

PAK ELEKTRON LIMITED

(PEL)

ANNUAL REPORT 2024

Board of Directors

Mr. M. Naseem Saigol	Chairman - Non Executive
Mr. Muhammad Murad Saigol	Chief Executive Officer - Executive/Certified (DTP)
Mr. Muhammad Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive/Certified (DTP)
Mrs. Sadaf Kashif	Director - Independent/Certified (DTP)
Mr. Muhammad Kamran Saleem	Director - Independent/Certified (DTP)
Mr. Anjum Nisar	Director - Non Executive
Mr. Javed Siddique	Director - NBP Nominee U/S 164 of the Act / Non Executive

Audit Committee

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

HR & Remuneration Committee

Mr. Muhammad Kamran Saleem	Chairman/Member
Syed Manzar Hassan	Member
Mrs. Sadaf Kashif	Member

Company Secretary

Muhammad Omer Farooq

Chief Financial Officer

Syed Manzar Hassan, FCA

Auditors

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

Legal Advisor

M/s Hassan & Hassan Advocates

Shariah Advisor

Mufti Altaf Ahmed

Company Registration No.

0000802

National Tax No. (NTN)

2011386-2

Status of Company

Public Interest Company (PIC)

Stock Exchange Symbol

PAEL

Registered Office

10-G, Mushtaq Ahmed Gurmani Road,
Gulberg-II, Lahore
Tel: 042-35920151-59 (Pabx) & 042-35920133 (Direct)
E-Mail: shares@saigols.com

Share Registrar

Corplink (Pvt.) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel: 042-35916714, 35839182,
Fax: 042-35869037
E-Mail: shares@corplink.com.pk

Manufacturing Unit I

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

Manufacturing Unit II

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

Karachi

Ground Floor Baig Tower
Near Balouch Colony Bridge,
Shahrah-e-Faisal,
Karachi
Tel: 021-32200951-4

Islamabad

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

Bankers

Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Islami (Pakistan) Limited
Bank Makramah Limited
Faysal Bank Limited
First Habib Modaraba
Habib Bank Limited – Islamic Banking
MCB Bank Limited
National Bank of Pakistan
OLP Modaraba
Pak Brunei Investment Company Limited
Pak Libya Holding Company (Private) Limited
Pak Oman Investment Company Limited
Samba Bank Limited
Saudi Pak Industrial and Agriculture Investment Company Limited
Silk Bank Limited
Sindh Bank Limited
The Bank of Khyber
The Bank of Punjab
Summit Bank Limited
United Bank Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 69th Annual General Meeting of Shareholders of **Pak Elektron Limited** ("Company") will be held on Tuesday, April 29, 2025 at 11:00 A.M., at Factory Premises, 14-KM, Ferozpur Road, Lahore to transact the following business: -

1. To confirm the minutes of Annual General Meeting held on April 29, 2024.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2024 together with Directors' and Auditors' Reports thereon.
3. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair.

By Order of the Board

Muhammad Omer Farooq
Company Secretary


Lahore: April 08, 2025

Notes:

1. Share Transfer Books of the Company will remain closed from April 22, 2025 to April 29, 2025 (both days inclusive). Physical transfers/CDS Transactions IDs received in order at Company registrar office M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore on or before April 21, 2025 will be treated in time.
2. A member entitled to attend and vote at this Meeting may appoint another Member as proxy. Proxies in order to be effective, must be received at 10-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.
3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.
4. Members are requested to notify the Company change in their addresses, if any.

5. Transmission Of Annual Report

In terms of approval of the shareholders of the Company in their Annual General Meeting held on April 27, 2023 and pursuant to SECP's Notification No. SRO 389(1)/2023 dated 21st March, 2023. The Annual Report for the financial year ended on December 31, 2024 of the Company containing inter alia the audited financial statements, auditors' report, directors, and chairman's reports thereon may be viewed and downloaded by following QR code and weblink:

Weblink	QR Code
https://pel.com.pk/financial-reports/	

The Annual Report has been emailed to those shareholders who have provided their valid email address to the Company.

The shareholders who wish to receive a hard copy of the Annual Report may send to the Company Secretary/Share Registrar, the Standard Request Form available on the website of the Company www.pel.com.pk. The Company then will provide a free of Cost hard copy of Annual Report to the shareholders within one week of the request.

6. Replacement Of Physical Shares Into CDC Account

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

7. Participation in the AGM through Video link Facility

The SECP through its Circular No. 4 dated February 15, 2021 & Circular No. 6 dated March 03, 2021 has directed listed companies to arrange participation of shareholders in Annual General Meeting through Video Link Facility in addition to allowing physical attendance by the members. The members who are willing to attend and participate in the AGM can do so through video-link via smartphones, computers, tablets, etc. To attend the AGM through video-link, members are requested to get their following particulars registered by sending an email or WhatsApp at the number/address given below, at least 48 hours before the time of the AGM, and download video-link from <https://zoom.us/download>.

Name	Folio/CDS Account No.	CNIC No	Cell phone	Email

Signature of Member

WhatsApp	Email
0346-4442501	omer.farooq@saigols.com

Upon receipt of requests, the video-link login credentials will be shared with the interested shareholders on their email addresses or WhatsApp messages. The members can send their comments/suggestions related to the agenda items of the meeting through the above-mentioned means.

8. Prohibition of Distribution of Gifts

No gifts will be distributed at the Annual General Meeting as prohibited under Section 185 of the Companies Act, 2017.

نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس ابلاغ اطلاع کیا جاتا ہے کہ پاک الیکٹرونک لینڈ کے حصص داران کا انٹیمو (69th) سالانہ اجلاس عام 29 اپریل 2025 بروز منگل 11:00 بجے صبح ٹیکسٹری احاطہ 14- کلونیٹر، فیروز پور روڈ، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

- 1۔ 29 اپریل 2024 کو منعقد ہونے والے سالانہ اجلاس عام کی کارروائی کی تصدیق۔
- 2۔ مالی سال ختم 31 دسمبر 2024 کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات بھراوان پرڈائریکٹران و آڈیٹران کی رپورٹس کی وصولی اور ان کی قبولیت۔
- 3۔ اگلے سالانہ اجلاس عام کے اختتام تک عہدہ پر رہنے کیلئے کمپنی کے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔
- 4۔ صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

محکم برادری
ایم عمر فاروق
کمپنی سیکرٹری

لاہور: 08 اپریل 2025

نوٹس:

- 1۔ کمپنی کی حصص کی منتقلی کی تاہم 22 اپریل 2025 تا 29 اپریل 2025 (بشمول دونوں دن) بند رہیں گی۔ کمپنی سیکرٹری جسر آفس ایم ایس کارپ لنک (پرائیویٹ) لمیٹڈ، گیز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور میں وصول ہونے والی منتقلیاں (بشمول CDS/Physical) 21 اپریل 2025 کو کاروبار بند ہونے تک قابل قبول ہوں گی۔
- 2۔ اجلاس میں شرکت اور ووٹ دینے کا اہل بھر پر کسی مقرر کر سکتا ہے۔ پراکٹیاں تا آئندہ موثر ہوئیں، اجلاس کے وقت سے 48 گھنٹے قبل کمپنی کے رجسٹرڈ آفس (10-جی، مشتاق احمد رمانی روڈ گلبرگ-II، لاہور) میں لازماً وصول ہونی چاہئیں اور باقاعدہ ہم زدہ دستخط شدہ اور گواہ شدہ ہونی چاہئیں۔
- 3۔ وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں انہیں اس سے کہہ اپنے اصلی شناختی کارڈ یا سپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کیلئے ہمراہ لائیں۔
- 4۔ ممبران سے اتنا اس سے کہ اپنے پیسے میں کسی بھی تبدیلی کی صورت میں کمپنی کو مطلع فرمائیں۔

5۔ سالانہ رپورٹ کی ترسیل

27 اپریل 2023 کو منعقد ہونے والے سالانہ جنرل میٹنگ میں کمپنی کے شیئرز ہولڈرز کی منظوری کے لحاظ سے اور ایس ای سی پی کے نوٹیفیکیشن نمبر SRO389 (1/2023 مورخہ 21 مارچ 2023 کے مطابق۔ مالی سال کی سالانہ رپورٹ 31 دسمبر 2024 کو کمپنی کا آڈٹ شدہ مالیاتی بیانات، آڈیٹرز کی رپورٹ، ڈائریکٹرز اور چیئرمین کی رپورٹس کو رجسٹرڈ ڈیل QR کوڈ اور ویب لنک کے ذریعے دیکھا اور ڈاؤن لوڈ کیا جاسکتا ہے:

