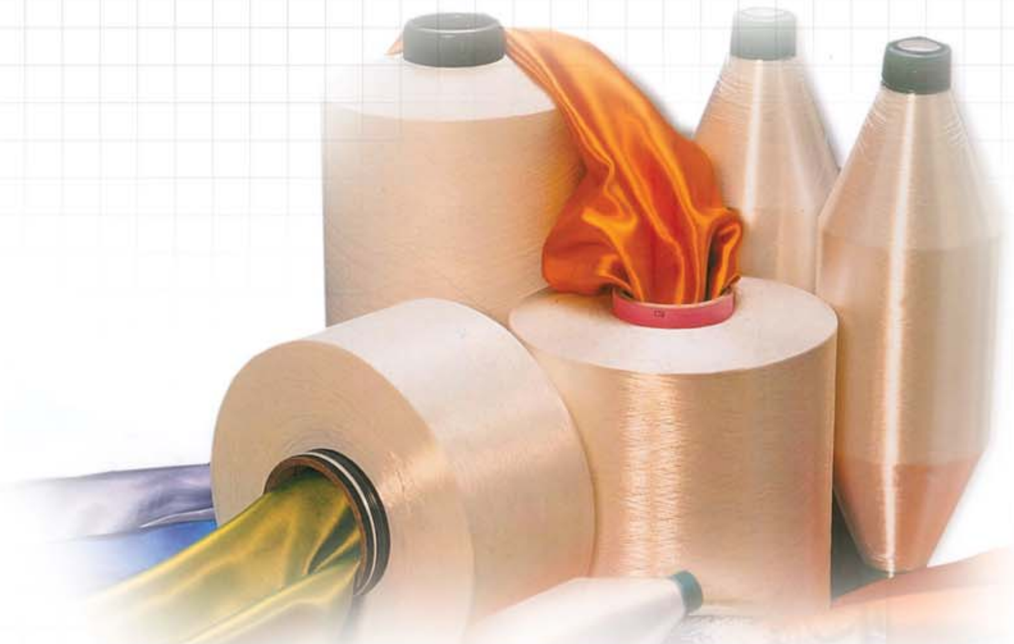
ANNUAL REPORT
2015

GATRON (INDUSTRIES) LIMITED

GATRON



CONTENTS

Consolidated Presentation

Vision

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

To achieve corporate success while achieving this vision.

Mission

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

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

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

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

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

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

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		
Shabbir Diwan		
Muhammad Waseem		

Chief Financial Officer

Rizwan Diwan

Company Secretary

Mohammad 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
Citibank N.A
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
NIB Bank Limited
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 Chowki, Distt Lasbela,
Balochistan, Pakistan.

Registered Office

Room No.32, First Floor,
Ahmed Complex,
Jinnah Road, Quetta - Pakistan.

Liaison/Correspondence Office

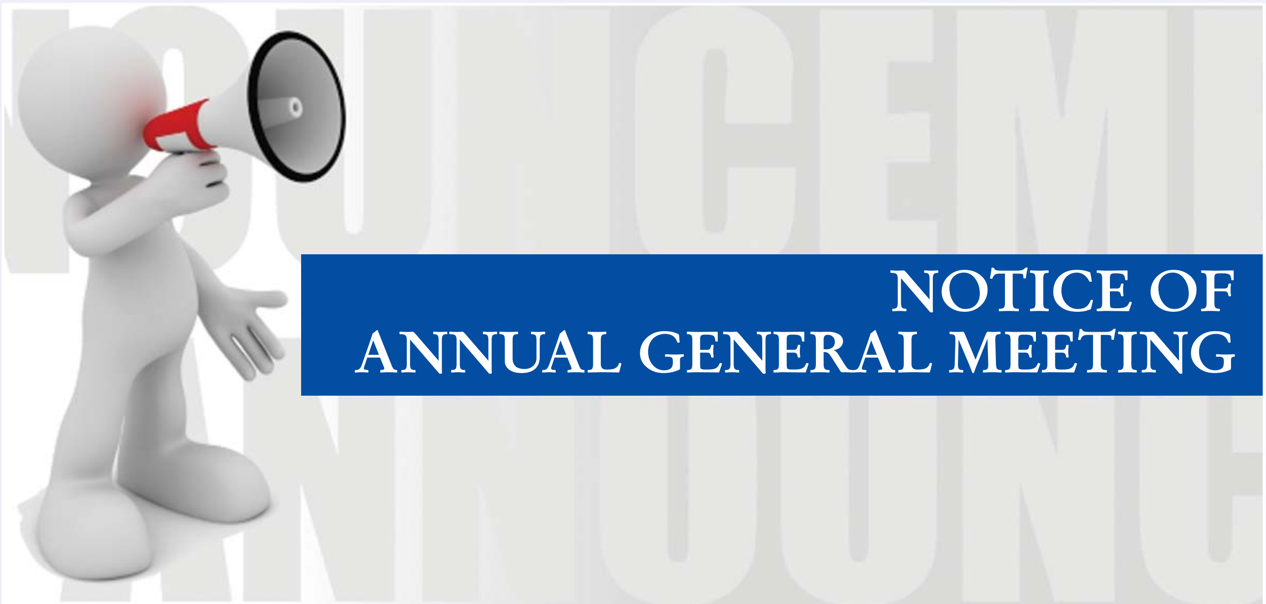
11th Floor, G&T Tower,
18 Beaumont Road,
Civil Lines-10,
Karachi-75530 - Pakistan.
Phone: 021-35659500-9
Fax: 021-35659516

Email

headoffice@gatron.com

Website

www.gatron.com


NOTICE OF
ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty-fifth Annual General Meeting of Gatron (Industries) Limited will be held on Monday, October 19, 2015 at 11:00 a.m., at Serena Hotel, Quetta to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Thirty-fourth Annual General Meeting and Extraordinary General Meeting of the company held on October 20, 2014 and December 22, 2014 respectively.

2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2015 together with the Auditors' Report thereon and Directors' Report for the year then ended.

3. To approve payment of final cash dividend at Rs.1.50 per share (15%) as recommended by the Board of Directors and also interim cash dividend at Rs.2.00 per share (20%) already paid, making a total Rs.3.50 per share (35%) for the year ended June 30, 2015.

4. To appoint company's auditors for the year ending June 30, 2016 and fix their remuneration.

Special Business:

5. To consider and if thought fit, to pass with or without modification, the following resolution as a special resolution for clarification of Article 75 and the alteration to be made in the Articles of Association of the company for the said purpose.

   "Resolved that Article No. 75 of the Articles of Association of the company be and is hereby altered to read as under:

   Article 75. The qualification of a Director, shall be his holding shares of the face value of Rs. 5,000/- (Rupees five thousand only) at least, in his own name, provided that Directors representing interest holding the shares of the requisite value need not themselves hold the qualification shares."

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

By Order of the Board

Mohammad Yasin Bilwani
Company Secretary

September 12, 2015

Notes:

1. The Share Transfer Books of the company will remain closed from October 10, 2015 to October 19, 2015 (both days inclusive). Transfers received in order at the office of the Share Registrar before the close of business on October 09, 2015 will be considered in time for the purpose of entitlement of final cash dividend.

2. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy to attend, speak and vote on his/her behalf. Proxies in order to be effective must be received at the office of the company not less than 48 hours before the time of holding the meeting. Proxy form is annexed.

3. A member, who has deposited his/her shares in Central Depository Company of Pakistan Limited, must bring his/her Participant ID number and account/sub account number along with original Computerized National Identity Card (CNIC) or original Passport at the time of attending the meeting.

4. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced at the time of attending the meeting.

5. The company has withheld 1st interim dividend warrants of those members who have not yet submitted CNIC and NTN to the company are once again requested to submit the same without further delay.

   It may kindly be noted that in case of non-receipt of above mentioned documents the company would be constrained to withhold despatch of final cash dividend subject to the approval of the SECP.

6. The Government of Pakistan, through Finance Act, 2015 has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed w.e.f. 1st July, 2015 for deduction of withholding tax on the amount of dividend paid by the companies. These tax rates are as under:

   a) for Filers of Income Tax return 12.50%.
   b) for Non-filers of Income Tax return 17.50%.

   To enable to make tax deduction on the amount of dividend @12.50% instead of 17.50% all the shareholders whose names are not entered in the Active Taxpayer List (ATL) provided on the website of Federal Board of Revenue (FBR), despite the fact that they are filers, are advised to make sure that their names are entered into ATL.

   The company will check each shareholder's status on the latest ATL available on 19th day of October, 2015 at the FBR website and, if the shareholder whose name does not appear on the ATL, the increased rate of withholding tax at 17.50% would be applied. In case of 'filer', withholding tax rate of 12.50% will be applicable.

   In case of joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholders, in writing, to our Share Registrar. In case no written information received by the company latest by October 19, 2015, each joint holder shall be assumed to have an equal number of shares. (Relevant Form is annexed for compliance).

7. Shareholders, who desire to receive their dividend directly in their bank accounts instead of receiving the dividend warrants physically may submit the prescribed "Dividend Mandate Form" to the company's Share Registrar. The Shareholders who hold shares in Central Depository Company may approach to submit the information to the CDC for this option. Mandate form is annexed.

8. The shareholders are advised to notify to the company's Share Registrar of any change in their addresses.

Statement Under Section 160(1)(b) of the Companies Ordinance, 1984

The special resolution is proposed in order to clarify Article 75 of the Articles of Association with regard to the value of qualification shares. The clarification is in accordance with the practice followed by the Company so far and will also avoid any ambiguity with regard to its interpretation.

The Board recommends the special resolution set out at item No. 5 of the notice for approval by the members.

The Directors of the company have no direct or indirect interest in the special business except to the extent of their shareholding and remuneration.

A copy of the Memorandum and Articles of Association of the company will remain open for inspection of the members who may visit office of the company on working days between 10:30 am to 12:30 pm for inspection from the date of publication of this notice till the conclusion of the Annual General Meeting.

Comparative statement

Existing Article	Proposed Alteration
Existing Article 75 **Qualification of a Director** The qualification of a Director, shall be his holding shares of the value of Rs.5,000/- (Rupees five thousand only) at least, in his own name, provided that Directors representing interest holding the shares of the requisite value need not themselves hold the qualification shares.	**Proposed Article 75** **Qualification of a Director** The qualification of a Director, shall be his holding shares of the face value of Rs.5,000/- (Rupees five thousand only) at least, in his own name, provided that Directors representing interest holding the shares of the requisite value need not themselves hold the qualification shares.

REPORT OF THE BOARD OF DIRECTORS'

Dear Shareholders,

The Directors of your company are pleased to present the annual report together with the audited financial statements of the company for the year ended June 30, 2015.

Directors' Report

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

- Net sales Rs. 10,275 million,
- Operating loss Rs. 451 million,
- Financial charges Rs. 105 million,
- Investment income Rs. 616 million,
- Net Profit before income tax Rs. 60 million,
- Net Profit after income tax Rs. 89 million,
- Earnings per share Rs. 2.32

FINANCIAL REVIEW

The net sales in monetary terms decreased by Rs.1,489 million over the corresponding period to reach Rs. 10,275 million for the year. Sales amount and consequently production volume was down due to a combination of factors. The major factors were decline in unit value of raw material and products in polyester chain, availability of cheaper imported Yarn and dumped under invoiced fabric, increasing local energy and local manufacturing costs (making local production uncompetitive), slowdown of economic activity at the start of the year in the backdrop of political disruptions.

This year was unprecedented as far as volatility in the feedstock market was concerned. With Crude Oil losing more than half of its value during November'14 to January'15, downstream petrochemical products, (including those in the Polyester chain) saw their values drop by record levels. This significant drop first led to losses on inventory held by the company. A further loss was generated during November' 14 to January' 15 period where the raw material imported in November' 14 once converted to manufactured goods and sold, fetched a lower price reflecting the reduced raw material prices at the time of sale. A partial increase in the international raw materials and product prices in the March' 15 to June' 15 period, mitigated some portion of this loss. However, in July' 15/August' 15 the international raw materials and product prices again dropped.

Increase of 20% in the minimum wage level, (from Rs. 10,000 to Rs. 12,000) and the resultant increase in wages across the board, significant rise in Gas cost on account of GIDC, rising costs of numerous other manufacturing overheads (including water cost due to shortage of water) were other negative factors affecting profitability. Energy and Wages form 50 to 70% of the conversion cost of various products of your company. The rise in these costs by the actions of the government and consequent rise in total conversion cost is drastically more than that in other competing countries. With the PKR/USD parity not devaluing by a matching level over the last four years, the cost of conversion per unit of product in dollar terms has risen dramatically, more than those of foreign producers. It is slowly creeping to a level where, it is becoming challenging to remain competitive against the foreign producers/suppliers (imports) on a continuous basis. Further, to make matters more challenging the world oversupply in Filament Yarn is forcing the international spreads (of price over raw materials) to fall extremely at low level and promoting dumping into Pakistan.

All the above factors have resulted in the worst yearly operating result (i.e a yearly loss of Rs. 556 million). If the company had long term loans to finance its fixed assets, the results would have been even worse. The government may be adopting a short term vision in balancing its accounts by increasing energy prices. But without any corresponding relief or additional duty protection (or for that matter devaluation which if done would prevent cost increase in dollar terms), it is putting the balance sheets of the employment generating/import substitution units in a difficult position and of course preventing further investment in such units. This does not bear well for the country in future and shows absence of low priority about long term vision or real growth/employment.

Amongst the balance sheet items, stocks increased by Rs. 195 million to Rs. 2,510 million, debtors declined by Rs. 321 million to Rs. 768 million and creditors increased by Rs. 604 million. Dividend received from associate investment provided a much needed breather, and helped the company stay in green during the course of the year.

CAPITAL EXPENDITURES

- Major upgrading projects in the preceding year were carried out in the Spinning and Texturizing Departments of the company. The Phase-I the Retrofit project of latest and auto change "Wings" Winders in the existing spinning lines of 1984 & 1993 was successfully completed in 2014. Now the Phase-II, bigger scale Retrofit to replace the old winders in the 70% of the pre-1995 existing spinning lines is expected to be completed in November' 15. The WINGS project not only improves the quality of Garton's final texturized yarn product but also brings with it a reduction in power consumption and waste in the production process along with replacing winders which are obsolete in terms of spare parts availability.

  The oldest texturizing machines of year 1983 and 1985 have been replaced with the latest version machines. Six brand new eFK machines of Oerlikon Barmag have been put in production in 2014, while 4 similar version 2011 year machines will be put in production by December' 15.

  In addition to replacing old inefficient machinery, machine electronic modification projects are also being carried out for power saving and to resolve obsolescence problems as well as to reduce production wastage.

- To overcome shortage of water supply from Hub Dam, two water RO plants have been installed in the outgoing year, which were ordered last year. This will allow more water from underground well sources for the production process as well as re- use of cooling tower bleed off water and consequentially cost saving particularly in water shortage times.

CHALLENGES FACED AND FUTURE OUTLOOK

- Large expansions of Polyester Filament Yarn capacities in China coupled with lax control on import and smuggling of yarn and fabric are likely to keep pressure on the operating results of the company. The Chinese Filament Yarn producers supply yarn on CFR basis at ridiculously low levels of spread over raw material, which hardly cover the auxiliary material/packing and power cost that your company in Pakistan incurs. Therefore the import duty along with landing charges on Filament Yarn is the very thin wall of protection against the blizzard of imports. As noted above the situation is compounded by Government actions of increasing energy and labour costs at 15 to 20% per year, which transform into nearly 15% increase in dollar terms, versus perhaps 2 to 3% cost increase in other countries, making the Pakistan industry more uncompetitive against foreign suppliers. In view of this as well as energy shortage in the country (which hampers industrial growth) and the limited fiscal space of Pakistan Government versus other countries which give subsidies/incentive, the Pakistan Government has to be extremely careful in diluting the duty protection by opening up the SAFTA low duty trade with India, without necessary safeguards/removal NTBs by India and also be careful/judicious in expanding the FTA (Free Trade Agreement = zero duty imports) with China as well as other countries.

- The demand of yarn in Pakistan is also affected by the smuggling of fabric from India & China under Afghan Transit Trade and other routes. The Indian Government gives a rebate of 12% on export of fabric from India, which is based on deemed duty basis which allows the exporters of fabric from India to dispose the fabric via UAE to Pakistan at throw away prices. Similarly the under-invoicing from China is quite evident from the fact that Pakistan Custom figures for import from China are much lower than the export figures to Pakistan as reported by China.

- The increase in the duty of PTA by 1% to 4% from July' 14 without any proportional increase in duty rate of our products has already diluted the protection level. Any further reduction in the protection level, will have grave consequences on the industry.

- OGRA has again announced a Gas Tariff hike effective September' 15, increasing industrial and captive power tariffs by 23% and 5%, respectively. This is likely to increase costs by Rs. 40 to 50 million a year. With additional pressure of GIDC, the rising power cost is at the core of deteriorating financial position of Filament Yarn industry.

- The rising energy cost is making the cost of manufacturing of PET Resin (being used for PET preforms) also challenging since the size of the said plant is 1/10th size of current new plants in the world.

- At the start of the new fiscal year, the company had to take turndown in the production due to rising stocks and unfavourable market conditions.

- Sindh Sales Taxes at reduced rates, such as on rent, legal and professional fees etc. being inadmissible inputs will increase the cost of doing business.

- The company is, of course still striving to implement cost saving projects by replacing old machinery units, wherever possible and also controlling costs at various other points.

- In the budget FY15, Government has done away with mandatory payment of 10% of Output Sales Tax, which is likely to help reduction in refund position of the company created by mismatch of input tax on power/packing material vs output on finished goods.

- Reversal of past years excess provision of GIDC (on industrial consumers from July 2012 to May 2015, which will no more be payable) as discussed in note 24.1(c) of the financial statements, helped to some extent in curtailing the loss.

OTHER MATTERS

The overall performance of 100% wholly owned subsidiary M/s. Gatro Power (Private) Limited supplying power to the company remained average. The Board of Directors of M/s. Gatro Power (Private) Limited has proposed for payment of final cash dividend of Rs.1.50 per share (15%) for the year ended June 30, 2015. This is in addition to interim cash dividends of Rs. 12.00 per share (120%) already paid, accumulating to a total dividend for the year of Rs. 13.50 per share (135%).

HUMAN RESOURCES DEVELOPMENT

The company has held in high esteem the best practices of Human Resources and relentlessly strives to incorporate the same in all HR processes and systems. The company hires quality human resource and then provides them the opportunities and challenges that would drive them to be their best. The company believes in enriching its employees by providing them a work environment that is not only conducive to learning, but at the same time provides them with ample room for innovation, a change to grow and develop themselves into future leaders.

During the year, several initiatives have been taken to enhance the competence of our people, including the establishment of state of art training facility at our liaison office. The company arranges during the year in house training sessions facilitated by internal HR department as well as from the other outsourced professionals on different topics for employees to acquaint them about the recent global practices.

The company recognizes the importance of taking care of its employees because a happy employee is a productive employee. Happiness at work lies at the core of HR values as this is one single factor that contributes to good careers, happy lives and ultimately business success.

INFORMATION & COMMUNICATION TECHNOLOGY

Information & Communication Technology (ICT) is the key enabler seeking continuous improvement in the business processes of the company with a high emphasis on leveraging technology to gain business advantage. The governance of ICT is aimed at providing resilience to internal and external challenges with a view to ensuring continuity of business operation at all time.

During the period under review, migration of Oracle database and application systems were carried out to run on a newer platform to keep up pace with technology and avoid obsolescence. Some applications are although still in the process of migration. On the communication side, continues monitoring of Pakistan Telecommunication Authority (PTA) prescribed radio frequency spectrum was ensured to maintain compliance. Fiber optic network was inducted and utilized alongside wireless Radio network for balancing our digital data traffic load in order to overcome tighter PTA bandwidth regulation. Consequently making it possible for us to ensure continuity of business operation remotely with our factories and branch offices. Realizing the global international trend towards Cloud computing coupled with the fast outburst of 3G and 4G mobile technologies in Pakistan, the company is geared-up to catch up with this trend, having setup a private cloud by centralizing our core business operation within a data center at liaison office and by virtue of that providing services to our various operations.

On the application systems' side some new applications were developed and some old ones were revisited to further improve their visibility in order to have better control over our business operation. Refresher training being integral to system compliance were also imparted to end users to increase their confidence and ownership over company's systems and procedures.

RISK MANAGEMENT

The company has a risk management policy which can reduce the chances and consequences of risks materializing. It also delivers benefits when it comes to making strategic decisions and helps increase overall efficiency.

Our risk management strategy provides a structured approach in identifying risks and ensuring that they are within acceptable limits at all times. By assessing risks the company is able to take precautionary measures to handle uncertain events. Not only that, but it also helps identify steps that can be taken to protect the company, people and assets concerned.

The company recognizes the importance of insuring assets against unforeseen circumstances and is confident that all major risks as well as production loss due to these are well covered. This is part of company's business continuity, planning and also includes efforts to minimize time to recover from natural as well as man-made disasters.

HEALTH, SAFETY & ENVIRONMENT

The company is well aware about the important assets of the company, specially for its staff and workforce therefore, established Health, Safety & Environment (HSE) department, which is led by qualified and certified Team Leaders. HSE department is very clear with its objectives in fact, identifying the unsafe areas and following on daily basis for reducing the incidents by controlling the unsafe and unhealthy work practices and conditions at work places.

The Safety Operation Committee consisting of Senior Management has been formed for this purpose, which conducts meetings periodically.

HSE representatives as per proactive approach, identification of fire and safety hazards by risk assessment surveys carry out regularly for the reduction of work place hazards as well as incidents and accidents. HSE also conduct incidents statistic gap analysis as well as follow up for corrective / preventive safety measures to reduce accidents.

In addition, Comprehensive Occupational Health and Safety Training Sessions including practical fire fighting and mock evacuation drills are conducted for all employees and its workforce for an organized evacuation in case of any emergency.

The company having equipped fire tender with dedicated fire and safety staff in each shift, in addition, an Emergency Response Team (ERT Team) is formed in all shifts, which may respond in case of any emergency for example fire emergency, oil spillage emergency, rain emergency, earth quake emergency etc. The company also keeps adequate stock of firefighting equipments for front line fire fighters.

