

# **PAK ELEKTRON LIMITED**

**QUARTERLY REPORT**

**31-03-2024**

**(Un-Audited)**

**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)                      |
| Mrs. Sadaf Kashif               | Director - Independent/Certified (DTP)                    |
| Mr. Muhammad Kamran Saleem      | Director - Independent/Certified (DTP)                    |
| Mr. Anjum Nisar                 | Director - Non Executive                                  |
| Mr. Shahid Iqbal Choudhri       | Director - NBP Nominee U/S 164 of the Act / Non Executive |

**Audit Committee**

|                            |                 |
|----------------------------|-----------------|
| Mr. Muhammad Kamran Saleem | Chairman/Member |
| Mr. M. Naseem Saigol       | Member          |
| Syed Manzar Hassan         | Member          |
| Mrs. Sadaf Kashif          | Member          |

**HR & Remuneration Committee**

|                            |                 |
|----------------------------|-----------------|
| Mr. Muhammad Kamran Saleem | Chairman/Member |
| Syed Manzar Hassan         | Member          |
| Mrs. Sadaf Kashif          | 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](mailto: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](mailto:shares@corplink.com.pk)

**Works**

14-K.M. Ferozpur Road, Lahore  
Tel: 042-35920151-9 (9 Lines)  
Website: [www.pel.com.pk](http://www.pel.com.pk)

**PEL Unit II**

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

**Karachi**

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

**Islamabad**

Room # 301, 3<sup>rd</sup> 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

## **DIRECTORS REVIEW**

Dear Share Holders

Your directors are pleased to present the un-audited interim financial information of the Company for the First Quarter ended on March 31, 2024.

### **FINANCIAL & OPERATIONAL REVIEW**

#### **Macro –Economic Environment**

##### **Global Economic Overview**

Fitch Ratings has raised its 2024 global GDP growth forecast by 0.3 percent to 2.4 percent, compared to earlier forecast of 2.1 percent projected in December 2023. This improved world growth prospects reflects a sharp upward revision to US forecast to 2.1 percent, from 1.2 percent in the December 2023. Fitch Rating still expects world growth in 2025 to edge up to 2.5 percent.

Global inflation forecast mainly dependent on cut in policy rate by major central banks. Global Market Intelligence's forecasted of initial rate cuts from the European Central Bank and the Bank of England in June remain unchanged, with both still forecast to ease by 100 bps this year. Moreover, February CPI inflation numbers showed sticky trend – CPI index rose 0.4 percent in February after climbing 0.3 percent in January.

##### **Domestic Economic Landscape**

Pakistan's economic and fiscal position continues to improve with each passing month of the current fiscal year, attributed to prudent policy management and the resumption of inflows from multilateral and bilateral partners. Pakistan has reached a Staff-Level Agreement in its final review successfully concluding the IMF's Stand-By Arrangement (SBA) program and securing a disbursement of \$1.1 billion. The ongoing efforts in policy and reform are easing out pressures on the gross financing needs, which has been intensified by increased external and domestic financing demands and an uncertain external environment. These positive developments have led to a sustained economic recovery and an uplift in the country's overall economic confidence. In real sector, agriculture outlook is promising. In Rabi season 2023-24, the wheat sowing has surpassed the target of 8.998 million hectare.

The LSM, observed a marginal decline of 0.5 percent during July-January FY2024, compared to a contraction of 2.7 percent last year. However, LSM output increased YoY by 1.84 percent in January 2024 when compared with January 2023. During Jul-Jan FY2024, 12 out of 22 sectors witnessed positive growth.

Headline inflation is on a downward trajectory; it dropped to 23.1 percent in February 2024 from 31.5 percent in February 2023. To reduce the inflationary impact, the Federal government

has provided the Ramadan Relief Package of Rs 12.5 billion, targeting low-income groups with food subsidies through various measures. On the fiscal front, the primary surplus increased to Rs 1939 billion during Jul-Jan FY2024 from Rs 945 billion last year. The fiscal deficit during Jul-Jan FY2024, however increased to 2.6 percent of GDP as compared to 2.3 percent recorded last year. The government is putting all its efforts to ensure prudent fiscal management through cautious expenditure and effective resource mobilization. Current Account posted a deficit of \$1.0 billion for Jul-Feb FY2024 as against a deficit of \$ 3.9 billion last year, with largely reflecting an improvement in trade balance. In February 2024 current account posted a surplus of \$ 128 million as against a deficit of \$ 50 million same period last year. YoY Exports increased by 16.2 percent to \$ 2.6 billion in February 2024 as compared to \$ 2.2 billion in February 2023 owing to ease in imports restriction and exchange rate stability which resulted in smooth supply of raw material for export-oriented industries. The YoY imports also increased by 10.2 percent to \$4.3 billion in February 2024 as compared to \$3.9 billion same month last year.

