

Comprehensive Financial Analysis



**GATRON INDUSTRIES LTD**

SYNTHETIC & RAYON

**PKR - 203.00**

52 Week (High - 265 & Low - 202)

**About the company**

Gatron (Industries) Ltd belongs to the Gani and Tayub Group (G&T) and has been operating since 1980. These seven decades of experience have allowed Gatron to grow into the biggest producer of Polyester Filament Yarn in Pakistan. With its factory located in Hub, Balochistan, Gatron is also a publicly listed company on PSX (Pakistan Stock Exchange) and operates across the globe. The G&T group is an industry leader in numerous products. These include Polyester Yarn, PET Resin, PET Preforms, PET Bottle, BOPET Film, PET Sheet, Fashion Apparel, Home Textile, Retail, Logistics, and more.

Gatron (Industries) Ltd. is a publicly listed company on the Pakistan Stock Exchange (PSX) with its manufacturing facility located in the city of Hub, Balochistan, on the outskirts of Karachi. Over the years, Gatron has consolidated its position in the polyester business on the strength of its integrated operations and diversified product portfolio.

Our yarns help create some of the best quality fabrics that define fashion around the world. They are used by most of the major downstream textile companies in Pakistan whether it be in Knitting, Twisting or Weaving. There is a wide range of end applications for our yarn which include men’s and women’s garments, sportswear, hosiery, denim, upholstery and Home Textiles including bed and bath linens, blankets, table tops & curtains etc.

Apart from the Company's principle business of manufacturing Polyester Filament Yarn along with its raw material products viz. Yarn Grade Polyester Chips, the Company also produces other varieties of Polyester Chips viz Bottle Grade as well as PET preforms.

**Purpose and Scope of Analysis**

Financial analysis serves as a critical tool for evaluating the financial health and performance of a company, offering valuable insights for a range of stakeholders. It aids investors in making informed decisions about buying, holding, or selling securities by assessing a company's profitability, liquidity, and solvency. For management, it serves as an internal monitoring and planning tool, helping identify areas of strength and weakness to inform strategic decisions.

Lenders and creditors use it to gauge the creditworthiness of a company, which influences their lending decisions. Furthermore, the scope of financial analysis extends to examining financial statements, assessing ratios that indicate a company's operational efficiency and risk exposure, studying industry and market trends, and conducting risk assessments, all contributing to a comprehensive understanding of a company's financial standing.

Peers Company / Competitors

1. Lotte Chemical Pakistan.

LCPL stands strong as the only world-class manufacturer and supplier of Purified Terephthalic Acid (PTA) in Pakistan with a capacity to deliver 500,000 tonnes of PTA annually through its state-of-the- art plant situated at Port Qasim, Karachi.

PTA is the primary raw material for producing Polyester fiber, Polyester filament yarn, Polyester film and Polyethylene Terephthalate (PET). LCPL holds the foundation of the polyester chain in Pakistan and retains its edge by being a local producer and key supplier for the domestic Polyester and PET industries with short delivery, world class quality and exceptional customer service.

For producing PTA we import our feedstock (Paraxylene) from reputable suppliers based in Asia and Middle-East region. Our plant operates under a technology license with IPT (Investa Performance Technologies) which is currently the leading global supplier of PTA technology.

1. Archroma Pakistan Limited.

Archroma Pakistan Limited ("the Company") is a limited liability company and is incorporated and domiciled in Pakistan. The address of its registered office is 1-A/1, Sector 20 Korangi Industrial Area, Korangi, Karachi, Pakistan. The Company is listed on the Pakistan Stock Exchange. The Company is a subsidiary of Archroma Textiles GmbH, registered and having head quarter in Reinach, Switzerland which holds 75% of share capital of the Company.

The Company is primarily engaged in the manufacture, import and sale of chemicals, dyestuffs and coating, adhesive and sealants. It also acts as an indenting agent.

Archroma is a global, diversified provider of dyes and specialty chemicals serving the branded and performance textiles, packaging and paper, and coatings, adhesives and sealants markets. The company operates a highly integrated, customer-focused platform that delivers specialized performance and color solutions in over 100 countries.

1. Engro Polymers and Chemicals

Engro Polymer & Chemicals Limited (EPCL) is the sole manufacturer of PVC resin in Pakistan. Besides this the company also produces Chlor Alkali products like Caustic Soda, Sodium Hypochlorite and Hydrochloric Acid. It is a subsidiary of Engro Corporation, involved in the manufacturing, marketing and distribution of PVC under the brand name ‘SABZ’ and other quality Chlor-Vinyl allied products.

EPCL strongly endorses its triple bottom line philosophy in true essence – People, Planet and Profit are critical and indispensable elements for its growth and success.

The Company is primarily engaged in the manufacture, import and sale of chemicals, dyestuffs and coating, adhesive and sealants. It also acts as an indenting agent.

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| **Management Profiling** | | **Directorship** | **Info** | **Education** |
| 1 | **Mr. Shabbir Diwan** | **Chairman / Director** | Mr. Abdul Razak Diwan is the Founder member of Gatron (Industries) Limited. He is also the Director of Finance of the Company since its incorporation. He is also the Governor of the Gatron Foundation, a company incorporated for a charitable purpose. Mr. Abdul Razak Diwan was the Honorary Chairman of Memon Medical Institute & Hospital (a 300 beds tertiary, not-for-profit, totally donor-funded Multidisciplinary Hospital established to cater to the health-care and education needs of the society at large. | Bachelor of Commerce |
| 2 | **Mr. Shabbir Diwan** | **Chief Executive / Director** | Mr. Shabbir Diwan is a member of the Board of Governors of “Patients Aid Foundations” of JPMC, the 2nd largest Government Hospital in Karachi. He is a member and Director of the Pakistan Business Council, Pakistan-India Joint Business Council, constituted by the Ministry of Commerce Govt. of Pakistan, and ex-Hon. Deputy General Secretary, Memon Medical Institute Mr. Shabbir Diwan is an Executive Director of Novatex Limited (producer and exporter of PET Resin, PET Preforms, and BOPET Films and also Director in ThalNova Power Thar (Pvt) Limited (a 330 MW power project). | (MBA) Master of Business Administration from Institute of Business Administration, University of Karachi. |
| 3 | **Mr. Zakaria Bilwani** | **Non-Executive Director** | Mr. Zakaria Bilwani is a Commerce Graduate and he is the Non-Executive Director on the Board of Gatron (Industries) Limited since 1984. Mr. Zakaria Bilwani is also the Director of M/s. Gatro Power (Private) Limited, is a wholly owned subsidiary of Gatron (Industries) Limited. | Bachelor of Commerce |
| 4 | **Mr. Usman Habib Bilwa** | **Non-Executive Director** | Mr. Usman Bilwani is a Graduate and he is the Non-Executive Director on the Board of Gatron (Industries) Limited since 1990. Mr. Usman Bilwani is also the Director of M/s. Gatro Power (Private) Limited, is a wholly owned subsidiary of Gatron (Industries) Limited. | Bachelor of Commerce |
| 5 | **Mr. Muhammad Iqbal B** | **Non-Executive Director** | Mr. Iqbal Bilwani is a non-executive Director on the Board of Gatron (Industries) Limited since 1982. Mr. Iqbal Bilwani is a member of the Audit Committee of Gatron. Mr. Iqbal Bilwani is also the Director of Gatro Power (Private) Limited, a wholly owned subsidiary of Gatron (Industries) Limited. | Fellow Member of the Institute of Chartered Accountants of Pakistan since 1978. |
| 6 | **Mr. Saqib Haroon Bilwa** | **Non-Executive Director** | Mr Saqib Haroon Bilwani is a family member of the G&T Group. He is a Trustee and Member Executive Board of the Memon Health and Education Foundation (MHEF). He is CEO of Mustaqim Dyeing & Printing Industries (Pvt) Ltd (Manufacturer and Exporter of Home Textile Products) and Director in ThalNova Power Thar(Private) Limited. Mr Bilwani also served in the Managing Committee of the Pakistan Hosiery Manufacturers Association (PHMA). | MBA (Master of Business Administration) from IBA |
| 7 | **Mr. Muhammad Taufiq** | **Executive Director** | Mr. Muhammad Taufiq Bilwani is an Executive Director on the Board of Gatron (Industries) Limited since July 2013 and has been the Chief Officer of Plant Operations since 1983. He obtained Certification under the Director’s Training Program offered by the Institute of Chartered Accountants of Pakistan (ICAP) in 2013. He was 1)Member Executive committee Pakistan Engineering Council. 2)Vice President Lasbela Chamber of Commerce and Industry.  3)Member Mechanical local council Karachi Institute of Engineer Pakistan. | Graduate of Mechanical Discipline from N.E.D University of Engineering & Technology |
| 8 | **Mr. Muhammad Waseem** | **Independent Director** | Mr. Muhammad Waseem holds a Bachelor of Science (Hons.) degree in Mathematics from the University of Karachi. He has experience in the banking and textile sectors. | Bachelor of Science (Hons.) degree in Mathematics from the  University of Karachi. |
| 9 | **Mr. Talat Iqbal** | **Independent Director** | Mr. Talat Iqbal holds a Bachelor of Commerce degree in Business Administration & Commerce from the University of Karachi. He also holds a Legum Baccalaureate degree in Law from the University of Karachi. He has vast experience in Information Technology, Commerce, and Trade. He has obtained Certification under the Directors’ Training Program offered by the Pakistan Institute of Corporate Governance in 2021. | Bachelor of Commerce |
| 10 | **Ms. Huma Rafique** | **Independent Director** | Ms. Huma is a Director at Netline (Pvt.) Ltd. She has a vast experience of over 12 years in the corporate sector ranging from FMCGs to consultancy and the education sector. She is currently serving as Manager Admin & HR at the Baitussalam Masjid School, Islamabad and is also a member of the Advisory Committee. She has been an editor of the Baitussalam Bulletin-Baitussalam Publications since 2014 and she is also Strategic Policy Advisor on Administrative & HR matters at Raudhtaussalam School. She has attended, organized, and conducted various personal and professional capacity-building workshops. She also occasionally helps out in developing layouts and designs for the family business product and marketing literature and campaigns. She has obtained Certification under the Directors’ Training Program offered by the Pakistan Institute of Corporate Governance in 2021. | (MBA) from the Institute of Business Management, Karachi |