The company recognizes the importance of a healthy work force and safe workplaces as well as Property Protection by developing with a hazards free and peaceful environment as well as maintaining Fire and Safety Equipment on site with dedicated staff, to ensure effectiveness.

In addition, First Aid Services is being provided on site to all employees as well contractor workforce and in serious condition mobilization by Ambulance to hospital as well as medical measures are being taken.

CORPORATE GOVERNANCE

Our Governance strategy is to ensure that the company follows the direction defined by its core values, current regulatory framework and global best practices. The Board, discharges its responsibilities as defined in the "Code of Corporate Governance", by Karachi Stock Exchange Ltd. and the "Corporate Financial Reporting Framework" by Securities & Exchange Commission of Pakistan. Our approach towards corporate governance ensures ethical behaviour, transparency, accountability in all that we do and to attain a fair value for the shareholders.

The Board meets at least once after every quarter to review the financial performance and to provide oversight to the management to achieve key performance indicators. All the Board members are given appropriate documentation in advance of each meeting, which normally includes a detailed analysis of business and on matters, where the Board is required to make a decision or give its approval.

The Board, always take active participation in discussions during the meetings to add value and to provide strategic leadership to the company.

CORPORATE SOCIAL RESPONSIBILITY

The company since inception has consistently worked for the uplift of communities that are influenced directly or indirectly by our business. The Corporate Social Responsibility (CSR) program of the company is based on the principles of transparency, accountability, integrity and sustainability. Community and stakeholder needs are carefully assessed and strategic support is extended in line with the company's policies and business objectives. The company takes its responsibilities to the society seriously.

Our CSR program is focused on health-care, education, environment and infrastructure. The initiatives undertaking seek to ensure that there is a clear value addition and that the real impact is made at the grassroots level.

WINDING UP OF SUBSIDIARY COMPANY

Activities for voluntary winding up of GT Universal Limited, a wholly owned subsidiary completed and now said subsidiary stands dissolved.

DIVIDEND DISTRIBUTION

The Board of Directors take pleasure to recommend to the shareholders of the company for approval in the ensuing Annual General Meeting, a final cash dividend at Rs.1.50 per share (15%) which will be paid to those shareholders whose names will appear on the members' register on the date as mentioned in the notice of AGM.

MATERIAL CHANGES AND COMMITMENTS

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

AUDITORS

The existing external Auditors, M/s. Kreston Hyder Bhimji & Co., Chartered Accountants, retire at the conclusion of the Thirty-fifth Annual General Meeting. Being eligible, they have offered themselves for re-appointment.

As suggested by the Audit Committee, the Board recommends the appointment of M/s. Kreston Hyder Bhimji & Co., Chartered Accountants as Auditors of the company for the year ending June 30, 2016.

The Auditors of the company M/s. Kreston Hyder Bhimji & Co., Chartered Accountants, have issued an unqualified review report to the members of the company. As regard to the emphasis paragraph of the Auditors' Report, the detailed explanations have already been given in Note 24.1(a) of the financial statements for the year ended June 30, 2015.

CONSOLIDATED FINANCIAL STATEMENTS

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

STATEMENT ON CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements for the year ended June 30, 2015 prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- Proper books of accounts have been maintained by the company;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgments;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- Significant deviations from last year in operating results of the company are disclosed in this report;
- There are no significant doubts upon the company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- During the year, the directors, including CFO, Company Secretary and their spouses and minor children have not traded in the shares of the company;
- Key operating and financial data of last six years in summarized form is annexed;
- The fair value of the provident funds investments as at June 30, 2015 was Rs. 363.170 million;
- During the year 05 Board meetings, 04 Audit committee meetings and 03 HR & Remuneration committee meetings were held. Attendance by each director / member were as follows:

Board of Directors	Number of meetings attended
Haji Haroon Bilwani	5
Mr. Peer Mohammad Diwan	5
Mr. Abdul Razak Diwan	4
Mr. Zakaria Bilwani	5
Mr. Usman Bilwani	5
Mr. Iqbal Bilwani	5
Mr. Shabbir Diwan	4
Mr. Muhammad Taufiq Bilwani	4
Mr. Muhammad Waseem	3*

*(newly elected director in the EOGM of the company held on 22/12/2014)
Leaves of absence were granted to the directors for not attending the Board meetings.

Audit Committee	Number of meetings attended
Mr. Iqbal Bilwani	3
Haji Haroon Bilwani	4
Mr. Zakaria Bilwani	2*
Mr. Usman Bilwani	4
Mr. Muhammad Waseem	2**

*(ceased from 05-01-2015)
**(appointed from 05-01-2015)

HR & Remuneration Committee	Number of meetings attended
Mr. Usman Bilwani	3
Mr. Iqbal Bilwani	3
Mr. Shabbir Diwan	3
Muhammad Waseem	2*

*(appointed from 05-01-2015)

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding of the company and additional information as at June 30, 2015 is annexed.

BOARD OF DIRECTORS

The new Board of Directors was elected for the next term of three years in the Extra Ordinary General Meeting of the company held on December 22, 2014. Subsequently, the Board re-appointed Mr. Peer Mohammad Diwan as Chief Executive and Haji Haroon Bilwani as Chairman of the company for a term of three years. The remunerations of the full time working directors, chief executive and chairman were also fixed by the Board.

The above information has already been disseminated to the shareholders of the company under Section 218 of the Companies Ordinance, 1984.

EVALUATION OF BOARD OWN PERFORMANCE

As stated in the Annual Report of 2014 that the Board of Directors has already set the mechanism for evaluation of its own performance as per requirement of the Code of Corporate Governance. The new Board of Directors (elected in the Extra Ordinary General Meeting held on December 22, 2014) will evaluate its own annual performance by the end of December, 2015. The approved mechanism has been circulated to all the directors of the company for their inputs and to determine whether the Board and its Committees are functioning effectively.

COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

A statement showing the status of compliance with the best practices of the Corporate Governance set out in the Code of Corporate Governance 2012 is being published and circulated along with this report.

DELIVERY OF UNCLAIMED SHARES/UNCLAIMED DIVIDENDS

Members of the company are once again requested to contact the office of the company or the company's Share Registrar for collection of their shares/dividends which they have not yet received due to any reasons.

ACKNOWLEDGMENT

The Board is fully appreciative of the dedication and commitment of its all employees and would like to thank them for their valuable contributions in producing sustainable growth in a highly competitive economic condition. The Board also acknowledges and wishes to thank all its valuable customers and other stakeholders for their continued support and loyalty to the company.

On behalf of the Board

Peer Mohammad Diwan
Chief Executive

September 12, 2015

Focus on Sustainability

With our diversed portfolio of polyester products which are indirectly affect a large segment of society and this is a responsibility we take very seriously. Sustainability is therefore integrated into our practices, processes and the products we offer.

Sustainability Strategy

Step-by-step efforts on a daily basis over many years are required to achieve business sustainability. It is a marathon, not a sprint. That's how we see sustainability at Gatron and how we approach it.

It is clearer than ever that, sustainability remains a topic of vital concern to the company. Most of our efforts are FOCUSED on "efficiency" and "productivity" - broad terms that often signal the goal of reducing energy, water, material usage and are therefore at the HEART of the sustainability in particular conditions of manufacturing industry.

For creating a more sustainable relationship with polyester a new dexterity is required. At Gatron, we are upgrading our production lines with latest state of the art machinery that provides us greater productivity and efficiency.

Sustainability Framework

We follow the same as depicted in this picture to strive to achieve business sustainability.

The company has adapted the subsequent approaches for each of the above mentioned performance categories:

Social Performance with Stakeholders

Employment practices

Safety, health and prosperity of our employees and communities is both a business and personal value. As a responsible company we are developing and empowering our employees and people from the communities that surround us.

We practice and endorse equal opportunity employment, ensure compliance with human rights initiatives and adhere to employee safety & labor laws. We have implemented policies that counter corruption and fraudulent activities.

To attract, retain and bring out the best in its people, we invest in leadership and development training and offer rewarding careers where employees are able to continuously learn and grow.

Community investment

Through Gatron Foundation (a charitable institution) we manage our community investment activities in health and education sectors.

We contribute to communities in which we operate to build a prosperous, educated and healthy Pakistan. Our approach is to ensure:

- Health support;
- Education support;
- Employment generation;
- Infrastructure development;

During the year the company has made donations amounting to Rs. 14.442 million which includes the following:

(1) Donation of Rs. 10.850 million to Gatron Foundation (related party). The company through the Gatron Foundation contributed towards health related activities specially eye disease treatment for under previleged members of the society, flood relief activities and provided food and water to flood hit areas and distributed ration to chitral flood victims.

(2) Donation of Rs. 3.592 millions to various organization and distribution of ration to the poor and needy persons of the vicinity.

Government services

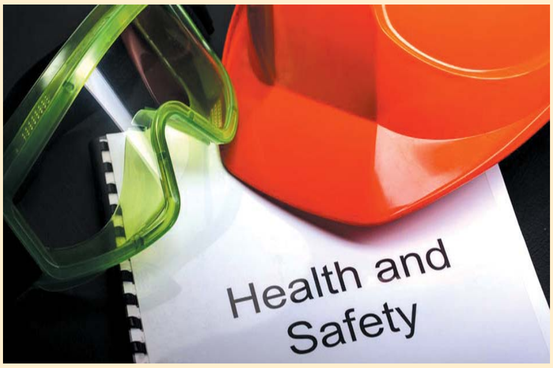
We are working with the Government at local and national levels, adhering to laws and regulations in every field of our business. Our approach is based on:

- Compliance with laws and regulations;
- Adherence to corporate governance guidelines;
- Contribution towards direct and indirect taxation;

Health, Safety & Security

Zero harm in terms of health, safety and security in our workplaces remains our underlined philosophy of conducting sustainable business.

Man and material safety and security is ensured by assessing each new incident and near miss by defining appropriate controls, reviewing and monitoring assessments and taking appropriate measures to avoid incidents in the future. Safety and evacution drills, both planned and surprised are held regularly.



Our work permit system ensures proper isolation of equipment / site, safe execution of works and hand over - take over between departments.

Our Customers & Suppliers

We are working actively with suppliers and customers to reduce packing and transportation cost. This is done through changes in packing sizes and bulk container shipments.

Through corrective actions at the plant and follow up by the sales department, customer complaints are addressed to ensure our customers are provided with the best value products and services.

To develop business sustainability with our suppliers we are providing regular orders, timely payments, recognition & feedback, performance evaluation and long term association.

Our Company regularly conducts technical evaluations of its vendors and contractors in order to rationalize its operations in a more efficient and effective manner.

Environmental Performance

In line with the global charters on sustainable development and our internal environmental management systems, we aim to reduce impact of our operations on the environment. We achieve this by practicing the Principle of 4 R's (Reduce, Reuse, Recycle and Responsible disposal).

We maximize our resource utilization by recovering and re-using most of our non-product outputs, reducing our requirement for fresh materials. Re-use of paper tubes, cartons, chips bagging materials and wooden cases and printing papers is being done to minimize consumption. The waste generated, is either recycled within the plant or disposed off in an environment friendly way. Water conservation and reduction in effluents is ensured by recycling water from various streams for horticulture purposes. We take adequate safety measures and strive to avoid significant spills by monitoring our production sites. This year, we had no significant spills or leaks.

Compliance with environmental standards

At Gatron we are striving to reduce our carbon footprint and in that regards, our practices are Eco-friendly and satisfy local as well as international Environmental standards. During the year successful audits were conducted by the SGS certification body for ISO 9001, 14001 & HACCP, ISO 22000 and PAS 223 certification.

OHSAS 18001 has been developed to be compatible with ISO 9001:2008 (Quality) and ISO 14001:2004 (Environmental) management systems standards in order to facilitate the integration of quality, environmental, occupational health and safety management systems by organizations.

We are studying requirements for OHSAS 18001 certification and are targeting to be compliant in the standard by the end of the next financial year.

Green Office Certification

The Green Office Certification program supports, promotes, and recognizes offices that are engaged in sustainable practices to protect environment. Gatron has attained WWF Green Office Certification this year for its office premises based on the score achieved of Green Office criteria in the areas of conservation of Energy & Water use; reduction in use of Paper & Printing; and Sustainable Planning to reduce the use of transport by conducting video conference.

Reduction of carbon footprints and exhaust emissions from operations

We monitor our gaseous emissions (SOx, NOx & CO) and suspended particulate matter (SPM) by appropriate analyzer TESTO 340, TESTO AG Germany as per regulatory norms.

Implementing Green policies

Where possible, procurement of chemicals and laboratory reagents is done in separate drums which are disposed off in an environment friendly manner.

We strive to develop SWAR - Sustainable Water Resource Management. Through technical consultation we are improving water, energy and chemicals management at our production units.

Economic Performance

The approach of the management of Gatron is focused on ethics and responsible care in pursuit of delivering long term business value to remain a partner of choice for our valued customers and suppliers.

Our aim is to do business with partners who also share and endorse our ethical values. In that regards, we carefully select suppliers whose standards meet our requirements. Furthermore, we assist ours vendors in improving their quality by giving constructive feedback.

For evolving sustainability we are economizing production, enhancing quality control, and up-grading equipment in order to improve market coverage.

We share our generated wealth with all stakeholders through adequate remuneration, rewards and retirement benefits for staff and timely deposit of taxes / duties / levies.

We are assessing financial implications arising from changes in technology, threats from competitors and environmental standards etc.

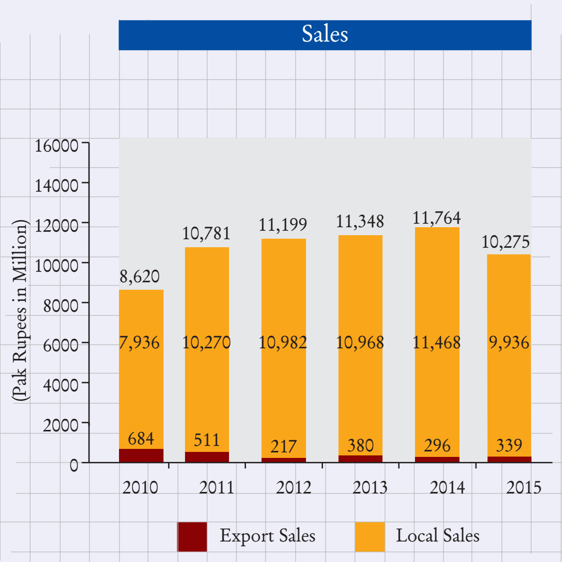
Economizing Utilities

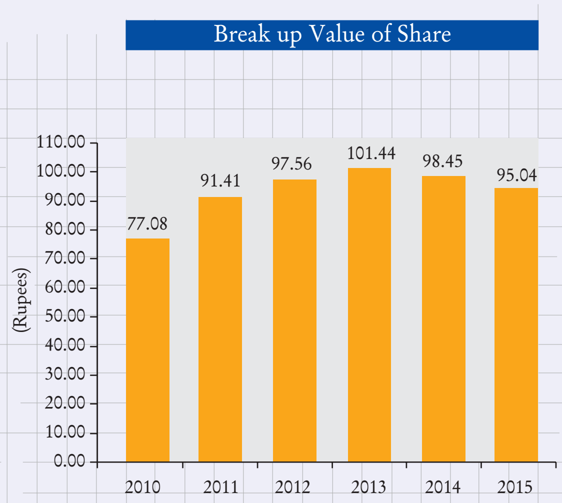
For power saving several measures have been taken. Conventional outdoor lights, bulbs and tube lights have been replaced with energy savers at the plant floor and working offices. Replacement of hi-bay lights with LVD (Low Voltage Discharge Induction Light), and LED (Light Emitting Diode) type of Flood lights and Street lights is being done.

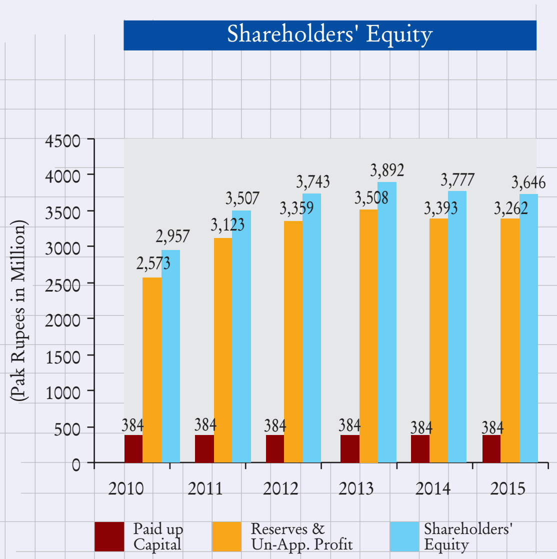
FINANCIAL HIGHLIGHTS

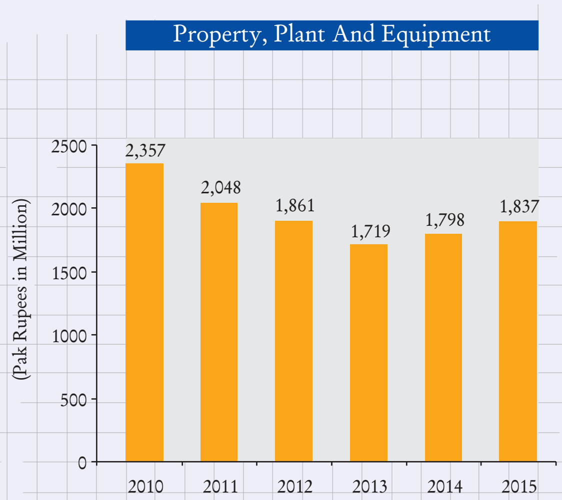
Particulars	2014	2013	2012	2011	2010	2009
Operating Results						
Pak Rupees in Thousands						
Sales	11,763,699	11,348,105	11,199,270	10,780,531	8,620,045	7,497,075
Gross Profit	580,635	496,980	1,117,653	871,698	566,874	567,999
Operating Profit	55,601	22,015	645,017	553,148	295,505	264,323
Profit after taxation	145,756	321,603	652,820	626,444	410,975	379,320
Percentage						
Dividend	55.00	40.00	95.00	50.00	20.00	15.00
Financial Position						
Pak Rupees in Thousands						
Paid up Capital	383,645	383,645	383,645	383,645	383,645	383,645
Reserves & unappropriated profit	3,393,211	3,508,016	3,359,053	3,123,345	2,573,630	2,220,202
Property, Plant & Equipment	1,797,791	1,719,259	1,860,764	2,047,881	2,357,159	2,429,297
Current Assets	4,394,362	4,690,308	3,725,008	3,713,325	2,671,278	3,102,234
Current Liabilities	2,614,420	2,393,858	1,675,047	2,013,047	1,603,698	2,396,989
Net Current Assets	1,779,942	2,296,450	2,049,961	1,700,278	1,067,580	705,245
Long Term Liabilities	-	-	-	79,158	298,815	337,472
Deferred Liabilities	400,528	426,083	470,357	463,770	470,731	495,241
Financial Ratios & Percentages						
Percentages						
Gross Profit Ratio	4.94	4.38	9.98	8.09	6.58	7.58
Return on Capital Employed	4.31	5.92	23.28	22.49	14.24	16.26
Return on Equity	3.86	8.26	17.44	17.86	13.90	14.57
Number of Times						
Inventory Turnover	4.51	4.53	4.94	5.96	4.81	3.77
Debtors Turnover	10.48	11.60	11.24	12.57	16.15	12.62
Total Assets Turnover	1.74	1.80	1.87	1.89	1.54	1.28
Fixed Assets Turnover	6.69	6.34	5.73	4.89	3.60	3.07
Interest Cover	0.46	0.25	31.36	8.53	1.71	1.03
Ratio						
Debt-Equity	0 : 100	0 : 100	0 : 100	02 : 98	09 : 91	11 : 89
Current Ratio	1.68 : 1	1.96 : 1	2.22 : 1	1.84 : 1	1.67 : 1	1.29 : 1
Per Share Results and Returns						
Pak Rupees						
Break-up Value	98.45	101.44	97.56	91.41	77.08	67.87
Earnings per Share – Basic and diluted	3.80	8.38	17.02	16.33	10.71	9.89
Dividend per Share	5.50	4.00	9.50	5.00	2.00	1.50
Percentages						
Dividend Yield	3.24	2.34	10.17	9.51	4.76	2.48
Dividend Pay Out	144.74	47.73	55.82	30.62	18.67	15.17
Number of Times						
Price Earning Ratio – Year end price	44.74	20.41	5.49	3.22	3.92	6.12
Share Performance						
Pak Rupees						
Highest	200.37	201.00	95.78	58.80	77.00	81.72
Lowest	165.03	88.79	49.00	36.80	35.77	32.50
At year end	170.00	171.00	93.45	52.60	42.00	60.50

GRAPHICAL PRESENTATION









KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

Review Report to the Members
On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2015 prepared by the Board of Directors of **Gatron (Industries) Limited** to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, The Listing Regulations requires the Company to place before the Board of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance applicable to the company for the year ended June 30, 2015.

Kreston Hyder Bhimji & Co
KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

Karachi: September 12, 2015

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Name of the Company: **Gatron (Industries) Limited**
Year Ended: **June 30, 2015**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Clause No. 5.19 of the Rule Book of the Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Executive Directors	Mr. Peer Mohammad Diwan, Chief Executive
	Mr. Abdul Razak Diwan
	Mr. Zakaria Bilwani
	Mr. Shabbir Diwan
	Mr. Muhammad Taufiq Bilwani
Non-Executive Directors	Haji Haroon Bilwani, Chairman
	Mr. Usman Bilwani
	Mr. Iqbal Bilwani
Independent Director	Mr. Muhammad Waseem

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

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred on the Board after the election of directors which was held on December 22, 2014.

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

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

7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive(s) and non-executive directors, have been taken by the board.

8. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. In accordance with the criteria specified in clause 5.19.7 of Code of Corporate Governance under Rule Book of Karachi Stock Exchange Limited all the re-elected Directors have been provided with latest copies of Listing Regulations of the Stock Exchanges, Memorandum and Articles of Association and the revised Code of Corporate Governance, 2012 after their appointment in the Extraordinary General Meeting held on December 22, 2014. According to the said clause seven Directors are exempted from Directors' Training program while one Director has completed training trough ICAP. One Director will get certification well before time frame as per Code. The company acknowledges that majority of the Directors are well conversant with their duties and responsibilities.

