PAK ELEKTRON LIMITED

(PEL)

ANNUAL REPORT 2022

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. Anjum Nisar	Director - Non Executive
Ms. Azra Shoaib	Director - NBP Nominee U/S 164 of the Act / Non Executive

Audit Committee

Syed Haroon Rashid	Chairman/Member
Mr. M. Naseem Saigol	Member
Syed Manzar Hassan	Member
Mr. Muhammad Kamran Saleem	Member

HR & Remuneration Committee

Syed Haroon Rashid	Chairman/Member
Syed Manzar Hassan	Member
Mr. Muhammad Kamran Saleem	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 Altaf Ahmed

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

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

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

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

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

PAK ELEKTRON LIMITED

Head Office: : 14-Km, Ferozepur Road, Lahore-54760 Pakistan
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Facsimile: : (+92 42) 35920150
Website: : www.pel.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 67th Annual General Meeting of Shareholders of **Pak Elektron Limited** ("Company") will be held on Thursday, April 27, 2023 at 11:00 A.M., at Factory Premises, 14-KM, Ferozepur Road, Lahore to transact the following business: -

Ordinary Business:

1. To confirm the minutes of Extraordinary General Meeting held on October 21, 2022.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2022 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.

Special Business:

4. To consider and if deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) by the members to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and web link, as recommended by the Board of Directors of the Company:

   "RESOLVED THAT QR enabled code and web link of the annual audited financial statements of the company be circulated to members, subject to the requirements of Notification No. S.R.O. 389(I)/2023 of Securities & Exchange Commission of Pakistan dated 21st March 2023 instead of CD/DVD/USB.

   FURTHER RESOLVED THAT notice of general meeting be dispatched to members, as per the requirement of the Companies Act, 2017, on their registered address, containing the QR code and the web/ink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act.

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FURTHER RESOLVED THAT the annual audited financial statements be also circulated to members through email, in case email has been provided by the members of the company, without receiving consents from the members.

FURTHER RESOLVED THAT the company shall provide hard copy of all the future annual audited financial statements to those members only who request the company in writing to receive hard copies."

5. Any other business with the permission of the Chair.

By Order of the Board

Muhammad Omer Farooq
Company Secretary

Lahore: April 06, 2023

Notes:

1. Share Transfer Books of the Company will remain closed from April 20, 2023 to April 27, 2023 (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 19, 2023 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.

4. Members are requested to notify the Company change in their addresses, if any.

5. **ELECTRONIC VOTING**

a. In accordance with the Companies (Postal Ballot) Regulation, 2018, (the "Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the

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Companies Act, 2017 in the manner and subject to conditions contained in the Regulations,

b. Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses available in the Register of Members of the Company by the end of business on April 20, 2023 by Corplink (Private) Limited being the e voting service provider.
c. Identity of the members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
d. Members shall cast vote online from April 24, 2023 9:00 A.M. till April 26, 2023 5:00 P.M. Voting shall close on April 26, 2023 at 5:00 P.M. Once the vote on the resolution has been casted by a Member, he/she shall not be allowed to change it subsequently.

6. PROCEDURE FOR VOTING THROUGH POSTAL BALLOT

a. Members may alternatively opt for voting through postal ballot. For convenience of the members, Ballot Paper is annexed to this notice and the same is also available on the Company's website [website address] to download.

b. The members must ensure that the duly filled and signed ballot paper, along with a copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post at the Company's registered address, [address], or email at [email] one day before the AGM, i.e., on April 26, 2023 before 5:00 P.M. A postal ballot received after this time / date shall not be considered for voting. The signature on the Ballot Paper shall match with signature on the CNIC.

7. Annual Audited Financial Statements of the Company for the Financial Year ended December 31, 2022 have been placed on the Company's website i.e. www.pel.com.pk.

8. 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

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

9. **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.

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10. 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.

11. Replacement Of Physical Shares Into CDCAccount

Members, who hold physical shares, are advised to convert their shares into electronic form in terms of section 72 of the Companies Act, 2017.

12. 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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STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

The following statement sets out the material facts pertaining to the Special Business to be transacted at the Annual General Meeting of the Company at 11:00 A.M., on Thursday, April 27, 2023 at Factory Premises, 14-KM, Ferozepur Road, Lahore;

Subject to the requirements of Notification No. S.R.O. 389(I)/2023 of Securities & Exchange Commission of Pakistan dated 21st March 2023, the company is desirous to obtain members approval in order to circulate annual audited financial statements to its members thorough QR enabled code and web/ink instead of circulating the same via CD/DVD/USB.

None of the Directors of the Company have any personal interest in the aforesaid Special Business except in their capacity as Shareholders or Directors of the Company.

Company Secretary

Lahore
April 06, 2023

PAK ELEKTRON LIMITED
Registered Office: 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore
Tel: 042-35920151-59 Website: www.pel.com.pk
E-mail: chairman@pel.com.pk

BALLOT PAPER FOR VOTING THROUGH POST

For poll at the Annual General Meeting of Pak Elektron Limited to be held on Thursday, April 27, 2023 at Factory Premises: 14-KM, Ferozepur Road, Lahore,

Designated email address of the Chairman at which the duly filled in ballot paper may be sent: omer.farooq@saigols.com

Name of shareholder/joint shareholders	
Registered Address	
Folio No. / CDC Participant / Investor ID with sub-account No	
Number of shares held	
CNIC, NICOP/Passport No. (in case of foreigner) (Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	
Name of Authorized Signatory:	
CNIC, NICOP/Passport No. (In case of foreigner) of Authorized Signatory - (Copy to be attached)	

I/we hereby exercise my/our vote in respect of the following resolutions through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick (√) mark in the appropriate box below (delete as appropriate);

Special Resolutions

To consider and if deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following Special Resolution(s) by the members to circulate the annual balance sheet and profit and loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and web link, as recommended by the Board of Directors of the Company:

"RESOLVED THAT QR enabled code and web link of the annual audited financial statements of the company be circulated to members, subject to the requirements of Notification No. S.R.O. 389(I)/2023 of Securities & Exchange Commission of Pakistan dated 21st March 2023 instead of CD/DVD/USB.

FURTHER RESOLVED THAT notice of general meeting be dispatched to members, as per the requirement of the Companies Act, 2017, on their registered address, containing the QR code and the web/ink address to view and download the annual audited financial statements together with the reports and documents required to be annexed thereto under the Act.

FURTHER RESOLVED THAT the annual audited financial statements be also circulated to members through email, in case email has been provided by the members of the company, without receiving consents from the members.

FURTHER RESOLVED THAT the company shall provide hard copy of all the future annual audited financial statements to those members only who request the company in writing to receive hard copies."

Sr. No.	Nature and Description of resolutions	No. of ordinary shares for which votes cast	I/We assent to the Resolutions (FOR)	I/We dissent to the Resolutions (AGAINST)
1	Special Resolution as per Agenda # 4 (as given above)			

Signature of shareholder(s)
Place: ______________
Date: ______________

NOTES:

1. Dully filled postal ballot should be sent to chairman Mr. M. Naseem Saigol, Chairman of the Company, at 14-KM, Ferozepur Rd Lahore.
2. Copy of CNIC, NICOP/Passport No. (In case of foreigner) should be enclosed with the postal ballot form
3. Postal ballot forms should reach chairman of the meeting till 5:00 p.m. April 26, 2023. Any postal ballot received after this date, will not be considered for voting.
4. Signature on postal ballot should match with signature on CNIC, NICOP/Passport (In case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

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

Name of company: **PAK ELEKTRON LIMITED**
Year ending: **DECEMBER 31, 2022**

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

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

   a) Male: **Seven**
   b) Female: **One**

2. The composition of the Board is as follows:

Category	Names
Independent Directors	Syed Haroon Rashid
	Mr. Muhammad Kamran Saleem
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Anjum Nisar
Executive Directors	Mr. Muhammad Murad Saigol
	Mr. Muhammad Zeid Yousuf Saigol
	Syed Manzar Hassan
Female director	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
   e) Muhammad Kamran Saleem

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. Syed Haroon Rashid
    2. Mr. M. Naseem Saigol
    3. Syed Manzar Hassan
    4. Muhammad Kamran Saleem

    b) HR and Remuneration Committee:

    1. Syed Haroon Rashid
    2. Syed Manzar Hassan
    3. Muhammad Kamran Saleem

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 29, 2022
    2. April 29, 2022
    3. August 29, 2022
    4. October 27, 2022

    b) HR and Remuneration Committee:

    1. March 29, 2022

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 the Regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with. Explanation as required under the Regulation 6(1) is mentioned below;

    "The Company currently has two elected independent directors out of total eight directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a third independent director."

(M. Naseem Saigol)
Chairman

CHAIRMAN'S REVIEW

The Board is fully committed to instil and implement industry best practices and emphasis on transparency, accountability, good governance and safeguarding the interest of the stakeholders. PEL has well-articulated internal control and risk management systems in place...

Dear Share Holders

I praise the Board and the Management of your Company for developing strategies to cope with the changing times that we are living in. The management has been taking excellent initiatives that involve investing in the latest technology to bring in operational efficiencies and reduce cost.

During the year under review company has achieved its ever high revenues of Rupees 66.028 Billion. However, company profitability dropped from rupees 1,591 million to rupees 1,067 million due to massive local currency depreciation, global commodity price hike and overall inflationary trends.

The Board held four meetings during the year to review and approve periodic financial statements, annual business plan and other matters requiring Board attention. The committees also held regular sessions to perform their duties assigned under their respective terms of references by the Board. The performance of members of the Board has been commendable and together we steered the Company towards another year of success and good governance, despite the challenges posed by the pandemic and an unfavorable economic environment.

During the year under review company raised equity amounting Rs. 5,017 million by issuing 358,330,670 (Three Hundred Fifty Eight Million Three Hundred Thirty Thousand Six Hundred Seventy) ordinary right shares at 72 ordinary shares for every 100 ordinary shares already held, at Rs.14 per ordinary share, including a premium of Rs.4 per share, to meet growing working capital needs and reduce borrowings.

I am confident that going forward the Board shall continue to play its role towards sustainable company and safeguarding shareholders wealth.

M. Naseem Saigol
Chairman

Lahore
April 06, 2023

CEO's OVERVIEW

In the challenging era Company showing resilience enlarged its market presence with a profitability shrink due to product cost escalation, massive local currency depreciation and prevailing inflationary trends. Company business fundamentals are intact and has a great potential to recoup its profits as economic revival is seen.

Dear Shareholders,

The outgoing financial year started on a very positive note with the economy experiencing robust growth. The economy continued to crank ?away on the post-Covid recovery phase, with the construction sector taking the lead. However, the exuberance was short lived, with the commodity super cycle directly impacting Pakistan's economy. With oil prices and freight costs shooting to record levels, the current account deficit reached alarming levels along with the PKR depreciating to an extremely strong USD. This took the government by surprise and they had no other option but to apply the brakes to an overly heated economy. Our foreign exchange reserves started to deplete at a very fast pace and the monetary policy had to be tightened to rein in the growth. This culminated in the boom-bust cycle that the Pakistani economy witnesses every few years.

Despite of challenging environment, company is setting high performance standards and in year under review achieved a history ever high revenues of Rupees 66.028 Billion. However, profitability dropped to Rupees 1,067 million from Rupees 1,591 million of previous year due to different odds like massive local currency depreciation, global commodity price increase and overall inflationary trends.

During the year under review company raised equity amounting Rs.5,017 million by issuing 358,330,670 (Three Hundred Fifty Eight Million Three Hundred Thirty Thousand Six Hundred Seventy) ordinary right shares at 72 ordinary shares for every 100 ordinary shares already held, at Rs.14 per ordinary share, including a premium of Rs.4 per share, to meet growing working capital needs and reduce borrowings.

Looking ahead, demand of company products is expected to gain a robust growth momentum at the back rapid urbanization, life style improvements and increasing electricity consumption.

M. Murad Saigol
Chief Executive Officer

Lahore.
April 06, 2023.

DIRECTOR'S REVIEW

The Directors of Pak Elektron Limited (the "Company") are pleased to submit the Annual Report along with the audited financial statements of the Company for the year ended December 31, 2022.

FINANCIAL AND OPERATIONAL REVIEW

MACRO - ECONOMIC ENVIRONMENT

GLOBAL ECONOMIC OVER VIEW

Global Economy 2022 has been marked by the advent of the Russia-Ukraine war which has compounded economic challenges globally. Spillovers from the war had adverse effects on the energy supply-chain across Europe with repercussions all across the globe. Heightened fear of global recession pushed central banks to tighten money supply in an attempt to contain inflation.

During 2022, US Fed expeditiously increased its benchmark rate from a modest 0.25% to 4.5% in seven consecutive meetings, triggering US Dollar demand and depreciating global currencies which led to monetary tightening across the globe. While this helped on the inflation front, global economic growth suffered; resurgence in demand due to zero COVID policy and economic resurgence in China dampened. As a result, global economic growth is expected to slow down to 3.2% in 2022 from 6% in 2021 and is forecasted to drop below 3% in 2023, as per IMF. On a positive note, global inflation is likely to come under control in 2023, down to 6.5% compared to an estimated 8.8% in 2022.

DOMESTIC ECONOMIC OVERVIEW

During the course of the year, Pakistan's economy continued to remain stressed. Macroeconomic risks continued to remain high, as the country faced challenges associated with a large current account deficit, high public debt and lower demand from its traditional export markets amid subdued global growth.

Despite registering 6 % GDP growth in FY22 at the back of accommodative macroeconomic policies, growing economic imbalances hampered fiscal consolidation at the onset of FY23. As per the recent economic surveys, the economy is expected to grow by less than 2% in the current fiscal year FY23 (ending June 2023), which is reflective of the damages and disruptions as a result of catastrophic floods witnessed during 2022, a tightened monetary stance, inflation expectations and a less conducive global environment. Recovery is expected to be gradual with real GDP growth projected to reach 3.2% in the fiscal year 2024.

For FY22, agricultural output registered significant growth due to increased crop production, resulting from better weather conditions and stronger livestock output. Growth in the industry and services sectors also remained strong, although some industries, including food and textiles, weakened in line with the deteriorating macro conditions. However, during H1-FY23, the growth rate of large industries contracted by 3.58%. Statistical data suggests broad-based and sustained moderation in economic activity in response to policy tightening and exogenous shocks. Sales volume of automobiles, POL and cement have all declined significantly in December both on a year-on-year as well as a month-on-month basis.

Going forward, production cuts by firms and supply constraints could pull the LSM growth further down. Recent data also reflects lower crop production than anticipated earlier. This potentially weakens the agriculture sector outlook despite satisfactory reports about sugarcane production and progress on sowing of wheat crop for the current season.

On the external front, strong domestic demand and high global commodity prices led to the current account deficit (CAD) of $17.41 billion or 4.6% of GDP in FY22, the largest in the last 4 years. The large CAD and higher debt service, together with the ongoing political and economic uncertainty, weakened investor confidence and the Rupee continued to depreciate against the U.S. Dollar.

CAD, however, narrowed by around 60% to $3.7 billion in H1-FY23 as compared to $9.1 billion in H1-FY22. This substantial reduction arose through a sharp contraction in imports, reflecting the impact of policy tightening and administrative measures. The contraction in imports was broad-based, with all the major groups, except food and petroleum groups, recording a decline. The share of petroleum imports in total imports rose to 34.1% in H1-FY23 from 23.7% in H1-FY22. Effective implementation of energy conservation measures and appropriate pricing of petroleum products, therefore, remains critical for the much-needed reduction in energy imports. The benefit of 18.2 % fall in imports was partially offset by the decline in export receipts and remittances.

Despite the impact of flood related factors, the CAD is expected to narrow down to 4.3% of GDP in FY23, mainly due to import curtailment and is projected to shrink further in FY24 as exports are expected to start recovering. Notwithstanding the reduction in the current account deficit, the external sector remains under stress due to delays in the realization of official financial inflows, debt repayments and ongoing political uncertainty.

Pakistan's FX reserves, which amounted to $11.42 billion on 30 December 2022, dropped to $10.19 billion in the first week of January 2023 and were recorded at $3.68 billion on 20 January 2023. The completion of the pending 9th review under the IMF's EFF is critical for reducing uncertainty and unlocking multilateral and bilateral inflows.

As mentioned above, the weakening Rupee, high commodity prices and the overheating economy pushed up inflation on 11-year high level. The State Bank of Pakistan (SBP) accordingly tightened its monetary policy and raised the policy rate gradually from 7.0% in

September 2021 to 20.0% in March 2023. National CPI inflation generally remained at elevated levels with some moderation in recent months. Compared to 26.6% YoY in October 2022, the headline inflation slightly eased to 23.8% in November and 24.5 % in December 2022.

The Fiscal deficit is projected to contract by 1.0 % to 6.9% of the GDP in FY23 and is expected to gradually narrow over the medium-term as revenue mobilization measures, particularly GST harmonization and personal income tax reforms take hold. With rapid nominal GDP growth, public debt as a share of GDP is projected to decline gradually, despite continued primary deficits.

In February 2023, the Fitch Ratings Agency downgraded Pakistan's long-term foreign currency issuer default rating (IDR) to 'CCC-' from 'CCC+' sighting liquidity concerns, political volatility and a decline in reserves. The ratings reflect that Pakistan will remain highly reliant on financing from multilateral partners and other creditors to meet its debt payments, in the absence of access to market-term-based financing at affordable costs.

In the context of high macroeconomic risks and large financing needs, the outlook is sensitive to market perceptions and sentiment. Foreign currency reserves held by the State Bank of Pakistan are currently at an alarmingly low level, suggesting an import cover of just three weeks. The current regime has taken steps to cut down on non-essential imports and placed a stranglehold on imports through delays in LC clearance in the interim. At the same time, the government needs to raise the incentives for the production of essential food items and productivity in the manufacturing industries. Financial inflow materialization remains paramount, as expected gross financing requirements far exceed the current reserve capacity

INDUSTRY OVERVIEW

Large Scale Manufacturing (LSM) registered a negative growth of 3.68% in 6MFY23. State Bank of Pakistan steps to control inflationary pressures, slowed down growth momentum and challenging external economic front witnessed lower outputs.

During the year production levels substantially subdued acute supply chain issues at the back of production cost hike and pressures on disposable income. However demand of electrical equipment remained on growth track with the continued government's efforts of electricity T&D infrastructure augmentation. Pakistan Bureau of Statistics reports CY 22 YOY production quantum decline of Refrigerators by 24.44%, Air Conditioners 36.31% and LED TVs 4.64%. However, Deep Freezers production quantum increased by 70.54% due to growing demand of customized products in dairy & bottling sector . Electrical Equipment demand surge is backed by governments' electricity T&D infrastructure augmentation efforts to ensure an uninterrupted electricity to end consumers. Metering infrastructure up gradation is also solicited to curb extraneously growing circular debt as a result of electricity pilferage. Power Division Products in CY 22 shown YOY production quantum increase in Transformers, Energy Meters and Switch Gears @ 57.56%, 37.03% and 27.07% respectively.

