

Annual Report
2020

Setting New Benchmarks In Technological Advancement



Pak Elektron Limited



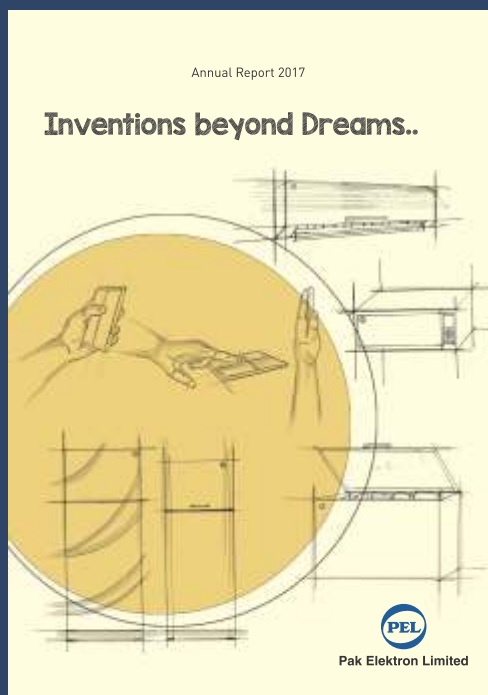
BRAVO TO THE CARERS!



Thank You

OUR FRONTLINE HEROES

The entire team of PEL applauds all the doctors, nurses and paramedics, who find themselves on the frontlines of this COVID 19 emergency. The nation owes each of them a tremendous debt of gratitude.



BEST CORPORATE AND SUSTAINABILITY REPORT AWARDS 2019

The Institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management Accountants of Pakistan (ICMAP) jointly hold the Best Corporate Report Award annually.

Companies are encouraged to adopt international best practices to ensure transparency by giving more disclosures and following specific formal requirements. The criteria for evaluating companies are reviewed by the joint Committee of ICAP and ICMAP every year based on latest trends.

Every year all listed companies are requested to send their annual reports for the competition.

The objective of the Awards is to encourage the application of timely, accurate, informative and well-presented annual reports for stakeholders.



PEL participated in the competition for fifth consecutive year and was able to successfully secure awards in the Engineering and Auto sector for all five years; 2015, 2016, 2017, 2018 and 2019. PEL's annual report is a vital tool for investors at home and abroad to enable them to understand the underlying factors relating to the current position and future prospects of the Company. The value of reporting to investors has been achieved by providing a greater focus on forward looking information, risk management, and integrating them in a more coherent way.

Cover Story



Setting New Benchmarks In Technological Advancement

Research & Development | Technology & Innovation Leadership

PEL recognizes the importance of consumer-driven product development, makes significant investments in Research & Development, Technologies and Innovation, and remains a technology forerunner committed to maintaining its market leadership position as provider of top quality products to meet the challenges and technology intensive needs of its customers.



This annual report can be accessed and downloaded from PEL's website
<https://pel.com.pk/financial-reports/>

CONTENTS

I



BEST CORPORATE
REPORT AWARD

III



COVER STORY

V



2020 IN NUMBERS

VII



STRIVING FOR
EXCELLENCE IN
CORPORATE
REPORTING

IX



CALENDER OF
EVENTS

A



01 – 44

ORGANIZATIONAL
OVERVIEW AND
EXTERNAL
ENVIRONMENT

B



01 – 06

STRATEGY AND
RESOURCE
ALLOCATION

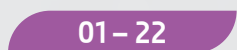
C



01 – 08

RISKS AND
OPPORTUNITIES

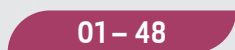
D



01 – 22

GOVERNANCE

E



01 – 48

PERFORMANCE
AND POSITION

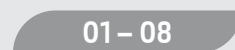
F



01 – 02

OUTLOOK

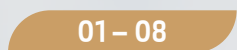
G



01 – 08

STAKEHOLDERS
RELATIONSHIP
AND ENGAGEMENT

H



01 – 08

CORPORATE
SOCIAL
RESPONSIBILITY
AND
SUSTAINABILITY

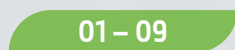
I



01 – 57

FINANCIAL
STATEMENTS

J



01 – 09

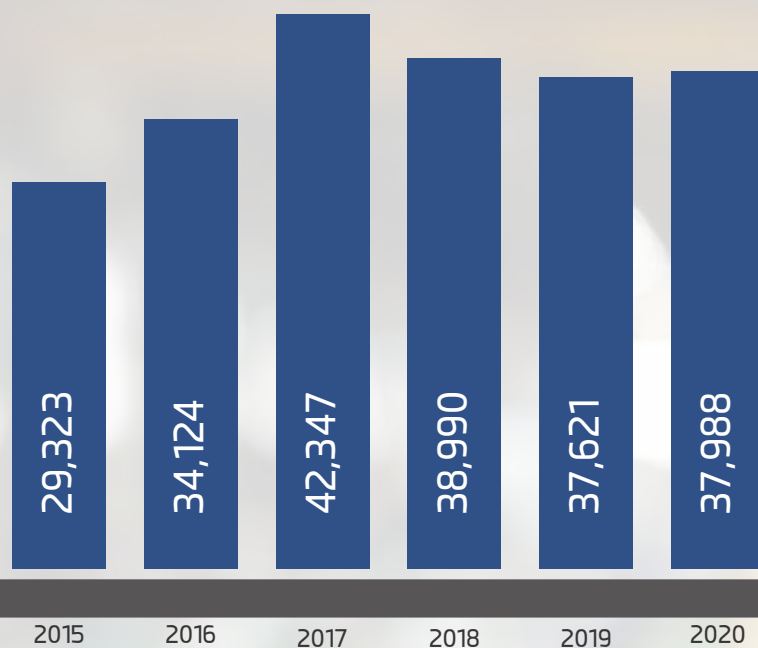
ANNUAL
GENERAL
MEETING

2020 | THE YEAR IN NUMBERS

REVENUE IN 2020

[RUPEES IN MILLIONS]

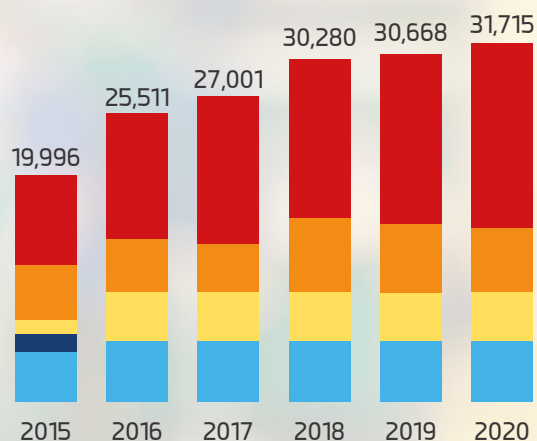
37,988



EQUITY

[RUPEES IN MILLIONS]

- Issued share capital
- Advances against issue of ordinary shares
- Share premium
- Revaluation reserve
- Retained earnings



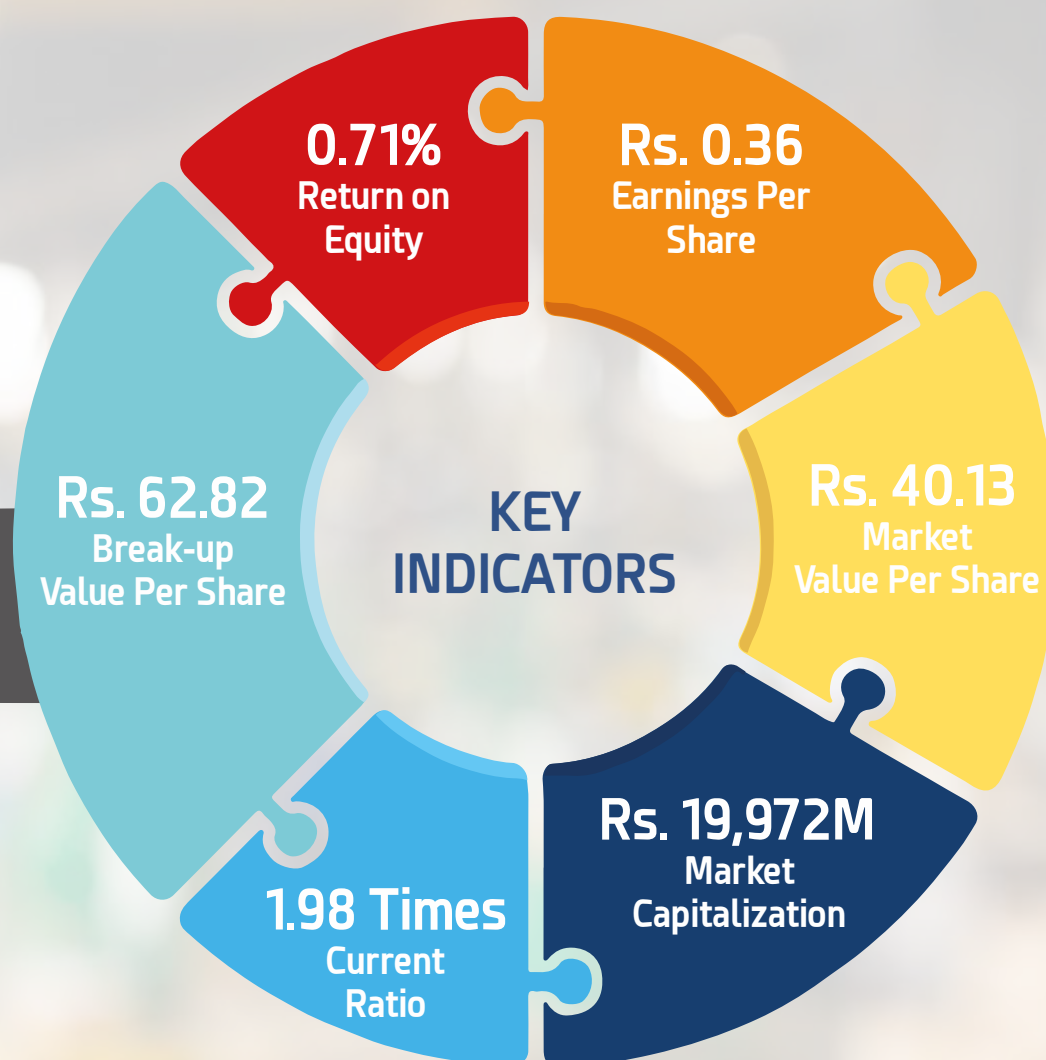
Segmental Performance

[RUPEES IN MILLIONS]

APPLIANCES DIVISION **25,089**

POWER DIVISION **12,899**

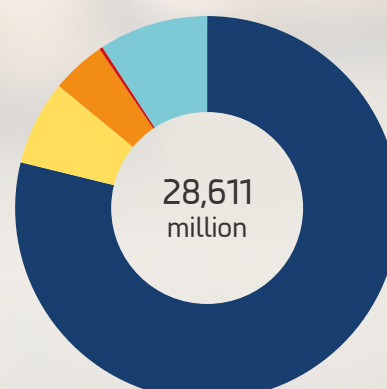
During the year, PEL Marketing (Private) Limited, a wholly-owned subsidiary of the Company, was amalgamated into the Company. Therefore, for the purpose of comparison, the corresponding amounts for revenue and equity presented for previous years are based on consolidated financial statements of the Company, comprising financial statements of the Company and PEL Marketing (Private) Limited.



EXPENSES IN 2020

[RUPEES IN MILLIONS]

| | |
|--------|-------------------------------------|
| 78.35% | Cost of sales |
| 8.21% | Distribution cost |
| 5.10% | Administrative and general expenses |
| 0.18% | Other expenses |
| 7.69% | Finance cost |
| 0.01% | Share of loss of associate |
| 0.46% | Taxation |



STRIVING FOR EXCELLENCE IN CORPORATE REPORTING

UNRESERVED COMPLIANCE WITH ACCOUNTING AND REPORTING STANDARDS APPLICABLE IN PAKISTAN

PEL prepares its financial statements in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

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

The Company has adopted all IFRSs notified under the Companies Act, 2017 and effective for the year 2020 Those IFRSs which have been notified under the Companies Act, 2017 but are not effective for the year 2020 will be adopted on their due dates.

However, where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS and IFAS, the provisions of and directives issued under the Companies Act, 2017 have been followed in preparation and presentation of financial statements.

ADOPTION AND STATEMENT OF ADHERENCE WITH THE INTERNATIONAL INTEGRATED REPORTING FRAMEWORK

Since its inception in 1956, PEL has maintained a legacy of adhering to the best corporate governance practices. The management has laid business foundation built on the principles of ethics and corporate professionalism and, as always, it is committed to generating greater value for both the organization and its stakeholders. The Company is not only focused on achieving sustainable corporate value but also committed to achieving excellence in transparent reporting.

In the current increasingly complex economic, technological, social, political and environmental circumstances, integration of its financial information with non-financial information is one of the most effective ways for an organization to demonstrate the importance of linking sustainability issues to business strategies. Frequent changes to the corporate environment have led to a need for additional information beyond the basic financial statements so that stakeholders can have a better understanding of the value-creation process.

The Company has adopted 'International Integrated Reporting (IR) Framework' to give an overview of the Company's business affairs by presenting and explaining all the financial and non-financial information, considering the variable interests of a wide range of stakeholders, in a manner that would enhance the user's understanding as to how the Company is working to improve its performance.

The IR Framework requires a strong commitment by the Company's management who is ultimately responsible for the message the Company is delivering to all of its stakeholders. The Board of Directors, elected by shareholders, play a crucial role in maintaining an integrated reporting mechanism and ensuring long-term value creation while simultaneously increasing transparency for the shareholders.

Adoption of International Integrated Reporting Framework depends on the individual circumstances of an entity and is still considered to be a practice in its early

stages. We will continue to improve the information produced to make it even easier to understand, while taking into account the opinion of stakeholders reading this report. Initially, the Company has included following content elements for the users of this report:

- A. Organizational overview and external environment
- B. Strategy and resource allocation
- C. Risks and opportunities
- D. Governance
- E. Performance and position
- F. Outlook
- G. Stakeholder's relationship and engagement
- H. Corporate social responsibility and sustainability
- I. Financial Statements
- J. Annual General Meeting

Moving ahead with PEL's tradition of providing information to its stakeholders that goes beyond the traditional requirements of financial reporting framework and other legal requirements, by doing so we believe the stakeholders gain a better understanding of the Company, its business, strategies, opportunities and risks, business model, governance and performance which itself is a form of value creation for its stakeholders.

**The IR Framework
requires a strong
commitment by the
Company's
management who is
ultimately
responsible for the
message the
Company is
delivering to all of
its stakeholders.**

CALENDAR OF EVENTS 2020

January

- Set Up of LED TVs Panel Assembly Line at 14-KM Ferozepur Road Lahore.
- Introduction of Smart Touch Washing Machine Fully Automatic variant comprising Capacitive Panel.

March

- Company's operations were suspended in 4th week of March 2020. However, Punjab Government allowed to resume operations of Company's Power Division from April 11, 2020. After Government announced relaxation for electric appliances industry, Appliances Division operations resumed on 11 May 2020 with all precautionary measures.
- Developed DMLS compliant three phase electronic meter compatible with Smart Metering / AMI Systems and obtained approval from DLMS (Device Language Message) Organization.

April

- Power Transformer manufacturing facility at 34-KM Ferozepur Road, after successful commissioning and trial run commenced its commercial production.
- Company's wholly owned subsidiary PEL Marketing (Private) Limited amalgamated into the Company after necessary approvals from Company's Board of Directors and Securities and Exchange Commission of Pakistan.

June

- Company entered into business collaboration with Panasonic Marketing Middle East & Africa for local production and sales of Panasonic products.

**You've got to start
with the customer
experience and work
backwards to the
technology, not the
other way around**

- Steve Jobs



A large, teal-colored letter 'A' is centered on the page. The background is a dark blue grid of hexagons.A teal-colored rounded rectangle is positioned below the letter 'A'. It contains the text '01-44' in white.

01-44

**ORGANIZATIONAL
OVERVIEW AND
EXTERNAL
ENVIRONMENT**

A 01

About PEL

A 03

Production
Profile

A 21

Geographical
Presence

A 23

PEL's Journey
Through Time

A 25

Corporate
Information

A 27

Vision And
Mission

A 29

Ethics and
Business
Practices

A 29

Code of
Conduct

A 29

Organization
Culture

A 30

Core Values

A 31

Group
Structure

A 33

Human
Capital

A 35

Organization
Chart

A 37

Position within
the Value
Chain

A 39

Significant
Factors
Affecting the
External
Environment

A 41

Effect of
Seasonality
on Business

A 41

Composition
of Raw
Material; vs
Imported
and Impact
of Exchange
Rate
Fluctuation

A 41

Significant
Changes
from Prior
Years

A 43

Competitive
Landscape and
Market
Positioning

ABOUT PEL

PEL is the pioneer manufacturer of electrical goods in Pakistan. In 1956, the Company was set up by Malik Brothers in technical collaboration with M/s AEG of Germany ("AEG") to manufacture transformers, switchgear and electric motors. AEG exited from the venture and sold their share of PEL to the Malik Brothers in the late 1960s, which was subsequently acquired by the Saigol Group of Companies in 1978.

Since its inception, the Company has always been contributing towards the advancement and development of the engineering sector in

Pakistan by introducing a range of quality electrical equipment, home appliances and by producing hundreds of engineers, skilled workers and technicians through its apprenticeship schemes and training programmes.

Until the acquisition by the Saigol Group, PEL was solely catering the power equipments market. The Company ventured into home appliances market in 1981 after acquisition as a part of the Group's long term strategy of diversification.



The Company comprises of two divisions; each offering a wide range of products as follows:

POWER DIVISION

- Distribution Transformers
- Power Transformers
- Energy Meters
- Switchgears
- Grid Stations
- EPC

APPLIANCES DIVISION

- Refrigerators
- Air Conditioners
- Deep Freezers
- Microwave Ovens
- Water Dispensers
- LED TVs
- Washing Machine
- Small Domestic Appliances
(Electric Kettle, Toaster,
Sandwich Maker, Steam Iron)





PRODUCT PROFILE

APPLIANCES DIVISION

PEL is among the market leaders in home appliances business with a very good presence and market share since year 1987. The growing demand is due to innovation and product development through dedicated and continuous research and development.

REFRIGERATOR

PEL Refrigerator is a market trusted cooling machine equipped with quality food preservation and nourishing features. Company started refrigerator manufacturing and sales business in 1987 with the technical assistance from IAR- SILTAL Italy. Its cooling performance is certified by DANFOSS Germany while the manufacturing facility is ISO 9002 Certified from SGS Switzerland. Refrigerator is one of the Company's premium products and has always contributed high revenues.

With the growing middle class and rapid urbanization, Refrigerator has become a family necessity rather than a luxury. Further, Refrigerator as 'Bride Gift' has emerged as a social norm. Refrigerator business has shown resilience in the pandemic hit regime due to improved electricity supply and extended use of refrigerators as a household item. However growing electricity cost is a challenge and the Company to mitigate the same has launched 'Energy Efficient' INVERTON series which is compatible with UPS and solar solution.

Company has launched over forty product variants with different features for strong market presence. 'Life Series' being cost effective attracts the new entrant class, 'Invert on series' energy efficient products is an 'Eye Catch' of electricity cost conscious class while 'Glass Door' series with improved esthetics is a choice of a premium price affording class.

There is a great untapped market potential due to wide product penetration gap and a robust demand is expected as the country's economy revives in post COVID19 regime and we are confident that the Company will manage its market share due to its highly marketable products because of the ongoing R&D process. Company is strengthening its 'Brand Equity' and gaining consumer response through different marketing campaigns. Further country wide highly responsive sales and after sales services network is nourishing 'Customer Confidence'

Going forward, the Company is committed to adding more products in its range. The strategy employed is to use the same distribution channel to sell more products. This dilutes our fixed cost. The growth potential to add more products and leverage to the PEL Brand is Vast.



DEEP FREEZER

The Company entered into Deep Freezers market in 1987 in technical collaboration with ARISTON Italy. The Company's customized products are highly competitive due to use of 'O Zone Friendly Refrigerants' being signatory of UN Montreal Protocol and are reliable choice for MNCs in the corporate sector. The Company's customized product satisfies the demand of ice cream and beverage companies; and has earned strong brand equity.

PEL Deep Freezers has become the preferred choice of corporate institutions in beverages dairies and other food Industries like Coca Cola Pakistan, Unilever, Friesland Campina, Engro Pakistan Limited (Engro Foods), Lotte Akhtar

Beverages (Pepsi), Sukkur beverages (Pepsi) Pakistan Fruit Juice Company and Pakistan Dairies (Igloo) who are the major customers of PEL's deep freezers.

The Company capitalizing its stronger relations, technical expertise and its After-Sale Department has signed service agreements with Lotte Akhtar Beverages (PEPSI) and Friesland Campina Pakistan Limited (Engro Foods) for repair services of Deep Freezers, Visi Coolers and Chest Coolers in different parts of Pakistan.

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



A continuous R&D process is on way to make the product energy efficient, durable and with improved aesthetics. Post COVID 19 revival, deep freezer business is expected to further flourish in general consumer market other than institutional customers.

AIR CONDITIONER

The Company is among pioneers of Window AC manufacturing in the country and remained market leader for a long time until it hit due to technological shift on Split AC. The Company's return with Split ACs is well received in the market due to innovations, product quality and durability, strong brand equity and country wide responsive after sales service.

The Company's energy efficient Air Conditioners of basic series 'ACE, APEX, Arctic', fit series "Fit White, Fit Black, Fit Chrome" and full series "Jumbo DC, Turbo DC" always remained consumers' preferred choice. Product development is fueled by the concept of energy efficient and 4 star rating inverter technologies to meet customer satisfaction and market competition.

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

ACs lower penetration level indicates its future growth potential and the Company is quiet confident to expand its market presence. As present COVID 19 crises settles, a robust product demand is expected and the Company is well equipped to grasp the opportunities. Emerging middle-class and growing urbanization are potential market growth drivers. The Company's country wide highly responsive after sales services network is also playing a vital role to win 'Consumer Confidence'.



"The advance of technology is based on making it fit in so that you don't really even notice it, so it's part of everyday life."





MICROWAVE OVEN

On consistent market demand, the Company entered in to Microwave Oven business. PEL Microwave Ovens have always been customers' choice due to its quality, brand equity and a country wide efficient after sales services network.

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

WATER DISPENSER

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






WASHING MACHINE

On consistent market demand, the Company set up washing machine manufacturing facility which started its commercial production in July 2019. The Company's washing machines carry meaningful innovations with contemporary space saving design. The Company's Washing Machine's innovative Fit-wash technology helps protect delicate fabrics from friction damage while still boasting the outstanding washing performance. The unique structure of its pulsator generates a dynamic, multi-directional washing flow that minimizes tangles, twists and knots and thoroughly cleans clothes with its enhanced stain fighting capabilities. Artificial Intelligence automatically detects optimal washing for clothes and its touch and go function automatically calculates and starts washing cycle.

After successful launch of Semi Automatic and Fully Automatic Machines, this year, the Company added 'TWIN Tub' Washing Machines by maintaining good quality and performance. As a first move, the Company has introduced Smart Touch Washing Machine; a fully automatic variant comprising Capacitive Panel. The Company's washing machines have a plastic body which is non-corrosive and rust proof and cleans clothes thoroughly with Fit wash Technology, a powerful wash system that controls the flow of water to move fabrics around the drum. Currents of water deeply clean clothes and sheets without tangling or twisting them.



"Technological evolution is the result of our own desire to lead a better life."

-R.S. Amblee



SMART LED TV

PEL celebrated the launch of their new 4K COLORON LED Smart TV in Pakistan with an event on October 20, 2018. The Smart TV features 4K UHD, Smart LED technology and Dolby Digital (5.1) surround sound system which, combined with Netflix and YouTube, delivers a fully cinematic entertainment experience.

The COLORON LED TV also comes with Android 6.0 Marshmallow, as well as Google Play and Wi-Fi functions, allowing users to download and use all their favorite apps on the TV itself. With its built-in Screen Mirroring technology, users can

use the COLORON LED TV to view content being played on their mobile devices.

The new LED TV uses IPS display to enhance display and colour quality, and allows for high quality viewing from any angle. It also has 1GB RAM, 8 GB Internal Memory, VGA, USB 2.0, HDMI 2.0 and has LAN capabilities making it an equally good choice for both movie fans and gamers.

COLORON Prime 4K LED TVs are available in 55" and 49" sizes, the smart COLORON model is available in 40", with basic models available in 49", 40", and 32" sizes.

The Company, targeting enhanced local value addition, set up LED TVs Panel Assembly line which has started Panel Assembly in current year.



POWER DIVISION

The Company since its inception is engaged in manufacturing and sales of quality electrical equipments and related services under flagship of its Power Division. State-owned power utilities, industries, individual customers, housing and commercial projects in private sector are among major customers. PEL is now a technology forerunner and market leader in providing new products and services to meet the challenges and technology intensive needs of its customers. The Company's EPC contracting division delivers custom designed and built HV and EHV grid stations, electrification of housing projects and industrial parks. We aim to maintain this competitive edge and at the same time keep striving to improve it further by continuous R&D, creating new knowledge and adopting global developments in technology and product design. High standards of Quality and customer care are hallmark of PEL Corporate Philosophy. We have a comprehensive Quality Management System that is Consistent with ISO 9001-2000. PEL is an ISO certified Company.

PEL being a leading electrical equipment manufacturer has aligned its policies to support the Government in its effort to overcome the energy issues and is well positioned to obtain its due share in electrical equipment business arising from CPEC developments.



DISTRIBUTION TRANSFORMER

Distribution Transformer is among Company's Premier Products. PEL is engaged in Distribution Transformer manufacturing since its inception in 1958. With its excellent performance and customer relationship history, the Company is among key players in local market with a substantial market share. After Siemens' exit from transformer business PEL is among prominent, having state of the art manufacturing and testing facilities. PEL in 2009 established a state-of-the-art transformer manufacturing facility at 34-KM Ferozpur Road to meet the global quality standards, with technical assistance from Pauwels, Belgium.

PEL Distribution Transformers range includes oil impressed core type transformers, dry type transformers and auto transformers of voltage up to 33 KV ratings from 10 KVA to 10 MVA. PEL

has acquired manufacturing capabilities and developed Smart Transformers with reduced size by using foil winding, with latest cooling efficient insulation and corrugated tanks with detachable radiators.

The transformers have been tested and accredited for impulse voltage and short circuits from Short Circuit Laboratory, KEMA (Holland) and HVSC Lab, RAWAT (Pakistan). Besides meeting the local demand, PEL is exporting transformers to different countries. The Company has also carried out successful short circuit testing of PEL Green Transformers (with bio degradable fluid instead of conventional mineral oil) of 1,500 & 630 KVA (11KV) and 250 & 630 KVA (33KV) at KEMA – Netherlands for Jordan Electric Power Company - JEPCO Jordan (First time by a Pakistani manufacturer in history).



POWER TRANSFORMERS

The Company's extensive customer relationship history with state-owned power utilities, experience and success in distribution transformer business led to establishment of Power Transformer Division in 2005. Since its birth this division has produced transformers of rating 31/40 MVA, 20/26 MVA and 10/13 MVA for 132 KV level. For global competitiveness, PEL combined its technical expertise with GANZ, a renowned Hungarian transformer manufacturer with over 150 years of history and now continues to cooperate with their technical partners for new development.

After Siemens' exit from transformer business, PEL is a leading power transformer manufacturer in local market. Power Transformers demand is expanding quickly in the backdrop of Government's accelerated efforts for T&D Infrastructure Augmentation after meeting energy generation requirements.

The Company, foreseeing potential demand hike, taking lead in investing in this sector, decided to enhance its Power Transformer manufacturing facility under the Company's flagship premises at 34 KM Ferozepur Road Lahore. In the face of continuous hurdles and challenges during COVID hit 2020, PEL team was able to successfully install all the newly acquired equipment and the new manufacturing plant was fully operational in July 2020, which is a monumental success indeed.

**Any sufficiently
advanced technology
is indistinguishable
from magic**

- Arthur C. Clarke's

ENERGY METER

With the vast customer relationship history with state-owned power utilities in Transformer and Switch Gear Business, the Company entered into energy meter business in year 1992 with single and three phase electromechanical meters, under license from ABB USA. After technological shift, the Company moved to manufacturing of single phase and three phase static meters. PEL energy meters are manufactured as per specifications of utility companies and its quality is certified by world-reknown KEMA Laboratories of Netherland. PEL Energy Meter manufacturing facility is ISO 9002 certified and its products meet the quality standards and specifications of WAPDA and KESC.

After meeting electricity generation shortfall Government is much concerned about growing circular debt and plans to introduce more efficient metering system to control electricity pilferage. The Company has developed Single Phase, Three Phase GSM Energy Meters and DLMS Compliant Single Phase Energy Meter and got it approved from National Transmission and Desptach Company - NTDC and is well positioned to take care of rising demand of Energy Meters with advance functionalities.

PEPCO is seriously pursuing for implementation of AMR / AMI (Advanced Metering Infrastructure) in Pakistan to ensure precise and efficient collection of metering revenue from its customer. The Company has developed DMLS compliant AMR/AMI compatible three phase electronic meter directly connected with GSM/GPRS module and got it approved from DLMS (Device Language Message) Organization.

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



SWITCH GEARS

The Company is engaged in Switch Gear business since its inception in 1958 and is one of the leading manufacturers of Pakistan. Switch Gear products include MV&LV Switch Gears, MV Metal Clad Switch Gear Cubicles, MV Pad Mounted Transformers, Kiosk Type Compact substations, LV Distribution Panels, PFI Plant, Motor Control Centre and Bus Tie Duct.

The Company developed K-Electric demand specific cost effective 500 KVA pad mounted unit with Arc Stranger Switches to meet Karachi Market Demand as well. The Company also managed to develop customized VCBs from LS Electric Korea for National Transmission and Despatch Company (NTDC) and got it tested from world renowned lab 'KERI' of Korea. The type testing of VCBs was also successfully completed in the light of NTDC specifications and relevant International IEC standards. At the face of COVID 19 breakout, a critical 'On Line' testing was successfully completed by dedicated efforts PEL Switch Gear Team.

With the expected post COVID19 economic revival, local industry will revive and an incremental demand of switch gear items will arise in addition to the robust demand expected as result of Government's dedicated efforts for augmentation of T&D infrastructure for smooth electricity supply to end consumers. PEL being key player in the sector will attain its due market share.

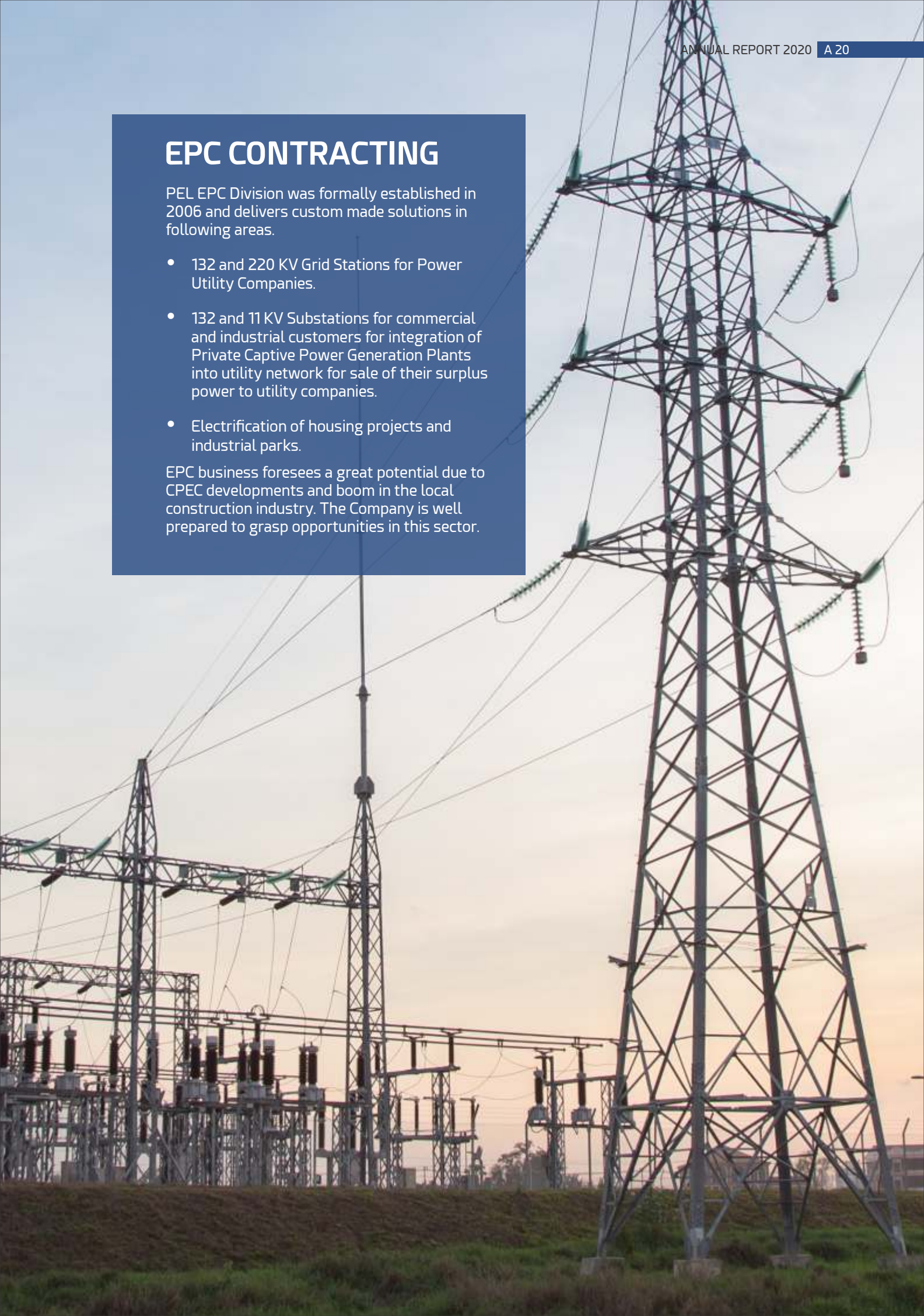


EPC CONTRACTING

PEL EPC Division was formally established in 2006 and delivers custom made solutions in following areas.

- 132 and 220 KV Grid Stations for Power Utility Companies.
- 132 and 11 KV Substations for commercial and industrial customers for integration of Private Captive Power Generation Plants into utility network for sale of their surplus power to utility companies.
- Electrification of housing projects and industrial parks.

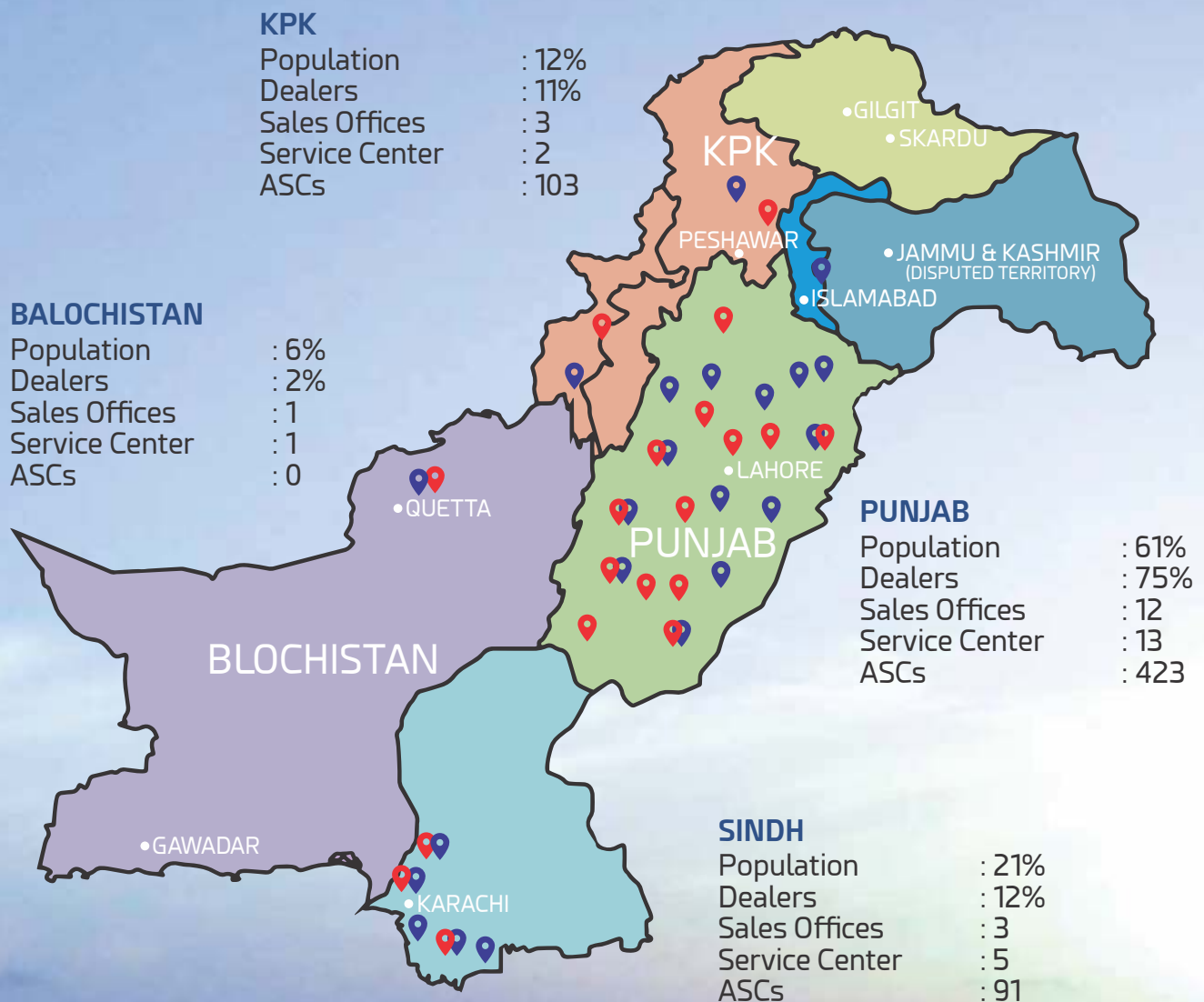
EPC business foresees a great potential due to CPEC developments and boom in the local construction industry. The Company is well prepared to grasp opportunities in this sector.



GEOGRAPHICAL PRESENCE

PEL DEALER/SERVICE CENTRE NETWORK

Our nationwide Dealer and Service Centre Network provides us access to a wide range of customers and enables us to provide quality after sales services.



SUMMARY

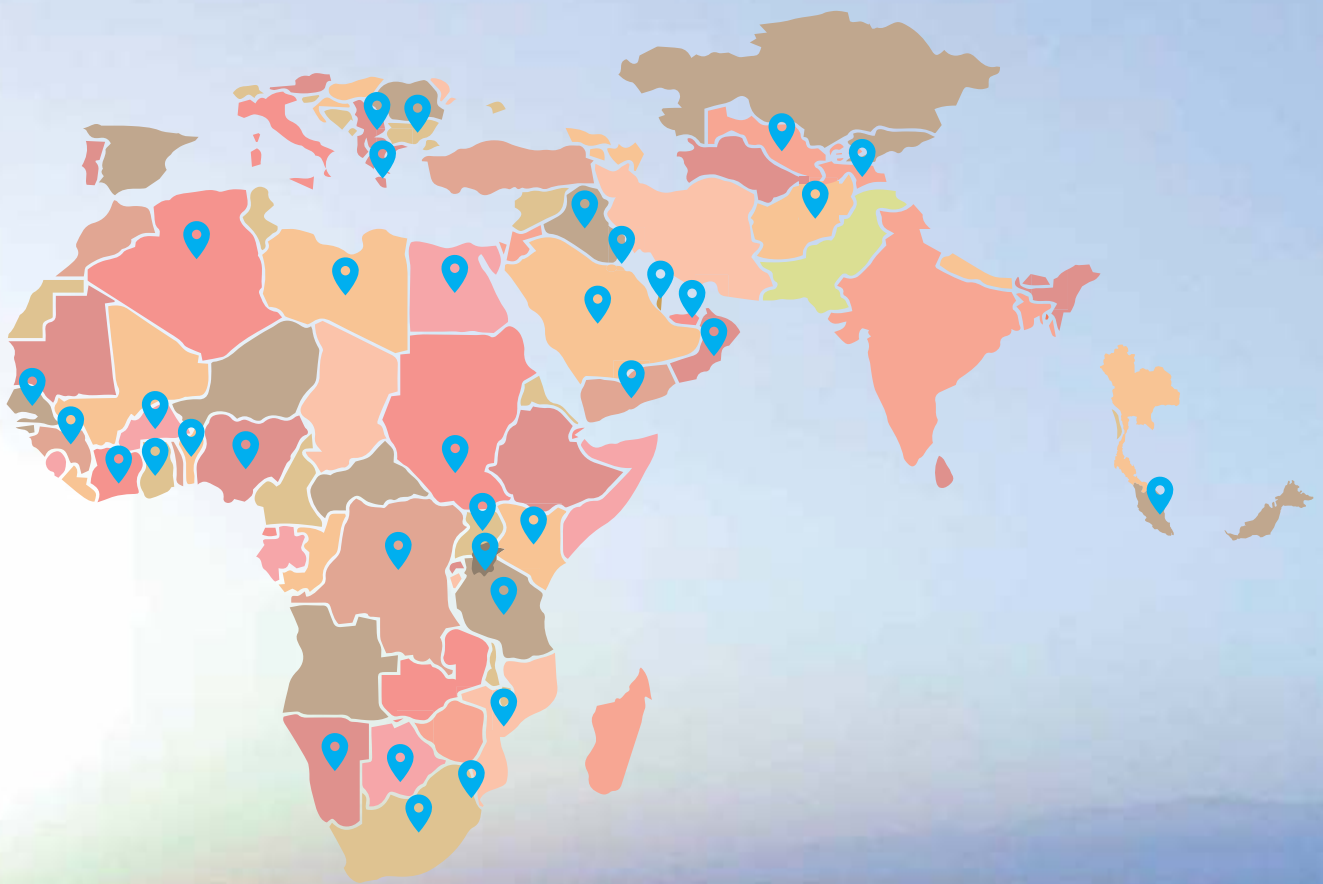
| | |
|-----------------------------------|---------|
| PEL Dealer | : 2,600 |
| PEL Sales Offices | : 19 |
| PEL Service Centers | : 21 |
| Authorized Service Centers (ASCs) | : 617 |

- 📍 Sales Offices
- 📍 Service Centers

INTERNATIONAL PRESENCE

PEL exports to customers and see potential in following countries and has continued focus on expanding presence in international market:

- Afghanistan
- Algeria
- Bahrain
- Benin
- Botswana
- Bulgaria
- Burkina Faso
- Burundi
- Congo
- Cote d' Ivory
- Egypt
- Ghana
- Greece
- Guinea
- Iraq
- Kenya
- Kuwait
- Libya
- Macedonia
- Malaysia
- Mozambique
- Namibia
- Nigeria
- Oman
- Qatar
- Rwanda
- Saudi Arabia
- South Africa
- South Sudan
- Eswatini
- Tajikistan
- Tanzania
- Togo
- UAE
- Uganda
- Uzbekistan
- Yemen







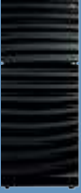











**"Technology is best
when it brings people
together."**

- Matt Mullenweg

PEL'S JOURNEY THROUGH TIME



| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|--|---|---|--|---|--|--|--|---|
| <p>4th CSR National Excellence Award 6th Annual Environmental Excellence Award Export of Power Transformer</p>  | <p>Inauguration of New Distribution Transformer Factory by Prime Minister of Pakistan under Technical Assistance from Pauwels, Belgium.</p>  | <p>Launching of New Desire Series Refrigerator Prequalification with Saudi Electrical Company - SEC</p>  | <p>Launch of new Arctic Series Refrigerator with New Aesthetics</p>  | <p>Successful Commissioning of 220 KV GIS Shalimar Grid Station worth Rs. 1.3 Billion</p>  | <p>Launching of New Glass Door Refrigerator with New Aesthetics</p>  | <p>Launching of Glass Door Mirror Series</p>  | <p>Launching of Inverter Refrigerator & Air Conditioner Series Successful Short Circuit Testing of PEL Green Transformer</p>    | <p>Commencement of Water Dispenser Production. Launching of "Invert-o-Cool" Air Conditioners, "Arctic Premium Plus" Deep Freezers and "Convection Series" Microwave Ovens.</p>     | <p>Launch of 4K Coloron LED Smart TV Android 6.0 Marshmallow powered by the massively successful Android with high resolution.</p>  | <p>Launch of Semi Automatic Washing Machines with Fit-wash technology.</p>  | <p>Panasonic</p> <p>Business collaboration with Panasonic Marketing Middle East & Africa for local production and sales of Panasonic products.</p> |

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol
Mr. Muhammad Murad Saigol
Mr. Muhammad Zeid Yousuf Saigol
Syed Manzar Hassan
Syed Haroon Rashid
Mr. Muhammad Kamran Saleem
Mr. Asad Ullah Khawaja
Mr. Usman Shahid
Ms. Azra Shoaib

Chairman - Non Executive
Chief Executive Officer - Executive/Certified (DTP)
Director - Executive/Certified (DTP)
Director - Executive/Certified (DTP)
Director - Independent/Certified (DTP)
Director - Independent/Certified (DTP)
Director - NIT Nominee/Independent
Director - NBP Nominee U/S 164 of the Act / Non Executive
Director - NBP Nominee U/S 164 of the Act / Non Executive

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Muhammad Omer Farooq

CHIEF FINANCIAL OFFICER

Syed Manzar Hassan, FCA

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants
A member of Russell Bedford International

LEGAL ADVISOR

M/s Hassan & Hassan Advocates

COMPANY REG. NO.