10. The board has already ratified appointments of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises four members, of whom three are non-executive directors and one independent director. The Chairman of the committee is a non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration Committee. It comprises four members, of whom two are non-executive directors, one executive director and one is independent director. The Chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function and personnel involved are considered suitable, qualified and experienced for the purpose and are conversant with the policies and procedures of the company and they are involved in the internal audit function on full time basis.

19. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The 'closed period', prior to the announcement of final result, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors.

23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

24. We confirm that all other material principles enshrined in the Code have been complied with.

For and on behalf of the Board of Directors

Peer Mohammad Diwan
Chief Executive

September 12, 2015

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **GATRON (INDUSTRIES) LIMITED** ("the Company') as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after verification, we report that:

a. in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b. in our opinion :

  i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  ii. the expenditure incurred during the year was for the purpose of the Company's business; and

  ii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

c. in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required, and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

d. in our opinion, zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited in the central zakat fund established under section 7 of that Ordinance.

Emphasis of matter paragraph

We draw attention to the contents of notes 24.1 (a) of the annexed financial statements relating to the manner of determining the provision for WPPF, the ultimate outcome whereof cannot be presently ascertained, and no provision for further liability, that may arise, has been made in the annexed Financial Statements. Our opinion is not qualified in respect of this matter.

Kreston Hyder Bhimji & Co.
KRESTON HYDER BHIMJI & CO.
Chartered Accountants

Karachi: 12 SEP 2015

Engagement Partner: Shaikh Mohammad Tanvir

KARACHI Office:
16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 to 52 Fax: 92-21-35640053, E-mail: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES

LAHORE Office:
Amin Building, 65-The Mall, Lahore. Phone: 92-42-37352661-37321043 Fax: 92-42-37248113, E-mail: hyderbhimjilahoreoffice@gmail.com

FAISALABAD Office:
206-1st Floor, Business Centre, New Civil Lines, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimjifsd@gmail.com

www.hyderbhimji.com

BALANCE SHEET
AS AT JUNE 30, 2015

	Notes	2015	2014
		(Pak Rupees in Thousand)	
ASSETS			
Non-current Assets			
Property, plant and equipment	4	1,837,233	1,797,791
Long term investments	5	597,642	597,769
Long term loans	6	804	211
Long term deposits	7	1,669	1,671
		2,437,348	2,397,442
Current Assets			
Stores, spare parts and loose tools	8	447,100	494,777
Stock in trade	9	2,510,177	2,315,281
Trade debts	10	767,713	1,088,765
Loans and advances	11	43,384	36,668
Trade deposits and short term prepayments	12	3,482	15,248
Other receivables	13	187,191	239,448
Taxes refund due from Federal Government	14	195,413	100,204
Cash and bank balances	15	79,140	103,971
		4,233,600	4,394,362
TOTAL ASSETS		6,670,948	6,791,804
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	16	383,645	383,645
Capital reserves	17	458,645	458,645
General reserve	18	2,500,000	2,500,000
Unappropriated profit		303,700	434,566
		3,645,990	3,776,856
LIABILITIES			
Non-current Liabilities			
Deferred liabilities	19	404,613	400,528
Current Liabilities			
Trade and other payables	20	1,776,975	1,173,025
Accrued mark up	21	16,789	25,880
Short term borrowings	22	762,879	1,387,334
Provision for income tax less payments	23	63,702	28,181
		2,620,345	2,614,420
CONTINGENCIES AND COMMITMENTS	24		
TOTAL EQUITY AND LIABILITIES		6,670,948	6,791,804

The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Conversion rates as at June 30, 2015 were 1 US$ = Rs. 101.70, 1 Euro € = Rs. 113.79 and 1 Pound £ = Rs. 159.91

Profit And Loss Account
FOR THE YEAR ENDED JUNE 30, 2015

	Notes	2015	2014
		(Pak Rupees in Thousand)	
Sales	25	10,275,281	11,763,699
Cost of sales	26	10,239,016	11,183,064
Gross profit		36,265	580,635
Distribution and selling expenses	27	234,300	238,248
Administrative expenses	28	268,100	236,541
Other operating expenses	29	44,039	64,548
		546,439	539,337
		(510,174)	41,298
Other income	30	58,828	14,303
Operating (loss) / profit		(451,346)	55,601
Finance cost	31	104,904	118,547
		(556,250)	(62,946)
Investment income - Dividend	32	616,350	225,750
Profit before income tax		60,100	162,804
Income tax - Current and Prior		29,941	74,285
Deferred		(58,752)	(57,237)
	33	(28,811)	17,048
Profit after income tax		88,911	145,756
Earnings per share - Basic and diluted (Rupees)	34	2.32	3.80

(1) The Board of Directors has recommended final cash dividend for the year ended June 30, 2015 of Rs.1.50 per share (i.e.15%). This is in addition to interim cash dividend of Rs.2.00 per share (i.e. 20%) refer note 43.

(2) The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Statement Of Comprehensive Income
FOR THE YEAR ENDED JUNE 30, 2015

	(Pak Rupees in Thousand) 2015	2014
Profit after income tax	88,911	145,756
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Remeasurement of defined benefit liability having nil tax impact	(27,955)	(11,192)
Total comprehensive income	60,956	134,564

The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Cash Flow Statement
FOR THE YEAR ENDED JUNE 30, 2015

	Notes	2015	2014
		(Pak Rupees in Thousand)	
Cash Flow from / (towards) Operating Activities			
Profit before income tax		60,100	162,804
Adjustments for:			
Depreciation		294,187	273,941
Provision for defined benefit plan		40,561	25,073
Gain on disposal of property, plant and equipment		(4,645)	(8,557)
Loss on disposal of property, plant and equipment		102	99
Impairment in long term investments		115	73
Provision for doubtful trade debts-net		8,099	36,129
Provision for slow moving stores, spare parts and loose tools-net		11,092	2,436
Reversal of provision for Gas Infrastructure Development Cess		(25,444)	-
Dividend income		(616,350)	(225,750)
Finance cost		104,904	118,547
		(187,379)	221,991
		(127,279)	384,795
Decrease / (increase) in current assets:			
Stores, spare parts and loose tools		36,585	(70,362)
Stock in trade		(194,896)	329,504
Trade debts		312,953	30,795
Loans and advances		(3,731)	6,433
Trade deposits and short term prepayments		11,766	610
Other receivables		52,257	6,765
Taxes refund due from Federal Government		(16,320)	10,356
		198,614	314,101
Increase / (decrease) in Trade and other payables		598,847	(267,400)
Cash flow from operations		670,182	431,496
(Payments for) / receipts of:			
Long term loans		(3,578)	569
Long term deposits		2	(420)
Defined benefit plan		(5,679)	(4,583)
Finance cost		(113,995)	(112,432)
Income tax		(73,309)	(51,889)
Net cash flow from operating activities		473,623	262,741
Cash Flow from / (towards) Investing Activities			
Additions in property, plant and equipment		(338,265)	(364,691)
Proceeds from disposal of property, plant and equipment		9,206	20,731
Decrease / (increase) in long term investments		12	(297,210)
Dividend received		616,350	225,750
Net cash flow from / (towards) investing activities		287,303	(415,420)
Cash Flow (towards) / from Financing Activities			
Dividend paid		(161,302)	(248,225)
Net cash flow towards financing activities		(161,302)	(248,225)
Net increase / (decrease) in cash and cash equivalents		599,624	(400,904)
Cash and cash equivalents at the beginning		(1,283,363)	(882,459)
Cash and cash equivalents at the end	35	(683,739)	(1,283,363)

The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

(Pak Rupees in Thousand)

	Share Capital	Capital Reserves			General reserve	Unappropriated profit	Total
		Share Premium	Others	Sub Total			
Balances as at July 01, 2013	383,645	383,645	75,000	458,645	2,500,000	549,371	3,891,661
Total comprehensive income for the year ended June 30, 2014	-	-	-	-	-	134,564	134,564
Transactions with owners							
Final cash dividend for the year ended June 30, 2013 at Rs. 4.00 per share i.e. @40%	-	-	-	-	-	(153,458)	(153,458)
Interim cash dividend for the year ended June 30, 2014 at Rs.2.50 per share i.e. @25%	-	-	-	-	-	(95,911)	(95,911)
	-	-	-	-	-	(249,369)	(249,369)
Balances as at June 30, 2014	383,645	383,645	75,000	458,645	2,500,000	434,566	3,776,856
Total comprehensive income for the year ended June 30, 2015	-	-	-	-	-	60,956	60,956
Transactions with owners							
Final cash dividend for the year ended June 30, 2014 at Rs.3.00 per share i.e. @30%	-	-	-	-	-	(115,093)	(115,093)
Interim cash dividend for the year ended June 30, 2015 at Rs.2.00 per share i.e. @20%	-	-	-	-	-	(76,729)	(76,729)
	-	-	-	-	-	(191,822)	(191,822)
Balances as at June 30, 2015	383,645	383,645	75,000	458,645	2,500,000	303,700	3,645,990

The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

1 THE COMPANY AND ITS OPERATIONS

The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are quoted at all the Stock Exchanges of Pakistan since 1992. The registered office of the Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta. The principal business of the Company is manufacturing of Polyester Filament Yarn alongwith its raw material viz. Yarn Grade Polyester Chips. However, the Company also produces other varieties of Polyester Chips viz Bottle Grade as well as PET Preforms. The Company also owns following Subsidiary Companies:

- Gatro Power (Private) Limited, which is engaged in power generation

- Global Synthetics Limited, which has yet to commence its operations

- GT Universal Limited, for which the Members of the G.T Universal Limited in the Extra Ordinary General Meeting held on March 09, 2015, had resolved for voluntary winding up. All requirement for voluntary winding up have been completed and now the said subsidiary stands dissolved w.e.f. June 9, 2015.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Changes in accounting standards, interpretations and pronouncements

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

The following Standards, interpretations and amendments to published approved accounting standards became effective during the year.

IAS-19	Employee Benefits - Amendment
IAS-32	Financial Instrument: Presentation - Amendment
IAS-36	Impairment of Assets - Amendment
IAS-39	Financial Instrument: Recognition and Measurement - Amendment
IFRIC-21	Levies

These Standards, interpretations and amendments are not expected to have significant impact on company's financial statements. In addition to above, certain new cycle of improvements are applicable in current year, are either considered not to be relevant or are not expected to have significant impact to the company's financial statements and hence have not been specified.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following Standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them.

		Effective for the period beginning on or after
IAS-16	Property, Plant and Equipment - Amendment	January 01, 2016
IAS-27	Separate Financial Statements - Amendment	January 01, 2016
IAS-38	Intangible Assets - Amendment	January 01, 2016
IAS-41	Agriculture - Amendment	January 01, 2016
IFRS-9	Financial Instruments: Classification and Measurement	January 01, 2015
IFRS-10	Consolidated Financial Statements - Amendment	January 01, 2016
IFRS-11	Joint Agreements - Amendment	January 01, 2016
IFRS-12	Disclosure of Interests in Other Entities - Amendment	January 01, 2016

These standards, interpretations and the amendments are either not relevant to or are not expected to have significant impact on the company's financial statements other than certain disclosures, if applicable.

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after 01, July 2015, are either considered not to be relevant or are not expected to have significant impact to the company's financial statements and hence have not been specified.

c) **New Standards issued by IASB and notified by SECP but not yet effective**

Following new standards issued by IASB have been adopted by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan through SRO 633(1) / 2014 dated July 10, 2014 and will be effective for annual periods beginning on or after January 01, 2015.

IFRS-10	Consolidated Financial Statements
IFRS-11	Joint Arrangements
IFRS-12	Disclosure of Interest in Other Entities
IFRS-13	Fair Value Measurement

These new standards are either irrelevant or will not have any significant effect on the Company’s financial statements except IFRS 10, which is briefly described below:.

IFRS-10 Consolidated Financial Statements

This is a new standard that replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Parent Company and provides additional guidance to assist in the determination of control where this is difficult to assess.

2.3 Basis of measurement

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

2.4 Significant Accounting Estimates and Judgments

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

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

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

a) **Property, plant and equipment**
The Company's management reviews the estimated useful lives and related depreciation charge for its property, plant and equipment on each financial year end. The Company reviews the value of the assets for possible impairment on each financial year end. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

b) **Trade debts**
The estimates of doubtful trade debts, are made, using and appropriately judging the relevant inputs and applying parameters as stated in note 3.6, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effect of variation is recorded as and when it takes place.

c) **Stock in trade**
The Company reviews the net realisable value of stock-in-trade to assess any diminution in the carrying values on each financial year end. Net realisable value is determined with respect to estimated selling prices less estimated expenditure to make the sales.

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

e) **Defined benefit plan**
The actuarial valuations of defined benefit plan, have been premised on certain actuarial hypothesis, as disclosed in note 3.8 (b) to the financial statements. Changes in assumptions in future years may affect the liability under this scheme upto those years.

f) **Income tax**
In making the estimate for income tax liabilities, the management considers current income tax law and the decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate, as also stated disclosed in note 3.10 to the financial statements.

g) **Impairment of investment in Subsidiary and Associated Company**

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

h) **Contingencies**

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

2.5 Functional and reporting currency

These financial statements are presented in Pakistan Rupee, which is the Company's functional currency.

3 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below.

3.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values. Depreciation is charged on diminishing balance method at the rates mentioned in Note 4.1, whereby the depreciable amount of an asset is written off over its estimated useful life.

Depreciation on addition is charged from the month of the asset is available for use upto the month prior to disposal.

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

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

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

3.2 Impairment of assets

Value of all Company's assets are reviewed at each financial year end to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated and carrying amounts are adjusted accordingly. Impairment losses are recognised in the profit and loss account.

3.3 Investments

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

The investment in associated company has not been accounted for using the equity method in these accounts as the Company prepares Consolidated Financial Statements in accordance with IAS 27 Separate Financial Statements.

3.4 Stores, spare parts and loose tools

These are valued at monthly weighted average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges incurred thereon till the balance sheet date. Adequate provision is made for slow moving and obsolete items based on parameter set out by the management as stated in note 2.4 (d). The major value spares and stand by equipments are capitalized and depreciated according to their useful life.

3.5 Stock in trade

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

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

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

3.6 Trade debts

Trade debts are recognised at invoice value which is fair value of the good sold. Export debtors are translated into Pak Rupee at the rate prevailing on the balance sheet date. A provision for doubtful debt is established when there is objective evidence that the Company will not be able to collect amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation or overdue amount allowance, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off.

3.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term borrowings.

3.8 Employees' post employment benefits

a) **Defined contribution plan**
The Company and the eligible employees contribute equally to recognised Provident Funds.

b) **Defined benefit plan**
The Company operates an unfunded defined gratuity scheme, being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation by using the "Projected unit credit method". The latest actuarial valuation was conducted on the balances as at June 30, 2015.

3.9 Compensated unavailed leaves

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

3.10 Income Tax

Current
Liability for current income tax is accounted for in accordance with income tax law. The income tax on profit and loss account represents current provision after adjustment, if any, to the provision for tax made in previous years, including those arising from assessments and amendments in assessments during the year, for such years.

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

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

3.11 Trade and other payables

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

3.12 Provision

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

3.13 Borrowings and their cost

Borrowings are recorded as the proceeds received.

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

3.14 Foreign currency transactions and translation

Foreign currency transactions are recorded into Pak Rupee using the prevailing exchange rates. As on balance sheet date, monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the prevailing exchange rates on the balance sheet date. Resultant exchange differences are taken to profit and loss account.

3.15 Revenue recognition

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

- Sale and processing services are recognised on dispatch of goods to customer.
- Dividend income is recognised when the right of receipt is established.
- Storage and handling income is recognised on accrual basis after receipt of material.

3.16 Dividend and appropriation to reserves

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

3.17 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the financial instruments and derecognised fully or partly when the Company fully or partly losses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is fully or partly discharged, cancelled or expired. Any gain or loss representing value differential if any on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

3.18 Offsetting of financial assets and financial liabilities

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

3.19 Segment information

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

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

Segment capital expenditure if any, is the total cost incurred during the year to acquire property, plant and equipment.

	Notes	(Pak Rupees in Thousand) 2015	2014
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	1,778,431	1,757,504
Capital work in progress	4.4	58,802	40,287
		1,837,233	1,797,791

4.1 Operating fixed assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land								
	(Pak rupees in thousand)											
Net carrying value												
Year ended June 30, 2015												
Opening net book value	25,320	13,748	1,007	114,415	5,262	1,454,774	3,063	30,712	9,137	85,427	14,639	1,757,504
Additions at cost	-	-	-	-	-	42,243	332	3,759	716	17,899	-	64,949
Transfer from capital work in progress	-	-	-	2,438	-	249,362	-	2,968	60	-	-	254,828
Disposal at NBV	-	-	-	-	-	-	-	-	123	4,540	-	4,663
Depreciation	-	-	101	11,685	526	250,729	647	7,017	2,418	18,868	2,196	294,187
Closing net book value	**25,320**	**13,748**	**906**	**105,168**	**4,736**	**1,495,650**	**2,748**	**30,422**	**7,372**	**79,918**	**12,443**	**1,778,431**
Gross carrying value												
At June 30, 2015												
Cost	25,320	13,748	14,248	430,082	9,902	6,266,820	17,593	74,011	58,968	163,337	18,795	7,092,824
Accumulated depreciation	-	-	13,342	324,914	5,166	4,771,170	14,845	43,589	51,596	83,419	6,352	5,314,393
Net book value	**25,320**	**13,748**	**906**	**105,168**	**4,736**	**1,495,650**	**2,748**	**30,422**	**7,372**	**79,918**	**12,443**	**1,778,431**
Net carrying value												
Year ended June 30, 2014												
Opening net book value	25,320	13,748	1,119	124,981	5,847	1,362,061	3,495	8,049	11,867	60,331	17,222	1,634,040
Additions at cost	-	-	-	-	-	3,605	501	989	967	52,930	-	58,992
Transfer from capital work in progress	-	-	-	2,127	-	320,599	-	27,525	435	-	-	350,686
Disposal at NBV	-	-	-	-	-	89	214	-	1,319	10,651	-	12,273
Depreciation	-	-	112	12,693	585	231,402	719	5,851	2,813	17,183	2,583	273,941
Closing net book value	**25,320**	**13,748**	**1,007**	**114,415**	**5,262**	**1,454,774**	**3,063**	**30,712**	**9,137**	**85,427**	**14,639**	**1,757,504**
Gross carrying value												
At June 30, 2014												
Cost	25,320	13,748	14,248	427,644	9,902	5,975,215	17,261	67,284	58,607	160,074	18,795	6,788,098
Accumulated depreciation	-	-	13,241	313,229	4,640	4,520,441	14,198	36,572	49,470	74,647	4,156	5,030,594
Net book value	**25,320**	**13,748**	**1,007**	**114,415**	**5,262**	**1,454,774**	**3,063**	**30,712**	**9,137**	**85,427**	**14,639**	**1,757,504**
Depreciation rate												
% per annum	-	-	10	10	10	15 to 25	20	20	20 to 30	20	15	

4.2 Depreciation for the year has been allocated as follows:-

	Notes	(Pak Rupees in Thousand) 2015	2014
Cost of sales	26	286,443	266,557
Distribution and selling expenses	27	943	1,051
Administrative expenses	28	6,801	6,333
		294,187	273,941

4.3 Details of property, plant and equipment disposed off during the year :

(Pak Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
OFFICE EQUIPMENT					
Gas Generator Kohler (14KVA)	415	123	28	Negotiation	**M/s. Pak Autos Mechanical Workshop** Korangi Crossing near Bhittai Colony, PAF Road, Karachi.
Sub Total	**415**	**123**	**28**	--	--
MOTOR VEHICLES					
Suzuki Cultus APL-940	677	142	507	Company Policy	**Mr.Kafeel** (Employee)
Suzuki Cultus ARM-053	814	224	520	--do--	**Mr.Attique Ahmed** (Employee)
Toyota Corolla ATR-835	1,414	560	765	--do--	**Mr.Muhammad Khaliq-uz-Zaman** (Employee)
Toyota Corolla ARV-573	1,389	404	690	--do--	**Mr.Zubair Daud** (Employee)
Toyota Corolla ASA-355	1,389	396	865	--do--	**Mr.Muhammad Iqbal** (Employee)
Honda Civic ASW-582	1,719	581	875	--do--	**Mr.Abdul Ghaffar** (Employee)
Toyota Corolla AET-073	849	53	590	--do--	**Mr.Pervaiz** (Employee)
Suzuki Alto ARH-136	620	155	613	--do--	**Mr.Abdul Khalique** (Employee)
Suzuki Alto AQQ-564	530	100	346	--do--	**Mr.Javed** (Employee)
Suzuki Liana ASH-884	1,024	286	654	--do--	**Mr.Abdul Ghaffar** (Employee)
Suzuki Baleno AEZ-933	774	62	350	Negotiation	**Mr.Sanaullah Khan** House#48/A, New Haji Camp, Karachi.
Toyota Corolla AFL-403	1,169	82	490	--do--	**Mr.Muhammad Shakeel** Plot# 8, Street# 3, Muslimabad, Karachi.
Toyota Corolla AZD-822	1,718	1,305	1,500	Insurance Claim	**M/s. EFU General Insurance** Karachi.
Items having book value upto Rs.50 thousand each	550	190	413	Various	**Various**
Sub Total	**14,636**	**4,540**	**9,178**	--	--
Total - 2015	**15,051**	**4,663**	**9,206**	--	--
Total - 2014	**34,436**	**12,273**	**20,731**	--	--

(Pak Rupees in Thousand)

4.4 Capital Work-in-Progress

	Balance as at July 1, 2014	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2015
Factory building on lease hold land under construction	3,861	1,166	(2,438)	2,589
Plant and machinery under erection	36,426	265,263	(249,362)	52,327
Factory equipment	-	6,854	(2,968)	3,886
Office equipment	-	60	(60)	-
	40,287	273,343	(254,828)	58,802

	Balance as at July 1, 2013	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2014
Factory building on lease hold land under construction	1,594	4,394	(2,127)	3,861
Plant and machinery under erection	83,625	273,400	(320,599)	36,426
Factory equipment	-	27,525	(27,525)	-
Office equipment	-	435	(435)	-
	85,219	305,754	(350,686)	40,287

	Notes	(Pak Rupees in Thousand) 2015	2014
5 LONG TERM INVESTMENTS			
Related Parties			
Wholly owned Subsidiary Companies			
22.575 million (2014: 22.575 million) shares including 7.525 million bonus shares in Messrs. Gatro Power (Private) Limited	5.1	150,500	150,500
Nil (2014: 25,000) shares in Messrs. G T Universal Limited - Unlisted	5.2	-	250
25,000 (2014: 25,000) shares in Messrs. Global Synthetics Limited - Unlisted	5.3	250	250
		150,750	151,000
Impairment loss	5.4	(108)	(231)
		150,642	150,769
Associated Companies			
56.7 million (2014: 56.7 million) shares including 12 million bonus shares in Messrs. Novatex Limited - Unlisted	5.5	447,000	447,000
		597,642	597,769

5.1 The value of investment on the basis of the net assets, as disclosed in its audited financial statements as at June 30, 2015 amounted to Rs.879.365 million (2014: Rs.694.101 million).

