PAK ELEKTRON LIMITED

ANNUAL REPORT 2021

PAK ELEKTRON LIMITED

Head Office: : 14-Km, Ferozepur Road, Lahore-54760 Pakistan
G.P.O. Box No. 1614, Lahore - Pakistan.
Tel: : (+92 42) 35920151-9
Facsimile: : (+92 42) 35920150
Website: : www.pel.com.pk

CHAIRMAN'S REVIEW

The Board places great emphasis on transparency, accountability, good governance and safeguarding the interest of the stakeholders. PEL has well-articulated internal control and risk management systems in place...

Dear Share Holders

Company management with its tireless efforts under energetic leadership of Mr. Muhammad Murad Saigol is setting high performance standards. During the year under review company history ever high revenues of Rupees 55.367 Billion. In this challenging massive local currency depreciation, global commodity price hike and overall inflationary trends, your company managed profits of Rupees 1,591 million against Rupees 223.849 million of pervious year due to effective cost absorption.

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

Company Board of Directors in a meeting dated February 07,2022 approved issue of 358,330,670 (Three Hundred Fifty Eight Million Three Hundred Thirty Thousand Six Hundred Seventy) being 72% ordinary right shares, at Rs.14 per ordinary share, including a premium of Rs.4 per share. Proceeds received against the issue will be applied towards reduction of company borrowings and to meet growing working capital needs.

Directors, Sponsors and Substantial Shareholders of the Company have opted to subscribe 182,129,796 right ordinary shares while balance 176,200,874 shares have been duly underwritten by SECP Licensed Underwriters.

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

M. Naseem Saigol
Chairman
Lahore. March 29, 2022

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CEO's OVERVIEW

Economic revival, rapid urbanization and life style improvements portray an emerging luxurious life style with extended use of electrical home appliances, which necessitates increased electricity consumption, and a well versed electricity T&D infrastructure for uninterrupted supply to end consumers. These are core growth drivers to further accelerate product demand ....

Dear Shareholders,

I feel privileged to have been entrusted with the stewardship of this Company, which has been playing a key role in electrical home appliances & electrical equipment manufacturing industry for more than six decades.

Successive waves of COVID-19 pandemic, rising commodity prices, increase in interest rates and sharp decline in the value of PKR, exerted inflationary pressure and supply chain disruption in the business environment.

Company is setting high performance standards and in year under review achieved a history ever high revenues of Rupees 55.367 Billion, despite of different odds like massive local currency depreciation, global commodity price increase and overall inflationary trends company managed profits of Rupees 1,591 million against Rupees 223.849 million at the back of higher revenues and effective cost absorption.

In response to COVID 19 during the year continued company's operations continued with strict compliance of Punjab Government and National Command & Operation Centre (NCOC) SOPs. Company vaccinated almost all of employees at mobile vaccination Centre set up by primary and secondary health care department of Punjab Government at company's premises at 14 KM Ferozepur Road Lahore.

On Saturday, April 24, 2021 a fire broke out at refrigerator production line located at 14-KM Ferozepur Road Lahore due to electricity short circuiting. By the grace of Almighty, there is no loss of human life and it mainly affected the final assembly line of the Refrigerator. As the assets damaged by fire were adequately insured, insurance company after assessment of true extent of loss remitted insurance claim.

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During the year company received Best Corporate Report Award for Annual Report 2020 securing first position in "Engineering & Auto Sector" by the Joint Committee of ICAP and ICMAP.

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Directors, Sponsors and Substantial Shareholders of the Company have opted to subscribe 182,129,796 right ordinary shares while balance 176,200,874 shares have been duly underwritten by SECP Licensed Underwriters.

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

M. Murad Saigol
Chief Executive Officer

Lahore.
March 29, 2022.

60 Celebration

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DIRECTOR'S REVIEW

The Directors of Pak Elektron Limited (the "Company") are pleased to submit the Annual Report along with the audited financial statements of the Company for the year ended December 31, 2021.

FINANCIAL AND OPERATIONAL REVIEW

MACRO - ECONOMIC ENVIRONMENT

GLOBAL ECONOMIC OVER VIEW

In 2021, the world economy experienced strong growth, largely due to the base effect from the recession suffered in 2020 as a result of the COVID-19 pandemic. The economic reopening seen in 2021 has led to significant economic recoveries, although the COVID-19 pandemic and global supply bottlenecks persist. According to Oxford Economics, global real GDP is estimated to have grown by 5.8% in 2021, compared with the -3.5% estimated for 2021 in 2020.

Global gross domestic product (GDP) is expected to expand by 4.3% in CY 2022. The outlook is still subject to a high level of uncertainty. The biggest source of concern remains COVID-19. New variants could emerge before widespread vaccination is reached globally, or they could escape existing immunity, while vaccine effectiveness might fade more quickly than expected.

The necessary adjustments in the Chinese property sector, a high ratio of debt to GDP and worsening business conditions will limit China's GDP growth in CY 2022 to 5.7%. The European Union economy is expected to expand by 4.0% in CY 2022, still supported by catch-up effects and announced stimulus programs becoming effective. In the U.S., GDP is expected to expand by 4.3%, where government spending has a negative effect on GDP growth, as it is reduced from CY 2021 on, implying a negative fiscal impulse. An important pre-requisite is preventing federal limits on borrowing (the debt ceiling) from disrupting government operations and spending programs.

Global fixed investments are expected to expand by 4.4% in CY 2022, after already growing by 6.4% in CY 2021. Important customer industries are participating in the global recovery (e.g.

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electronics, Pharmaceuticals, materials, chemicals). Yet persistent supply bottlenecks have the potential to significantly derail this recovery, such as in the automotive sector due to semiconductor shortages. The infrastructure sector (particularly public transport and electricity grids) will benefit from various green stimulus programs.

DOMESTIC ECONOMIC OVERVIEW

The country's economy gathered significant momentum in the latter half of 2021 with strong pick up in overall domestic demand. However, global increase in the price levels for food, energy and other key commodities, with a weaker PKR has caused significant rise in domestic inflation. This poses the strongest challenge to an otherwise nascent recovery with economic activity now returning to pre COVID levels.

High level of imports exerted significant pressures on the external front as the country recorded a current account deficit (CAD) of USD 9.1 billion for the H1 FY'22 as against a surplus of USD 1.2 billion for the corresponding period of last year. The country's balance of trade recorded a deficit of USD 28.8 billion for 7M FY'22, a significant increase of 92%. The country's imports stood at USD 46.5 billion for 7M FY'22 as against USD 29.3 billion last year, recording an increase of 59%. The country's exports have been picking up in recent months, recorded at USD 17.7 billion for 7M FY'22, growing by 24%, mainly on the back of high value added textiles, as well as food and other manufactured goods. The contribution of home remittances continues to be significant as inflows of USD 18.0 billion were recorded for 7M FY'22, an increase of 9% over the corresponding period of last year. Looking ahead, the balance of payment position is expected to gain some stability with inflows from the IMF, other multilateral organizations, and Sukuk issuance of USD 1.0 billion.

On the inflation front, CPI was measured at 13.0% for Jan'22 (Dec'21: 12.3%, Dec'20: 8.0%), one of the highest levels in recent history. Average inflation for 7M FY'22 was measured at 10.3% versus 8.2% in the previous period. In order to counter the effects of inflationary pressures as well as ensuring that the recent growth remains sustainable, the SBP increased the policy rate to 9.75% in its Monetary Policy Statement on December 14, 2021, a cumulative increase of 275 bps since Sep'21. However, in view of the anticipated impact of monetary and fiscal policy measures with respect to the current account, better GDP growth and improvement in the medium term inflation outlook, SBP in its recent Monetary Policy Statement on January 24, 2022 has maintained a status quo at 9.75%.

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The country's FX markets remained volatile for much of the year, as the exchange rate closed at Rs.176.5 / USD at Dec'21, depreciating by 10.4% since Dec'20, given the market determined exchange rate regime. The KSE100 index, after touching a high of 48,726 points in June 2021, remained largely range bound this year, closing at 44,596 point as at Dec'21.

INDUSTRY OVERVIEW

Large Scale Manufacturing (LSM) registered moderate growth of 3.6% in 4MFY22. Indicators of demand including electricity generation, cement dispatches, sales of consumer goods and petroleum products continue to depict a positive growth momentum. This is mirrored in the strength of imports and tax collection. On the other hand, energy tariff hikes, increase in raw material cost, global supply chain disruptions and gas shortages have significantly affected production costs.

With a new normal after COVID-19 down slide a tangible economic recovery is witnessed. Current prosperity wave is backed by overall economic growth and history ever high foreign remittances; electrical home appliances demand surged with growing disposable Incomes and restoration of consumer confidence. Pakistan Bureau of Statistics reports CY 21 YOY production quantum increase of Refrigerators @ 90.30%, Air Conditioners @ 142.52%, Deep Freezers @ 44.54% and LED TVs @ 0.58%. Electrical Equipment demand surge is backed by governments' electricity T&D infrastructure augmentation efforts to ensure an uninterrupted electricity to end consumers, especially with increased demand after local industry revival. Metering infrastructure up gradation is also solicited to curb growing electricity pilferage resulting circular debt. Power Division Products CY 21 YOY production quantum increase of Transformers, Energy Meters and Switch Gears is 10.23%, 78.98% and 170.30% respectively.

NON-FINANCIAL ACHIEVEMENTS

During the year under review, company besides mile stone achievement of history ever high business revenues also attained an excellence in other than usual operational areas.

Summary of some of non-financial achievements is reproduced below:

Response Measures to COVID- 19

During the year under review company's operations continued with in line with instruction from Punjab Government and strict compliance to National Command & Operation Centre (NCOC) SOPs. Company vaccinated almost all of employees at mobile vaccination Centre set

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up by Primary and Secondary Health Care Department of Government of Punjab at company's premises located at 14 KM Ferozepur Road Lahore. Families of company employees are also vaccinated at the said in house mobile vaccination Centre.

Fire Break & Loss Mitigation.

On Saturday, April 24, 2021 a fire broke out at refrigerator production line located at 14-KM Ferozepur Road Lahore due to electricity short circuiting. By the grace of Almighty, there is no loss of human life and it mainly affected the final assembly line of the Refrigerator. As the assets damaged by fire were adequately insured, insurance company after assessment of true extent of loss remitted insurance claim.

With the dedicated team efforts Refrigerator Production started within a couple of weeks after completing necessary rehabilitation work. In this way, company's business plans for the year 2021 remained intact.

Best Corporate Report Award

During the year company received Best Corporate Report Award for Annual Report 2020 securing first position in "Engineering & Auto Sector" awarded by the Joint Committee of ICAP and ICMAP.

Credit Rating

On 06-Jul-2021, The Pakistan Credit Rating Agency Limited – PARCA, the country's leading credit rating agency , ranked company long term A+ (High Credit Quality) and short term A1 (A strong capacity for timely repayment) with stable outlook .

Supply Chain Management Solution

During the year company collaborated with Maersk Pakistan, through this strategic partnership to optimize supply chain management and serve its customers the best way possible.

BUSINESS PERFORMANCE REVIEW

With a new normal after COVID 19 slow down, a significant demand rise witnessed on the back of stimulated economic activity. Positive Macro Indicators especially Agriculture sector growth and foreign remittances rise and up lifted company's products demand and company with it's an articulate performance achieved history ever high revenues.

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Summary of operating results is presented below

Rupees in Million

	2021	2020	Increase / (Decrease)	Percentage
Gross revenue	55,367	37,988	17,379	45.75
Gross profit	9,068	6,402	2,666	41.65
Operating profit	4,381	2,556	1,825	71.40
Finance cost	2,174	2,198	(24)	(1.09)
Profit before tax	2,206	356	1,850	519.87
Profit after tax	1,591	224	1,367	610.78
Earnings per share – Rupees	3.11	0.36	2.75	

During the year company achieved history high level revenues of Rs.55,367 million with a 45.75% growth over Rs.37,988 million of previous year. Gross Profit stands at Rs.9,067 million with 41.65% increase over Rs.6,402 Million over year 2020. Company profits with a multiple growth of 610.27% remained at 1,591 million against Rs.224 million of previous year. Earnings per share for the year is Rupees 3.11 against Rupees 0.36 of last year.

Power Division with a year over year 62.01% growth achieved a revenue level of Rs.20,898 million against Rs.12,899 million of year 2020. With an overall stimulating economic activity, rapid urbanization and life style improvements electricity consumption FY 2020-21 increased by 7.82 % with Industries sector increase @ 16.53%. To cater the growing electricity demand, government is proactively taking care of T&D infrastructure augmentation, which is at the back of robust electrical equipment demand. Further, Industrial sector revival is adding an incremental demand of Power division products over & above WAPDA Discos demand.

Home Appliances Division revenues with ever history high level of Rs.34,470 million are 37.39% above Rs.25,089 Million of previous year. Economic revival, life style improvements as a result of growing urbanization are at the back this revenue increase. Domestic electricity consumption increase, even at unusual tariff increase, witness improving life style.