0000802

NATIONAL TAX NO. (NTN)

2011386-2

STATUS OF COMPANY

Public Interest Company (PIC)

SHARIAH ADVISOR

Mufti Altaf Ahmad

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

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
Samba Bank Limited
Summit Bank Limited
Saudi Pak Industrial and Agriculture
Investment Company Limited
United Bank Limited

REGISTERED OFFICE

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

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

WORKS

14-K.M. Ferozepur
Road, Lahore
Tel: 042-35920151-9

PEL Unit II

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

SALES OFFICES

1. A-52-6 Opposite Khana-e-Farhang Iran Nizamabad, Multan
2. 81-X, Sadiq Colony, Bahawalpur
3. 94-A Satellite Town, Burewala
4. 96 Garden Town, Multan Road, Dera Ghazi Khan
5. Behind RYK Suzuki Motors, Near Sabzi Mandi Shahbazpur Road, Rahim Yar Khan
6. Plot no 44, Street no, 6, Gulshan Iqbal Town, Arbab Road Stop, University Road, Peshawar
7. Bangelow 5, Opposite Royal Marque Marriage Hall, Abdul Latif Zakory Town, Daraban Road, Dera Ismail Khan
8. Kohinoor Industries, College Road, Madina Town, Faisalabad
9. 174-B, Tehsil Road, Near Mesali Hotel, Sahiwal
10. 99-A, Old Civil Lines, Bahadur Shah Zafar Road, Sargodha
11. Session Court Road, Street 1, 2-C-1, Gujranwala
12. Opposite Rosary Hospital, Jail Road, Gujrat
13. Garden Town, Butter Road Near Rescue 1122 Daska Road, Sialkot
14. 309-3rd Floor, Hashoo Centre, Abdullah Haroon Road, Karachi
15. 5-A, Block-E, Unit-06, Latif Abad, Hyderabad
16. Bismillah Appartment, Minara Road, Sukkur
17. Al Syed Godown, Air Port Road, Quetta
18. 1st Floor, Ali Center, 85-B, Jail Road, Opposite Services Hospital, Lahore
19. Plot no. 730-B, Second Floor, Al Raheem Arcade, 4th-B Road, Sattelite Town, Rawalpindi

SERVICE CENTERS

1. 203-L, Block-2 PECHS, Opp. Ghosia Masjid, Karachi
2. E-19, Gulshan Iqbal, Block 4, Karachi
3. B-434, Sector 35/A, Gulshan-E-Hali Korangi No. 4, Zaman Town, Karachi
4. 5/A, Block-6, Unit 6, Latifabad, Hyderabad
5. A-115, Street 2 Sindh Cooperative Housing Society, Airport Road, Sukkur
6. 1777/52-16 Nizamabad, Chah Usmani Wala LMQ Road, Multan
7. Kohinoor Industries Limited, Madina Town, Faisalabad
8. 81-X, New Sadiq Colony, Bahawalpur
9. 173, Tehsil Road, Sahiwal
10. Behind RYK Suzuki Motors, Near Sabzi Mandi Shahbazpur Road, Rahim Yar Khan
11. 99-A Old Civil Line, Bhahdur Shah Zafar Road, Sargodha
12. 16 Shah Jamal, Lahore
13. 143/4 Begum Pura, GT Road, Lahore
14. 2-C-1, Street 1, Session Court Road, Civil Lines, Gujranwala
15. Khayam Plaza, Police Lines Road, Gujrat
16. Garden Town, Butter Road Near Rescue 1122 Daska Road, Sialkot
17. 85-C/2, Block C, Satellite Town, Rawalpindi
18. Plot no.44, Street No.6, Gulshan-e-Iqbal Town, University Road, Peshwar
19. Plot no. 5, Street 7, Phase 2, Wah Model Town, Wah Cantt
20. Plot no. 5, Street 2, Peer Abdul Lateef Zakori Town, Daraban Road, Dera Ismail Khan
21. Al Syed Godown, Air Port Road, Quetta

VISION

To excel in providing engineering goods and services through continuous improvement.

MISSION

To provide quality products and services to the complete satisfaction of our customers and maximize returns for all stakeholders through optimal use of resources.

To focus on personal development of our human resource to meet future challenges.

To promote good governance, corporate values and a safe working environment with a strong sense of social responsibility.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

At PEL we are committed to high standards of business ethics and effective risk management in order to protect company's assets, investments of share holders, to avoid reputational or financial loss and to ensure compliance of applicable laws, rules and regulations in addition to any specific obligations linked to the company's sector or activities.

As a shareholder, director and employee, we all are passionate to strive to become role model of the principles. It is an organization of people who are united to achieve the common goal. We are accountable for all our actions both individually and as a company.

We act with absolute honesty, integrity and fairness in the way we conduct our business and in the way we live and act. We observe strict compliance in the organization discipline with respect to all the applicable laws, company values, codes, policies, rules and regulations.

CODE OF CONDUCT

PEL's Code of Conduct elucidate its mission, core values and business principles. Code of Conduct applies to directors, employees, affiliates and business partners with whom company has a significant business relationship or over which company has influence to adopt an equivalent commitment to prevent, detect, investigate and remediate any misconduct.

PEL discourages all sorts of misconduct and illegal, unethical business practices and expects from "Our People" to report if they are approached by someone or required to do something or omit to do something for any such improper purpose. Any benefit or profit to the company shall not be considered as a justification to absolve wrongdoer from liability.

PEL has zero-tolerance policy for any form of misconduct and if proven and leads to disciplinary action being taken against all individuals involved. Disciplinary action by the company upon breach of this code shall not be in alternative of but shall be in addition to any criminal or civil proceedings which PEL may, in its sole discretion, initiate against the wrongdoer.

1. Collusive & Coercive Practices: PEL strictly prohibits collusive practices i.e. entering into an illegal agreement with anyone for submission of a joint bid or submission of identical tenders or for quoting pre-settled bid price in consultation with competitors. Any employee found involved in any collusive activity shall be subject to strict disciplinary action.

2. Coercive Practices means impairing or harming or threatening to impair or harm, directly or indirectly, any person or the property of a person to influence improperly the actions of that person. Such practices may include threatening or engaging in illegal actions such as personal injury, abduction, damage to property or to legally recognized interest in order to attain undue advantage or to avoid an obligation. Provided that hard bargaining and the exercise of legal contractual remedies or litigation are not considered coercive practices.
3. Corrupt Practices means offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party. Acceptance and offering monetary/non-monetary benefits from / to people inside or outside the company that may jeopardize business processes shall be considered as a serious violation of this code. Any favors/gifts extended by one employee to another intended for the employee's personal wellbeing or use should be immediately declined. Company shall not be responsible for some one's individual act to bribe someone. Receiving or offering of the bribe will have same affect and repercussion in this regard.
4. Fraudulent practices generally means cheating by way of submission of fake bank guarantees for award of contracts; or by submitting fake inspection certificates or making fake calls with buying organization, submitting fake invoices to company for reimbursement, providing incomplete or incorrect information to the company, its customers or business partners, deliberately obtaining benefits from the company which an individual is not eligible to receive and excessive or unnecessary use of company's resources etc.

ORGANIZATIONAL CULTURE

Organizational culture at PEL is based on strongly held and widely shared set of values and beliefs that are supported by our strategy and structure. Our culture sets the context for everything we do and is driven by our core values.

OUR CORE VALUES



Our values define the core pillars of our identity and principles which affect the way we conduct business and support our vision and decision making process.

GROUP STRUCTURE

PAK ELEKTRON LIMITED (PEL) (PARENT COMPANY)

PEL contributes in your lives every day, by providing you not just appliances for a better lifestyle, but with Power products like transformers, switch gears and energy meters. We are the pioneers of electrical manufacturing in Pakistan and we are here to make a difference in your lives whether it is through taking care of your home, your lifestyle, making your day to day activities easier or by helping you save energy.

KOHINOOR INDUSTRIES LIMITED (LEASING OUT PROPERTY AND MACHINERY)

Kohinoor Industries Limited is engaged in leasing out its machinery and building under operating lease arrangements. Located at Kohinoor Nagar, College Road, Madina Town, Faisalabad. Kohinoor Industries Limited is PEL's associated company by virtue of investment in ordinary shares by PEL and common directorship.

THE FOUR SEASONS / THE MEADOWS (A PROJECT OF REAL ESTATE)

The Four Seasons is a real estate project by Saigols which launched its first project by the name of Four Seasons Housing Scheme in 2007 that spans over 800 Kanals of land area with 1000 housing units of various areas. The objective of the project is to develop schemes designed to meet all the requirements for a thriving commercial and residential community built along futuristic lines that ensures and enriches the quality of life. The Four Seasons is an associated undertaking of the Company by virtue of common partner/directorship.

RED COMMUNICATION ARTS (PRIVATE) LIMITED (ADVERTISEMENT)

In 1996 RED COMMUNICATION was formed to fulfill the gap in advertisement sector. To be the best in the business, RED attracted the best talent in the business and translated the core belief into a full-fledged working advertising machine. Its approach has helped transform businesses by engaging consumers and developing meaningful relationships with them. RED has expanded into the three major cities of Pakistan, and is among the fastest growing AD agencies today. In 2008, RED also became an affiliate of the Publicis Groupe. Recently RED has extended its business in Digital Sector. It has managed to score a prominent position in the industry by extensive growth through advertisement for the leading brands of the country. It has won many advertisement and reporting awards like PAS, PAA etc. Red Communication Arts (Private) Limited is PEL's associated company by virtue of common directorship.

SARITOW SPINNING MILLS LIMITED (TEXTILE SPINNING)

In 1987, the Saritow Spinning Mills located at Multan Road, Phool Nagar, District Kasur was established under the banner of Saigol Group of Companies engaged in manufacturing of yarn. Facilitated with the most modern and efficient Japanese and European Machinery, its knitted yarn is renowned in Far east and Europe for its finest quality. Saritow Spinning Mills Limited is PEL's associated company by virtue of common directorship.

KOHINOOR ENERGY LIMITED (POWER GENERATION)

Kohinoor Energy Limited was incorporated in April 1994 with an objective to take part in the prosperity of the country through power generation. KEL having paid-up capital of Rupees 1,695 million and is a joint venture of Saigols Group of Companies (a well-known multi-industrial group of Pakistan) and Toyota Tsusho Corporation (an eminent consortium of multi-industrial undertakings of Japan.) KEL is situated at 35-KM Link Manga Raiwind Road Lahore. It is one of the pioneer projects of Independent Power Producers in Pakistan. The principle activities of the Company are to own, operate and maintain a furnace oil power station with the net capacity of 124 MW (gross capacity 131.44 MW). WAPDA is the sole customer of KEL. Kohinoor Energy Limited is PEL's associated company by virtue of common directorship.



HUMAN CAPITAL

Human Capital is considered as one of most valuable resource at PEL. With significant contributions towards the growth and success of PEL, Human Capital remains one the most important areas of focus as PEL endeavors to ensure acquisition of top talent and provision of best employee development programs, healthy and safe work environment and market commensurate compensation packages.

SUCCESSION PLANNING

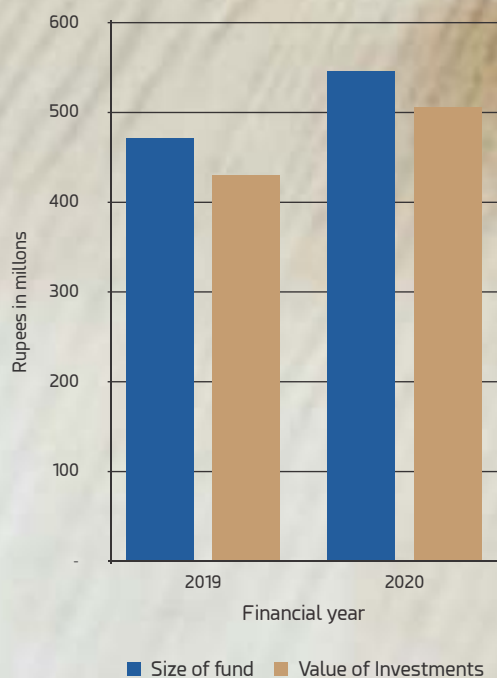
In its quest of the Top Talent, PEL has formulated a comprehensive succession plan which includes performance evaluation and appropriate training requirements for development of potential and prospective future leaders. The succession plan allows PEL to ensure availability of competent personnel in each department.

RETIREMENT BENEFITS

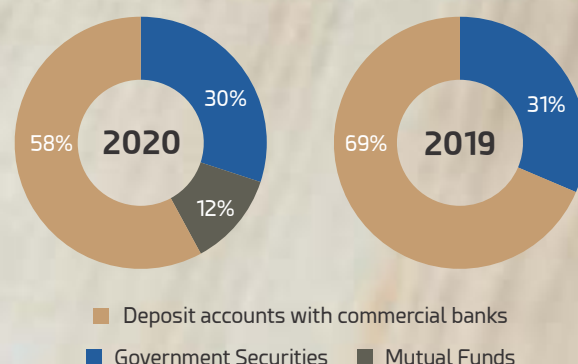
PEL has put in place a retirement benefit plan for its employees, in the form of an approved funded contributory provident fund "Pak Elektron Limited Employees Provident Fund Trust". All employees who have completed a minimum qualifying period of service as defined under the trust are eligible. Equal monthly contributions are made by PEL and employees in accordance with the scheme, to cover the obligation.

Size of the fund as 31 December 2020 stood at Rs. 546 million. Investments of the fund at the close of 2020 are valued at 506 million.

SIZE OF PROVIDENT FUND & VALUE OF INVESTMENTS



MIX OF INVESTMENTS





NUMBER OF EMPLOYEES

TOTAL STRENGTH: 5616 Employees

AVERAGE STRENGTH: 5555 Employees



FACTORY
3849 Employees



HEAD OFFICE
1767 Employees

ORGANIZATION CHART



Company Secretary

HR & Remuneration
Committee

Sr. GM
IR & A

Chief IT Officer

Sr. GM Sales
(Appliances Division)

General Counsel-
Head of Legal &
Compliance

Sr. GM
Manufacturing & R&D

Head of
Marketing
(Appliances Division)

GM
Supply Chain

Sr. Manager
Manufacturing
Energy Meter

GM
Manufacturing AC
& Deep Freezer

GM
Human Resources

POSITION WITHIN THE VALUE CHAIN

APPLIANCES DIVISION

FINAL PRODUCTS

Refrigerator, Deep Freezer, Air Conditioner, Smart LED TV, Microwave Oven, Water Dispenser, Washing Machine



CUSTOMERS

General Public, Retailers/Wholesalers, Private/Corporate Customers

CONVERSION & MANUFACTURING

Raw Material
Labour
Factory Overheads



RAW MATERIAL

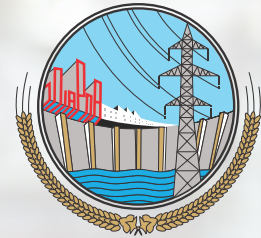
Compressors, Condensers, Coolants, Motors, Copper pipes, Isocynate, Insulation materials, Evaporators



POWER DIVISION

FINAL PRODUCTS

Distribution Transformer,
Power Transformer,
Energy Meter, Switchgear,
EPC Contracting



CUSTOMERS

WAPDA DISCOs,
Private/ Corporate
Customers

CONVERSION & MANUFACTURING

Raw Material
Labour
Factory Overheads






RAW MATERIAL




Copper coils, Silicon
steel sheets,
Transformer oil,
Magnet, Cables, Cold-
rolled grain oriented
(CRGO) laminations



SIGNIFICANT FACTORS AFFECTING THE EXTERNAL ENVIRONMENT

Businesses are influenced by the external environment that they're in and all the situational factors that determine circumstances from day to day. It is because of this, that businesses need to keep a check and constantly analyze the environment within which they operate and respond to the changes accordingly. Some of the important factors that affect the Company's external environment are as follows:

| Factors | Description | Significant change from prior year | PEL's response |
|---|---|--|--|
|  POLITICAL | These factors determine the extent to which a government may influence the economy or a certain industry | <ul style="list-style-type: none"> Political uncertainty | The Company keeps a close eye on the political situation of the country including changes in regulations and business policies in order to be able to take timely decisions to avoid any unfavourable outcome on the Company's business. |
|  ECONOMIC | These factors are determinants of an economy's performance that directly impacts a business and have resonating long term effects. | <ul style="list-style-type: none"> Inflation Rupee depreciation Reduced Government spending on infrastructure development COVID-19 | Decline in general economic conditions has negatively affected profitability of the Company. |
|  SOCIAL | These factors scrutinize the social environment of the market and gauge the demographic characteristics, norms, customs and values of the population within which the organization operates | <ul style="list-style-type: none"> Customers have become technology intensive Decline in per capita disposable income | The Company continuously monitors customer characteristics and any changes there in and marketing and product development plans are devised and modified accordingly. |

| Factors | Description | Significant change from prior year | PEL's response |
|--|--|--|---|
|  TECHNOLOGICAL | <p>These factors pertain to innovations in technology that may affect the operations of the industry and the market favorably or unfavorably. This refers to automation, research and development and the amount of technological awareness that a market possesses.</p> | <ul style="list-style-type: none"> • Energy efficient appliances have gained popularity • Customers have become technology intensive | <p>The Company recognizes the importance of consumer-driven product development, makes significant investments in research and development and technologies, and remains a technology forerunner and market leader in providing new products and services to meet the challenges and technology intensive needs of its customers.</p> |
|  LEGAL | <p>These factors include laws, rules and regulations that organizations are required to abide by.</p> | <ul style="list-style-type: none"> • Finance Act, 2020 • New IFRSs and amendments thereto. | <p>The Company has a professional in-house legal team, the members of which are experts of their respective fields as well as has retained services of accounting and law firms to ensure that the Company remains compliant with all laws that are applicable.</p> |
|  ENVIRONMENTAL | <p>These factors include all those that influence or are determined by the surrounding environment.</p> | <ul style="list-style-type: none"> • Climate change • Increase an average temperature. | <p>Increase in average temperature in the country is expected to cause increase in demand for domestic appliances like Air Conditioners, Refrigerators, Deep Freezers and Water Dispensers. The Company has a proactive marketing team capable of making the most of this opportunity.</p> |

EFFECT OF SEASONALITY ON BUSINESS

Appliances Division's cooling products; refrigerators, air conditioners, water dispensers and deep freezers are season oriented products. The peak production and sales period is from April to August, while other products are produced and sold throughout the year.

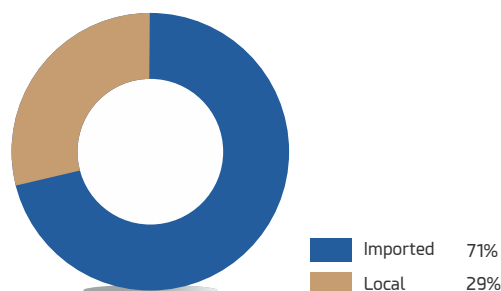
Power Division products are produced and sold throughout the year depending on ordering form WAPDA Discos.

LOCAL VS IMPORTED RAW MATERIAL AND IMPACT OF EXCHANGE RATE FLUCTUATION

The Company sources a significant part of its material procurement from international markets. Majority of these are imported directly, however some the imported material is also procured from local importers/vendors.

71% of the material procured during the year was imported while 29% was sourced locally.

This exposes the Company to changes in exchange rates which have an important bearing on the financial performance of the Company. Keeping all other factors constant, a 5% depreciation or appreciation in Pak Rupee during the year would have had an estimated impact of approximately Rs. 6.28 million on the profit before taxation.



COMPOSITION OF RAW MATERIAL

SIGNIFICANT CHANGES FROM PRIOR YEAR

- A. During the year, the Board of Directors of Pak Elektron Limited ['PEL'] and PEL Marketing (Private) Limited ['PMPL'] in their respective meetings held on March 27, 2020 approved the scheme of arrangement for amalgamation of PMPL, a wholly owned subsidiary of PEL, with and into PEL with effect from April 30, 2020. PMPL is amalgamated with and into PEL with the approval of the Securities and Exchange Commission of Pakistan. The entire issued, subscribed and paid-up capital of PMPL, comprising of 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020.
- B. The Company in line with its business strategy foreseeing increase in demand for Power Transformers, decided to enhance its Power Transformer manufacturing facility under Company's flagship premises at 34 KM Ferozepur Road, Lahore. In the face of continuous hurdles and challenges during COVID hit 2020, PEL team was able to successfully install all the newly acquired equipment and the new manufacturing plant was fully operational in July 2020, which is a monumental success.

If we teach today as
taught yesterday,
we rob our children
of tomorrow.

- John Dewey



COMPETITIVE LANDSCAPE AND MARKET POSITIONING

PEL has a large distribution network offering the appliances throughout the country. Company area sales offices with finished goods stores furnish supplies against orders by dealers/distributors. A country wide responsive after sales service network is also supporting Company's brand loyalty by efficient consumer after sales services.

Power division offers a range of quality electrical equipment for the state owned power utilities, Industries and private consumers. PEL products are produced in accordance with globally accepted designs accredited by laboratories of International repute.

Ongoing R&D process being Company's core objective supports its market expansion and brand equity rise.



Competition in the Industry

Home Appliances division customer base consisting general consumers is wide. Various advertisement campaigns and incentive schemes attract consumers. All of the key players spend substantial budgets in these accounts. Effective communication of product features plays a key role in sales volume expansion in short run and building brand image in long Run.

Quality of Manufacturing and Testing Facility is a highly considered competitive edge in electrical equipment manufacturing industries. Further products sample testing at internationally accredited is another edge. PEL keeps investing in up-gradation of its manufacturing and testing facilities and also testing of its products from globally recognized labs.



Power of Suppliers

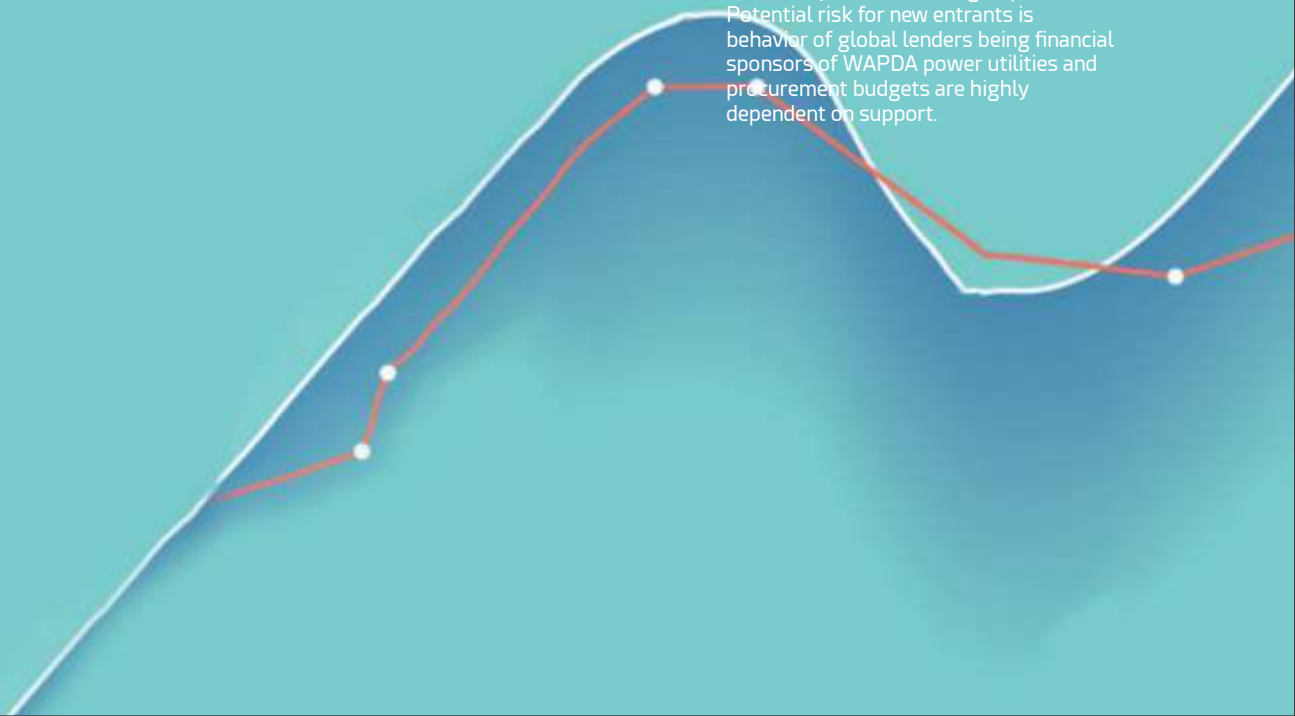
PEL's continuous and sustainable growth is also attributable to engaging globally renowned and dependable suppliers as business partners for supply of quality raw materials, industrial inputs, machinery, and equipment in addition to supply of debt for meeting working capital and other financial requirement.

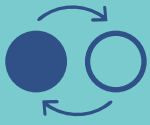


Potential of new Entrant into the Industry

Due to low product penetration level of domestic appliances, there is a lot of room for new entrants to cater the expected future growth potential backed by rapid urbanization and growing life styles. However, new entrance may pose risk due to growing competitive environment, huge investment landscape, carrying uncertainty and technology disruption threats.

Electrical equipment manufacturing industry is quiet attractive with respect its future expansions, as a lot of work on country electricity distribution and metering network is required on fire fighting bases to overcome growing circular debt. However, product prototype approvals and production and testing facility testing and accreditation is mandatory and time taking requirement. Potential risk for new entrants is behavior of global lenders being financial sponsors of WAPDA power utilities and procurement budgets are highly dependent on support.





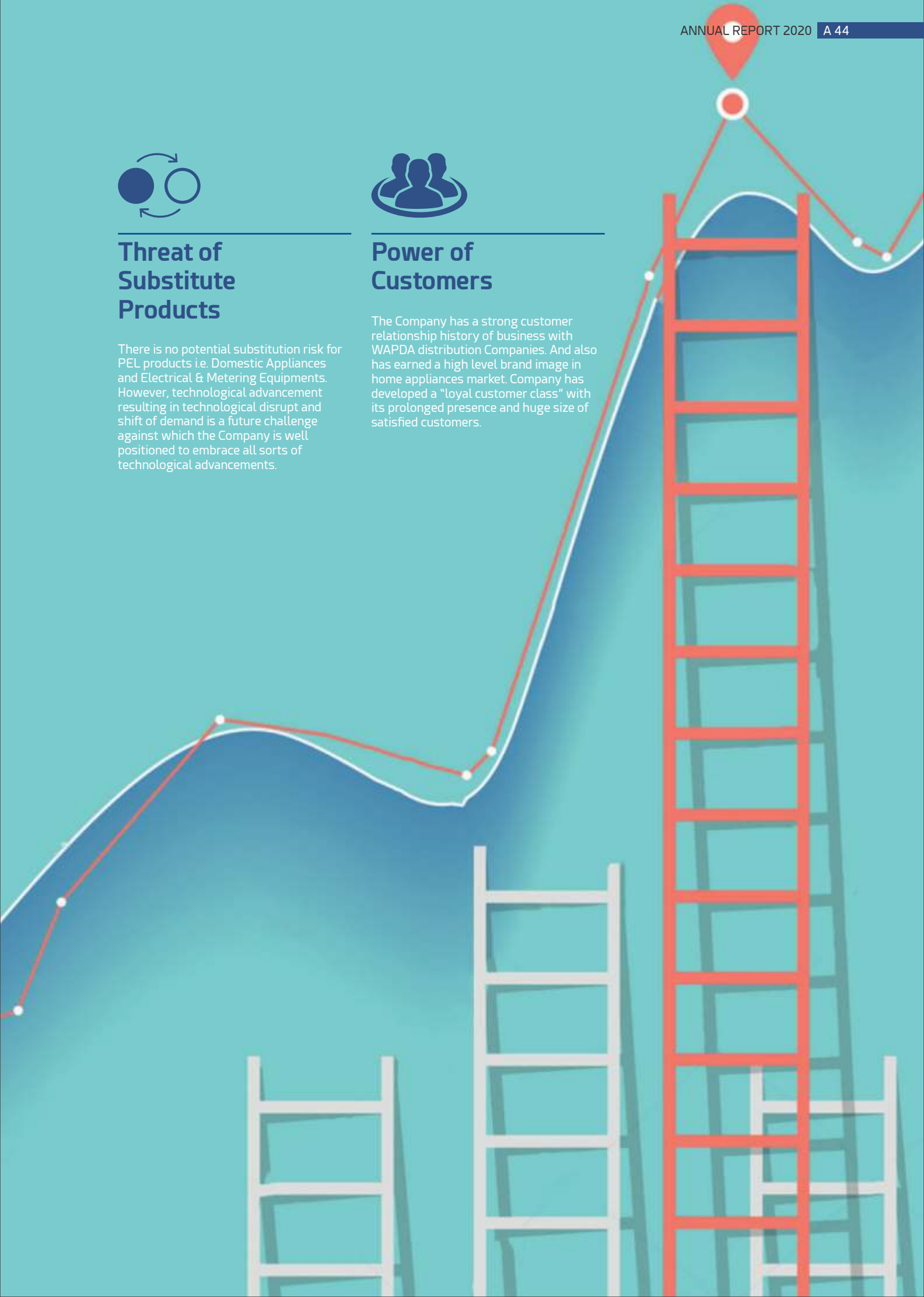
Threat of Substitute Products

There is no potential substitution risk for PEL products i.e. Domestic Appliances and Electrical & Metering Equipments. However, technological advancement resulting in technological disrupt and shift of demand is a future challenge against which the Company is well positioned to embrace all sorts of technological advancements.



Power of Customers

The Company has a strong customer relationship history of business with WAPDA distribution Companies. And also has earned a high level brand image in home appliances market. Company has developed a "loyal customer class" with its prolonged presence and huge size of satisfied customers.





B



01-06

**STRATEGY AND
RESOURCE
ALLOCATION**

B 01

Objectives and
Strategies

B 03

Our Business
Model

B 05

Resource
Allocation Plan

B 06

Liquidity
Management

B 06

Significant Plans
and Decisions

OBJECTIVES AND STRATEGIES

Our short, medium and long term strategic objectives, strategies in place to achieve those strategic objectives, KPIs monitored and their future relevance are as follows:

| Relevant term | Objective | Strategies | KPI's monitored |
|----------------------------|--|--|--|
| Short Term | Product innovation and development | Improve existing product features and aesthetics through research and development and efficient market research | <ul style="list-style-type: none"> Improved product features and aesthetics for existing products. No of new models for existing products launched. |
| Short Term | Development of human capital | Technical and non-technical training programs for employees at all levels both internally and externally | <ul style="list-style-type: none"> Training and education programs for employees. |
| Short Term | Occupational health and safety for employees | Ensure a safe and congenial environment for employees through strict and stringent safety policies and regular health and safety trainings to avoid risk of accident | <ul style="list-style-type: none"> Health and safety policies in place Training activities conducted Number of health and safety incidents. |
| Short Term | Maintaining supplier relationships | Monitor cash flow requirements and produce cash flow projections for payables to ensure that timely payments are made as and when due | <ul style="list-style-type: none"> Payable days |
| Short Term | Maintaining customer relationships | Improve access to customers through a nationwide sale/service center and dealer network, continuous focus on after sales services and monitor customer feedback | <ul style="list-style-type: none"> Sale/service center and dealer network After sales services Customer feedback |
| Short Term | Be a socially responsible corporate entity | Promote a culture of giving back to the community | <ul style="list-style-type: none"> CSR initiatives and activities |
| Short / Medium / Long term | Have sufficient liquidity to meet liabilities when due | Monitor cash flow requirements and produce cash flow projections for the short and long term. | <ul style="list-style-type: none"> Liquidity ratios Timely payments |

| Relevant term | Objective | Strategies | KPI's monitored |
|---------------|---|--|---|
| | | Maintain balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoid undue reliance on large individual customer. | |
| Medium Term | Diversification | Continuously seek avenues to diversify within and outside the Appliance and Power Industry | <ul style="list-style-type: none"> Product range |
| Medium Term | Enhance production facilities and processes to improve efficiency | Keep up-to-date with the latest technology advancements to achieve production efficiencies | <ul style="list-style-type: none"> Technology upgradation activities. |
| Long Term | Increase shareholder's wealth | Build on short and medium term objectives to increase shareholder's wealth | <ul style="list-style-type: none"> Market share price |
| Long Term | Maintain industry leadership and market presence | Planned and integrated marketing campaigns and increasing access to customers through a nationwide sale/service center and dealer network | <ul style="list-style-type: none"> Market share Sales, service center and dealer network. |

There were no significant changes in objectives and strategies from prior years. Further, all of the above KPIs will continue to be relevant in future.

OUR BUSINESS MODEL

Our business model is the hub of everything we do. It defines risk and opportunities in our external environment, inputs we consume, activities we carry on, the relationships we depend on and the outputs and outcomes we desire to achieve while creating sustainable value for our stakeholders in short, medium and long-term.

Risk and Opportunities

- Pakistan's macro-economic environment.
- Exchange rate variation risk as materials are imported or imported materials locally procured.
- Market size of 220 Million people with growing urbanization.

Strong Governance Oversight

- PEL is committed to highest standards of governance, ethics and integrity.
- PEL embraces best in class governance systems and practices to ensure sustainable value creation and serve as market leader.
- PEL Board is diverse in skills and experience and 67% of directors are independent and Non-executive directors.

Capitals



Financial

Rs. 31,715mn
Equity

Rs. 8,011mn
Long Term Debt



Manufactured

2 Manufacturing
Facilities

22 Nation- wide
Offices

22 Nation- wide
Warehouses



Human

5,616
Employees

People Centered
Culture

Strong
Governance



Natural

Materials

Water

Energy

Eco-system Services



Intellectual

Knowledge of our people

Brands

Processes

Corporate
Reputation



Social & Relationship

Relations with local
community, customers,
suppliers, and wider
stakeholders.

Sustainability
leadership

Value Creation and Addition

Continuous optimization of
manufacturing facilities

Broadening opportunities
through quality products with
country wide
sales/ distribution network



Manufacturing

We use these capitals as
input to Manufacture Home
Appliances and Electrical
Equipments.



PEL Products



Distribution

Through Country Wide
dealers net work & self
(PD products).



Transportation

Through Company Fleet &
Hiring from Market.

Gross Revenue
0.97% to Rs. 37.99bn

Sales tax and Discounts
5.79% to Rs. 9.19bn

Net Revenue
3.12% to Rs. 28.8bn

Cost of Sales
4.78% to Rs. 22.4bn

Gross Profit
2.68% to Rs. 6.4bn

Outcomes

Working with customers to enhance product utilization and farm productivity



Community Engagement

We work with our employees and local community. We strive to build trust in our company to enhance business and become trusted partner for stakeholders.



Product Use

We serve our customers through a country-wide efficient after sales services net work.

Winning the trust of our Stakeholders

- Provide healthy financial returns.
- Equity base strengthening through profits and equity raise.
- Laid foundations of sustainable business by delivering market competitive products.
- Expanded contribution to national exchequers on account of Taxes and duties.
- Use of environment friendly "Green Gases" in production process.

We create and share value with our stakeholders, which ultimately creates value for us.

Shareholders

- Contributed Profits amounting Rs.223.849 million in this challenging era.

Employees

- Paid Rs. 2,706 m as salaries and wages.
- Provided extensive In-house, out sourced on line trainings to enhance human resource capacity and workforce skills.
- A thriving culture for nourishing valuable human capital.

Customers

- Company always manages a quality return to customers by delivering an articulate product.

Community

- Spent always spending on CSR to uplift the lives of community and contributing to basic public good.

Regulators

- Compliance with all the regulatory requirements
- Rs. 5,575 Million to Government exchequer.

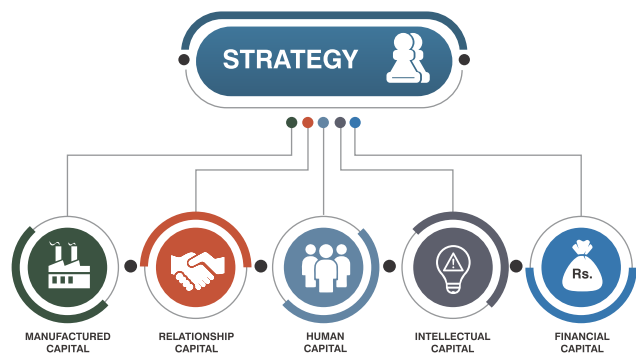
Environments

- Protecting the environment by use of ECO friendly "Green Gases"

Refer to page 168 to read our work for customers.

| | | | | | | | | | |
|---|---|---|---|---|--|---|-----------------------------------|---|--|
| — | Operating & Financial Cost 9.24% to Rs. 6.08bn | + | Other gains (Net) 7.8% to Rs. 0.03bn | = | Profit before tax 147.5% to Rs. 355.9mn | — | Taxation 98.17% to Rs. 132.1mn | = | Profit after tax 292.49% to Rs. 223.8mn |
|---|---|---|---|---|--|---|-----------------------------------|---|--|

RESOURCE ALLOCATION PLAN



PEL is committed to provide best value to all its stakeholders for their engagement with the Company through efficient resource allocation.

Manufactured Capital

The Company has continued focus on product innovation and development and diversification. To achieve this the Company does substantial spending on research and development with the objective of improving features and aesthetics of exiting product range and marker research to seek avenues for diversification within and outside the appliance and electrical capital goods industry. The Company recognizes the importance of consumer driven product development and allocates resources accordingly.

Resources are also allocated for planned and integrated marketing campaigns and increase access to customers through a nation-wide sales/service center and dealer network aimed at maintaining industry leadership and market presence. Further, the Company spares no expense in keeping itself up-to-date in terms of technology as the Company recognizes that in order to achieve efficiencies and economies of scale, it has to remain a technology forerunner.

Human Capital

Human Capital is considered as one of the most valuable resources at PEL. With significant contributions towards the growth and success of the Company, Human Capital remains one the most important areas of focus as the Company endeavors to ensure acquisition of top talent and provision of best employee development programs, healthy and safe work environment and market commensurate compensation packages.

The Company also allocates adequate resources for training and development of

its employees. Various technical and non-technical training programs are carried out for employees at all levels both internally and externally.

Financial Capital

The Company currently has a long-term debt of Rs. 8,011 million and short-term borrowings amounting to Rs. 10,606 million at the close of 2020. Long term debt is obtained to finance capital expenditure and long term working capital which indirectly backs manufactured capital of the Company. Short term borrowings are contracted to finance short term working capital requirements in accordance with the liquidity management framework of the Company, thereby supporting Human, Intellectual and Relationship Capital of the Company.

Intellectual Capital

The Company recognizes the importance of being a technology forerunner in order to achieve efficiencies and economies of scale. The Company invests in development of intellectual capital including product design and development, market research, management information systems, research and development, trademark protection and licensing.

Social and Relationship Capital

We believe that our sustainability depends on our ability to maintain strong relationships with customers, vendors and with the society/community for whom we also create value. A sizeable budget is allocated for initiatives that align our activities with our stakeholder's expectations whether it's our customers, suppliers, the community, our employees and society as a whole. We also contribute to the society/community through a broad range of community initiatives, charitable giving, foundation grants and volunteerism.

LIQUIDITY MANAGEMENT

Liquidity Position

The Company's liquid assets comprise short term investments and cash and bank balances which stood at an aggregate of Rs. 584.16 million at the close of 2020.

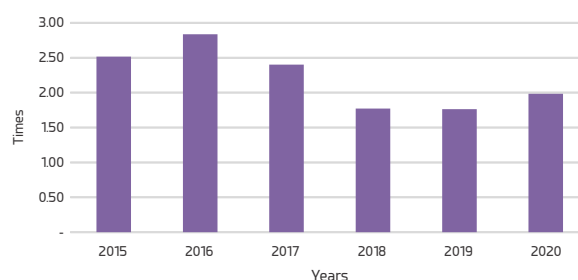
Liquidity management

PEL continuously aims to maintain a strong liquidity position through an effective liquidity management system to ensure availability of sufficient working capital. The Board of Directors has built an appropriate liquidity management framework for the management of short, medium and long-term funding and liquidity requirements.

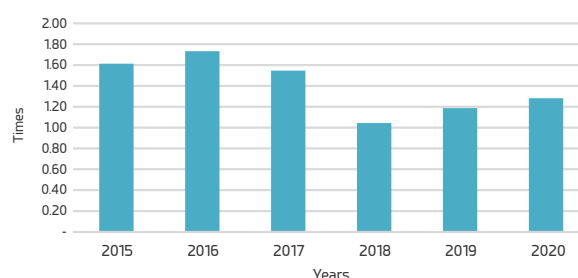
The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company monitors cash flow requirements and produces cash flow projections for the short and long term. Typically, the Company ensures that it has sufficient cash on demand to meet expected operational cash flows, including servicing of financial obligations. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of overall funding mix and avoidance of undue reliance on large individual customer and matching the maturity profiles of financial assets and liabilities.

Cash flow projections for the future indicate availability of sufficient funds for timely repayment of external debts as well as for retention for sustained profitability.

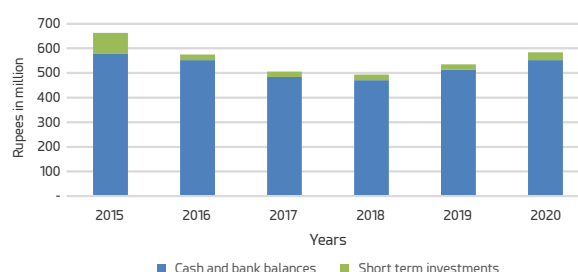
Current ratio



Quick Ratio



Liquid assets



SIGNIFICANT PLANS AND DECISIONS

The Company has a robust growth history by expanding its market share and up keep of higher customer satisfaction level and brand equity. All necessary improvements in manufacturing and testing facilities were made for market competitiveness and brand up keep. Further, to cater the growth factor, necessary plant capacity expansion managed compactable latest product designs to explore exports market. The Company on the consistent market demand enhanced its product range. During the year under review, Power Transformer manufacturing facility after successful commissioning started commercial production. The Company in the following year plans to continue up gradation of its operational facilities through BMR to maintain its products market competitiveness levels.

A large, stylized orange letter 'C' is centered on the page. It has a thick, rounded font style.A horizontal orange bar with rounded ends, positioned behind the text '01-08'.

01-08

**RISKS AND
OPPORTUNITIES**

C 01

Risks and
Mitigation
Strategies

C 05

Opportunities and
Materialization
Strategies

C 05

Materiality
Approach

C 06

SWOT
Analysis

C 07

Capital
Structure

C 07

Repayment of
Debts

RISKS AND OPPORTUNITIES

PEL's activities expose it to a variety of risks which are subject to difference levels of uncertainty against which PEL has implemented effective mitigating strategies. These risks can emanate from a number of factors including but not limited to uncertainties in financial markets, project failures, legal liabilities, credit risk, accidents and disasters as well as deliberate aggressive actions from an adversary, or uncertain or unpredictable events.

Risk Governance Structure

PEL's risk management policies are established to identify and analyze the risks faced by PEL, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and PEL's activities. PEL, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors has overall responsibility for the establishment and oversight of PEL's risk management framework. The Board is responsible for

developing and monitoring PEL's risk management policies.

The Audit Committee oversees how management monitors compliance with PEL's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by PEL. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The Human Resource & Remuneration Committee focuses on risks in its area of oversight. This includes succession planning with a view to ensure availability of talented functionaries in each area of critical company operations as well as assessment of compensation programs to ensure that they do not escalate corporate risk.

Risk Assessment

The Board of Directors have carried out a robust assessment of the principal risks facing the Company, including those that would threaten the business model, future performance, solvency or liquidity.

RISKS AND MITIGATION STRATEGIES

| Risk | Likelihood / Magnitude | Source | Capital affected | Mitigation strategy |
|---|------------------------|----------|-------------------------------------|---|
| Technological shift may render PEL's production process obsolete. | Moderate / High | External | Manufactured / Intellectual Capital | Regular balancing, modernization and replacement carried out at all production facilities in order to ensure state of the art production plants utilizing latest technology resulting in cost efficiencies and improved products. |
| Strong market competition lowering demand for PEL's products | Low / Moderate | External | Manufactured / Intellectual Capital | PEL holds a considerable market share and has continued focus on sustaining and |

| Risk | Likelihood / Magnitude | Source | Capital affected | Mitigation strategy |
|---|------------------------|---------------------|---|--|
| | | | | maintaining its market share through offering new and improved products and effective marketing strategies |
| Turnover of personnel at critical positions may affect smooth running of operations | Low / Moderate | Internal | Human Capital | PEL has formulated a comprehensive succession plan which includes performance evaluation and appropriate training requirements for development of potential and prospective future leaders |
| Breach of IT Security may affect operations and cause financial and data loss | Low / High | Internal | Financial / Intellectual Capital | Adequate IT controls are in place to prevent unauthorized data access to confidential information. Regular IT audits and trainings are conducted to monitor IT controls |
| Accidents and disasters, natural or by deliberate actions, may disrupt operations | Low / High | Internal / External | Manufactured / Financial / Intellectual Capital | <p>PEL has put in place a comprehensive Disaster Recovery and Business Continuity Plan which has been implemented at all locations and PEL's staff is fully trained and equipped to recover from any disruption</p> <p>Further strict and standard operating procedures are in place and implemented together with</p> |

RISKS AND OPPORTUNITIES

| Risk | Likelihood / Magnitude | Source | Capital affected | Mitigation strategy |
|---|------------------------|----------|----------------------------------|---|
| | | | | employee trainings, operational discipline and regular safety audits |
| Loss of customer confidence in PEL brand adversely affecting sales | Low / High | External | Manufactured Capital | Continued focus on new and improved products and state of the art after sales services to customers |
| Breach of law resulting in fines, penal action or suspension of business operations | Low / High | Internal | Manufactured / Financial Capital | Monitoring of latest updates in regulatory framework is carried out to prevent in breach of law. Expert legal advice is obtained before taking any critical decision |
| Default by customers causing financial loss | Low / Moderate | Internal | Financial / Relationship Capital | PEL maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance. |

| Risk | Likelihood / Magnitude | Source | Capital affected | Mitigation strategy |
|---|------------------------|----------|-------------------|---|
| Liquidity shortfall resulting in inability to make payments as the fall due | Low / Moderate | Internal | Financial Capital | The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the PEL's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities |
| Increase in interest rates resulting high interest costs | Moderate / Moderate | External | Financial Capital | PEL manages interest rate risk by analyzing 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 management calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points |

RISKS AND OPPORTUNITIES

| Risk | Likelihood / Magnitude | Source | Capital affected | Mitigation strategy |
|--|------------------------|----------|----------------------------------|---|
| Rupee depreciation causing increase in costs | High / High | External | Manufactured / Financial Capital | The Company does 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 |

OPPORTUNITIES AND MATERIALIZATION STRATEGIES

| Opportunity | Source | Capital affected | Materialization strategy |
|--|----------|----------------------|---|
| There are still numerous unexplored product lines that are offered by current competitors of PEL. | Internal | Manufactured Capital | Continuously seek avenues to diversify within and outside the Appliance and Power Industry |
| Demand for grid station installations and underground and on ground electrifications due to increase in housing sector schemes, upgrading of grid stations, government's focus towards augmentation of transmission and dispatch Infrastructure and CPEC | External | Manufactured Capital | The company is aiming to capitalize on its brand equity and commercial relations with WAPDA Distribution Companies in the emerging CPEC Scenario along with investment in initiatives to enhance relationships with customers in the private/corporate sector |

MATERIALITY APPROACH

Matters are considered to be material, if they, individually or in aggregate, are expected to significantly affect the performance and profitability of the Company. Powers of the Board of Directors and the management of PEL have been defined with reference to, and in compliance with relevant regulatory framework, the Articles of Association of PEL, guidelines and frameworks issued by professional bodies and best practices. Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formal and implemented policies and procedures. Materiality levels are reviewed on a periodic basis and updated as required.