FDI witnessed an inflow of \$ 131.2 million in February 2024 compared to an outflow of \$ 173 million in last month. Remittances also showing an upward trend, it increased by 13.0 percent in February 2024 (\$ 2.2 billion) as compared to February 2023 (\$ 1.9 billion). SBP has maintained the policy rate at 22 percent on 18th March, 2024 – due to susceptible inflation outlook to risks amidst elevated inflation expectations. During 01st July – 01st March, FY24 money supply (M2) registered growth of 3.8 percent (Rs 1192.1 billion) compared 1.14 percent growth (Rs 313.9 billion) in last year. To maintain the policy and reforms, efforts are vital to entrench economic and financial stability during last quarter of on-going fiscal year. Moreover, sustaining the pace of external inflows to meet upcoming gross financing needs and external sector stability is inevitable.

The performance of Pakistan Stock Exchange (PSX) remained positive in the month of February 2024 owing to political and economic stability in the aftermath of General Elections. The benchmark of PSX, KSE-100 index crossed 71,000 points as on 30 April 2024 gaining 9,599 points since February, 2023. Similarly, market capitalization of PSX increased by around Rs 151 billion in February.

## INDUSTRY OVERVIEW

The overall Large Scale Manufacturing (LSM) sector has shown a slightly negative growth of 0.51 percent during the first eight months (July-February) 2023-24 when compared with the same period of last year. Electrical home appliances demand remained lower primarily due to the challenging economic environment coupled with low disposable income.

## Company Performance Overview

During the period under review, the company's performance has improved due to relaxation in import restrictions, completion of general election and agreement to provide loan by IMF. However still the country is facing issues like volatility in PKR vs USD parity, increased policy

rates, political uncertainty, low purchasing power of the consumers and curtailed development and infrastructure activities by GOP.

The Company revenues saw a significant increase of 62.93% as compared with the same period of last year.

Summary of operating results is presented as below:

| Rupees in Millions          | Quarter Ended<br>March 31, 2024 | Quarter Ended<br>March 31, 2023 | Increase<br>/(decrease) | Percentage<br>% |
|-----------------------------|---------------------------------|---------------------------------|-------------------------|-----------------|
| Sales                       | 16,471                          | 10,109                          | 6,362                   | 62.93           |
| Gross Profit                | 3,438                           | 2,006                           | 1432                    | 71.38           |
| Finance Cos                 | 997                             | 881                             | 116                     | 13.17           |
| Profit Before Tax           | 1,040                           | 173                             | 867                     | 501.16          |
| Profit After Tax            | 445                             | 37                              | 408                     | 1,102.7         |
| Earnings Per Share – Rupees | 0.51                            | 0.03                            |                         |                 |

The company's revenues during the first quarter experienced a significant increase of 62.93%, registering at Rupees 16,471 million compared to Rupees 10,109 million in the previous year period of the last year. Gross profits also saw a substantial increase to Rupees 3,438 million, reflecting a 71.38% rise from Rupees 2,006 million in the same period last year. Additionally, financial charges increased by Rupees 116 million due to an elevated policy rate, which offset operating cost efficiencies.

Consequently, the company profit after tax improved significantly to Rupees 445 million, an increase of rupees 408 million as compared to the Rupees 37 million in the corresponding period of the last year. The company business witnessed an increase in sales due to normalization of opening of LC, improved supply chain, restoration of confidence and stability in the market and potential upward economic stimuli towards making household purchases.

## **Appliances Division**

During the period under review, the Appliance Division experienced a remarkable 86.65% increase in revenue, reaching Rupees 8,218 million compared to Rupees 4,403 million in the same period of the previous year.

The Appliance Division provides innovative products that cater to the evolving needs of consumers. These offerings incorporate advanced technologies and features aimed at enhancing energy efficiency, user experience, and overall convenience.

