GATRON (INDUSTRIES) LIMITED

ANNUAL REPORT 2017




Parent Company Presentation

Consolidated Presentation

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		

Company Secretary / Chief Financial Officer

Mohammad Yasin Bilwani

Auditors

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

Legal Advisor

Naeem Ahmed Khan
Advocates
Quetta.

Plant

Plot No.441/49-M2, Sector "M",
H.I.T.E., Main R.C.D. Highway,
Hub Chowki, Distt Lasbela,
Balochistan, Pakistan.

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

Registered Office

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

Bankers

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

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 is hereby given that the Thirty-seventh Annual General Meeting of Gatron (Industries) Limited will be held on Monday, October 23, 2017 at 11:00 a.m., at Serena Hotel, Quetta to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Thirty-sixth Annual General Meeting of the company held on October 24, 2016.

2. To receive, consider and adopt the audited accounts of the company for the year ended June 30, 2017 together with the Auditors' Report thereon and Directors' Report for the year then ended.

3. To appoint company's auditors for the year ending June 30, 2018 and fix their remuneration.

4. To transact any other ordinary business with the permission of the chair.

By Order of the Board

Mohammad Yasin Bilwani
Company Secretary & CFO

September 26, 2017

Notes:

1. The Share Transfer Books of the company will remain closed from October 14, 2017 to October 23, 2017 (both days inclusive). Transfers received in order at the office of the Share Registrar before the close of business on October 13, 2017 will be considered in time for the purpose of attendance of the Annual General Meeting.

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

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

6. The audited financial statements of the company for the year ended June 30, 2017 have been made available on the company's website in addition to annual and quarterly financial statements for the prior years.

سالانہ اجلاس عام کی اطلاع

بذریعہ ہٰذا اطلاع دی جاتی ہے کہ گیٹرون (انڈسٹریز) لمیٹڈ کا سینتیسواں سالانہ اجلاس عام درج ذیل کاروائیوں کی انجام دہی کے لیے بروز پیر، 23 اکتوبر، 2017ء صبح 11:00 بجے بمقام سیرینا ہوٹل، کوئٹہ میں منعقد ہوگا :

عمومی کاروائی:

1۔ کمپنی کے چھتیسویں سالانہ اجلاس عام منعقدہ 24 اکتوبر، 2016ء کی کاروائیوں کی توثیق۔

2۔ 30 جون، 2017ء کو ختم شدہ سال کے لیئے کمپنی کے آڈٹ شدہ حسابات بمع آڈیٹرز رپورٹ اور ڈائریکٹرز رپورٹ کی وصولی، غور وخوص اور منظوری۔

3۔ 30 جون 2018ء کو ختم ہونے والے سال کے لیئے کمپنی کے آڈیٹرز کا تقرر اور ان کے مشاہرہ کا تعین۔

4۔ صدر اجلاس کی اجازت سے دیگر عمومی کاروائی انجام دینا۔

حسب الحکم بورڈ

مورخہ: 26 ستمبر، 2017ء

محمد یاسین بلوانی

کمپنی سیکریٹری اینڈ سی ایف او

نوٹ :

(1) کمپنی کی شئیر ٹرانسفر بکس 14 اکتوبر، 2017ء سے 23 اکتوبر، 2017ء تک (دونوں دن شامل ہیں) بند رہیں گی۔ شئیر رجسٹرار کے دفتر میں جو منتقلیاں 13 اکتوبر، 2017ء کو کاروباری اوقات کے اختتام سے قبل موصول ہوجائیں گی وہ سالانہ اجلاس عام میں شرکت کے لیئے بروقت سمجھی جائیں گی۔

(2) کوئی بھی ممبر جو اجلاس میں شرکت کرنے اور ووٹ دینے کا / کی حقدار ہے وہ اپنی جگہ شرکت کرنے، تقرر کرنے اور ووٹ دینے کے لیئے کسی دوسرے ممبر کو بطور اپنا / اپنی مختار مقرر کرسکتا/سکتی ہے۔ مختار نامہ کے مئوثر ہونے کے لیے ضروری ہے کہ وہ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کمپنی کے آفس میں موصول ہوجائے۔

(3) کوئی بھی ممبر جس نے سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں اپنے شیئرز جمع کرائے ہیں، اجلاس میں شرکت کے وقت اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ کے ساتھ اپنا پارٹیسپینٹ ID نمبر اور اکاؤنٹ/سب اکاؤنٹ نمبر لازماً ساتھ لائیں۔

(4) کارپوریٹ اداروں کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی اس شخص کے نمونہ دستخط جسے کارپوریٹ ادارے کی جانب سے نمائندگی کرنے اور ووٹ دینے کیلئے نامزد کیا گیا ہے کمپنی کو مختار نامہ کے ساتھ پیش کئے جائیں۔

(5) شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ وہ اپنے پتوں میں کسی بھی قسم کی تبدیلی سے متعلق کمپنی کے شئیر رجسٹرار کو مطلع کریں۔

(6) 30 جون، 2017ء کو ختم شدہ مالی سال کیلئے کمپنی کے آڈٹ شدہ مالیاتی گوشوارے کمپنی کی ویب سائٹ پر سابق برسوں کے سالانہ، سہ ماہی اور ششماہی مالیاتی گوشواروں کے ساتھ فراہم کردیئے گئے ہیں۔

Important Notes to the Members

Submission of CNIC

1. Members of the company who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are once again reminded to send the same to the Share Registrar of the Company. The members who hold shares with Participants/Stock Brokers or with Central Depository Company of Pakistan (CDC) may approach to provide the CNIC number/NTN details to their respective Participants/Stock Brokers or with CDC to update the details in their electronic system.

2. Pursuant to the directive of the Securities and Exchange Commission of Pakistan (SECP) Notifications SRO 779 (I) dated August 18, 2011 and SRO 831 (I) 2012 dated July 05, 2012 read with SRO 19(I)/2014 dated January 10, 2014 which mandates that the dividend warrants should bear CNIC number of the registered member or the authorized person. In case of non-receipt of the valid copy of the CNIC, the Company will withhold dividend warrants of such members to comply with above SROs.

E-Dividend Mandate

3. In accordance with the provision of Section 242 of the Companies Act, 2017 and Circular No. 18/2017 dated August 01, 2017 of Securities & Exchange Commission of Pakistan, a listed company is required to pay cash dividend to the shareholders only through electronic mode directly into the bank account designated by the entitled shareholders.

4. In order to comply with the above requirement, you are requested to provide the information mentioned on the E-Dividend mandate form placed on the company's website www.gatron.com and is also attached with this report and send the same to the Share Registrar of Company and/or to your respective Participants/CDC if the shares are held in the electronic from.

Consent to receive Notice and Annual/Quarterly reports through email

5. Members of the company who wish to receive notice(s) of the General Meeting and Annual Report of the company through email are requested to provide the consent form placed on the company's website www.gatron.com to the Share Registrar of Company and/or to your respective Participants/CDC.

Request for hard copy of Financial Statements 2017

6. Pursuant to the directions given by the SECP through its SRO 470(1)/2016 dated May 31, 2016 member who wish to receive the hard copy of Financial Statements shall have to fill the standard request form (available on the company’s www.website gatron.com and send it to the Company address.

Unclaimed Shares/Dividends

7. Members of the company are once again requested to contact 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.

8. As per Section 244(1) of the Companies Act 2017 all unclaimed shares and unclaimed dividends of the members of the company for a period of three years from the date it is due and payable are required to be credited by the Company to the Federal Government after giving final notice to the shareholders.

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.

Chairman's Review

For the financial year ended June 30, 2017, the Board's overall performance and effectiveness has been assessed as satisfactory. The Board closely monitored the performance of the business with a focus to ensure sustained growth of the Company. These efforts have helped the Company to create long-term value for the stakeholders. A combination of cost effectiveness program and cost absorption helped the Company to manage efficiently.

The Board of Directors met 6 times during the year. Apart from dealing with the normal and routine functions, board also reviewed and approved Annual and Quarterly Accounts.

The Board of Directors of the Company and committees received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The Board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

The Board, Audit Committee and HR & Remuneration committees met regularly to strengthen the functions of the Board.

The Board has carried out its own evaluation and found its performance to be satisfactory. The Board also identified areas of improvement in line with global best practices and bringing further improvement in its own performance.

I would conclude by extending my gratitude to the Directors and committees members for their earnest contributions towards the advancement of the Gatron. I am also thankful to you, the shareholders for placing your trust in the Board and Management's ability to deliver results. I look forward to future success in the Company's endeavors.

Haji Haroon Bilwani
Chairman

Karachi: September 26, 2017

چیئرمین کی جائزہ رپورٹ

* مالی سال برائے 30 جون، 2017ء کیلئے بورڈ کی مجموعی کارکردگی اور افادیت اطمینان بخش قرار پائی گئی۔ بورڈ نے کمپنی کی ترقی کو مدِنظر رکھتے ہوئے ادارے کی کارکردگی پر بہت قریب سے نگرانی کی ہے۔ اِن کوششوں نے کمپنی کے Stakeholders کیلئے طویل مدتی قدر میں مدد دی۔ مجموعی لاگت میں کمی نے کمپنی کو مؤثر انتظام کرنے میں مدد کی۔

* اس سال بورڈ آف ڈائریکٹرز کے 6 اجلاس ہوئے۔ ان میں عام اور معمول کے امور کی انجام دہی کے علاوہ بورڈ نے کمپنی کے سالانہ اور سہ ماہی مالیاتی گوشواروں کا جائزہ بھی لیا اور اس کی منظوری دی۔

* آپ کی کمپنی کے بورڈ آف ڈائریکٹرز اور کمیٹیوں کے اجلاس کیلئے ایجنڈا مع دیگر ضروری دستاویزات قبل از وقت موصول ہوئے۔ ڈائریکٹرز ضروری سرگرمیوں اور ذمہ داریوں کو مؤثر طریقے سے انجام دینے کیلئے باقاعدگی سے ملاقات کرتے ہیں۔ نان ایگزیکٹو اور آزاد ڈائریکٹر بھی اہم فیصلوں میں برابری کی بنیاد پر شامِل ہوتے ہیں۔

* بورڈ، آڈٹ کمیٹی اور ہیومن ریسورسز اینڈ ریمونریشن کمیٹی اہم امور کی انجام دہی کیلئے باقاعدگی سے میٹنگ کرتی ہیں۔

* گزشتہ سال بورڈ نے خود تشخیص کرتے ہوئے اپنی کارکردگی کو تسلی بخش پایا۔ بورڈ نے بہترین عالمی معمولات کے مطابق اُن امور کی نشاندہی کی جہاں بہتری کی گنجائش موجود ہے۔

* گیٹرون کے ڈائریکٹرز اور کمیٹی ممبران کو انکی انتھک محنت پر شکریہ ادا کرتا ہوں۔ حصص یافتگان کا مینجمنٹ پر اعتماد کرنے پر انکا بھی شکریہ ادا کرتا ہوں اور میں مستقبل میں کمپنی کی کامیابی کے لیئے دعا گو ہوں۔

حاجی ہارون بِلوانی
چیئرمین

کراچی: 26 ستمبر، 2017ء

Directors' Report

Dear Shareholders,

The Directors of Gatron (Industries) Limited are pleased to present the annual report and the audited financial statements, for the year ended June 30, 2017.

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

- Net sales Rs. 12,326 million,
- Operating loss Rs. 164 million,
- Financial charges Rs. 33 million,
- Investment income Rs. 203 million,
- Profit before income tax Rs. 6 million,
- Profit after income tax Rs. 57 million,
- Earnings per share Rs. 1.50.

During the year, your company registered a substantial increase in its overall turnover compared to last year. The performance was led primarily by the PET Preforms segment where production was boosted due to additional capacity and stocking in winter for summer sales. The yarn production operation ratio was similar to last year, much lower than desired due to challenging market conditions.

Though the company is still in operating loss but the loss is much lower than last year. This is due to the higher preform sales than last year, as well as due to increasing trend of MEG prices, pushing up product prices during this year versus falling trend last year, while PTA prices were within a narrow band helping in having lower raw material costs for a product which fetched a higher price by the time it was produced and sold. Distribution and administrative costs remained under control and shrunk from last year's level while financial cost reduced too. The Yarn operations loss (due to dumping from China/Malaysia) eroded all the profitability of the Preform segment, resulting in Profit before tax of Rs. 6 million. Alhamdulillah, this is still a blessing compared to significant loss of Rs. 215 million last year.

An important development, was that in the recent budget 5% regulatory duty was imposed on imported Polyester Filament Yarn (PFY) w.e.f. 1st July 2017 just as 10% regulatory duty was imposed on import of cotton yarn in November 2015 and 5% regulatory duty was imposed on polyester Fabric in June 2016. Though this measure came quite late for PFY, it is likely to allow some room to breathe and lead to an improved picture in coming quarters as well prevent the total elimination of PFY Industry from the face of Pakistan and the company appreciates this measure taken by the Government.

Another important event post the close of the financial year, was National Tariff Commission's (NTC) 27th August 2017 announcement, whereby it imposed an Anti-Dumping Duties on PFY imported from China and Malaysia in the range of 3.25% - 11.35%. However, the injury margin for the local industry determined by the Commission is around 25% which is still much higher than the dumping margins and the dumping duties imposed. The result was announced after 18 months long investigation, endorsing company's claim of foreign suppliers dumping their products into Pakistan. The imposition of the anti-dumping duties will still not fully provide local industry level playing field against imported PFY since injury levels are still higher

than dumping duties. Your company is quite surprised at such low levels of anti-dumping duties and more surprised that the lowest price seller vis M/s. Tongkun which should have had the highest anti-dumping duty got the lowest at 3.25%. The traders are still filing cases in high courts on grounds not relating to the filament yarn investigation but on general grounds and date aspects of the case, in the expectation of getting a stay against the anti-dumping duties.

On the Balance Sheet front stocks slightly increased by Rs. 176 million to Rs. 2,197 million. Debtors also increased by Rs. 875 million to Rs 1,623 million while creditors increased by Rs. 290 million. In view of increasing working capital requirement finance cost during the last quarter remained at higher side. However, overall financial charges remained on lower side by 45% as compared to last year mainly due to low financing demand in first two quarters.

CHALLENGES FACED AND FUTURE OUTLOOK

- Since long, imported yarn is dumped at a delta of $350 - $380 over main raw material, which is not possible for even efficient manufacture to compete locally. Recent imposition of Regulatory and Anti-Dumping duties will increase this delta to some extent to provide a much needed breathing support to the local industry and compliance of this will help the local industry get back the confidence. Additionally, if the regulatory duty also remains (in view of the very low anti-dumping duty imposed) then there will be some room to make new investments to increase the local production.

- The imports from other countries like Thailand, Vietnam and Indonesia will continue to be possible without anti-dumping duties.

- As already reported in last directors' reports that there also appears an element of subsidy schemes helping the Chinese and Malaysian exporters to export at such low prices. However NTC did not act on time on the anti-subsidry application of the domestic polyester filament yarn industry against China and Malaysia which has resulted in delay on the further process of this matter.

- Company is making necessary investment in machinery to debottleneck its capacity after tremendous brainstorming and research for which company has also obtained a long term loan. This will also help to reduce the operating and overhead costs.

- Disallowing input sales tax on Packing and Building material unnecessarily increasing cost of doing business tremendously, however all these are used in taxable activities. Company's funds are stuck in Sales Tax and Income Tax refunds, which are unnecessarily increasing financial cost and affecting liquidity of the Company.

- Your company remains geared to seize on any opportunity to expand its capacity in the existing products as well to increase the portfolio of products.

OTHER MATTERS

Our subsidiary company has made a strategic investment in Power Generation to generate additional sustainable power which will not only bridge the gap between supply and demand but also will help to increase diversity in the existing product portfolio.

The overall performance of 100% wholly owned subsidiary M/s. Gatro Power (Private) Limited supplying power to the company remained satisfactory. The Subsidiary Company paid cash dividend amounting to Rs. 203 million during the year.

APPROPRIATION

Due to circumstances already discussed, the Board of Directors does not recommend any dividend for the year ended on June 30, 2017.

EARNINGS PER SHARE

The earnings per share of the company for the year ended on June 30, 2017 is Rs. 1.50.

MATERIAL CHANGES AND COMMITMENTS

Material changes affecting the financial position of the company, occurred during the period to which the balance sheet relates and the date of this report have already discussed above.

AUDITORS

The existing external Auditors, M/s. Kreston Hyder Bhimji & Co., Chartered Accountants, retire at the conclusion of the thirty-seventh 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, 2018.

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

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.

COMPLIANCE OF THE CODE OF CORPORATE GOVERNANCE

The Directors confirm compliance with Corporate and Financial Reporting Framework of the Code of Corporate Governance for the following:

- The financial statements for the year ended June 30, 2017 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 business judgments;

- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;

- 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, if any 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, except as disclosed in the detail of pattern of shareholding;
- 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, 2017 was Rs. 401 million;
- During the year 06 Board meetings, 04 Audit committee meetings and 05 HR & remuneration committee meetings were held. Attendance by each director / member were as follows:

Board of Directors	Number of meetings attended
1) Haji Haroon Bilwani	5
2) Mr. Peer Mohammad Diwan	6
3) Mr. Abdul Razak Diwan	5
4) Mr. Zakaria Bilwani	6
5) Mr. Usman Bilwani	6
6) Mr. Iqbal Bilwani	6
7) Mr. Shabbir Diwan	6
8) Mr. Muhammad Taufiq Bilwani	6
9) Mr. Muhammad Waseem	6

Leaves of absence were granted to the directors for not attending the Board meetings.

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

HR & Remuneration Committee	Number of meetings attended
1) Mr. Usman Bilwani	5
2) Mr. Iqbal Bilwani	5
3) Mr. Shabbir Diwan	5
4) Mr. Muhammad Waseem	5

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding of the company and additional information as at June 30, 2017 is annexed.

BOARD OF DIRECTORS

There is no change in the Board of Directors of the Company.

EVALUATION OF BOARD OWN PERFORMANCE

This year a questionnaire was designed and was circulated to all the Board members covering key areas requiring improvement as identified during previous evaluation. The Board members have returned duly filed questionnaire which has been reviewed by the Board.

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 is being published and circulated along with this report.

DIRECTORS' TRAINING

Of the 09 Directors, seven directors have been exempted from the CCG training based on their experience as a Director on the Board of listed company. One Director has already obtained Certification for Director's training program from ICAP. One Director will get certification well before time frame as per CCG requirement. The company acknowledges that the Directors are well conversant with their duties and responsibilities.

CHAIRMAN REVIEW

The Chairman review included in the Annual Report deals inter-alia with the performance of the Board for the year ended June 30, 2017. The Directors endorse the content of the review.

ACKNOWLEDGMENT

We are grateful to our customers for their continued patronage of our products and wish to acknowledge the efforts of the entire Gatron team, including our staff, vendors, dealers and all business partners for their untiring efforts in these challenging times and look to their continued support.

We bow to the Almighty and pray for His blessings and guidance.

Peer Mohammad Diwan
Chief Executive

Iqbal Bilwani
Director

September 26, 2017

کارپوریٹ گورنینس کے بہترین معمولات کی تعمیل

کوڈ آف کارپوریٹ گورنینس میں مقرر کردہ کارپوریٹ گورنینس کے بہترین معمولات کی تعمیل کی کیفیت ظاہر کرنیوالی اسٹیٹمنٹ شائع کر کے رپورٹ ہٰذا کے ساتھ ارسال کی جا رہی ہے۔

ڈائریکٹرز کی تربیت

نو میں سے سات ڈائریکٹرز لسٹڈ کمپنی کے بورڈ میں بحیثیت ڈائریکٹر اپنے تجربہ کی بنیاد پر CCG ٹریننگ سے مستثنیٰ قرار دیئے جا چکے ہیں۔ ایک ڈائریکٹر ICAP سے ڈائریکٹرز ٹریننگ پروگرام کے لیے ضروری سرٹیفکیٹ حاصل کر چکے ہیں جبکہ باقیماندہ ایک ڈائریکٹر CCG شرائط کے مطابق مقررہ مدت کے اندر سرٹیفکیٹ حاصل کر لیں گے۔ کمپنی تسلیم کرتی ہے کہ اسکے ڈائریکٹرز اپنے فرائض اور ذمہ داریوں سے اچھی طرح آگاہ ہے۔

چیئرمین کا جائزہ

سالانہ رپورٹ میں شامل چیئرمین کا جائزہ منجملہ دیگر امور کے 30 جون، 2017ء کو اختتام پذیر ہونیوالے سال کیلئے بورڈ کی کارکردگی سے متعلق ہے۔ ڈائریکٹرز اس جائزے کے مشمولات کی توثیق کرتے ہیں۔

اظہار تشکر

کمپنی کی مصنوعات کی حوصلہ افزائی جاری رکھنے پر ہم اپنے معزز گاہکوں کے تہہ دل سے مشکور ہیں اور گیٹرون کی پوری ٹیم بشمول اسٹاف، وینڈرز، ڈیلرز اور تمام بزنس پارٹنرز کے بھی مشکور ہیں جنہوں نے ان مشکل حالات میں اپنی جدو جہد جاری رکھی اور ہم سے تعاون میں کمی نہیں آنے دی۔ ہم امید کرتے ہیں کہ ان کی یہ اعانت جاری رہے گی۔

ہم رب العالمین کے آگے سر جھکاتے ہیں اور اس کی رحمت اور رہنمائی کے طلب گار ہیں۔

پیر محمد دیوان	اقبال بلوانی
افسر اعلیٰ	ڈائریکٹر

مورخہ: 26 ستمبر، 2017ء

بورڈ آف ڈائریکٹرز	تعداد اجلاس (حاضری)
1) حاجی ہارون بلوانی صاحب	5
2) جناب پیر محمد دیوان صاحب	6
3) جناب عبدالرزاق دیوان صاحب	5
4) جناب ذکریہ بلوانی صاحب	6
5) جناب عثمان بلوانی صاحب	6
6) جناب اقبال بلوانی صاحب	6
7) جناب شبیر دیوان صاحب	6
8) جناب توفیق بلوانی صاحب	6
9) جناب محمد وسیم صاحب	6

بورڈ کے اجلاس میں حاضر نہ ہوسکنے والے ڈائریکٹرز کو رخصت عطاء کی گئی۔

آڈٹ کمیٹی	تعداد اجلاس (حاضری)
1) جناب اقبال بلوانی صاحب	4
2) حاجی ہارون بلوانی صاحب	3
3) جناب عثمان بلوانی صاحب	4
4) جناب محمد وسیم صاحب	4

ایچ آر اینڈ ری میونریشن کمیٹی	تعداد اجلاس (حاضری)
1) جناب عثمان بلوانی صاحب	5
2) جناب اقبال بلوانی صاحب	5
3) جناب شبیر دیوان صاحب	5
4) جناب محمد وسیم صاحب	5

شیئرز ہولڈنگ کی ترتیب

30 جون 2017ء کو کمپنی کی شیئرز ہولڈنگ کی ترتیب ظاہر کرنیوالا اور متعلقہ معلومات پر مشتمل گوشوارہ منسلک ہے۔

بورڈ آف ڈائریکٹرز

اس مدت کے دوران بورڈ آف ڈائریکٹرز میں کوئی تبدیلی واقع نہیں ہوئی۔

بورڈ کی اپنی کارکردگی کی قدر سازی

اس برس گزشتہ جانچ پڑتال کے بعد معلوم ہونیوالے ایسے اہم شعبوں کے متعلق، جن میں بہتری لانے کی ضرورت تھی، ایک سوالنامہ تیار کر کے بورڈ کے تمام ممبران میں تقسیم کیا گیا۔ بورڈ کے تمام ممبران نے وہ سوالنامہ پُر کر کے واپس کر دیا ہے جن کا جائزہ بورڈ لے چکا ہے۔

تصرف

موجودہ حالات کے پیشِ نظر جن کا ذکر پہلے کیا جا چکا ہے، بورڈ آف ڈائریکٹرز نے 30 جون، 2017ء کو اختتام پزیر ہونیوالے سال کیلئے کسی منافع منقسمہ کی ادائیگی کی سفارش نہیں کی۔