SWOT ANALYSIS

STRENGTHS

- Product diversification
- Sufficient production capacity to absorb the increase in volumes
- Technical Collaboration with international reputed organizations
- Latest Technologies
- Excellent labour skills to execute Power Division orders
- Focused Research and Development strategy
- Strong country wide dealers network
- Strong, efficient and broad after sales network

WEAKNESSES

- The Company has high financial leverage

OPPORTUNITIES

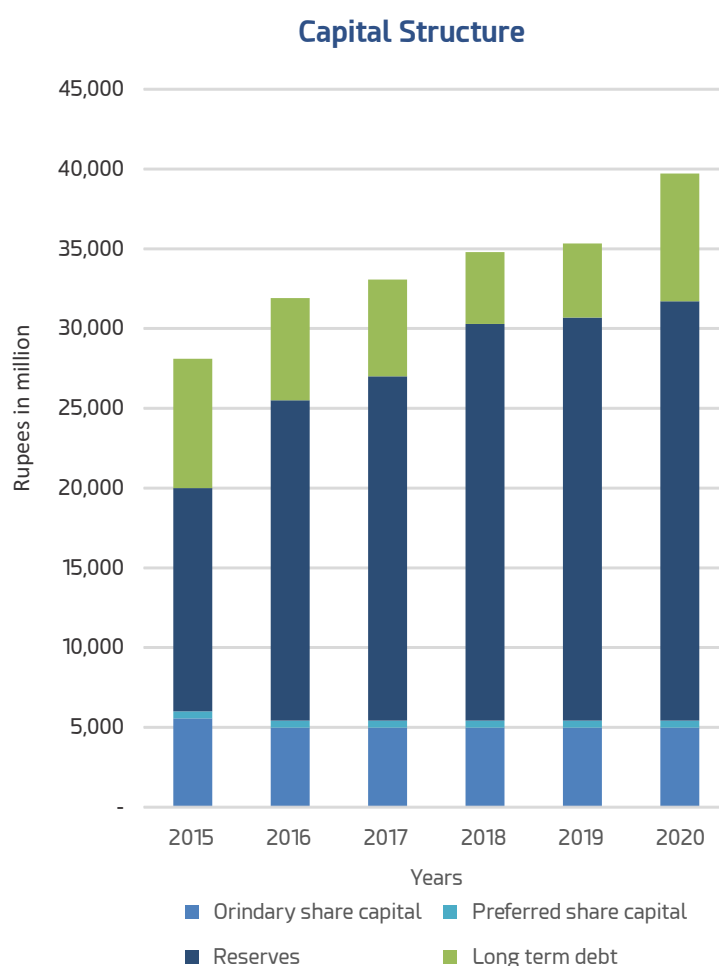
- Government has plans to up grade existing electricity infra structure resulting into more orders for Power Division.
- Appliances market is showing growth.
- Local industry preferential protection in international tenders.

THREATS

- Availability of timely working capital
- Law and order situation and political disturbance in the country
- Dependence on WAPDA/ DISCOs Financial health
- Devaluation of Pak Rupee
- Change in regulatory framework

CAPITAL STRUCTURE

PEL's capital structure comprises of Rs. 4,977 million of ordinary share capital with net worth of Rs. 19,972 million, preferred share capital of Rs. 450 million, reserves of Rs. 26,288 and long term debt (including current maturity) of Rs. 8,011 million at the close of 2020 with a debt-equity ratio of 80:20 as compared to 13:87 in 2019. The management of the Company believes that the current capital structure is adequate.



REPAYMENT OF DEBTS

The Company's external long term debt stood at Rs. 8,011 million at the close of 2020 recording a net increase of Rs. 3,363 million.

Short term borrowings showed nominal decrease by 3.19% (Rs. 349.88 million) as the Company remained reliant on external borrowings for working capital requirements.

PEL is in the process of finalizing re-profiling exercise based on mutual agreement to be made amongst the existing investors for redemption/settlement of outstanding preference shares.

PEL has remained current in debt servicing throughout the year. All payments on account of principal repayments and interest have been made by due dates. The providers of long term debt, during the year, approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020 for various long term finances.



**Investing in tomorrow's
technology today is
more critical than ever.**

- Bill Gates

D

01-22

GOVERNANCE

BOARD OF DIRECTORS

| | | | | | | |
|--|--------------------------|--|--|---------------------------------|-----------------------------|--|
| D 01 | D 03 | D 03 | D 03 | D 03 | D 04 | D 04 |
| Profile of Board Members | Composition of the Board | Independent Director | Female Director | Meetings of the Board | Board Operations | Office of the Chairman and Chief Executive |
| D 04 | D 04 | D 05 | | D 05 | D 05 | D 05 |
| Annual Evaluation of Board's Performance | Directors Remuneration | Roles and Responsibilities of the Chairman and Chief Executive Officer | | Formal Orientation at Induction | Directors Training Programs | Foreign Directors |
| D 05 | D 05 | D 06 | D 06 | | | |
| Implemented Governance Practices vs Legal Requirements | Changes to the Board | Policy of Retention of Board Fee | Chairman's Review of the Board's Performance | | | |

RELATED PARTIES

D 06

Related Parties

FINANCIAL STATEMENTS

D 06

Preparation and Presentation of Financial Statements

COMMITTEES OF THE BOARD

D 07

Audit Committee

D 08

Human Resource and Remuneration Committee

I.T. GOVERNANCE

D 09

IT Governance Policy

D 10

Business Continuity and Disaster Recovery Plan

POLICY DISCLOSURES

D 11

Diversity Policy

D 11

CSR and Sustainability Policy

D 11

Conflict of Interest Policy

D 11

Investors' Grievance Policy

D 12

Policy For Safety Of Records

D 12

Whistle Blowing Policy

D 12

Human Resource Management Policy

COVID-19 RESPONSE STRATEGY

D 13

Establishment of Crisis Management Committee (CMC)

D 13

Workplace Management

D 13

Operational Management

D 14

IT Management

D 14

Wellbeing to Employees and Families

SHARIAH COMPLIANCE

D 15

Shariah Compliance Certificate

D 16

Shariah Advisor's Profile

CODE OF CORPORATE GOVERNANCE

D 17

Statement of Compliance

D 18

Report of the Audit Committee

D 22

Review Report by Auditors

BOARD OF DIRECTORS

M NASEEM SAIGOL

Chairman/Non-Executive

Mr. M. Naseem Saigol is the Chairman of the Saigol Group of Companies including PEL. He holds a degree in chemical engineering from USA. Mr. M. Naseem Saigol came up with the vision to serve the nation through power industry in 1994 when Pakistan was facing a severe shortage of power supply. He joined hands with Tomen Corporation Japan (later on acquired by Toyota Tsusho Corporation, Japan) and formed Kohinoor Energy Limited (KEL) as an Independent Power Producer. KEL is proudly contributing to the dire power needs of the country.

Mr. M. Naseem Saigol has been the Chairman of All Pakistan Textile Mills Association (APTMA), Vice President of Lahore Chamber of Commerce and Industry, President of Faisalabad Chamber of Commerce and Industry, and is member of Industrial Employers' Association. He holds the office of Honorary Consulate of Belgium. Mr. M. Naseem Saigol through his business group in terms of services, manufacturing home appliances and electrical equipment, textile products and exports thereof, and power generation, is not only contributing to exchequer and the GDP of the country but also bestows businesses to local vendor industry and provides job opportunities to thousands of Pakistanis. He, being an eminent textile entrepreneur, has also the honor to provide technical and management expertise to the governments of Libya, Somalia and Tanzania for establishing textile industry in their countries.

Mr. M. Naseem Saigol is also on the Boards of Kohinoor Energy Limited, Saritow Spinning Mills Limited, Kohinoor Industries Limited and Kohinoor Power Company Limited.

M. MURAD SAIGOL

Chief Executive Officer

Mr. M. Murad Saigol is the Chief Executive and Managing Director of the Company. He did his graduation from School of Oriental and African Studies, London UK. He looks after all of the Strategic and Operational affairs of the Company. He joined PEL in 2005 and achieved certain land marks in Company Business. In his current role he is responsible to drive the Company affairs in accordance with Board of Directors' Vision and Mission. He is a Corporate Governance Certified Director under Directors Training Program.

Mr. M. Murad Saigol is also on the Boards of Saritow Spinning Mills Limited, Kohinoor Industries Limited and Kohinoor Power Company Limited.

M. ZEID YOUSAF SAIGOL

Executive Director

Mr. M. Zeid Yousaf Saigol is an Executive Director on the Board of PEL. He holds Bachelors in Science (BS) in Chemical Engineering from Carnegie Mellon University USA.

He is associated with Company since 2011 and is leading the Company's Power Division Operations. He is a Corporate Governance Certified Director under Directors Training Program.

Mr. M. Zeid Yousaf Saigol is also on the Boards of Saritow Spinning Mills Limited, Kohinoor Industries Limited and Kohinoor Power Company Limited.

SYED MANZAR HASSAN

Executive Director & CFO

Syed Manzar Hassan is an Executive Director on the Board of PEL and is also the Chief Financial Officer of the Company. He is a Fellow Member of Institute of Chartered Accountants of Pakistan. He has over 20 years' experience in Financial Management, Financial and Management Reporting and handling Corporate Matters with a specialization in Corporate Finance. He joined PEL in 1998 and was responsible for financial matters including budgeting and financial planning. In his current role, he is responsible for all necessary financing arrangements for smooth cash flow, budgeting and business planning, management and corporate accounting, company taxation and regulatory issues and company IT resource management. He is a member of the Company's Human Resource and Remuneration Committee. He is a Corporate Governance Certified Director under Directors Training Program.

MUHAMMAD KAMRAN SALEEM

Independent Non-Executive Director

Mr. Muhammad Kamran Saleem holds L.L.M., ACA (Eng. & Wales), FCA (Pak.), FCMA, FCIS. He is also the chairman of standing committee on Takaful and Window Takaful at Federation of Pakistan Chamber of Commerce and Industry. He is a founding management employee at Pak Qatar Group. Mr. Muhammad Kamran Saleem is Chief Executive Officer at Pak Qatar Investments (Private) Limited and currently holds title of 'Director-Finance and Company Secretary' at Pak-Qatar Family Takaful Limited. He has been member of team achieving key milestones i.e. implementation of SAP (FICO), Shariah and Statutory Reporting, Taxation and Compliance for Insurance and Takaful Industry In Pakistan. He also supervises Treasury through Fund Managers and is member of Investment Committee at Pak-Qatar Family Takaful Limited with oversight of PKR 20 Billion in various assess classes. Being a qualified lawyer, he also supervises legal team and has exposure in handling legal queries and cases at Pak Qatar Group including supervision of Risk Management Committee. He has also served in Automobile, Sugar and Textile Conglomerate apart from his audit and consultancy assignments as external auditor during professional practice.

He is a Corporate Governance Certified Director under Directors Training Program.

SYED HAROON RASHID

Independent Non-Executive Director

Syed Haroon Rashid has over twenty years of experience in corporate finance and strategic management having worked in various financial as well as non-financial institutions. He started his career with the Experts Advisory Cell, a successor to the Board of Industrial Management, established to assist the Ministry of Production in the management and control, corporate planning and performance evaluation of public sector industrial enterprises in sectors ranging from fertilizer, automobiles, heavy engineering, chemicals, petroleum, cement to steel. Subsequently, he served as Advisor with the Investment Corporation of Pakistan which was the first closed-end mutual fund established in Pakistan in the early 1960's. Later, he joined the Zarai Taraqati Bank Limited. As part of a senior management team formed for the restructuring of the Bank where he served as Head, Restructuring (Project Loans) as well as Head, Project Implementation Unit of the Asian Development Bank. He played a major role in restructuring of corporate loan departments of the organization and worked to successfully revitalize them. He is also a training consultant with the National Institute of Banking and Finance, Islamabad (State Bank of Pakistan).

Syed Haroon Rashid has also served as NIT's (National Investment Trust) Director on Boards of various public listed companies. He is also a Certified Director of the IFC (World Bank Group) sponsored by Pakistan Institute of Corporate Governance.

Syed Haroon Rashid is also on the Boards of Saritow Spinning Mills Limited, Baluchistan Wheels Limited and Ghandhara Nissan Limited.

OTHER DIRECTORS

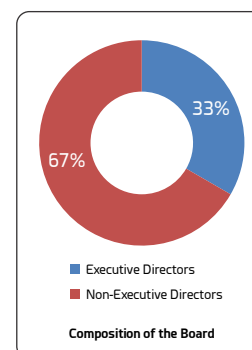
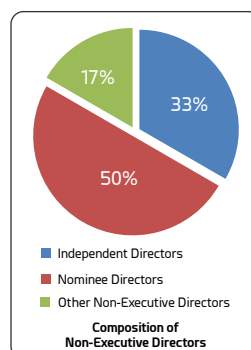
In addition to the above directors the following are Nominee Independent Non-Executive Directors on the Board of PEL.

- 1.) Asad Ullah Khawaja | Nominated by National Investment Trust
- 2.) Usman Shahid | Nominated by National Bank of Pakistan
- 3.) Azra Shoaib | Nominated by National Bank of Pakistan

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD OF DIRECTORS

In order to ensure transparency, good governance and smooth functioning of the Company's operations, the Company has implemented the regulatory framework in terms of qualification, experience and composition of the Board of Directors as well as awareness of the Board responsibilities. The Board comprises 9 directors effectively representing shareholders' interests. There are 6 non-executive directors including 2 independent directors and 3 directors nominated by holders of special interest under Section 164 of the Companies Act, 2017.



All directors are highly qualified and experienced and come from varied discipline, which enables the Board to carry out effective and efficient decision making. Detailed profile of each member of the Board is presented page D 01-02.

INDEPENDENT DIRECTORS

The Company has 2 Independent Directors on its Board; Mr. Muhammad Kamran Saleem and Syed Haroon Rashid who meet the definition of independence provided by Companies Act 2017 and they have submitted to the Company their declarations to this effect.

FEMALE DIRECTOR

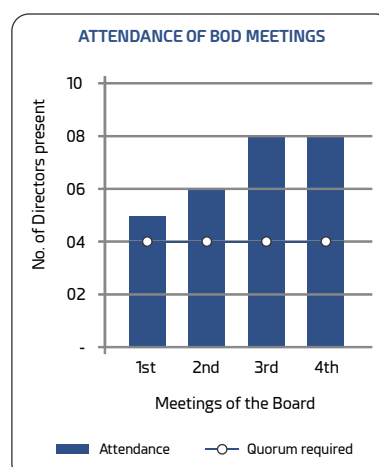
Ms. Azra Shoaib is the only female director on the Board of Directors of the Company.

MEETINGS OF THE BOARD

The Board of Directors meets at least four times every year as required by the regulatory framework. Special meetings are also called to discuss and decide on important matters as and when required. The Board met 4 times during the year. The notices, along with agenda, were circulated in a timely manner.

The decisions taken by the Board were clearly documented in the minutes of meetings maintained by the Company Secretary and were circulated to all directors for endorsement within the stipulated time and were approved by the Board in subsequent meetings. All Board Meetings were held in Pakistan during the year, had the requisite quorum as prescribed by Code of Corporate Governance and were also attended by the Chief Financial Officer and Company Secretary.

| Name of Directors | Attendance |
|------------------------|------------|
| M. Naseem Saigol | 3 |
| M. Murad Saigol | 4 |
| M. Zeid Yousuf Saigol | 4 |
| Syed Manzar Hassan | 4 |
| Syed Haroon Rashid | 4 |
| Usman Shahid | 2 |
| Azra Shoaib | 0 |
| Asad Ullah Khawaja | 4 |
| Muhammad Kamran Saleem | 2 |



BOARD OPERATIONS

Each member of the Board is fully aware of his responsibilities as an individual member as well as the responsibilities of all members together as a board.

The Board actively participates in all major decisions of the Company including appointment approval of capital expenditure budgets, investments, issuance of equity and debt capital, related party transactions and appointment of key personnel.

The Board also monitors the Company's operations by approval of financial statements, review of internal and external audit observations, if any and recommendation of dividend.

The Board has devised formal policies for conducting business and ensures their monitoring through an independent Internal Audit Department which continuously monitors adherence to Company Policies.

The responsibility of implementing the strategies as approved by the Board of Directors is that of the management. The management conducts the routine business operations of the Company in an effective and ethical manner in accordance with the strategies and goals approved by the Board and identifies and administers the key risks and opportunities which could impact the Company in the ordinary course of execution of its business. Management is also concerned in keeping the Board members updated regarding any changes in the operating environment or risk profile. It is also the responsibility of management, with the oversight of the Board and its Audit Committee, to prepare financial statements that fairly present the financial position of the Company in accordance with applicable accounting standards and legal requirements.

OFFICE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The office of Chairman and that of the Chief Executive Officer of the Company are held separately, as part of the Company's governance structure, with clear division of roles and responsibilities.

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

PEL has put in place a comprehensive mechanism for undertaking annual evaluation of the performance of the Board of Directors in accordance with the requirement of the Code of Corporate Governance.

The mechanism evaluates the performance of the Board on the following parameters:

- Board composition, organization and scope
- Board functions and responsibilities
- Monitoring of Company's performance

Evaluation forms and checklists are circulated to all members of the Board and each member is required to submit the same duly filled to the Company Secretary.

The results are consolidated and discussed in the next meeting to formulate a strategy for improvement in Board's performance.

DIRECTORS' REMUNERATION

There are formal and transparent procedures for fixing the remuneration of directors and no director is involved in deciding his own remuneration. Remuneration levels are kept at a reasonable level in order to attract and retain directors, without compromising independence.

The Board of Directors of the Company has adopted a policy for remuneration of non-executive and independent directors upon the implementation of Section 170 of the Companies Act 2017 read with Regulation No. 17 of the Code of Corporate Governance. The Policy is applicable to all non-executive and independent directors who attend Board meetings, Audit Committee meetings, Human Resource and Remuneration Committee meetings and any other meetings called by the Board. Through its Articles of Association, the Company, the Board is authorized to fix remuneration of non-executive and independent directors from time to time. The fee of the non-executive and independent directors for attending the Board and Committee meetings of the Company shall be as determined by the Board of Directors from time to time.

BOARD OF DIRECTORS

ROLES AND RESPONSIBILITIES OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman acts as the head of the Board and is responsible for assessing and making recommendations regarding effectiveness of the Board and ensuring effective role of the Board in fulfilling all its responsibilities and has the power to set agendas, give directions and sign the minutes of Board meetings.

The Chief Executive Officer is an executive director who also acts as the head of the Company's management in the capacity of managing director and implements the policies delegated by the Board within the limits prescribed.

The main responsibilities of the Chief Executive Officer include:

- Safeguarding the Company's assets
- Creation of shareholder value
- Identification of potential
- diversification/investment projects
- Implementation of projects approved by the Board
- Ensuring effective functioning of the internal control system
- Identifying risks and designing mitigation strategies
- Development of human capital and good investors' relations
- Compliance with regulations and best practices.

FORMAL ORIENTATION AT INDUCTION

New members of the Board are taken through a detailed orientation process at the time of induction. The orientation process involves a familiarization program which mainly features the following:

- Vision, mission, core values and strategies and stakeholders.
- Significant policies
- Summary of financial position
- Risks exposure and management

- Critical performance indicators
- Roles and responsibilities of director under the statute
- Expectations from the Board
- Facets of business including strategic plans, forecasts, minutes of past meetings and litigations.

DIRECTORS' TRAINING PROGRAM

The following directors have obtained certification under the Directors' Training Program from SECP approved institutes in accordance with requirements of the Code of Corporate Governance:

1. M. Murad Sagol
2. M. Zeid Yousuf Saigol
3. Muhammad Kamran Saleem
4. Syed Haroon Rashid
5. Syed Manzar Hassan

Certifications of the remaining members of the Board are expected to be completed as per schedule prescribed by Listed Companies (Code of Corporate Governance) Regulations, 2019.

FOREIGN DIRECTORS

The Company does not have any foreign directors on its Board.

IMPLEMENTED GOVERNANCE PRACTICES VS LEGAL REQUIREMENTS

PEL as an organization encourages proactive and accountable management system to ensure transparency and compliance with laws. To further strengthen implementation of the same, PEL has well composed and structured policies and procedures based on international standards that are ahead of our laws and regulations. For this we have instituted a comprehensive legal and compliance function in the company that goes beyond legal requirements.

CHANGES TO THE BOARD

There were no changes to the Board of Directors of the Company during the year.

POLICY OF RETENTION OF BOARD FEE

PEL does not have any policy that restricts an executive director from retaining meeting fee earned by them against services as non-executive director in other companies.

CHAIRMAN'S REVIEW OF THE BOARD'S PERFORMANCE

Chairman's review of the Board's performance and its effectiveness in achieving the Company's objectives has been outlined in "Chairman's Review" on Page E 01 with detailed explanations in various sections through out the report.

RELATED PARTIES

Related parties from the Company's perspective comprise subsidiary, associated companies and undertakings, 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 | Nature of transaction | Aggregate %age of shareholding in the Company |
|--|--------------------------|-----------------------|-------------------------------------|---|
| Pak Elektron Limited Employees Provident Fund Trust | Provident Fund Trust | | Contribution to provident fund | N/A |
| PEL Marketing (Private) Limited | Subsidiary | Investment | Sale of goods Expense allocation | N/A |
| Kohinoor Power Company Limited | Associated company | Investment | Purchase of services | N/A |
| Red Communication Arts (Private) Limited | Associated undertaking | Common Directors | Purchase of services | N/A |
| Mr. M. Murad Saigol | Key management personnel | Chief executive | Remuneration | 0.0025% |
| Mr. M. Zeid Yousuf Saigol | Key management personnel | Director | Remuneration | 2.9637% |
| Mr. Syed Manzar Hassan | Key management personnel | Director | Remuneration | 0.0004% |

The Board of Directors has approved a policy for Related Party Transactions, which require that the company shall carry out transactions with its related parties on an arm's length basis in the normal course of business. The term 'arm's length' requires conducting business on the same terms and conditions as the business between two unrelated / unconcerned persons. The policy specifies that all transactions entered into with related parties shall require Board's approval.

There were no transactions with related parties on non-arm's length basis.

PREPARATION AND FAIR PRESENTATION OF THE FINANCIAL STATEMENTS

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

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

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

AUDIT COMMITTEE

| Composition | Designation |
|------------------------|-------------|
| Mr. Asad Ullah Khawaja | Chairman |
| Mr. Usman Shahid | Member |
| Syed Haroon Rashid | Member |
| Syed Manzar Hassan | Member |

| Directors | 27 th March | 30 th April | 17 th August | 27 th October | Total Attended |
|------------------------|---------------------------|---------------------------|----------------------------|-----------------------------|-------------------|
| Mr. Asad Ullah Khawaja | ✓ | ✓ | ✓ | ✓ | 4 |
| Mr. Usman Shahid | ✗ | ✗ | ✓ | ✓ | 2 |
| Syed Haroon Rashid | ✓ | ✓ | ✓ | ✓ | 4 |
| Syed Manzar Hassan | ✗ | ✓ | ✓ | ✓ | 3 |

Salient Features & Terms of References

The Board of Directors of the Company have determined the following term of reference of the Audit Committee:

- Determination of appropriate measures to safeguard the Company's assets.
- Review of preliminary announcements of results prior to publication.
- Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
 - Major judgmental areas,
 - Significant adjustments resulting from the audit,
 - The going concern assumption,
 - Any change in accounting policies and practices,
 - Significant related party transactions
 - Compliance with applicable accounting standards, and
 - Compliance with Code of Corporate Governance Regulations and other statutory and regulatory requirements.

- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary).
- Review of Management Letter issued by external auditors and management's responsible thereto.
- Ensuring coordination between the internal and external auditors of Company.
- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.
- ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and

sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.

- Review of Company's statement on internal control system prior to endorsement by the Board of Directors and internal audit reports.
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body.
- Determination of compliance with relevant statutory requirements.
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.
- Review of arrangement for staff and management to report to audit committee financial and other matters and recommend instituting remedial and mitigating measures;
- Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Code of Corporate Governance Regulations.
- Consideration of any other issue or matter as maybe assigned by the Board of Directors.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

| Composition | Designation |
|------------------------|-------------|
| Mr. Asad Ullah Khawaja | Chairman |
| Mr. Usman Shahid | Member |
| Syed Haroon Rashid | Member |
| Syed Manzar Hassan | Member |

Senior Manager Human Resources acts as Secretary of the Committee and submits the minutes of the meeting duly signed by Chairman to the Company Secretary. These minutes are then circulated to the Board of Directors.

| Directors | 27 th March | Total Attended |
|------------------------|---------------------------|-------------------|
| Mr. Asad Ullah Khawaja | ✓ | 1 |
| Mr. Usman Shahid | ✗ | - |
| Syed Haroon Rashid | ✓ | 1 |
| Syed Manzar Hassan | ✓ | 1 |

Salient Features & Terms of Reference

The Board of Directors of the Company have determined the following term of reference of the Human Resource and Remuneration Committee:

- a) Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
- b) Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant;
- c) Recommending human resource management policies to the board;
- d) Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief financial officer, company secretary and head of internal audit;
- e) Consideration and approval on recommendations of chief executive office on such matters for key management positions who report directly to chief executive officer; and
- f) Ensure, in consultation with the Chief Executive that succession plans are in place and review such plans at regular intervals for those executives, whose appointment requires Board approval (under Code of Corporate Governance), namely, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their terms of appointment and remuneration package.

The Committee meets on as required basis or when directed by the Board sets the agenda, time, date and venue of the meeting in consultation with the Chairman of the Committee.

INFORMATION TECHNOLOGY GOVERNANCE

Information Technology has grown to permeate the business world, affecting how companies make and market their products as well as how people communicate and accomplish their jobs. The need for IT governance has also become pivotal towards organization sustenance and growth.

At PEL, IT Governance provides a framework that is aimed at IT strategy about IT infrastructure, risks management, deployment of new techniques and ideas as well as delivery of IT services in an efficient and economical way. PEL remains focused on continuous exploration of best technologies and infrastructure, to enable efficient and timely decision making, in addition to economizing on the cost related to operating and decision making.

Review of Business Continuity and Disaster Recovery Planning by the Board

PEL has implemented an effective Disaster Recovery System, for sustained business operations in the event of a disruption or disaster.

The Board of Directors has Reviewed the Business Continuity and Disaster Recovery Plan of the Company and satisfied that the Company is well protected against risks of loss arising from any disaster.



Business Continuity Planning

Recognizing the critical importance of technological dominance, extreme competition and sustained/continued business operations, PEL has undertaken measures to enhance its capacity to survive against disruptions/ calamities.

Business Continuity Planning instills employee satisfaction, inculcates confidence of customers as well as investors in business and helps protect PEL's image, brand and reputation.

Disaster Recovery Planning

As part of BCP, a Disaster Recovery site (DR) has been established to further strengthen the availability of IT/Oracle services in case of a disaster.

The site hosts backup servers for shifting of services during a disaster. A comprehensive set of policies and procedures, including responsibilities and actions to recover computer, communications and network environment in the event of an unexpected interruption, have been implemented to ensure a hassle free movement of data from primary site to DR site.

Safety and security of IT record

Safety and security of IT records is ensured through effective implementation of the Company's policy for Safety of Records, which has been elaborated on page D-13.



**The great
growling engine
of change -
technology.**

- Alvin Toffler

POLICY DISCLOSURES

DIVERSITY POLICY

PEL is committed to promoting and maintaining a culture of diversity. Our human capital is our most valuable resource, with the individuals coming from different age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make each individual unique.

All major areas of human resource management are subject to our diversity policy, be it, recruitment and selection, compensation and benefits, professional development and training, promotions, transfers, social and recreational programs, layoffs or terminations with strict disciplinary actions in case of non-compliance.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY POLICY

PEL is committed to act responsibly towards the community and environment for our mutual benefit as PEL believes that the success of the Company emanates from the development of the community. Our Social and Environmental practices have been elaborated in the section relating to 'Corporate Social Responsibility', with the following distinct features:

- Community investment & welfare schemes
- Rural development programmes
- Corporate Social Responsibility
- Environmental protection measures
- Occupational health & safety
- Business ethics & anti-corruption measures
- Consumer protection measures
- Energy conservation
- Industrial relations
- Employment of special persons
- National cause donations
- Contribution to National Exchequer

CONFLICT OF INTEREST POLICY

In order to avoid known or perceived or potential conflicts of interests, PEL has employed Avoiding Conflict of Interest Policy in addition to compliance of regulatory requirements and Code of Conduct, where a formal disclosure of vested interest can made by our people. A conflict of interest can arise when one's judgment could be influenced, or might appear as being influenced, by the possibility of any personal benefit, relation or bias, whether intentional or unintentional. Our People have the responsibility to intimate their immediate manager about potential conflict of interest. Conflict of interest must be avoided at all costs.

INVESTORS' GRIEVANCE POLICY

The Company believes in allowing full access to all shareholders including potential investors, to call for information or detail on Company operations, in addition to details relating to his/her specific investment, dividend distribution or circulation of regulatory publications by the Company, with endeavours for prompt provision of information or resolution of query/grievance in accordance with the statutory guidelines. Investor grievances are managed centrally by the Corporate Affairs Department, through an effective grievance management mechanism for handling of investor queries and complaints, through the following key measures:

- Increasing the investor's awareness relating to modes for filing of queries handling of investor grievances in a timely manner
- Grievances are handled honestly and in good faith by PEL employees and without prejudice
- Any grievances requiring attention of the management or the Board of Directors, are escalated to the appropriate levels with full facts of the case, for judicious settlement of the grievance
- Investigations are also carried out to inquire whether the cause of the grievance was a weakness in the system or negligence/willful act on part of any employee

- Appropriate remedial action is taken immediately to ensure avoidance in the future

POLICY FOR SAFETY OF RECORDS

The Company has established a policy for preservation of records in line with good governance practice.

These records include books of account, documentation pertaining to secretarial, legal, contractual, taxation and other matters, which have been archived where needed, in a well preserved and secure manner.

The main objectives this policy are:

- To ensure that the Company's records are created, managed, retained and disposed off in an effective and efficient manner;
- To ensure preservation of the Company's records of permanent value to support both protection of privacy and freedom of information;
- To ensure that information is held as long as required to meet legal, administrative, operational and other requirements of the Company.

These objectives are achieved through implementation of access controls, on-site and off-site backups, determination of responsibilities for all Company departments for safeguarding of their respective records and implementing mechanism for reporting of breach of security or damage of record to the management.

SPEAK-UP PEL'S WHISTLEBLOWING GUIDELINES

PEL ensures accountability and integrity in conduct, by devising a transparent and effective SPEAK-UP Policy and whistleblowing guidelines for sounding of alerts against any misconduct, deviations from policies, controls, applicable regulations, or violation of the code of conduct. The Speak-UP Policy is applicable to all employees, management and the Board and extends to every individual associated with the Company including contractors, suppliers, business partners and shareholders etc., who can participate effectively and in confidentiality, without fear of reprisal or repercussions

on advertised speak-up channels on PEL Official Website (speakup@pel.com.pk). The employees are required to report concerns directly to immediate supervisors, except where, reporting to supervisors is impracticable, in which case, the level may be raised to the senior management.

The purpose of this policy is to encourage all stakeholders to raise questions and concerns, monitor the progress of resultant inquiries, provide feedback and where required, also voice concerns against any unsatisfactory inquiry or proceeding. The Policy covers unethical conduct, offence, breach of law or failure to comply with legal obligations, collusion, coercive practices and possible fraud / corruption. Due emphasis has also been placed on health, safety and environmental risks. Inappropriate or malicious reporting leading to wrongful convictions have been specifically forbidden, with clear definition of consequences for the persons making wrongful accusations. There was no material incidence was reported to the Audit Committee during the year regarding improprieties in financial, operating, legal or other matters. All minor events requiring management's attention were duly addressed with dissemination of messages across the Company for avoidance of such incidents in the future.

HUMAN RESOURCE MANAGEMENT POLICY & SUCCESSION PLANNING

PEL attracts the finest talent for induction in all functions of the Company and ensures provision of a conducive environment to stimulate performance, in addition to market commensurate remuneration to retain quality workforce, and developing and refining their abilities for prospective leadership roles.

The Company ensures availability of competent personnel in each department through a comprehensive Succession Plan, carried out in terms of an individual's potential, qualification, period of service and professional attitude amongst other criteria. The succession policy is updated periodically in line with the Company's requirements and career objectives.

COVID-19 RESPONSE STRATEGY

As the world grapples with the extraordinary ramifications of the COVID-19 corona virus pandemic, we are confronting a human emergency dissimilar to any we have ever encountered and our social fabric is under extreme pressure. The pandemic has posed a serious challenge around the globe, affecting humanity without distinction. Therefore, in these extremely trying and uncertain times, the positive impact created by PEL, is most critical.

We take pride in placing its community, customers and Country at top priority and therefore strive to serve the same. Today, our purpose of contributing to a healthier future is more important than ever.

Some of the efforts undertaken by the Company in this pursuit are summarized below:

Establishment of Crisis Management Committee (CMC)

A central CMC has been established at its factory premises located at 14 KM Ferozepur Road Lahore. Committee after its formation nominated regional coordinators for necessary liaison with country wide sales and after sales service offices. The committees hold regular periodic meetings and provide operating guidelines on different aspects of business including workplace management, operational & materials management, IT management, wellbeing of employees and their families etc.

A few of the measures taken by CMC are listed below:

Monitoring COVID-19 Statistics & SOP(s)

The committee is regularly reviewing both of its manufacturing facilities including production floors, offices, officer's mess and workers canteen and area sales and after sales offices. Updated COVID-19 statistical reports are being circulated to the top management on regular basis.

Auditing of Administrative Policies

Regular in-house audits are being carried out for ensuring compliance of COVID-19 procedures. Observations and feedback is shared with the Heads of Departments for appropriate and timely action.

New Infrastructure & Protocol Updating for Covid-19 Prevention

Temperature screening is a major recommendation of the FDA and CDC for preventing COVID-19 spread in factory production line and offices. Thermal scanning cameras have been installed at factories and office entrances for accurate data availability & redundancy.

Workplace Management

HR Management and Contact Tracing

- Thorough contact tracing is carried out in case of suspected or confirmed COVID-19 cases.
- Employee travel, both inland and foreign, is discouraged and 14 days quarantine period is mandatory for inevitable case scenario.

- Day-care facilities have been discontinued and relevant female employees have been facilitated to work from home.

Workforce Management

Manning levels at company offices have been reduced to a minimum with Enterprise Business Application provided over internet cloud to facilitate 'work from home'. Complete lockdown was enforced at both factories at the onset of Pandemic.

Social distancing protocols are being strictly adhered to throughout the Company to ensure minimum personal contact. All meetings are being carried out through video / teleconferencing. Regular disinfections are also carried out as per WHO guidelines. Adherence to SOPs by all departments is regularly monitored to ensure maximum compliance.

Operational Management

Manpower Management

For both factories, two operational teams have been formulated with one working at minimum strength and the second working from home as backup.



Materials Management

Since the Pandemic has effected supply chain throughout the world, the Company has maintained sufficient inventory levels of critical spares and essential raw materials and consumables to ensure smooth operations.

IT Management

Heightened Steps for Information Security

Use of information technology by a large segment of global population has enhanced threat to Information Security. The Company has effectively raised its guards to protect IT assets and infrastructure from all IT threats. Further, employees are also continuously educated through emails to improve their cyber security posture.

Collaboration Arrangements

Microsoft Teams has been deployed on all computing devices across the Company to facilitate collaboration amongst workforce. PEL workforce now hold their routine meetings on Video / Audio conference calls using MS Teams collaboration software.

Support and Assistance for IT Services

Secure remote access services through SSL VPN have been provided to System & Application administrators and Power Users. To guarantee continuous uptime of services, remote alerting systems have been configured for system and network administrators to manage alerts and incidents. End users are being provided IT support through remote applications and communication tools.

Wellbeing of Employees and Families

Risk Communication and Health Monitoring

Awareness campaigns regarding preventive controls, SOPs for case identification, isolation and treatment are regularly shared with employees and their families.

SHARIAH COMPLIANCE

MUFTI ALTAF AHMED
Shariah Advisor

SHARIAH ADVISOR'S REVIEW REPORT

To the Board of Directors of
PAK ELEKTRON LIMITED

بسم الله الرحمن الرحيم
نحمده ونصلي على رسوله الكريم

I have conducted the Shariah Review of Pak Elektron Limited ("the Company") for the year ended December 31, 2020.

In my opinion and to the best of my knowledge and information provided by Company management with relevant explanation, I am of the view that during the period overall business operations of the Company are Shariah Compliant as well as the requirements of Shariah Governance Regulations, 2018. Additionally, a few observations and recommendations are as under:

- A few cases which were required to be consulted in accordance with the Shariah principles and market practices have been discussed and duly resolved.
- The earnings that have been realized from sources or by means prohibited by Shariah, in any, have been credited to the charity account, where applicable.
- It has been recommended that remaining amount kept under the head of charity, if any, should be disbursed to approved charitable organizations ASAP.
- The Company has part of its portfolio of assets covered through insurance companies instead of Shariah compliant Takaful. It must be fully converted into Takaful as soon as possible upon the next renewal.
- The Company has a part of its portfolio of finance through conventional finance instead of Shariah compliant financing facility. It also must be fully converted into Shariah compliant financing facility ASAP upon the next renewal.

May Allah make us successful in this world and hereafter and forgive our mistakes.



MUFTI ALTAF AHMED
Shariah Advisor

Dated: April 04, 2021

SHARIAH ADVISOR'S PROFILE

Mufti Altaf Ahmed has boastful academic background which comprises M.A Islamic Studies, M.A Arabic, MS Islamic Banking and Finance, Al-Takhasus Fil Ifta (Specialization in Islamic Jurisprudence), Shahadatul Aalimiyyah (Dars-e-Nizami) and Shahdaht-Hifz-e-Quran. Additional he has taken many courses and trainings including Banking, Halal Awareness, Accounting, Shariah Compliance and Audit, International Trade and Astronomy.

Mufti Altaf Ahmed has immense experience spanning over a decade in Shahriah Advisory and Consulting, Teaching and giving Shariah rulings.

CORPORATE GOVERNANCE

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

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

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

a) Male: **Eight**

b) Female: **One**

2. The composition of the Board is as follows:

| Category | Names |
|-------------------------|--|
| Independent Director | Mr. Asad Ullah Khawaja Mr. Muhammad Kamran Saleem |
| Non-Executive Directors | Mr. M. Naseem Saigol Syed Haroon Rashid Mr. Usman Shahid |
| Executive Directors | Mr. M. Murad Saigol Mr. M. 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

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below.

a) Audit Committee:

1. Mr. Asad Ullah Khawaja
2. Syed Haroon Rashid
3. Mr. Usman Shahid
4. Syed Manzar Hassan

b) HR and Remuneration Committee:

1. Mr. Asad Ullah Khawaja
2. Mr. Usman Shahid
3. Syed Manzar Hassan
4. Syed Haroon Rashid

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

M. Murad Saigol
Chief Executive Officer

M. Naseem Saigol
Chairman

Lahore:
April 05, 2021

CORPORATE GOVERNANCE

AUDIT COMMITTEE'S REPORT ON COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

Composition of The Audit Committee

Audit Committee of PEL's Board of Directors comprises of four directors. Two members of the Committee including the Chairman are independent non-executive directors, whereas the one member is a non-executive director. The names and profiles of the Audit Committee members are given on Page D 01 of the Report.

Financial Statements

The Committee has concluded its annual review of the Company's performance, financial position and cash flows during 2020, and reports that:

- The financial statements of PEL for the year ended 31 December 2020 have been prepared on a going concern basis under requirements of the Companies Act 2017, incorporating the requirements of the Code of Corporate Governance, International Financial Reporting Standards and other applicable regulations.
- These financial statements present a true and fair view of the state of affairs of the Company, its profits, cash flows and changes in equity of the Company for the year under review.
- The auditors have issued unmodified audit reports in respect of the above financial statements in line with the Auditors (Reporting Obligations) Regulations, 2018 issued by SECP.
- Appropriate accounting policies have been consistently applied, which have been appropriately disclosed in the financial statements.
- The Chairman of the Board, Chief Executive Officer, one director and the Chief Financial Officer have endorsed the financial statements of the Company, while the Directors' Report is signed by the Chief Executive Officer. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017. The financial statements comply with the requirements of the Fourth Schedule to the Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs.
- All related Party transactions have been reviewed by the Committee prior to approval by the Board.
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the External Auditors of the Company.
- Understanding and compliance with the codes and policies of the Company has been affirmed by the members of the Board, the management and employees of the Company. Equitable treatment of shareholders has also been ensured.
- Trading and holding, if any, of Company's shares by Directors and executives or their spouses and dependent children were notified in writing to the Company Secretary along with the price, number of shares, form of share certificates and nature of transaction, which were notified by the Company Secretary to the Board.
- All such holdings have been disclosed in the Pattern of Shareholdings. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business

decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Risk Management and Internal Control

- The Company has developed a sound mechanism for identification of risks and assigning appropriate criticality level and devising appropriate mitigation measures which are regularly monitored and implemented by the management across all major functions of the Company and presented to the audit committee for information and review.
- The Company has devised and implemented an effective internal control framework which also includes an independent internal audit function.
- The Internal Audit function is responsible for providing assurance on the effectiveness and adequacy of internal control and risk management framework in managing risks within acceptable levels throughout the Company.
- The Company's approach towards risk management and the kinds and detail of risks along with mitigation measures are disclosed in the Risks and Opportunities' section of this Report.

Internal audit

- The Company's system of internal controls is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company and shareholders' wealth, through assurances provided by internal audit function.
- The Internal Audit function has carried out its assignments in accordance with annual audit plan approved by the Audit Committee. The Committee has reviewed material Internal Audit findings, taken appropriate actions where necessary or brought the matters to the Board's attention where required.
- Audit Committee has provided proper arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters. Adequate remedial and mitigating measures are applied, where necessary.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit acumen and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives including a reliable financial reporting system.

External Auditors

- The statutory Auditors of the Company, Rahman Sarfaraz Rahim Iqbal Rafiq., Chartered Accountants, have completed their audit of the Company's Financial Statements, review of the Statement of Compliance with the Code of Corporate Governance for the financial year ended 31 December 2020 and shall retire on the conclusion of the 65th Annual General Meeting of the Company.
- The Audit Committee has discussed the audit process and the observations, if any, of the auditors regarding the preparation of the financial statements including compliance with the applicable regulations or any other issues.
- The Auditors either attended or were available for discussions, during the audit committee meetings where their reports were discussed. The Auditors confirmed their attendance of the 65th Annual General Meeting scheduled for April 29, 2021.

CORPORATE GOVERNANCE

AUDIT COMMITTEE'S REPORT ON COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

- Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants also provide corporate consulting services to the Company. The firm has no financial or other relationship of any kind with the Company except that of External Auditor and Corporate Consultant.
- Being eligible, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have offered themselves to be reappointed as auditors for the financial year 2021.
- The Committee is satisfied with the performance of the External Auditors. The engagement partner on the audit was Mr Zubair Irfan Malik. Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as External Auditors of the Company for the year ending 31 December 2021 at a mutually agreed fee.

The Audit Committee

The Audit Committee believes that it has carried out responsibilities to the full, in accordance with Terms of Reference approved by the Board, which included principally the items mentioned above and the actions taken by the Audit Committee in respect of each of these responsibilities. Evaluation of the Board's performance, which also included members of the Audit Committee was carried out separately and is detailed in the Annual Report.

Asad Ullah Khawaja
Chairman - Audit Committee

Lahore:
April 05, 2021

AUDITORS' REVIEW REPORT ON STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019



Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

72-A, Faisal Town,
Lahore - 54770, Pakistan.

T: +92 42 35160430 - 32
F: +92 42 35160433
E: lahore@rsrir.com
W: www.rsrir.com

Independent Auditor's Review Report

To the members of PAK ELEKTRON LIMITED
Review Report on the Statement of Compliance contained in Listed Companies
(Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ['the Regulations'] prepared by the Board of Directors of **PAK ELEKTRON LIMITED** for the year ended **December 31, 2020** in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended **December 31, 2020**.

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore: April 05, 2021





E

01-48

PERFORMANCE
AND POSITION

E 01

Chairman's
Review

E 03

CEO'S
Remarks

DIRECTORS' REPORT

E 05

Macro-economic
Overview

E 08

Analysis of
Financial and
Non-financial
Performance

E 13

Product-wise
Operating
Performance

E 17

Financial Ratios

E 19

Graphical
Analysis

E 21

Dupont
Anaylsis

E 22

Free Cash
Flow

E 23

Economic
Value Added

E 24

Summary of
Cash Flows

E 25

Horizontal
and Vertical
Analysis

E 29

Quarterly
Analysis

E 30

Direct Method
Cash Flow
Statement

E 31

Segmental
Review

E 32

Market Share
Information

E 33

Market
Overview

E 35

Pattern of
Shareholding

E 41

Capital
Expenditure

E 41

Dividend

E 41

Other Matters

E 48

Director
Report's in
Urdu

CHAIRMAN'S REVIEW

The cornerstone of our business philosophy revolves around customer satisfaction, capacity building and human resource. Our organization has passed through a dynamic phase where skills, technologies and scales are developed. With increased capacity and improved competitiveness our PEL brand is well positioned as a standout market leader.

I am pleased to inform that in this challenging economic era PEL maintained its shareholders' trust and market share due to its quality products and business practices.

Year 2020 will be remembered for COVID-19 spread and related economic vulnerabilities. Global supply chains remained suspended resulting in operational slowdowns and shutdowns. The Company also observed lockdowns and resumed operations after taking all protective measures advised by the Government of Punjab. At the close of the year, the Company achieved a revenue level of Rs.37.988 Billion despite the prevailing overall slow and hampered business activity due to COVID 19 spread. Home Appliances Division showing resilience recorded a mild decline in its revenues. The Company entered into business collaboration with Panasonic Marketing Middle East & Africa (PMMAF) on June 10, 2020. With this development, the companies have joined hands to offer a diverse range of premium and locally-fit products to better meet needs of Pakistani Market. Here its pertinent to mention that "Panasonic ACs" manufactured at PEL production facility during the year had an overwhelming response in local market.

Power Division posted revenues of Rs.12.899 billion against Rs. 9.834 billion of preceding year. Stimulated pace of ordering from WAPDA and Discos and timely execution by the Company is behind 31.17% revenue increase. Power Transformer manufacturing facility at 34-KM Ferozepur Road, after successful commissioning & trial run has started its commercial production. With this state of art manufacturing & testing arrangements, company will cater growing market demand.

After having a milestone achievement in electricity generation the next target is "Augmentation of T&D Infrastructure" for smooth supply to end consumers of electricity generated so far. The Company with state of art manufacturing and testing facilities, a well groomed team of professionals and prolonged customer relationship history expects due market share with post COVID-19 expected economic revival.

Under the prevailing competitive circumstances we remain committed to our strategy of steady growth in quality avenues with significant emphasis on product development. The cornerstone of our business philosophy revolves around customer satisfaction, capacity building and human resource. Our organization has passed through a dynamic phase where skills, technologies and scales are developed. With increased capacity and improved competitiveness our PEL brand is well positioned as a standout market leader.

I congratulate the Board of Directors for their commendable efforts and outstanding leadership despite the challenging economic environment and appreciate their commitment for sustainability of financial performance of the Company and for ensuring value creation for shareholders

Finally it gives me an immense pleasure that the Company is taking preventive measures against COVID 19 spread to safeguard health of its employees, suppliers, vendors and others visiting company premises necessarily in line with company business.