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PRODUCT WISE OPERATING PERFORMANCE

Refrigerator

Refrigerator, being company premier product, contributed 53.38% of the appliance division's revenues and 39.90% towards overall company revenues during year under review. Improved disposable income as a result of agriculture sector growth and increasing foreign remittances are at the back Refrigerator business revenues increase @ 21.40% over previous year.

During the year under review, Company launched energy efficient Refrigerator "Life Pro" series, with 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 well received in the market. Company also introduced cost effective "InvertorOn VCM" Series and aesthetically improved "Gloss Door" models. Company's ongoing R&D process is committed to develop energy efficient and quality products. Parallel to product development initiatives, continuous marketing campaigns and tireless sales activities lead to maintain the market share in this highly competitive era.

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

Air conditioner (AC)

Air Conditioner business has achieved 75.89% growth due to economic stimulation after COVID-19 slow down. After successful introduction of Fit Series & Jumbo Series in 2019 & 2020, PEL has extended its Model range and introduced high end "Turbo DC Ultra" & "Jumbo DC Prime" models with SEER 4.3 and basic inverter NEW model "Aero Plus". Company also expanded Floor Standing series up to 5 variants in different capacities.

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Air Conditioners business has a great growth potential due to overall life style improvements and post-COVID economic revival. Further there is a great business expansion room due to growing product penetration level, emerging Middle-Class and rapid urbanization. With these healthy growth drivers, a robust demand increase is expected and your company with its energy efficient & aesthetically improved products is quite confident to expand its market share. 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 revenue increased by 23.03% at the due to stimulating economic activity. Improvements in disposable incomes and economic revival, lead to an escalated product demand both at institutional and general consumer levels. Company products has earned a strong brand equity with a prolonged history of quality product supply. New energy efficient "InverterON" series with improved aesthetics and start ability of 110V, compatible to run on UPS is well received in market.

During the year company has introduced Vertical Freezers in different models and sizes with separate storage compartments and deep temperature up to -30°C. The Vertical freezers being user friendly and energy efficient have been well received in market.

Company with its customer desired customized products and with use of "O Zone Friendly Refrigerants" is preferred choice of local corporate Institutions and MNCs like Coca Cola Pakistan, Unilever Pakistan, Friesland Campina Engro Pakistan Limited (Engro Foods), Pepsi Cola International, Lotte Akhtar Beverages (Pepsi), Haidery Beverages (PEPSI), Northern Beverages(Pepsi) Sukkur beverages (Pepsi) Pakistan Fruit Juice Company (Heko) and Pakistan Dairy (Igloo) who are the major customers of PEL's deep freezers.

The Coca Cola Company after a detailed audit has awarded PEL a green status (fully compliant) approved supplier for visi and chest coolers supplies. This opens another wide scope PEL-Coke business avenue.

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

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

With the growing economic indicators an overall product demand increase is expected and your company with its quality products, highly responsive country wide sales & after sales service network and ongoing R&D function is quite confident to expand its market share.

Microwave Oven

Microwave Oven revenues during the year, registered a revenue growth @ 84.34% over previous year due to escalated demand as a result of COVID 19 slow down. Company microwave ovens with latest product features offer a unique cooking experience. Inspired by user's need, both solo and grill models have been launched. PEL microwave ovens are equipped with manual as well as digital interface depending on customers' needs. During the year, company introduced PMO "Convection Series" with outclass cake & pizzas backing experience. Company Microwave Ovens with cost effective designs, space saving shapes and customized cooking experiences are well received in local market .With overall life style improvements and urbanization demand of Microwave ovens is likely to grow and your company is well positioned to grasp its market share.

Water Dispenser

In response to overall life style improvements and growing urbanization Water Dispenser demand is growing rapidly. Company forecasted its market potential; launched locally manufactured Water Dispensers in 2017. During the year with a new normal after COVID 19 slow down Water Dispenser revenue registered 88.03% year over year growth due to robust market demand. Aesthetically improved "Curved Glass Doors "series in various colors with hot and cold water along with a storage cabinet launched last year is well received in market. Company with ongoing research and development activities is committed to launch cost effective and aesthetically improved products.

LED Television

During the year under review, business revenues mildly declined by 2.39% due to Lean availability of materials as a result of global supply chain disruption. Lead time of LED Panel &

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kits enlarged resulting reduction in our production and sales volumes, despite growing market demand.

Business fundamentals of LED Business are intact with the expected robust demand due to growing urbanization and improving civic standards. Company's ongoing R&D function is on way to launch cost effective quality products with latest features. Having manufacturing excellence, company is well positioned to grasp its market share.

Washing Machine

Company on consistent market demand, established washing machine manufacturing facility and started its commercial production in July 2019. Company washing machines since its market launch have been well received in the market. During the year under review registered 78.44% revenues increase, backed by improving life style and growing urbanization.

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.

Product penetration gap, rapid urbanization and improving life style are growth drivers. Further, with new normal after COVID 19 slow down a demand upbeat is expected and company with its quality products with latest features is quite confident to expand its market share.

Distribution Transformer (DTR)

Company enjoys stellar position amongst Distribution Transformer Manufacturers in Pakistan, running a state-of-the-art Distribution Transformer manufacturing and testing facility since year 2009 which was initially setup with technology transfer from Pauwels, Belgium. During last decade, PEL has strived to maintain Global Quality Standards adhering to high working processes and procedures. Distribution Transformers remain among company's premier products in power division.

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During this year, it was observed a robust demand of distribution transformers due to Government initiative to increase spending on T&D of electricity after attaining sufficient energy production capacities and Company ended up with substantial increased sales volumes @ 77.41% in 2021 as compared to 2020. The surge in expansion of various industries, specially textiles and construction related businesses in Pakistan which started during 2020 has continued and PEL also managed to grasp a reasonable share. Since company specializes in design and manufacturing of customized special transformers, and as such managed to capitalize on taking lions share in this segment.

Power Transformer (PTR)

Power Transformer is always considered a high value asset in any electrical network. Being a technology intensive product, there are limited Power Transformer manufacturers in Pakistan. Company started this line of production in year 2004 in technical Collaboration with GANZ Hungry having vast experience of design and manufacturing extra high voltage power transformers.

In the year 2021, Power Transformers with 114.27% year over year revenue increase has been the star performer in power division. Company has also upgraded its manufacturing facilities in 2020 and the new plant was made fully operational during 2021. As such, achieving highest ever sales is an even more remarkable feat by power transformers team. This new fully functional manufacturing and testing setup is at present the most advanced and updated facility in Pakistan giving company a significant competitive advantage.

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

Another feature of 2021 has been a significant demand increase in power transformers from indigenous industry as well as Karachi Electric Company. Since the industrial sector expansion is expected to continue; the housing sector growth backed by rapid urbanization and population pressure will result in increased demand of Power Transformers.

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

Switch Gears (SG)

Company is among the Pioneers of Switch Gear Industry in Pakistan and is engaged in Switch Gear business since its inception in 1958. PEL is one of the leading manufacturers of Pakistan. During the year under review Switch Gear revenues registered 33.53% growth YoY basis due to overall economic revival in a new norm after COVID 19 slow down. Local Industry revival escalated switch gear demand in private sector, while governments' electricity T&D infrastructure augmentation efforts are at the back of growing demand.

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

Ongoing R&D process in this segment leads to cost effective and consumer customized products. Company has acquired a German Engineering Based Design Software AUCOTEC to meet the challenges for modern engineering systems with in minimum time frame and precision. To meet the production excellence & capacity increase company added another state-of-the-art CNC Sheet Metal processing machine of a European make with higher speed and acceleration combined with outstanding machining precision to cope up with the increasing demand and versatility of switchgear in Pakistan market

With the new normal after COVID 19 slowdown and local industry revival, the demand of switch gear products is likely to expand in private sector. Further increased electricity consumption necessities increased demand of switch gears items from Discos as well and your company is well positioned to obtain its due market share.

Energy Meters

During the year under review energy meter business revenues with a mild 3.54% decline as compared to previous year due to timing of WAPDA Discos ordering schedule. Energy Meter business fundamentals are intact as demand of metering equipment is likely to expand in future as a result governments' efforts to overcome vicious circle of circular debt.

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

To get rid of growing circular debt, PEPCO is seriously pursuing for implementation of AMR / AMI (Advanced Metering Infrastructure) in Pakistan to ensure precise and efficient collection of metered revenue. With this improved metering environment equipped with the latest technologies power utilities do expect an effective control over electricity theft and our energy meter are highly competitive to meet the expectations. 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 manufacturers worldwide to ensure interoperability of Smart Metering /AMI Systems and has received DLMS certification. Company is member of DLMS Organization.

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

With the growing urbanization, Industry revival and developments in housing sector, demand of energy meters is expected to attain substantial growth. Further planned construction of Five Million Houses house under "Naya Pakistan Housing Authority" will lead to another opportunity window for Energy Meter Business and Your Company is well positioned to obtain 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 @ 22.10 % and registered revenue of Rupees 634 million against 814 million of previous year. The decline in EPC business is based on the

Registered Office: 17-Aziz Avenue, Canal Bank, Gulberg - V,P.O. Box No. 675 Lahore 54660, Pakistan
Tel: 92-42-35718274-77 & 35717364-66 Facsimile: 35715105, 35717785, E-mail: saigolgroup@saigols.com

Head Office: : 14-Km, Ferozepur Road, Lahore-54760 Pakistan
G.P.O. Box No. 1614, Lahore - Pakistan.
Tel: : (+92 42) 35920151-9
Facsimile: : (+92 42) 35920150
Website: : www.pel.com.pk

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.

Event after Balance Sheet Date

Company Board of Directors in a meeting dated February 07,2022 approved issue of 358,330,670 (Three Hundred Fifty Eight Million Three Hundred Thirty Thousand Six Hundred Seventy) ordinary right shares at 72 ordinary shares for every 100 ordinary shares already held, at Rs.14 per ordinary share, including a premium of Rs.4 per share. Proceeds received against the issue will be applied towards reduction of company borrowings and to meet growing working capital needs.

Directors, Sponsors and Substantial Shareholders of the Company have opted to subscribe 182,129,796 right ordinary shares while balance 176,200,874 shares have been duly underwritten by SECP Licensed Underwriters.

Forward Looking Statement

Pakistan enters 2022 in a substantially less benign position than the one in which it entered 2021. The growth momentum continues with a more supportive policy framework, headline GDP continues to march towards 4.0% - 4.5% range and business confidence is at elevated levels. However, a number of structural imbalances – the key one being the external account – have built up in 2021 and need to be addressed. Policymakers are tackling them via various administrative measures such as withdrawal of tax exemptions and restrictions on consumer financing. Deliverables under the resumed EFF program, such as further hikes in energy tariffs, lowering of stimuli for the construction sector and unwinding of subsidized refinance facilities will all create additional headwinds to growth. The adjustments required on both the fiscal and monetary fronts are expected to moderate growth in FY'22.

The factors behind the sharp reversal in the Current Account from the dovish FY'21 now appear to be alleviating to a degree as imports are moderating on the back of tightening

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measures by the SBP. While the structural reforms may create short-term pressures, ultimately they should help to place the country's growth on a firmer footing. In summary, after a challenging H1'22, a more conducive growth environment should prevail.

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.

Increasing electricity demand as a result of Industrial revival, demand of electrical equipment i.e. power division products is expected to grow both in WAPDA Discos and Private Sector. Further developments on CPEC oriented SEZs will generate an incremental demand of power division products. Further it will result in increased FDI inflow and employment. In this way growing economic indicators will lead to an overall improved per capita income and this will give a rise to electrical home appliances demand. Despite of all positives, vulnerable local currency, and growing global commodity prices may lead to product cost increase, however, increasing business volumes as result of growing demand is likely to mitigate its impacts on product margins.

Acknowledgement

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

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

M. Murad Saigol	**M. Zeid Yousuf Saigol**
Chief Executive Officer	***Director***

Lahore
March 29, 2022

Pak Elektron Limited

Financial Statements

Year ended 31 December 2021

Audited

Russell Bedford
taking you further

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 REPORT

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

Opinion

We have audited the annexed financial statements of **PAK ELEKTRON LIMITED** ['the Company'], which comprise the statement of financial position as at **31 December 2021**, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 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.

Emphasis of Matter

We draw attention to note 2.1 to the annexed financial statements which describes, the impact of fire incident on the annexed financial statements. Our opinion is not qualified in respect of this matter.

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
1. Valuation of stock in trade	
Refer to notes 6.5 and 28 to the financial statements. Stock in trade amounts to Rs 10,464 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.	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.

Key audit matter	How our audit addressed the matter
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.	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.
2. Revenue recognition Refer to notes 6.17 and 36 to the financial statements. The amount of revenue is the most significant class of transaction on the statement of profit or loss. Net revenue has increased by 49 percent in comparison with the previous year. Revenue is recognized when control of the underlying products has been transferred to the customer. We identified revenue recognition as a key audit matter since it is a key performance measure for the Company and gives rise to the risk associated with the judgement in determining the transfer of control of products as well as creates an incentive for fraudulently overstating revenue by recognizing revenue before transfer of control.	Our audit procedures in respect of recognition of revenue, amongst others, included the following: • Assessing the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards; • Obtaining an understanding of and testing the design and operating effectiveness of controls design to ensure that revenue is recognized in the appropriate accounting period; • Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; • Critically assessing manual journals posted to revenue to identify unusual or irregular items; and • Testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for accuracy of revenue.