Additionally, the stability in the stock market indicates overall economic stability and heightened consumer confidence, conducive behavior towards purchase of home appliances products.

## **Power Division**

During the period under review, the Power Division witnessed a significant increase in revenues, with a growth of 44.64% to Rupees 8,253 million compared to Rupees 5,706 million in the same period of the previous year.

Additionally, the overall positive change in the consumer behavior after the completion of general elections, political stability, GOP plans towards infrastructure has instilled confidence among investors and stakeholders. IMF loans are typically accompanied by conditions or reforms aimed at stabilizing the economy, reducing fiscal deficits, and improving economic governance. This stability has translated into sustained demand for power division products, as stakeholders continue to invest in upgrading and expanding the electricity transmission and distribution infrastructure.

## **Future Outlook**

### **Global Economic Outlook**

Inflation rates are declining faster than predicted across most regions due to resolving supply-side issues and tighter monetary policies. Global headline inflation is forecasted to decrease to 5.8 percent in 2024 and further to 4.4 percent in 2025, with a downward revision for the 2025 outlook. With decreasing inflation and stable growth, the possibility of a severe economic downturn has diminished and the risks to global growth are relatively balanced. On a positive note, a quicker decline in inflation could lead to further relaxation of financial conditions. However, an overly loose fiscal policy, beyond what is necessary and assumed in the forecasts, could result in temporarily higher growth but may lead to a more challenging adjustment later. Moreover, a stronger focus on structural reforms could enhance productivity and create positive effects across borders.

## Country Economic Outlook

Pakistan's economic situation will start to improve in calendar year 2024. Elections will bring the much-needed certainty. The resolve from all mainstream political parties that they will go to the IMF for the next programs if they get a chance to form a government will ensure much-needed fiscal discipline and policy consistency. It will also help in shoring up Pakistan's foreign exchange reserves. This in turn will improve Pakistan's creditworthiness, too.

In its latest report "Global Economic Prospects – January 2024", the World Bank projected Pakistan's economic growth at 1.7% for the ongoing fiscal year 2023-24 and 2.4% in FY 2024-25, an inspiring recovery from -0.2% in the previous fiscal year. There are two external factors can affect Pakistan's economic performance in 2024. One is global energy prices, which are dependent on the geopolitical tensions. "If the Ukraine-Russia tension remains, or if the situation in the Middle East gets worse, that would have an impact on the prices as well as impact on our economic outlook. The second important factor is climate change. A bad monsoon may weigh against the agriculture sector. If the two external factors remain favorable, then the securing a modest GDP growth will not be difficult.

As we have observed that Pakistan's exports to China during July-December 2023 rose by 66.4%, reaching \$1.546 billion so this trend can be expected to continue in 2024 as well. The substantial demand in the second largest market globally will continue to benefit Pakistan, as with many other countries that are economically inter-related with China

## Company Future Outlook

The Company in the FY 2024 has decided to achieve a total revenue of Rs. 68,676 million, out of which in the period under review it is able to achieve Rs. 16,471 million, which is 23.98%

A new norm is likely to emerge with the finalization of IMF Program and expected political stability after general elections.

## Company Matters of Significance

### Incorporation of a wholly owned subsidiary in UAE

The Board of Directors of the Company in its meeting held on April 04, 2024 has accorded its approval for incorporation of a wholly owned foreign subsidiary in the UAE, subject to all applicable regulatory approvals. The subsidiary will be primarily engaged in commercial trading with import, export, distribution and warehousing as its ancillary activities.



## 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.

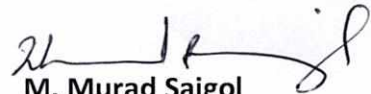
We are confident with continued team efforts that we will meet expectation of all stake holders i.e., Shareholders, Creditors and Customers.

On behalf of the Board of Directors

Lahore  
April 30, 2024.