5.2 During the year, the Subsidiary Company has been wounded up voluntarily and Rs. 12 thousand have been received against the amount invested.

5.3 The value of the investment on the basis of the net assets, as disclosed in its audited financial statements as at June 30, 2015 amounted to Rs.0.142 million (2014: Rs.0.178 million).

	(Pak Rupees in Thousand) 2015	2014
5.4 Impairment loss		
Balance at beginning	231	158
Charge for the year	115	73
Reversals due to winding up of Subsidiary Company	(238)	-
Balance at end	108	231

5.5 The value of 56.7 million (2014: 56.7 million) shares being 36.83% (2014: 36.83%) holding of the total issued share capital of Associated Company, on the basis of the net assets, as disclosed in its un-audited financial statements as at March 31, 2015 amounted to Rs.3,616.764 million (March 2014: Rs.3,780.174 million).

6 LONG TERM LOANS - Considered good

Secured - Interest free

	2015	2014
To employees other than Chief Executive & Directors	7,720	4,142
Amount due in twelve months shown under current assets	(6,916)	(3,931)
Recoverable within three years	804	211

6.1 The above loans are under the terms of employment and are secured against the post employment benefits of the employees.

6.2 It includes loans to executives and its reconciliation is as under:

	2015	2014
Balance at beginning	-	308
Disbursements during the year	4,500	74
Recoveries during the year	(1,371)	(382)
Balance at end	3,129	-

6.2.1 The maximum aggregate amount of loan due from executives at any month end during the year was Rs.3.860 million (2014: Rs.0.336 million).

7 LONG TERM DEPOSITS

	2015	2014
Security deposits for utilities and others	1,669	1,671

	Notes	(Pak Rupees in Thousand) 2015	2014
8 STORES, SPARE PARTS AND LOOSE TOOLS			
In hand:			
Stores		103,456	115,356
Spare parts		361,117	340,567
Loose tools		3,583	1,677
		468,156	457,600
Provision for slow moving stores, spare parts and loose tools	8.1	(26,480)	(15,388)
		441,676	442,212
In transit		5,424	52,565
		447,100	494,777
8.1 Provision for slow moving stores, spare parts and loose tools			
Balance at beginning		15,388	12,952
Charge for the year		11,101	2,816
Reversals due to consumption		(9)	(380)
		11,092	2,436
Balance at end		26,480	15,388
9 STOCK IN TRADE			
Raw material		540,006	714,877
Raw material in transit		20,686	5,923
Goods in process		779,088	628,472
Finished goods		1,170,397	966,009
		2,510,177	2,315,281

These include raw material costing Rs.364.285 million (2014: Nil) valued at net realisable value of Rs.338.785 million (2014: Nil), goods in process costing Rs.787.389 million (2014: Rs.403.373 million) valued at net realisable value of Rs.733.236 million (2014: Rs.392.523 million) and finished goods costing Rs.1,073.267 million (2014: Rs.816.457 million) valued at net realisable value of Rs.960.366 million (2014: Rs.759.728 million).

10 TRADE DEBTS

	Notes	2015	2014
Considered good			
Secured			
Local		51,274	81,697
Export		86,388	74,432
	10.1	137,662	156,129
Unsecured		630,051	932,636
		767,713	1,088,765
Considered doubtful			
Unsecured		67,975	60,446
Provision for doubtful debts	10.2	(67,975)	(60,446)
		-	-
		767,713	1,088,765

10.1 These are secured against letters of credit issued by banks in favour of the Company.

	Notes	(Pak Rupees in Thousand) 2015	2014
10.2 Provision for doubtful debts			
Balance at beginning		60,446	24,963
Charge for the year		37,829	58,843
Reversals since recovered		(29,730)	(22,714)
		8,099	36,129
Write offs		(570)	(646)
Balance at end		67,975	60,446

11 LOANS AND ADVANCES - Considered good

	Notes	2015	2014
Secured			
Amount recoverable in twelve months from employees and executives	6	6,916	3,931
Advances to employees	11.1	651	390
		7,567	4,321
Unsecured			
Advances:			
to suppliers and contractors	11.2	31,114	28,741
for imports		4,703	3,606
		35,817	32,347
		43,384	36,668

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

11.2 These include advances against purchase of vehicles amounting to Rs.3.969 million (2014: Rs.4.731 million).

12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Notes	2015	2014
Security deposits		220	3,756
Prepayments	12.1	3,262	11,492
		3,482	15,248

12.1 These include prepayments to a related party i.e. Messrs. Novatex Limited of Rs. Nil (2014: Rs.11.223 million) being the amount of advance rent.

13 OTHER RECEIVABLES - Considered good

	Notes	2015	2014
Receivable from suppliers	13.1	26,371	168,259
Claims receivable from suppliers		1,327	678
Claims receivable from Insurance Companies		-	3,411
Sales tax		158,244	65,515
Others	13.2	1,249	1,585
		187,191	239,448

13.1 These include balances of US$ 0.112 million (2014: US$ 1.707 million).

13.2 These include Rs.Nil (2014: Rs.0.405 million) receivable from related party i.e. Messrs. Gatro Power (Private) Limited.

	Notes	(Pak Rupees in Thousand) 2015	2014
14 TAXES REFUND DUE FROM FEDERAL GOVERNMENT			
Income tax		178,905	100,016
Sales tax		16,508	188
		195,413	100,204
15 CASH AND BANK BALANCES			
Cash :			
In hand		1,567	1,604
At banks in current accounts : Local currency	15.1	76,610	101,600
Foreign currency	15.2	963	767
		79,140	103,971

15.1 These Includes Rs.2.310 million (2014: Rs.2.115 million) received from contractors as security deposit.

15.2 These represent balances of US$ 8,226.46 and Euro €1,129.98 (2014 : US$ 6,236.92 and Euro €1,129.98).

16 SHARE CAPITAL

		2015	2014
16.1 Authorised capital			
44,000,000	Ordinary shares of Rs. 10 each	440,000	440,000
16.2 Issued, subscribed and paid up capital			
30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash	301,361	301,361
8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	82,284	82,284
38,364,480		383,645	383,645

These include 1,620,387 (2014 : 1,620,387) shares held by an associated company, Messrs. Gani & Tayub (Private) Limited.

17 CAPITAL RESERVES

	Notes	2015	2014
Share premium	17.1	383,645	383,645
Others	17.2	75,000	75,000
		458,645	458,645

17.1 This represents premium of Rs. 20 per share received on initial public issue of 17,438,400 shares in 1992 and premium of Rs. 10 per share received on right issue of 3,487,680 shares in 1998. This reserve can be utilised by the Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

17.2 This represents reserve for replacement of plant and machinery.

	2015	2014
18 GENERAL RESERVE	2,500,000	2,500,000

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

GATRON

	Notes	(Pak Rupees in Thousand) 2015	2014

19 DEFERRED LIABILITIES

	Notes	2015	2014
Income tax-net	19.1	160,654	219,406
Defined benefit plan	19.2	243,959	181,122
		404,613	400,528

19.1 This comprises of the following major timing differences:

	2015	2014
Deferred tax liability arising in respect of accelerated tax depreciation allowances	190,880	244,431
Deferred tax asset arising in respect of :		
Provision for doubtful debts	(21,752)	(19,947)
Provision for slow moving stores, spare parts and loose tools	(8,474)	(5,078)
	160,654	219,406

At the balance sheet date, deferred tax asset amounting to Rs.167.790 million has not been recognized considering that it is not probable that sufficient taxable profit will be available in future.

19.2 Actuarial valuation of the plan was carried out as at June 30, 2015. The calculation for provision of defined benefit plan is as under:-

Movement of the liability recognised in the balance sheet

	Notes	2015	2014
Balance at beginning		181,122	149,440
Expense	19.2.1	40,561	25,073
Remeasurement: actuarial losses on obligation		27,955	11,192
Payment		(5,679)	(4,583)
Balance at end		243,959	181,122

19.2.1 Expense

	2015	2014
Service cost	16,939	8,151
Interest cost	23,622	16,922
	40,561	25,073

The principal actuarial assumptions used were as follows:

	%	%
Discount rate	9.75%	13.25%
Future salary increase rate - Short term	13.00%	11.25%
Future salary increase rate - long term	8.75%	11.25%
Withdrawal Rate	Moderate	Moderate
Mortality	Adjusted SLIC 2001 - 2005	Adjusted SLIC 2001 - 2005

Sensitivity Analysis

	PVDBO (Pak Rupees in Thousand)	Percentage Change
Current Liability	243,959	-
+ 1% Discount Rate	232,677	-4.62%
- 1% Discount Rate	256,844	5.28%
+ 1% Salary Increase Rate	257,410	5.51%
- 1% Salary Increase Rate	231,988	-4.91%
+ 10% Withdrawal Rates	243,980	0.01%
- 10% Withdrawal Rates	243,939	-0.01%
1 Year Mortality age set back	244,210	0.10%
1 Year Mortality age set forward	243,720	-0.10%

	Notes	2015	2014
		(Pak Rupees in Thousand)	
20 TRADE AND OTHER PAYABLES			
Trade creditors		173,497	123,959
Bills payable		384,315	481,580
Accrued expenses	20.1	750,130	182,847
Advance payments from customers		286,987	250,106
Creditors for capital expenditures		82	55
Security deposits from contractors	20.2	2,310	2,115
Workers' Welfare Fund		6,720	5,518
Infrastructure Cess on imports	20.3	87,137	74,613
Unclaimed dividend		40,666	10,146
Withholding taxes		7,641	7,331
Payable to Provident Fund Trusts		3,113	2,946
Other liabilities	20.4	34,377	31,809
		1,776,975	1,173,025

20.1 These include Rs.573.436 million (2014: Rs.13.226 million), Rs.4.476 million (2014: Rs.2.357 million) and Rs.0.349 million (2014: Rs.0.409 million) payable to related parties i.e. Messrs. Gatro Power (Pvt) Limited, Messrs. Novatex Limited and Messrs. Gani & Tayub (Private) Limited respectively.

20.2 This represents deposits from contractors held in separate bank account.

20.3 Infrastructure Cess on imports

	2015	2014
Balance at beginning	74,613	59,885
Provision made during the year	26,568	27,937
Payment made during the year	(14,044)	(13,209)
Balance at end	87,137	74,613

The Company had filed a petition in the High Court of Sindh at Karachi challenging the levy of Infrastructure Cess on imports. The Divisional Bench announced Judgment adjudicating the levy collected upto December 27, 2006 as invalid and collection thereafter as valid. The Company and the respondent filed appeals before the Supreme Court of Pakistan challenging the partial judgment of the High Court of Sindh.

In due course of time, the Government of Sindh withdrew its petition from the Supreme Court. Later on the Supreme Court vide its order dated May 20, 2011 set aside the order passed by the High Court of Sindh. Consequently a new petition was filed by the Company in the High Court of Sindh. Through an interim order dated May 31, 2011, the High Court of Sindh 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. Till balance sheet date, the Company has provided bank guarantee amounting to Rs.89.865 million (2014: Rs.74.865 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 the accounts as an abundant precaution.

20.4 These include Rs.25.904 million (2014: Rs.24.318 million) received from employees under company car policy.

	(Pak Rupees in Thousand) 2015	2014
21 ACCRUED MARK UP		
Mark up on short term borrowings	16,789	25,880
22 SHORT TERM BORROWINGS - Secured		
From banking companies under mark up arrangements		
Running finance	625,512	1,287,334
Finance under F.E. Circular No.25 of SBP-Foreign currency	137,367	-
Export re-finance	-	100,000
	762,879	1,387,334

22.1 The Company has aggregate facilities of short term borrowings amounting to Rs.4,605 million (2014: Rs.4,555 million) from various commercial banks (as listed in Note 22.3) out of which Rs.3,901 million (2014: Rs.3,387 million) remained unutilised at the year end. The Company also has Rs.1,000 million (2014: Rs.325 million) swinging facility with an Associate Company, out of which Rs.59 million (2014: Rs.219 million) utilized by the Company at the year end. The mark up rates for running finance ranged between Rs.0.2573 to Rs.0.3008 per Rs.1000/- per day. Finance under F.E. Circular No.25 of SBP represents US$ 1.351 million (2014: Nil) and repayable in foreign currency. The rate of mark up on Finance obtained under F.E. Circular No.25 of SBP is 2% per annum. These facilities are renewable annually at respective maturities.

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

22.3 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib Limited, Dubai Islamic Bank Limited, Faysal Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited, JS Bank Limited, MCB Bank Limited, Meezan Bank Limited, National Bank of Pakistan, NIB Bank Limited, Samba Bank Limited, Standard Chartered Bank (Pakistan) Limited and United Bank Limited.

23 PROVISION FOR INCOME TAX LESS PAYMENTS

	2015	2014
Balance at beginning	28,181	(43,014)
Provision for the year - Current	89,392	74,285
Prior	(59,451)	-
	29,941	74,285
	58,122	31,271
Payments during the year	(73,309)	(51,889)
Adjustments for the year	78,889	48,799
Balance at end	63,702	28,181

24 CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

a) The Company makes provision for Workers' Profit Participation Fund, based on the management's considered view that the law on workers' participation in profits, necessitates participation of the workers, in the manner laid down in the law, from net profit [from which all the expenses, including cesses, levies and taxes, are fully deducted] and which is available for participation and attributable to workers role which may be subject to interpretation by the relevant authority. The quantum of the differential amount upto June 30, 2015 involved is Rs.27.623 million (2014: Rs.27.623 million) and no provision for that amount is considered in the financial statements as the management is confident that no further liability will arise on this account. Accordingly, the Company has discharged its liability on the basis of management considered view and so far no negative inference has been communicated to the Company.

b) FBR initiated action against few buyers of 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 has, however, challenged the action before the Honorable High Court of Sindh. Realizing the facts of the case, circumstances and legal position, the Honorable High Court of Sindh 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 profit and loss account in last year. 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.

c) The Government of Pakistan, through Finance Act 2012, by an amendment in Second Schedule of The Gas Infrastructure Cess Act 2011, increased the Gas Infrastructure Development Cess (GIDC) from July-2012 from Rs.13 to Rs.100 per MMBTU. This was subsequently reduced by the Government to Rs.50 per MMBTU from September-2012. The Company alongwith several other companies filed suit in the Sindh High Court challenging the increase in GIDC. The Sindh High Court has been pleased to stay recovery of the enhanced GIDC and hence the Company has not paid the enhanced GIDC. Additionally, the Government through Finance Act 2014, by promulgating the Gas Development Infrastructure Cess Ordinance 2014, has increased the amount of GIDC for both captive power and industrial consumption to Rs.200 & Rs.150 per MMBTU respectively. This time also the Company alongwith several other companies has filed a suit in the Sindh High Court, challenging the increase in GIDC and Sindh High Court granted stay accordingly.

   On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby GIDC rates of Rs.100 per MMBTU and Rs.200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. The matter regarding levy of the GIDC prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. The Company along with several other companies filed suit in the Honorable Sindh High Court challenging the increase in GIDC through the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015. The Honorable Sindh High Court has issued stay against recovery of the GIDC under the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015, hence the Company has not paid GIDC under the above referred laws.

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Company is confident that amount of the enhanced GIDC on industrial consumers, from July 2012 to June 2014 amounting to Rs. 25.444 million will no more be payable so the same has been reversed in these financial statements as referred in note 30. Further, as the Company is confident that the case will be decided in favor of the Appellants, total amount of enhanced GIDC upto June 30, 2015 worked out at Rs. 48.456 million (2014: 25.444 million), however Company has provided Rs. 7.975 million pertaining to the period of July 2014 to June 2015 for Captive Power and June 2015 for Industrial as an abundant precaution and remaining amount of Rs. 40.481 million has not been provided in these financial statements, in view of reason stated above.

24.2 Guarantee

Bank guarantees and Letters of Credit issued by the banks on behalf of the Company in favour of:

	Notes	(Pak Rupees in Thousand) 2015	2014
The Director Excise & Taxation, Karachi		89,865	74,865
The Electric Inspector, President Licencing Board, Quetta		10	10
Sui Southern Gas Company for Gas - Letters of Credit		30,992	30,992
		120,867	105,867

24.3 Commitments

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

	2015	2014
Foreign currency:		
Property, plant and equipment	236,834	104,555
Raw material	176,935	243,838
Spare parts and others	41,058	32,961
	454,827	381,354
Local currency:		
Raw material	-	101,183
	454,827	482,537

25 SALES

	Notes	2015	2014
Gross local sales		10,483,210	12,100,068
Third party processing charges		76,318	54,995
		10,559,528	12,155,063
Less: Sales tax	25.1	623,830	687,593
Local sales		9,935,698	11,467,470
Export sales		339,583	296,229
		10,275,281	11,763,699

25.1 These include local reduced rate supplies.

	Notes	(Pak Rupees in Thousand) 2015	2014
26 COST OF SALES			
Raw material consumed		6,969,154	7,558,228
Stores, spare parts and loose tools consumed		186,840	174,857
Outsource processing charges		240,071	159,127
Salaries, wages, allowances and benefits	26.1	835,975	745,992
Power, fuel and gas		1,822,956	1,760,435
Rent, rates and taxes		2,925	2,632
Insurance		33,855	32,146
Cartage & Transportation		107,261	112,111
Repairs and maintenance		79,356	82,061
Communications & Computer expenses		1,760	1,603
Water supply		33,209	12,181
Travelling		2,254	2,479
Legal and professional fees		3,049	4,640
Sundry		15,903	26,260
Depreciation	4.2	286,443	266,557
		10,621,011	10,941,309
Duty draw back		(152)	(129)
Scrap sales	26.2	(26,839)	(16,854)
		10,594,020	10,924,326
Opening stock of goods-in-process		628,472	747,624
Closing stock of goods-in-process		(779,088)	(628,472)
Cost of goods manufactured		10,443,404	11,043,478
Opening stock of finished goods		966,009	1,105,595
Closing stock of finished goods		(1,170,397)	(966,009)
		10,239,016	11,183,064

26.1 These include Rs.16.485 million (2014 : Rs.14.471 million) and Rs.13.050 million (2014 : Rs.9.130 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

26.2 Net off sales tax amounting to Rs.1.356 million (2014: Rs.2.359 million)

27 DISTRIBUTION AND SELLING EXPENSES

	Notes	2015	2014
Salaries, allowances and benefits	27.1	35,421	29,930
Insurance		3,989	3,866
Rent, rates and taxes		624	990
Handling, freight and transportation		182,167	168,869
Advertisement and sales promotion		844	914
Communications		291	263
Travelling		1,319	1,114
Fee & subscriptions		426	366
Sundry		8,276	30,885
Depreciation	4.2	943	1,051
		234,300	238,248

27.1 These include Rs.0.827 million (2014 : Rs.0.827 million) and Rs.5.407 million (2014 : Rs.3.887 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

	Notes	2015	2014
		(Pak Rupees in Thousand)	
28 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	28.1	164,826	132,124
Rent, rates and taxes		45,218	45,220
Insurance		1,412	1,272
Repairs and maintenance		10,695	8,665
Travelling		5,554	5,303
Communications		3,073	2,407
Legal and professional fees		4,765	16,562
Utilities		8,800	6,429
Printing and stationery		2,322	2,278
Transportation		3,767	3,899
Sundry		10,867	6,049
Depreciation	4.2	6,801	6,333
		268,100	236,541

28.1 These include Rs.4.772 million (2014 : Rs.4.660 million) and Rs.22.104 million (2014 : Rs.12.056 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

29 OTHER OPERATING EXPENSES

	Notes	2015	2014
Loss on disposal of property, plant and equipment		102	99
Provision for doubtful trade debts - net	10.2	8,099	36,129
Provision for slow moving stores, spare parts and loose tools - net	8.1	11,092	2,436
Impairment in long term investments	5.4	115	73
Exchange loss - net		7,769	-
Corporate social responsibilities	29.1	14,442	21,434
Workers' Welfare Fund		1,202	3,256
Auditors' remuneration	29.2	1,218	1,121
		44,039	64,548

29.1 These include donation of Rs.10.850 million (2014: Rs.8.546 million) to Messrs. Gatron Foundation in which Chief Executive and six directors of the Company are governors. None of the directors or their spouses has any interest in any donee fund, in so far as other donations are concerned.