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ CHARTERED ACCOUNTANTS

Lahore | 04 April 2022

UDIN: AR2021101854f2AoSrIU

PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	7	**11,000,000**	6,000,000
Issued share capital	8	**5,426,392**	5,426,392
Share deposit money	9	**1,790,000**	-
Share premium	10	**4,279,947**	4,279,947
Revaluation reserve	11	**5,353,956**	5,723,151
Retained earnings		**18,176,520**	16,285,232
TOTAL EQUITY		**35,026,815**	31,714,722
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital	12	**1,500,000**	-
Long term finances	13	**5,305,591**	5,627,441
Lease liabilities	14	**94,574**	155,148
Warranty obligations	15	**270,138**	142,273
Deferred taxation	16	**2,517,474**	2,338,798
Deferred income	17	**31,535**	50,027
		9,719,312	8,313,687
CURRENT LIABILTIES			
Trade and other payables	18	**1,499,776**	1,543,791
Unclaimed dividend		**10,785**	14,456
Accrued interest/markup/profit		**348,163**	372,446
Short term borrowings	19	**10,498,852**	10,605,608
Current maturity of non-current liabilities	20	**2,709,462**	2,228,633
		15,067,038	14,764,934
TOTAL LIABILITIES		**24,786,350**	23,078,621
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		**59,813,165**	54,793,343

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

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

RSRIR
for identification only

PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	31-Dec-21	31-Dec-20
		Rupees '000	*Rupees '000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	22	**23,828,045**	24,119,420
Intangible assets	23	**290,980**	297,730
Long term investments	24	**13,505**	10,653
Long term deposits	25	**487,964**	463,652
Long term advances	26	**987,714**	615,576
		25,608,208	25,507,031
CURRENT ASSETS			
Stores, spares and loose tools	27	**870,240**	862,124
Stock in trade	28	**10,464,973**	9,499,264
Trade receivables	29	**13,966,249**	10,436,154
Construction work in progress	30	**797,701**	1,066,852
Short term advances	31	**2,795,698**	2,637,536
Short term deposits and prepayments	32	**1,324,480**	1,114,164
Other receivables		**295,897**	366,789
Short term investments	33	**33,382**	31,881
Advance income tax/Income tax refundable	34	**3,076,940**	2,719,270
Cash and bank balances	35	**579,397**	552,278
		34,204,957	29,286,312
TOTAL ASSETS		**59,813,165**	54,793,343

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

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

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PAK ELEKTRON LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
Revenue from contracts with customers	36	**55,367,475**	37,988,168
Sales tax, excise duty and discounts	36	**(12,480,111)**	(9,189,150)
Net revenue		**42,887,364**	28,799,018
Cost of sales	37	**(33,819,712)**	(22,397,517)
Gross profit		**9,067,652**	6,401,501
Other income	38	**38,595**	36,099
Selling and distribution expenses	39	**(2,779,561)**	(2,346,473)
Administrative expenses	40	**(1,725,363)**	(1,457,070)
Other expenses	41	**(205,915)**	(51,283)
		(4,710,839)	(3,854,826)
Impairment allowance for expected credit losses	29.2	**(14,356)**	(26,273)
Operating profit		**4,381,052**	2,556,501
Finance cost	42	**(2,173,765)**	(2,198,358)
		2,207,287	358,143
Share of loss of associate	24.1.1	**(909)**	(2,203)
Profit before taxation		**2,206,378**	355,940
Taxation	43	**(615,302)**	(132,091)
Profit after taxation		**1,591,076**	223,849
Earnings per share - *basic and diluted (Rupees)*	44	**3.11**	0.36

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

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

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PAK ELEKTRON LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21	31-Dec-20
		Rupees '000	*Rupees '000*
Profit after taxation		**1,591,076**	223,849
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Revaluation surplus recognized during the year	11	-	-
Deferred tax on revaluation surplus			
- recognised during the year	11	-	-
- attributable to change in proportion of income taxable under final tax regime	11	(68,983)	(44,132)
		(68,983)	(44,132)
Other Comprehensive loss after taxation		**(68,983)**	(44,132)
Total Comprehensive Income		**1,522,093**	179,717

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

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

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PAK ELEKTRON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

		Share capital		Capital reserves		Revenue reserves	
	Note	Issued share capital	Share deposit money	Share premium	Revaluation reserve	Retained earnings	Total equity
		Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
As at 01 January 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		-	-	-	-	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
As at 01 January 2021		**5,426,392**	**-**	**4,279,947**	**5,723,151**	**16,285,232**	**31,714,722**
Comprehensive income							
Profit after taxation		-	-	-	-	**1,591,076**	**1,591,076**
Other comprehensive loss		-	-	-	**(68,983)**	-	**(68,983)**
Total comprehensive income		-	-	-	**(68,983)**	**1,591,076**	**1,522,093**
Revaluation surplus realised on disposal	11	-	-	-	**(56,428)**	**56,428**	-
Incremental depreciation	11	-	-	-	**(243,784)**	**243,784**	-
Transaction with owners							
Share deposit money received		-	**1,790,000**	-	-	-	**1,790,000**
Acquired in amalgamation		-	-	-	-	-	-
As at 31 December 2021		**5,426,392**	**1,790,000**	**4,279,947**	**5,353,956**	**18,176,520**	**35,026,815**

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

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PAK ELEKTRON LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21	31-Dec-20
		Rupees '000	*Rupees '000*
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	45	**2,271,155**	3,178,200
Payments for:			
Interest/markup on borrowings - *Conventional instruments*		**(1,621,785)**	(1,664,392)
Profit on borrowings - *Shariah compliant instruments*		**(213,561)**	(442,947)
Interest on lease liabilities		**(29,198)**	(44,403)
Income tax		**(863,279)**	(575,481)
Net cash (used in)/generated from operating activities		**(456,668)**	450,977
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,087,795)**	(2,088,736)
Purchase of intangible assets		**-**	-
Proceeds from disposal of property, plant and equipment		**308,369**	32,556
Long term deposits		**(24,312)**	(103,472)
Long term advances		**(1,883,916)**	(1,070,400)
Net cash used in investing activities		**(2,687,654)**	(3,230,052)
CASH FLOW FROM FINANCING ACTIVITIES			
Redeemable capital		**1,500,000**	-
Long term finances obtained		**2,112,500**	5,314,552
Repayment of long term finances		**(1,948,021)**	(2,015,334)
Repayment of lease liabilties		**(172,611)**	(153,477)
Net decrease in short term borrowings		**(106,756)**	(349,882)
Share deposit money		**1,790,000**	-
Dividend paid		**(3,671)**	(596)
Net cash generated from financing activities		**3,171,441**	2,795,263
NET INCREASE IN CASH AND CASH EQUIVALENTS		**27,119**	16,188
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**552,278**	379,733
CASH AND CASH EQUIVALENTS ACQUIRED IN AMALGAMATION		**-**	156,357
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	*46*	**579,397**	552,278

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

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

RSRIR
for identification only

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ['the Company'] was incorporated as a Public Limited Company in Pakistan under the repealed Companies Act, 1913 on 03 March 1956. Registered office of the Company is situated in the province of Punjab at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The manufacturing facilities of the Company are located at 34 K.M., Ferozepur Road, Keath Village, Lahore and 14 K.M., Ferozepur Road, Lahore. The Company is listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of electrical capital goods and domestic appliances.

The Company is currently organized into the following operating divisions:

(i) **Power Division:** Manufacturing and sale of Transformers, Switchgears, Energy Meters and Engineering, Procurement and Construction ['EPC'] contracting.

(ii) **Appliances Division:** Manufacturing, assembling and distribution/sale of Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, LED Televisions, Washing Machines, Water Dispensers and other domestic appliances.

2 SIGNIFICANT EVENTS AND TRANSACTIONS DURING THE YEAR

2.1 FIRE INCIDENT

On Saturday, 24 April 2021 a fire broke out at refrigerator manufacturing facility located at 14-KM, Ferozepur Road, Lahore. By the grace of Almighty, there is no loss of life and the incident mainly affected the final assembly line of the refrigerator.

With the dedicated team efforts refrigerator production resumed within a couple of weeks after completing necessary rehabilitation work. In this way, Company's business plans for the year 2021 remained intact.

The assets damaged by fire were adequately insured. The Company filed insurance claim in respect of damaged assets and a surveyor was appointed by the insurance company, who completed his survey and assessed the insurance claim at Rs. 549.992 million. As at the reporting date, the Company has received the insurance claim amount in full. Details are as follows:

	Note	Rupees '000
PROPERTY, PLANT AND EQUIPMENT		
Buildings	22.4	57,277
Plant and machinery	22.4	173,449
Office equipment and fixtures	22.4	5,671
Computer hardware and allied items	22.4	27
		236,424
STOCK IN TRADE		
Work in process	28.2	89,029
Finished goods	28.2	194,737
		283,766
REPAIR AND MAINTENANCE COST		59,866
CARRYING VALUE OF ASSETS WRITTEN OFF DUE TO FIRE		580,056
INSURANCE CLAIM		549,992
NET LOSS DUE TO FIRE	41	(30,064)

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 49.1)

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

(b) Satisfaction of performance obligations in construction contracts (see note 36)

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

(c) Significant increase in credit risk (see note 50.1.1)

As explained in note 50.1.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(d) Classification of preference shares (see note 8)

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

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 29.2)

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. 1,461.9 million (2020: Rs. 1,107.5 million)

(b) Revaluation of property, plant and equipment (see note 22)

Revaluation of property, plant and equipment is carried out by independent professional valuers. Revalued amounts of non-depreciable items are determined by reference to local market values and that of depreciable items are determined by reference to present depreciated replacement values. Refer to note 51.3.1 for an analysis of sensitivity of revalued amounts of property, plant and equipment.

(c) Warranty provisions (see note 15.1)

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. 37.7 million (2020: Rs. 35.5 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 29 March 2022 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 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.

4.2 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)

The amendments in Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) introduce a practical expedient for modifications required by the reform, clarify that hedge accounting is not discontinued solely because of the IBOR reform, and introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBORs to alternative benchmark rates, and how the entity is managing this transition.

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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)	01 January 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 - Presentation of Financial Statements).	01 January 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	01 January 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	01 January 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	01 January 2022
Annual Improvements to IFRS Standards 2018–2020.	01 January 2022
Ammendments to IFRS 17	01 January 2023
Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)	01 January 2023
Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)	01 January 2023
Initial Application of IFRS 17 and IFRS 9 — Comparative Information (Amendment to IFRS 17 - Insurance contracts)	01 January 2023
COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16 - Leases)	01 April 2021

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

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will not have a material impact on the Company's financial statements other than in presentation/disclosures.

6 SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Property, plant and equipment

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

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

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

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

Depreciation is recognized in profit or loss, using rates specified in note 22, 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.

6.2 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.

6.3 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;

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- 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.

6.4 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.

6.5 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.

6.6 Employee benefits

6.6.1 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.

6.6.2 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.

6.7 Financial instruments

6.7.1 Recognition

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

6.7.2 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.

6.7.3 Measurement

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

6.7.4 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.

6.7.5 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.

6.7.6 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.

6.8 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.

6.9 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.

6.10 Share deposit money

Share deposit money is recognized as equity on receipt basis.

6.11 Loans and borrowings

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

6.12 Investments in equity securities

6.12.1 Investments in associates

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

6.12.2 Investments in other quoted equity securities

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

6.13 Ijarah transactions

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

6.14 Trade and other payables

6.14.1 Financial liabilities

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

6.14.2 Non-financial liabilities

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

6.15 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

6.16 Trade and other receivables

6.16.1 Financial assets

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

6.16.2 Non-financial assets

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

6.17 Contracts with customers

6.17.1 Revenue

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

Product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Home appliances Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, LED TVs, Washing Machines, Water Dispensers and other domestic appliances.	Performance obligation are satisfied when customers obtain control of domestic appliances when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within a period ranging from 30 days to 90 days, except for retail sales which are payable at the time of purchase. Discounts are allowed based on the payment terms and volume of sales. There are no customer loyalty programs. There are warranty provisions in place which provide for the Company's obligations for service/replacement of products where these do not meet the agreed specifications or otherwise do not perform as guaranteed by the Company.	Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises.
Electrical capital goods Transformers, Switchgears, Energy Meters	Performance obligation are satisfied when customers obtain control of electrical capital goods when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices, where customer is the Federal/Provincial Government, are payable in accordance with the tender documents, by usually upto 90 days. For private customers, invoices are usually payable within a period ranging from 30 days to 90 days, except in some cases where these are paid for in advance. These products do not carry any discounts. There are no customer loyalty programs. There are warranty provisions in place which provide for the Company's obligations for service/replacement of products where these do not meet the agreed specifications or otherwise do not perform as guaranteed by the Company.	Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises.