کیو آر کوڈ

ویب لنک



<https://pel.com.pk/financial-reports/>

سالانہ رپورٹ ان شیئرز ہولڈرز کو ای میل کر دی گئی ہے جنہوں نے کمپنی کو اپنا درست ای میل ایڈریس فراہم کیا ہے۔

جو شیئرز ہولڈرز سالانہ رپورٹ کی بارڈر کا پی حاصل کرنا چاہتے ہیں وہ کمپنی سیکرٹری/شیئرز رجسٹرار کو معیاری درخواست فارم جو کمپنی کی ویب سائٹ www.pel.com.pk پر دستیاب ہے، بھیج سکتے ہیں، اس کے بعد کمپنی درخواست کے ایک ہفتے کے اندر شیئرز ہولڈرز کو سالانہ رپورٹ کی مفت بارڈر کا پی فراہم کرے گی۔

6۔ فیزیکل حصص کی سی ڈی سی اکاؤنٹ میں تبدیلی

فیزیکل حصص رکھنے والے حصص داران کو ہدایت کی جاتی ہے کہ کمپنیا ایکٹ 2017 کے سیکشن 72 کے تحت الیکٹرونک شکل میں تبدیل کروائیں۔

7۔ ویڈیو لنک سہولت کے ذریعے سالانہ اجلاس عام میں شرکت

ایس ای سی پی نے اپنے سرکلر نمبر 4 مورخہ 15 فروری 2021 اور سرکلر نمبر 6 مورخہ 03 مارچ 2021 کے ذریعے سہولت کی پیشکش کی ہے کہ وہ ممبران کی جسمانی حاضری کی اجازت دینے کے علاوہ ویڈیو لنک کی سہولت کے ذریعے سالانہ جنرل میٹنگ میں شیئرز ہولڈرز کی شرکت کا اہتمام کریں۔ جو ممبران AGM میں شرکت اور حصہ لینے کے خواہشمند ہیں وہ ویڈیو لنک کے ذریعے سارٹ فونز، کمپیوٹرز، ٹیبلٹس وغیرہ کے ذریعے ایسا کر سکتے ہیں۔ ویڈیو لنک کے ذریعے AGM میں شرکت کے لیے ممبران سے درخواست کی جاتی ہے کہ وہ ای میل بھیج کر اپنی ذیل تفصیلات رجسٹر کروائیں۔ یا AGM کے وقت سے کم از کم 48 گھنٹے پہلے پیجے دیئے گئے نمبر/پتے پر واٹس ایپ کریں اور <https://zoom.us/download> سے ویڈیو لنک ڈاؤن لوڈ کریں۔

نام فوٹیو ای سی ڈی ایس اکاؤنٹ نمبر سی این آئی سی نمبر موبائل نمبر ای میل

ممبر کے دستخط

ڈس ایپ

ای میل

omer.farooq@saigols.com 0346-4442501

درخواستوں کی وصولی پر، ویڈیو لنک لاگ ان کی اسناد دلچسپی رکھنے والے شیئرز ہولڈرز کے ساتھ ان کے ای میل پتوں یا واٹس ایپ پیغامات پر شیئرز کی جائیں گی۔ ممبران میٹنگ کے ایجنڈا آئٹمز سے متعلق اپنے تبصرے/مشورے مذکورہ ذرائع سے بھیج سکتے ہیں۔

8۔ تحائف کی تقسیم پر معامت

سالانہ اجلاس عام میں کوئی تحائف تقسیم نہیں کئے جائیں گے جیسا کہ کمپنیا ایکٹ 2017 کی دفعہ 185 میں معامت کی گئی ہے۔

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, 2024.

FINANCIAL AND OPERATIONAL REVIEW

MACRO - ECONOMIC ENVIRONMENT

GLOBAL ECONOMIC OVERVIEW

According to World Economic outlook, IMF January 2025, global growth is projected at 3.3 percent both in 2025 and 2026 higher than 3.2 percent in last year, which is below the historical (2000–19) average of 3.7 percent.

Among advanced economies, growth forecast revisions go in different directions. In the US, underlying demand remains robust, reflecting strong wealth effects, a less restrictive monetary policy stance and supportive financial conditions. Growth is projected to be at 2.7 percent in 2025 and will remain at 2.1 percent - around potential level in 2026. In the Euro Area, growth is expected to pick up but at a more gradual pace - from 0.8 percent to 1.0 and 1.4 percent in 2025 and 2026, respectively with geopolitical tensions continuing to weigh on sentiment.

In emerging market and developing economies, growth performance in 2025 and 2026 is expected to remain same as in 2024 (4.2 percent). Growth for China is expected to remain at 4.6 and 4.5 percent in 2025 and 2026, respectively from 4.8 percent in 2024. The growth will derive from fiscal package announced in November 2024 largely offsetting the negative effect on investment from heightened trade policy uncertainty and property market drag.

Global headline inflation is expected to decline to 4.2 percent in 2025 and to 3.5 percent in 2026, converging back to target earlier in advanced economies than in emerging market and developing economies. The projected decline in global inflation could ease imported inflation pressures in Pakistan, benefiting domestic consumers and businesses. Moreover, decline in energy prices, particularly oil, is anticipated, reducing import bills and alleviating fiscal pressures on Pakistan's economy.

DOMESTIC ECONOMIC OVERVIEW

Agriculture

For Rabi 2024-25, the government has set a wheat production target of 27.920 million tonnes from an area of 9.262 million hectares. To achieve this target, concerted efforts are underway to ensure the timely availability of essential farm inputs, including agricultural credit, quality seeds, fertilizers and mechanization support.

Agriculture credit disbursement reached Rs. 925.7 billion during Jul-Nov FY2025, an increase of 8.5 percent compared to Rs. 853.0 billion during the same period last year. The positive trend is anticipated to persist, aligning with the ambitious agriculture credit target of Rs. 2,572.3 billion for FY2025. Agricultural machinery imports also witnessed a significant rise of 42.3 percent, amounting to \$45.3 million, highlighting a growing emphasis on mechanization and efficiency improvements. For the Rabi 2024-25 season (Oct-Nov 2024), urea offtake totaled

1,012 thousand tonnes, registering a 5.4 percent decline compared to Oct-Nov 2023. In contrast, DAP offtake increased substantially by 27.4 percent, reaching 559 thousand tonnes. Increase in DAP offtake may be attributed to the Punjab Government's initiative of providing interest-free loans to small farmers through the Kissan Card Program for the purchase of agricultural inputs (seeds and fertilizers).

Manufacturing

In October 2024, Large-Scale Manufacturing (LSM) recorded a marginal YoY growth of 0.02 percent, signaling a positive shift from the significant contraction of 5.79 percent observed in October 2023. This hints a gradual recovery in economic activity amidst ongoing challenges. While on MoM basis, LSM declined by 2.24 percent in October 2024, primarily by a seasonal decline in the beverages sector. As winter approached, demand for beverages typically decreased, leading to lower production levels in this sector. Overall, 12 out of 22 LSM sectors performed positively during the month, demonstrating resilience and continued growth in key industries. During Jul-Oct FY2025, LSM slightly declined by 0.64 percent compared to a contraction of 2.21 percent last year.

The auto industry performed well during Jul-Nov FY2025, as production and sales of all vehicles grew by 25.2 percent and 24.8 percent, respectively. Key contributors to this growth included Cars (production up by 60.8%), Trucks & Buses (89.8%), and Jeeps & Pick-ups (64.2%). A notable development in November was the initiation of electric vehicle production in Pakistan, marking a significant milestone for the industry.

In November 2024, cement dispatches increased by 5.6 percent to 4.1 million tonnes, YoY basis. Notably, domestic cement dispatches grew by 2.4 percent to 3.3 million tonnes, reflecting rising demand in the construction industry, while export dispatches rose considerably by 21.3 percent, reaching 803,258 tonnes. During Jul-Nov FY2025, total cement dispatches were 18.9 million tonnes, lower than the last year. Domestic dispatches stood at 14.7 million tonnes, down by 11.6 percent while exports increased by 28.7 percent to 4.0 million tonnes.

Inflation

CPI inflation recorded at 4.9 percent on YoY basis in November 2024 as compared to 7.2 percent in the previous month and 29.2 percent in November 2023. On MoM basis, it increased by 0.5 percent in November 2024 compared to 1.2 percent in the previous month and an increase of 2.7 percent in November 2023.