	(Pak Rupees in Thousand) 2015	2014
29.2 Auditors' remuneration		
Audit fee - Annual accounts	1,000	1,000
Limited review, audit of consolidated financial statements, provident funds and certification fee	70	63
Sindh sales tax on services	64	-
Out of pocket expenses	84	58
	1,218	1,121

30 OTHER INCOME

	2015	2014
Income from non -financial assets		
Storage and handling income	439	439
Gain on disposal of property, plant and equipment	4,645	8,557
	5,084	8,996
Others		
Liabilities no more payable written back	3,630	3,457
Exchange gain - net	-	1,615
Reversal of provision for Gas Infrastructure Development Cess	25,444	-
Insurance claim received	24,422	-
Miscellaneous income	248	235
	53,744	5,307
	58,828	14,303

31 FINANCE COST

	2015	2014
Mark up on short term borrowings	103,283	116,743
Bank charges	1,621	1,804
	104,904	118,547

32 INVESTMENT INCOME - DIVIDEND

	2015	2014
Dividend income from wholly owned subsidiary - M/s. Gatro Power (Private) Limited	361,200	225,750
Dividend income from associated company - M/s. Novatex Limited	255,150	-
	616,350	225,750

33 INCOME TAX

	2015	2014
For the current year	89,392	74,285
For the prior year	(59,451)	-
	29,941	74,285
Deferred	(58,752)	(57,237)
	(28,811)	17,048

	Notes	(Pak Rupees in Thousand) 2015	2014
Relationship between income tax and profit before income tax :			
Profit before income tax		60,100	162,804
Income tax rate		33%	34%
Income tax on profit before income tax		19,833	55,353
Tax effect of:			
permanent differences		(119,196)	(76,755)
minimum tax		99,357	114,675
tax credits		(39,066)	(43,294)
income assessed under final tax regime		(59,465)	(3,547)
change in statutory tax rate for next year		(5,021)	(6,649)
others		134,198	(22,735)
prior year reversal for income tax		(59,451)	-
Income tax for the year		(28,811)	17,048

34 EARNINGS PER SHARE - Basic and diluted

	2015	2014
Profit after income tax	88,911	145,756
	(Number of Shares)	
Number of Ordinary shares	38,364,480	38,364,480
	Rupees	Rupees
Earnings per share - Basic and diluted	2.32	3.80

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

35 CASH AND CASH EQUIVALENTS

	Notes	2015	2014
Cash and bank balances	15	79,140	103,971
Short term borrowings	22	(762,879)	(1,387,334)
		(683,739)	(1,283,363)

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

FINANCIAL ASSETS AND LIABILITIES

(Pak Rupees in Thousand)

	Interest/mark-up bearing			Non-Interest/mark-up bearing				
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	2015 Total	2014 Total
Financial Assets								
Long term investments	-	-	-	-	597,642	597,642	597,642	597,769
Loans and advances	-	-	-	7,567	804	8,371	8,371	4,532
Deposits	-	-	-	220	1,669	1,889	1,889	5,427
Trade debts	-	-	-	767,713	-	767,713	767,713	1,088,765
Other receivables	-	-	-	27,620	-	27,620	27,620	173,933
Cash and bank balances	-	-	-	79,140	-	79,140	79,140	103,971
	-	-	-	882,260	600,115	1,482,375	1,482,375	1,974,397
Financial Liabilities								
Trade and other payables	-	-	-	1,388,490	-	1,388,490	1388490	835,457
Accrued mark up	-	-	-	16,789	-	16,789	16,789	25,880
Short term borrowings	762,879	-	762,879	-	-	-	762,879	1,387,334
	762,879	-	762,879	1,405,279	-	1,405,279	2,168,158	2,248,671

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

36.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate at their fair value except Long term investments which are carried at cost.

36.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

A Market Risk

i Foreign exchange risk

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

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

	(Pak Rupees in Thousand) 2015	2014
Bills Payable	384,315	481,580
Finance under F.E. Circular No.25 of SBP	137,367	-
	521,682	481,580
Trade Debts	(86,388)	(74,432)
Receivable from suppliers	(11,394)	(168,259)
Foreign currency bank accounts	(963)	(767)
	(98,745)	(243,458)
	422,937	238,122
Commitments - Outstanding letters of credit	454,827	381,354
Net exposure	877,764	619,476

The following significant exchange rates have been applied

	Average rate 2015	2014	Reporting date rate 2015	2014
	Rupees			
USD to PKR	101.21	102.90	101.70	98.75
Euro to PKR	121.39	139.93	113.79	134.73
AED to PKR	27.51	28.02	27.64	26.89
JPY to PKR	0.93	1.02	0.83	0.97
CHF to PKR	-	114.24	-	110.82

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

	Average rate 2015	2014	Reporting date rate 2015	2014
	(Pak Rupees in Thousand)			
Effect on profit & loss account				
USD to PKR	72,922	53,198	73,279	51,095
Euro to PKR	21,988	12,903	20,611	12,424
AED to PKR	(6,260)	(2,361)	(6,290)	(2,261)
JPY to PKR	198	346	176	331
CHF to PKR	-	369	-	358
	88,848	64,455	87,776	61,947

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

ii Price risk

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

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

iii Interest / Markup rate risk

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

	2015	2014	2015	2014
	Effective rate (in %)		(Pak Rupees in Thousand) Carrying amount	
Financial Liabilities				
Variable rate instruments				
Short term borrowings	5.99 - 10.37	8.77 - 10.46	762,879	1,387,334

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2014.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2015		
Cash flow sensitivity - Variable rate financial liabilities	(7,629)	7,629
As at June 30, 2014		
Cash flow sensitivity - Variable rate financial liabilities	(13,873)	13,873

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

B Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Company manages credit risk interalia by setting credit limits in relation to individual customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. The Company has established an allowance for the doubtful trade debts that represents its estimate of incurred losses in respect of trade debts. Consequently, the Company believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposure before any credit enhancements. Out of total financial assets of Rs.1,482.375 million (2014 : Rs.1,974.397 million), the financial assets which are subject to credit risk amounted to Rs.883.166 million (2014: Rs.1,375.024 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	(Pak Rupees in Thousand)	
	2015	2014
Loans and advances	8,371	4,532
Deposits	1,889	5,427
Trade debts	767,713	1,088,765
Other receivables	27,620	173,933
	795,333	1,262,698
Bank balances	77,573	102,367
	883,166	1,375,024

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

Not past due	544,254	895,197
Past due 1-30 days	71,010	75,418
Past due 31-90 days	140,485	165,625
Past due 91-180 days	34,967	69,315
Past due 180 days	72,592	117,589
	863,308	1,323,144
Provision for doubtful debts	(67,975)	(60,446)
	795,333	1,262,698

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

Bank	Rating Agency	Rating	
		Short term	Long term
Bank Al-Falah Limited	PACRA	A1+	AA
Bank Al-Habib Limited	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	A+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	A+
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
National Bank of Pakistan	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+

C Liquidity risk

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

The Company manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2015, the Company has Rs.4,605 million plus Rs.1,000 million swinging facility with Associate Company, available borrowing limit from financial institutions. The Company has unutilised borrowing facilities of Rs.3,901 million in addition to balances at banks of Rs.78 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest/mark-up payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Beyond six months
	(Pak Rupees in Thousand)			
2015				
Trade and other payables	1,388,490	1,388,490	1,388,490	-
Accrued mark up	16,789	16,789	16,789	-
Short term borrowings	762,879	763,337	763,337	-
	2,168,158	2,168,616	2,168,616	-
2014				
Trade and other payables	835,457	835,457	835,457	-
Accrued mark up	25,880	25,880	25,880	-
Short term borrowings	1,387,334	1,387,334	1,387,334	-
	2,248,671	2,248,671	2,248,671	-

36.3 CAPITAL RISK MANAGEMENT

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

The gearing ratio as at June 30, 2015 and 2014 were as follows:

	(Pak Rupees in Thousand) 2015	2014
Total borrowings	762,879	1,387,334
Cash and bank balances	(79,140)	(103,971)
Net debt	683,739	1,283,363
Total equity	3,645,990	3,776,856
Total capital	4,329,729	5,060,219
Gearing ratio	16%	25%

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

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

GATRON

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

(Pak Rupees in Thousand)

	Chairman		Chief Executive		Directors		Executives		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Managerial remuneration	**10,016**	-	**15,558**	14,189	**21,780**	24,597	**117,928**	97,040	**165,282**	135,826
Post employment benefits	**-**	-	**5,088**	4,488	**6,295**	5,885	**22,959**	15,116	**34,342**	25,489
Utilities	**-**	-	**99**	88	**68**	152	**34**	31	**201**	271
Other benefits	**-**	-	**-**	-	**2,245**	2,166	**56,077**	48,374	**58,322**	50,540
	10,016	-	**20,745**	18,765	**30,388**	32,800	**196,998**	160,561	**258,147**	212,126
Number of persons										
for remuneration	**1**	-	**1**	1	**3**	4	**75**	65	**80**	70

37.1 Aggregate amount of meeting fee to Chairman and 3 non-executive Directors (2014: 3 non-executive Directors) was Rs.90 thousand (2014: Rs. 85 thousand).

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

37.3 An Associated Company reimbursed Rs.28.092 million (2014: Rs.22.024 million) in respect of services provided by certain directors and executives during the year.

38 SEGMENT REPORTING

38.1 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 cost, and taxation are managed at company level.

38.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2015 is as follows:

(Pak Rupees in Thousand)

	June 2015			June 2014		
	Polyester Filament Yarn	**Polyester PET Preforms**	**Total**	Polyester Filament Yarn	Polyester PET Preforms	Total
Sales	**7,372,281**	**2,903,000**	**10,275,281**	8,729,689	3,034,010	11,763,699
Segment result	**(557,384)**	**91,249**	**(466,135)**	(84,604)	190,450	105,846

Reconciliation of segment results with profit before income tax:

	2015	2014
Total results for reportable segments	**(466,135)**	105,846
Other operating expenses	**(44,039)**	(64,548)
Other income	**58,828**	14,303
Finance cost	**(104,904)**	(118,547)
Investment income - Dividend	**616,350**	225,750
Profit before income tax	**60,100**	162,804

Assets and liabilities by segments are as follows:

	Polyester Filament Yarn 2015	Polyester PET Preforms 2015	Total 2015	Polyester Filament Yarn 2014	Polyester PET Preforms 2014	Total 2014
Segment assets	**3,872,519**	**1,370,291**	**5,242,810**	4,234,083	1,269,740	5,503,823
Segment liabilities	**439,503**	**124,710**	**564,213**	334,761	116,076	450,837

Reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	Assets	**Liabilities**	Assets	Liabilities
Total for reportable segments	**5,242,810**	**564,213**	5,503,823	450,837
Unallocated assets/liabilities	**1,428,138**	**2,460,745**	1,287,981	2,564,111
Total as per balance sheet	**6,670,948**	**3,024,958**	6,791,804	3,014,948

Other segment information is as follows:

	Polyester Filament Yarn 2015	Polyester PET Preforms 2015	Total 2015	Polyester Filament Yarn 2014	Polyester PET Preforms 2014	Total 2014
Depreciation	**218,698**	**75,489**	**294,187**	198,652	75,289	273,941
Capital expenditures incurred during the year	**280,234**	**49,432**	**329,666**	306,334	18,543	324,877
Unallocated capital expenditure incurred during the year			**8,599**			39,814
Total			**338,265**			364,691

38.3 96.70% (2014: 97.48%) out of total sales of the Company relates to customers in Pakistan.

38.4 All non-current assets of the Company as at June 30, 2015 are located in Pakistan.

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

	(Metric	Tons)
	2015	2014

39 PLANT CAPACITY AND ACTUAL PRODUCTION

			2015	2014
39.1	Polyester Filament Yarn	39.1.1		
	Annual capacity		24,191	24,191
	Actual production		37,028	39,434
39.2	Polyester P.E.T. Preforms	39.2.1		
	Annual capacity		27,606	27,606
	Actual production		17,670	13,265

39.1.1 The capacity is determined based on 75 denier and 24 filament. Actual production represents production of various deniers.

39.2.1 The capacity is determined based on 39 gms 12 months production. Actual production represents production of various grammage. The actual production versus annual capacity is lower on account of very low preform demand/production in winter months of the year. The actual production of preforms (various grammage) in pieces was 571.609 million (2014: 404.890 million) against annual capacity (based on 39 gms) of 707.858 million pieces.

	(Pak Rupees	in Thousand)
	2015	2014

40 TRANSACTIONS WITH RELATED PARTIES

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

		2015	2014
Subsidiary Companies	Purchase of power	1,627,502	1,536,722
	Investment in shares during the year	-	210
	Proceed received for voluntary winding up of Subsidiary Company	12	-
	Receipt of dividend	361,200	225,750
	On account of rent/storage & handling and reimbursement of expenses	23,595	21,800
Associated Company	Purchase / sale of services	305,305	206,131
	Purchase of other material	716	566
	Investment in shares during the year	-	297,000
	Receipt of dividend	255,150	-
	On account of rent	44,890	44,890
	On account of reimbursement of expenses	48,488	42,075
Other Related Parties	Payment of dividend	8,102	10,533
	Charges on account of handling	5,612	5,128
	Payment of donation	10,850	8,546

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

Transactions and outstanding balances, as applicable in relation to Defined Contribution Plan (DCP) and Key Management Personnel (KMP) have been disclosed in notes 26.1, 27.1, 28.1 of DCP; 6.2 and 37 of KMP respectively. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Company considers its Chief Executive, Executive Directors and other executives to be KMP.

41 PROVIDENT FUND RELATED DISCLOSURES

The Following information is based on latest un-audited financial statements of the Funds.

	(Pak Rupees in Thousand) 2015	2014
Size of the Funds - Total Assets	366,302	322,239
Cost of Investments made	323,746	289,869
Fair Value of investments	363,170	319,269
Percentage of investments made (Fair value to size of the fund)	99.14%	99.08%

41.1 The Break-up of fair value of investments is:

	(Pak Rupees in Thousand) 2015 Amount	%	2014 Amount	%
Shares in Listed Companies	1	0.00%	1	0.00%
Government Securities	257,319	70.85%	239,530	75.03%
Debt Securities	10,448	2.88%	16,802	5.26%
Mutual Funds	51,558	14.20%	21,479	6.73%
Bank Deposits	43,844	12.07%	41,457	12.98%
	363,170	100.00%	319,269	100.00%

41.2 The investments out of provident funds have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

42 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2015 and 2014 respectively are as follows:

	(Number of employees) 2015	2014
Average number of employees during the year	1,054	1,099
Number of employees as at June 30	1,011	1,074

43 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors, in its meeting held on September 12, 2015, has recommended final cash dividend of Rs.1.50 per share (2014: Rs.3.00 per share final cash dividend) This is in addition to interim cash dividend of Rs.2.00 per share (2014: Rs.2.50 per share) already paid resulting a total cash dividend for the year of Rs.3.50 per share (2014: Rs.5.50 per share). The approval of the members for the final cash dividend will be obtained in the Annual General Meeting. Since it is a non adjusting event, the financial statements for the year ended June 30, 2015 do not include the effect of the recommended final cash dividend.

44 CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purpose of better presentation. Significant changes made during the year are as follows:

Reclassification from component	Reclassification to component	(Pak Rupees in Thousand)
Trade and other payables	Trade and other payables	
Other liabilities	Withholding taxes	7,331
Other liabilities	Payable to Provident Fund Trusts	2,946

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 12, 2015 by the Board of Directors of the Company.

46 GENERAL

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

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2015

Serial No.	No. of Shareholders	Shareholding From	To	Total Shares Held
1	305	1	100	17,275
2	647	101	500	299,443
3	240	501	1,000	156,501
4	74	1,001	5,000	146,890
5	7	5,001	10,000	47,888
6	3	10,001	15,000	36,114
7	1	15,001	20,000	15,100
8	2	20,001	25,000	44,840
9	2	65,001	70,000	137,719
10	3	110,001	115,000	345,000
11	2	130,001	135,000	266,000
12	1	190,001	195,000	190,504
13	1	215,001	220,000	217,320
14	1	225,001	230,000	229,880
15	1	285,001	290,000	287,750
16	1	350,001	355,000	350,414
17	1	470,001	475,000	470,117
18	1	580,001	585,000	581,921
19	2	630,001	635,000	1,263,302
20	1	660,001	665,000	664,950
21	1	670,001	675,000	671,451
22	1	970,001	975,000	973,000
23	1	1,025,001	1,030,000	1,027,700
24	1	1,170,001	1,175,000	1,172,422
25	1	1,255,001	1,260,000	1,259,067
26	1	1,520,001	1,525,000	1,520,565
27	1	1,600,001	1,605,000	1,602,920
28	1	1,615,001	1,620,000	1,619,624
29	1	1,620,001	1,625,000	1,620,387
30	2	2,045,001	2,050,000	4,093,397
31	1	2,240,001	2,245,000	2,240,195
32	1	2,280,001	2,285,000	2,281,100
33	1	2,795,001	2,800,000	2,796,884
34	1	2,805,001	2,810,000	2,808,070
35	1	3,445,001	3,450,000	3,445,400
36	1	3,460,001	3,465,000	3,463,370
Total	**1,313**			**38,364,480**

Shareholders' Categories	No. of Shareholders	Shares Held	Holding Percentage
Individuals	1,296	25,551,552	66.60
Joint Stock Companies	9	3,229,058	8.42
Financial Institutions	3	3,430	0.01
Insurance Companies	1	200	0.00
Investment Companies	4	9,580,240	24.97
Total	**1,313**	**38,364,480**	**100.00**

Detail of Pattern of Shareholding

	Shares Held
Associated Company	
M/s. Gani & Tayub (Private) Limited	1,620,387
Mutual Funds	None
NIT	3,050
Directors and their spouse(s) and minor children	
Haji Haroon Bilwani	2,240,195
Mr. Peer Mohammad Diwan	2,796,884
Mr. Abdul Razak Diwan	3,445,400
Mr. Zakaria Bilwani	1,620,624
Mr. Usman Bilwani	2,048,048
Mr. Iqbal Bilwani	1,260,067
Mr. Shabbir Diwan	421,414
Mr. Muhammad Taufiq Bilwani	119,200
Mr. Muhammad Waseem	500
Mst. Majida Haroon	230,880
Bai Amina	287,750
Mst. Razia Ahmed	639,803
Executives	2,643,914
Public Sector Companies, Corporations and Joint Stock Companies	2,636,261
Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Mudarabas, and Pension Funds.	8,553,230
Shareholders holding 5% or more	
M/s. Eurobond Investments Limited	3,463,370
Mr. Abdul Razak Diwan	3,445,400
M/s. Ventures Asia LLC	2,808,070
Mr. Peer Mohammad Diwan	2,796,884
M/s. Treatbase Limited	2,630,620
M/s. Redwood Investments Ltd.	2,281,100
Haji Haroon Bilwani	2,240,195
Mr. Usman Bilwani	2,048,048
Mst. Zohra Hajiani	2,046,349
Trade in the shares of the company by directors, executives, their spouse(s) and minor children	Nil

Consolidated Financial Statements

DIRECTORS' REPORT

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the audtied Consolidated Financial Statements of the Group for the year ended June 30, 2015.

The Group

The Group comprises of Gatron (Industries) Limited and its subsidiaries i.e Gatro Power (Private) Limited and Global Synthetics Limited.

Gatro Power (Private) Limited

During the period under review, operations of wholly owned subsidiary M/s. Gatro Power (Private) Limited remained average. However, the profitability of the Company in forthcoming period, will be affected due to newly promulgated Gas Infrastructure Development Cess Act 2015 dated May 22, 2015. The rate of GIDC will be @ Rs. 100 and Rs. 200 per MMBTU for industrial user and captive power respectively with immediate effect. The Company has obtained stay against the Act from the Honorable High Court of Sindh at Karachi. The profitability of the Company will erode due to increase in gas tariff from Rs. 573.28 to Rs. 600 per MMBTU (i.e. 4.66%) for captive power and from Rs. 488.23 to Rs. 600 per MMBTU (i.e. 22.89%) on industrial user, effective from September 1, 2015. The Company has already declared / paid interim cash dividend @ 120% and further declared final cash dividend @ 15% for the year ended June 30, 2015.

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

During the year, another subsidiary M/s. GT Universal Limited has been voluntary wound up as approved by members in its EOGM dated March 09, 2015.

Consolidated Financials

(Pak Rupees in Thousand)

Operating results for the year ended June 30, 2015

Loss before share of profit in associated company	(9,681)
Share of profit after income tax in associated company	93,026
Profit before income tax	83,345
Income tax	352,410
Loss after income tax	(269,065)

State of Affairs as on June 30, 2015

Property, plant and equipment	2,351,008
Other non-current assets	3,619,237
Current assets	4,392,765
Total assets	10,363,010
Deduct:	
Non-current liabilities	786,385
Current liabilities	2,418,361
Total liabilities	3,204,746
Net assets financed by shareholders' equity	7,158,264

On behalf of the Board

Peer Mohammad Diwan
Chief Executive

September 12, 2015

KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of GATRON (INDUSTRIES) LIMITED (The Holding Company) and its subsidiary companies Gatro Power (Private) Limited and Global Synthetics Limited as at June 30, 2015 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended in which are also incorporated the transactions of M/s. GT Universal Limited liquidated through voluntary winding up during the year. We have also expressed separate opinion on the financial statements of GATRON (INDUSTRIES) LIMITED and its subsidiary companies. These consolidated financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the international standards on auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the Consolidated Financial Statements present fairly the financial position of GATRON (INDUSTRIES) LIMITED and its Subsidiary Companies as at June 30, 2015 and the results of their operations for the year then ended.

Emphasis of matter paragraph

We draw attention to the contents of notes 25.1 (a) and (b) of the annexed consolidated financial statements relating to provision in respect of WPPF, the ultimate outcome whereof cannot be presently ascertained, and no provision for any liability, that may arise, has been made in the annexed Financial Statements, Our opinion is not qualified in respect of this matter.