منافع فی حصہ

30 جون 2017ء کو اختتام پزیر ہونیوالے سال کیلئے منافع فی حصہ مبلغ 1.50 روپے رہا۔

اھم تبدیلیاں اور معاہدے

بیلنس شیٹ اور اس رپورٹ کی تاریخ کے دوران وقوع پزیر وہ تمام مادی تبدیلیاں جو ادارے کی مالیاتی حیثیت پر اثر انداز ہوسکتی ہیں اُنکا تذکرہ اوپر کر دیا گیا ہے۔

آڈیٹرز

موجودہ بیرونی آڈیٹرز میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس، 37 ویں سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں۔ اہل ہونے کے سبب انہوں نے دوبارہ تقرری کیلئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی کی جانب سے دی گئی تجویز کے مطابق بورڈ نے میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کے طور پر برائے اختتامی سال 30 جون، 2018ء کیلئے تقرری دینے کی سفارش کی ہے۔

30 جون، 2017ء کیلئے کمپنی کے آڈیٹرز نے کمپنی ممبران کو unqualified جائزہ رپورٹ جاری کی ہے۔

جامع مالیاتی گوشوارے

زیرِ نظر سالانہ رپورٹ میں گروپ ہٰذا کے جامع مالیاتی گوشوارے (consolidated financial statements) ہمراہ نوٹس اور اُن پر آڈیٹرز رپورٹ منسلک کر دیئے گئے ہیں۔

کوڈ آف کارپوریٹ گورنینس کی تعمیل

ڈائریکٹرز درج ذیل امور کیلئے کوڈ آف کارپوریٹ گورنینس کے کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

- 30 جون 2017ء کو اختتام پزیر ہونیوالے سال کیلئے کمپنی ہٰذا کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے، کمپنی کے معاملات، اسکے آپریشنز کے نتائج، cash flow اور ایکویٹی میں تبدیلیاں شفاف انداز میں پیش کی گئی ہیں۔
- کمپنی نے کھاتہ جات کی کتب موزوں طور سے مرتب کی ہیں۔
- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں پر مستقلاً عمل درآمد کیا گیا ہے اور اکاؤنٹنگ تخمینہ جات مناسب اور محتاط کاروباری قیاسات پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں قابل اطلاق انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز ملحوظ خاطر رکھے گئے ہیں اور اگر کسی جگہ ان سے انحراف کیا گیا ہے تو اسے موزوں وجوہات کے ساتھ بیان کیا گیا ہے۔
- اندرونی نگہداری کا نظام مضبوط بنیادوں پر استوار ہے اور اسکا انفاذ مئوثر طور سے کیا گیا ہے اور اس پر نظر بھی رکھی جارہی ہے۔
- گزشتہ برس کے آپریٹنگ نتائج سے واضح انحراف اگر کوئی ہے تو اسکا تذکرہ اس رپورٹ میں کر دیا گیا ہے۔
- کاروبار جاری رکھنے کے سلسلے میں کمپنی کی اہلیت پر کوئی خاص شک وشبہ نہیں۔
- کارپوریٹ گورنینس کے بہترین معمولات جیسا کہ ریگولیشنز میں تفصیلاً مذکور ہیں سے کوئی اہم انحراف نہیں کیا گیا۔
- ماسوائے شیئرز ہولڈنگ کی ترتیب (Pattern of Shareholding) میں مذکور تفصیلات کے، گزشتہ سال کے دوران کمپنی کے ڈائریکٹرز بشمول CFO، کمپنی سیکریٹری اور ان کے شریک حیات اور نابالغ بچوں نے کمپنی کے حصص کی تجارت نہیں کی۔
- گزشتہ چھ سال کا اہم آپریٹنگ اور فنانشل ڈیٹا خلاصے کی صورت میں منسلک ہے۔
- 30 جون 2017ء کو پراویڈنٹ فنڈ کی سرمایہ کاری کی قدر مبلغ 401 ملین روپے تھی۔
- دوران سال چھ بورڈ، چار آڈٹ کمیٹی اور پانچ ایچ آر اینڈ ری میونریشن کمیٹی کے اجلاس کا انعقاد کیا گیا۔

آپ کی کمپنی کو حیرانگی ہوئی ہے ۔ اس سے زیادہ حیرانگی اس بات پر ہے کہ بجائے اس کے کہ ارزاں ترین نرخ پر درآمدی پولیسٹر فلامنٹ یارن مارکیٹ میں پھینکنے والے ادارے M/s.Tongkun پر بلند ترین شرح سے اینٹی ڈمپنگ ڈیوٹی عائد کی جاتی اس پر محض 3.25% کی کم ترین شرح کی اینٹی ڈمپنگ ڈیوٹی عائد کی گئی ہے ۔ تاجر حضرات اعلیٰ عدالتوں میں مقدمات فلامنٹ یارن کے بارے میں تحقیقات کی بنیاد پر نہیں بلکہ عام بنیادوں پر اور اس معاملے کی تاریخ کے پہلوؤں پر اس امید پر لڑ رہے ہیں کہ انہیں اینٹی ڈمپنگ ڈیوٹیز کے خلاف اسٹے آرڈر مل جائے۔

بیلنس شیٹ پر اسٹاکس میں 176 ملین روپے کا معمولی اضافہ ہوا جو 2,197 ملین روپے تک پہنچا۔ قرض خواہی کا حجم 875 ملین روپے بڑھ کر 1,623 ملین روپے ہوا جبکہ قرض داری کے حجم میں 290 ملین کا اضافہ ہوا۔ Working Capital کی ضرورت کے پیشِ نظر مالیاتی اِخراجات میں آخری سہ ماہی میں اِضافہ کا رجحان رہا۔ جبکہ مجموعی طور پر مالیاتی اِخراجات گذشتہ سال کی بہ نسبت کم رہے۔

درپیش چیلنجز اور مستقبل پر ایک نظر

☆ طویل عرصے سے بنیادی خام مال پر درآمد شدہ یارن 350 ڈالر سے 380 ڈالر کے ڈیلٹا میں فروخت کیا جارہا ہے جو Efficient مینوفیکچر رکو بھی مقامی طور پر مسابقت کرنے کے قابل نہیں رہنے دیتا۔ ریگولیٹری اور اینٹی ڈمپنگ ڈیوٹیوں کا حالیہ نفاذ اس ڈیلٹا کو تھوڑا سا بڑھا دے گا اور اس پر عمل درآمد مقامی انڈسٹری کو اپنا کھویا ہوا اعتماد بحال کرنے میں مدد دے گا۔ مزید اگر ریگولیٹری ڈیوٹی (اس بات کے پیش نظر کہ انتہائی معمولی اینٹی ڈمپنگ ڈیوٹی عائد کی گئی ہے) برقرار رہتی ہے تو اس صنعت میں نئی سرمایہ کاری کرنے اور مقامی پیداوار بڑھانے میں کسی حد تک مدد ملے گی۔

☆ تھائی لینڈ، ویتنام اور انڈونیشیاء جیسے دیگر مما لک سے درآمدات کا سلسلہ اینٹی ڈمپنگ ڈیوٹیوں کے بغیر جاری رہنے کا امکان ہے۔

☆ جیسا کہ گزشتہ ڈائریکٹرز رپورٹس میں ذکر کیا گیا کہ سبسڈی اسکیموں کا ایک ایسا عنصر محسوس ہوتا ہے جس کی بدولت چینی اور ملائشیائی ایکسپورٹرز کو اس قدر ارزاں نرخ پر برآمدات کرنے میں مدد ملتی ہے۔ جبکہ نیشنل ٹیرف کمیشن کے مقامی پولیسٹر فلامنٹ یارن انڈسٹری کی چائینہ اور ملائیشیاء کے خلاف اینٹی سبسڈی کی درخواست پر بروقت اِقدام نہ کرنے کی وجہ سے یہ معاملہ تاخیر کا شکار ہے۔

☆ کافی سوچ بچار اور تحقیق کے بعد کمپنی ہٰذا اپنی صلاحیت میں اضافے کی غرض سے مشینری میں ضروری سرمایہ کاری کر رہی ہے جس کیلئے کمپنی نے طویل مدتی قرضہ لیا ہے۔ یہ عمل پروڈکشن اور آپریٹنگ اخراجات میں کمی لانے میں مدد دے گا۔

☆ قابلِ ٹیکس سرگرمیوں میں استعمال ہونے والے پیکنگ اور بلڈنگ میٹریل پر غیر ضروری طور سے اِن پُٹ سیلز ٹیکس کے خاتمے نے کاروبار چلانے کے اخراجات میں خاطر خواہ اضافہ کر دیا ہے۔ کمپنی کے فنڈز سیلز ٹیکس اور انکم ٹیکس ری فنڈ میں پھنسے ہوئے ہیں جس کے سبب مالیاتی لاگت میں غیر ضروری اضافہ کمپنی کی لِکوڈیٹی پر اثر انداز ہو رہا ہے۔

☆ آپ کی کمپنی موجودہ مصنوعات میں اپنی صلاحیتیں اور گنجائش بڑھانے کے ساتھ ساتھ مصنوعات کا پورٹ فولیو بڑھانے کا کوئی موقع ہاتھ سے نہیں جانے دیتی۔

دیگر امور

ہمارا ذیلی ادارہ میسرز گیٹر و پاور (پرائیویٹ) لمیٹڈ نے اضافی بجلی پیدا کرنے کی غرض سے پاور جنریشن میں اسٹریٹجک سرمایہ کاری کی ہے جو نہ صرف رسد اور طلب میں حائل فرق کو ختم کرنے میں مدد دے گی بلکہ موجودہ پروڈکٹ پورٹ فولیو کے تنوع میں بھی اضافہ کرے گی۔

مذکورہ مدت کے دوران کمپنی کے مکمل ملکیتی ماتحت ادارے میسرز گیٹر و پاور (پرائیویٹ) لمیٹڈ کے معاملات تسلی بخش رہے۔ اس ذیلی ادارے نے اس مدت کے دوران 203 ملین روپے کا نقد منافع ادا کیا۔

بورڈ آف ڈائریکٹرز کی رپورٹ

معزز ممبران،

گیٹرون (انڈسٹریز) لمیٹڈ کے ڈائریکٹرز 30 جون 2017ء کو اختتام پزیر ہونیوالے سال کیلئے سالانہ رپورٹ اور آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

زیر جائزہ مدت کا مالیاتی خلاصہ درج ذیل ہے :

۔خالص فروخت	مبلغ 12,326 ملین روپے
۔آپریٹنگ خسارہ	مبلغ 164 ملین روپے
۔مالیاتی اخراجات	مبلغ 33 ملین روپے
۔آمدنی بذیعہ سرمایہ کاری	مبلغ 203 ملین روپے
۔خالص منافع قبل از انکم ٹیکس	مبلغ 6 ملین روپے
۔خالص منافع بعد از انکم ٹیکس	مبلغ 57 ملین روپے
۔آمدنی فی حصہ	مبلغ 1.50 روپے

دوران سال آپ کی کمپنی نے گزشتہ سال کے مقابلے میں مجموعی خالص فروخت میں قدرِ زیادہ اضافہ ریکارڈ کیا۔ PET Preforms سیگمنٹ کی کارکردگی نمایاں رہی جسکی اصل وجہ پیداواری گنجائش میں اضافہ اور موسمِ سرما میں موسم گرما کی مانگ کے لیئے ذخیرہ کر کے رکھنا تھا۔ یارن کی پیداواری کارکردگی کی شرح گزشتہ سال جیسی رہی جو توقعات سے کہیں کم تھی جس کی وجہ مارکیٹ کو درپیش مشکل حالات تھے۔

اگرچہ کمپنی بدستور آپریٹنگ خسارے کا شکار رہی تاہم اس مد میں خسارہ گزشتہ برس کی بہ نسبت انتہائی کم رہا۔ اس کی اصل وجہ پری فارمز کی فروخت گزشتہ سال کی بہ نسبت کافی زیادہ رہی اور MEG کی نرخوں میں بڑھوتی کا رجحان کمپنی کی مصنوعات کی قیمتوں میں اضافہ کا باعث بنا جبکہ گزشتہ برس MEG کی قیمتوں میں کمی کا رجحان تھا اور PTA کے نرخ کم تر حد میں رہے۔ کم قیمت پر خریدے ہوئے خام مال کے استعمال اور تیار مصنوعات کی فروخت کے وقت خام مال کی قیمتوں میں اضافے نے تیار مصنوعات کی اچھی قیمتیں حاصل کرنے میں مدد دی۔ تقسیم کاری اور انتظامی لاگتیں قابو میں رہتے ہوئے گزشتہ برس کی بہ نسبت کم رہی جبکہ مالیاتی لاگت میں بھی کمی واقع ہوئی۔ چین/ ملائشیاء سے ڈمپنگ کے سبب یارن آپریشن کے نقصانات نے پری فارم سیگمنٹ کے منافع کو معدوم کر دیا جسکے نتیجے میں قبل از انکم ٹیکس منافع صرف مبلغ 6 ملین روپے رہا۔ جبکہ گزشتہ سال مبلغ 215 ملین روپے کا نقصان اٹھانا پڑا تھا۔

حالیہ بجٹ میں درآمد شدہ پولیسٹر فلامنٹ یارن پر 5% ریگولیٹری ڈیوٹی نافذ کی گئی جو یکم جولائی، 2017ء سے نافذ العمل ہے جیسا کہ نومبر، 2015ء مین کاٹن یارن کی درآمد پر 10% ریگولیٹری ڈیوٹی اور جون، 2016ء میں پولیسٹر فیبرک پر 5% ریگولیٹری ڈیوٹی عائد کی گئی تھی۔ اگرچہ پولیسٹر فلامنٹ یارن کے ضمن میں یہ اقدام تاخیر سے اٹھایا گیا تاہم توقع ہے کہ اس اقدام کی وجہ سے آنے والی سہ ماہیوں میں صورتحال بہتر ہوگی اور پاکستان سے پولیسٹر فلامنٹ یارن انڈسٹری کو معدوم ہونے سے بچایا جا سکے گا۔ ہماری کمپنی حکومت کے اس راست اقدام کو سراہتی ہے۔

ایک اور اہم واقعہ مالی سال کے اختتام کے بعد نیشنل ٹیرف کمیشن کا 27 اگست، 2017ء کا اعلان تھا جس کے ذریعے چین اور ملائشیاء سے درآمد شدہ پولیسٹر فلامنٹ یارن پر 3.25% سے 11.35% تک اینٹی ڈمپنگ ڈیوٹی عائد کی گئی۔ تاہم نیشنل ٹیرف کمیشن کی جانب سے مقامی انڈسٹری کو پہنچے والی زد کا تناسب 25% کے لگ بھگ متعین کیا گیا تھا جو ڈمپنگ مارجنز اور عائد کردہ ڈمپنگ ڈیوٹیوں کی بہ نسبت کافی زیادہ ہے۔ ان نتائج کا اعلان 18 ماہ کی طویل تحقیقات کے بعد کیا گیا جس سے آپ کی کمپنی کے اس دعوے کی تصدیق ہوتی ہے کہ غیر ملکی سپلائرز اپنی مصنوعات پاکستان میں ڈمپ یعنی انتہائی ارزاں قیمتوں پر مارکیٹ میں پھینک رہے ہیں۔ اتنی کم اینٹی ڈمپنگ ڈیوٹیاں عائد کرنے سے مقامی صنعت میں درآمد شدہ پولیسٹر فلامنٹ یارن کے سامنے میدان میسر نہیں ہو سکے گا کیونکہ کمیشن کی جانب سے متعین کردہ انجری لیول عائد کردہ ڈمپنگ ڈیوٹیوں سے بلند تر ہے۔ اتنی کم تر ڈمپنگ ڈیوٹیاں عائد کئے جانے پر

Corporate Social Responsibility

Business Ethics, CSR and Sustainability at Gatron

Businesses are no longer solely judged on their ability to deliver goods and services but also on the manner of delivery and how they impact on society and environment - It is in this pursuit, the Gatron strive to keep a balance between its business processes, customers and communities in which we operate.

Gatron sustainability policy states that:

"We are committed to satisfy the customers, by providing on time, the best value products and services, through continuous optimization of various processes and the Integrated Management System.

We are also committed to do so, in an environmental friendly manner and at the same time maintaining human safety, health and hygienic practices within our industrial facilities."

CORPORATE SOCIAL RESPONSIBILITY (CSR) AT GATRON

Corporate Social Responsibility has become a hot topic in many management circles both inside Pakistan and world over in the last decade.

From a business perspective, it looks a little more like "Corporate Self Regulation". Traditional CSR has often been viewed simply as a PR tactic. It's taken the form of charitable donations and eco-friendly messaging as a way to build up goodwill in the eyes of the consumers. But true CSR is about something deeper. It's about turning CSR into an opportunity for CSV - Creating Shared Values.

CSV means generating economic value in a way that also generate value for society.

Now for high performing businesses, a strong correlation has been established between CSV activities and Business Performance in terms of productivity and profitability.

For business sustainability CSV has been embedded in the Gatron business strategy. Our business priorities co-exist with social commitments to achieve development of people and communities.

FOCUSED AREAS OF ENGAGEMENTS

Gatron has focused on discrete social problems to enable and empower people to earn their livelihood.

The company has identified six (06) focused areas that positively and holistically impact our society:

- Employment generation
- Healthcare
- Education

- Environment
- Government services
- Labour & Human rights

The company has been involved in various social responsibility initiatives over the decades. These activities were brought forward through the "GATRON FOUNDATION". The umbrella organization for the company's social sector initiatives.

Through Gatron Foundation, the company engages itself with the communities to ensure their well being by providing access to education and health care, capacity building for employment generation, access to good infra structure and ecological conservation.

We are constantly updating our human resource polices and practices in accordance with best practices. Strict adherence is kept with employee safety and labour laws. Gatron is supplying filament yarn to IKEA suppliers which shows its commitment towards quality and environment friendly practices. During 2016-2017 successful audit was done by M/s. Mustaqim Dyeing & Printing Industries (Pvt) Limited (one of our customer) for compliance with IKEA IWAY standard (IMUST requirement which addresses Social & Ethical issues such as child & forced labour, employee insurance etc.).

We emphasis on training employees in modern health and safety standards. We focus on education and development of local communities ensuring compliance with human rights initiatives. Safety week was organized in May 2017 during which life saving training sessions and other safety awareness activities were conducted including presentation by Motorway Police about safe driving. Through out the year fire fighting trainings and evacuation drills are being conducted.

ECONOMIC PERFORMANCE

Daily, step-by-step efforts 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 are acting.

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 water, energy and material usage and are therefore at the HEART of the sustainability in particular conditions of manufacturing industry.

Water is an important natural resource and a major utility at Gatron. To meet short falls in municipality supply and to achieve a constant quality of water required for satisfactory, long and trouble free equipment service life. Significant investment has been done for RO (Reverse Osmosis) plants. At Gatron there are in total five (05) RO plants, 4 nos. for processing tube well water and latest one RO # 5 now operating for processing bleed water from otherwise wasted resources.

Air is another important natural resource and a major utility. Optimized management of compressed air utilization according to pressure requirement has resulted in significant cost saving.

For power saving several measures have been taken during the year.
Motor pulley size have been increased. Inverters installed on some motors to achieve greater efficiency.

80% plant Fluorescent lamps and Energy Savers have been replaced with LED Tube lights and LED bulbs.

Investment in new and more efficient Power Generating equipment has been done to compensate the shortfalls from out of order generator sets and foreseeing growing power requirements. SCADA System has also been installed to centralize all power houses for better monitoring and control. In addition, smart energy meters have been installed all over the plant to monitor energy distribution and consumption effectively.

Preform molding capacity has been increased by addition of Husky Hypet and Hpet machines.

Phase II of the Retrofit project of WINGS winder installation was carried out successfully. Now a large portion of our production is with the latest technology which focuses on energy, labour and waste saving.

ENVIRONMENTAL PERFORMANCE

To preserve Mother Nature by adopting environment friendly business practices has always been on the forefront at Gatron. Our environment management system is being improving over the years and it provides the structure and processes which help embed environmental efficiency into our culture and mitigate risks.

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. Gaseous emissions (SOx, NOx & CO) and Suspended Particulate Matter (SPM) monitoring is in place. The waste generated, is either recycled within the plant or disposed off. Chemicals and laboratory reagents are collected in separate drums which are disposed off in an environment friendly manner.

At Gatron all international standards are satisfied or implemented to benefit the company as well as our stakeholders. Customers confidence in our products is being strengthen by continuous certification every year.

In 2016 - 2017 successful 3rd party audits were conducted by SGS for ISO 9001:2008 and ISO 14001:2004 and by Shirleytech for TESTEX OEKO-TEX std. 100, class 1 certifications. filament yarn products in our OEKO-TEX certified list of products.

HUMAN RESOURCES DEVELOPMENT

As part of Human Resources department's utmost priority to help our employees deliver their best and realize their true potential, we have developed an online Performance Appraisal System which is all set to go live this year. The purpose of this initiative is to further organization's policy of inculcating a culture of personal development and continuous improvement across the board. The online Performance Appraisal System is intended to serve as a tool which will enable Line Managers to provide direction and clarify performance expectations to their subordinates, as well as provide feedback and coaching to the staff members concerning their job performance. Apart from serving as documentation for performance, the Performance Appraisal System will also serve as readily available data for timely human resources decisions such as performance based increments, promotions, bonuses etc. With the successful implementation of this appraisal system, the Human Resources department wishes to develop a philosophy of fair, transparent and objective performance evaluation, whereby employees are appraised and subsequently rewarded solely on the basis of their performance, thus closing all doors of prejudice and subjective performance evaluation.

INFORMATION TECHNOLOGY

Information & Communication Technology (ICT) is a key enabler seeking continuous improvement in business processes of the company with a high emphasis on leveraging technology to gain business advantage. Video Conference, VPN, VoIP and setting up of Private Cloud for reaching out to new geographical markets were some of the initiatives undertaken in the past. 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, an effort was made to optimize company's investment on wide area network. In this regard Disaster Recovery was implemented utilizing idle hours of the network to replicate critical business operation of head office to factory and vice versa at mid-night and off hours. However, ICT is still working to attain perfection in performance of this operation. In order to ensure security and safety of our data center a mock testing of fire detection and suppression was carried out involving HSE deparment and data center consultant. Furthermore bar code printers were introduced at factory for labeling of finnished goods yarn inventory, replacing traditional printers incurring high operational cost. On the software development side some new applications were developed including system for dealing with HSE incident recording besides automation of online production recording at Molding and Yarn packing directly through weighing scale. Some old applications were also revisited and fine tuned to improve their efficiency.

For continuity of business operation compliance of some measures were ensured during the period under review : Such as Automated round-the-clock monitoring of our network, Pre-emptive checking of our services running through servers, Online real time replication of our databases on backup machines, Daily offline backup of our critical business operation on external drives and safely keeping them in bank vault, Auto shifting of wide area network traffic to alternative links upon detecting problem / congestion, Desktop audit and servicing of equipments at head office and factory, Inhouse training of IS staff with a view to creating backup and enhancing their knowledge and skills for a higher level of confidence and commitment.

RISK MANAGEMENT

Effective risk management ensures sustainable business growth by minimizing the impact of probable losses and providing greater opportunities. With this vision management of risk continues to be an integral part of Company's core business strategy. Risk Management department works in close coordination with various business units in an attempt to further strengthening current practices by promoting a more risk aware culture throughout the organization.

Company's risk management efforts are targeted at ensuring strong risk governance to enable ongoing discovery of new risks and coming up with strategies to protect against them. These strategies set the parameters for the entire organization and ensure that risks are well within acceptable limits.

Insurance of assets against unforeseen damage continue to be our top priority, the objective of which is to ensure business continuity. Company has a comprehensive insurance strategy in place with strict controls that continue to ensure that surveyor recommendations are complied by within stipulated timelines. Overall the Company follows a structured approach to risk management and has strong systems in place that discourage excessive risk taking.