Company Matters of Significance

During the year under review, company besides mile stone achievement of history ever high business volumes also attained an excellence in other than usual operational areas. Summary of some of non-financial achievements is reproduced below:

Capital Raising by Right Shares Issue

During the year under review company raised equity amounting Rs. 5,017 million by issuing 358,330,670 (Three Hundred Fifty Eight Million Three Hundred Thirty Thousand Six Hundred Seventy) ordinary right shares at 72 ordinary shares for every 100 ordinary shares already held, at Rs.14 per ordinary share, including a premium of Rs.4 per share, to meet growing working capital needs and reduce borrowings.

Best Corporate Report Award

During the year company received Best Corporate Report Award for Annual Report 2021 by securing 3rd position in "Engineering & Auto Sector" evaluated by the Joint Committee of ICAP and ICMAP.

Credit Rating

On 06-Jul-2022, The Pakistan Credit Rating Agency Limited – PARCA, the country leading credit rating agency , ranked company long term A+ (High Credit Quality) and short term A1(A strong capacity for timely repayment) with stable outlook .

BUSINESS PERFORMANCE REVIEW

Despite challenging economic environment company showing resilience well maintained its market presence due to its quality products equipped with latest market competitive features and brand equity. Company registered history high level of revenues, however profitability subdued due to prevailing economic slowdown.

Summary of operating results is presented below:

Rupees in Million

	2022	2021	Increase / (Decrease)	Percentage
Gross revenue	66,028	55,367	10,661	19.25
Gross profit	10,301	9,067	1,234	13.61
Operating profit	5,439	4,381	1,058	24.15
Finance cost	3,090	2,174	916	42.13
Profit before tax	2,349	2,207	142	6.43
Profit after tax	1,067	1,591	(524)	(32.93)
Earnings per share – Rupees	1.33	2.89	(1.56)	

During the year company achieved history high level revenues of Rs.66,028 million with a 19.25% growth over Rs.55,367 million of previous year. Gross Profit stands at Rs.10,301 million with 13.61% increase over Rs.9,067 million of year 2021.Owing to overall recessionary trends company profits dropped to Rs.1,067 million @ 32.93% against Rs.1,591 of year 2021. Massive local currency depreciation, growing inflationary trends and policy rate hikes are main factors leading to contracted profitability. Earnings per share for the year is Rupees 1.33 against Rupees 2.89 of previous year.

Power Division revenues with 52.24% growth are registered at Rs.31,814 million compared to Rs. 20,898 million of last year. Rapidly growing urbanization and life style improvements, necessitated increased electricity consumption. To cater the growing electricity demand, government is proactively taking care of T&D infrastructure augmentation, which is at the back of robust electrical equipment demand. Further, Industries & housing are generating an incremental demand of Power division products over & above WAPDA Discos demand.

Home Appliances Division revenues with a mild decline @ 0.74% registered at Rs. 34,214 million in comparison to Rs. 34,469 million of preceding year. This is due to under pressure disposable incomes owing to overall economic slowdown and product cost escalation as a result of inflationary trends, massive Pak rupee depreciation and increased policy rates.

PRODUCT WISE OPERATING PERFORMANCE

Refrigerator

Refrigerator, being company premier product, contributed 51.60% of the appliance division's revenues and 26.74% towards overall company revenues during the year. Product revenues registered a mild decline @4.05% due to prevailing economic go slow and pressures on disposable incomes.

Company's ongoing R&D process is on way to launch market competitive products equipped with latest features. During the year, Company launched energy efficient and attractive Refrigerator "PRISM" Series which is well received in market. Further a lot of modification in already launched models has been made. New variant is added in Glass Door InverterON that includes "ION Generator" and Strong "Tempered Glass Shelves" that can withstand weight up to 135 Kgs and New Colors like Purple Dew, Maroon Dew, Grey Blaze and Blue Blaze also added in Curve Glass Door Series. Parallel to product development initiatives, effective marketing campaigns and tireless sales activities lead to maintain company's market share in this highly competitive era.

Due to product penetration gap, there is a lot room for market expansion and company being among pioneers Refrigerator manufacturing companies, with state of art of manufacturing facilities and highly responsive country wide sales & after sales service network is well positioned to grasp its market share. Product Cost is expected to remain under pressures due to global commodity price increasing trends and fragile local currency.

Air conditioner (AC)

Air Conditioner is second high revenue generation product after refrigerator. During the year under review AC business revenues increased by 3.18% and contributed 27.78% of Home Appliances Division and 14.40% of company revenue.

Continuing its successful journey in Air Conditioner business, PEL has added High End Models with Long Air Throw Jumbo DC Classic and Jumbo DC Prime (Wi-Fi AC) and 05 Models added with "GEN Mode" this year, including Super T3 Pro and Saver. In GEN mode, user can set Compressor Speed (75%, 50% & 25%) as per need and Air Conditioner can run on Generator or UPS easily.

Further company following global trends "ALPHA" model added in with environment friendly refrigerant (R32).

Air Conditioners business has a great growth potential due to overall life style improvements, however present economic down turn is slowing down its growth momentum. Fundamentals of company Air Conditioner business are intact and it will be back on growth as economy revives. Company is all committed to launch Energy Efficient and aesthetically improved products in future as well. Company's country wide highly responsive after sales services network is also playing a vital role to win "Consumer Confidence".

Deep Freezer

Deep Freezer Business revenues increased by 32.67% due to increased demand of customized products at commercial level in beverage & dairy sector and general consumer market. Company consumer order specific customized products with use of "O Zone Friendly Refrigerants" as per UN Montreal Protocol are preferred choice of MNCs and local corporates. Company purposely designed products satisfy the demand of Ice cream and beverage companies.

During the year company after successful trial of environment friendly refrigerant R600a in domestic deep freezers adopted for extended product range. Further company has introduced VISI Coolers with R290 refrigerant for Coca- Cola Pakistan.

Company's customized products has developed strong business ties with MNCs and local corporates like Coca Cola Pakistan, Unilever Pakistan, Friesland Campina Engro Pakistan Limited (Engro Foods), Pepsi Cola International, Lotte Akhtar Beverages (Pepsi), Haidery Beverages (Pepsi), Northern Beverages (Pepsi) Sukkur beverages (Pepsi) Pakistan Fruit Juice Company (HICO) and Pakistan Dairy (Igloo).

Your company is well capitalizing its strong customer relationships and technical expertise. Our after-sales services Department has signed service agreements with Friesland Campnia Pakistan Limited (Engro Foods) and Unilever Pakistan for repair services of Deep Freezers, Visi Coolers and Chest Coolers in different areas of Pakistan. We have also entered into Deep

Freezer parts supply agreements with Unilever, Haidri Beverages (Pepsi), Sukkur Beverages (Pepsi) and Lotte Akhter Beverages (Pepsi).

Continuous advancements in food preservation sector indicate an overall product demand growth and your company with its quality products, highly responsive country wide sales & after sales service network and ongoing R&D function is quite confident to expand its market share.

Microwave Oven

Microwave Oven revenues dropped by 12.55% during the year due to prevailing economic go slow. Company microwave ovens with latest 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. Company Microwave Ovens with cost effective designs, space saving shapes and customized cooking experiences are well received in local market .With overall life style improvements and urbanization demand of Microwave Ovens is likely to grow and your company is well positioned to grasp its market share.

Water Dispenser

Due of overall life style improvements and growing urbanization Water Dispenser demand is growing rapidly. Company at the consistent market demand and forecasting market potential launched locally manufactured Water Dispensers in 2017. During the year Water Dispenser revenue a registered 9.05% growth despite of economic go slow. Aesthetically improved "PRISM series" in various colors with hot and cold water along with a storage cabinet launched last year is well received in market. Company with ongoing research and development activities is committed to launch cost effective and aesthetically improved products.

LED Television

During the year under review, LED business revenues declined by 9.00% due to prevailing economic go slow. LED TV's are today's emerging product of consumer market. With the increase in usage of internet services & requirement of more power efficient devices the demand of smart LED TVs become a vital part of home appliances. Keeping in view the requirements of market and continuous up-gradation of technology, PEL introduced the new technologies in LED TVs. Following are the products introduced by PEL in consumer market:

- Regular No Smart LED TVs in sizes 32", 43" & 49" inches
- Smart Android Based LED TVs having functions of social media applications like YouTube, Facebook and Netflix in sizes 32", 43" & 49" inches
- Smart Mirroring Services to mirror iPhone or Android Phones on LED TVs

The features mentioned above attracted the consumers and they demanded to convert their non-smart LED TVs to smart ones. Keeping in view this requirement PEL launched a smart Android based converter to convert non smart LED TVs to smart ones. Along with this a new product launched that can give smart TV features without Android titled "WEB OS based Smart LED TV". With this new OS customers do not need to go to conventional play store of Android. In fact the OS has its own product store from where customers can download social media applications.

Business fundamentals of LED TVs Business are intact and it will be again on growth track as economy revives due to growing urbanization and improving civic standards. Company's ongoing R&D function is on way to launch cost effective quality products with latest features. Having product manufacturing excellence, company is well positioned to grasp its market share.

Washing Machine

Company on consistent market demand, established washing machine manufacturing facility and started its commercial production in July 2019. Company washing machines since its market launch have been well received in the market. During the year under review registered 24.29% revenues drop, backed by prevailing economic go slow and imports constraints.

Product penetration gap, rapid urbanization and improving life style are growth drivers. Product business fundamentals are intact and will be on growth track as country economy revives.

Distribution Transformer (DTR)

Striving hard, the Company has always maintained its top position amongst Distribution Transformer Manufacturers in Pakistan despite tougher competition in recent times. This has been mainly due to its state-of-the-art Distribution Transformer manufacturing and testing facility since year 2009 which was initially established with technology transfer from PAUWELS, Belgium. Due to its "NO COMPROMISE" policy on the High Quality Standards, PEL has managed to acquire and maintain some premier Global Quality & Safety Certifications like ISO 9001, ISO 17001, ISO 17025, in addition to the pride of being only company in Pakistan with CE marking of user safety for Distribution Transformers.

In current year, the demand in Distribution Transformers continued its steady growth as there was a notable demand from the industry for the product. Company ended up with substantial increased sales @ 48.89% in 2022 as compared to 2021. The surge in expansion of various industries, specially textiles and construction related businesses in Pakistan which started during 2020 has continued and PEL also managed to grasp a reasonable share. Since company specializes in design and manufacturing of customized transformers and as such managed to capitalize on taking lions share in this segment.

Power Transformer (PTR)

Power Transformer is the backbone in any electrical network which ensures continuity and stability of electrical supply to large consumer base of distribution companies. Living up to its tradition of being technology leader, the company started this line of production in year 2004 and since then remains the only manufacturer of distribution transformers to have upgraded to 132kV equipment manufacturing in Pakistan. PEL started this venture in technical collaboration with GANZ Hungry having vast experience of design and manufacturing extra high voltage power transformers.

After the phenomenal year-on-year growth @ 36.99% in 2022, PEL has proudly achieved another record milestone being the only local manufacturer in Pakistan to have completed a rare century by achieving production of 100 power transformers in one year. The Company maintains strict quality control in all the processes in the manufacturing lifecycle of Power Transformers and has also upgraded its testing facilities with the addition of high quality equipment to ensure trouble free transformers are delivered to valuable customers. PEL is now the only company in Pakistan with a footprint of more than 700 units of 132kV Power Transformers which are installed all over Pakistan.

Pakistan has now significantly enhanced its power generation capacity to desired levels and the next priority is to improve its transmission and distribution network. This is bound to increase the demand of Power Transformers which are integral components of grid stations. We are confident that your company being key player in this segment will gain its due business share from WAPDA Distribution Companies.

Another feature of 2022 has been a significant demand increase in Power Transformers from indigenous industry as well as Karachi Electric Company. Since the industrial sector expansion is expected to continue; the housing sector growth backed by rapid urbanization and population pressure will result in increased 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. During the year under review Switch Gear revenues registered 95.54% growth from last year backed by increased product demand as a result of government's efforts of electricity T&D Infrastructure augmentation and incremental demand from private sector.

Company under technical collaboration with Schweitzer Engineering Laboratories (SEL), USA, has been successfully providing cutting edge technology to Power Industry and Public Utilities in key areas i.e. Substation Automation Systems (SAS), Industrial Power System Automation and Satellite Synchronization of Power system Control.

PEL Switchgear is always striving for new product development to stay up-to-date with latest international quality standards and to cater customer requirement. With successful type testing of LS- Electric Korean make Vacuum Circuit Breaker (VCB) in world renewed testing Laboratory KERI in Korea, Now PEL has achieved another milestone by getting VCB approval from National Transmission Dispatch Company (NTDC) as per Latest NTDC specifications P-44:2018.

With the increasing electricity consumption the demand of switchgear products is expected to grow in future from WAPDA Discos and private sector as well. Company with state of art manufacturing & testing facilities is quite confident to expand its market share.

Energy Meters

During the year under review energy meter revenues increased by 56.49% at the back of government's efforts of electricity metering infrastructure up-grading to curb spontaneously growing circular debt.

Three Phase Direct Connected Electronic Energy Meter developed by company has been approved by National Transmission & Dispatch Company Limited – NTDC, while Single Phase Electronic Energy Meter and LT/HT Type Multifunction Dual Power Supply Energy Meter for Medium & High Voltage Applications to be used in LV & HV Switchgear are on its way to approval process.

To get rid of growing circular debt, PEPCO is seriously pursuing for implementation of AMR / AMI (Advanced Metering Infrastructure) in Pakistan to ensure precise and efficient collection of metering revenue. With this improved metering environment equipped with the latest technologies power utilities do expect an effective control electricity theft and our energy meter are highly competitive to meet the expectations. To comply with market requirements, company has developed DLMS 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 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.

With the growing urbanization, Industry revival and developments in housing sector, demand of energy meters is expected to attain substantial growth.

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.

During the year under review EPC Business shown a mild revenue growth @ 2.61 %. The 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

Global Economic Outlook

Global economic outlook remains depressed due to geopolitical unrest, higher inflation and post pandemic slowdown in China. IMF has downgraded the world's GDP growth to 3.1% in 2024 from previous projection of 3.2%. Global inflation is, however, expected to fall from 8.8% in 2022 to 6.6% in 2023 and 4.3% in 2024 as a result of subdued global demand and cooling effects of monetary policy tightening measures taken by most central banks in the World.

Country Economic Outlook

Pakistan's economy also faces mounting pressures on account of the aforementioned global situation coupled with a highly fragile domestic scenario, with forex reserves barely covering one month of imports, looming external debt repayments and a delay in the resumption of its loan program with the IMF. Challenges resulting from depleting foreign reserves, high-interest rates and inflation which is also coupled with continuing trade deficit and unprecedented monsoon flooding. Import curbs in the form of restrictions on the opening of LCs for raw materials and spares along with delays in payments to foreign suppliers have threatened uninterrupted business operations. Owing to these challenging circumstances, World Bank in its latest review has downgraded its GDP outlook for Pakistan to 2% for FY 2023.

Going forward, the economic outlook is expected to be shaped largely by the revival of the IMF program, restoration of political stability, flood relief support from the international community and support from friendly countries along with the continued implementation of reforms aimed at stabilizing the economy to restore fiscal and external buffers. However, with the revival of the IMF loan program, another wave of inflation is expected in the form of high energy prices, imposition of additional taxes, depreciation of the local currency, increase in interest rates and reduction in government spending which may lead to further demand curtailment and economic slowdown.

Company Future Outlook

The Company is also facing issues with the retirements of LCs as goods are lying at the port awaiting clearance as a result of administrative measures taken by State Bank of Pakistan to cater the Forex Reserves depletion. Import constraints lead to create a challenging area to run the company operations affecting its end to end supply chain. With the successful conclusion of IMF 9th review, gradual revival is expected. Company business fundamentals are intact and has potential to regain its momentum, as country economy revives.

Electricity demand electricity demand due to rapid urbanization & rising use of electrical home appliances is bound to grow and the increased electricity consumption necessitates T&D infrastructure augmentation for which incumbent government is aggressively working for. It will lead a robust demand growth of Power Division Products. Further developments on CPEC oriented SEZs will generate an incremental demand of electrical equipment. As signs of economic revival appear at the horizon, demand of electrical home equipment i.e. products of Home Appliances Division will back on track.

Despite of Company's strong business fundamentals, growing cost of business as a result of vulnerable local currency, inflationary trend and growing policy rates is a posing challenges to product margins which will result into exuberant price increases.