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

6.17.2 Contract assets

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

6.17.3 Contract liabilities

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

6.18 Comprehensive income

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

6.19 Borrowing costs

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

6.20 Income tax

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

6.20.1 Current taxation

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

6.20.2 Deferred taxation

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

6.21 Government grants

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

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

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

6.22 Earnings per share ['EPS']

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

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

6.23 Cash and cash equivalents

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

6.24 Foreign currency transactions and balances

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

6.25 Impairment

6.25.1 Financial assets

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

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

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

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

6.25.2 Non-financial assets

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

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

6.26 Dividend distribution to ordinary shareholders

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

6.27 Segment reporting

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

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

6.28 Fair value measurements

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

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

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

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

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

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

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

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

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

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

7 AUTHORIZED SHARE CAPITAL

31-Dec-21 *No. of shares*	31-Dec-20 *No. of shares*		Note	31-Dec-21 *Rupees '000*	31-Dec-20 *Rupees '000*
1,000,000,000	500,000,000	**Ordinary shares of Rs. 10 each**		**10,000,000**	5,000,000
		Preference shares of Rs. 10 each	7.1		
62,500,000	62,500,000	Class 'A' preference shares		**625,000**	625,000
37,500,000	37,500,000	Class 'B' preference shares		**375,000**	375,000
100,000,000	100,000,000			**1,000,000**	1,000,000
1,100,000,000	600,000,000			**11,000,000**	6,000,000

7.1 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.

7.2 During the year, the Company has increased its authorized share capital for ordinary shares from Rs. 5,000 million to Rs. 10,000 million.

8 ISSUED SHARE CAPITAL

31-Dec-21 *No. of shares*	31-Dec-20 *No. of shares*		Note	31-Dec-21 *Rupees '000*	31-Dec-20 *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	8.1	**449,576**	449,576
542,639,077	542,639,077			**5,426,392**	5,426,392

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8.1 Class 'A' preference shares

8.1.1 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 Januray 2010, the Company sent out notices to all preference shareholders seeking conversion of outstanding preference shares into ordinary shares of the Company in accordance with the option available to the investors under the original terms of the issue. As at the reporting date, the outstanding balance of preference shares amounts to Rs. 449.58 million representing investors who did not opt to convert their holdings into the ordinary shares of the Company. Subsequently, the Company offered re-profiling of preference shares to these remaining investors. (See note 8.1.2).

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

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

8.1.3 Accumulated preference dividend

As at reporting date, an amount of approximately Rs. 512.518 million (2020: Rs. 469.808 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 conversion exercise.

As per the opinion of Company's legal counsel, the rate of 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.

9 SHARE DEPOSIT MONEY

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

10 SHARE PREMIUM

This represents premium on issue of right ordinary shares recognized under Section 81 of the Companies Act, 2017.

		31-Dec-21	31-Dec-20
		Rupees '000	*Rupees '000*
11	**REVALUATION RESERVE**		
	As at beginning of the year	**5,723,151**	6,023,632
	Incremental depreciation transferred to retained earnings		
	Incremental depreciation for the year	**(335,159)**	(347,394)
	Deferred taxation	**91,375**	92,430
		(243,784)	(254,964)
	Surplus transferred to retained earnings on disposal		
	Surplus on the assets disposed off	**(77,578)**	(1,887)
	Deferred taxation	**21,150**	502
		(56,428)	(1,385)
	Other adjustments		
	Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime	**(68,983)**	(44,132)
	As at end of the year	**5,353,956**	5,723,151

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12 REDEEMABLE CAPITAL

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

Particulars	31-Dec-21	31-Dec-20	Pricing	Security	Repayment and other arrangements
	Rupees '000	*Rupees '000*			
Shariah compliant instruments					
Sukuk	**1,500,000**	-	Three months KIBOR plus 1.3% per annum, payable quarterly.	Charge over present and future current assets of the Company and personal guarantees of sponsor directors of the Company.	These have been issued to finance long term working capital requirements of the Company. The principal amount is repayable in one bullet payment at maturity in February 2023.
Total	**1,500,000**	-			
Current maturity	-	-			
	1,500,000	-			

13 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-21	31-Dec-20	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Shariah compliant instruments						
Diminishing Musharakah - I		**428,571**	589,287	Three months KIBOR plus 1% per annum (2020: Three months KIBOR plus 1% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Faysal Bank Limited to finance the balancing modernization and replacement requirements. The principal was originally repayable in fourteen equal quarterly installments commencing from August 2019. However, during the previous year, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in January 2021.

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Particulars	Note	31-Dec-21	31-Dec-20	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Diminishing Musharakah - II		**733,333**	933,333	Three months KIBOR plus 1.5% per annum (2020:Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over present and future fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Faysal Bank Limited to finance long term working capital requirements of the Company and for construction of washing machine unit and warehouse/godown. The principal was originally repayable in fifteen equal quarterly installments commencing from February 2020. However, during the previous year, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in January 2021.
		1,161,904	1,522,620			
Conventional Instruments						
Term Finance - I		**41,667**	166,667	Three months KIBOR plus 3.8% per annum (2020: Three months KIBOR plus 3.8% per annum), payable quarterly.	Charge over fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited to finance capital expenditure. The principal was originally repayable in twelve equal quarterly installments commencing from April 2018. However, during the previous year, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in April 2021.
Term finance - II		**129,329**	131,061	Three months KIBOR plus 1.5% per annum (2020: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from The Bank of Punjab to finance erection of new power transformer manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in September 2020.
Term Finance - III		**93,750**	121,875	Three months KIBOR plus 2% per annum (2020: Three months KIBOR plus 2% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited to finance capital expenditure. The principal was originally repayable in sixteen equal quarterly installments commencing from August 2019. However, during the previous year, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in June 2021.

Particulars	Note	31-Dec-21	31-Dec-20	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Term Finance - IV		**1,000,000**	1,000,000	Three months KIBOR plus 1.5% per annum (2020: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company.	The finance has been obtained from Askari Bank Limited to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in April 2022.
Term Finance - V		**203,125**	250,000	Three months KIBOR plus 2.5% per annum (2020: Three months KIBOR plus 2.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Libya Holding Company Limited to build power transformers manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in May 2021.
Term Finance - VI		**65,667**	131,333	Three months KIBOR plus 3% per annum (2020: Three months KIBOR plus 3% per annum), payable quarterly.	Charge over operating fixed assets of the Company.	The finance has been obtained from Summit Bank Limited to finance capital expenditure. The principal is repayable in twelve equal quarterly installments with the first installment due in July 2020.
Term Finance - VII		**2,000,000**	2,000,000	One month KIBOR plus 1.3% per annum (2020: One month KIBOR plus 1.3% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Bank Alfalah Limited to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in March 2022.
Term Finance - VIII		**125,000**	500,000	Three months KIBOR plus 1.5% per annum (2020: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak China Investment Company Limited to finance long term working capital requirements of the Company. The principal is repayable in four equal quarterly installments with the first installment due in April 2021.
Term Finance - IX		**243,750**	300,000	One month KIBOR plus 1.75% per annum (2020: One month KIBOR plus 1.75% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Samba Bank Limited to finance construction of new transformers manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in April 2021.

Particulars	Note	31-Dec-21	31-Dec-20	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Term Finance - X		**63,154**	252,615	Three months KIBOR plus 2% per annum (2020: Three months KIBOR plus 2% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	This represents demand finance facility sanctioned by National Bank of Pakistan against an upfront payment of Rs. 1,650 million against Private Placed Term Finance Certificates. The principal was originally repayable in fourteen equal quarterly installments commencing from April 2017. However, during the previous year, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in February 2021.
Term Finance - XI		**135,881**	339,703	Three months KIBOR plus 2.25% per annum (2020: Three months KIBOR plus 2.25% per annum), payable quarterly.	Charge over current and non 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 principal was originally repayable in twenty three equal quarterly installments commencing from September 2015. However, during the previous year, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in February 2021.
Term Finance - XII		**500,000**	-	Three months KIBOR plus 2.25% per annum, payable quarterly.	Charge over operating fixed assets excluding leasehold land of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited to finance capital expenditure. The principal is repayable in sixteen equal quarterly installments with the first installment due in February 2023.
Term Finance - XIII		**1,000,000**	-	Three month KIBOR plus 1.5% per annum, payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from The Bank of Punjab to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in March 2022.
Term Finance - XIV		**50,000**	-	Three months KIBOR plus 3% per annum, payable quarterly.	Charge over operating fixed assets excluding leasehold land of the Company and personal guarantees of sponsor directors of the Company.	The finance had been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited to finance capital expenditure. The principal is repayable in sixteen equal quarterly installments with the first installment due in June 2022.

Particulars	Note	31-Dec-21	31-Dec-20	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Term Finance - XV		**562,500**	-	Three months KIBOR plus 1.75% per annum, payable quarterly.	Charge over present and future current assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak China Investment Company Limited to finance long term working capital requirements of the Company. The principal is repayable in eight equal quarterly installments with the first installment due in March 2023.
Salary refinance	*13.1*	**478,541**	922,764	SBP rate plus 3% per annum (2020: SBP rate plus 3% per annum), payable quarterly.	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. The finance is repayable in eight equal quarterly installments with the first installment due in January 2021. (See note 13.1)
		6,692,364	6,116,018			
Total		**7,854,268**	7,638,638			
Current maturity presented under current liabilities		**(2,548,677)**	(2,011,197)			
		5,305,591	5,627,441			

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

13.1 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 diferrence between the amortised cost and face value has been recognized as deferred grant (See note 17). The details are as follows:

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
Face value of finance		**495,373**	990,747
Unamortized deffered grant	17	**(16,832)**	(67,983)
		478,541	922,764

14 LEASE LIABILITIES

	Note	31-Dec-21	31-Dec-20
Present value of minimum lease payments	14.1 & 14.2	**238,527**	321,433
Current maturity presented under current liabilities	14.1 & 14.2	**(143,953)**	(166,285)
		94,574	155,148

14.1 These represent liabilites against right-of-use assets. The interest rate implicit in lease is three months KIBOR plus 4% (2020: three months KIBOR plus 4%) per annum for buildings and ranges from three months to six months KIBOR plus 1.5% to 2.5% (2020: three months to six months KIBOR plus 1.5% to 2.5%) per annum, for vehicles and machinery. Lease rentals are payable over a tenor ranging from 2 to 4 years. The Company also has the option to acquire some of these assets [vehicles and machinery] at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

14.2 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-21	31-Dec-20
		Rupees '000	Rupees '000
Not later than one year		**161,090**	192,742
Later than one year but not later than five years		**102,782**	167,143
Total future minimum lease payments		**263,872**	359,885
Finance charge allocated to future periods		**(25,345)**	(38,452)
Present value of future minimum lease payments		**238,527**	321,433
Not later than one year	20	**(143,953)**	(166,285)
Later than one year but not later than five years		**94,574**	155,148

15 WARRANTY OBLIGATIONS

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

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
Present value of warranty obligations		**646,882**	492,396
Current maturity	18	**(376,744)**	(350,123)
		270,138	142,273

15.1 Movement in warranty obligations

	Note	31-Dec-21	31-Dec-20
As at beginning of the year		**492,396**	357,915
Acquired in amalgamation		**-**	70,757
Amounts charged against the provision		**(319,179)**	(377,504)
Amount recognized during the year	39		
Unwinding of the discount		**17,124**	21,634
Changes in discount rate		**(3,915)**	10,748
Additions during the year		**460,456**	408,846
		473,665	441,228
As at end of the year		**646,882**	492,396

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 9.95% (2020: 8.31%).

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
16 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	16.1	**4,144,000**	4,000,484
Deferred tax asset on deductible temporary differences	16.1	**(1,626,526)**	(1,661,686)
		2,517,474	2,338,798

16.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

	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

16.2 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 12.5% (2020: 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-21	31-Dec-20
		Rupees '000	Rupees '000
17 DEFERRED INCOME			
Grant in Aid - UNIDO	17.1	**31,535**	33,195
SBP Refinance Scheme	17.2	-	16,832
		31,535	50,027

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000

17.1 Grant in Aid - UNIDO

	Note	31-Dec-21	31-Dec-20
As at beginning of the year		**33,195**	34,942
Recognized in profit or loss	38	**(1,660)**	(1,747)
As at end of the year		**31,535**	33,195

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

The grant received in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended 30 June 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 1,660 million (2020: Rs. 1,747 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

17.2 SBP Refinance Scheme

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

The Company obtained financing of Rs. 990.747 million under the Refinance Scheme (see note 13). The benefit of below market interest rates, measured as the diferrence between the fair value of loan on the date of disbursement and its face value on that date has been recognised as deferred grant.