HEALTH, SAFETY & ENVIRONMENT

The company is well aware about the important assets of the company, especially for its staff and workforce therefore has 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 are carried out regularly for the reduction of work place hazards as well as incidents and accidents. HSE Department also conduct incidents statistic gap analysis as well as follow up for corrective / preventive safety measures to reduce accidents.

Management encourages the Managers to identify the critical hazards and also issue Stop Card through e-mails to the concerned department for corrective action.

In addition, Comprehensive Occupational Health and Safety Training Sessions including practical firefighting 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.

Management has also provided resources for the installation of Fixed Foam Monitors for Oil Installations Areas.

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.

HSE Department also celebrate the events like Safety Day & Safety Walks with coordination of other departments, in fact these type of events develop the safety culture in GATRON.

Management has highly supported in celebration of SAFETY WEEK in whole Company and Head Office as well. Furthermore, during this week Safety Walks and Fire Safety Training sessions conducted for all employees on daily basis so maximum numbers of senior management and workforce participated accordingly.

In addition following motivational events carried out and given shields and cash rewards:

- The Best Employee of the Company in sense of Fire Safety knowledge and prevention efforts.
- The Best department of the Company in sense of fire prevention effort and maintaining Good House Keeping.
- The Best Firefighter/HSE Staff in the Company in sense of Firefighting Skills and Techniques
- Coordination Meeting with Local Fire Brigade Stations.
- Coordination Meeting and External Training Support achieved from Motorway Police.

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company is committed to the principles of good corporate governance. This is promoted across the company through senior management. The members expect that the company is managed and supervised responsibly and proper internal controls and risk management policy and procedures are in place for efficient and effective operations of the Company, safeguarding of assets, compliance with laws and regulations and proper financial reporting in accordance with International Financial Reporting Standards.

TRADING OF COMPANY'S SHARES

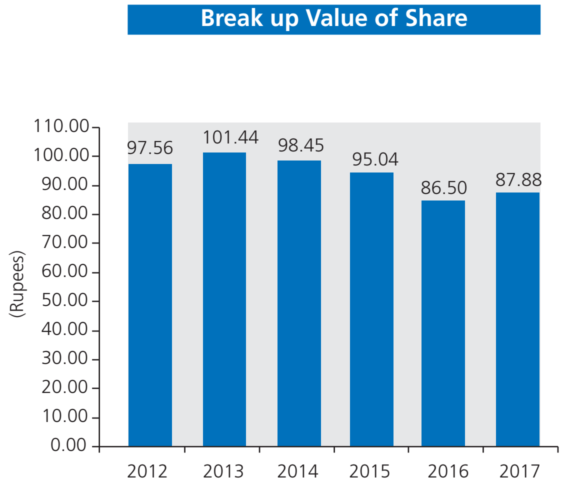
The Board has reviewed the threshold for disclosure of interest by executives, holding of company's shares which includes CEO, COO, CFO, Head of Internal Audit and Company Secretary and other employees of the Company. However, during the financial year the transaction(s) of the shares by director and executives of the company is shown later in this report.

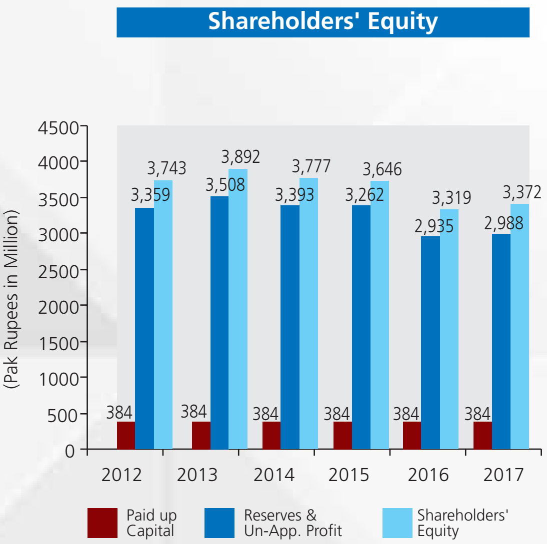
GATRON

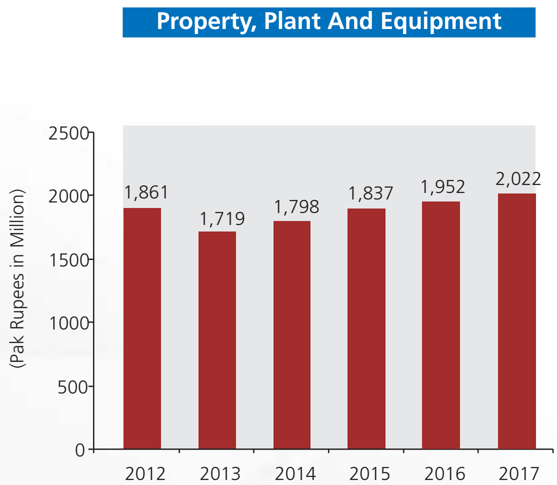
Financial Highlights

Particulars	2016	2015	2014	2013	2012	2011
Operating Results						
Pak Rupees in Thousand						
Sales	8,766,903	10,275,281	11,763,699	11,348,105	11,199,270	10,780,531
Gross (loss)/profit	(228,271)	36,265	580,635	496,980	1,117,653	871,698
Operating (loss)/profit	(697,887)	(451,346)	55,601	22,015	645,017	553,148
(Loss)/profit after taxation	(254,495)	88,911	145,756	321,603	652,820	626,444
Percentage						
Dividend	0.00	35.00	55.00	40.00	95.00	50.00
Financial Position						
Pak Rupees in Thousand						
Paid up Capital	383,645	383,645	383,645	383,645	383,645	383,645
Reserves & unappropriated profit	2,935,022	3,262,345	3,393,211	3,508,016	3,359,053	3,123,345
Property, Plant & Equipment	1,952,288	1,837,233	1,797,791	1,719,259	1,860,764	2,047,881
Current Assets	3,958,822	4,233,600	4,394,362	4,690,308	3,725,008	3,713,325
Current Liabilities	2,767,766	2,620,345	2,614,420	2,393,858	1,675,047	2,013,047
Net Current Assets	1,191,056	1,613,255	1,779,942	2,296,450	2,049,961	1,700,278
Long Term Liabilities	-	-	-	-	-	79,158
Deferred Liabilities	425,204	404,613	400,528	426,083	470,357	463,770
Financial Ratios & Percentages						
Percentages						
Gross (loss)/profit ratio	(2.60)	0.35	4.94	4.38	9.98	8.09
Return on capital employed	(6.47)	1.65	4.31	5.92	23.28	22.49
Return on equity	(7.67)	2.44	3.86	8.26	17.44	17.86
Number of Times						
Inventory turnover	3.97	4.24	4.51	4.53	4.94	5.96
Debtors turnover	11.56	11.07	10.48	11.60	11.24	12.57
Total assets turnover	1.33	1.53	1.74	1.80	1.87	1.89
Fixed assets turnover	4.63	5.65	6.69	6.34	5.73	4.89
Interest cover	(12.37)	(4.39)	0.46	0.25	31.36	8.53
Ratio						
Debt-Equity	0 : 100	0 : 100	0 : 100	0 : 100	0 : 100	02 : 98
Current Ratio	1.43 : 1	1.62 : 1	1.68 : 1	1.96 : 1	2.22 : 1	1.84 : 1
Per Share Results and Returns						
Pak Rupees						
Break-up value	86.50	95.04	98.45	101.44	97.56	91.41
Earnings per share – Basic and diluted	(6.63)	2.32	3.80	8.38	17.02	16.33
Dividend per share	0.00	3.50	5.50	4.00	9.50	5.00
Percentages						
Dividend Yield	0.00	2.48	3.24	2.34	10.17	9.51
Dividend Pay Out	0.00	150.86	144.74	47.73	55.82	30.62
Number of Times						
Price Earning Ratio – Year end price	(14.93)	60.78	44.74	20.41	5.49	3.22
Share Performance						
Pak Rupees						
Highest	141.00	175.00	200.37	201.00	95.78	58.80
Lowest	99.00	139.00	165.03	88.79	49.00	36.80
At year end	99.00	141.00	170.00	171.00	93.45	52.60

Graphical Presentation







KRESTON
HYDER BHIMJI & CO.
CHARTERED ACCOUNTANTS

REVIEW REPORT TO THE MEMEBRS
ON STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of **Gatron (Industries) Limited** ("the Company") for the year ended June 30, 2017 to comply with the requirement of Rule 5.19 of the Rule Book of Pakistan Stock Exchange Limited, where the Company is listed.

The responsibility for compliance with the Code 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 and report if it does not and to highlight any non-compliance with the requirement of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of related party transactions by the Board of Directors upon recommendation of 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 as applicable to the company for the year ended June 30, 2017.

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

Karachi: September 26, 2017

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OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

Statement of Compliance with the Code of Corporate Governance

Name of the Company: **Gatron (Industries) Limited**
Year Ended: **June 30, 2017**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Rule No. 5.19 of the Rule Book of the Pakistan 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. Shabbir Diwan
	Mr. Muhammad Taufiq Bilwani
Non-Executive Directors	Haji Haroon Bilwani, Chairman
	Mr. Abdul Razak Diwan
	Mr. Zakaria Bilwani
	Mr. Usman Bilwani
	Mr. Iqbal Bilwani
Independent Director	Mr. Muhammad Waseem *

* The independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in 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 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. The Board arranged in house training program for its directors during the year.

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 of 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 of 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 of 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 interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors and stock exchange.

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

23. Material/price sensitive information, if any has been disseminated among all market participants at once through stock exchange.

24. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

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

Peer Mohammad Diwan
Chief Executive

Iqbal Bilwani
Director

Karachi:
September 26, 2017

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, 2017 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 repealed 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 repealed 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 repealed 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

iii. 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 repealed 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, 2017 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended; and

d. in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Karachi: September 26, 2017

Engagement Partner: Shaikh Mohammad Tanvir

Balance Sheet

AS AT JUNE 30, 2017

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
ASSETS			
Non-current Assets			
Property, plant and equipment	4	2,022,061	1,952,288
Long term investments	5	597,589	597,614
Long term loans	6	752	1,247
Long term deposits	7	1,666	1,666
		2,622,068	2,552,815
Current Assets			
Stores, spare parts and loose tools	8	460,898	460,556
Stock in trade	9	2,196,552	2,020,492
Trade debts	10	1,623,415	748,713
Loans and advances	11	40,308	27,089
Trade deposits and short term prepayments	12	8,934	41,637
Other receivables	13	214,935	286,212
Taxes refund due from Federal Government	14	344,172	309,794
Cash and bank balances	15	32,501	64,329
		4,921,715	3,958,822
TOTAL ASSETS		7,543,783	6,511,637
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	16	383,645	383,645
Capital reserves	17	383,645	458,645
General reserve	18	2,075,000	2,000,000
Unappropriated profit		529,248	476,377
		3,371,538	3,318,667
LIABILITIES			
Non-current Liabilities			
Long term financing	19	122,431	-
Deferred liabilities	20	394,508	425,204
		516,939	425,204
Current Liabilities			
Trade and other payables	21	1,453,905	1,163,624
Accrued mark up	22	4,583	7,646
Short term borrowings	23	2,143,874	1,506,252
Current portion of long term financing	19	13,603	-
Provision for income tax less payments	24	39,341	90,244
		3,655,306	2,767,766
CONTINGENCIES AND COMMITMENTS	25		
TOTAL EQUITY AND LIABILITIES		7,543,783	6,511,637

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

PEER MOHAMMAD DIWAN	**IQBAL BILWANI**	**MOHAMMAD YASIN BILWANI**
Chief Executive	Director	Chief Financial Officer

Buying/Selling closing conversion rates were 1 US$=Rs.104.80/105, 1 Euro €=Rs.119.91/120.14 and 1 Pound £= Rs.136.42/136.68

Profit and Loss Account

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees in Thousand)	2016
Sales	26	**12,325,651**	8,766,903
Cost of sales	27	**12,063,707**	8,995,174
Gross profit/(loss)		**261,944**	(228,271)
Distribution and selling cost	28	**186,656**	237,748
Administrative expenses	29	**233,039**	265,491
Other operating expenses	30	**33,458**	5,365
		453,153	508,604
		(191,209)	(736,875)
Other income	31	**26,895**	38,988
Operating loss		**(164,314)**	(697,887)
Finance cost	32	**32,860**	59,341
		(197,174)	(757,228)
Investment income - Dividend	33	**203,175**	542,588
Profit/(loss) before income tax		**6,001**	(214,640)
Income tax - Current and Prior		**9,193**	64,175
Deferred		**(60,656)**	(24,320)
	34	**(51,463)**	39,855
Profit/(loss) after income tax		**57,464**	(254,495)
Earnings/(loss) per share - Basic and diluted (Rupees)	35	**1.50**	(6.63)

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

PEER MOHAMMAD DIWAN	**IQBAL BILWANI**	**MOHAMMAD YASIN BILWANI**
Chief Executive	Director	Chief Financial Officer

Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in Thousand)	
Profit/(loss) after income tax		**57,464**	(254,495)
Other comprehensive income			
Items that will never be reclassified to profit and loss			
Loss on remeasurement of defined benefit liability having nil tax impact	20.2	**(4,593)**	(15,281)
Total comprehensive income/(loss)		**52,871**	(269,776)

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

PEER MOHAMMAD DIWAN	IQBAL BILWANI	MOHAMMAD YASIN BILWANI
Chief Executive	Director	Chief Financial Officer

Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in Thousand)	
Cash Flow (towards)/from Operating Activities			
Profit/(loss) before income tax		6,001	(214,640)
Adjustments for:			
Depreciation	4.2	312,444	314,600
Provision for defined benefit plan	20.2.1	32,637	36,961
Gain on disposal of property, plant and equipment	31	(6,241)	(8,598)
Loss on disposal of property, plant and equipment	30	1,299	47
Impairment in long term investments	30	25	28
Provision/(reversal) for doubtful trade debts-net	10.4	10,273	(4,201)
Provision/(reversal) for slow moving stores, spare parts and loose tools-net	8.1	16,262	(1,363)
Reversal of provision for Workers' welfare fund	31	(6,720)	-
Dividend income	33	(203,175)	(542,588)
Finance cost	32	32,860	59,341
		189,664	(145,773)
		195,665	(360,413)
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		(16,604)	(12,093)
Stock in trade		(176,060)	489,685
Trade debts		(884,975)	23,201
Loans and advances		(13,710)	14,966
Trade deposits and short term prepayments		32,703	(38,155)
Other receivables		71,277	(99,021)
Taxes refund due from Federal Government		(35,481)	(90,386)
		(1,022,850)	288,197
Increase/(decrease) in Trade and other payables		312,844	(599,607)
Cash flow towards operations		(514,341)	(671,823)
(Payments for)/receipts of:			
Long term loans		986	886
Long term deposits		-	3
Defined benefit plan	20.2	(7,270)	(7,331)
Finance cost		(35,923)	(68,484)
Income tax	24	(57,988)	(61,628)
Group taxation impact - Payment of Gatro Power (Private) Limited		(1,005)	-
Net cash flow towards operating activities		(615,541)	(808,377)
Cash Flow (towards)/from Investing Activities			
Additions in property, plant and equipment		(448,394)	(439,539)
Proceeds from disposal of property, plant and equipment	4.3	71,249	18,425
Dividend received	33	203,175	542,588
Net cash flow (towards)/from investing activities		(173,970)	121,474
Cash Flow from/(towards) Financing Activities			
Long term financing - proceeds		136,034	-
Dividend paid		(15,973)	(71,281)
Net cash flow from/(towards) financing activities		120,061	(71,281)
Net decrease in cash and cash equivalents		(669,450)	(758,184)
Cash and cash equivalents at the beginning of the year		(1,441,923)	(683,739)
Cash and cash equivalents at the end of the year	36	(2,111,373)	(1,441,923)

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

PEER MOHAMMAD DIWAN	**IQBAL BILWANI**	**MOHAMMAD YASIN BILWANI**
Chief Executive	Director	Chief Financial Officer

GATRON

Statement of Changes in Equity
FOR THE YEAR ENDED JUNE 30, 2017

(Rupees in Thousand)

	Share Capital	Capital Reserves			General reserve	Unappropriated profit	Total
		Share Premium	Others	Sub Total			
Balances as at July 01, 2015	383,645	383,645	75,000	458,645	2,500,000	303,700	3,645,990
Total comprehensive loss for the year ended June 30, 2016	-	-	-	-	-	(269,776)	(269,776)
Transfer from General reserve	-	-	-	-	(500,000)	500,000	-
Transactions with owners							
Final cash dividend for the year ended June 30, 2015 at Rs. 1.50 per share i.e. @15%	-	-	-	-	-	(57,547)	(57,547)
Balances as at June 30, 2016	383,645	383,645	75,000	458,645	2,000,000	476,377	3,318,667
Total comprehensive income for the year ended June 30, 2017	-	-	-	-	-	52,871	52,871
Transfer from Capital reserves to General reserve	-	-	(75,000)	(75,000)	75,000	-	-
Balances as at June 30, 2017	**383,645**	**383,645**	**-**	**383,645**	**2,075,000**	**529,248**	**3,371,538**

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

PEER MOHAMMAD DIWAN	**IQBAL BILWANI**	**MOHAMMAD YASIN BILWANI**
Chief Executive	Director	Chief Financial Officer

Notes to the Financial Statements
FOR THE YEAR ENDED JUNE 30, 2017

1 THE COMPANY AND ITS OPERATIONS

1.1 The Company was incorporated in Pakistan in 1980 as a Public Limited Company and its shares are quoted at Pakistan Stock Exchanges since 1992. The principal business of the Company is manufacturing of Polyester Filament Yarn through its self-produced Polyester Polymer/Chips. The Company also produces Pet Preforms and is also capable of producing Bottle Grade Chips. The registered office of the Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta.

1.2 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.

2 BASIS OF PREPARATION

2.1 Statement of Compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no. 17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with 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 (IASB) as are notified under the repealed Companies Ordinance, 1984 and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed 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-1	Presentation of Financial Statements (Amendment)
IAS-16	Property, Plant and Equipment and IAS 38 - Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)
IAS-16	Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS-27	Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)
IAS-28	Investment in associates and Joint Ventures (Amendment)
IFRS-1	Presentation of Financial Statements: Disclosure Initiative (Amendment)
IFRS-10	Consolidated Financial Statements (Amendment)
IFRS-11	Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
IFRS-12	Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

These Standards, interpretations and amendments as also communicated in the preceding year, do not have significant impact on Company's financial statements except for some additional disclosures. 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-7	Statement of Cash Flows (Amendment)	January 01, 2017
IAS-12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	January 01, 2017
IAS-40	Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRS-2	Classification and Measurement of Share based Payments Transactions	January 01, 2018
IFRS-4	Insurance Contracts: Applying IFRS 6 Financial Instruments with IFRS 4 Insurance contracts – (Amendments)	January 01, 2018
IFRS-7	Financial Instruments: Disclosures – Disclosure Initiative (Amendments)	January 01, 2017
IFRS-10	Consolidated Financial Statements and IAS -28 Investments in Associates and Joint Ventures: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized
IFRS-12	Classification and Measurement of Share based Payment Transactions (Amendments)	January 01, 2018
IFRIC-22	Foreign Currency Translations and Advance Consideration	January 01, 2018
IFRIC-23	Uncertainty over Income Tax Treatments	January 01, 2018

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 additional disclosures, if applicable in certain circumstances.

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after July 01, 2017, 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.

New Standards issued by ISAB but not yet been notified by SECP

Following new standards issued by IASB but not yet effective:

IFRS – 1	First Time Adoption of IFRS	January 01, 2013
IFRS – 9	Financial Instruments: Classification and Measurement	January 01, 2018
IFRS – 14	Regulatory Deferral Accounts	January 01, 2016
IFRS – 15	Revenue from Contracts with Customers	January 01, 2018
IFRS – 16	Leases	January 01, 2019
IFRS – 17	Insurance Contracts	January 01, 2021

2.3 Basis of measurement

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

These financial statements are the separate financial statement of the Company in which Investment in subsidiaries and associate have been accounted for at cost less accumulated impairment lossess, if any.

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

2.4 Critical 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 where there is any such indication. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

b) Trade debts, advances and other receivables

The estimates of doubtful trade debts, advances and other receivables are made, using and appropriately judging the relevant inputs and applying parameters as stated in note 3.2 & 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 and obsolescence, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is recorded as and when it takes place.

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 Pakistani 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

Initial recognition & measurement:

These are stated at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Depreciation:

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

Subsequent cost:

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.

Impairment :

The carrying amounts of the Company's assets are reviewed at each financial year end where there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their respective estimated recoverable amounts. Where estimated carrying amounts exceed the respective recoverable amounts, the estimated carrying amounts are appropriately adjusted with impairment loss recognised in 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:

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 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 goods 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, in addition to defined contribution plan being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation by using the "Projected Unit Credit Method". The latest actuarial valuation was conducted on the balances as at June 30, 2017.

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

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

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:

- Sales are recognised on dispatch of goods to customer.
- Processing services are recognised on completion of services rendered.
- Dividend income is recognised when the right of receipt is established.
- Income from rent is recognized on accrual basis.
- Storage and handling income is recognised on accrual basis.

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. Segment results are stated in note 39.

