

PAK ELEKTRON LIMITED

3rd QUARTER REPORT
(Un-Audited)
30-09-2020

Board of Directors

Mr. M. Naseem Saigol	Chairman - Non Executive
Mr. Muhammad Murad Saigol	Chief Executive Officer - Executive/Certified (DTP)
Mr. Muhammad Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive/Certified (DTP)
Syed Haroon Rashid	Director - Independent/Certified (DTP)
Mr. Muhammad Kamran Saleem	Director - Independent/Certified (DTP)
Mr. Asad Ullah Khawaja	Director - NIT Nominee/Independent
Mr. Usman Shahid	Director - NBP Nominee U/S 164 of the Act / Non Executive
Ms. Azra Shoaib	Director - NBP Nominee U/S 164 of the Act / Non Executive

Audit Committee

Mr. Asad Ullah Khawaja	Chairman/Member
Syed Haroon Rashid	Member
Mr. Usman Shahid	Member
Syed Manzar Hassan	Member

HR & Remuneration Committee

Mr. Asad Ullah Khawaja	Chairman/Member
Syed Haroon Rashid	Member
Mr. Usman Shahid	Member
Syed Manzar Hassan	Member

Company Secretary

Muhammad Omer Farooq

Chief Financial Officer

Syed Manzar Hassan, FCA

Auditors

M/s Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

Legal Advisor

M/s Hassan & Hassan Advocates

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Company Registration No.

0000802

National Tax No. (NTN)

2011386-2

Status of Company

Public Interest Company (PIC)

Registered Office

17- Aziz Avenue, Canal Bank,
Gulberg-V, Lahore
Tel: 042-35718274-6,
Fax: 042-35762707
E-Mail: shares@saigols.com

Share Registrar

Corplink (Pvt.) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore
Tel: 042-35916714, 35839182,
Fax: 042-35869037
E-Mail: shares@corplink.com.pk

Works

14-K.M. Ferozepur Road, Lahore
Tel: 042-35920151-9 (9 Lines)
Website: www.pel.com.pk

Transformer Facility

34-K.M. Ferozepur Road,
Keath Village, Lahore
Tel: 042-35935151-2

Karachi

Kohinoor Building
25-West Wharf Road, Karachi
Tel: 021-32200951-4
Fax: 021-32310303

Islamabad

Room # 301, 3rd Floor,
Green Trust Tower, Blue Area, Islamabad
Tel: 051-2824543, 2828941
Fax: 051-2273858

China

206, No. 1007, Zhong Shan Naun Er Road,
Shanghai, China
Tel: 86-21-64567713
Fax: 86-21-54109971

Bankers

Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
The Bank of Khyber
The Bank of Punjab
Sindh Bank Limited
Faysal Bank Limited
Bank Islami (Pakistan) Limited
MCB Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Pak Libya Holding Company (Private) Limited
Pak Oman Investment Company Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
Saudi Pak Industrial and Agriculture Investment Company Limited
United Bank Limited

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Website: : www.pel.com.pk

Directors Review

Your directors are pleased to present condensed unaudited interim financial information of the Company for the 3rd quarter ended September 30, 2020.

Macroeconomic Overview

Domestic economic activity receded sharply in the last quarter of FY'20 with GDP contracting to 0.4% for the first time in 70 years. However, since July, business confidence and growth prospects have been on an up-trend, reflecting the declining number of new COVID cases, the easing of lockdown restrictions and the effects of the Government's stimulus and the SBP's relief measures. Demand indicators have started to pick up and, after posting a decline of 10% in FY20, the Large Scale Manufacturing Index showed nascent signs of a recovery, improving by 5% in July 2020. Rising food prices drove up headline inflation sharply in September, to 9.0%, bringing average inflation for 1Q'FY'21 to 8.8%. In response, the government has announced the import of commodities such as wheat to reduce the demand-supply gap and keep food prices in check. The SBP expects average inflation for FY'21 to fall within the target of 7% - 9%.