M. Zeid Yousuf Saigol  
Director



M. Murad Saigol  
Chief Executive Officer

**PAK ELEKTRON LIMITED**  
**STATEMENT OF FINANCIAL POSITION (Un- Audited)**  
**AS AT MARCH 31, 2024**

|  | Note | March 31,<br>2024<br>(Rupees in Thousands) | December 31,<br>2023<br>(Rupees in Thousands) |
|--|------|--|---|
| <b>EQUITY AND LIABILITIES</b>              |      |  |   |
| <b>SHARE CAPITAL AND RESERVES</b>          |      |  |   |
| Authorized Capital                         | 5    | 11,000,000                                 | 11,000,000                                    |
| Issued, subscribed and paid up capital     | 6    | 9,009,697                                  | 9,009,697                                     |
| Share Premium                              |      | 5,610,856                                  | 5,610,856                                     |
| Revaluation reserve                        |      | 5,687,176                                  | 5,737,289                                     |
| Retained earnings                          |      | 21,562,479                                 | 21,067,369                                    |
|  |      | 41,870,208                                 | 41,425,211                                    |
| <b>NON-CURRENT LIABILITIES</b>             |      |  |   |
| Redeemable Capital                         | 7    | -  | -   |
| Long term financing                        | 8    | 1,141,251                                  | 1,660,209                                     |
| Lease Liabilities                          | 9    | 39,114                                     | 34,437  |
| Warranty obligations                       |      | 127,542                                    | 148,939                                       |
| Deferred taxation                          |      | 5,078,759                                  | 4,900,647                                     |
| Deferred income                            |      | 28,104                                     | 28,460  |
| <b>CURRENT LIABILITIES</b>                 |      |  |   |
| Trade and other payables                   |      | 3,398,861                                  | 3,230,047                                     |
| Unclaimed Dividend                         |      | 10,668                                     | 10,668  |
| Accrued interest/ mark up                  |      | 718,621                                    | 640,000                                       |
| Short term borrowings                      | 10   | 13,283,467                                 | 12,326,010                                    |
| Current Portion of Non Current Liabilities |      | 1,820,335                                  | 1,953,237                                     |
|  |      | 19,231,952                                 | 18,159,962                                    |
| CONTIGENCIES AND COMMITMENTS               | 11   | -  | -   |
|  |      | <b>67,516,930</b>                          | <b>66,357,865</b>                             |

|                                     | Note | March 31,<br>2024<br>(Rupees in Thousands) | December 31,<br>2023<br>(Rupees in Thousands) |
|-------------------------------------|------|--|---|
| <b>ASSETS</b>                       |      |  |   |
| <b>NON-CURRENT ASSETS</b>           |      |  |   |
| Property, plant and equipment       | 12   | 28,199,912                                 | 28,163,993                                    |
| Intangible assets                   |      | 281,165                                    | 282,299                                       |
| Advances for capital expenditure    |      | 69,342                                     | 64,367  |
|                                     |      | 28,550,419                                 | 28,510,659                                    |
| Long-term investments               | 13   | 16,940                                     | 19,268  |
| Long-term deposits                  |      | 628,744                                    | 614,919                                       |
| Long term advances                  |      | 615,023                                    | 602,921                                       |
| <b>CURRENT ASSETS</b>               |      |  |   |
| Stores, spare parts and loose tools |      | 868,972                                    | 885,477                                       |
| Stock-in-trade                      |      | 12,257,080                                 | 11,687,276                                    |
| Trade debts                         |      | 15,015,883                                 | 14,312,984                                    |
| Construction work in progress       |      | 592,113                                    | 615,301                                       |
| Short Term Advances                 |      | 3,368,552                                  | 3,395,068                                     |
| Short term deposits and prepayments |      | 1,469,453                                  | 1,451,640                                     |
| Other receivables                   |      | 204,274                                    | 219,718                                       |
| Short term investments              |      | 37,106                                     | 32,439  |
| Advance income tax                  |      | 3,068,529                                  | 3,226,079                                     |
| Cash and bank balances              |      | 823,843                                    | 784,116                                       |
|                                     |      | 37,705,805                                 | 36,610,098                                    |
|                                     |      | <b>67,516,930</b>                          | <b>66,357,865</b>                             |

The annexed notes 1 to 20 form an integral part of these interim financial statements.