M. Naseem Saigol
Chairman

Lahore
April 05, 2021

چیمبرین کا جائزہ

موجودہ مسابقتی ماحول میں کمپنی مصنوعات میں بہتری کے مسلسل عمل اور اپنے محصولات کو بڑھانے کی پالیسی پر سنجیدگی سے گامزن رہی ہے ہمارا کاروباری فلسفہ صارف کی تسلی، کاروباری گنجائش اور ہیومن ریسورس میں اضافہ کے گرد گھومتا ہے۔ ہماری کمپنی نے ایک متحرک ماحول میں رہتے ہوئے اپنی مہارت اور تکنیکی ترقی کو مضبوط کیا ہے اور اس سے PEL برانڈ کو بطور مارکیٹ لیڈر کے مقام ملا ہے۔

میں بورڈ آف ڈائریکٹرز کو مشکل معاشی حالات کے باوجود قابل ستائش کوششوں اور شاندار قیادت کیلئے مبارکباد دیتا ہوں اور اُن کی کمپنی کے مالیاتی کارکردگی کے استحکام اور حصص داران کیلئے Value Creation کے عزم کی قدر کرتا ہوں۔ آخر میں مجھے یہ بتاتے ہوئے بہت خوشی ہو رہی ہے کہ آپ کی کمپنی نے COVID-19 کے پھیلاؤ کے دوران اپنے ملازمین، سپلائرز، وینڈرز اور وہ لوگ جو کاروبار کے سلسلہ میں فیکٹری آتے رہے ہیں کہ تحفظ کے لیے بھرپور حفاظتی اقدامات اٹھائے ہیں۔

ایم نسیم سہگل
چیمبرین

لاہور

05 اپریل 2021ء

مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ آپ کی کمپنی نے مشکل حالات کے باوجود اپنے حصہ داران کا اعتماد بحال رکھا۔ مصنوعات اور کاروباری اطوار کے سبب اپنا مارکیٹ شیئر بھی قائم رکھا۔ سال COVID-19 2020 کے پھیلاؤ اور اس کے نتیجے میں پیش آنے والی معاشی سست روی کے حوالے سے یاد رکھا جائے گا۔ آپ کی کمپنی نے بھی حکومتی ہدایات کے مطابق لاک ڈاؤن کیا اور مطلوبہ حفاظتی اقدامات کرنے کے بعد دوبارہ کمپنی آپریشن شروع کیے۔ مشکل معاشی حالات کے باوجود آپ کی کمپنی نے 37.988 بلین روپے کے محصولات کیے۔

ہوم اپلائنسز ڈویژن نے باوجود معاشی سست روی کے اپنے محصولات میں معمولی کمی ریکارڈ کی۔ کمپنی نے پیناسونک مارکیٹنگ ٹرل ایسٹ اینڈ افریقہ (PMMAF) کے ساتھ کاروباری اشتراک کا ایک معاہدہ 10 جون 2020ء کو سائن کیا۔ جس کے تحت دونوں کمپنیاں مقامی مارکیٹ سے مطابقت والی مصنوعات متعارف کرائیں گی۔ یہاں یہ ذکر کرنا بر محل ہوگا کہ کمپنی نے اپنی پروڈکشن لائن پر تیار کیے ہوئے "Panasonic ACs" مارکیٹ میں متعارف کرائے جن کو زبردست پزیرائی ملی ہے۔

پاور ڈویژن کے دوران سال 12.899 بلین روپے کے محصولات گذشتہ سال کے 9.834 بلین روپے کے مقابلے میں 31.17 فیصد سے زیادہ رہے۔ اس اضافے کی وجہ واپڈا کی تقسیم کار کمپنیوں کی طرف سے ملنے والے آرڈرز کے نظام الاوقات میں ہونے والی مثبت تبدیلی ہے۔ زیرہ جائزہ سال میں کمپنی کی پاور ٹرانسفارمر کی پروڈکشن لائن نے جو کہ 34 کلومیٹر فیروز پور روڈ لاہور پر نصب کی گئی ہے نے تجرباتی پیداوار کے عمل سے گزر کر تجارتی بنیادوں پر پیداوار کا آغاز کر دیا ہے۔ اس شاندار پیداواری تجربے سے کمپنی پاور ٹرانسفارمر کی طلب میں ہوتے ہوئے اضافہ سے فائدہ اٹھا سکے گی۔ بجلی کے پیداواری اہداف کے حصول کے بعد اب ساری توجہ پیدا شدہ بجلی کو صارف تک پہنچانے کے لیے T & D Infrastructure Augmentation پر مرکوز ہوگی اور آپ کی کمپنی اپنی شاندار پروڈکشن اور ٹیسٹنگ لائن، پیشہ ورانہ صلاحیتوں سے بھرپور ٹیم اور واپڈا تقسیم کار کمپنیوں سے تعلقات کے شاندار ماضی کے باعث توقع رکھتی ہے کہ معاشی سست روی کے اختتام پر بڑھتی ہوئی طلب میں اپنا مارکیٹ شیئر حاصل کرے گی۔

CEO'S REMARKS

During Year 2020, rapid COVID-19 spread and sharp deterioration in global economic outlook created severe economic and financial shock for many countries around the world. However, in Pakistan the current shock transmits mainly through slowdown in economic activity, lower tax revenue and higher Government financing needs relative to pre-COVID-19.

Likewise others industries, in compliance of government directives company went for operational shutdown and resumed its operations after Government's permission and embracing all advised necessary protective measures. Despite of challenging environment, company showing great resilience remained in market with a tangible presence and earned profits in these difficult times due to Company's ongoing R&D process and cost effective designs.

In the era of shrinking disposable Incomes, Appliance Division business showing resilience registered a mild volume decline. Company continued to launch energy efficient and esthetically improved "New Series" in complete products to strengthen its market presence. Refrigerator energy efficient wide body "Jumbo freezer Series", with extended space and improved esthetics launched during the year is well received in the market. Company's energy efficient with improved esthetics Air Conditioners of Basic Series "ACE, APEX, Arctic", FIT Series "Fit White, Fit Black, Fit Chrome" and Full Series "Jumbo DC, Turbo DC" always remained consumers preferred choice. New energy efficient "InverterON" series of Refrigerators with improved aesthetics start ability of 100V, compatible to run on UPS and "Crystal Series" with elegant glass door designs, received a warm market response. The Company kept on improving

product features, introduce aesthetics and increase product range that led to strengthening the customer's confidence.

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

In year 2020, Power Division registered revenue of Rs. 12.899 Million with an increase @31.17% against Rs.9,834 Million of previous year, due to stimulated pace of ordering from WAPDA and Discos and timely execution by company. Power Transformer manufacturing facility at 34-KM Ferozepur Road, after successful commissioning & trial run has started its commercial production. With this state of art manufacturing & testing arrangements, company will cater growing market demand. We foresee a potential recovery and further growth momentum in power division due to electricity T&D infrastructure augmentation needs after managing electricity generation shortfall.

Despite of troubled economic era, company by effective resource mobilization and capabilities capitalization managed profit of Rs. 223 Million. Government relief package, decline in policy rate and payroll financing from April to September 2020 contributed towards company profitability and eased out company cash flows. Earning per share for the year 2020 is Rs.036 against Rs.027 of previous year.

Market Competitiveness is core company objective as it leads to long term sustainability. Set of capabilities aligned with latest market trends is way to survive in this highly competitive

environment. Company is always investing in upgrading & expanding its manufacturing and testing facilities to improve product quality and meet growing demand. Further company is always augmenting its production & operational capabilities through technical collaborations, product certification and strategic partnerships. Company arranges outsourced and in house trainings to align its human resource capacity with latest trends.

Company performance during 2020, besides our planned diversification & productivity initiatives, Aggressive marketing campaign, persistent pricing pressure and strong market competition continue to pose challenges for Company profitability and performance. However, we remain committed to drive the business forward and explore the new avenues despite these numerous challenges. Resilient brand equity and dedication provide confidence of sustained profitability for the shareholders of the Company.

M. Murad Saigol
Chief Executive Officer

Lahore
April 05, 2021

سی ای او کے تاثرات

سال 2020ء میں COVID-19 کے پھیلاؤ کے باعث عالمی معیشت تیزی سے تنزلی کا شکار ہوئی اور دنیا کے بیشتر ممالک میں بہت سخت قسم کے مالی اور معاشی اتار چڑھاؤ دیکھنے میں آئے۔ تاہم پاکستان میں اس سے پہلے ہی کم ٹیکس کے محصولات، زیادہ مالیاتی ضروریات اور معاشی سست روی کے باعث حالات بہتر نہیں تھے۔

دوسری ملکی صنعتوں کی طرح حکومتی ہدایات کے پیش نظر آپ کی کمپنی کو بھی اپنا کاروبار بند کرنا پڑا۔ تاہم COVID-19 کی حفاظتی تدابیر سے مشروط اجازت نامہ ملنے کے بعد دوبارہ اپنا کام شروع کیا۔ مشکل معاشی حالات کے باوجود آپ کی کمپنی نے ثابت قدمی کا مظاہرہ کرتے ہوئے نہ صرف اپنی مارکیٹ پوزیشن برقرار رکھی بلکہ منافع جات بھی کمائے اور یہ سب کمپنی کے مسلسل R&D کے عمل اور پیداواری لاگت کے بہترین ماڈل کی وجہ سے ممکن ہوا۔

اس کم ہوتی ہوئی قابل خرچ آمدنی کے دور میں ہوم اپلائنسز ڈویژن کے محصولات میں معمولی کمی دیکھنے میں آئی ہے تاہم کمپنی نے کم بجلی خرچ کرنے والی مصنوعات کی نئی سیریز دلکش ڈیزائنز کے ساتھ متعارف کروا کر اپنی مارکیٹ پوزیشن کو مستحکم رکھا۔ دوران سال ریفریجریز کی زیادہ گنجائش، بجلی کے کم خرچ اور بڑے فریزر کمپارٹمنٹ والی متعارف کرائی جانے والی Jumbo Freezer

Series نے مارکیٹ میں بہت پذیرائی حاصل کی۔ ایئر کنڈیشنرز کی دیدہ زیب اور کم بجلی کا استعمال کرنے والی "ACE, APEX, Arctic" Basic Series

"Fit white, Fit Black Fit FIT Series

"Jumbo" Full Series اور Chrome" DC, Turbo DC ہمیشہ سے صارف کی ترجیح رہی ہیں۔ ریفریجریز کی کم بجلی کے خرچ والی

Invertor ON سیریز جو کہ UPS پر بھی چل سکتی ہے

اور گلاس ڈور Crystel سیریز اپنے دلکش ڈیزائنز کی وجہ سے بہت مقبول رہی ہیں۔ کمپنی نے ہمیشہ اپنی دلکش

مصنوعات کو خصوصیات اور دلکشی میں بہتری کے عمل کو جاری رکھتے ہوئے اپنے صارف کے اعتماد کو مضبوط کیا ہے۔

زیر جائزہ سال میں کمپنی نے پیناسونک مارکیٹنگ مڈل ایسٹ اینڈ افریقہ (PMMAF) کے ساتھ ایک کاروباری شراکت کا معاہدہ کیا اور PEL کی پروڈکشن لائن پر تیار کردہ Panasonic ACs مارکیٹ میں متعارف کروائے جن کو مارکیٹ میں زبردست پذیرائی حاصل ہوئی۔ اور مستقبل میں اس کی بہت زیادہ طلب بڑھنے کا امکان ہے۔

سال 2020ء کے دوران پاور ڈویژن کے محاصل 31.17 فیصد اضافہ کے ساتھ 12,899 ملین روپے رہے جو کہ گزشتہ سال 9,834 ملین روپے تھے۔ اس کی بنیادی وجہ واپڈ کی تقسیم کار کمپنیوں کے آرڈرنگ سسٹم میں ہونے والی تیزی اور کمپنی کی بروقت سپلائی ہے۔ پاور ٹرانسفارمر کی 34 کلومیٹر فیروز پور روڈ لاہور پر قائم شدہ پروڈکشن لائن نے بھی دوران سال کامیاب تجرباتی پیداوار کے بعد کاروباری بنیادوں پر پیداوار کا آغاز کر دیا ہے۔

جس سے کمپنی اس کاروبار کی بڑھتی ہوئی طلب کو پورا کر سکے گی۔ ہم مستقبل میں معاشی بحالی کے امکانات کے پیش نظر پاور ڈویژن کے کاروبار میں نمو کے رجحانات کو دیکھ رہے ہیں۔ کیونکہ بجلی کے پیداواری اہداف حاصل کر لینے کے بعد اب ساری توجہ بجلی کے ترسیلی نظام کو بہتر کرنے پر ہوگی تاکہ پیدا شدہ بجلی کو صارف تک منتقل کیا جاسکے۔

مشکل معاشی حالات کے باوجود کمپنی نے اپنے وسائل اور اپنی صلاحیتوں کا موثر استعمال کرتے ہوئے 224 ملین روپے کا خالص منافع کمایا ہے۔ حکومتی

COVID-19 کے امدادی چیک کے نتیجے میں شرح سود میں کمی اور Payroll فنانسنگ جیسے اقدامات نہ صرف

منافع کا باعث بنے ہیں بلکہ اس سے Cash Flow بھی آسان ہوئی ہے۔ فی حصص منافع سال 2020ء میں 0.36 روپے رہا جو کہ گزشتہ سال

0.27 روپے تھا۔

مارکیٹ کی مسابقتی پوزیشن کمپنی کا اولین مقصد ہے جو کہ کاروبار کو طویل المیعاد بنیادوں پر استحکام بخشتا ہے۔ کمپنی نے مسابقتی ماحول میں اپنی صلاحیتوں کو جدید رجحانات سے ہم آہنگ کرتے ہوئے اپنی جگہ بنائی ہے۔ کمپنی نے

ہمیشہ اپنی پیداواری صلاحیتوں کو بڑھانے اور جدید خطوط پر استوار کرنے کے لیے وسائل کا بھرپور استعمال کیا ہے تاکہ وہ مصنوعات کے معیار اور مارکیٹ کی بڑھتی ہوئی طلب کو پورا کر سکے۔ اس کے علاوہ کمپنی نے تکنیکی معاونت کے معاہدہ جات اور اپنی مصنوعات کی بین الاقوامی اداروں کے ساتھ کاروباری شراکت جیسے اقدامات اٹھائے ہیں۔ کمپنی اپنی ٹیم کو جدید رجحانات سے آشنائی کے لیے فیکٹری کے اندر اور باہر مختلف تربیتی نشستوں کے اہتمام سے ان کی صلاحیتوں میں اضافہ کرتی ہے۔

تاہم سال 2020ء میں کمپنی کے مختلف اقدامات جیسا کہ جدید پیداواری رجحانات کی طرف پیش قدمی، بھرپور اشتہاری مہم کے باوجود مسلسل قیوتوں کے بڑھتے ہوئے رجحانات اور مسابقتی ماحول کے نتیجے میں کمپنی کی کارکردگی

اور منافع جات کے لیے مشکلات درپیش رہیں۔ تاہم ہم آنے والے وقت میں کاروبار کو مزید بڑھائیں گے اور مثبت قدمی، مقبول عام برانڈز اور مخلصانہ کوششوں کے نتیجے میں اپنے حصہ داروں کے لیے منافع کمائیں گے۔

ایم مراد سہگل

چیف ایگزیکٹو آفیسر

لاہور

05 اپریل 2021ء



DIRECTORS' REPORT

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

MACRO - ECONOMIC OVERVIEW

Global Economic Over View

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

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

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

Domestic Economic

The global economy is emerging from one of its deepest recessions and has started to demonstrate slow recovery after the crisis caused by COVID-19. Unlike other countries, Pakistan has shown great resilience and was fortunate enough to successfully elude severe effects of the pandemic. The domestic recovery has gradually gained momentum, in line with expectations for

growth of slightly above 2% in FY21. On the inflation front, recent numbers have been on the higher side, due to increase in food prices. However, these supply-side pressures are likely to be temporary and average inflation is expected to fall below 8% for FY21. Revenue collection was recorded at Rs. 1.7 trillion during 5MFY21, slightly higher than the target set for the period.

The external position continued to strengthen as the country posted its first half-yearly current account (CA) surplus in more than five years. The cumulative surplus was recorded at USD 1.6 billion in December 2020 against last year's deficit of USD 2.2 billion. Exports registered an impressive growth of 5% in 6M FY21 with highest ever monthly figure of USD 2.4 billion in December 2020. However, this was still not sufficient to match the surge in imports which resulted in widening of trade deficit by 6.4%. The turnaround in CA balance, however, was supported by an upturn in remittances, which reached an all-time high level of USD 14.2 billion. This was primarily due to supportive policy measures, travel restrictions and increased use of formal channels. The progress on the external front helped Pak Rupee to appreciate by 3.8% against USD, since September 2020. This reinforced external buffers as State Bank of Pakistan's (SBP) foreign exchange reserves rose

to USD 13.4 billion, highest since February 2018. Moreover, to support the emerging recovery, SBP has maintained the policy rate at 7% since June 2020. The overall positive momentum reflected in improved valuations at Pakistan Stock Exchange which continued its upward trajectory, and the 100-index closed at 43,755 points.

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

Industry Overview

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

**Scientific
advancement
should aim to
affirm and to
improve human
life**

- Nathan Deal



DIRECTORS' REPORT

COVID 19, raw material supply is becoming increasingly constrained and prices are on the rise putting pressure on profitability.

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

The Company

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

Company's wholly subsidiary PEL Marketing Private Limited (PMPL) has been amalgamated into Pak Elektron Limited (PEL) with

effect from April 30, 2020 after necessary approvals from company's board of directors and Securities and Exchange Commission of Pakistan, "the regulator". After Amalgamation, the financial statements for the year ended December 31, 2020 show the post amalgamation results of Pak Elektron Limited (PEL). Accordingly, these are not directly comparable to financial results of pre amalgamation for the year ended on December 31, 2019.

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

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

ANALYSIS OF FINANCIAL AND NON-FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE

Summary of financial results for the current year in comparison budgeted results for the current and with the reported results of the previous year is as follows:

| | Rupees in million | | |
|-----------------------------|-------------------|------------------|-------------------|
| | 2020 (Actual) | 2020 (Budget) | 2019* (Actual) |
| Gross revenue | 37,988 | 39,000 | 37,621 |
| Gross profit | 6,402 | 6,250 | 6,573 |
| Operating profit | 2,557 | 2,250 | 3,364 |
| Finance cost | 2,198 | 2,360 | 2,480 |
| Profit before tax | 356 | (110) | 881 |
| Profit after tax | 224 | (110) | 879 |
| Earnings per share - Rupees | 0.36 | (0.22) | 1.68 |

* During the year, PEL Marketing (Private) Limited, a wholly-owned subsidiary of the Company, was amalgamated into the Company. Therefore, for the purpose of comparison, the corresponding amounts presented for the year 2019 are based on consolidated financial statements of the Company, comprising financial statements of the Company and PEL Marketing (Private) Limited.

During the year, the Company's revenues registered at Rs. 37,988 Million and gross profit stands at Rs.6,402 Million. While Company attained profit amounting Rupees 224 million against Rupees 179 Million of preceding year. Earnings per share for the year is Rupees 0.36 against Rupees 0.27 of last year. There is a reduction in sales of Appliance Division on account of operational lock down and overall COVID-19 related economic shades by 9.71% as compared to corresponding period. The testing macro- economic conditions have led to increase in input costs as a result of abrupt Pak Rupee depreciation, rise in petroleum products prices and mounting inflation. However, Power Division registered revenues growth @ 31.17%, from last year due to early resumption of operations after lock down and timely ordering from WAPDA Distribution Companies. Our post lock down operations showed promising recovery of overall business suffered in lock down period.

Revenue

37,988

(Rs. in million)



Break-up value per share

62.82

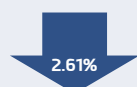
(Rs. in million)



Gross profit

6,402

(Rs. in million)



Financial leverage

0.59

(Times)



Profit after taxation

224

(Rs. in million)



Total assets

54,793

(Rs. in million)



Earnings per share

0.36

(Rupees)



Total equity

31,715

(Rs. in million)



Return on equity

0.71

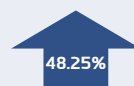
(% age)



Share price

40.13

(Rupees)






DIRECTORS' REPORT

NON-FINANCIAL PERFORMANCE


As regards non-financial targets, the Company continues to remain on track having maintained its market share, added new products, improved existing product features and aesthetics, continued focus on human resource development and maintained healthy relationship with all key stakeholders.


Non-Financial Indicators

| Capital forms | Objective | KPI's monitored | Future relevance |
|--|---|--|--|
|  MANUFACTURED CAPITAL | Product innovation and development | <p>Improved product features and aesthetics for existing products.</p> <p><i>New series for refrigerator, air conditioner and water dispenser with new features and improved aesthetics were launched during the year.</i></p> | <p>Yes.</p> <p><i>The Company continues to recognize the importance of consumer-driven product development.</i></p> |
| | Diversification | <p>Product range.</p> <p><i>LED TV and washing machines launched during the year and well-received in the market</i></p> | <p>Yes.</p> <p><i>There are still numerous unexplored product lines that are offered by our current competitors</i></p> |
| | Maintain industry leadership and market presence | <p>Market share and sales/service center and dealer network.</p> <p><i>The Company has been able to maintain its market shares despite tough competition and has nation-wide sales, service center and dealer network.</i></p> | <p>Yes.</p> <p><i>Planned and integrated marketing campaigns and increasing access to customers through a nationwide sales/service center and dealer network is vital for the Company to maintain industry leadership and market presence.</i></p> |
| | Enhance production facilities and processes to improve efficiency | <p>Technology upgradation activities.</p> <p><i>The Company has kept itself up-to-date with the latest technology advancements to achieve production efficiencies</i></p> | <p>Yes.</p> <p><i>The Company believes that in order to achieve efficiencies and economies of scale, it has to remain a technology forerunner.</i></p> |

| Capital forms | Objective | KPI's monitored | Future relevance |
|---|--|--|---|
|  HUMAN CAPITAL | Personnel development | <p>Training and education programs for employees.</p> <p>Technical and non-technical training programs were arranged during the year for employees at various levels both internally and externally</p> | <p>Yes.</p> <p>Human Capital shall continue to remain one of the most important areas of focus for the Company.</p> |
| | Occupational health and safety | <p>Health and safety policies in place, training activities conducted and number of health and safety incidents.</p> <p><i>The Company provides a safe and congenial environment to its employees. Strict and stringent safety policies have been put in place to avoid risk of accident. Health and safety trainings are were carried out regularly during the year. No major health and safety incidents occurred during the year.</i></p> | <p>Yes.</p> <p><i>Employee safety shall continue to remain and integral part of the Company's agenda.</i></p> |
|  FINANCIAL CAPITAL | Have sufficient liquidity to meet liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation | <p>Timely payments</p> <p><i>The Company has maintained sufficient liquidity and has met its liabilities as and when due.</i></p> | <p>Yes.</p> <p><i>Having sufficient liquidity is critical for the Company's survival.</i></p> |

DIRECTORS' REPORT

| Capital forms | Objective | KPI's monitored | Future relevance |
|---|--|--|--|
|  <p>SOCIAL AND RELATIONSHIP CAPITAL</p> | Increasing shareholder's wealth | <p>Market share price</p> <p><i>The Company's market share price decline during the year as it is directly impacted by the Company's performance</i></p> | <p>Yes.</p> <p><i>The Company's shareholders shall continue to be of the prime focus.</i></p> |
| | Maintaining supplier relationships | <p>Payable days</p> <p><i>The Company has substantially maintained 'Payable Days' which is evident of the Company's policy for timely payment to its suppliers</i></p> | <p>Yes.</p> <p><i>The Company values its relationships with suppliers and shall continue to make timely payments</i></p> |
| | Maintaining customer relationships | <p>Sale/service center and dealer network, after sales services and customer feedback.</p> <p><i>The Company has a nationwide sales/center and dealer network to maintain access to customers and provide efficient after sales services, and monitors customer feedback for improvement</i></p> | <p>Yes.</p> <p><i>The Company believes that customer relations is a fundamental function and is vital for the Company's growth</i></p> |
| | Be a socially responsible corporate entity | <p>CSR initiatives and activities.</p> <p><i>The Company undertook several CSR initiatives and activities during the year and continued to give back to the community through a broad range of community initiatives, charity giving, foundation grants and volunteerism.</i></p> | <p>Yes.</p> <p><i>At PEL, we pride ourselves in aligning our business strategy to meet societal needs.</i></p> |

| Capital forms | Objective | KPI's monitored | Future relevance |
|--|--------------------|---|--|
|  INTELLECTUAL CAPITAL | Product innovation | <p>Improved product features and aesthetics for existing products.</p> <p>New series for refrigerator, air conditioner and water dispenser with new features and improved aesthetics were launched during the year.</p> | <p>Yes.</p> <p>The Company recognizes the importance of meeting the innovation intensive needs of its customers.</p> |

METHODS AND ASSUMPTIONS USED IN COMPILING KEY PERFORMANCE INDICATORS

The Company sets budgetary targets for various financial and non-financial indicators on an annual basis which are approved by the Board of Directors. Key Performance Indicators are identified based on how effectively these reflect the Company's performance and position. Various factors, including but not limited to, general market conditions, the Company's market positioning, competitors are taken into account while compiling these indicators. Actual performance is analyzed against budgetary targets by monitoring key performance indicators on a regular basis.

The Company's financial performance and position are the most basic financial indicators. The Company analyses revenue, gross profit, profit after taxation, earnings per share and return on equity to assess its performance. Total equity, total assets and break-up value per share are analyzed to gauge the Company's financial position. Market share price is also a very important financial indicator as the Company's market perception is measured directly with reference to its market share price.

Non-financial indicators are set for business objectives associated with various forms of capital including those pertaining business growth and expansion, product development, human resource development and relationships with key stakeholders etc.

CHANGES IN INDICATORS AND PERFORMANCE MEASURES

There were no changes in indicators and performance measures from the previous years.

DIRECTORS' REPORT

PRODUCT WISE OPERATING PERFORMANCE

Refrigerator

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

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

Despite of COVID 19 miseries, company product showed a promising market presence. With the continued market stabilization as a result of

expected economic revival and smooth IMF program, improvement in disposable income of middle class is expected and demand of refrigerators will be again on its growth trajectory. Further your company is well positioned to bridge a wide product penetration gap especially in rural areas.

Air conditioner (AC)

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

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

ACs lower penetration level indicates its future growth potential and your company is quite confident to expand its market presence. As present COVID 19 crises settle, a robust product demand is expected and your company is well equipped to grasp the opportunity.

Emerging Middle-Class and growing urbanization are potential market growth drivers. Company's country wide highly responsive after sales services network is also playing a vital role to win "Consumer Confidence".

Deep Freezer

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

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

negotiation with Punjab Beverages (PEPSI) and Fauji Foods Limited "NURPUR" for maintenance services of Deep Freezers, Visi Coolers, Chest Coolers and Chillers in different parts of Pakistan.

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

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

Microwave Oven

During the year Microwave Oven registered a revenue growth @ 37.71% over preceding year despite COVID19 and related economic slowdown. Company microwave ovens with improved product features offer a unique cooking experience. Inspired by user's need, both solo and grill models have been launched. PEL microwave ovens are equipped with manual as well as digital interface depending on customers' needs. During the year, four new models in "Classic Plus Series", "Sliver line Series" and "Glamour Series introduced well received by market. These products are well-designed and recommended for space-saving, they also offer customized cooking experience.

Water Dispenser

To meet consistent market demand, Company launched locally manufactured Water Dispensers in 2017. Warm market reception and growing market demand is quite encouraging as this business segment showed resilience despite of overall challenging environment. We are quite confident as current is slow down settles, again immense

demand of water dispensers will arise. The continuous research and development activities are on the way to improve product quality & esthetics. During the year company has launched esthetically improved "Curved Glass Doors "series in various colors and a new basic model PWD 115 Pearl with hot and cold water along with a storage cabinet.

LED Television

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

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

Washing Machines

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

After successful launch of Semi-Automatic & Fully Automatic Machines, this year Company added 'TWIN Tub' Washing

Machines by maintaining good quality and performance. As a first move, Company has introduced Smart Touch Washing Machine Fully Automatic variant which comprises of a capacitive Panel.

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

Distribution Transformer (DTR)

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

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

Overall, the power sector in Pakistan remains bullish with a growing futuristic outlook. All of the major distribution companies have plans to augment their distribution networks, which is expected to result in business growth in this segment for year 2021. As the country is slowly but steadily progressing out of the slowdown caused by COVID-19, a robust demand of Distribution Transformers is

DIRECTORS' REPORT

expected and your Company is very well equipped to take this opportunity. Also, the revival of local Industrial Sector (Especially textile, construction, IT etc.) has created an incremental demand from private sector. Further, we are confident that we will gain our due share of distribution transformers in present government's initiative of Five Million houses of "Naya Pakistan Housing Authority Project".

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

Power Transformer (PTR)

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

The tremendous growth phenomenon of power transformers continued in 2020 and this year again after 2019, there was a revenue growth of 166%. Moreover, company undertook renewal of its

20/26MVA power transformer model and also managed short circuit testing from STL Lab (VEIKI-VNL Lab Hungary). This has again been a big ask in COVID hit 2020 and despite the extreme travel restrictions, Power Transformer team has taken the challenge and the process of short circuit testing is likely to complete in first quarter of 2021. After being completely self-sufficient in manufacturing and acquiring all these qualifications, power transformers are expected to bring profitable returns in future.

In recent years, Pakistan has developed required power generation capacity and the next priority is to make the same available to end consumers for which augmentation of T&D infrastructure is required. And demand of Power Transformers, being high value item in grid stations, will increase. We are confident that your company being key player in this segment will gain its due business share from WAPDA Distribution

Companies. With the revival of local industry an additional demand of Power Transformer is also expected. Housing Sector Growth backed by rapid urbanization and population pressure will also increase demand of Power Transformers.

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

Switch Gears (SG)

Company is among the Pioneers of Switch Gear Industry in Pakistan and is engaged in Switch Gear business since its inception in 1958. PEL is one of the leading manufacturers of Pakistan. Despite overall economic slow due to COVID 19break out, switch gear business revenues reflected growth @ 50.81% during the year under review, as a result

of favorable timing of ordering from WAPDA distribution companies and its timely execution.

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

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

Energy Meters

Despite of pervading slowdown Energy Meter Business posted a 18.33% revenue growth over previous year due to timely execution of ordering from WAPDA Distribution companies. Your company has developed Three Phase AMR enabled GSM/GPRS Electronic Meter, which is in the process of approval from PEPCO. Company has also developed LT/HT type multifunction dual meter for medium & high voltage

applications to be used in LV&HV Switchgears and also been offered to PEPCO for approval. New designs are updated with the latest solid-state electronics with a focus to improve quality as well to enhance the production capability.

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

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

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

EPC Contracting

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

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

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

DIRECTORS' REPORT

FINANCIAL RATIOS

| | Unit | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|------------------------------------|--------------------|----------------|---------|---------|--------|--------|--------|
| Profitability Ratios | | | | | | | |
| Gross Profit ratio | % | 22.23 | 23.56 | 24.60 | 29.41 | 30.87 | 29.59 |
| Net Profit to Sales | % | 0.78 | 3.15 | 4.82 | 10.67 | 13.68 | 11.46 |
| EBIT margin | Rupees in millions | 2,671 | 3,383 | 3,765 | 5,173 | 5,691 | 5,295 |
| EBITDA margin | Rupees in millions | 3,829 | 4,368 | 4,616 | 6,055 | 6,541 | 6,041 |
| % change in sales | % | 0.98 | (3.51) | (7.93) | 24.10 | 16.37 | 21.54 |
| % change EBIT margin | % | (21.04) | (10.14) | (27.23) | (9.10) | 7.47 | 19.32 |
| EBITDA Margin to Sales | % | 13.29 | 15.66 | 16.23 | 19.53 | 24.38 | 24.05 |
| Operating Leverage | Times | (21.57) | 2.89 | 3.44 | (0.38) | 0.46 | 0.90 |
| Return on Equity | | | | | | | |
| - without revaluation reserves | % | 0.86 | 3.56 | 5.79 | 14.56 | 17.61 | 18.96 |
| - with revaluation reserves | % | 0.71 | 2.86 | 4.53 | 12.25 | 14.39 | 14.40 |
| Return on Capital Employed | % | 0.46 | 1.87 | 3.12 | 7.68 | 9.28 | 8.13 |
| Liquidity Ratios | | | | | | | |
| Current ratio | Times | 1.98 | 1.76 | 1.77 | 2.40 | 2.84 | 2.52 |
| Quick / Acid Test ratio | Times | 1.28 | 1.19 | 1.04 | 1.55 | 1.73 | 1.61 |
| Cash to Current Liabilities | Times | 0.04 | 0.03 | 0.03 | 0.05 | 0.07 | 0.07 |
| Cash Flow from Operations to Sales | Times | 0.02 | 0.13 | (0.04) | 0.05 | 0.05 | 0.05 |
| Activity/Turnover Ratios | | | | | | | |
| Inventory turnover ratio | Times | 2.59 | 2.30 | 2.27 | 2.74 | 2.64 | 2.83 |
| No. of Days in Inventory | Days | 141 | 159 | 161 | 133 | 138 | 129 |
| Debtor turnover ratio | Times | 3.85 | 3.86 | 3.73 | 4.42 | 4.23 | 3.96 |
| No. of Days in Receivables | Days | 95 | 95 | 98 | 83 | 86 | 92 |
| Creditor turnover ratio | Times | 19.11 | 23.08 | 26.07 | 27.39 | 24.72 | 23.59 |
| No. of Days in Payables | Days | 19 | 16 | 14 | 13 | 15 | 15 |
| Total Assets turnover ratio | Times | 0.53 | 0.54 | 0.55 | 0.71 | 0.67 | 0.69 |
| Fixed Assets turnover ratio | Times | 1.56 | 1.62 | 1.75 | 2.39 | 2.04 | 1.85 |
| Operating Cycle | Days | 217 | 238 | 245 | 203 | 210 | 206 |
| Investment/Market Ratios | | | | | | | |
| Earning per Share - Basic | Rupees | 0.36 | 1.68 | 2.67 | 6.56 | 7.51 | 6.61 |
| Earning per Share - Diluted | Rupees | 0.36 | 1.68 | 2.67 | 6.56 | 7.51 | 6.61 |
| Price Earnings ratio | Times | 110.26 | 16.12 | 9.33 | 7.24 | 9.49 | 9.46 |
| Price Book ratio | Times | 0.37 | 0.26 | 0.24 | 0.54 | 0.89 | 0.70 |
| Dividend Yield ratio | % | - | - | - | 5.16 | 2.46 | 2.00 |
| Dividend Payout ratio | % | - | - | - | 37.34 | 23.31 | 18.91 |
| Dividend Cover ratio | Times | - | - | - | 2.68 | 4.29 | 5.29 |
| Cash Dividend per Share | Rupees | - | - | - | 2.45 | 1.75 | 1.25 |
| Market Value per Share | | | | | | | |
| - year end | Rupees | 40.13 | 27.07 | 24.90 | 47.49 | 71.28 | 62.54 |
| - high during the year | Rupees | 40.37 | 28.74 | 61.85 | 123.73 | 74.64 | 94.97 |
| - low during the year | Rupees | 16.62 | 14.32 | 21.96 | 43.10 | 53.57 | 42.33 |
| Break-up Value per Share | | | | | | | |
| - without revaluation reserves | Rupees | 51.32 | 48.66 | 46.72 | 44.76 | 40.97 | 33.07 |
| - with revaluation reserves | Rupees | 62.82 | 60.76 | 59.94 | 53.35 | 50.36 | 45.14 |
| Market capitalization | Rupees in millions | 19,972 | 13,472 | 12,392 | 23,635 | 35,475 | 24,900 |
| Capital Structure Ratios | | | | | | | |
| Financial Leverage ratio | Times | 0.59 | 0.51 | 0.57 | 0.49 | 0.45 | 0.69 |
| Weighted Average Cost of Debt | % | 11.74 | 13.50 | 10.69 | 9.31 | 9.13 | 11.15 |
| Debt to Equity ratio | % | 20.80 | 13.87 | 13.87 | 18.82 | 20.80 | 29.71 |
| Interest Cover ratio | Times | 1.33 | 1.52 | 2.30 | 4.50 | 5.16 | 3.67 |

During the year, PEL Marketing (Private) Limited, a wholly-owned subsidiary of the Company, was amalgamated into the Company. Therefore, for the purpose of comparison, the corresponding amounts/figures/ratios presented for all the previous periods are based on consolidated financial statements of the Company, comprising financial statements of the Company and PEL Marketing (Private) Limited.

COMMENTS ON FINANCIAL RATIOS

Profitability Ratios

Gross profit ratio has decreased by 5.65% as compared to the previous year 2019 primarily due to increase in input cost as a result of inflation and Pak Rupee depreciation. Net profit to sales ratio took a major dip of 75.32% as compared to 2019. This was mainly due to higher operating expenses and normalization of tax charged as compared to the tax relief received last year. Consequently, return on equity and capital employed also shrunk by 75.82% and 75.23% against the previous year.

Liquidity Ratios

Current ratio witnessed a noteworthy improvement of 12.50% at the end of 2020 against comparison with last year of 2019 due to efficient liquidity management. The same trend was also evident in quick ratio, a more direct measure of liquidity.

Activity/ Turnover Ratios

Inventory days have gone down by 18 days in the outgoing year as compared to the same period last year while receivable days remained constant at 95 days. Payable days have slight increased by 3 days. Resultantly, the overall operating cycle of the Company has decreased by 21 days as compared to the previous year 2019, which indicates positivity.

Investment / Market ratios

Due to the tough situation faced by the Company in times of Covid crisis, the EPS clocked in at 0.36 as compared to 1.68 in the previous year. Irrespective of the economic and political uncertainty, the Company's share price took a steady upward trajectory throughout the year. Closing share price of 40.13 at end of 2020 shows revived investor confidence in comparison with Rs. 27.07 at the close of 2019. A prime metric for assessing fundamentals is price earnings ratio which shot up to 110.26 in 2020 as compared to 16.12 in the year 2019.

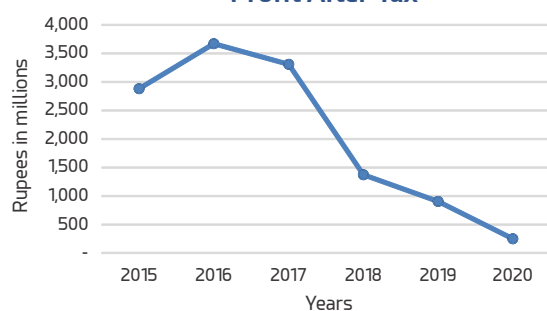
Capital Structure Ratios

Financial leverage has shown a negative trend in the current year as debt-to-equity ratio clocked in at 0.59 times, an increase of 15.45% as compared to the year 2019 when the ratio stood at 0.51 times due to increase in long term financing to support the business during Covid-19 crisis. As a result of decreased earnings recorded in the year under discussion, interest cover has mimicked the same trend to reach 1.33 times as compared to 1.52 times at the close of 2019.

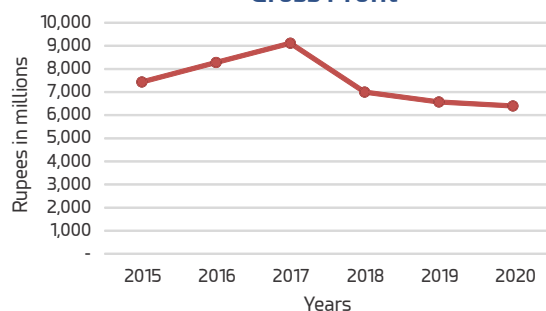
DIRECTORS' REPORT

GRAPHICAL ANALYSIS

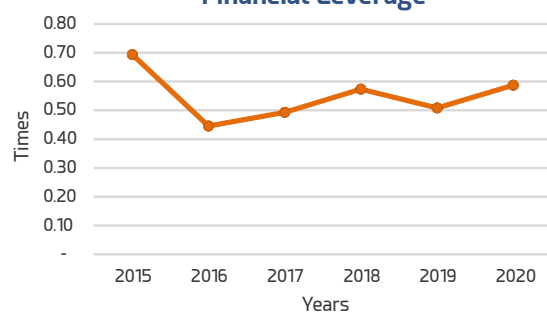
Profit After Tax



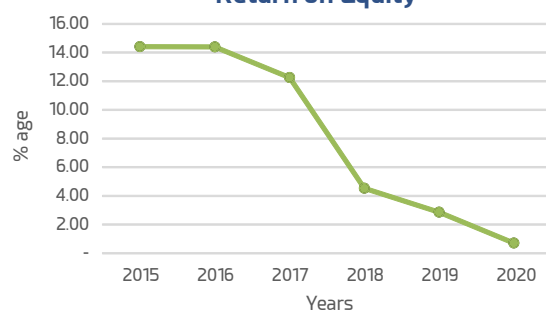
Gross Profit



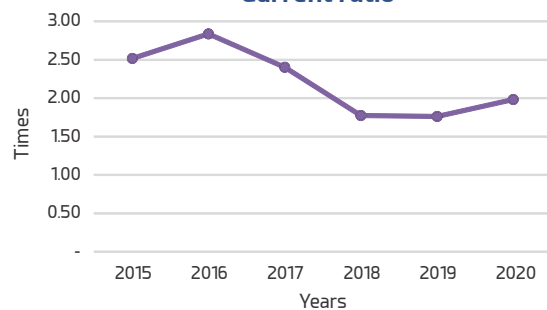
Financial Leverage



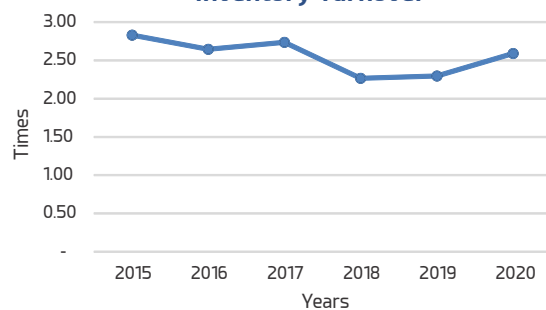
Return on Equity



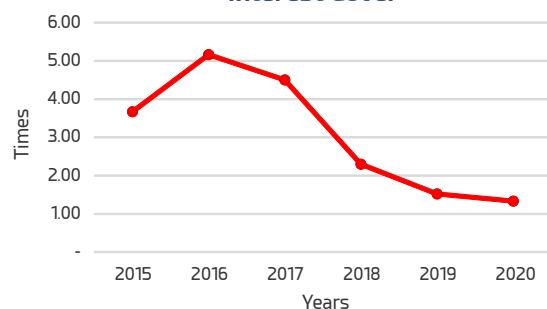
Current ratio



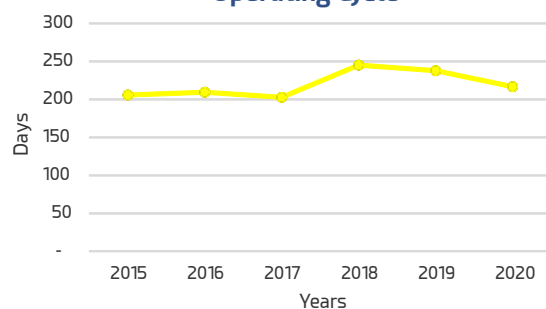
Inventory Turnover



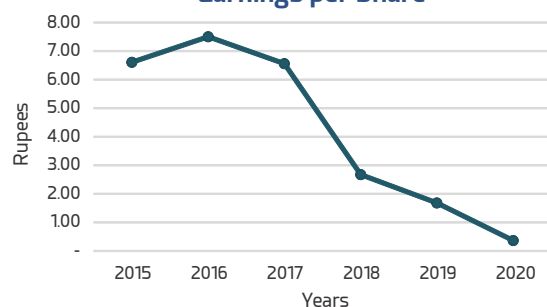
Interest Cover



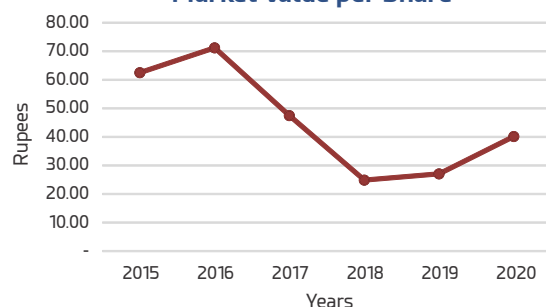
Operating Cycle



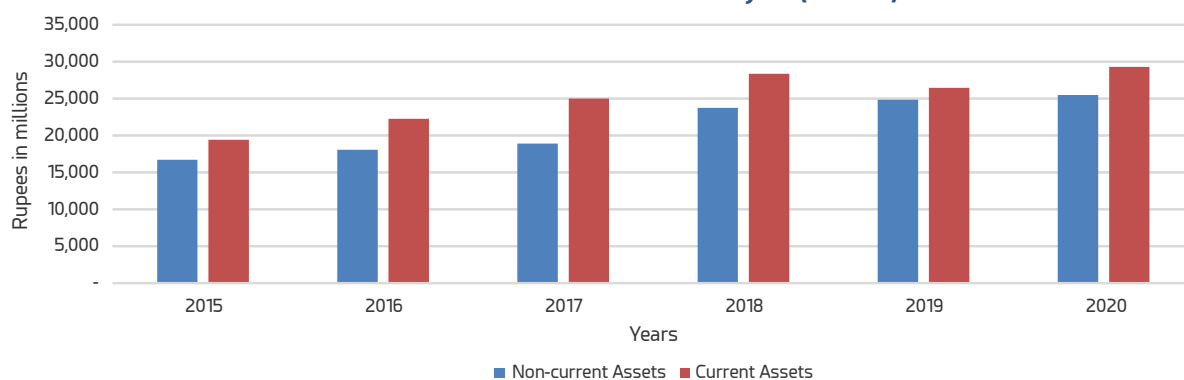
Earnings per Share



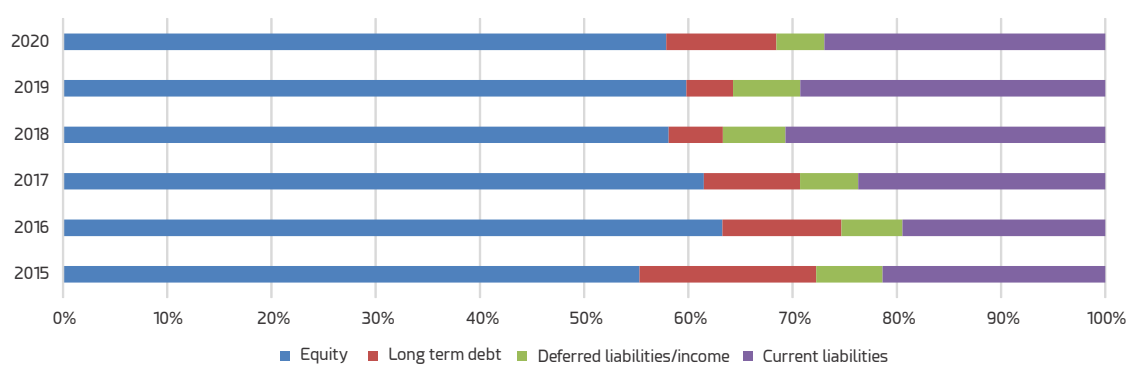
Market Value per Share



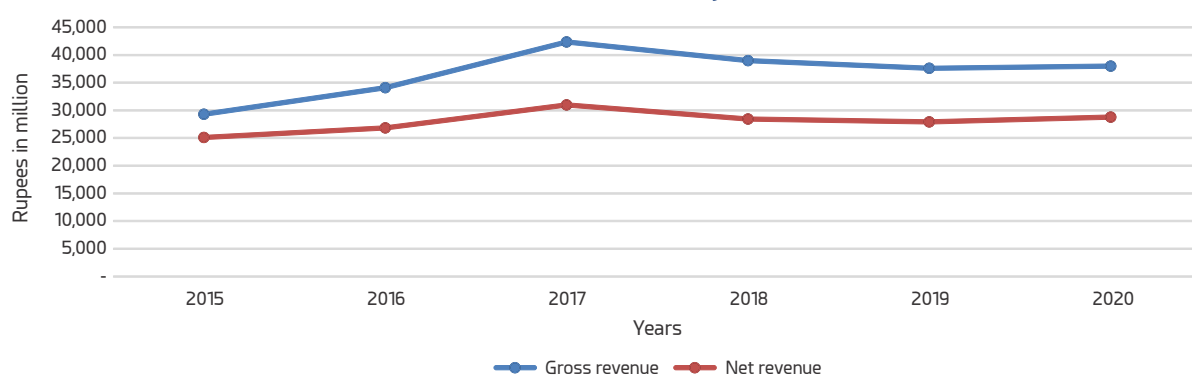
Statement of Financial Position Analysis (Assets)