Kreston Hyder Bhimji & Co.
KRESTON HYDER BHIMJI & CO.
Chartered Accountants
Engagement Partner: Shaikh Mohammad Tanvir

Karachi: September 12, 2015

KARACHI Office:
16th Floor, Kashif Centre, Shahrah-e-Faisal, Karachi. Phone: 92-21-35640050 to 52 Fax: 92-21-35640053, E-mail: hyderbhimji@yahoo.com, hyderbhimji@gmail.com

OTHER OFFICES

LAHORE Office:
Amin Building, 65-The Mall, Lahore. Phone: 92-42-37352661-37321043 Fax: 92-42-37248113, E-mail: hyderbhimjilahoreoffice@gmail.com

FAISALABAD Office:
206-1st Floor, Business Centre, New Civil Lines, Faisalabad. Phone: 92-41-2615632-2615650 Fax: 92-41-2617902 E-mail: hyderbhimjifsd@gmail.com

www.hyderbhimji.com

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 2015

	Notes	2015	2014
		(Pak Rupees in Thousand)	
ASSETS			
Non-current Assets			
Property, plant and equipment	5	2,351,008	2,264,015
Long term investment	6	3,616,764	3,780,174
Long term loans	7	804	211
Long term deposits	8	1,669	1,671
		5,970,245	6,046,071
Current Assets			
Stores, spare parts and loose tools	9	598,900	666,645
Stock in trade	10	2,510,177	2,315,281
Trade debts	11	767,713	1,088,765
Loans and advances	12	46,126	37,988
Trade deposits and short term prepayments	13	12,197	109,480
Other receivables	14	168,180	213,030
Taxes refund due from Federal Government	15	198,044	102,390
Cash and bank balances	16	91,428	454,208
		4,392,765	4,987,787
TOTAL ASSETS		10,363,010	11,033,858
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	17	383,645	383,645
Capital reserves	18	458,645	458,645
General reserve	19	2,785,000	2,785,000
Unappropriated profit		3,530,974	4,021,207
		7,158,264	7,648,497
LIABILITIES			
Non-current Liabilities			
Deferred liabilities	20	786,385	400,852
Current Liabilities			
Trade and other payables	21	1,575,626	1,543,559
Accrued mark up	22	16,789	25,880
Short term borrowings	23	762,879	1,387,334
Provision for income tax less payments	24	63,067	27,736
		2,418,361	2,984,509
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		10,363,010	11,033,858

The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Conversion rates as at June 30, 2015 were 1 US$ = Rs. 101.70, 1 Euro € = Rs. 113.79 and 1 Pound £ = Rs. 159.91

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

	Notes	2015	2014
		(Pak Rupees in Thousand)	
			(Restated)
Sales	26	9,998,606	11,502,456
Cost of sales	27	9,552,725	10,547,026
Gross profit		445,881	955,430
Distribution and selling expenses	28	234,300	238,248
Administrative expenses	29	270,204	237,795
Other operating expenses	30	56,293	74,914
		560,797	550,957
		(114,916)	404,473
Other income	31	210,550	14,452
Operating profit		95,634	418,925
Finance cost	32	105,315	118,966
		(9,681)	299,959
Share of profit after income tax in associated company		93,026	319,491
Profit before income tax		83,345	619,450
Income tax - Current and Prior		29,941	74,285
Deferred		322,469	(57,237)
	33	352,410	17,048
(Loss) / Profit after income tax		(269,065)	602,402
(Loss) / Earnings per share - Basic and diluted (Rupees)	34	(7.01)	15.70

(1) The Board of Directors of Parent Company has recommended final cash dividend for the year ended June 30, 2015 of Rs.1.50 per share (i.e.15%). This is in addition to interim cash dividend of Rs.2.00 per share (i.e. 20%) refer note 43.

(2) The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Consolidated Statement Of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2015

	(Pak Rupees in Thousand) 2015	2014 Restated
(Loss) / Profit after income tax	(269,065)	602,402
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Remeasurement of defined benefit liability having nil tax impact	(28,060)	(11,307)
Share of other comprehensive income of associates-net of tax	-	272
Items that may be reclassified subsequently to profit or loss		
Share of other comprehensive loss of associates-net of tax	(1,286)	-
Total comprehensive (loss) / income	(298,411)	591,367

The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Consolidated Cash Flow Statement
For The Year Ended June 30, 2015

	Note	2015 (Pak Rupees in Thousand)	2014 (Pak Rupees in Thousand)
Cash Flow from / (towards) Operating Activities			
Profit before income tax		83,345	619,450
Adjustments for:			
Depreciation		368,387	325,391
Provision for defined benefit plan		40,683	25,114
Gain on disposal of property, plant and equipment		(4,645)	(8,557)
Loss on disposal of property, plant and equipment		102	99
Provision for doubtful trade debts-net		8,099	36,129
Provision for slow moving stores, spare parts and loose tools-net		12,295	2,697
Reversal of provision for Gas Infrastructure Development Cess		(177,611)	-
Share of profit in associated company		(93,026)	(319,491)
Finance cost		105,315	118,966
		259,599	180,348
		342,944	799,798
Decrease / (increase) in current assets:			
Stores, spare parts and loose tools		55,450	(31,012)
Stock in trade		(194,896)	329,504
Trade debts		312,953	30,795
Loans and advances		(5,153)	8,246
Trade deposits and short term prepayments		97,283	(65,285)
Other receivables		44,850	27,009
Taxes refund due from Federal Government		(16,320)	10,356
		294,167	309,613
Increase / (decrease) in Trade and other payables		179,131	(133,282)
Cash flow from operations		816,242	976,129
(Payments for) / receipts of:			
Long term loans		(3,578)	569
Long term deposits		2	(420)
Defined benefit plan		(5,679)	(4,583)
Finance cost		(114,406)	(112,851)
Income tax		(73,944)	(52,334)
Net cash flow from operating activities		618,637	806,510
Cash Flow (towards) / from Investing Activities			
Additions in property, plant and equipment		(460,016)	(387,790)
Proceeds from disposal of property, plant and equipment		9,206	20,731
Dividend received from associated company		255,150	-
Increase in long term investment		-	(297,000)
Net cash flow towards investing activities		(195,660)	(664,059)
Cash Flow (towards) / from Financing Activities			
Dividend paid		(161,302)	(248,225)
Net cash flow towards financing activities		(161,302)	(248,225)
Net increase / (decrease) in cash and cash equivalents		261,675	(105,774)
Cash and cash equivalents at the beginning		(933,126)	(827,352)
Cash and cash equivalents at the end	35	(671,451)	(933,126)

The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015

(Pak Rupees in Thousand)

	Share Capital	Capital Reserves			General reserve	Unappropriated profit	Total
		Share Premium	Others	Sub Total			
Balances as at July 01, 2013	383,645	383,645	75,000	458,645	2,785,000	3,679,209	7,306,499
Total comprehensive income for the year ended June 30, 2014	-	-	-	-	-	591,367	591,367
Transactions with owners							
Final cash dividend for the year ended June 30, 2013 at Rs.4.00 per share i.e. @ 40%	-	-	-	-	-	(153,458)	(153,458)
Interim cash dividend for the year ended June 30, 2014 at Rs.2.50 per share i.e. @ 25%	-	-	-	-	-	(95,911)	(95,911)
	-	-	-	-	-	(249,369)	(249,369)
Balances as at June 30, 2014	383,645	383,645	75,000	458,645	2,785,000	4,021,207	7,648,497
Total comprehensive loss for the year ended June 30, 2015	-	-	-	-	-	(298,411)	(298,411)
Transactions with owners							
Final cash dividend for the year ended June 30, 2014 at Rs.3.00 per share i.e. @30%	-	-	-	-	-	(115,093)	(115,093)
Interim cash dividend for the year ended June 30, 2015 at Rs.2.00 per share i.e. @20%	-	-	-	-	-	(76,729)	(76,729)
	-	-	-	-	-	(191,822)	(191,822)
Balances as at June 30, 2015	**383,645**	**383,645**	**75,000**	**458,645**	**2,785,000**	**3,530,974**	**7,158,264**

(1) Included in un-appropriated profit, is a sum of Rs 3,049.764 million, representing proportionate share in un-appropriated profits of associated company upto March 31, 2015, which is not available for distribution to the shareholder of the Parent Company, until realised.

(2) The notes 1 to 46 annexed herewith form an integral part of these financial statements.

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015

1 THE GROUP AND ITS OPERATIONS

The Group consists of :

Gatron (Industries) Limited
Gatro Power (Private) Limited
Global Synthetics Limited

The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are being quoted at all the Stock Exchanges of Pakistan since 1992. The registered office of the Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta. The principal business of the Company is manufacturing of Polyester Filament Yarn alongwith its raw material viz. Yarn Grade Polyester Chips. However, the Company also produces other varieties of Polyester Chips viz Bottle Grade as well as PET Preforms.

Gatro Power (Private) Limited is a wholly owned Subsidiary of Gatron (Industries) Limited. The principal business of the Company is to generate and sales electric power.

Global Synthetics Limited is a wholly owned subsidiary of Gatron (Industries) Limited, which has yet to commence its operations.

GT Universal Limited, for which the Members of the G.T Universal Limited in the Extra Ordinary General Meeting held on March 09, 2015, had resolved for voluntary winding up. All requirements for voluntary winding up have been completed and now the said subsidiary stands dissolved w.e.f. June 09, 2015.

2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of Gatron (Industries) Limited, Gatro Power (Private) Limited and Global Synthetics Limited. The financial statements of the parent and subsidiary companies are prepared upto the same reporting date using consistent accounting policies. Assets and liabilities of the subsidiaries have been consolidated on line by line basis and the carrying value of investment held by holding company is eliminated against the subsidiaries share capital intra Group balances and transactions are eliminated.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case the requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

3.2 Changes in accounting standards, interpretations and pronouncements

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

The following Standards, interpretations and amendments to published approved accounting standards became effective during the year.

IAS - 19	Employee Benefits - Amendment
IAS - 32	Financial Instrument: Presentation - Amendment
IAS - 36	Impairment of Assets - Amendment
IAS - 39	Financial Instrument: Recognition and Measurement - Amendment
IFRIC - 21	Levies

These Standards, interpretations and amendments are not expected to have significant impact on Group's financial statements. In addition to above, certain new cycle of improvements are applicable in current year, are either considered not to be relevant or are not expected to have significant impact to the Group's financial statements and hence have not been specified.

b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The following Standards, interpretations and amendments to published approved accounting standards that are effective for accounting periods, beginning on or after the date mentioned against each to them.

		Effective for the period beginning on or after
IAS -16	Property, Plant and Equipment - Amendment	January 01, 2016
IAS - 27	Separate Financial Statements - Amendment	January 01, 2016
IAS - 38	Intangible Assets - Amendment	January 01, 2016
IAS - 41	Agriculture - Amendment	January 01, 2016
IFRS- 9	Financial Instruments: Classification and Measurement	January 01, 2015
IFRS - 10	Consolidated Financial Statements - Amendment	January 01, 2016
IFRS - 11	Joint Agreements - Amendment	January 01, 2016
IFRS - 12	Disclosure of Interests in Other Entities - Amendment	January 01, 2016

These standards, interpretations and the amendments are either not relevant to or are not expected to have significant impact on the Group's financial statements other than certain disclosures, if applicable.

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after 01, July 2015, are either considered not to be relevant or are not expected to have significant impact to the Group's financial statements and hence have not been detailed. .

c) New Standards issued by IASB and notified by SECP but not yet effective

Following new standards issued by IASB have been adopted by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan through SRO 633(1) / 2014 dated July 10, 2014 and will be effective for annual periods beginning on or after January 01, 2015.

IFRS-10	Consolidated Financial Statements
IFRS-11	Joint Arrangements
IFRS-12	Disclosure of Interest in Other Entities
IFRS-13	Fair Value Measurement

These new standards are either irrelevant or will not have any significant effect on the Group’s financial statements except IFRS 10, which is briefly described below:

IFRS-10 Consolidated Financial Statements

This is a new standard that replaces the consolidation requirements in SIC - 12 Consolidation: Special Purpose Entities and IAS 27 - Consolidated and Separate Financial Statements. The proposed standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the Parent Company and provides additional guidance to assist in the determination of control where this is difficult to assess.

3.3 Basis of measurement

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

3.4 Significant Accounting Estimates and Judgments

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

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

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

a) **Property, plant and equipment**
The Group's management reviews the estimated useful lives and related depreciation charge for its property, plant and equipment on each financial year end. The Group reviews the value of the assets for possible impairment on each financial year end. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

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

c) **Stock in trade**
The Group reviews the net realisable value of stock-in-trade to assess any diminution in the carrying values on each financial year end. Net realisable value is determined with respect to estimated selling prices less estimated expenditure to make the sales.

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

e) **Defined benefit plan**
The actuarial valuations of defined benefit plan, have been premised on certain actuarial hypothesis, as disclosed in note 4.8 (b) to the financial statements. Changes in assumptions in future years may affect the liability under this scheme upto those years.

f) **Income tax**

In making the estimate for income tax liabilities, the management considers current income tax law and the decisions of appellate authorities. Deferred tax estimate is made considering future applicable tax rate, as also stated disclosed in note 4.10 to the financial statements.

g) **Contingencies**

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

3.5 Functional and reporting currency

These financial statements are presented in Pakistan Rupees, which is the Group's functional currency.

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the year.

4.1 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values. Depreciation is charged on diminishing balance method except spare for major overhauling, which are depreciated at straight line method, at the rates mentioned in Note 5.1, whereby the depreciable amount of an asset is written off over its estimated useful life.

Depreciation on addition is charge from the month of the asset is available for use upto the month prior to disposal.

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

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

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

4.2 Impairment of assets

Value of all Group's assets are reviewed at each financial year end to determine whether there is objective evidence of impairment. If any such indication exists, the assets' recoverable amount is estimated and carrying amounts are adjusted accordingly. Impairment losses are recognised in the profit and loss account currently.

4.3 Investments

Associated Company

Investment in Associated Company is stated under Equity Method of accounting after having initially recognised at cost. Gains and losses on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates unless in case of losses the transaction provides evidence of an impairment of the assets transferred.

4.4 Stores, spare parts and loose tools

These are valued at monthly weighted average cost. Items in transit are valued at cost comprising of invoice value and other incidental charges incurred thereon till the balance sheet date. Adequate provision is made for slow moving and obsolete items based on parameter set out by the management as stated in note 3.4 (d). The major value spares and stand by equipments are capitalized and depreciated according to their useful life.

4.5 Stock in trade

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

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

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

4.6 Trade debts

Trade debts are recognised at invoice value which is fair value of the good sold. Export debtors are translated into Pak Rupee at the rate prevailing on the balance sheet date. A provision for doubtful debt is established when there is objective evidence that the Parent Company will not be able to collect amounts due according to the original terms of the trade debts. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in making payments are considered indicators that the trade debt is doubtful and the provision is recognised in the profit and loss account. When a trade debt is uncollectible, it is written off.

4.7 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents comprise cash and bank balances and short term borrowings.

4.8 Employees' post employment benefits

a) Defined contribution plan

The Group and the eligible employees contribute equally to recognised provident funds.

b) Defined benefit plan

The Group operates an unfunded defined gratuity scheme, being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation by using the "Projected Unit Credit Method". The latest actuarial valuation is conducted on the balances as at June 30, 2015.

4.9 Compensated unavailed leaves

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

4.10 Income Tax

Current

Parent Company accounts for liability for current income tax in accordance with income tax law. The income tax on profit and loss account represents current provision after adjustment, if any, to the provision for tax made in previous years, including those arising from assessments and amendments in assessments during the year, for such years.

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

Deferred

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

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

Change in Estimates

Deferred tax liability in respect of investment in associate company accounted for on equity method, had not been recognised as the associate was not likely to distributed dividend in the foreseeable future. During the year, associated company distributed dividend to its shareholders. Due to which the Company has changed its estimate to account for its deferred tax liability on investment in associated company. This change in accounting estimate has been applied prospectively in accordance with the treatment specified in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Had this estimate not been changed, the loss for the year would have been lower by Rs.381.221 million and the deferred tax liability would have been lower by Rs. 381.221million.

4.11 Trade and other payables

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

4.12 Provision

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

4.13 Borrowings and their cost

Borrowings are recorded as the proceeds received.

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

4.14 Foreign currency transactions and translation

Foreign currency transactions are recorded into Pak Rupee using the prevailing exchange rates. As on balance sheet, monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the prevailing exchange rates on the balance sheet date. Resultant exchange differences are taken to profit and loss account.

4.15 Revenue recognition

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

- Sale and processing services are recognised on dispatch of goods to customer.

- Dividend income is recognised when the right of receipt is established.

- Storage and handling income is recognised on accrual basis after the receipt of material.

4.16 Dividend and appropriation to reserves

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

4.17 Financial instruments

All the financial assets and financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the financial instruments and derecognised fully or partly when the Group fully or partly losses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is fully or partly discharged, cancelled or expired. Any gain or loss representing value differential if any on derecognition of the financial assets and financial liabilities is taken to profit and loss account.

4.18 Offsetting of financial assets and financial liabilities

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

4.19 Segment information

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

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

Segment capital expenditure have the total cost incurred during the year to acquire property, plant and equipment.

	Notes	(Pak Rupees in Thousand) 2015	2014
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	2,292,206	2,223,728
Capital work in progress	5.4	58,802	40,287
		2,351,008	2,264,015

5.1 Operating fixed assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Spares for major overhauling	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land									
	------------------ (Pak rupees in thousand) ------------------												
Net carrying value													
Year ended June 30, 2015													
Opening net book value	25,320	15,214	1,007	114,995	5,262	1,914,213	3,350	31,188	9,186	87,082	-	16,911	2,223,728
Additions at cost	-	-	-	-	-	42,243	332	4,625	716	17,899	120,885	-	186,700
Transfer from capital work in progress	-	-	-	2,438	-	249,362	-	2,968	60	-	-	-	254,828
Disposal at NBV	-	-	-	-	-	-	-	-	123	4,540	-	-	4,663
Depreciation	-	-	101	11,743	526	296,668	704	7,259	2,429	19,199	27,335	2,423	368,387
Closing net book value	**25,320**	**15,214**	**906**	**105,690**	**4,736**	**1,909,150**	**2,978**	**31,522**	**7,410**	**81,242**	**93,550**	**14,488**	**2,292,206**
Gross carrying value													
At June 30, 2015													
Cost	25,320	15,214	14,248	434,469	9,902	7,211,916	18,191	75,512	59,065	165,049	120,885	21,557	8,171,328
Accumulated depreciation	-	-	13,342	328,779	5,166	5,302,766	15,213	43,990	51,655	83,807	27,335	7,069	5,879,122
Net book value	**25,320**	**15,214**	**906**	**105,690**	**4,736**	**1,909,150**	**2,978**	**31,522**	**7,410**	**81,242**	**93,550**	**14,488**	**2,292,206**
Net carrying value													
Year ended June 30, 2014													
Opening net book value	25,320	15,214	1,119	125,625	5,847	1,759,711	3,854	8,056	11,874	60,331	-	19,747	2,036,698
Additions at cost	-	-	-	-	-	4,734	501	1,490	1,014	54,642	-	-	62,381
Transfer from capital work in progress	-	-	-	2,127	-	432,226	-	27,525	435	-	-	-	462,313
Disposal at NBV	-	-	-	-	-	89	214	-	1,319	10,651	-	-	12,273
Depreciation	-	-	112	12,757	585	282,369	791	5,883	2,818	17,240	-	2,836	325,391
Closing net book value	**25,320**	**15,214**	**1,007**	**114,995**	**5,262**	**1,914,213**	**3,350**	**31,188**	**9,186**	**87,082**	**-**	**16,911**	**2,223,728**
Gross carrying value													
At June 30, 2014													
Cost	25,320	15,214	14,248	432,031	9,902	6,920,311	17,859	67,919	58,704	161,786	-	21,557	7,744,851
Accumulated depreciation	-	-	13,241	317,036	4,640	5,006,098	14,509	36,731	49,518	74,704	-	4,646	5,521,123
Net book value	**25,320**	**15,214**	**1,007**	**114,995**	**5,262**	**1,914,213**	**3,350**	**31,188**	**9,186**	**87,082**	**-**	**16,911**	**2,223,728**
Depreciation rate													
% per annum	-	-	10	10	10	10 to 25	20	20	20 to 30	20	14 to 29	10 to 15	

5.2 Depreciation for the year has been allocated as follows:-

	Notes	2015 (Pak Rupees in Thousand)	2014 (Pak Rupees in Thousand)
Cost of sales	27	360,643	318,007
Distribution and Selling Expenses	28	943	1,051
Adminstrative Expenses	29	6,801	6,333
		368,387	325,391

5.3 Details of property, plant and equipment disposed off during the year :

(Pak Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
OFFICE EQUIPMENT					
Gas Generator Kohler (14KVA)	415	123	28	Negotiation	**M/s. Pak Autos Mechanical Workshop** Korangi Crossing near Bhittai Colony, PAF Road, Karachi.
Sub Total	**415**	**123**	**28**	--	--
MOTOR VEHICLES					
Suzuki Cultus APL-940	677	142	507	Company Policy	**Mr.Kafeel** (Employee)
Suzuki Cultus ARM-053	814	224	520	--do--	**Mr.Attique Ahmed** (Employee)
Toyota Corolla ATR-835	1,414	560	765	--do--	**Mr.Muhammad Khaliq-uz-Zaman** (Employee)
Toyota Corolla ARV-573	1,389	404	690	--do--	**Mr.Zubair Daud** (Employee)
Toyota Corolla ASA-355	1,389	396	865	--do--	**Mr.Muhammad Iqbal** (Employee)
Honda Civic ASW-582	1,719	581	875	--do--	**Mr.Abdul Ghaffar** (Employee)
Toyota Corolla AET-073	849	53	590	--do--	**Mr.Pervaiz** (Employee)
Suzuki Alto ARH-136	620	155	613	--do--	**Mr.Abdul Khalique** (Employee)
Suzuki Alto AQQ-564	530	100	346	--do--	**Mr.Javed** (Employee)
Suzuki Liana ASH-884	1,024	286	654	--do--	**Mr.Abdul Ghaffar** (Employee)
Suzuki Baleno AEZ-933	774	62	350	Negotiation	**Mr.Sanaullah Khan** House#48/A, New Haji Camp, Karachi.
Toyota Corolla AFL-403	1,169	82	490	--do--	**Mr.Muhammad Shakeel** Plot# 8, Street# 3, Muslimabad, Karachi.
Toyota Corolla AZD-822	1,718	1,305	1,500	Insurance Claim	**M/s. EFU General Insurance** Karachi.
Items having book value upto Rs.50 thousand each	550	190	413	Various	**Various**
Sub Total	**14,636**	**4,540**	**9,178**	--	--
Total - 2015	15,051	4,663	9,206	--	--
Total - 2014	**34,436**	**12,273**	**20,731**	--	--

(Pak Rupees in Thousand)

5.4 Capital Work-in-Progress

	Balance as at July 1, 2014	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2015
Factory building on lease hold land under construction	3,861	1,166	(2,438)	2,589
Plant and machinery under erection	36,426	265,263	(249,362)	52,327
Factory equipment	-	6,854	(2,968)	3,886
Office Equipment	-	60	(60)	-
	40,287	273,343	(254,828)	58,802

	Balance as at July 1, 2013	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2014
Factory building on lease hold land under construction	1,594	4,394	(2,127)	3,861
Plant and machinery under erection	195,336	273,316	(432,226)	36,426
Factory equipment	-	27,525	(27,525)	-
Office Equipment	-	435	(435)	-
	196,930	305,670	(462,313)	40,287

(Pak Rupees in Thousand)

6 LONG TERM INVESTMENT

Related Party

	2015	2014
In Associated Company - Unlisted Public Limited Company		
At the beginning of the year	3,780,174	3,163,411
Investment in shares made during the year	-	297,000
Share of profit after income tax for the period	91,740	319,763
Dividend recognised	(255,150)	-
	3,616,764	3,780,174

This represents value of 56.7 million (2014: 56.7 million shares) including 12 million Bonus shares invested in an associated company namely Messrs. Novatex Limited representing 36.83% (2014: 36.83%) of its total issued/paid up capital.