The movement during the year is as follows:

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
As at beginning of the year		**67,983**	-
Recognized during the year	13.1	**-**	115,069
Amortized during the year	13.1	**(51,151)**	(47,086)
As at end of the year		**16,832**	67,983
Current maturity presented under current liabilities	20	**(16,832)**	(51,151)
		-	16,832

18 TRADE AND OTHER PAYABLES

	Note	31-Dec-21	31-Dec-20
Trade creditors		**185,359**	656,211
Foreign bills payable	18.1	**24,187**	125,642
Accrued liabilities		**178,511**	174,705
Advances from customers		**32,091**	95,698
Employees' provident fund		**17,497**	13,208
Warranty obligations	15	**376,744**	350,123
Sales tax payable		**496,938**	83,822
Workers' Profit Participation Fund	18.2	**120,223**	19,648
Workers' Welfare Fund	18.3	**45,685**	8,792
Other payables		**22,541**	15,942
		1,499,776	1,543,791

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

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		Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
18.2	**Workers' Profit Participation Fund**			
	As at beginning of the year		**19,648**	11,431
	Interest on funds utilized by the Company	*42*	**819**	572
	Charged to profit or loss for the year	*41*	**120,223**	19,648
	Paid during the year		**(20,467)**	(12,003)
	As at end of the year		**120,223**	19,648

18.2.1 Interest on funds utilized by the Company has been recognized at 12.5% (2020: 12%) per annum.

		Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
18.3	**Workers' Welfare Fund**			
	As at beginning of the year		**8,792**	4,344
	Charged to profit or loss for the year	*41*	**46,939**	14,754
	Paid/adjusted during the year		**(10,046)**	(10,306)
	As at end of the year		**45,685**	8,792

19 SHORT TERM BORROWINGS

	Note	31-Dec-21	31-Dec-20
Secured			
Short term finances utilized under interest/markup/profit arrangements from:			
Banking companies - *Shariah compliant instruments*	*19.1*	**786,743**	1,766,122
Banking companies - *Conventional instruments*	*19.1*	**9,350,107**	8,839,486
Non Banking Finance Companies ['NBFC's']	*19.2*	**125,448**	-
Unsecured			
Book overdraft	*19.4*	**236,554**	-
		10,498,852	10,605,608

19.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/markup/profit at rates ranging from one to nine months KIBOR plus 1% to 3% per annum (2020: 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.

19.2 These facilities have been obtained from NBFCs for working capital requirements and carry interest/markup at the rate of three months KIBOR plus 2.25% (2020: nil) per annum. These facilities are secured by charge over current assets of the Company and personal guarantees of the directors of the Company.

19.3 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 9,603 million (2020: Rs. 9,761 million).

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

		Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
20	**CURRENT MATURITY OF NON-CURRENT LIABILITIES**			
	Long term finances	*13*	**2,548,677**	2,011,197
	Lease liabilities	*14*	**143,953**	166,285
	Deferred grant	*17*	**16,832**	51,151
			2,709,462	2,228,633

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NOTES TO THE FINANCIAL STATEMENTS
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21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

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

	31-Dec-21	31-Dec-20
	Rupees '000	*Rupees '000*
Tender bonds	**293,356**	233,238
Performance bonds	**3,271,879**	2,539,828
Advance guarantees	**482,146**	557,242
Custom guarantees	**80,276**	80,275
Foreign guarantees	**58,661**	51,847

21.1.2 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.

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

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

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

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

	31-Dec-21	31-Dec-20
	Rupees '000	*Rupees '000*
21.2 Commitments		
21.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	**5,558,609**	3,586,805
21.2.2 Commitments for capital expenditure	**618,201**	-

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21.2.3 Commitments under ijarah contracts

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

	31-Dec-21	31-Dec-20
	Rupees '000	*Rupees '000*
- payments not later than one year	**115,305**	72,367
- payments later than one year	**156,275**	86,733
	271,580	159,100

21.2.4 Commitments under short term leases:

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

	31-Dec-21	31-Dec-20
	Rupees '000	*Rupees '000*
- payments not later than one year	**63,789**	31,781
- payments later than one year	**-**	-
	63,789	31,781

22 PROPERTY, PLANT AND EQUIPMENT

31-Dec-21

	COST / REVALUED AMOUNT							DEPRECIATION					Net book value as at 31-Dec-21
	As at 01-Jan-21	Additions	Revaluation	Disposals	Transfers	As at 31-Dec-21	Rate	As at 01-Jan-21	For the year	Revaluation	Adjustment	As at 31-Dec-21	
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	%	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Operating fixed assets													
Land	1,035,256	-	-	-	-	1,035,256	-	-	-	-	-	-	1,035,256
Buildings	8,196,945	-	-	(156,449)	1,470,133	9,510,629	5	2,711,360	280,155	-	(99,172)	2,892,343	6,618,286
Plant and machinery	23,714,246	394,688	-	(282,652)	1,139,310	24,965,592	5	9,449,727	731,325	-	(93,541)	10,087,511	14,878,081
Office equipment and fixtures	171,678	19,139	-	(16,278)	-	174,539	10	71,904	10,861	-	(10,313)	72,452	102,087
Computer hardware and allied items	174,143	47,147	-	(7,177)	-	214,113	33.33	132,468	28,786	-	(6,614)	154,640	59,473
Vehicles	277,712	72,446	-	(101,150)	11,254	260,262	20	164,662	15,300	-	(30,727)	149,235	111,027
	33,569,980	533,420	-	(563,706)	2,620,697	36,160,391		12,530,121	1,066,427	-	(240,367)	13,356,181	22,804,210
Right-of-use assets													
Buildings	162,493	89,705	-	(569)	-	251,629	20-50	38,024	75,759	-	(569)	113,214	138,415
Plant and machinery	297,124	-	-	-	(109,944)	187,180	5	21,231	18,973	-	(15,662)	24,542	162,638
Vehicles	138,299	-	-	-	(11,254)	127,045	20	24,993	28,754	-	(5,891)	47,856	79,189
	597,916	89,705	-	(569)	(121,198)	565,854		84,248	123,486	-	(22,122)	185,612	380,242
Capital work in progress													
Buildings	1,550,272	423,349	-	-	(1,470,133)	503,488		-	-	-	-	-	503,488
Plant and machinery	1,015,621	153,850	-	-	(1,029,366)	140,105		-	-	-	-	-	140,105
	2,565,893	577,199	-	-	(2,499,499)	643,593		-	-	-	-	-	643,593
	36,733,789	1,200,324	-	(564,275)	-	37,369,838		12,614,369	1,189,913	-	(262,489)	13,541,793	23,828,045

	31-Dec-20												
	COST / REVALUED AMOUNT							DEPRECIATION					Net book value as at 31-Dec-20
	As at 01-Jan-20	Additions	Revaluation	Disposals	Transfers	As at 31-Dec-20	Rate	As at 01-Jan-20	For the year	Revaluation	Adjustment	As at 31-Dec-20	
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	%	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Operating fixed assets													
Land	1,035,256	-	-	-	-	1,035,256	-	-	-	-	-	-	1,035,256
Buildings	8,196,945	-	-	-	-	8,196,945	5	2,425,643	285,717	-	-	2,711,360	5,485,585
Plant and machinery	23,045,447	675,190	-	(6,391)	-	23,714,246	5	8,722,207	731,133	-	(3,613)	9,449,727	14,264,519
Office equipment and fixtures	158,217	14,022	-	(561)	-	171,678	10	61,690	10,382	-	(168)	71,904	99,774
Computer hardware and allied items	148,796	29,788	-	(4,441)	-	174,143	33.33	116,537	20,341	-	(4,410)	132,468	41,675
Vehicles	303,101	10,309	-	(82,378)	46,680	277,712	20	177,483	27,224	-	(40,045)	164,662	113,050
	32,887,762	729,309	-	(93,771)	46,680	33,569,980		11,503,560	1,074,797	-	(48,236)	12,530,121	21,039,859
Right-of-use assets													
Buildings	-	162,493	-	-	-	162,493	20-50	-	38,024	-	-	38,024	124,469
Plant and machinery	297,124	-	-	-	-	297,124	5	6,711	14,520	-	-	21,231	275,893
Vehicles	113,656	71,323	-	-	(46,680)	138,299	20	28,655	21,582	-	(25,244)	24,993	113,306
	410,780	233,816	-	-	(46,680)	597,916		35,366	74,126	-	(25,244)	84,248	513,668
Capital work in progress													
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		11,538,926	1,148,923	-	(73,480)	12,614,369	24,119,420

22.1 Property, plant and equipment includes fully depreciated assets of Rs. 111.86 million (2020: Rs. 107.99 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.

22.2 Land includes:

(i) 511 Kanals located at Mouza Kot Islampura, 34 - K.M, Ferozepur Road, Lahore.
(ii) 224 Kanals located at Mouza Kot Islampura, 14 - K.M, Ferozepur Road, Lahore.
(iii) 80 Kanals located at 302-303 Gadoon Industrial Area, Gadoon Amazai.

22.3 Additions to capital work in progress include borrowing cost amounting to Rs. 20.208 million (2020: Rs. nil) included in cost of buildings and Rs. 2.616 million (2020:Rs. 27.022 million) included in cost of plant and machinery at a capitalization rate of 10.50% (2020: 13.65%). The capital expenditure has been financed by term finance facilities from financial institutions.

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22.4 Disposal of operating fixed assets

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

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	31-Dec-21						
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
200 Ton H Frame Crank Press	2,714	124	2,590	-	(2,590)	Insurance claim	Adamjee Insurance Company Limited
Electric Hoist Crane	2,700	124	2,576	2,500	(76)	Insurance claim	Adamjee Insurance Company Limited
Cooling Units Exhaust Fans	4,278	2,164	2,114	2,114	-	Insurance claim	Adamjee Insurance Company Limited
Electrical Equipment Atlas	4,135	2,158	1,977	1,980	3	Insurance claim	Adamjee Insurance Company Limited
Zee Lift With Accessories	3,277	1,495	1,782	1,770	(12)	Insurance claim	Adamjee Insurance Company Limited
Parts Of Leak Detector	1,792	82	1,710	1,200	(510)	Insurance claim	Adamjee Insurance Company Limited
Plastic Injection Moulding Machine	3,628	1,967	1,661	3,000	1,339	Insurance claim	Adamjee Insurance Company Limited
Power Distribution Boards	2,871	1,457	1,414	1,400	(14)	Insurance claim	Adamjee Insurance Company Limited
Parts For Leak Detector	1,350	62	1,288	1,000	(288)	Insurance claim	Adamjee Insurance Company Limited
Gas Charger V210 Fp	2,670	1,567	1,103	1,000	(103)	Insurance claim	Adamjee Insurance Company Limited
Metal Adhesive Application Machine	973	45	928	500	(428)	Insurance claim	Adamjee Insurance Company Limited
Double Grider Overhead Crane	1,952	1,032	920	900	(20)	Insurance claim	Adamjee Insurance Company Limited
Over Head Crane	2,103	1,234	869	800	(69)	Insurance claim	Adamjee Insurance Company Limited
Extension Safety System	934	129	805	550	(255)	Insurance claim	Adamjee Insurance Company Limited
Room Cooler	936	140	796	750	(46)	Insurance claim	Adamjee Insurance Company Limited
Electric Crane	1,892	1,110	782	700	(82)	Insurance claim	Adamjee Insurance Company Limited
Miscelaneous Items	807	37	770	500	(270)	Insurance claim	Adamjee Insurance Company Limited
Main Assembly Line	1,605	838	767	100	(667)	Insurance claim	Adamjee Insurance Company Limited
Electric Stakker Load Capacity 1000Kg	845	157	688	600	(88)	Insurance claim	Adamjee Insurance Company Limited
Material Shifting Conveyors	1,302	649	653	625	(28)	Insurance claim	Adamjee Insurance Company Limited
Electric Generator	1,237	646	591	800	209	Insurance claim	Adamjee Insurance Company Limited
Air Conditioning Plant	1,155	603	552	900	348	Insurance claim	Adamjee Insurance Company Limited
Power Distribution Boards Foaming	1,074	544	530	300	(230)	Insurance claim	Adamjee Insurance Company Limited
Assets having net book value less than Rs. 500,000 each	12,422	5,008	7,414	6,462	(952)	Insurance claim	Adamjee Insurance Company Limited
	282,652	109,203	173,449	168,295	(5,154)		