	Note	(Rupees in Thousand) 2017	2016
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**1,819,932**	1,905,044
Capital work in progress	4.4	**202,129**	47,244
		2,022,061	1,952,288

4.1 Operating fixed assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land								
	------ (Rupees in thousand) ------											
Net carrying value												
Year ended June 30, 2017												
Net book value as at 01st July	25,320	13,348	815	96,981	4,262	1,642,201	2,775	30,309	7,804	73,242	7,987	1,905,044
Additions	-	-	-	-	-	45,050	205	3,502	384	11,023	-	60,164
Transfer from capital work in progress	-	-	-	36,169	-	195,272	-	2,034	-	-	-	233,475
Transfer at NBV	-	-	-	-	-	456	-	-	-	-	(456)	-
Disposal at NBV	-	-	-	-	-	63,529	-	42	29	2,707	-	66,307
Depreciation	-	-	82	10,904	426	275,363	569	6,377	2,088	15,505	1,130	312,444
Net book value as at 30th June	**25,320**	**13,348**	**733**	**122,246**	**3,836**	**1,544,087**	**2,411**	**29,426**	**6,071**	**66,053**	**6,401**	**1,819,932**
Gross carrying value												
At June 30, 2017												
Cost	25,320	13,348	14,248	468,840	9,902	6,708,909	18,486	86,496	62,368	163,110	13,359	7,584,386
Accumulated depreciation	-	-	13,515	346,594	6,066	5,164,822	16,075	57,070	56,297	97,057	6,958	5,764,454
Net book value	**25,320**	**13,348**	**733**	**122,246**	**3,836**	**1,544,087**	**2,411**	**29,426**	**6,071**	**66,053**	**6,401**	**1,819,932**
Net carrying value												
Year ended June 30, 2016												
Net book value as at 01st July	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
Additions	-	-	-	-	-	82,846	688	3,113	3,146	19,195	-	108,988
Transfer from capital work in progress	-	-	-	2,589	-	335,622	-	3,888	-	-	-	342,099
Transfer at NBV	-	-	-	-	-	3,046	-	-	-	-	(3,046)	-
Disposal at NBV	-	400	-	-	-	623	-	-	26	8,825	-	9,874
Depreciation	-	-	91	10,776	474	274,340	661	7,114	2,688	17,046	1,410	314,600
Net book value as at 30th June	**25,320**	**13,348**	**815**	**96,981**	**4,262**	**1,642,201**	**2,775**	**30,309**	**7,804**	**73,242**	**7,987**	**1,905,044**
Gross carrying value												
At June 30, 2016												
Cost	25,320	13,348	14,248	432,671	9,902	6,688,857	18,281	81,012	62,049	163,452	14,131	7,523,271
Accumulated depreciation	-	-	13,433	335,690	5,640	5,046,656	15,506	50,703	54,245	90,210	6,144	5,618,227
Net book value	**25,320**	**13,348**	**815**	**96,981**	**4,262**	**1,642,201**	**2,775**	**30,309**	**7,804**	**73,242**	**7,987**	**1,905,044**
Depreciation rate % per annum	-	-	10	10	10	15 to 33	20	20	20 to 30	20	15	

4.2 Depreciation for the year has been allocated as follows:

	Note	2017 (Rupees in Thousand)	2016
Cost of sales	27	**306,617**	307,597
Distribution and selling cost	28	**513**	681
Administrative expenses	29	**5,314**	6,322
		312,444	314,600

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

(Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
PLANT & MACHINERY					
Texturizing/Draw Twisting Machines	82,623	5,466	4,202	Negotiation	**Mr. Abdul Sattar** 142, Tufail Shaheed Road, Mullaha Sphaolabad, Faisalabad.
GL-300 Injection Molding Machine with accessories	95,515	15,159	16,704	-- do --	**M/s. Machinepoint Consultants** Parque Technologoco De Boecillo C/Andres-Laguna, 9-11, E-47151, Boecillo (Espana)
ASB-70DPW-V3 Blow Molding Machine with accessories	42,904	42,904	43,800	-- do --	**M/s. Novatex Limited** 117-83, Off Railway Siding, EPZ Road, Near Wheat Godown Landhi, Karachi.
Sub Total	**221,042**	**63,529**	**64,706**	**--**	**--**
FACTORY EQUIPMENT Items having book value upto Rs.50 thousand each	52	42	52	Various	Various
Sub Total	52	42	52	--	--
OFFICE EQUIPMENT Items having book value upto Rs.50 thousand each	65	29	8	Various	Various
Sub Total	**65**	**29**	**8**	**--**	**--**
MOTOR VEHICLES					
Toyota Corolla BDY-235	1,753	1,336	1,514	Company Policy	**Mr.Muhammad Zubair** (Employee)
Toyota Corolla AUV-532	1,462	388	864	-- do --	**Mr.Afzal Khan** (Employee)
Toyota Corolla AWE-534	1,394	404	859	-- do --	**Mr.Abdul Razzak** (Employee)
Toyota Camry AHG-132	3,099	185	700	Negotiation	**Miss.Saba Subhani** 67, Baharia Town, Phase 8, Islamabad
Honda Civic APU-175	1,436	181	697	-- do --	**Miss.Saleema Mehboob** D-294/A-1 Decruz Road, Garden East, Karachi.
Honda 100cc KJM-3132	86	79	86	Insurance Claim	**M/s.EFU General Insurance** Karachi.
Items having book value upto Rs.50 thousand each	1,990	94	1,737	Various	Various
Items having book value upto Rs.50 thousand each	145	40	26	Various	Various
Sub Total	**11,365**	**2,707**	**6,483**	**--**	**--**
Total - 2017	**232,524**	**66,307**	**71,249**	**--**	**--**
Total - 2016	20,640	9,874	18,425	--	--

4.3.1 Detail of net gain on disposal of property, plant & equipment

	Note	2017	2016
		(Rupees in Thousand)	
Gain on disposal of property, plant & equipment	31	**(6,241)**	(8,598)
Loss on disposal of property, plant & equipment	30	**1,299**	47
		(4,942)	(8,551)

4.4 Capital Work-in-Progress

(Rupees in Thousand)

	Balance as at July 1, 2016	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2017
Factory building on lease hold land under construction	19,941	16,228	(36,169)	-
Plant and machinery under erection	27,303	370,098	(195,272)	202,129
Factory equipment	-	2,034	(2,034)	-
	47,244	**388,360**	**(233,475)**	**202,129**

	Balance as at July 1, 2015	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2016
Factory building on lease hold land under construction	2,589	19,941	(2,589)	19,941
Plant and machinery under erection	52,327	310,598	(335,622)	27,303
Factory equipment	3,886	2	(3,888)	-
	58,802	**330,541**	**(342,099)**	**47,244**

	Note	(Rupees in Thousand) 2017	2016
5 LONG TERM INVESTMENTS			
Related Parties			
Wholly Owned Subsidiary Companies			
22.575 million (2016: 22.575 million) shares including 7.525 million bonus shares in Messrs. Gatro Power (Private) Limited	5.1	**150,500**	150,500
25,000 (2016: 25,000) shares in Messrs. Global Synthetics Limited - Unlisted	5.2	**250**	250
Impairment loss	5.3	**(161)**	(136)
		89	114
		150,589	150,614
Associated Company			
56.7 million (2016: 56.7 million) shares including 12 million bonus shares in Messrs. Novatex Limited - Unlisted	5.4	**447,000**	447,000
		597,589	597,614

5.1 The value of investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2017 amounted to Rs.1,007.338 million (2016: Rs.869.785 million) .

5.2 The value of the investment on the basis of the net assets, as reported in its audited financial statements as at June 30, 2017 amounted to Rs.0.089 million (2016: Rs.0.114 million).

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
5.3 Impairment loss			
Balance as at 01st July		**136**	108
Charge for the year		**25**	28
Balance as at 30th June		**161**	136

5.4 The value of 56.7 million (2016: 56.7 million) shares being 36.83% (2016: 36.83%) holding of the total issued share capital of Associated Company, on the basis of the net assets, as reported in its un-audited financial statements as at March 31, 2017 amounted to Rs.4,661.006 million (March 2016: Rs.3,910.983 million) before adjusting dividend declared and paid amounting to Rs.Nil (2016: Rs.170.100 million) subsequent to March 31.

6 LONG TERM LOANS - Considered good

Secured - Interest free

		2017	2016
To employees other than Chief Executive & Directors		**5,848**	6,834
Amount due in twelve months shown under current assets		**(5,096)**	(5,587)
Recoverable within three years		**752**	1,247

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

6.2 Interest free long term loans have been carried out at cost as the effect of carrying these balances at amortised cost is not material.

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

	Note	2017	2016
Balance as at 01st July		**2,693**	3,129
Disbursements during the year		**1,355**	2,350
Recoveries during the year		**(2,178)**	(2,786)
Balance as at 30th June	6.3.1	**1,870**	2,693

6.3.1 The maximum aggregate amount of loan due from executives at any month end during the year was Rs.2.577 million (2016: Rs.3.038 million).

7 LONG TERM DEPOSITS

	2017	2016
Security deposits for utilities and others	**1,666**	1,666

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)

8 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2017	2016
In hand:			
Stores		**80,614**	87,898
Spare parts		**404,249**	393,327
Loose tools		**3,174**	3,179
		488,037	484,404
Provision for slow moving stores, spare parts and loose tools	8.1	**(41,379)**	(25,117)
		446,658	459,287
In transit		**14,240**	1,269
		460,898	460,556

8.1 Provision for slow moving stores, spare parts and loose tools

	2017	2016
Balance as at 01st July	**25,117**	26,480
Charge for the year	**17,699**	5,601
Reversals due to consumption	**(1,437)**	(6,964)
	16,262	(1,363)
Balance as at 30th June	**41,379**	25,117

9 STOCK IN TRADE

	Note	2017	2016
Raw material		**797,304**	444,451
Raw material in transit		**204,309**	140,356
Goods in process		**451,615**	296,340
Finished goods	9.1	**743,324**	1,139,345
		2,196,552	2,020,492

9.1 These include finished goods costing Rs.486.792 million (2016: Rs.970.760 million) valued at net realisable value of Rs.425.196 million (2016: Rs.828.690 million).

10 TRADE DEBTS

	Note	2017	2016
Considered good			
Secured			
Local		**649,448**	137,439
Export	10.1	**3,475**	31,690
	10.2	**652,923**	169,129
Unsecured	10.3	**970,492**	579,584
		1,623,415	748,713
Considered doubtful			
Unsecured		**74,047**	63,774
Provision for doubtful debts	10.4	**(74,047)**	(63,774)
		-	-
		1,623,415	748,713

10.1 This represents balances receivable in foreign currency of US$ 0.033 million (2016: US$ 0.286 million) and AED Nil (2016: AED 0.062 million).

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

10.3 The maximum aggregate amount due from related party i.e. Messrs. Novatex Limited at any month end during the year was Rs.3.593 million (2016: Rs.8.306 million). Though the balance at each respective year end was nil.

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
10.4 Provision for doubtful debts			
Balance as at 01st July		**63,774**	67,975
Charge for the year		**12,904**	4,981
Reversals since recovered		**(2,631)**	(9,182)
		10,273	(4,201)
Balance as at 30th June		**74,047**	63,774

11 LOANS AND ADVANCES - Considered good

	Note	2017	2016
Secured			
Amount recoverable in twelve months from employees and executives	6	**5,096**	5,587
Advances to employees	11.1	**684**	703
		5,780	6,290
Unsecured			
Advances:			
to suppliers and contractors	11.2	**25,301**	15,848
for imports		**9,227**	4,951
		34,528	20,799
		40,308	27,089

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.2.340 million (2016: Rs.1.928 million).

12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2017	2016
Shipping guarantees - deposit		**-**	517
Security deposits		**645**	4,395
Prepayments	12.1	**8,289**	36,725
		8,934	41,637

12.1 These include prepayments to a related party i.e. Messrs. Novatex Limited of Rs. 6.654 million (2016: Nil) being the amount of advance rent.

13 OTHER RECEIVABLES - Considered good

	Note	2017	2016
Receivable from suppliers	13.1	**196,409**	135,038
Claims receivable from suppliers		**151**	100
Claims receivable from Insurance Companies		**-**	64
Sales tax		**-**	146,670
Receivable from Workers' Provident Fund Trust		**765**	-
Others	13.2 & 13.3	**17,610**	4,340
		214,935	286,212

13.1 These include balances receivable in foreign currency of US$ 1.366 million (2016: US$ 1.181 million).

13.2 These include Rs.3.171 million (2016: Rs.2.412 million) receivable from related party i.e. Messrs. Gatro Power (Private) Limited, mainly on account of plant operation arrangement.

13.3 These include Rs.12.569 million (2016: Nil) receivable from related party i.e. Messrs. Novatex Limited on account of common expenses.

		Note	(Rupees in Thousand) 2017	2016
14	**TAXES REFUND DUE FROM FEDERAL GOVERNMENT**			
	Income tax		**201,797**	202,900
	Sales tax		**142,375**	106,894
			344,172	309,794
15	**CASH AND BANK BALANCES**			
	Cash in hand		**889**	1,064
	With banks in current accounts : Local currency	15.1	**31,138**	61,915
	Foreign currency	15.2	**474**	1,350
		15.3	**31,612**	63,265
			32,501	64,329

15.1 These Include Rs.1.900 million (2016: Rs.2.565 million) received from contractors as security deposit, refer note 21.4.

15.2 These represent balances of US$ 3,231.19 and Euro € 1,129.98 (2016 : US$ 11,663.81 and Euro € 1,129.98).

15.3 Balance in bank accounts includes an amount of Rs.7.906 million (2016: Rs.1.500 million) placed under an arrangement under Shariah compliant.

16 SHARE CAPITAL

2017 (Number of Shares)	2016 (Number of Shares)		2017	2016
16.1 Authorised capital				
44,000,000	44,000,000	Ordinary shares of Rs.10 each	**440,000**	440,000
16.2 Issued, subscribed and paid up capital				
30,136,080	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash	**301,361**	301,361
8,228,400	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares	**82,284**	82,284
38,364,480	38,364,480		**383,645**	383,645

These include 1,620,387 (2016 : 1,620,387) shares held by an associated company, Messrs. Gani & Tayub (Private) Limited.

		Note	2017	2016
17	**CAPITAL RESERVES**			
	Share premium	17.1	**383,645**	383,645
	Others		**-**	75,000
			383,645	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.

	Note	(Rupees in Thousand) 2017	2016
18 GENERAL RESERVE		**2,075,000**	2,000,000

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

19 LONG TERM FINANCING - Secured

from banking companies

	Note	2017	2016
Under conventional - Bank Al-Habib Limited	19.1	**136,034**	-
Current maturities shown under current liability		**(13,603)**	-
		122,431	-

19.1 Original principal sum of Rs.136 million was obtained by the Company during January 2017 to May 2017 for purchase of machinery, being repayable alongwith markup in 10 equal half yearly installments, commencing after a grace period of twelve months and expiring in December 2022. The mark up rate is six month average KIBOR of five working days to be reset on a semi annual basis plus 0.05% per annum. The outstanding principal sum and accrued markup thereon are secured by way of hypothecation charge over specific plant and machinery.

20 DEFERRED LIABILITIES

	Note	2017	2016
Income tax-net	20.1	**75,678**	136,334
Defined benefit plan	20.2	**318,830**	288,870
		394,508	425,204

20.1 This comprises of the following major timing differences:

	2017	2016
Taxable temporary difference arising due to:		
tax depreciation allowances	**110,306**	163,890
Deductable temporary difference arising due to:		
Provision for doubtful debts	**(22,214)**	(19,770)
Provision for slow moving stores, spare parts and loose tools	**(12,414)**	(7,786)
	75,678	136,334

At the balance sheet date, deferred tax asset amounting to Rs.394.319 million (2016: Rs.389.988 million) has not been recognised considering that it is not probable that sufficient taxable profit will be available in future.

20.2 Actuarial valuation of the plan was carried out as at June 30, 2017. The calculation for provision of defined benefit plan is as under:

Movement of the liability recognised in the balance sheet	Note	(Rupees in Thousand) 2017	2016
Balance as at 01st July		**288,870**	243,959
Expense	20.2.1	**32,637**	36,961
Remeasurement losses		**4,593**	15,281
Payment		**(7,270)**	(7,331)
Balance as at 30th June		**318,830**	288,870

20.2.1 Expense

		2017	2016
Service cost		**13,839**	13,532
Interest cost		**18,798**	23,429
		32,637	36,961

The principal actuarial assumptions used were as follows:	%	%
Discount rate	**7.75%**	7.25%
Future salary increase rate	**7.75%**	7.25%
Withdrawal Rate	**Moderate**	Moderate
Mortality	**Adjusted SLIC 2001-2005**	Adjusted SLIC 2001-2005

Sensitivity Analysis

	2017		2016	
	PVDBO (Rupees in Thousand)	Percentage Change	PVDBO (Rupees in Thousand)	Percentage Change
Current Liability	**318,830**	**-**	288,870	-
+ 1% Discount Rate	**306,213**	**-3.96%**	272,129	-5.80%
- 1% Discount Rate	**333,141**	**4.49%**	308,492	6.79%
+ 1% Salary Increase Rate	**334,187**	**4.82%**	310,119	7.36%
- 1% Salary Increase Rate	**305,035**	**-4.33%**	270,498	-6.36%
+ 10% Withdrawal Rates	**318,827**	**-0.00%**	288,870	-0.00%
- 10% Withdrawal Rates	**318,833**	**0.00%**	288,870	-0.00%
1 Year Mortality age set back	**318,830**	**0.00%**	288,863	-0.00%
1 Year Mortality age set forward	**318,830**	**0.00%**	288,880	0.00%

21 TRADE AND OTHER PAYABLES

	Note	(Rupees in Thousand) 2017	2016
Trade creditors		**267,422**	263,512
Creditors for capital expenditures		**202**	72
Bills payable	21.1	**428,377**	294,867
Accrued expenses	21.2 & 21.3	**164,058**	150,682
Advance payments from customers		**233,754**	235,607
Sales tax payable		**90,573**	-
Security deposits from contractors	21.4	**1,900**	2,565
Workers' Welfare Fund		**-**	6,720
Provisions	21.5	**207,077**	140,713
Unclaimed dividend		**10,959**	26,932
Withholding taxes		**5,923**	5,050
Payable to Provident Fund Trusts		**3,025**	3,499
Other liabilities	21.6	**40,635**	33,405
		1,453,905	1,163,624

21.1 This represents balances payable in foreign currency of US$ 4.080 million (2016: US$ 2.816 million).

21.2 These include Rs.0.562 million (2016: Rs.0.401 million) payable to related party Messrs. Gani & Tayub (Private) Limited.

21.3 These include Rs.8.177 million (2016: Rs.3.181 million) payable to related party Messrs. Novatex Limited.

21.4 This represents deposits from contractors held in separate bank account, refer note 15.1.

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
21.5 Provisions for:			
Gas Infrastructure Development Cess	25.1(b)	**50,095**	27,700
Enhanced gas rate	21.5.1 & 21.5.2	**27,582**	8,836
Sindh Sales Tax on rent	21.5.3	**4,754**	1,901
Infrastructure Cess on imports	21.5.4	**118,697**	98,112
Others	21.5.5	**5,949**	4,164
		207,077	140,713

21.5.1 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial & Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU w.e.f. September 01, 2015. The Company alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate has been restrained. Further, in May 2016, The Single Bench of Sindh High Court decided the case in favour of the petitioners. However, in June 2016, defendants filed appeal before Double Bench of Sindh High Court which also decided in favor of the Petitioners. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGC billed @ Rs.600 per MMBTU instead of Rs.488.23 per MMBTU. However the Company alongwith others filed petition in High Court. The Honorable Sindh High Court granted interim relief and instructed SSGC to revise bills at previous rate against securing the differential amount with the Nazir of the court. Accordingly, the Company has provided bankers' verified cheque to Nazir of High Court amounting to Rs. 12.274 million (2016: NIL). As an abundant precaution, the Company has made total provision of Rs.18.554 million (2016: Rs.4.591 million).

21.5.2 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power in August 2013 and accordingly, Sui Southern Gas Company started charging rate prescribed for captive power to the Company w.e.f. September 2013. In December 2015, the Company alongwith several other companies filed suit in the Sindh High Court challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. As an abundant precaution, the Company has made provision of Rs.9.028 million (2016: Rs.4.245 million).

21.5.3 This represents provision of Sindh Sales Tax on rent payable to related party Messrs. Novatex Limited , which is currently in litigation and Messrs. Novatex Limited has obtained stay from Honorable Sindh High Court in this respect.

		Note	(Rupees in Thousand) 2017	2016
21.5.4	Balance as at 01st July		**98,112**	87,137
	Provision made during the year		**41,170**	21,950
	Payment made during the year		**(20,585)**	(10,975)
	Balance as at 30th June		**118,697**	98,112

The Company had filed a petition in the Sindh High Court 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 Sindh High Court.

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 Sindh High Court. Consequently a new petition was filed by the Company in the Sindh High Court. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. Till balance sheet date, the Company has provided bank guarantee amounting to Rs.123.365 million (2016: Rs.98.865 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.

21.5.5 This represents provision of Gas Infrastructure Development Cess Rs.4.856 million (2016: Rs.3.711 million) and rate difference of gas tariff Rs.1.093 million (2016: Rs.0.453 million) on account of common expenses payable to related party Messrs. Novatex Limited.

21.6 These include Rs.32.842 million (2016: Rs.26.523 million) received from employees under company car policy.

22 ACCRUED MARK UP

	Note	2017	2016
Mark up on long term financing		**929**	-
Mark up on short term borrowings		**3,654**	7,646
	22.1	**4,583**	7,646

22.1 This include accrued markup of Rs.1.434 million (2016: Rs.1.318 million) placed under Shariah compliant arrangements.

23 SHORT TERM BORROWINGS - Secured

From banking companies under mark up arrangements

	2017	2016
Running finance		
Under Conventional	**2,087,700**	1,371,635
Under Shariah compliant	**56,174**	134,617
	2,143,874	1,506,252

23.1 The Company has aggregate facilities of short term borrowings amounting to Rs.4,455 million (2016: Rs.4,455 million) from various commercial banks (as listed in Note 23.3) out of which Rs.3,219 million (2016: Rs.2,993 million) remained unutilised at the year end. The Company also has Rs.1,000 million (2016: Rs.1,000 million) swinging facility with an Associate Company, out of which Rs.908 million (2016: Rs.44 million) utilized by the Company at the year end. The mark up rates for running finance ranged between Rs.0.1740 to Rs.0.2008 per Rs.1,000/- per day. 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 Company.

23.3 The finances have been obtained or are available from Bank Al-Falah Limited, Bank Al-Habib Limited, Dubai Islamic Bank Pakistan Limited, Faysal Bank Limited, Habib Bank Limited, Habib Metropolitan Bank Limited, MCB Bank Limited, Meezan Bank Limited, 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

	(Rupees in Thousand) 2017	2016
Balance as at 01st July	**90,244**	63,702
Provision for the year - Current	**97,329**	64,175
Prior	**(88,136)**	-
	9,193	64,175
	99,437	127,877
Payments during the year	**(57,988)**	(61,628)
Adjustments for the year	**(2,108)**	23,995
Balance as at 30th June	**39,341**	90,244

25 CONTINGENCIES AND COMMITMENTS

25.1 Contingencies

a) 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 Sindh High Court realizing the facts of the case, circumstances and legal position and the Honorable Sindh High Court has granted interim relief whereby encashment of above mentioned post dated cheques has been restrained.

By way of abundant precaution, the amount of Rs. 27.762 million has been charged to profit and loss account in previous period. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

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

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Company is confident that the case will be decided in favour of the companies. Total amount of enhanced GIDC upto June 30, 2017 worked out at Rs.89.433 million (2016: Rs.67.038 million), however the Company has provided Rs.50.095 million (2016: Rs.27.700 million) pertaining to the period of July 2014 to June 2017 for Captive Power and June 2015 to June 2017 for Industrial as an abundant precaution in view of reason stated above, refer note 21.5.

c) The Company along with several other companies has filed a Constitution Petition in the Honorable Sindh High Court against a notice issued by the Employment Old Age Benefits Institution (EOBI) to the Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable High Court of Sindh has already restrained EOBI from taking any coercive action against the Company. No provision of the amount involved i.e Rs.15.232 million (2016: Nil) has been made in these financial statements as the Company is confident of the favourable outcome of the Petition.

d) The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power in August 2013 and accordingly, Sui Southern Gas Company started charging rate prescribed for captive power to the Company w.e.f. September 2013. In December 2015, the Company alongwith several other companies filed suit in the Sindh High Court challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. As an abundant precaution, the Company did not create receivable of Rs.13.629 million in respect of period from August 2013 to October 2015.

25.2 Guarantees

	(Rupees in Thousand) 2017	2016
Bank Guarantees in favour of:		
The Director Excise & Taxation, Karachi	**123,365**	98,865
The Electric Inspector, President Licencing Board, Quetta	**10**	10
Pakistan State Oil Company Limited	**25,000**	25,000
Letters of Credit in favour of:		
Sui Southern Gas Company for Gas	**30,992**	30,992
	179,367	154,867

	Note	(Rupees in Thousand) 2017	2016

25.3 Commitments

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

	Note	2017	2016
Foreign currency:			
Property, plant and equipment		7,064	22,510
Raw material		232,176	234,881
Spare parts and others		18,937	4,221
		258,177	261,612
Local currency:			
Raw material		-	74,512
Spare parts and others		2,347	-
		2,347	74,512
		260,524	336,124

26 SALES

	Note	2017	2016
Gross local sales		13,217,789	9,123,206
Third party processing charges		11,585	28,992
		13,229,374	9,152,198
Less: Sales tax	26.1	1,037,880	696,716
		12,191,494	8,455,482
Export sales		134,157	311,421
		12,325,651	8,766,903

26.1 These include local zero/reduced rate supplies.

27 COST OF SALES

	Note	2017	2016
Raw material consumed		8,190,544	5,141,660
Stores, spare parts and loose tools consumed		162,321	199,410
Outsource processing charges		663,542	221,239
Salaries, wages, allowances and benefits	27.1 & 27.2	761,419	802,316
Power, fuel and gas		1,576,776	1,616,680
Rent, rates and taxes		5,048	1,770
Insurance		25,986	29,201
Cartage & transportation		73,995	73,768
Repairs and maintenance		47,090	70,510
Communications & Computer		1,519	1,768
Water supply		3,475	8,526
Travelling		3,704	3,104
Legal and professional fees		180	768
Sundry		11,951	13,205
Depreciation	4.2	306,617	307,597
		11,834,167	8,491,522
Duty draw back		(95)	(175)
Scrap sales	27.3	(11,111)	(9,973)
		11,822,961	8,481,374
Opening stock of goods-in-process		296,340	779,088
Closing stock of goods-in-process		(451,615)	(296,340)
Cost of goods manufactured		11,667,686	8,964,122
Opening stock of finished goods		1,139,345	1,170,397
Closing stock of finished goods		(743,324)	(1,139,345)
		12,063,707	8,995,174

27.1 These include Rs.15.591 million (2016 : Rs.15.570 million) and Rs.14.725 million (2016 : Rs.18.850 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

27.2 It is net off by Rs.30 million (2016: Rs.24 million) in respect of amount received from subsidiary company i.e. Messrs. Gatro Power (Private) Limited against plant operation arrangement.