The external account has remained resilient, with the current account being in surplus for two consecutive months, resulting in a balance of USD 805 million during 2MFY'21 compared to a deficit of USD 1.2 billion during the same period last year. This was largely supported by a strong flow of remittances, which grew 31.0% YoY in 1QFY'21 and have crossed the USD 2 billion mark in each of the last four months; the sustainability of this trend will be a key determiner of the current account going forward. The trade deficit also reduced by 8.0% YoY; lower oil prices triggered a 13% decline in imports, countering a 17% decline in exports which, nevertheless, have inched closer to pre-COVID levels.

The FX reserves position remained stable, increasing to USD 19.5 billion in September, with SBP's reserves now ahead of the 3-month import cover benchmark. The flexible exchange rate system has resulted in an orderly two-way currency movement, with the Rupee appreciating by 1.4% against the dollar during the quarter. Early reads indicate an encouraging response to the SBP's Roshan Digital Account initiative, and this is likely to further support FX flows into the domestic economy.

Despite significant corona virus and social support related spend, the fiscal deficit for FY'20 reduced to 8.1% of GDP compared to 8.9% in FY'19, with a primary deficit of 1.8% of GDP. Total revenue increased by 28.0%, as non-tax revenue grew significantly, while total expenditure remained under check, increasing by 16.0%. In 1QFY'21, the improved economic activity was reflected in higher tax collection of Rs 1 trillion which exceeded the target of Rs 970 billion for this period.

The equity market has witnessed a strong rally over the past three months, on the back of improved economic activity and low interest rates. The rebound was further supported by Government's announcement of a stimulus package for the construction sector. Recently, the PSX index has shown some consolidation, but has still almost recovered to December 2019 levels.

The SBP, in its recent Monetary Policy Committee meeting kept the policy rate unchanged at 7.0%, keeping real interest rates negative, while prioritizing growth and employment. Private sector credit demand has, expectedly, remained muted in 2020; banking sector advances declined by 2% during 9M'20, while deposits rose by 15% since December 2019. Meanwhile, considerable interest has been shown by borrowers who



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have availed SBP's concessionary financing schemes, including the Temporary Economic Relief Facility (TERF) for expansion, new projects and BMR and the facility for payment of wages and salaries.

Industry Overview

Large Scale Manufacturing (LSM) recorded a decline of 10.17% during the outgoing fiscal year. Even before the pandemic, the industrial output was depressed on account of measures undertaken for macroeconomic stabilization. Cost structures of businesses were adversely affected while consumers struggled to preserve their purchasing power. During the last quarter, the pandemic further intensified the economic woes as any recovery in the sector was hampered due to lock-down of businesses. However, in first 2 months of year 2020-21 visible recovery signs observed as overall LSMI output increased by 3.66% over the same period of preceding year.

The Company

Company has resumed operations of its both business divisions after necessary protective measures against COVID-19 as per Punjab Government standard operating procedures- SOPs. Company has successfully launched work from home culture for the health safety of its employees. Employees' safety awareness campaign launched along with regular factory premises sanitization.

Company's wholly owned subsidiary PEL Marketing Private Limited (PMPL) has been amalgamated into Pak Elektron Limited (PEL) with effect from April 30, 2020 after necessary approvals from company's board of directors and Securities and Exchange Commission of Pakistan, "the regulator". After Amalgamation, the condensed interim financial statements for the period ended September 30, 2020 show the post amalgamation results of Pak Elektron Limited (PEL). Accordingly, these are not directly comparable to financial results of pre amalgamation for the period of Nine months of September 2019.

During the period under review Power Transformer manufacturing facility at 34-KM Ferozepur Road, after successful commissioning & trial run has started its commercial production. With this state of art manufacturing & testing arrangements, company will cater growing market demand.

Company entered into business collaboration with Panasonic Marketing Middle East & Africa (PMMAF) on June 10, 2020. With this development, the companies have joined hands to offer a diverse range of premium and locally-fit products to better meet needs of Pakistani Market.