  
**M. MURAD SAIGOL**  
 Chief Executive Officer

  
**M. ZEID YOUSUF SAIGOL**  
 Director

  
**SYED MANZAR HASSAN**  
 Chief Financial Officer

# PAK ELEKTRON LIMITED


## STATEMENT OF PROFIT OR LOSS

### FOR THE QUARTER ENDED MARCH 31, 2024 (Un-Audited)

|                                     | Note | Year Ended        |                   |
|-------------------------------------|------|-------------------|-------------------|
|                                     |      | March 31,<br>2024 | March 31,<br>2023 |
| (Rupees in thousand)                |      |                   |                   |
| Gross Sales                         | 14   | 16,471,159        | 10,109,214        |
| Sales Tax and discount              |      | (3,753,217)       | (1,967,860)       |
| Net Sales                           |      | 12,717,942        | 8,141,354         |
| Cost of Sales                       | 15   | (9,280,282)       | (6,135,324)       |
| Gross Profit                        |      | 3,437,660         | 2,006,030         |
| Other Operating Income              |      | 25,436            | 21,982            |
|                                     |      | 3,463,096         | 2,028,012         |
| Distribution Cost                   |      | (802,502)         | (520,233)         |
| Administrative Cost                 |      | (539,241)         | (433,934)         |
| Other Operating Expenses            |      | (84,320)          | (19,681)          |
| Finance Cost                        |      | (997,087)         | (880,895)         |
| Share of profit/(loss) of associate |      | 234               | (387)             |
| Profit/ (loss) Before Taxation      |      | <b>1,040,180</b>  | 172,882           |
| Provision for Taxation              |      | (595,183)         | (135,475)         |
| Profit/ (loss) after Taxation       |      | <b>444,997</b>    | 37,407            |
| Earnings per share basic & diluted  | 16   | <b>0.51</b>       | 0.03              |

The annexed notes 1 to 20 form an integral part of these interim financial statements.

  
**M. MURAD SAIGOL**  
Chief Executive Officer

  
**M. ZEID YOUSUF SAIGOL**  
Director


  
**SYED MANZAR HASSAN**  
Chief Financial Officer

**PAK ELEKTRON LIMITED**  
**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**  
**FOR THE QUARTER ENDED MARCH 31, 2024 (Un-Audited)**

|  | Share capital        | Share Premium    | Retained Earnings | Revaluation Reserve | Total             |
|--|----------------------|------------------|-------------------|---------------------|-------------------|
|  | (Rupees in thousand) |                  |                   |                     |                   |
| <b>Balance as at January 01, 2023</b>      | <b>9,009,697</b>     | <b>5,610,856</b> | <b>19,552,222</b> | <b>4,785,124</b>    | <b>38,957,899</b> |
| Total comprehensive income for the period  | -                    | -                | 37,407            |                     | <b>37,407</b>     |
| Incremental depreciation                   | -                    | -                | 56,697            | (56,697)            | -                 |
| <b>Balance as at March 31, 2023</b>        | <b>9,009,697</b>     | <b>5,610,856</b> | <b>19,646,326</b> | <b>4,728,427</b>    | <b>38,995,306</b> |
| <b>Comprehensive income:</b>               |                      |                  |                   |                     |                   |
| Profit after taxation                      | -                    | -                | 1,287,682         |                     | 1,287,682         |
| Other comprehensive income                 |                      |                  |                   | 1,142,223           | 1,142,223         |
| Incremental depreciation                   | -                    | -                | 133,361           | (133,361)           | -                 |
| <b>Balance as at December 31, 2023</b>     | <b>9,009,697</b>     | <b>5,610,856</b> | <b>21,067,369</b> | <b>5,737,289</b>    | <b>41,425,211</b> |
| Total comprehensive income for the period. | -                    | -                | 444,997           |                     | 444,997           |
| Incremental depreciation                   | -                    | -                | 50,113            | (50,113)            | -                 |
| <b>Balance as at March 31, 2024</b>        | <b>9,009,697</b>     | <b>5,610,856</b> | <b>21,562,479</b> | <b>5,687,176</b>    | <b>41,870,208</b> |

The annexed notes 1 to 20 form an integral part of these interim financial statements.

