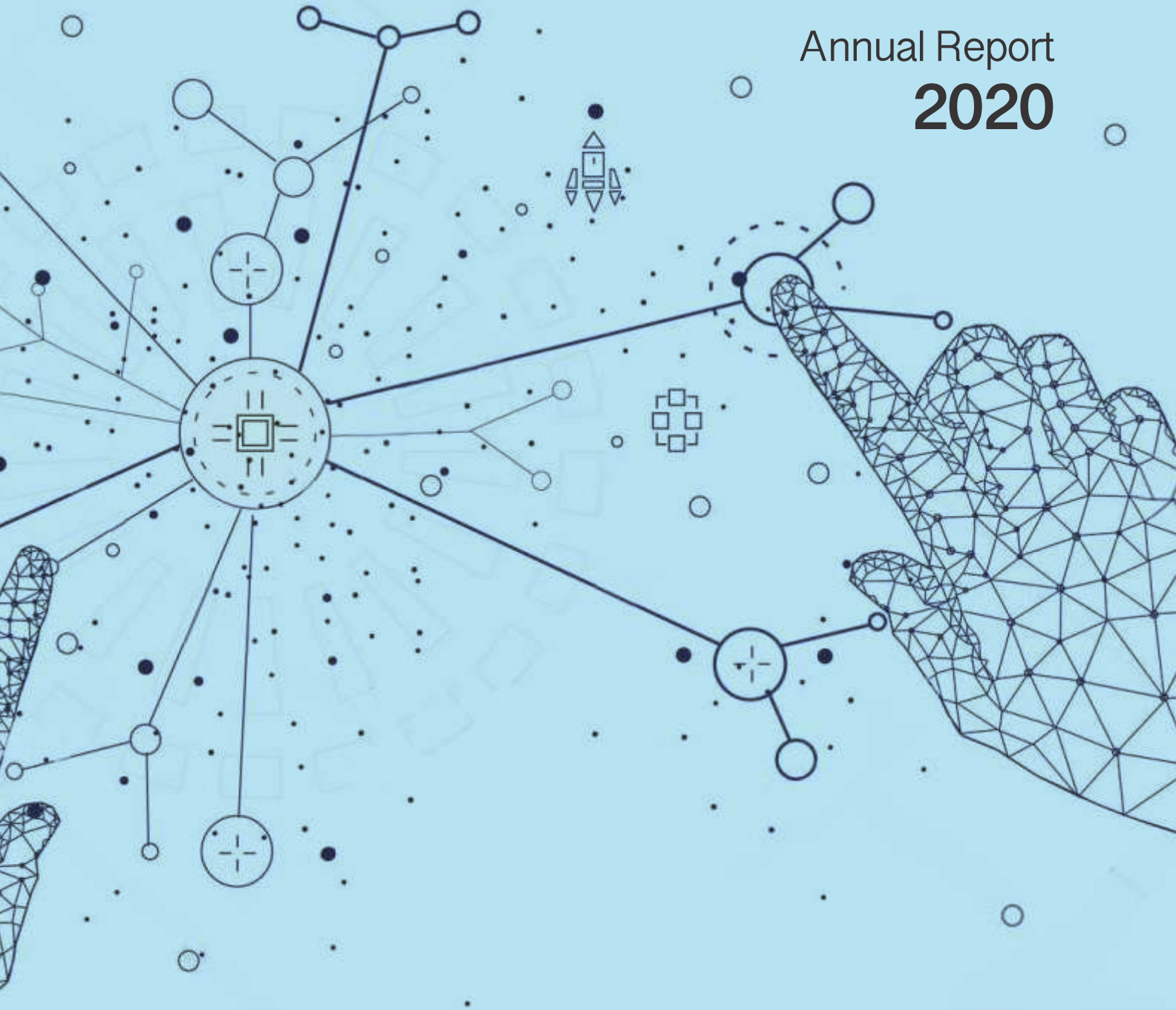


Setting New Benchmarks in Technological Advancement

Annual Report
2020



Pak Elektron Limited

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

A member of Russell Bedford International

Legal Advisor

M/s Hassan & Hassan Advocates

Shariah Advisor

Mufti Usama Ehsan

Safwa Shariah Advisory (Pvt.) Limited

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: 042-35920131

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. Ferozpur Road, Lahore
Tel: 042-35920151-9 (9 Lines)
Website: www.pel.com.pk

PEL Unit II

34-K.M. Ferozpur 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

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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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 65th Annual General Meeting of Shareholders of **Pak Elektron Limited** ("Company") will be held on Thursday April 29, 2021 at 11:00 A.M. at 06-Egerton Road, Opposite LDA Plaza, Lahore to transact the following business: -

1. To confirm the minutes of Annual General Meeting held on May 29, 2020.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2020 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

M. Omer Farooq
Company Secretary

Lahore: April 06, 2021

Notes:

1. Share Transfer Books of the Company will remain closed from April 26, 2021 to May 02, 2021 (both days inclusive). Physical transfers/CDS Transactions IDs received in order at Company registrar office M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore on or before April 25, 2021 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another Member as proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.
3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.



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4. Members are requested to notify the Company change in their addresses, if any.
5. Annual Audited Financial Statements of the Company for the Financial Year ended December 31, 2020 have been placed on the Company's website i.e. www.pel.com.pk.
6. **SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)**

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2018, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as for filers of Income Tax return 15% and Non-filers of Income Tax return 30%. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding Proportion No. Of Shares	Name & CNIC No.	Shareholding proportion No. Of Shares

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided, For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending

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CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 243(3) of the Companies Act, 2017 to withhold dispatch of dividend warrants of such shareholder. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The company as per the new law, shall apply 30% rate of withholding tax if the shareholders name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

7. Payment of Cash Dividend Electronically

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. The shareholders are requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our share's registrar (M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.) at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's broker/participant/CDC Investor account services.

8. Transmission of Annual Financial Statements through E-mail

The Securities and Exchange Commission of Pakistan vide SRO 787(I)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their written consent. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our share's registrar (M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.)

9. Transmission of Annual Financial Statements through CD/DVD/USB

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc to its members through CD/DVD/USB at their registered addresses. However, a shareholder may request to the Company Secretary at 17- Aziz Avenue, Canal Bank, Gulberg-V, Lahore to provide printed copy of Annual Financial Statements and the same will be provided at his/her registered address, free of cost, within one week of the demand.

10. ZAKAT DECLARATIONS (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, 1-K, Commercial Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.



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DIRECTOR'S REVIEW

On behalf of the Board of Directors, we are pleased to present the Directors' Report of Pak Elektron Limited along with the audited financial statements and auditors' report thereon for the year ended December 31, 2020.

FINANCIAL AND OPERATIONAL REVIEW

MACRO - ECONOMIC OVERVIEW

GLOBAL ECONOMIC OVERVIEW

The World has transformed substantially during 2020 owing to COVID-19 pandemic; which has not only paralyzed the continents by disrupting the supply chains but has also resulted in loss of human lives.

International Monetary Fund (IMF) downgraded the Global Gross Domestic Product (GDP) from negative 3.0% to negative 4.9% in 2020 as compared to a growth rate of 2.8% in 2019. Global economy has started to show signs of subdued recovery leading to a revised GDP projection of negative 3.5% by IMF.

The Global recovery would continue to remain fragile in the short-run owing to the uncertainty caused by the fresh wave of COVID-19. Similarly, commodity prices are recovering but as per the Bloomberg Composite Monthly Index, they are still below December 31, 2018 position.

DOMESTIC ECONOMIC OVERVIEW

The global economy is emerging from one of its deepest recessions and has started to demonstrate slow recovery after the crisis caused by COVID-19. Unlike other countries, Pakistan has shown great resilience and was fortunate enough to successfully elude severe effects of the pandemic. The domestic recovery has gradually gained momentum, in line with expectations for growth of slightly above 2% in FY21. On the inflation front, recent numbers have been on the higher side, due to increase in food prices. However, these supply-side pressures are likely to be temporary and average inflation is expected to fall below 8% for FY21. Revenue collection was recorded at Rs. 1.7 trillion during 5MFY21, slightly higher than the target set for the period.

The external position continued to strengthen as the country posted its first half-yearly current account (CA) surplus in more than five years. The cumulative surplus was recorded at USD 1.6





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billion in December 2020 against last year's deficit of USD 2.2 billion. Exports registered an impressive growth of 5% in 6M FY21 with highest ever monthly figure of USD 2.4 billion in December 2020. However, this was still not sufficient to match the surge in imports which resulted in widening of trade deficit by 6.4%. The turnaround in CA balance, however, was supported by an upturn in remittances, which reached an all-time high level of USD 14.2 billion. This was primarily due to supportive policy measures, travel restrictions and increased use of formal channels. The progress on the external front helped Pak Rupee to appreciate by 3.8% against USD, since September 2020. This reinforced external buffers as State Bank of Pakistan's (SBP) foreign exchange reserves rose to USD 13.4 billion, highest since February 2018. Moreover, to support the emerging recovery, SBP has maintained the policy rate at 7% since June 2020. The overall positive momentum reflected in improved valuations at Pakistan Stock Exchange which continued its upward trajectory, and the 100-index closed at 43,755 points.

Pakistan's agriculture sector is targeted to grow by 2.8%. Apart from the cotton crop which partially suffered due to heavy monsoon rains, the sector's performance during the Kharif season was broadly encouraging. Estimates of sugarcane and rice production indicate a noteworthy improvement from last year. The upward revision in support prices and subsidies on fertilizer are likely to aid recovery and result in enhanced farm income. Consequently, demand for consumer durables is expected to remain upbeat in rural areas.

INDUSTRY OVERVIEW

The Large-scale manufacturing (LSM), which constitutes 10.7% of the overall GDP, recorded growth of over 8.0% during 6M FY21 against last year's contraction of 6.0%. The uptick reflects a revival in economic activities across all sub-sectors especially automobile which posted massive growth of 19% in 6MFY2021. This recovery is being supported by stimulus provided by the Government and SBP's rounds of policy rate cuts together with other timely measures. However, on account of global supply chain disruptions owing to the second wave of COVID 19, raw material supply is becoming increasingly constrained and prices are on the rise putting pressure on profitability.

Despite of Challenging environment Home Appliances showing resilience maintained its business volumes. With the expected overall economic revival, Industry will expand to meet growing demand as a result of increasing product penetration level. On the other hand, robust demand of power division products is expected as a result of T&D infrastructure augmentation initiatives taken by the Government. Further, with the revival of local Industry there will be an incremental demand of power division products.





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THE COMPANY

The year 2020 will be remembered in history for many decades as the world was hit by COVID-19 pandemic globally. We all witnessed strict measures of lockdowns, social distancing and online working models which hit many economies in many ways to mend their working methods. Pakistan not being any different, was forced into complete shutdown in March 2020 and all businesses were forced into a closure. However, in few weeks the government announced opening of essential manufacturing units with strict SOPs and manufacturing of transformers also qualified under the umbrella of critical products. Moreover, in later half of 2020, there was growth in some industrial sectors and major housing projects decided to proceed with their expansion plans. This all has helped PEL to perform reasonably in 2020 despite facing HUGE global challenges.

Company's wholly 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 financial statements for the year ended December 31, 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 year ended on December 31, 2019.

During the year 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 (PMMFA) 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.

BUSINESS PERFORMANCE REVIEW

During the Year Company revenues registered at Rs. 37,988 Million and Gross Profit stands at Rs.6,402 Million. While Company attained profit amounting Rupees 224 million against Rupees 179 Million of preceding year. Earnings per share for the year is Rupees 0.36 against Rupees





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0.27 of last year. There is a reduction in sales of Appliance Division on account of operational lock down and overall COVID-19 related economic shades by 9.71% as compared to corresponding period. 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 @ 31.17%, from last year due to early resumption of operations after lock down and timely ordering from WAPDA Distribution Companies. Our post lock down operations showed promising recovery of overall business suffered in lock down period.

Summary of operating results is presented below:

Rupees in Million

	2020	2019	Increase / (Decrease)	Percentage
Gross revenue	37,988	27,696	10,292	37.16
Gross profit	6,402	3,329	3,073	92.31
Operating profit	2,557	1,754	803	45.78
Finance cost	2,187	1,540	647	42.01
Profit before tax	356	211	145	68.72
Profit after tax	224	179	45	25.14
Earnings per share – Rupees	0.36	0.27		

PRODUCT WISE OPERATING PERFORMANCE

Refrigerator

Refrigerator, being a prime product of the Company, contributed 60% of the appliance division's revenues and 40% towards overall revenues during the year 2020. There was a considerable decline in disposable incomes during the year; so, Refrigerator revenues are down by 6.86%. Product cost increase due to massive local currency depreciation and energy price hike could not be passed on to customers in full due to overall economic vulnerabilities.





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During the year under review, Company launched energy efficient wide body Refrigerator “Jumbo Freezer” series, with biggest 150 liters capacity freezer, extended space, improved esthetics and cost-effective product design. Company also launched New Stabilizer Free “Turbo LVS” with low start up at 125V and keep running at 95V. Company’s refrigerators being energy efficient with improved aesthetics, lowest start-up voltages, turbo cooling and freshness LEDs are preferred consumer choice. Company’s ongoing R&D process is on way to develop energy efficient and quality products. The multi door and side-by-side refrigerators are also introduced in the market which fetched a very promising response from the customers. Parallel to product development initiatives, continuous marketing campaigns and tireless sales activities lead to maintain the market share.

Despite of COVID 19 miseries, company product showed a promising market presence. With the continued market stabilization as a result of expected economic revival and smooth IMF program, improvement in disposable income of middle class is expected and demand of refrigerators will be again on its growth trajectory. Further your company is well positioned to bridge a wide product penetration gap especially in rural areas.

Air conditioner (AC)

Split ACs Business showed resilience despite of unprecedented COVID 19 miseries. Company’s 1.5 Ton Split ACs with bigger 1137 mm indoor unit with improved features of long air panels making the environment pleasant even at 52°C and low voltage startup on 140V even at 43°C. Company’s energy efficient with improved esthetics Air Conditioners of Basic Series “ACE, APEX, Arctic”, FIT Series “Fit White, Fit Black, Fit Chrome” and Full Series “Jumbo DC, Turbo DC” always remained consumers preferred choice. Product development is fueled by the concept of energy efficient and 4-star rating inverter technologies to meet the customer satisfaction and market competition.

During the period the company entered into strategic alliance with Panasonic Marketing Middle East & Africa (PMMAF) and launched “Panasonic ACs” manufactured at PEL production line. The ACs with outclass cooling performance received exceptionally warm welcome and a robust demand is expected in future.

ACs lower penetration level indicates its future growth potential and your company is quite confident to expand its market presence. As present COVID 19 crises settle, a robust product demand is expected and your company is well equipped to grasp the opportunity. Emerging Middle-Class and growing urbanization are potential market growth drivers. Company’s





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country wide highly responsive after sales services network is also playing a vital role to win "Consumer Confidence".

Deep Freezer

Deep Freezer remained challenging due to present COVID19 oriented economic slowdown. Decline in disposable incomes and economic down turn, lead to an overall rescinded demand both at institutional and general consumer levels. Company customized products are highly competitive due to use of "O Zone Friendly Refrigerants" as per UN Montreal Protocol and are reliable choice for MNCs in the corporate sector. Company customized product satisfies the demand of Ice cream and beverage companies; and has earned strong brand equity. New energy efficient "InverterON" series with improved aesthetics start ability of 100V, compatible to run on UPS and "Crystal Series" with elegant glass door designs, received a warm market response. PEL Deep Freezers has become the preferred choice of corporate Institutions like Coca Cola Pakistan, Unilever, Friesland Campina Engro Pakistan Limited (Engro Foods), Lotte Akhtar Beverages (Pepsi), Sukkur beverages (Pepsi) Pakistan Fruit Juice company and Pakistan Dairies (Igloo) who are the major customers of PEL's deep freezers.

Your company is capitalizing on stronger relations and technical expertise. Our After-Sale Department has signed service agreements with Lotte Akhtar Beverages (PEPSI) and Friesland Campina Pakistan Limited (Engro Foods) for repair services of Deep Freezers, Visi Coolers and Chest Coolers in different parts of Pakistan. Company is in negotiation with Punjab Beverages (PEPSI) and Fauji Foods Limited "NURPUR" for maintenance services of Deep Freezers, Visi Coolers, Chest Coolers and Chillers in different parts of Pakistan.

Company has also entered into Deep Freezer parts supply agreements and supplying parts to Unilever, Haidri Beverages (PEPSI), Sukkur Beverages (PEPSI) and Lotte Akhtar Beverages (PEPSI).

Company business fundamentals are intact and is well equipped to grasp an opportunity as a result of expected near future economic stabilization. A continuous R&D process is on way to make the product energy efficient, durable and with improved esthetics.

Microwave Oven

During the year Microwave Oven registered a revenue growth @ 37.71% over preceding year despite COVID19 and related economic slowdown. Company microwave ovens with improved





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product features offer a unique cooking experience. Inspired by user's need, both solo and grill models have been launched. PEL microwave ovens are equipped with manual as well as digital interface depending on customers' needs. During the year, four new models in "Classic Plus Series", "Sliver line Series" and "Glamour Series introduced well received by market. These products are well-designed and recommended for space- saving, they also offer customized cooking experience.

Water Dispenser

To meet consistent market demand, Company launched locally manufactured Water Dispensers in 2017. Warm market reception and growing market demand is quite encouraging as this business segment showed resilience despite of overall challenging environment. We are quite confident as current is slow down settles, again immense demand of water dispensers will arise. The continuous research and development activities are on the way to improve product quality & esthetics. During the year company has launched esthetically improved "Curved Glass Doors "series in various colors and a new basic model PWD 115 Pearl with hot and cold water along with a storage cabinet.