Company Financial Performance

During the period, Company revenues are registered at Rs. 28,940 Million and the Gross Profit of the Company stands at Rs.4,762 Million. Company sustained after tax loss of Rs.173 Million for the period of nine month ended on September 30, 2020. Loss per share is Rs. 0.41 against profit of Rs. 0.54 the last year corresponding period. The primary reason for loss is the volumetric reduction in sales of Appliance Division on account of operational lock down and overall COVID-19 related economic shades. The testing macro-economic conditions have led to increase in input costs as a result of abrupt Pak Rupee depreciation, rise in petroleum products prices and mounting inflation. However, Power Division registered revenues growth @ 33.76%, from last year corresponding period due to early resumption of operations after lock down and timely ordering from WAPDA Distribution Companies. Company achieved good results in the 3rd quarter of the current year as compared to the same quarter of last year. Our post lock down operations showed promising recovery of overall business suffered in lock down period.



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Summary of operating results is presented below:

Rupees in millions	3 rd Quarter Ended September 2020	3 rd Quarter Ended September 2020	Increase/ (decrease)	Percentage %
Revenue	28,940	20,095	8,845	44.02
Gross Profit	4,762	2,350	2,412	102.64
Finance Cost	1,784	1,062	722	67.98
Profit/(Loss) before taxation	(61)	323	(384)	(118.89)
Profit/(Loss) after taxation	(173)	301	(474)	(157.48)
Earnings/(Loss) Per Share (Rupees)	(0.41)	0.54		

Appliances Division

Home Appliance Division registered sales of Rs.20, 436 Million during the nine months period under review. Product margins remained depressed as a result of abrupt currency depreciation, rise in input costs and increased policy rate. However, from 2nd quarter onwards saving in financial cost is seen due to reduced policy rate.

High level consumer "ROX- Return on Experience" is among company's core capabilities .To support an outclass ROX , ongoing R&D function is there to ensure attractive esthetically improved and cost effective product designs. During the period under review, company launched stabilizer free Refrigerator "LVS Series", with an efficient start ability of 125V and running 95V. During the period company launched full DC inverter energy efficient "Jumbo DC" air conditioners with improved features, well received in the market. PEL & Panasonic entered into business collaboration and during the period under review, company launched "Panasonic Split ACs" produced at its own manufacturing facility. This niche class product is well received in consumer market.

Washing machine launched in previous year is gaining its due space in local market and company to catch the opportunity has introduced "Twin Tub" washing machine having wash & spin function. Company has also launched fully automated "Smart Washing Machine" with screen touch panel. Smart Washing Machine with its latest features and affordable price is consumers' "Eye catching". Company has also introduced Microwave classical designs i.e. PMO20 WGM and PMO23 WGD.

Power Division

Despite of challenging environment Power Division revenues of Rs.8,502 Million remained higher by 33.76% against Rs. 6,356 million of the corresponding period of last year. Company capitalizing an improvement in WAPDA Discos ordering process achieved higher revenue levels. Your company is pioneer among "Electrical Equipment Manufacturers" and owns a set of capabilities including a team of high class professionals, the state of art manufacturing & testing facilities and a prolonged "Customers Relationship" history.

Company with healthy order book and is quite confident to meet its annual plans. Further manufacturing capacities in all products of this division are greatly sufficient to meet increased demand.

Incumbent Government to materialize its manifesto head line "Construction of 5 Million Houses" has announced an incentive package for construction industry which gives a strong belief in its happening and it will be a breakthrough for construction related local industries including electrical equipment manufacturing and your company is well positioned to attain its due market share.



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Future Outlook

Economic front continues to post impressive numbers like current account surplus supported by low imports and momentum of remittances. Inflation is expected to stay low as given the suppressed demand falling of global commodity prices. Portfolio investment in country is likely to do well in view of stability in rupee value and continues improvement in investors' confidence.