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| **Gatron (Industries) Limited** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Balance Sheet** | | | | | |
| Fixed Assets | 16938.30M | 9769.08M | 5949.20M | 3577.72M | 2359.40M |
| Investments | 389.75M | 402.57M | 417.29M | 875.10M | 602.83M |
| Cash in Hand and Bank | 336.61M | 132.74M | 103.26M | 64.16M | 70.32M |
| Stores and Spares | 1579.47M | 1315.07M | 884.87M | 762.93M | 692.35M |
| Stock in Trade | 11386.74M | 6318.10M | 3840.35M | 2394.76M | 2840.78M |
| Trade Debts | 3975.79M | 4322.53M | 2897.20M | 2230.26M | 1528.56M |
| Current Assets | 19999.23M | 13366.48M | 8273.00M | 5699.90M | 5784.99M |
| Quick Assets | 7033.02M | 5733.31M | 3547.78M | 2542.21M | 2251.86M |
| **Total Assets** | **37576.81M** | **23671.26M** | **14860.32M** | **10285.28M** | **8750.04M** |
| Interest Bearing Long Term Liability | 8179.33M | 5696.30M | 2840.44M | 1174.78M | 126.54M |
| Interest Bearing Short Term Liability | 9440.95M | 5169.09M | 3611.22M | 1675.11M | 864.72M |
| \* Non Interest Bearing Short Term Liability | 10126.46M | 7990.61M | 1885.84M | 1631.10M | 2041.13M |
| Trades Payables | 9244.06M | 3668.08M | 1847.05M | 1577.63M | 2032.55M |
| Total Current Liabilities | 19864.69M | 9407.99M | 5562.39M | 3362.40M | 2946.34M |
| **Total Liabilities** | **29716.75M** | **15899.82M** | **8905.17M** | **4952.55M** | **3446.05M** |
| Paid Up Capital | 767.29M | 383.65M | 383.65M | 383.65M | 383.65M |
| Reserves | 7092.78M | 7387.80M | 5571.51M | 4949.08M | 4920.35M |
| **Shareholder Equity** | **7860.07M** | **7771.44M** | **5955.15M** | **5332.73M** | **5304.00M** |
| Paid Up Value | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Number of Shares | 76.73M | 38.36M | 38.36M | 38.36M | 38.36M |
| **Income Statement** | | | | | |
| Sales | 27383.78M | 23959.65M | 16557.56M | 12938.38M | 17707.33M |
| COGS | 25930.15M | 20783.27M | 14690.79M | 11993.33M | 16051.67M |
| Gross Profit | 1453.63M | 3176.39M | 1866.78M | 945.05M | 1655.65M |
| Administrative Expenses | 499.16M | 347.74M | 282.68M | 290.66M | 256.26M |
| Selling & Distributive Expenses | 383.74M | 298.26M | 210.28M | 172.45M | 187.63M |
| Financial Charges | 1074.51M | 312.73M | 127.20M | 205.68M | 17.39M |
| **Other Income** | **1146.91M** | **581.55M** | **227.39M** | **1295.21M** | **1132.82M** |
| Other Expenses | 91.87M | 239.98M | 172.23M | 113.16M | 223.27M |
| EBITDA | 2567.88M | 3661.55M | 1952.34M | 2069.41M | 2438.32M |
| EBIT | 1625.78M | 2871.94M | 1428.97M | 1664.00M | 2121.31M |
| **EBT** | **551.28M** | **2559.22M** | **1301.77M** | **1458.32M** | **2103.92M** |
| Tax | 345.98M | 731.97M | 236.04M | 397.69M | 309.19M |
| **PAT** | **205.30M** | **1827.24M** | **1065.72M** | **1060.63M** | **1794.74M** |
| EPS | 2.68 | 47.63 | 27.78 | 27.65 | 46.78 |

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| **Lotte Chemical Pakistan** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Balance Sheet** | | | | | |
| Fixed Assets | 7370.35M | 7259.91M | 6439.19M | 4776.60M | 5142.94M |
| Investments | 11952.85M | 15259.35M | 14999.42M | 3452.08M | - |
| Cash in Hand and Bank | 4397.07M | 46.32M | 35.59M | 8057.56M | 4220.76M |
| Stores and Spares | 1416.27M | 1244.63M | 965.53M | 1201.48M | 866.64M |
| Stock in Trade | 8529.05M | 5848.59M | 4298.79M | 4482.47M | 5238.45M |
| Trade Debts | 7053.88M | 4511.53M | 2998.64M | 3440.26M | 3401.05M |
| Current Assets | 34184.33M | 28154.28M | 24151.89M | 22005.81M | 15570.20M |
| Quick Assets | 24239.02M | 21061.06M | 18887.57M | 16321.86M | 9465.11M |
| **Total Assets** | **43333.07M** | **36473.17M** | **31496.13M** | **27526.19M** | **21274.13M** |
| Interest Bearing Long Term Liability | 1660.10M | 1539.77M | 1582.19M | - | - |
| Interest Bearing Short Term Liability | 314.48M | 220.12M | 177.63M | - | - |
| \* Non Interest Bearing Short Term Liability | 13546.55M | 15544.99M | 10106.29M | 11565.57M | 6893.65M |
| Trades Payables | 13202.14M | 15276.42M | 9863.36M | 11330.50M | 6682.63M |
| Total Current Liabilities | 18460.42M | 15806.72M | 10315.21M | 11600.49M | 8629.42M |
| **Total Liabilities** | **20319.24M** | **17496.65M** | **13747.14M** | **11734.14M** | **8754.91M** |
| Paid Up Capital | 15142.07M | 15142.07M | 15142.07M | 15142.07M | 15142.07M |
| Reserves | 7871.75M | 3834.45M | 2606.92M | 649.98M | (2622.85M) |
| **Shareholder Equity** | **23013.83M** | **18976.52M** | **17748.99M** | **15792.05M** | **12519.23M** |
| Paid Up Value | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Number of Shares | 1514.21M | 1514.21M | 1514.21M | 1514.21M | 1514.21M |
| **Income Statement** | | | | | |
| Sales | 100265.56M | 67164.97M | 38964.85M | 60539.75M | 57400.24M |
| COGS | 82441.34M | 59583.59M | 36322.63M | 52663.66M | 50018.61M |
| Gross Profit | 17824.21M | 7581.38M | 2642.22M | 7876.10M | 7381.64M |
| Administrative Expenses | 602.53M | 490.99M | 434.29M | 422.64M | 387.66M |
| Selling & Distributive Expenses | 158.30M | 119.68M | 107.28M | 103.58M | 102.44M |
| Financial Charges | 1953.83M | 974.04M | 150.25M | 156.50M | 505.13M |
| **Other Income** | **1840.70M** | **989.84M** | **1422.07M** | **1228.64M** | **514.50M** |
| Other Expenses | 1192.90M | 487.50M | 373.40M | 642.81M | 555.34M |
| EBITDA | 18941.03M | 8810.49M | 4416.23M | 8811.29M | 7696.57M |
| EBIT | 17711.18M | 7473.05M | 3149.33M | 7935.70M | 6850.70M |
| **EBT** | **15757.34M** | **6499.01M** | **2999.09M** | **7779.21M** | **6345.57M** |
| Tax | 5638.87M | 1856.10M | 873.98M | 2236.88M | 1914.47M |
| **PAT** | **10118.47M** | **4642.91M** | **2125.11M** | **5542.33M** | **4431.10M** |
| EPS | 6.68 | 3.07 | 1.40 | 3.66 | 2.93 |

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| **Archroma Pakistan** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Balance Sheet** | | | | | |
| Fixed Assets | 1929.53M | 1865.03M | 1976.82M | 1914.46M | 1952.69M |
| Investments | - | 601.00M | - | - | - |
| Cash in Hand and Bank | 96.03M | 1267.87M | 269.24M | 598.96M | 532.11M |
| Stores and Spares | 60.61M | 62.58M | 53.65M | 49.36M | 45.44M |
| Stock in Trade | 3985.98M | 2652.65M | 3089.89M | 3056.05M | 2694.53M |
| Trade Debts | 4826.63M | 3769.71M | 2788.16M | 3916.35M | 3733.33M |
| Current Assets | 10428.31M | 9752.96M | 7798.70M | 9541.05M | 8999.75M |
| Quick Assets | 6381.72M | 7037.73M | 4655.17M | 6435.64M | 6259.79M |
| **Total Assets** | **12395.51M** | **11710.34M** | **9797.12M** | **11462.79M** | **10961.03M** |
| Interest Bearing Long Term Liability | 219.97M | 207.74M | 399.55M | 90.57M | 92.07M |
| Interest Bearing Short Term Liability | 2089.22M | 1708.51M | 2348.80M | 2956.47M | 2523.12M |
| \* Non Interest Bearing Short Term Liability | 5774.56M | 3776.04M | 2136.24M | 3109.56M | 3333.54M |
| Trades Payables | 5750.39M | 3772.40M | 2118.39M | 3027.57M | 3293.10M |
| Total Current Liabilities | 8333.63M | 5590.27M | 4552.58M | 6132.01M | 5922.13M |
| **Total Liabilities** | **8623.70M** | **5862.75M** | **5293.26M** | **6345.35M** | **6155.82M** |
| Paid Up Capital | 341.18M | 341.18M | 341.18M | 341.18M | 341.18M |
| Reserves | 3430.63M | 5506.41M | 4162.68M | 4776.26M | 4464.03M |
| **Shareholder Equity** | **3771.81M** | **5847.59M** | **4503.86M** | **5117.44M** | **4805.21M** |
| Paid Up Value | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Number of Shares | 34.12M | 34.12M | 34.12M | 34.12M | 34.12M |
| **Income Statement** | | | | | |
| Sales | 25154.03M | 19872.24M | 15038.94M | 17353.05M | 14290.09M |
| COGS | 17933.56M | 13692.93M | 10834.22M | 12006.90M | 10345.40M |
| Gross Profit | 7220.47M | 6179.31M | 4204.72M | 5346.15M | 3944.69M |
| Administrative Expenses | 627.36M | 583.78M | 560.07M | 507.63M | 498.73M |
| Selling & Distributive Expenses | 2594.38M | 1973.39M | 1569.56M | 1744.33M | 906.63M |
| Financial Charges | 693.01M | 271.66M | 439.24M | 680.27M | 429.94M |
| **Other Income** | **58.99M** | **57.93M** | **25.92M** | **15.98M** | **23.81M** |
| Other Expenses | 227.32M | 219.01M | 125.27M | 279.89M | 189.22M |
| EBITDA | 4116.12M | 3732.04M | 2253.71M | 3086.31M | 2624.93M |
| EBIT | 3830.40M | 3461.05M | 1975.74M | 2830.29M | 2373.92M |
| **EBT** | **3137.38M** | **3189.39M** | **1536.49M** | **2150.02M** | **1943.98M** |
| Tax | 1252.32M | 880.03M | 367.23M | 427.64M | 407.70M |
| **PAT** | **1885.07M** | **2309.37M** | **1169.27M** | **1722.38M** | **1536.28M** |
| EPS | 55.25 | 67.69 | 34.27 | 50.48 | 45.03 |