LED Television

During the year under review, revenues of this business sharply declined by 43.45% due to lower production of panels due to COVID 19. Panel manufacturers could not feed demand levels at a large globally. Due to shortage of panels lead time of kit prolonged from 60 days to 150 days resulting reduction in our production and sales volumes, despite growing market demand. Company targeting enhanced local value addition by setting up LED TVs panel assembly line during the period under review.

Business fundamentals of LED Business are intact and its revenues level will reverse as overall business environment moves to its normal. Company with its strong commitment will continue its ongoing R&D in place to introduce quality product with latest features to maintain its market presence and share.

Washing Machine

Washing Machines after its launch, since its commercial production in July 2019, is well received in the market. Despite of prevailing economic slow due to COVID 19, Washing Machine business attained a multiple growth 336.8% year on year growth. Product quality and attractive designs are behind this growth.





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After successful launch of Semi-Automatic & Fully Automatic Machines, this year Company added 'TWIN Tub' Washing Machines by maintaining good quality and performance. As a first move, Company has introduced Smart Touch Washing Machine Fully Automatic variant which comprises of a capacitive Panel.

Low product penetration and rapid urbanization are growth drivers. As current prevailing slow down settles, there is a great growth potential in Washing Machine Business.

Distribution Transformer (DTR)

Distribution Transformer is among company premier products and company is engaged in its manufacturing and sales since its inception in year 1958. In order to attain global quality standards, company set up a state-of-the-art Distribution Transformer manufacturing and testing facility in year 2009. During year under review product revenues remained static despite of slow ordering from WAPDA distribution companies and lower demand from Industrial sector as a result of overall economic slowdown.

The overall performance of 2020 has been satisfactory notwithstanding such a challenging year and sales of distribution transformer was even marginally better than 2019. In addition to a better performance in DISCOs, PEL also managed to secure big orders from leading housing societies like DHA Bahawalpur, Multan and Lahore which will partially carry over to 2021.

Overall, the power sector in Pakistan remains bullish with a growing futuristic outlook. All of the major distribution companies have plans to augment their distribution networks, which is expected to result in business growth in this segment for year 2021. As the country is slowly but steadily progressing out of the slowdown caused by COVID-19, a robust demand of Distribution Transformers is expected and your Company is very well equipped to take this opportunity. Also, the revival of local Industrial Sector (Especially textile, construction, IT etc.) has created an incremental demand from private sector. Further, we are confident that we will gain our due share of distribution transformers in present government's initiative of Five Million houses of "Naya Pakistan Housing Authority Project".

PEL transformer manufacturing facility continues to be the flagship of the Company by maintaining its image of being the best state-of-the-art manufacturing set up in the region. With the highest quality human resource, manufacturing and design infrastructure your Company is committed to not only maintain, but enhance its brand image in local as well as global markets.





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Power Transformer (PTR)

Company started Power Transformer Business in year 2004, in technical Collaboration with GANZ Hungry. Power Transformer is always considered a high value asset in any electrical network. There are limited Power Transformer suppliers in Pakistan. Living up to its reputation as being the market leader, Company decided to enhance its Power Transformer manufacturing facility under company's flagship premises at 34 KM Ferozepur Road Lahore. In the face of continuous hurdles and challenges during COVID, PEL team was able to successfully install all the newly acquired equipment and the new manufacturing plant was fully operational in July 2020, which is a monumental success indeed.

The tremendous growth phenomenon of power transformers continued in 2020 and this year again after 2019, there was a revenue growth of 166%. Moreover, company undertook renewal of its 20/26MVA power transformer model and also managed short circuit testing from STL Lab (VEIKI-VNL Lab Hungary). This has again been a big ask in COVID hit 2020 and despite the extreme travel restrictions, Power Transformer team has taken the challenge and the process of short circuit testing is likely to complete in first quarter of 2021. After being completely self-sufficient in manufacturing and acquiring all these qualifications, power transformers are expected to bring profitable returns in future.

In recent years, Pakistan has developed required power generation capacity and the next priority is to make the same available to end consumers for which augmentation of T&D infrastructure is required. And demand of Power Transformers, being high value item in grid stations, will increase. We are confident that your company being key player in this segment will gain its due business share from WAPDA Distribution Companies. With the revival of local industry an additional demand of Power Transformer is also expected. Housing Sector Growth backed by rapid urbanization and population pressure will also increase demand of Power Transformers.

Our focus will remain on continuous research and development which will enable us to not only cater for the local demands but also explore new markets outside Pakistan.

Switch Gears (SG)

Company is among the Pioneers of Switch Gear Industry in Pakistan and is engaged in Switch Gear business since its inception in 1958. PEL is one of the leading manufacturers of Pakistan. Despite overall economic slow due to COVID 19 break out, switch gear business revenues





PAK ELEKTRON LIMITED

Head Office: : 14-Km, Ferozepur Road, Lahore-54760 Pakistan
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reflected growth @ 50.81% during the year under review, as a result of favorable timing of ordering from WAPDA distribution companies and its timely execution.

Ongoing R&D process in this segment leads to cost effective and consumer customized products. During the period under review K-Electric demand specific cost effective 500 KVA pad mounted unit with Arc Stranger Switches developed to meet Karachi Market Demand. Company also managed to develop customized VCBs from LS Electric Korea for National Transmission & Dispatch Company (NTDC) and got it tested from world renowned lab "KERI" of Korea. The type testing of VCBs also successfully completed in the light of NTDC specifications and relevant International IEC standards. At the face of COVID 19 breakout, such a critical "On Line" testing successfully completed by dedicated efforts of our PEL Switch Gear team.

We are confident that as current slowdown ends robust demand of Switch Gear items will arise as a result of smooth ordering from WAPDA Discos and industrial sector as well and your company is well positioned to obtain its due market share. The overall private business of housing schemes and upcoming projects of industrial estates seem very promising in next following years.

Energy Meters

Despite of pervading slowdown Energy Meter Business posted a 18.33% revenue growth over previous year due to timely execution of ordering from WAPDA Distribution companies. Your company has developed Three Phase AMR enabled GSM/GPRS Electronic Meter, which is in the process of approval from PEPCO. Company has also developed LT/HT type multifunction dual meter for medium & high voltage applications to be used in LV&HV Switchgears and also been offered to PEPCO for approval. New designs are updated with the latest solid-state electronics with a focus to improve quality as well to enhance the production capability.

PEPCO is seriously pursuing for implementation of AMR / AMI (Advanced Metering Infrastructure) in Pakistan to ensure precise and efficient collection of metering revenue from its customer. Moreover, by adapting these latest technologies power utilities also expect to minimize theft. PEL Energy Meter is especially focusing on this area. To comply with market requirements, company has developed DMLS compliant three phase electronic meter directly connected with GSM/GPRS module and get it approved from DLMS (Device Language Message) Organization – an international forum issuing certifications to meter manufactures worldwide





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to ensure interoperability of Smart Metering /AMI Systems and has received DLMS certification. Company is member of DLMS Organization.

Alternative/ Clean Energy is the voice of day to neutralize atmosphere pollution and alternate energy resources growth is highly expected both at domestic & industrial levels. To record the energy flow from alternate source & by the main system of WAPDA, PEL has launched its self-designed NET METERING unit after PEPCO approval.

Construction of Five Million Houses by "Naya Pakistan Housing Authority" is another opportunity window for Energy Meter Business and Your Company is well positioned to take its due market share.

EPC Contracting

PEL- EPC Department takes up turnkey contracts involving Engineering, Procurement and Construction (EPC) for building power infrastructure projects comprising electrical networks/electrification and grid stations up to 220 KV level.

EPC Business reflected a declining trend @ 43.88 % and registered revenue of Rupees 817 million against 1.451 million of previous year. The decline in EPC business is based on the envisaged reduced business plan of Company during the year. Company redefined its business plan due to certain shifts in business dimensions requiring long working capital days and low margins in recent economic scenario. Company made a deliberate effort to reduce its business size to control working capital deployment.

EPC Business still holds a great potential due to development of proposed SEZs under CPEC arrangements and your company is well prepared to grasp arising future opportunities in this sector.

Forward Looking Statement

Pakistan's economy has started CY21 with a positive outlook reflected by decent growth prospects and improved business sentiments. The actual performance, however, hinges upon a number of factors. These include intensity & duration of the second wave of COVID 19 and the extent of recovery in the world economy following the widespread use of vaccines. On the external front, the current account deficit is expected to remain within 2% of GDP. A gradual revival of exports and upward trend in remittances on account of steps taken by the SBP will keep supporting external account. This, together with expected private and official flows,





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should continue to keep Pakistan's external position stable in FY21. On the other hand, once IMF program restarts, austerity measures may limit Government's ability to expand fiscal support and spending. The above situation calls for development of time-sensitive plans and formulation of an effective mechanism to support the domestic recovery. As the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery which will provide stimulus to Home Appliances and Power Division Products as well due to revival of local industry and growth in agriculture sector.

Government industrialization efforts through wide spread Special Economic Zones with same incentives as CPEC SEZs will lead massive estate development, construction and installation activity. This will raise an incremental demand of electrical equipment, products of Company's power division. China Pak Economic Corridor (CPEC) has emerged with tangible existence on the canvas. Most of the developments of road infrastructure are completed are near to completion, while modalities of railway line project ML-I are under discussion. These all developments will promote local industry and Foreign Direct Investment (FDI). Six Special Economic Zones -SEZ have been notified out of 46 SEZs proposed under CPEC arrangements and infrastructure development is almost complete.

Acknowledgement

We would like to thank our Board of Directors for continuous support and guidance. We are also thankful to our team for their dedicated efforts to make the company operationally sustainable through this challenging era.

We are confident with continued team efforts that we will meet expectation of all stake holders i.e., Shareholders, Creditors and Customers.

M. Murad Saigol
Chief Executive Officer
Lahore
April 05, 2020



**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

Name of company: **PAK ELEKTRON LIMITED**

Year ending: **DECEMBER 31, 2020**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are Nine as per the following,

- a) Male: **Eight**
- b) Female: **One**

2. The composition of the Board is as follows:

Category	Names
Independent Director	Mr. Asad Ullah Khawaja
	Mr. Muhammad Kamran Saleem
Non-Executive Directors	Mr. M. Naseem Saigol
	Syed Haroon Rashid
	Mr. Usman Shahid
Executive Directors	Mr. Muhammad Murad Saigol
	Mr. Muhammad Zeid Yousuf Saigol
	Syed Manzar Hassan
Female directors	Ms. Azra Shoaib

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

4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. The Board has arranged Directors Training Orientation Program for following Directors;

- a) Mr. Muhammad Murad Saigol
- b) Mr. Muhammad Zeid Yousuf Saigol
- c) Syed Manzar Hassan
- d) Syed Haroon Rashid

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.
 - a) Audit Committee:**
 1. Mr. Asad Ullah Khawaja
 2. Syed Haroon Rashid
 3. Mr. Usman Shahid
 4. Syed Manzar Hassan
 - b) HR and Remuneration Committee:**
 1. Mr. Asad Ullah Khawaja
 2. Mr. Usman Shahid
 3. Syed Manzar Hassan
 4. Syed Haroon Rashid
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,
 - a) Audit Committee:**
 1. March 27, 2020
 2. April 30, 2020
 3. August 17, 2020
 4. October 27, 2020
 - b) HR and Remuneration Committee:**
 1. March 27, 2020
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with; and
19. We confirm that there is no non-compliance with requirements of CCGR 2019.



(M. Naseem Saigol)
Chairman

INDEPENDENT AUDITOR'S REPORT

To the members of PAK ELEKTRON LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **PAK ELEKTRON LIMITED** ['the Company'], which comprise the statement of financial position as at **December 31, 2020**, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ['ISAs'] as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan ['the Code'] and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the matter
<p>1. COVID-19</p> <p>In March 2020 the global pandemic from the outbreak of Covid-19 became significant and caused a widespread disruption to normal patterns of business activity across the world, including Pakistan.</p> <p>Covid-19 has had a significant impact on the Company both operationally and financially. The Company faced volumetric reduction in sales of Appliances Division on account of operational lock down and overall COVID-19 related economic shades.</p>	<p>We assessed management's assessment of the impact of Covid-19. We considered:</p> <ul style="list-style-type: none"> • The timing of the development of the outbreak across the world and in Pakistan; and • How the financial statements and business operations of the Company might be impacted by the disruption. <p>In forming our conclusions over going concern, we evaluated whether management's going concern assessment considered impacts arising from Covid-19.</p>

Key audit matter

As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the Company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements.

Due to significance of the matter, the same has been identified as a Key Audit Matter.

How our audit addressed the matter

Our procedures in respect of going concern included:

- We made enquiries of management to understand the potential impact of COVID-19 on the Company's financial performance, business operations and financial position;
- We reviewed management's going concern assessment to ensure the impacts of COVID-19 have been appropriately reflected; and

We also assessed the adequacy of disclosures related to Covid-19 included in the Financial Statements.

2. Inventory valuation

Stock in trade amounts to Rs 9,510 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade.

The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices.

The significance of the balance coupled with the judgment involved has resulted in the valuation of inventories being identified as a key audit matter

The disclosures in relation to inventories are included in note 28.

To address the valuation of stock in trade, we assessed historical costs recorded in the inventory valuation; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to inventories.

We also assessed management's determination of the net realizable value of inventories by performing tests on the sales prices secured by the Company for similar or comparable items of inventories.

Information other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of user taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **ZUBAIR IRFAN MALIK**.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore: *APRIL 05, 2021*

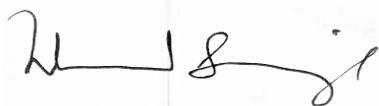


PAK ELEKTRON LIMITED


STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>	8	6,000,000	6,000,000
Issued share capital	9	5,426,392	5,426,392
Share premium	10	4,279,947	4,279,947
Revaluation reserve	11	5,723,151	6,023,632
Retained earnings		16,285,232	7,277,582
TOTAL EQUITY		31,714,722	23,007,553
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	12	5,627,441	2,162,154
Lease liabilities	13	155,148	137,386
Warranty obligations	14	142,273	120,010
Deferred taxation	15	2,338,798	2,484,471
Deferred income	16	50,027	34,942
		8,313,687	4,938,963
CURRENT LIABILITIES			
Trade and other payables	17	1,543,791	1,074,549
Unclaimed dividend		14,456	15,052
Accrued interest/markup/profit		372,446	488,912
Short term borrowings	18	10,605,608	10,955,490
Current maturity of non-current liabilities	19	2,228,633	2,348,957
		14,764,934	14,882,960
TOTAL LIABILITIES		23,078,621	19,821,923
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		54,793,343	42,829,476

The annexed notes from 1 to 61 form an integral part of these financial statements.



M. MURAD SAIGOL
Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
Chief Financial Officer

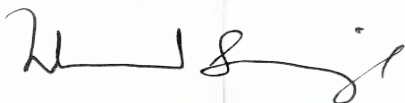
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PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	21	24,119,420	22,939,060
Intangible assets	22	297,730	306,332
Long term investments	23	10,653	5,863
Long term deposits	24	463,652	360,180
Long term advances	25	615,576	-
		25,507,031	23,611,435
CURRENT ASSETS			
Stores, spares and loose tools	26	862,124	848,347
Stock in trade	27	9,499,264	7,789,297
Trade debts	28	10,436,154	2,490,298
Construction work in progress	29	1,066,852	1,697,509
Short term advances	30	2,637,536	1,094,157
Short term deposits and prepayments	31	1,114,164	1,891,598
Other receivables		366,789	401,854
Short term investments	32	31,881	21,596
Advance income tax/Income tax refundable	33	2,719,270	2,603,652
Cash and bank balances	34	552,278	379,733
		29,286,312	19,218,041
TOTAL ASSETS		54,793,343	42,829,476

The annexed notes from 1 to 61 form an integral part of these financial statements.



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Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
Chief Financial Officer

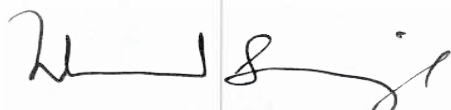
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PAK ELEKTRON LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Revenue from contracts with customers	35	37,988,168	27,696,469
Sales tax, excise duty and discounts	35	(9,189,150)	(5,346,720)
Net revenue		28,799,018	22,349,749
Cost of sales	36	(22,397,517)	(19,021,046)
Gross profit		6,401,501	3,328,703
Other income	37	36,099	33,887
Distribution cost	38	(2,346,473)	(953,701)
Administrative and general expenses	39	(1,457,070)	(586,410)
Other expenses	40	(51,283)	(43,205)
		(3,854,826)	(1,583,316)
Impairment allowance for expected credit losses	28.2	(26,273)	(25,234)
Operating profit		2,556,501	1,754,040
Finance cost	41	(2,198,358)	(1,539,898)
		358,143	214,142
Share of loss of associate	23.2.1	(2,203)	(2,806)
Profit before taxation		355,940	211,336
Taxation	42	(132,091)	(33,494)
Profit after taxation		223,849	177,842
Earnings per share - basic and diluted (Rupees)	43	0.36	0.27

The annexed notes from 1 to 61 form an integral part of these financial statements.