Incumbent government is at almost in the mid of its term and will certainly respond to their manifesto headlines, especially "Human Index Development" by providing Ten million jobs and five million houses. The economic activity started in a way, will give rise to employment of both skilled and unskilled work force. Construction sector has been given "Industry Status" with a historic incentive package to support the activity. As the construction activity takes momentum, a robust demand of construction materials will arise and business of related industries will also flourish. Construction related direct and indirect employment in this way will increase "consumable income" at a large. Demand of company's home appliances division products will increase with the growing disposable incomes and of power division products demand will grow, with the increasing constructions both at housing & commercial levels.

CPEC oriented industrial revolution is really knocking, as government is actively pursuing prioritized Special Economic Zones – SEZs. As the demand of these industrial parks starts, there will be robust demand of electrical equipments in private industries sector besides its regular demand by WAPDA Discos. To meet growing electricity demand and cap transmission and distribution losses, augmentation of electricity T&D infrastructure is a dire need of the day. Your company always has been a part of Government's efforts to up-grade electricity T&D Infrastructure by supplying quality electrical equipments.

Company's EPC Department is consolidating its business and concentrating on projects with better margins and least funds deployment for the proven products we have performed in the past. Your directors are optimistic that with these future expected developments, the Company will certainly take advantage of it by supplying quality products.

Acknowledgement

We take this opportunity to thank all our stakeholders for their patronage and look forward to their continued support.

On behalf of the Board of Directors



M. Murad Saigol
Chief Executive Officer

Lahore
October 27, 2020


PAK ELEKTRON LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020

		September 30, 2020 (Rupees in Thousands)	December 31, 2019 (Rupees in Thousands)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital	Note 6	6,000,000	6,000,000
Issued, subscribed and paid up capital	7	5,426,392	5,426,392
Reserves		4,279,947	4,279,947
Unappropriated profit		14,941,945	7,277,582
Surplus on revaluation		5,771,029	6,023,632
		30,419,312	23,007,553
NON-CURRENT LIABILITIES			
Redeemable Capital	8	-	-
Long term financing	9	3,615,091	2,162,154
Lease Liabilities	10	86,871	137,386
Warranty obligations		220,320	120,010
Deferred taxation		3,149,428	2,484,471
Deferred income		33,632	34,942
CURRENT LIABILITIES			
Trade and other payables		918,947	1,074,549
Unclaimed Dividend		14,588	15,052
Accrued interest/ mark up		382,566	488,912
Short term borrowings	11	12,371,534	10,955,490
Current Portion of Non Current Liabilities		1,935,385	2,348,957
		15,623,020	14,882,960
CONTINGENCIES AND COMMITMENTS	12	-	-
		53,147,674	42,829,476

		September 30, 2020 (Rupees in Thousands)	December 31, 2019 (Rupees in Thousands)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	23,690,688	22,939,060
Intangible assets		310,911	306,332
		24,001,599	23,245,392
Long-term investments	14	6,637	5,863
Long-term deposits		379,585	360,180
Long term advances		1,207,539	
CURRENT ASSETS			
Stores, spare parts and loose tools		850,958	848,347
Stock-in-trade		8,081,164	7,789,297
Trade debts		10,423,451	2,490,298
Construction work in progress		1,182,330	1,697,509
Short Term Advances		1,623,531	1,094,157
Short term deposits and prepayments		1,799,714	1,891,598
Other receivables		400,652	401,854
Short term investments		28,806	21,596
Advance income tax		2,573,382	2,603,652
Cash and bank balances		588,325	379,733
		27,552,314	19,218,041
		53,147,674	42,829,476

The annexed notes 1 to 21 form an integral part of these interim financial statements.