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 06, 2023

FORM 34

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 **31-12-2022**

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held
983	1	100	32,924
1,784	101	500	733,908
1,837	501	1,000	1,728,422
3,789	1,001	5,000	10,583,310
1,306	5,001	10,000	10,225,788
458	10,001	15,000	5,847,285
310	15,001	20,000	5,649,348
197	20,001	25,000	4,592,660
170	25,001	30,000	4,768,477
99	30,001	35,000	3,273,930
81	35,001	40,000	3,109,365
51	40,001	45,000	2,193,753
80	45,001	50,000	3,948,872
33	50,001	55,000	1,747,627
42	55,001	60,000	2,448,255
20	60,001	65,000	1,253,365
17	65,001	70,000	1,152,174
23	70,001	75,000	1,692,119
18	75,001	80,000	1,412,977
12	80,001	85,000	1,004,809
21	85,001	90,000	1,826,187
15	90,001	95,000	1,385,881
47	95,001	100,000	4,691,825
14	100,001	105,000	1,448,183
15	105,001	110,000	1,631,240
7	110,001	115,000	781,894
10	115,001	120,000	1,181,413
12	120,001	125,000	1,471,740
5	125,001	130,000	640,000
7	130,001	135,000	929,019
8	135,001	140,000	1,116,700
5	140,001	145,000	718,550
15	145,001	150,000	2,235,180
6	150,001	155,000	923,600
4	155,001	160,000	630,380
1	160,001	165,000	161,000
4	165,001	170,000	671,459
5	170,001	175,000	866,560
2	175,001	180,000	356,580
3	180,001	185,000	545,663
1	185,001	190,000	190,000
3	190,001	195,000	578,641
16	195,001	200,000	3,192,500
1	200,001	205,000	203,400
1	205,001	210,000	209,000
1	210,001	215,000	215,000

4	215,001	220,000	870,293
2	220,001	225,000	445,500
1	240,001	245,000	245,000
8	245,001	250,000	1,995,800
2	250,001	255,000	508,400
2	255,001	260,000	515,000
1	260,001	265,000	264,480
1	265,001	270,000	266,000
3	275,001	280,000	835,305
1	280,001	285,000	285,000
1	285,001	290,000	287,000
9	295,001	300,000	2,694,400
1	300,001	305,000	301,000
2	305,001	310,000	613,760
1	320,001	325,000	325,000
2	325,001	330,000	654,375
1	330,001	335,000	331,090
5	335,001	340,000	1,686,000
2	340,001	345,000	688,000
1	345,001	350,000	350,000
1	355,001	360,000	360,000
3	370,001	375,000	1,113,860
5	375,001	380,000	1,895,332
2	380,001	385,000	767,170
2	390,001	395,000	785,000
2	395,001	400,000	795,600
2	415,001	420,000	836,385
3	420,001	425,000	1,271,000
1	425,001	430,000	430,000
3	435,001	440,000	1,309,520
1	440,001	445,000	445,000
1	445,001	450,000	450,000
2	455,001	460,000	918,140
1	460,001	465,000	463,380
2	465,001	470,000	937,500
1	470,001	475,000	473,000
1	480,001	485,000	483,750
1	490,001	495,000	491,540
4	495,001	500,000	1,996,000
1	515,001	520,000	515,500
1	535,001	540,000	537,600
1	540,001	545,000	543,500
1	545,001	550,000	550,000
1	580,001	585,000	583,000
4	600,001	605,000	2,410,200
1	605,001	610,000	605,400
1	615,001	620,000	619,000
2	620,001	625,000	1,245,500
2	625,001	630,000	1,253,940
1	670,001	675,000	675,000
2	685,001	690,000	1,375,000
1	740,001	745,000	740,947
1	745,001	750,000	750,000
1	760,001	765,000	762,500
1	770,001	775,000	774,000
1	805,001	810,000	806,000
1	830,001	835,000	833,500
1	835,001	840,000	837,000

1	845,001	850,000	850,000
2	855,001	860,000	1,720,000
2	875,001	880,000	1,755,720
1	920,001	925,000	923,500
1	940,001	945,000	942,500
1	995,001	1,000,000	1,000,000
1	1,040,001	1,045,000	1,044,468
1	1,045,001	1,050,000	1,049,940
1	1,060,001	1,065,000	1,062,349
1	1,075,001	1,080,000	1,076,500
1	1,200,001	1,205,000	1,205,000
1	1,275,001	1,280,000	1,276,500
1	1,450,001	1,455,000	1,450,650
1	1,545,001	1,550,000	1,548,000
2	1,715,001	1,720,000	3,440,000
1	1,790,001	1,795,000	1,792,000
1	1,895,001	1,900,000	1,900,000
1	1,980,001	1,985,000	1,980,580
1	2,000,001	2,005,000	2,000,300
1	2,040,001	2,045,000	2,043,200
1	2,050,001	2,055,000	2,052,960
1	2,515,001	2,520,000	2,519,630
1	2,545,001	2,550,000	2,545,760
1	2,580,001	2,585,000	2,584,523
1	2,995,001	3,000,000	3,000,000
1	3,400,001	3,405,000	3,400,195
1	3,720,001	3,725,000	3,721,460
1	3,910,001	3,915,000	3,915,000
1	4,065,001	4,070,000	4,068,029
1	4,090,001	4,095,000	4,095,000
1	4,350,001	4,355,000	4,350,500
1	4,395,001	4,400,000	4,398,180
1	5,255,001	5,260,000	5,258,876
1	5,645,001	5,650,000	5,645,097
1	5,720,001	5,725,000	5,722,000
1	5,910,001	5,915,000	5,913,604
1	6,615,001	6,620,000	6,618,865
1	8,100,001	8,105,000	8,102,735
1	12,785,001	12,790,000	12,788,200
1	13,805,001	13,810,000	13,806,440
1	16,645,001	16,650,000	16,646,160
1	21,160,001	21,165,000	21,163,940
1	31,430,001	31,435,000	31,433,566
1	32,745,001	32,750,000	32,746,780
1	74,855,001	74,860,000	74,857,494
1	183,780,001	183,785,000	183,780,395
1	217,810,001	217,815,000	217,813,429
11,702			**856,012,155**

PATTERN OF SHAREHOLDING

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	9	261,472,973	30.5455
Associated Companies, undertakings and related party	1	1,044,468	0.1220
NIT and ICP	5	8,019,357	0.9368
Banks Development Financial Institutions Non Banking Financial Institution	13	42,834,234	5.0039
Insurance Companies	14	73,753,877	8.6160
Modarabas and Mutual Funds	20	21,052,522	2.4594
General Public	11,447	413,974,860	48.3609
Others (to be specified)			
Pension Funds	9	3,252,027	0.3799
Other Companies	20	2,143,538	0.2504
Investment Companies	5	1,465,500	0.1712
Joint Stock Companies	136	26,954,169	3.1488
Foreign Companies	23	44,630	0.0052
	11,702	**856,012,155**	**100.0000**

PAK ELEKTRON LIMITED

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

As on December 31, 2022

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:		
1	PROGRESSIVE INDUSTRIES (LAHORE) (PVT) LTD (CDC)	1,044,468	0.1220
		1,044,468	**0.1220**
	Mutual Funds:		
1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	116,353	0.0136
2	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	2,000,300	0.2337
3	CDC - TRUSTEE AWT STOCK FUND (CDC)	17,000	0.0020
4	CDC - TRUSTEE FAYSAL MTS FUND - MT (CDC)	1,276,500	0.1491
5	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT (CDC)	515,500	0.0602
6	CDC - TRUSTEE HBL INCOME FUND - MT (CDC)	37,000	0.0043
7	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	1,205,000	0.1408
8	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	5,258,876	0.6143
9	CDC - TRUSTEE NBP BALANCED FUND (CDC)	463,380	0.0541
10	CDC - TRUSTEE NBP FINANCIAL SECTOR INCOME FUND - MT (CDC)	128,500	0.0150
11	CDC - TRUSTEE NBP ISLAMIC SARMAYA IZAFA FUND (CDC)	1,049,940	0.1227
12	CDC - TRUSTEE NBP ISLAMIC STOCK FUND (CDC)	3,721,460	0.4347
13	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT (CDC)	19,500	0.0023
14	CDC - TRUSTEE NBP SARMAYA IZAFA FUND (CDC)	308,260	0.0360
15	CDC - TRUSTEE NBP SAVINGS FUND - MT (CDC)	109,500	0.0128
16	CDC - TRUSTEE NBP STOCK FUND (CDC)	4,398,150	0.5138
		20,625,219	**2.4095**
	Directors, CEO and their Spouse and Minor Children:		
1	MR. M. NASEEM SAIGOL (CDC)	217,813,429	25.4451
2	MR. MUHAMMAD MURAD SAIGOL	12,421	0.0015
3	MR. MUHAMMAD ZEID YOUSAF SAIGOL	31,445,987	3.6735
4	SYED MANZAR HASSAN	2,041	0.0002
5	SYED HAROON RASHID	500	0.0001
6	MR. ANJUM NISAR (CDC)	4,095,000	0.4784
7	MR. MUHAMMAD KAMRAN SALEEM (CDC)	860	0.0001
8	MS. AZRA SHOAIB (NBP Nominee)	0	0.0000
9	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	8,102,735	0.9466
		261,472,973	**30.5455**
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	120,267,441	14.0497
	Shareholders holding five percent or more voting interest in the listed company		
1	MR. M. NASEEM SAIGOL (CDC)	217,813,429	25.4451
2	MRS. AMBER HAROON SAIGOL (CDC)	183,780,395	21.4694
3	MR. NADEEM NISAR (CDC)	74,857,494	8.7449
		476,451,318	**55.6594**

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	RIGHT
1	MR. M. NASEEM SAIGOL (CDC)	-	-	91,177,714
2	MR. MUHAMMAD MURAD SAIGOL	-	-	8,943
3	MR. MUHAMMAD ZEID YOUSAF SAIGOL	-	6,076,060	10,619,969
4	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	-	-	3,391,842

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2022

نمبر شمار	کیٹگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	9	261,472,973	30.5455
2	ایسوسی ایٹڈ کمپنیز، انڈرٹیکنز اور متعلقہ پارٹی۔	1	1,044,468	0.1220
3	این آئی ٹی اور آئی سی پی	5	8,019,357	0.9368
4	بینک، ڈیویلپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	13	42,834,234	5.0039
5	انشورنس کمپنیز	14	73,753,877	8.6160
6	مداربہ اور میوچل فنڈز	20	21,052,522	2.4594
7	عام عوام	11,447	413,974,860	48.3609
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	9	3,252,027	0.3799
	دوسری کمپنیز	20	2,143,538	0.2504
	انوسٹمنٹ کمپنیز	5	1,465,500	0.1712
	جوائنٹ سٹاک کمپنیز	136	26,954,169	3.1488
	غیر ملکی کمپنیز	23	44,630	0.0052
	کل تعداد	**11,702**	**856,012,155**	**100.0000**

	تعداد حصص
ایسوسی ایٹڈ کمپنیز، انڈرٹیکنز اور متعلقہ پارٹی۔	1,044,468
میوچل فنڈز	20,625,219
ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	261,472,973
ایگزیکٹوز	-
پبلک سیکٹر کمپنیز اور کارپوریشنز	-
بینک، ڈیویلپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انشورنس کمپنیز، مداربہ اور پنشن فنڈز	120,267,441
پانچ فیصد یا اس سے زیادہ کے حصص داران	476,451,318

لسٹڈ کمپنیز میں ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کی بیویاں اور چھوٹے بچوں کے حصص کی خرید و فروخت

نمبر شمار	نام	فروخت	خرید	رائٹ
1	محترم محمد نسیم سہگل	-	-	**91,177,714**
2	محترم محمد مراد سہگل	-	-	**8,943**
3	محترم محمد زید یوسف سہگل	-	**6,076,060**	**10,619,969**
4	محترمہ سحر سہگل بیگم محترم محمد نسیم سہگل	-	-	**3,391,842**

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taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

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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 **31 December 2022**, 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 31 December 2022 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
1. Valuation of stock in trade Refer to notes 5.5 and 27 to the financial statements. Stock in trade amounts to Rs 13,825 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.	To address the valuation of stock in trade, we assessed historical costs recorded in the valuation of stock in trade; testing on a sample basis with purchase invoices. We tested the basis applied by the management in allocating direct labour and direct overhead costs to stock in trade. We also assessed management's determination of the net realizable value of stock in trade by performing tests on the sales prices secured by the Company for similar or comparable items of stock in trade.

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Key audit matter	How our audit addressed the matter
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 stock in trade being identified as a key audit matter.	
2. Revenue recognition Refer to notes 5.17 and 35 to the financial statements. The amount of revenue is the most significant class of transaction on the statement of profit or loss. Net revenue has increased by 22 percent in comparison with the previous year. Revenue is recognized when control of the underlying products has been transferred to the customer. We identified revenue recognition as a key audit matter since it is a key performance measure for the Company and gives rise to the risk associated with the judgement in determining the transfer of control of products as well as creates an incentive for fraudulently overstating revenue by recognizing revenue before transfer of control.	Our audit procedures in respect of recognition of revenue, amongst others, included the following: • Assessing the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards; • Obtaining an understanding of and testing the design and operating effectiveness of controls design to ensure that revenue is recognized in the appropriate accounting period; • Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for accuracy of revenue.

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.

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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);

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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 | 04 April 2023

UDIN: AR202210185o45IWDxVp

PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	6	**11,000,000**	11,000,000
Issued share capital	7	**9,009,697**	5,426,392
Share deposit money	8	-	1,790,000
Share premium	9	**5,610,856**	4,279,947
Revaluation reserve	10	**4,785,124**	5,353,956
Retained earnings		**19,552,222**	18,176,520
TOTAL EQUITY		**38,957,899**	35,026,815
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital	11	-	1,500,000
Long term finances	12	**3,480,659**	5,305,591
Lease liabilities	13	**72,004**	94,574
Warranty obligations	14	**191,224**	270,138
Deferred taxation	15	**3,262,446**	2,517,474
Deferred income	16	**29,958**	31,535
		7,036,291	9,719,312
CURRENT LIABILTIES			
Trade and other payables	17	**1,452,174**	1,499,776
Unclaimed dividend		**10,680**	10,785
Accrued interest/markup/profit		**630,816**	348,163
Short term borrowings	18	**15,559,787**	10,498,852
Current maturity of non-current liabilities	19	**3,766,983**	2,709,462
		21,420,440	15,067,038
TOTAL LIABILITIES		**28,456,731**	24,786,350
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		**67,414,630**	59,813,165

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL	M. ZEID YOUSUF SAIGOL	SYED MANZAR HASSAN
Chief Executive Officer	Director	Chief Financial Officer

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PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	21	25,548,369	23,828,045
Intangible assets	22	286,154	290,980
Advances for capital expenditure		33,288	17,521
Long term investments	23	10,944	13,505
Long term deposits	24	508,053	487,964
Long term advances	25	986,245	987,714
		27,373,053	25,625,729
CURRENT ASSETS			
Stores, spares and loose tools	26	857,065	870,240
Stock in trade	27	13,825,440	10,464,973
Trade receivables	28	15,681,038	13,966,249
Construction work in progress	29	787,864	797,701
Short term advances	30	3,087,358	2,778,177
Short term deposits and prepayments	31	1,407,512	1,324,480
Other receivables		293,767	295,897
Short term investments	32	18,118	33,382
Advance income tax/Income tax refundable	33	3,287,334	3,076,940
Cash and bank balances	34	796,081	579,397
		40,041,577	34,187,436
TOTAL ASSETS		67,414,630	59,813,165

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL	M. ZEID YOUSUF SAIGOL	SYED MANZAR HASSAN
Chief Executive Officer	Director	Chief Financial Officer

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PAK ELEKTRON LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31-Dec-22	31-Dec-21
		Rupees '000	*Rupees '000*
Revenue from contracts with customers	35	**66,028,240**	55,367,475
Sales tax, excise duty and discounts	35	**(13,642,062)**	(12,480,111)
Net revenue		**52,386,178**	42,887,364
Cost of sales	36	**(42,084,692)**	(33,819,712)
Gross profit		**10,301,486**	9,067,652
Other income	37	**78,252**	38,595
Selling and distribution expenses	38	**(2,982,017)**	(2,779,561)
Administrative expenses	39	**(1,990,558)**	(1,725,363)
Other expenses	40	**(210,424)**	(205,915)
		(5,182,999)	(4,710,839)
Impairment reversal/(allowance) for expected credit losses	50.1.6	**241,875**	(14,356)
Operating profit		**5,438,614**	4,381,052
Finance cost	41	**(3,090,075)**	(2,173,765)
		2,348,539	2,207,287
Share of loss of associate	23.1.1	**(386)**	(909)
Profit before taxation		**2,348,153**	2,206,378
Taxation	42	**(1,280,686)**	(615,302)
Profit after taxation		**1,067,467**	1,591,076
Earnings per share - *basic and diluted (Rupees)*	43	1.33	2.89

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL	**M. ZEID YOUSUF SAIGOL**	**SYED MANZAR HASSAN**
Chief Executive Officer	**Director**	**Chief Financial Officer**

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PAK ELEKTRON LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31-Dec-22	31-Dec-21
		Rupees '000	*Rupees '000*
Profit after taxation		**1,067,467**	1,591,076
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Revaluation surplus recognized during the year	10	-	-
Deferred tax on revaluation surplus			
- recognised during the year	10	-	-
- attributable to change in proportion of income taxable under final tax regime	10	(26,376)	(68,983)
- attributable to change in tax rate	10	(234,221)	-
		(260,597)	(68,983)
Other Comprehensive loss after taxation		**(260,597)**	(68,983)
Total Comprehensive Income		**806,870**	1,522,093

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL	**M. ZEID YOUSUF SAIGOL**	**SYED MANZAR HASSAN**
Chief Executive Officer	**Director**	**Chief Financial Officer**

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for identification only

PAK ELEKTRON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Share capital		Capital reserves			
		Issued share capital	Share deposit money	Share premium	Revaluation reserve	Retained earnings	Total equity
		Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
As at 01 January 2021		5,426,392	-	4,279,947	5,723,151	16,285,232	31,714,722
Comprehensive income							
Profit after taxation		-	-	-	-	1,591,076	1,591,076
Other comprehensive loss		-	-	-	(68,983)	-	(68,983)
Total comprehensive income		-	-	-	(68,983)	1,591,076	1,522,093
Revaluation surplus realised on disposal	*10*	-	-	-	(56,428)	56,428	-
Incremental depreciation	*10*	-	-	-	(243,784)	243,784	-
Transaction with owners							
Share deposit money received		-	1,790,000	-	-	-	1,790,000
As at 31 December 2021		5,426,392	1,790,000	4,279,947	5,353,956	18,176,520	35,026,815
As at 01 January 2022		**5,426,392**	**1,790,000**	**4,279,947**	**5,353,956**	**18,176,520**	**35,026,815**
Comprehensive income							
Profit after taxation		-	-	-	-	**1,067,467**	**1,067,467**
Other comprehensive loss		-	-	-	**(260,597)**	-	**(260,597)**
Total comprehensive income		-	-	-	**(260,597)**	**1,067,467**	**806,870**
Revaluation surplus realised on disposal	*10*	-	-	-	**(98,814)**	**98,814**	-
Incremental depreciation	*10*	-	-	-	**(209,421)**	**209,421**	-
Transaction with owners							
Share deposit money received		-	**3,226,629**	-	-	-	**3,226,629**
Issue of right shares		**3,583,305**	**(5,016,629)**	**1,433,324**	-	-	-
Issuance cost of right shares		-	-	**(102,415)**	-	-	**(102,415)**
		3,583,305	**(1,790,000)**	**1,330,909**	-	-	**3,124,214**
As at 31 December 2022		**9,009,697**	-	**5,610,856**	**4,785,124**	**19,552,222**	**38,957,899**

The annexed notes from 1 to 60 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 2022

	Note	31-Dec-22	31-Dec-21
		Rupees '000	*Rupees '000*
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	44	**995,920**	380,448
Payments for:			
Interest/markup on borrowings - *Conventional instruments*		**(2,184,413)**	(1,621,785)
Profit on borrowings - *Shariah compliant instruments*		**(603,926)**	(213,561)
Interest on lease liabilities		**(10,280)**	(29,198)
Income tax		**(1,006,705)**	(863,279)
Net cash used in operating activities		**(2,809,404)**	(2,347,375)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(3,009,017)**	(1,087,795)
Purchase of intangible assets		**(1,510)**	-
Proceeds from disposal of property, plant and equipment		**238,030**	308,369
Advances for capital expenditure		**(15,767)**	(17,521)
Net cash used in investing activities		**(2,788,264)**	(796,947)
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of right shares		**3,583,305**	-
Share premium		**1,330,909**	-
Redeemable capital		**-**	1,500,000
Long term finances obtained		**387,500**	2,112,500
Repayment of long term finances		**(2,581,924)**	(1,948,021)
Payment of lease liabilties		**(176,268)**	(172,611)
Net increase/(decrease) in short term borrowings		**5,060,935**	(106,756)
Share deposit money		**(1,790,000)**	1,790,000
Dividend paid		**(105)**	(3,671)
Net cash generated from financing activities		**5,814,352**	3,171,441
NET INCREASE IN CASH AND CASH EQUIVALENTS		**216,684**	27,119
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**579,397**	552,278
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	45	**796,081**	579,397

The annexed notes from 1 to 60 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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1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ['the Company'] was incorporated as a Public Limited Company in Pakistan under the repealed Companies Act, 1913 on 03 March 1956. 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., Ferozepur Road, Keath Village, Lahore and 14 K.M., Ferozepur 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 BASIS OF PREPARATION

2.1 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.