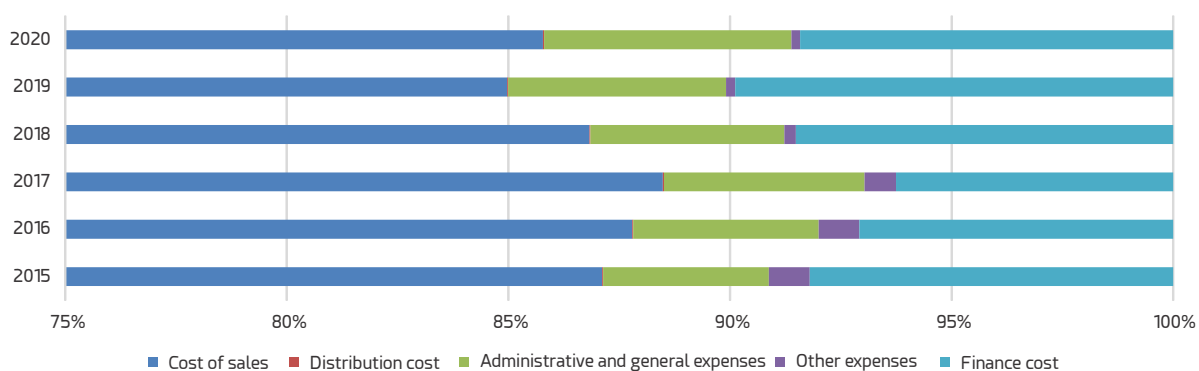
Statement of Financial Position Analysis (Equity and Liabilities)



Statement of Profit or Loss Analysis (Revenue)



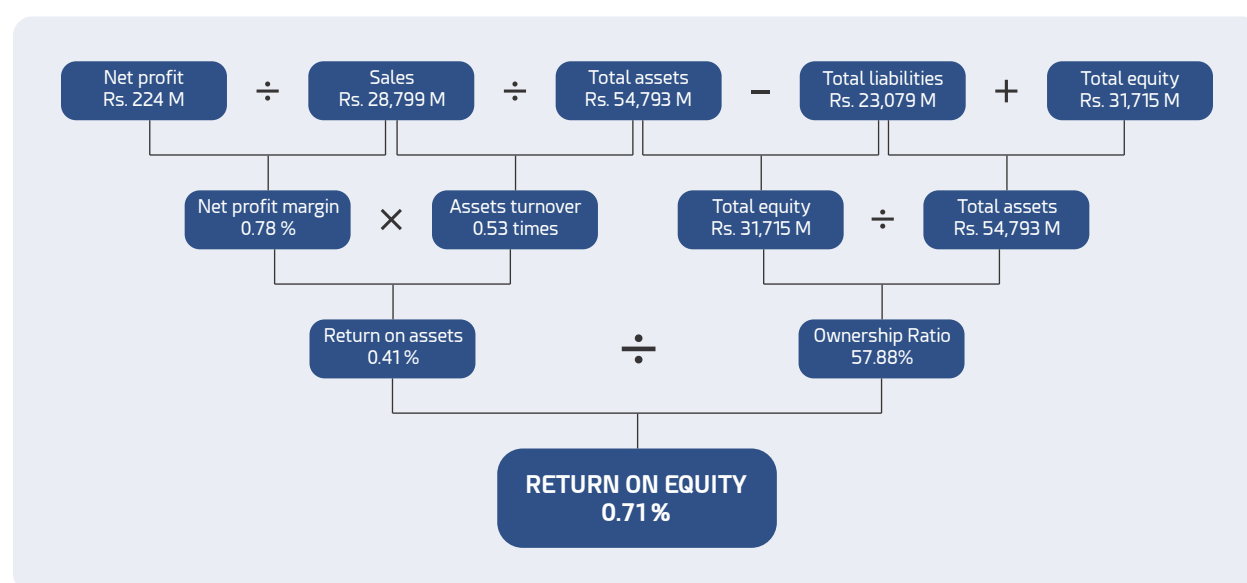
Statement of Profit or Loss Analysis (Expenses)



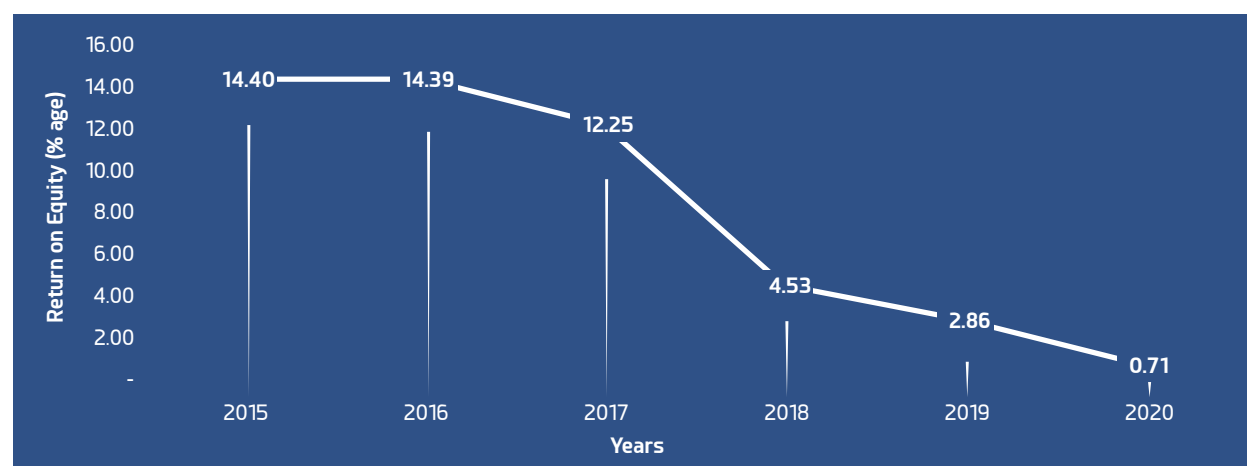
DIRECTORS' REPORT

DUPONT ANALYSIS

| | Unit | 2020 | 2019 |
|-------------------------|-------|-------------|-------------|
| Tax burden | % | 62.89 | 99.73 |
| Interest burden | % | 13.32 | 26.04 |
| EBIT margin | % | 9.28 | 12.12 |
| Asset turnover | Times | 0.53 | 0.54 |
| Leverage | % | 172.77 | 167.20 |
| Return on Equity | % | 0.71 | 2.86 |



GRAPHICAL PRESENTATION OF DUPONT ANALYSIS

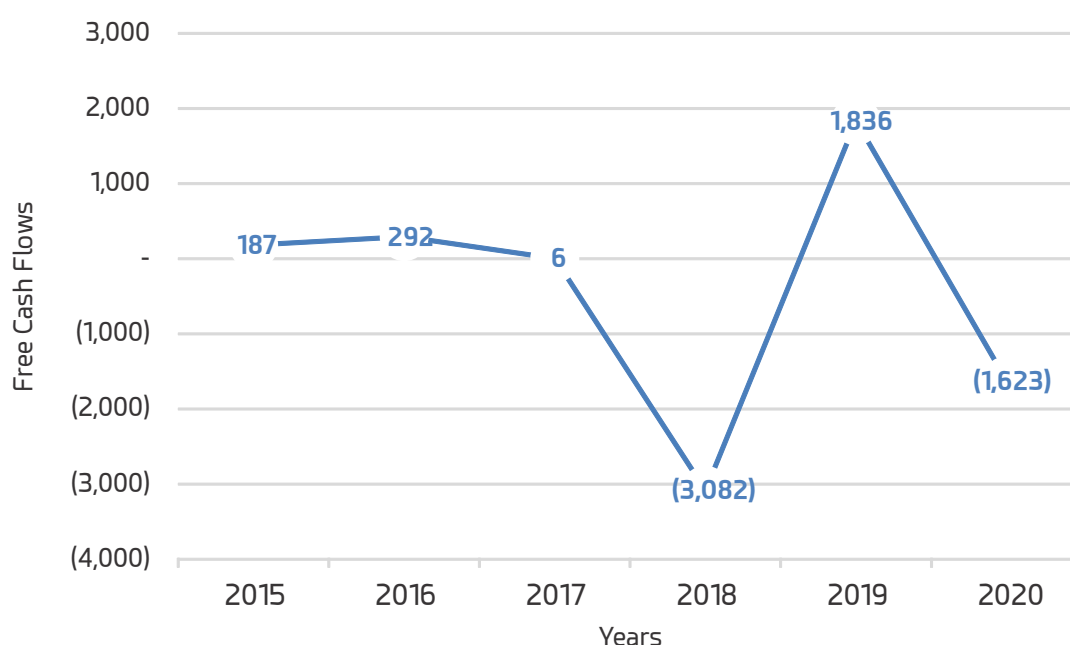


COMMENTS ON DUPONT ANALYSIS

EBIT margin has shrunk slightly during the outgoing year as the Company did not to pass on the total effect of increase in input and operational cost. Also, leverage has increased and tax provision was created as per the normal applicable rates as compared to a major tax relief benefit that was received last year. To sum up, these factors have caused return on equity to shrink from 2.86% for 2019 to 0.71% in 2020.

FREE CASH FLOW

| Rs. In millions | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------|--------------|----------------|--------------|--------------|--------------|
| Profit before taxation | 356 | 881 | 1,558 | 3,603 | 4,119 | 3,514 |
| Adjustments for non-cash and other items | 3,294 | 3,300 | 2,609 | 2,197 | 2,125 | 2,391 |
| Changes in working capital | (471) | 2,168 | (2,656) | (1,941) | (2,357) | (1,721) |
| Payments for income tax, interest etc. | (2,713) | (2,444) | (2,224) | (2,010) | (1,864) | (2,119) |
| Net cash generated from/(used in) operating activities | 466 | 3,905 | (713) | 1,849 | 2,023 | 2,065 |
| Purchase of property, plant and equipment | (2,089) | (2,069) | (2,369) | (1,843) | (1,731) | (1,878) |
| Free Cash Flows | (1,623) | 1,836 | (3,082) | 6 | 292 | 187 |



COMMENTS ON FREE CASH FLOW

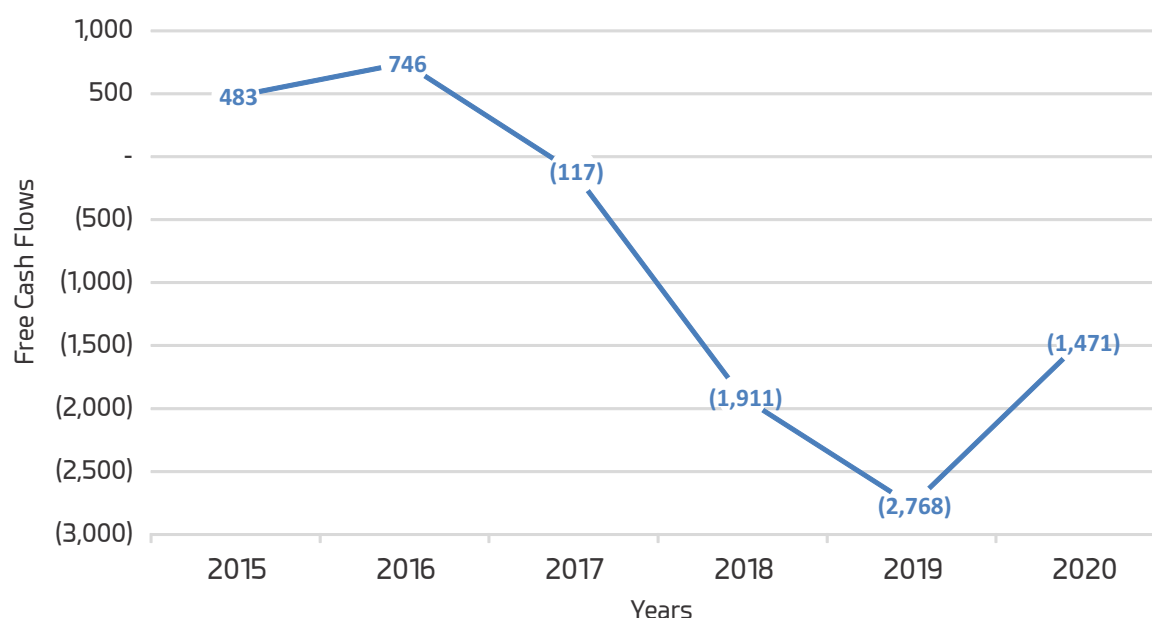
Due to major investment in Dies and Advanced Injection Moulding machine which will be used in enhancing appliances products and extension of Power Transformer building and machinery import, cash outflows for capital expenditure remained on the lower side as compared to last year.

Also, increase in leverage to support this investment and operational activity in Covid-crisis has resulted in higher cash consumption in the outgoing year in comparison to prior year where the economic situation was comparatively more stable.

DIRECTORS' REPORT

ECONOMIC VALUE ADDED

| Rs. In millions | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|--------------|--------------|--------------|
| Operating profit | 2,583 | 3,389 | 3,663 | 5,155 | 5,616 | 5,193 |
| Taxation | (132) | (2) | (186) | (295) | (450) | (634) |
| Operating profit after taxation | 2,451 | 3,387 | 3,477 | 4,860 | 5,166 | 4,559 |
| Total assets | 54,793 | 51,311 | 52,100 | 43,916 | 40,327 | 36,149 |
| Current liabilities | (14,765) | (15,012) | (15,990) | (1,941) | (2,247) | (1,721) |
| Invested Capital | 40,028 | 36,299 | 36,110 | 41,975 | 38,080 | 34,428 |
| WACC | 9.80 | 16.95 | 14.92 | 11.86 | 11.61 | 11.84 |
| Cost of capital | 3,922 | 6,154 | 5,389 | 4,977 | 4,420 | 4,076 |
| Economic Value Added | (1,471) | (2,768) | (1,911) | (117) | 746 | 483 |

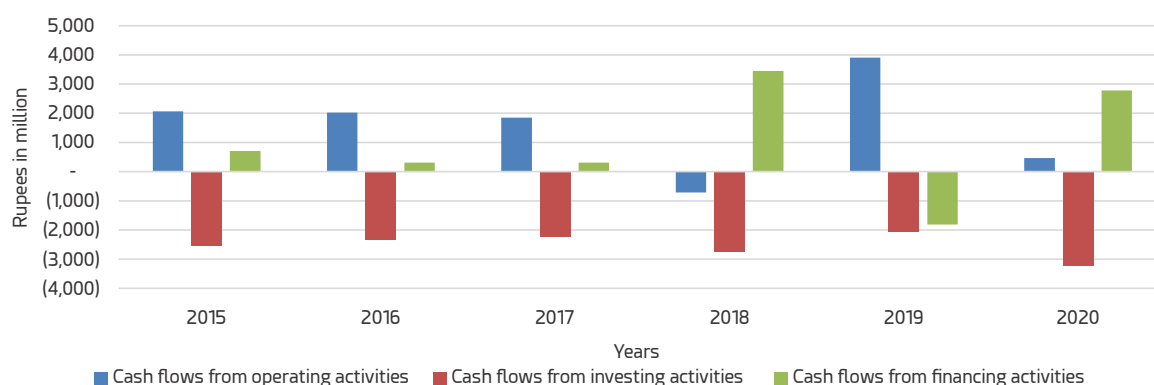


COMMENTS ON ECONOMIC VALUE ADDED

Due to rise in input and operating cost along with tax provision being created as per applicable tax rates this year as compared to a major tax relief received last year, operating profit after tax has reported a significant decrease. On the other hand, decrease in interest rates during the year caused the weighted average cost of capital of the Company to fall by 7.16 %. Since positive effect of decrease in cost of capital dominated the decrease in profits, the economic value added has improved by 1,297 Million in the year 2020.

SUMMARY OF CASH FLOWS

| Rs. In millions | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Profit before taxation | 356 | 881 | 1,558 | 3,603 | 4,119 | 3,514 |
| Adjustments for non-cash and other items | 3,294 | 3,300 | 2,609 | 2,197 | 2,125 | 2,391 |
| Changes in working capital | (471) | 2,168 | (2,656) | (1,941) | (2,357) | (1,721) |
| Payments for income tax, interest etc. | (2,713) | (2,444) | (2,224) | (2,010) | (1,864) | (2,119) |
| Net cash generated from/(used in) operating activities | 466 | 3,905 | (713) | 1,849 | 2,023 | 2,065 |
| Purchase of property, plant and equipment | (2,089) | (2,069) | (2,369) | (1,843) | (1,731) | (1,878) |
| Purchase of intangible assets | - | (4) | (8) | (4) | - | - |
| Proceeds from disposal of property, plant and equipment | 33 | 168 | 36 | 30 | 38 | 126 |
| Long term deposits | (104) | 6 | 6 | (107) | 23 | (97) |
| Long term advances | (1,070) | (152) | (416) | (300) | (751) | (688) |
| Proceeds from sale of investments | - | - | - | - | 65 | - |
| Net cash used in investing activities | (3,230) | (2,051) | (2,751) | (2,224) | (2,356) | (2,537) |
| Long term debt obtained | 5,315 | 1,780 | 226 | 3,810 | 58 | 2,063 |
| Repayment of long term debt | (2,184) | (1,887) | (1,910) | (4,153) | (1,854) | (2,912) |
| Net increase/(decrease) in short term borrowings | (350) | (1,888) | 5,616 | 2,246 | 313 | 426 |
| Proceeds from issue of ordinary shares | - | - | - | - | 2,406 | - |
| Advances against issue of ordinary shares | - | - | - | - | - | 1,575 |
| Proceeds from sale and leaseback activities | - | 187 | 110 | 15 | 4 | 52 |
| Dividend paid | (1) | (4) | (591) | (1,611) | (619) | (494) |
| Net cash generated from/(used in) financing activities | 2,780 | (1,812) | 3,451 | 307 | 308 | 710 |
| Net increase/(decrease) in cash and cash equivalents | 16 | 42 | (13) | (68) | (25) | 238 |
| Cash and cash equivalents acquired in amalgamation | 156 | - | - | - | - | - |
| Cash and cash equivalents as at beginning of the year | 380 | 471 | 484 | 553 | 578 | 340 |
| Cash and cash equivalents as at end of the year | 552 | 513 | 471 | 484 | 553 | 578 |



COMMENTS ON CASH FLOWS

Net cash used in operating activities amounted to Rs. 446 million, after payment of interest/mark-up of Rs. 2,136 million and income tax payments of Rs. 575 million.

Net cash used in investing activities amounted to Rs. 3,230 million comprising payments for capital expenditure of Rs. 2,089 million, and long term advances of Rs. 1,070 million partially offset by proceeds from disposal of property, plant and equipment amounting to Rs. 33 million.

Net cash used in financing activities amounted to Rs. 2,779 million comprising net receipt of long term debt amounting to Rs. 3,299 million partially offset by payment of short term finances of total Rs. 519 million.

DIRECTORS' REPORT

HORIZONTAL ANALYSIS

| | 2020 Rs. in M | 2020 vs 2019 %age | 2019 Rs. in M | 2019 vs 2018 %age | 2018 Rs. in M |
|-------------------------------------|------------------|----------------------|------------------|----------------------|------------------|
| EQUITY AND LIABILITIES | | | | | |
| Equity | 31,715 | 3.35 | 30,688 | 1.35 | 30,280 |
| Non-current liabilities | 8,314 | 48.17 | 5,611 | (3.76) | 5,830 |
| Current liabilities | 14,765 | (1.65) | 15,012 | (6.12) | 15,990 |
| TOTAL EQUITY AND LIABILITIES | 54,793 | 6.79 | 51,311 | (1.51) | 52,100 |
| ASSETS | | | | | |
| Non-current assets | 25,507 | 2.68 | 24,842 | 4.59 | 23,752 |
| Current assets | 29,286 | 10.64 | 26,469 | (6.63) | 28,348 |
| TOTAL ASSETS | 54,793 | 6.79 | 51,311 | (1.51) | 52,100 |
| PROFIT OR LOSS | | | | | |
| Revenue | 37,988 | 0.98 | 37,621 | (3.51) | 38,990 |
| Gross profit | 6,402 | (2.61) | 6,573 | (6.06) | 6,997 |
| Operating profit | 2,583 | (23.79) | 3,389 | (7.48) | 3,663 |
| Profit before taxation | 356 | (57.82) | 906 | (41.81) | 1,557 |
| Profit after taxation | 224 | (72.33) | 904 | (34.10) | 1,371 |

COMMENTS ON HORIZONTAL ANALYSIS

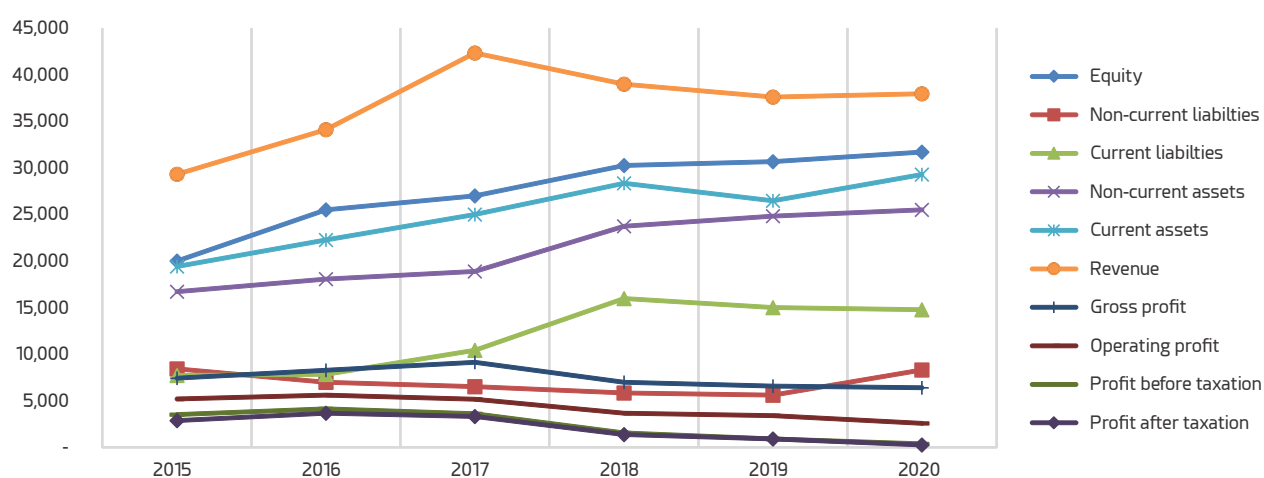
Current assets have increased as compared to 2019 primarily as the stock in trade went up. The Company scaled up its operations to cater to the increasing demand for its products. Trade debts have also increased slightly. Reason being that the credit period was extended to cater to the cash crunch faced by the customers owing to Covid-19. Non-current liabilities have also shown a major increase as the Company attained long term debt to sustain and ensure smooth delivery of its products in the market.

Non-current assets have also shown positive growth as more property, plant and equipment was acquired to cater to the demand of the Company's products.

A slight increase in sales revenue irrespective of Covid lockdown is attributable to securing of timely ordering for the Company's power products by WAPDA Discos. However, Profit margins have shrunk due to increase in input cost, operating expenses and finance cost.

| 2018 vs 2017 %age | 2017 Rs. in M | 2017 vs 2016 %age | 2016 Rs. in M | 2016 vs 2015 %age | 2015 Rs. in M |
|---------------------------|---------------------------|-------------------------|--------------------------|--------------------------|--------------------------|
| 12.14 (10.33) 53.55 | 27,001 6,502 10,413 | 5.84 (6.73) 32.75 | 25,511 6,971 7,845 | 27.58 (17.33) 1.59 | 19,996 8,432 7,722 |
| 18.64 | 43,916 | 8.90 | 40,327 | 11.56 | 36,149 |
| 25.68 13.31 | 18,899 25,017 | 4.60 12.39 | 18,068 22,259 | 8.07 14.56 | 16,719 19,431 |
| 18.64 | 43,916 | 8.90 | 40,327 | 11.56 | 36,149 |

| | | | | | |
|---------|--------|---------|--------|-------|--------|
| (7.93) | 42,347 | 24.10 | 34,124 | 16.37 | 29,323 |
| (23.24) | 9,116 | 10.05 | 8,284 | 11.43 | 7,434 |
| (28.95) | 5,155 | (8.20) | 5,616 | 8.14 | 5,193 |
| (56.78) | 3,603 | (12.53) | 4,119 | 17.22 | 3,514 |
| (58.54) | 3,308 | (9.86) | 3,670 | 27.43 | 2,880 |

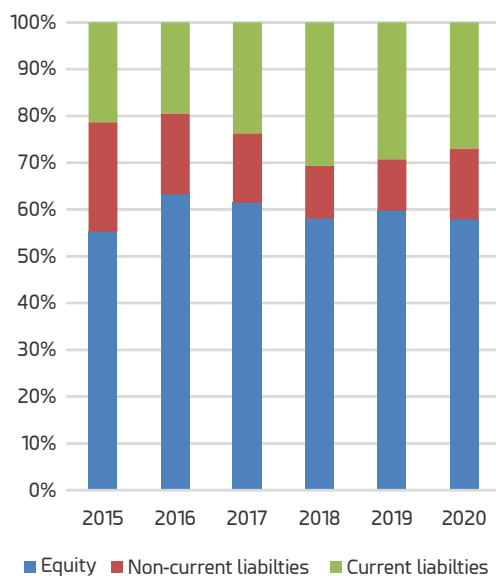


DIRECTORS' REPORT

VERTICAL ANALYSIS

| | 2020 | | 2019 | |
|-------------------------------------|---------------|---------------|----------|--------|
| | Rs. in M | %age | Rs. in M | %age |
| EQUITY AND LIABILITIES | | | | |
| Equity | 31,715 | 57.88 | 30,688 | 59.81 |
| Non-current liabilities | 8,314 | 15.17 | 5,611 | 10.94 |
| Current liabilities | 14,765 | 26.95 | 15,012 | 29.26 |
| TOTAL EQUITY AND LIABILITIES | 54,793 | 100.00 | 51,311 | 100.00 |
| ASSETS | | | | |
| Non-current assets | 25,507 | 46.55 | 24,842 | 48.41 |
| Current assets | 29,286 | 53.45 | 26,469 | 51.59 |
| TOTAL ASSETS | 54,793 | 100.00 | 51,311 | 100.00 |
| PROFIT OR LOSS | | | | |
| Revenue | 37,988 | 100.00 | 37,621 | 100.00 |
| Gross profit | 6,402 | 16.85 | 6,573 | 17.47 |
| Operating profit | 2,583 | 6.80 | 3,389 | 9.01 |
| Profit before taxation | 356 | 1.01 | 906 | 2.41 |
| Profit after taxation | 224 | 0.66 | 904 | 2.40 |

Vertical Analysis
[Equity and Liabilities]



Vertical Analysis
[Assets]



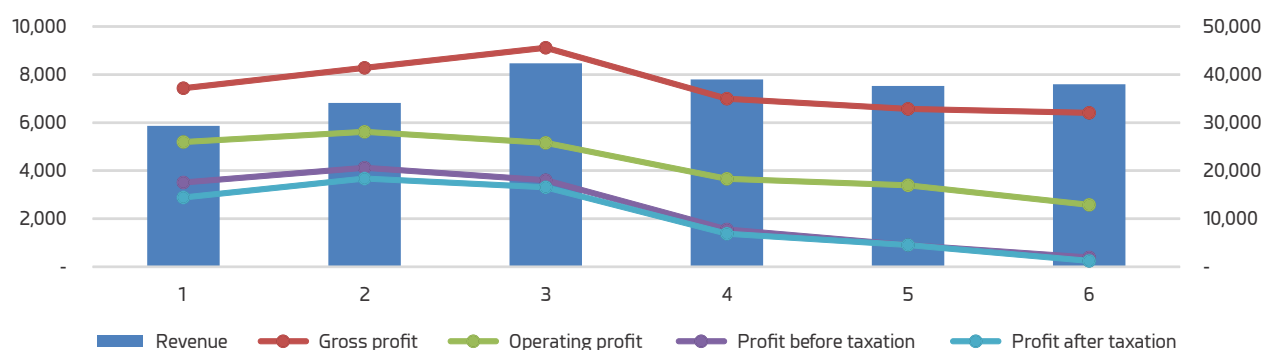
| 2018 | | 2017 | | 2016 | | 2015 | |
|----------|--------|----------|--------|----------|--------|----------|--------|
| Rs. in M | %age | Rs. in M | %age | Rs. in M | %age | Rs. in M | %age |
| 30,280 | 58.12 | 27,001 | 61.48 | 25,511 | 63.26 | 19,996 | 55.31 |
| 5,830 | 11.19 | 6,502 | 14.81 | 6,971 | 17.29 | 8,432 | 23.33 |
| 15,990 | 30.69 | 10,413 | 23.71 | 7,845 | 19.45 | 7,722 | 21.36 |
| 52,100 | 100.00 | 43,916 | 100.00 | 40,327 | 100.00 | 36,149 | 100.00 |
| | | | | | | | |
| 23,752 | 45.59 | 18,899 | 43.03 | 18,068 | 44.80 | 16,719 | 46.25 |
| 28,348 | 54.41 | 25,017 | 56.97 | 22,259 | 55.20 | 19,431 | 53.75 |
| 52,100 | 100.00 | 43,916 | 100.00 | 40,327 | 100.00 | 36,149 | 100.00 |
| | | | | | | | |
| 38,990 | 100.00 | 42,347 | 100.00 | 34,124 | 100.00 | 29,323 | 100.00 |
| 6,997 | 17.95 | 9,116 | 21.53 | 8,284 | 24.28 | 7,434 | 25.35 |
| 3,663 | 9.39 | 5,155 | 12.17 | 5,616 | 16.46 | 5,193 | 17.71 |
| 1,557 | 3.99 | 3,603 | 8.51 | 4,119 | 12.07 | 3,514 | 11.98 |
| 1,371 | 3.52 | 3,308 | 7.81 | 3,670 | 10.75 | 2,880 | 9.82 |

COMMENTS ON VERTICAL ANALYSIS

Current assets have increased to 53.45% as compared to 51.59% at the close of 2019 primarily due to increase in stock in trade and trade debts. Reason being the scaling up of Company operations and at the same time, credit period was extended to cater to the cash crunch faced by the customers owing to Covid-19. Non-current liabilities have also increased to 15.17% from 10.94% at the close of 2019 as the Company attained long term debt to sustain and ensure smooth delivery of its products in the market.

Profit margin has decreased due to increase in operating expenses and also, tax provision was created according to the normal applicable rates as compared to a major tax relief benefit that was received last year.

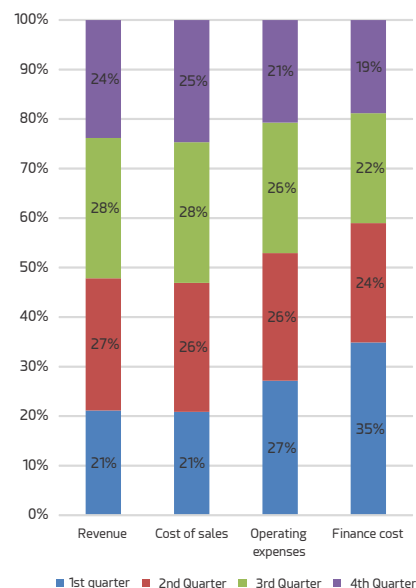
Vertical Analysis [Profit or Loss]



DIRECTORS' REPORT

QUARTERLY ANALYSIS

| Rupees in millions | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
|-------------------------------------|--------------|---------------|---------------|--------------|
| Revenue | 8,023 | 10,145 | 10,770 | 9,050 |
| Sales tax and discount | (2,034) | (2,664) | (2,612) | (1,879) |
| Revenue - net | 5,989 | 7,481 | 8,158 | 7,171 |
| Cost of sales | (4,670) | (5,840) | (6,356) | (5,532) |
| Gross profit | 1,319 | 1,641 | 1,802 | 1,639 |
| Other income | 3 | 10 | 5 | 18 |
| Distribution cost | (611) | (619) | (612) | (504) |
| Administrative and general expenses | (412) | (384) | (413) | (274) |
| Other expenses | (24) | 11 | 8 | (46) |
| | (1,047) | (992) | (1,017) | (824) |
| Operating profit | 275 | 659 | 790 | 838 |
| Finance cost | (767) | (529) | (488) | (414) |
| | (492) | 130 | 302 | 419 |
| Share of loss of associate | (1) | (1) | - | - |
| Profit before taxation | (493) | 129 | 302 | 419 |
| Taxation | (64) | (24) | (49) | 5 |
| Profit after taxation | (557) | 105 | 253 | 414 |
| Other comprehensive income | - | - | - | (44) |
| Total comprehensive income | (557) | 105 | 253 | 370 |



COMMENTS ON QUARTERLY ANALYSIS

| | | | |
|-------------|--|-------------|---|
| 1st Quarter | Sales revenue for the first quarter was reported at Rs. 8,023 million, 6.44% lower than the corresponding quarter of the year 2019. Following in line, gross margin also decreased to 16.44% in comparison with 20.64% for corresponding quarter of the year 2019 due to increase in input cost as a result of inflation and Pak Rupee depreciation. Net profit margin also decreased to -6.94% from 4.85% for the corresponding quarter of the year 2019 mainly owing to more than proportionate increase in operating expenses and finance cost. | 2nd Quarter | Sales revenue for the second quarter was reported at Rs. 10,145 million, 30.04% lower than the corresponding quarter of the year 2019 as the Company transitioned from in-store to online sales. Gross margin was increased to 16.18% up from 15.65% for corresponding quarter of the year 2019 due to trimming of input cost while net profit margin shrunk to 1.03% from 2.71% in the outgoing quarter in comparison with the corresponding quarter of the year 2019 owing to higher operating cost. |
| | Sales revenue for the third quarter was reported at Rs. 10,770 million, a massive increase of 49% than the corresponding quarter of the year 2019. The major increase in revenue is attributable to the spike in seasonal demand and timely ordering of Power Division products by WAPDA Discos. Gross margin was slightly down at 16.73% during this quarter in comparison with 18.03% in the corresponding quarter of the year 2019. Net margin showed a positive effect which increased to 2.36% in the outgoing quarter from 0.86% in the prior quarter of 2019 due to slashing of interest rates by the State Bank in times of Covid-19 crisis and therefore, lower finance cost. | | Sales revenue for the fourth quarter was reported at Rs. 9,050 million, 23.70% higher than the corresponding quarter of the year 2019. The increase in revenue is attributable mainly to the timely ordering of Power Division products by WAPDA Discos. Gross margin increased to 18.11% in comparison with 16.83% for the corresponding quarter of the year 2019 due to trimming of input cost. Net margin also followed the same positive pattern and rose to 4.97% from 0.12% in the same period last year due to decrease in interest rates and hence, finance cost. |
| 3rd Quarter | | 4th Quarter | |

DIRECT METHOD CASH FLOW STATEMENT

| Rs. in millions | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Receipts from customers - net | 37,513 | 38,312 | 39,358 | 39,823 | 33,322 | 28,670 |
| Payments to suppliers/service providers/employees etc. - net | (34,313) | (31,924) | (37,686) | (35,774) | (29,255) | (24,369) |
| Payment to Workers' Profit Participation Fund | (12) | (28) | (87) | (105) | (107) | (70) |
| Payment to Workers' Welfare Fund | (10) | (10) | (74) | (84) | (72) | (47) |
| Interest/mark-up on borrowings paid | (2,136) | (2,131) | (1,414) | (1,143) | (1,203) | (1,683) |
| Income taxes (paid)/refund | (575) | (314) | (810) | (867) | (661) | (437) |
| Net cash generated from/(used in) operating activities | 466 | 3,905 | (713) | 1,849 | 2,023 | 2,065 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Purchase of property, plant and equipment | (2,089) | (2,069) | (2,369) | (1,843) | (1,731) | (1,878) |
| Purchase of intangible assets | - | (4) | (8) | (4) | - | - |
| Proceeds from disposal of property, plant and equipment | 33 | 168 | 36 | 30 | 38 | 126 |
| Long term deposits | (104) | 6 | 6 | (107) | 23 | (97) |
| Long term advances | (1,070) | (152) | (416) | (300) | (751) | (688) |
| Proceeds from sale of investments | - | - | - | - | 65 | - |
| Net cash generated used in investing activities | (3,230) | (2,051) | (2,751) | (2,224) | (2,356) | (2,537) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | | |
| Long term debt obtained | 5,315 | 1,780 | 226 | 3,810 | 58 | 2,063 |
| Repayment of long term debt | (2,184) | (1,887) | (1,910) | (4,153) | (1,854) | (2,912) |
| Net increase/(decrease) in short term borrowings | (350) | (1,888) | 5,616 | 2,246 | 313 | 426 |
| Proceeds from issue of ordinary shares | - | - | - | - | 2,406 | - |
| Advances against issue of ordinary shares | - | - | - | - | - | 1,575 |
| Proceeds from sale and leaseback activities | - | 187 | 110 | 15 | 4 | 52 |
| Dividend paid | (1) | (4) | (591) | (1,611) | (619) | (494) |
| Net cash generated used in investing activities | 2,780 | (1,812) | 3,451 | 307 | 308 | 710 |
| Net increase/(decrease) in cash and cash equivalents | 16 | 42 | (13) | (68) | (25) | 238 |
| Cash and cash equivalents acquired in amalgamation | 156 | - | - | - | - | - |
| Cash and cash equivalents as at beginning of the year | 380 | 471 | 484 | 553 | 578 | 340 |
| Cash and cash equivalents at the end of the year | 552 | 513 | 471 | 484 | 553 | 578 |

COMMENTS ON DIRECT METHOD CASH FLOW STATEMENT

Net cash generated from operating activities amounted to Rs. 466 million, after the receipt of Rs. 37,513 million and payment of interest/mark-up of Rs. 2,136 million and income tax payments of Rs. 575 million.

Net cash used in investing activities amounted to Rs. 3,230 million comprising payments for capital expenditure of Rs. 2,089 million, partially offset by proceeds from disposal of property, plant and equipment amounting to Rs. 33 million.

Net cash generated from financing activities amounted to Rs. 2,780 million comprising of payments of long term and short term debt amounting to Rs. 2,534 million and dividend payment of Rs. 1 million, entirely offset by long term finances obtained of Rs. 5,315 million.

DIRECTORS' REPORT

SEGMENTAL REVIEW

An operating segment is a component of an entity:

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

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

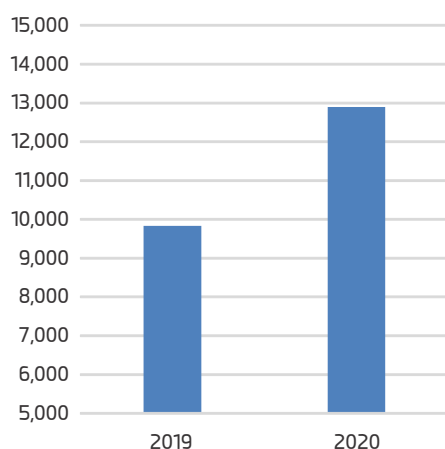
| Segments | Nature of business |
|---------------------|---|
| Power Division | Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers and Engineering, Procurement and Construction Contracting (EPC). |
| Appliances Division | Manufacturing, assembling and distribution of Refrigerators, Air conditioners, Deep Freezers, Microwave ovens, Water Dispensers, LED TVs, Washing Machines and other Small Domestic Appliances. |

Power Division

Power division recorded 31.17% increase in revenue in comparison with previous year resulting in segment profit of Rs. 239 million for the year, up by 69.50% from 2019. The increase was mainly attributable to securing of timely ordering of power products by WAPDA DISCOs. A summary of operating results of power division is presented below:

| Power Division | | | |
|----------------|------------------|------------------|-------------|
| | 2020 Rs. in M | 2019 Rs. in M | YoY %age |
| Revenue | 12,899 | 9,834 | 31.17 |
| Finance cost | 940 | 791 | 18.84 |
| Segment profit | 239 | 141 | 69.50 |

Revenue
Power Division

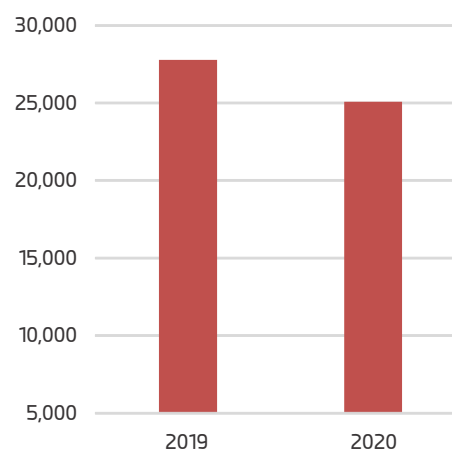


Appliances Division

Appliance Division reported declining business revenue of Rs. 25 billion, a decline of 9.71% as compared to the previous year due to overall decline in per capita disposable income. However, profit margin also replicated the same trend with higher rigor which went down by 82.77% from the previous year due to increase in input and operating costs as the Company was unable to pass on the full effect of inflation to the end consumer. A summary of operating results of appliances division is presented below:

| Appliances division | | | |
|---------------------|------------------|------------------|-------------|
| | 2020 Rs. in M | 2019 Rs. in M | YoY %age |
| Revenue | 25,089 | 27,787 | (9.71) |
| Finance cost | 1,246 | 1,689 | (26.23) |
| Segment profit | 132 | 766 | (82.77) |

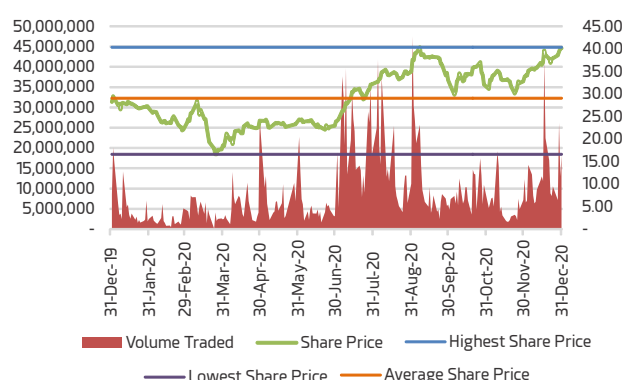
Revenue
Appliances Division



MARKET SHARE INFORMATION

The Company is listed on Pakistan Stock Exchange ['PSX'] which is a large and liquid stock exchange, offering orderly and reliable market prices for its investors. As at December 31, 2020, the market capitalization of PEL's shares stood at Rs. 19,972 million, up by 48.25% from previous year. PEL's share traded at an average of Rs. 29.02 per share. Market price experienced fluctuations, principally, caused by market psychology, speculative investors and material events occurring during the year, between Rs. 16.62 and Rs. 40.37 per share. Total trading volume during the year was 2,290 million shares.

Share Price vs Volume Traded 2020



SHARE PRICE SENSITIVITY

PEL's share price is directly affected by its performance. However, there are numerous other factors which influence share price of the Company. These factors and the way the influence the share price of the Company are as follows:

General Market Sentiment: The general stock market sentiment prevalent in the country not affects share price but also the trading volumes. Market sentiment is generally based on over political, economical and law and order situation of the Country and any uncertainty regarding these adversely affects share prices.

Shares' market perception: Shareholders' perception of the Company's share affects how it is valued on the exchange. A sell behavior induces a fall in share price.

Financial performance: The Company's financial performance is affected by a number of factors which include, but are not limited to:

- **Interest rates:** The Company relies on debt financing to finance its working capital requirements. Increase in interest rates increases the borrowing costs of the Company.
- **Energy crises:** The current energy crises has a direct bearing on the operations of the Company. Hikes in electric power tariff increase the cost of operations thereby reducing profitability.
- **Rupee valuation:** The Company is directors exposed to exchange rate fluctuation. Any depreciation of Pak Rupee adversely impact the financial performance of the Company.
- **Engineering and home appliances industry:** Any growth or decline in the engineering and home appliance industry has a direct impact on financial performance of the Company
- **Government policies:** Government policies, including those related to direct and indirect taxes, can have a substantial impact on the Company's financial performance.

DIRECTORS' REPORT

MARKET OVERVIEW

The appliances industry in Pakistan has continued to grow steadily for the past few years. As domestic appliances become more energy efficient and affordable, penetration of these appliances is growing day by day. Business growth potential remains steady, with more households willing to embrace our reliable home appliances for better living. Continued focus of the Government on improvement of power generation and distribution infrastructure, the market outlook for power division looks promising. Government's initiatives in the energy sector in light of recent energy deals signed, policies for IPPs and above all, CPEC will create a pool of opportunities for power products. EPC activity is also on a growth track due to the increase in housing sector schemes and upgrading of grid stations.

PEL'S MARKETING ACTIVITIES

PEL is providing premium quality products to consumers through its ever evolving dealer network which is spread all over the country. PEL's market strategy encompasses market research, brand positioning and marketing communications as well as right decisions in terms of incentives and dealers to ensure smooth

running of dealers network. The sales of power division mainly originate from tendering and our power division marketing team is well versed and equipped to win major orders.

Care for Dealers

While Govt. decided to open markets and allowed businesses to start their operations again, many brands took different initiative to support govt decision by providing care items to prevent from Corona. PEL installed sanitizing booth across Pakistan to keep its primary and secondary customers safe and secure from Covid-19. Masks were also distributed among dealers, floor sales managers, sales and service team. Point of Sale Materials were also placed at several locations to communicate about hygiene and cleanliness.

PEL Product Convention 2020

It is evident that business cannot grow without providing complete knowledge of its product to customer. Without knowledge, it gets difficult for customer to decide which option they go for. Considering this, PEL conducted trainings for its dealers & floor salesman where representatives from marketing and research department explained model's variants and unique selling points. Sales team also joined these sessions to further grip their knowledge about products and strengthen brand image with dealers.

Mall Activations

To increase sales and reinforce strong image of PEL, displays were installed at major malls in Lahore and Karachi. During COVID-19, people were more inclined in online shopping so this tact also helped in getting customer attention. PEL also offered prizes on online shopping.

Business collaboration with Panasonic

Panasonic Marketing Middle East & Africa (PMMAF) has announced its new partnership in Pakistan with Pak Elektron Limited (PEL). With this development, the companies have joined hands to offer a diverse range of premium and locally-fit products to better meet the unique needs of the Pakistani market. Commenting on the collaboration, Hiroyuki Shibutani, Managing Director – PMMAF said "We are pleased to have partnered with Pak Elektron Limited and are confident of this strategic step to expand our reach in Pakistan – a key market for us – at the same time support the nation's economic growth potential." Echoing a similar sentiment, Murad Saigol – CEO, Pak Elektron Limited expressed, "Pak Elektron Limited has set successive standards in terms of developments in the Pakistani home appliances and electrical industries. Partnering with a true global innovator like Panasonic will help strengthen our offerings in the market to the next level. Together, we hope to set a new benchmark in terms of technological advancements so that we provide essential products anchored on high-quality Japanese craftsmanship, and which truly enhance our customers' everyday lives."