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					31-Dec-21		
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Office equipment and fixtures							
Assets having net book value less than Rs. 500,000 each	15,847	10,176	5,671	5,024	(647)	Insurance claim	Adamjee Insurance Company Limited
Assets having net book value less than Rs. 500,000 each	431	137	294	70	(224)	Negotiation	Various buyers
	16,278	10,313	5,965	5,094	(871)		
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	2,698	2,671	27	180	153	Insurance claim	Adamjee Insurance Company Limited
Assets having net book value less than Rs. 500,000 each	4,479	3,943	536	774	238	Negotiation	Various buyers
	7,177	6,614	563	954	391		
Vehicles							
Toyota Fortuner	11,098	370	10,728	9,509	(1,219)	Negotiation	First Habib Modaraba
Hyundai Tucson	4,796	160	4,636	5,712	1,076	Negotiation	First Habib Modaraba
Hyundai Tucson	4,796	160	4,636	5,712	1,076	Negotiation	First Habib Modaraba
MG HS	4,688	156	4,532	5,485	953	Negotiation	First Habib Modaraba
MG HS	4,688	156	4,532	5,485	953	Negotiation	First Habib Modaraba
KIA Sportage	3,788	63	3,725	4,532	807	Negotiation	First Habib Modaraba
Honda Civic	3,308	55	3,253	3,945	692	Negotiation	First Habib Modaraba
MG ZS	2,909	48	2,861	3,453	592	Negotiation	First Habib Modaraba
Honda City	2,268	38	2,230	2,633	403	Negotiation	First Habib Modaraba
Changan Alsvin	2,263	38	2,225	2,639	414	Negotiation	First Habib Modaraba
Honda civic	1,994	842	1,152	1,416	264	Company policy	Masood khan *(employee)*, Lahore.
Toyota Corolla	2,604	1,588	1,016	692	(324)	Company policy	Hassan Sherwani *(employee)*, Lahore.
Honda Civic	2,254	1,302	952	1,126	174	Company policy	Tassawar Hanif *(employee)*, Lahore.
Suzuki Cultus	1,568	646	922	1,583	661	Company policy	Naeem Ahmed *(employee)*, Lahore.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	31-Dec-21						
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Honda City	1,356	653	703	688	(15)	Company policy	Shafique Ahmed *(employee)*, Lahore.
Honda Civic	2,043	1,381	662	396	(266)	Company policy	Faryal Ahmad *(employee)*, Lahore.
Toyota Corolla	1,609	968	641	933	292	Company policy	Shab Ali *(employee)*, Lahore.
Suzuki Swift	1,175	633	542	823	281	Company policy	Husnain Arif *(employee)*, Lahore.
Suzuki Swift	1,134	610	524	804	280	Company policy	Azaz Hamd Khan *(employee)*, Lahore.
Toyota Corolla	1,786	1,278	508	471	(37)	Company policy	Aqeel Qasim *(employee)*, Lahore.
Assets having net book value less than Rs. 500,000 each	39,025	25,473	13,552	26,170	12,618	Company policy	Various employees
	101,150	36,618	64,532	84,207	19,675		
	563,706	261,920	301,786	308,369	6,583		

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)	Negotiation	Various buyers
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	4,441	4,410	31	913	882	Negotiation	Various buyers
Vehicles							
Suzuki Cultus	1,348	332	1,016	415	(601)	Company policy	Yasir Arfat *(employee)*, Lahore.
Suzuki Swift	1,332	634	698	700	2	Company policy	Hasnat Ahmed Khan *(employee)*, Lahore.
Honda Civic	2,639	1,964	675	217	(458)	Company policy	Omer Farooq *(employee)*, Lahore.
Toyota Corolla	1,993	1,332	661	407	(254)	Company policy	Shoaib *(employee)*, Lahore.
Suzuki WagonR	1,152	585	567	421	(146)	Company policy	Nadeem *(employee)*, Lahore.
Honda Civic	2,510	1,949	561	290	(271)	Company policy	Azam Aziz *(employee)*, Lahore.
Honda City	1,804	1,260	544	498	(46)	Company policy	Muhammad Hanif *(employee)*, Lahore.
Honda City	1,527	984	543	346	(197)	Company policy	Shoail Fazil *(employee)*, Lahore.
Honda Civic	2,321	1,789	532	411	(121)	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	Company policy	Various employees
	82,378	65,289	17,089	30,023	12,934		
	93,771	73,480	20,291	32,556	12,265		

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	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
22.4.1 Gain/(loss) on disposal of operating fixed assets has been classified as follows:			
Other income: Gain on disposal of property, plant and equipment	38	19,689	12,265
Other expenses: Loss due to fire	41	(13,106)	-
		6,583	12,265
22.5 The depreciation charge for the year has been allocated as follows:			
Cost of sales	37	1,041,467	1,043,572
Selling and distribution expenses	39	27,669	13,887
Administrative expenses	40	120,777	91,464
		1,189,913	1,148,923

22.6 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 31 December 2018 and was incorporated in the financial statements for the year ended 31 December 2018. For basis of valuation and other fair value measurement disclosures refer to note 51.

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

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

	31-Dec-20		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	Rupees '000	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

22.6.1 As per most recent valuation, forced sale values of land, building and plant and machinery (excluding additions after the date of revaluation) are as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

23 INTANGIBLE ASSETS

	Note	31-Dec-21						
		Cost			Accumulated Amortization			Net book value as at 31-Dec-21
		As at 01-Jan-21	Additions	As at 31-Dec-21	As at 01-Jan-21	For the period	As at 31-Dec-21	
		Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Technology transfer agreement	23.1	117,054	-	117,054	50,119	3,347	53,466	63,588
Goodwill	23.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	23.3	20,808	-	20,808	14,360	2,128	16,488	4,320
ERP system	23.4	31,675	-	31,675	27,810	1,275	29,085	2,590
		481,878	-	481,878	184,148	6,750	190,898	290,980

	Note	31-Dec-20						
		Cost			Accumulated Amortization			Net book value as at 31-Dec-20
		As at 01-Jan-20	Additions	As at 31-Dec-20	As at 01-Jan-20	For the period	As at 31-Dec-20	
		Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Technology transfer agreement	23.1	117,054	-	117,054	46,596	3,523	50,119	66,935
Goodwill	23.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	23.3	20,808	-	20,808	11,184	3,176	14,360	6,448
ERP system	23.4	31,675	-	31,675	25,907	1,903	27,810	3,865
		481,878	-	481,878	175,546	8,602	184,148	297,730

23.1 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.

23.2 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.

23.3 The Company has acquired different software for its business purpose. These are being amortized at 33% per annum on reducing balance method.

23.4 These are being amortized at 33% per annum on reducing balance method.

24 LONG TERM INVESTMENTS

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

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
Kohinoor Power Company Limited - *Quoted*			
2,910,600 (2020: 2,910,600) ordinary shares of Rs. 10 each	24.1	**13,505**	10,653
Relationship: *associate*			
Ownership Interest: *23.1% (2020: 23.1%)*			
Market value: *Rs. 4.64 (2020: Rs. 3.66) per share*			
		13,505	10,653

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

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

	31-Dec-21	31-Dec-20
Percentage of ownership interest	**23.10%**	23.10%

	31-Dec-21	31-Dec-20
	Rupees '000	Rupees '000
Cost of investment	**54,701**	54,701
Share of post acquisition losses	**(14,775)**	(13,866)
	39,926	40,835
Accumulated impairment	**(26,421)**	(30,182)
	13,505	10,653

24.1.1 Extracts of financial statements of associated company

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

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
Non-current assets		**90,536**	95,676
Current assets		**40,521**	41,705
Non-current liabilities		**-**	1,820
Current liabilities		**774**	1,272
Revenue		**17,356**	17,193
Loss for the year		**(3,937)**	(9,394)
Other comprehensive loss		**-**	(142)
Total comprehensive loss		**(3,937)**	(9,536)
Break-up value per share		**0.01**	0.01
Share of profit and other adjustments to net assets	24.1.2	**(909)**	(2,203)
Market value per share		**4.64**	3.66

24.1.2 This includes the following:

	31-Dec-21	31-Dec-20
Share of loss for the year	**(909)**	(2,170)
Share of other comprehensive loss for the year	**-**	(33)
	(909)	(2,203)

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	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
25 LONG TERM DEPOSITS			
Financial institutions	25.1	**47,213**	25,916
Utility companies and regulatory authorities	25.2	**175,173**	175,173
Suppliers	25.3	**265,578**	262,563
		487,964	463,652

25.1 These represent security deposits against Ijarah arrangements.

25.2 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.

25.3 These have been deposited with various suppliers under various contracts and are refundable on termination of contracts. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, due to uncertainties regarding dates of refund of these deposits, these have been carried at cost.

26 LONG TERM ADVANCES

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
Face value of advances		**2,973,500**	2,570,716
Less: unamortized notional interest	26.2	**485,698**	411,556
		2,487,802	2,159,160
Current portion presented under current assets	31	**(1,500,088)**	(1,543,584)
		987,714	615,576

26.1 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 9.95% (2020: 8.31%).

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
26.2 Unamortized notional interest			
As at beginning of the year		**411,556**	294,611
Recognized during the year	39.3	**302,713**	283,842
Amortization for the year	39.3	**(228,571)**	(166,897)
As at end of the year		**485,698**	411,556

27 STORES, SPARES AND LOOSE TOOLS

	31-Dec-21	31-Dec-20
Stores	**300,227**	300,123
Spares	**465,978**	455,855
Loose tools	**122,859**	124,970
	889,064	880,948
Impairment allowance for slow moving and obsolete items	**(18,824)**	(18,824)
	870,240	862,124

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

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	Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
28 STOCK IN TRADE			
Raw material			
- in stores		**3,359,832**	5,720,481
- in transit		**2,373,199**	1,263,435
Write-down to net realisable value		**(45,757)**	(42,636)
		5,687,274	6,941,280
Work in process	28.2	**2,027,690**	1,046,705
Finished goods	28.2	**2,768,133**	1,529,403
Write-down to net realisable value		**(18,124)**	(18,124)
		2,750,009	1,511,279
		10,464,973	9,499,264

28.1 Stock in trade valued at Rs. 1,273.31 million (2020: Rs. 899.34 million) is pledged as security with providers of debt finances.

28.2 During the year, fire at production facility damaged certain items of stock in trade with carrying value of Rs. 283.766 million. The Company has received claim against such loss from its insurance provider in accordance with relevant insurance policies. (See note 2.1).

	Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
29 TRADE RECEIVABLES			
Gross amount due			
- against sale of goods		**13,115,542**	9,292,181
- against execution of construction contracts	29.1	**1,503,871**	1,782,781
		14,619,413	11,074,962
Impairment allowance for expected credit loss	29.2	**(653,164)**	(638,808)
		13,966,249	10,436,154

29.1 These include retention money for construction contracts in progress amounting to Rs. 472.985 million (2020: Rs. 541.102 million) held by the customers in accordance with contract terms.

29.2 The entire outstanding balance of trade receivables is recoverable against local sales.

	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
29.2 Movement in impairment allowance for expected credit loss		
As at beginning of the year	**638,808**	612,535
Recognized during the year	**14,356**	26,273
As at end of the year	**653,164**	638,808

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

30 CONSTRUCTION WORK IN PROGRESS

This represents unbilled construction work in progress.

NOTES TO THE FINANCIAL STATEMENTS
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	Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
31 SHORT TERM ADVANCES			
Advances to suppliers and contractors			
Gross amount due		725,104	630,104
Impairment allowance for doubtful advances		(38,990)	(38,990)
		686,114	591,114
Advances to employees			
Gross amount due	31.1	610,945	504,287
Impairment allowance for doubtful advances		(1,449)	(1,449)
		609,496	502,838
Current portion of long term advances	26	1,500,088	1,543,584
		2,795,698	2,637,536

31.1 These include advances for

- purchases	292,126	228,625
- expenses	161,907	123,750
- traveling	156,912	151,912
	610,945	504,287

32 SHORT TERM DEPOSITS AND PREPAYMENTS

Security deposits		
Gross amount due	568,754	417,891
Impairment allowance for expected credit losses	(5,379)	(5,379)
	563,375	412,512
Margin deposits	311,122	298,124
Prepayments	57,241	51,676
Letters of credit	392,742	351,852
	1,324,480	1,114,164

33 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-21 Rupees '000	31-Dec-20 Rupees '000
Standard Chartered Bank (Pakistan) Limited			
915,070 (2020: 915,070) ordinary shares of Rs. 10 each Market value: *Rs. 36.48 (2020: Rs. 34.84) per share*			
As at beginning of the year		31,881	21,596
Changes in fair value	38 & 41	1,501	10,285
As at end of the year		33,382	31,881

34 ADVANCE INCOME TAX/INCOME TAX REFUNDABLE

	Note		
Advance income tax/income tax refundable		3,655,593	3,035,105
Provision for taxation	43	(578,653)	(315,835)
		3,076,940	2,719,270

35 CASH AND BANK BALANCES

Cash in hand	12,989	11,748
Cash at banks - *current accounts - local currency*	566,408	540,530
	579,397	552,278

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

		Note	31-Dec-21	31-Dec-20
			Rupees '000	Rupees '000
36	**NET REVENUE**			
	This represents revenue recognized from contracts with customers			
	Sale of goods			
	- local		54,570,204	36,932,350
	- exports		162,729	238,445
			54,732,933	37,170,795
	Construction contracts		634,542	817,373
			55,367,475	37,988,168
	Sales tax and excise duty		(7,971,371)	(5,442,950)
	Trade discounts		(4,508,740)	(3,746,200)
			42,887,364	28,799,018
37	**COST OF SALES**			
	Finished goods at the beginning of the year		1,511,279	1,863,614
	Cost of goods manufactured	37.1	34,485,324	21,309,437
	Finished goods at the end of the year		(2,750,009)	(1,511,279)
	Cost of goods sold		33,246,594	21,661,772
	Cost of construction contracts		573,118	735,745
			33,819,712	22,397,517
37.1	**Cost of goods manufactured**			
	Work-in-process at beginning of the year		1,046,705	656,835
	Raw material and components consumed		31,901,748	18,452,952
	Direct wages		1,041,589	931,645
	Factory overheads:			
	- salaries, wages and benefits		506,375	463,664
	- traveling and conveyance		24,109	27,367
	- electricity, gas and water		524,660	401,176
	- repairs and maintenance		85,772	79,093
	- vehicles running and maintenance		38,418	35,807
	- insurance		47,657	40,766
	- depreciation	22.5	1,041,467	1,043,572
	- amortization of intangible assets	23	6,750	8,602
	- impairment allowance for obsolete and slow moving stock	28 & 29	3,121	13,824
	- carriage and freight		33,972	28,464
	- erection and testing		173,444	155,151
	- research and development		8,651	2,627
	- other factory overheads		28,576	14,597
			2,522,972	2,314,710
			36,513,014	22,356,142
	Work-in-process at end of the year		(2,027,690)	(1,046,705)
			34,485,324	21,309,437

37.2 These include charge in respect of employees retirement benefits amounting to Rs. 39.232 million (2020: Rs. 37.678 million).