Major drivers of YoY increase in CPI include Clothing and Footwear (14.37%), Health (13.06%), Communication (12.23%), Education (10.55%), Restaurants and Hotel (8.30%), Housing, Water, Electricity, Gas and Fuels (7.89%), perishable food items (7.47%), Furnishing and Household equipment maintenance (5.91%), and Alcoholic Beverage and Tobacco (5.43%) while decline observed in non-perishable food items (1.54%), and Transport (2.75%).

SPI for the week ended on 19th December 2024, recorded an increase of 0.38 percent as compared to previous week. This week, prices of 13 items declined, 23 items remained stable and 15 items increased.

Fiscal

During Jul-Nov FY2025, FBR tax collection grew by 23.3 percent to Rs 4,295 billion against Rs 3,485 billion last year. Within total, direct taxes rose by 27.0 percent, sales taxes by 23.6 percent, FED by 25.1 percent and customs duty by 8.0 percent.

According to the Federal Fiscal Operations Jul-Oct, FY2025, net federal revenues grew by 71.8 percent to Rs 4,822 billion. This growth was primarily driven by a sharp increase in non-tax collection, which grew by 101.2 percent to Rs 3,192 billion. Similarly, tax collection increased to Rs 3,443 billion against Rs 2,748 billion last year. Prudent expenditure management helped contain the expenditure growth to 20.6 percent relative to high revenue growth. In absolute, total expenditures reached Rs.4472 billion against Rs.3707 billion last year.

Consequently, the fiscal balance posted a surplus of Rs.495 billion (0.4% of GDP) against a deficit of Rs.862 billion (-0.8% of GDP) last year. Similarly, primary surplus increased to Rs 3,124 billion (3.0% of GDP) against a surplus of Rs 1,430 billion (1.4% of GDP) last year.

Monetary Sector

The Monetary Policy Committee (MPC) decided to further cut the policy rate by 200 bps to 13 percent, effective from December 17, 2024. Cumulatively, policy rate reduced by 900 bps since June during last five consecutive monetary policy decisions. The decision is based on inflation outcome in line with expectations, fiscal and external sector stability, favorable global commodity prices and improved growth prospects.

During 1st July – 29th November, FY2025 money supply (M2) shows negative growth of 0.6 percent (Rs -215.7 billion) compared to a growth of 1.2 percent (Rs. 376.0 billion) last year. Within M2, Net Foreign Assets of the banking system increased by Rs 385.3 billion against an increase of Rs 100.8 billion last year. Whereas, Net Domestic Assets of the banking sector decreased by Rs 601.0 billion compared to an increase of Rs 275.2 billion last year.

Under the borrowing for budgetary support, the government has retired Rs 2,018.6 billion against the borrowing of Rs 2,894.2 billion last year. Private Sector has borrowed Rs 1,148.6 billion, against the retirement of Rs 33.2 billion last year.

External Sector

The external account position has significantly improved, driven by notable increases in exports and remittances despite a rise in imports. During Jul-Nov FY2025, the current account posted a surplus of \$944 million compared to deficit of \$1,676 million last year. In November 2024 alone, the current account recorded a surplus of \$729 million, compared to a deficit of \$148 million in November 2023. This represents the fourth consecutive monthly surplus, following a \$346 million surplus in October 2024

During Jul-Nov FY2025, goods exports increased by 7.4 percent, reaching \$13.3 billion compared to last year, while imports recorded at \$23.0 billion, against \$21.2 billion last year (8.3% increase). This has resulted in a goods trade deficit of \$9.7 billion, reflecting a slight increase from \$8.8 billion last year, while maintaining a steady overall trade momentum. As per the Pakistan Bureau of Statistics, the export commodities that registered notable positive growth include Rice (35.4%), Fruits and vegetables (12.2%), Sugar (834%), Knitwear (18.4%), Bedwear (15.1%), Readymade Garments (23.1%), Chemicals and Pharma products (1.8%) and

Cement (18.9%). The major imports which registered rise include Palm oil (7.1%), Petroleum crude (5.4%), Liquefied Natural Gas (5.2%), Raw cotton (104%) Fertilizer (57%), and Machinery (12.8%). The service exports grew to \$3.3 billion (7.7% up) and imports to \$4.4 billion (2.8% up), resulting in a service trade deficit of \$1.1 billion lower than \$1.3 billion last year. IT exports grew by 32.7 percent to \$1.5 billion against \$1.2 billion last year.

Foreign Investment

Foreign Direct Investment (FDI) recorded at \$1,124 million, 31.3 percent higher than the previous year. The main contributors to this growth were China \$469 million (41.7% share), Hong Kong \$116 million (10.3%), and the UK \$113 million (10.1%).

The power sector received net FDI of \$455 million, accounting for a 40.5% share, followed by Oil & Gas exploration with \$125 million (11.1% share). Moreover, private sector Foreign Portfolio Investment (FPI) had a net outflow of \$156 million, while Public FPI recorded a net inflow of \$305 million.

Worker's Remittances

Remittances witnessed an impressive growth of 32.8 percent to reach \$17.8 billion during H1 FY2025 compared to the same period in FY2024. This significant increase was fueled by multiple factors, including increased migration, exchange rate stability and targeted government incentives.

Saudi Arabia maintained its position as the largest source of remittances, contributing 24.8 percent with \$ 4.4 billion, a 36 percent rise. The UAE followed with \$ 3.6 billion, showing a substantial 54 percent increase, particularly boosted by Dubai's remarkable 61.8 percent growth to \$2.8 billion. Other significant contributors included the UK and the US with 32.7 and 12.5 percent, respectively. The EU collectively added \$ 2.1 billion, growing by 26.0 percent, with standout contributions from Italy, Spain, and Germany.

Foreign Exchange Reserves

Pakistan's foreign exchange reserves experienced notable improvement during FY2024 reaching \$14.0 billion, comprising \$9.39 billion held by the State Bank of Pakistan (SBP) and \$4.61 billion maintained by commercial banks. In H1-FY2025, the expansion in H1-FY25 was predominantly driven by significant net contributions from China (\$0.535 billion), Hong Kong (\$ 0.134 billion), and the United Kingdom (\$0.130 billion). The power sector attracted largest share of inflows, amounting to \$ 0.49 billion, followed by the financial business which received \$ 0.353 billion.

Performance of KSE Index

In the CY 2024, the KSE-100 index continued its bullish momentum and crossed the psychological landmark of 100,000 points. The index closed at 115,127 points on 31-Dec-24 with an overall gain of 84.35% in the year. On the last day of the CY the total traded volume was 580.52 million shares

As of December 31, 2024 the Pakistan stock exchange (PSX) had a market capitalization of approximately Rs. 14.587 trillion.

Social Sector

During November 2024, the Bureau of Emigration & Overseas Employment registered 60,492 workers for employment, compared to 77,316 in October 2024 and 81,427 in November 2023. The Pakistan Poverty Alleviation Fund (PPAF), in collaboration with its 24 partner organizations, distributed 21,195 interest-free loans amounting to Rs 994 million. Since the inception of the program in 2019, a total of 2,894,202 interest-free loans amounting to Rs 111,768 million have been disbursed. For FY2025, the budgetary allocation for the Benazir Income Support Programme has been increased by 27 percent to Rs 592.5 billion (Rs. 466 billion last year). During Jul–Oct FY2025, Rs. 113 billion was disbursed under this program, reflecting an increase from Rs. 89 billion during the same period last year.

INDUSTRY OVERVIEW

The industrial sector contracted by 1.7% in FY2024 due to stabilization measures, tight monetary policy, high inflation and exchange rate instability. However, Large-Scale Manufacturing (LSM) grew by 1.0%, showing resilience. Q1-FY2025 saw a smaller contraction of 1.03% compared to 4.43% last year, driven by manufacturing, electricity, gas and water supply growth while Mining (-6.49%) and Construction (-14.91%) continued to struggle.

The textile sector rebounded with 2.3% growth (Jul-Nov FY2025) after a 12.7% decline in FY2024, supported by lower inflation, exchange rate stability, and increased raw cotton imports. The automobile industry recorded a strong recovery, with production and sales increasing by 28.3% and 28.2%, respectively.

The cement industry faced a 4.0% decline in total dispatches, with domestic sales falling by 10.4% due to weak construction activity and fiscal consolidation. However, cement exports surged by 31.7%, driven by regional demand and competitive pricing, highlighting the sector's ability to leverage external markets.