DIRECTORS' REPORT

PATTERN OF SHAREHOLDING

FORM 34

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

1. Name of the Company

PAK ELEKTRON LIMITED

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

31-12-2020

| 2.2 | Number of shareholders | Shareholding | | Total shares held |
|-----|---------------------------|--------------|---------|----------------------|
| | | From | To | |
| | 971 | 1 | 100 | 32,517 |
| | 1,842 | 101 | 500 | 765,268 |
| | 1,675 | 501 | 1,000 | 1,576,913 |
| | 2,860 | 1,001 | 5,000 | 8,047,611 |
| | 862 | 5,001 | 10,000 | 6,907,443 |
| | 301 | 10,001 | 15,000 | 3,891,877 |
| | 206 | 15,001 | 20,000 | 3,815,405 |
| | 133 | 20,001 | 25,000 | 3,130,062 |
| | 108 | 25,001 | 30,000 | 3,086,396 |
| | 52 | 30,001 | 35,000 | 1,711,254 |
| | 35 | 35,001 | 40,000 | 1,338,004 |
| | 26 | 40,001 | 45,000 | 1,117,493 |
| | 70 | 45,001 | 50,000 | 3,452,625 |
| | 14 | 50,001 | 55,000 | 755,000 |
| | 23 | 55,001 | 60,000 | 1,345,645 |
| | 15 | 60,001 | 65,000 | 954,975 |
| | 10 | 65,001 | 70,000 | 680,918 |
| | 21 | 70,001 | 75,000 | 1,555,900 |
| | 15 | 75,001 | 80,000 | 1,170,632 |
| | 9 | 80,001 | 85,000 | 746,511 |
| | 10 | 85,001 | 90,000 | 883,962 |
| | 9 | 90,001 | 95,000 | 832,415 |
| | 33 | 95,001 | 100,000 | 3,296,465 |
| | 10 | 100,001 | 105,000 | 1,036,395 |
| | 5 | 105,001 | 110,000 | 536,833 |
| | 3 | 110,001 | 115,000 | 338,000 |
| | 5 | 115,001 | 120,000 | 588,422 |
| | 9 | 120,001 | 125,000 | 1,111,500 |
| | 8 | 125,001 | 130,000 | 1,029,500 |
| | 4 | 130,001 | 135,000 | 537,125 |
| | 3 | 135,001 | 140,000 | 412,600 |
| | 3 | 140,001 | 145,000 | 429,358 |
| | 14 | 145,001 | 150,000 | 2,096,000 |
| | 3 | 155,001 | 160,000 | 475,000 |
| | 5 | 165,001 | 170,000 | 844,000 |
| | 3 | 170,001 | 175,000 | 522,500 |
| | 6 | 175,001 | 180,000 | 1,074,599 |
| | 2 | 180,001 | 185,000 | 366,800 |
| | 1 | 185,001 | 190,000 | 186,000 |
| | 1 | 190,001 | 195,000 | 194,000 |
| | 14 | 195,001 | 200,000 | 2,796,400 |
| | 4 | 200,001 | 205,000 | 814,000 |
| | 2 | 205,001 | 210,000 | 418,500 |
| | 2 | 215,001 | 220,000 | 434,990 |
| | 2 | 220,001 | 225,000 | 444,000 |
| | 3 | 235,001 | 240,000 | 715,500 |
| | 1 | 240,001 | 245,000 | 241,500 |
| | 6 | 245,001 | 250,000 | 1,497,500 |
| | 1 | 250,001 | 255,000 | 255,000 |
| | 2 | 255,001 | 260,000 | 514,500 |
| | 1 | 260,001 | 265,000 | 264,500 |
| | 7 | 270,001 | 275,000 | 1,921,000 |
| | 1 | 280,001 | 285,000 | 281,250 |
| | 2 | 285,001 | 290,000 | 577,000 |
| | 2 | 290,001 | 295,000 | 585,500 |

| Number of shareholders | Shareholding | | Total shares held |
|---------------------------|--------------|-----------|----------------------|
| | From | To | |
| 5 | 295,001 | 300,000 | 1,500,000 |
| 1 | 305,001 | 310,000 | 305,300 |
| 2 | 325,001 | 330,000 | 658,375 |
| 1 | 330,001 | 335,000 | 330,500 |
| 1 | 335,001 | 340,000 | 337,120 |
| 1 | 340,001 | 345,000 | 341,500 |
| 3 | 345,001 | 350,000 | 1,050,000 |
| 1 | 360,001 | 365,000 | 361,500 |
| 1 | 375,001 | 380,000 | 380,000 |
| 4 | 395,001 | 400,000 | 1,599,000 |
| 2 | 410,001 | 415,000 | 829,000 |
| 1 | 435,001 | 440,000 | 437,500 |
| 1 | 440,001 | 445,000 | 440,500 |
| 1 | 445,001 | 450,000 | 450,000 |
| 1 | 455,001 | 460,000 | 458,000 |
| 1 | 485,001 | 490,000 | 487,270 |
| 1 | 490,001 | 495,000 | 494,500 |
| 6 | 495,001 | 500,000 | 3,000,000 |
| 1 | 500,001 | 505,000 | 503,000 |
| 2 | 510,001 | 515,000 | 1,024,000 |
| 1 | 515,001 | 520,000 | 516,000 |
| 1 | 520,001 | 525,000 | 525,000 |
| 1 | 525,001 | 530,000 | 530,000 |
| 1 | 545,001 | 550,000 | 550,000 |
| 1 | 555,001 | 560,000 | 560,000 |
| 3 | 595,001 | 600,000 | 1,800,000 |
| 1 | 615,001 | 620,000 | 617,645 |
| 2 | 630,001 | 635,000 | 1,265,530 |
| 2 | 645,001 | 650,000 | 1,300,000 |
| 1 | 695,001 | 700,000 | 700,000 |
| 1 | 700,001 | 705,000 | 705,000 |
| 1 | 710,001 | 715,000 | 711,500 |
| 2 | 740,001 | 745,000 | 1,483,447 |
| 1 | 745,001 | 750,000 | 748,803 |
| 1 | 795,001 | 800,000 | 800,000 |
| 1 | 845,001 | 850,000 | 850,000 |
| 1 | 870,001 | 875,000 | 871,500 |
| 1 | 880,001 | 885,000 | 883,523 |
| 1 | 900,001 | 905,000 | 901,500 |
| 1 | 925,001 | 930,000 | 927,000 |
| 1 | 975,001 | 980,000 | 980,000 |
| 7 | 995,001 | 1,000,000 | 7,000,000 |
| 1 | 1,110,001 | 1,115,000 | 1,114,500 |
| 1 | 1,195,001 | 1,200,000 | 1,198,500 |
| 1 | 1,200,001 | 1,205,000 | 1,201,500 |
| 1 | 1,255,001 | 1,260,000 | 1,258,000 |
| 1 | 1,310,001 | 1,315,000 | 1,310,500 |
| 1 | 1,445,001 | 1,450,000 | 1,450,000 |
| 1 | 1,450,001 | 1,455,000 | 1,450,650 |
| 1 | 1,470,001 | 1,475,000 | 1,471,500 |
| 1 | 1,675,001 | 1,680,000 | 1,677,752 |
| 1 | 1,790,001 | 1,795,000 | 1,792,000 |
| 1 | 2,145,001 | 2,150,000 | 2,150,000 |
| 1 | 2,575,001 | 2,580,000 | 2,578,500 |
| 1 | 2,935,001 | 2,940,000 | 2,939,552 |
| 1 | 3,400,001 | 3,405,000 | 3,400,195 |
| 1 | 3,505,001 | 3,510,000 | 3,510,000 |
| 1 | 3,595,001 | 3,600,000 | 3,600,000 |
| 1 | 3,760,001 | 3,765,000 | 3,761,500 |
| 1 | 4,710,001 | 4,715,000 | 4,710,893 |
| 1 | 5,255,001 | 5,260,000 | 5,260,000 |
| 1 | 5,380,001 | 5,385,000 | 5,384,500 |
| 1 | 5,515,001 | 5,520,000 | 5,515,718 |
| 1 | 5,715,001 | 5,720,000 | 5,717,945 |
| 1 | 5,805,001 | 5,810,000 | 5,810,000 |
| 1 | 6,150,001 | 6,155,000 | 6,151,000 |
| 1 | 6,480,001 | 6,485,000 | 6,483,760 |
| 1 | 6,610,001 | 6,615,000 | 6,614,000 |

DIRECTORS' REPORT

PATTERN OF SHAREHOLDING

| 2.2 | Number of shareholders | Shareholding | | Total shares held |
|-----|---------------------------|--------------|-------------|----------------------|
| | | From | To | |
| | 1 | 8,465,001 | 8,470,000 | 8,468,625 |
| | 1 | 10,975,001 | 10,980,000 | 10,977,500 |
| | 1 | 13,390,001 | 13,395,000 | 13,391,500 |
| | 1 | 14,260,001 | 14,265,000 | 14,260,500 |
| | 1 | 14,735,001 | 14,740,000 | 14,737,537 |
| | 1 | 106,845,001 | 106,850,000 | 106,849,067 |
| | 1 | 126,635,001 | 126,640,000 | 126,635,715 |
| | 9,538 | | | 497,681,485 |

CLASSIFICATION OF ORDINARY SHARES BY CATEGORIES AS AT DECEMBER 31, 2020

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

**CATEGORIES OF SHAREHOLDING REQUIRED UNDER LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019
AS ON DECEMBER 31, 2020**

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

DIRECTORS' REPORT

PATTERN OF SHAREHOLDING

| Sr. No. | Name | No. of Shares Held | Percentage |
|--|--------------------------------|--------------------|----------------|
| Executives: | | - | - |
| Public Sector Companies & Corporations: | | - | - |
| Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds: | | 75,104,039 | 15.0908 |
| Shareholders holding five percent or more voting interest in the listed company | | | |
| 1 | MR. M. NASEEM SAIGOL (CDC) | 126,635,715 | 25.4451 |
| 2 | MRS. AMBER HAROON SAIGOL (CDC) | 106,849,067 | 21.4694 |
| | | 233,484,782 | 46.9145 |

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

| S. No. | NAME | SALE | PURCHASE |
|--------|------|------|----------|
| | NIL | | |

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2020

| نمبر شمار | کیلگری آف شیئر ہولڈرز | تعداد حصص داران | تعداد حصص | فیصد |
|-----------|--|-----------------|-------------|----------|
| 1 | ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔ | 7 | 146,112,028 | 29.3585 |
| 2 | ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔ | - | - | - |
| 3 | این آئی ٹی اور آئی سی پی | 6 | 5,667,238 | 1.1387 |
| 4 | بینک، ڈیولپمنٹ فنڈس انسٹی ٹیوشنز، نان بینکنگ فنڈس انسٹی ٹیوشنز | 17 | 24,438,429 | 4.9105 |
| 5 | انشورنس کمپنیز | 17 | 49,383,213 | 9.9227 |
| 6 | مدار بہ اور میوچل فنڈز | 42 | 21,508,993 | 4.3218 |
| 7 | عام عوام | 9,231 | 206,699,601 | 41.5325 |
| 8 | دوسرے (مخصوص کیا جائے گا) | | | |
| | پینشن فنڈز | 7 | 2,625,947 | 0.5276 |
| | دوسری کمپنیز | 29 | 1,677,149 | 0.3370 |
| | انوسٹمنٹ کمپنیز | 3 | 2,491,500 | 0.5006 |
| | جوائنٹ شک کمپنیز | 151 | 24,455,715 | 4.9139 |
| | غیر ملکی کمپنیز | 28 | 12,621,672 | 2.5361 |
| کل تعداد | | 9,538 | 497,681,485 | 100.0000 |

تعداد حصص

| | |
|-------------|--|
| - | ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔ |
| 21,401,839 | میوچل فنڈز |
| 146,112,028 | ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔ |
| - | ایگزیکٹوز |
| - | پبلک سیکورٹیز اور کارپوریشنز |
| 75,104,039 | بینک، ڈیولپمنٹ فنڈس انسٹی ٹیوشنز، نان بینکنگ فنڈس انسٹی ٹیوشنز، انشورنس کمپنیز، مدار بہ اور پینشن فنڈز |
| 233,484,782 | پانچ فیصد یا اس سے زیادہ کے حصص داران |

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 |
|-----------|-----|-------|-----------|
| | | | کوئی نہیں |

DIRECTORS' REPORT

CAPITAL EXPENDITURE

Customer satisfaction is a primary organizational objective and the Company is always determined for its energy efficient and esthetically improved products for market competitiveness. Company is consistently spending on development of different models in its existing products to cater market demand.

Demand of energy efficient products with improved esthetics is latest market trend. Company for market competitiveness spends a lot on required modifications in manufacturing line. Further, Company is widening its product range on continues market demand. Both of the steps relate to improved profitability and long term business sustainability. In this way company safeguards the stake holders interest i.e. security of Investment and Payout.

The Company in line with its business strategy foreseeing increase in demand for Power Transformers, decided to enhance its Power Transformer manufacturing facility under Company's flagship premises at 34 KM Ferozepur Road, Lahore. In the face of continuous hurdles and challenges during COVID hit 2020, PEL team was able to successfully install all the newly acquired equipment and the new manufacturing plant was fully operational in July 2020, which is a monumental success.

DIVIDEND AND APPROPRIATIONS

In view of the financial results for 2020, the Board of Directors did not proposed any dividend for the year 2020.

CORPORATE SOCIAL RESPONSIBILITY

At PEL we pride ourselves in aligning our business strategy to meet societal needs. We believe in giving something back to the society because we care. For us it's about more than just aligning our activities with our stakeholder's expectations whether it's our clients, suppliers, the community, our employees and society as a whole. Through a broad range of community initiatives, charitable giving, foundation grants and volunteerism, we seek to create more value for our society to continue to bring joy in people's lives.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The Directors are pleased to state that:

- The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for last six (6) years in summarized form is given on page E-17.
- In view of the financial results for 2020, the Board of Directors do not propose any dividend for the year 2020.
- There is nothing outstanding against the Company on account of taxes, duties, levies and charges except for those which are being made in normal course of business.
- The Company maintains Provident Fund accounts for its employees. The values of the investments of the fund as on December 31, 2020 are given on page A-33.

BOARD OF DIRECTORS

The composition of the Board of Directors, and their profile and attendance at meetings is given in section D of the report.

REVIEW OF RELATED PARTY TRANSACTIONS

Details of all related party transactions are placed before the Audit Committee and upon recommendations of the Audit Committee, the same are placed before the Board for review and approval in accordance with requirements of the Code of Corporate Governance.

INTERNAL FINANCIAL CONTROLS

A system of sound internal control established and implemented at all levels of the Company of the Board of Directors. The system of internal control is sound in design for ensuring achievement of Company's objectives and operational effectiveness and efficiency, reliable financial reporting and compliance with laws, regulations and policies.

TRADING IN SHARES BY DIRECTORS AND EXECUTIVES

Details of trading conducted by directors, executives, their spouses and minor children in the shares of PEL during the year is given on page E-39.

SUBSEQUENT EVENTS

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

APPOINTMENT OF AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have completed the annual audit of PEL for the year ended December 31, 2020 and have issued an unmodified report. They will retire at the conclusion of the forthcoming AGM, and being eligible, have offered themselves for reappointment for the year ending December 31, 2021. The Board of Directors on the suggestion of the Audit Committee has recommended their re-appointment as auditors of the PEL for the year ending December 31, 2021 at a fee to be mutually agreed.

FUTURE OUTLOOK

A detail Forward Looking Statement is give on page F-01.

ACKNOWLEDGMENT

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

M. Zeid Yousaf Saigol

Director

Lahore

April 05, 2021

اب وقت کا تقاضا ہے کہ ایسے اقدامات کیے جائیں جس سے مقامی
معیشت بحال ہو۔ جیسے ہی معیشت بحالی کی طرف گامزن ہوتی ہے
اور COVID-19 کی صورت حال نارمل ہوتی ہے تو اس معاشی
بحالی کے نتیجے میں Power Division اور Home
Appliances میں ٹھوکار چھان نمایاں ہوگا۔



مالی اور عملی جائزہ

Division اور Home Appliances میں نمونہ

رجحان نمایاں ہوگا۔

گورنمنٹ کی CPEC کے مجوزہ Special

Economic Zones-SEZs کے ذریعے صنعتی

انقلاب کی کوششوں کے نتیجے میں اسٹیٹ ڈویلپمنٹ،

کنسٹرکشن اور تنصیب کاری کے شعبہ جات میں بہت زیادہ

ترقی ہوگی۔ اس سے پاور ڈویژن کی مصنوعات میں اضافی

طلب کار رجحان ہوگا۔ چائینہ پاک اکنامک کوریڈور کا

منصوبہ اب حقیقی وجود کے ساتھ سامنے آچکا ہے۔ اس کے

نتیجے میں بننے والی شاہراہ اب مکمل ہوگئی ہیں یا اس کے

قریب ہیں جبکہ ریلوے لائن کا منصوبہ ML-1 زیر غور

ہے۔

46 میں سے ترجیحی بنیادوں پر بننے والے 6 سیشل

اکنامک زونز کا نوٹیفیکیشن ہو چکا ہے اور یہ اپنی تکمیل کے

مرحلے میں ہیں۔

اظہار تشکر

ہم اپنے بورڈ آف ڈائریکٹرز کی جاریہ مدد اور رہنمائی کے

لیے مشکور ہیں۔ ہم اپنی ٹیم کے ممبران کے بھی شکر گزار ہیں

جن کی بھرپور کوششوں کے نتیجے میں ان مشکل حالات میں

بھی کمپنی کا کاروبار مستحکم رہا۔

ہم پر اعتماد ہیں کہ ٹیم کی کوششوں سے ہم حصہ داران، بینکرز

اور گاہکوں کی امنگوں پر پورا اتریں گے۔

ایم مراد سہگل

چیف ایگزیکٹو آفیسر

لاہور

05 اپریل 2021ء

EPC Contracting

کمپنی کا EPC ڈیپارٹمنٹ بجلی کے Network اور

220 KV لیول تک کے گرڈ اسٹیشن کی تنصیب کا

Turnkey منصوبہ جات کے طور پر کام کرتا ہے۔

زیر جائزہ سال میں اس کاروبار کے محصولات میں

43.88 فیصد کمی ہوئی ہے جس کی وجہ کمپنی کا زیادہ منافع

Product manufacturing کے شعبہ میں

سرمایہ کاری کی ترجیح ہے۔ EPC کے کاروبار میں منافع

کی شرح کم اور Working Capital کا دورانیہ

زیادہ ہوتا ہے اسی وجہ سے کمپنی نے اس بزنس کے حجم کو

دانستہ طور پر کم رکھا ہے۔

EPC کے کاروبار میں مستقبل میں بڑھتی توقع

ہے۔ CPEC کے تحت بننے والے صنعتی

زونز (SEZs) کی وجہ سے اس شعبہ میں بہت مواقع

جات ہو گئے اور آپ کی کمپنی اس سے فائدہ اٹھانے کے

لیے مکمل طور پر تیار ہے۔

مستقبل کے امکانات

سال 2021ء میں پاکستان کی معیشت میں بہتری کے

آثار نمودار ہوئے ہیں۔ تاہم یہ بہتری کچھ عناصر سے

مشروط ہے۔ ان میں سب سے اہم COVID-19 کی

دوسری لہر کا دورانیہ، اس سے صحتیابی کی شرح اور اس کی

vaccines کے استعمال کا حجم ہیں۔ بیرونی معاشی محاذ

پہ چار یہ اکاؤنٹ کا خسارہ GDP کا 2% رہنے کا امکان

ہے۔ بتدریج بحال ہوتی ہوئی برآمدات اور بیرون ملک

سے آنے والی ترسیلات زر اور SBP کے اقدامات

بیرونی بڑھتی کرنسی کے حجم کو مضبوط کریں گے جبکہ دوسری

طرف IMF پروگرام جاریہ ترچہ جات کو کنٹرول کر کے

بیرونی ادائیگیوں پر زور دے گا اس سے حکومت کی خرچہ

کرنے کی صلاحیت بہت محدود ہو جائے گی۔ اب وقت کا

تقاضا ہے کہ ایسے اقدامات کیے جائیں جس سے مقامی

معیشت بحال ہو۔ جیسے ہی معیشت بحالی کی طرف گامزن

ہوتی ہے اور COVID-19 کی صورت حال نارمل ہوتی

ہے تو اس معاشی بحالی کے نتیجے میں Power

تقسیم کار کمپنیوں کی طرف سے ملنے والے آرڈرز کے نظام

الاقوات سے ہے۔ آپ کی کمپنی نے Three

Phase AMR enabled GSM/GPRS

Electronic میٹر بنایا ہے جو کہ PEPCO سے

منظوری کے مراحل میں ہے اس کی وجہ سے Power

Utilities کی بجلی کی چوری میں کمی واقع ہوگی۔

کمپنی نے سوئچ گئیر میں لگنے والا LT/HT Type

Multifunction dual meter بھی بنایا ہے اور

PEPCO کو منظوری کے لیے جمع کروادیا ہے۔ مزید

نئے ڈیزائنز کی وجہ سے پیداواری صلاحیت میں اضافہ

ہوگا۔

PEPCO سنجیدگی سے AMR/AMI سسٹم کورانج

کرنے کے لیے کوشاں ہے جس سے میٹرنگ ریونیو اکٹھا

کرنے کے نظام میں بہتری آئے گی۔ مزید اس سے بجلی کی

چوری پر منوٹر کنٹرول ہوگا۔ IPEL اس ایریا پر اپنی توجہ مرکوز

کئے ہوئے ہے اور کمپنی نے تھری فیڈر الیکٹرک میٹر جو کہ

DLMS کی مقرر کردہ تکنیکی شرائط کے مطابق

GSM/GPRS ماڈیول سے مربوط ہے تیار کر لیا ہے

اور اس کو DLMS سے منظور بھی کر لیا

ہے۔ DLMS ایک بین الاقوامی تنظیم ہے جو کہ

Smart Metering/AMI System کے لیے

مطابقت کے سرٹیفیکیٹ جاری کرتی ہے۔

کمپنی DLMS کی ممبر ہے۔

آجکل متبادل اور صاف توانائی کا چرچا ہے تاکہ بین

الاقوامی ماحولیاتی آلودگی پر قابو پایا جاسکے۔ سولر انرجی کے

بڑھتے ہوئے رجحانات کے پیش نظر کمپنی نے NET

METERING بنایا ہے اور PEPCO کی اجازت

کے بعد متعارف کروادیا ہے۔

پانچ ملین گھروں کا حکومتی منصوبہ نیا پاکستان ہاؤسنگ

اتھارٹی کے زیر انصرام انرجی میٹر بزنس کے لیے ایک اچھا

موقع ہے جس سے فائدہ حاصل کرنے کے لیے آپ کی

کمپنی مکمل طور پر تیار ہے۔

اس کے دیدہ زیب ڈیزائن اس اضافہ کی بنیادی وجوہات ہیں۔

خود کار اور نیم خود کار مشینوں کے کامیاب تجربے کے بعد امسال Twin Tube مشین کا اضافہ کیا ہے۔ کمپنی نے smart touch مکمل آٹومیٹک واشنگ مشین متعارف کرائی ہے۔

واشنگ مشین کی کم نفوذ پیری اور شہری آبادی کی طرف ارتکاز اس کاروبار میں اضافہ کے عناصر ہیں اور موجودہ معاشی سست روی کے اختتام پر اس کاروبار کی نمو کے وسیع امکانات موجود ہیں۔

ڈسٹری بیوشن ٹرانسفارمرز

کمپنی اپنے کاروبار کے آغاز سال 1958ء سے ہی ڈسٹری بیوشن ٹرانسفارمر کے کاروبار سے وابستہ ہے اور اس کو عالمی معیار کے مطابق بنانے کے لیے کمپنی نے سال 2009ء میں ایک نابغہ روزگار Manufacturing Line کی تنصیب کی۔ سال رواں کے دوران DTR کے حاصل گزشتہ سال جتنے رہے جس کی بنیادی وجہ واپڈا کی تقسیم کار کمپنیوں سے ہونے والی آرڈرنگ اور موجودہ معاشی سست روی ہے۔

دوران سال DTR کی کارکردگی باوجود معاشی چیلنجز کے تسلی بخش رہی ہے۔ کمپنی نے واپڈا میں اپنی اچھی کارکردگی دکھائی۔ کمپنی نے پرائیویٹ بزنس میں DHA بہاولپور، ملتان اور لاہور میں بڑے آرڈرز حاصل کیے جن کی سپلائی سال 2021ء تک کی جائے گی۔

مجموعی طور پر رواں سال میں پاکستان میں پاور سیکٹر مستقبل کے اچھے امکانات کے ساتھ slow رہا۔ واپڈا کی تقسیم کار کمپنیاں اپنے T & D کے سسٹم کو مضبوط کرنا چاہتی ہیں جس کے نتیجے میں سال 2021ء میں اس شعبہ میں نمایاں نمو متوقع ہے۔ جیسا کہ ملک COVID-19 سے پیدا ہونے والے حالات سے نکل رہا ہے جس کے نتیجے میں DTR کی طلب میں ایک بھر پور اضافہ کی توقع ہے اور آپ کی کمپنی اس موقع سے فائدہ اٹھانے کے لیے تیار ہے۔ مقامی صنعتوں بالخصوص ٹیکسٹائل، کنسٹرکشن، اور آئی ٹی میں ہونے والی متوقع بہتری سے پرائیویٹ شعبہ میں

اضافی طلب ہوگی مزید ہم پر اعتماد ہیں کہ حکومت کے 5 ملین مکانات کے نیا پاکستان ہاؤسنگ اتھارٹی منصوبہ سے بھی DTR کی طلب میں اضافہ ہوگا۔

کمپنی کی ٹرانسفارمر کی پروڈکشن لائن خطے کی بہترین پروڈکشن لائن ہے جو کہ بہت اعلیٰ پیشہ ورانہ صلاحیتوں کی حامل ٹیم کے زیر انصرام ہونے کے باعث عالمی سطح کے Brand Range کی حامل ہے۔

پاور ٹرانسفارمرز

کمپنی نے سال 2004ء میں GANZ Hungry کے اشتراک سے پاور ٹرانسفارمر کے کاروبار کا آغاز کیا۔ پاور ٹرانسفارمر بجلی کے ترسیلی نظام میں ایک قیمتی اثاثہ ہے۔ پاکستان میں اس کے سپلائرز کی تعداد محدود ہے۔ کمپنی نے اپنی مارکیٹ لیڈر شپ کو مزید آگے بڑھانے کی غرض سے 34KM فیروز پور روڈ لاہور پر اضافی پروڈکشن لائن لگانے کا فیصلہ کیا جس نے امسال بھر پور طریقے سے اپنی پروڈکشن کا آغاز کیا ہے۔

COVID-19 کے ماحول میں پیش آنے والی مشکلات کے حوالے سے یہ ایک بہت بڑی کامیابی ہے۔ سال 2020ء میں پاور ٹرانسفارمر کے محاصل میں 166 فیصد کا اضافہ ہوا ہے۔ مزید برآں کمپنی نے سال رواں میں 20/26MVA ٹرانسفارمر ماڈل کی شارٹ سرکٹ ٹیسٹنگ کی منظوری STL Lab (VEIKI-VNL Lab Hungry) سے لی ہے جو کہ COVID-19 کی وجہ سے سفری پابندیوں اور دوسری مشکلات کے پیش نظر ایک بہت بڑی کامیابی ہے جس کی وجہ سے اس شعبہ میں نمو کے ساتھ اچھے منافع جات کی توقع بھی ہے۔

حالیہ سالوں میں حکومت نے بجلی کی پیداوار کی صلاحیت حاصل کر لی ہے اور اب اس پیدا شدہ بجلی کو صارف تک پہنچانے کے لیے بجلی کے مضبوط ترسیلی نظام کی ضرورت ہے جس سے پاور ٹرانسفارمرز کی طلب میں اضافہ متوقع ہے۔ ہم پر اعتماد ہیں کہ اس کاروبار میں بھی ہم واپڈا کی تقسیم کار کمپنیوں سے اپنا مارکیٹ شیئر حاصل کر لیں گے۔ ہاؤسنگ کے شعبہ میں ہونے والے اقدامات کے پیش نظر

بھی اس کی طلب میں اضافہ متوقع ہے۔ ہم اپنے جاری R & D کے عمل سے مقامی طلب کے علاوہ پاکستان کے باہر نئی مارکیٹ کو بھی تلاش کریں گے۔

سوئچ گئیر

کمپنی ملک میں سوئچ گئیر کے کاروبار کے بانیوں میں شمار ہوتی ہے اور اس کے کاروباری آغاز کے سال 1958ء سے اس سے منسلک ہے۔ PEL ملک کی نمایاں سوئچ گئیر بنانے والی کمپنی ہے COVID-19 کی وجہ سے ہونے والی معاشی سست روی کے باوجود اس شعبہ میں کمپنی نے اپنے محصولات میں 50.81 فیصد کا اضافہ کیا ہے۔ اس کی بنیادی وجہ واپڈا کی تقسیم کار کمپنیوں کے آرڈرنگ کے نظام الاوقات اور اس کی شیڈول کے مطابق تکمیل ہے۔

اس شعبہ میں R & D کے جاریہ عمل سے کمپنی صارف کے اپنے ڈیزائن کے مطابق اور کم لاگت کی مصنوعات دے رہی ہے۔ دوران سال کمپنی نے K-Electric کی طلب پر 500KVA Pad Mounted Unit with arc stranger switches بنایا اور سپلائی کیا۔ اس سے کراچی کی مارکیٹ میں مزید طلب نکلے گی۔ کمپنی نے LS Electric VBCs کو ریا سے بنوا کر اس کی عالمی شہرت کی حامل KERI لیبارٹریز سے ٹیسٹنگ کروائی جو کہ NTDC کے ڈیزائن اور بین الاقوامی معیار کے مطابق تھی۔ COVID-19 کے باعث online ٹیسٹنگ ہوئی جو کہ PEL سوئچ گئیر ٹیم کی بڑی کامیابی ہے۔

ہم پر عزم ہیں کہ جیسے ہی موجودہ معاشی سست روی ختم ہوتی ہے تو ایک بھر پور طلب واپڈا کی تقسیم کار کمپنیوں اور صنعتی شعبہ سے رونما ہوگی اور آپ کی کمپنی اپنا مارکیٹ شیئر حاصل کرنے کے لیے پر اعتماد ہے۔ مزید پرائیویٹ شعبہ میں ہاؤسنگ منصوبہ جات اور صنعتی زونز کا کاروبار بھی آنے والے سالوں میں ابھرے گا۔

انرجی میٹرز

باوجود موجودہ معاشی سست روی کے انرجی میٹرز کے محاصل میں 18.33 فیصد کا اضافہ ہوا۔ اس کی بنیادی وجہ واپڈا کی

مالی اور عملی جائزہ

Jumbo DC, Turbo DC "ہمیشہ صارف کی پسند رہی ہیں۔ کمپنی کے ACs بجلی کے کم خرچ اور 4 Star Rating Invertor ٹیکنالوجی کے باعث صارف کی تسکین کا باعث رہے ہیں۔

رواں سال کے دوران کمپنی نے Panasonic Marketing Middle East and Africa (PMMAF) کے ساتھ ایک کاروباری شراکت کا معاہدہ کیا اور اس نتیجے میں PEL کی پروڈکشن لائن پر بنے ہوئے Panasonic ACs مارکیٹ میں متعارف کروائے جو کہ اپنی زیادہ ٹھنڈک کے باعث مارکیٹ میں بہت مقبول ہوئے اور مستقبل میں اس کی طلب میں بے پناہ اضافہ متوقع ہے۔

مقامی مارکیٹ میں چونکہ ACs کی نفوذ پذیری کی بہت گنجائش ہے اس لیے کمپنی اس کی طلب میں اضافہ کی توقع رکھتی ہے۔ جونہی COVID-19 ختم ہوتا ہے اور معاشی بہتری کا سفر شروع ہوتا ہے ACs کی طلب میں بے پناہ اضافہ متوقع ہے اور آپ کی کمپنی اس موقع سے فائدہ اٹھانے کے لیے پرعزم ہے۔ کمپنی کا ملک گیر بعد از فروخت سروس کا ہمہ تن گوش نیٹ ورک صارف کے اعتبار کو جیتنے میں اہم کردار ادا کر رہا ہے۔

ڈیپ فریزر

COVID-19 کے زیر اثر ہونے والی معاشی سست روی کے باعث ڈیپ فریزر کا کاروبار مشکلات کا شکار رہا۔ قابل خرچ آمدنی میں کمی اور معاشی سست روی کے سبب عام اور ادارہ جاتی صارفین کی طلب میں کمی واقع ہوئی۔ کمپنی کی صارف اپنے ڈیزائن والی مصنوعات جو کہ UN 0 Zone Montreal Protocol کے مطابق Friendly Refrigerant کے ساتھ بنائی جاتی ہیں MNCs میں بہت مقبول ہیں۔ کمپنی نے بیورج اور آکس کریم کمپنیوں کی ضرورت کے مطابق Designe مصنوعات میں بہت نام کمایا ہے۔ کمپنی کی بجلی کی بچت والی نئی Invertor ON سیریز اور دیدہ زیب Crystle Series نے صارفین میں خاصی پذیرائی حاصل کی ہے۔ PEL ڈیپ فریزر کے ادارہ جاتی

صارفین میں کوکا کولا پاکستان لمیٹڈ، یونی لیور، اینگرو فوڈز، لوٹے اختر بیوریتجز (پتیپی)، سکھر بیوریتجز (پتیپی)، پاکستان ڈیریز (اگلو) شامل ہیں۔

آپ کی کمپنی کے بعد از فروخت سروس ڈیپارٹمنٹ نے اپنی تکنیکی صلاحیتوں اور صارف سے تعلقات کو بروئے کار لاتے ہوئے لوٹے اختر بیوریتجز (پتیپی) اور فرانسز لینڈ کمپنی، اینگرو فوڈز کے ساتھ ڈیپ فریزر، ویسی کولرز اور چیسٹ کولرز کی ملکی سطح پر مرمت کا معاہدہ کیا ہے۔ کمپنی پنجاب بیوریتجز (پتیپی) اور فوجی فوڈز لمیٹڈ "NURPUR" کے ساتھ ڈیپ فریزر، ویسی کولرز، چیسٹ کولرز اور چلرز کا ملک گیر معاہدہ برائے مرمت کے لیے گفت و شنید کر رہی ہے۔

کمپنی نے ڈیپ فریزرز کی سپلائی کے لیے یونی لیور، حیدری بیوریتجز (پتیپی)، سکھر بیوریتجز (پتیپی) اور اختر لوٹے بیوریتجز (پتیپی) کے ساتھ معاہدے کئے ہیں۔ کمپنی کے ڈیپ فریزرز کی کاروباری بنیادیں مستحکم ہیں اور کمپنی معاشی سست روی کے اختتام پر متوقع اضافی طلب سے اپنا حصہ لینے کے لیے پرعزم ہے۔ مزید کمپنی اپنے مسلسل R & D کے عمل سے معیاری اور دیدہ زیب مصنوعات مارکیٹ میں متعارف کروانے پر عمل پیرا ہے۔

مائیکرو ویو اوون

باوجود معاشی سست روی کے مائیکرو ویو اوون کے محصولات میں 37.71 فیصد کا اضافہ ہوا ہے۔ کمپنی کے مائیکرو ویو اوونز ایک زبردست پکوائی کے عمل سے آشنا کراتے ہیں۔ صارف کی ضرورت کو مد نظر رکھتے ہوئے کمپنی نے سولو اور گرل ماڈل متعارف کروائے ہیں۔ پیل کے مائیکرو ویو اوون Manual اور Digital انٹرفیس کے ساتھ صارفین کی ضرورت کے مطابق متعارف کروائے گئے ہیں۔ دوران سال کمپنی نے نئے تین ماڈلز classic Silver Line Series plus series اور Glamour Series متعارف کروائے ہیں جو کہ مارکیٹ میں مقبول ہوئے ہیں۔ کمپنی کے مائیکرو ویو اوونز کم جگہ لینے اور پکوائی کے خوشگوار تجربے کی خصوصیات کے ساتھ ڈیزائن کیے گئے ہیں۔

وائرڈ سپینسرز

مارکیٹ کی مستقل طلب کے پیش نظر کمپنی نے مقامی سطح پر تیار کیے ہوئے وائرڈ سپینسرز 2017ء میں متعارف کرائے۔ باوجود موجودہ نامساعد معاشی حالات کے اس کاروبار نے چمک کا مظاہرہ کرتے ہوئے مارکیٹ میں اپنی پوزیشن قائم رکھی۔ ہم پر اعتماد ہیں کہ موجودہ معاشی سست روی کے اختتام پر اس کی طلب میں اضافہ ہوگا۔ کمپنی نے اپنے مسلسل R & D کے عمل کے باعث سال رواں میں وائرڈ سپینسرز کی دیدہ زیب Curved Glass Doors Series مختلف رنگوں میں متعارف کروائی ہے۔ اس کے علاوہ PWD115 Pearl کا بنیادی ماڈل گرم اور ٹھنڈے پانی کو ذخیرہ کرنے کی صلاحیت کے ساتھ متعارف کروایا ہے۔

ایل ای ڈی ٹیلی ویژن

سال رواں میں ٹیلی ویژن بینل کی عالمی طور پر کمیابی کے سبب جو کہ COVID-19 کی وجہ سے ہوئی ٹیلی ویژن کی پیداوار میں کمی ہوئی۔ جس کے نتیجے میں محاصل میں 43.45 فیصد کمی واقع ہوئی۔ ٹی وی پینلز کی درآمد کا دورانیہ 60 دن سے بڑھ کر 150 دن ہو گیا۔ کمپنی نے مقامی مارکیٹ میں Value Addition کرنے کے لیے دوران سال میں ایل ای ڈی ٹیلی ویژن کے پینلز کی اسمبلی لائن کی تنصیب کی جس نے اپنا کام شروع کر دیا ہے۔

کمپنی کے LED ٹیلی ویژن کی کاروباری اساس اپنی جگہ پر قائم ہے اور جونہی موجودہ کاروباری فضا نابل ہوتی ہے اس کے محاصل بڑھ جائیں گے۔ کمپنی اپنی مضبوط کاروباری وابستگی کے سبب اپنے R & D کے جاریہ عمل کے باعث مارکیٹ میں اپنی کوالٹی کی پراڈکٹس سپلائی کرتے ہوئے اپنا مارکیٹ شیئر برقرار رکھے گی۔

واشنگ مشین

واشنگ مشین جولائی 2019ء میں مارکیٹ میں متعارف کرائی گئی جس کو زبردست پذیرائی ملی۔ سال رواں میں باوجود COVID-19 کی مشکلات کے اس کے محاصل میں 336.8 فیصد کا اضافہ ہوا۔ اعلیٰ کوالٹی پراڈکٹ اور

بعد کے گوشوارہ جات میں گزشتہ سال کی متوازی اعداد و شمار چونکہ کمپنی کے ادغام سے پہلے کے ہیں اس لیے قابل موازنہ نہیں ہیں۔

سال رواں کے دوران کمپنی کی پاور ٹرانسفارمر بنانے کی پیداواری لائن نے کامیاب تنصیب اور پیداواری تجربے کے بعد تجارتی بنیادوں پہ پیداوار کا آغاز کیا جس سے کمپنی اس شعبہ میں بڑھتی ہوئی طلب کو پورا کرے گی۔ اسی سال کے دوران کمپنی نے پیناسونک مارکیٹنگ مڈل ایسٹ اینڈ افریقہ کے ساتھ ایک کاروباری شراکتی معاہدے پر دستخط کیے ہیں۔ جس کے نتیجے میں دونوں

کمپنیاں پاکستانی مارکیٹ کی ضروریات سے ہم آہنگ مصنوعات متعارف کرائیں گی۔

کمپنی کا کاروباری جائزہ

سال حاضر میں کمپنی نے 37,988 ملین روپے کے محصولات اور 6,402 ملین روپے کے خام منافع جات حاصل کئے۔ جبکہ خالص منافع جات گزشتہ سال کے 178 ملین روپے کے مقابلے میں 224 ملین روپے رہے۔ فی حصص منافع گزشتہ سال کے 0.27 روپے کے مقابلے میں 0.36 روپے رہا۔ گھریلو برقی آلات کے محصولات میں

COVID-19 کے نتیجے میں ہونے والی تالہ بندی کے نتیجے میں 9.71 فیصد کمی دیکھنے میں آئی۔ ان نامساعد کاروباری حالات میں پاکستانی روپے کی قدر میں نمایاں کمی، پیٹرولیم کی مصنوعات کی قیمت میں اضافہ اور بڑھتی ہوئی مہنگائی جیسی مشکلات درپیش رہیں۔ تاہم پاور ڈویژن کے محصولات میں 31.17 فیصد اضافہ ہوا جسکی وجوہات میں اس شعبہ میں لاک ڈاؤن کا کم مدت میں ختم ہونا، واپڈا کی بجلی کی تقسیم کار کمپنیوں کی آرڈر ز کی بہتری اور ان کی اپنی مدت کے دوران تکمیل ہے۔ کمپنی کے آپریٹنگ نتائج کا خلاصہ درج ذیل ہے:

روپے ملین میں

| 2019 | 2020 | آپریٹنگ نتائج کا خلاصہ |
|--------|--------|------------------------|
| 37,621 | 37,988 | مجموعی آمدنی |
| 6,573 | 6,402 | خام منافع |
| 3,364 | 2,557 | آپریٹنگ منافع |
| 2,480 | 2,198 | مالی لاگت |
| 881 | 356 | قبل از ٹیکس منافع |
| 879 | 224 | بعد از ٹیکس منافع |
| 1.68 | 0.36 | فی شیئر آمدنی۔ روپے |

پراڈکٹ وائرڈ کاروباری جائزہ

ریفریجریٹر

ریفریجریٹر کمپنی کی نمایاں مصنوعات میں شامل ہے اور گھریلو برقی آلات کے شعبہ میں اس کے محصولات کا حصہ 60 فیصد اور کمپنی کے محصولات میں اس کا حصہ 40 فی صد ہے۔ دوران سال ملکی قابل خرچ آمدنی میں نمایاں کمی کے باعث اس کے محصولات 6.36 فیصد سے کم رہے۔ ملکی معاشی حالات کے پیش نظر پیداواری لاگت میں ہونے والا اضافہ کے اثرات جس کے بنیادی عوامل پاکستانی روپے کی قدر میں ہونے والی کمی اور توانائی کی قیمت میں اضافہ سے صارف کو منتقل نہیں کیے جاسکے۔

دوران سال کمپنی نے کم بجلی استعمال کرنے والی، زیادہ گنجائش کی بڑے فریڈر اور کم پیداواری لاگت والی ریفریجریٹر کی Jumbo Series متعارف کرائی ہے۔

مزید برآں سٹپلاز کی ضرورت سے بے نیاز Turbo

LVS سیریز بھی متعارف کروائی گئی ہے۔ کمپنی کے دیدہ زیب ڈیزائن، کشادہ اور کم بجلی استعمال کرنے والی مصنوعات اس کی پذیرائی کی وجوہات میں شامل ہیں۔

کمپنی نے زیادہ دروازوں کی سائیڈ بائی سائیڈ ریفریجریٹرز متعارف کروائے ہیں جن کو مارکیٹ میں بہت پذیرائی ملی ہے۔ کمپنی کے مصنوعات کے تحقیقی عمل کے علاوہ اس کی بھر پور تشہیری مہم اس کے مارکیٹ کے حصہ کو قائم رکھنے میں مدد گار ثابت ہوئی ہے۔

COVID-19 کے مضمرات کے باوجود کمپنی کی

مصنوعات نے مارکیٹ میں اپنی نمایاں پوزیشن برقرار رکھی اور متوقع معاشی بحالی کے عمل سے متوسط طبقہ کی قابل خرچ آمدنی میں ہونے والے اضافہ سے ریفریجریٹر کی طلب میں اضافہ ہوگا اور آپ کی کمپنی دوبارہ محصولات کی نمو کی

طرف گامزن ہوگی۔ مزید آپ کی کمپنی ریفریجریٹرز کی دیہاتی علاقہ جات میں بڑھتی ہوئی نفوذ پذیری کے نتیجے میں بڑھنے والی طلب میں اپنا حصہ لینے کے لیے پرعزم ہے۔

ایئر کنڈیشنرز

COVID-19 کے باعث ہونے والے نامساعد حالات کے باوجود ایئر کنڈیشنرز کے کاروبار نے چلک کا مظاہرہ کرتے ہوئے مارکیٹ میں اپنی پوزیشن مستحکم رکھی۔ کمپنی نے 1137 mm کے بڑے Indoor Units والے ACs جو کہ 52c پر بھی ماحول کو اپنے Long Air Panels کی وجہ سے خوشگوار رکھتے ہیں متعارف کروائے۔ کمپنی نے کم بجلی کے استعمال والی دیدہ زیب بنیادی سیریز "ACE, APEX, Arctic اور Fit Black, Fit Fit Series" اور مکمل سیریز "White, Fit Chrome" اور مکمل سیریز

مالی اور عملی جائزہ

کمپنی کے بورڈ آف ڈائریکٹرز کے تفویض کردہ فرائض کے مطابق ہم بمسرت پاک الیکٹران لمیٹڈ کے گوشوارہ جات (آڈٹ شدہ) برائے سال ختمہ 31 دسمبر 2020ء آڈیٹرز رپورٹ کے ہمراہ پیش کرتے ہیں۔

مالی اور عملی جائزہ

معاشی جائزہ

عالمی صورت حال

COVID-19 کے پھیلاؤ کے سبب عالمی سطح پر معاشی حالات بری طرح سے متاثر ہوئے۔ عالمی معیشت تریل کے نظام کے تعطل کی وجہ سے جمود کا شکار رہی۔ بین الاقوامی مالیاتی فنڈ نے سال 2020ء کی GDP میں نمو کی شرح کو منفی 3 فیصد سے منفی 4.9 فیصد کر دیا ہے جبکہ گزشتہ سال یہ شرح مثبت 2.8 فیصد تھی۔ تاہم معاشی بہتری کے آثار کے پیش نظر IMF نے اس کو منفی 3.5 فیصد کی پیش گوئی کی ہے۔

تاہم COVID-19 کی تازہ لہر کے پیش نظر عالمی معیشت میں عدم استحکام کی توقع ہے۔ اسی طرح اشیاء کی قیمتوں میں بہتری ہو رہی ہے۔ تاہم Bloom Berg Composit Index کے مطابق قیمتیں ابھی سال 2018ء سے بھی کم ہیں۔

مقامی معیشت کا جائزہ

عالمی معیشت COVID-19 کے اثرات کے زیر اثر بہت مشکل حالات کے بعد اب بہتری کی راہ پر گامزن ہے۔ دوسرے ممالک کے برعکس پاکستانی معیشت نے قابل تحسین قوت برداشت کا مظاہرہ کیا اور خوش قسمتی سے جلد ہی COVID-19 کے اثرات سے باہر نکل آئی۔ مقامی معیشت بحالی کے عمل سے گزر رہی ہے اور نمو کی شرح 2 فی صد سے زیادہ ہونے کی توقع ہے۔ اشیائے خورد و نوش کی قیمتوں میں اضافہ کی وجہ سے مہنگائی بلندی کی طرف مائل ہے۔ تاہم یہ صورت حال عارضی ہے اور سال 2021ء میں اوسط افراط زر کی شرح 8 فیصد سے کم رہنے کی توقع ہے۔ محصولات سال 2021ء کے پہلے پانچ مہینوں میں ہدف سے معمولی اضافہ کے ساتھ 1,700 بلین رہے۔

خارجی معاشی محاذ پر سال کے پہلے چھ مہینوں میں جاریہ اکاؤنٹ کا مثبت ہونا ایک نمایاں کامیابی ہے جو کہ پانچ سال بعد ملی ہے۔ جاریہ اکاؤنٹ کا مثبت بیلنس دسمبر 2020ء میں 1.6 بلین امریکی ڈالر رہا جبکہ گزشتہ سال یہ 2.2 بلین امریکی ڈالر کا خسارہ تھا۔ سال کے پہلے چھ ماہ میں برآمدات میں 5 فی صد کا شاندار اضافہ ہوا اور سب سے زیادہ ہونے والی برآمدات ماہ دسمبر 2020ء کی 2.4 بلین ڈالر کی ہیں۔ تاہم اسی مدت میں درآمدات زیادہ ہونے کی وجہ سے 64 فی صد کا تجارتی خسارہ رونما ہوا۔ تاہم جاری اکاؤنٹ میں اضافہ ہونے کی بنیادی وجہ 14.2 بلین ڈالر کی بیرونی ترسیلات تھیں۔ یہ سب کچھ معاون پالیسیوں اور سفری پابندیوں کی وجہ سے مروجہ قانونی طریقوں سے آنے والی ترسیلات میں اضافہ کی وجہ سے ممکن ہوا۔ بیرونی محاذ پر ہونے والی ان مثبت تبدیلیوں کے سبب ستمبر 2020ء سے اب تک پاکستانی روپے کی قدر میں ڈالر کے مقابلے میں 3.6 فی صد کا اضافہ ہوا۔ ان خوشگوار معاشی تبدیلیوں کے سبب اسٹیٹ بینک کے عالمی کرنسی کے ذخائر اضافہ کے بعد 13.4 بلین ڈالر کی سطح پر پہنچ گئے جو کہ فروری 2018 کے بعد سے بلند ترین سطح پر ہیں جون 2020ء سے شرح سود کے 7 فی صد تک آنے سے کاروباری حالات بہتر ہونے سے شاک آپکھینچ مارکیٹ 100 انڈیکس 43,755 پوائنٹس پر بند ہوئی۔

پاکستان کے زرعی شعبہ میں 2.8 فی صد کی نمو کا ہدف ہے۔ موسم خریف میں ہونے والی نمو حوصلہ افزا ہے کپاس کی فصل مون سون کی غیر معمولی بارشوں کی وجہ سے متاثر ہوئی ہے تاہم گنے اور چاول کی فصل کے بھرپور ہونے کے تخمینہ جات ہیں۔ فصلوں کی امدادی قیمتوں میں اضافہ اور کھاد پر دی جانے والی subsidy سے کاشتکار کی آمدنی میں اضافہ ہوگا اور اس کے نتیجے میں گھریلو برقی آلات کی طلب میں دیہاتی علاقہ جات میں بہت اضافہ ہوگا۔

صنعتی جائزہ

بڑے پیمانے کی پیداواری کمپنیوں جو کہ ملکی GDP کا 10.7 فی صد پیدا کرتی ہیں کی نمو میں سال کے پہلے چھ ماہ کے دوران گزشتہ سال کی 6 فی صد کمی کے مقابلے 8 فی صد

کا اضافہ ہوا ہے۔ یہ بحالی کا عمل تمام سیکٹرز میں ہے اور بالخصوص آٹو موبائل سیکٹرز میں 18 فی صد کا اضافہ ہوا ہے۔ اس بحالی کے عمل میں حکومتی اقدامات بالخصوص شرح سود میں کمی نے اہم کردار ادا کیا ہے۔ تاہم COVID-19 کی دوسری لہر سے پوری دنیا میں ترسیلی نظام کے متاثر ہونے سے خام مال کی ترسیل متاثر ہو رہی ہے اور اس کے نتیجے میں پیداواری مال کی قیمتوں میں ہونے والے اضافے سے منافع جات میں کمی ہو رہی ہے۔ مشکل معاشی حالات کے باوجود گھریلو برقی آلات کی صنعت نے اپنے کاروباری حجم برقرار رکھے ہیں۔ متوقع معاشی بحالی کے پیش نظر امید کی جاتی ہے کہ مصنوعات کی پذیرائی میں اضافہ ہونے کے ساتھ گھریلو برقی آلات کی طلب میں اضافہ ہوگا۔ دوسری طرف حکومت اپنی ساری توجہ بجلی کے ترسیلی نظام میں بہتری کی طرف مرکوز کیے ہوئے ہے اور آنے والے وقت میں پاور ڈیویژن کی مصنوعات کی طلب میں بھی اضافہ متوقع ہے۔

کمپنی

سال 2020ء پوری دنیا میں COVID-19 کے مضمرات کی وجہ سے یاد رکھا جائے گا۔ لاک ڈاؤنز، سماجی فاصلے اور آن لائن کام کے ماڈل کی وجہ سے بہت ساری معیشتوں میں منفی رجحانات غالب رہے۔ پاکستان میں بھی اس سے مختلف صورت حال سامنے نہیں آئی۔ مکمل تالہ بندی سے سب کا روزگار اس مدت کے دوران بند رہا۔ تاہم حکومت نے ٹرانسپورٹ کے کاروبار کو انتہائی ضروری مصنوعات کی فہرست میں شامل کرتے ہوئے اس کی اجازت مجوزہ احتیاطی تدابیر سے مشروط کرتے ہوئے دیدی۔ سال کے دوسرے حصہ میں ہاؤسنگ سیکٹر اور کچھ صنعتوں میں حکومتی پالیسی کے نتیجے میں توسیع عمل میں آئی۔ کمپنی باوجود عالمی نامساعد کاروباری حالات کے اپنے کاروبار کو آگے لے جانے کے لیے پرعزم ہے۔

دوران سال کمپنی کی مکمل ملکیتی جزوی کمپنی پیل مارکیٹنگ (پرائیویٹ) لمیٹڈ کا پاک الیکٹران لمیٹڈ میں کمپنی کے بورڈ آف ڈائریکٹرز اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے مطلوبہ اجازت سے ادغام عمل میں آیا۔ اس ادغام کے

A large, stylized red letter 'F' logo, which is the primary branding element for the document.