In compliance with IAS-28 "Investment in Associates and Joint Ventures", the above investment has been valued, using equity method. The annual audit of associate's accounts as on June 30, 2015, has been still in progress, at the time, when Board of Directors of the Parent Company approved the consolidated accounts of the Group. Upon request of the Parent Company, the associate company has communicated its unaudited financial results, as on March 31, 2015 for the purpose of application of equity method, accordingly the share of profit of associate is based on unaudited result. The accumulated addition of Rs.3,049.764 million (March 2014 : Rs.3,213.174 million), to the Parent Company's unappropriated profit, is not available for distribution, to the shareholders of the Parent Company, until realised.

		(Pak Rupees in Thousand) 2015	2014
7 LONG TERM LOANS - Considered good			
Secured - Interest free			
To employees other than Chief Executive & Directors		7,720	4,142
Amount due in twelve months shown under current assets		(6,916)	(3,931)
Recoverable within three years		804	211

7.1 The above loans are under the terms of employment and are secured against the post employment benefits of the employees.

7.2 It includes loans to executives and its reconciliation is here under:

	2015	2014
Balance at beginning	-	308
Disbursements during the year	4,500	74
Recoveries during the year	(1,371)	(382)
Balance at end	3,129	-

7.2.1 The maximum aggregate amount of loan due from executives at any month end during the year was Rs.3.860 million (2014: Rs.0.336 million).

	2015	2014
8 LONG TERM DEPOSITS		
Security deposits for utilities and others	1,669	1,671

		2015	2014
9 STORES, SPARE PARTS AND LOOSE TOOLS			
In hand:			
Stores		133,639	157,442
Spare parts		483,749	468,624
Loose tools		5,292	3,441
		622,680	629,507
Provision for slow moving stores, spare parts and loose tools	9.1	(29,204)	(16,909)
		593,476	612,598
In transit		5,424	54,047
		598,900	666,645

	2015	2014
9.1 Provision for slow moving stores, spare parts and loose tools		
Balance at beginning	16,909	14,212
Charge for the year	12,305	3,078
Reversals due to consumption	(10)	(381)
	12,295	2,697
Balance at end	29,204	16,909

	Notes	(Pak Rupees in Thousand) 2015	2014
10 STOCK IN TRADE			
Raw material		540,006	714,877
Raw material in transit		20,686	5,923
Goods in process		779,088	628,472
Finished goods		1,170,397	966,009
		2,510,177	2,315,281

These include raw material costing Rs.364.285 million (2014: Nil) valued at net realisable value of Rs.338.785 million (2014: Nil), goods in process costing Rs.787.389 million (2014: Rs.403.373 million) valued at net realisable value of Rs.733.236 million (2014: Rs.392.523 million) and finished goods costing Rs.1,073.267 million (2014: Rs.816.457 million) valued at net realisable value of Rs.960.366 million (2014: Rs.759.728 million).

11 TRADE DEBTS

	Notes	2015	2014
Considered good			
Secured			
Local		51,274	81,697
Export		86,388	74,432
	11.1	137,662	156,129
Unsecured		630,051	932,636
		767,713	1,088,765
Considered doubtful			
Unsecured		67,975	60,446
Provision for doubtful debts	11.2	(67,975)	(60,446)
		-	-
		767,713	1,088,765

11.1 These are secured against letters of credit issued by banks in favour of the Parent Company.

	2015	2014
11.2 Provision for doubtful debts		
Balance at beginning	60,446	24,963
Charge for the year	37,829	58,843
Reversals since recovered	(29,730)	(22,714)
	8,099	36,129
Write offs	(570)	(646)
Balance at end	67,975	60,446

12 LOANS AND ADVANCES - Considered good

	Notes	2015	2014
Secured			
Amount recoverable in twelve months from employees and executives	7	6,916	3,931
Advances to employees	12.1	651	390
		7,567	4,321
Unsecured			
Advances :			
to suppliers and contractors	12.2	31,204	30,052
for imports		7,355	3,615
		38,559	33,667
		46,126	37,988

	Notes	2015	2014
		(Pak Rupees in Thousand)	

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

12.2 These include advances against purchase of vehicles amounting to Rs.3.969 million (2014: Rs.4.731 million).

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Notes	2015	2014
Shipping guarantees - deposit		8,487	-
Security deposits		220	3,796
Prepayments	13.1	3,490	105,684
		12,197	109,480

13.1 These include prepayments to a related party i.e. Messrs. Novatex Limited of Rs.Nil (2014: Rs.11.223 million) being the amount of advance rent.

14 OTHER RECEIVABLES - Considered good

	Notes	2015	2014
Receivable from suppliers	14.1	26,371	168,259
Claims receivable from suppliers		3,317	729
Claim receivable from Insurance Companies		-	3,411
Sales tax		137,242	39,449
Others		1,250	1,182
		168,180	213,030

14.1 These include balances of US$ 0.112 million (2014: US$ 1.707 million).

15 TAXES REFUND DUE FROM FEDERAL GOVERNMENT

	Notes	2015	2014
Income tax		181,536	102,202
Sales tax		16,508	188
		198,044	102,390

16 CASH AND BANK BALANCES

	Notes	2015	2014
Cash :			
In hand		1,745	1,793
At banks in current accounts : Local currency	16.1	88,720	451,648
Foreign currency	16.2	963	767
		91,428	454,208

16.1 These Includes Rs.2.310 million (2014: Rs.2.115 million) received from contractors as security deposit.

16.2 These represent balances of US$ 8,226.46 and Euro € 1,129.98 (2014 : US$ 6,236.92 and Euro € 1,129.98).

	Notes	(Pak Rupees in Thousand) 2015	2014

17 SHARE CAPITAL

17.1 Authorised capital

			2015	2014
44,000,000	Ordinary shares of Rs. 10 each		440,000	440,000

17.2 Issued, subscribed and paid up capital

			2015	2014
30,136,080	Ordinary shares of Rs.10/-each allotted for consideration paid in cash		301,361	301,361
8,228,400	Ordinary shares of Rs.10/-each allotted as fully paid bonus shares		82,284	82,284
38,364,480			383,645	383,645

These include 1,620,387 (2014 : 1,620,387) shares held by an associated company, Messrs. Gani & Tayub (Private) Limited.

18 CAPITAL RESERVES

	Notes	2015	2014
Share premium	18.1	383,645	383,645
Others	18.2	75,000	75,000
		458,645	458,645

18.1 This represents premium of Rs. 20 per share received on initial public issue of 17,438,400 shares in 1992 and premium of Rs.10 per share received on right issue of 3,487,680 shares in 1998. This reserve can be utilised by the Parent Company only for the purposes specified in section 83(2) of the Companies Ordinance, 1984.

18.2 This represents reserve for replacement of plant and machinery.

19 GENERAL RESERVE

	2015	2014
General reserve	2,785,000	2,785,000

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

20 DEFERRED LIABILITIES

	Notes	2015	2014
Income tax-net	20.1	541,875	219,406
Defined benefit plan	20.2	244,510	181,446
		786,385	400,852

20.1 This comprises of the following major timing differences:

	2015	2014
Deferred tax liability arising in respect of accelerated tax depreciation allowances	190,880	244,431
Deferred tax liability arising in respect of unrealised accumulated profit from associates	381,221	-
Deferred tax asset arising in respect of :		
Provision for doubtful debts	(21,752)	(19,947)
Provision for slow moving stores, spare parts and loose tools	(8,474)	(5,078)
	541,875	219,406

At the balance sheet date, deferred tax asset amounting to Rs.167.790 million has not been recognised by the Parent Company considering that it is not probable that sufficient taxable profit will be available in future.

	Notes	(Pak Rupees in Thousand) 2015	2014

20.2 Actuarial valuation of the plan is carried out as at June 30, 2015. The calculation for provision of defined benefit plan is as under:-

Movement of the liability recognised in the balance sheet			
Balance at beginning		181,446	149,608
Expense	20.2.1	40,683	25,114
Remeasurement: actuarial losses on obligation		28,060	11,307
Payment		(5,679)	(4,583)
Balance at end		244,510	181,446

20.2.1 Expense		
Service cost	17,018	8,173
Interest cost	23,665	16,941
	40,683	25,114

The principal actuarial assumptions used were as follows:	%	%
Discount rate	9.75%	13.25%
Future salary increase rate - long term	8.75%	11.25%
Withdrawal Rate	Moderate	Moderate
Mortality	Adjusted SLIC 2001 - 2005	Adjusted SLIC 2001 - 2005

Sensitivity Analysis

	PVDBO (Pak Rupees in Thousand)	Percentage Change
Current Liability	244,510	-
+ 1% Discount Rate	233,179	-4.63%
- 1% Discount Rate	257,454	5.29%
+ 1% Salary Increase Rate	258,021	5.53%
- 1% Salary Increase Rate	232,488	-4.92%
+ 10% Withdrawal Rates	244,532	0.01%
- 10% Withdrawal Rates	244,491	-0.01%
1 Year Mortality age set back	244,762	0.10%
1 Year Mortality age set forward	244,271	-0.10%

21 TRADE AND OTHER PAYABLES

	Notes	2015	2014
Trade creditors		481,838	354,285
Bills payable		384,315	481,580
Accrued expenses	21.1	187,526	281,266
Advance payments from customers		286,987	250,106
Creditors for capital expenditures		82	55
Security deposits from contractors	21.2	2,310	2,115
Workers' Welfare Fund	21.3	59,266	47,133
Infrastructure Cess on imports	21.4	87,137	74,613
Unclaimed dividend		40,666	10,146
Withholding taxes		7,641	7,331
Payable to Provident Fund Trusts		3,113	2,946
Other liabilities	21.5	34,745	31,983
		1,575,626	1,543,559

21.1 These include Rs.4.476 million (2014: 2.357 million) and Rs.0.349 million (2014: Rs.0.409 million) payable to related parties i.e. Messrs. Novatex Limited and Messrs. Gani & Tayub (Private) Limited respectively.

21.2 This represents deposits from contractors held in separate bank account.

21.3 Workers' Welfare Fund

The Subsidiary Company i.e. Gatro Power (Private) Limited, owing to numerous, constitutional, legal and other reasons, is fully confident and has unflinching conviction, that Workers' Welfare Fund is not payable by the Subsidiary Company, since 2008-09 and intends impugning the charge, in the court of law with utmost vehemence. The provision amounting to Rs.52.546 million (2014: Rs.41.615 million) is being carried only as an abundant precaution and does not signify acceptance, by the Subsidiary Company, of the aforesaid Workers' Welfare Fund liability.

	(Pak Rupees in Thousand) 2015	2014
21.4 Infrastructure Cess on imports		
Balance at beginning	74,613	59,885
Provision made during the year	26,568	27,937
Payment made during the year	(14,044)	(13,209)
Balance at end	87,137	74,613

The Parent Company had filed a petition in the Honorable High Court of Sindh at Karachi challenging the levy of Infrastructure Cess on imports. The Divisional Bench announced Judgment adjudicating the levy collected upto December 27, 2006 as invalid and collection thereafter as valid. The Parent Company and the respondent filed appeals before the Supreme Court of Pakistan challenging the partial judgment of the Honorable High Court of Sindh.

In due course of time, the Government of Sindh withdrew its petition from the Supreme Court. Later on the Supreme Court vide its order dated May 20, 2011 set aside the order passed by the High Court of Sindh. Consequently a new petition was filed by the Parent Company in the High Court of Sindh. Through an interim order dated May 31, 2011, the High Court of Sindh 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. Till balance sheet date, the Parent Company has provided bank guarantee amounting to Rs.89.865 million (2014: Rs.74.865 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 the accounts as an abundant precaution.

21.5 These include Rs. 26.198 million (2014: Rs.24.467 million) received from employees under car policy.

	(Pak Rupees in Thousand) 2015	2014

22 ACCRUED MARK UP

	2015	2014
Mark up on short term borrowings	16,789	25,880

23 SHORT TERM BORROWINGS - Secured

From banking companies under mark up arrangements

	2015	2014
Running finance	625,512	1,287,334
Finance under F.E. Circular No.25 of SBP-Foreign currency	137,367	-
Export re-finance	-	100,000
	762,879	1,387,334

23.1 The Parent Company has aggregate facilities of short term borrowings amounting to Rs.4,605 million (2014: Rs.4,555 million) from various commercial banks (as listed in Note 23.3) out of which Rs.3,901 million (2014: Rs.3,387 million) remained unutilised at the year end. The Parent Company also has Rs.1,000 million (2014: Rs.325 million) swinging facility with an Associate Company, out of which Rs.59 million (2014: Rs.219 million) utilized by the Parent Company at the year end. The mark up rates for running finance ranged between Rs.0.2573 to Rs.0.3008 per Rs.1000/- per day. Finance under F.E. Circular No.25 of SBP represents US$ 1.351 million (2014: Nil) and repayable in foreign currency. The rate of mark up on Finance obtained under F.E. Circular No.25 of SBP is 2% per annum. These facilities are renewable annually at respective maturities.

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

23.3 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib Limited, Dubai Islamic Bank Limited, Faysal Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited, JS Bank Limited, MCB Bank Limited, Meezan Bank Limited, National Bank of Pakistan, NIB Bank Limited, Samba Bank Limited, Standard Chartered Bank (Pakistan) Limited and United Bank Limited.

24 PROVISION FOR INCOME TAX LESS PAYMENTS

	2015	2014
Balance at beginning	27,736	(44,407)
Provision for the year - Current	89,392	74,285
Prior	(59,451)	-
	29,941	74,285
	57,677	29,878
Payments during the year	(73,944)	(52,334)
Adjustments for the year	79,334	50,192
Balance at end	63,067	27,736

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

a) The Parent Company makes provision for Workers' Profit Participation Fund, based on the management's considered view that the law on workers' participation in profits, necessitates participation of the workers, in the manner laid down in the law, from net profit [from which all the expenses, including cesses, levies and taxes, are fully deducted] and which is available for participation and attributable to workers role which may be subject to interpretation by the relevant authority. The quantum of the differential amount upto June 30, 2015 involved is Rs.27.623 million (2014: Rs.27.623 million) and no provision for that amount is considered in the financial statements as the management is confident that no further liability will arise on this account. Accordingly, the Parent Company has discharged its liability on the basis of management considered view and so far no negative inference has been communicated to the Parent Company.

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

c) FBR initiated action against few buyers of 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 has, however, challenged the action before the Honorable High Court of Sindh. Realizing the facts of the case, circumstances and legal position, the Honorable High Court of Sindh 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 profit and loss account in last year. 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.

d) The Government of Pakistan, through Finance Act 2012, by an amendment in Second Schedule of The Gas Infrastructure Cess Act 2011, increased the Gas Infrastructure Development Cess (GIDC) from July-2012 from Rs.13 to Rs.100 per MMBTU. This was subsequently reduced by the Government to Rs.50 per MMBTU from September-2012. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in GIDC. The Sindh High Court has been pleased to stay recovery of the enhanced GIDC and hence the Group has not paid the enhanced GIDC. Additionally, the Government through Finance Act 2014, by promulgating the Gas Development Infrastructure Cess Ordinance 2014, has increased the amount of GIDC for both captive power and industrial consumption to Rs.200 & Rs.150 per MMBTU respectively. This time also the Group alongwith several other companies has filed a suit in the Sindh High Court, challenging the increase in GIDC and Sindh High Court granted stay accordingly.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby GIDC rates of Rs. 100 per MMBTU and Rs. 200 per MMBTU were fixed for industrial and captive power consumers, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014. The matter regarding levy of the GIDC prior to promulgation of the GIDC Act, 2015 is presently indeterminate and subjudice. The Group along with several other companies filed suit in the Honorable Sindh High Court challenging the increase in GIDC through the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015. The Honorable Sindh High Court has issued stay against recovery of the GIDC under the GIDC Act, 2011, the GIDC Ordinance, 2014 and the GIDC Act, 2015, hence the Group has not paid GIDC under the above referred laws.

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Group is confident that amount of the enhanced GIDC on industrial consumers, from July 2012 to June 2014 amounting to Rs.177.611 million will no more be payable so the same has been reversed in these financial statements as referred in note 31. Further, as the Group is confident that the case will be decided in favor of the Appellants, total amount of enhanced GIDC upto June 30, 2015 worked out at Rs.450.546 million (2014: Rs.177.611 million), however Group has provided Rs.247.357 million pertaining to the period of July 2014 to June 2015 for Captive Power and June 2015 for Industrial as an abundant precaution and remaining amount of Rs. 203.189 million has not been provided in these financial statements, in view of reason stated above.

25.2 Guarantees

Bank guarantees and Letters of Credit issued by the banks on behalf of the Group in favour of:

	Note	2015 (Pak Rupees in Thousand)	2014 (Pak Rupees in Thousand)
The Director Excise & Taxation, Karachi		89,865	74,865
The Electric Inspector, President Licencing Board, Quetta		10	10
Sui Southern Gas Company for Gas - Letters of Credit		161,937	161,937
		251,812	236,812

25.3 Commitments

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

	Note	2015	2014
Foreign currency:			
Property, plant and equipment		236,834	104,555
Raw material		176,935	243,838
Spare parts and others		80,403	44,362
		494,172	392,755
Local currency:			
Raw material		-	101,183
		494,172	493,938

26 SALES

	Note	2015	2014
Gross local sales		10,483,210	12,100,068
Third party processing charges		76,318	54,995
		10,559,528	12,155,063
Less: Sales tax	26.1	900,505	948,836
Local sales		9,659,023	11,206,227
Export sales		339,583	296,229
		9,998,606	11,502,456

26.1 These include local reduced rate supplies.

	Notes	(Pak Rupees in Thousand) 2015	2014
27 COST OF SALES			
Raw material consumed		6,969,154	7,558,228
Stores, spare parts and loose tools consumed		223,401	219,028
Outsource processing charges		240,071	159,127
Salaries, wages, allowances and benefits	27.1	842,406	751,598
Power, fuel and gas		948,618	909,599
Rent, rates and taxes		2,925	2,632
Insurance		45,676	41,905
Cartage & Transportation		107,261	112,111
Repairs and maintenance		112,349	162,233
Communications & Computer expenses		1,760	1,603
Water supply		33,209	12,181
Travelling		2,254	2,479
Legal & professional fees		3,049	4,640
Sundry		42,041	50,110
Depreciation	5.2	360,643	318,007
		9,934,817	10,305,481
Duty draw back		(152)	(129)
Scrap sales	27.2	(26,936)	(17,064)
		9,907,729	10,288,288
Opening stock of goods-in-process		628,472	747,624
Closing stock of goods-in-process		(779,088)	(628,472)
Cost of goods manufactured		9,757,113	10,407,440
Opening stock of finished goods		966,009	1,105,595
Closing stock of finished goods		(1,170,397)	(966,009)
		9,552,725	10,547,026

27.1 These include Rs.16.608 million (2014 : Rs.14.581 million) and Rs.13.118 million (2014: Rs.9.153 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

27.2 Net off sales tax amounting to Rs.1.373 million (2014: Rs.2.396 million)

28 DISTRIBUTION AND SELLING EXPENSES

	Notes	2015	2014
Salaries, allowances and benefits	28.1	35,421	29,930
Insurance		3,989	3,866
Rent, rates and taxes		624	990
Handling, freight and transportation		182,167	168,869
Advertisement and sales promotion		844	914
Communications		291	263
Travelling		1,319	1,114
Fee & subscriptions		426	366
Sundry		8,276	30,885
Depreciation	5.2	943	1,051
		234,300	238,248

28.1 These include Rs.0.827 million (2014 : Rs.0.827 million) and Rs.5.407 million (2014 : Rs.3.887 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

	Notes	(Pak Rupees in Thousand) 2015	2014
29 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	29.1	165,988	133,123
Rent, rates and taxes		45,240	45,246
Insurance		1,412	1,272
Repairs and maintenance		10,695	8,665
Travelling		5,554	5,303
Communications		3,073	2,407
Legal & professional fees		4,765	16,562
Utilities		8,800	6,429
Printing and stationery		2,322	2,278
Transportation		3,767	3,899
Sundry		11,787	6,278
Depreciation	5.2	6,801	6,333
		270,204	237,795

29.1 These include Rs.4.829 million (2014 : Rs.4.710 million) and Rs.22.158 million (2014 : Rs.12.074 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

30 OTHER OPERATING EXPENSES

Loss on disposal of property, plant and equipment		102	99
Provision for doubtful trade debts - net	11.2	8,099	36,129
Provision for slow moving stores, spare parts and loose tools - net	9.1	12,295	2,697
Exchange loss - net		7,827	-
Corporate social responsibilities	30.1	14,442	21,434
Workers' Welfare Fund		12,133	13,288
Auditors' remuneration	30.2	1,395	1,267
		56,293	74,914

30.1 These include donation of Rs.10.850 million (2014: Rs. 8.546 million) to Messrs. Gatron Foundation in which Chief Executive and six directors of the Parent Company are governors. None of the directors of the Parent Company or their spouses has any interest in any donee fund, in so far as other donations are concerned.