According to the Pakistan Bureau of Statistics, year-on-year production in CY 2024 saw a decline in Appliances Division products. Refrigerator production dropped by 24.64%, air conditioners by 17.71%, LED TVs by 0.45%, and deep freezers by 23.82%.

Similarly, the Power Division products also experienced a downturn, with transformers declining by 22.47%, energy meters by 11.22%, and switch gears by 20.73% compared to the previous year.

Company Matters of Significance

Best Corporate Report Award

PEL achieved a major milestone by winning the Best Corporate Report Award for its Annual Report 2023, securing 1st place in the Engineering & Auto Sector for the second consecutive year. This recognition, awarded by the Joint Committee of ICAP and ICMAP, underscores PEL's commitment to transparency, excellence in reporting and adherence to industry standards.

Winning first place for two years in a row brought immense pride to the company, reinforcing its leadership in corporate governance and accountability. Beyond recognition, this achievement highlights PEL's dedication to best practices, setting a benchmark for excellence in corporate reporting.

Credit Rating

On 04-Jul-2024, The Pakistan Credit Rating Agency Limited – PACRA, the country’s leading credit rating agency, ranked the Company long term A+ (High Credit Quality) and short term A1 (A strong capacity for timely repayment) with stable outlook.

POST BALANCE SHEET EVENTS

Export operations to United States of America

PEL has successfully commenced its export operations to the United States of America. The first consignment of transformers has sailed from Pakistan on March 13th, 2025. This marks a significant milestone in our business expansion strategy and reflects our commitment to exploring new international markets. We remain dedicated to enhancing our global footprint and delivering high-quality products to our customers worldwide.

Strategic partnership with Electrolux AB.

PEL has entered into a strategic partnership under a Licensing Agreement with Electrolux AB, a global leader in multi category home appliances. The collaboration aims to leverage strength of the Company to drive sustainable growth.

BUSINESS PERFORMANCE REVIEW

Operating Results

Summary of operating results is presented below:

Rupees in million	2024	2023	Increase/ (Decrease)	Percentage %
Gross revenue	69,609	48,324	21,285	44.05
Gross profit	14,142	11,104	3,039	27.37
Operating profit	8,124	7,198	925	12.86
Finance cost	3,681	3,649	32	0.88
Profit before income tax and levies	4,439	3,550	889	25.04
Profit after tax	2,367	1,325	1,042	78.64
Earnings per share – Rupees	2.72	1.50	1.22	

In 2024, PEL achieved a historic milestone in revenues, reaching Rs.69,609 million, reflecting a remarkable 44.05% growth from Rs.48,324 million in the previous year. This strong performance was driven by strategic pricing adjustments, improved operational efficiencies and stable economic conditions. Gross profit surged to Rs. 14,142 million, marking a 27.37% increase over Rs. 11,104 million in the prior year, showcasing the effectiveness of cost optimization and value-driven strategies.

Amidst a stabilizing economic landscape, the Company maintained profitability through disciplined cost control, supply chain efficiencies and enhanced product offerings. As a result, profit before tax climbed to Rs.4,132 million, a 25.08% increase from Rs. 3,304 million, while profit after tax rose significantly to Rs. 2,367 million, compared to Rs. 1,325 million in 2023. Earnings per share (EPS) grew to Rs. 2.72 up from Rs. 1.50, reflecting PEL's resilience, strong financial fundamentals and commitment to sustainable growth.

Power Division

In 2024, the Power Division recorded revenues of Rs. 29,533 million, showing increase of 13.48% from Rs. 26,024 million in the previous year. This is mainly due to political stability, economic recovery along with rising urbanization and changing lifestyles continued to drive higher electricity consumption, keeping demand strong for electrical equipment.

To support this growing demand, the government is upgrading Transmission & Distribution (T&D) infrastructure, creating new opportunities in the sector. Additionally, industrial growth and expansion in the housing sector are further increasing the need for Power Division products, complementing the requirements of WAPDA DISCOs.

This reflects PEL's focus on adapting to market changes, improving efficiency, and ensuring long-term growth in a dynamic economic environment.

Appliances Division

In 2024, the Home Appliances Division achieved exceptional revenue growth of 79.71%, reaching Rs. 40,075 million compared to Rs. 22,299 million in the previous year. This significant rebound was driven by improved supply chain efficiency, stabilized raw material imports and a resurgence in consumer demand.

In 2023, the division faced challenges such as supply-side constraints, inflationary pressures, currency depreciation and high policy rates, contributing to an economic slowdown. However, in 2024, favorable economic policies, exchange rate stability and declining inflation enhanced consumer purchasing power, driving higher demand for home appliances.

Additionally, strategic initiatives, including product innovation, an expanded distribution network, and optimized pricing strategies, further strengthened market performance, reinforcing PEL's position as a leader in the industry.

PRODUCT WISE OPERATING PERFORMANCE

Refrigerator

The refrigerator remains one of the company's premium products, consistently contributing significant revenues. During the review year, it accounted for 50.33% of the Home Appliances Division's revenues and 28.98% of total company revenues. Notably, refrigerator revenues grew by 50.32% compared to the previous year, driven by continuous R&D, the launch of market-competitive models, and a focus on energy efficiency and advanced features.

To enhance its product offerings, the company recently introduced 25 new refrigerator variants featuring eco-friendly R600a refrigerant, Smart LED lighting, a 360 Jet Cool Fan with blue light, and a sleek freezer design. The Digitron series incorporates Inverter Technology, a digital thermostat, and glass shelves, providing a modern and energy-efficient solution. Additionally, new Glass Door Designs in Midnight Maroon, Midnight Purple, Grey Blaze, Maroon Blaze, and Pattern Mirror Impression Red add a stylish touch. The introduction of Fresh VCM colors—including Silver Moonlight, Brush Metallic Grey, Gracious Graphite, and Gold Silk—further enhances the aesthetic appeal of the range.

Beyond product innovation, effective marketing strategies and dedicated sales efforts have been instrumental in maintaining market leadership in a highly competitive landscape. While product penetration gaps exist, there remains substantial room for market expansion. As a leading refrigerator manufacturer, the company leverages state-of-the-art manufacturing facilities and a responsive nationwide sales and after-sales service network, positioning it for further market growth.

However, challenges persist, particularly regarding rising product costs. The company anticipates continued pressure due to increasing global commodity prices and the volatility of the local currency. Despite these headwinds, its strategic market positioning, proactive expansion initiatives, and commitment to customer service ensure a strong competitive edge and long-term sustainability.

Air conditioner

Air conditioners (ACs) rank as the second-largest revenue-generating product after refrigerators. During the year, AC business revenues surged by 144.51%, contributing 28.35% to the Home Appliances Division's revenue and 16.32% to total company revenue.

PEL ACs are recognized for their stylish, energy-efficient designs and advanced features, maintaining strong demand in the local market. Recently, the company integrated 'GEN Mode' into five models within the Super T3 Pro and Saver Series, allowing users to adjust compressor speed for smooth operation on generators or UPS systems. In response to customer demand, PEL introduced the Jumbo Black Series, featuring a sleek black indoor unit in three different sizes, catering to consumers seeking stylish cooling solutions. Additionally, the R32 Floor Standing category has been enhanced with the launch of the "48K Ultimate" model, which incorporates Inverter Technology and eco-friendly R32 refrigerant, ensuring both energy efficiency and sustainability.

The AC business holds significant growth potential, driven by rising lifestyle standards and increasing demand for energy-efficient solutions. However, the current economic slowdown has temporarily impacted growth momentum. Despite these challenges, PEL's strong market fundamentals position it well for expansion as the economy rebounds.

Looking ahead, the company remains committed to introducing energy-efficient and aesthetically enhanced products, aligning with evolving consumer preferences and environmental sustainability. Furthermore, PEL's extensive and highly responsive after-sales service network continues to play a vital role in fostering consumer confidence. This dedication to product innovation and customer satisfaction reinforces PEL's strong positioning for long-term success in the air conditioner market.

Deep Freezer

During the year, the deep freezer business experienced a remarkable revenue growth of 158.60%, successfully overcoming challenges from the previous economic slowdown. This growth reflects strong market demand and improved sales performance.

The company's consumer-specific, customized deep freezers, incorporating Ozone-Friendly Refrigerants in compliance with the UN Montreal Protocol, have become the preferred choice among multinational corporations (MNCs) and local enterprises. These meticulously designed products are tailored to meet the stringent requirements of ice cream and beverage companies, demonstrating PEL's commitment to quality, innovation, and environmental responsibility.

Furthermore, the company's expertise in developing purpose-driven solutions has strengthened its partnerships with major industry players, reinforcing its position as a leading provider of customized refrigeration solutions.