27.3 Net off sales tax amounting to Rs.2.106 million (2016: Rs.1.892 million).

	Note	(Rupees in Thousand) 2017	2016
28 DISTRIBUTION AND SELLING COST			
Salaries, allowances and benefits	28.1	**29,332**	35,607
Insurance		**2,670**	3,796
Rent, rates and taxes		**3,708**	829
Handling, freight and transportation		**141,062**	177,869
Advertisement and sales promotion		**1,205**	1,755
Communications		**309**	339
Travelling		**2,578**	4,055
Fee & subscriptions		**568**	479
Sundry		**4,711**	12,338
Depreciation	4.2	**513**	681
		186,656	237,748

28.1 These include Rs.0.856 million (2016 : Rs.0.824 million) and Rs.3.282 million (2016 : Rs.3.223 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

	Note	2017	2016
29 ADMINISTRATIVE EXPENSES			
Salaries, allowances and benefits	29.1	**161,877**	189,361
Rent, rates and taxes		**29,835**	32,056
Insurance		**1,594**	1,307
Repairs and maintenance		**6,785**	4,781
Travelling		**3,124**	1,429
Communications		**2,699**	3,055
Legal and professional fees		**3,249**	3,950
Utilities		**5,717**	6,457
Printing and stationery		**1,760**	1,861
Transportation		**3,302**	4,115
Sundry		**7,783**	10,797
Depreciation	4.2	**5,314**	6,322
		233,039	265,491

29.1 These include Rs.6.742 million (2016 : Rs.6.294 million) and Rs.14.630 million (2016 : Rs.14.888 million) representing contribution to defined contribution plan by the Company and expenditure on defined benefit plan respectively.

	Note	(Rupees in Thousand) 2017	2016

30 OTHER OPERATING EXPENSES

	Note	2017	2016
Loss on disposal of property, plant and equipment	4.3.1	**1,299**	47
Provision for doubtful trade debts - net	10.4	**10,273**	-
Provision for slow moving stores, spare parts and loose tools - net	8.1	**16,262**	-
Impairment in long term investments	5.3	**25**	28
Exchange loss - net		**4,225**	2,177
Corporate social responsibility	30.1	**-**	1,750
Auditors' remuneration	30.2	**1,374**	1,363
		33,458	5,365

30.1 These include donations of Rs.Nil (2016: Rs.1.050 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, so far as other donations are concerned.

30.2 Auditors' remuneration

	2017	2016
Audit fee - Annual accounts	**1,000**	1,000
Limited review, audit of consolidated financial statements, provident funds and certification fee	**193**	180
Sindh Sales Tax on services	**96**	93
Out of pocket expenses	**85**	90
	1,374	1,363

31 OTHER INCOME

	Note	2017	2016
Income from financial assets			
Reversal of provision for doubtful trade debts - net		**-**	4,201
Income from non-financial assets & others			
Storage and handling income	41	**483**	439
Gain on disposal of property, plant and equipment	4.3.1	**6,241**	8,598
Liabilities no more payable written back		**13,221**	24,129
Reversal of provision for slow moving store & spares-net		**-**	1,363
Reversal of provision for Workers' welfare fund		**6,720**	-
Miscellaneous income	31.1	**230**	258
		26,895	34,787
		26,895	38,988

31.1 It include Rs.0.006 million (2016: Rs.0.006 million) represent rent income from subsidiary company i.e. Messrs. Gatro Power (Private) Limited, refer note 41.

	Note	(Rupees in Thousand) 2017	2016

32 FINANCE COST

	Note	2017	2016
Mark up on long term financing		1,167	-
Mark up on short term borrowings		28,578	56,634
Bank charges and guarantee commission		3,115	2,707
	32.1	32,860	59,341

32.1 It include markup under Shariah Complaint arrangement amounting to Rs.8.875 million (2016: Rs.7.559 million).

33 INVESTMENT INCOME - DIVIDEND

	2017	2016
Dividend income from wholly owned subsidiary - M/s. Gatro Power (Private) Limited	203,175	372,488
Dividend income from associated company - M/s. Novatex Limited	-	170,100
	203,175	542,588

34 INCOME TAX

	Note	2017	2016
For the current year		97,329	64,175
For the prior year		(88,136)	-
		9,193	64,175
Deferred		(60,656)	(24,320)
		(51,463)	39,855

Relationship between income tax and profit/(loss) before income tax :

	Note	2017	2016
Profit/(loss) before income tax		6,001	(214,640)
Income tax rate		31%	32%
Income tax on profit/(loss) before income tax		1,860	(68,685)
Tax effect of:			
group taxation impact		(62,984)	(119,196)
minimum tax		121,915	84,555
tax loss not recognised		33,547	249,088
tax credits		(26,597)	(45,023)
tax on undistributed profit	34.1	450	-
income assessed under final tax regime		1,194	(33,024)
change in statutory tax rate		(2,523)	(4,398)
others		(30,189)	(23,462)
prior year reversal for income tax		(88,136)	-
Income tax for the year		(51,463)	39,855

34.1 The Board of Directors of the Company in their meeting held on September 26, 2017 has not proposed any dividend for the year ended June 30, 2017. Accordingly provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 has been provided in these financial statements for the year ended June 30, 2017.

	Note	2017 (Rupees in Thousand)	2016

35 EARNINGS/(LOSS) PER SHARE - Basic and diluted

Profit/(loss) after income tax		**57,464**	(254,495)
		(Number of Shares)	
Weighted average number of Ordinary Shares in issue during the year		**38,364,480**	38,364,480
		(Rupees)	
Earnings/(loss) per share - Basic and diluted		**1.50**	(6.63)

There is no dilutive effect on the basic earnings/(loss) per share of the Company.

(Rupees in Thousand)

36 CASH AND CASH EQUIVALENTS

	Note	2017	2016
Cash and bank balances	15	**32,501**	64,329
Short term borrowings	23	**(2,143,874)**	(1,506,252)
		(2,111,373)	(1,441,923)

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

FINANCIAL ASSETS AND LIABILITIES

(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	**2017 Total**	2016 Total
Financial Assets								
Loans and advances	-	-	-	5,780	752	6,532	**6,532**	7,537
Deposits	-	-	-	645	1,666	2,311	**2,311**	6,578
Trade debts	-	-	-	1,623,415	-	1,623,415	**1,623,415**	748,713
Other receivables	-	-	-	214,784	-	214,784	**214,784**	139,442
Cash and bank balances	-	-	-	32,501	-	32,501	**32,501**	64,329
	-	-	-	1,877,125	2,418	1,879,543	**1,879,543**	966,599
Financial Liabilities								
Long term financing	13,603	122,431	136,034	-	-	-	**136,034**	-
Trade and other payables	-	-	-	883,736	-	883,736	**883,736**	749,011
Accrued mark up	-	-	-	4,583	-	4,583	**4,583**	7,646
Short term borrowings	2,143,874	-	2,143,874	-	-	-	**2,143,874**	1,506,252
	2,157,477	122,431	2,279,908	888,319	-	888,319	**3,168,227**	2,262,909

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

37.1 MEASUREMENT OF FAIR VALUE

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

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

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

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

37.2 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 US$, Euro, JPY and AED. The Company's exposure to foreign currency risk is as follows:

	2017	2016
	(Rupees in Thousand)	
Bills Payable	**428,377**	294,867
Trade Debts	**(3,475)**	(31,690)
Receivable from suppliers	**(143,180)**	(123,437)
Cash at bank in foreign currency accounts	**(474)**	(1,350)
	(147,129)	(156,477)
	281,248	138,390
Commitments - Outstanding letters of credit	**258,177**	261,612
Net exposure	**539,425**	400,002

The following significant exchange rates have been applied:

	Average rate				Reporting date rate			
	Rupees							
	2017		2016		2017		2016	
	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
USD to PKR	**104.42**	**104.62**	103.96	104.16	**104.80**	**105.00**	104.50	104.70
Euro to PKR	**113.80**	**114.02**	115.41	115.63	**119.91**	**120.14**	116.08	116.31
JPY to PKR	**0.96**	**0.96**	0.94	0.94	**0.94**	**0.94**	1.02	1.02
AED to PKR	**-**	**-**	28.31	28.36	**-**	**-**	28.45	28.51

Sensitivity Analysis

At reporting date, if the PKR had strengthened/weakened by 10% against the US$, Euro, JPY and AED 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		Reporting date rate	
	2017	2016	2017	2016
	(Rupees in Thousand)			
Effect on profit & loss account				
USD to PKR	**50,962**	39,062	**51,147**	39,264
Euro to PKR	**2,512**	793	**2,647**	797
JPY to PKR	**152**	106	**149**	115
AED to PKR	**-**	(175)	**-**	(176)
	53,626	39,786	**53,943**	40,000

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:

	2017	2016	2017	2016
	Effective rate (in %)		Carrying amount (Rupees in Thousand)	
Financial Liabilities				
Variable rate instruments				
Long term financing	**6.19**	-	**136,034**	-
Short term borrowings	**2.08 - 6.87**	3.69 - 7.33	**2,143,874**	1,506,252
			2,279,908	1,506,252

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.

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 2016.

	Profit and loss 100 bp increase	Profit and loss 100 bp decrease
As at June 30, 2017		
Cash flow sensitivity - Variable rate financial liabilities	**(22,799)**	**22,799**
As at June 30, 2016		
Cash flow sensitivity - Variable rate financial liabilities	(15,063)	15,063

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.1,879,543 million (2016 : Rs.966.599 million), amounted to Rs.1,878.654 million (2016: Rs.965.535 million) are subject to credit risk. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	(Rupees in Thousand)	
	2017	**2016**
Loans and advances	**6,532**	7,537
Deposits	**2,311**	6,578
Trade debts	**1,623,415**	748,713
Other receivables	**214,784**	139,442
	1,838,199	888,155
Bank balances	**31,612**	63,265
	1,878,654	965,535

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

Not past due	**1,602,664**	711,770
Past due 1-30 days	**93,555**	73,663
Past due 31-90 days	**49,113**	88,694
Past due 91-180 days	**86,778**	4,026
Past due 180 days	**80,136**	73,776
	1,912,246	951,929
Provision for doubtful debts	**(74,047)**	(63,774)
	1,838,199	888,155

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	Rating Long term	(Rupees in Thousand) 2017	(Rupees in Thousand) 2016
Bank Al-Falah Limited	PACRA	A1+	AA+	**8,794**	29,887
Citibank N.A	Moody's	P1+	A1	**63**	61
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA-	**480**	176
Faysal Bank Limited	PACRA	A1+	AA	**343**	212
Habib Bank Limited	JCR-VIS	A-1+	AAA	**546**	1,901
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	**7,774**	26,257
JS Bank Limited	PACRA	A1+	AA-	**-**	25
MCB Bank Limited	PACRA	A1+	AAA	**294**	1,294
Meezan Bank Limited	JCR-VIS	A-1+	AA	**7,426**	1,324
National Bank of Pakistan	PACRA	A1+	AAA	**3,671**	901
NIB Bank Limited	PACRA	A1+	AA-	**950**	157
Samba Bank Limited	JCR-VIS	A-1	AA	**697**	278
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	**195**	650
United Bank Limited	JCR-VIS	A-1+	AAA	**379**	142
				31,612	63,265

Above ratings updated as of August 04, 2017 and available on SBP website.

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, 2017, the Company has Rs.4,455 million plus Rs.1,000 million swinging facility with Associated Company, available borrowing limit from financial institutions. The Company has unutilised borrowing facilities of Rs.3,219 million in addition to balances at banks of Rs.32 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest/mark up payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	----------------------------			(Rupees in Thousand)		----------------------------	
2017							
Long term financing	**136,034**	**163,208**	**4,259**	**17,762**	**34,328**	**92,862**	**13,997**
Trade and other payables	**883,736**	**883,736**	**883,736**	**-**	**-**	**-**	**-**
Accrued mark up	**4,583**	**4,583**	**4,583**	**-**	**-**	**-**	**-**
Short term borrowings	**2,143,874**	**2,151,982**	**2,151,982**	**-**	**-**	**-**	**-**
	3,168,227	**3,203,509**	**3,044,560**	**17,762**	**34,328**	**92,862**	**13,997**
2016							
Trade and other payables	749,011	749,011	749,011	-	-	-	-
Accrued mark up	7,646	7,646	7,646	-	-	-	-
Short term borrowings	1,506,252	1,508,462	1,508,462	-	-	-	-
	2,262,909	2,265,119	2,265,119	-	-	-	-

37.3 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, 2017 and 2016 were as follows:

	(Rupees in Thousand) 2017	2016
Total borrowings	**2,279,908**	1,506,252
Cash and bank balances	**(32,501)**	(64,329)
Net debt	**2,247,407**	1,441,923
Total equity	**3,371,538**	3,318,667
Total capital	**5,618,945**	4,760,590
Gearing ratio	**40%**	30%

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.

38 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:

(Rupees in Thousand)

	Chairman		Chief Executive		Directors		Executives		TOTAL	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
Managerial remuneration	**15,884**	14,963	**18,001**	16,956	**16,230**	23,668	**145,911**	128,471	**196,026**	184,058
Post employment benefits	**1,370**	603	**5,874**	4,292	**2,480**	6,299	**13,670**	21,088	**23,394**	32,282
Utilities	**-**	-	**78**	85	**39**	37	**47**	39	**164**	161
Other benefits	**-**	-	**-**	-	**1,936**	2,116	**69,137**	58,205	**71,073**	60,321
	17,254	15,566	**23,953**	21,333	**20,685**	32,120	**228,765**	207,803	**290,657**	276,822
Number of persons										
for remuneration	**1**	1	**1**	1	**2**	3	**89**	80	**93**	85

38.1 Aggregate amount of meeting fee to Chairman and 4 non-executive directors (2016: Chairman and 3 non-executive Directors) was Rs.140 thousand (2016: Rs.90 thousand).

38.2 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.

38.3 An Associated Company reimbursed Rs.73.720 million (2016: Rs.26.882 million) in respect of services provided by certain directors and executives during the year.

38.4 Remuneration of directors Rs. 20.685 million includes remuneration of Mr. Zakaria Bilwani, who became non-executive director w.e.f. September 17, 2017.

39 SEGMENT REPORTING

39.1 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.

39.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2017 is as follows:

(Rupees in Thousand)

	2017			2016		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
External sales	6,416,432	5,909,219	12,325,651	5,595,284	3,171,619	8,766,903
Segment result before depreciation	(337,768)	492,461	154,693	(587,749)	170,839	(416,910)
Less: Depreciation	(226,009)	(86,435)	(312,444)	(235,777)	(78,823)	(314,600)
Segment result after depreciation	(563,777)	406,026	(157,751)	(823,526)	92,016	(731,510)
Reconciliation of segment results with Profit/(loss) before income tax:						
Total results for reportable segments			(157,751)			(731,510)
Other operating expenses			(33,458)			(5,365)
Other income			26,895			38,988
Finance cost			(32,860)			(59,341)
Investment income - Dividend			203,175			542,588
Profit/(loss) before income tax			6,001			(214,640)

(Rupees in Thousand)

	2017			2016		
	Polyester Filament Yarn	Polyester PET Preforms	Total	Polyester Filament Yarn	Polyester PET Preforms	Total
Assets and liabilities by segments are as follows:						
Segment assets	3,451,789	2,534,269	5,986,058	3,535,311	1,358,205	4,893,516
Segment liabilities	546,344	315,200	861,544	489,600	102,609	592,209

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

	2017 Assets	2017 Liabilities	2016 Assets	2016 Liabilities
Total for reportable segments	5,986,058	861,544	4,893,516	592,209
Unallocated assets/liabilities	1,557,725	3,310,701	1,618,121	2,600,761
Total as per balance sheet	7,543,783	4,172,245	6,511,637	3,192,970

Other segment information is as follows:

	2017 Polyester Filament Yarn	2017 Polyester PET Preforms	2017 Total	2016 Polyester Filament Yarn	2016 Polyester PET Preforms	2016 Total
Depreciation	226,009	86,435	312,444	235,777	78,823	314,600
Capital expenditures incurred during the year	182,158	259,233	441,391	303,627	116,166	419,793
Unallocated capital expenditure incurred during the year			7,003			19,746
Total			448,394			439,539

39.3 98.91% (2016: 96.45%) out of total sales of the Company relates to customers in Pakistan.

39.4 All non-current assets of the Company as at June 30, 2017 are located in Pakistan.

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

40 PLANT CAPACITY AND ACTUAL PRODUCTION

		(Metric Tons) 2017	2016
40.1 Polyester Filament Yarn	40.1.1		
Annual capacity		24,191	24,191
Actual production		36,023	34,259
40.2 Polyester P.E.T. Preforms	40.2.1		
Annual capacity		48,320	32,677
Actual production		43,979	18,321

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

40.2.1 The capacity is determined based on 39 gms production. Actual production represents production of various grammage. The actual production versus annual capacity is lower as new addition in capacity was not available for full year. The actual production of preforms (various grammage) in pieces was 1,076.713 million (2016: 533.874 million) against annual capacity (based on 39 gms) of 1,239 million pieces.

41 TRANSACTIONS WITH RELATED PARTIES

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

		(Rupees in Thousand) 2017	2016
Subsidiary Companies	Purchase of power	**1,377,773**	1,384,367
	Receipt of dividend	**203,175**	372,488
	Plant operation arrangement	**30,000**	24,000
	Storage & handling	**483**	439
	Rent	**6**	6
	Reimbursement of expenses	**117**	108
Associated Company	Rendering of services	**9,902**	24,779
	Obtaining of services	**663,542**	221,239
	Purchase of raw material	**110**	1,644
	Purchase of property, plant & equipment and spares	**189,425**	22,752
	Sale of property, plant & equipment	**43,800**	1,282
	Receipt of dividend	**-**	170,100
	Rent	**29,487**	31,687
	Reimbursement of expenses	**135,088**	72,799
Other Related Parties	Purchase of raw material	**-**	190
	Payment of dividend	**-**	2,431
	Charges on account of handling	**6,893**	6,037
	Payment of donation	**-**	1,050
Defined Contribution Plans (Provident Funds)	Contribution to Provident Funds	**23,189**	22,688

- 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 6.3 and 38 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.

	(Rupees in Thousand) 2017	2016

42 PROVIDENT FUND RELATED DISCLOSURES

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

	2017	2016
Size of the Funds - Total Assets	**403,895**	396,261
Cost of Investments made	**367,364**	366,700
Fair value of investments	**400,846**	392,741
Percentage of investments made (Fair value to size of the fund)	**99.25%**	99.11%

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

	(Rupees in Thousand) 2017 Amount	%	2016 Amount	%
Shares of Listed Companies	**1**	**0.00%**	1	0.00%
Government Securities	**281,654**	**70.27%**	272,757	69.45%
Debt Securities	**2,585**	**0.64%**	7,785	1.98%
Mutual Funds	**84,606**	**21.11%**	70,743	18.01%
Bank Deposits	**32,000**	**7.98%**	41,455	10.56%
	400,846	**100.00%**	392,741	100.00%

42.2 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.

43 NUMBER OF EMPLOYEES

	(Number of employees) 2017	2016
Average number of employees during the year	**865**	957
Number of employees as at June 30	**824**	922

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	(Rupees in Thousand)
Trade and other payables	Trade and other payables	
Accrued expenses	Provisions	14,901
Infrastructure Cess on imports	Provisions	98,112
Gas Infrastructure Development Cess	Provisions	27,700
Cost of sales	Administrative expenses	
Salaries, wages, allowances and benefits	Salaries, allowances and benefits	34,739
Insurance	Insurance	137
Cartage & Transportation	Transportation	551
Communications & Computer	Communications	46
Travelling	Travelling	120
Finance cost	Finance cost	
Mark-up on short term borrowings	Bank charges and guarantee commission	1,030

45 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 26, 2017 by the Board of Directors of the Company.

46 GENERAL

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

PEER MOHAMMAD DIWAN	IQBAL BILWANI	MOHAMMAD YASIN BILWANI
Chief Executive	Director	Chief Financial Officer

Pattern of Shareholding

AS ON JUNE 30, 2017

Serial No.	No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
1	313	1	100	17,828
2	642	101	500	297,463
3	230	501	1,000	148,818
4	78	1,001	5,000	167,854
5	6	5,001	10,000	40,142
6	1	10,001	15,000	14,300
7	3	15,001	20,000	48,600
8	1	30,001	35,000	31,765
9	1	65,001	70,000	70,000
10	3	110,001	115,000	345,000
11	1	130,001	135,000	132,000
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	1	630,001	635,000	630,320
20	1	705,001	710,000	706,451
21	1	970,001	975,000	973,000
22	1	1,025,001	1,030,000	1,027,700
23	1	1,170,001	1,175,000	1,172,422
24	1	1,325,001	1,330,000	1,327,932
25	1	1,390,001	1,395,000	1,393,067
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	**1,305**			**38,364,480**

Shareholders' Categories	No. of Shareholders	Shares Held	Holding Percentage
Individuals	1,292	25,556,642	66.62
Joint Stock Companies	5	3,223,968	8.40
Financial Institutions	3	3,430	0.01
Insurance Companies	1	200	0.00
Investment Companies	4	9,580,240	24.97
Total	**1,305**	**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
Director 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	1,424,832
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	2,875,266
Public Sector Companies, Corporations and Joint Stock Companies	2,631,171
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
Transactions in the shares of the company by:	
Mr. Muhammad Asif - Executive (gifted by brother)	694,950

Consolidated
Financial Statements

Directors' Report

On behalf of the Board of Directors of M/s. Gatron (Industries) Limited, we are pleased to present the audited Consolidated Financial Statements of the Group for the year ended June 30, 2017.

The Group

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

During the period under review, operations of wholly owned subsidiary M/s. Gatro Power (Private) Limited remained satisfactory. The subsidiary company paid cash dividend amounting to Rs.203 million during the reporting period.

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

CONSOLIDATED FINANCIALS

	(Rupees in Thousand)
Operating results for the year ended June 30, 2017	
Profit before share of profit in associated company	143,641
Share of profit after income tax in associated company	916,137
Profit before income tax	1,059,778
Income Tax	165,903
Profit after income tax	893,875
Un- appropriated Profit brought forward	3,802,676
Un- appropriated Profit carried forward	4,695,857
State of Affairs as on June 30, 2017	
Property, Plant and Equipment	2,594,985
Other non-current assets	4,663,424
Current assets	6,274,058
Total assets	13,532,467
Deduct:	
Non-current liabilities	1,131,978
Current liabilities	4,577,342
Total liabilities	5,709,320
Net assets financed by shareholders' equity	7,823,147

AUDITORS

The existing external Auditors, M/s. Kreston Hyder Bhimji & Co., Chartered Accountants, retire at the conclusion of the Thirty-seventh 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, 2018.

The Auditors of the Company M/s. Kreston Hyder Bhimji & Co., Chartered Accountants, have issued an unqualified audit report on consolidated financial statements to the members of the Parant Company. As regard to the emphasis paragraph of the Auditors' Report, the detailed explanations have already been given in Note 26.1(a) of the consolidated financial statements for the year ended June 30, 2017.