M. MURAD SAIGOL
Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
Chief Financial Officer

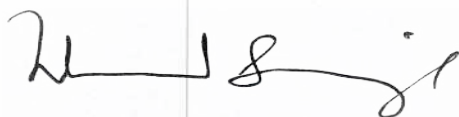
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PAK ELEKTRON LIMITED

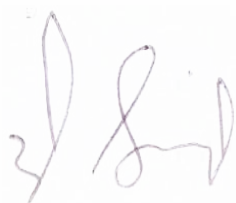
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
PROFIT AFTER TAXATION		223,849	177,842
OTHER COMPREHENSIVE INCOME			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation surplus recognized during the year	11	-	-
Deferred tax on revaluation surplus			
- recognised during the year	11	-	-
- attributable to change in proportion of income taxable under Final tax regime	11	(44,132)	(26,753)
		(44,132)	(26,753)
OTHER COMPREHENSIVE LOSS - NET OF TAX		(44,132)	(26,753)
TOTAL COMPREHENSIVE INCOME		179,717	151,089

The annexed notes from 1 to 61 form an integral part of these financial statements.



M. MURAD SAIGOL
Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
Chief Financial Officer

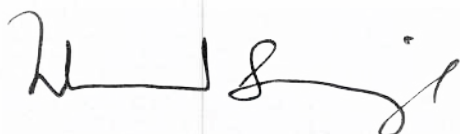
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PAK ELEKTRON LIMITED

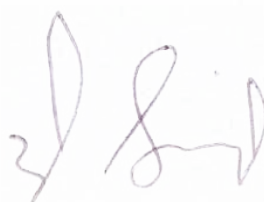
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Share capital	Capital reserves		Revenue reserves	Total equity
		Issued share capital Rupees '000	Share premium Rupees '000	Revaluation reserve Rupees '000	Retained earnings Rupees '000	
As at 01 January 2019		5,426,392	4,279,947	6,579,049	6,884,031	23,169,419
Impact of initial application of IFRS 15		-	-	-	(312,955)	(312,955)
As at 01 January 2019 - adjusted		5,426,392	4,279,947	6,579,049	6,571,076	22,856,464
Comprehensive income						
Profit after taxation		-	-	-	177,842	177,842
Other comprehensive loss		-	-	(26,753)	-	(26,753)
Total comprehensive income		-	-	(26,753)	177,842	151,089
Incremental depreciation	11	-	-	(528,664)	528,664	-
Transaction with owners		-	-	-	-	-
As at 31 December 2019		5,426,392	4,279,947	6,023,632	7,277,582	23,007,553
As at 01 January 2020		5,426,392	4,279,947	6,023,632	7,277,582	23,007,553
Comprehensive income						
Profit after taxation		-	-	-	223,849	223,849
Other comprehensive loss		-	-	(44,132)	-	(44,132)
Total comprehensive income		-	-	(44,132)	223,849	179,717
Revaluation surplus realised on disposal	11	-	-	(1,385)	1,385	-
Incremental depreciation	11	-	-	(254,964)	254,964	-
Transaction with owners		-	-	-	-	-
Acquired in amalgamation	2	-	-	-	8,527,452	8,527,452
As at 31 December 2020		5,426,392	4,279,947	5,723,151	16,285,232	31,714,722

The annexed notes from 1 to 61 form an integral part of these financial statements.



M. MURAD SAIGOL
Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
Chief Financial Officer

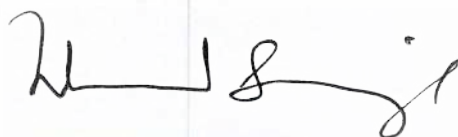
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PAK ELEKTRON LIMITED

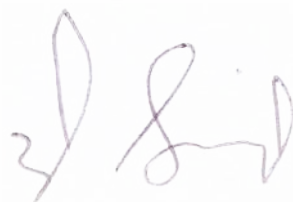
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	44	3,178,200	5,245,651
Payments for:			
Interest/markup - <i>Interest based arrangements</i>		(1,693,518)	(1,004,269)
Profit - <i>Shariah compliant arrangements</i>		(442,947)	(279,033)
Income tax		(575,481)	(229,294)
Net cash generated from operating activities		466,254	3,733,055
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,088,736)	(2,069,197)
Purchase of intangible assets		-	(3,802)
Proceeds from disposal of property, plant and equipment		32,556	168,001
Long term deposits		(103,472)	5,777
Long term advances		(1,070,400)	-
Net cash used in investing activities		(3,230,052)	(1,899,221)
CASH FLOW FROM FINANCING ACTIVITIES			
Redemption of redeemable capital		-	(101,875)
Long term finances obtained		5,314,552	1,780,122
Repayment of long term finances		(2,015,334)	(1,688,597)
Proceeds from sale and lease back activities		-	187,180
Repayment of lease liabilities		(168,754)	(96,885)
Net decrease in short term borrowings		(349,882)	(1,888,358)
Dividend paid		(596)	(3,598)
Net cash generated from/(used in) financing activities		2,779,986	(1,812,011)
NET INCREASE IN CASH AND CASH EQUIVALENTS		16,188	21,823
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		379,733	357,910
CASH AND CASH EQUIVALENTS ACQUIRED IN AMALGAMATION		156,357	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		552,278	379,733

The annexed notes from 1 to 61 form an integral part of these financial statements.



M. MURAD SAIGOL
Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
Chief Financial Officer

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ['the Company'] is a Public Limited Company incorporated in Pakistan under the repealed Companies Act, 1913. Registered office of the Company is situated in the province of Punjab at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The manufacturing facilities of the Company are located at 34 K.M., Ferozpur Road, Keath Village, Lahore and 14 K.M., Ferozpur Road, Lahore. The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of electrical capital goods and domestic appliances.

The Company is currently organized into the following operating divisions:

- (i) **Power Division:** Manufacturing and sale of Transformers, Switchgears, Energy Meters and Engineering, Procurement and Construction ['EPC'] contracting.
- (ii) **Appliances Division:** Manufacturing, assembling and distribution/sale of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, LED Televisions, Washing Machines, Water Dispensers and other domestic appliances.

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

During the year, 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 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020. The amounts reported in the statement of financial position as at 31 December 2020, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the related notes are those of the amalgamated entity and thus are not comparable with the corresponding amounts reported for prior periods presented in these financial statements.

Net assets of PMPL acquired by the Company on amalgamation are as follows:

	<i>Rupees '000</i>
ASSETS	
Long term advances	1,205,705
Stock in trade	4,463
Trade debts	6,818,256
Short term advances	551,495
Cash and bank balances	156,357
	8,736,276
LIABILITIES	
Warranty obligations	70,757
Income tax payable	137,967
	208,724
NET ASSETS	8,527,552
ISSUED SHARE CAPITAL CANCELLED AGAINST INVESTMENT	(100)
TRANSFERRED TO RETAINED EARNINGS	8,527,452

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards ['IFAS'] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis as at the reporting date.

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Investment in associate	Equity method
Land, building, plant and machinery	Revalued amounts
Warranty obligations	Present value

3.3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, 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 judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

3.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

(a) Business model assessment (see note 7.24.1)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

(b) Satisfaction of performance obligations in construction contracts (see note 7.16.1)

The Company has determined that for construction contracts the customer controls all of the work in progress. This is because these contracts are customer specific and the Company is entitled to reimbursement of costs incurred to date, including a reasonable margin, if applicable, in case the contract is terminated by the customer.

(c) Significant increase in credit risk (see note 49.1.1)

As explained in note 49.1.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

3.3.2 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(a) **Calculation of impairment allowance for expected credit losses on financial assets (see note 7.24.1)**

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 1,107.5 million (2019: Rs. 310.28 million)

(b) **Revaluation of property, plant and equipment (see note 7.1.1)**

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values.

(c) **Warranty provisions (see note 7.14)**

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the Company's best estimate of the expenditure required to settle the obligation. A 10% increase (decrease) in the Company's estimate of expenditure required to settle warranty obligations would have increased (decreased) the provision for warranty obligations by Rs. 35.5 million (2019: Rs. 23.7 million).

3.4 Functional currency

These financial statements have been presented in Pak Rupees which is the Company's functional currency. The amounts reported in these financial statements have been rounded to the nearest thousand Rupees unless specified otherwise.

3.5 Date of authorization for issue

These financial statements were authorized for issue on April 05, 2021 by the Board of Directors of the Company.

4 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS EFFECTIVE DURING THE YEAR.

The following new and revised standards, interpretations and amendments are effective in the current year but are either not relevant to the Company or their application does not have any material impact on the financial statements of the Company other than presentation and disclosures, except as stated otherwise.

4.1 Amendments to References to the Conceptual Framework in IFRS Standards

Together with the revised Conceptual Framework published in March 2018, the IASB also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32. Not all amendments, however update those pronouncements with regard to references to and quotes from the framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the framework they are referencing to (the IASB framework adopted by the IASB in 2001, the IASB framework of 2010, or the new revised framework of 2018) or to indicate that definitions in the standard have not been updated with the new definitions developed in the revised Conceptual Framework.

4.2 Definition of a Business (Amendments to IFRS 3 - Business Combinations)

The amendments in Definition of a Business (Amendments to IFRS 3) are changes to Appendix A Defined terms, the application guidance, and the illustrative examples of IFRS 3 only. They:

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

4.3 Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

4.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

4.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

5 NEW AND REVISED STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE.

The following standards, interpretations and amendments are in issue which are not effective as at the reporting date and have not been early adopted by the Company.

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018-2020.	January 01, 2022
Amendments to IFRS 17	January 01, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 -	January 01, 2021
Other than afore mentioned standards, interpretations and amendments, IABS has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:	
IFRS 1 - First Time Adoption of International Financial Reporting Standards	
IFRS 14 - Regulatory Deferral Accounts	
IFRS 17 - Insurance contracts (2017)	

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

6 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, An investment in an associate is recognized initially in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

The amount of adjustment to for each financial statement line item affected in the statement of profit or loss is as follows:

	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Increase in other income	2,203	1,584
Decrease in other expenses	-	1,222
Share of loss of associate	(2,203)	(2,806)
Net impact on profit or loss	-	-

There is no impact on basic/diluted earnings per share. Further, there is no impact on the amounts reported in statement of financial position. Accordingly a third statement of financial position as at the beginning of preceeding period has not been presented.

7 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except of the change referred to in note 6.

7.1 Property, plant and equipment

7.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of land, building and plant and machinery. Land, building and plant and machinery are measured at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

When significant parts of an item of operating fixed assets have different useful lives, they are recognized as separate items.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Company recognizes depreciation in profit or loss by applying reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method, over the useful life of each operating fixed asset using rates specified in note 21 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of property, plant and equipment in share capital and reserves. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the surplus on revaluation of property, plant and equipment to accumulated profit.

7.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

7.2 Intangible assets

7.2.1 Goodwill

Goodwill represents the excess of the cost of business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. This is stated at cost less any accumulated impairment losses, if any.

7.2.2 Technology transfer

The intangible assets in respect of technology transfer are amortized over the useful life of plant and machinery involved in use of such technology. Amortization of intangible commences when it becomes available for use.

7.2.3 Computer software and ERP

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. These costs are amortized over their estimated useful lives. Amortization of intangible asset commences when it becomes available for use.

7.3 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of operating fixed assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments included in measurement of lease liability comprise:

- Fixed lease payments, including in-substance fixed payments, less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequent to initial recognition, lease liability is measured at amortized cost using effective interest method whereby the carrying amount of lease liability is increased to reflect the interest thereon and decreased to reflect lease payments made. Interest is recognized in profit or loss.

Lease liability is remeasured whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate, unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used; or
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the related right-of-use asset, except where the carrying amount of right-of-use asset is reduced to zero. In that case, any adjustment exceeding the carrying amount of the right-of use asset is recognized in profit or loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs.

7.4 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held for capitalization are classified as property, plant and equipment through capital work in progress.

7.5 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

Raw materials	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7.6 Employee benefits

7.6.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

7.6.2 Post-employment benefits

The Company operates an approved funded contributory provident fund for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of ten percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions are charged to profit or loss.

7.7 Financial instruments

7.7.1 Recognition

A financial instrument is recognized when the Company becomes a party to the contractual provisions of the instrument.

7.7.2 Classification

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Financial liabilities are classified in accordance with the substance of contractual provisions. The Company determines the classification of its financial instruments at initial recognition as follows:

(a) *Financial assets at amortized cost*

These are financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) *Financial assets at fair value through profit or loss*

These are financial assets which have not been classified as 'financial assets at amortized cost' or as 'financial assets at fair value through other comprehensive income', are mandatorily measured at fair value through profit or loss or for which the Company makes an irrevocable election at initial recognition to designate as 'financial asset at fair value through profit or loss' if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

(c) *Financial liabilities at amortized cost*

These are financial liabilities which are not derivatives, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

7.7.3 Measurement

The particular measurement methods adopted are disclosed in individual policy statements associated with each financial instrument.

7.7.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract are expired, discharged or cancelled.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7.7.5 Off-setting

A financial asset and financial liability is offset and the net amount reported in the statement of financial position if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

7.7.6 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

7.8 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

7.9 Preference share capital

Preference share capital is recognized as equity in accordance with the interpretation of the provision of the repealed Companies Ordinance, 1984, including those pertaining to implied classifications of preference shares.

7.10 Loans and borrowings

Loans and borrowings are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of the borrowings on an effective interest basis.

7.11 Investments in equity securities

7.11.1 Investments in associates

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

7.11.2 Investments in other quoted equity securities

Investments in quoted equity securities are classified as 'financial assets at fair value through profit or loss'. On initial recognition, these are measured at fair value on the date of acquisition. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized in profit or loss. Gains and losses on de-recognition are recognized in profit or loss. Dividend income is recognized in profit or loss when right to receive payment is established.

7.12 Ijarah transactions

Ijarah payments under an Ijarah are recognized as an expense in the profit or loss on a straight-line basis over the Ijarah terms unless another systematic basis are representative of the time pattern of the user's benefit, even if the payments are not on that basis.

7.13 Trade and other payables

7.13.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

7.13.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

**NOTES TO THE FINANCIAL STATEMENTS
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7.14 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

7.15 Trade and other receivables

7.15.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at fair value at the date of transaction, plus attributable transaction costs, except for trade debts that do not have a significant financing component, which are measured at undiscounted invoice price. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

7.15.2 Non-financial assets

These, both on initial recognition and subsequently, are measured at cost.

7.16 Contracts with customers

7.16.1 Revenue

Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue from a contract with customer when the Company satisfies an obligation specified in that contract. The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Home appliances Refrigerators, deep freezers, air conditioners, microwave ovens, LED TVS, washing machines, water dispensers and other home appliances.	Performance obligation are satisfied when customers obtain control of home appliances when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within a period ranging from 30 days to 90 days, except for retail sales which are payable at the time of purchase. Discounts are allowed based on the payment terms and volume of sales. There are no customer loyalty programs. There are warranty provisions in place which provide for the Company's obligations for service/replacement of products where these do not meet the agreed specifications or otherwise do not perform as guaranteed by the Company.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.
Electrical capital goods Transformers, switchgears, energy meters	Performance obligation are satisfied when customers obtain control of electrical capital goods when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices, where customer is the Federal/Provincial Government, are payable in accordance with the tender documents, usually upto 90 days. For private customers, invoices are paid for in advance. These products do not carry any discounts. There are no customer loyalty programs. There are warranty provisions in place which provide for the Company's obligations for service/replacement of products where these do not meet the agreed specifications or otherwise do not perform as guaranteed by the Company.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.

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**NOTES TO THE FINANCIAL STATEMENTS
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<u>Product/service</u>	<u>Nature and timing of satisfaction of performance obligations, including significant payment terms</u>	<u>Revenue recognition policies</u>
Construction contracts Engineering, procurement and construction services	The Company constructs power grid stations for Government as well as private customers. Performance obligations are satisfied over time by reference to stage of completion of contract activity at the balance sheet date. Invoices are issued according to contractual terms and are usually payable within a period ranging from 30 days to 90 days, except for those contracts for which transaction price has been received in advance. A percentage of transaction price is retained by Government customers as 'retention money' from payments to the Company, which is released on expiry of an agreed period after completion of contract activity. Uninvoiced amounts are presented as contract assets.	Revenue is recognised over time using the output method based on measurements of the value of services transferred to date, relative to the remaining services promised under the contract.

7.16.2 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

7.16.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. A contract liability is recognized at earlier of when the payment is made or the payment is due if a customer pays consideration before the Company transfers goods or services to the customer.

7.16.4 Warranty obligations

The Company accounts for its warranty obligations when the underlying product or service is sold or rendered. The provision is based on historical warranty data and weighing-in various possible outcomes against their associated probabilities.

7.17 Comprehensive income

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income ['OCI']. OCI comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting and reporting standards as applicable in Pakistan, and is presented in 'statement of other comprehensive income'.

7.18 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss as incurred.

7.19 Income tax

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

7.19.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

7.19.2 Deferred taxation

Deferred tax is accounted for using the 'balance sheet approach' providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance with the treatment prescribed by The Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

7.20 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount of grant is recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the tenure of loan.

7.21 Earnings per share [EPS]

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by adjusting basic EPS by the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares and post-tax effect of changes in profit or loss attributable to ordinary shareholders of the Company that would result from conversion of all dilutive potential ordinary shares into ordinary shares.

7.22 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. Interest income on cash and cash equivalents is recognized using effective interest method.

7.23 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair value is determined. Non-monetary assets and liabilities denominated in foreign currency that are measured at historical cost are translated to functional currency at exchange rate prevailing at the date of initial recognition. Any gain or loss arising on translation of foreign currency transactions and balances is recognized in profit or loss.