M. MURAD SAIGOL
 Chief Executive Officer


M. ZEID YOUSUF SAIGOL
 Director

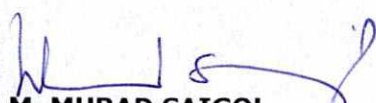

SYED MANZAR HASSAN
 Chief Financial Officer


PAK ELEKTRON LIMITED

STATEMENT OF PROFIT OR LOSS (Un-Audited) FOR THE NINE MONTHS PERIOD SEPTEMBER 30, 2020

		NINE MONTHS ENDED		Quarter ended	
	Note	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
		(Rupees in thousand)		(Rupees in thousand)	
Gross Sales	15	28,938,971	20,095,266	10,770,374	4,088,671
Sales Tax and discounts	15	(7,311,084)	(3,287,184)	(2,612,685)	(1,030,254)
Net Sales		21,627,887	16,808,082	8,157,689	3,058,417
Cost of Sales	16	(16,865,426)	(14,458,312)	(6,355,978)	(2,376,481)
Gross Profit		4,762,461	2,349,770	1,801,711	681,936
Other Income		17,519	20,426	5,492	402
		4,779,979	2,370,196	1,807,202	682,338
Distribution Cost		(1,842,696)	(435,329)	(612,375)	(119,087)
Administrative Cost		(1,208,999)	(510,966)	(412,910)	(150,725)
Other Operating Expenses		(3,456)	(40,040)	8,561	(14,942)
Finance Cost		(1,784,301)	(1,062,271)	(488,468)	(355,538)
Share of profit/(loss) of associate		(1,731)	1,425	335	1
(Loss)/ Profit Before Taxation		(61,203)	323,015	302,346	42,047
Provision for Taxation		111,502	21,757	49,209	16,516
(Loss)/ Profit after tax		(172,706)	301,258	253,136	25,531
(Loss)/ earnings per share					
Basic & diluted	17	(0.41)	0.54	0.19	0.03

The annexed notes 1 to 21 form an integral part of these interim financial statements.


M. MURAD SAIGOL
Chief Executive Officer


I. ZEID YOUSUF SAIGOL
Director


SYED MANZAR HASSAN
Chief Financial Officer

PAK ELEKTRON LIMITED**CONDENSED INTERIM****STATEMENT OF CASH FLOWS (un-Audited)****FOR THE NINE MONTHS PERIOD SEPTEMBER 30, 2020**

	September 30, 2020	September 30, 2019
	(Rupees in thousand)	
Cash flows from operating activities		
(Loss)/Profit before taxation	(61,203)	323,015
Adjustments for non cash items	2,471,646	1,337,778
Cash generated from operations before working capital changes	2,410,443	1,660,793
Working capital changes	(1,181,583)	3,473,400
Cash generated from operations	1,228,860	5,134,193
Finance cost paid	(1,754,890)	(944,691)
Income tax paid	(91,076)	(428,817)
	(1,845,966)	(1,373,508)
Net cash used in operating activities	(617,106)	3,760,685
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,585,581)	(1,350,938)
Purchase of intangible assets	(11,342)	(3,802)
Proceeds from disposal of property, plant and equipment	14,330	16,072
(Increase) / decrease in long-term deposits	3,861	(1,448)
Net cash used in investing activities	(1,578,732)	(1,340,116)
Cash flows from financing activities		
Long Term Finances obtained	1,593,426	2,880,871
Repayment of Long Term Finances	(569,114)	(2,388,604)
Redemption of Redeemable capital	-	(101,875)
Increase/ (Decrease) in lease liabilities	(35,462)	117,481
Dividend paid	(464)	(2,694)
Increase / (Decrease) in Short Term Borrowing	1,416,044	(2,961,617)
Net cash from financing activities	2,404,430	(2,456,438)
Net increase/(decrease) in cash and cash equivalents	208,592	(35,869)
Cash and cash equivalents at beginning of the period	379,733	357,910
Cash and cash equivalents at end of the period	588,325	322,041

The annexed notes 1 to 21 form an integral part of these interim financial statements.


