



GIDC ^ Become Trauma for Companies

GIDC ^ Barricade | Few to hit badly

GoP has finally decided to collect the cess from consumers as collection of this cess was declared to be illegal by courts earlier. Those companies which were already been provisioning for it will remain in good position.

- ✚ Fatima Fertilizer ^ Company was exempted earlier but now new plants are in GIDC circle too so Fatima will face contraction in its profitability while provisioning will need to be created now which will affect the cash flow position of an entity along with margin contraction. Company has decided to refer to the court for this issue.
- ✚ Fauji's ^ Fauji's were already been provisioning for the cess hence no further provisioning is needed but collection of this cess from Government will hit company's cash position.
- ✚ EFERT ^ Old plant was already provisioning for GIDC but new plant (Enven) did not make any provisions. We believe that under the concessionary rate contract GoP cannot place GIDC on Efert's new plant so company does not need to create provisions for it. Hence we see no margin contraction for EFERT.
- ✚ Under the concessionary rate contract/policy regulators cannot placed any additional taxes, levies or duties apart from the Gas supply price which is \$0.77 but GST could vary.
- ✚ Imposition of GIDC will be a breach of contract for which company will refer to the court.

Further Clarity still requires on this issue.

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