  
**M. MURAD SAIGOL**  
 Chief Executive Officer

  
**M. ZEID YOUSUF SAIGOL**  
 Director


  
**SYED MANZAR HASSAN**  
 Chief Financial Officer

**PAK ELEKTRON LIMITED**  
**CASH FLOW STATEMENT**  
**FOR THE QUARTER ENDED MARCH 31, 2024 (Un-Audited)**

|   | March 31,<br>2024    | March 31,<br>2023 |
|---|----------------------|-------------------|
|   | (Rupees in thousand) |                   |
| <b>Cash flows from operating activities</b>                   |                      |                   |
| Profit/(Loss) before taxation                                 | 1,040,180            | 172,882           |
| Adjustments for non cash items and others                     | 1,248,871            | 1,149,808         |
| Cash generated from operations before working capital changes | 2,289,051            | 1,322,690         |
| Working capital changes                                       | (1,061,446)          | 3,919,491         |
| Cash generated from operations                                | 1,227,605            | 5,242,181         |
| Payments for mark up and taxes                                | (1,123,083)          | (894,002)         |
| Net cash used in operating activities                         | 104,523              | 4,348,179         |
| <b>Cash flows from investing activities</b>                   |                      |                   |
| Purchase of property, plant and equipment                     | (344,168)            | (358,994)         |
| Proceeds from disposal of property, plant and equipment       | -                    | 11,335            |
| Advance for capital expenditure                               | (4,975)              | (5,095)           |
| (Increase) / decrease in long-term deposits and advances      | (25,927)             |                   |
| Net cash used in investing activities                         | (375,070)            | (352,754)         |
| <b>Cash flows from financing activities</b>                   |                      |                   |
| Redemption of Redeemable capital                              | -                    | (1,500,000)       |
| Repayment of Long Term Finances                               | (639,183)            | (555,255)         |
| Increase/ (Decrease) in liabilities against finance lease     | (8,000)              | (34,686)          |
| Increase / (Decrease) in Short Term Borrowing                 | 957,457              | (2,044,261)       |
| Dividend paid   | -                    | (5)               |
| Net cash from financing activities                            | 310,274              | (4,134,207)       |
| Net increase/(decrease) in cash and cash equivalents          | 39,727               | (138,782)         |
| Cash and cash equivalents at beginning of the period          | 784,116              | 796,081           |
| <b>Cash and cash equivalents at end of the period</b>         | <b>823,843</b>       | <b>657,299</b>    |

The annexed notes 1 to 20 form an integral part of these interim financial statements.

  
**M. MURAD SAIGOL**  
Chief Executive Officer

  
**M. ZEID YOUSUF SAIGOL**  
Director

  
**SYED MANZAR HASSAN**  
Chief Financial Officer

# PAK ELEKTRON LIMITED

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 2024 (Un-Audited)

### 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., Ferozpur Road, Keath Village, Lahore and 14 K.M., Ferozpur Road, Lahore. The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of electrical capital goods and domestic appliances.

The Company is currently organized into the following operating divisions:

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

### 2 BASIS OF PREPARATION

These interim financial statements are un audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the company for the year ended December 31, 2023.

The comparative interim balance sheet as at December 31, 2023 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for three months ended March 31, 2023 are based on unaudited interim financial information.

#### 2.1 Statement of compliance

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

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

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

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

#### 2.2 Basis of measurement

These interim 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 Judgements , estimates and assumptions

The preparation of interim financial statements requires managements to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believe to be reasonable under the circumstances , the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

### 3 Functional currency

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

### 4 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the company for the year ended December 31, 2023.

5 AUTHORIZED CAPITAL

| March 31,<br>2024    | December 31,<br>2023 |   | Un-audited<br>March 31,<br>2024 | Audited<br>December 31,<br>2023 |
|----------------------|----------------------|---|---------------------------------|---------------------------------|
| (Numbers)            |                      |   | (Rupees in thousand)            |                                 |
| 1,000,000,000        | 500,000,000          | Ordinary shares of Rs. 10 each          | 10,000,000                      | 10,000,000                      |
| 62,500,000           | 62,500,000           | Preference shares of Rs. 10 each:       | 625,000                         | 625,000                         |
| 37,500,000           | 37,500,000           | Class A preference shares of Rs 10 each | 375,000                         | 375,000                         |
| 100,000,000          | 100,000,000          | Class B preference shares of Rs 10 each | 1,000,000                       | 1,000,000                       |
| <u>1,100,000,000</u> | <u>600,000,000</u>   |   | <u>11,000,000</u>               | <u>11,000,000</u>               |