M. MURAD SAIGOL
 Chief Executive Officer


M. ZEID YOUSUF SAIGOL
 Director


SYED MANZAR HASSAN
 Chief Financial Officer


PAK ELEKTRON LIMITED

STATEMENT OF CHANGES IN EQUITY (Un-Audited)
FOR THE NINE MONTHS PERIOD SEPTEMBER 30, 2020

Issued, Subscribed and paid up Capital	Capital reserves		Revenue reserves	Total
	Share premium	Surplus on Revaluation of Property, Plant and Equiplent	Accumulated Profits	
..... (Rupees in thousand)				
5,426,392	4,279,947	6,579,049	6,884,031	23,169,419
-	-		301,258	301,258
		(211,313)	211,313	-
5,426,392	4,279,947	6,367,736	7,396,602	23,470,677
			(312,955)	(312,955)
-	-		(123,416)	(123,416)
		(26,753)		(26,753)
-	-	(317,351)	317,351	-
5,426,392	4,279,947	6,023,632	7,277,582	23,007,553
-	-		(172,706)	(172,706)
		(54,219)		(54,219)
-	-	(198,384)	198,384	-
			7,638,684	7,638,684
5,426,392	4,279,947	5,771,029	14,941,945	30,419,312

The annexed notes 1 to 21 form an integral part of these interim financial statements.


M. MURAD SAIGOL
 Chief Executive Officer


M. ZEID YOUSUF SAIGOL
 Director


SYED MANZAR HASSAN
 Chief Financial Officer

PAK ELEKTRON LIMITED

SELECTED EXPLANATORY NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE NINE MONTHS PERIOD SEPTEMBER 30, 2020

1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ("PEL" or "the Company") was incorporated in Pakistan on March 03, 1956 as a public limited company under the Companies Act, 1913 (replaced by the Companies Ordinance, 1984). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The Company is currently listed on Pakistan Stock Exchanges. The principal activity of the Company is manufacturing and sale of electrical capital goods and domestic appliances.

The Company is currently organized into two main operating divisions - Power Division & Appliances Division. The Company's activities are as follows:

Power Division: manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations and electrification works.

Appliances Division: manufacturing, assembling and distribution of refrigerators, air conditioners, deep freezers, microwave ovens, water dispensers, TV and other home appliances.

2 AMALGAMATION OF PEL MARKETING (PRIVATE) LIMITED INTO PAK ELEKTRON LIMITED

During the period, the Board of Directors of Pak Elektron Limited ["PEL"] and PEL Marketing (Private) Limited ["PMPL"] in their respective meetings held on March 27, 2020 approved the scheme of arrangement for amalgamation of PMPL, a wholly owned subsidiary of PEL, with and into PEL with effect from April 30, 2020. PEL Marketing (Private) Limited ["PMPL"] is amalgamated with and into Pak Elektron Limited ["PEL"] with the approval of the Securities and Exchange Commission of Pakistan. The entire issued, subscribed and paid-up capital of PMPL, comprising of Rs. 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020.

The condensed interim statement of financial position as at June 30, 2020 and the condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and related notes to the condensed interim financial statements for the six months period ended June 30, 2019 represent financial position, profit or loss, other comprehensive income, changes in equity and cash flows of the combined entity post amalgamation. Accordingly these are not comparable with the amounts reported in comparative condensed interim statement of financial position as at December 31, 2019 and December 31, 2018 and the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows, and related notes to the condensed interim financial statements for the six months and three months periods ended June 30, 2019.

3 BASIS OF PREPARATION

These interim financial statements are un audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the company for the year ended December 31, 2019.

The comparative interim balance sheet as at December 31, 2019 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account/statement of comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for nine months ended September 30, 2019 are based on unaudited interim financial information.

3.1 Statement of compliance

These condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting comprises of:

International Accounting Standard 34- Interim Financial Reporting, issued by International Accounting Standards Board (IASB) as notified under the companies Act, 2017 and

Provisions of and directives issued under the Companies Act , 2017.

Where the provisions of and directive issued under the companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the companies Act, 2017 have been followed.

3.2 Basis of measurement

This condensed interim consolidated financial information has been prepared under the historical cost convention except for property, plant and equipment at revalued amounts and certain financial instruments at fair value/amortized cost. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

3.3 Judgements , estimates and assumptions

The preparation of interim financial statements requires managements to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believe to be reasonable under the

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimated are recognised in the period in which the estimated is revised and in any future periods affected.

3.4 Functional currency

This financial information is prepared in Pak Rupees which is the Group's functional currency.