7.24 Impairment

7.24.1 Financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Impairment is recognized at an amount equal to lifetime expected credit losses for financial assets for which credit risk has increased significantly since initial recognition. For financial assets for which credit risk is low, impairment is recognized at an amount equal to twelve months' expected credit losses, with the exception of trade debts, for which the Company recognises lifetime expected credit losses estimated using internal credit risk grading based on the Company's historical credit loss experience, adjusted for factors that are specific to debtors, general economic conditions, and an assessment for both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

The Company writes off a financial asset when there is information indicating that the counter-party is in severe financial condition and there is no realistic prospect of recovery. Any recoveries made post write-off are recognized in profit or loss.

7.24.2 Non-financial assets

The carrying amount of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used in determining the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

7.25 Dividend distribution to ordinary shareholders

Dividend to ordinary shareholders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Company's financial statements in the year in which the dividends are approved by the Company's shareholders.

7.26 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other operating income and expenses, share of profit/(loss) of associates, finance costs, and provision for taxes.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

8 AUTHORIZED SHARE CAPITAL

31-Dec-20	31-Dec-19		31-Dec-20	31-Dec-19
No. of shares	No. of shares		Rupees '000	Rupees '000
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	5,000,000	5,000,000
		Preference shares of Rs. 10 each		
62,500,000	62,500,000	Class 'A' preference shares	625,000	625,000
37,500,000	37,500,000	Class 'B' preference shares	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
600,000,000	600,000,000		6,000,000	6,000,000

8.1 Rights, preferences and restrictions attaching to preference shares

The preference shares, subject to the provisions of the Companies Act, 2017, carry the following rights, preferences and restrictions:

- Cumulative cash dividends (on an annualized basis) in priority over any dividends on the ordinary shares at 9.5% of par value of Class 'A' preference shares and at 11% of par value of Class 'B' preference shares.
- Qualified voting rights to the extent only where the matter relates to any resolution passed, which directly affects any of the rights attached to preference shares.
- First right, before ordinary shareholders, over the assets of the Company on winding up, limited to nominal value of preferences shares outstanding plus unpaid dividend thereon.
- Entitlement to receive notices only for meetings on the matters directly related to preference shares.

9 ISSUED SHARE CAPITAL

31-Dec-20	31-Dec-19	Note	31-Dec-20	31-Dec-19
No. of shares	No. of shares		Rupees '000	Rupees '000
		Ordinary shares		
372,751,051	372,751,051	Issued for cash	3,727,511	3,727,511
		Issued for other than cash:		
137,500	137,500	- against machinery	1,375	1,375
408,273	408,273	- against acquisition of PEL Appliances Limited	4,083	4,083
6,040,820	6,040,820	- against conversion of preference shares	60,408	60,408
118,343,841	118,343,841	- as fully paid bonus shares	1,183,439	1,183,439
497,681,485	497,681,485		4,976,816	4,976,816
		Class 'A' preference shares		
44,957,592	44,957,592	Issued for cash	449,576	449,576
542,639,077	542,639,077		5,426,392	5,426,392

9.1 Class 'A' preference shares

9.1.1 Current status of original issue

The Company, in the December 2004, issued Class 'A' preference shares to various institutional investors amounting to Rs. 605 million against authorized share capital of this class amounting to Rs. 625 million. In January 2010, the Company sent out notices to all preference shareholders seeking conversion of outstanding preference shares into ordinary shares of the Company in accordance with the option available to the investors under the original terms of the issue. As at the reporting date, the outstanding balance of preference shares amounts to Rs. 449.58 million representing investors who did not opt to convert their holdings into the ordinary shares of the Company. Subsequently, the Company offered re-profiling of preference shares to these remaining investors. See note 9.1.2.

The Securities and Exchange Commission of Pakistan ['SECP'] issued order to Pakistan Stock Exchange Limited ['the Exchange'] dated February 6, 2009 for delisting of these preference shares. However, the Company took up the matter with the honorable Lahore High Court which, through order dated October 10, 2017, accepted the appeal of Company and set aside the SECP order and the appellate order.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

9.1.2 Re-profiling of preference shares

The Company offered re-profiling of preference shares to investors, who did not convert their preference shares into ordinary shares in response to the conversion notices issued by the Company. The investors to the instrument had, in principle, agreed to the re-profiling term sheet and commercial terms and conditions therein. Further, SECP had allowed the Company to proceed with the re-profiling subject to fulfilment of legal requirements. The legal documentation was prepared and circulated amongst the concerned investors which was endorsed by the said investors except for National Bank of Pakistan, as a result of which the original time frame for re-profiling has lapsed. The Company is in the process of finalizing another re-profiling exercise based on mutual agreement to be made amongst the existing investors.

9.1.3 Accumulated preference dividend

As at reporting date, an amount of approximately Rs. 469.808 million (2019: Rs. 427.098 million) has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the under process re-profiling exercise.

As per the opinion of Company's legal counsel, the provision of cumulative dividend at 9.5% p.a. will prevail on account of preference dividend, as the approval process of the revised terms of re-profiling from different quarters is not yet complete.

10 SHARE PREMIUM

This represents premium on issue of right ordinary shares recognized under Section 83(1) of the repealed Companies Ordinance, 1984.

	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
11 REVALUATION RESERVE		
As at beginning of the year	6,023,632	6,579,049
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	(347,394)	(716,624)
Deferred taxation	92,430	187,960
	(254,964)	(528,664)
Surplus transferred to accumulated profits on disposal		
Surplus on the assets disposed off	(1,887)	-
Deferred taxation	502	-
	(1,385)	-
Other adjustments		
Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime	(44,132)	(26,753)
As at end of the year	5,723,151	6,023,632

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

12 LONG TERM FINANCES

These represent long term finances utilized under interest/markup/profit arrangements from banking companies and financial institutions. The details are as follows:

Particulars	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000	Pricing	Security	Repayment and other arrangements
Shariah compliant instruments						
Diminishing Musharakah		589,287	642,857	Three months KIBOR plus 1% per annum (2019: Three months KIBOR plus 1% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Faysal Bank Limited for the purpose of balancing modernization and replacement requirements. The finance is repayable in fourteen equal quarterly installments commencing from August 2019. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.
Diminishing Musharakah		933,333	1,000,000	Three months KIBOR plus 1.5% per annum (2019: Three months KIBOR plus 1.5% per annum).	Charge over present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Faysal Bank Limited for the purpose of working capital requirement and for construction of washing machine unit and warehouse/godown. The finance is repayable in fifteen equal quarterly installments commencing from February 2020. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.
		1,522,620	1,642,857			
Conventional Instruments						
Term Finance		166,667	208,333	Three months KIBOR plus 3.8% per annum (2019: Three months KIBOR plus 3.8% per annum).	Charge over fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited for the purpose of financing capital expenditure. The finance is repayable in twelve equal quarterly installments commencing from April 2018. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Note	31-Dec-20	31-Dec-19	Pricing	Security	Repayment and other arrangements
		Rupees '000	Rupees '000			
Term Finance		-	1,071,429	Three months KIBOR plus 1.25% per annum (2019: Three months KIBOR plus 1.25% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance had been obtained from Bank Alfalah Limited for the purpose of financing the repayment of existing long term loans. The finance was fully repaid during the year.
Term finance		131,061	130,122	Three months KIBOR plus 1.5% per annum (2019: Three months KIBOR plus 1.5% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from The Bank of Punjab for the purpose of erection of new power transformer manufacturing facility. The finance is repayable in sixteen equal quarterly installments commencing from September 2020.
Term Finance		121,875	131,250	Three months KIBOR plus 2% per annum (2019: Three months KIBOR plus 2% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited for the purpose of financing capital expenditure. The finance is repayable in sixteen equal quarterly installments commencing from August 2019. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.
Term Finance		-	500,000	Three months KIBOR plus 2.25% per annum (2019: Three months KIBOR plus 2.25% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance had been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited for the purpose of refinancing capital expenditure. The finance was fully repaid during the year.
Term Finance		1,000,000	-	Three months KIBOR plus 1.5% per annum.	Charge over operating fixed assets of the Company.	The finance has been obtained from Askari Bank Limited to meet permanent working capital requirement. The finance is repayable in sixteen equal quarterly installments commencing from April 2022.
Term Finance		250,000	-	Three months KIBOR plus 2.5% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Pak Libya Holding Company Limited to build manufacturing facility of power transformers. The finance is repayable in sixteen equal quarterly installments commencing from May 2021.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000	Pricing	Security	Repayment and other arrangements
Term Finance		131,333	-	Three months KIBOR plus 3% per annum.	Charge over operating fixed assets of the Company.	The finance has been obtained from Summit Bank Limited to refinance capital expenditure. The finance is repayable in twelve equal quarterly installments commencing from July 2020.
Term Finance		2,000,000	-	One month KIBOR plus 1.3% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Bank Alfalah Limited to meet permanent working capital requirement. The finance is repayable in sixteen equal quarterly installments commencing from March 2022.
Term Finance		500,000	-	Three months KIBOR plus 1.5% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Pak China Invetment Comapny Limited for balance sheet reprofiling and permanent working capital requirement. The finance is repayable in four equal quarterly installments commencing from April 2021.
Term Finance		300,000	-	One month KIBOR plus 1.75% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Samba Bank Limited to finance construction of new transformers manufacturing facility. The finance is repayable in sixteen equal quarterly installments commencing from April 2021.
Demand Finance		252,615	315,769	Three months KIBOR plus 2% per annum (2019: Three months KIBOR plus 2% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This represents demand finance facility sanctioned by National Bank of Pakistan against an upfront payment of Rs. 1,650 million against Private Placed Term Finance Certificates. The finance is repayable in fourteen equal quarterly installments commencing from April 2017. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.
Demand Finance		339,703	407,643	Three months KIBOR plus 2.25% per annum (2019: Three months KIBOR plus 2.25% per annum).	Charge over present and future current assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has obtained from National Bank of Pakistan for settlement of long term finances obtained from MCB Bank Limited (Ex. NIB Bank Limited). The finance is repayable in twenty three equal quarterly installments commencing from September 2015. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000	Pricing	Security	Repayment and other arrangements
Salary refinance	12.1	922,764	-	SBP rate plus 3% per annum.	Charge over operating fixed assets of the Company.	The finance has been obtained from Bank Alfalah Limited to finance payment of wages and salaries of workers and employees for the month of April, May, June, July, August and September 2020. (See note 12.1)
		6,116,018	2,764,546			
Total		7,638,638	4,407,403			
Current maturity		(2,011,197)	(2,245,249)			
		5,627,441	2,162,154			

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- 12.1 The finance has been obtained from Bank Alfalah Limited to finance payment of wages and salaries of workers and employees for the month of April, May, June, July, August and September 2020. The finance is repayable in eight equal quarterly installments with the first installment due in January 2021. The amortized cost of this finance has determined using a discount rate of three months KIBOR plus 3% (11.16%) being the prevailing market rate of interest for similar instruments. The difference between the amortised cost and face value has been recognized as deferred grant (See note 16). The details are as follows:

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Face value of finance		990,747	-
Accretion during the year	16	47,086	-
Deferred grant recognized during the year	16	(115,069)	-
		922,764	-

13 LEASE LIABILITIES

Present value of minimum lease payments	13.1 & 13.2	321,433	241,094
Current maturity presented under current liabilities	13.1 & 13.2	(166,285)	(103,708)
		155,148	137,386

- 13.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from three months KIBOR to six months KIBOR plus 1.5% to 2.5% per annum (2019: three months KIBOR to six months KIBOR plus 1.5% to 3% per annum per annum). Lease rentals are payable monthly over a tenor ranging from 3 to 4 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

- 13.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Not later than one year		192,742	133,420
Later than one year but not later than five years		167,143	152,359
Total future minimum lease payments		359,885	285,779
Finance charge allocated to future periods		(38,452)	(44,685)
Present value of future minimum lease payments		321,433	241,094
Not later than one year	19	(166,285)	(103,708)
Later than one year but not later than five years		155,148	137,386

14 WARRANTY OBLIGATIONS

This represents provision for warranties related to goods sold during the current and previous years.

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Present value of warranty obligations		492,396	357,915
Current maturity	17	(350,123)	(237,905)
		142,273	120,010

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	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
14.1 Movement in warranty obligations			
As at beginning of the year		357,915	-
Impact of application of IFRS 15		-	312,955
As at beginning of the year - as adjusted		357,915	312,955
Acquired in amalgamation		70,757	-
Amounts charged against the provision		(377,504)	(188,441)
Unwinding of the discount		21,634	10,942
Changes in discount rate		10,748	(1,463)
Addition during the year		408,846	237,345
Excess provision reversed		-	(13,423)
Amount recognized during the year	38	441,228	233,401
As at end of the year		492,396	357,915

Majority of outflows of economic benefits to settle the warranty obligations are expected to occur over the next three years. The present value of warranty obligations has been determined using a discount rate of 8.31% (2019: 13.56%).

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
15 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	15.1	4,000,484	3,982,402
Deferred tax asset on deductible temporary differences	15.1	(1,661,686)	(1,497,931)
		2,338,798	2,484,471

15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31-Dec-20			
	As at 01-Jan-20 Rupees '000	Recognized in profit or loss Rupees '000	Recognized in OCI Rupees '000	As at 31-Dec-20 Rupees '000
Deferred tax liabilities				
Operating fixed assets	3,946,664	(42,721)	44,132	3,948,075
Right-of-use assets	35,738	16,671	-	52,409
	3,982,402	(26,050)	44,132	4,000,484
Deferred tax assets				
Provisions	(277,877)	(71,394)	-	(349,271)
Unused tax losses and credits	(1,220,054)	(85,754)	-	(1,305,808)
Long term investments	-	(6,607)	-	(6,607)
	(1,497,931)	(163,755)	-	(1,661,686)
	2,484,471	(189,805)	44,132	2,338,798

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	31-Dec-19			
	As at 01-Jan-19 Rupees '000	Recognized in profit or loss Rupees '000	Recognized in OCI Rupees '000	As at 31-Dec-19 Rupees '000
Deferred tax liabilities				
Operating fixed assets	3,678,339	241,572	26,753	3,946,664
Right-of-use assets	30,411	5,327	-	35,738
	3,708,750	246,899	26,753	3,982,402
Deferred tax assets				
Provisions	(189,804)	(88,073)	-	(277,877)
Unused tax losses and credits	(1,087,859)	(132,195)	-	(1,220,054)
Long term investments	(7,142)	7,142	-	-
	(1,284,805)	(213,126)	-	(1,497,931)
	2,423,945	33,773	26,753	2,484,471

15.2 Deferred tax arising from the timing differences pertaining to income taxable under normal provisions and as a separate block of the Income Tax Ordinance, 2001 [the Ordinance] has been calculated at 29% and 15% (2019: 29% and 15%) respectively of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

16 DEFERRED INCOME

Grant in aid - UNIDO	16.1	33,195	34,942
SBP Refinance Scheme	16.2	16,832	-
		50,027	34,942

16.1 GRANT IN AID - UNIDO

As at beginning of the year		34,942	36,781
Recognized in profit or loss	37	(1,747)	(1,839)
As at end of the year		33,195	34,942

16.1.1 The UNIDO vide its contract number 2000/257 dated December 15, 2000, out of the multilateral fund for the implementation of the Montreal Protocol, has given grant-in-aid to the Company for the purpose of phasing out ODS at the Refrigerator and Chest Freezer Plant of the Company. The total grant-in-aid of USD 1,367,633 (Rs. 91,073,838) comprises the capital cost of the project included in fixed assets amounting to USD 1,185,929 (Rs. 79,338,650) and grant recoverable in cash of USD 181,704 (Rs. 11,735,188) being the incremental operating cost for six months.

The grant received in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 1,747 million (2019: Rs. 1,839 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

16.2 SBP Refinance Scheme

During the year, State Bank of Pakistan [‘SBP’] through IH&SMEFD circular no. 6 of 2020 dated April 10, 2020, introduced a ‘Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concern’ [‘the Refinance Scheme’]. The purpose of the Refinance Scheme was to provide relief to dampen the effects of Covid - 19 by providing loans at interest rates that are below normal lending rates.

The Company obtained financing of Rs. 990.747 million under the Refinance Scheme (see note 12.1). The benefit of below market interest rates, measured as the difference between the fair value of loan on the date of disbursement and its face value on that date has been recognised as deferred grant.