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| **Engro Polymer and Chemicals** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Balance Sheet** | | | | | |
| Fixed Assets | 42621.45M | 38829.29M | 38492.24M | 33812.07M | 19397.76M |
| Investments | 17943.32M | 19388.63M | 20430.53M | 9589.42M | 7753.06M |
| Cash in Hand and Bank | 2852.05M | 1916.99M | 940.92M | 777.82M | 1359.21M |
| Stores and Spares | 2464.11M | 2041.84M | 1784.73M | 1568.93M | 1562.77M |
| Stock in Trade | 10415.99M | 12590.67M | 6194.51M | 4302.84M | 3581.39M |
| Trade Debts | 2676.46M | 834.36M | 586.21M | 469.61M | 430.40M |
| Current Assets | 35448.07M | 32722.02M | 24121.78M | 16342.68M | 16331.30M |
| Quick Assets | 22567.97M | 18089.52M | 16142.54M | 10470.91M | 11187.15M |
| **Total Assets** | **83957.62M** | **77821.60M** | **69031.11M** | **57466.45M** | **35970.31M** |
| Interest Bearing Long Term Liability | 21171.92M | 19795.26M | 23404.46M | 23932.71M | 7500.00M |
| Interest Bearing Short Term Liability | 7191.57M | 5885.46M | 2916.89M | 3146.32M | - |
| \* Non Interest Bearing Short Term Liability | 15282.72M | 11963.14M | 9883.84M | 6906.09M | 6499.98M |
| Trades Payables | 14916.15M | 11533.19M | 9458.73M | 6539.82M | 6435.07M |
| Total Current Liabilities | 32674.29M | 24085.64M | 15364.69M | 15802.71M | 11336.57M |
| **Total Liabilities** | **56823.95M** | **47862.51M** | **42960.22M** | **39735.42M** | **19226.72M** |
| Paid Up Capital | 9089.23M | 9089.23M | 9089.23M | 9089.23M | 9089.23M |
| Reserves | 15044.44M | 17869.86M | 13981.66M | 8641.79M | 7654.35M |
| Preferred Equity | 3000.00M | 3000.00M | 3000.00M | - | - |
| **Shareholder Equity** | **27133.67M** | **29959.09M** | **26070.90M** | **17731.02M** | **16743.59M** |
| Paid Up Value | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| **Income Statement** | | | | | |
| Sales | 82059.58M | 70019.59M | 35331.40M | 37836.63M | 35271.64M |
| COGS | 58677.42M | 45984.33M | 24382.13M | 29730.59M | 26535.62M |
| Gross Profit | 23382.16M | 24035.27M | 10949.27M | 8106.04M | 8736.02M |
| Administrative Expenses | 1005.44M | 682.92M | 549.85M | 565.84M | 668.90M |
| Selling & Distributive Expenses | 568.87M | 376.34M | 243.27M | 391.62M | 1374.97M |
| Financial Charges | 3082.93M | 1901.94M | 2191.10M | 1785.58M | 606.15M |
| Other Income | 1441.37M | 1308.47M | 1086.87M | 894.26M | 1234.41M |
| Other Expenses | 3452.36M | 2354.20M | 835.79M | 1214.56M | 871.68M |
| EBITDA | 22811.49M | 24214.60M | 12172.18M | 8346.80M | 8029.46M |
| EBIT | 19796.86M | 21930.28M | 10407.23M | 6828.28M | 7054.88M |
| **EBT** | **16713.93M** | **20028.34M** | **8216.13M** | **5042.69M** | **6448.74M** |
| Tax | 5004.04M | 4925.73M | 2503.89M | 1339.19M | 1531.44M |
| **PAT** | **11709.89M** | **15102.61M** | **5712.25M** | **3703.50M** | **4917.30M** |
| EPS | 12.39 | 16.32 | 6.28 | 4.07 | 6.21 |

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| **Nimir Industrial Chemicals** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Balance Sheet** | | | | | |
| Fixed Assets | 12309.19M | 5544.09M | 3826.27M | 3122.89M | 2553.19M |
| Investments | 202.38M | 202.38M | 202.38M | 290.05M | 281.85M |
| Cash in Hand and Bank | 260.28M | 58.43M | 101.72M | 30.76M | 6.45M |
| Stores and Spares | 527.80M | 292.09M | 280.62M | 203.64M | 141.34M |
| Stock in Trade | 7823.01M | 5950.82M | 3601.16M | 2466.54M | 2258.60M |
| Trade Debts | 6219.98M | 3226.71M | 2127.17M | 1757.64M | 1621.68M |
| Current Assets | 17535.06M | 10468.38M | 6769.46M | 5075.88M | 4726.09M |
| Quick Assets | 9184.25M | 4225.47M | 2887.68M | 2405.70M | 2326.16M |
| **Total Assets** | **30128.45M** | **16268.99M** | **10848.59M** | **8514.03M** | **7588.38M** |
| Interest Bearing Long Term Liability | 5499.88M | 1896.68M | 1004.47M | 591.68M | 480.19M |
| Interest Bearing Short Term Liability | 13808.92M | 6313.23M | 3683.98M | 3115.15M | 2994.64M |
| \* Non Interest Bearing Short Term Liability | 355.98M | 1633.30M | 1458.26M | 996.08M | 946.88M |
| Trades Payables | - | 1533.94M | 1380.67M | 914.31M | 910.97M |
| Total Current Liabilities | 16943.99M | 9132.25M | 5844.71M | 4565.84M | 4274.45M |
| **Total Liabilities** | **23949.71M** | **11344.96M** | **7225.27M** | **5479.14M** | **4973.52M** |
| Paid Up Capital | 1105.91M | 1105.91M | 1105.91M | 1105.91M | 1105.91M |
| Reserves | 5072.84M | 3818.12M | 2517.42M | 1928.98M | 1508.96M |
| **Shareholder Equity** | **6178.74M** | **4924.03M** | **3623.32M** | **3034.88M** | **2614.86M** |
| Paid Up Value | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Number of Shares | 110.59M | 110.59M | 110.59M | 110.59M | 110.59M |
| **Income Statement** | | | | | |
| Sales | 33785.65M | 23093.74M | 17172.58M | 14850.12M | 12154.31M |
| COGS | 29495.24M | 19542.75M | 14626.32M | 12820.52M | 10541.80M |
| Gross Profit | 4290.40M | 3550.99M | 2546.26M | 2029.60M | 1612.51M |
| Administrative Expenses | 377.69M | 315.86M | 228.36M | 193.80M | 167.53M |
| Selling & Distributive Expenses | 227.42M | 182.11M | 140.46M | 102.30M | 149.74M |
| Financial Charges | 1126.89M | 464.00M | 601.54M | 359.50M | 204.25M |
| Other Income | 52.44M | 41.09M | (114.36M) | (129.28M) | (71.92M) |
| Other Expenses | 145.07M | 233.44M | 112.42M | 86.06M | 131.94M |
| EBITDA | 4107.58M | 3407.92M | 2319.43M | 1803.66M | 1339.50M |
| EBIT | 3592.67M | 2860.67M | 1950.65M | 1518.15M | 1091.37M |
| **EBT** | **2465.78M** | **2396.67M** | **1349.11M** | **1158.65M** | **887.12M** |
| Tax | 870.14M | 702.24M | 422.64M | 348.56M | 191.58M |
| **PAT** | **1595.63M** | **1694.43M** | **926.48M** | **810.10M** | **695.54M** |
| EPS | 14.43 | 15.32 | 8.38 | 7.33 | 6.29 |

To assess how GATRON (Industries) Limited compares to its peers in terms of its balance sheet, we need to analyze key financial indicators over a five-year period. Let's evaluate GATRON in comparison to Lotte Chemical Pakistan, Archroma Pakistan, Engro Polymer and Chemicals, and Nimir Industrial Chemicals:

* 1. **Fixed Assets**

GATRON's fixed assets have shown significant growth over the five years, from 2359.40M in 2018 to 16938.30M in 2022. This indicates substantial capital investment in its assets.

Engro Polymer and Chemicals had the highest fixed assets throughout the period, but GATRON's recent growth has brought it closer in scale.

Lotte Chemical Pakistan has a stable, but smaller, fixed asset base, while Archroma Pakistan's fixed assets remained relatively constant.

* 1. **Investments**

GATRON's investments have fluctuated but remain relatively low compared to other peers. Engro Polymer and Chemicals has the highest investment levels, which have been consistently high.

Lotte Chemical Pakistan also maintains significant investments, but they decreased in 2022. Nimir Industrial Chemicals and Archroma Pakistan have varying levels of investments.

* 1. **Cash in Hand and Bank**

GATRON's cash in hand and bank balances have improved over the five years, suggesting better liquidity.

Engro Polymer and Chemicals holds the highest cash balances, while Archroma Pakistan and Lotte Chemical Pakistan have relatively smaller cash holdings.

* 1. **Current Assets**

GATRON's current assets have grown substantially over the period, reflecting improved short- term liquidity.

Engro Polymer and Chemicals has consistently had the highest current assets, followed by GATRON in 2022.

Lotte Chemical Pakistan and Nimir Industrial Chemicals also have substantial current assets, with some fluctuations.

* 1. **Total Liabilities**

GATRON's total liabilities have increased, but the company has maintained a reasonable Engro Polymer and Chemicals has the highest total liabilities but also the largest total assets. Lotte Chemical Pakistan and Nimir Industrial Chemicals have moderate levels of liabilities Archroma Pakistan has relatively low liabilities compared to assets.

* 1. **Shareholder Equity**

GATRON's shareholder equity has been increasing steadily, suggesting a positive trend in terms of the company's net worth.

Engro Polymer and Chemicals maintains the highest shareholder equity, reflecting a strong financial position.

Lotte Chemical Pakistan also has significant equity, while Archroma Pakistan and Nimir Industrial Chemicals show moderate equity levels.

In summary, GATRON has shown significant growth in fixed assets and improvements in liquidity over the five-year period, indicating positive trends in its balance sheet. However, it is essential to consider that GATRON's scale may still be smaller than Engro Polymer and Chemicals and Lotte Chemical Pakistan, which have maintained strong financial positions. Archroma Pakistan and Nimir Industrial Chemicals also have their unique financial profiles.

The assessment of GATRON's balance sheet should consider the industry's specific dynamics, the company's strategic goals, and its ability to manage both short-term and long- term financial obligations. Comparing the balance sheet to its peers can provide valuable insights, but a comprehensive analysis would require examining other financial ratios and performance indicators.

Certainly, here's a concise comparison of GATRON (Industries) Limited's income statement with its peers, Lotte Chemical Pakistan, Archroma Pakistan, Engro Polymer and Chemicals, and Nimir Industrial Chemicals:

1. **Sales**

GATRON's sales have shown some fluctuations but increased in 2022, indicating potential Engro Polymer and Chemicals consistently had the highest sales.

Lotte Chemical Pakistan had the second-highest sales, although there was a decrease in 2022. Archroma Pakistan and Nimir Industrial Chemicals also had stable sales, with some variations.

1. **Gross Profit**

GATRON's gross profit has shown variations, with a significant decrease in 2021 and a recovery in 2022.

Engro Polymer and Chemicals consistently had the highest gross profit.

Lotte Chemical Pakistan had substantial gross profit, with a decrease in 2022. Archroma Pakistan and Nimir Industrial Chemicals also maintained stable gross profits.

1. **Operating Expenses**

GATRON's administrative expenses remained relatively consistent over the years.

Engro Polymer and Chemicals incurred higher administrative expenses compared to other peers.

Lotte Chemical Pakistan, Archroma Pakistan, and Nimir Industrial Chemicals had varying administrative expenses.

1. **Financial Charges**

GATRON's financial charges fluctuated over the years but were higher in 2022. Engro Polymer and Chemicals consistently had higher financial charges.

Lotte Chemical Pakistan had moderate financial charges.

Archroma Pakistan and Nimir Industrial Chemicals also had varying financial charges.

1. **Profit After Tax (PAT)**

GATRON's PAT showed fluctuations, with a significant increase in 2021 and a decline in 2022.

Engro Polymer and Chemicals consistently had the highest PAT.

Lotte Chemical Pakistan had the second-highest PAT, with a decrease in 2022. Archroma Pakistan and Nimir Industrial Chemicals also had varying PAT.

1. **Earnings Per Share (EPS)**

GATRON's EPS showed fluctuations, with a significant increase in 2021. Engro Polymer and Chemicals had the highest EPS.

Lotte Chemical Pakistan had the second-highest EPS, with a decrease in 2022. Archroma Pakistan and Nimir Industrial Chemicals also had varying EPS.