4 CHANGES IN ACCOUNTING POLICIES

The Company has changed its accounting policy for investment in associates. The change has been applied retrospectively. The details of change are as follows:

Previous accounting policy	New accounting policy
Investments in associates are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated impairment losses, if any.	Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Group's interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligation or made payment on behalf of the associate.

5 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the company for the year ended December 31, 2019 except for the changes as referred above.

6 AUTHORIZED CAPITAL

September 30, 2020 (Numbers)	December 31, 2019 (Numbers)		Un-audited September 30, 2020 (Rupees in thousand)	Audited December 31, 2019 (Rupees in thousand)
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
62,500,000	62,500,000	Preference shares of Rs. 10 each:	625,000	625,000
37,500,000	37,500,000	Class A preference shares of Rs 10 each	375,000	375,000
100,000,000	100,000,000	Class B preference shares of Rs 10 each	1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

7 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

September 30, 2020 Number of shares	December 31, 2019 Number of shares		Note	Un-audited September 30, 2020 (Rupees in thousand)	Audited December 31, 2019 (Rupees in thousand)
372,751,051	372,751,051	Ordinary shares of Rs. 10 each fully paid		3,727,511	3,727,511
137,500	137,500	In cash		1,375	1,375
408,273	408,273	Other than cash:		4,083	4,083
6,040,820	6,040,820	-against machinery		60,408	60,408
118,343,841	118,343,841	-issued on acquisition of PEL Appliances Limited		1,183,439	1,183,439
497,681,485	497,681,485	-issued against conversion of preference shares		4,976,816	4,976,816
		-as bonus shares			
		Fully paid A class preference shares of Rs. 10 each			
44,957,592	44,957,592	In cash		449,576	449,576
542,639,077	542,639,077			5,426,392	5,426,392

8 REDEEMABLE CAPITAL

As at beginning of the period/ year	-	101,875
Issued during the period	-	-
Paid during the year	-	101,875
Current Maturity	-	-
As at end of the period/ year	<u>-</u>	<u>-</u>

9 LONG-TERM FINANCING - SECURED

As at beginning of the period	4,407,403	4,315,878
Obtained during the period	1,593,426	1,780,122
Paid / settled during the period	569,114	1,688,597
Current portion	1,816,624	2,245,249
	<u>3,615,091</u>	<u>2,162,154</u>

10 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	205,632	241,094
Current maturity	118,761	103,708
	<u>86,871</u>	<u>137,386</u>

11 SHORT TERM BORROWINGS

These facilities have been obtained from various banks under mark-up arrangements for working capital requirements. These facilities are secured against the pledge/hypothecation of raw material and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and other assets of the company.

12 CONTINGENCIES AND COMMITMENTS

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2019.

13 PROPERTY, PLANT AND EQUIPMENT

Operating assets	13.1	21,302,387	21,759,616
Capital work-in-progress		2,388,301	1,179,444
		<u>23,690,688</u>	<u>22,939,060</u>

13.1 Operating assets

Written down value at beginning of the period / year		21,759,616	18,778,795
Additions during the period / year	13.1.1	376,724	4,307,762
		<u>22,136,340</u>	<u>23,086,557</u>
Written down value of the assets disposed off / adjustments		10,349	352,287
Depreciation charged during the period / year		823,604	974,654
		<u>21,302,387</u>	<u>21,759,616</u>

13.1.1 Additions during the period / year

Building	-	2,513,713
Plant and machinery	289,466	1,686,398
Office equipment and furniture	11,537	13,984
Computer hardware and allied items	16,930	28,397
Vehicles	58,791	65,270
	<u>376,724</u>	<u>4,307,762</u>

14 LONG-TERM INVESTMENTS

These represent investments in ordinary shares of related parties

The details are as follows:

Pel Marketing Private Limited (wholly owned subsidry)
Nil (December 31, 2019: 10,000 shares) of Rs. 10 each