01-02

OUTLOOK

F 01

Forward Looking
Statement

F 01

Company
Performance VS
Last Year
Projections

F 01

Financial Projections

F 02

Status of Projects

F 02

Sources of
Information and
Assumptions

FORWARD LOOKING STATEMENT

Pakistan's economy has started CY21 with a positive outlook reflected by decent growth prospects and improved business sentiments. The actual performance, however, hinges upon a number of factors. These include intensity & duration of the second wave of COVID 19 and the extent of recovery in the world economy following the widespread use of vaccines. On the external front, the current account deficit is expected to remain within 2% of GDP. A gradual revival of exports and upward trend in remittances on account of steps taken by the SBP will keep supporting external account. This, together with expected private and official flows, should continue to keep Pakistan's external position stable in FY21. On the other hand, once IMF program restarts, austerity measures may limit Government's ability to expand fiscal support and spending. The above situation calls for development of time-sensitive plans and formulation of an effective mechanism to support the domestic recovery. As the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery which will provide stimulus to Home Appliances and Power Division Products as well due to revival of local industry and growth in agriculture sector.

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

COMPANY PERFORMANCE VS LAST YEAR PROJECTIONS

For the Year 2020 company budgeted revenue of Rs. 39 billion at 3.67% growth over year 2019. Due to COVID-19, slow ordering by WAPDA distribution companies and shrink of disposable income, the Company achieved revenue of Rs. 37.9 billion at 2.59% below the budgeted number. Production cost increased due to Rupee depreciation, which could not be passed on to customers in full due to slow economic environment. The gross profit recorded is Rs. 6.4 billion against budgeted amount of Rs. 6.25 billion. Net profits also increased to Rs. 224 million against budgeted loss of Rs. 110 million mainly due to reduction in operating and finance cost.

FINANCIAL PROJECTIONS

The Company foresees revenue growth in future years keeping in view current economic indicators. Growing country population, rapid urbanization and required T&D infrastructure augmentation are among major growth assumptions.

| Rs. in millions | 2021 | 2022 | 2023 |
|-----------------|--------|--------|--------|
| Revenue | 51,500 | 54,100 | 56,800 |



STATUS OF PROJECTS

The Company in line with its business strategy foreseeing increase in demand for Power Transformers, decided to enhance its Power Transformer manufacturing facility under Company's flagship premises at 34 KM Ferozepur Road, Lahore. In the face of continuous hurdles and challenges during COVID hit 2020, PEL team was able to successfully install all the newly acquired equipment and the new manufacturing plant was fully operational in July 2020, which is a monumental success. Besides these developments, a continuous Plant BMR is made to ensure improved quality production.

SOURCES OF INFORMATION AND ASSUMPTIONS

Revenue planning of existing products is based on market feedback through countrywide sales net work, independent market survey and latest consumer trends.

For new product launching market research, market surveys and sales network feedback is based. If required, consultants are engaged for project feasibilities. Before formal submission of feasibilities underlying assumptions are discussed at length. The feasibility is then presented to board for formal approval. Board after thorough discussion of its financial viability by paying special attention realistic payback period approves the feasibility report.

As the economic activity normalizes and effects of the pandemic subside, the country is projected to experience a broad-based recovery which will provide stimulus to Home Appliances and Power Division Products





G

01-08

**STAKEHOLDERS
RELATIONSHIP
AND ENGAGEMENT**

G 01

Stakeholders'
Engagement

G 04

Statement of
Value Addition

G 05

Investor Relations

G 07

Glossary of Terms
and Definition

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT



STAKEHOLDERS ENGAGEMENT PROCESS

The development of sustained stakeholder relationships is paramount to the performance of any company. From short term assessments to longer term strategic relationship building, 'Stakeholders' Engagement' lies at the core of our business practices to promote improved risk management, compliance with regulatory and lender requirements in addition to overall growth of the Company.

The frequency of engagements is based on business and corporate requirements as specified by the Code of Corporate Governance, contractual obligations or on requirements basis.

The following table elaborates on the mode of engagement in addition to the impact of each of the following stakeholders on Company's operations.

| Stakeholders | Management of Stakeholders' Engagement | Effect and value to PEL |
|---------------------------------------|---|--|
| Institutional Investors /Shareholders | We recognize the trust our investors put in us and acknowledge it by providing a steady return on their investments. | The providers of capital allow PEL the means to achieve its vision |
| Customers & Suppliers | We recognize the importance of customer relationship management and have made significant investments in this regard over the years going beyond extending credit facilities and trade discounts. We also acknowledge that engaging reputed and dependable suppliers as business partners for supply of raw material, industrial inputs, machinery and equipment is the key to our continuous and sustainable growth. | Our success and performance depends upon the loyalty of our customers with the PEL brand and effective supply chain management |
| Banks and other lenders | Banks and other providers of debt finances are one of the key stakeholders who are engaged by us on a regular basis for the purpose of short term and long term financing. | Dealing with banks and other providers of debt finances is key to our performance in terms of access to cheaper loans, minimal fee, higher level of customer service, and future planning. |
| Media | Different communication mediums are used on need basis to apprise the general public about new developments, activities and products of the Company | By keeping the media informed of the developments and activities of PEL, more awareness of the Company is developed along with awareness of the Company's products offered. |
| Regulators | We pride ourselves in being a responsible corporate citizen and abide by the laws and regulations of Pakistan. | Laws and regulations, and other factors controlled by the Government affect PEL and its activities. |
| Analysts | In order to attract potential investors, the Company regularly engages with analysts on details of projects already disclosed to the regulators, with due regard to regulatory restrictions imposed on inside information / trading, to avoid any negative impact on the Company's reputation or share price. | Providing all the required information to analysts helps in clarifying any misconception/rumour in the market |
| Employees | Our commitment to our most valued resource, our human capital, is at the core of our HR strategy. PEL provides a nurturing and employee friendly environment to its employees. | Our employees represent us in in the industry and community, and are at the heart of our organization, implementing every strategic and operational decision of the management. |
| Society | PEL regularly engages with general public at large through its CSR initiatives. This engagement helps us to identify required interventions in the field of education, health and uplift of the society. | The people of our country provide the grounds for us to build our future. |

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

INVESTORS' SECTION ON PEL WEBSITE

Detailed Company information regarding financial highlights, investor information, share pattern/value and other requisite information specified under the relevant regulations, has been placed on the corporate website of the Company, www.pel.com.pk, which is updated on regular basis.

ISSUES RAISED AT LAST AGM

No issues were raised at the last AGM held on May 29, 2020.

ANALYST BRIEFINGS

The Company held one analyst briefing during the year 2020 and the Company, also plans to hold such briefings in future to share business updates that are relevant to the analysts coverage areas.

MINORITY SHAREHOLDERS

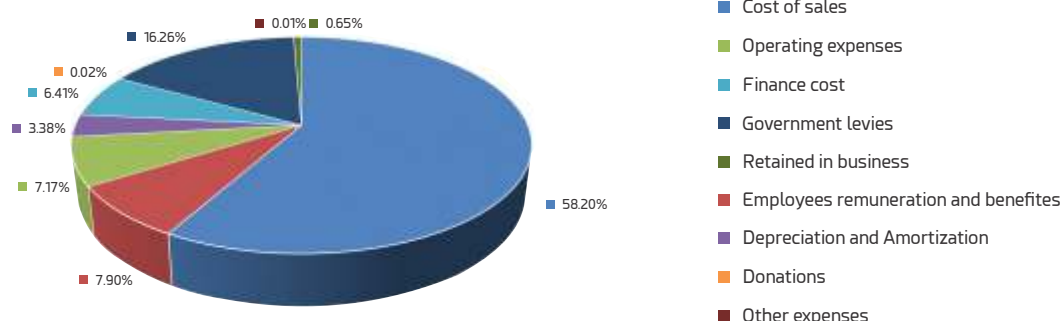
The minority shareholders of the Company are encouraged to attend general meetings of the Company. A statement by the order of the Board is annexed to the notice of general meetings in this regard.

“Engaging with stakeholders is crucial to PEL's success of any organization. Effective engagement helps us translate stakeholder needs into organizational goals and creates the basis of effective strategy development.”

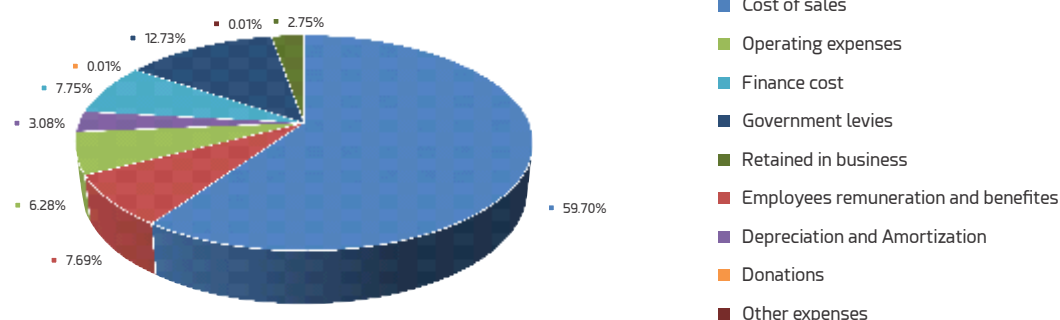
STATEMENT OF VALUE ADDITION

| | 2020 | | 2019 | |
|---------------------------------------|-------------------|----------------|-------------------|----------------|
| | Rs. '000 | %age | Rs. '000 | %age |
| Wealth Generated | | | | |
| Revenue from contracts with customers | 34,241,968 | 99.89% | 31,935,870 | 99.89% |
| Other income | 36,099 | 0.11% | 33,887 | 0.11% |
| Total Wealth Generated | 34,278,067 | 100.00% | 31,969,757 | 100.00% |
| Wealth Distributed | | | | |
| Cost of sales | 19,950,034 | 58.20% | 19,084,962 | 59.70% |
| Employees remuneration and benefites | 2,706,765 | 7.90% | 2,458,437 | 7.69% |
| Operating expenses | 2,458,207 | 7.17% | 2,006,935 | 6.28% |
| Depreciation and Amortization | 1,157,525 | 3.38% | 985,476 | 3.08% |
| Finance cost | 2,198,358 | 6.41% | 2,478,572 | 7.75% |
| Donations | 6,085 | 0.02% | 4,655 | 0.01% |
| Government levies | 5,575,041 | 16.26% | 4,069,321 | 12.73% |
| Other expenses | 2,203 | 0.01% | 2,806 | 0.01% |
| Retained in business | 223,849 | 0.65% | 878,593 | 2.75% |
| Total Wealth Distributed | 34,278,067 | 100.00% | 31,969,757 | 100.00% |

2020



2019



INVESTOR RELATIONS

REGISTERED OFFICE

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.
Tel: 042-35718274-6
Fax: 042-35762707

SHARE REGISTRAR

Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore.
Tel: 042-35839182, 35887262
Fax: 042-35869037

LISTING ON STOCK EXCHANGES

Ordinary shares of Pak Elektron Limited are listed on Pakistan Stock Exchange Limited.

STOCK CODE / SYMBOL

The stock code / symbol for trading in ordinary shares of Pak Elektron Limited at Pakistan Stock Exchange Limited is PAEL.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Act, 2017 and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

DIVIDEND

in view of the financial results for 2020, the Board of Directors did not proposed any dividend for the year 2020.

ANNUAL GENERAL MEETING

The 64th Annual General Meeting of Shareholders of Pak Elektron Limited will be held on - Thursday, April 29, 2021 at 11:00 A.M. at 06-Egerton Road, Opposite LDA Plaza, Lahore.

BOOK CLOSURE DATES

Share Transfer Books of the Company will remain closed from April 26, 2021 to May 02, 2021 (both days inclusive).

DIVIDEND REMITTANCE

Ordinary dividend declared and approved at the Annual General Meeting will be paid within the statutory time limit of 30 days.

- (i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.
- (ii) For shares held in electronic form: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the applicable rates.

Zakat is also deductible at source from the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

DIVIDEND PAYMENTS

Cash dividends are paid through electronic mode directly in to the bank account designated by the entitled shareholders whose names appear in the Register of Shareholders at the date of book closure.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 132 of the Companies Act, 2017) PEL holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if the Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the Company carry equal voting rights. Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of "One Member-One Vote". If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in the Company is "One Share-One Vote", voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

INVESTOR'S GRIEVANCES

To date none of the investors or shareholders has filed any significant complaint against any service provided by the Company to its shareholders.

PROXIES

Pursuant to section 137 of the Companies Act, 2017 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to appoint a proxy. The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

SERVICE STANDARDS

Listed below are various investor services and the maximum time limits set for their execution:

| | For requests received through post | For requests received over the counter |
|--|------------------------------------|--|
| Transfer and transmission of shares | 30 days after receipt | 30 days after receipt |
| Issue of duplicate share certificates | 30 days after receipt | 30 days after receipt |
| Issue of duplicate dividend warrants | 5 days after receipt | 5 days after receipt |
| Issue of revalidated dividend warrants | 5 days after receipt | 5 days after receipt |
| Change of address | 2 days after receipt | 1 day after receipt |

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

WEB PRESENCE

Updated information regarding the Company can be accessed at its website, www.pel.com.pk. The website contains the latest financial results of the Company together with the Company's profile.

Fundamental knowledge and understanding of financial market is crucial for the general public and lack of financial literacy or capability makes them vulnerable to frauds. SECP recognizes the importance of investor education and therefore initiated this investor education program, called 'JamaPunji', an investor training program, to promote financial literacy in Pakistan.

www.jamapunji.pk

www.jamapunji.pk

Jama Punji
سرمایہ کاری، مستحضرہ، آری، سکسٹاٹم

Be aware, Be alert, Be safe
Learn about investing at www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- JamaPunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- JamaPunji application for mobile device
- Online Quizzes

Jama Punji is an investor education initiative of Securities and Exchange Commission of Pakistan

*Mobile apps are also available for download for android and ios devices

jamapunji.pk @jamapunji_pk

GLOSSARY OF TERMS AND DEFINITIONS

GLOSSARY OF TERMS

| Term | Description |
|--------|---|
| CCG | Code of Corporate Governance |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CPEC | China Pakistan Economic Corridor |
| CPI | Consumer Price Index |
| CSR | Corporate Social Responsibility |
| DISCOs | Distribution Companies |
| DTR | Distribution Transformer |
| EPC | Engineering, Procurement and Construction |
| EPS | Earnings per share |
| HV | High Voltage |
| IFRS | International Financial Reporting Standards |
| ISO | International Standards Organization |
| KV | Kilovolt |
| MNCs | Multi National Companies |
| MVA | Mega Volt Amp |
| PSX | Pakistan Stock Exchange |
| PTR | Power Transformer |
| WAPDA | Water and Power Development Authority |
| WPPF | Workers' Profit Participation Fund |
| WWF | Workers' Welfare Fund |

DEFINITIONS

| Term | Definition |
|--------------------------|---|
| Activity/Turnover Ratios | Activity / Turnover ratios are used to evaluate the operational efficiency of the Company to convert inventory and receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales. |

DEFINITIONS

| Term | Definition |
|-------------------------------|---|
| Approved Accounting Standards | Approved accounting standards comprise of such IFRSS issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. |
| Capital Structure Ratios | Capital Structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits. |
| Gearing | The level of a company's debt related to its equity capital. It is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders. |
| Going Concern Assumption | An accounting assumption that an entity will remain in business for the foreseeable future. |
| Investment Market Ratios | Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the company's ability to generate profits. |
| Liquidity Ratios | Liquidity ratios determine the Company's ability to meet its short-term financial obligations. |
| Management Letter | Letter written by auditors to directors of the company, communicating material issues, concerns and suggestions noted during the audit. |
| Market Capitalization | The value of a company that is traded on the stock market, calculated by multiplying the total number of shares by the present share price. |
| Materiality | Financial statement items are material if they could influence the economic decisions of users. |
| Profitability Ratios | Profitability Ratios give an assessment of the Company's ability to generate profits in relation to its sales, assets and equity. |

A large, stylized letter 'H' in a gold color, centered on the page. The background is a dark blue with a repeating hexagonal pattern.

01-08

**CORPORATE
SOCIAL
RESPONSIBILITY
AND
SUSTAINABILITY**

H 01

PEL Cares

H 03

CSR Initiatives

H 05

Sustainability Highlights

H 08

Certifications Acquired
and Standards Adopted

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

In order to keep up with the expectations of the society, "PEL Cares". We have a vast history of contributing for the social causes which help us become a good corporate citizen.





At PEL we pride ourselves in aligning our business strategy to meet societal needs. We believe in giving something back to the society because we care. For us it's about more than just aligning our activities with our stakeholder's expectations whether it's our clients, suppliers, the community, our employees and society as a whole. We work hard to minimize environmental impact to maximize social development.

Our appliances and power division has opened doors to improving lives through innovation, sustainability and adaptability. Through a broad range of community initiatives, charitable giving, foundation grants and volunteerism, we seek to create more value for our society to continue to bring joy in people's lives.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

CSR INITIATIVES

COVID-19

The world is facing its first major pandemic and the past few months have come out to be so tough for everyone. In this crisis, we all have learned that every crisis has a silver lining and there is an opportunity to serve your part to the wellbeing of mankind. PEL believes that wherever there is a human in need, there is an opportunity for kindness and to make a difference. And we are continuously striving to serve humankind. During this pandemic, we contributed our part by distributing Ration bags worth Rs. 2.7 Million to those in need. To cope up with the COVID, we distributed 500 Face Shields in Fatima Memorial Hospital for Doctors and Staff and 500 Safety kits in General Hospital so that our healthcare heroes continue to fight.



Donation of Ventilators to Rescue 1122

Under the initiative of PEL Cares, we always try to make our best support headed for social well-being. Keeping in view the current health care crises at hand, health measures must be a priority for the government, organizations and society. Bearing in mind this point, PEL has made a donation of ventilators to rescue 1122. These ventilators, known as Umbulizers, have been developed by Pakistani students at Harvard, MIT, and Boston University, and have received an emergency use authorization from the USFDA. Umbulizer's are reliable, simple to operate, and portable that is designed to fulfill the need for life-saving ventilators. This donation is a healthcare solution for critically needed supplies and supports Pakistan's fight against the diseases.



Plantation Drive

Climate change is a global phenomenon that is affecting developing economies like Pakistan. The worst influences of climate change can be escaped and now more than ever, governments and communities are coming together to act. Climate resilience of communities and priority ecosystems is enhanced through the implementation of adaptation and mitigation measures. PEL also takes a positive edge on this act through planation drive in PEL Unit-2 with the collaboration of WWF-Pakistan on a journey to make Pakistan greener.

To plant a trees is to give body and life to one's dreams of a better world



Donation to Hospitals

For companies committed to CSR means to enhance an inclusive reputation in cynical business world. Likewise, the overall objective of PEL is to accomplish an optimistic impression on society while get the most out of its contribution towards social, environmental, ethical and human right. This year, PEL donated AC to Fatima Memorial Hospital in order to the continuation of the aforementioned CSR activities. We also donated 5 Ac's to Lady Aitchison Hospital, 5 Deep freezers in Gulab Devi Hospital, and a donation to Allied Hospital Faisalabad for Bio-Medical Equipment.



CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

SUSTAINABILITY HIGHLIGHTS

The highlights of the Company's performance, policies, initiatives and plans in place relating to various aspects of sustainability are as follows:

ECONOMIC

The Company is cognizant of both private and social economic impact on its stakeholders and includes:

a.) Economic Performance

PEL is committed to providing persistent growth and steady value for all its stakeholders. This growth and value can be quantified and evaluated accurately through the audited financial statements of the Company and the statement of value addition and its distribution (which is reported on page G-05).

b.) Market Presence

PEL not only provides employment but also various business opportunities in the market. The Company encourages hiring staff members at all levels from local community. The Company also ensures that business opportunities are first made available to local transporters, contractors and vendors.

c.) Indirect Economic Impact

Growth and development of the Company contributes towards the growth of our beloved country Pakistan. Wherever possible, the Company contributes towards development of infrastructure and other facilities of the country in general and of our premises vicinity in particular.

ENVIRONMENTAL

The highlights of the Company's performance, policies, initiatives and plans in place relating to certain aspects of this dimension of sustainability are as follows:

a.) Clean Drinking Water

PEL launched "Pel Se Zindagi", an on ground activation that resulted in the

installation of refrigerator like water dispensers that provided cool and clean drinking water to the underprivileged community of Lahore. These water dispensers were placed in parks where people rest under the cool shade of the tree, at railway stations, near government hospitals and in marketplaces where most people travel back and forth by foot.

A noble and encouraging initiative, "Pel Se Zindagi" not only involved in spreading awareness about the importance of clean water but also instilled a desire among people to perform their own acts of kindness. People were inspired to take a step forward towards making a difference. They were encouraged to post their stories or accounts of their good deeds in order build a united community based on charity.

b.) Energy Conservation

PEL recognizes the importance of efficient use of limited energy resources and responsible use of energy resources remains a priority at PEL.

PEL has also developed an Energy Information System to help identify energy losses at PEL's production units and those associated with PEL's products. The system helps addressing abnormalities in the system and enables PEL to defined benchmarks for energy consumption per product thereby improving energy consumption at PEL's production units.

c.) Mitigating the Adverse Impact of Industrial Effluents

There are no industrial effluents at PEL's plants that might adversely impact the environment.

SOCIAL

The Company has significant impact on the social systems in which its operates. The highlights of the Company's performance,

policies, initiatives and plans in place relating to certain aspects of this dimension of sustainability are as follows:

a.) Industrial Relations

PEL recognizes importance of good and positive relations with its employees and has put in place an effective system to ensure that a mutual beneficial relationship is maintained. Salient features of this system include providing conducive working environment, appropriate pay packages, rewards for performance with discrimination and special incentives for maintenance of industrial peace.

b.) Community Investment & Welfare

Keeping in perspective the need for motivational packages, PEL has introduced an innovative form of compensation to its employees. On an annual basis, Lucky Draw is held for all the employees of PEL who have been with the company for a minimum duration of five years.

Ten lucky individuals are selected to perform the noble cause of Hajj and their entire expenses in this regard are borne by PEL.

c.) Product Quality Assurance

PEL is dedicated towards maintenance of excellent product quality which is evident from evergrowing consumer confidence in PEL's products.

The alpha and omega of our quality objectives are increasingly customer centric. Minimizing key critical complains one hand and introducing cutting edge features/technologies in all of its worthy products on the other, PEL is ready to take a radical leap through product innovation, diversity and unique business system from market driven to market driving in the future not too far.

Extensive quality assurance measures have been implemented by PEL to provide best 'value for money' products.

d.) Consumer Protection Measures

The requirement for protection of consumer rights and interests is greatly valued at PEL. For this, an effective system has been put in place to ensure the consumer interests are safeguarded.

Our extensive dealer network ensures that our products are available throughout the country. Well trained officers employed at established and strategically located regional offices handle customers complaints and simultaneously provide guidance to consumers. Customers are provided business related information regularly so that they remain abreast with latest products. Regular customer satisfaction surveys are conducted to gain customer feedback.

e.) Occupational Health and Safety

Employee safety is an integral part of PEL's agenda. PEL heavily relies on Quality and Safety policy, strict and stringent safety policies have been put in place for workers to avoid the risk of an accident and ensure maximum safety of employees. PEL over the year has implemented initiatives to promote awareness, training and communication targeting all employees. 46 technical and non technical trainings were conducted companywide for workers.

Three water filtration plants are installed in the company in compliance with World Health Organization (WHO) & National Environmental Quality Standards to provide clean drinking water to its employees.

f.) Rural Development Programs

PEL has undertaken establishing a girls' school near Luliani in coordination with a charitable trust by the name of Care Foundation. This will be followed by establishing more schools in other rural areas of the country.

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY

g.) Employment of Special Persons

PEL considers it a social and moral responsibility to accommodate special persons and ensure that there are ample opportunities for their hiring and retention.

Special efforts are made for training and development of special persons to enable them to compete with others and to provide equal incentives for career growth and development without discrimination.

h.) Business Ethics and Anti-corruption Measures

PEL's Legal & Compliance Department organized a Code of Conduct briefing session for its employees. An awareness drive was set up for employees to comply with all applicable laws, regulations and corporate ethical standards, while interacting with third parties. A seminar was conducted on "Value-Driven Workplace Environment", where panelists from Pakistan top industries were called in to share their thoughts on importance of Code of Conduct and Value Driven Workplace Environment. PEL top management including General Managers and department head participated in seminar. The primary goal was to increase the participants' understanding of the company's Code of Conduct and doing ethical business by creating a value-based working environment.

i.) Equal Opportunity and Non-Discrimination

PEL takes pride in being an equal opportunity employer. The Company aims to create a working environment in which every individual is able to effectively and efficiently use their skills and abilities, free from discrimination or harassment, and in which all decisions, rewards and/or promotions are objectively based on merit. We do not tolerate any form of discrimination, harassment or bullying at the workplace.

j.) Child Labor

The Company strictly adheres to a prohibition policy on any form of child labor. No child has ever been employed by the Company and the same policy shall continue in future.

k.) Forced or Compulsory Labor

PEL does not engage in forced or compulsory work practices and maintains a free working environment. PEL strongly discourages practices of modern slavery where labour/workers were forced to work overtime or working extra hours without pay by use of violence, threats or coercion.

l.) Grievance Mechanism

The Company is committed to provide every opportunity to every employee for redress of any valid grievances arising from work related matters. The management does not discriminate against any employee who elects to use the grievance procedure. The purpose of this policy is to encourage healthy relationship between employees in order to ensure smooth running of the business.

CERTIFICATIONS ACQUIRED AND STANDARDS ADOPTED

PEL is always committed to provide quality products and services to our customers, safe and healthy working environment for our people and to keep the environment clean for community.

Quality, Health, Safety and Environment is an integral part of PEL business and to achieving this aim, PEL has established an independent QHSE department.

To meet the quality of our products and services according to international and national standards, Pak Elektron Limited extends comprehensive efforts to fulfil the requirements of standards, regulatory and statutory requirements. To ensure quality, safe & healthy workplace and environment, our practices are guided by highly comprehensive Integrated Management System (IMS) which is entrenched into our business processes and organizational culture.

All activities are conducted and closely monitored to maintain the quality, safeguard our people and also the environment by abiding regulations of Environmental Protection Agency (EPA). We are doing environmental monitoring of our stack emissions, drinking and waste water of our premises to ensure compliance with the Punjab Environment Quality Standards (PEQS).

Pak Elektron Limited has also acquired accreditation of its Distribution Transformer Testing Lab from Pakistan National Accreditation Council (PNAC), which is the highest level of quality.

To keep the confidence on Integrated Management System, Pak Elektron Limited has acquired and maintain certification on following international and national standards:

System Certifications:

1. PEL Quality Management System is certified on ISO 9001:2015
2. PEL Environmental Management System is certified on ISO 14001:2015
3. PEL Occupational Health & Safety Management System is certified on ISO 45001:2018
4. Transformer Testing Lab is accredited on ISO/IEC 17025:2017

Product Certifications:

1. CE Mark Certification for Distribution Transformer, Switchgear and Energy Meters.
2. CM License for Refrigerator, Deep-Freezer and Energy Meter from Pakistan Standard and Quality Control Authority (PSQCA).

Other Certifications:

1. PEL Distribution Transformers and Energy Meters are Type Tested from KEMA (STL Lab Member), Nederland.
2. PEL Power Transformer is Type Test certified from VEIKI (STL Lab Member), Hungary.
3. PEL Switchgear Panels are Type Tested from KERI (STL Lab Member), Korea.
4. Food Safety & Hygiene Certificate for internal food processing and serving areas.

I

01-57

**FINANCIAL
STATEMENTS**

I 01

Independent
Auditor's Report

I 05

Statement of
Financial
Position

I 07

Statement of
Profit or
Loss

I 08

Statement of
Comprehensive
Income

I 09

Statement of
Changes in
Equity

I 10

Statement of
Cash Flows

I 11

Notes to
the Financial
Statements

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

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

| Key audit matter | How our audit addressed the matter |
|--|--|
| <p>As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the Company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements.</p> <p>Due to significance of the matter, the same has been identified as a Key Audit Matter.</p> <p>The disclosures in relation to COVID-19 are included in note 2.2.</p> | <p>Our procedures in respect of going concern included:</p> <ul style="list-style-type: none"> • We made enquiries of management to understand the potential impact of COVID-19 on the Company's financial performance, business operations and financial position; • We reviewed management's going concern assessment to ensure the impacts of COVID-19 have been appropriately reflected; and <p>We also assessed the adequacy of disclosures related to Covid-19 included in the Financial Statements.</p> |

2. Valuation of stock in trade

Stock in trade amounts to Rs 9,499 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade.

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

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

The disclosures in relation to stock in trade are included in note 27.

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.

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of

Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ

Chartered Accountants

Lahore: April 05, 2021



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

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

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

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

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

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

The annexed notes from 1 to 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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2020

| | | Share capital | Capital reserves | | Revenue reserves | |
|---|------|-------------------------------------|------------------------------|------------------------------------|----------------------------------|-----------------------------|
| | Note | Issued share capital Rupees '000 | Share premium Rupees '000 | Revaluation reserve Rupees '000 | Retained earnings Rupees '000 | Total equity Rupees '000 |
| As at 01 January 2019 | | 5,426,392 | 4,279,947 | 6,579,049 | 6,884,031 | 23,169,419 |
| Impact of initial application of IFRS 15 | 14.1 | - | - | - | (312,955) | (312,955) |
| As at 01 January 2019 - adjusted | | 5,426,392 | 4,279,947 | 6,579,049 | 6,571,076 | 22,856,464 |
| Comprehensive income | | | | | | |
| Profit after taxation | | - | - | - | 177,842 | 177,842 |
| Other comprehensive loss | | - | - | (26,753) | - | (26,753) |
| Total comprehensive income | | - | - | (26,753) | 177,842 | 151,089 |
| Incremental depreciation | 11 | - | - | (528,664) | 528,664 | - |
| Transaction with owners | | - | - | - | - | - |
| As at 31 December 2019 | | 5,426,392 | 4,279,947 | 6,023,632 | 7,277,582 | 23,007,553 |
| As at 01 January 2020 | | 5,426,392 | 4,279,947 | 6,023,632 | 7,277,582 | 23,007,553 |
| Comprehensive income | | | | | | |
| Profit after taxation | | - | - | - | 223,849 | 223,849 |
| Other comprehensive loss | | - | - | (44,132) | - | (44,132) |
| Total comprehensive income | | - | - | (44,132) | 223,849 | 179,717 |
| Revaluation surplus realised on disposal | 11 | - | - | (1,385) | 1,385 | - |
| Incremental depreciation | 11 | - | - | (254,964) | 254,964 | - |
| Transaction with owners | | - | - | - | - | - |
| Acquired in amalgamation | 2 | - | - | - | 8,527,452 | 8,527,452 |
| As at 31 December 2020 | | 5,426,392 | 4,279,947 | 5,723,151 | 16,285,232 | 31,714,722 |

The annexed notes from 1 to 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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2020

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

The annexed notes from 1 to 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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ['the Company'] is a Public Limited Company incorporated in Pakistan under the repealed Companies Act, 1913. Registered office of the Company is situated in the province of Punjab at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The manufacturing facilities of the Company are located at 34 K.M., 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 SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE YEAR

2.1 Amalgamation of PEL Marketing (Private) Limited into Pak Elektron Limited

During the year, the Board of Directors of Pak Elektron Limited ['PEL'] and PEL Marketing (Private) Limited ['PMPL'] in their respective meetings held on March 27, 2020 approved the scheme of arrangement for amalgamation of PMPL, a wholly owned subsidiary of PEL, with and into PEL with effect from April 30, 2020. PMPL is amalgamated with and into PEL with the approval of the Securities and Exchange Commission of Pakistan. The entire issued, subscribed and paid-up capital of PMPL, comprising of 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020. The amounts reported in the statement of financial position as at 31 December 2020, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended and the related notes are those of the amalgamated entity and thus are not comparable with the corresponding amounts reported for prior periods presented in these financial statements.

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

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

2.2 COVID-19

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards ['IFRS'] issued by the International Accounting Standards Board ['IASB'] as notified under the Companies Act, 2017;

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

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

3.2 Basis of measurement

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

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

3.3 Critical accounting judgements and key sources of estimation uncertainty

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

3.3.1 Critical accounting judgements

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

(a) Business model assessment (see note 7.24.1)

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

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

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

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

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

3.3.2 Key sources of estimation uncertainty

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

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

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

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

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values. Refer to note 50.3.1 for an analysis of sensitivity of revalued amounts of property, plant and equipment.

(c) Warranty provisions (see note 7.14)

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

3.4 Functional currency

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

3.5 Date of authorization for issue

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

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

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

4.1 Amendments to References to the Conceptual Framework in IFRS Standards

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

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

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

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and

- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

4.3 Definition of Material (Amendments to IAS 1 - Presentation of Financial Statements and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

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

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

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

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

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

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

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

| | Effective date (annual periods beginning on or after) |
|---|--|
| IFRS 17 - Insurance contracts (2017) | January 01, 2023 |
| Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures). | Deferred Indefinitely |
| Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards). | January 01, 2023 |
| Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations). | January 01, 2022 |
| Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment). | January 01, 2022 |
| Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets). | January 01, 2022 |
| Annual Improvements to IFRS Standards 2018-2020. | January 01, 2022 |
| Amendments to IFRS 17 | January 01, 2023 |
| Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 - Leases). | January 01, 2021 |

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

IFRS 1 - First Time Adoption of International Financial Reporting Standards

IFRS 14 - Regulatory Deferral Accounts

IFRS 17 - Insurance contracts (2017)

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

6 CHANGES IN ACCOUNTING POLICIES

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

| Previous accounting policy | New accounting policy |
|--|--|
| Investments in associates are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated impairment losses, if any. | Investments in associates are accounted for using the equity method of accounting. Under the equity method, an investment in an associate is recognized initially in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate, 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. |

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

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

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

7 SIGNIFICANT ACCOUNTING POLICIES

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

7.1 Property, plant and equipment

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 of 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.

7.2 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.

7.3 Leases as 'lessee'

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

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

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

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

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

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

Lease liability is remeasured whenever:

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

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

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

7.4 Stores, spares and loose tools

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

7.5 Stock in trade

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

| 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.

7.6 Employee benefits

7.6.1 Short-term employee benefits

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

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

7.6.2 Post-employment benefits

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

7.7 Financial instruments

7.7.1 Recognition

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

7.7.2 Classification

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

(a) Financial assets at amortized cost

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

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

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

(c) Financial liabilities at amortized cost

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

7.7.3 Measurement

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

7.7.4 Derecognition

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

7.7.5 Off-setting

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

7.7.6 Regular way purchases or sales of financial assets

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

7.8 Ordinary share capital

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

7.9 Preference share capital

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

7.10 Loans and borrowings

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

7.11 Investments in equity securities**7.11.1 Investments in associates**

Investments in associates are accounted for using the equity method of accounting. Under the equity method, 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.

7.11.2 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.

7.12 Ijarah transactions

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

7.13 Trade and other payables**7.13.1 Financial liabilities**

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

7.13.2 Non-financial liabilities

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

7.14 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. 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 risk and uncertainties surrounding the obligation. Where a provision is measured using cash flow 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.

7.15 Trade and other receivables**7.15.1 Financial assets**

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

7.15.2 Non-financial assets

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

7.16 Contracts with customers**7.16.1 Revenue**

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

| Product/service | Nature and timing of satisfaction of performance obligations, including significant payment terms | Revenue recognition policies |
|---|---|---|
| Home appliances | 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. |
| Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, LED TVs, Washing Machines, Water Dispensers and other domestic appliances. | | |
| Electrical capital goods | 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 day, except 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. |
| Transformers, Switchgears, Energy Meters | | |
| Construction contracts | 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 as certified 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. |
| Engineering, Procurement and Construction Services | | |

7.16.2 Contract assets

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

7.16.3 Contract liabilities

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

7.17 Comprehensive income

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

7.18 Borrowing costs

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

7.19 Income tax

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

7.19.1 Current taxation

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

7.19.2 Deferred taxation

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

7.20 Government grants

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

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

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

7.21 Earnings per share ['EPS']

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

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

7.22 Cash and cash equivalents

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

7.23 Foreign currency transactions and balances

Transactions in foreign currency are translated to the functional currency of the Company using exchange rate prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at exchange rate prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated to the functional currency at exchange rate prevailing at the date the fair

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

7.24 Impairment

7.24.1 Financial assets

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

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

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

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

7.24.2 Non-financial assets

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

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

7.25 Dividend distribution to ordinary shareholders

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

7.26 Segment reporting

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

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

8 AUTHORIZED SHARE CAPITAL

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

8.1 Rights, preferences and restrictions attaching to preference shares

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

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

9 ISSUED SHARE CAPITAL

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

9.1 Class 'A' preference shares

9.1.1 Current status of original issue

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

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

9.1.2 Re-profiling of preference shares

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

9.1.3 Accumulated preference dividend

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

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

10 SHARE PREMIUM

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

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

12 LONG TERM FINANCES

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

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

| Particulars | Note | 31-Dec-20 | 31-Dec-19 | Pricing | Security | Repayment and other arrangements |
|---------------------------------|------|-------------|-------------|--|---|--|
| | | Rupees '000 | Rupees '000 | | | |
| Conventional Instruments | | | | | | |
| Term Finance | | 166,667 | 208,333 | Three months KIBOR plus 3.8% per annum (2019: Three months KIBOR plus 3.8% per annum). | Charge over fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance has been obtained from Pak Oman Investment Company Limited for the purpose of financing capital expenditure. The finance is repayable in twelve equal quarterly installments commencing from April 2018. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. |
| Term Finance | | - | 1,071,429 | Three months KIBOR plus 1.25% per annum (2019: Three months KIBOR plus 1.25% per annum). | Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance had been obtained from Bank Alfalah Limited for the purpose of financing the repayment of existing long term loans. The finance was fully repaid during the year. |
| Term finance | | 131,061 | 130,122 | Three months KIBOR plus 1.5% per annum (2019: Three months KIBOR plus 1.5% per annum). | Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance has been obtained from The Bank of Punjab for the purpose of erection of new power transformer manufacturing facility. The finance is repayable in sixteen equal quarterly installments commencing from September 2020. |
| Term Finance | | 121,875 | 131,250 | Three months KIBOR plus 2% per annum (2019: Three months KIBOR plus 2% per annum). | Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance has been obtained from Pak Oman Investment Company Limited for the purpose of financing capital expenditure. The finance is repayable in sixteen equal quarterly installments commencing from August 2019. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. |
| Term Finance | | - | 500,000 | Three months KIBOR plus 2.25% per annum (2019: Three months KIBOR plus 2.25% per annum). | Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance had been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited for the purpose of refinancing capital expenditure. The finance was fully repaid during the year. |
| Term Finance | | 1,000,000 | - | Three months KIBOR plus 1.5% per annum. | Charge over operating fixed assets of the Company. | The finance has been obtained from Askari Bank Limited to meet permanent working capital requirement. The finance is repayable in sixteen equal quarterly installments commencing from April 2022. |
| Term Finance | | 250,000 | - | Three months KIBOR plus 2.5% per annum. | Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance has been obtained from Pak Libya Holding Company Limited to build manufacturing facility of power transformers. The finance is repayable in sixteen equal quarterly installments commencing from May 2021. |
| Term Finance | | 131,333 | - | Three months KIBOR plus 3% per annum. | Charge over operating fixed assets of the Company. | The finance has been obtained from Summit Bank Limited to refinance capital expenditure. The finance is repayable in twelve equal quarterly installments commencing from July 2020. |
| Term Finance | | 2,000,000 | - | One month KIBOR plus 1.3% per annum. | Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance has been obtained from Bank Alfalah Limited to meet permanent working capital requirement. The finance is repayable in sixteen equal quarterly installments commencing from March 2022. |
| Term Finance | | 500,000 | - | Three months KIBOR plus 1.5% per annum. | Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance has been obtained from Pak China Investment Company Limited for balance sheet reprofiling and permanent working capital requirement. The finance is repayable in four equal quarterly installments commencing from April 2021. |
| Term Finance | | 300,000 | - | One month KIBOR plus 1.75% per annum. | Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company. | The finance has been obtained from Samba Bank Limited to finance construction of new transformers manufacturing facility. The finance is repayable in sixteen equal quarterly installments commencing from April 2021. |
| Demand Finance | | 252,615 | 315,769 | Three months KIBOR plus 2% per annum (2019: Three months KIBOR plus 2% per annum). | Charge over operating fixed assets of the Company and personal guarantees of 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 finance is repayable in fourteen equal quarterly installments commencing from April 2017. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. |
| Demand Finance | | 339,703 | 407,643 | Three months KIBOR plus 2.25% per annum (2019: Three months KIBOR plus 2.25% per annum). | Charge over present and future current assets of the Company and personal guarantees of sponsor directors of the Company. | The finance has obtained from National Bank of Pakistan for settlement of long term finances obtained from MCB Bank Limited (Ex. NIB Bank Limited). The finance is repayable in twenty three equal quarterly installments commencing from September 2015. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. |
| Salary refinance | 12.1 | 922,764 | - | SBP rate plus 3% per annum. | Charge over operating fixed assets of the Company. | The finance has been obtained from Bank Alfalah Limited to finance payment of wages and salaries of workers and employees for the month of April, May, June, July, August and September 2020. (See note 12.1). |
| | | 6,116,018 | 2,764,546 | | | |
| Total | | 7,638,638 | 4,407,403 | | | |
| Current maturity | | (2,011,197) | (2,245,249) | | | |
| | | 5,627,441 | 2,162,154 | | | |

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

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

13 LEASE LIABILITIES

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

- 13.1** These represent liabilities against right-of-use assets. The interest rate implicit in lease is 11.03 % for buildings and ranges from three months to six months KIBOR plus 1.5% to 2.5% per annum (2019: three months to six months KIBOR plus 1.5% to 3% per annum) for vehicles and machinery. Lease rentals are payable over a tenor ranging from 2 to 4 years. The Company also has the option to acquire these assets (vehicles and machinery only) at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

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

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

14 WARRANTY OBLIGATIONS

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

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

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

Majority of outflows of economic benefits 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 8.31% (2019: 13.56%).