Peer Mohammad Diwan
Chief Executive

Iqbal Bilwani
Director

September 26, 2017

آڈیٹرز

موجودہ بیرونی آڈیٹرز، میسرز کریسٹن حیدر بھیم جی، چارٹرڈ اکاؤنٹنٹس جو 37 ویں سالانہ اختتامی اجلاس میں ریٹائر ہو رہے ہیں، اہل ہونے کے سبب انہوں نے دوبارہ تقرری کیلئے پیشکش کی ہے ۔آڈٹ کمیٹی کی جانب سے دی گئی تجویز کے مطابق بورڈ نے میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کے طور پر برائے اختتامی سال 30 جون، 2018ء کیلئے تقرری دینے کی سفارش کی ہے۔

کمپنی کے آڈیٹرز میسرز کریسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کمپنی کے ارکان کو مجموعی مالی گوشواروں پر Un-qualified آڈٹ رپورٹ جاری کی ہے ۔آڈیٹرز رپورٹ کے خصوصی پیرا گراف پر مفصل تصریحات برائے اختتامی سال 30 جون، 2017ء مجموعی مالی گوشواروں کے نوٹ نمبر (a)26.1 میں فراہم کی جا چکی ہیں۔

پیر محمد دیوان	اقبال بلوانی
افسر اعلیٰ	ڈائریکٹر

مورخہ: 26 ستمبر، 2017ء

ڈائریکٹرز کی رپورٹ

معزز ممبران،

میسرز گیٹرون (انڈسٹریز) لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 30 جون، 2017ء کو سال مختتمہ کیلئے اپنے گروپ کے جامع مالیاتی گوشوارے پیش کرتے ہوئے دلی مسرت محسوس کر رہے ہیں۔

گروپ

یہ گروپ میسرز گیٹرون (انڈسٹریز) لمیٹڈ اور اسکے مکمل ماتحت اداروں میسرز گیٹر و پاور (پرائیویٹ) لمیٹڈ اور میسرز گلوبل سینتھیٹک لمیٹڈ پر مشتمل ہے۔

زیر نظر مدت کے دوران کمپنی کے ماتحت ادارے میسرز گیٹر و پاور (پرائیویٹ) لمیٹڈ کے معاملات تسلی بخش رہے۔ اس ذیلی ادارے نے اس مدت کے دوران مبلغ 203 ملین روپے کا نقد منافع ادا کیا۔

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

جامع مالیات

	(روپے 000)
آپریٹنگ نتائج برائے سال مختتمہ 30 جون 2017ء	
منافع قبل از تعین منافع من منسلکہ کمپنیاں	143,641
منافع من منسلکہ کمپنیاں بعد از انکم ٹیکس	916,137
منافع قبل از انکم ٹیکس	1,059,778
انکم ٹیکس	165,903
منافع بعد از انکم ٹیکس	893,875
غیر متصرف منافع گزشتہ (Un-appropriated profit brought foward)	3,802,676
غیر متصرف منافع حالیہ (Un-appropriated profit carried foward)	4,695,857
30 جون 2017ء تک معاملات کی صورتحال	
املاک، پلانٹ اور ایکو پمنٹ	2,594,985
دیگر پائیدار اثاثہ جات	4,663,424
بدل پزیر اثاثہ جات	6,274,058
کل اثاثہ جات	13,532,467
کٹوتی:	
پائیدار واجبات	1,131,978
بدل پزیر واجبات	4,577,342
کل واجبات	5,709,320
خالص اثاثہ جات اداشدہ منجانب ایکویٹی بابتہ حصص یافتگان	7,823,147

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, 2017 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. 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, 2017 and the results of their operations for the year then ended.

Emphasis of matter paragraph

We draw attention to the contents of notes 26.1 (a) 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 26, 2017

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OTHER OFFICES LAHORE - FAISALABAD - ISLAMABAD

Consolidated Balance Sheet

AS AT JUNE 30, 2017

	Note	2017 (Rupees in Thousand)	2016
ASSETS			
Non-current Assets			
Property, plant and equipment	5	2,594,985	2,443,880
Long term investment	6	4,661,006	3,740,883
Long term loans	7	752	1,247
Long term deposits	8	1,666	1,666
		7,258,409	6,187,676
Current Assets			
Stores, spare parts and loose tools	9	621,322	653,952
Stock in trade	10	2,196,552	2,020,492
Trade debts	11	1,623,415	748,713
Loans and advances	12	43,154	29,191
Trade deposits and short term prepayments	13	9,137	52,283
Other receivables	14	211,823	283,843
Taxes refund due from Federal Government	15	347,438	313,060
Cash and bank balances	16	1,221,217	861,956
		6,274,058	4,963,490
TOTAL ASSETS		13,532,467	11,151,166
EQUITY AND LIABILITIES			
SHARE CAPITAL & RESERVES			
Share capital	17	383,645	383,645
Capital reserves	18	383,645	458,645
General reserve	19	2,360,000	2,285,000
Unappropriated profit		4,695,857	3,802,676
		7,823,147	6,929,966
LIABILITIES			
Non-current Liabilities			
Long term financing	20	122,431	-
Deferred liabilities	21	1,009,547	822,629
		1,131,978	822,629
Current Liabilities			
Trade and other payables	22	2,376,088	1,795,434
Accrued mark up	23	4,583	7,646
Short term borrowings	24	2,143,874	1,506,252
Current portion of long term financing	20	13,603	-
Provision for income tax less payments	25	39,194	89,239
		4,577,342	3,398,571
CONTINGENCIES AND COMMITMENTS	26		
TOTAL EQUITY AND LIABILITIES		13,532,467	11,151,166

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

PEER MOHAMMAD DIWAN	**IQBAL BILWANI**	**MOHAMMAD YASIN BILWANI**
Chief Executive	Director	Chief Financial Officer

Buying/Selling closing conversion rates were 1 US$=Rs.104.80/105, 1 Euro €=Rs.119.91/120.14 and 1 Pound £= Rs.136.42/136.68

Consolidated Profit and Loss Account

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 (Rupees in Thousand)	2016
Sales	27	12,091,429	8,531,561
Cost of sales	28	11,542,989	8,390,821
Gross profit		548,440	140,740
Distribution and selling cost	29	186,656	237,748
Administrative expenses	30	235,061	267,128
Other operating expenses	31	37,351	14,077
		459,068	518,953
		89,372	(378,213)
Other income	32	87,577	43,656
Operating profit/(loss)		176,949	(334,557)
Finance cost	33	33,308	59,774
		143,641	(394,331)
Share of profit after income tax in associated company	6	916,137	301,462
Profit/(loss) before income tax		1,059,778	(92,869)
Income tax - Current and Prior		9,193	64,175
Deferred		156,710	(8,806)
	34	165,903	55,369
Profit/(loss) after income tax		893,875	(148,238)
Earnings/(loss) per share - Basic and diluted (Rupees)	35	23.30	(3.86)

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

PEER MOHAMMAD DIWAN
Chief Executive

IQBAL BILWANI
Director

MOHAMMAD YASIN BILWANI
Chief Financial Officer

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in Thousand)	
Profit/(loss) after income tax		**893,875**	(148,238)
Other comprehensive income			
Items that will never be reclassified to profit and loss			
Loss on remeasurement of defined benefit liability having nil tax impact	21.2	**(4,680)**	(15,270)
Share of other comprehensive income/(loss) of associate net of tax		**528**	(4,636)
Items that may be reclassified subsequently to profit and loss			
Share of other comprehensive income/(loss) of associate net of tax		**3,458**	(2,607)
	6	**3,986**	(7,243)
Total comprehensive income/(loss)		**893,181**	(170,751)

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

PEER MOHAMMAD DIWAN	IQBAL BILWANI	MOHAMMAD YASIN BILWANI
Chief Executive	Director	Chief Financial Officer

Consolidated Cash Flow Statement

FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017	2016
		(Rupees in Thousand)	
Cash Flow from/(towards) Operating Activities			
Profit/(loss) before income tax		**1,059,778**	(92,869)
Adjustments for:			
Depreciation	5.2	**374,427**	382,994
Provision for defined benefit plan	21.2.1	**32,798**	37,111
Gain on disposal of property, plant and equipment	32	**(6,241)**	(8,598)
Loss on disposal of property, plant and equipment	31	**1,299**	47
Provision/(reversal) for doubtful trade debts-net	11.4	**10,273**	(4,201)
Provision/(reversal) for slow moving stores, spare parts and loose tools-net	9.1	**20,044**	(1,585)
Reversal of provision for Workers' welfare fund	32	**(67,878)**	-
Share of profit in associated company	6	**(916,137)**	(301,462)
Finance cost	33	**33,308**	59,774
		(518,107)	164,080
		541,671	71,211
(Increase)/decrease in current assets:			
Stores, spare parts and loose tools		**12,586**	(53,467)
Stock in trade		**(176,060)**	489,685
Trade debts		**(884,975)**	23,201
Loans and advances		**(14,454)**	15,606
Trade deposits and short term prepayments		**43,146**	(40,086)
Other receivables		**72,020**	(94,661)
Taxes refund due from Federal Government		**(35,481)**	(90,386)
		(983,218)	249,892
Increase in Trade and other payables		**664,375**	212,550
Cash flow from operations		**222,828**	533,653
(Payments for)/receipts of:			
Long term loans		**986**	886
Long term deposits		**-**	3
Defined benefit plan	21.2	**(7,270)**	(7,331)
Finance cost		**(36,371)**	(68,917)
Income tax	25	**(58,135)**	(62,633)
Net cash flow from operating activities		**122,038**	395,661
Cash Flow (towards)/from Investing Activities			
Additions in property, plant and equipment		**(591,709)**	(485,750)
Proceeds from disposal of property, plant and equipment	5.3	**71,249**	18,425
Dividend received from associated company	6	**-**	170,100
Net cash flow towards investing activities		**(520,460)**	(297,225)
Cash Flow from/(towards) Financing Activities			
Long term financing - proceeds		**136,034**	-
Dividend paid		**(15,973)**	(71,281)
Net cash flow from/(towards) financing activities		**120,061**	(71,281)
Net (decrease)/increase in cash and cash equivalents		**(278,361)**	27,155
Cash and cash equivalents at the beginning of the year		**(644,296)**	(671,451)
Cash and cash equivalents at the end of the year	36	**(922,657)**	(644,296)

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

PEER MOHAMMAD DIWAN	IQBAL BILWANI	MOHAMMAD YASIN BILWANI
Chief Executive	Director	Chief Financial Officer

GATRON

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED JUNE 30, 2017

(Rupees in Thousand)

	Share Capital	Capital Reserves			General reserve	Unappropriated profit	Total
		Share Premium	Others	Sub Total			
Balances as at July 01, 2015	383,645	383,645	75,000	458,645	2,785,000	3,530,974	7,158,264
Total comprehensive loss for the year ended June 30, 2016	-	-	-	-	-	(170,751)	(170,751)
Transfer from General reserve	-	-	-	-	(500,000)	500,000	-
Transactions with owners							
Final cash dividend for the year ended June 30, 2015 at Rs.1.50 per share i.e. @15%	-	-	-	-	-	(57,547)	(57,547)
Balances as at June 30, 2016	383,645	383,645	75,000	458,645	2,285,000	3,802,676	6,929,966
Total comprehensive income for the year ended June 30, 2017	-	-	-	-	-	893,181	893,181
Transfer from Capital reserves to General reserve	-	-	(75,000)	(75,000)	75,000	-	-
Balances as at June 30, 2017	**383,645**	**383,645**	**-**	**383,645**	**2,360,000**	**4,695,857**	**7,823,147**

(1) Included in un-appropriated profit , is a sum of Rs 4,094.006 million, representing proportionate share in un-appropriated profits of associated company upto March 31, 2017, 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 consolidated financial statements.

PEER MOHAMMAD DIWAN	IQBAL BILWANI	MOHAMMAD YASIN BILWANI
Chief Executive	Director	Chief Financial Officer

Notes to the Consolidated Financial Statements

FOR THE YEAR ENDED JUNE 30, 2017

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 Pakistan Stock Exchange since 1992. The principal business of the Company is manufacturing of Polyester Filament Yarn through its self-produced Polyester Polymer/Chips. The Company also produces Pet Preforms and is also capable of producing Bottle Grade Chips. The registered office of the Company is situated at Room No. 32, 1st floor, Ahmed Complex, Jinnah Road, Quetta.

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.

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 Parent Company is eliminated against the subsidiaries share capital intra Group balances and transactions are eliminated.

3 BASIS OF PREPARATION

3.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated its decision that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these consolidated financial statements have been prepared in accordance with 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 (IASB) as are notified under the repealed Companies Ordinance, 1984 and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed 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-1	Presentation of Financial Statements (Amendment)
IAS-16	Property, Plant and Equipment and IAS 38 - Intangible Assets: Clarification of Acceptable Method of Depreciation and Amortization (Amendment)

IAS-16	Property, Plant and Equipment and IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)
IAS-27	Separate Financial Statements: Equity Method in Separate Financial Statements (Amendment)
IAS-28	Investment in associates and Joint Ventures (Amendment)
IFRS-1	Presentation of Financial Statements: Disclosure Initiative (Amendment)
IFRS-10	Consolidated Financial Statements (Amendment)
IFRS-11	Joint Arrangements: Accounting for Acquisition of Interest in Joint Operation (Amendment)
IFRS-12	Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements: Investment Entities: Applying the Consolidation Exception (Amendment)

These Standards, interpretations and amendments as also communicated in the preceding year, do not have significant impact on Group's consolidated financial statements except for some additional disclosures. 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 consolidated 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-7	Statement of Cash Flows (Amendment)	January 01, 2017
IAS-12	Income Taxes – Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	January 01, 2017
IAS-40	Investment Property: Transfers of Investment Property (Amendments)	January 01, 2018
IFRS-2	Classification and Measurement of Share based Payments Transactions	January 01, 2018
IFRS-4	Insurance Contracts: Applying IFRS 6 Financial Instruments with IFRS 4 Insurance contracts – (Amendments)	January 01, 2018
IFRS-7	Financial Instruments: Disclosures – Disclosure Initiative (Amendments)	January 01, 2017
IFRS-10	Consolidated Financial Statements and IAS -28 Investments in Associates and Joint Ventures: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalized

IFRS – 12	Classification and Measurement of Share based Payment Transactions (Amendments)	January 01, 2018
IFRIC – 22	Foreign Currency Translations and Advance Consideration	January 01, 2018
IFRIC – 23	Uncertainty over Income Tax Treatments	January 01, 2018

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

In addition to above, certain new cycle of improvements will apply prospectively for period beginning on or after July 01, 2017, are either considered not to be relevant or are not expected to have significant impact to the Group's consolidated financial statements and hence have not been detailed.

New Standards issued by ISAB but not yet been notified by SECP

Following new standards issued by IASB but not yet effective:

IFRS – 1	First Time Adoption of IFRS	January 01, 2013
IFRS – 9	Financial Instruments : Classification and Measurement	January 01, 2018
IFRS – 14	Regulatory Deferral Accounts	January 01, 2016
IFRS – 15	Revenue from Contracts with Customers	January 01, 2018
IFRS – 16	Leases	January 01, 2019
IFRS – 17	Insurance Contracts	January 01, 2021

3.3 Basis of measurement

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

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

3.4 Critical 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 where there is any such indication. Any change in the estimate in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation, impairment and deferred tax.

b) Trade debts, advances and other receivables

The estimates of doubtful trade debts, advances and other receivables are made, using and appropriately judging the relevant inputs and applying parameters as stated in note 4.2 & 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 and obsolescence, as the management considers appropriate, which, on actual occurrence of the subsequent event, may fluctuate. The effects of variation is recorded as and when it takes place.

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 consolidated 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 consolidated 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 Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence/non-occurrence of the uncertain future event(s).

3.5 Functional and reporting currency

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment

Initial recognition & measurement:

These are stated at cost less accumulated depreciation and impairment if any, except free-hold land, lease-hold land and capital work in progress which are stated at cost. No amortisation is provided on leasehold land since the leases are renewable at the option of the lessee at nominal cost and their realisable values are expected to be higher than respective carrying values.

Depreciation:

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

Subsequent cost:

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.

Impairment:

The carrying amounts of the Group's assets are reviewed at each financial year end where there is any indication of impairment. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their respective estimated recoverable amounts. Where estimated carrying amounts exceed the respective recoverable amounts, the estimated carrying amounts are appropriately adjusted with impairment loss recognised in 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:

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.

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 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 goods 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, in addition to defined contribution plan being not mandatory under the law, for its employees and working directors who attain the minimum qualification period. The obligation is determined through actuarial valuation by using the "Projected Unit Credit Method". The latest actuarial valuation is conducted on the balances as at June 30, 2017.

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

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

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 recognized upto balance sheet date.

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 Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable. The revenue from diverse sources is recognised as explained below:

- Sale are recognised on dispatch of goods to customer.
- Processing services are recognised on completion of services rendered.
- Dividend income is recognised when the right of receipt is established.
- Income from rent is recognized on accrual basis.
- Storage and handling income is recognised on accrual basis.

4.16 Dividend and appropriation to reserves

Liability for dividend and appropriation to reserve are recognised in the consolidated 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. Segment results are stated in note 39.

	Note	(Rupees in Thousand) 2017	2016
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	**2,257,866**	2,380,867
Capital work in progress	5.4	**337,119**	63,013
		2,594,985	2,443,880

5.1 Operating fixed assets

Particulars	Land		Building		Office premises	Plant and machinery	Furniture and fixture	Factory equipment	Office equipment	Motor vehicles	Overhauling of generators	Store and spares held for capital expenditure	TOTAL
	Freehold	Leasehold	On freehold land	On leasehold land									
	------- (Rupees in thousand) -------												
Net carrying value													
Year ended June 30, 2017													
Net book value as at 01st July	25,320	14,814	815	97,451	4,262	2,033,309	2,959	31,411	7,857	74,301	78,540	9,828	2,380,867
Additions	-	-	-	-	-	45,203	205	3,721	384	11,023	-	-	60,536
Transfer from capital work in progress	-	-	-	36,169	-	200,999	-	2,034	-	-	17,995	-	257,197
Transfer at NBV	-	-	-	-	-	1,326	-	-	-	-	-	(1,326)	-
Disposal at NBV	-	-	-	-	-	63,529	-	42	29	2,707	-	-	66,307
Depreciation	-	-	82	10,951	426	315,132	606	6,624	2,101	15,717	21,561	1,227	374,427
Net book value as at 30th June	**25,320**	**14,814**	**733**	**122,669**	**3,836**	**1,902,176**	**2,558**	**30,500**	**6,111**	**66,900**	**74,974**	**7,275**	**2,257,866**
Gross carrying value													
At June 30, 2017													
Cost	25,320	14,814	14,248	473,227	9,902	7,681,567	19,084	88,484	62,490	164,822	148,630	14,838	8,717,426
Accumulated depreciation	-	-	13,515	350,558	6,066	5,779,391	16,526	57,984	56,379	97,922	73,656	7,563	6,459,560
Net book value	**25,320**	**14,814**	**733**	**122,669**	**3,836**	**1,902,176**	**2,558**	**30,500**	**6,111**	**66,900**	**74,974**	**7,275**	**2,257,866**
Net carrying value													
Year ended June 30, 2016													
Net book value as at 01st July	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
Additions	-	-	-	-	-	83,896	688	3,381	3,171	19,195	-	-	110,331
Transfer from capital work in progress	-	-	-	2,589	-	354,971	-	3,888	-	-	9,750	-	371,198
Transfer at NBV	-	-	-	-	-	3,046	-	-	-	-	-	(3,046)	-
Disposal at NBV	-	400	-	-	-	623	-	-	26	8,825	-	-	9,874
Depreciation	-	-	91	10,828	474	317,131	707	7,380	2,698	17,311	24,760	1,614	382,994
Net book value as at 30th June	**25,320**	**14,814**	**815**	**97,451**	**4,262**	**2,033,309**	**2,959**	**31,411**	**7,857**	**74,301**	**78,540**	**9,828**	**2,380,867**
Gross carrying value													
At June 30, 2016													
Cost	25,320	14,814	14,248	437,058	9,902	7,654,352	18,879	82,781	62,171	165,164	130,635	16,893	8,632,217
Accumulated depreciation	-	-	13,433	339,607	5,640	5,621,043	15,920	51,370	54,314	90,863	52,095	7,065	6,251,350
Net book value	**25,320**	**14,814**	**815**	**97,451**	**4,262**	**2,033,309**	**2,959**	**31,411**	**7,857**	**74,301**	**78,540**	**9,828**	**2,380,867**
Depreciation rate % per annum	-	-	10	10	10	10 to 33	20	20	20 to 30	20	10 to 30	10 to 15	

5.2 Depreciation for the year has been allocated as follows:

	Note	2017	2016
		(Rupees in Thousand)	
Cost of sales	28	**368,600**	375,991
Distribution and Selling cost	29	**513**	681
Adminstrative Expenses	30	**5,314**	6,322
		374,427	382,994

GATRON

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

(Rupees in Thousand)

Description	Cost	Book Value	Sale Proceeds	Mode of Disposal	Particulars of Buyers
PLANT & MACHINERY					
Texturizing/Draw Twisting Machines	82,623	5,466	4,202	Negotiation	**Mr. Abdul Sattar** 142, Tufail Shaheed Road, Mullaha Sphaolabad, Faisalabad.
GL-300 Injection Molding Machine with accessories	95,515	15,159	16,704	-- do --	**M/s. Machinepoint Consultants** Parque Technologoco De Boecillo C/Andres-Laguna, 9-11, E-47151, Boecillo (Espana)
ASB-70DPW-V3 Blow Molding Machine with accessories	42,904	42,904	43,800	-- do --	**M/s. Novatex Limited** 117-83, Off Railway Siding, EPZ Road, Near Wheat Godown Landhi, Karachi.
Sub Total	**221,042**	**63,529**	**64,706**	--	--
FACTORY EQUIPMENT Items having book value upto Rs.50 thousand each	52	42	52	Various	Various
Sub Total	**52**	**42**	**52**	--	--
OFFICE EQUIPMENT Items having book value upto Rs.50 thousand each	65	29	8	Various	Various
Sub Total	**65**	**29**	**8**	--	--
MOTOR VEHICLES					
Toyota Corolla BDY-235	1,753	1,336	1,514	Company Policy	**Mr.Muhammad Zubair** (Employee)
Toyota Corolla AUV-532	1,462	388	864	-- do --	**Mr.Afzal Khan** (Employee)
Toyota Corolla AWE-534	1,394	404	859	-- do --	**Mr.Abdul Razzak** (Employee)
Toyota Camry AHG-132	3,099	185	700	Negotiation	**Miss.Saba Subhani** 67, Baharia Town, Phase 8, Islamabad
Honda Civic APU-175	1,436	181	697	-- do --	**Miss.Saleema Mehboob** D-294/A-1 Decruz Road, Garden East, Karachi.
Honda 100cc KJM-3132	86	79	86	Insurance Claim	**M/s.EFU General Insurance** Karachi.
Items having book value upto Rs.50 thousand each	1,990	94	1,737	Various	Various
Items having book value upto Rs.50 thousand each	145	40	26	Various	Various
Sub Total	**11,365**	**2,707**	**6,483**	--	--
Total - 2017	**232,524**	**66,307**	**71,249**	--	--
Total - 2016	**20,640**	**9,874**	**18,425**	--	--

5.3.1 Detail of net gain on disposal of property, plant & equipment

	Note	2017 (Rupees in Thousand)	2016
Gain on disposal of property, plant & equipment	32	**(6,241)**	(8,598)
Loss on disposal of property, plant & equipment	31	**1,299**	47
		(4,942)	(8,551)

5.4 Capital Work-in-Progress

(Rupees in Thousand)

	Balance as at July 1, 2016	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2017
Factory building on lease hold land under construction	19,941	16,228	(36,169)	-
Plant and machinery under erection	27,303	474,535	(200,999)	300,839
Factory equipment	-	2,034	(2,034)	-
Overhauling in progress	15,769	38,506	(17,995)	36,280
	63,013	**531,303**	**(257,197)**	**337,119**

	Balance as at July 1, 2015	Additions	Transfer to Operating fixed assets	Balance as at June 30, 2016
Factory building on lease hold land under construction	2,589	19,941	(2,589)	19,941
Plant and machinery under erection	52,327	329,947	(354,971)	27,303
Factory equipment	3,886	2	(3,888)	-
Overhauling in progress	-	25,519	(9,750)	15,769
	58,802	**375,409**	**(371,198)**	**63,013**

6 LONG TERM INVESTMENT

Related Party - Novatex Limited

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
56.7 million (2016: 56.7 million) fully paid ordinary shares of Rs.10 each			
As at 01st July		3,740,883	3,616,764
Share of profit after income tax for the period	6.1	920,123	294,219
Dividend received		-	(170,100)
As at 30th June	6.2	4,661,006	3,740,883

The Parent Company holds 36.83% interest in Novatex Limited, which is a public limited (Un-quoted) company. Share of profit / loss arising from the associate has been taken to profit and loss account in accordance with the accounting policy as mentioned in note no. 4.3. The share of Parent Company in the net assets has been determined on the basis of the un-audited financial statements for the period ended March 31, 2017.