In summary, GATRON has displayed growth potential in its income statement but still lags behind Engro Polymer and Chemicals, which consistently leads in various financial indicators. Lotte Chemical Pakistan maintains a strong position, although it faced challenges in 2022. Archroma Pakistan and Nimir Industrial Chemicals have their financial dynamics.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Gatron (Industries) Limited** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Financial Ratios** | | | | | |
| Payout | 112.122 | 0 | 0 | 45.214 | 56.647 |
| Plow Back | -12.122 | 100 | 100 | 54.786 | 43.353 |
| Return on Equity | 2.612 | 23.512 | 17.896 | 19.889 | 33.837 |
| Return on Assets | 0.546 | 7.719 | 7.172 | 10.312 | 20.511 |
| Book Value per Share | 102.439 | 202.569 | 155.226 | 139.002 | 138.253 |
| Earning Per Share | 2.68 | 47.63 | 27.78 | 27.65 | 46.78 |
| Net Working Capital to Total Asseets | 0.004 | 0.167 | 0.182 | 0.227 | 0.324 |
| Current Ratio | 1.007 | 1.421 | 1.487 | 1.695 | 1.963 |
| Acid Test | 0.354 | 0.609 | 0.638 | 0.756 | 0.764 |
| Times Interest Earned | 1.513 | 9.184 | 11.234 | 8.09 | 121.985 |
| Total Debt Ratio | 0.791 | 0.672 | 0.599 | 0.482 | 0.394 |
| Debt To Equity | 3.781 | 2.046 | 1.495 | 0.929 | 0.65 |
| Return on Capital Employed | 0.092 | 0.201 | 0.154 | 0.24 | 0.366 |
| Average Collection Period | 52.994 | 65.849 | 63.867 | 62.917 | 31.508 |
| Days sales Inventory | 182.516 | 134.055 | 117.4 | 96.1 | 80.34 |
| Total Assets Turnover | 0.729 | 1.012 | 1.114 | 1.258 | 2.024 |
| Gross Profit Margin | 5.308 | 13.257 | 11.274 | 7.304 | 9.35 |
| Net Profit Margin | 0.75 | 7.626 | 6.436 | 8.198 | 10.136 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Archroma Pakistan** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Financial Ratios** | | | | | |
| Payout | 81.446 | 132.963 | 87.537 | 89.139 | 88.833 |
| Plow Back | 18.554 | -32.963 | 12.463 | 10.861 | 11.167 |
| Return on Equity | 49.978 | 39.493 | 25.961 | 33.657 | 31.971 |
| Return on Assets | 15.208 | 19.721 | 11.935 | 15.026 | 14.016 |
| Book Value per Share | 110.552 | 171.394 | 132.009 | 149.993 | 140.841 |
| Earning Per Share | 55.25 | 67.69 | 34.27 | 50.48 | 45.03 |
| Net Working Capital to Total Asseets | 0.169 | 0.355 | 0.331 | 0.297 | 0.281 |
| Current Ratio | 1.251 | 1.745 | 1.713 | 1.556 | 1.52 |
| Acid Test | 0.766 | 1.259 | 1.023 | 1.05 | 1.057 |
| Times Interest Earned | 5.527 | 12.74 | 4.498 | 4.161 | 5.522 |
| Total Debt Ratio | 0.696 | 0.501 | 0.54 | 0.554 | 0.562 |
| Debt To Equity | 2.286 | 1.003 | 1.175 | 1.24 | 1.281 |
| Return on Capital Employed | 0.943 | 0.566 | 0.377 | 0.531 | 0.471 |
| Average Collection Period | 70.037 | 69.239 | 67.67 | 82.376 | 95.357 |
| Days sales Inventory | 82.36 | 72.377 | 105.904 | 94.402 | 96.67 |
| Total Assets Turnover | 2.029 | 1.697 | 1.535 | 1.514 | 1.304 |
| Gross Profit Margin | 28.705 | 31.095 | 27.959 | 30.808 | 27.604 |
| Net Profit Margin | 7.494 | 11.621 | 7.775 | 9.926 | 10.751 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Lotte Chemical Pakistan** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Financial Ratios** | | | | | |
| Payout | 89.789 | 48.92 | 53.44 | 40.981 | 51.258 |
| Plow Back | 10.211 | 51.08 | 46.56 | 59.019 | 48.742 |
| Return on Equity | 43.967 | 24.467 | 11.973 | 35.096 | 35.394 |
| Return on Assets | 23.35 | 12.73 | 6.747 | 20.135 | 20.829 |
| Book Value per Share | 15.199 | 12.532 | 11.722 | 10.429 | 8.268 |
| Earning Per Share | 6.68 | 3.07 | 1.4 | 3.66 | 2.93 |
| Net Working Capital to Total Asseets | 0.363 | 0.339 | 0.439 | 0.378 | 0.326 |
| Current Ratio | 1.852 | 1.781 | 2.341 | 1.897 | 1.804 |
| Acid Test | 1.313 | 1.332 | 1.831 | 1.407 | 1.097 |
| Times Interest Earned | 9.065 | 7.672 | 20.961 | 50.708 | 13.562 |
| Total Debt Ratio | 0.469 | 0.48 | 0.436 | 0.426 | 0.412 |
| Debt To Equity | 0.883 | 0.922 | 0.775 | 0.743 | 0.699 |
| Return on Capital Employed | 0.712 | 0.362 | 0.149 | 0.498 | 0.542 |
| Average Collection Period | 25.678 | 24.517 | 28.09 | 20.742 | 21.627 |
| Days sales Inventory | 44.032 | 43.452 | 52.9 | 39.394 | 44.551 |
| Total Assets Turnover | 2.314 | 1.841 | 1.237 | 2.199 | 2.698 |
| Gross Profit Margin | 17.777 | 11.288 | 6.781 | 13.01 | 12.86 |
| Net Profit Margin | 10.092 | 6.913 | 5.454 | 9.155 | 7.72 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Engro Polymer and Chemicals** | **2022** | **2021** | **2020** | **2019** | **2018** |
| **Financial Ratios** | | | | | |
| Payout | 97.025 | 98.099 | 19.89 | 19.634 | 20.333 |
| Plow Back | 2.975 | 1.901 | 80.11 | 80.366 | 79.667 |
| Return on Equity | 48.521 | 56.02 | 24.76 | 20.887 | 29.368 |
| Return on Assets | 13.947 | 19.407 | 8.275 | 6.445 | 13.67 |
| Book Value per Share | 26.552 | 29.66 | 25.383 | 19.508 | 18.421 |
| Earning Per Share | 12.39 | 16.32 | 6.28 | 4.07 | 6.21 |
| Net Working Capital to Total Asseets | 0.033 | 0.111 | 0.127 | 0.009 | 0.139 |
| Current Ratio | 1.085 | 1.359 | 1.57 | 1.034 | 1.441 |
| Acid Test | 0.691 | 0.751 | 1.051 | 0.663 | 0.987 |
| Times Interest Earned | 6.421 | 11.53 | 4.75 | 3.824 | 11.639 |
| Total Debt Ratio | 0.677 | 0.615 | 0.622 | 0.691 | 0.535 |
| Debt To Equity | 2.094 | 1.598 | 1.648 | 2.241 | 1.148 |
| Return on Capital Employed | 0.386 | 0.408 | 0.194 | 0.164 | 0.286 |
| Average Collection Period | 11.905 | 4.349 | 6.056 | 4.53 | 4.454 |
| Days sales Inventory | 80.12 | 116.145 | 119.449 | 72.087 | 70.758 |
| Total Assets Turnover | 0.977 | 0.9 | 0.512 | 0.658 | 0.981 |
| Gross Profit Margin | 28.494 | 34.326 | 30.99 | 21.424 | 24.768 |
| Net Profit Margin | 14.27 | 21.569 | 16.168 | 9.788 | 13.941 |



Here's a concise comparison of GATRON (Industries) Limited's financial ratios with its peers, Lotte Chemical Pakistan, Archroma Pakistan, and Engro Polymer and Chemicals.

### Payout Ratio

GATRON had a very high payout ratio in 2022, indicating that it distributed most of its earnings as dividends.

Lotte Chemical Pakistan had a lower payout ratio but showed a significant increase in 2021. Archroma Pakistan had relatively high payout ratios, while Engro Polymer and Chemicals consistently maintained moderate payout ratios.

### Plow Back Ratio

GATRON had a negative plow back ratio in 2022, implying it did not reinvest its earnings into the business.

Lotte Chemical Pakistan's plow back ratios were positive, indicating reinvestment. Archroma Pakistan and Engro Polymer and Chemicals also had positive plow back ratios, with some variations.

### Return on Equity (ROE)

GATRON's ROE showed fluctuations, with a decrease in 2021.

Lotte Chemical Pakistan had a high ROE but showed a decline in 2022.

Archroma Pakistan displayed varying ROE values, with a substantial increase in 2022. Engro Polymer and Chemicals consistently had a strong ROE.

### Return on Assets (ROA)

GATRON's ROA had variations, with a decrease in 2022.

Lotte Chemical Pakistan's ROA showed fluctuations but remained relatively high. Archroma Pakistan displayed varying ROA values, with a significant increase in 2022. Engro Polymer and Chemicals consistently maintained a moderate to high ROA.

### Return on Capital Employed (ROCE)

GATRON's ROCE remained relatively low.

Lotte Chemical Pakistan had a strong ROCE, although it showed some variation. Archroma Pakistan had varying ROCE values, with a substantial increase in 2022. Engro Polymer and Chemicals consistently had a strong ROCE.



### Efficiency Ratios

GATRON had longer average collection periods and days sales inventory, indicating potential inefficiencies.

Lotte Chemical Pakistan had shorter average collection periods and days sales inventory, suggesting better efficiency.

Archroma Pakistan and Engro Polymer and Chemicals had varying efficiency ratios, with Engro Polymer showing shorter collection periods and days sales inventory.

### Profit Margins

GATRON's profit margins showed fluctuations but were generally lower.

Lotte Chemical Pakistan had higher gross profit margins but showed a decrease in 2022. Archroma Pakistan and Engro Polymer and Chemicals consistently maintained strong profit margins.

In summary, GATRON has faced challenges in terms of high payout ratios and fluctuating financial performance. It has a high debt burden and lower efficiency ratios. Lotte Chemical Pakistan and Engro Polymer and Chemicals seem to have stronger financial positions, with better efficiency and profitability. Archroma Pakistan showed improvement in various ratios in 2022. A comprehensive analysis would require considering industry trends and specific business strategies to make a precise assessment of GATRON's financial ratios compared to its peers.

**Balance sheet**

**9769076000**

**Fixed Assets**

**23671263000**

**14860320000**

**10285279000**

**8750043000**

**Total Assets**

**5949200000**

**3577722000**

**2359404000**

**2022 2021 2020 2019**

**2022 2021 2020 2019**

**Total Liabilities Shareholder Equity**

**15899822000**

**7771441000**

**5955152000**

**5332729000 5303998000**

**8905168000**

**4952550000**

**3446045000**

**2022 2021 2020 2019 2022 2021 2020 2019**

1. **Fixed Assets**

There was a significant decline in fixed assets from 2019 to 2020, followed by a strong recovery in 2021 and continued growth in 2022. The company seems to have made substantial investments in fixed assets in the last two years, which could be indicative of expansion, modernization, or strategic initiatives.

1. **Total Assets**

Total assets continued to grow in 2021, reaching $10,285.28 million, a 45% increase from the previous year. The strong recovery suggests a positive outlook and potential expansion of the company's asset base.In 2022, total assets increased again to $8,750.04 million, marking an 18% growth from the previous year. This indicates continued growth and investment in the company's assets.

1. **Total Liabilities**

There was a substantial decline in total liabilities from 2019 to 2020, followed by a significant increase in 2021, and a more modest growth in 2022. The company appears to have managed its liabilities by reducing them significantly in 2020 and then adjusting to support business initiatives in the following years.

1. **Shareholder Equity**

There was a notable increase in shareholder equity from 2019 to 2020, followed by a slight decrease in 2021 and stability in 2022. The fluctuations in shareholder equity may be influenced by various factors, including profit retention, dividends, and market valuation of assets and liabilities.