The movement during the year is as follows:

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	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
As at beginning of the year		-	-
Recognized during the year	12.1	115,069	-
Amortized during the year	12.1	(47,086)	-
As at end of the year		67,983	-
Current maturity presented under current liabilities	19	(51,151)	-
		16,832	-
17 TRADE AND OTHER PAYABLES			
Trade creditors		656,211	468,541
Foreign bills payable	17.1	125,642	101,960
Accrued liabilities		139,918	121,036
Advances from customers		95,698	70,125
Employees' provident fund		13,208	6,774
Compensated absences		34,787	33,902
Warranty obligations	14	350,123	237,905
Sales tax payable		83,822	-
Workers' Profit Participation Fund	17.2	19,648	11,431
Workers' Welfare Fund	17.3	8,792	4,344
Other payables		15,942	18,531
		1,543,791	1,074,549
17.1 Foreign bills payable are secured against bills of exchange accepted by the Company in favour of suppliers.			
	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
17.2 Workers' Profit Participation Fund			
As at beginning of the year		11,431	26,765
Interest on funds utilized by the Company	41	572	1,516
Charged to profit or loss for the year	40	19,648	11,431
Paid during the year		(12,003)	(28,281)
As at end of the year		19,648	11,431
17.2.1 Interest on funds utilized by the Company has been recognized at 12% (2019: 13.59%) per annum.			
	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
17.3 Workers' Welfare Fund			
As at beginning of the year		4,344	10,173
Charged to profit or loss for the year	40	14,754	4,344
Paid/adjusted during the year		(10,306)	(10,173)
As at end of the year		8,792	4,344
18 SHORT TERM BORROWINGS			
Secured			
Short term finances utilized under interest/markup/profit arrangements from			
- Banking companies - <i>Shariah compliant instruments</i>	18.1	1,766,122	1,756,054
- Banking companies - <i>Conventional instruments</i>	18.1	8,839,486	9,149,436
- Non Banking Finance Companies ['NBFC's']	18.2	-	50,000
		10,605,608	10,955,490

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

- 18.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/markup/profit at rates ranging from one to six months KIBOR plus 1% to 3% per annum (2019: one to six months KIBOR plus 1% to 3% per annum) per annum. These facilities are secured by pledge / hypothecation of raw material and components, work-in-process, finished goods, imported goods, machinery, spare parts, charge over book debts and personal guarantees of the sponsoring directors of the Company. These facilities are generally for a period of one year and renewed at the end of the period.
- 18.2 These facilities had been obtained from NBFCs for working capital requirements and carried interest/markup at rates ranging from nil (2019: 11.60% to 12.05%) per annum. These facilities were secured by charge over operating fixed assets of the Company and personal guarantees of the directors of the Company.
- 18.3 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 9,761 million (2019: Rs. 9,566 million).

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
19 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long term finances	12	2,011,197	2,245,249
Lease liabilities	13	166,285	103,708
Deferred grant	16	51,151	-
		2,228,633	2,348,957

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

- 20.1.1 Various banking and insurance companies have issued guarantees, letters of credit and discounted receivables on behalf of the Company as detailed below:

	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Tender bonds	233,238	416,312
Performance bonds	2,539,828	2,638,598
Advance guarantees	557,242	390,174
Custom guarantees	80,275	87,670
Foreign guarantees	51,847	91,598

- 20.1.2 The Company may have to indemnify its Directors for any losses that may arise due to personal guarantees given by them for securing the debts of the Company, in case the Company defaults.
- 20.1.3 Appeal of the Company for the tax years 2009, 2016 and 2017 were decided by the Commissioner Inland Revenue (Appeals) [CIR(A)] and Appeal of the Company for the tax years 2018 and 2019 are still pending. The issues involve in these appeals were mostly those concerning allowance/disallowance of various expenses. Appeals have been filed by Company as well as the Department before the Appellate Tribunal which are pending. The management expects to get adequate relief from the Appellate Authority and no additional tax liability is expected to arise.
- 20.1.4 The Company claimed adjustment for the minimum tax paid amounting to Rs. 150.925 million in tax year 2017 and Rs. 350.821 million in tax year 2015 aggregating to Rs. 501.746 million. Minimum tax of Rs. 725.575 million was paid despite losses sustained in the Tax Years 2010 to 2015. The CIR(A) placing reliance on the decisions of the Appellate Tribunal and judgement of the Lahore High Court has concluded that in view of the losses sustained the Appellant is entitled to tax credit in terms of Section 113(2)(c) of Income Tax Ordinance, 2001. The Department and Company has filed appeals before the honorable tribunal which are pending.

	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
20.2 Commitments		
20.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	3,586,805	682,628

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

20.2.2 Commitments under ijarah contracts

The aggregate amount of ujarah payments for ijarah financing and the period in which these payments will become due are as follows:

	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000
- payments not later than one year	72,367	79,822
- payments later than one year	86,733	169,728
	159,100	249,550

20.2.3 Commitments under short term leases:

The Company has rented various premises under short term lease arrangements. Lease agreements cover a period of one year and are renewable/extendable on mutual consent. Lease rentals are payable monthly/quarterly in advance. Commitments for payments in future periods under these lease agreements are as follows:

	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000
- payments not later than one year	31,781	34,826
- payments later than one year	-	-
	31,781	34,826

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

21 PROPERTY, PLANT AND EQUIPMENT

	31-Dec-20												
	COST / REVALUED AMOUNT					DEPRECIATION							Net book value as at December 31 Rupees '000
	As at January 01 Rupees '000	Additions Rupees '000	Revaluation Rupees '000	Disposals Rupees '000	Transfers Rupees '000	As at December 31 Rupees '000	Rate %	As at January 01 Rupees '000	For the year Rupees '000	Revaluation Rupees '000	Adjustment Rupees '000	As at December 31 Rupees '000	
Operating fixed assets													
Land	1,035,256	-	-	-	-	1,035,256	-	-	-	-	-	-	1,035,256
Building	8,196,945	-	-	-	-	8,196,945	5	2,425,643	285,717	-	-	2,711,360	5,485,585
Plant and machinery	23,045,447	675,190	-	(6,391)	-	23,714,246	5	8,722,207	731,133	-	(3,613)	9,449,727	14,264,519
Office equipment and fixtures	158,217	14,022	-	(561)	-	171,678	10	61,690	10,382	-	(168)	71,904	99,774
Computer hardware and allied items	148,796	29,788	-	(4,441)	-	174,143	30	116,537	20,341	-	(4,410)	132,468	41,675
Vehicles	303,101	10,309	-	(82,378)	46,680	277,712	20	177,483	27,224	-	(40,045)	164,662	113,050
	32,887,762	729,309	-	(93,771)	46,680	33,569,980		11,503,560	1,074,797	-	(48,236)	12,530,121	21,039,859
Right-of-use assets													
Rented premises	-	162,493	-	-	-	162,493	20-50	-	38,024	-	-	38,024	124,469
Plant and machinery	297,124	-	-	-	-	297,124	5	6,711	14,520	-	-	21,231	275,893
Vehicles	113,656	71,323	-	-	(46,680)	138,299	20	28,655	21,582	-	(25,244)	24,993	113,306
	410,780	233,816	-	-	(46,680)	597,916		35,366	74,126	-	(25,244)	84,248	513,668
Capital work in progress													
Building	621,281	928,991	-	-	-	1,550,272		-	-	-	-	-	1,550,272
Plant and machinery	558,163	457,458	-	-	-	1,015,621		-	-	-	-	-	1,015,621
	1,179,444	1,386,449	-	-	-	2,565,893		-	-	-	-	-	2,565,893
	34,477,986	2,349,574	-	(93,771)	-	36,733,789		11,538,926	1,148,923	-	(73,480)	12,614,369	24,119,420

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	COST / REVALUED AMOUNT					31-Dec-19							Net book value as at December 31 Rupees '000
	As at January 01	Additions	Revaluation	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Revaluation	Adjustment	As at December 31	
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	%	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	
Operating fixed assets													
Land	1,035,256	-	-	-	-	1,035,256	-	-	-	-	-	-	1,035,256
Building	5,683,232	-	-	-	2,513,713	8,196,945	5	2,238,728	186,915	-	-	2,425,643	5,771,302
Plant and machinery	21,808,411	416,092	-	(313,602)	1,134,546	23,045,447	5	8,010,621	706,155	-	5,431	8,722,207	14,323,240
Office equipment and fixtures	196,956	13,984	-	(52,723)	-	158,217	10	85,180	11,881	-	(35,371)	61,690	96,527
Computer hardware and allied items	126,414	28,397	-	(6,015)	-	148,796	30	102,750	19,746	-	(5,959)	116,537	32,259
Vehicles	301,123	16,839	-	(49,775)	34,914	303,101	20	153,633	30,719	-	(6,869)	177,483	125,618
	29,151,392	475,312	-	(422,115)	3,683,173	32,887,762		10,590,912	955,416	-	(42,768)	11,503,560	21,384,202
Right-of-use assets													
Rented premises	-	-	-	-	-	-	20-50	-	-	-	-	-	-
Plant and machinery	161,364	187,180	-	-	(51,420)	297,124	5	6,434	7,011	-	(6,734)	6,711	290,413
Vehicles	100,139	48,431	-	-	(34,914)	113,656	20	36,754	12,227	-	(20,326)	28,655	85,001
	261,503	235,611	-	-	(86,334)	410,780		43,188	19,238	-	(27,060)	35,366	375,414
Capital work in progress													
Building	2,433,970	701,024	-	-	(2,513,713)	621,281		-	-	-	-	-	621,281
Plant and machinery	744,250	897,039	-	-	(1,083,126)	558,163		-	-	-	-	-	558,163
	3,178,220	1,598,063	-	-	(3,596,839)	1,179,444		-	-	-	-	-	1,179,444
	32,591,115	2,308,986	-	(422,115)	-	34,477,986		10,634,100	974,654	-	(69,828)	11,538,926	22,939,060

- 21.1 Property, plant and equipment includes fully depreciated assets of Rs. 107.99 million (2019: Rs. 70.2 million) which are still in use of the Company. There is no item of property, plant and equipment which is temporary idle or otherwise retired from active use.
- 21.2 Land is located at Mouza Kot Islampura, 34 - K.M, Ferozepur Road, Lahore with a total area of 511 Kanals (2019: 511 Kanals) and at 14 - K.M, Ferozepur Road, Lahore and Plot # 302-303, Gadoon Industrial Area, Gadoon Amazai with a total area of 322 Kanals 15 Marla (2019: 322 Kanals 15 Marla).
- 21.3 Plant and machinery - (*Capital work in progress*) includes borrowing cost capitalized during the year amounting to Rs. 27.022 million (2019: Rs. 4.178 million) at capitalization rate of 13.65% (2019: 15.35%). The expansion has been financed by term finance facilities from financial institutions.

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21.4 Disposal of operating fixed assets

Particulars	31-Dec-20					Mode of disposal	Particulars of buyer
	Cost Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000	Disposal proceeds Rupees '000	Gain/(loss) on disposal Rupees '000		
Plant and machinery							
Injection Moulding Machine	6,391	3,613	2,778	1,600	(1,178)	Negotiation	Abdullah Traders, Lahore.
Office equipment and fixtures							
Assets having net book value less than Rs. 500,000 each	561	168	393	20	(373)	As Per Company Policy	Various employees
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	4,441	4,410	31	913	882	As Per Company Policy	Various employees
Vehicles							
Suzuki Cultus	1,348	332	1,016	415	(601)	As Per Company Policy	Yasir Arfat (employee), Lahore.
Suzuki Swift	1,332	634	698	700	2	As Per Company Policy	Hasnat Ahmed Khan (employee), Lahore.
Honda Civic	2,639	1,964	675	217	(458)	As Per Company Policy	Omer Farooq (employee), Lahore.
Toyota Corolla	1,993	1,332	661	407	(254)	As Per Company Policy	Shoaib (employee), Lahore.
Suzuki WagonR	1,152	585	567	421	(146)	As Per Company Policy	Nadeem (employee), Lahore.
Honda Civic	2,510	1,949	561	290	(271)	As Per Company Policy	Azam Aziz (employee), Lahore.
Honda City	1,804	1,260	544	498	(46)	As Per Company Policy	M. Hanif (employee), Lahore.
Honda City	1,527	984	543	346	(197)	As Per Company Policy	Shoaib Fazil (employee), Lahore.
Honda Civic	2,321	1,789	532	411	(121)	As Per Company Policy	Zia ul Haq (employee), Lahore.
Assets having net book value less than Rs. 500,000 each	65,752	54,460	11,292	26,318	15,026	As Per Company Policy	Various employees
	82,378	65,289	17,089	30,023	12,934		
	93,771	73,480	20,291	32,556	12,265		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

31-Dec-19

Particulars	Cost Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000	Disposal proceeds Rupees '000	Gain/(loss) on disposal Rupees '000	Mode of disposal	Particulars of buyer
Plant and machinery							
Lamination Cutting Line TBA300	131,237	-	131,237	131,237	-	Sales and Lease Back	Orix modaraba, Lahore.
Serbo Hydro Mechanical Clamping	175,119	1,303	173,816	187,180	13,364	Sales and Lease Back	Sindh Leasing Company
Step Lap Lamination DTR	7,246	-	7,246	-	(7,246)	Sales and Lease Back	Orix modaraba, Lahore.
	313,602	1,303	312,299	318,417	6,118		
Office equipment and fixtures							
Table and chairs	31,975	21,914	10,061	199	(9,862)	Negotiation	Scrap sale
Mobile sets	1,018	280	738	-	(738)	Negotiation	Scrap sale
Miscellaneous office items	18,561	12,349	6,212	2,875	(3,337)	Negotiation	Scrap sale
Assets having net book value less than Rs. 500,000 each	1,169	828	341	156	(185)	Negotiation	Scrap sale
	52,723	35,371	17,352	3,230	(14,122)		
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	6,015	5,959	56	62	6	Negotiation	Scrap sale
Vehicles							
Audi A6	11,910	7,082	4,828	10,500	5,672	Negotiation	Synergy Technology, Lahore.
Toyota Fortuner	6,229	2,126	4,103	3,229	(874)	As Per Company Policy	Amer Hamza (employee), Lahore
Suzuki Jimny	2,293	1,579	714	1,409	695	Insurance Claim	Adamjee Insurance Company Limited, Lahore.
Honda Civic	2,254	929	1,325	1,674	349	As Per Company Policy	Muhammad Raza (employee), Lahore.
Honda Civic	2,113	986	1,127	1,319	192	As Per Company Policy	Qazi Nisar (employee), Lahore.
Toyota Corolla	1,992	232	1,760	2,356	596	Negotiation	First Habib Modaraba, Lahore.
Toyota Corolla	1,735	1,232	503	465	(38)	As Per Company Policy	Liaqat Ali (employee), Lahore.
Toyota Corolla	1,731	1,177	554	477	(77)	As Per Company Policy	Rehmat Ali (employee), Lahore.
Toyota Corolla	1,543	636	907	1,198	291	As Per Company Policy	Rafique Ahmed (employee), Lahore.
Suzuki Cultus	1,085	302	783	1,300	517	As Per Company Policy	Gulzaib (employee), Lahore.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

31-Dec-19

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000		
Suzuki Cultus	981	434	547	587	40	As Per Company Policy	Asif Ilyas (employee), Lahore.
Assets having net book value less than Rs. 500,000 each	15,909	10,480	5,429	8,958	3,529	As Per Company Policy	Various employees
	49,775	27,195	22,580	33,472	10,892		
	422,115	69,828	352,287	355,181	2,894		

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
21.5	The depreciation charge for the year has been allocated as follows:		
Cost of sales	36	1,043,572	910,818
Distribution cost	38	13,887	-
Administrative and general expenses	39	91,464	63,836
		1,148,923	974,654

21.6 Revaluation of property, plant and equipment

Most recent valuation of land, building and plant and machinery was carried out by an independent valuer, Maricon Consultants (Private) Limited, on December 31, 2018 and was incorporated in the financial statements for the year ended December 31, 2018. For basis of valuation and other fair value measurement disclosures refer to note 50.

Had there been no revaluation, the cost, accumulated depreciation and net book value of revalued items would have been as follows:

	31-Dec-20		
	Cost Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000
Land	189,184	-	189,184
Building	5,816,039	1,653,977	4,162,062
Plant and machinery	12,807,662	3,942,948	8,864,714
	31-Dec-19		
	Cost Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000
Land	189,184	-	189,184
Building	5,816,039	1,434,921	4,381,118
Plant and machinery	12,135,143	3,494,328	8,640,815

21.6.1 As per most recent valuation, forced sale values of land, building and plant and machinery are as follows:

	Rupees '000
Land	919,800
Building	2,927,828
Plant and machinery	11,998,078
	15,845,706

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

22 INTANGIBLE ASSETS

	Note	31-Dec-20						Net book value as at December 31 Rupees '000'
		Cost			Accumulated Amortization			
		As at January 01 Rupees '000'	Additions Rupees '000'	As at December 31 Rupees '000'	As at January 01 Rupees '000'	For the period Rupees '000'	As at December 31 Rupees '000'	
Technology transfer agreement	22.1	117,054	-	117,054	46,596	3,523	50,119	66,935
Goodwill	22.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	22.3	20,808	-	20,808	11,184	3,176	14,360	6,448
Enterprise Resource Planning system	22.4	31,675	-	31,675	25,907	1,903	27,810	3,865
		481,878	-	481,878	175,546	8,602	184,148	297,730

	Note	31-Dec-19						Net book value as at December 31 Rupees '000'
		Cost			Accumulated Amortization			
		As at January 01 Rupees '000'	Additions Rupees '000'	As at December 31 Rupees '000'	As at January 01 Rupees '000'	For the period Rupees '000'	As at December 31 Rupees '000'	
Technology transfer agreement	22.1	117,054	-	117,054	42,888	3,708	46,596	70,458
Goodwill	22.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	22.3	17,006	3,802	20,808	6,911	4,273	11,184	9,624
Enterprise Resource Planning system	22.4	31,675	-	31,675	23,066	2,841	25,907	5,768
		478,076	3,802	481,878	164,724	10,822	175,546	306,332

- 22.1 The Company has obtained technology of single phase meters, three phase digital meters and also of power transformers from different foreign companies. These are amortized on the same rate as of the depreciation of the relevant plant.
- 22.2 Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of acquisition of PEL Appliances Limited.
- 22.3 The Company has acquired different software for its business purpose. These are being amortized at 33% per annum on reducing balance method.
- 22.4 These are being amortized at 33% per annum on reducing balance method.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

23 LONG TERM INVESTMENTS

These represent investments in ordinary shares of related parties. The details are as follows:

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
PEL Marketing (Private) Limited - Unquoted			
Nil (2019: 10,000) ordinary shares of Rs. 10 each Relationship: <i>wholly-owned subsidiary</i> Ownership Interest: <i>Nil (2019: 100%)</i>	23.1	-	100
Kohinoor Power Company Limited - Quoted			
2,910,600 (2019: 2,910,600) ordinary shares of Rs. 10 each Relationship: <i>associate</i> Ownership Interest: <i>23.1% (2019: 23.1%)</i> Market value: <i>Rs. 3.66 (2019: Rs. 1.98) per share</i>	23.2	10,653	5,763
		10,653	5,863

23.1 PEL Marketing (Private) Limited ['PMPL'] was a Private Limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984. PMPL was engaged in distribution/sale of domestic appliances. PMPL was a wholly-owned subsidiary of the Company. During the year, the Board of Directors of the Company and PMPL in their respective meetings held on March 27, 2020 approved the scheme of arrangement for amalgamation of PMPL with and into the Company with effect from April 30, 2020. PMPL was amalgamated with and into the Company with the approval of the Securities and Exchange Commission of Pakistan. The entire issued, subscribed and paid-up capital of PMPL, comprising of 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020.