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| March 31,<br>2024  | December 31,<br>2023 |  | Note | Un-audited<br>March 31,<br>2024 | Audited<br>December 31,<br>2023 |
|--------------------|----------------------|--|------|---------------------------------|---------------------------------|
| Number of shares   |                      |  |      | (Rupees in thousand)            |                                 |
| 731,081,721        | 731,081,721          | Ordinary shares of Rs. 10 each<br>fully paid           |      | 7,310,817                       | 7,310,817                       |
| 137,500            | 137,500              | In cash  |      |                                 |                                 |
| 408,273            | 408,273              | Other than cash:                                       |      | 1,375                           | 1,375                           |
| 6,040,820          | 6,040,820            | -against machinery                                     |      |                                 |                                 |
| 118,343,841        | 118,343,841          | -issued on acquisition of PEL<br>Appliances Limited    |      | 4,083                           | 4,083                           |
| 856,012,155        | 856,012,155          | -issued against conversion of<br>preference shares     |      | 60,408                          | 60,408                          |
|                    |                      | -as bonus shares                                       |      | 1,183,438                       | 1,183,438                       |
|                    |                      | Fully paid A class preference<br>shares of Rs. 10 each |      | 8,560,122                       | 8,560,122                       |
| 44,957,592         | 44,957,592           | In cash  |      | 449,576                         | 449,576                         |
| <u>900,969,747</u> | <u>900,969,747</u>   |  |      | <u>9,009,697</u>                | <u>9,009,697</u>                |

7 REDEEMABLE CAPITAL

|  |          |                  |
|--|----------|------------------|
| At beginning of the year                             | -        | 1,500,000        |
| Issued during the period                             | -        | -                |
| Paid during the period                               | -        | -                |
| Current maturity presented under current liabilities | -        | -                |
| At end of the year                                   | <u>-</u> | <u>1,500,000</u> |

8 LONG-TERM FINANCES

|  |                  |                  |
|--|------------------|------------------|
| As at beginning of the period                        | 3,556,091        | 5,676,676        |
| Obtained during the period                           | -                | -                |
| Repayments made during the period                    | 639,183          | 2,120,585        |
| Current maturity presented under current liabilities | 1,775,657        | 1,895,882        |
|  | <u>1,141,251</u> | <u>1,660,209</u> |

9 LEASE LIABILITIES

|   |               |               |
|---|---------------|---------------|
| Present value of minimum lease payments | 83,792        | 91,792        |
| Current maturity                        | 44,678        | 57,355        |
|   | <u>39,114</u> | <u>34,437</u> |

10 SHORT TERM BORROWINGS

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

11 CONTINGENCIES AND COMMITMENTS

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2023

12 PROPERTY, PLANT AND EQUIPMENT

|   |        |                   |                   |
|---|--------|-------------------|-------------------|
| Operating assets  | 12.1   | 25,237,196        | 23,816,466        |
| Capital work-in-progress                                    |        | <u>2,962,716</u>  | <u>2,655,529</u>  |
|   |        | <u>28,199,912</u> | <u>26,471,995</u> |
| <b>12.1 Operating assets</b>                                |        |                   |                   |
| Written down value at beginning of the period / year        |        | 25,508,463        | 22,909,985        |
| Additions during the period / year                          | 12.1.1 | <u>36,981</u>     | <u>2,141,480</u>  |
|   |        | 25,545,444        | 25,051,465        |
| Written down value of the assets disposed off / adjustments |        | -                 | 33,843            |
| Depreciation charged during the period / year               |        | 308,248           | 1,245,048         |
| Rental Properties   |        |                   | <u>43,892</u>     |
|   |        | <u>25,237,196</u> | <u>23,816,466</u> |
| <b>12.1.1 Additions during the period / year</b>            |        |                   |                   |
| Land  |        | -                 | -                 |
| Building  |        | 2,080             | 1,236,446         |
| Plant and machinery   |        | 20,419            | 830,272           |
| Office equipment and furniture                              |        | 14,282            | 27,364            |
| Computer hardware and allied items                          |        | 200               | 38,574            |
| Vehicles  |        | -                 | 8,824             |
|   |        | <u>36,981</u>     | <u>2,141,480</u>  |