6.1 The Parent Company's share in profit and loss of Novatex Limited:

	2017	2016
Sales	12,970,007	11,530,615
Cost of sales	11,361,139	10,555,784
Gross profit	1,608,868	974,831
Other expenses, income and taxes	692,731	673,369
Profit after taxation	916,137	301,462
Other comprehensive income/(loss)	3,986	(7,243)
Total comprehensive income	920,123	294,219

	Note	(Rupees in Thousand) 2017	2016

6.2 The Parent Company's interest in assets & liabilities of Novatex Limited:

		2017	2016
Non-current assets		**3,445,478**	3,285,093
Other long term assets		**183,186**	62,748
Current assets		**4,731,516**	4,720,802
		8,360,180	8,068,643
Long-term liabilities		**754,800**	383,233
Current liabilities		**2,726,981**	3,774,427
		3,481,781	4,157,660
Net assets as at March 31		**4,878,399**	3,910,983
Less: Sponsors loan classified in equity		**217,393**	-
Less: Dividend paid by associated company subsequent to March 31, 2017 @ 0% i.e. Nil (2016: 30% i.e Rs.3.00 per share)		**-**	170,100
		4,661,006	3,740,883

6.3 The Parent Company's share in Contingencies & Commitment of Novatex Limited:

Guarantees

Bank guarantees issued by banks on behalf of the associated company amounted to Rs.486.861 million (2016: Rs.440.336 million) out of total of Rs.1,321.893 million (2016: Rs.1,195.570 million) for fuel, utilities and imports.

Commitments

The local / import commitments, against which banks have opened letters of credit, in favor of different suppliers, are as follows:

	Note	2017	2016
Property, plant and equipment		**-**	59,928
Raw material	6.3.1	**452,082**	177,612
Stores and spare parts		**18,300**	16,117
		470,382	253,657

6.3.1 These include Rs.Nil (2016: Rs.30.137 million) in respect of local letter of credit.

7 LONG TERM LOANS - Considered good
Secured - Interest free

	2017	2016
To employees other than Chief Executive & Directors	**5,848**	6,834
Amount due in twelve months shown under current assets	**(5,096)**	(5,587)
Recoverable within three years	**752**	1,247

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

7.2 Interest free long term loans have been carried out at cost as the effect of carrying these balances at amortised cost is not material.

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

	Note	2017 (Rupees in Thousand)	2016
Balance as at 01st July		**2,693**	3,129
Disbursements during the year		**1,355**	2,350
Recoveries during the year		**(2,178)**	(2,786)
Balance as at 30th June	7.3.1	**1,870**	2,693

7.3.1 The maximum aggregate amount of loan due from executives at any month end during the year was Rs.2.577 million (2016: Rs.3.038 million).

8 LONG TERM DEPOSITS

		2017	2016
Security deposits for utilities and others		**1,666**	1,666

9 STORES, SPARE PARTS AND LOOSE TOOLS

	Note	2017	2016
In hand:			
Stores		**115,697**	119,541
Spare parts		**532,396**	555,874
Loose tools		**4,831**	4,887
		652,924	680,302
Provision for slow moving stores, spare parts and loose tools	9.1	**(47,663)**	(27,619)
		605,261	652,683
In transit		**16,061**	1,269
		621,322	653,952

9.1 Provision for slow moving stores, spare parts and loose tools

		2017	2016
Balance as at 01st July		**27,619**	29,204
Charge for the year		**21,481**	5,761
Reversals due to consumption		**(1,437)**	(7,346)
		20,044	(1,585)
Balance as at 30th June		**47,663**	27,619

10 STOCK IN TRADE

	Note	2017	2016
Raw material		**797,304**	444,451
Raw material in transit		**204,309**	140,356
Goods in process		**451,615**	296,340
Finished goods	10.1	**743,324**	1,139,345
		2,196,552	2,020,492

10.1 These include finished goods costing Rs.486.792 million (2016: Rs.970.760 million) valued at net realisable value of Rs.425.196 million (2016: Rs.828.690 million).

	Note	(Rupees in Thousand) 2017	2016
11 TRADE DEBTS			
Considered good			
Secured			
Local		649,448	137,439
Export	11.1	3,475	31,690
	11.2	652,923	169,129
Unsecured	11.3	970,492	579,584
		1,623,415	748,713
Considered doubtful			
Unsecured		74,047	63,774
Provision for doubtful debts	11.4	(74,047)	(63,774)
		-	-
		1,623,415	748,713

11.1 This represents balances receivable in foreign currency of US$ 0.033 million (2016: US$ 0.286 million) and AED Nil (2016: AED 0.062 million).

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

11.3 The maximum aggregate amount due from related party i.e. Messrs. Novatex Limited at any month end during the year was Rs.3.593 million (2016: Rs.8.306 million). Though the balance at each respective year end was nil.

11.4 Provision for doubtful debts

	2017	2016
Balance as at 01st July	63,774	67,975
Charge for the year	12,904	4,981
Reversals since recovered	(2,631)	(9,182)
	10,273	(4,201)
Balance as at 30th June	74,047	63,774

	Note	2017	2016
12 LOANS AND ADVANCES - Considered good			
Secured			
Amount recoverable in twelve months from employees and executives	7	5,096	5,587
Advances to employees	12.1	684	703
		5,780	6,290
Unsecured			
Advances :			
to suppliers and contractors	12.2	27,084	17,877
for imports		10,290	5,024
		37,374	22,901
		43,154	29,191

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

12.2 These include advances against purchase of vehicles amounting to Rs.2.540 million (2016: Rs.1.928 million).

13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
Shipping guarantees - deposit		-	517
Security deposits		645	4,395
Prepayments	13.1	8,492	47,371
		9,137	52,283

13.1 These include prepayments to a related party i.e. Messrs. Novatex Limited of Rs.6.654 million (2016: Nil) being the amount of advance rent.

14 OTHER RECEIVABLES - Considered good

	Note	2017	2016
Receivable from suppliers	14.1	196,409	135,038
Claims receivable from suppliers		210	143
Claim receivable from Insurance Companies		-	64
Sales tax		-	146,670
Receivable from Workers' Provident Fund Trust		765	-
Others	14.2	14,439	1,928
		211,823	283,843

14.1 These include balances receivable in foreign currency of US$ 1.366 million (2016: US$ 1.181 million).

14.2 These include Rs.12.569 million (2016: Nil) receivable from related party i.e. Messrs. Novatex Limited on account of common expenses.

15 TAXES REFUND DUE FROM FEDERAL GOVERNMENT

	2017	2016
Income tax	205,063	206,166
Sales tax	142,375	106,894
	347,438	313,060

16 CASH AND BANK BALANCES

		Note	2017	2016
Cash in hand			964	1,201
With banks in current accounts :	Local currency	16.1	1,219,779	859,405
	Foreign currency	16.2	474	1,350
		16.3	1,220,253	860,755
			1,221,217	861,956

16.1 These Include Rs.1.900 million (2016: Rs.2.565 million) received from contractors as security deposit, refer note 22.4.

16.2 These represent balances of US$ 3,231.19 and Euro € 1,129.98 (2016 : US$ 11,663.81 and Euro € 1,129.98).

16.3 Balance in bank accounts includes an amount of Rs.7.906 million (2016: Rs.1.500 million) placed under an arrangement under Shariah compliant.

17 SHARE CAPITAL

2017	2016		Note	2017	2016
(Number of Shares)				(Rupees in Thousand)	
17.1 Authorised capital					
44,000,000	44,000,000	Ordinary shares of Rs.10 each		**440,000**	440,000
17.2 Issued, subscribed and paid up capital					
30,136,080	30,136,080	Ordinary shares of Rs.10 each allotted for consideration paid in cash		**301,361**	301,361
8,228,400	8,228,400	Ordinary shares of Rs.10 each allotted as fully paid bonus shares		**82,284**	82,284
38,364,480	38,364,480			**383,645**	383,645

These include 1,620,387 (2016 : 1,620,387) shares held by an associated company, Messrs. Gani & Tayub (Private) Limited.

18 CAPITAL RESERVES

	Note	2017	2016
Share premium	18.1	**383,645**	383,645
Others		**-**	75,000
		383,645	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.

	2017	2016
19 GENERAL RESERVE	**2,360,000**	2,285,000

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

20 LONG TERM FINANCING - Secured

from banking companies

	Note	2017	2016
Under conventional - Bank Al-Habib Limited	20.1	**136,034**	-
Current maturities shown under current liabilities		**(13,603)**	-
		122,431	-

20.1 Original principal sum of Rs.136 million was obtained by the Parent Company during January 2017 to May 2017 for purchase of machinery, being repayable alongwith markup in 10 equal half yearly installments, commencing after a grace period of twelve months and expiring in December 2022. The mark up rate is six month average KIBOR of five working days to be reset on a semi annual basis plus 0.05% per annum. The outstanding principal sum and accrued markup thereon are secured by way of hypothecation charge over specific plant and machinery.

	Note	(Rupees in Thousand) 2017	2016

21 DEFERRED LIABILITIES

	Note	2017	2016
Income tax-net	21.1	689,779	533,069
Defined benefit plan	21.2	319,768	289,560
		1,009,547	822,629

21.1 This comprises of the following major timing differences:

	2017	2016
Taxable temporary difference arising due to:		
tax depreciation allowances	110,306	163,890
Deferred tax liability arising in respect of unrealised accumulated profit from associate	614,101	396,735
Deductable temporary difference arising due to :		
Provision for doubtful debts	(22,214)	(19,770)
Provision for slow moving stores, spare parts and loose tools	(12,414)	(7,786)
	689,779	533,069

At the balance sheet date, deferred tax asset amounting to Rs.394.319 million (2016: Rs.389.988 million) has not been recognised by the Parent Company considering that it is not probable that sufficient taxable profit will be available in future.

21.2 Actuarial valuation of the plan was carried out as at June 30, 2017. The calculation for provision of defined benefit plan is as under:

Movement of the liability recognised in the balance sheet	Note	2017	2016
Balance as at 01st July		289,560	244,510
Expense	21.2.1	32,798	37,111
Remeasurement losses		4,680	15,270
Payment		(7,270)	(7,331)
Balance as at 30th June		319,768	289,560

21.2.1 Expense

	2017	2016
Service cost	13,950	13,628
Interest cost	18,848	23,483
	32,798	37,111

The principal actuarial assumptions used were as follows:	%	%
Discount rate	7.75%	7.25%
Future salary increase rate	7.75%	7.25%
Withdrawal Rate	Moderate	Moderate
Mortality	Adjusted SLIC 2001-2005	Adjusted SLIC 2001-2005

GATRON

Sensitivity Analysis

	2017		2016	
	PVDBO (Rupees in Thousand)	Percentage Change	PVDBO (Rupees in Thousand)	Percentage Change
Current Liability	**319,768**		289,560	
+ 1% Discount Rate	**307,096**	**-3.96%**	272,765	-5.80%
- 1% Discount Rate	**334,138**	**4.49%**	309,242	6.80%
+ 1% Salary Increase Rate	**335,188**	**4.82%**	310,875	7.36%
- 1% Salary Increase Rate	**305,913**	**-4.33%**	271,128	-6.37%
+ 10% Withdrawal Rates	**319,765**	**0.00%**	289,560	-0.00%
- 10% Withdrawal Rates	**319,771**	**0.00%**	289,560	-0.00%
1 Year Mortality age set back	**319,768**	**0.00%**	289,553	-0.00%
1 Year Mortality age set forward	**319,768**	**0.00%**	289,570	0.00%

22 TRADE AND OTHER PAYABLES

	Note	(Rupees in Thousand) 2017	2016
Trade creditors		**326,894**	301,630
Creditors for capital expenditures		**202**	72
Bills payable	22.1	**428,377**	294,867
Accrued expenses	22.2 & 22.3	**165,890**	159,298
Advance payments from customers		**233,754**	235,607
Sales tax payable		**107,346**	10,896
Security deposits from contractors	22.4	**1,900**	2,565
Workers' Welfare Fund		**-**	67,878
Provisions	22.5	**1,050,400**	653,273
Unclaimed dividend		**10,959**	26,932
Withholding taxes		**6,001**	5,072
Payable to Provident Fund Trusts		**3,025**	3,499
Other liabilities	22.6	**41,340**	33,845
		2,376,088	1,795,434

22.1 This represents balances payable in foreign currency of US$ 4.080 million (2016: US$ 2.816 million).

22.2 These include Rs.0.562 million (2016: Rs.0.401 million) payable to related party i.e. Messrs. Gani & Tayub (Private) Limited.

22.3 These include Rs.8.177 million (2016: Rs.3.181 million) payable to related party i.e. Messrs. Novatex Limited.

22.4 This represents deposits from contractors held in separate bank account, refer note 16.1.

22.5 Provisions for:

	Note	2017	2016
Gas Infrastructure Development Cess	26.1 (c)	**694,597**	463,812
Enhanced gas rate	22.5.1 & 22.5.2	**226,403**	85,284
Sindh Sales Tax on rent	22.5.3	**4,754**	1,901
Infrastructure Cess on imports	22.5.4	**118,697**	98,112
Others	22.5.5	**5,949**	4,164
		1,050,400	653,273

22.5.1 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU for industrial & Rs.573.28 per MMBTU for captive power to Rs.600 per MMBTU w.e.f. September 01, 2015. The Group alongwith several other companies filed suit in the Sindh High Court challenging the increase in rate. The Honorable Sindh High Court had initially granted interim relief, whereby recovery of enhanced rate has been restrained. Further, in May 2016, The Single Bench of Sindh High Court decided the case in favour of the petitioners. However, in June 2016, defendants filed appeal before Double Bench of Sindh High Court which also decided in favor of the Petitioners. Meanwhile, OGRA had issued another notification dated December 30, 2016 overriding the previous notification and SSGC billed @ Rs.600 per MMBTU instead of Rs.488.23 per MMBTU. However the Group alongwith others filed petition in High Court. The Honorable Sindh High Court granted interim relief and instructed SSGC to revise bills at previous rate against securing the differential amount with the Nazir of the court. Accordingly, the Group has provided bankers' verified cheque to Nazir of High Court amounting to Rs: 76.928 million (2016 : NIL). As an abundant precaution, the Group has made total provision of Rs.81.434 million (2016: Rs.29.216 million).

22.5.2 The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power in August 2013 and accordingly, Sui Southern Gas Company started charging rate prescribed for captive power to the Group w.e.f. September 2013. In December 2015, the Group alongwith several other companies filed suit in the Sindh High Court challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. As an abundant precaution, the Group has made provision of Rs.144.969 million (2016: Rs.56.068 million).

22.5.3 This represents provision of Sindh Sales Tax on rent payable to related party Messrs. Novatex Limited , which is currently in litigation and Messrs. Novatex Limited has obtained stay from Honorable Sindh High Court in this respect.

	(Rupees in Thousand) 2017	2016
22.5.4 Balance as at 01st July	**98,112**	87,137
Provision made during the year	**41,170**	21,950
Payment made during the year	**(20,585)**	(10,975)
Balance as at 30th June	**118,697**	98,112

The Parent Company had filed a petition in the Sindh High Court 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 Sindh High Court. Consequently a new petition was filed by the Parent Company in the Sindh High Court. Through an interim order dated May 31, 2011, the Honorable Sindh High Court ordered to pay 50% in cash of this liability effective from December 28, 2006 and to submit bank guarantee for the rest of 50% until the final order is passed. Till balance sheet date, the Parent Company has provided bank guarantee amounting to Rs.123.365 million (2016: Rs.98.865 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 these consolidated financial statements as an abundant precaution.

22.5.5 This represents provision of Gas Infrastructure Development Cess Rs.4.856 million (2016: Rs.3.711 million) and rate difference of gas tariff Rs.1.093 million (2016: Rs.0.453 million) on account of common expenses payable to related party Messrs. Novatex Limited.

22.6 These include Rs.33.547 million (2016: Rs.26.963 million) received from employees under car policy.

	Note	(Rupees in Thousand) 2017	2016
23 ACCRUED MARK UP			
Mark up on long term financing		**929**	-
Mark up on short term borrowings		**3,654**	7,646
	23.1	**4,583**	7,646

23.1 This include accrued markup of Rs.1.434 million (2016: Rs.1.318 million) placed under Shariah compliant arrangements.

24 SHORT TERM BORROWINGS - Secured

From banking companies under mark up arrangements

	2017	2016
Running finance		
Under Conventional	**2,087,700**	1,371,635
Under Shariah compliant	**56,174**	134,617
	2,143,874	1,506,252

24.1 The Parent Company has aggregate facilities of short term borrowings amounting to Rs.4,455 million (2016: Rs.4,455 million) from various commercial banks (as listed in Note 24.3) out of which Rs.3,219 million (2016: Rs.2,993 million) remained unutilised at the year end. The Parent Company also has Rs.1,000 million (2016: Rs.1,000 million) swinging facility with an Associated Company, out of which Rs.908 million (2016: Rs.44 million) utilized by the Parent Company at the year end. The mark up rates for running finance ranged between Rs.0.1740 to Rs.0.2008 per Rs.1,000/- per day. These facilities are renewable annually at respective maturities.

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

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

	(Rupees in Thousand) 2017	2016
25 PROVISION FOR INCOME TAX LESS PAYMENTS		
Balance as at 01st July	**89,239**	63,067
Provision for the year - Current	**97,329**	64,175
Prior	**(88,136)**	-
	9,193	64,175
	98,432	127,242
Payments during the year	**(58,135)**	(62,633)
Adjustments for the year	**(1,103)**	24,630
Balance as at 30th June	**39,194**	89,239

26 CONTINGENCIES AND COMMITMENTS

26.1 Contingencies

a) 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.

b) 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 Sindh High Court realizing the facts of the case, circumstances and legal position and the Honorable Sindh High Court has granted interim relief whereby encashment of above mentioned post dated cheques has been restrained.

By way of abundant precaution, the amount of Rs. 27.762 million has been charged to profit and loss account in previous period. Based on the merits of the case and discussion held with the legal counsel, the management is confident that the case will be decided in favour of the Parent Company. Accordingly no provision has been made for the amount of post dated cheques of Rs.83.287 million.

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

Considering previous decision of Honorable Supreme Court and legal advisor opinion, the Group is confident that the case will be decided in favour of the petitioners. Total amount of enhanced GIDC upto June 30, 2017 worked out at Rs.896.611 million (2016: Rs.665.826 million), however the Group has provided Rs.694.597 million (2016: Rs.463.812 million) pertaining to the period of July 2014 to June 2017 for Captive Power and June 2015 to June 2017 for Industrial as an abundant precaution in view of reason stated above, refer note 22.

d) The Parent Company along with several other companies has filed a Constitution Petition in the Honorable Sindh High Court against a notice issued by the Employment Old Age Benefits Institution (EOBI) to the Parent Company to pay contribution at the revised rate of wages with retrospective effect. The Honorable High Court of Sindh has already restrained EOBI from taking any coercive action against the Parent Company. No provision of the amount involved i.e Rs.15.232 million (2016: Nil) has been made in these consolidated financial statements as the Parent Company is confident of the favourable outcome of the Petition.

e) The Oil and Gas Regulatory Authority (OGRA) had enhanced gas rate from Rs.488.23 per MMBTU to Rs.573.28 per MMBTU for captive power in August 2013 and accordingly, Sui Southern Gas Company started charging rate prescribed for captive power to the Group w.e.f. September 2013. In December 2015, the Group alongwith several other companies filed suit in the Sindh High Court challenging the charging of captive power tariff instead of industrial tariff. The Honorable Sindh High Court has granted interim relief, whereby recovery of captive power rate has been restrained. As an abundant precaution, the Group did not create receivable of Rs.240.238 million in respect of period from August 2013 to October 2015.

26.2 Guarantees

	Note	2017 (Rupees in Thousand)	2016 (Rupees in Thousand)
Bank Guarantees in favour of:			
The Director Excise & Taxation, Karachi		**123,365**	98,865
The Electric Inspector, President Licencing Board, Quetta		**10**	10
Pakistan State Oil Company Limited		**25,000**	25,000
Letters of Credit in favour of:			
Sui Southern Gas Company for Gas		**161,937**	161,937
		310,312	285,812

26.3 Commitments

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

	2017	2016
Foreign currency:		
Property, plant and equipment	**7,064**	22,510
Raw material	**232,176**	234,881
Spare parts and others	**62,599**	7,786
	301,839	265,177
Local currency:		
Raw material	**-**	74,512
Spare parts and others	**3,870**	-
	3,870	74,512
	305,709	339,689

27 SALES

	Note	2017	2016
Gross local sales		**13,217,789**	9,123,206
Third party processing charges		**11,585**	28,992
		13,229,374	9,152,198
Less: Sales tax	27.1	**1,272,102**	932,058
		11,957,272	8,220,140
Export sales		**134,157**	311,421
		12,091,429	8,531,561

27.1 These include local zero/reduced rate supplies.

	Note	(Rupees in Thousand) 2017	2016

28 COST OF SALES

	Note	2017	2016
Raw material consumed		**8,190,544**	5,141,660
Stores, spare parts and loose tools consumed		**209,192**	238,847
Outsource processing charges		**663,542**	221,239
Salaries, wages, allowances and benefits	28.1	**767,592**	808,554
Power, fuel and gas		**892,771**	853,389
Rent, rates and taxes		**5,048**	1,770
Insurance		**36,483**	41,059
Cartage & Transportation		**73,995**	73,768
Repairs and maintenance		**52,630**	77,249
Communications & Computer		**1,519**	1,768
Water supply		**3,475**	8,526
Travelling		**3,704**	3,104
Legal & professional fees		**180**	768
Sundry		**44,336**	39,580
Depreciation	5.2	**368,600**	375,991
		11,313,611	7,887,272
Duty draw back		**(95)**	(175)
Scrap sales	28.2	**(11,273)**	(10,076)
		11,302,243	7,877,021
Opening stock of goods-in-process		**296,340**	779,088
Closing stock of goods-in-process		**(451,615)**	(296,340)
Cost of goods manufactured		**11,146,968**	8,359,769
Opening stock of finished goods		**1,139,345**	1,170,397
Closing stock of finished goods		**(743,324)**	(1,139,345)
		11,542,989	8,390,821

28.1 These include Rs.15.745 million (2016 : Rs.15.708 million) and Rs.14.828 million (2016: Rs.18.948 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

28.2 Net off sales tax amounting to Rs.2.137 million (2016: Rs.1.912 million)

29 DISTRIBUTION AND SELLING COST

	Note	2017	2016
Salaries, allowances and benefits	29.1	**29,332**	35,607
Insurance		**2,670**	3,796
Rent, rates and taxes		**3,708**	829
Handling, freight and transportation		**141,062**	177,869
Advertisement and sales promotion		**1,205**	1,755
Communications		**309**	339
Travelling		**2,578**	4,055
Fee & subscriptions		**568**	479
Sundry		**4,711**	12,338
Depreciation	5.2	**513**	681
		186,656	237,748

29.1 These include Rs.0.856 million (2016 : Rs.0.824 million) and Rs.3.282 million (2016 : Rs.3.223 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

		Note	2017	2016
			(Rupees in Thousand)	
30	**ADMINISTRATIVE EXPENSES**			
	Salaries, allowances and benefits	30.1	**163,240**	190,659
	Rent, rates and taxes		**29,855**	32,066
	Insurance		**1,594**	1,307
	Repairs and maintenance		**6,785**	4,781
	Travelling		**3,124**	1,429
	Communications		**2,699**	3,055
	Legal & professional fees		**3,249**	3,950
	Utilities		**5,717**	6,457
	Printing and stationery		**1,760**	1,861
	Transportation		**3,302**	4,115
	Sundry		**8,422**	11,126
	Depreciation	5.2	**5,314**	6,322
			235,061	267,128

30.1 These include Rs.6.812 million (2016 : Rs.6.357 million) and Rs.14.688 million (2016 : Rs.14.940 million) representing contribution to defined contribution plan by the Group and expenditure on defined benefit plan respectively.