23.2 This represents investment in ordinary shares of Kohinoor Power Company Limited ['KPCL'], an associate. KPCL is a Public Limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. KPCL was formed with the objective of generation and sale of electric power. Subsequently, it amended its memorandum of association to change its principal activity to leasing out machinery and buildings under operating lease arrangements. The Boards of Directors of KPCL and Saritow Spinning Mills Limited ['SSML'], a related party of the Company, in their respective meetings have approved amalgamation of KPCL into SSML. The proposed amalgamation, once affected, will result in the Company holding ordinary shares in SSML in accordance with the swap ratio approved with scheme of amalgamation. Registered office of KPCL is situated in the Province of Punjab at 17-Aziz Avenue, Canal Bank, Gulberg V, Lahore.

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	31-Dec-20	31-Dec-19
Percentage of ownership interest	23.10%	23.10%
	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Cost of investment	54,701	54,701
Share of post acquisition profits	(13,866)	(11,663)
	40,835	43,038
Accumulated impairment	(30,182)	(37,275)
	10,653	5,763

23.2.1 Extracts of financial statements of associated company

The assets and liabilities of Kohinoor Power Company Limited as at the reporting date and related revenue and profit for the year then ended based on the un-audited financial statements are as follows:

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Non-current assets		95,676	102,814
Current assets		41,705	44,665
Non-current liabilities		1,820	1,461
Current liabilities		1,272	2,193
Revenue		17,193	7,831
Loss for the year		(9,394)	(12,147)
Other comprehensive loss		(142)	-
Total comprehensive loss		(9,536)	(12,147)
Break-up value per share		0.01	0.01
Share of profit and other adjustments to net assets	23.2.2	(2,203)	(2,806)
Market value per share		3.66	1.98
23.2.2 This includes the following:			
Share of loss for the year		(2,170)	(2,806)
Share of other comprehensive loss for the year		(33)	-
		(2,203)	(2,806)
24 LONG TERM DEPOSITS			
Financial institutions	24.1	25,916	27,601
Utility companies and regulatory authorities	24.2	241,166	167,734
Others	24.3	196,570	164,845
		463,652	360,180
24.1 These represent security deposits against ljarah financing.			
24.2 These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost.			
24.3 These have been deposited with various parties under various contracts and are refundable in accordance with term of contracts. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, due to uncertainties regarding dates of refund of these deposits, these have been carried at cost.			
25 LONG TERM ADVANCES			
	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Face value of advances		2,570,716	-
Less: unamortized notional interest	25.2	411,556	-
		2,159,160	-
Current portion presented under current assets	30	(1,543,584)	-
		615,576	-
25.1 These advances have been made to various customers for renovation of show rooms. These are classified as 'financial assets at amortized cost' under IFRS 9 which are measured at amortized cost determined using a discount rate of 8.31% (2019: 13.56%).			
	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
25.2 Unamortized notional interest			
As at beginning of the year		294,611	-
Recognized during the year	38.2	283,842	-
Amortization for the year	38.2	(166,897)	-
As at end of the year		411,556	-

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000
26 STORES, SPARES AND LOOSE TOOLS		
Stores	300,123	279,668
Spares	455,855	455,386
Loose tools	124,970	132,117
	880,948	867,171
Impairment allowance for slow moving and obsolete items	(18,824)	(18,824)
	862,124	848,347

26.1 There are no spare parts held exclusively for capitalization as at the reporting date.

	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000
27 STOCK IN TRADE		
Raw material		
- in stores	5,720,481	3,992,761
- in transit	1,263,435	1,315,147
Write-down to net realisable value	(42,636)	(39,060)
	6,941,280	5,268,848
Work in process	1,046,705	656,835
Finished goods	1,529,403	1,871,490
Write-down to net realisable value	(18,124)	(7,876)
	1,511,279	1,863,614
	9,499,264	7,789,297

27.1 Stock in trade valued at Rs. 899.34 million (2019: Rs. 1,849 million) is pledged as security with providers of debt finances.

	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
28 TRADE DEBTS			
Gross amount due			
- against sale of goods		9,292,181	1,896,136
- against execution of construction contracts	28.1	1,782,781	1,206,697
		11,074,962	3,102,833
Impairment allowance for expected credit loss	28.2	(638,808)	(612,535)
		10,436,154	2,490,298

28.1 These include retention money for construction contracts in progress amounting to Rs. 541.102 million (2019: Rs. 551.251 million) held by the customers in accordance with contract terms.

	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000
28.2 Movement in impairment allowance for expected credit loss		
As at beginning of the year	612,535	587,301
Recognized during the year	26,273	25,234
As at end of the year	638,808	612,535

28.2.1 The increase in impairment allowance for expected credit losses is due to significant increase in credit risk associated with trade debts since initial recognition. The loss allowance represents lifetime expected credit losses for trade debts being financial assets that arise from contracts with customers.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

29 CONSTRUCTION WORK IN PROGRESS

This represents unbilled construction work in progress.

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
30 SHORT TERM ADVANCES			
Advances to suppliers and contractors			
Gross amount due		630,104	620,050
Impairment allowance for doubtful advances		(38,990)	(32,730)
		591,114	587,320
Advances to employees			
Gross amount due	30.1	504,287	508,286
Impairment allowance for doubtful advances		(1,449)	(1,449)
		502,838	506,837
Current portion of long term advances	25	1,543,584	-
		2,637,536	1,094,157
30.1 These include advances for			
- purchases		228,625	227,256
- expenses		123,750	125,672
- traveling		151,912	155,358
		504,287	508,286

31 SHORT TERM DEPOSITS AND PREPAYMENTS

Security deposits			
Gross amount due		417,891	336,231
Impairment allowance for expected credit losses		(5,379)	(5,379)
		412,512	330,852
Margin deposits		298,124	207,323
Prepayments		51,676	46,211
Sales tax refundable		-	979,702
Letters of credit		351,852	327,510
		1,114,164	1,891,598

32 SHORT TERM INVESTMENTS

These represent investments in listed equity securities classified as 'financial assets at fair value through profit or loss'. The details are as follows:

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Standard Chartered Bank (Pakistan) Limited			
915,070 (2019: 915,070) ordinary shares of Rs. 10 each			
Market value: Rs. 34.84 (2019: Rs. 23.60) per share			
As at beginning of the year		21,596	22,071
Changes in fair value	37 & 40	10,285	(475)
As at end of the year		31,881	21,596

33 ADVANCE INCOME TAX/INCOME TAX REFUNDABLE

Advance income tax/income tax refundable		3,035,105	2,603,652
Provision for taxation	42	(315,835)	-
		2,719,270	2,603,652

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
34 CASH AND BANK BALANCES			
Cash in hand		11,748	9,539
Cash at banks		540,530	370,194
		552,278	379,733
35 REVENUE FROM CONTRACTS WITH CUSTOMERS			
This represents revenue recognized from contracts with customers			
Sale of goods			
- local		36,932,350	25,724,814
- exports		238,445	606,054
		37,170,795	26,330,868
Construction contracts		817,373	1,365,601
		37,988,168	27,696,469
Sales tax and excise duty		(5,442,950)	(4,035,952)
Trade discounts		(3,746,200)	(1,310,768)
		28,799,018	22,349,749
36 COST OF SALES			
Finished goods at the beginning of the year		1,871,490	417,843
Cost of goods manufactured	36.1	21,319,685	19,328,681
Finished goods at the end of the year		(1,529,403)	(1,871,490)
		21,661,772	17,875,034
Cost of goods sold		735,745	1,146,012
Cost of construction contracts		22,397,517	19,021,046
36.1 Cost of goods manufactured			
Work-in-process at beginning of the year		656,835	758,928
Raw material and components consumed		18,463,200	16,289,944
Direct wages		931,645	859,985
Factory overheads:			
- salaries, wages and benefits		463,664	460,306
- traveling and conveyance		27,367	29,023
- electricity, gas and water		401,176	355,619
- repairs and maintenance		79,093	72,215
- vehicles running and maintenance		35,807	31,406
- insurance		40,766	36,990
- depreciation	21.5	1,043,572	910,818
- amortization of intangible assets	22	8,602	10,822
- impairment allowance for obsolete and slow moving stock	27 & 28	13,824	2,877
- carriage and freight		28,464	26,022
- erection and testing		155,151	125,106
- research and development		2,627	1,375
- other factory overheads		14,597	14,080
		2,314,710	2,076,659
		22,366,390	19,985,516
Work-in-process at end of the year		(1,046,705)	(656,835)
		21,319,685	19,328,681

36.2 These include charge in respect of employees retirement benefits amounting to Rs. 37.678 million (2019: Rs. 37.005 million).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
37 OTHER INCOME			
Gain on financial instruments			
Changes in fair value of short term investments mandatorily classified as at FVTPL	32	10,285	-
Gain on sale and lease back activities		-	13,364
Gain on disposal of property, plant and equipment		12,265	-
		22,550	13,364
Other income			
Amortization of grant-in-aid	16.1	1,747	1,839
Reversal of impairment allowance of long term investment		7,093	1,584
Others		4,709	17,100
		13,549	20,523
		36,099	33,887
38 DISTRIBUTION COST			
Salaries and benefits	38.1	548,529	166,821
Traveling and conveyance		94,880	68,591
Rent, rates and taxes		37,559	12,012
Electricity, gas, fuel and water		25,122	4,055
Repairs and maintenance		8,945	1,511
Vehicles running and maintenance		61,756	21,258
Printing and stationery		10,654	3,918
Postage, telegrams and telephones		24,588	4,221
Entertainment and staff welfare		43,882	12,304
Advertisement and sales promotion		482,966	195,236
Insurance		16,986	10,618
Freight and forwarding		412,960	170,589
Contract and tendering		2,441	1,352
Depreciation		13,887	-
Warranty period services		441,228	233,401
Others		120,090	47,814
		2,346,473	953,701

38.1 These include charge in respect of employees retirement benefits amounting to Rs. 16.393 million (2019: Rs. 7.563 million).

38.2 These include notional interest expense amounting to Rs. 116.945 million on long term advances. (See note 25.2).

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
39 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	39.1	762,927	235,232
Traveling and conveyance		70,846	17,159
Rent, rates and taxes		113,938	38,746
Ujrah payments		78,724	28,203
Legal and professional		94,302	63,708
Electricity, gas and water		48,094	31,430
Auditor's remuneration	39.2	5,900	4,850
Repairs and maintenance		33,286	13,373
Vehicles running and maintenance		31,699	14,535
Printing, stationery and periodicals		6,201	3,430
Postage, telegrams and telephones		12,565	8,251
Entertainment and staff welfare		25,584	12,596
Advertisement		12,032	6,133
Insurance		10,192	9,449
Depreciation	21.5	91,464	63,836
Others		59,316	35,479
		1,457,070	586,410

39.1 These include charge in respect of employees retirement benefits amounting to Rs. 25.76 million (2019: Rs. 20.09 million).

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
39.2 Auditor's remuneration			
Annual statutory audit		4,300	3,300
Limited scope review		800	800
Review report under corporate governance		500	500
Out of pocket expenses		300	250
		5,900	4,850

40 OTHER EXPENSES

Loss on financial instruments

Changes in fair value of short term investments at fair value through profit or loss	32	-	475
Loss on disposal of property, plant and equipment		-	10,470
Foreign exchange losses		10,796	11,830
		10,796	22,775

Others

Workers' Profit Participation Fund	17.2	19,648	11,431
Workers' Welfare Fund	17.3	14,754	4,344
Donations	40.1 & 40.2	6,085	4,655
		40,487	20,430
		51,283	43,205

40.1 Particulars of donees to whom donations exceed Rs. 1,000,000 or 10% of total amount of donation, whichever is higher are as follows:

	Rupees '000
DC Lahore Office (for COVID-19 affectees)	2,500
Ferozsons Laboratories Limited	1,200
NUST Endowment Fund	1,000
	4,700

40.2 None of the directors or their spouses had any interest in the donee.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	<i>Note</i>	31-Dec-20 <i>Rupees '000</i>	31-Dec-19 <i>Rupees '000</i>
41 FINANCE COST			
Interest/markup/profit on:			
redeemable capital		-	1,958
long term finances		548,093	650,503
leased liabilities		44,403	25,223
short term borrowings		1,415,758	700,180
		2,008,254	1,377,864
Interest on Workers' Profit Participation Fund	17.2	572	1,516
Bank charges and commission		189,532	160,518
		2,198,358	1,539,898

42 TAXATION			
Provision for taxation			
for current year	33 & 42.1	315,835	-
for prior years		6,061	(279)
		321,896	(279)
Deferred taxation			
adjustment attributable to origination and reversal of temporary differences		(189,805)	33,773
adjustment attributable to changes in tax rates	15.1	-	-
		(189,805)	33,773
		132,091	33,494

42.1 Provision for current tax has been made in accordance with section 113 and 154 (2019: section 59AA along with its subsidiary as a single unit) of the Income Tax Ordinance, 2001 [the Ordinance]. There is no relationship between the aggregate tax expense and accounting profit and accordingly, no numerical reconciliation has been presented.

42.2 Assessments upto Tax Year 2020 have been finalized under the relevant provisions of the Ordinance except for Tax Year 2009, 2016 and 2017. See note 20.1.3.

	<i>Unit</i>	31-Dec-20	31-Dec-19
43 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	<i>Rupees '000</i>	223,849	177,842
Preference dividend for the year	<i>Rupees '000</i>	(42,710)	(42,710)
Profit attributable to ordinary shareholders	<i>Rupees '000</i>	181,139	135,132
Shares			
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	497,681,485	497,681,485
Earnings per share			
Basic and diluted	<i>Rupees</i>	0.36	0.27

43.1 As per the opinion of the Company's legal counsel, the provision for dividend at 9.5% per annum, under the original terms of issue of preference shares, will prevail on account of preference dividend.

43.2 There is no diluting effect on the basic earnings per share of the Company as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
44 CASH GENERATED FROM OPERATIONS			
Profit before taxation		355,940	211,336
Adjustments for non-cash and other items			
Interest/markup/profit expense		2,008,254	1,377,864
Share of loss of associate		2,203	2,806
Notional interest		116,945	-
Loss/(gain) on disposal of property, plant and equipment		(12,265)	10,470
Amortization of grant-in-aid		(1,747)	(1,839)
Amortization of intangible assets		8,602	10,822
Reversal of impairment allowance of long term investment		(7,093)	(1,584)
Changes in fair value of financial assets at fair value through profit or loss		(10,285)	475
Impairment allowance for expected credit loss		26,273	25,234
Impairment allowance for obsolete and slow moving stock		13,824	2,877
(Gain)/loss on sale and lease back activities		-	(13,364)
Depreciation		1,148,923	974,654
		3,293,634	2,388,415
		3,649,574	2,599,751
Changes in working capital			
Stores, spares and loose tools		(13,777)	10,798
Stock in trade		(1,719,328)	581,937
Trade debts		(1,153,873)	2,354,590
Contract assets		630,657	(161,774)
Short term advances		551,700	(128,543)
Short term deposits and prepayments		777,434	(786,419)
Other receivables		35,065	(40,892)
Warranty obligations		301,629	44,960
Trade and other payables		119,119	771,243
		(471,374)	2,645,900
Cash generated from operations		3,178,200	5,245,651
45 CASH AND CASH EQUIVALENTS			
Cash and bank balances	34	552,278	379,733
		552,278	379,733
46 TRANSACTIONS AND BALANCES WITH RELATED PARTIES			

Related parties from the Company's perspective comprise subsidiary, associated companies, key management personnel and post employment benefit plan. 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. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Pak Elektron Limited			
Employees Provident Fund Trust	Provident Fund Trust	Contribution to provident fund	0.00%
PEL Marketing (Private) Limited	Subsidiary	Investment	0.00%
Kohinoor Power Company Limited	Associated company	Investment	0.00%
Red Communication Arts (Private) Limited	Associated company	Common directorship	0.00%
Mr. M. Murad Saigol	Key management personnel	Chief executive	0.0025%
Mr. M. Zeid Yousuf Saigol	Key management personnel	Director	2.9637%
Mr. Syed Manzar Hassan	Key management personnel	Director	0.0004%

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Transactions with key management personnel are limited to payment of short term and post employment benefits, advances against issue of ordinary shares and dividend payments. Transactions with post employment benefits plan are limited to employers' contribution made. The Company in the normal course of business carries out various transactions with its subsidiary and associated companies 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 are as follows:

		Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
46.1 Transactions with related parties				
Nature of relationship	Nature of transactions			
Provident Fund Trust	Contribution for the year		79,831	64,658
Subsidiary	Sale of goods		-	10,716,095
Associated companies	Purchase of services		57,783	48,866
	Sale of goods		259	-
Key management personnel	Short term employee benefits	52	46,014	47,974
	Post employment benefits	52	1,797	1,760
46.2 Balances with related parties				
Nature of relationship	Nature of balances			
Provident Fund Trust	Contribution payable		13,208	6,774
Key management personnel	Short term employee benefits payable		1,432	1,356
Associated companies	Creditors		3,351	11,921

47 CONTRACTS WITH CUSTOMERS

47.1 Disaggregation of revenue

The table below provides disaggregation of revenue and its relationship with revenue information disclosed for the Company's operating segments presented in note 53.