With continuous advancements in food preservation technology, demand for deep freezers continues to rise. PEL, leveraging its high-quality products, extensive nationwide sales and after-sales service network, and ongoing R&D initiatives, is well-positioned to capitalize on this growing market trend and expand its market share.

Microwave Oven

The microwave oven business experienced strong revenue growth of 78.75% during the fiscal year, reversing the previous decline caused by the economic slowdown. This significant increase reflects improved market conditions and rising consumer demand. Despite past challenges, PEL's microwave ovens continue to stand out with their cutting-edge features, offering consumers an exceptional and innovative culinary experience.

In response to customer demand, PEL has introduced two new digital models, the "PMO 23 CHEF" and "PMO 26 CHEF", featuring a grill function and a sleek blackish design. Additionally, a large-size convection model, "PMO 30 Convection," has been launched, equipped with a rotisserie function for baking and cooking.

PEL's microwave ovens cater to a diverse customer base, offering both manual and digital interfaces. Their cost-effective designs, space-saving structures, and customizable cooking options make them highly popular in the local market.

With urbanization and lifestyle advancements, demand for microwave ovens is expected to rise, creating significant growth opportunities. PEL is strategically positioned to expand its market share, leveraging innovative product offerings and a deep understanding of evolving customer preferences.

Water Dispenser

The water dispenser business achieved remarkable revenue growth of 56.37% during the year, rebounding from the previous decline caused by the economic slowdown. This surge in demand is driven by lifestyle improvements and increasing urbanization trends.

Recognizing consistent market demand, PEL introduced locally manufactured water dispensers in 2017. The company now offers eight product variants under the 'Glass Door' and 'Sleek Design' series. Expanding its range, PEL recently launched the Table Top Glass Door Water

Dispenser, providing an economical, compact, and stylish solution for convenient hydration. PEL's water dispensers continue to be well-received in the local market, reflecting strong consumer confidence.

With urbanization and lifestyle advancements driving demand, PEL remains committed to expanding its market presence, offering innovative and high-quality hydration solutions.

LED Television

In the year under review, the LED TV business recorded an impressive revenue growth of 94.60%, rebounding strongly from the previous decline caused by the economic slowdown. This substantial increase reflects improving market conditions and rising consumer demand for advanced LED technology.

LED TVs have become a key product in today's consumer market, driven by evolving consumer preferences and rapid technological advancements. With the growth of internet usage and the need for energy-efficient devices, the demand for smart LED TVs has surged, making them an essential component of modern home entertainment.

Understanding these market dynamics, PEL entered the LED TV segment in 2018, offering both Smart and Conventional categories. Smart LED TVs are available in sizes ranging from 32 inches to 55 inches, catering to diverse consumer needs.

PEL's Latest Innovations in LED TVs:

- **PEL 4K COLORON LED TV:** Features 4K UHD resolution, Smart LED technology, and Dolby Digital (5.1) surround sound, delivering a cinematic home entertainment experience with built-in Netflix and YouTube.
- **Android 6.0 Marshmallow Integration:** Provides Google Play access and Wi-Fi connectivity, enabling users to download and use their favorite apps directly on the TV.
- **Screen Mirroring Technology:** Allows seamless content sharing between mobile devices and the TV for an enhanced viewing experience.
- **Google-Certified Smart TVs:** Ensures automatic updates for apps like YouTube and Netflix, keeping content and features up to date.

Additionally, PEL has expanded its role as an OEM, supporting local LED TV manufacturing with advanced features that have replaced imported products. With lifestyle improvements and increasing consumer demand, the LED TV market is poised for further growth, and PEL remains committed to delivering high-quality, innovative home entertainment solutions.

Washing Machine

During the year under review, the washing machine business recorded an impressive revenue growth of 89.69%, successfully overcoming previous challenges related to the economic slowdown and import constraints. This significant growth reflects improving market conditions, rising consumer demand, and PEL's strategic initiatives to strengthen local manufacturing and supply chain capabilities.

With a commitment to innovation and customer satisfaction, PEL continues to expand its footprint in the home appliances segment, ensuring high-quality, energy-efficient, and technologically advanced washing machines to meet the evolving needs of consumers.

Distribution Transformer

The Company has consistently maintained its leadership among Distribution Transformer manufacturers in Pakistan, despite intensifying market competition in recent years. This success is largely attributed to its state-of-the-art Distribution Transformer manufacturing and testing facility, established in 2009 through a technology transfer partnership with PAUWELS, Belgium. By adhering to a strict "NO COMPROMISE" policy on quality standards, PEL has secured and upheld prestigious global certifications, including ISO 9001, ISO 17001, and ISO 17025. Notably, PEL remains the only company in Pakistan with CE marking for Distribution Transformers, ensuring the highest safety standards for users.

In the year under review, revenue from Distribution Transformers declined by 22.49% compared to the previous year, amounting to Rs. 6,995 million. This product now contributes 23.68% of the Power Division's revenue and 10.05% of the Company's total revenue. The decline is attributed to reduced infrastructure investments, sluggish industrial activity, and delays in government-led power projects. Additionally, rising raw material costs, local currency fluctuations and changes in economic activities have impacted demand from both public and private sectors.

To counter these challenges, the Company is actively pursuing export-driven growth strategies, focusing on market diversification and enhanced product competitiveness. In the year under review, PEL successfully entered the U.S. power market, initiating deliveries and establishing a foundation for future expansion. Looking ahead, the Company remains committed to further strengthening its export presence, leveraging its expertise and high-quality standards to capture global market opportunities and drive sustained growth.

Power Transformer

In the current year, the revenue from Power Transformers experienced a significant growth of 106.22% compared to the previous year. The revenue for this product now stands at Rs. 14,690 million, constituting 49.74% of the Power Division's revenue and 21.10% of the Company's total revenue.

The Power Transformer is a vital element in any electrical network, playing a key role in ensuring the uninterrupted and stable flow of electricity to a large network of distribution companies. With a strong legacy of technological innovation, the company pioneered the production of power transformers in 2004 and has since distinguished itself as the only manufacturer in Pakistan capable of producing 132kV equipment. As part of its forward-looking business strategy, anticipating a growing demand for power transformers, the company has established a cutting-edge manufacturing facility at 34 KM Ferozepur Road, Lahore. This significant milestone was achieved through a strategic technical collaboration with GANZ Hungary, leveraging their deep expertise in the design and production of extra-high-voltage power transformers.

PEL upholds strict quality control protocols across every stage of the manufacturing process, consistently enhancing its testing facilities with state-of-the-art equipment to guarantee the production of dependable and high-performance transformers. Remarkably, PEL is the only company in Pakistan with an impressive installation base of over 772 units of 132kV power transformers across the country.

Pakistan has made notable strides in expanding its power generation capacity to meet the rising energy demands. The next critical focus is the improvement of the transmission and distribution network, which is expected to significantly boost the demand for power transformers, a crucial element of grid stations. As a leading player in this sector, PEL is strategically positioned to capture a larger share of the market from WAPDA Distribution Companies.

Looking ahead, the expansion of the industrial sector and the rapid growth of the housing sector, driven by urbanization and population pressures, will further fuel demand for Power Transformers. To capitalize on these opportunities, PEL will maintain its focus on continuous research and development (R&D), ensuring its ability to meet local demand while strategically expanding into international markets.

Switch Gears

The Company holds a prestigious position as one of the pioneers in Pakistan's Switchgear Industry, actively engaged in the sector since its establishment in 1958. As one of the leading manufacturers, the Company continues to drive innovation and excellence in power solutions.

Through a technical partnership with Schweitzer Engineering Laboratories (SEL), USA, PEL has been at the forefront of delivering advanced technology solutions to the power industry and public utilities. These solutions encompass Substation Automation Systems (SAS), Industrial Power System Automation, and Satellite Synchronization of Power System Control, reinforcing PEL's leadership in the sector.

During the year under review, Switchgear revenues stood at Rs. 4,325 million, marking a 27.20% decline from Rs. 5,941 million in the previous year. This product contributed 14.64% to the Power Division's revenue and 6.21% to the Company's overall revenue.

Despite this decline, PEL remains steadfast in its commitment to technological advancement. Through its ongoing collaboration with SEL, USA, the Company continues to offer cutting-edge power automation solutions, solidifying its position as a key player in the industry.