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000

38 OTHER INCOME

	Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
Gain on financial instruments			
Changes in fair value of short term investments mandatorily classified as at FVTPL	33	1,501	10,285
Gain on disposal of property, plant and equipment	22.4	19,689	12,265
		21,190	22,550
Other income			
Amortization of grant-in-aid	17.1	1,660	1,747
Reversal of impairment allowance of long term investment		3,761	7,093
Others		11,984	4,709
		17,405	13,549
		38,595	36,099

39 SELLING AND DISTRIBUTION EXPENSES

	Note	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
Salaries and benefits	39.1	590,456	548,529
Traveling and conveyance		121,597	94,880
Rent, rates and taxes	39.2	48,606	37,559
Electricity, gas, fuel and water		16,596	25,122
Repairs and maintenance		12,918	8,945
Vehicles running and maintenance		90,598	61,756
Printing and stationery		11,744	10,654
Postage, telegrams and telephones		26,712	24,588
Entertainment and staff welfare		58,935	43,882
Advertisement and sales promotion		513,928	482,966
Insurance		19,857	16,986
Freight and forwarding		576,287	412,960
Contract and tendering		3,556	2,441
Depreciation		27,669	13,887
Warranty period services		473,665	441,228
Others	39.3	186,437	120,090
		2,779,561	2,346,473

39.1 These include charge in respect of employees retirement benefits amounting to Rs. 16.692 million (2020: Rs. 16.393 million).

39.2 These include charge in respect of short term leases amounting to Rs. 26.779 million (2020: Rs. 24.101 million).

39.3 These include notional interest expense amounting to Rs. 74.142 million (2020: Rs. 116.945 million) on long term advances. (See note 26.2).

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000

40 ADMINISTRATIVE EXPENSES

	Note	31-Dec-21	31-Dec-20
Salaries and benefits	40.1	822,246	762,927
Traveling and conveyance		89,467	70,846
Rent, rates and taxes	40.2	158,436	113,938
Ujrah payments		110,868	78,724
Legal and professional		142,202	94,302
Electricity, gas and water		62,088	48,094
Auditor's remuneration	40.3	6,450	5,900
Repairs and maintenance		54,518	33,286
Vehicles running and maintenance		42,050	31,699
Printing, stationery and periodicals		7,102	6,201
Postage, telegrams and telephones		13,987	12,565
Entertainment and staff welfare		29,765	25,584
Advertisement		10,527	12,032
Insurance		11,914	10,192
Depreciation	22.5	120,777	91,464
Others		42,966	59,316
		1,725,363	1,457,070

40.1 These include charge in respect of employees retirement benefits amounting to Rs. 26.79 million (2020: Rs. 25.76 million).

40.2 These include charge in respect of short term leases amounting to Rs. 32.729 million (2020: Rs. 29.456 million).

	Note	31-Dec-21	31-Dec-20
		Rupees '000	Rupees '000
40.3 Auditor's remuneration			
Annual statutory audit		4,500	4,300
Limited scope review		1,000	800
Review report under corporate governance		600	500
Out of pocket expenses		350	300
		6,450	5,900

41 OTHER EXPENSES

	Note	31-Dec-21	31-Dec-20
Loss on financial instruments			
Loss due to fire	2.1	30,064	-
Foreign exchange losses		4,221	10,796
		34,285	10,796
Others			
Workers' Profit Participation Fund	18.2	120,223	19,648
Workers' Welfare Fund	18.3	46,939	14,754
Donations	41.1 & 41.2	4,468	6,085
		171,630	40,487
		205,915	51,283

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

	31-Dec-21	31-Dec-20
	Rupees '000	Rupees '000
DC Lahore Office *(for COVID-19 affectees)*	-	2,500
Ferozsons Laboratories Limited	-	1,200
NUST Endowment Fund	-	1,000
NUST Scholarship Grant	1,000	-
	1,000	4,700

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

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		Note	31-Dec-21	31-Dec-20
			Rupees '000	Rupees '000
42	**FINANCE COST**			
	Interest/markup/profit on borrowings:			
	redeemable capital		**18,847**	-
	long term finances		**634,627**	548,093
	short term borrowings		**1,134,765**	1,415,758
			1,788,239	1,963,851
	Interest on lease liabilities		**29,198**	44,403
	Interest on Workers' Profit Participation Fund	18.2	**819**	572
	Bank charges and commission		**355,509**	189,532
			2,173,765	2,198,358
43	**TAXATION**			
	Provision for taxation			
	for current year	34 & 43.1	**578,653**	315,835
	for prior years		**(73,044)**	6,061
			505,609	321,896
	Deferred taxation			
	adjustment attributable to origination and reversal of temporary differences		**108,664**	(189,805)
	adjustment attributable to changes in tax rates	16.1	**1,029**	-
			109,693	(189,805)
			615,302	132,091

43.1 Provision for current tax has been made in accordance with section 113 and 154 (2020: section 113 and 154) of the Income Tax Ordinance, 2001 ['the Ordinance']. There is no relationship between the aggregate tax expense and accounting profit and accordingly, no numerical reconciliation has been presented. According to management, the provision for current taxation made in the financial statements is sufficient to discharge tax liability. A comparison of last three years of provision for current taxation with tax assessed is presented below:

	31-Dec-20	31-Dec-19	31-Dec-18
	Rupees '000'	Rupees '000'	Rupees '000'
Provision for current taxation as per financial statements	315,835	-	143,362
Tax assessment under section 120 of the Ordinance	242,791	-	129,440

43.2 The income tax assessments of the Company up to and including tax year 2020 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except as explained in note 21.1.3, 21.1.4, 21.1.5 and 21.1.6.

		Unit	31-Dec-21	31-Dec-20
44	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Earnings			
	Profit after taxation	Rupees '000	**1,591,076**	223,849
	Preference dividend for the year	Rupees '000	**(42,710)**	(42,710)
	Profit attributable to ordinary shareholders	Rupees '000	**1,548,366**	181,139
	Shares			
	Weighted average number of ordinary shares outstanding during the year	No. of shares	**497,681,485**	497,681,485
	Earnings per share			
	Basic and diluted	Rupees	**3.11**	0.36

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NOTES TO THE FINANCIAL STATEMENTS
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44.1 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.

44.2 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-21	31-Dec-20
			Rupees '000	*Rupees '000*
45	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**2,206,378**	355,940
	Adjustments for non-cash and other items			
	Interest/markup/profit on borrowings		**1,788,239**	1,963,851
	Interest on lease liabilities		**29,198**	44,403
	Share of loss of associate		**909**	2,203
	Notional interest on long term advances		**11,690**	116,945
	Gain on disposal of property, plant and equipment		**(6,583)**	(12,265)
	Amortization of grant-in-aid		**(1,660)**	(1,747)
	Amortization of intangible assets		**6,750**	8,602
	Reversal of impairment allowance on long term investment		**(3,761)**	(7,093)
	Changes in fair value of short term investments		**(1,501)**	(10,285)
	Impairment allowance for expected credit loss		**14,356**	26,273
	Impairment allowance for obsolete and slow moving stock		**3,121**	13,824
	Depreciation		**1,189,913**	1,148,923
			3,030,671	3,293,634
			5,237,049	3,649,574
	Changes in working capital			
	Stores, spares and loose tools		**(8,116)**	(13,777)
	Stock in trade		**(968,830)**	(1,719,328)
	Trade receivables		**(3,544,451)**	(1,153,873)
	Contract assets		**269,151**	630,657
	Short term advances		**1,341,926**	551,700
	Short term deposits and prepayments		**(210,316)**	777,434
	Other receivables		**70,892**	35,065
	Warranty obligations		**504,609**	301,629
	Trade and other payables		**(420,759)**	119,119
			(2,965,894)	(471,374)
	Cash generated from operations		**2,271,155**	3,178,200
46	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	*35*	**579,397**	552,278
			579,397	552,278

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47 CHANGES FROM FINANCING CASH FLOWS

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

	31-Dec-20					
	Share deposit money Rupees '000	Redeemable capital Rupees '000	Long term finances Rupees '000	Lease liabilities Rupees '000	Short term borrowings Rupees '000	Unclaimed dividend Rupees '000
As at beginning of the year	-	-	4407403	241,094	10,955,490	15,052
Share deposit money received	-	-	-	-	-	-
Redeemable capital issued	-	-	-	-	-	-
Long term finances obtained	-	-	5,314,552	-	-	-
Repayment of long term finances	-	-	(2,015,334)	-	-	-
Deferred grant recognized during the year	-	-	(115,069)	-	-	-
Long term finances accretion during the year	-	-	47,086	-	-	-
Lease liabilities recognized during the year	-	-	-	233,816	-	-
Interest on lease liabilities	-	-	-	44,403	-	-
Repayment of lease liabilities	-	-	-	(197,880)	-	-
Net decrease in short term borrowings	-	-	-	-	(349,882)	-
Dividend paid during the year	-	-	-	-	-	(596)
As at end of the year	-	-	7,638,638	321,433	10,605,608	14,456

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FOR THE YEAR ENDED 31 DECEMBER 2021

47 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors, associated companies, key management personnel and post employment benefit plan. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and includes the Chief Executive and Directors of the Company. The details of Company's related parties, with whom the Company had transactions during the year or has balances outstanding as at the reporting date are as follows:

Name of related party	Nature of relationship	Basis of relationship	Aggregate %age of shareholding in the Company
Pak Elektron Limited Employees Provident Fund Trust	Provident Fund Trust	Contribution to provident fund	0.00%
Kohinoor Power Company Limited	Associated company	Investment	0.00%
Kohinoor Energy Limited	Associated company	Common directorship	0.00%
Red Communication Arts (Private) Limited	Associated company	Common directorship	0.00%
Mr. M. Murad Saigol	Key management personnel	Chief executive	0.0025%
Mr. M. Zeid Yousuf Saigol	Key management personnel	Director	2.9637%
Mr. Syed Manzar Hassan	Key management personnel	Director	0.0004%
Mr. Naseem Saigol	Key management personnel	Director	25.4451%
Mrs. Sehyr Saigol	Key management personnel	Director	0.9466%
Mrs. Amber Haroon	Sponsor	Major shareholding	21.4694%

The Company in the normal course of business carries out trade transactions with its associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

			Note	31-Dec-21 *Rupees '000*	31-Dec-20 *Rupees '000*
47.1	**Transactions with related parties**				
	Nature of relationship	**Nature of transactions**			
	Provident Fund Trust	Contribution for the year		**82,713**	79,831
	Associated companies	Purchase of services		**58,877**	57,783
		Sale of goods		**1,794**	259
	Key management personnel	Short term employee benefits	*53*	**49,799**	46,014
		Post employment benefits	*53*	**1,953**	1,797
	Sponsors	Share deposit money received		**1,790,000**	-
47.2	**Balances with related parties**				
	Nature of relationship	**Nature of balances**			
	Provident Fund Trust	Contribution payable		**17,497**	13,208
	Associated companies	Trade creditors		**3,650**	3,351
	Key management personnel	Short term employee benefits payable		**902**	1,432
	Sponsors	Share deposit money		**1,790,000**	-

48 CONTRACTS WITH CUSTOMERS

48.1 Disaggregation of revenue

The table below provides disaggregation of revenue and its relationship with revenue information disclosed for the Company's operating segments presented in note 54.