	Power Division		Appliances Division		Total	
	31-Dec-20 Rupees '000'	31-Dec-19 Rupees '000'	31-Dec-20 Rupees '000'	31-Dec-19 Rupees '000'	31-Dec-20 Rupees '000'	31-Dec-19 Rupees '000'
Product/service lines						
Home appliances	-	-	25,088,742	17,862,538	25,088,742	17,862,538
Electrical capital goods	12,082,053	8,468,330	-	-	12,082,053	8,468,330
Construction contracts	817,373	1,365,601	-	-	817,373	1,365,601
	12,899,426	9,833,931	25,088,742	17,862,538	37,988,168	27,696,469
Timing of revenue recognition						
Products transferred at a point in time	12,082,053	8,468,330	25,088,742	17,862,538	37,170,795	26,330,868
Products/services transferred over time	817,373	1,365,601	-	-	817,373	1,365,601
	12,899,426	9,833,931	25,088,742	17,862,538	37,988,168	27,696,469

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47.2 Contract balances

The information about receivables, contract assets and contract liabilities from contracts with customers is as follows:

Nature of balance	Presented in financial statements as	Note	31-Dec-20	31-Dec-19
			Rupees '000'	Rupees '000'
Receivables	Trade debts	28	10,436,154	2,490,298
Contract assets	Construction work in progress	29	1,066,852	1,697,509
Contract liabilities	Advances from customers	17	95,698	70,125
			11,598,704	4,257,932

47.3 Changes in contract assets and liabilities

Significant changes in contract assets and contract liabilities during the year are as follows:

	Contract assets	Contract liabilities
	Rupees '000'	Rupees '000'
As at beginning of the year	1,697,509	70,125
Revenue recognized against contract liability as at beginning of the year	-	(70,125)
Net increase due to cash received in excess of revenue recognized	-	95,698
Transfers from contracts assets recognized at the beginning of the year to receivables	(1,697,509)	-
Net increases as a result of contract activity	1,066,852	-
As at end of the year	1,066,852	95,698

47.4 Impairment losses

The Company during the year has recognized Rs. 26.273 million (2019: Rs. 25.234 million) as impairment loss on receivables (trade debts) arising from the Company's contracts with customers. See note 28.2.

48 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments by class and category are as follows:

	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000
48.1 Financial assets		
Cash in hand	11,748	9,539
Financial assets at amortized cost		
Long term deposits	437,736	332,579
Long term advances	2,159,160	-
Trade debts	10,436,154	2,490,298
Short term deposits	298,124	207,323
Bank balances	540,530	370,194
	13,871,704	3,400,394
Financial assets mandatorily measured at fair value through profit or loss		
Short term investments	31,881	21,596
	13,915,333	3,431,529

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000
48.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Long term finances	7,638,638	4,407,403
Leased liabilities	321,433	241,094
Trade creditors	656,211	468,541
Foreign bills payable	125,642	101,960
Accrued liabilities	139,918	121,036
Employees' provident fund	13,208	6,774
Compensated absences	34,787	33,902
Unclaimed dividend	14,456	15,052
Other payables	15,942	18,531
Accrued interest/markup/profit	372,446	488,912
Short term borrowings	10,605,608	10,955,490
	19,938,289	16,858,695

49 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). These risks affect revenues, expenses and assets and liabilities of the Company.

The Board of Directors has the overall responsibility for establishment and oversight of risk management framework. The Board of Directors has developed a risk policy that sets out fundamentals of risk management framework. The risk policy focuses on unpredictability of financial markets, the Company's exposure to risk of adverse effects thereof and objectives, policies and processes for measuring and managing such risks. The management team of the Company is responsible for administering and monitoring the financial and operational financial risk management throughout the Company in accordance with the risk management framework.

The Company's exposure to financial risks, the way these risks affect the financial position and performance, and forecast transactions of the Company and the manner in which such risks are managed is as follows:

49.1 Credit risk

Credit risk is the risk of financial loss to the Company, if the counterparty to a financial instrument fails to meet its obligations.

49.1.1 Credit risk management practices

In order to minimise credit risk, the Company has adopted a policy of only dealing with creditworthy counterparties and limiting significant exposure to any single counterparty. The Company only transacts with counterparties that have reasonably high external credit ratings. Where an external rating is not available, the Company uses an internal credit risk grading mechanism. Particularly for customers, a dedicated team responsible for the determination of credit limits uses a credit scoring system to assess the potential as well as existing customers' credit quality and assigns or updates credit limits accordingly. The ageing profile of trade debts and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial asset at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. This is usually the case with various customers of the Company where the Company has long standing business relationship with these customers and any amounts that are past due by more than 30 days in the normal course of business are considered 'performing' based on history with the customers. Therefore despite the foregoing, the Company considers some past due trade debts to have low credit risk where the counterparty has a good history of meeting its contractual cash flow obligations and is expected to maintain the same in future.

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The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk.

The Company considers 'default' to have occurred when the financial asset is credit-impaired. A financial asset is considered to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial condition and there is no realistic prospect of recovery.

The Company's credit risk grading framework comprises the following categories and basis for recognizing impairment allowance for Expected Credit Losses ['ECL'] for each category:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade debts: Lifetime ECL Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

There were no changes in the Company's approach to credit risk management during the year.

49.1.2 Exposure to credit risk

Credit risk principally arises from debt instruments held by the Company as at the reporting date. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Financial assets at amortized cost			
Long term deposits	24	437,736	332,579
Long term advances	25	2,159,160	-
Trade debts	28	11,074,962	3,102,833
Short term deposits	31	298,124	207,323
Cash at banks	34	540,530	370,194
		14,510,512	4,012,929

49.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or to internal credit risk grading. The credit quality of the Company's financial assets exposed to credit risk is as follows:

	Note	External rating	Internal risk grading	12-month or life-time ECL	Gross carrying amount Rupees '000	Loss allowance Rupees '000
Long term deposits	24	N/A	Performing	12-month ECL	437,736	-
Long term advances	25	N/A	Performing	12-month ECL	2,159,160	-
Trade debts	28	N/A	Performing	Lifetime ECL	10,436,154	-
			Doubtful	Lifetime ECL	638,808	638,808
					11,074,962	638,808
Short term deposits	31	N/A	Performing	12-month ECL	298,124	-
Cash at banks	34	A3 - A1+	N/A	12-month ECL	540,530	-
					14,510,512	638,808

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(a) Long term deposits

These include deposits placed with various utility companies and regulatory authorities and those placed with customers of construction contracts. Deposits with utility companies and regulatory authorities are substantially perpetual in nature and therefore no credit risk is associated there with. Deposits with customers are against construction contracts with government departments placed in accordance with the terms of tender documents and do not carry any significant credit risk. Accordingly no loss allowance has been made.

(b) Trade debts

For trade debts, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade debts by using internal credit risk gradings. As at the reporting date, trade debts amounting to Rs 437.621 million and Rs. 638.808 million are considered 'doubtful' and 'in-default' respectively. Other trade debts are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of trade debts as at the reporting date is as follows:

	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Neither past due nor impaired	8,460,614	1,861,700
Past due by upto 30 days	1,216,720	372,340
Past due by 31 days to 180 days	871,078	276,258
Past due by 180 days or more	526,550	592,535
	11,074,962	3,102,833

(c) Short term deposits

These are placed with financial institutions with reasonably high credit ratings and therefore no credit loss is expected. Accordingly no loss allowance has been made.

(d) Bank balances

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss.

49.1.4 Concentrations of credit risk

The Company determines concentrations of credit risk by type of counterparty. Maximum exposure to credit risk, as at the reporting date, by type of counterparty is as follows:

	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Utility companies and regulatory authorities	241,166	167,734
Suppliers	196,570	164,845
Customers	13,234,122	3,102,833
Banking companies and financial institution	838,654	577,517
	14,510,512	4,012,929

There are no significant concentrations of credit risk, except for trade debts. The Company's nil (2019: one) significant customers account for nil (2019: Rs. 325.41 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2019: 10%) of trade debts as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

49.1.5 Collateral held

The Company does not hold any collateral to secure its financial assets.

49.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses have been presented in note 28.

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**NOTES TO THE FINANCIAL STATEMENTS
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49.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

49.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities. Details of undrawn facilities that the Company has at its disposal to further reduce liquidity risk are referred to in note 18.3. There were no changes in the Company's approach to liquidity risk management during the year.

49.2.2 Exposure to liquidity risk

The following table presents the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The analysis have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay and includes both interest/markup/profit and principal cash flows. To the extent that interest/markup/profit flows are at floating rate, the undiscounted amount is derived from interest/markup/profit rate curves at the reporting date.

	31-Dec-20				
	Carrying amount Rupees '000	Contractual cash flows Rupees '000	One year or less Rupees '000	One to three years Rupees '000	More than three years Rupees '000
Long term finances	7,638,638	9,064,755	2,643,338	4,531,066	1,890,351
Lease liabilities	321,433	359,885	192,742	158,151	8,992
Trade creditors	656,211	656,211	656,211	-	-
Foreign bills payable	125,642	125,642	125,642	-	-
Accrued liabilities	139,918	139,918	139,918	-	-
Employees' provident fund	13,208	13,208	13,208	-	-
Compensated absences	34,787	34,787	34,787	-	-
Unclaimed dividend	14,456	14,456	14,456	-	-
Other payables	15,942	15,942	15,942	-	-
Accrued interest/markup/profit	372,446	372,446	372,446	-	-
Short term borrowings	10,605,608	10,890,114	10,890,114	-	-
	19,938,289	21,687,364	15,098,804	4,689,217	1,899,343

	31-Dec-19				
	Carrying amount Rupees '000	Contractual cash flows Rupees '000	One year or less Rupees '000	One to three years Rupees '000	More than three years Rupees '000
Long term finances	4,407,403	5,320,079	2,753,784	2,448,023	118,272
Lease liabilities	241,094	285,779	133,420	152,359	-
Trade creditors	468,541	468,541	468,541	-	-
Foreign bills payable	101,960	101,960	101,960	-	-
Accrued liabilities	121,036	121,036	121,036	-	-
Employees' provident fund	6,774	6,774	6,774	-	-
Compensated absences	33,902	33,902	33,902	-	-
Unclaimed dividend	15,052	15,052	15,052	-	-
Other payables	18,531	18,531	18,531	-	-
Accrued interest/markup/profit	488,912	488,912	488,912	-	-
Short term borrowings	10,955,490	10,955,490	10,955,490	-	-
	16,858,695	17,816,056	15,097,402	2,600,382	118,272

49.3 Market risk

49.3.1 Currency risk

Currency risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises from transactions and resulting balances that are denominated in a currency other than functional currency.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(a) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency. There were no changes in the Company's approach to currency risk management during the year.

(b) Exposure to currency risk

The Company's exposure to currency risk as at the reporting date is as follows:

	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Financial assets	-	-
Financial liabilities		
Foreign bills payable		
USD	(97,055)	(86,161)
CNY	-	(2,617)
EUR	(20,973)	(11,391)
AUD	(7,614)	(1,791)
	(125,642)	(101,960)
Net balance sheet exposure	(125,642)	(101,960)
Foreign currency commitments		
CHF	-	(19,546)
CNY	(282,817)	(85,928)
EUR	(214,426)	(114,229)
GBP	(114)	-
USD	(3,089,448)	(460,502)
AED	-	(2,423)
	(3,586,805)	(682,628)
Net exposure	(3,712,447)	(784,588)

(c) Exchange rates applied as at the reporting date

The following spot exchange rates were applied as at the reporting date:

	31-Dec-20 Rupees	31-Dec-19 Rupees
GBP	218.4537	-
EUR	196.6443	173.5841
USD	159.8344	154.8476
CHF	181.4857	159.8674
CNY	24.4608	22.2409
AED	43.5143	42.1566
AUD	123.2883	108.4785

(d) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit for the year and equity as at the reporting date by Rs. 6.28 million (2019: Rs. 5.1 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year and equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

49.3.2 Interest rate risk

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates.

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(a) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points. There were no changes in Company's approach to interest rate risk management during the year.

(b) Interest/markup/profit bearing financial instruments

The effective interest/markup/profit rates for interest/markup/profit bearing financial instruments are mentioned in relevant notes to the financial statements. The Company's interest/markup/profit bearing financial instruments as at the reporting date are as follows:

	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000
Fixed rate instruments	-	-
Variable rate instruments		
Financial liabilities	18,633,662	15,603,987

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate instruments.

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 186.337 million (2019: Rs. 156.04 million). A decrease of 100 basis points would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

49.3.3 Other price risk

Other price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The Company is exposed to price risk in respect of its investments in equity securities. However, the risk is minimal as these investments are held for strategic purposes rather than trading purposes. The Company does not actively trade in these investments.

50 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2	Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
Level 3	Inputs for the asset or liability that are not based on observable market data (that is, unobservable)

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

50.1 Financial instruments measured at fair value

50.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	31,881	21,596

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

50.1.2 Non-recurring fair value measurements

There are no non-recurring fair value measurements as at the reporting date.

50.2 Financial instruments not measured at fair value

The management considers the carrying amount of all financial instruments not measured at fair value at the end of each reporting period to approximate their fair values as at the reporting date.

50.3 Assets and liabilities other than financial instruments

50.3.1 Recurring fair value measurements

For recurring fair value measurements, the fair value hierarchy and information about how the fair values are determined is as follows:

	Level 1	Level 2	Level 3	31-Dec-20 Rupees '000	31-Dec-19 Rupees '000
Land	-	1,035,256	-	1,035,256	1,035,256
Building	-	5,485,585	-	5,485,585	5,771,302
Plant and machinery	-	14,264,519	-	14,264,519	14,323,240

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Land	Market comparable approach that reflects recent transaction prices for similar properties.	Estimated purchase price including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 51.763 million (2019: Rs. 51.763 million).
Building	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 274.279 million (2019: Rs. 288.565 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 713.226 million (2019: Rs. 716.162 million).

51 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares. Consistent with others in industry, the Company monitors capital on the basis of gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, redeemable capital and lease liabilities, including current maturity. Total capital employed includes total equity plus debt. The gearing ratios as at the reporting date are as follows:

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	Unit	31-Dec-20	31-Dec-19
Total debt	Rupees '000'	8,028,054	4,648,497
Total equity	Rupees '000'	31,714,722	23,007,553
Total capital employed	Rupees '000'	39,742,776	27,656,050
Gearing ratio	% age	20.20	16.81

The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance. There were no changes in the Company's approach to capital management during the year.

52 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged to profit or loss in respect of chief executive, directors and executives on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such directors and executives is as follows:

	Chief Executive		Directors		Executives	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Remuneration	11,082	12,046	29,051	29,641	202,558	195,917
House rent	1,108	1,205	1,827	1,908	45,182	43,196
Utilities	1,108	1,205	1,108	1,205	20,256	19,592
Bonus	-	-	-	-	348	11,159
Post employment benefits	-	-	1,797	1,760	19,577	19,178
Meeting fee	-	-	360	435	-	-
Reimbursable expenses						
Motor vehicles expenses	-	-	-	-	18,377	18,045
Medical expenses	-	-	370	329	9,870	8,608
	13,298	14,456	34,513	35,278	316,168	315,695
Number of persons	1	1	2	2	88	87

52.1 Chief executive, directors and executives have been provided with free use of the Company's vehicles.

52.2 No remuneration has been paid to non-executive directors.

53 SEGMENT INFORMATION

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

Information about the Company's reportable segments as at the reporting date is as follows:

Segments	Nature of business
Power Division	Manufacturing and sale of Transformers, Switchgears, Energy Meters and Engineering, Procurement and Construction [ÉPC] contracting.
Appliances Division	Manufacturing, assembling and distribution/sale of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, LED Televisions, Washing Machines, Water Dispensers and other domestic appliances.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

	31-Dec-20		
	Power Division Rupees '000'	Appliances Division Rupees '000'	Total Rupees '000'
Revenue	12,899,426	25,088,742	37,988,168
Finance cost	940,394	1,245,631	2,186,025
Depreciation and amortization	504,337	616,412	1,120,749
Segment profit	239,153	131,971	371,124
Segment assets	20,009,912	32,044,800	52,054,712

	31-Dec-19		
	Power Division Rupees '000'	Appliances Division Rupees '000'	Total Rupees '000'
Revenue	9,833,931	17,862,538	27,696,469
Finance cost	791,153	748,745	1,539,898
Depreciation and amortization	453,387	532,089	985,476
Segment profit	141,135	82,325	223,460
Segment assets	18,809,516	21,388,849	40,198,365

	Note	31-Dec-20 Rupees '000'	31-Dec-19 Rupees '000'
53.1 Reconciliation of segment profit			
Total profit for reportable segments		371,124	223,460
Other income	37	36,099	33,887
Other expenses	40	(51,283)	(43,205)
Profit before taxation		355,940	214,142
53.2 Reconciliation of segment assets			
Total assets for reportable segments		52,054,712	40,198,365
Long term investments	23	10,653	5,863
Short term investments	32	31,881	21,596
Advance income tax/Income tax refundable	33	2,719,270	2,603,652
Total assets		54,816,516	42,829,476
53.3 Information about major customers			
Revenue derived from PEL Marketing (Private) Limited		-	10,716,095

54 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the un-audited financial statements of the Pak Elektron Limited Employees Provident Fund Trust for the year ended December 31, 2020.