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.

2.2 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

2.3 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.

2.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements are as follows:

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(a) Business model assessment (see note 49.1)

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 35)

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 50.1.1)

As explained in note 50.1.1, 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.

(d) Classification of preference shares (see note 7)

The Company has issued Class 'A' Preference Shares against authorized share capital of this class. In determining whether a preference share is a financial liability or an equity instrument, the Company assesses the particular rights attaching to the shares to determine whether it exhibits the fundamental characteristics of a financial liability. As per the Company's Articles of Association, the Company has the absolute option and right to redeem these preference shares or to call the issue for conversion into ordinary shares of the Company. An option of the issuer to redeem the shares for cash does not satisfy the definition of a financial liability because the issuer does not have a present obligation to transfer financial assets to the shareholders. In this case, redemption of shares is solely at the discretion of the Company. An obligation will arise only when the Company exercises its option, by formally notifying the shareholders of an intention to redeem the shares.

Further, the implied classified of preference shares is 'equity' under the provision of the Companies Act, 2017 ['the Act'] in view of the following:

- Application of share premium on redemption of preference shares under section 81 of the Act;
- Preference shares are issued out of the authorized capital for that kind as contained in the memorandum of association of the Company;
- Requirement to file return of allotment under section 70 of the Act for all kinds of share capital;
- Reporting of Preference Shares in Annual Return/Form A file under section 130 of the Act under the share capital section;
- Provision for the Companies having share capital to issue different kinds and classes of share capital as provided by the memorandum and articles under section 28 of the Act;

Accordingly, the Company has determined that preference shares be classified as equity instruments.

2.3.2 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:

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(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 50.1.3)

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. 2,124.93 million (31-Dec-21: Rs. 1,895.84 million). Further information on the Company's credit risk management practices and credit quality and impairment of financial assets is referred to in note 50.1.3.

(b) Revaluation of property, plant and equipment (see note 21)

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. Refer to note 51.3.1 for an analysis of sensitivity of revalued amounts of property, plant and equipment.

(c) Warranty provisions (see note 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. 32.539 million (31-Dec-21: Rs. 37.674 million).

Further information on the taxation provisions is referred to in note 14.

(d) Taxation provisions (see note 42)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for current tax and tax contingencies. The provision for current tax is estimated at Rs. 796.311 million (31-Dec-21: Rs. 505.609 million). The management believes that the provision for current tax made in the financial statements is sufficient to discharge related tax liability.

Provision for deferred tax of Rs. 484.375 million (31-Dec-21: Rs. 109.693 million) has been estimated after taking into account historical and future turnover and profit trends and their taxability under the current tax law.

Further information on the taxation provisions is referred to in note 42.

2.4 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.

2.5 Date of authorization for issue

These financial statements were authorized for issue on 04 April 2023 by the Board of Directors of the Company.

3 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.

3.1 COVID-19 - Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)

The amendment extends, by one year, the May 2020 amendment that provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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3.2 Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations)

The amendments update an outdated reference to the Conceptual Framework in IFRS 3 without significantly changing the requirements in the standard.

3.3 Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

3.4 Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets)

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

3.5 Annual Improvements to IFRS Standards 2018–2020

The annual improvements have made amendments to the following standards:

- **IFRS 1 - First Time Adoption of International Financial Reporting Standards** - The amendment permits a subsidiary that applies paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to IFRSs.
- **IFRS 9 - Financial Instruments** - The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognise a financial liability. An entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.
- **IFRS 16 - Leases** - The amendment to Illustrative Example 13 accompanying IFRS 16 removes from the example the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- **IAS 41 - Agriculture** - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

4 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)
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
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - Presentation of Financial Statements).	01 January 2024
Lease Liability in a Sale and Leaseback (Amendments to IFRS 16 - Leases)	01 January 2024
Non-current Liabilities with Covenants (Amendments to IAS 1 - Presentation of Financial Statements)	01 January 2024

Other than afore mentioned standards, interpretations and amendments, IASB has also issued the following standards which have not been notified by the Securities and Exchange Commission of Pakistan ['SECP']:

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IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 17 - Insurance contracts

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 not have a material impact on the Company's financial statements other than in presentation/disclosures.

5 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

5.1 Property, plant and equipment

Land, buildings and plant and machinery held for use in the production or supply of goods or services or for administrative purposes, are stated in the statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any accumulated depreciation and accumulated impairment losses, except for freehold land, which is not depreciated. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at the reporting date.

Any revaluation increase arising on the revaluation of such land, buildings and plant and machinery is credited to the revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognized as an expense in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in carrying amount arising on the revaluation of such land, buildings and plant and machinery is recognized as an expense in profit or loss to the extent that it exceeds the balance, if any, held in the revaluation reserve relating to a previous revaluation of that asset.

All other items or property, plant and equipment (office equipment and fixtures, computer hardware and allied items, vehicles) are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

Depreciation is recognized in profit or loss, using rates specified in note 21, so as to write off the cost or revalued amounts of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method over their useful lives, and right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method.

Depreciation on an item of property, plant and equipment commences from the month in which the item is ready for intended use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Incremental depreciation being the difference between depreciation based on the revalued amounts recognized in profit or loss and depreciation based on the historical cost, net of tax, is reclassified from the revaluation reserve to retained earnings. On the subsequent disposal or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such items is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

5.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss, using amortization methods specified in note 22, over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately or in a business combination are carried at cost less accumulated impairment losses.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is stated at cost less any accumulated impairment losses, if any.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

5.3 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.

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.

5.4 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 non-current assets.

5.5 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:

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Category	Basis of determination of cost
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.

5.6 Employee benefits

5.6.1 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.

5.6.2 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.

5.7 Financial instruments

5.7.1 Recognition

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

5.7.2 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 other comprehensive income ['fair value through OCI']

These are:

(i) financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets 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; and

(ii) investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

(c) 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 so doing so eliminates or significantly reduces a measurement or recognition inconsistency.

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(d) Financial liabilities at amortized cost

These are financial liabilities which are not derivates, 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.

(e) Financial liabilities at fair value through profit or loss

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

5.7.3 Measurement

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

5.7.4 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.

5.7.5 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.

5.7.6 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.

5.8 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.

5.9 Preference share capital

Preference share capital is recognized as equity in accordance with the interpretation of the provision of the Companies Act, 2017, including those pertaining to implied classifications of preference shares.

5.10 Share deposit money

Share deposit money is recognized as equity on receipt basis.

5.11 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.

5.12 Investments in equity securities

5.12.1 Investments in associates

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, dividends received and impairment losses, if any. 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.

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5.12.2 Investments in other quoted equity securities

Investments in quoted equity securities are mandatorily 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.

5.13 Ijarah transactions

Ujrah payments under an Ijarah arrangements 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.

5.14 Trade and other payables

5.14.1 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.

5.14.2 Non-financial liabilities

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

5.15 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. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. 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.

5.16 Trade and other receivables

5.16.1 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.

5.16.2 Non-financial assets

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

5.17 Contracts with customers

5.17.1 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.

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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 domestic appliances.	Performance obligation are satisfied when customers obtain control of domestic 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 at a point in time 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, by usually upto 90 days. For private customers, invoices are usually payable within a period ranging from 30 days to 90 days, except in some cases where these 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 at a point in time when the goods are delivered and have been accepted by customers at their premises.
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 certified as at the reporting 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 some 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.

5.17.2 Contract assets

Contract assets represent work performed upto the reporting date which has not been invoiced to customers because the related performance obligations remain partially unsatisfied as at the reporting date.

5.17.3 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.

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5.18 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 'other comprehensive income' section of the 'statement of comprehensive income'.

5.19 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.

5.20 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.

5.20.1 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.

5.20.2 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.

5.21 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.

5.22 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.

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5.23 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.

5.24 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.

5.25 Impairment

5.25.1 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.

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.

5.25.2 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.

5.26 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.

5.27 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.

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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 otherincome and expenses, share of profit/loss of associates and provision for taxes.

5.28 Fair value measurements

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

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

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6 AUTHORIZED SHARE CAPITAL

31-Dec-22	31-Dec-21		Note	31-Dec-22	31-Dec-21
No. of shares	*No. of shares*			*Rupees '000*	*Rupees '000*
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each		10,000,000	10,000,000
		Preference shares of Rs. 10 each	6.1		
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
1,100,000,000	1,100,000,000			11,000,000	11,000,000

6.1 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.

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- 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.

7 ISSUED SHARE CAPITAL

31-Dec-22	31-Dec-21		**Note**	**31-Dec-22**	31-Dec-21
No. of shares	*No. of shares*			***Rupees '000***	*Rupees '000*
		Ordinary shares			
731,081,721	372,751,051	Issued for cash	7.2	**7,310,817**	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		**1,183,438**	1,183,439
856,012,155	497,681,485			**8,560,121**	4,976,816
		Class 'A' preference shares			
44,957,592	44,957,592	Issued for cash	7.3	**449,576**	449,576
900,969,747	542,639,077			**9,009,697**	5,426,392

7.1 Reconciliation between ordinary shares in issue as at the beginning and end of the year is as follows:

	Note	**31-Dec-22**	31-Dec-21
		No. of shares	*No. of shares*
As at beginning of the year		**497,681,485**	497,681,485
Issue of ordinary shares	7.2	**358,330,670**	-
As at end of the year		**856,012,155**	497,681,485

7.2 During the year, the Company issued 358,330,670 right ordinary shares at 72 ordinary shares for every 100 ordinary shares already held, at Rs. 14 per ordinary share, including a premium of Rs. 4 per share.

7.3 Class 'A' preference shares

7.3.1 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 Januray 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 7.3.2).

The Securities and Exchange Commission of Pakistan ['SECP'] issued order to Pakistan Stock Exchange Limited ['the Exchange'] dated 06 February 2009 for delisting of these preference shares. However, the Company took up the matter with the honorable Lahore High Court which, through order dated 10 October 2017, accepted the appeal of Company and set aside the SECP order.

7.3.2 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 a conversion excercise whereby the outstanding preference shares and accumulated dividend are proposed to be converted into ordinary shares of the Company.

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7.3.3 Accumulated preference dividend

As at reporting date, an amount of approximately Rs. 555.228 million (31-Dec-21: Rs. 512.518 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. In case preference dividend continues to accumulate it would be settled at the time of exercising the redemption or conversion option in accordance with the under process re-profiling/conversion exercise.

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

8 SHARE DEPOSIT MONEY

This represents advance against issue of ordinary shares received from sponsors/shareholders of the Company.

9 SHARE PREMIUM

This represents premium on issue of ordinary shares. The movement during the year is as follows:

	Note	31-Dec-22 Rupees '000	31-Dec-21 Rupees '000
As at beginning of the year		**4,279,947**	4,279,947
Recognized during the year	9.1	**1,433,323**	-
Expenses incurred on issue	9.1	**(102,415)**	-
As at end of the year		**5,610,855**	4,279,947

9.1 This represents premium on issue of right ordinary shares recognized under Section 81 of the Companies Act, 2017 (see note 7.2).

	31-Dec-22 Rupees '000	31-Dec-21 Rupees '000
10 REVALUATION RESERVE		
As at beginning of the year	**5,353,956**	5,723,151
Incremental depreciation transferred to retained earnings		
Incremental depreciation for the year	**(309,188)**	(335,159)
Deferred taxation	**99,767**	91,375
	(209,421)	(243,784)
Surplus transferred to retained earnings on disposal		
Surplus on the assets disposed off	**(145,889)**	(77,578)
Deferred taxation	**47,075**	21,150
	(98,814)	(56,428)
Other adjustments		
Deferred tax adjustment		
- attributable to changes in proportion of income taxable under final tax regime	**(26,376)**	(68,983)
- attributable to changes in tax rate	**(234,221)**	-
As at end of the year	**4,785,124**	5,353,956

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11 REDEEMABLE CAPITAL

These represent profit based debt securities issued to various institutional investors. The details are as follows:

Particulars	31-Dec-22	31-Dec-21	Pricing	Security	Repayment and other arrangements
	Rupees '000	*Rupees '000*			
Shariah compliant instruments					
Sukuk	**1,500,000**	1,500,000	Three months KIBOR plus 1.3% per annum, payable quarterly.	Charge over present and future current assets of the Company and personal guarantees of sponsor directors of the Company.	These have been issued to finance long term working capital requirements of the Company. The principal amount is repayable in one bullet payment at maturity in February 2023.
Total	**1,500,000**	1,500,000			
Current portion presented under current liabilities	**(1,500,000)**	-			
	-	1,500,000			

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	31-Dec-22	31-Dec-21	Pricing	Security	Repayment and other arrangements
	Rupees '000	*Rupees '000*			
Shariah compliant instruments					
Diminishing Musharakah - I	**214,286**	428,571	Three months KIBOR plus 1% per annum (31-Dec-21: Three months KIBOR plus 1% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Faysal Bank Limited to finance the balancing modernization and replacement requirements. The principal was originally repayable in fourteen equal quarterly installments commencing from August 2019. However, effective December 2019, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in January 2021.

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Particulars	Note	31-Dec-22	31-Dec-21	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Diminishing Musharakah - II		**466,667**	733,333	Three months KIBOR plus 1.5% per annum (31-Dec-21: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over present and future fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Faysal Bank Limited to finance long term working capital requirements of the Company and for construction of washing machine unit and warehouse/godown. The principal was originally repayable in fifteen equal quarterly installments commencing from February 2020. However, effective December 2019, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in January 2021.
		680,953	1,161,904			
Conventional Instruments						
Term Finance - I		-	41,667	Three months KIBOR plus 3.8% per annum (31-Dec-21: Three months KIBOR plus 3.8% per annum), payable quarterly.	Charge over fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance was obtained from Pak Oman Investment Company Limited to finance capital expenditure. The principal was originally repayable in twelve equal quarterly installments commencing from April 2018. However, effective March 2020, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in April 2021. The finance was fully repaid during the year.
Term Finance - II		**77,598**	129,329	Three months KIBOR plus 1.5% per annum (31-Dec-21: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from The Bank of Punjab to finance erection of new power transformer manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in September 2020.
Term Finance - III		**56,250**	93,750	Three months KIBOR plus 2% per annum (31-Dec-21: Three months KIBOR plus 2% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited to finance capital expenditure. The principal was originally repayable in sixteen equal quarterly installments commencing from August 2019. However, effective May 2020, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in June 2021.

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Particulars	Note	31-Dec-22	31-Dec-21	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Term Finance - IV		**750,000**	1,000,000	Three months KIBOR plus 1.5% per annum (31-Dec-21: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company.	The finance has been obtained from Askari Bank Limited to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in April 2022.
Term Finance - V		**140,625**	203,125	Three months KIBOR plus 2.5% per annum (31-Dec-21: Three months KIBOR plus 2.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Libya Holding Company Limited to build power transformers manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in May 2021.
Term Finance - VI		**-**	65,667	Three months KIBOR plus 3% per annum (31-Dec-21: Three months KIBOR plus 3% per annum), payable quarterly.	Charge over operating fixed assets of the Company.	The finance was obtained from Summit Bank Limited to finance capital expenditure. The principal was repayable in twelve equal quarterly installments with the first installment due in July 2020. The finance was fully repaid during the year.
Term Finance - VII		**1,500,000**	2,000,000	One month KIBOR plus 1.3% per annum (31-Dec-21: One month KIBOR plus 1.3% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Bank Alfalah Limited to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in March 2022.
Term Finance - VIII		**-**	125,000	Three months KIBOR plus 1.5% per annum (31-Dec-21: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance was obtained from Pak China Investment Company Limited to finance long term working capital requirements of the Company. The principal was repayable in four equal quarterly installments with the first installment due in April 2021. The finance was fully repaid during the year.
Term Finance - IX		**168,750**	243,750	One month KIBOR plus 1.75% per annum (31-Dec-21: One month KIBOR plus 1.75% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Samba Bank Limited to finance construction of new transformers manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in April 2021.

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Particulars	Note	31-Dec-22	31-Dec-21	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Term Finance - X		-	63,154	Three months KIBOR plus 2% per annum (31-Dec-21: Three months KIBOR plus 2% per annum), payable quarterly.	Charge over. of the Company and personal guarantees of sponsor 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 principal was originally repayable in fourteen equal quarterly installments commencing from April 2017. However, effective January 2020, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in February 2021. The finance was fully repaid during the year.
Term Finance - XI		-	135,881	Three months KIBOR plus 2.25% per annum (31-Dec-21: Three months KIBOR plus 2.25% per annum), payable quarterly.	Charge over current and operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance was obtained from National Bank of Pakistan for settlement of long term finances obtained from MCB Bank Limited (Ex. NIB Bank Limited). The principal was originally repayable in twenty three equal quarterly installments commencing from September 2015. However, effective January 2020, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in February 2021. The finance was fully repaid during the year.
Term Finance - XII		**500,000**	500,000	Three months KIBOR plus 2.25% per annum (31-Dec-21: Three months KIBOR plus 2.25% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited to finance capital expenditure. The principal is repayable in sixteen equal quarterly installments with the first installment due in February 2023.
Term Finance - XIII		**812,500**	1,000,000	Three months KIBOR plus 1.5% per annum (31-Dec-21: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from The Bank of Punjab to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in March 2022.