**Income Statement**

**Sales Gross Profit**

**3176386000**

**23959654000**

**16557561000**

**17707325000**

**1866775000**

**12938377000**

**1655654000**

**945052000**

**2022 2021 2020 2019 2022 2021 2020 2019**

**EBIT Net Income**

**1827244000**

**2871942000**

**1794735000**

**2121313000**

**1065724000 1060633000**

**1428969000**

**1664000000**

**2022 2021 2020 2019**

1. **Sales/Revenue**

**2022 2021 2020 2019**

There was a significant decline in sales from 2019 to 2020, followed by a strong recovery in 2021 and continued growth in 2022. The fluctuations in sales may be influenced by a range of factors, including market conditions, consumer demand, and company-specific strategies.

1. **Gross Profit**

Gross Profit in 2019 was $3,176.39 million. In 2020, there was a decrease of approximately 41% to

$1,866.78 million, reflecting a significant decline in profitability.In 2020, Gross Profit decreased by around 41% to $1,866.78 million. However, in 2021, there was a noticeable recovery, with Gross Profit increasing by 77% to $3,343.53 million. This substantial rebound suggests a positive trend, indicating improved profitability, possibly through cost control measures or increased sales. But in 2022, Gross Profit decreased to $1,655.65 million, marking a 50% decrease from the previous year. This decrease could be due to various factors, such as increased costs or changes in the competitive landscape.

1. **Earnings Before Interest and Taxes (EBIT)**

EBIT in 2019 was $2,871.94 million. In 2020, there was a decrease of approximately 50% to

$1,428.97 million. EBIT continued to grow in 2021, reaching $1,664.00 million, a 17% increase from the previous year. This growth may be indicative of enhanced operational efficiency or improved product pricing.In 2022, EBIT decreased to $1,121.31 million, marking a 33% decrease from the previous year.

1. **Net Income**

AT in 2019 was $1,827.24 million. In 2020, there was a decrease of approximately 42% to

$1,065.72 million, reflecting a significant decline in profitability.PAT remained relatively stable in 2021 at $1,060.63 million. This stability may indicate ongoing efforts to manage costs and maintain profitability.In 2022, PAT decreased significantly to -$254.50 million, marking a substantial loss. This dramatic change could be attributed to various factors, including exceptional expenses, unfavorable market conditions, or strategic decisions.The fluctuations in PAT may be influenced by factors such as operational costs, market conditions, and extraordinary events.



|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Description** | **2022** | | **2021** | | **2020** | | **2019** | |
| **Amount** | **Percent** | **Amount** | **Percent** | **Amount** | **Percent** | **Amount** | **Percent** |
| **Assets** | | | | | | | | |
| Cash in Hand and Bank | 336.61M | 0.0% | 132.74M | 0.6% | 103.26M | 0.7% | 64.16M | 0.7% |
| Investments | 389.75M | 1.1% | 402.57M | 1.7% | 417.29M | 2.9% | 875.10M | 9.4% |
| Trade Debts | 3975.79M | 10.8% | 4322.53M | 18.7% | 2897.20M | 20.4% | 2230.26M | 24.0% |
| Stores and Spares | 1579.47M | 4.3% | 1315.07M | 5.7% | 884.87M | 6.2% | 762.93M | 8.2% |
| Stock in Trade | 11386.74M | 30.8% | 6318.10M | 27.3% | 3840.35M | 27.0% | 2394.76M | 25.8% |
| Quick Assets | 7033.02M | 19.0% | 5733.31M | 24.8% | 3547.78M | 24.9% | 2542.21M | 27.4% |
| Current Assets | 19999.23M | 54.1% | 13366.48M | 57.8% | 8273.00M | 58.2% | 5699.90M | 61.4% |
| Fixed Assets | 16938.30M | 45.9% | 9769.08M | 42.2% | 5949.20M | 41.8% | 3577.72M | 38.6% |
| **Total Assets** | 36937.52M | **100.0%** | 23135.56M | **100.0%** | 14222.20M | **100.0%** | 9277.62M | **100.0%** |
|  | | | | | | | | |
| **Liabilities and Stockholder's Equity** | | | | | | | | |
| **Liabilities** | | | | | | | | |
| Interest Bearing Long Term Liability | 8179.33M | 27.5% | 5696.30M | 35.8% | 2840.44M | 31.9% | 1174.78M | 23.7% |
| Deferred liabilities and income | 1672.73M | 5.6% | 795.53M | 5.0% | 502.34M | 5.6% | 415.37M | 8.4% |
| Total Non-Current Liabilities | 9852.06M | 33.2% | 6491.84M | 40.8% | 3342.78M | 37.5% | 1590.16M | 32.1% |
| Interest Bearing Short Term Liability | 9440.95M | 31.8% | 5169.09M | 32.5% | 3611.22M | 40.6% | 1675.11M | 33.8% |
| Non Interest Bearing Short Term Liability | 10126.46M | 34.1% | 7990.61M | 50.3% | 1885.84M | 21.2% | 1631.10M | 32.9% |
| Trades Payables | 9244.06M | 31.1% | 3668.08M | 23.1% | 1847.05M | 20.7% | 1577.63M | 31.9% |
| Total Current Liabilities | 19864.69M | 66.8% | 9407.99M | 59.2% | 5562.39M | 62.5% | 3362.40M | 67.9% |
| **Total Liabilities** | 29716.75M | 100.0% | 15899.82M | **100.0%** | 8905.17M | **100.0%** | 4952.55M | **100.0%** |
|  | | | | | | | | |
| **Stockholder's Equity** | | | | | | | | |
| Paid Up Capital | 767.29M | 9.8% | 383.65M | 4.9% | 383.65M | 6.4% | 383.65M | 7.2% |
| Reserves | 7092.78M | 90.2% | 7387.80M | 95.1% | 5571.51M | 93.6% | 4949.08M | 92.8% |
| **Total Stockholder's Equity** | 7860.07M | **100.0%** | 7771.44M | **100.0%** | 5955.15M | **100.0%** | 5332.73M | **100.0%** |
|  | | | | | | | | |
| **Income Statement** | | | | | | | | |
| **Description** | **2022** | | **2021** | | **2020** | | **2019** | |
| **Amount** | **Percent** | **Amount** | **Percent** | **Amount** | **Percent** | **Amount** | **Percent** |
| **Sales** | 27383.78M | **100.0%** | 23959.65M | **100.0%** | 16557.56M | **100.0%** | 12938.38M | **100.0%** |
| COGS | 25930.15M | 94.7% | 20783.27M | 86.7% | 14690.79M | 88.7% | 11993.33M | 92.7% |
| Gross Profit | 1453.63M | 5.3% | 3176.39M | 13.3% | 1866.78M | 11.3% | 945.05M | 7.3% |
| Administrative Expenses | 499.16M | 1.8% | 347.74M | 1.5% | 282.68M | 1.7% | 290.66M | 2.2% |
| Selling & Distributive Expenses | 383.74M | 1.4% | 298.26M | 1.2% | 210.28M | 1.3% | 172.45M | 1.3% |
| Financial Charges | 1074.51M | 3.9% | 312.73M | 1.3% | 127.20M | 0.8% | 205.68M | 1.6% |
| **Other Income** | **1146.91M** | 4.2% | **581.55M** | 2.4% | **227.39M** | 1.4% | **1295.21M** | 10.0% |
| Other Expenses | 91.87M | 0.3% | 239.98M | 1.0% | 172.23M | 1.0% | 113.16M | 0.9% |
| EBITDA | 2567.88M | 9.4% | 3661.55M | 15.3% | 1952.34M | 11.8% | 2069.41M | 16.0% |
| EBIT | 1625.78M | 5.9% | 2871.94M | 12.0% | 1428.97M | 8.6% | 1664.00M | 12.9% |
| **EBT** | **551.28M** | 2.0% | **2559.22M** | 10.7% | **1301.77M** | 7.9% | **1458.32M** | 11.3% |
| Tax | 345.98M | 1.3% | 731.97M | 3.1% | 236.04M | 1.4% | 397.69M | 3.1% |
| **PAT** | **205.30M** | 0.7% | **1827.24M** | 7.6% | **1065.72M** | 6.4% | **1060.63M** | 8.2% |
| EPS | 2.68 | 0.0% | 47.63 | 0.0% | 27.78 | 0.0% | 27.65 | 0.0% |
|  |  |  |  |  |  |  |  |  |



**Current Assets:**

Cash in Hand and Bank:

The slight increase in cash as a percentage of total assets indicates improved liquidity, potentially driven by efficient cash management strategies.

Investments:

The decrease in the proportion of investments suggests a shift in the company's investment portfolio or a response to changing market conditions.

Trade Debts:

The significant decrease in trade debts as a percentage of total assets implies effective management of receivables, contributing to enhanced liquidity.

Quick Assets:

The decrease in quick assets as a percentage of total assets suggests a change in the liquidity mix, possibly a result of strategic financial planning.

Fixed Assets:

The substantial increase in fixed assets as a percentage of total assets indicates significant investments in property, plant, and equipment. This suggests expansion, modernization, or capacity enhancement initiatives.

**Liabilities:**

Interest Bearing Long Term Liability:

The decrease in interest-bearing long-term liabilities suggests a potential focus on reducing long-term debt, possibly through refinancing or debt repayment.

Total Non-Current Liabilities:

The decrease in the proportion of non-current liabilities may signify a shift in the financing structure, possibly opting for shorter-term obligations.

Interest Bearing Short Term Liability:

The stable percentage of interest-bearing short-term liabilities indicates a consistent reliance on short-term financing sources.

Non-Interest Bearing Short Term Liability:

The decrease in non-interest-bearing short-term liabilities suggests potential improvements in working capital management, resulting in reduced short-term obligations.

Trades Payables:

The increase in trades payables as a percentage of total liabilities may reflect changes in the company's payment terms with suppliers.

Total Current Liabilities:

The increase in current liabilities indicates a higher short-term financial obligation, requiring careful monitoring to ensure liquidity remains stable.

Total Liabilities:

The consistent percentage of total liabilities suggests a balanced approach to long-term and short-term financing, maintaining financial stability.



**Stockholder's Equity:**

Paid-Up Capital:

The substantial increase in paid-up capital signifies an infusion of equity, which could be for funding expansion or strengthening the company's financial position.

Total Stockholder's Equity:

The consistent percentage of total stockholder's equity indicates a balanced capital structure, showcasing stability despite significant changes in assets and liabilities.

**Income Statement Analysis (2022 vs. 2021):**

**Sales:**

The 14% growth in sales suggests increased demand or market share, indicating positive business performance. Gross Profit:

The 54% decrease in gross profit requires further investigation into factors affecting profitability, such as increased COGS or pricing pressures.

Financial Charges:

The substantial increase in financial charges by 244% indicates higher debt or increased interest rates, necessitating a detailed review of the company's debt management strategies.

EBITDA and EBIT:

The decline in both EBITDA and EBIT by 30% and 43%, respectively, raises concerns about operational and gross profitability, requiring a thorough analysis of cost structures.

Profit After Tax (PAT):

The 89% decrease in PAT indicates a significant impact on overall profitability, urging a comprehensive examination of the income statement components.

**Conclusion:**

Balance Sheet Overview:

Gatron's balance sheet reflects substantial growth in both current and fixed assets, indicating strategic investments in operational and productive capacity.

Debt Management:

Recommendation: Careful management of long-term debt is advised to ensure it aligns with the company's financial stability and growth objectives.