- 100

Kohinoor Power Company Limited
2,910,600 shares (December 31,2019 2,910,600 shares)
of Rs. 10 each- Relationship: Associate
Ownership interest 23.10 %

14.1

6,637

5,763

6,637

5,863

6,636

14.1 Investment in associate at cost - Quoted

Cost of investment

54,701

54,701

Share of post acquisition losses

(13,394)

(11,663)

41,307

43,038

Accumulated impairment

(34,670)

(37,275)

6,637

5,763

NINE MONTHS ENDED		Quarter ended	
September 30,	September 30,	September 30,	September 30,
2020	2019	2020	2019

------(Rupees in thousand)-----

15 REVENUE

Contract revenue

549,626

1,137,077

261,240

401,623

Sales - local

28,273,755

18,469,752

10,422,037

3,541,423

Sales - export

115,590

488,437

87,097

145,625

28,938,971

20,095,266

10,770,374

4,088,671

Sales Tax and discounts

7,311,084

3,287,184

2,612,685

1,030,254

21,627,887

16,808,082

8,157,689

3,058,417

16 COST OF SALES

Raw material,wages and FOH

16,057,808

14,382,792

5,476,301

1,955,430

Work-in-process

656,835

758,928

1,011,690

1,497,872

-at beginning of period

(1,008,649)

(1,351,801)

(1,008,649)

(1,351,801)

-at end of period

(351,814)

(592,873)

3,041

146,071

Cost of goods manufactured

15,705,994

13,789,919

5,479,342

2,101,501

Finished goods

1,871,490

417,843

1,825,321

641,624

-at beginning of period

(1,159,563)

(703,685)

(1,159,563)

(703,685)

-at end of period

711,927

(285,842)

665,758

(62,061)

16,417,921

13,504,077

6,145,100

2,039,440

Contract cost

447,505

954,235

210,878

337,042

Cost of sales

16,865,426

14,458,312

6,355,978

2,376,482

17 EARNINGS PER SHARE - BASIC AND DILUTED

	September 30, 2020	September 30, 2019
The calculation of basic and diluted profit per ordinary share is based on the following data:		
Profits for the period	(172,706)	301,258
Less: dividend payable on preference shares	32,032	32,032
Profit attributable to ordinary shares	<u>(204,738)</u>	<u>269,226</u>
Number of shares	(Number)	
Weighted average number of ordinary shares for the purpose of basic profit	497,681,485	497,681,485
Basic and diluted profit per share have been calculated through dividing profit as stated above by weighted average number of ordinary shares.		
Basic earnings per share (Rupees)	<u>(0.41)</u>	<u>0.54</u>

18 TRANSACTIONS WITH RELATED PARTIES

Related parties from the company's perspective comprise associated companies, post employment benefit plans and key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company.

Transactions with key management personnel are limited to payment of short term employee benefits only. The company in the normal course of business carries out various transactions with other related parties and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

Details of transactions and balances with related parties is as follows:

Relationship	Nature of transaction	Un-audited September 30, 2020 (Rupees in thousand)	Un-audited September 30, 2019
Provident Fund Trust	Contribution for the period	60,686	59,568
Subsidiary	Sales of goods and services	-	12,430,054
Associated company	Services acquired	38,891	26,753
Key Management Personnel	Short-term employee benefits	34,974	38,538
	Post employment benefits	1,367	1,200

18.1 All transactions with related parties have been carried out on commercial terms and conditions.

19 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on October 27, 2020

20 GENERAL

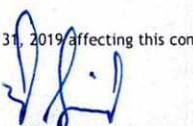
20.1 Figures have been rounded off to the nearest thousands.

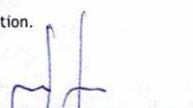
20.2 Comparative figures have been rearranged and reclassified, where necessary for the purpose of comparison. However there were no significant reclassification during the year.

21 OTHERS

There are no other significant activities since December 31, 2019 affecting this condensed interim financial information.


M. MURAD SAIGOL
Chief Executive Officer


M. ZEID YOUSUF SAIGOL
Director


SYED MANZAR HASSAN
Chief Financial Officer