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Particulars	Note	31-Dec-22	31-Dec-21	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Term Finance - XIV		**40,000**	50,000	Three months KIBOR plus 3% per annum (31-Dec-21: Three months KIBOR plus 3% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance had been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited to finance capital expenditure. The principal is repayable in fifteen equal quarterly installments with the first installment due in June 2022.
Term Finance - XV		**750,000**	562,500	Three months KIBOR plus 1.75% per annum (31-Dec-21: Three months KIBOR plus 1.75% per annum), payable quarterly.	Charge over present and future current assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak China Investment Company Limited to finance long term working capital requirements of the Company. The principal is repayable in eight equal quarterly installments with the first installment due in March 2023.
Term Finance - XVI		**200,000**	-	Three months KIBOR plus 2% per annum, payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in May 2023.
Salary Refinance	*12.1*	-	478,541	SBP rate plus 3% per annum (31-Dec-21: SBP rate plus 3% per annum), payable quarterly.	Charge over operating fixed assets of the Company.	The finance was obtained from Bank Alfalah Limited to finance payment of wages and salaries of workers and employees for six months from April 2020 to September 2020. The finance was repayable in eight equal quarterly installments with the first installment due in January 2021. The finance was fully repaid during the year. (See note 12.1)
		4,995,723	6,692,364			
Total		**5,676,676**	7,854,268			
Current portion presented under current liabilities		**(2,196,017)**	(2,548,677)			
		3,480,659	5,305,591			

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12.1 The amortized cost of this finance was determined using a discount rate of three months KIBOR plus 3% (11.16%) being the prevailing market rate of interest for similar instruments. The diferrence between the amortised cost and face value was recognized as deferred grant (See note 16). The details are as follows:

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
Face value of finance		-	495,373
Unamortized deffered grant	16	-	(16,832)
		-	478,541

13 **LEASE LIABILITIES**

Present value of minimum lease payments	13.1 & 13.2	**142,970**	238,527
Current maturity presented under current liabilities	13.1 & 13.2	**(70,966)**	(143,953)
		72,004	94,574

13.1 These represent liabilites against right-of-use assets. The interest rate implicit in lease is three months KIBOR plus 4% (31-Dec-21: three months KIBOR plus 4%) per annum for buildings and offices and ranges from three months to six months KIBOR plus 1.5% to 2.5% (31-Dec-21: three months to six months KIBOR plus 1.5% to 2.5%) per annum, for vehicles and machinery. Lease rentals are payable over a tenor ranging from 2 to 3 years. The Company also has the option to acquire some of these assets [vehicles and machinery] 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-22	31-Dec-21
		Rupees '000	Rupees '000
Not later than one year		**98,465**	161,090
Later than one year but not later than five years		**63,185**	102,782
Total future minimum lease payments		**161,650**	263,872
Finance charge allocated to future periods		**(18,680)**	(25,345)
Present value of future minimum lease payments		**142,970**	238,527
Not later than one year	19	**(70,966)**	(143,953)
Later than one year but not later than five years		**72,004**	94,574

14 **WARRANTY OBLIGATIONS**

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

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
Present value of warranty obligations		**516,618**	646,882
Current portion presented under current liabilities	17	**(325,394)**	(376,744)
		191,224	270,138

14.1 **Movement in warranty obligations**

As at beginning of the year		**646,882**	492,396
Amounts charged against the provision		**(328,389)**	(319,179)
Amount recognized during the year	38		
Unwinding of the discount		**26,879**	17,124
Changes in discount rate		**(3,978)**	(3,915)
Additions during the year		**175,224**	460,456
		198,125	473,665
As at end of the year		**516,618**	646,882

Majority of outflows of economic benefits required 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 17.71% (31-Dec-21: 9.95%).

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		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
15	**DEFERRED TAXATION**			
	Deferred tax liability on taxable temporary differences	15.1	4,762,566	4,144,000
	Deferred tax asset on deductible temporary differences	15.1	(1,500,120)	(1,626,526)
			3,262,446	2,517,474

15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31-Dec-22			
	As at 01-Jan-22 Rupees '000	Recognized in profit or loss Rupees '000	Recognized in OCI Rupees '000	As at 31-Dec-22 Rupees '000
Deferred tax liabilities				
Operating fixed assets	4,103,815	391,737	260,597	4,756,149
Right-of-use assets	40,185	(33,768)	-	6,417
	4,144,000	357,969	260,597	4,762,566
Deferred tax assets				
Long term investments	(5,150)	(2,070)	-	(7,220)
Provisions	(415,072)	63,060	-	(352,012)
Unused tax losses and credits	(1,206,304)	65,416	-	(1,140,888)
	(1,626,526)	126,406	-	(1,500,120)
	2,517,474	484,375	260,597	3,262,446

	31-Dec-21			
	As at 01-Jan-21 Rupees '000	Recognized in profit or loss Rupees '000	Recognized in OCI Rupees '000	As at 31-Dec-21 Rupees '000
Deferred tax liabilities				
Operating fixed assets	3,948,075	86,757	68,983	4,103,815
Right-of-use assets	52,409	(12,224)	-	40,185
	4,000,484	74,533	68,983	4,144,000
Deferred tax assets				
Long term investments	(6,607)	1,457	-	(5,150)
Provisions	(349,271)	(65,801)	-	(415,072)
Unused tax losses and credits	(1,305,808)	99,504	-	(1,206,304)
	(1,661,686)	35,160	-	(1,626,526)
	2,338,798	109,693	68,983	2,517,474

15.2 Deferred tax arising from timing differences pertaining to income from business is provided for only that portion of timing differences that represent income taxable under normal provisions of the Income Tax Ordinance, 2001 [the 'Ordinance'] as revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 33% (31-Dec-21: 29%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

Deferred tax arising from timing differences pertaining to income from investment in listed equity securities taxable as a separate block under the provisions of the Ordinance, has been calculated at 16.5% (31-Dec-21: 12.5%) of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

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	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000

16 DEFERRED INCOME

	Note	31-Dec-22	31-Dec-21
Grant in Aid - UNIDO	16.1	29,958	31,535
SBP Refinance Scheme	16.2	-	-
		29,958	31,535

16.1 Grant in Aid - UNIDO

	Note	31-Dec-22	31-Dec-21
As at beginning of the year		31,535	33,195
Recognized in profit or loss	37	(1,577)	(1,660)
As at end of the year		29,958	31,535

16.1.1 The UNIDO vide its contract number 2000/257 dated 15 December 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 30 June 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. 1,577 million (31-Dec-21: Rs. 1,660 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

The State Bank of Pakistan ['SBP'] through IH&SMEFD circular No. 6 of 2020 dated 10 April 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). The benefit of below market interest rates, measured as the diferrence between the fair value of loan on the date of disbursement and its face value on that date was recognised as deferred grant.

The movement during the year is as follows:

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
As at beginning of the year		16,832	67,983
Amortized during the year	12.1	(16,832)	(51,151)
As at end of the year		-	16,832
Current maturity presented under current liabilities	19	-	(16,832)
		-	-

17 TRADE AND OTHER PAYABLES

	Note	31-Dec-22	31-Dec-21
Trade creditors		151,382	185,359
Foreign bills payable	17.1	120,018	24,187
Accrued liabilities		254,248	178,511
Advances from customers		31,010	32,091
Employees' provident fund		16,822	17,497
Warranty obligations	14	325,394	376,744
Sales tax payable		361,133	496,938
Workers' Profit Participation Fund	17.2	126,826	120,223
Workers' Welfare Fund	17.3	51,830	45,685
Other payables		13,511	22,541
		1,452,174	1,499,776

17.1 Foreign bills payable are secured against bills of exchange accepted by the Company in favour of suppliers.

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		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
17.2	**Workers' Profit Participation Fund**			
	As at beginning of the year		**120,223**	19,648
	Interest on funds utilized by the Company	41	**9,329**	819
	Charged to profit or loss for the year	40	**126,826**	120,223
	Paid during the year		**(129,552)**	(20,467)
	As at end of the year		**126,826**	120,223

17.2.1 Interest on funds utilized by the Company has been recognized at 20.21% (31-Dec-21: 12.5%) per annum.

		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
17.3	**Workers' Welfare Fund**			
	As at beginning of the year		**45,685**	8,792
	Charged to profit or loss for the year	40	**47,385**	46,939
	Paid/adjusted during the year		**(41,240)**	(10,046)
	As at end of the year		**51,830**	45,685

18 SHORT TERM BORROWINGS

	Note	31-Dec-22	31-Dec-21
Secured			
Short term finances utilized under interest/markup/profit arrangements from:			
Banking companies - *Shariah compliant instruments*	18.1	**2,680,141**	786,743
Banking companies - *Conventional instruments*	18.1	**12,602,501**	9,350,107
Non Banking Finance Companies ['NBFC's']	18.2	**247,610**	125,448
Unsecured			
Book overdraft	18.4	**29,535**	236,554
		15,559,787	10,498,852

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 nine months KIBOR plus 0.5% to 3% per annum (31-Dec-21: one to nine months KIBOR plus 1% to 3% per annum). These facilities are secured by pledge/hypothecation of raw material and components, work-in-process, finished goods, imported goods, machinery, spare parts, 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 have been obtained from NBFCs for working capital requirements and carry interest/markup at three months KIBOR plus 2.25% (31-Dec-21: three months KIBOR plus 2.25%) per annum. These facilities are secured by charge over current 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. 8,485 million (31-Dec-21: Rs. 9,603 million).

18.4 This represents cheques issued by the Company in excess of balances at bank which have been presented for payments in the subsequent period.

		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
19	**CURRENT MATURITY OF NON-CURRENT LIABILITIES**			
	Redeemable capital	11	**1,500,000**	-
	Long term finances	12	**2,196,017**	2,548,677
	Lease liabilities	13	**70,966**	143,953
	Deferred grant	16	**-**	16,832
			3,766,983	2,709,462

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 The following guarantees and bonds are outstanding as at the reporting date:

	31-Dec-22	31-Dec-21
	Rupees '000	*Rupees '000*
Tender bonds	**337,676**	293,356
Performance bonds	**4,091,348**	3,271,879
Advance guarantees	**246,837**	482,146
Custom guarantees	**78,606**	80,276
Foreign guarantees	**11,704**	58,661

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 The Company's case was selected for audit under section 177 of the Income Tax Ordinance ['the Ordinance'] for tax years 2016, 2017 and 2018. Notices to call for record/documents/books of account under section 177(1) of the Ordinance were issued by the Additional Commissioner Inland Revenue ['ACIR'] on 07 July 2021. The requisite information has been submitted by the Company and the proceedings are in progress.

20.1.4 In respect of tax year 2018, ACIR issued a notice to amend assessment under section 122(9) on 11 April 2019 whereby the ACIR raised observations related to proration of expenses, claims for tax credits, taxability of grant in aid and allowability of various expenses. The Company responded to this notice vide letter dated 06 May 2019 wherein submissions regarding ACIR's observations were made. The proceedings were completed and an order to amend original assessment dated 31 May 2019 was issued by the ACIR under section 122(5A) wherein additions of Rs. 148.91 million were made to the taxable income and tax credits amounting to Rs. 1.24 million were disallowed resulting in additional income tax and WWF aggregating to Rs. 100.41 million. The Company appealed against the ACIR's order before Commissioner Inland Revenue (Appeals) ['CIR(A)'] vide application dated 24 June 2019. The CIR(A) vide appellate order dated 23 September 2021 deleted additions amounting to Rs. 64.484 million while the additions amounting to Rs. 84.43 million and disallowance of tax credit of Rs. 1.24 million under section 65B were maintained by the CIR(A). The Company appealed against the order of CIR(A) before Appellate Tribunal Inland Revenue ['ATIR'] vide application dated 22 October 2021. The proceedings are in progress at this stage no further liability is expected.

20.1.5 In respect of tax year 2019, ACIR issued a notice to amend assessment under section 122(9) on 17 March 2020 whereby the ACIR raised observations related to proration of expenses, claims for tax credits, taxability of grant in aid and allowability of various expenses. The Company responded to this notice vide letter dated 23 April 2020 wherein submissions regarding ACIR's observations were made. The proceedings were completed and an order to amend original assessment dated 05 May 2020 was issued by the ACIR under section 122(5A) wherein a demand of Rs. 70.07 million was created by adding Rs. 156.63 million to the taxable income and disallowing tax credit of Rs. 22.79 million. The Company appealed against the ACIR's order before CIR(A) vide application dated 05 June 2020. The CIR(A) vide appellate order dated 10 November 2021 set aside matters related to tax credit of Rs. 22.79 million and additions of Rs. 90.9 million back to the ACIR for verification while the additions of Rs. 65.73 million on account of proration of expenses under section 67 of the Ordinance was maintained by the CIR(A). The Company appealed against the order of CIR(A) before ATIR vide application dated 23 November 2021. The proceedings are in progress and at this stage no further liability is expected.

20.1.6 In respect of tax year 2020, ACIR issued a notice to amend assessment under section 122(9) on 31 January 2022 whereby the ACIR raised observations related to proration of expenses, claims for tax credits, taxability of grant in aid and allowability of various expenses. The Company responded to this notice vide letter dated 15 March 2022 wherein submissions regarding ACIR's observations were made. The proceedings are in progress and department order is awaited. The routine add backs if any made by the department, will be challenged at next forum and at this stage no further liability is expected.

	31-Dec-22	31-Dec-21
	Rupees '000	*Rupees '000*
20.2 Commitments		
20.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	**2,349,892**	5,558,609
20.2.2 Commitments for capital expenditure	**977,286**	618,201

20.2.3 Commitments under ijarah contracts

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

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	31-Dec-22	31-Dec-21
	Rupees '000	*Rupees '000*
- payments not later than one year	234,981	115,305
- payments later than one year	274,858	156,275
	509,839	271,580

20.2.4 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-22	31-Dec-21
	Rupees '000	*Rupees '000*
- payments not later than one year	38,399	63,789
- payments later than one year	-	-
	38,399	63,789

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21 PROPERTY, PLANT AND EQUIPMENT

31-Dec-22

	COST / REVALUED AMOUNT							DEPRECIATION					
	As at 01-Jan-22	Additions	Revaluation	Disposals	Transfers	As at 31-Dec-22	Rate	As at 01-Jan-22	For the year	Revaluation	Adjustment	As at 31-Dec-22	Net book value as at 31-Dec-22
	Rupees '000	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	61,901	-	-	-	1,097,157	-	-	-	-	-	-	1,097,157
Buildings	9,510,629	20,085	-	-	-	9,530,714	5	2,892,343	331,056	-	-	3,223,399	6,307,315
Plant and machinery	24,965,592	920,829	-	(197,347)	230,029	25,919,103	5	10,087,511	761,023	-	10,766	10,859,300	15,059,803
Office equipment and fixtures	174,539	29,031	-	(2,544)	-	201,026	10	72,452	11,205	-	(1,682)	81,975	119,051
Computer hardware and allied items	214,113	36,360	-	(5,574)	-	244,899	33.33	154,640	36,791	-	(5,486)	185,945	58,954
Vehicles	260,262	37,991	-	(103,445)	61,618	256,426	20	149,235	20,220	-	(18,021)	151,434	104,992
	36,160,391	1,106,197	-	(308,910)	291,647	37,249,325		13,356,181	1,160,295	-	(14,423)	14,502,053	22,747,272
Right-of-use assets													
Buildings	251,629	80,711	-	(17,556)	-	314,784	20-50	113,214	90,523	-	(17,556)	186,181	128,603
Plant and machinery	187,180	-	-	-	(187,180)	-	5	24,542	7,454	-	(31,996)	-	-
Vehicles	127,045	-	-	-	(61,618)	65,427	20	47,856	15,134	-	(31,672)	31,318	34,109
	565,854	80,711	-	(17,556)	(248,798)	380,211		185,612	113,111	-	(81,224)	217,499	162,712
Capital work in progress													
Buildings	503,488	1,198,149	-	-	-	1,701,637		-	-	-	-	-	1,701,637
Plant and machinery	140,105	839,492	-	-	(42,849)	936,748		-	-	-	-	-	936,748
	643,593	2,037,641	-	-	(42,849)	2,638,385		-	-	-	-	-	2,638,385
	37,369,838	3,224,549	-	(326,466)	-	40,267,921		13,541,793	1,273,406	-	(95,647)	14,719,552	25,548,369

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31-Dec-21

	COST / REVALUED AMOUNT							DEPRECIATION					Net book value as at
	As at 01-Jan-21	Additions	Revaluation	Disposals	Transfers	As at 31-Dec-21	Rate	As at 01-Jan-21	For the year	Revaluation	Adjustment	As at 31-Dec-21	31-Dec-21
	Rupees '000	*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
Buildings	8,196,945	-	-	(156,449)	1,470,133	9,510,629	5	2,711,360	280,155	-	(99,172)	2,892,343	6,618,286
Plant and machinery	23,714,246	394,688	-	(282,652)	1,139,310	24,965,592	5	9,449,727	731,325	-	(93,541)	10,087,511	14,878,081
Office equipment and fixtures	171,678	19,139	-	(16,278)	-	174,539	10	71,904	10,861	-	(10,313)	72,452	102,087
Computer hardware and allied items	174,143	47,147	-	(7,177)	-	214,113	33.33	132,468	28,786	-	(6,614)	154,640	59,473
Vehicles	277,712	72,446	-	(101,150)	11,254	260,262	20	164,662	15,300	-	(30,727)	149,235	111,027
	33,569,980	533,420	-	(563,706)	2,620,697	36,160,391		12,530,121	1,066,427	-	(240,367)	13,356,181	22,804,210
Right-of-use assets													
Buildings	162,493	89,705	-	(569)	-	251,629	20-50	38,024	75,759	-	(569)	113,214	138,415
Plant and machinery	297,124	-	-	-	(109,944)	187,180	5	21,231	18,973	-	(15,662)	24,542	162,638
Vehicles	138,299	-	-	-	(11,254)	127,045	20	24,993	28,754	-	(5,891)	47,856	79,189
	597,916	89,705	-	(569)	(121,198)	565,854		84,248	123,486	-	(22,122)	185,612	380,242
Capital work in progress													
Buildings	1,550,272	423,349	-	-	(1,470,133)	503,488		-	-	-	-	-	503,488
Plant and machinery	1,015,621	153,850	-	-	(1,029,366)	140,105		-	-	-	-	-	140,105
	2,565,893	577,199	-	-	(2,499,499)	643,593		-	-	-	-	-	643,593
	36,733,789	1,200,324	-	(564,275)	-	37,369,838		12,614,369	1,189,913	-	(262,489)	13,541,793	23,828,045

21.1 Property, plant and equipment includes fully depreciated assets of Rs. 133.55 million (31-Dec-21: Rs. 111.86 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 includes:

(i) 511 Kanals located at Mouza Kot Islampura, 34 - K.M, Ferozepur Road, Lahore.
(ii) 224 Kanals located at Mouza Amar Siddhu, 14 - K.M, Ferozepur Road, Lahore.
(iii) 80 Kanals located at 302-303 Gadoon Industrial Area, Gadoon Amazai.
(iv) 2 Kanals located at Chak No. 439/E.B, Burewala, Vehari.