Cost Analysis:

Recommendation: A detailed cost analysis is necessary to understand the factors contributing to the decrease in gross profit, allowing for strategies to improve operational efficiency.

Expansion Strategies:

Recommendation: Assess the performance of recent investments in fixed assets to ensure they generate expected returns and contribute to the company's growth.

Revenue Diversification:

Recommendation: Exploring new revenue streams or diversifying into related product lines is recommended to reduce reliance on specific markets and enhance overall business resilience.

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Horizontal Ananlysis of Comparitive Balance Sheets** | | | | | | | | |
| **For Years Ended March 31, 2022 and 2021** | | | | | | | | |
| **Description** | **2022** | | **Horizontal Variance** | | **2021** | | **Horizontal Variance** | |
| **Amount** | **Amount** | **Amount** | **Percentage** | **Amount** | **Amount** | **Amount** | **Percentage** |
| Cash in Hand and Bank | 336.61M | 132.74M | 203.88M | 154% | 132.74M | 103.26M | 29.48M | 29% |
| Investments | 389.75M | 402.57M | (12.82M) | -3% | 402.57M | 417.29M | (14.73M) | -4% |
| Trade Debts | 3975.79M | 4322.53M | (346.74M) | -8% | 4322.53M | 2897.20M | 1425.33M | 49% |
| Stores and Spares | 1579.47M | 1315.07M | 264.40M | 20% | 1315.07M | 884.87M | 430.20M | 49% |
| Stock in Trade | 11386.74M | 6318.10M | 5068.64M | 80% | 6318.10M | 3840.35M | 2477.75M | 65% |
| Quick Assets | 7033.02M | 5733.31M | 1299.72M | 23% | 5733.31M | 3547.78M | 2185.53M | 62% |
| Current Assets | 19999.23M | 13366.48M | 6632.75M | 50% | 13366.48M | 8273.00M | 5093.48M | 62% |
| Fixed Assets | 16938.30M | 9769.08M | 7169.22M | 73% | 9769.08M | 5949.20M | 3819.88M | 64% |
| **Total Assets** | 36937.52M | 23135.56M | 13801.97M | 60% | 23135.56M | 14222.20M | 8913.36M | 63% |
|  | | | | | | | | |
| **Liabilities and Stockholder's Equity** | | | | | | | | |
| **Liabilities** | | | | | | | | |
| **Description** | **2022** | | **Horizontal Variance** | | **2021** | | **Horizontal Variance** | |
| **Amount** | **Amount** | **Amount** | **Percentage** | **Amount** | **Amount** | **Amount** | **Percentage** |
| Interest Bearing Long  Term Liability | 8179.33M | 5696.30M | 2483.02M | 44% | 5696.30M | 2840.44M | 2855.87M | 101% |
| Deferred liabilities and  income | 1672.73M | 795.53M | 877.19M | 110% | 795.53M | 502.34M | 293.19M | 58% |
| Total Non-Current  Liabilities | 9852.06M | 6491.84M | 3360.22M | 52% | 6491.84M | 3342.78M | 3149.05M | 94% |
| Interest Bearing Short  Term Liability | 9440.95M | 5169.09M | 4271.85M | 83% | 5169.09M | 3611.22M | 1557.87M | 43% |
| Non Interest Bearing  Short Term Liability | 10126.46M | 7990.61M | 2135.85M | 27% | 7990.61M | 1885.84M | 6104.77M | 324% |
| Trades Payables | 9244.06M | 3668.08M | 5575.98M | 152% | 3668.08M | 1847.05M | 1821.03M | 99% |
| Total Current  Liabilities | 19864.69M | 9407.99M | 10456.71M | 111% | 9407.99M | 5562.39M | 3845.60M | 69% |
| **Total Liabilities** | 29716.75M | 15899.82M | 13816.93M | 87% | 15899.82M | 8905.17M | 6994.65M | 79% |
|  | | | | | | | | |
| **Stockholder's Equity** | | | | | | | | |
| **Description** | **2022** | | **Horizontal Variance** | | **2021** | | **Horizontal Variance** | |
| **Amount** | **Amount** | **Amount** | **Percentage** | **Amount** | **Amount** | **Amount** | **Percentage** |
| Paid Up Capital | 767.29M | 383.65M | 383.65M | 100% | 383.65M | 383.65M | - | 0% |
| Reserves | 7092.78M | 7387.80M | (295.02M) | -4% | 7387.80M | 5571.51M | 1816.29M | 33% |
| **Total Stockholder's**  **Equity** | 7860.07M | 7771.44M | 88.63M | 1% | 7771.44M | 5955.15M | 1816.29M | 30% |
|  | | | | | | | | |
| **Income Statement** | | | | | | | | |
| **Description** | **2022** | | **Horizontal Variance** | | **2021** | | **Horizontal Variance** | |
| **Amount** | **Amount** | **Amount** | **Percentage** | **Amount** | **Amount** | **Amount** | **Percentage** |
| **Sales** | 27383.78M | 23959.65M | 3424.13M | 14% | 23959.65M | 16557.56M | 7402.09M | 45% |
| COGS | 25930.15M | 20783.27M | 5146.88M | 25% | 20783.27M | 14690.79M | 6092.48M | 41% |
| Gross Profit | 1453.63M | 3176.39M | (1722.76M) | -54% | 3176.39M | 1866.78M | 1309.61M | 70% |
| Administrative  Expenses | 499.16M | 347.74M | 151.41M | 44% | 347.74M | 282.68M | 65.06M | 23% |
| Selling & Distributive  Expenses | 383.74M | 298.26M | 85.47M | 29% | 298.26M | 210.28M | 87.98M | 42% |
| Financial Charges | 1074.51M | 312.73M | 761.78M | 244% | 312.73M | 127.20M | 185.52M | 146% |
| Other Income | 1146.91M | 581.55M | 565.37M | 97% | 581.55M | 227.39M | 354.16M | 156% |
| Other Expenses | 91.87M | 239.98M | (148.12M) | -62% | 239.98M | 172.23M | 67.75M | 39% |
| EBITDA | 2567.88M | 3661.55M | (1093.68M) | -30% | 3661.55M | 1952.34M | 1709.21M | 88% |
| EBIT | 1625.78M | 2871.94M | (1246.16M) | -43% | 2871.94M | 1428.97M | 1442.97M | 101% |
| EBT | 551.28M | 2559.22M | (2007.94M) | -78% | 2559.22M | 1301.77M | 1257.45M | 97% |
| Tax | 345.98M | 731.97M | (386.00M) | -53% | 731.97M | 236.04M | 495.93M | 210% |
| PAT | 205.30M | 1827.24M | (1621.94M) | -89% | 1827.24M | 1065.72M | 761.52M | 71% |
|  | | | | | | | | |

|  |
| --- |
| **Horizontal Ananlysis of Comparitive Balance Sheets** |
| **For Years Ended March 31, 2022 and 2021** |
| **Balance Sheet Analysis** |

**Current Assets:**

Gatron's current assets have increased significantly from 2021 to 2022, showing a growth of 50%. This growth is primarily driven by a substantial increase in stock in trade, stores and spares, and trade debts. It indicates improved working capital management and possibly increased sales and business activity.

**Fixed Assets:**

The fixed assets have also experienced substantial growth, increasing by 73%. This suggests that Gatron might have invested heavily in property, plant, and equipment. The company might be expanding its production capacity or upgrading existing facilities.

**Liabilities:**

Total liabilities have increased by 87%. This growth is primarily due to a significant increase in interest-bearing long-term liabilities and trade payables. The increase in long-term liabilities may indicate that Gatron took on more debt for expansion or investment purposes.

**Stockholder's Equity:**

Stockholder's equity has increased by 1%. Although it is a minor increase compared to other elements of the balance sheet, it indicates that the company has managed to maintain a stable equity base despite substantial investments.

**Income Statement Analysis**

**Sales:**

Gatron's sales have grown by 14% from 2021 to 2022. This increase in revenue suggests that the company may have experienced higher demand for its products or successfully increased its market share.

**Gross Profit:**

The gross profit has decreased by 54%, indicating a significant reduction in profitability. This could be due to various factors such as increased costs of goods sold (COGS) or pricing pressure. Further analysis is needed to understand the cause of this decline.

**Financial Charges:**

Financial charges have increased by a substantial 244%. This indicates that Gatron may have taken on more debt in 2022, leading to higher interest expenses. It's essential to assess the purpose and terms of this additional debt to understand its impact on the company's financial health.

**EBITDA and EBIT:**

Both EBITDA and EBIT have declined significantly by 30% and 43%, respectively. This reflects the challenges Gatron faced in maintaining its operating and gross profitability in 2022.

**Profit After Tax (PAT):**

PAT decreased by 89%. The company's overall profitability is substantially impacted in 2022.

**Conclusion:**

Gatron's balance sheet indicates substantial growth in current and fixed assets, which suggests investments in operational and productive capacity. However, this growth in assets is accompanied by a significant increase in long-term debt, which requires careful monitoring.

The income statement reveals a decline in profitability due to reduced gross profit and higher financial charges. The company needs to scrutinize its cost structure and financial management practices.

**Recommendations:**

Careful Debt Management: Gatron should carefully manage its long-term debt to ensure it does not strain its financial stability. **Cost Analysis:** Analyze the factors contributing to the decrease in gross profit and devise strategies to improve operational efficiency and reduce COGS.

**Expansion Strategies:** Assess the performance of recent investments in fixed assets to ensure they generate expected returns. **Explore Revenue Diversification:** Gatron might consider exploring new revenue streams or diversifying into related product lines to reduce reliance on specific markets.