		31-Dec-20	31-Dec-19
Size of the fund - total assets	Rupees '000'	545,831	471,337
Fair value of investments	Rupees '000'	505,731	429,787
Percentage of investments made	% age	92.65	91.18

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

The break-up of investments is as follows:

	31-Dec-20		31-Dec-19	
	Rupees '000'	% age	Rupees '000'	% age
Government securities	151,519	29.96	134,496	31.29
Mutual funds	61,357	12.13	-	-
Deposit accounts with commercial banks	292,855	57.91	295,291	68.71
	505,731	100.00	429,787	100.00

55 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	31-Dec-20		31-Dec-19	
		Annual production capacity	Actual production during the year	Annual production capacity	Actual production during the year
Transformers/Power transformers	MVA	7,500	3,276	7,000	2,229
Switch gears	Nos.	12,000	5,442	12,000	4,126
Energy meters	Nos.	1,700,000	810,985	1,700,000	662,833
Air conditioners	Tonnes	200,000	102,433	200,000	94,808
Refrigerators/Deep freezers	Cfts.	6,950,000	3,576,011	6,950,000	4,072,399
Microwave ovens/Water Dispensers	Litres	2,500,000	1,579,786	2,500,000	707,249
LED TVs	Sets	200,000	18,640	200,000	41,710
Washing machines	Kgs	450,000	424,186	150,000	104,754

55.1 Under utilization of capacity is mainly attributable to consumer demand.

56 NUMBER OF EMPLOYEES

	31-Dec-20	31-Dec-19
Total number of employees	5,616	4,321
Average number of employees	5,555	4,546

57 ORDINARY SHARES IN THE COMPANY HELD BY ASSOCIATED COMPANIES

Saritow (Pakistan) Limited, a related party, holds 1,450,650 (2019: 1,450,650) ordinary shares of Rs. 10 each in the Company.

58 EVENTS AFTER THE REPORTING PERIOD

There are no significant events after the reporting period which may require adjustment of and/or disclosure in these financial statements.

59 IMPACT OF COVID - 19

The Company faced volumetric reduction in sales of Appliances Division on account of operational lock down and overall COVID-19 related economic shade. However, Power Division remained substantially unaffected due to early resumption of operations after lock down and timely ordering from WAPDA Distribution Companies. However, the management is confident that the COVID-19 related events do not have any material impact on the Company's ability to continue as a going concern.

60 RECLASSIFICATIONS

The following amounts have been reclassified for the purpose of better presentation.

Items reclassified	From	To	31-Dec-20	31-Dec-19
			Rupees '000'	Rupees '000'
Impairment allowance for expected credit losses	Administrative expenses	Statement of profit or loss	26,273	25,234

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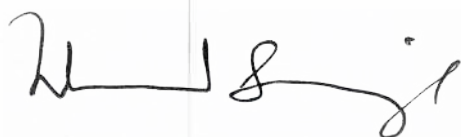
PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

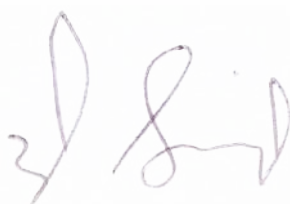
61 GENERAL

61.1 Figures have been rounded off to the nearest thousands.

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



M. MURAD SAIGOL
Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
Chief Financial Officer

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THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING

1.1 Name of the Company **PAK ELEKTRON LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

31-12-2020

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
971	1	100	32,517
1,842	101	500	765,268
1,675	501	1,000	1,576,913
2,860	1,001	5,000	8,047,611
862	5,001	10,000	6,907,443
301	10,001	15,000	3,891,877
206	15,001	20,000	3,815,405
133	20,001	25,000	3,130,062
108	25,001	30,000	3,086,396
52	30,001	35,000	1,711,254
35	35,001	40,000	1,338,004
26	40,001	45,000	1,117,493
70	45,001	50,000	3,452,625
14	50,001	55,000	755,000
23	55,001	60,000	1,345,645
15	60,001	65,000	954,975
10	65,001	70,000	680,918
21	70,001	75,000	1,555,900
15	75,001	80,000	1,170,632
9	80,001	85,000	746,511
10	85,001	90,000	883,962
9	90,001	95,000	832,415
33	95,001	100,000	3,296,465
10	100,001	105,000	1,036,395
5	105,001	110,000	536,833
3	110,001	115,000	338,000
5	115,001	120,000	588,422
9	120,001	125,000	1,111,500
8	125,001	130,000	1,029,500
4	130,001	135,000	537,125
3	135,001	140,000	412,600
3	140,001	145,000	429,358
14	145,001	150,000	2,096,000
3	155,001	160,000	475,000
5	165,001	170,000	844,000
3	170,001	175,000	522,500
6	175,001	180,000	1,074,599
2	180,001	185,000	366,800
1	185,001	190,000	186,000
1	190,001	195,000	194,000
14	195,001	200,000	2,796,400
4	200,001	205,000	814,000
2	205,001	210,000	418,500
2	215,001	220,000	434,990
2	220,001	225,000	444,000
3	235,001	240,000	715,500

1	240,001	245,000	241,500
6	245,001	250,000	1,497,500
1	250,001	255,000	255,000
2	255,001	260,000	514,500
1	260,001	265,000	264,500
7	270,001	275,000	1,921,000
1	280,001	285,000	281,250
2	285,001	290,000	577,000
2	290,001	295,000	585,500
5	295,001	300,000	1,500,000
1	305,001	310,000	305,300
2	325,001	330,000	658,375
1	330,001	335,000	330,500
1	335,001	340,000	337,120
1	340,001	345,000	341,500
3	345,001	350,000	1,050,000
1	360,001	365,000	361,500
1	375,001	380,000	380,000
4	395,001	400,000	1,599,000
2	410,001	415,000	829,000
1	435,001	440,000	437,500
1	440,001	445,000	440,500
1	445,001	450,000	450,000
1	455,001	460,000	458,000
1	485,001	490,000	487,270
1	490,001	495,000	494,500
6	495,001	500,000	3,000,000
1	500,001	505,000	503,000
2	510,001	515,000	1,024,000
1	515,001	520,000	516,000
1	520,001	525,000	525,000
1	525,001	530,000	530,000
1	545,001	550,000	550,000
1	555,001	560,000	560,000
3	595,001	600,000	1,800,000
1	615,001	620,000	617,645
2	630,001	635,000	1,265,530
2	645,001	650,000	1,300,000
1	695,001	700,000	700,000
1	700,001	705,000	705,000
1	710,001	715,000	711,500
2	740,001	745,000	1,483,447
1	745,001	750,000	748,803
1	795,001	800,000	800,000
1	845,001	850,000	850,000
1	870,001	875,000	871,500
1	880,001	885,000	883,523
1	900,001	905,000	901,500
1	925,001	930,000	927,000
1	975,001	980,000	980,000
7	995,001	1,000,000	7,000,000
1	1,110,001	1,115,000	1,114,500
1	1,195,001	1,200,000	1,198,500
1	1,200,001	1,205,000	1,201,500
1	1,255,001	1,260,000	1,258,000
1	1,310,001	1,315,000	1,310,500
1	1,445,001	1,450,000	1,450,000
1	1,450,001	1,455,000	1,450,650

1	1,470,001	1,475,000	1,471,500
1	1,675,001	1,680,000	1,677,752
1	1,790,001	1,795,000	1,792,000
1	2,145,001	2,150,000	2,150,000
1	2,575,001	2,580,000	2,578,500
1	2,935,001	2,940,000	2,939,552
1	3,400,001	3,405,000	3,400,195
1	3,505,001	3,510,000	3,510,000
1	3,595,001	3,600,000	3,600,000
1	3,760,001	3,765,000	3,761,500
1	4,710,001	4,715,000	4,710,893
1	5,255,001	5,260,000	5,260,000
1	5,380,001	5,385,000	5,384,500
1	5,515,001	5,520,000	5,515,718
1	5,715,001	5,720,000	5,717,945
1	5,805,001	5,810,000	5,810,000
1	6,150,001	6,155,000	6,151,000
1	6,480,001	6,485,000	6,483,760
1	6,610,001	6,615,000	6,614,000
1	8,465,001	8,470,000	8,468,625
1	10,975,001	10,980,000	10,977,500
1	13,390,001	13,395,000	13,391,500
1	14,260,001	14,265,000	14,260,500
1	14,735,001	14,740,000	14,737,537
1	106,845,001	106,850,000	106,849,067
1	126,635,001	126,640,000	126,635,715
9,538			497,681,485

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	7	146,112,028	29.3585
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	6	5,667,238	1.1387
Banks Development Financial Institutions Non Banking Financial Institution	17	24,438,429	4.9105
Insurance Companies	17	49,383,213	9.9227
Modarabas and Mutual Funds	42	21,508,993	4.3218
General Public	9,231	206,699,601	41.5325
Others (to be specified)			
Pension Funds	7	2,625,947	0.5276
Other Companies	29	1,677,149	0.3370
Investment Companies	3	2,491,500	0.5006
Joint Stock Companies	151	24,455,715	4.9139
Foreign Companies	28	12,621,672	2.5361
	9,538	497,681,485	100.0000

PAK ELEKTRON LIMITED

Categories of Shareholding required under Listed Companies (Code of Corporate Governance) Regulations, 2019

As on December 31, 2020

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:			
Mutual Funds:			
1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	58,775	0.0118
2	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	650,000	0.1306
3	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND (CDC)	315	0.0001
4	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	2,578,500	0.5181
5	CDC - TRUSTEE ASKARI ASSET ALLOCATION FUND (CDC)	75,000	0.0151
6	CDC - TRUSTEE AWT INCOME FUND (CDC)	264,500	0.0531
7	CDC - TRUSTEE FAYSAL MTS FUND - MT (CDC)	927,000	0.1863
8	CDC - TRUSTEE HBL - STOCK FUND (CDC)	290,000	0.0583
9	CDC - TRUSTEE HBL EQUITY FUND (CDC)	274,000	0.0551
10	CDC - TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	42,500	0.0085
11	CDC - TRUSTEE HBL ISLAMIC EQUITY FUND (CDC)	95,000	0.0191
12	CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	28,500	0.0057
13	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	748,803	0.1505
14	CDC - TRUSTEE LAKSON INCOME FUND - MT (CDC)	1,500	0.0003
15	CDC - TRUSTEE MCB DCF INCOME FUND (CDC)	146,000	0.0293
16	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	500,000	0.1005
17	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	6,151,000	1.2359
18	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	530,000	0.1065
19	CDC - TRUSTEE MEEZAN ASSET BALANCED FUND (CDC)	300,000	0.0603
20	CDC - TRUSTEE MEEZAN ASSET ISLAMIC FUND (CDC)	600,000	0.1206
21	CDC - TRUSTEE MEEZAN TAHAFFUZ PENSION FUND - EQUITY SUB FUND (CDC)	650,000	0.1306
22	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT (CDC)	871,500	0.1751
23	CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND - MT (CDC)	118,500	0.0238
24	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT (CDC)	1,310,500	0.2633
25	CDC - TRUSTEE NBP SAVINGS FUND - MT (CDC)	124,000	0.0249
26	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND (CDC)	134,000	0.0269
27	CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND (CDC)	440,500	0.0885
28	CDC - TRUSTEE PAKISTAN INCOME FUND (CDC)	57,000	0.0115
29	CDC - TRUSTEE PICIC GRWOTH FUND (CDC)	237,000	0.0476
30	CDC - TRUSTEE PICIC INVESTMENT FUND (CDC)	178,500	0.0359
31	CDC - TRUSTEE - MEEZAN DEDICATED EQUITY FUND (CDC)	135,000	0.0271
32	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND (CDC)	2,150,000	0.4320
33	CDC-TRUSTEE AWT ISLAMIC INCOME FUND (CDC)	113,000	0.0227
34	CDC-TRUSTEE HBL ISLAMIC STOCK FUND (CDC)	150,000	0.0301
35	MC FSL TRUSTEE JS - INCOME FUND (CDC)	143,000	0.0287
36	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND (CDC)	5,000	0.0010
37	MCBFSL - TRUSTEE AKD ISLAMIC STOCK FUND (CDC)	125,000	0.0251
38	MCBFSL - TRUSTEE HBL ISLAMIC DEDICATED EQUITY FUND (CDC)	10,500	0.0021
39	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND (CDC)	64,500	0.0130
40	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND (CDC)	123,000	0.0247
		21,401,893	4.3003
Directors, CEO and their Spouse and Minor Children:			
1	MR. M. NASEEM SAIGOL (CDC)	126,635,715	25.4451
2	MR. MUHAMMAD MURAD SAIGOL	12,421	0.0025
3	MR. MUHAMMAD ZEID YOUSAF SAIGOL	14,749,958	2.9637
4	SHEIKH MUHAMMAD SHAKEEL	500	0.0001
5	SYED MANZAR HASSAN	2,041	0.0004
6	SYED HAROON RASHID	500	0.0001
7	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	4,710,893	0.9466
		146,112,028	29.3585
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:			
		75,104,039	15.0908
Shareholders holding five percent or more voting interest in the listed company			
1	MR. M. NASEEM SAIGOL (CDC)	126,635,715	25.4451
2	MRS. AMBER HAROON SAIGOL (CDC)	106,849,067	21.4694
		233,484,782	46.9145

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary, Their spouses and minor children:

S. No.	NAME	SALE	PURCHASE
	NIL		

Form of Proxy

65th Annual General Meeting

LEDGER FOLIO

SHARES HELD

I / We _____
of _____
appoint _____
(or of _____
failing him) _____

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 65th Annual General Meeting of the Company to be held on **April 29, 2021** at 11:00 A.M. at 06-Egerton Road, Opposite LDA Plaza, Lahore and at every adjournment thereof, if any.

A witness my / our hand (s) this _____ day of April, 2021.

Signed by the said

REVENUE
STAMP

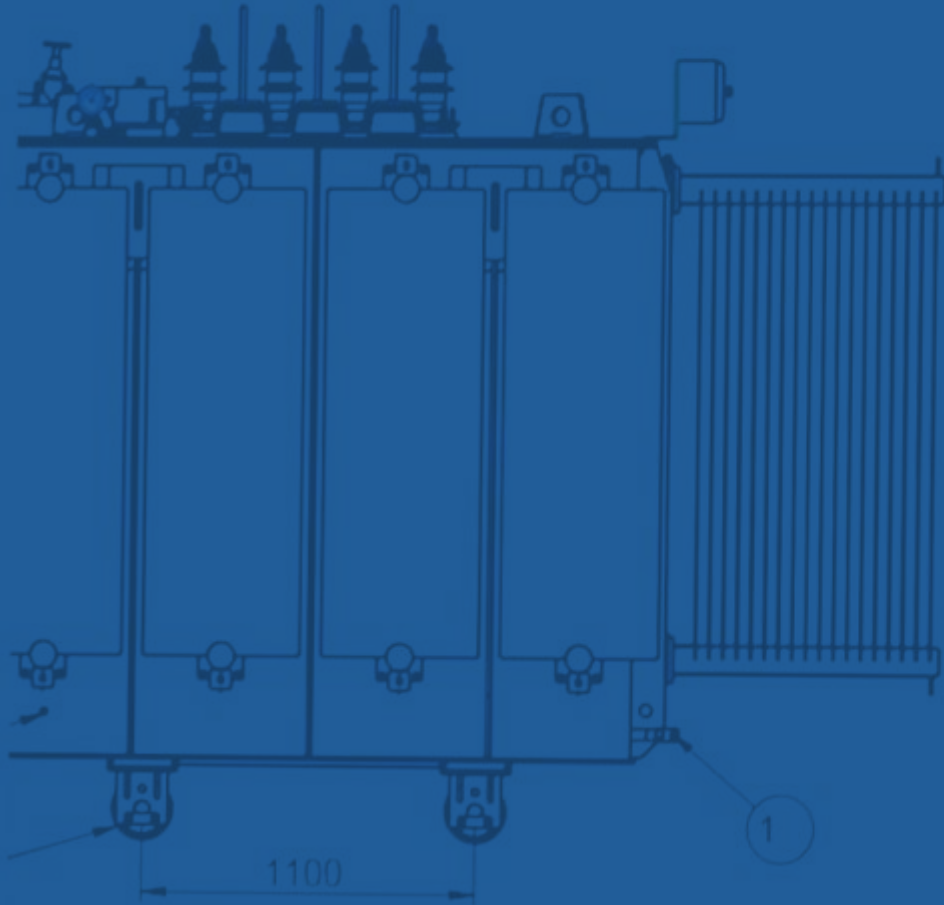
Witnesses:

1) Name _____	2) Name _____
Address _____	Address _____
_____	_____
CNIC No. _____	CNIC No. _____

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 54 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gulberg-V, Lahore, the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirements have to be met.
 - (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form.
 - (ii) In case of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier along with proxy form to the Company).
 - (ii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

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PAK ELEKTRON LIMITED
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