	Notes	2015	2014
		(Pak Rupees in Thousand)	
30.2 Auditors' remuneration			
Audit fee - Annual accounts		1,123	1,146
Limited review, audit of consolidated financial statements, winding up financial statements of Subsidiary Company,			
Provident funds and certification fee		115	63
Sindh sales tax on services		73	-
Out of pocket expenses		84	58
		1,395	1,267

31 OTHER INCOME

	Notes	2015	2014
Income from non -financial assets			
Gain on disposal of property, plant and equipment		4,645	8,557
Others			
Liabilities no more payable written back		3,630	3,457
Reversal of provision for Gas Infrastructure Development Cess		177,611	-
Insurance claim received		24,422	-
Exchange gain - net		-	2,209
Miscellaneous income		242	229
		205,905	5,895
		210,550	14,452

32 FINANCE COST

	Notes	2015	2014
Mark up on short term borrowings		103,283	116,743
Bank charges		2,032	2,223
		105,315	118,966

33 INCOME TAX

	Notes	2015	2014
For the current year		89,392	74,285
For the prior year		(59,451)	-
		29,941	74,285
Deferred	33.1	322,469	(57,237)
		352,410	17,048

33.1 It includes amounting to Rs.381.221 million pertains to deferred tax provided during the year on un-realized share of profit in associate company, refer note 4.10.

	Notes	(Pak Rupees in Thousand) 2015	2014
Relationship between income tax and profit before income tax :			
Profit before income tax		83,345	619,450
Income tax rate		33%	34%
Income tax on profit before income tax		27,504	210,613
Tax effect of:			
minimum tax		99,357	114,675
tax credits		(39,066)	(43,294)
income assessed under final tax regime		(781)	(3,547)
change in statutory tax rate for next year		(5,021)	(6,649)
others		134,187	(22,760)
prior year reversal for income tax		(59,451)	-
deferred tax effect on un-realised share of profit in associate company		381,221	-
income exempt from subsidiary		(180,368)	(123,387)
loss from subsidiaries		12	24
dividend income and share of profit in associate company		(5,184)	(108,627)
Income tax for the year		352,410	17,048

34 EARNINGS PER SHARE - BASIC AND DILUTED

	2015	2014
(Loss) / profit after income tax	(269,065)	602,402
	(Number of Shares)	
Number of Ordinary shares	38,364,480	38,364,480
	Rupees	Rupees
(Loss) / earnings per share - Basic and diluted	(7.01)	15.70

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

35 CASH AND CASH EQUIVALENTS

	Notes	2015	2014
Cash and bank balances	16	91,428	454,208
Short term borrowings	23	(762,879)	(1,387,334)
		(671,451)	(933,126)

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

FINANCIAL ASSETS AND LIABILITIES

(Pak Rupees in Thousand)

	Interest/mark-up bearing			Non-Interest/mark-up bearing				
	Maturity upto one year	Maturity after one year	Sub Total	Maturity upto one year	Maturity after one year	Sub Total	2015 Total	2014 Total
Financial Assets								
Long term investment	-	-	-	-	3,616,764	3,616,764	3,616,764	3,780,174
Loans and advances	-	-	-	7,567	804	8,371	8,371	4,532
Deposits	-	-	-	8,707	1,669	10,376	10,376	5,467
Trade debts	-	-	-	767,713	-	767,713	767,713	1,088,765
Other receivables	-	-	-	27,621	-	27,621	27,621	173,581
Cash and bank balances	-	-	-	91,428	-	91,428	91,428	454,208
	-	-	-	903,036	3,619,237	4,522,273	4,522,273	5,506,727
Financial Liabilities								
Trade and other payables	-	-	-	1,134,595	-	1,134,595	1,134,595	1,164,376
Accrued mark up	-	-	-	16,789	-	16,789	16,789	25,880
Short term borrowings	762,879	-	762,879	-	-	-	762,879	1,387,334
	762,879	-	762,879	1,151,384	-	1,151,384	1,914,263	2,577,590

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

36.1 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying value of all financial assets and liabilities reflected in the financial statements approximate at their fair value.

36.2 FINANCIAL RISK MANAGEMENT OBJECTIVES

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

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

A **Market Risk**

i **Foreign exchange risk**

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

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

	(Pak Rupees in Thousand) 2015	2014
Bills Payable	384,315	481,580
Finance under F.E. Circular No.25 of SBP	137,367	-
	521,682	481,580
Trade Debts	(86,388)	(74,432)
Receivable from suppliers	(11,394)	(168,259)
Foreign currency bank accounts	(963)	(767)
	(98,745)	(243,458)
	422,937	238,122
Commitments - Outstanding letters of credit	494,172	392,755
Net exposure	917,109	630,877

The following significant exchange rates have been applied

	Average rate 2015	2014	Reporting date rate 2015	2014
		Rupees		
USD to PKR	101.21	102.90	101.70	98.75
Euro to PKR	121.39	139.93	113.79	134.73
AED to PKR	27.51	28.02	27.64	26.89
JPY to PKR	0.93	1.02	0.83	0.97
CHF to PKR	-	114.24	-	110.82

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

	Average rate 2015	2014	Reporting date rate 2015	2014
		(Pak Rupees in Thousand)		
Effect on profit & loss account				
USD to PKR	72,922	53,198	73,279	51,095
Euro to PKR	26,185	13,261	24,545	12,768
AED to PKR	(6,260)	(2,361)	(6,290)	(2,261)
JPY to PKR	198	346	176	331
CHF to PKR	-	1,189	-	1,154
	93,045	65,633	91,710	63,087

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

ii Price risk

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

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

iii Interest / Markup rate risk

Interest / Markup rate risk arises from the possibility of changes in Interest / Markup rates which may effect the value of financial instruments. The Parent Company has short term borrowings at variable rates. At the balance sheet date the interest profile of the Group's interest-bearing financial instrument is:

			(Pak Rupees in Thousand)	
	2015	2014	2015	2014
	Effective rate (in %)		Carrying amount	
Financial Liabilities				
Variable rate instruments				
Short term borrowings	5.99 - 10.37	8.77 - 10.46	762,879	1,387,334

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have decreased / (increased) profit for the year by the amounts shown below. This analysis assumes that all other variable, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2014.

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2015		
Cash flow sensitivity - Variable rate financial liabilities	(7,629)	7,629
As at June 30, 2014		
Cash flow sensitivity - Variable rate financial liabilities	(13,873)	13,873

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

B Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties failed completely to perform as contracted. The Group manages credit risk interalia by setting credit limits in relation to individual customers and by obtaining advance against sales and also obtains collaterals, where considered necessary. Also the Group does not have significant exposure in relation to individual customer. Consequently, the Group believes that it is not exposed to any major concentration of credit risk.

Exposure to credit risk

The carrying amount of the financial assets represent the maximum credit exposure before any credit enhancements. Out of total financial assets of Rs.4,522.273 million (2014 : Rs.5,506.727 million), the financial assets which are subject to credit risk amounted to Rs.903.764 million (2014: Rs.1,724.760 million). The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	(Pak Rupees in Thousand) 2015	2014
Loans and advances	8,371	4,532
Deposits	10,376	5,467
Trade debts	767,713	1,088,765
Other receivables	27,621	173,581
	795,334	1,262,346
Bank balances	89,683	452,415
	903,764	1,724,760

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

	2015	2014
Not past due	544,254	894,792
Past due 1-30 days	71,010	75,418
Past due 31-90 days	140,485	165,625
Past due 91-180 days	34,967	69,315
Past due 180 days	72,593	117,642
	863,309	1,322,792
Provision for doubtful debts	(67,975)	(60,446)
	795,334	1,262,346

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

Bank	Rating Agency	Rating Short term	Rating Long term
Bank Al-Falah Limited	PACRA	A1+	AA
Bank Al-Habib Limited	PACRA	A1+	AA+
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	A+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
JS Bank Limited	PACRA	A1+	A+
MCB Bank Limited	PACRA	A1+	AAA
Meezan Bank Limited	JCR-VIS	A-1+	AA
National Bank of Pakistan	PACRA	A1+	AAA
NIB Bank Limited	PACRA	A1+	AA-
Samba Bank Limited	JCR-VIS	A-1	AA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
United Bank Limited	JCR-VIS	A-1+	AA+

C **Liquidity risk**

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

The Group manages liquidity risk by maintaining sufficient cash and ensuring the fund availability through adequate credit facilities. At June 30, 2015, the Parent Company has Rs.4,605 million plus Rs.1,000 million swinging facility with Associate Company, available borrowing limit from financial institutions. The Group has unutilised borrowing facilities of Rs. 3,901 million in addition to balances at banks of Rs.90 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest/mark-up payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Beyond six months
	---------------------------- (Pak Rupees in Thousand) ----------------------------			
2015				
Trade and other payables	1,134,595	1,134,595	1,134,595	-
Accrued mark up	16,789	16,789	16,789	-
Short term borrowings	762,879	763,337	763,337	-
	1,914,263	1,914,721	1,914,721	-
2014				
Trade and other payables	1,164,376	1,164,376	1,164,376	-
Accrued mark up	25,880	25,880	25,880	-
Short term borrowings	1,387,334	1,387,334	1,387,334	-
	2,577,590	2,577,590	2,577,590	-

36.3 CAPITAL RISK MANAGEMENT

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

The gearing ratio as at June 30, 2015 and 2014 were as follows:

	(Pak Rupees in Thousand) 2015	2014
Total borrowings	762,879	1,387,334
Cash and bank	(91,428)	(454,208)
Net debt	671,451	933,126
Total equity	7,158,264	7,648,497
Total capital	7,829,715	8,581,623
Gearing ratio	9%	11%

The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

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

37 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

(Pak Rupees in Thousand)

	Chairman		Chief Executive		Directors		Executives		TOTAL	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Managerial remuneration	10,016	-	15,558	14,189	21,780	24,597	121,466	99,255	168,820	138,041
Post Employment benefits	-	-	5,088	4,488	6,295	5,885	23,084	15,218	34,467	25,591
Utilities	-	-	99	88	68	152	34	31	201	271
Other benefits	-	-	-	-	2,245	2,166	57,813	49,548	60,058	51,714
	10,016	-	20,745	18,765	30,388	32,800	202,397	164,052	263,546	215,617
Number of persons										
for remuneration	1	-	1	1	3	4	78	67	83	72

37.1 Aggregate amount of meeting fee to Chairman and 3 non-executive Directors (2014: 3 non-executive Directors) was Rs.90 thousand (2014: Rs.85 thousand).

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

37.3 An Associated Company reimbursed Rs.28.092 million (2014: Rs.22.024 million) in respect of services provided by certain directors and executives during the year.

38 SEGMENT REPORTING

38.1 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 Messrs. Global Synthetics Limited, which has not yet commenced its operations till date.

- Electric Power generation- it comprises operations of Gatro Power (Pvt) Limited.

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

38.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2015 is as follows:

(Pak Rupees in Thousand)

	June 2015					June 2014				
	Polyester Filament Yarn	Polyester PET Preform	Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preform	Polyester Polymer	Power Generation	Group
Sales	7,372,281	2,903,000	10,275,281	1,627,502	11,902,783	8,729,689	3,034,010	11,763,699	1,536,722	13,300,421
Segment result	(557,416)	91,237	(466,179)	407,111	(59,068)	(84,615)	190,435	105,820	373,122	478,942

Reconciliation of segment sales & results with sales & (loss)/profit before income tax:

	June 2015 Polyester Polymer	June 2015 Power Generation	June 2015 Group	June 2014 Polyester Polymer	June 2014 Power Generation	June 2014 Group
Total sales for reportable segments			11,902,783			13,300,421
Elimination of inter-segment sales from subsidiary			(1,904,177)			(1,797,965)
Sales			9,998,606			11,502,456
Total results for reportable segments	(466,179)	407,111	(59,068)	105,820	373,122	478,942
Other operating expenses	(44,110)	(12,298)	(56,408)	(64,594)	(10,393)	(74,987)
Other income	58,828	152,167	210,995	14,303	594	14,897
Finance cost	(104,904)	(411)	(105,315)	(118,547)	(419)	(118,966)
Investment income - Dividend	616,350	-	616,350	225,750	-	225,750
Share of profit in associate company			93,026			319,491
	59,985	546,569	699,580	162,732	362,904	845,127
Elimination of intra group transaction			(616,235)			(225,677)
Profit before income tax			83,345			619,450

Assets and liabilities by segments are as follows:

	Polyester Filament Yarn	Polyester PET Preform	Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preform	Polyester Polymer	Power Generation	Group
Segment assets	3,872,519	1,370,457	5,242,976	1,272,981	6,515,957	4,234,219	1,269,941	5,504,160	1,104,588	6,608,748
Segment liabilities	439,503	124,734	564,237	393,616	957,853	334,806	116,099	450,905	410,487	861,392

Reconciliation of segments assets and liabilities with totals in the balance sheet is as follows:

	June 2015 Assets	June 2015 Liabilities	June 2014 Assets	June 2014 Liabilities
Total for reportable segments	6,515,957	957,853	6,608,748	861,392
Unallocated assets/liabilities	5,044,902	2,841,966	4,621,155	2,564,111
Elimination of intra group balances	(1,197,849)	(595,073)	(196,045)	(40,142)
Total as per balance sheet	10,363,010	3,204,746	11,033,858	3,385,361

Other segment information is as follows:

	Polyester Filament Yarn	Polyester PET Preform	Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preform	Polyester Polymer	Power Generation	Group
Depreciation	218,698	75,489	294,187	74,200	368,387	198,652	75,289	273,941	51,450	325,391
Capital expenditures incurred during the period	280,234	49,432	329,666	121,751	451,417	306,334	18,543	324,877	23,099	347,976
Unallocated capital expenditure incurred during the period					8,599					39,814
Total					460,016					387,790

38.3 All non-current assets of the Group as at June 30, 2015 are located in Pakistan. Company's local sales represents sales to various external customers in Pakistan whereas export sales represents sales to customers in various countries.

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

		(Metric Tons) 2015	2014

39 PLANT CAPACITY AND ACTUAL PRODUCTION

		2015	2014
39.1 Polyester Filament Yarn	39.1.1		
Annual capacity		24,191	24,191
Actual production		37,028	39,434
39.2 Polyester P.E.T. Preforms	39.2.1		
Annual capacity		27,606	27,606
Actual production		17,670	13,265
		(KWH in Thousand)	
39.3 Electric Power	39.3.1		
Annual capacity		213,222	213,222
Actual production		143,908	151,959

39.1.1 The capacity is determined based on 75 denier and 24 filament. Actual production represents production of various deniers.

39.2.1 The capacity is determined based on 39 gms 12 months production. Actual production represents production of various grammage. The actual production versus annual capacity is lower on account of very low preform demand/production in winter months of the year. The actual production of preforms (various grammage) in pieces was 571.609 million (2014: 404.890 million) against annual capacity (based on 39 gms) of 707.858 million pieces.

39.3.1 The capacity includes capacities of standby generators.

40 TRANSACTIONS WITH RELATED PARTIES

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

		(Pak Rupees in Thousand) 2015	2014
Associated Company	Purchase / sale of services	305,305	206,131
	Purchase of other material	716	566
	Investment in shares during the year	-	297,000
	Receipt of dividend	255,150	-
	On account of rent	44,890	44,890
	On account of reimbursement of expenses	48,488	42,075
Other Related Parties	Payment of dividend	8,102	10,533
	Charges on account of handling	5,612	5,128
	Payment of donation	10,850	8,546

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

Transactions and outstanding balances, as applicable in relation to Defined Contribution Plan (DCP) and Key Management Personnel (KMP) have been disclosed in notes 27.1, 28.1, 29.1 of DCP; 7.2 and 37 of KMP; respectively. KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity directly or indirectly. The Group considers its Chief Executive, Executive Directors and other executives to be KMP.

41 PROVIDENT FUND RELATED DISCLOSURES

The Following information is based on latest un-audited financial statements of the Funds.

	(Pak Rupees in Thousand) 2015	2014
Size of the Funds - Total Assets	366,302	322,239
Cost of Investments made	323,746	289,869
Fair Value of investments	363,170	319,269
Percentage of investments made (Fair value to size of the fund)	99.14%	99.08%

41.1 The Break-up of fair value of investments is:

	(Pak Rupees in Thousand) 2015		2014	
	Amount	%	Amount	%
Shares in Listed Companies	1	0.00%	1	0.00%
Government Securities	257,319	70.85%	239,530	75.03%
Debt Securities	10,448	2.88%	16,802	5.26%
Mutual Funds	51,558	14.20%	21,479	6.73%
Bank Deposits	43,844	12.07%	41,457	12.98%
	363,170	100.00%	319,269	100.00%

41.2 The investments out of provident funds have been made in accordance with the provision of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

42 NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2015 and 2014 respectively are as follows:

	(Number of employees) 2015	2014
Average number of employees during the year	1,059	1,102
Number of employees as at June 30	1,016	1,077

43 NON ADJUSTING EVENT AFTER BALANCE SHEET DATE

The Board of Directors of the Parent Company, in its meeting held on September 12, 2015, has recommended final cash dividend of Rs.1.50 per share (2014: Rs.3.00 per share final cash dividend) This is in addition to interim cash dividend of Rs.2.00 per share (2014: Rs.2.50 per share) already paid resulting a total cash dividend for the year of Rs.3.50 per share (2014: Rs.5.50 per share). The approval of the members for the final cash dividend will be obtained in the Annual General Meeting. Since it is a non adjusting event, the financial statements for the year ended June 30, 2015 do not include the effect of the recommended final cash dividend.

44 CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purpose of better presentation. Significant changes made during the year are as follows:

Reclassification from component	Reclassification to component	(Pak Rupees in Thousand)
Trade and other payables	Trade and other payables	
Other liabilities	Withholding taxes	7,331
Other liabilities	Payable to Provident Fund Trusts	2,946

Restatement in share of profit after tax in Associated Company

In the previous year adopting the amendment in IAS-19, the associated company has reclassified figures of unrealized actuarial gain from Profit and Loss Account to Other Comprehensive Income. Therefore, corresponding figure of share of profit of associated company has been decreased by Rs. 0.272 million and Other Comprehensive Income has been increased with the same amount. There has been no effect on Balance sheet.

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 12, 2015 by the Board of Directors of the Parent Company.

46 GENERAL

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

HAJI HAROON BILWANI
Chairman

PEER MOHAMMAD DIWAN
Chief Executive

Gatron (Industries) Limited

WITHHOLDING TAX ON DIVIDEND (IN CASE OF JOINT ACCOUNT HOLDERS)

The Shareholders of the company are hereby informed that under Section 150 of the Income Tax Ordinance, 2001 and pursuant to Finance Act, 2015 withholding tax on dividend income will be deducted for "Filers" and "Non-Filers" shareholders @ 12.50% and 17.50% respectively.

According to Federal Board of Revenue (FBR) clarifications vide letter No.1/(54) Exp/2014-132872-8 dated 24th September, 2014 and their subsequent letter No.C. No.1(17) WHT/2011 dated 1st December, 2014 withholding tax will be determined separately on "Filers/Non-Filers" status of Principal shareholders as well as Joint holder(s) based on their shareholding proportions.

In this regard, all joint shareholders, are requested to provide shareholding proportions of Principal shareholder and Joint holder(s) in respect of shares held by them to our Share Registrar in writing as per undermentioned format:

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

The above required information must reach to our Share Registrar latest by October 19, 2015, otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint holder(s) and tax will be deducted accordingly.

Shareholders are therefore, advised to please check and ensure Filer status from Active Taxpayers List (ATL) available at FBR website http://www.fbr.gov.pk as well as ensure that their CNIC/Passport number has been recorded by the Participant/Investor Account Services or by Share Registrar (in case of physical shareholding).

Corporate bodies (non-individual shareholders) should ensure that their name and National Tax Numbers (NTN) are available in ATL at FBR website and recorded by respective Participant/Investor Account Services or in case of physical shareholding by company's Share Registrar.

Gatron (Industries) Limited

DIVIDEND MANDATE FORM

To:
The Share Registrar
C&K Management Associates (Private) Limited
Room No.404, 4th Floor, Trade Tower
Abdullah Haroon Road, Near Metropole Hotel,
Karachi-75530, Pakistan

OR

Broker's Name
(where shares are held in the participant's sub account)

OR

Central Depository Company of Pakistan
(where shares are held in the Investor Account Services)

1. I hereby authorize Gatron (Industries) Limited to directly credit my cash dividend declared by it, if any, in the below mentioned bank account.

(I) Shareholder's Detail	
Name of the shareholder	
Folio No.	
Participant ID and Sub Account No.	
CDC Investor Account No.	
CNIC No.*	
Passport No. (in case of foreign shareholder)**	
Land line phone number	
Cell number	

(II) Shareholder's Bank Detail	
Title of the bank account	
Bank Account No.	
Bank's name	
Branch name	
Branch address	

2. It is stated that the above-mentioned information is correct and that I will intimate the changes if any in the above-mentioned information.

____
Signature of the Shareholder

Note:

1) The shareholder who hold shares in physical form are requested to submit the above-mentioned Dividend Mandate Form after duly filled in and signed to Share Registrar concerned.

2) The Shareholders who hold shares in Central Depository System are requested to submit the above-mentioned Dividend Mandate Form duly filled in and signed to their Participant/Investor Account Services of the Central Depository Company Limited.

* Please attach attested photocopy of CNIC.
** Please attach attested photocopy of the Passport.

Gatron (Industries) Limited

PROXY FORM

I/We, ______________________________ of ______________________________

being member of **Gatron (Industries) Limited** and holder of ______________________

Ordinary shares as per Share Register Folio No. ____________________ and/or CDC

Participant ID No. ______________ and Account/Sub-Account No. ________________

hereby appoint ______________ of ______________________ as my/our proxy

to attend, speak and vote for me/us and on my/our behalf at the 35th Annual General Meeting of the Company to be held on Monday, October 19, 2015 at 11:00 a.m., and at any adjournment thereof.

Signed this ____________ day of , ______________ 2015.

Signature on Revenue Stamp of Rs.5/-

Witness:

1. Signature ______________________________
   Name ______________________________
   Address ______________________________
   CNIC No. ______________________________

2. Signature ______________________________
   Name ______________________________
   Address ______________________________
   CNIC No. ______________________________

Notes:

1. The proxy form in order to be valid must be signed across five rupees revenue stamp and should be deposited with the company not later than 48 hours before the time of holding the meeting.

2. The proxy must be a member of the company.

3. Signature should agree with the specimen signature, registered with the company.

4. CDC shareholders and their proxies must attach either an attested photocopy of their Computerized National Identity Card or Passport with this proxy form.

GATRON (INDUSTRIES) LIMITED
11th Floor, G&T Tower, # 18 Beaumont Road, Civil Lines-10, Karachi-75530 - Pakistan
Phone: (9221) 35659500-9 Fax: (9221) 35659516
Email: headoffice@gatron.com Website: www.gatron.com