13 LONG-TERM INVESTMENTS

|   |      |                 |                 |
|---|------|-----------------|-----------------|
| Kohinoor Power Company Limited<br>2,910,600 shares (December 31, 2021: 2,910,600 shares)<br>of Rs. 10 each- Relationship: Associate<br>Ownership interest 23.10 % | 13.1 | 16,940          | 19,268          |
|   |      | <u>16,940</u>   | <u>19,268</u>   |
| <b>13.1 Investment in associate at cost - Quoted</b>  |      |                 |                 |
| Cost of investment  |      | 54,701          | 54,701          |
| Share of post acquisition losses  |      | <u>(15,161)</u> | <u>(15,161)</u> |
|   |      | 39,540          | 39,540          |
| Accumulated impairment  |      | <u>(22,600)</u> | <u>(20,272)</u> |
|   |      | <u>16,940</u>   | <u>19,268</u>   |

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

The investment has been accounted for by using equity method.



|                                 | March 31,<br>2024 | March 31,<br>2023 |
|---------------------------------|-------------------|-------------------|
| ------(Rupees in thousand)----- |                   |                   |
| 14 REVENUE                      |                   |                   |
| Contract revenue                | -                 | 13,871            |
| Sales - local                   | 16,465,355        | 10,058,084        |
| Sales - export                  | 5,804             | 37,259            |
|                                 | <u>16,471,159</u> | <u>10,109,214</u> |
| Sales tax and discount          | 3,753,217         | 1,967,860         |
|                                 | <u>12,717,942</u> | <u>8,141,354</u>  |

|                             |                    |                    |
|-----------------------------|--------------------|--------------------|
| 15 COST OF SALES            |                    |                    |
| Raw material consumed       | 7,811,671          | 4,824,458          |
| Direct wages                | 339,118            | 210,267            |
| Factory overhead            | 751,759            | 642,965            |
| Raw material, wages and FOH | <u>8,902,548</u>   | <u>5,677,690</u>   |
| Work-in-process             |                    |                    |
| -at beginning of period     | 1,403,957          | 1,417,998          |
| -at end of period           | <u>(1,517,145)</u> | <u>(1,678,945)</u> |
|                             | <u>(113,188)</u>   | <u>(260,947)</u>   |
| Cost of goods manufactured  | <u>8,789,360</u>   | <u>5,416,743</u>   |
| Finished goods              |                    |                    |
| -at beginning of period     | 2,621,666          | 3,538,846          |
| -at end of period           | <u>(2,130,744)</u> | <u>(2,833,856)</u> |
|                             | <u>490,922</u>     | <u>704,990</u>     |
|                             | <u>9,280,282</u>   | <u>6,121,733</u>   |
| Contract cost               | -                  | 13,591             |
| Cost of sales               | <u>9,280,282</u>   | <u>6,135,324</u>   |

16 EARNINGS PER SHARE - BASIC AND DILUTED

The calculation of basic and diluted profit per ordinary share is based on the following data:

|   |                |               |
|---|----------------|---------------|
| Profits for the period                      | 444,997        | 37,407        |
| Less: dividend payable on preference shares | <u>10,677</u>  | <u>10,677</u> |
| Profit attributable to ordinary shares      | <u>434,319</u> | <u>26,730</u> |

|  |             |             |
|--|-------------|-------------|
| Number of shares   | (Number)    |             |
| Weighted average number of ordinary shares for the purpose of basic profit | 856,012,155 | 856,012,155 |

|                                   |             |             |
|-----------------------------------|-------------|-------------|
| Basic earnings per share (Rupees) | <u>0.51</u> | <u>0.03</u> |
|-----------------------------------|-------------|-------------|

17 TRANSACTIONS WITH RELATED PARTIES

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

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

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

| Relationship             | Nature of transaction        | Un-audited        | Un-audited        |
|--------------------------|------------------------------|-------------------|-------------------|
|                          |                              | March 31,<br>2024 | March 31,<br>2023 |
| (Rupees in thousand)     |                              |                   |                   |
| Provident Fund Trust     | Contribution for the period  | 28,409            | 22,309            |
| Associated company       | Services acquired            | 1,827             | 12,920            |
| Key Management Personnel | Short-term employee benefits | 15,488            | 13,744            |
|                          | Post employment benefits     | 553               | 498               |

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

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 30, 2024.

19 GENERAL


19.1 Figures have been rounded off to the nearest thousands.

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

20 OTHERS

There are no other significant activities since December 31, 2023 affecting this condensed interim financial information.

  
M. MURAD SAIGOL  
Chief Executive Officer

  
M. ZEID YOUSUF SAIGOL  
Director

  
SYED MANZAR HASSAN  
Chief Financial Officer