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

15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

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

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

| | Note | 31-Dec-20 <i>Rupees '000</i> | 31-Dec-19 <i>Rupees '000</i> |
|----------------------------------|------|---------------------------------|---------------------------------|
| 16 DEFERRED INCOME | | | |
| Grant in aid - UNIDO | 16.1 | 33,195 | 34,942 |
| SBP Refinance Scheme | 16.2 | 16,832 | - |
| | | 50,027 | 34,942 |
| 16.1 GRANT IN AID - UNIDO | | | |
| As at beginning of the year | | 34,942 | 36,781 |
| Recognized in profit or loss | 37 | (1,747) | (1,839) |
| As at end of the year | | 33,195 | 34,942 |

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

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

16.2 SBP Refinance Scheme

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

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

The movement during the year is as follows:

| | Note | 31-Dec-20 | 31-Dec-19 |
|--|-------------|--------------------|--------------------|
| | | Rupees '000 | Rupees '000 |
| As at beginning of the year | | - | - |
| Recognized during the year | 12.1 | 115,069 | - |
| Amortized during the year | 12.1 | (47,086) | - |
| As at end of the year | | 67,983 | - |
| Current maturity presented under current liabilities | 19 | (51,151) | - |
| | | 16,832 | - |

17 TRADE AND OTHER PAYABLES

| | | | |
|------------------------------------|------|-----------|-----------|
| Trade creditors | | 656,211 | 468,541 |
| Foreign bills payable | 17.1 | 125,642 | 101,960 |
| Accrued liabilities | | 139,918 | 121,036 |
| Advances from customers | | 95,698 | 70,125 |
| Employees' provident fund | | 13,208 | 6,774 |
| Compensated absences | | 34,787 | 33,902 |
| Warranty obligations | 14 | 350,123 | 237,905 |
| Sales tax payable | | 83,822 | - |
| Workers' Profit Participation Fund | 17.2 | 19,648 | 11,431 |
| Workers' Welfare Fund | 17.3 | 8,792 | 4,344 |
| Other payables | | 15,942 | 18,531 |
| | | 1,543,791 | 1,074,549 |

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

| | Note | 31-Dec-20 | 31-Dec-19 |
|--|-------------|--------------------|--------------------|
| | | Rupees '000 | Rupees '000 |
| 17.2 Workers' Profit Participation Fund | | | |
| As at beginning of the year | | 11,431 | 26,765 |
| Interest on funds utilized by the Company | 41 | 572 | 1,516 |
| Charged to profit or loss for the year | 40 | 19,648 | 11,431 |
| Paid during the year | | (12,003) | (28,281) |
| As at end of the year | | 19,648 | 11,431 |

17.2.1 Interest on funds utilized by the Company has been recognized at 12% (2019: 13.59%) per annum.

| | Note | 31-Dec-20 | 31-Dec-19 |
|--|-------------|--------------------|--------------------|
| | | Rupees '000 | Rupees '000 |
| 17.3 Workers' Welfare Fund | | | |
| As at beginning of the year | | 4,344 | 10,173 |
| Charged to profit or loss for the year | 40 | 14,754 | 4,344 |
| Paid/adjusted during the year | | (10,306) | (10,173) |
| As at end of the year | | 8,792 | 4,344 |

18 SHORT TERM BORROWINGS

Secured

Short term finances utilized under interest/markup/profit arrangements from

| | | | |
|--|------|------------|------------|
| - Banking companies -Shariah compliant instruments | 18.1 | 1,766,122 | 1,756,054 |
| - Banking companies -Conventional instruments | 18.1 | 8,839,486 | 9,149,436 |
| - Non Banking Finance Companies ['NBFC's'] | 18.2 | - | 50,000 |
| | | 10,605,608 | 10,955,490 |

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

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

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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

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

- 20.1.2** The Company may have to indemnify its Directors for any losses that may arise due to personal guarantees given by them for securing the debts of the Company, in case the Company defaults.

- 20.1.3** Appeal of the Company for the tax years 2009, 2016 and 2017 were decided by the Commissioner Inland Revenue (Appeals) ['CIR(A)'] and Appeal of the Company for the tax years 2018 and 2019 are still pending. The issues involve in these appeals were mostly those concerning allowance/disallowance of various expenses. Appeals have been filed by Company as well as the Department before the Appellate Tribunal which are pending. The management expects to get adequate relief from the Appellate Authority and no additional tax liability is expected to arise.

- 20.1.4** The Company claimed adjustment for the minimum tax paid amounting to Rs. 150.925 million in tax year 2017 and Rs. 350.821 million in tax year 2015 aggregating to Rs. 550.751 million. Minimum tax of Rs. 725.575 million was paid despite losses sustained in the tax years 2010 to 2015. The CIR(A) placing reliance on the decisions of the Appellate Tribunal and judgement of the Lahore High Court has concluded that in view if the losses sustained the Appellant is entitled to tax credit in terms of Section 113(2)(c) of Income Tax Ordinance, 2001. The Department and Company has filed appeals before the honorable tribunal which are pending.

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

20.2.2 Commitments under ijarah contracts

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

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

20.2.3 Commitments under short term leases:

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

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

21 PROPERTY, PLANT AND EQUIPMENT

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

31-Dec-19

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

21.1 Property, plant and equipment includes fully depreciated assets of Rs. 107.99 million (2019: Rs. 70.2 million) which are still in use of the Company. There is no item of property, plant and equipment which is temporary idle or otherwise retired from active use.

21.2 Land is located at Mouza Kot Islampur, 34 - K.M. Ferozepur Road, Lahore with a total area of 511 Kanals (2019: 511 Kanals) and at 14 - K.M. Ferozepur Road, Lahore and Plot # 302-303, Gadoon Industrial Area, Gadoon Amazai with a total area of 322 Kanals 15 Marla (2019: 322 Kanals 15 Marla).

21.3 Plant and machinery - (Capital work in progress) includes borrowing cost capitalized during the year amounting to Rs. 27.022 million (2019: Rs. 4.178 million) at capitalization rate of 13.65% (2019: 15.35%). The expansion has been financed by term finance facilities from financial institutions.

21.4 Disposal of operating fixed assets

| 31-Dec-20 | | | | | | | |
|---|-------------|--------------------------|----------------|-------------------|-------------------------|-----------------------|--|
| 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 | | |
| Plant and machinery | | | | | | | |
| Injection Moulding Machine | 6,391 | 3,613 | 2,778 | 1,600 | (1,178) | Negotiation | Abdullah Traders, Lahore. |
| Office equipment and fixtures | | | | | | | |
| Assets having net book value less than Rs. 500,000 each | 561 | 168 | 393 | 20 | (373) | As Per Company Policy | Various employees |
| Computer hardware and allied items | | | | | | | |
| Assets having net book value less than Rs. 500,000 each | 4,441 | 4,410 | 31 | 913 | 882 | As Per Company Policy | Various employees |
| Vehicles | | | | | | | |
| Suzuki Cultus | 1,348 | 332 | 1,016 | 415 | (601) | As Per Company Policy | Yasir Arfat (employee), Lahore. |
| Suzuki Swift | 1,332 | 634 | 698 | 700 | 2 | As Per Company Policy | Hasnat Ahmed Khan (employee), Lahore. |
| Honda Civic | 2,639 | 1,964 | 675 | 217 | (458) | As Per Company Policy | Omer Farooq (employee), Lahore. |
| Toyota Corolla | 1,993 | 1,332 | 661 | 407 | (254) | As Per Company Policy | Shoaib (employee), Lahore. |
| Suzuki WagonR | 1,152 | 585 | 567 | 421 | (146) | As Per Company Policy | Nadeem (employee), Lahore. |
| Honda Civic | 2,510 | 1,949 | 561 | 290 | (271) | As Per Company Policy | Azam Aziz (employee), Lahore. |
| Honda City | 1,804 | 1,260 | 544 | 498 | (46) | As Per Company Policy | M. Hanif (employee), Lahore. |
| Honda City | 1,527 | 984 | 543 | 346 | (197) | As Per Company Policy | Shoaib Fazil (employee), Lahore. |
| Honda Civic | 2,321 | 1,789 | 532 | 411 | (121) | As Per Company Policy | Zia ul Haq (employee), Lahore. |
| Assets having net book value less than Rs. 500,000 each | 65,752 | 54,460 | 11,292 | 26,318 | 15,026 | As Per Company Policy | Various employees |
| | 82,378 | 65,289 | 17,089 | 30,023 | 12,934 | | |
| | 93,771 | 73,480 | 20,291 | 32,556 | 12,265 | | |
| 31-Dec-19 | | | | | | | |
| Particulars | Cost | Accumulated depreciation | Net book value | Disposal proceeds | Gain/(loss) on disposal | Mode of disposal | Particulars of buyer |
| | Rupees '000 | Rupees '000 | Rupees '000 | Rupees '000 | Rupees '000 | | |
| Plant and machinery | | | | | | | |
| Lamination Cutting Line TBA300 | 131,237 | - | 131,237 | 131,237 | - | Sales and Lease Back | Orix modaraba, Lahore. |
| Serbo Hydro Mechanical Clamping | 175,119 | 1,303 | 173,816 | 187,180 | 13,364 | Sales and Lease Back | Sindh Leasing Company |
| Step Lap Lamination DTR | 7,246 | - | 7,246 | - | (7,246) | Sales and Lease Back | Orix modaraba, Lahore. |
| | 313,602 | 1,303 | 312,299 | 318,417 | 6,118 | | |
| Office equipment and fixtures | | | | | | | |
| Table and chairs | 31,975 | 21,914 | 10,061 | 199 | (9,862) | Negotiation | Scrap sale |
| Mobile sets | 1,018 | 280 | 738 | - | (738) | Negotiation | Scrap sale |
| Miscellaneous office items | 18,561 | 12,349 | 6,212 | 2,875 | (3,337) | Negotiation | Scrap sale |
| Assets having net book value less than Rs. 500,000 each | 1,169 | 828 | 341 | 156 | (185) | Negotiation | Scrap sale |
| | 52,723 | 35,371 | 17,352 | 3,230 | (14,122) | | |
| Computer hardware and allied items | | | | | | | |
| Assets having net book value less than Rs. 500,000 each | 6,015 | 5,959 | 56 | 62 | 6 | Negotiation | Scrap sale |
| Vehicles | | | | | | | |
| Audi A6 | 11,910 | 7,082 | 4,828 | 10,500 | 5,672 | Negotiation | Synergy Technology, Lahore. |
| Toyota Fortuner | 6,229 | 2,126 | 4,103 | 3,229 | (874) | As Per Company Policy | Amer Hamza (employee), Lahore |
| Suzuki Jimny | 2,293 | 1,579 | 714 | 1,409 | 695 | Insurance Claim | Adamjee Insurance Company Limited, Lahore. |
| Honda Civic | 2,254 | 929 | 1,325 | 1,674 | 349 | As Per Company Policy | Muhammad Raza (employee), Lahore. |
| Honda Civic | 2,113 | 986 | 1,127 | 1,319 | 192 | As Per Company Policy | Qazi Nisar (employee), Lahore. |
| Toyota Corolla | 1,992 | 232 | 1,760 | 2,356 | 596 | Negotiation | First Habib Modaraba, Lahore. |
| Toyota Corolla | 1,735 | 1,232 | 503 | 465 | (38) | As Per Company Policy | Liaqat Ali (employee), Lahore. |
| Toyota Corolla | 1,731 | 1,177 | 554 | 477 | (77) | As Per Company Policy | Rehmat Ali (employee), Lahore. |
| Toyota Corolla | 1,543 | 636 | 907 | 1,198 | 291 | As Per Company Policy | Rafique Ahmed (employee), Lahore. |
| Suzuki Cultus | 1,085 | 302 | 783 | 1,300 | 517 | As Per Company Policy | Guilzaib (employee), Lahore. |
| Suzuki Cultus | 981 | 434 | 547 | 587 | 40 | As Per Company Policy | Asif Ilyas (employee), Lahore. |
| Assets having net book value less than Rs. 500,000 each | 15,909 | 10,480 | 5,429 | 8,958 | 3,529 | As Per Company Policy | Various employees |
| | 49,775 | 27,195 | 22,580 | 33,472 | 10,892 | | |
| | 422,115 | 69,828 | 352,287 | 355,181 | 2,894 | | |

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

21.6 Revaluation of property, plant and equipment

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

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

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

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

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

22 INTANGIBLE ASSETS

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

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

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

23 LONG TERM INVESTMENTS

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

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

- 23.1** PEL Marketing (Private) Limited ['PMPL'] was a Private Limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984. PMPL was engaged in distribution/sale of domestic appliances. PMPL was a wholly-owned subsidiary of the Company. During the year, the Board of Directors of the Company and PMPL in their respective meetings held on March 27, 2020 approved the scheme of arrangement for amalgamation of PMPL with and into the Company with effect from April 30, 2020. PMPL was amalgamated with and into the Company with the approval of the Securities and Exchange Commission of Pakistan. The entire issued, subscribed and paid-up capital of PMPL, comprising of 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020.
- 23.2** This represents investment in ordinary shares of Kohinoor Power Company Limited ['KPCL'], an associate. KPCL is a Public Limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. KPCL was formed with the objective of generation and sale of electric power. Subsequently, it amended its memorandum of association to change its principal activity to leasing out machinery and buildings under operating lease arrangements. The Boards of Directors of KPCL and Saritow Spinning Mills Limited ['SSML'], a related party of the Company, in their respective meetings have approved amalgamation of KPCL into SSML. The proposed amalgamation, once affected, will result in the Company holding ordinary shares in SSML in accordance with the swap ratio approved with scheme of amalgamation. Registered office of KPCL is situated in the Province of Punjab at 17-Aziz Avenue, Canal Bank, Gulberg V, Lahore.

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

| | 31-Dec-20 | 31-Dec-19 |
|----------------------------------|-----------|-----------|
| Percentage of ownership interest | 23.10% | 23.10% |

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

23.2.1 Extracts of financial statements of associated company

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

| | Note | 31-Dec-20 | 31-Dec-19 |
|---|--------|-------------|-------------|
| | | Rupees '000 | Rupees '000 |
| Non-current assets | | 95,676 | 102,814 |
| Current assets | | 41,705 | 44,665 |
| Non-current liabilities | | 1,820 | 1,461 |
| Current liabilities | | 1,272 | 2,193 |
| Revenue | | 17,193 | 7,831 |
| Loss for the year | | (9,394) | (12,147) |
| Other comprehensive loss | | (142) | - |
| Total comprehensive loss | | (9,536) | (12,147) |
| Break-up value per share | | 0.01 | 0.01 |
| Share of profit and other adjustments to net assets | 23.2.2 | (2,203) | (2,806) |
| Market value per share | | 3.66 | 1.98 |

23.2.2 This includes the following:

| | | |
|--|---------|---------|
| Share of loss for the year | (2,170) | (2,806) |
| Share of other comprehensive loss for the year | (33) | - |
| | (2,203) | (2,806) |

24 LONG TERM DEPOSITS

| | | | |
|--|------|---------|---------|
| Financial institutions | 24.1 | 25,916 | 27,601 |
| Utility companies and regulatory authorities | 24.2 | 241,166 | 167,734 |
| Others | 24.3 | 196,570 | 164,845 |
| | | 463,652 | 360,180 |

24.1 These represent security deposits against Ijarah financing.

24.2 These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost.

24.3 These have been deposited with various parties under various contracts and are refundable in accordance with term of contracts. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, due to uncertainties regarding dates of refund of these deposits, these have been carried at cost.

25 LONG TERM ADVANCES

| | Note | 31-Dec-20 | 31-Dec-19 |
|--|------|-------------|-------------|
| | | Rupees '000 | Rupees '000 |
| Face value of advances | | 2,570,716 | - |
| Less: unamortized notional interest | 25.2 | 411,556 | - |
| | | 2,159,160 | - |
| Current portion presented under current assets | 30 | (1,543,584) | - |
| | | 615,576 | - |

- 25.1** These advances have been made to various customers for renovation of show rooms. These are classified as 'financial assets at amortized cost' under IFRS 9 which are measured at amortized cost determined using a discount rate of 8.31% (2019: 13.56%).

| | Note | 31-Dec-20 | 31-Dec-19 |
|---|-------------|--------------------|--------------------|
| | | Rupees '000 | Rupees '000 |
| 25.2 Unamortized notional interest | | | |
| As at beginning of the year | | 294,611 | - |
| Recognized during the year | 38.2 | 283,842 | - |
| Amortization for the year | 38.2 | (166,897) | - |
| As at end of the year | | 411,556 | - |
| 26 STORES, SPARES AND LOOSE TOOLS | | | |
| Stores | | 300,123 | 279,668 |
| Spares | | 455,855 | 455,386 |
| Loose tools | | 124,970 | 132,117 |
| | | 880,948 | 867,171 |
| Impairment allowance for slow moving and obsolete items | | (18,824) | (18,824) |
| | | 862,124 | 848,347 |

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

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

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

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

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

- 28.2** The entire outstanding balance of trade debts is recoverable against local sales.

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

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

29 CONSTRUCTION WORK IN PROGRESS

This represents unbilled construction work in progress.

| | Note | 31-Dec-20 | 31-Dec-19 |
|---|------|-------------|-------------|
| | | Rupees '000 | Rupees '000 |
| 30 SHORT TERM ADVANCES | | | |
| Advances to suppliers and contractors | | | |
| Gross amount due | | 630,104 | 620,050 |
| Impairment allowance for doubtful advances | | (38,990) | (32,730) |
| | | 591,114 | 587,320 |
| Advances to employees | | | |
| Gross amount due | 30.1 | 504,287 | 508,286 |
| Impairment allowance for doubtful advances | | (1,449) | (1,449) |
| | | 502,838 | 506,837 |
| Current portion of long term advances | 25 | 1,543,584 | - |
| | | 2,637,536 | 1,094,157 |
| 30.1 These include advances for | | | |
| - purchases | | 228,625 | 227,256 |
| - expenses | | 123,750 | 125,672 |
| - traveling | | 151,912 | 155,358 |
| | | 504,287 | 508,286 |
| 31 SHORT TERM DEPOSITS AND PREPAYMENTS | | | |
| Security deposits | | | |
| Gross amount due | | 417,891 | 336,231 |
| Impairment allowance for expected credit losses | | (5,379) | (5,379) |
| | | 412,512 | 330,852 |
| Margin deposits | | 298,124 | 207,323 |
| Prepayments | | 51,676 | 46,211 |
| Sales tax refundable | | - | 979,702 |
| Letters of credit | | 351,852 | 327,510 |
| | | 1,114,164 | 1,891,598 |

32 SHORT TERM INVESTMENTS

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

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

33 ADVANCE INCOME TAX/INCOME TAX REFUNDABLE

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

34 CASH AND BANK BALANCES

| | | | |
|---------------|--|----------------|---------|
| Cash in hand | | 11,748 | 9,539 |
| Cash at banks | | 540,530 | 370,194 |
| | | 552,278 | 379,733 |

35 REVENUE FROM CONTRACTS WITH CUSTOMERS

This represents revenue recognized from contracts with customers

| | | | |
|---------------------------|--|--------------------|-------------|
| Sale of goods | | | |
| - local | | 36,932,350 | 25,724,814 |
| - exports | | 238,445 | 606,054 |
| | | 37,170,795 | 26,330,868 |
| Construction contracts | | 817,373 | 1,365,601 |
| | | 37,988,168 | 27,696,469 |
| Sales tax and excise duty | | (5,442,950) | (4,035,952) |
| Trade discounts | | (3,746,200) | (1,310,768) |
| | | 28,799,018 | 22,349,749 |

36 COST OF SALES

| | | | |
|---|------|--------------------|-------------|
| Finished goods at the beginning of the year | | 1,871,490 | 417,843 |
| Cost of goods manufactured | 36.1 | 21,319,685 | 19,328,681 |
| Finished goods at the end of the year | | (1,529,403) | (1,871,490) |
| Cost of goods sold | | 21,661,772 | 17,875,034 |
| Cost of construction contracts | | 735,745 | 1,146,012 |
| | | 22,397,517 | 19,021,046 |

| | Note | 31-Dec-20 Rupees '000 | 31-Dec-19 Rupees '000 |
|---|---------|--------------------------|--------------------------|
| 36.1 Cost of goods manufactured | | | |
| Work-in-process at beginning of the year | | 656,835 | 758,928 |
| Raw material and components consumed | | 18,463,200 | 16,289,944 |
| Direct wages | | 931,645 | 859,985 |
| Factory overheads: | | | |
| - salaries, wages and benefits | | 463,664 | 460,306 |
| - traveling and conveyance | | 27,367 | 29,023 |
| - electricity, gas and water | | 401,176 | 355,619 |
| - repairs and maintenance | | 79,093 | 72,215 |
| - vehicles running and maintenance | | 35,807 | 31,406 |
| - insurance | | 40,766 | 36,990 |
| - depreciation | 21.5 | 1,043,572 | 910,818 |
| - amortization of intangible assets | 22 | 8,602 | 10,822 |
| - impairment allowance for obsolete and slow moving stock | 27 & 28 | 13,824 | 2,877 |
| - carriage and freight | | 28,464 | 26,022 |
| - erection and testing | | 155,151 | 125,106 |
| - research and development | | 2,627 | 1,375 |
| - other factory overheads | | 14,597 | 14,080 |
| | | 2,314,710 | 2,076,659 |
| | | 22,366,390 | 19,985,516 |
| Work-in-process at end of the year | | (1,046,705) | (656,835) |
| | | 21,319,685 | 19,328,681 |

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

| | Note | 31-Dec-20 Rupees '000 | 31-Dec-19 Rupees '000 |
|--|------|--------------------------|--------------------------|
| 37 OTHER INCOME | | | |
| Gain on financial instruments | | | |
| Changes in fair value of short term investments mandatorily classified as at FVTPL | 32 | 10,285 | - |
| Gain on sale and lease back activities | | - | 13,364 |
| Gain on disposal of property, plant and equipment | | 12,265 | - |
| | | 22,550 | 13,364 |
| Other income | | | |
| Amortization of grant-in-aid | 16.1 | 1,747 | 1,839 |
| Reversal of impairment allowance of long term investment | | 7,093 | 1,584 |
| Others | | 4,709 | 17,100 |
| | | 13,549 | 20,523 |
| | | 36,099 | 33,887 |

| | Note | 31-Dec-20 Rupees '000 | 31-Dec-19 Rupees '000 |
|-----------------------------------|------|--------------------------|--------------------------|
| 38 DISTRIBUTION COST | | | |
| Salaries and benefits | 38.1 | 548,529 | 166,821 |
| Traveling and conveyance | | 94,880 | 68,591 |
| Rent, rates and taxes | | 37,559 | 12,012 |
| Electricity, gas, fuel and water | | 25,122 | 4,055 |
| Repairs and maintenance | | 8,945 | 1,511 |
| Vehicles running and maintenance | | 61,756 | 21,258 |
| Printing and stationery | | 10,654 | 3,918 |
| Postage, telegrams and telephones | | 24,588 | 4,221 |
| Entertainment and staff welfare | | 43,882 | 12,304 |
| Advertisement and sales promotion | | 482,966 | 195,236 |
| Insurance | | 16,986 | 10,618 |
| Freight and forwarding | | 412,960 | 170,589 |
| Contract and tendering | | 2,441 | 1,352 |
| Depreciation | | 13,887 | - |
| Warranty period services | | 441,228 | 233,401 |
| Others | 38.2 | 120,090 | 47,814 |
| | | 2,346,473 | 953,701 |

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

38.2 These include notional interest expense amounting to Rs. 116.945 million (2019: Rs. 64.209 million) on long term advances. (See note 25.2).

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

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

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

| | Note | 31-Dec-20 Rupees '000 | 31-Dec-19 Rupees '000 |
|--|--|--------------------------|--------------------------|
| 40 OTHER EXPENSES | | | |
| Loss on financial instruments | | | |
| Changes in fair value of short term investments at fair value through profit or loss | 32 | - | 475 |
| Loss on disposal of property, plant and equipment | | - | 10,470 |
| Foreign exchange losses | | 10,796 | 11,830 |
| | | 10,796 | 22,775 |
| Others | | | |
| Workers' Profit Participation Fund | 17.2 | 19,648 | 11,431 |
| Workers' Welfare Fund | 17.3 | 14,754 | 4,344 |
| Donations | 40.1 & 40.2 | 6,085 | 4,655 |
| | | 40,487 | 20,430 |
| | | 51,283 | 43,205 |
| 40.1 | Particulars of donees to whom donations exceed Rs. 1,000,000 or 10% of total amount of donation, whichever is higher are as follows: | | |
| | | | Rupees '000 |
| DC Lahore Office (for COVID-19 affectees) | | | 2,500 |
| Ferozsons Laboratories Limited | | | 1,200 |
| NUST Endowment Fund | | | 1,000 |
| | | | 4,700 |
| 40.2 | None of the directors or their spouses had any interest in the donee. | | |
| | Note | 31-Dec-20 Rupees '000 | 31-Dec-19 Rupees '000 |
| 41 FINANCE COST | | | |
| Interest/markup/profit on: | | | |
| redeemable capital | | - | 1,958 |
| long term finances | | 548,093 | 650,503 |
| leased liabilities | | 44,403 | 25,223 |
| short term borrowings | | 1,415,758 | 700,180 |
| | | 2,008,254 | 1,377,864 |
| Interest on Workers' Profit Participation Fund | 17.2 | 572 | 1,516 |
| Bank charges and commission | | 189,532 | 160,518 |
| | | 2,198,358 | 1,539,898 |
| 42 TAXATION | | | |
| Provision for taxation | | | |
| for current year | 33 & 42.1 | 315,835 | - |
| for prior years | | 6,061 | (279) |
| | | 321,896 | (279) |
| Deferred taxation | | | |
| adjustment attributable to origination and reversal of temporary differences | 15.1 | (189,805) | 33,773 |
| adjustment attributable to changes in tax rates | | - | - |
| | | (189,805) | 33,773 |
| | | 132,091 | 33,494 |

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

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

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

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

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

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

| | Note | 31-Dec-20 Rupees '000 | 31-Dec-19 Rupees '000 |
|-------------------------------------|------|--------------------------|--------------------------|
| 45 CASH AND CASH EQUIVALENTS | | | |
| Cash and bank balances | 34 | 552,278 | 379,733 |
| | | 552,278 | 379,733 |

46 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise subsidiary, associated companies, key management personnel and post employment benefit plan. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

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

Transactions with key management personnel are limited to payment of short term and post employment benefits, advances against issue of ordinary shares and dividend payments. Transactions with post employment benefits plan are limited to employers' contribution made. The Company in the normal course of business carries out various transactions with its subsidiary and associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

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

47 CONTRACTS WITH CUSTOMERS

47.1 Disaggregation of revenue

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

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

47.2 Contract balances

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

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

47.3 Changes in contract assets and liabilities

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

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

47.4 Impairment lossess

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

48 FINANCIAL INSTRUMENTS

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

| | 31-Dec-20 | 31-Dec-19 |
|---|-------------------|-------------|
| | Rupees '000 | Rupees '000 |
| 48.1 Financial assets | | |
| Cash in hand | 11,748 | 9,539 |
| Financial assets at amortized cost | | |
| Long term deposits | 437,736 | 332,579 |
| Long term advances | 2,159,160 | - |
| Trade debts | 10,436,154 | 2,490,298 |
| Short term deposits | 298,124 | 207,323 |
| Bank balances | 540,530 | 370,194 |
| | 13,871,704 | 3,400,394 |
| Financial assets mandatorily measured at fair value through profit or loss | | |
| Short term investments | 31,881 | 21,596 |
| | 13,915,333 | 3,431,529 |
| 48.2 Financial liabilities | | |
| Financial liabilities at amortized cost | | |
| Long term finances | 7,638,638 | 4,407,403 |
| Leased liabilities | 321,433 | 241,094 |
| Trade creditors | 656,211 | 468,541 |
| Foreign bills payable | 125,642 | 101,960 |
| Accrued liabilities | 139,918 | 121,036 |
| Employees' provident fund | 13,208 | 6,774 |
| Compensated absences | 34,787 | 33,902 |
| Unclaimed dividend | 14,456 | 15,052 |
| Other payables | 15,942 | 18,531 |
| Accrued interest/markup/profit | 372,446 | 488,912 |
| Short term borrowings | 10,605,608 | 10,955,490 |
| | 19,938,289 | 16,858,695 |

49 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

49.1 Credit risk

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

49.1.1 Credit risk management practices

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

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

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

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

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

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

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

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

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

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

49.1.2 Exposure to credit risk

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

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

49.1.3 Credit quality and impairment

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

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

(a) Long term deposits

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

(b) Trade debts

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

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

(c) Short term deposits

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

(d) Bank balances

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

49.1.4 Concentrations of credit risk

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

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

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

49.1.5 Collateral held

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

49.1.6 Changes in impairment allowance for expected credit losses

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

49.2 Liquidity risk

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

49.2.1 Liquidity risk management

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

49.2.2 Exposure to liquidity risk

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

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

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

49.3 Market risk

49.3.1 Currency risk

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

(a) Currency risk management

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

(b) Exposure to currency risk

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

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

(c) Exchange rates applied as at the reporting date

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

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

(d) Sensitivity analysis

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

49.3.2 Interest rate risk

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

(a) Interest rate risk management

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

(b) Interest/markup/profit bearing financial instruments

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

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

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate instruments.

(d) Cash flow sensitivity analysis for variable rate instruments

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

49.3.3 Other price risk

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

50 FAIR VALUE MEASUREMENTS

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

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

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

50.1 Financial instruments measured at fair value

50.1.1 Recurring fair value measurements

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

50.1.2 Non-recurring fair value measurements

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

50.2 Financial instruments not measured at fair value

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

50.3 Assets and liabilities other than financial instruments

50.3.1 Recurring fair value measurements

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

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

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

| | Valuation technique | Significant inputs | Sensitivity |
|------|--|---|---|
| Land | Market comparable approach that reflects recent transaction prices for similar properties. | Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition. | A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 51.763 million (2019: Rs. 51.763 million). |

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

51 CAPITAL MANAGEMENT

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

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

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

52 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

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

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

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

53 SEGMENT INFORMATION

An operating segment is a component of an entity:

- (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 [ÉPC] contracting. |
| Appliances Division | Manufacturing, assembling and distribution/sale of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, LED Televisions, Washing Machines, Water Dispensers and other domestic appliances. |

| 31-Dec-20 | | | |
|-------------------------------|--------------------------------|-------------------------------------|-----------------------|
| | Power Division Rupees '000' | Appliances Division Rupees '000' | Total Rupees '000' |
| Revenue | 12,899,426 | 25,088,742 | 37,988,168 |
| Finance cost | 940,394 | 1,245,631 | 2,186,025 |
| Depreciation and amortization | 504,337 | 616,412 | 1,120,749 |
| Segment profit | 241,356 | 131,971 | 373,327 |
| Segment assets | 19,986,739 | 32,044,800 | 52,031,539 |
| 31-Dec-19 | | | |
| | Power Division Rupees '000' | Appliances Division Rupees '000' | Total Rupees '000' |
| Revenue | 9,833,931 | 17,862,538 | 27,696,469 |
| Finance cost | 791,153 | 748,745 | 1,539,898 |
| Depreciation and amortization | 453,387 | 532,089 | 985,476 |
| Segment profit | 141,135 | 82,325 | 223,460 |
| Segment assets | 18,809,516 | 21,388,849 | 40,198,365 |

| | Note | 31-Dec-20 Rupees '000' | 31-Dec-19 Rupees '000' |
|---------------------------------------|------|---------------------------|---------------------------|
| 53.1 Reconciliation of segment profit | | | |
| Total profit for reportable segments | | 373,327 | 223,460 |
| Other income | 37 | 36,099 | 33,887 |
| Other expenses | 40 | (51,283) | (43,205) |
| Share of loss of associate | 40 | (2,203) | (2,806) |
| Profit before taxation | | 355,940 | 211,336 |

| | Note | 31-Dec-20 Rupees '000' | 31-Dec-19 Rupees '000' |
|--|------|---------------------------|---------------------------|
| 53.2 Reconciliation of segment assets | | | |
| Total assets for reportable segments | | 52,031,539 | 40,198,365 |
| Long term investments | 23 | 10,653 | 5,863 |
| Short term investments | 32 | 31,881 | 21,596 |
| Advance income tax/Income tax refundable | 33 | 2,719,270 | 2,603,652 |
| Total assets | | 54,793,343 | 42,829,476 |

53.3 Information about major customers

| | | |
|--|---|------------|
| Revenue derived from PEL Marketing (Private) Limited | - | 10,716,095 |
|--|---|------------|

54 EMPLOYEES PROVIDENT FUND TRUST

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

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

The break-up of investments is as follows:

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

The investments made out of aforementioned provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

55 PLANT CAPACITY AND ACTUAL PRODUCTION

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

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

56 NUMBER OF EMPLOYEES

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

57 ORDINARY SHARES IN THE COMPANY HELD BY ASSOCIATED COMPANIES

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

58 EVENTS AFTER THE REPORTING PERIOD

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

59 RECLASSIFICATIONS

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

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

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, except as referred to in note 59.

This page has been left blank intentionally

J

01-09

**ANNUAL GENERAL
MEETING**

J 01

Notice of Annual
General Meeting
(English)

J 04

Notice of Annual
General Meeting
(Urdu)

J 06

Form of Proxy
(English)

J 08

Form of Proxy
(Urdu)

NOTICE OF ANNUAL GENERAL MEETING

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

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

By Order of the Board

Lahore:
April 06, 2021

M. Omer Farooq
Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from April 26, 2021 to May 02, 2021 (both days inclusive). Physical transfers/CDS Transactions IDs received in order at Company registrar office M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore on or before April 25, 2021 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another Member as proxy. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.
3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.
4. Members are requested to notify the Company change in their addresses, if any.
5. Annual Audited Financial Statements of the Company for the Financial Year ended December 31, 2020 have been placed on the Company's website i.e. www.pel.com.pk.

6. SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)

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

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

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

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

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

7. Payment of Cash Dividend Electronically

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

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

8. Transmission of Annual Financial Statements through E-mail

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

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

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

NOTICE OF ANNUAL GENERAL MEETING

10. ZAKAT DECLARATIONS (CZ-50)

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

نوٹس سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ پاک الیکٹرون لمیٹڈ کے حصص داران کا پینسٹھواں (65th) سالانہ اجلاس عام 29 اپریل 2021 بروز جمعرات 11:00 بجے صبح 06-ایچ ٹرن روڈ بلقابل LDA Plaza، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

1- 29 مئی 2020 کو منعقد ہونے والے سالانہ اجلاس عام کی کارروائی کی تصدیق۔

2- مالی سال ختم 31 دسمبر 2020 کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات بھرہ اُن پر ڈائریکٹران و آڈیٹران کی رپورٹس کی وصولی اور ان کی قبولیت۔

3- اگلے سالانہ اجلاس عام کے اختتام تک عہدہ پر رہنے کیلئے کمپنی کے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔

4- صاحبِ صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

بحکم بورڈ

ایم عرفاروق

کمپنی سیکریٹری

لاہور: 06 اپریل 2021

نوٹس

1- کمپنی کی حصص کی منتقلی کی کتابیں 26 اپریل 2021 تا 02 مئی 2021 (بشمول دونوں دن) بند رہیں گی۔ کمپنی شیئر رجسٹر افس ایس کارپ لنک (پرائیویٹ) لمیٹڈ وکٹر آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور میں وصول ہونے والی منتقلیاں (بشمول CDS/Physical) 25 اپریل 2021 کو کاروبار بند ہونے تک قابل قبول ہوں گی۔

2- اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر پر کسی مقرر کر سکتا ہے۔ پراسس کیاں تا آئندہ موثر ہو سکیں، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے صدر دفتر بمقام 17 عزیز ابوبنیو، کینال بینک، گلبرگ V لاہور میں لازماً وصول ہونی چاہئیں اور باقاعدہ مہر زدہ دستخط شدہ اور گواہ شدہ ہونی چاہئیں۔

3- وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں التماس ہے کہ وہ اپنے اصل شناختی کارڈ یا پاسپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کے لئے ہمراہ لائیں۔

4- ممبران سے التماس ہے کہ اپنے پتے میں کسی بھی تبدیلی کی صورت میں کمپنی کو مطلع فرمادیں۔

5- 31 دسمبر 2020 کو ختم ہونے والے مالی سال کے کمپنی کے سالانہ آڈیٹڈ اکاؤنٹس کمپنی کی ویب سائٹ www.pel.com.pk پر جاری کر دیئے گئے ہیں۔

6- کمپیوٹرائزڈ قومی شناختی کارڈ / پیشگی نمبر کی نقول کی حوالگی (لازمی)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے تحت ڈیویڈنڈ وارنٹ پر شیئر ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ ہونا لازمی ہیں۔ انکم ٹیکس آرڈیننس 2001 سیکشن 150 میں فنانس ایکٹ 2018 کے تحت کی جانے والی ترمیم کے مطابق ڈیویڈنڈ پرودہ ہولڈنگ ٹیکس کی کوئی فائلر کیلئے 30 فیصد ہوگی۔

جوائنٹ اکاؤنٹ کی صورت میں ہر اکاؤنٹ ہولڈر کو علیحدہ فرم تصور کیا جائے گا خواہ وہ فائلر ہو یا نان فائلر اور ہر جوائنٹ اکاؤنٹ ہولڈر کیلئے ٹیکس کی کوئی جوائنٹ ہولڈرز کی جانب سے فراہم کردہ شیئر ہولڈنگ کی معلومات کے مطابق ہوگی اور مطلع نہ کرنے پر جوائنٹ ہولڈرز کو برابر کے شیئرز رکھنے والا تصور کیا جائے گا۔

| کمپنی کا نام | فیلو CSD اکاؤنٹ نمبر | مجموعی شیئرز | پرنسپل شیئر ہولڈرز | جوائنٹ شیئر ہولڈرز |
|---|---|---|---|---|
| نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر |
| نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر | نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر |

CNIC/NTN کی تفصیلات فراہم کرنا اب لازمی ہے تاکہ فیڈرل بورڈ آف ریونیو (FBR) کی جانب سے وقتاً فوقتاً جاری کی جانے والی ایکٹیو ٹیکس پیئرز لسٹ (ATL) کے مطابق ٹیکس اسٹیٹس چیک کیا جا سکے۔ تمام افراد بشمول جوائنٹ اکاؤنٹ ہولڈرز جو فیکل شیئرز سٹیفیکلیٹس رکھتے ہیں ان سے درخواست ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی نقل کمپنی یا اس کے شیئر رجسٹرار کو فراہم کریں (اگر فراہم نہیں کی گئی)۔ انفرادی شیئر ہولڈرز کے علاوہ چیکنگ NTN نمبرز سے مطابقت کے ذریعے کی جائے گی لہذا CDC اکاؤنٹس رکھنے والے کارپوریٹ شیئر ہولڈرز سے ان کے مفاد میں درخواست ہے کہ اپنے NTN سٹیفیکلیٹ کی نقل فراہم کریں تاکہ ان کے متعلقہ Participants/CDC کیلئے کتاہوں کی بندش سے قبل ان کے نام ATL میں چیک کئے جاسکیں جبکہ فیکل شیئرز سٹیفیکلیٹس رکھنے والے کارپوریٹ شیئر ہولڈرز اپنے NTN سٹیفیکلیٹ کی نقل کمپنی یا اس کے شیئر رجسٹرار کو بھیجیں۔ شیئر ہولڈرز اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا NTN سٹیفیکلیٹ بھیجتے ہوئے اپنے متعلقہ فیلو نمبرز ضرور فراہم کریں۔

مؤثر کمپیوٹرائزڈ قومی شناختی کارڈ یا NTN کی نقول موصول نہ ہونے کی صورت میں کمپنی سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلے 201 (1) SRO0831 تاریخ 5 جولائی 2012 کی تکمیل نہ کر سکے گی۔ لہذا کمپنی 2017 کے سیکشن (3) 243 کے تحت شیئر ہولڈرز کے ڈیویڈنڈ وارنٹ کی ترسیل روکنے پر مجبور ہوگی۔ مزید یہ کہ تمام شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ فوری طور پر ATL میں اپنا اسٹیٹس چیک کریں اور ATL میں اپنے نام کے اندراج کیلئے ضروری اقدامات کریں اور نئے قانون کے مطابق FBR کی ویب سائٹ پر کتاہوں کی بندش کے آغاز کے دن سے قبل شیئر ہولڈرز کا نام متعلقہ تفصیلات کے ساتھ ATL میں موجود نہ ہونے پر کمپنی 30 فیصد وود ہولڈنگ ٹیکس کی کوئی کی مجاز ہوگی اور اسے مقررہ مدت میں گورنمنٹ کے خزانے میں جمع کرائے گی۔

نوٹس سالانہ اجلاس عام

7۔ نقد منافع کی الیکٹرونک ادائیگی

کمپنیز ایکٹ 2017 کے سیکشن 242 کے تحت نقد منافع کی ادائیگی اب الیکٹرونک طریقہ کار سے شیئرز ہولڈر کے نامزد بینک اکاؤنٹ میں ہی کی جاسکتی ہے۔ شیئرز ہولڈر سے التماس ہے کہ وہ اپنا فونیو نمبر، نام اور بینک اکاؤنٹ (جس میں شیئرز ہولڈر نقد منافع کی وصولی کا خواہشمند ہے) کی تفصیل جس میں بینک کا نام، برانچ کا نام، برانچ کوڈ، اکاؤنٹ، اکاؤنٹ ٹائٹل اور IBAN کمپنی کو ارسال کرے بصورت دیگر کمپنی کسی اور ذریعہ سے نقد منافع کی ادائیگی سے قاصر ہے۔ اس سلسلہ standard request for form پر درکار تفصیلات ہمارے شیئرز رجسٹر (کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور) کو جلد از جلد ارسال کریں۔ اگر شیئرز ہولڈر کے حصص CDC میں موجود ہیں standard request for form اپنہ بروکر / Participant / CDC کو ارسال کرے۔

8۔ سالانہ مالی رپورٹ کی ترسیل بذریعہ E-mail

SECP-2014 (I) 787 SRO بتاریخ 8 ستمبر 2014 کمپنیوں کو اختیار دیا ہے کہ وہ سالانہ بیلنس شیٹ، پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹ اور ڈائریکٹرز کی رپورٹس ہمراہ نوٹس برائے سالانہ اجلاس عام اپنے حصہ داران کو بذریعہ E-mail ارسال کر سکتی ہے۔ جو حصہ داران یہ سہولت حاصل کرنا چاہتے ہیں وہ تحریری رضامندی ارسال کریں۔ اس سلسلہ standard request for form پر درکار تفصیلات ہمارے شیئرز رجسٹر (کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن، لاہور) کو ارسال کریں۔

9۔ سالانہ مالی رپورٹ کی ترسیل بذریعہ CD/DVD/USB

SECP-2014 (I) 470 SRO بتاریخ 31 مئی 2014 کمپنیوں کو اختیار دیا ہے کہ سالانہ بیلنس شیٹ، پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹ اور ڈائریکٹرز کی رپورٹس اپنے حصہ داران کو بذریعہ CD/DVD/USB ان کے رجسٹرڈ پتہ پر ارسال کر سکتی ہے۔ البتہ شیئرز ہولڈر جو سالانہ مالی رپورٹ کی پرنٹ شدہ کاپی وصول کرنے کے خواہشمند ہوں وہ اپنی درخواست پاک الیکٹرونک لمیٹڈ کے کمپنی سیکرٹری کو 14 کلومیٹر، فیروز پور روڈ، لاہور پر بھیجوا سکتے ہیں۔ کمپنی درخواست گزار کو درخواست کی وصولی کے 7 دن میں سالانہ مالی رپورٹ کی پرنٹ شدہ کاپی بغیر کسی معاوضہ کے اس کے رجسٹرڈ پتہ پر ارسال کر دے گی۔

10۔ زکوٰۃ ڈیکلریشنز (CZ-50)

زکوٰۃ اور عشرتو انین کے تحت ڈیوڈ بنڈ سے زکوٰۃ کی کٹوتی شیئرز کی ادا شدہ رقم (10 روپے فی حصص) پر 2.5 فیصد کے حساب سے کی جائے گی اور متعلقہ اتھارٹی کو مقررہ مدت میں جمع کروادی جائے گی۔ برائے مہربانی اسٹیسی کے خواہشمند افراد زکوٰۃ اور عشرتو انینس 1980 اور CZ-50 فارم زکوٰۃ کے قوانین (کٹوتی اور واپسی) کے قانون نمبر 4 کے تحت اپنے زکوٰۃ ڈیکلریشن فارم اپنے بروکریا سنٹرل ڈیپازٹری کمپنی لمیٹڈ (شیئرز کے انویسٹر اکاؤنٹس سروسز میں CDC میں ہونے کی صورت میں) یا ہمارے شیئرز رجسٹر آفس کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K کمرشل، ماڈل ٹاؤن لاہور کو ارسال کریں (شیئرز کے پیپر شٹیکھٹ کی صورت میں ہونے پر) شیئرز ہولڈرز زکوٰۃ ڈیکلریشنز ارسال کرتے ہوئے اپنی کمپنی کا نام اور ان کے متعلقہ فونیو نمبر ضرور فراہم کریں۔

FORM OF PROXY

65TH ANNUAL GENERAL MEETING

LEDGER FOLIO

SHARES HELD

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

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

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

Signed by the said

REVENUE
STAMP

Witnesses:

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

Notes:

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

The Company Secretary
PAK ELEKTRON LIMITED
17 - Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.

AFFIX
CORRECT
POSTAGE

65 واں سالانہ عمومی اجلاس عام۔

لیجر فولیو

بطور گواہ آج بتاریخ----- اپریل 2021 میرے/ ہمارے دستخط ہوئے۔

گواہان:

| | |
|-----------------------|-----------------------|
| (1) نام | (2) نام |
| پتہ: | پتہ: |
| قومی شناختی کارڈ نمبر | 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 پراسیکیوٹر کا تقرر کر سکتا ہے۔ پراسیکیوٹر اس صورت موثر میں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس (17- عزیز ایویو بینک کینال بینک گلبرگ- v لاہور) میں موصول ہونا ضروری ہیں۔ پراسیکیوٹر پر رسیدی نکتہ رکن کے دستخط اور گواہان کے دستخط ہونا ضروری ہیں۔

2- سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے

مزید بر آں 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 قراردادوں/پاور آف اٹارنی مع دختلط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں ہر کسی فارم کے ساتھ جمع کرائی ہوگی۔

(iii) پر کسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا سپورٹ دکھانا ہوگا۔

The Company Secretary
PAK ELEKTRON LIMITED
17 - Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.

AFFIX
CORRECT
POSTAGE

www.pel.com.pk



PAK ELEKTRON LIMITED

17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore

Ph: (042) 35718274-5, 35717364-5