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	Power Division		Appliances Division		Total	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
Product/service lines						
Home appliances	-	-	**34,469,635**	25,088,742	**34,469,635**	25,088,742
Electrical capital goods	**20,263,298**	12,082,053	-	-	**20,263,298**	12,082,053
Construction contracts	**634,542**	817,373	-	-	**634,542**	817,373
	20,897,840	12,899,426	**34,469,635**	25,088,742	**55,367,475**	37,988,168
Timing of revenue recognition						
Products transferred at a point in time	**20,263,298**	12,082,053	**34,469,635**	25,088,742	**54,732,933**	37,170,795
Products/services transferred over time	**634,542**	817,373	-	-	**634,542**	817,373
	20,897,840	12,899,426	**34,469,635**	25,088,742	**55,367,475**	37,988,168

48.2 Contract balances

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

Nature of balance	Presented in financial statements as	Note	31-Dec-21	31-Dec-20
			Rupees '000'	Rupees '000'
Receivables	Trade receivables	29	**13,966,249**	10,436,154
Contract assets	Construction work in progress	30	**797,701**	1,066,852
Contract liabilities	Advances from customers	18	**32,091**	95,698
			14,796,041	11,598,704

48.3 Changes in contract assets and liabilities

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

	31-Dec-21		31-Dec-20	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	Rupees '000'	Rupees '000'	Rupees '000'	Rupees '000'
As at beginning of the year	**1,066,852**	**95,698**	1,697,509	70,125
Revenue recognized against contract liability as at beginning of the year	-	**(95,698)**	-	(70,125)
Net increase due to cash received in excess of revenue recognized	-	**32,091**	-	95,698
Transfers from contracts assets recognized at the beginning of the year to receivables	**(1,066,852)**	-	(1,697,509)	-
Net increases as a result of contract activity	**797,701**	-	1,066,852	-
As at end of the year	**797,701**	**32,091**	1,066,852	95,698

48.4 Impairment lossess

The Company during the year has recognized Rs. 14.356 million (2020: Rs. 26.273 million) as impairment loss on receivables (trade receivables) arising from the Company's contracts with customers. (See note 29.2.)

49 FINANCIAL INSTRUMENTS

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

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		31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
49.1	**Financial assets**		
	Cash in hand	**12,989**	11,748
	Financial assets at amortized cost		
	Long term deposits	**440,751**	437,736
	Long term advances	**2,487,802**	2,159,160
	Trade receivables	**14,619,413**	11,074,962
	Margin deposits	**311,122**	298,124
	Bank balances	**566,408**	540,530
		18,425,496	14,510,512
	Financial assets mandatorily measured at fair value through profit or loss		
	Short term investments	**33,382**	31,881
		18,471,867	14,554,141
49.2	**Financial liabilities**		
	Financial liabilities at amortized cost		
	Redeemable capital	**1,500,000**	-
	Long term finances	**7,854,268**	7,638,638
	Lease liabilities	**238,527**	321,433
	Trade creditors	**185,359**	656,211
	Foreign bills payable	**24,187**	125,642
	Accrued liabilities	**178,511**	174,705
	Employees' provident fund	**17,497**	13,208
	Other payables	**22,541**	15,942
	Unclaimed dividend	**10,785**	14,456
	Accrued interest/markup/profit	**348,163**	372,446
	Short term borrowings	**10,498,852**	10,605,608
		20,878,690	19,938,289

50 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

50.1 Credit risk

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

50.1.1 Credit risk management practices

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

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

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

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

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

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

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

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

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

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

50.1.2 Exposure to credit risk

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

	Note	**31-Dec-21**	31-Dec-20
		Rupees '000	*Rupees '000*
Financial assets at amortized cost			
Long term deposits	*25*	**440,751**	437,736
Long term advances	*26*	**2,487,802**	2,159,160
Trade receivables	*29*	**14,619,413**	11,074,962
Margin deposits	*32*	**311,122**	298,124
Cash at banks	*35*	**566,408**	540,530
		18,425,496	14,510,512

50.1.3 Credit quality and impairment

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

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	Note	External credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees '000	Rupees '000
Long term deposits	25	N/A	Performing	12-month ECL	440,751	-
Long term advances	26	N/A	Performing	12-month ECL	2,487,802	-
Trade receivables	29	N/A	Performing	Lifetime ECL	13,966,249	-
		N/A	Doubtful	Lifetime ECL	653,164	653,164
					14,619,413	653,164
Margin deposits	32	A1 - A1+	N/A	12-month ECL	311,122	-
Cash at banks	35	A3 - A1+	N/A	12-month ECL	566,408	-
					18,425,496	653,164

(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) Long term advances

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

(c) Trade receivables

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, trade receivables amounting to Rs. 653.164 million are considered 'doubtful' . Other trade receivables are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of trade receivables as at the reporting date is as follows:

	31-Dec-21	31-Dec-20
	Rupees '000	Rupees '000
Neither past due nor impaired	12,352,874	8,460,614
Past due by upto 30 days	1,122,876	1,216,720
Past due by 31 days to 180 days	612,218	871,078
Past due by 181 days or more	531,445	526,550
	14,619,413	11,074,962

(d) Margin 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.

(e) Bank balances

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Considering their strong financial standing, management does not expect any credit loss.

50.1.4 Concentrations of credit risk

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

	31-Dec-21 Rupees '000	31-Dec-20 Rupees '000
Utility companies and regulatory authorities	**175,173**	175,173
Suppliers	**265,578**	262,563
Customers	**17,107,215**	13,234,122
Banking companies and financial instituitions	**877,530**	838,654
	18,425,496	14,510,512

There are no significant concentrations of credit risk, except for trade receivables. The Company's one (2020: nil) significant customers account for Rs. 1,890.436 million (2020: Rs. nil) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2020: 10%) of trade receivables as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

50.1.5 Collateral held

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

50.1.6 Changes in impairment allowance for expected credit losses

The changes in impairment allowance for expected credit losses have been presented in note 29.

50.2 Liquidity risk

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

50.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities. Details of undrawn facilities that the Company has at its disposal to further reduce liquidity risk are referred to in note 19.3. There were no changes in the Company's approach to liquidity risk management during the year.

50.2.2 Exposure to liquidity risk

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

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

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	31-Dec-20				
	Carrying amount Rupees '000	Contractual cash flows Rupees '000	One year or less Rupees '000	One to three years Rupees '000	More than three years Rupees '000
Redeemable capital	-	-	-	-	-
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	174,705	174,705	174,705	-	-
Employees' provident fund	13,208	13,208	13,208	-	-
Other payables	15,942	15,942	15,942	-	-
Unclaimed dividend	14,456	14,456	14,456	-	-
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

50.3 Market risk

50.3.1 Currency risk

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

(a) Currency risk management

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

(b) Exposure to currency risk

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

	31-Dec-21	31-Dec-20
	Rupees '000	*Rupees '000*
Financial assets	-	-
Financial liabilities		
Foreign bills payable		
USD	**(13,233)**	(97,055)
EUR	**(10,954)**	(20,973)
AUD	**-**	(7,614)
	(24,187)	(125,642)
Net balance sheet exposure	**(24,187)**	(125,642)
Foreign currency commitments		
JPY	**(5,914)**	-
CNY	**(465,543)**	(282,817)
EUR	**(555,586)**	(214,426)
GBP	**-**	(114)
USD	**(4,507,181)**	(3,089,448)
	(5,534,224)	(3,586,805)
Net exposure	**(5,558,411)**	(3,712,447)

(c) Exchange rates applied as at the reporting date

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

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	31-Dec-21	31-Dec-20
	Rupees	Rupees
GBP	-	218.4537
EUR	201.8565	196.6443
USD	178.1690	159.8344
CNY	27.9641	24.4608
JPY	1.5563	-
AUD	-	123.2883

(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. 1.21 million (2020: Rs. 6.28 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year and equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

50.3.2 Interest rate risk

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

(a) Interest rate risk management

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

(b) Interest/markup/profit bearing financial instruments

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

	31-Dec-21	31-Dec-20
	Rupees '000	Rupees '000
Fixed rate instruments		
Financial liabilities	495,373	990,747
Variable rate instruments		
Financial liabilities	18,113,106	17,642,915

(c) Fair value sensitivity analysis for fixed rate instruments

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

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 181.131 million (2020: Rs. 176.429 million). A decrease of 100 basis points would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

50.3.3 Other price risk

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

51 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

51.1 Financial instruments measured at fair value

51.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	31-Dec-21	31-Dec-20
			Rupees '000	*Rupees '000*
Financial assets at fair value through profit or loss				
Short term investments	Level 1	Quoted bid prices in an active market	**33,382**	31,881

51.1.2 Non-recurring fair value measurements

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

51.2 Financial instruments not measured at fair value

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

51.3 Assets and liabilities other than financial instruments

51.3.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	31-Dec-21	31-Dec-20
				Rupees '000	*Rupees '000*
Land	-	1,035,256	-	**1,035,256**	1,035,256
Building	-	6,618,286	-	**6,618,286**	5,485,585
Plant and machinery	-	14,878,081	-	**14,878,081**	14,264,519

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 (2020: Rs. 51.763 million).
Building	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 330.914 million (2020: Rs. 274.279 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. 743.904 million (2020: Rs. 713.226 million).

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51.3.2 Non-recurring fair value measurements

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

52 CAPITAL MANAGEMENT

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

	Unit	**31-Dec-21**	31-Dec-20
Total debt	*Rupees '000'*	**8,109,627**	8,028,054
Total equity	*Rupees '000'*	**35,026,815**	31,714,722
Total capital employed	*Rupees '000'*	**43,136,442**	39,742,776
Gearing ratio	*% age*	**18.80**	20.20

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

53 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

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

	31-Dec-20		
	Chief Executive *Rupees '000'*	Directors *Rupees '000'*	Executives *Rupees '000'*
Remuneration	11,082	29,051	202,558
House rent	1,108	1,827	45,182
Utilities	1,108	1,108	20,256
Bonus	-	-	348
Post employment benefits	-	1,797	19,577
Meeting fee	-	360	-
Reimbursable expenses			
Motor vehicles expenses	-	-	18,377
Medical expenses	-	370	9,870
	13,298	34,513	316,168
Number of persons	1	2	88

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

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

54 SEGMENT INFORMATION

An operating segment is a component of an entity:

(a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity),

(b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and

(c) for which discrete financial information is available.

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

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

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

	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	1,257,964	2,198,358
Additions to property, plant and equipment	1,294,615	1,054,959	2,349,574
Depreciation and amortization	504,337	635,984	1,140,321
Segment profit	241,356	131,971	373,327
Segment assets	19,986,739	32,044,800	52,031,539

	Note	**31-Dec-21** *Rupees '000'*	31-Dec-20 *Rupees '000'*
54.1 Reconciliation of segment profit			
Total profit for reportable segments		**2,374,607**	373,327
Other income	*38*	**38,595**	36,099
Other expenses	*41*	**(205,915)**	(51,283)
Share of loss of associate	*24.1.1*	**(909)**	(2,203)
Profit before taxation		**2,206,378**	355,940

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	Note	31-Dec-21 Rupees '000'	31-Dec-20 Rupees '000'
54.2 Reconciliation of segment assets			
Total assets for reportable segments		**56,689,338**	52,031,539
Long term investments	24	**13,505**	10,653
Short term investments	33	**33,382**	31,881
Advance income tax/Income tax refundable	34	**3,076,940**	2,719,270
Total assets		**59,813,165**	54,793,343

54.3 Information about major customers

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

55 EMPLOYEES PROVIDENT FUND TRUST

The Company operates a contributory provident fund for its employees where contributions are made by the Company and employees each at 10% (2020: 10%) of the basic salary and cost of living, where applicable, every month. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

56 PLANT CAPACITY AND ACTUAL PRODUCTION

		31-Dec-21		31-Dec-20	
	Unit	Annual production capacity	Actual production during the year	Annual production capacity	Actual production during the year
Transformers/Power transformers	MVA	**8,000**	**4,723**	7,500	3,276
Switch gears	Nos.	**12,000**	**8,861**	12,000	5,442
Energy meters	Nos.	**1,700,000**	**1,059,844**	1,700,000	810,985
Air conditioners	Tonnes	**200,000**	**149,361**	200,000	102,433
Refrigerators/Deep freezers	Cfts.	**7,950,000**	**4,472,265**	6,950,000	3,576,011
Microwave ovens/Water Dispensers	Litres	**3,500,000**	**2,468,011**	2,500,000	1,579,786
LED TVs	Sets	**200,000**	**20,800**	200,000	18,640
Washing machines	Kgs	**860,000**	**684,669**	450,000	424,186

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

57 SHARIAH DISCLOSURES

	31-Dec-21 Rupees '000'	31-Dec-20 Rupees '000'
Loans/advances obtained as per islamic mode	**3,448,647**	3,288,742
Shariah compliant bank deposits/bank balances	**71,522**	43,486
Profit earned from shariah compliant bank deposits/bank balances	-	-
Revenue earned from a shariah compliant business segment	**42,887,364**	28,799,018
Gain/loss or dividend earned from shariah compliant investments	-	-
Exchange gain earned from actual currency	-	-
Profit paid on islamic mode of financing	**(213,561)**	(442,947)
Interest/markup paid on any conventional loan or advances	**(1,621,785)**	(1,664,392)

Relationship with shahriah compliant banks:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

58 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued its operations and has taken all necessary steps to upkeep operation at a pace meeting its business plans. According to management's assessment, there is no significant accounting impact of the effects of COVID-19 on these financial statements.

59 NUMBER OF EMPLOYEES

	Factory employees		Total employees	
	31-Dec-21	31-Dec-20	**31-Dec-21**	31-Dec-20
Total number of employees	**5,225**	5,066	**5,745**	5,616
Average number of employees	**5,425**	4,956	**5,968**	5,555

60 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company in its meeting held on 07 February 2022 has approved issue of 358,330,670 right ordinary shares at a price of Rs. 14 per share including premium of Rs. 4 per share.

61 GENERAL

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

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