The Switchgear division is actively engaged in new product development, ensuring alignment with international quality standards and evolving customer needs. A notable achievement during the year was the successful type testing of the LS-Electric Korean make Vacuum Circuit Breaker (VCB) at KERI, Korea's leading testing laboratory. This accomplishment led to NTDC's approval of VCB as per the National Transmission & Dispatch Company Limited (NTDC) specifications P-44:2018, marking a significant milestone for PEL.

With rising electricity consumption, the demand for switchgear products is expected to grow across WAPDA Distribution Companies (Discos) and the private sector. Backed by state-of-the-art manufacturing and testing facilities, PEL is well-positioned to capitalize on this growth opportunity, further strengthening its market presence.

Energy Meters

During the review period, Energy Meter revenues stood at Rs. 3,523 million, marking a 9.86% decline compared to Rs. 3,909 million in the previous year. This segment contributed 11.93% to the Power Division's total revenue and 5.06% to the Company's overall revenue.

The Company's Three-Phase Direct Connected Electronic Energy Meter has received approval from NTDC. Additionally, the Single-Phase Electronic Energy Meter and the LT/HT Type Multifunction Dual Power Supply Energy Meter—designed for Medium & High Voltage Applications in LV & HV Switchgear—are currently undergoing the approval process.

In response to Pakistan's escalating circular debt issue, PEPCO is actively implementing AMR/AMI (Advanced Metering Infrastructure) to ensure accurate and efficient revenue collection. This enhanced metering environment, incorporating cutting-edge technologies, is expected to play a pivotal role in electricity theft prevention, with PEL's energy meters well-positioned to meet these evolving market needs.

To align with global industry standards, the Company has developed a Device Language Message Specification-DLMS compliant three-phase electronic meter with an integrated GSM/GPRS module, which has received certification from the DLMS Organization—an international authority ensuring interoperability of Smart Metering/AMI Systems worldwide.

In line with the latest NTDC standard specifications, PEL has introduced new designs for key products, including:

- Smart Metering Controlling Device for Transformer Protection, now approved by NTDC.
- 0.5s Class HT CT & PT Operated Multifunction Dual Power Supply Energy Meter, certified by KEMA Labs, Netherlands.
- Single-Phase AMR-Based Energy Meter, currently under review by the S&S Department, NTDC.

In addition, to align with the global shift towards clean energy, PEL has developed its own NET METERING unit, which tracks energy flow from renewable sources in conjunction with the main WAPDA system. Approved by PEPCO, this innovative solution plays a key role in promoting sustainable energy management and enhancing grid efficiency.

As urbanization, industrial development, and the housing sector continue to expand, the demand for sophisticated energy metering solutions is anticipated to grow significantly, positioning PEL as a leading player in the dynamic energy sector.

EPC Contracting

PEL's EPC Department specializes in turnkey Engineering, Procurement, and Construction (EPC) contracts for power infrastructure projects, including electrical networks, electrification initiatives, and grid stations up to 220kV.

In reaction to changing business dynamics, marked by extended working capital cycles and thinner margins, the company has strategically streamlined its operations to optimize working capital management. This adjustment is part of a revised business strategy designed to sustain financial stability in the current economic climate.

Despite these challenges, the EPC business holds significant growth potential, particularly with the development of Special Economic Zones (SEZs) under CPEC. As infrastructure expansion remains a key priority, PEL is well-positioned to capitalize on emerging opportunities in the sector, leveraging its technical expertise, industry experience, and commitment to excellence.

Forward Looking Statement

Global Economic Outlook

The global economy is expected to grow at a steady pace, with the IMF forecasting a growth rate of around 2.9% to 3.1% in 2024-2025. While major economies like the US and Europe may experience slower growth due to high interest rates, emerging markets such as China, India, and Southeast Asia are expected to drive global expansion. Despite challenges, the overall outlook remains positive, with countries adapting to changing economic conditions.

Inflation is gradually easing, but prices for energy, food, and housing may stay higher than pre-pandemic levels. Central banks, including the US Federal Reserve and European Central Bank, will carefully adjust interest rates to control inflation while supporting economic growth. At the same time, energy prices remain unpredictable due to ongoing geopolitical tensions and supply chain disruptions.

Global trade is slowly recovering, but increasing trade restrictions and supply chain shifts may change how businesses operate worldwide. Conflicts like the Russia-Ukraine war and US-China tensions continue to create uncertainty. Additionally, financial challenges, including high debt in developing countries and stress in real estate markets, pose risks to long-term stability.

Implementation of
Despite these uncertainties, new technologies such as AI, automation, and green energy investments are creating fresh opportunities. Emerging economies, especially in India, Africa, and Southeast Asia, are expected to grow rapidly due to urbanization and industrialization. Businesses and economies that embrace digital transformation and sustainability will likely perform better in the coming years.

Country Economic Outlook

The future of Pakistan's economy remains a mix of challenges and opportunities. The country has been struggling with high inflation, a depreciating rupee, fiscal deficits, and external debt pressures. However, with IMF-backed reforms, tighter monetary policies, and fiscal discipline, the government aims to stabilize the economy. The State Bank of Pakistan (SBP) continues its efforts to control inflation, while structural adjustments in taxation and subsidies are being introduced to manage the fiscal deficit.

Despite these efforts, economic growth remains slow due to a combination of political instability, energy shortages, and a difficult global economic environment. The industrial sector, particularly manufacturing and construction, has faced a downturn due to high borrowing costs and import restrictions. However, sectors like agriculture, IT, and services show some resilience, with increasing focus on digitalization and modernization.

CPEC and foreign investment are seen as major drivers for long-term economic growth. Infrastructure projects, Special Economic Zones (SEZs) and renewable energy investments can create employment opportunities and boost industrial development. The government's push for exports and remittances is also a key factor in improving the balance of payments. Pakistan's growing freelance and IT sector has the potential to bring in much-needed foreign exchange and diversify revenue sources.

However, major risks remain, including external debt repayment obligations, rising energy costs, and global commodity price fluctuations. Pakistan needs to strengthen its economic policies, improve governance, and encourage investment-friendly regulations to attract foreign and local businesses. Structural reforms in taxation, energy, and agriculture are essential for sustainable growth.

Looking ahead, Pakistan’s economic recovery depends on political stability, efficient policy implementation, and diversification of revenue streams. If the government successfully navigates these challenges, the country has the potential to emerge stronger with a more resilient and diversified economy in the coming years.

Company Future Outlook

The Company continues to navigate significant economic challenges, including inflationary pressures, elevated policy rates, and fluctuations in dollar-rupee parity. These macroeconomic conditions have placed considerable strain on operations, leading to substantial increases in input costs and, consequently, product pricing. However, with the successful completion of the IMF's review and the potential stabilization of the political landscape, a gradual economic recovery is anticipated. This revival is expected to create opportunities for the Company to regain momentum as market conditions improve.

The rising demand for electricity, fueled by rapid urbanization and increased adoption of electrical home appliances, underscores the critical need for expanded transmission and distribution (T&D) infrastructure. Recognizing this, the government has prioritized the enhancement of the power sector, which is expected to drive substantial growth in demand for the Company’s Power Division products.

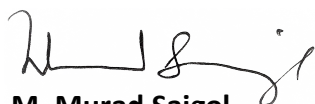
Additionally, the development of Special Economic Zones (SEZs) under the China-Pakistan Economic Corridor (CPEC) is set to generate further demand for electrical equipment. As economic conditions stabilize, a rebound in consumer demand for electrical home appliances is also anticipated, positively impacting the Company’s Home Appliances Division.

In response to these challenges, the Company is actively pursuing an export-led growth strategy, emphasizing market diversification and enhanced product competitiveness. During the year under review, PEL successfully penetrated the U.S. power market and laying a strong foundation for future expansion. Moving forward, the Company remains committed to strengthening its global footprint, leveraging its industry expertise and adherence to high-quality standards to capitalize on international market opportunities and drive long-term sustainable growth.