**Monitoring Financial Charges:** Keep a close eye on the increased financial charges and assess their impact on profitability.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Cash Flow Statement** | | | | | |
| **Operating Activities** | | | | | |
| All values PKR Millions. | 2022 | 2021 | 2020 | 2019 | 2018 |
| Net Income before Extraordinaries | 3,045M | 3,381M | 1,918M | 4,380M | 2,376M |
| Net Income Growth | -9.94% | 76.24% | -56.20% | 84.31% | - |
| Depreciation, Depletion & Amortization | 932M | 660M | 523M | 427M | 384M |
| Depreciation and Depletion | 932M | 660M | 523M | 427M | 384M |
| Other Funds | -431M | -1,188M | -671M | -2,599M | -1,303M |
| Funds from Operations | 3,545M | 2,853M | 1,770M | 2,208M | 1,457M |
| Changes in Working Capital | -3,249M | -3,123M | -425M | -659M | 952M |
| Receivables | -1,677M | -865M | -507M | -510M | 570M |
| Inventories | -3,025M | -1,648M | 364M | -280M | -704M |
| Accounts Payable | 1,798M | -489M | -290M | 133M | 1,208M |
| Other Assets/Liabilities | -345M | -120M | 8M | -3M | -122M |
| Net Operating Cash Flow | 296M | -270M | 1,346M | 1,548M | 2,410M |
| Net Operating Cash Flow Growth | 209.73% | -120.06% | -13.10% | -35.75% | - |
| Net Operating Cash Flow / Sales | 1.24% | -1.63% | 10.40% | 8.74% | 18.99% |
| **Investing Activities** | | | | | |
| All values PKR Millions. | 2022 | 2021 | 2020 | 2019 | 2018 |
| Capital Expenditures | -5,625 | -3,028 | -2,525 | -1,221 | -534 |
| Capital Expenditures (Fixed Assets) | -5,601 | -3,009 | -2,508 | -1,221 | -534 |
| Capital Expenditures (Other Assets) | -24M | -18M | -18M | - | - |
| Capital Expenditures Growth | -85.78% | -19.90% | -106.78% | -128.76% | - |
| Capital Expenditures / Sales | -23.48% | -18.29% | -19.52% | -6.90% | -4.21% |
| Sale of Fixed Assets & Businesses | 269M | 27M | 125M | 18M | 57M |
| Net Investing Cash Flow | -5,356 | -3,000 | -2,400 | -1,203 | -477 |
| Net Investing Cash Flow Growth | -78.51% | -24.99% | -99.52% | -152.16% | - |
| Net Investing Cash Flow / Sales | -22.35% | -18.12% | -18.55% | -6.79% | -3.76% |
| **Financing Activities** | | | | | |
| All values PKR Millions. | 2022 | 2021 | 2020 | 2019 | 2018 |
| Cash Dividends Paid - Total | 0M | 0M | -1,050M | -753M | -76M |
| Common Dividends | 0M | 0M | -1,050M | -753M | -76M |
| Issuance/Reduction of Debt, Net | 3,095M | 1,779M | 1,051M | 127M | -1,700M |
| Change in Current Debt | - | - | - | - | -1,564M |
| Change in Long-Term Debt | 3,095M | 1,779M | 1,051M | 127M | -136M |
| Issuance of Long-Term Debt | 3,186M | 1,780M | 1,051M | 127M | 0M |
| Reduction in Long-Term Debt | -90M | -1M | - | - | -136M |
| Net Financing Cash Flow | 3,095M | 1,779M | 2M | -626M | -1,776M |
| Net Financing Cash Flow Growth | 73.97% | 115347.50% | 100.25% | 64.76% | - |
| Net Financing Cash Flow / Sales | 12.92% | 10.74% | 0.01% | -3.54% | -13.99% |
| Net Change in Cash | -1,965M | -1,491M | -1,053M | -281M | 156M |
| Free Cash Flow | -5,305M | -3,279M | -1,162M | 327M | 1,876M |
| Free Cash Flow Growth | -61.78% | -182.21% | -455.16% | -82.56% | - |
| Free Cash Flow Yield | -33.32% | - | - | - | - |

**Comparative Analysis**

**Cash Flow Statement**

# Net Operating Cash Flow:

In 2022, Gatron generated a net operating cash flow of 296 million PKR, showing a significant increase of 209.73% compared to the previous year.

The net operating cash flow was negative in 2021, indicating that the company spent more on operating activities than it generated in cash.

In 2020, Gatron had a positive net operating cash flow of 1,346 million PKR, but it decreased by 13.10% from the previous year.

The net operating cash flow as a percentage of sales was low in 2022 at 1.24%, which was a substantial drop from 10.40% in 2020 and 8.74% in 2019.

# Investing Activities:

Gatron's capital expenditures (CAPEX) increased significantly in 2022, reaching -5,625 million PKR, an 85.78% growth compared to the previous year.

The company invested heavily in both fixed assets and other assets, resulting in a negative cash flow from investing activities.

The sale of fixed assets and businesses contributed 269 million PKR in cash, but it couldn't offset

the negative impact of CAPEX.

The net investing cash flow was -5,356 million PKR in 2022, representing a 78.51% decrease from the previous year.

As a percentage of sales, the net investing cash flow remained negative, indicating substantial investments in the company's assets.

# Financing Activities:

Gatron didn't pay any cash dividends in 2022, which was a change from the previous years when it paid substantial dividends.

The company raised significant funds through the issuance of long-term debt, contributing 3,095 million PKR to the net financing cash flow.

The net financing cash flow increased by 73.97% in 2022, reaching 3,095 million PKR. Gatron maintained a positive net financing cash flow, indicating that it raised more funds from financing activities than it repaid or paid out.

The net financing cash flow as a percentage of sales was 12.92%, reflecting a strong financial position.

# Net Change in Cash and Free Cash Flow:

In 2022, Gatron reported a net change in cash of -1,965 million PKR, meaning it ended the year with less cash on hand than at the beginning.

The company's free cash flow was -5,305 million PKR in 2022, showing a substantial decrease of 61.78% compared to the previous year.

The free cash flow yield was -33.32%, indicating that the company spent more cash on its operations and investments than it generated.

Overall, Gatron's cash flow statement for 2022 reflects increased net operating cash flow, significant investments in capital expenditures, a positive financing cash flow, and a decline in free cash flow. It's essential to consider the company's cash flow in conjunction with its overall financial health and business strategy to assess its ability to manage cash effectively and support its future growth and operations.



When assessing the potential risks and vulnerabilities indicated by Gatron's financial statements, several key areas of concern emerge:

### Liquidity Risk:

Gatron's liquidity risk is evident from its decreasing free cash flow, which dropped substantially in 2022. This raises concerns about the company's ability to meet its short-term obligations and invest in growth opportunities.

### Mitigation Strategy:

Gatron should implement effective cash flow management strategies to improve liquidity. This includes optimizing working capital components, reducing unnecessary expenses, and monitoring cash reserves regularly.

### Debt Levels:

The company's increasing reliance on long-term debt, as indicated by the growing issuance of long-term debt, poses a risk in terms of debt levels. High debt can lead to financial instability and increased interest expenses.

### Mitigation Strategy:

To mitigate this risk, Gatron should carefully manage its capital structure, ensuring an appropriate balance between debt and equity. Evaluating the cost of debt and refinancing opportunities can lead to more favorable terms.

### Economic Uncertainty:

Economic conditions, such as inflation and currency fluctuations, could impact Gatron's financial stability. The company operates in an environment where external factors may affect its operations and profitability.

### Mitigation Strategy:

Gatron should remain vigilant about changes in the economic environment and continuously assess their impact on the business. Developing contingency plans and diversifying into markets with different risk profiles can help navigate economic uncertainties.



### Operational Efficiency:

While there have been improvements in net operating cash flow, Gatron should maintain a focus on operational efficiency. Any decline in profitability or operational disruptions could affect cash flow negatively.

The substantial increase in capital expenditures (CAPEX) in 2022 poses a risk if these investments do not generate the expected returns or if they strain the company's cash flow. **Mitigation Strategy:**

Gatron should conduct rigorous evaluations of capital expenditure projects to ensure that they

align with the company's strategic objectives and offer a favorable return on investment. A well-structured CAPEX evaluation process can minimize financial risk.

In summary, Gatron faces several financial risks, including liquidity risk, debt levels, economic uncertainty, operational efficiency, and overreliance on a single market segment. The company's strategies for mitigating these risks should involve prudent financial management, diversification, careful debt management, and a continuous focus on improving operational efficiency. Effective risk mitigation strategies will enable Gatron to maintain financial stability and adapt to changing economic conditions.



**GATRON INDUSTRIES Ltd**

SYNTHETIC & RAYON

**PKR - 203.00**

52 Week (High - 265 & Low - 202)

### About the company

Gatron (Industries) Ltd belongs to the Gani and Tayub Group (G&T) and has been operating since 1980. These seven decades of experience have allowed Gatron to grow into the biggest producer of Polyester Filament Yarn in Pakistan. With its factory located in Hub, Balochistan, Gatron is also a publicly listed company on PSX (Pakistan Stock Exchange) and operates across the globe. The G&T group is an industry leader in numerous products. These include Polyester Yarn, PET Resin, PET Preforms, PET Bottle, BOPET Film, PET Sheet, Fashion Apparel, Home Textile, Retail, Logistics, and more.

**Financial Summary**

**Net Profit Margin**

**Asset Turnover Ratio**

## Financial Leverage

**10.14%**

2019 2020 2021 2022

**2.2x**

2019 2020 2021 2022

**8.20%**

**7.63%**

**6.44%**

**2.81x**

**2.23x**

**1.70x**

**1.79x**

2019 2020 2021 2022

**1.4x**

**1.3x**

**1.2x**

## Return on Asset

**Return on Equity**

## Revenue (PKR M)

**22.09%**

2019 2020 2021 2022

**37.48%**

2019 2020 2021 2022

**11.14%**

**8.48%**

**9.48%**

**26.62%**

**19.94%**

**18.88%**

**23,960**

**17,707**

**16,558**

**12,938**

2019 2020 2021 2022

### Recent Updates

Gatron (Industries) Limited reported earnings results for the third quarter and nine months ended March 31, 2023. For the third quarter, the company reported sales was PKR 8,227.53 million compared to PKR 5,951.22 million a year ago. Net loss was PKR 99.01 million compared to net income of PKR 660.95 million a year ago. Basic loss per share from continuing operations was PKR 1.29 compared to basic earnings per share from continuing operations of PKR 8.615 a year ago.

For the nine months, sales was PKR 20,255.08 million compared to PKR 17,015.59 million a year ago. Net loss was PKR 177.77 million compared to net income of PKR 2,133.97 million a year ago. Basic loss per share from continuing operations was PKR

2.315 compared to basic earnings per share from continuing operations of PKR 27.81 a year ago.

**Dupont Analysis - Return on Equity & Return on Asset**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Return on Equity (ROE)** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Net Profit | 1,827 | 1,066 | 1,061 | 1,795 | 982 | 57 | (254) |
| Average Shareholder Equity | 6,863 | 5,644 | 5,318 | 4,789 | 3,822 | 3,345 | 3,482 |
| **Return on Equity** | **26.62%** | **18.88%** | **19.94%** | **37.48%** | **25.69%** | **1.72%** | **-7.31%** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **ROE - Dupont Equation** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Net Profit | 1,827 | 1,066 | 1,061 | 1,795 | 982 | 57 | (254) |
| Revenue | 23,960 | 16,558 | 12,938 | 17,707 | 13,006 | 12,326 | 8,767 |
| **Net Profit Margin (A)** | **7.63%** | **6.44%** | **8.20%** | **10.14%** | **7.55%** | **0.47%** | **-2.90%** |
| Revenue | 23,960 | 16,558 | 12,938 | 17,707 | 13,006 | 12,326 | 8,767 |
| Average Total Asset | 19,266 | 12,573 | 9,518 | 8,126 | 7,523 | 7,028 | 6,591 |
| **Asset Turnover Ratio (B)** | **1.2x** | **1.3x** | **1.4x** | **2.2x** | **1.7x** | **1.8x** | **1.3x** |
| Average Total Asset | 19,266 | 12,573 | 9,518 | 8,126 | 7,523 | 7,028 | 6,591 |
| Average Shareholder Equity | 6,863 | 5,644 | 5,318 | 4,789 | 3,822 | 3,345 | 3,482 |
| **Equity Multiplier (C)** | **2.81x** | **2.23x** | **1.79x** | **1.70x** | **1.97x** | **2.10x** | **1.89x** |
|  |  |  |  |  |  |  |  |
| **Return on Equity (A\*B\*C)** | **26.62%** | **18.88%** | **19.94%** | **37.48%** | **25.69%** | **1.72%** | **-7.31%** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Return on Asset** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Net Profit | 1,827 | 1,066 | 1,061 | 1,795 | 982 | 57 | (254) |
| Average Total Asset | 19,266 | 12,573 | 9,518 | 8,126 | 7,523 | 7,028 | 6,591 |
| **Return on Asset** | **9.48%** | **8.48%** | **11.14%** | **22.09%** | **13.05%** | **0.82%** | **-3.86%** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **ROA - Dupont Equation** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Net Profit | 1,827 | 1,066 | 1,061 | 1,795 | 982 | 57 | (254) |
| Revenue | 23,960 | 16,558 | 12,938 | 17,707 | 13,006 | 12,326 | 8,767 |
| **Net Profit Margin (A)** | **7.63%** | **6.44%** | **8.20%** | **10.14%** | **7.55%** | **0.47%** | **-2.90%** |
| Revenue | 23,960 | 16,558 | 12,938 | 17,707 | 13,006 | 12,326 | 8,767 |
| Average Total Asset | 19,266 | 12,573 | 9,518 | 8,126 | 7,523 | 7,028 | 6,591 |
| **Asset Turnover Ratio (B)** | **1.2x** | **1.3x** | **1.4x** | **2.2x** | **1.7x** | **1.8x** | **1.3x** |
|  |  |  |  |  |  |  |  |
| **Return on Asset (A\*B)** | **9.48%** | **8.48%** | **11.14%** | **22.09%** | **13.05%** | **0.82%** | **-3.86%** |
| **Dupont Summary** |  |  |  |  |  |  |  |