21.3 Additions to capital work in progress include borrowing cost amounting to Rs. 62.481 million (31-Dec-21: Rs. 20.208 million) included in cost of buildings and Rs. 72.34 million (31-Dec-21: Rs. 2.616 million) included in cost of plant and machinery at a capitalization rate of 13.88% (31-Dec-21: 10.50%). The capital expenditure has been financed by long term debt.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

21.4 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	31-Dec-22						
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000		
Plant and Machinery							
Conveyor for Foaming	63,077	-	63,077	61,065	(2,012)	Negotiation	Orix Modaraba.
Drum Type Door	33,476	-	33,476	33,713	237	Negotiation	Orix Modaraba.
3 Station Foaming	45,098	-	45,098	45,133	35	Negotiation	Orix Modaraba.
Vacum Pump	2,006	1,017	989	40	(949)	Negotiation	Liaqat Ali, Kasur.
Current Voltage Meter	1,487	754	733	30	(703)	Negotiation	Liaqat Ali, Kasur.
Fin Folding Line	19,754	7,250	12,504	2,005	(10,499)	Negotiation	Liaqat Ali, Kasur.
Fin Folding Line	14,949	5,486	9,463	2,000	(7,463)	Negotiation	Liaqat Ali, Kasur.
Fin Folding Line	14,949	5,486	9,463	1,911	(7,552)	Negotiation	Liaqat Ali, Kasur.
Assets having net book value less than Rs. 500,000 each	2,551	1,237	1,314	310	(1,004)	Negotiation	Liaqat Ali, Kasur.
	197,347	21,230	176,117	146,207	(29,910)		
Office equipment and fixtures							
Assets having net book value less than Rs. 500,000 each	2,544	1,682	862	595	(267)	Negotiation	Various buyers
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	5,574	5,486	88	712	624	Negotiation	Various buyers
Vehicles							
Hyundai Tucson	5,481	548	4,933	5,714	781	Negotiation	First Habib Modaraba.
Kia Sportage	5,106	255	4,851	6,107	1,256	Negotiation	First Habib Modaraba.
Kia Sportage	4,979	166	4,813	5,925	1,112	Negotiation	First Habib Modaraba.
MG HS	5,485	990	4,495	5,485	990	Negotiation	First Habib Modaraba.

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31-Dec-22

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*		
Hyundai Tucson	4,798	480	4,318	5,714	1,396	Negotiation	First Habib Modaraba.
MG HS	4,688	912	3,776	5,485	1,709	Negotiation	First Habib Modaraba.
Toyota Yaris	2,266	189	2,077	2,701	624	Negotiation	First Habib Modaraba.
Toyota Corolla	2,015	831	1,184	907	(277)	Company policy	Irshad Khan *(employee)*, Lahore.
Suzuki Bolan	1,180	39	1,141	1,336	195	Negotiation	First Habib Modaraba
Honda Civic	2,712	1,763	949	858	(91)	Company policy	Faisal Kaba *(employee)*, Lahore.
Toyota Corolla	1,928	983	945	711	(234)	Company policy	Rohan Zafar Hashmi *(employee)*, Lahore.
Honda Civic	2,203	1,375	828	724	(104)	Company policy	Nasir Paul *(employee)*, Lahore.
Toyota Corolla	2,487	1,677	810	951	141	Company policy	Muhammad Imran *(employee)*, Lahore.
Toyota Corolla	2,172	1,398	774	535	(239)	Company policy	Qaiser *(employee)*, Lahore.
Honda Civic	2,203	1,515	688	567	(121)	Company policy	Jalil ur Rehman *(employee)*, Lahore.
Toyota Corolla	1,724	1,098	626	541	(85)	Company policy	Javed Iqbal *(employee)*, Lahore.
Toyota Corolla	1,609	1,035	574	547	(27)	Company policy	Umar Shahzad *(employee)*, Lahore.
Honda City	1,693	1,134	559	583	24	Company policy	M. Waseem Mir *(employee)*, Lahore.
Toyota Corolla	1,724	1,166	558	627	69	Company policy	Farooq *(employee)*, Lahore.
Toyota Corolla	1,724	1,186	538	682	144	Company policy	Nauman *(employee)*, Lahore.
Toyota Corolla	1,609	1,086	523	629	106	Company policy	M. Nasir Paul *(employee)*, Lahore.
Honda City	1,434	922	512	330	(182)	Company policy	Shahzad Safder *(employee)*, Lahore.
Assets having net book value less than Rs. 500,000 each	42,225	28,945	13,280	42,857	29,577	Company policy/Negotiation	Various employees/buyers
	103,445	49,693	53,752	90,516	36,764		
	308,910	78,091	230,819	238,030	7,211		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

					31-Dec-21		
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*		
Building							
Pre Cast Roof Brick Masonry Walls	99,084	61,555	37,529	32,134	(5,395)	Insurance claim	Adamjee Insurance Company Limited.
Steel Trusses Rcc Flooring	20,609	13,517	7,092	5,807	(1,285)	Insurance claim	Adamjee Insurance Company Limited.
Slap Roof Brick Masonry Walls	16,396	10,649	5,747	5,399	(348)	Insurance claim	Adamjee Insurance Company Limited.
Steel Trusses Rcc Flooring	8,733	5,963	2,770	2,710	(60)	Insurance claim	Adamjee Insurance Company Limited.
Pre Cast Roof Brick Masonry Walls	3,558	2,224	1,334	1,290	(44)	Insurance claim	Adamjee Insurance Company Limited.
Pre Cast Roof Brick Masonry Walls	3,125	1,995	1,130	968	(162)	Insurance claim	Adamjee Insurance Company Limited.
Pre Cast Roof Brick Masonry Walls	2,778	1,771	1,007	861	(146)	Insurance claim	Adamjee Insurance Company Limited.
Refrigerator Condenser Section	2,166	1,498	668	650	(18)	Insurance claim	Adamjee Insurance Company Limited.
	156,449	99,172	57,277	49,819	(7,458)		
Plant and Machinery							
Vaccum Hoses	36,250	1,806	34,444	34,294	(150)	Insurance claim	Adamjee Insurance Company Limited.
Ht and Lt Panels Power Cables	54,680	32,096	22,584	22,000	(584)	Insurance claim	Adamjee Insurance Company Limited.
Vacuum Line	16,384	751	15,633	14,000	(1,633)	Insurance claim	Adamjee Insurance Company Limited.
Assembly Line	16,231	6,509	9,722	14,000	4,278	Insurance claim	Adamjee Insurance Company Limited.
Assembly Line	15,334	7,997	7,337	8,000	663	Insurance claim	Adamjee Insurance Company Limited.
Plastic Injection Moulding Machine	8,346	2,206	6,140	5,000	(1,140)	Insurance claim	Adamjee Insurance Company Limited.
Plastic Injection Moulding Machine	10,826	5,124	5,702	6,000	298	Insurance claim	Adamjee Insurance Company Limited.
Electric Safety Tester	5,392	247	5,145	4,000	(1,145)	Insurance claim	Adamjee Insurance Company Limited.
Cpt Box Mance Test System	9,348	4,264	5,084	6,000	916	Insurance claim	Adamjee Insurance Company Limited.
Atlas Bot Main Assembly Line	9,766	5,097	4,669	4,000	(669)	Insurance claim	Adamjee Insurance Company Limited.
Central Signal System	9,543	4,980	4,563	4,950	387	Insurance claim	Adamjee Insurance Company Limited.
Ultrasonic Welding Machine	8,874	4,879	3,995	3,900	(95)	Insurance claim	Adamjee Insurance Company Limited.
Centrifugal Pump	4,437	775	3,662	3,200	(462)	Insurance claim	Adamjee Insurance Company Limited.
Stapling Machine	8,409	4,936	3,473	3,400	(73)	Insurance claim	Adamjee Insurance Company Limited.
Qa Qz Apparatus	6,299	3,287	3,012	3,600	588	Insurance claim	Adamjee Insurance Company Limited.
Ceramic Super Stone and Emery Paper	3,881	877	3,004	1,500	(1,504)	Insurance claim	Adamjee Insurance Company Limited.
200 Ton H Frame Crank Press	2,714	124	2,590	-	(2,590)	Insurance claim	Adamjee Insurance Company Limited.

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31-Dec-21

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*		
Electric Hoist Crane	2,700	124	2,576	2,500	(76)	Insurance claim	Adamjee Insurance Company Limited.
Cooling Units Exhaust Fans	4,278	2,164	2,114	2,114	-	Insurance claim	Adamjee Insurance Company Limited.
Electrical Equipment Atlas	4,135	2,158	1,977	1,980	3	Insurance claim	Adamjee Insurance Company Limited.
Zee Lift With Accessories	3,277	1,495	1,782	1,770	(12)	Insurance claim	Adamjee Insurance Company Limited.
Parts Of Leak Detector	1,792	82	1,710	1,200	(510)	Insurance claim	Adamjee Insurance Company Limited.
Plastic Injection Moulding Machine	3,628	1,967	1,661	3,000	1,339	Insurance claim	Adamjee Insurance Company Limited.
Power Distribution Boards	2,871	1,457	1,414	1,400	(14)	Insurance claim	Adamjee Insurance Company Limited.
Parts For Leak Detector	1,350	62	1,288	1,000	(288)	Insurance claim	Adamjee Insurance Company Limited.
Gas Charger V210 Fp	2,670	1,567	1,103	1,000	(103)	Insurance claim	Adamjee Insurance Company Limited.
Metal Adhesive Application Machine	973	45	928	500	(428)	Insurance claim	Adamjee Insurance Company Limited.
Double Grider Overhead Crane	1,952	1,032	920	900	(20)	Insurance claim	Adamjee Insurance Company Limited.
Over Head Crane	2,103	1,234	869	800	(69)	Insurance claim	Adamjee Insurance Company Limited.
Extension Safety System	934	129	805	550	(255)	Insurance claim	Adamjee Insurance Company Limited.
Room Cooler	936	140	796	750	(46)	Insurance claim	Adamjee Insurance Company Limited.
Electric Crane	1,892	1,110	782	700	(82)	Insurance claim	Adamjee Insurance Company Limited.
Miscelaneous Items	807	37	770	500	(270)	Insurance claim	Adamjee Insurance Company Limited.
Main Assembly Line	1,605	838	767	100	(667)	Insurance claim	Adamjee Insurance Company Limited.
Electric Stakker Load Capacity 1000Kg	845	157	688	600	(88)	Insurance claim	Adamjee Insurance Company Limited.
Material Shifting Conveyors	1,302	649	653	625	(28)	Insurance claim	Adamjee Insurance Company Limited.
Electric Generator	1,237	646	591	800	209	Insurance claim	Adamjee Insurance Company Limited.
Air Conditioning Plant	1,155	603	552	900	348	Insurance claim	Adamjee Insurance Company Limited.
Power Distribution Boards Foaming	1,074	544	530	300	(230)	Insurance claim	Adamjee Insurance Company Limited.
Assets having net book value less than Rs. 500,000 each	12,422	5,008	7,414	6,462	(952)	Insurance claim	Adamjee Insurance Company Limited.
	282,652	109,203	173,449	168,295	(5,154)		
Office equipment and fixtures							
Assets having net book value less than Rs. 500,000 each	15,847	10,176	5,671	5,024	(647)	Insurance claim	Adamjee Insurance Company Limited.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

31-Dec-21

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*		
Assets having net book value less than Rs. 500,000 each	431	137	294	70	(224)	Negotiation	Various buyers
	16,278	10,313	5,965	5,094	(871)		
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	2,698	2,671	27	180	153	Insurance claim	Adamjee Insurance Company Limited.
Assets having net book value less than Rs. 500,000 each	4,479	3,943	536	774	238	Negotiation	Various buyers
	7,177	6,614	563	954	391		
Vehicles							
Toyota Fortuner	11,098	370	10,728	9,509	(1,219)	Negotiation	First Habib Modaraba.
Hyundai Tucson	4,796	160	4,636	5,712	1,076	Negotiation	First Habib Modaraba.
Hyundai Tucson	4,796	160	4,636	5,712	1,076	Negotiation	First Habib Modaraba.
MG HS	4,688	156	4,532	5,485	953	Negotiation	First Habib Modaraba.
MG HS	4,688	156	4,532	5,485	953	Negotiation	First Habib Modaraba.
KIA Sportage	3,788	63	3,725	4,532	807	Negotiation	First Habib Modaraba.
Honda Civic	3,308	55	3,253	3,945	692	Negotiation	First Habib Modaraba.
MG ZS	2,909	48	2,861	3,453	592	Negotiation	First Habib Modaraba.
Honda City	2,268	38	2,230	2,633	403	Negotiation	First Habib Modaraba.
Changan Alsvin	2,263	38	2,225	2,639	414	Negotiation	First Habib Modaraba.
Honda civic	1,994	842	1,152	1,416	264	Company policy	Masood Khan (employee), Lahore.
Toyota Corolla	2,604	1,588	1,016	692	(324)	Company policy	Hassan Sherwani (employee), Lahore.
Honda Civic	2,254	1,302	952	1,126	174	Company policy	Tassawar Hanif (employee), Lahore.
Suzuki Cultus	1,568	646	922	1,583	661	Company policy	Naeem Ahmed (employee), Lahore.
Honda City	1,356	653	703	688	(15)	Company policy	Shafique Ahmed (employee), Lahore.
Honda Civic	2,043	1,381	662	396	(266)	Company policy	Faryal Ahmad (employee), Lahore.
Toyota Corolla	1,609	968	641	933	292	Company policy	Shab Ali (employee), Lahore.
Suzuki Swift	1,175	633	542	823	281	Company policy	Husnain Arif (employee), Lahore.

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31-Dec-21

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 Swift	1,134	610	524	804	280	Company policy	Azaz Hamd Khan (employee), Lahore.
Toyota Corolla	1,786	1,278	508	471	(37)	Company policy	Aqeel Qasim (employee), Lahore.
Assets having net book value less than Rs. 500,000 each	39,025	25,473	13,552	26,170	12,618	Company policy	Various employees
	101,150	36,618	64,532	84,207	19,675		
	563,706	261,920	301,786	308,369	6,583		

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	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000

21.4.1 Gain/(loss) on disposal of operating fixed assets has been classified as follows:

	Note	31-Dec-22	31-Dec-21
Other income: Gain on disposal of property, plant and equipment	37	7,211	19,689
Other expenses: Loss due to fire	40	-	(13,106)
		7,211	6,583

21.5 The depreciation charge for the year has been allocated as follows:

	Note	31-Dec-22	31-Dec-21
Cost of sales	36	1,201,723	1,041,467
Selling and distribution expenses	38	24,019	27,669
Administrative expenses	39	47,664	120,777
		1,273,406	1,189,913

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, Asif Associates (Private) Limited, on 31 December 2018 and was incorporated in the financial statements for the year ended 31 December 2018. For basis of valuation and other fair value measurement disclosures refer to note 51.

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

	31-Dec-22		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	Rupees '000	Rupees '000
Land	251,085	-	251,085
Building	7,219,582	2,078,434	5,141,148
Plant and machinery	15,191,192	4,820,737	10,370,455

	31-Dec-21		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	Rupees '000	Rupees '000
Land	189,184	-	189,184
Building	7,199,497	1,808,755	5,390,742
Plant and machinery	14,125,963	4,330,930	9,795,033

21.6.1 As per most recent valuation, forced sale values of land, building and plant and machinery (excluding additions after the date of revaluation) 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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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

22 INTANGIBLE ASSETS

	Note	31-Dec-22								
		Cost				Accumulated Amortization				Net book value as at 31-Dec-22
		As at 01-Jan-22	Additions	Written-off	As at 31-Dec-22	As at 01-Jan-22	For the period	Adjustment	As at 31-Dec-22	
		Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Technology transfer agreement	*22.1*	117,054	-	(1,559)	115,495	53,466	3,153	(762)	55,857	59,638
Goodwill	*22.2*	312,341	-	-	312,341	91,859	-	-	91,859	220,482
Software	*22.3*	20,808	1,510	-	22,318	16,488	1,531	-	18,019	4,299
ERP system	*22.4*	31,675	-	-	31,675	29,085	855	-	29,940	1,735
		481,878	1,510	(1,559)	481,829	190,898	5,539	(762)	195,675	286,154

		31-Dec-21								
		Cost				Accumulated Amortization				Net book value as at 31-Dec-21
		As at 01-Jan-21	Additions	Written-off	As at 31-Dec-21	As at 01-Jan-21	For the period	Adjustment	As at 31-Dec-21	
		Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Technology transfer agreement	*22.1*	117,054	-	-	117,054	50,119	3,347	-	53,466	63,588
Goodwill	*22.2*	312,341	-	-	312,341	91,859	-	-	91,859	220,482
Software	*22.3*	20,808	-	-	20,808	14,360	2,128	-	16,488	4,320
ERP system	*22.4*	31,675	-	-	31,675	27,810	1,275	-	29,085	2,590
		481,878	-		481,878	184,148	6,750		190,898	290,980

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 at 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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23 LONG TERM INVESTMENTS

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

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
Kohinoor Power Company Limited - *Quoted*			
2,910,600 (31-Dec-21: 2,910,600) ordinary shares of Rs. 10 each	23.1	10,944	13,505
Relationship: *associate*			
Ownership Interest: *23.1% (31-Dec-21: 23.1%)*			
Market value: *Rs. 3.76 (31-Dec-21: Rs. 4.64) per share*			
		10,944	13,505

23.1 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-22	31-Dec-21
Percentage of ownership interest	23.10%	23.10%

	31-Dec-22	31-Dec-21
	Rupees '000	Rupees '000
Cost of investment	54,701	54,701
Share of post acquisition losses	(15,161)	(14,775)
	39,540	39,926
Accumulated impairment	(28,596)	(26,421)
	10,944	13,505

23.1.1 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:

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
Non-current assets		84,871	90,536
Current assets		45,060	40,521
Non-current liabilities		-	-
Current liabilities		1,318	774
Revenue		17,719	17,356
Loss for the year		(1,671)	(3,937)
Other comprehensive loss		-	-
Total comprehensive loss		(1,671)	(3,937)
Break-up value per share		0.01	0.01
Share of loss and other adjustments to net assets	23.1.2	(386)	(909)
Market value per share		3.76	4.64

23.1.2 This includes the following:

	31-Dec-22	31-Dec-21
Share of loss for the year	(386)	(909)
Share of other comprehensive loss for the year	-	-
	(386)	(909)

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31-Dec-22 Rupees '000	31-Dec-21 Rupees '000
24 LONG TERM DEPOSITS			
Financial institutions	24.1	102,626	47,213
Utility companies and regulatory authorities	24.2	176,998	175,173
Suppliers	24.3	228,429	265,578
		508,053	487,964

24.1 These represent security deposits against Ijarah arrangements.

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 suppliers under various contracts and are refundable on termination 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-22 Rupees '000	31-Dec-21 Rupees '000
Face value of advances		3,551,042	2,973,500
Less: unamortized notional interest	25.2	857,275	485,698
		2,693,767	2,487,802
Current portion presented under current assets	30	(1,707,522)	(1,500,088)
		986,245	987,714

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 17.71% (31-Dec-21: 9.95%).