Acknowledgement

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

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



M. Murad Saigol
Chief Executive Officer



M. Zeid Yousuf Saigol
Director

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

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

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

31-12-2024

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held
	From	To	
1,788	1	100	61,642
1,771	101	500	630,163
1,346	501	1,000	1,208,505
2,489	1,001	5,000	6,808,312
664	5,001	10,000	5,241,683
262	10,001	15,000	3,355,759
207	15,001	20,000	3,804,022
121	20,001	25,000	2,863,987
84	25,001	30,000	2,382,013
55	30,001	35,000	1,816,145
54	35,001	40,000	2,071,987
19	40,001	45,000	814,702
71	45,001	50,000	3,495,978
18	50,001	55,000	954,252
18	55,001	60,000	1,051,193
13	60,001	65,000	817,215
15	65,001	70,000	1,018,270
26	70,001	75,000	1,917,903
13	75,001	80,000	1,018,032
6	80,001	85,000	500,350
15	85,001	90,000	1,331,706
3	90,001	95,000	279,912
37	95,001	100,000	3,697,050
9	100,001	105,000	925,441
9	105,001	110,000	981,140
2	110,001	115,000	222,800
6	115,001	120,000	711,851
8	120,001	125,000	981,789
9	125,001	130,000	1,155,011
3	130,001	135,000	402,887
3	135,001	140,000	417,500
6	140,001	145,000	862,343
14	145,001	150,000	2,088,280
4	150,001	155,000	615,152
1	155,001	160,000	160,000
1	160,001	165,000	162,100
3	165,001	170,000	508,359
6	170,001	175,000	1,045,140
1	175,001	180,000	176,500
1	180,001	185,000	185,000
2	185,001	190,000	376,600
1	190,001	195,000	193,500
19	195,001	200,000	3,795,500
1	200,001	205,000	202,500
2	205,001	210,000	415,915
3	210,001	215,000	641,000

1	215,001	220,000	216,490
2	220,001	225,000	445,580
2	225,001	230,000	451,480
2	230,001	235,000	467,800
2	235,001	240,000	475,050
1	240,001	245,000	245,000
4	245,001	250,000	1,000,000
1	260,001	265,000	261,000
1	275,001	280,000	276,500
1	280,001	285,000	285,000
1	285,001	290,000	286,500
1	290,001	295,000	293,200
3	295,001	300,000	900,000
1	310,001	315,000	314,480
4	320,001	325,000	1,292,460
1	325,001	330,000	328,375
1	335,001	340,000	339,500
1	340,001	345,000	344,000
4	345,001	350,000	1,399,000
1	355,001	360,000	357,000
1	360,001	365,000	365,000
2	365,001	370,000	738,010
1	370,001	375,000	375,000
1	380,001	385,000	382,750
2	385,001	390,000	776,580
1	390,001	395,000	390,200
5	395,001	400,000	2,000,000
3	400,001	405,000	1,209,882
2	405,001	410,000	814,363
1	410,001	415,000	414,034
2	415,001	420,000	834,766
1	420,001	425,000	425,000
3	425,001	430,000	1,279,166
2	430,001	435,000	865,000
1	435,001	440,000	437,600
1	440,001	445,000	441,000
5	445,001	450,000	2,243,316
1	455,001	460,000	459,000
2	480,001	485,000	963,990
1	490,001	495,000	492,500
8	495,001	500,000	4,000,000
1	500,001	505,000	502,000
1	505,001	510,000	508,000
1	515,001	520,000	517,798
1	535,001	540,000	540,000
1	540,001	545,000	544,000
2	545,001	550,000	1,100,000
1	550,001	555,000	552,000
2	595,001	600,000	1,200,000
1	600,001	605,000	602,000
2	620,001	625,000	1,246,940
1	690,001	695,000	694,000
1	695,001	700,000	700,000
1	700,001	705,000	700,500
1	740,001	745,000	740,947
1	755,001	760,000	760,000
2	785,001	790,000	1,577,630
2	795,001	800,000	1,600,000

1	800,001	805,000	802,831
1	820,001	825,000	821,911
2	880,001	885,000	1,765,177
1	970,001	975,000	971,000
1	995,001	1,000,000	1,000,000
1	1,000,001	1,005,000	1,004,500
1	1,040,001	1,045,000	1,044,468
1	1,055,001	1,060,000	1,056,476
1	1,060,001	1,065,000	1,062,349
1	1,110,001	1,115,000	1,114,000
1	1,120,001	1,125,000	1,125,000
1	1,130,001	1,135,000	1,130,580
2	1,175,001	1,180,000	2,355,800
1	1,195,001	1,200,000	1,200,000
1	1,255,001	1,260,000	1,259,500
1	1,305,001	1,310,000	1,310,000
1	1,315,001	1,320,000	1,318,125
1	1,335,001	1,340,000	1,339,550
1	1,450,001	1,455,000	1,450,650
2	1,455,001	1,460,000	2,912,250
1	1,480,001	1,485,000	1,481,354
1	1,600,001	1,605,000	1,603,000
1	1,615,001	1,620,000	1,615,700
1	1,655,001	1,660,000	1,658,693
1	1,715,001	1,720,000	1,720,000
1	1,845,001	1,850,000	1,850,000
1	1,925,001	1,930,000	1,928,860
1	2,495,001	2,500,000	2,500,000
1	2,570,001	2,575,000	2,575,000
1	2,580,001	2,585,000	2,584,523
1	2,590,001	2,595,000	2,595,000
1	2,865,001	2,870,000	2,869,630
1	2,940,001	2,945,000	2,942,661
1	2,995,001	3,000,000	3,000,000
1	3,495,001	3,500,000	3,500,000
1	3,755,001	3,760,000	3,760,000
1	3,765,001	3,770,000	3,768,029
1	4,070,001	4,075,000	4,072,520
1	4,615,001	4,620,000	4,618,180
1	4,785,001	4,790,000	4,788,120
1	4,935,001	4,940,000	4,938,344
1	4,985,001	4,990,000	4,989,284
1	6,540,001	6,545,000	6,540,500
1	6,615,001	6,620,000	6,618,865
1	6,775,001	6,780,000	6,775,838
1	7,770,001	7,775,000	7,772,500
1	8,100,001	8,105,000	8,102,735
1	14,555,001	14,560,000	14,556,440
1	14,995,001	15,000,000	15,000,000
1	15,070,001	15,075,000	15,072,452
1	26,480,001	26,485,000	26,484,389
1	31,315,001	31,320,000	31,319,505
1	31,430,001	31,435,000	31,433,566
1	84,995,001	85,000,000	85,000,000
1	183,780,001	183,785,000	183,780,395
1	217,810,001	217,815,000	217,813,429
<hr/>			
	9,371		856,012,155

PATTERN OF SHAREHOLDING

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	9	257,392,016	30.0687
Associated Companies, undertakings and related party	1	1,044,468	0.1220
NIT and ICP	5	6,694,357	0.7820
Banks Development Financial Institutions Non Banking Financial Institution	16	64,399,434	7.5232
Insurance Companies	10	7,510,589	0.8774
Modarabas and Mutual Funds	35	41,797,148	4.8828
General Public	9,115	328,246,618	38.3460
Others (to be specified)			
Pension Funds	9	3,981,627	0.4651
Other Companies	13	1,998,849	0.2335
Investment Companies	2	5,029,284	0.5875
Joint Stock Companies	129	35,979,135	4.2031
Foreign Companies	27	101,938,630	11.9085
	9,371	856,012,155	100.0000

PAK ELEKTRON LIMITED

**Categories of Shareholding required under Listed Companies (Code of Corporate Governance) Regulations, 2019
As on December 31, 2024**