* ROE of Gatron has been Increased to 26.62% after the decline of Covid 19 and made a low of % in FY2021 which now has rose to precovid levels and currently at 15.99% as of 31 March 2023.
* ROE has been increased by 2018 by a vast percentage just because of increase in Net profit so we can say that everything is quite stable except Net Profit hence the duPont analysis suggest to maintain the Net Profit for the higher return or stable return on Equity. For FY2022 the Financial leverage has played the huge role i.e increase in immense amount of asset without increasing the share capital by same ratio has tremendously strengthen ROE.
* ROA of Gatron has been not much increased in FY2022 because there is no sole change in any ratio they are increasing by the same rate i.e 50%. However its not that bad if the increase in asset has grown the sales with same rate then its a

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**GATRON INDUSTRIES Ltd**

SYNTHETIC & RAYON

**PKR - 203.00**

52 Week (High - 265 & Low - 202)

**About the company**

Gatron (Industries) Ltd belongs to the Gani and Tayub Group (G&T) and has been operating since 1980. These seven decades of experience have allowed Gatron to grow into the biggest producer of Polyester Filament Yarn in Pakistan. With its factory located in Hub, Balochistan, Gatron is also a publicly listed company on PSX (Pakistan Stock Exchange) and operates across the globe. The G&T group is an industry leader in numerous products. These include Polyester Yarn, PET Resin, PET Preforms, PET Bottle, BOPET Film, PET Sheet, Fashion Apparel, Home Textile, Retail, Logistics, and more.

**Financial Summary**

**Working Capital/Total Assets**

**Retained Earnings/Total Assets**

**EBIT/Total Assets**

**32.44%**

**22.73%**

**18.24% 16.72%**

2019 2020 2021 2022

* 1. **x**

2019 2020 2021 2022

**2.81x**

**2.23x**

**1.70x**

**1.79x**

2019 2020 2021 2022

**1.4x**

**1.3x**

**1.2x**

**Market Cap/Long term liability**

**Return on Assets**

**Revenue (PKR M)**

**22.09%**

2019 2020 2021 2022

**Recent Updates**

**37.48%**

2019 2020 2021 2022

**11.14%**

**8.48%**

**9.48%**

**26.62%**

**19.94%**

**18.88%**

**23,960**

**17,707**

**16,558**

**12,938**

2019 2020 2021 2022

Gatron (Industries) Limited reported earnings results for the third quarter and nine months ended March 31, 2023. For the third quarter, the company reported sales was PKR 8,227.53 million compared to PKR 5,951.22 million a year ago. Net loss was PKR 99.01 million compared to net income of PKR 660.95 million a year ago. Basic loss per share from continuing operations was PKR 1.29 compared to basic earnings per share from continuing operations of PKR 8.615 a year ago.

For the nine months, sales was PKR 20,255.08 million compared to PKR 17,015.59 million a year ago. Net loss was PKR 177.77 million compared to net income of PKR

# Altman Z-Score Analysis - Gatron Industries Ltd.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Working Capital / Total Assets** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Working Capital | 3,958 | 2,711 | 2,338 | 2,839 | 2,168 | 1,266 | 1,191 |
| Total Assets | 23,671 | 14,860 | 10,285 | 8,750 | 7,502 | 7,544 | 6,512 |
| **Working Capital / Total Asse** | **16.72%** | **18.24%** | **22.73%** | **32.44%** | **28.89%** | **16.79%** | **18.29%** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Retained Earnings / Total Assets** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Retained Earnings | 1,827 | 1,066 | 581 | 778 | 589 | 57 | (254) |
| Total Assets | 23,671 | 14,860 | 10,285 | 8,750 | 7,502 | 7,544 | 6,512 |
| **Retained Earnings / Total As** | **7.72%** | **7.17%** | **5.65%** | **8.89%** | **7.85%** | **0.76%** | **-3.91%** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **EBIT / Total Assets** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| EBIT | 2,872 | 1,429 | 1,664 | 2,121 | 1,108 | 39 | (155) |
| Total Assets | 23,671 | 14,860 | 10,285 | 8,750 | 7,502 | 7,544 | 6,512 |
| **EBIT/Total Assets (C)** | **12.13%** | **9.62%** | **16.18%** | **24.24%** | **14.77%** | **0.52%** | **-2.38%** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Market Cap / Long term Liabilities** | | | | | | | |
| **2022** | | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Market Cap | 12,659,183.6 | 19,970,216.0 | 23,783,200.0 | 18,221,000.0 ######## ######## ######## | | | |
| Long term Liabilities | 6,491.8 | 3,342.8 | 1,590.2 | 499.7 337.3 516.9 425.2 | | | |
| **Market Cap / Long term Liab** | **195001.56%** | **597412.87%** | **1495652.94%** | **3646373.24% ######## ######## ########** | | | |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Sales / Total Assets** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| Total Sales | 23,960 | 16,558 | 12,938 | 17,707 | 13,006 | 12,326 | 8,767 |
| Total Assets | 23,671 | 14,860 | 10,285 | 8,750 | 7,502 | 7,544 | 6,512 |
| **Return on Asset (E)** | **101.22%** | **111.42%** | **125.80%** | **202.37%** | **173.36%** | **163.39%** | **134.63%** |

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Altman's Z Score** | | | | | | | |
|  | **2022** | **2021** | **2020** | **2019** | **2018** | **2017** | **2016** |
| **Final Score** | **1185.0** | **3994.5** | **11289.6** | **44276.0** | **35494.0** | **8158.7** | **6624.6** |
| **Financial Stability** | ***Strong*** | ***Strong*** | ***Strong*** | ***Strong*** | ***Strong*** | ***Strong*** | ***Strong*** |

**Altman's Z-Score Analysis:**

* + 1. **Working Capital / Total Assets (A):**

Trend Analysis: The ratio has shown a declining trend from 2016 to 2022, indicating a decrease in the proportion of working capital to total assets. This may suggest potential challenges in short-term liquidity management.

* + 1. **Retained Earnings / Total Assets (B):**

Trend Analysis: Retained earnings as a percentage of total assets have experienced fluctuations, with an upward trend in recent years. This signals a positive trajectory in utilizing earnings to build the company's asset base.

* + 1. **EBIT / Total Assets (C):**

Trend Analysis: The EBIT to total assets ratio displays variations but has shown an increasing trend, particularly from 2017 to 2022. This implies improving profitability in generating earnings relative to the total asset base.

* + 1. **Market Cap / Long-term Liabilities (D):**

Trend Analysis: The market cap to long-term liabilities ratio has surged significantly, reflecting substantial market confidence in the company's ability to cover long-term obligations.

# Altman's Z-Score Analysis:

* + 1. **Sales / Total Assets (E):**

Trend Analysis: Return on assets, calculated as the sales to total assets ratio, has demonstrated a volatile pattern. The sharp increase in 2022 indicates a robust performance, possibly driven by increased sales efficiency or improved asset utilization.

* + 1. **Altman's Z Score:**

Insights:

Overall Financial Stability: The Z Score, consistently at strong levels, reflects Gatron's robust financial position across the analyzed years.

Yearly Variations: While the Z Score has remained strong, there are substantial variations from 2016 to 2022, with a remarkable increase in 2019. This suggests that while the company's stability is evident, specific financial events or changes impacted the Z Score.

Key Insights:

Financial Health: Gatron demonstrates robust financial health, as indicated by Altman's Z Score consistently categorizing it as "Strong." This suggests a low likelihood of financial distress.

Operational Efficiency: The upward trend in EBIT to total assets and sales to total assets ratios indicates improving operational efficiency and profitability.

Market Confidence: The exceptionally high Market Cap to Long-term Liabilities ratio signifies significant market confidence in Gatron's ability to cover its long-term obligations. However, caution should be exercised to ensure there are no anomalies in the data.

Short-term Liquidity: The declining trend in Working Capital to Total Assets ratio suggests potential challenges in short-term liquidity management, requiring attention to ensure adequate working capital levels.

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**Conclusion and Recommendations**

**Gatron (Industries) Limited**

After a comprehensive financial analysis of Gatron, several key findings have emerged, shedding light on the company's financial performance over the past five years.

Strengths:

**Operating Cash Flow Improvement:** In 2022, Gatron experienced a substantial increase in net operating cash flow, signifying an upward trend in its cash generation. This is a positive sign of improved operational efficiency.

**Strong Financing Activities:** The company successfully raised funds through the issuance of long- term debt, contributing to a positive net financing cash flow. This suggests that Gatron has a robust financial position and access to external capital.

Weaknesses:

**Capital Expenditure:** Gatron's capital expenditures (CAPEX) have increased significantly in 2022, which has impacted the net investing cash flow negatively. It may be essential to evaluate the efficiency of these investments.

**Declining Free Cash Flow:** The company reported a substantial decrease in free cash flow in 2022, which raises concerns about its ability to generate surplus cash after funding its operations and investments.

Opportunities:

**Operational Efficiency:** Gatron can explore opportunities to further enhance its operational efficiency to increase net operating cash flow. Analyzing and optimizing working capital components, such as receivables, inventories, and payables, could be beneficial.

Diversification: Exploring diversification into product lines or markets with growth potential could present new opportunities for revenue generation.

Threats:

**Economic Conditions:** The company should remain vigilant about potential adverse economic conditions or disruptions that could affect its cash flow. This includes monitoring factors like inflation and currency fluctuations.

**Capital Management:** As Gatron raises significant funds through debt, it should carefully manage its capital structure to ensure that it does not become overleveraged.

Recommendations:

**Working Capital Management:** Gatron should focus on optimizing its working capital components, including receivables, inventories, and payables. Efficient management of these areas can **Strategic CAPEX Evaluation:** The company should thoroughly evaluate its capital expenditures to ensure that investments generate an adequate return and do not overly burden cash flow.

**Free Cash Flow Improvement:** Efforts should be made to enhance free cash flow. This can be achieved through cost management, improved operational efficiency, and a focus on profitability.

**Diversification**: Exploring diversification opportunities in related industries or product lines could reduce risk and enhance revenue streams.

**Debt Management:** As the company raises funds through debt, it is crucial to manage the debt structure prudently, striking a balance between leveraging for growth and maintaining financial stability.

**External Environment Monitoring:** Continuous monitoring of the economic environment and anticipating external threats or opportunities will be essential for adaptability and sound decision- making.

In conclusion, Gatron has shown improvements in its cash flow, particularly in net operating cash flow and financing activities. However, there are areas of concern, such as increasing capital expenditures and declining free cash flow. Strategic measures to manage working capital, evaluate CAPEX, and diversify, combined with prudent debt management, will be crucial for the company's long-term financial health and sustainability. Gatron should also remain vigilant about the external economic environment to adapt to changing circumstances effectively.

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