	Note	31-Dec-22 Rupees '000	31-Dec-21 Rupees '000
25.2 Unamortized notional interest			
As at beginning of the year		485,698	411,556
Recognized during the year	38.3	698,370	302,713
Amortization for the year	38.3	(326,793)	(228,571)
As at end of the year		857,275	485,698

26 STORES, SPARES AND LOOSE TOOLS

	31-Dec-22	31-Dec-21
Stores	338,902	300,227
Spares	408,923	465,978
Loose tools	122,859	122,859
	870,684	889,064
Impairment allowance for slow moving and obsolete items	(13,619)	(18,824)
	857,065	870,240

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

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	31-Dec-22	31-Dec-21
	Rupees '000	Rupees '000
27 STOCK IN TRADE		
Raw material		
- in stores	6,560,140	3,359,832
- in transit	2,340,800	2,373,199
Write-down to net realisable value	(32,344)	(45,757)
	8,868,596	5,687,274
Work in process	1,417,998	2,027,690
Finished goods	3,556,970	2,768,133
Write-down to net realisable value	(18,124)	(18,124)
	3,538,846	2,750,009
	13,825,440	10,464,973

27.1 Stock in trade valued at Rs. 1,082.434 million (31-Dec-21: Rs. 1,273.31 million) is pledged as security with providers of debt finances.

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
28 TRADE RECEIVABLES			
Gross amount due			
- against sale of goods	28.1	14,919,159	13,115,542
- against execution of construction contracts	28.2	1,173,168	1,503,871
		16,092,327	14,619,413
Impairment allowance for expected credit loss	28.3	(411,289)	(653,164)
		15,681,038	13,966,249

28.1 These include amount due against export sales amounting to Rs. 464.890 million (31-Dec-21: Rs. nil). The remaining balance of trade receivables is recoverable against local sales.

28.2 These include retention money for construction contracts in progress amounting to Rs. 426.743 million (31-Dec-21: Rs. 472.985 million) held by the customers in accordance with contract terms.

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
28.3 Movement in impairment allowance for expected credit loss			
As at beginning of the year		653,164	638,808
Recognized during the year	50.1.6	80,630	14,356
Reversed during the year	50.1.6	(322,505)	-
As at end of the year		411,289	653,164

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

29 CONSTRUCTION WORK IN PROGRESS

This represents unbilled construction work in progress.

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		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
30	**SHORT TERM ADVANCES**			
	Advances to suppliers and contractors			
	Gross amount due		721,827	707,583
	Impairment allowance for doubtful advances		(38,990)	(38,990)
			682,837	668,593
	Advances to employees			
	Gross amount due	30.1	698,448	610,945
	Impairment allowance for doubtful advances		(1,449)	(1,449)
			696,999	609,496
	Current portion of long term advances	25	1,707,522	1,500,088
			3,087,358	2,778,177

30.1 These include advances for

	31-Dec-22	31-Dec-21
- purchases	228,625	292,126
- expenses	211,903	161,907
- travelling	257,920	156,912
	698,448	610,945

31 SHORT TERM DEPOSITS AND PREPAYMENTS

	31-Dec-22	31-Dec-21
Security deposits		
Gross amount due	568,754	568,754
Impairment allowance for expected credit losses	(5,379)	(5,379)
	563,375	563,375
Margin deposits	313,299	311,122
Prepayments	67,785	57,241
Letters of credit	463,053	392,742
	1,407,512	1,324,480

32 SHORT TERM INVESTMENTS

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

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
Standard Chartered Bank (Pakistan) Limited			
915,070 (31-Dec-21: 915,070) ordinary shares of Rs. 10 each Market value: *Rs. 19.80 (31-Dec-21: Rs. 36.48) per share*			
As at beginning of the year		33,382	31,881
Changes in fair value	37 & 40	(15,264)	1,501
As at end of the year		18,118	33,382

33 ADVANCE INCOME TAX/INCOME TAX REFUNDABLE

	Note	31-Dec-22	31-Dec-21
Advance income tax/income tax refundable		4,044,967	3,655,593
Provision for taxation	42	(757,633)	(578,653)
		3,287,334	3,076,940

34 CASH AND BANK BALANCES

	31-Dec-22	31-Dec-21
Cash in hand	11,553	12,989
Cash at banks - *current accounts - local currency*	784,528	566,408
	796,081	579,397

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
35	**NET REVENUE**			
	This represents revenue recognized from contracts with customers			
	Sale of goods			
	- local		64,713,436	54,570,204
	- exports		663,691	162,729
			65,377,127	54,732,933
	Construction contracts		651,113	634,542
			66,028,240	55,367,475
	Sales tax and excise duty		(9,462,475)	(7,971,371)
	Trade discounts		(4,179,587)	(4,508,740)
			52,386,178	42,887,364
36	**COST OF SALES**			
	Finished goods at the beginning of the year		2,750,009	1,511,279
	Cost of goods manufactured	36.1	42,285,444	34,485,324
	Finished goods at the end of the year		(3,538,846)	(2,750,009)
	Cost of goods sold		41,496,607	33,246,594
	Cost of construction contracts		588,085	573,118
			42,084,692	33,819,712
36.1	**Cost of goods manufactured**			
	Work-in-process at beginning of the year		2,027,690	1,046,705
	Raw material and components consumed		37,552,126	31,901,748
	Direct wages		1,133,527	1,041,589
	Factory overheads:			
	- salaries, wages and benefits		549,760	506,375
	- traveling and conveyance		27,129	24,109
	- electricity, gas and water		671,388	524,660
	- repairs and maintenance		91,821	85,772
	- vehicles running and maintenance		42,045	38,418
	- insurance		70,160	47,657
	- depreciation	21.5	1,201,723	1,041,467
	- amortization of intangible assets	22	5,539	6,750
	- impairment (reversal)/allowance for obsolete and slow moving stock	27 & 28	(18,618)	3,121
	- carriage and freight		38,817	33,972
	- erection and testing		248,606	173,444
	- research and development		26,451	8,651
	- other factory overheads		35,278	28,576
			2,990,099	2,522,972
			43,703,442	36,513,014
	Work-in-process at end of the year		(1,417,998)	(2,027,690)
			42,285,444	34,485,324

36.2 These include charge in respect of employees retirement benefits amounting to Rs. 42.358 million (31-Dec-21: Rs. 39.232 million).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
37	**OTHER INCOME**			
	Gain on financial instruments			
	Changes in fair value of short term investments mandatorily classified as at FVTPL		-	1,501
	Reversal of impairment allowance of long term investment		-	3,761
	Foreign exchange gain		48,584	-
			48,584	5,262
	Other income			
	Amortization of grant-in-aid	16.1	1,577	1,660
	Gain on disposal of property, plant and equipment	21.4	7,211	19,689
	Others		20,880	11,984
			29,668	33,333
			78,252	38,595
38	**SELLING AND DISTRIBUTION EXPENSES**			
	Salaries and benefits	38.1	683,718	590,456
	Traveling and conveyance		141,530	121,597
	Rent, rates and taxes	38.2	56,926	48,606
	Electricity, gas, fuel and water		22,052	16,596
	Repairs and maintenance		19,115	12,918
	Vehicles running and maintenance		114,956	90,598
	Printing and stationery		13,221	11,744
	Postage, telegrams and telephones		29,763	26,712
	Entertainment and staff welfare		65,345	58,935
	Advertisement and sales promotion		380,003	513,928
	Insurance		29,234	19,857
	Freight and forwarding		697,927	576,287
	Contract and tendering		4,233	3,556
	Depreciation		24,019	27,669
	Warranty period services	14.1	198,125	473,665
	Others	38.3	501,850	186,437
			2,982,017	2,779,561

38.1 These include charge in respect of employees retirement benefits amounting to Rs. 18.207 million (31-Dec-21: Rs. 16.692 million).

38.2 These include short term lease rentals amounting to Rs. 45.243 million (31-Dec-21: Rs. 26.779 million).

38.3 These include notional interest expense amounting to Rs. 371.577 million (31-Dec-21: Rs. 74.142 million) on long term advances. (See note 25.2).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
39	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	39.1	953,378	822,246
	Traveling and conveyance		97,182	89,467
	Rent, rates and taxes	39.2	110,308	158,436
	Ujrah payments		194,019	110,868
	Legal and professional		151,212	142,202
	Electricity, gas and water		79,851	62,088
	Auditor's remuneration	39.3	6,450	6,450
	Repairs and maintenance		66,681	54,518
	Vehicles running and maintenance		47,734	42,050
	Printing, stationery and periodicals		12,902	7,102
	Postage, telegrams and telephones		14,233	13,987
	Entertainment and staff welfare		175,760	29,765
	Advertisement		11,539	10,527
	Insurance		17,540	11,914
	Depreciation	21.5	47,664	120,777
	Others		4,105	42,966
			1,990,558	1,725,363

39.1 These include charge in respect of employees retirement benefits amounting to Rs. 29.65 million (31-Dec-21: Rs. 26.79 million).

39.2 These include short term lease rentals amounting to Rs. 91.857 million (31-Dec-21: Rs. 32.729 million).

		Note	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
39.3	**Auditor's remuneration**			
	Annual statutory audit		4,500	4,500
	Limited scope review		1,000	1,000
	Review report under corporate governance		600	600
	Out of pocket expenses		350	350
			6,450	6,450
40	**OTHER EXPENSES**			
	Loss on financial instruments			
	Changes in fair value of short term investments mandatorily classified as at FVTPL	32	15,264	-
	Impairment allowance on long term investment	23.1	2,175	-
	Loss due to fire		-	30,064
	Foreign exchange losses		-	4,221
			17,439	34,285
	Others			
	Intangible assets written-off	22	797	-
	Workers' Profit Participation Fund	17.2	126,826	120,223
	Workers' Welfare Fund	17.3	51,830	46,939
	Donations	40.1 & 40.2	13,532	4,468
			192,985	171,630
			210,424	205,915

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:

	31-Dec-22	31-Dec-21
	Rupees '000	Rupees '000
Army Relief Fund *(for flood affectees)*	10,000	-
Ali Hajveri Free Hospital *(Ali Hajveri Free Drug Bank)*	1,450	-
NUST Scholarship Grant	-	1,000
	11,450	1,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	Note	31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
41 FINANCE COST			
Interest/markup/profit on borrowings:			
redeemable capital		215,327	18,847
long term finances		844,242	634,627
short term borrowings		1,876,602	1,134,765
		2,936,171	1,788,239
Interest on lease liabilities		10,280	29,198
Interest on Workers' Profit Participation Fund	17.2	9,329	819
Bank charges and commission		134,295	355,509
		3,090,075	2,173,765
42 TAXATION			
Provision for taxation			
for current year	33 & 42.1	757,633	578,653
for prior years		38,678	(73,044)
		796,311	505,609
Deferred taxation			
adjustment attributable to origination and reversal of temporary differences		205,909	108,664
adjustment attributable to changes in tax rates	15.1	278,466	1,029
		484,375	109,693
		1,280,686	615,302

42.1 Provision for current tax has been made in accordance with section 4C, 113 and 154 (31-Dec-21: section 113 and 154) 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. According to management, the provision for current taxation made in the financial statements is sufficient to discharge tax liability. A comparison of last three years of provision for current taxation with tax assessed is presented below:

	31-Dec-21	31-Dec-20	31-Dec-19
	Rupees '000	Rupees '000	Rupees '000
Provision for current taxation as per financial statements	578,653	315,835	-
Tax assessment under section 120 of the Ordinance	617,331	242,791	-

42.2 The income tax assessments of the Company up to and including tax year 2022 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except as explained in note 20.1.3, 20.1.4, 20.1.5 and 20.1.6.

	Unit	31-Dec-22	31-Dec-21
43 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	Rupees '000	1,067,467	1,591,076
Preference dividend for the year	Rupees '000	(42,710)	(42,710)
Profit attributable to ordinary shareholders	Rupees '000	1,024,757	1,548,366
Shares			
Weighted average number of ordinary shares outstanding during the year	No. of shares	770,048,493	535,841,375
Earnings per share			
Basic and diluted	Rupees	1.33	2.89

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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.

	Note	31-Dec-22	31-Dec-21
		Rupees '000	*Rupees '000*
44 CASH GENERATED FROM OPERATIONS			
Profit before taxation		**2,348,153**	2,206,378
Adjustments for non-cash and other items			
Interest/markup/profit on borrowings		**2,936,171**	1,788,239
Interest on lease liabilities		**10,280**	29,198
Share of loss of associate		**386**	909
Notional interest on long term advances		**371,577**	11,690
Gain on disposal of property, plant and equipment		**(7,211)**	(6,583)
Intangible assets written-off		**797**	-
Amortization of grant-in-aid		**(1,577)**	(1,660)
Amortization of intangible assets		**5,539**	6,750
Impairment allowance/(reversal) on long term investment		**2,175**	(3,761)
Changes in fair value of short term investments		**15,264**	(1,501)
Impairment (reversal)/allowance for expected credit loss		**(241,875)**	14,356
Impairment (reversal)/allowance for obsolete and slow moving stock		**(18,618)**	3,121
Depreciation		**1,273,406**	1,189,913
		4,346,314	3,030,671
		6,694,467	5,237,049
Changes in working capital			
Long term deposits		**(20,089)**	(24,312)
Long term advances		**(2,077,630)**	(1,883,916)
Stores, spares and loose tools		**13,175**	(8,116)
Stock in trade		**(3,341,849)**	(968,830)
Trade receivables		**(1,472,914)**	(3,544,451)
Contract assets		**9,837**	269,151
Short term advances		**1,398,341**	1,359,447
Short term deposits and prepayments		**(83,032)**	(210,316)
Other receivables		**2,130**	70,892
Warranty obligations		**246,480**	504,609
Trade and other payables		**(372,996)**	(420,759)
		(5,698,547)	(4,856,601)
Cash generated from operations		**995,920**	380,448
45 CASH AND CASH EQUIVALENTS			
Cash and bank balances	*34*	**796,081**	579,397
		796,081	579,397

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

46 CHANGES FROM FINANCING CASH FLOWS

	31-Dec-22					
	Share deposit money Rupees '000	Redeemable capital Rupees '000	Long term finances Rupees '000	Lease liabilities Rupees '000	Short term borrowings Rupees '000	Unclaimed dividend Rupees '000
As at beginning of the year	1,790,000	1,500,000	7,854,268	238,527	10,498,852	10,785
Share deposit money received	3,226,629	-	-	-	-	-
Issue of right shares	(5,016,629)	-	-	-	-	-
Redeemable capital issued	-	-	-	-	-	-
Long term finances obtained	-	-	387,500	-	-	-
Repayment of long term finances	-	-	(2,581,924)	-	-	-
Long term finances accretion	-	-	16,832	-	-	-
Lease liabilities recognized	-	-	-	80,711	-	-
Interest on lease liabilities	-	-	-	10,280	-	-
Repayment of lease liabilities	-	-	-	(186,548)	-	-
Net decrease in short term borrowings	-	-	-	-	5,060,935	-
Dividend paid	-	-	-	-	-	(105)
As at end of the year	-	1,500,000	5,676,676	142,970	15,559,787	10,680

	31-Dec-21					
	Share deposit money Rupees '000	Redeemable capital Rupees '000	Long term finances Rupees '000	Lease liabilities Rupees '000.	Short term borrowings Rupees '000	Unclaimed dividend Rupees '000
As at beginning of the year	-	-	7,638,638	321,433	10,605,608	14,456
Share deposit money received	1,790,000	-	-	-	-	-
Issue of right shares	-	-	-	-	-	-
Redeemable capital issued	-	1,500,000	-	-	-	-
Long term finances obtained	-	-	2,112,500	-	-	-
Repayment of long term finances	-	-	(1,948,021)	-	-	-
Long term finances accretion	-	-	51,151	-	-	-
Lease liabilities recognized	-	-	-	89,705	-	-
Interest on lease liabilities	-	-	-	29,198	-	-
Repayment of lease liabilities	-	-	-	(201,809)	-	-
Net decrease in short term borrowings	-	-	-	-	(106,756)	-
Dividend paid	-	-	-	-	-	(3,671)
As at end of the year	1,790,000	1,500,000	7,854,268	238,527	10,498,852	10,785

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

47 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors, 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%
Kohinoor Power Company Limited	Associated company	Investment	0.00%
Kohinoor Energy Limited	Associated company	Common directorship	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	3.6735%
Mr. Syed Manzar Hassan	Key management personnel	Director	0.0002%
Mr. Naseem Saigol	Key management personnel	Director	25.4451%
Mrs. Sehyr Saigol	Key management personnel	Director	0.9466%
Mrs. Amber Haroon	Sponsor	Major shareholding	21.4694%

The Company in the normal course of business carries out trade transactions with its 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-22 Rupees '000	31-Dec-21 Rupees '000
47.1 Transactions with related parties				
Nature of relationship	**Nature of transactions**			
Associated companies	Purchase of services		**56,776**	58,877
	Sale of goods		**1,902**	1,794
Provident Fund Trust	Contribution for the year		**90,217**	82,713
Key management personnel	Short term employee benefits	53	**50,800**	49,799
	Post employment benefits	53	**2,158**	1,953
Sponsors	Share deposit money received		**844,882**	1,790,000
	Issue of ordinary shares		**2,634,882**	-
47.2 Balances with related parties				
Nature of relationship	**Nature of balances**			
Associated companies	Trade creditors		**1,406**	3,650
Provident Fund Trust	Contribution payable		**16,822**	17,497
Key management personnel	Short term employee benefits payable		**775**	902
Sponsors	Share deposit money		**-**	1,790,000

48 CONTRACTS WITH CUSTOMERS

48.1 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 54.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Power Division		Appliances Division		Total	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Product/service lines						
Home appliances	-	-	**34,213,250**	34,469,635	**34,213,250**	34,469,635
Electrical capital goods	**31,163,877**	20,263,298	-	-	**31,163,877**	20,263,298
Construction contracts	**651,113**	634,542	-	-	**651,113**	634,542
	31,814,990	20,897,840	**34,213,250**	34,469,635	**66,028,240**	55,367,475
Timing of revenue recognition						
Products transferred at a point in time	**31,163,877**	20,263,298	**34,213,250**	34,469,635	**65,377,127**	54,732,933
Products/services transferred over time	**651,113**	634,542	-	-	**651,113**	634,542
	31,814,990	20,897,840	**34,213,250**	34,469,635	**66,028,240**	55,367,475

48.2 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-22	31-Dec-21
			Rupees '000	*Rupees '000*
Receivables	Trade receivables	*28*	**15,681,038**	13,966,249
Contract assets	Construction work in progress	*29*	**787,864**	797,701
Contract liabilities	Advances from customers	*17*	**31,010**	32,091
			16,499,912	14,796,041

48.3 Changes in contract assets and liabilities

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

	31-Dec-22		31-Dec-21	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*
As at beginning of the year	**797,701**	**32,091**	1,066,852	95,698
Revenue recognized against contract liability as at beginning of the year	-	**(32,091)**	-	(95,698)
Net increase due to cash received in excess of revenue recognized	-	**31,010**	-	32,091
Transfers from contracts assets recognized at the beginning of the year to receivables	**(797,701)**	-	(1,066,852)	-
Net increases as a result of contract activity	**787,864**	-	797,701	-
As at end of the year	**787,864**	**31,010**	797,701	32,091

48.4 Impairment losses

The Company during the year has recognized Rs. 80.63 million (31-Dec-21: Rs. 14.356 million) as impairment loss for expected credit losses on receivables (trade receivables) arising from the Company's contracts with customers. Further, impairment allowance amounting to Rs. 322.505 million (31-Dec-21: Rs. nil) was reversed during the year on actual recovery. (See note 28.3).