		Note	2017	2016
31	**OTHER OPERATING EXPENSES**			
	Loss on disposal of property, plant and equipment	5.3.1	**1,299**	47
	Provision for doubtful trade debts - net	11.4	**10,273**	-
	Provision for slow moving stores, spare parts and loose tools - net	9.1	**20,044**	-
	Exchange loss - net		**4,229**	2,173
	Corporate social responsibility	31.1	**-**	1,750
	Workers' Welfare Fund		**-**	8,612
	Auditors' remuneration	31.2	**1,506**	1,495
			37,351	14,077

31.1 These include donations of Rs.Nil (2016: Rs.1.050 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, so far as other donations are concerned.

	Note	(Rupees in Thousand) 2017	2016
31.2 Auditors' remuneration			
Audit fee - Annual accounts		**1,123**	1,123
Limited review, audit of consolidated financial statements, Provident funds and certification fee		**193**	180
Sindh Sales Tax on services		**105**	102
Out of pocket expenses		**85**	90
		1,506	1,495

32 OTHER INCOME

	Note	2017	2016
Income from financial assets			
Reversal of provision for doubtful trade debts-net		**-**	4,201
Income from non-financial assets & others			
Gain on disposal of property, plant and equipment	5.3.1	**6,241**	8,598
Liabilities no more payable written back		**13,234**	24,135
Reversal of provision for slow moving store & spares-net		**-**	1,585
Reversal of provision for Workers' welfare fund		**67,878**	-
Insurance claim received		**-**	4,885
Miscellaneous income		**224**	252
		87,577	39,455
		87,577	43,656

33 FINANCE COST

	Note	2017	2016
Mark up on long term financing		**1,167**	-
Mark up on short term borrowings		**28,578**	56,634
Bank charges and guarantee commission		**3,563**	3,140
	33.1	**33,308**	59,774

33.1 It include markup under Shariah Complaint arrangement amounting to Rs.8.875 million (2016: Rs.7.559 million).

34 INCOME TAX

	Note	2017	2016
For the current year		**97,329**	64,175
For the prior year		**(88,136)**	-
		9,193	64,175
Deferred	34.1	**156,710**	(8,806)
		165,903	55,369

34.1 It include amounting to Rs.217.366 million (2016: Rs.15.514 million) pertains to deferred tax provided during the year on un-realized share of profit in associated company.

	Note	(Rupees in Thousand) 2017	2016
Relationship between income tax and profit/(loss) before income tax :			
Profit/(loss) before income tax		**1,059,778**	(92,869)
Income tax rate		**31%**	32%
Income tax on profit/(loss) before income tax		**328,531**	(29,718)
Tax effect of:			
minimum tax		**121,915**	84,555
tax loss not recognised		**33,547**	249,088
tax credits		**(26,597)**	(45,023)
tax on undistributed profit	34.2	**450**	-
income assessed under final tax regime		**1,194**	145
change in statutory tax rate		**(2,523)**	(4,398)
others		**(30,197)**	(23,471)
prior year reversal for income tax		**(88,136)**	-
deferred tax effect on un-realised share of profit in associated company		**217,366**	15,514
income exempt from subsidiary		**(105,653)**	(116,127)
loss from subsidiary		**8**	9
dividend income and share of profit in associated company		**(284,002)**	(75,205)
Income tax for the year		**165,903**	55,369

34.2 The Board of Directors of the Parent Company in their meeting held on September 26, 2017 has not proposed any dividend for the year ended June 30, 2017. Accordingly provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 has been provided in these consolidated financial statements for the year ended June 30, 2017.

35 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED

	2017	2016
Profit/(loss) after income tax	**893,875**	(148,238)
	(Number of Shares)	
Weighted average number of Ordinary Shares in issue during the year	**38,364,480**	38,364,480
	(Rupees)	
Earnings/(loss) per share - Basic and diluted	**23.30**	(3.86)

There is no dilutive effect on the basic earnings/ (loss) per share of the Group.

36 CASH AND CASH EQUIVALENTS

	Note	(Rupees in Thousand) 2017	2016
Cash and bank balances	16	**1,221,217**	861,956
Short term borrowings	24	**(2,143,874)**	(1,506,252)
		(922,657)	(644,296)

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

FINANCIAL ASSETS AND LIABILITIES

(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	**2017 Total**	2016 Total
Financial Assets								
Loans and advances	-	-	-	5,780	752	6,532	**6,532**	7,537
Deposits	-	-	-	645	1,666	2,311	**2,311**	6,578
Trade debts	-	-	-	1,623,415	-	1,623,415	**1,623,415**	748,713
Other receivables	-	-	-	211,613	-	211,613	**211,613**	137,030
Cash and bank balances	-	-	-	1,221,217	-	1,221,217	**1,221,217**	861,956
	-	-	-	3,062,670	2,418	3,065,088	**3,065,088**	1,761,814
Financial Liabilities								
Long term financing	13,603	122,431	136,034	-	-	-	**136,034**	-
Trade and other payables	-	-	-	945,040	-	945,040	**945,040**	795,745
Accrued mark up	-	-	-	4,583	-	4,583	**4,583**	7,646
Short term borrowings	2,143,874	-	2,143,874	-	-	-	**2,143,874**	1,506,252
	2,157,477	122,431	2,279,908	949,623	-	949,623	**3,229,531**	2,309,643

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

37.1 MEASUREMENT OF FAIR VALUE

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

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

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

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

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

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

37.2 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 US$, Euro, JPY, AED and CHF. The Group's exposure to foreign currency risk is as follows:

	(Rupees in Thousand) 2017	2016
Bills Payable	**428,377**	294,867
Trade Debts	**(3,475)**	(31,690)
Receivable from suppliers	**(143,180)**	(123,437)
Cash at bank in foreign currency accounts	**(474)**	(1,350)
	(147,129)	(156,477)
	281,248	138,390
Commitments - Outstanding letters of credit	**301,839**	265,177
Net exposure	**583,087**	403,567

The following significant exchange rates have been applied:

	Average rate 2017		Average rate 2016		Reporting date rate 2017		Reporting date rate 2016	
Rupees	Buying	Selling	Buying	Selling	Buying	Selling	Buying	Selling
USD to PKR	**104.42**	**104.62**	103.96	104.16	**104.80**	**105.00**	104.50	104.70
Euro to PKR	**113.80**	**114.02**	115.41	115.63	**119.91**	**120.14**	116.08	116.31
JPY to PKR	**0.96**	**0.96**	0.94	0.94	**0.94**	**0.94**	1.02	1.02
AED to PKR	**-**	**-**	28.31	28.36	**-**	**-**	28.45	28.51
CHF to PKR	**-**	**-**	105.72	105.93	**-**	**-**	106.64	106.85

Sensitivity Analysis

At reporting date, if the PKR had strengthened/weakened by 10% against the US$, Euro, JPY, AED 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		Reporting date rate	
	2017	2016	2017	2016
		(Rupees in Thousand)		
Effect on consolidated profit & loss account				
USD to PKR	**51,232**	39,062	**51,417**	39,264
Euro to PKR	**6,399**	945	**6,743**	950
JPY to PKR	**152**	106	**149**	115
AED to PKR	**-**	(175)	**-**	(176)
CHF to PKR	**-**	202	**-**	204
	57,783	40,140	**58,309**	40,357

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:

	2017	2016	2017	2016
	Effective rate (in %)		Carrying amount (Rupees in Thousand)	
Financial Liabilities				
Variable rate instruments				
Long term financing	6.19	-	**136,034**	-
Short term borrowings	2.08 - 6.87	3.69 - 7.33	**2,143,874**	1,506,252
			2,279,908	1,506,252

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect consolidated profit and loss account.

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 2016.

	Profit and loss	
	100 bp increase	**100 bp** decrease
As at June 30, 2017		
Cash flow sensitivity - Variable rate financial liabilities	**(22,799)**	**22,799**
As at June 30, 2016		
Cash flow sensitivity - Variable rate financial liabilities	(15,063)	15,063

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.3,065.088 million (2016 : Rs.1,761.814 million), amounted to Rs.3,064.124 million (2016: Rs.1,760.613 million) are subject to credit risk. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	(Rupees in Thousand)	
	2017	**2016**
Loans and advances	**6,532**	7,537
Deposits	**2,311**	6,578
Trade debts	**1,623,415**	748,713
Other receivables	**211,613**	137,030
	1,835,028	885,743
Bank balances	**1,220,253**	860,755
	3,064,124	1,760,613

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

Not past due	**1,599,493**	709,358
Past due 1-30 days	**93,555**	73,663
Past due 31-90 days	**49,113**	88,694
Past due 91-180 days	**86,778**	4,026
Past due 180 days	**80,136**	73,776
	1,909,075	949,517
Provision for doubtful debts	**(74,047)**	(63,774)
	1,835,028	885,743

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	(Rupees in Thousand) 2017	2016
Bank Al-Falah Limited	PACRA	A1+	AA+	**8,848**	30,655
Citibank N.A	Moody's	P1+	A1	**63**	61
Dubai Islamic Bank Pakistan Limited	JCR-VIS	A-1	AA-	**480**	176
Faysal Bank Limited	PACRA	A1+	AA	**343**	212
Habib Bank Limited	JCR-VIS	A-1+	AAA	**986**	2,370
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	**1,194,868**	818,625
JS Bank Limited	PACRA	A1+	AA-	**-**	25
MCB Bank Limited	PACRA	A1+	AAA	**294**	1,326
Meezan Bank Limited	JCR-VIS	A-1+	AA	**7,426**	1,324
National Bank of Pakistan	PACRA	A1+	AAA	**4,235**	3,303
NIB Bank Limited	PACRA	A1+	AA-	**1,439**	1,575
Samba Bank Limited	JCR-VIS	A-1	AA	**697**	278
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	**195**	650
United Bank Limited	JCR-VIS	A-1+	AAA	**379**	175
				1,220,253	860,755

Above ratings updated as of August 04, 2017 and available on SBP website.

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, 2017, the Parent Company has Rs.4,455 million plus Rs.1,000 million swinging facility with Associated Company, available borrowing limit from financial institutions. The Group has unutilised borrowing facilities of Rs.3,219 million in addition to balances at banks of Rs.1,220 million. Based on the above, management believes the liquidity risk to be insignificant. The following are the contractual maturities of financial liabilities, including interest/mark-up payments.

	Carrying Amount	Contractual Cash Flow	Six months or less	Six to twelve months	One to two years	Two to five years	Above five years
	----------------------------	(Rupees in Thousand)	---------------------------				
2017							
Long term financing	**136,034**	**163,208**	**4,259**	**17,762**	**34,328**	**92,862**	**13,997**
Trade and other payables	**945,040**	**945,040**	**945,040**	**-**	**-**	**-**	**-**
Accrued mark up	**4,583**	**4,583**	**4,583**	**-**	**-**	**-**	**-**
Short term borrowings	**2,143,874**	**2,151,982**	**2,151,982**	**-**	**-**	**-**	**-**
	3,229,531	**3,264,813**	**3,105,864**	**17,762**	**34,328**	**92,862**	**13,997**
2016							
Trade and other payables	795,745	795,745	795,745	-	-	-	-
Accrued mark up	7,646	7,646	7,646	-	-	-	-
Short term borrowings	1,506,252	1,508,462	1,508,462	-	-	-	-
	2,309,643	2,311,853	2,311,853	-	-	-	-

37.3 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, 2017 and 2016 were as follows:

	2017	2016
	(Rupees in Thousand)	
Total borrowings	2,279,908	1,506,252
Cash and bank	(1,221,217)	(861,956)
Net debt	1,058,691	644,296
Total equity	7,823,147	6,929,966
Total capital	8,881,838	7,574,262
Gearing ratio	12%	9%

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.

38 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:

(Rupees in Thousand)

	Chairman		Chief Executive		Directors		Executives		TOTAL	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Managerial remuneration	15,884	14,963	18,001	16,956	16,230	23,668	150,104	130,974	200,219	186,561
Post Employment benefits	1,370	603	5,874	4,292	2,480	6,299	14,035	21,211	23,759	32,405
Utilities	-	-	78	85	39	37	47	39	164	161
Other benefits	-	-	-	-	1,936	2,116	71,157	59,043	73,093	61,159
	17,254	15,566	23,953	21,333	20,685	32,120	235,343	211,267	297,235	280,286
Number of persons										
for remuneration	1	1	1	1	2	3	92	82	96	87

38.1 Aggregate amount of meeting fee to Chairman and 4 non-executive directors (2016: Chairman and 3 non-executive Directors) was Rs.140 thousand (2016: Rs.90 thousand).

38.2 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.

38.3 An Associated Company reimbursed Rs.73.720 million (2016: Rs.26.882 million) in respect of services provided by certain directors and executives during the year.

38.4 Remuneration of directors Rs. 20.685 million includes remuneration of Mr. Zakaria Bilwani, who became non-executive director w.e.f. September 17, 2016.

39 SEGMENT REPORTING

39.1 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 (Private) Limited.

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

39.2 Segment results:

The segment information for the reportable segments for the year ended June 30, 2017 is as follows:

(Rupees in Thousand)

	2017					2016				
	Polyester Filament Yarn	Polyester PET Preform	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preform	Total of Polyester Polymer	Power Generation	Group
Sales	6,416,432	5,909,219	12,325,651	1,377,773	13,703,424	5,595,284	3,171,619	8,766,903	1,384,367	10,151,270
Segment result before depreciation	(337,768)	492,460	154,692	345,969	500,661	(587,749)	170,835	(416,914)	435,327	18,413
Less: Depreciation	(226,009)	(86,435)	(312,444)	(61,983)	(374,427)	(235,777)	(78,823)	(314,600)	(68,394)	(382,994)
Segment result after depreciation	(563,777)	406,025	(157,752)	283,986	126,234	(823,526)	92,012	(731,514)	366,933	(364,581)

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

	2017 Total of Polyester Polymer	2017 Power Generation	2017 Group	2016 Total of Polyester Polymer	2016 Power Generation	2016 Group
Total sales for reportable segments			13,703,424			10,151,270
Elimination of inter-segment sales from subsidiary			(1,611,995)			(1,619,709)
Sales			12,091,429			8,531,561
Total results for reportable segments	(157,752)	283,986	126,234	(731,514)	366,933	(364,581)
Other operating expenses	(33,482)	(3,894)	(37,376)	(5,389)	(8,720)	(14,109)
Other income	26,895	61,171	88,066	38,988	5,117	44,105
Finance cost	(32,860)	(448)	(33,308)	(59,341)	(433)	(59,774)
Investment income - Dividend	203,175	-	203,175	542,588	-	542,588
Share of profit in associated company			916,137			301,462
	5,976	340,815	1,262,928	(214,668)	362,897	449,691
Elimination of intra group transaction			(203,150)			(542,560)
Profit/(loss) before income tax			1,059,778			(92,869)

(Rupees in Thousand)

	2017					2016				
	Polyester Filament Yarn	Polyester PET Preform	Total of Polyester Polymer	Power Generation	Group	Polyester Filament Yarn	Polyester PET Preform	Total of Polyester Polymer	Power Generation	Group
Assets and liabilities by segments are as follows:										
Segment assets	3,451,789	2,534,385	5,986,174	1,933,603	7,919,777	3,535,311	1,358,345	4,893,656	1,504,671	6,398,327
Segment liabilities	546,344	315,227	861,571	926,265	1,787,836	489,600	102,635	592,235	634,886	1,227,121

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

	2017 Assets	2017 Liabilities	2016 Assets	2016 Liabilities
Total for reportable segments	7,919,777	1,787,836	6,398,327	1,227,121
Unallocated assets/liabilities	5,771,731	3,924,802	4,912,004	2,997,496
Elimination of intra group balances	(159,041)	(3,318)	(159,165)	(3,417)
Total as per balance sheet	13,532,467	5,709,320	11,151,166	4,221,200

Other segment information is as follows:

	2017 Polyester Filament Yarn	2017 Polyester PET Preform	2017 Total of Polyester Polymer	2017 Power Generation	2017 Group	2016 Polyester Filament Yarn	2016 Polyester PET Preform	2016 Total of Polyester Polymer	2016 Power Generation	2016 Group
Depreciation	226,009	86,435	312,444	61,983	374,427	235,777	78,823	314,600	68,394	382,994
Capital expenditures incurred during the year	182,158	259,233	441,391	143,315	584,706	303,627	116,166	419,793	46,211	466,004
Unallocated capital expenditure incurred during the year					7,003					19,746
Total					591,709					485,750

39.3 All non-current assets of the Group as at June 30, 2017 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.

39.4 The Group does not have transaction with any external customer which amount to 10% or more of the Group’s revenue.

40 PLANT CAPACITY AND ACTUAL PRODUCTION

		(Metric Tons) 2017	2016
40.1 Polyester Filament Yarn	40.1.1		
Annual capacity		24,191	24,191
Actual production		36,023	34,259
40.2 Polyester P.E.T. Preforms	40.2.1		
Annual capacity		48,320	32,677
Actual production		43,979	18,321
		(KWH in Thousand)	
40.3 Electric Power	40.3.1		
Annual capacity		213,222	213,222
Actual production		125,113	122,652

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

40.2.1 The capacity is determined based on 39 gms production. Actual production represents production of various grammage. The actual production versus annual capacity is lower as new addition in capacity was not available for full year. The actual production of preforms (various grammage) in pieces was 1,076.713 million (2016: 533.874 million) against annual capacity (based on 39 gms) of 1,239 million pieces.

40.3.1 The capacity includes capacities of standby generators. The actual production versus annual capacity is lower on account of lower demand from Parent Company.

41 TRANSACTIONS WITH RELATED PARTIES

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

		(Rupees in Thousand) 2017	2016
Associated Company	Rendering of services	**9,902**	24,779
	Obtaining of services	**663,542**	221,239
	Purchase of raw material	**110**	1,644
	Purchase of property, plant & equipment and spares	**189,425**	22,752
	Sale of property, plant & equipment	**43,800**	1,282
	Receipt of dividend	**-**	170,100
	Rent	**29,487**	31,687
	Reimbursement of expenses	**135,088**	72,799
Other Related Parties	Purchase of raw material	**-**	190
	Payment of dividend	**-**	2,431
	Charges on account of handling	**6,893**	6,037
	Payment of donation	**-**	1,050
Defined Contribution Plans (Provident Funds)	Contribution to Provident Funds	**23,413**	22,889

- 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 7.3 and 38 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.

	(Rupees in Thousand) 2017	2016

42 PROVIDENT FUND RELATED DISCLOSURES

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

	2017	2016
Size of the Funds - Total Assets	**403,895**	396,261
Cost of Investments made	**367,364**	366,700
Fair value of investments	**400,846**	392,741
Percentage of investments made (Fair value to size of the fund)	**99.25%**	99.11%

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

	(Rupees in Thousand) 2017 Amount	%	2016 Amount	%
Shares of Listed Companies	**1**	**0.00%**	1	0.00%
Government Securities	**281,654**	**70.27%**	272,757	69.45%
Debt Securities	**2,585**	**0.64%**	7,785	1.98%
Mutual Funds	**84,606**	**21.11%**	70,743	18.01%
Bank Deposits	**32,000**	**7.98%**	41,455	10.56%
	400,846	**100.00%**	392,741	100.00%

42.2 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.

43 NUMBER OF EMPLOYEES

	(Number of employees) 2017	2016
Average number of employees during the year	**869**	961
Number of employees as at June 30	**828**	926

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	(Rupees in Thousand)
Trade and other payables	Trade and other payables	
Accrued expenses	Provisions	91,349
Infrastructure Cess on imports	Provisions	98,112
Gas Infrastructure Development Cess	Provisions	463,812
Cost of sales	Administrative expenses	
Salaries, wages, allowances and benefits	Salaries, allowances and benefits	34,739
Insurance	Insurance	137
Cartage & Transportation	Transportation	551
Communications & Computer	Communications	46
Travelling	Travelling	120
Finance cost	Finance cost	
Mark-up on short term borrowings	Bank charges and guarantee commission	1,030

45 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 26, 2017 by the Board of Directors of the Parent Company.

46 GENERAL

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

PEER MOHAMMAD DIWAN	IQBAL BILWANI	MOHAMMAD YASIN BILWANI
Chief Executive	Director	Chief Financial Officer


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Proxy Form

37TH ANNUAL GENERAL MEETING

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 ____________________ or failing him/her

______________________________ of ______________________________

as my/our proxy to attend, speak and vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held on Monday, October 23, 2017 at 11:00 a.m., and at any adjournment thereof.

Signed this ______________ day of , ________________ 2017.

Witness:

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

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

Signature on Revenue Stamp of Rs.5/-

Notes:

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

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

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

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

مختارنامہ (پراکسی فارم)

۳۷واں سالانہ اجلاس عام

میں/ہم ____

________ بحیثیت رکن گیٹرون (انڈسٹریز) لمیٹڈ وحامل ________

عام حصص بمطابق شیئر رجسٹر فولیونمبر ________ اور/یا سی ڈی سی کے شراکتی آئی ڈی نمبر ________

اور ذیلی کھاتہ نمبر ________ محترم/محترمہ ________ ساکن ________

یا بصورت دیگر ________ ساکن ________

کو اپنی/ہماری جگہ بروز پیر، مورخہ 23 اکتوبر، 2017، بوقت 11:00 بجے صبح میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں شرکت، رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا/کرتی/کرتے ہوں/ہیں۔

دستخط مورخہ ________ برائے ماہ وسال ________ ثبت ہیں۔

گواہ:

5 روپے کا رسیدی ٹکٹ یہاں چسپاں کر کے دستخط کریں

1 دستخط ________

نام ________

پتہ ________

سی این آئی سی نمبر ________

2 دستخط ________

نام ________

پتہ ________

سی این آئی سی نمبر ________

نوٹ:

(1) مختارنامہ (پراکسی فارم) کے مؤثر ہونے کے لیے ضروری ہے کہ وہ 5 روپے کے رسیدی ٹکٹ پر دستخط کے ساتھ اجلاس شروع ہونے سے 48 گھنٹے قبل کمپنی کو موصول ہو جائے۔

(2) مختار (پراکسی) کو کمپنی کا رکن (ممبر) ہونا ضروری ہے۔

(3) دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونے کے مطابق ہونی چاہیئے۔

(4) سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی اس مختارنامہ (پراکسی فارم) کے ساتھ منسلک کریں۔

E-DIVIDEND MANDATE FORM

Date: ____________

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

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

Dear Sir,

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

(i) Shareholder's details:	
Name of the Shareholder	
Folio No.	
CDC Participant ID & Sub-Account No. /CDC IAS	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No	
Branch Address	

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

Yours truly,

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

Notes:

1. Please provide complete IBAN, after verification from your concerned bank to enable the company to electronic credit into your bank account.

   The payment of cash dividend will be processed on the basis of the IBAN number alone. The company is entitled to rely on the IBAN number as per your instructions. The company shall not be responsible for any loss, damage, liability or claim arising, directly or indirectly, from any error, delay, or failure in performance of any of its obligations hereunder which is caused by incorrect payment instructions and / or due to any event beyond the control of the company.

2. CDC members are requested to submit with Participant/CDC Investor Account Services for incorporation of bank account.

GATRON (INDUSTRIES) LIMITED

CORPORATE