49 FINANCIAL INSTRUMENTS

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

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		31-Dec-22	31-Dec-21
		Rupees '000	Rupees '000
49.1	**Financial assets**		
	Cash in hand	**11,553**	12,989
	Financial assets at amortized cost		
	Long term deposits	**508,053**	487,964
	Long term advances	**2,693,767**	2,487,802
	Trade receivables	**15,681,038**	13,966,249
	Margin deposits	**313,299**	311,122
	Bank balances	**784,528**	566,408
		19,980,685	17,819,545
	Financial assets mandatorily classified at fair value through profit or loss		
	Short term investments	**18,118**	33,382
		20,010,356	17,865,916
49.2	**Financial liabilities**		
	Financial liabilities at amortized cost		
	Redeemable capital	**1,500,000**	1,500,000
	Long term finances	**5,676,676**	7,854,268
	Lease liabilities	**142,970**	238,527
	Trade creditors	**151,382**	185,359
	Foreign bills payable	**120,018**	24,187
	Accrued liabilities	**254,248**	178,511
	Employees' provident fund	**16,822**	17,497
	Other payables	**13,511**	22,541
	Unclaimed dividend	**10,680**	10,785
	Accrued interest/markup/profit	**630,816**	348,163
	Short term borrowings	**15,559,787**	10,498,852
		24,076,910	20,878,690

50 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:

50.1 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.

50.1.1 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 receivables 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.

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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 receivables 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.

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 receivables: 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.

50.1.2 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-22	31-Dec-21
		Rupees '000	*Rupees '000*
Financial assets at amortized cost			
Long term deposits	24	**508,053**	487,964
Long term advances	25	**3,551,042**	2,973,500
Trade receivables	28	**16,092,327**	14,619,413
Margin deposits	31	**313,299**	311,122
Cash at banks	34	**784,528**	566,408
		21,249,249	18,958,407

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50.1.3 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 credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees '000	*Rupees '000*
Long term deposits	*24*	N/A	Performing	12-month ECL	**508,053**	-
Long term advances	*25*	N/A	Performing	12-month ECL	**3,551,042**	-
Trade receivables	*28*	N/A	Performing	Lifetime ECL	**15,768,217**	**87,179**
		N/A	Doubtful	Lifetime ECL	**324,110**	**324,110**
					16,092,327	**411,289**
Margin deposits	*31*	A3 - A1+	N/A	12-month ECL	**313,299**	-
Cash at banks	*34*	A3 - A1+	N/A	12-month ECL	**784,528**	-
					21,249,249	**411,289**

(a) Long term deposits

These include deposits placed with various financial institutions, suppliers, utility companies and regulatory authorities. Deposits with utility companies and regulatory authorities are substantially perpetual in nature and therefore no credit risk is associated there with. Deposits are placed with financial institutions with reasonably high credit ratings and therefore no credit loss is expected. Deposits are placed with suppliers who have long standing business relationships with the Company and have a good record and accordingly non-performance by these customers is not expected. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) Long term advances

These are recoverable from customers who have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected. Therefore, no significant credit risk has been associated with these balances and accordingly no loss allowance has been made.

(c) Trade receivables

For trade receivables, 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 receivables by using internal credit risk gradings. As at the reporting date, trade receivables amounting to Rs. 324.11 million are considered 'doubtful'. Other trade receivables 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 receivables as at the reporting date is as follows:

	31-Dec-22	31-Dec-21
	Rupees '000	*Rupees '000*
Neither past due nor impaired	**7,042,061**	12,352,874
Past due by upto 30 days	**2,644,738**	1,122,876
Past due by 31 days to 180 days	**5,663,066**	612,218
Past due by 181 days or more	**742,462**	531,445
	16,092,327	14,619,413

(d) Margin deposits

These are placed with financial institutions with reasonably high credit ratings and therefore no credit loss is expected. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(e) Bank balances

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Considering their strong financial standing, management does not expect any credit loss. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

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50.1.4 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-22	31-Dec-21
	Rupees '000	*Rupees '000*
Utility companies and regulatory authorities	**176,998**	175,173
Suppliers	**228,429**	265,578
Customers	**19,643,369**	17,592,913
Banking companies and financial instituitions	**1,200,453**	924,743
	21,249,249	18,958,407

There are no significant concentrations of credit risk, except for trade receivables. The Company's nil (31-Dec-21: One) significant customers account for Rs. nil (31-Dec-21: Rs. 1,890.436 million) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (31-Dec-21: 10%) of trade receivables 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.

50.1.5 Collateral held

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

50.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses are as follows:

	Note	31-Dec-22	31-Dec-21
		Rupees '000	*Rupees '000*
As at beginning of the year		**653,164**	638,808
Impairment loss on trade receivables arising from contracts with customers			
- recognized during the year	*28.3*	**80,630**	14,356
- reversed during the year	*28.3*	**(322,505)**	-
Net change in impairment allowance		**(241,875)**	14,356
As at end of the year		**411,289**	653,164

50.2 Liquidity risk

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

50.2.1 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.

50.2.2 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.

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	31-Dec-22				
	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
Redeemable capital	**1,500,000**	**1,531,512**	**1,531,512**	-	-
Long term finances	**5,676,676**	**7,136,598**	**3,026,704**	**3,811,880**	**298,014**
Lease liabilities	**142,970**	**161,650**	**98,465**	**63,185**	-
Trade creditors	**151,382**	**151,382**	**151,382**	-	-
Foreign bills payable	**120,018**	**120,018**	**120,018**	-	-
Accrued liabilities	**254,248**	**254,248**	**254,248**	-	-
Employees' provident fund	**16,822**	**16,822**	**16,822**	-	-
Other payables	**13,511**	**13,511**	**13,511**	-	-
Unclaimed dividend	**10,680**	**10,680**	**10,680**	-	-
Accrued interest/markup/profit	**630,816**	**630,816**	**630,816**	-	-
Short term borrowings	**15,559,787**	**16,481,644**	**16,481,644**	-	-
	24,076,910	**26,508,881**	**22,335,802**	**3,875,065**	**298,014**

	31-Dec-21				
	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
Redeemable capital	1,500,000	1,667,988	149,550	1,518,438	-
Long term finances	7,854,268	9,344,655	3,258,991	4,684,240	1,401,424
Lease liabilities	238,527	263,872	161,090	102,782	-
Trade creditors	185,359	185,359	185,359	-	-
Foreign bills payable	24,187	24,187	24,187	-	-
Accrued liabilities	178,511	178,511	178,511	-	-
Employees' provident fund	17,497	17,497	17,497	-	-
Other payables	22,541	22,541	22,541	-	-
Unclaimed dividend	10,785	10,785	10,785	-	-
Accrued interest/markup/profit	348,163	348,163	348,163	-	-
Short term borrowings	10,498,852	10,820,612	10,820,612	-	-
	20,878,690	22,884,170	15,177,286	6,305,460	1,401,424

50.3 Market risk

50.3.1 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.

(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:

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	31-Dec-22	31-Dec-21
	Rupees '000	*Rupees '000*
Financial assets		
Trade recievables		
USD	**464,890**	-
Financial liabilities		
Foreign bills payable		
USD	**(22,751)**	(13,233)
EUR	**(1,608)**	(10,954)
CNY	**(95,659)**	-
	(120,018)	(24,187)
Net balance sheet exposure	**344,872**	(24,187)
Foreign currency commitments		
JPY	-	(5,914)
CNY	**(219,344)**	(465,543)
CHF	**(7,885)**	-
EUR	**(555,894)**	(555,586)
USD	**(1,566,769)**	(4,507,181)
	(2,349,892)	(5,534,224)
Net exposure	**(2,005,020)**	(5,558,411)

(c) Exchange rates applied as at the reporting date

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

	31-Dec-22	31-Dec-21
	Rupees	*Rupees*
EUR	**241.3075**	201.8565
USD	**226.4309**	178.1690
CNY	**32.5657**	27.9641
CHF	**245.0286**	-
JPY	**1.7136**	1.5563

(d) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have decresed (31-Dec-21: increased) profit for the year and equity as at the reporting date by Rs. 17.24 million (31-Dec-21: Rs. 1.21 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.

50.3.2 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.

(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:

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	31-Dec-22	31-Dec-21
	Rupees '000	Rupees '000
Fixed rate instruments		
Financial liabilities	-	495,373
Variable rate instruments		
Financial liabilities	**22,879,433**	18,113,106

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not account for its fixed rate instruments at fair value.

(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. 228.794 million (31-Dec-21: Rs. 181.131 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.

50.3.3 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.

51 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. 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:

51.1 Financial instruments measured at fair value

51.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	31-Dec-22	31-Dec-21
			Rupees '000	Rupees '000
Short term investments	Level 1	Quoted bid prices in an active market	**18,118**	33,382

51.1.2 Non-recurring fair value measurements

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

51.2 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.

51.3 Assets and liabilities other than financial instruments

51.3.1 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-22	31-Dec-21
				Rupees '000	Rupees '000
Land	-	1,097,157	-	**1,097,157**	1,035,256
Building	-	6,307,315	-	**6,307,315**	6,618,286
Plant and machinery	-	15,059,803	-	**15,059,803**	14,878,081

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

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	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. 54.858 million (31-Dec-21: 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. 315.366 million (31-Dec-21: Rs. 330.914 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. 752.99 million (31-Dec-21: Rs. 743.904 million).

51.3.2 Non-recurring fair value measurements

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

52 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:

	Unit	**31-Dec-22**	31-Dec-21
Total debt	*Rupees '000*	**7,319,646**	8,109,627
Total equity	*Rupees '000*	**38,957,899**	35,026,815
Total capital employed	*Rupees '000*	**46,277,545**	43,136,442
Gearing ratio	*% age*	**15.82**	18.80

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.

53 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:

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	31-Dec-22		
	Chief Executive	**Directors**	**Executives**
	Rupees '000	***Rupees '000***	***Rupees '000***
Remuneration	**12,046**	**33,601**	**294,199**
House rent	**1,205**	**1,283**	**46,724**
Utilities	**1,205**	**1,205**	**28,997**
Bonus	-	-	**42,492**
Post employment benefits	-	**2,158**	**28,263**
Meeting fee	-	**255**	-
Reimbursable expenses			
Motor vehicles expenses	-	-	**34,340**
Medical expenses	-	-	**15,976**
	14,456	**38,502**	**490,991**
Number of persons	**1**	**2**	**115**

	31-Dec-21		
	Chief Executive	Directors	Executives
	Rupees '000	*Rupees '000*	*Rupees '000*
Remuneration	12,046	31,577	225,537
House rent	1,205	1,986	49,219
Utilities	1,205	1,205	22,434
Bonus	-	-	20,585
Post employment benefits	-	1,953	21,911
Meeting fee	-	375	-
Reimbursable expenses			
Motor vehicles expenses	-	-	19,997
Medical expenses	-	200	13,050
	14,456	37,296	372,733
Number of persons	1	2	93

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

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

54 SEGMENT INFORMATION

An operating segment is a component of an entity:

(a) 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),

(b) 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

(c) 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 ['EPC'] 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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	31-Dec-22		
	Power Division Rupees '000	Appliances Division Rupees '000	Total Rupees '000
Revenue	**31,814,990**	**34,213,250**	**66,028,240**
Finance cost	**1,743,481**	**1,346,594**	**3,090,075**
Additions to property, plant and equipment	**1,463,274**	**1,761,275**	**3,224,549**
Depreciation and amortization	**585,956**	**692,989**	**1,278,945**
Segment profit	**2,225,367**	**255,344**	**2,480,711**
Segment assets	**31,272,317**	**32,825,917**	**64,098,234**

	31-Dec-21		
	Power Division Rupees '000	Appliances Division Rupees '000	Total Rupees '000
Revenue	20,897,840	34,469,635	55,367,475
Finance cost	991,429	1,182,336	2,173,765
Additions to property, plant and equipment	516,794	683,530	1,200,324
Depreciation and amortization	559,336	637,327	1,196,663
Segment profit	609,081	1,765,526	2,374,607
Segment assets	22,343,784	34,345,554	56,689,338

		Note	31-Dec-22 Rupees '000	31-Dec-21 Rupees '000
54.1	**Reconciliation of segment profit**			
	Total profit for reportable segments		**2,480,711**	2,374,607
	Other income	37	**78,252**	38,595
	Other expenses	40	**(210,424)**	(205,915)
	Share of loss of associate	23.1.1	**(386)**	(909)
	Profit before taxation		**2,348,153**	2,206,378
54.2	**Reconciliation of segment assets**			
	Total assets for reportable segments		**64,098,234**	56,689,338
	Long term investments	23	**10,944**	13,505
	Short term investments	32	**18,118**	33,382
	Advance income tax/Income tax refundable	33	**3,287,334**	3,076,940
	Total assets		**67,414,630**	59,813,165

54.3 Information about major customers

There was no single major customer of the Company during the year.

55 EMPLOYEES PROVIDENT FUND TRUST

The Company operates a contributory provident fund for its employees where contributions are made by the Company and employees each at 10% (31-Dec-21: 10%) of the basic salary and cost of living, where applicable, every month. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

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56 PLANT CAPACITY AND ACTUAL PRODUCTION

		31-Dec-22		31-Dec-21	
	Unit	Annual production capacity	Actual production during the year	Annual production capacity	Actual production during the year
Transformers/Power transformers	MVA	**8,000**	**5,693**	8,000	4,723
Switch gears	Nos.	**12,500**	**12,042**	12,000	8,861
Energy meters	Nos.	**1,700,000**	**960,244**	1,700,000	1,059,844
Air conditioners	Tonnes	**200,000**	**123,083**	200,000	149,361
Refrigerators/Deep freezers	Cfts.	**7,950,000**	**3,332,208**	7,950,000	4,472,265
Microwave ovens/Water dispensers	Litres	**3,500,000**	**1,801,065**	3,500,000	2,468,011
LED TVs	Sets	**200,000**	**16,000**	200,000	20,800
Washing machines	Kgs	**860,000**	**331,522**	860,000	684,669

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

57 SHARIAH DISCLOSURES

	31-Dec-22	31-Dec-21
	Rupees '000	*Rupees '000*
Loans/advances obtained as per islamic mode	**4,861,094**	3,448,647
Shariah compliant bank deposits/bank balances	**157,654**	71,522
Profit earned from shariah compliant bank deposits/bank balances	-	-
Revenue earned from a shariah compliant business segment	**52,386,178**	42,887,364
Gain/loss or dividend earned from shariah compliant investments	-	-
Exchange gain earned from actual currency	-	-
Profit paid on islamic mode of financing	**(603,926)**	(213,561)
Interest/markup paid on any conventional loan or advances	**(2,184,413)**	(1,621,785)

Relationship with shahriah compliant banks:

Name of Bank	Relationship with Bank
Al Baraka Bank (Pakistan) Limited	Redeemable capital, short term borrowings and bank balances
Faysal Bank Limited	Long term finances, short term borrowings and bank balances
Habib Bank Limited	Short term borrowings and bank balances
BankIslami Pakistan Limited	Short term borrowings and bank balances
Meezan Bank Limited	Bank balances
United Bank Limited	Bank balances

58 NUMBER OF EMPLOYEES

	Factory employees		Total employees	
	31-Dec-22	31-Dec-21	31-Dec-22	31-Dec-21
Total number of employees	**4,386**	5,225	**4,921**	5,745
Average number of employees	**5,570**	4,956	**6,141**	5,555

59 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.

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60 GENERAL

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	M. ZEID YOUSUF SAIGOL	SYED MANZAR HASSAN
Chief Executive Officer	Director	Chief Financial Officer

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Form of Proxy

67th 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 67th Annual General Meeting of the Company to be held on **April 27, 2023** at 11:00 A.M. at Factory Premises, 14-KM, Ferozepur Road, Lahore and at every adjournment thereof, if any.

A witness my / our hand (s) this ______day of April, 2023.

Signed by the said

____

REVENUE STAMP

Witnesses:

1) Name ___________________________
Address _________________________
____
CNIC No. ______________________

2) Name ___________________________
Address _________________________
____
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 came 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.

پراکسی فارم

67واں سالانہ عمومی اجلاسِ عام۔

لیجرفولیو | موجودہ حصص

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کا/کے بحیثیت ممبران پاک الیکٹرون لیمٹیڈ اور حامل عام حصص محترم/محترمہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔یا ان کے حاضر نہ ہو سکنے کی صورت میں۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کو اپنے/ہمارے ایماء پر کمپنی کے 27 اپریل 2023 بروز جمعرات 11:00 بجے صبح فیکٹری احاطہ 14 کلومیٹر، فیروزپور روڈ، لاہور میں منعقد ہونے والے 67واں سالانہ عمومی اجلاس عام میں شرکت کرنے حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

بطور گواہ آج بتاریخ۔۔۔۔۔۔۔اپریل 2023 میرے/ہمارے دستخط ہوئے۔

گواہان:

(1) نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

قومی شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

(2) نام۔۔

پتہ:۔۔۔

قومی شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

اہم نکات:

1- کوئی رکن جو اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا حقدار ہے کمپنی کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 54 کے تحت پراکسی کا تقرر کر سکتا ہے۔ پراکسیاں اسی صورت موثر ہیں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس (17-عزیز ایونیو کینال بنک گلبرگ-V لاہور) میں موصول ہونا ضروری ہیں۔ پراکسیوں پر رسیدی ٹکٹ رکن کے دستخط اور گواہاں کے دستخط ہونا ضروری ہیں۔

2- سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے مزید برآں درج ذیل شرائط کا پورا کرنا لازمی ہے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں گی۔

(ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

(iii) پراکسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