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:			
1	PROGRESSIVE INDUSTRIES (LAHORE) (PVT) LTD (CDC)	1,044,468	0.1220
		1,044,468	0.1220
Mutual Funds:			
1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	140,793	0.0164
2	CDC - TRUSTEE ALFALAH GHP ALPHA FUND (CDC)	517,798	0.0605
3	CDC - TRUSTEE ALFALAH GHP DEDICATED EQUITY FUND (CDC)	124,000	0.0145
4	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND (CDC)	38,000	0.0044
5	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	1,658,693	0.1938
6	CDC - TRUSTEE ALFALAH GHP STOCK FUND (CDC)	1,455,016	0.1700
7	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	3,000,000	0.3505
8	CDC - TRUSTEE AWT ISLAMIC STOCK FUND (CDC)	459,000	0.0536
9	CDC - TRUSTEE AWT STOCK FUND (CDC)	78,800	0.0092
10	CDC - TRUSTEE HBL FINANCIAL SECTOR INCOME FUND PLAN I - MT (CDC)	882,177	0.1031
11	CDC - TRUSTEE HBL INCOME FUND - MT (CDC)	225,480	0.0263
12	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	324,000	0.0378
13	CDC - TRUSTEE JS ISLAMIC PENSION SAVINGS FUND-EQUITY ACCOUNT (CDC)	34,000	0.0040
14	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	1,603,000	0.1873
15	CDC - TRUSTEE JS PENSION SAVINGS FUND - EQUITY ACCOUNT (CDC)	106,000	0.0124
16	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	1,615,700	0.1887
17	CDC - TRUSTEE NAHAANA ISLAMIC INDEX EXCHANGE TRADED FUND (CDC)	153,352	0.0179
18	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	405,000	0.0473
19	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	2,500,000	0.2921
20	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	200,000	0.0234
21	CDC - TRUSTEE MEEZAN BALANCED FUND (CDC)	200,000	0.0234
22	CDC - TRUSTEE NBP BALANCED FUND (CDC)	174,880	0.0204
23	CDC - TRUSTEE NBP INCOME OPPORTUNITY FUND (CDC)	2,595,000	0.3031
24	CDC - TRUSTEE NBP ISLAMIC STOCK FUND (CDC)	2,942,661	0.3438
25	CDC - TRUSTEE NBP MAHANA AMDANI FUND - MT (CDC)	6,775,838	0.7916
26	CDC - TRUSTEE NBP SARMAYA IZAFI FUND (CDC)	172,260	0.0201
27	CDC - TRUSTEE NBP SAVINGS FUND - MT (CDC)	4,072,520	0.4758
28	CDC - TRUSTEE NBP STOCK FUND (CDC)	4,618,180	0.5395
29	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND (CDC)	160,000	0.0187
30	CDC - TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	1,114,000	0.1301
31	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND (CDC)	75,000	0.0088
32	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND (CDC)	760,000	0.0888
33	MC FSL - TRUSTEE JS GROWTH FUND (CDC)	2,575,000	0.3008
		41,756,148	4.8780
Directors, CEO and their Spouse and Minor Children:			
1	MR. M. NASEEM SAIGOL (CDC)	217,813,429	25.4451
2	MR. MUHAMMAD MURAD SAIGOL	21,364	0.0025
3	MR. MUHAMMAD ZEID YOUSAF SAIGOL	31,445,987	3.6735
4	SYED MANZAR HASSAN	2,041	0.0002
5	MRS. SADAF KASHIF	500	0.0001
6	MR. ANJUM NISAR (CDC)	5,100	0.0006
7	MR. MUHAMMAD KAMRAN SALEEM (CDC)	860	0.0001
8	MR. SHAHID IQBAL CHAUDHARY (Nominee of NBP)	0	0.0000
9	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	8,102,735	0.9466
		257,392,016	30.0687
Executives:			
		-	-
Public Sector Companies & Corporations:			
		-	-
Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:			
		75,932,650	8.8705
Shareholders holding five percent or more voting interest in the listed company			
1	MR. M. NASEEM SAIGOL (CDC)	217,813,429	25.4451
2	MRS. AMBER HAROON SAIGOL (CDC)	183,780,395	21.4694
3	EVLI EMERGING FRONTIER FUND (CDC)	85,000,000	9.9298
		486,593,824	56.8443

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

S. No.	NAME	SALE	PURCHASE
1	MR. ANJUM NISAR	4,089,900	-

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2024

نمبر شمار	کیٹیگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	9	257,392,016	30.0687
2	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔	1	1,044,468	0.1220
3	این آئی ٹی اور آئی سی پی	5	6,694,357	0.7820
4	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	16	64,399,434	7.5232
5	انسورنس کمپنیز	10	7,510,589	0.8774
6	مدار بہ اور میوچل فنڈز	35	41,797,148	4.8828
7	عام عوام	9,115	328,246,618	38.3460
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	9	3,981,627	0.4651
	دوسری کمپنیز	13	1,998,849	0.2335
	انوسٹمنٹ کمپنیز	2	5,029,284	0.5875
	جوائنٹ سٹاک کمپنیز	129	35,979,135	4.2031
	غیر ملکی کمپنیز	27	101,938,630	11.9085
	کل تعداد	9,371	856,012,155	100.0000

تعداد حصص

1,044,468	ایسوسی ایٹڈ کمپنیز، انڈر ٹیکنز اور متعلقہ پارٹی۔
41,756,148	میوچل فنڈز
257,392,016	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔
-	ایگزیکٹوز
-	پبلک سیکورٹیز اور کارپوریٹیشنز
75,932,650	بینک، ڈیولپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انسورنس کمپنیز، مدار بہ اور پینشن فنڈز
486,593,824	پانچ فیصد یا اس سے زیادہ کے حصص داران

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

نمبر شمار	نام	فروخت	خرید
1	محترم انجم شمار	4,089,900	-

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

Name of company: **PAK ELEKTRON LIMITED**

Year ending: **DECEMBER 31, 2024**

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

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

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

2. The composition of the Board is as follows:

Category	Names
Female/ Independent Director	Mrs. Sadaf Kashif
Independent Director	Mr. Muhammad Kamran Saleem
Non-Executive Directors	Mr. M. Naseem Saigol
	Mr. Anjum Nisar
	Mr. Shahid Iqbal Choudhri
Executive Directors	Mr. Muhammad Murad Saigol
	Mr. Muhammad Zeid Yousuf Saigol
	Syed Manzar Hassan

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. In terms of the requirement of the clause 19 of the CCG Regulations, we confirm that seven directors have completed the Directors Training Program (DTP) and one director is exempt from the DTP;
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below.

a) Audit Committee:

1. Mr. Muhammad Kamran Saleem
2. Mr. M. Naseem Saigol
3. Syed Manzar Hassan
4. Mrs. Sadaf Kashif

b) HR and Remuneration Committee:

1. Mr. Muhammad Kamran Saleem
2. Syed Manzar Hassan
3. Mrs. Sadaf Kashif

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following,

a) Audit Committee:

1. March 28, 2024
2. April 30, 2024
3. August 29, 2024
4. October 17, 2024

b) HR and Remuneration Committee:

1. April 04, 2024

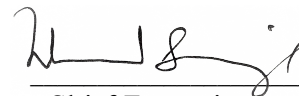
15. The Board has set up an effective internal audit function/ or has outsourced the internal audit function to who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;


17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

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

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



Chief Executive



Director

INDEPENDENT AUDITORS' REPORT

To the members of PAK ELEKTRON LIMITED Report on the Audit of 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 2024**, 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 material 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 2024** and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Sr.	Key Audit Matter	How our audit addressed the Key Audit Matter
1.	<p>Revenue Recognition</p> <p>Refer to notes 6.17 and 36 to the annexed financial statements.</p> <p>The amount of revenue is the most significant class of transaction on the statement of profit or loss. Net revenue has increased by 44 percent in comparison with the previous year. Revenue is recognized when control of the underlying products has been transferred to the customer.</p> <p>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.</p>	<p>Our audit procedures in respect of recognition of revenue, amongst others, included the following:</p> <ul style="list-style-type: none"> Assessing the appropriateness of the Company's revenue recognition accounting policies by comparing with accounting standards; Obtaining understanding of and testing the design and operating effectiveness of controls design to ensure that revenue is recognized in the appropriate accounting period and testing, on a sample basis, invoices and credit notes, recorded before and after the reporting period with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period; and Critically assessing manual journals posted to revenue to identify unusual or irregular items.



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 **ALI RAZA JAFFERY**.



RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Lahore | 25 March 2025

UDIN: AR202410704IrbLuNzAp

PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
EQUITY AND LIABILITIES			
EQUITY			
<i>Authorized share capital</i>	7	11,000,000	11,000,000
Issued ordinary share capital	8	8,560,121	8,560,121
Issued preference share capital	9	449,576	449,576
Share premium	10	5,610,856	5,610,856
Revaluation reserve	11	5,520,508	5,737,289
Retained earnings		23,623,904	21,067,369
TOTAL EQUITY		43,764,965	41,425,211
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term borrowings	12	4,250,000	1,660,209
Lease liabilities	13	53,795	34,437
Warranty obligations	14	118,765	148,939
Deferred tax liability	15	5,511,983	4,900,647
Deferred income	16	27,037	28,460
		9,961,580	6,772,692
CURRENT LIABILITIES			
Trade and other payables	17	3,067,911	3,829,578
Unclaimed dividend		10,301	10,668
Short term borrowings	18	12,314,985	12,326,010
Accrued interest/profit on borrowings	19	547,676	640,000
Income taxes payable	20	1,181,276	-
Current maturity of non-current liabilities	21	1,690,637	2,244,016
		18,812,786	19,050,272
TOTAL LIABILITIES		28,774,366	25,822,964
CONTINGENCIES AND COMMITMENTS	22		
TOTAL EQUITY AND LIABILITIES		72,539,331	67,248,175

The annexed notes from 1 to 66 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
for identification only

PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	23	28,798,479	28,163,993
Intangible assets	24	277,745	282,299
Long term investments	25	21,888	19,268
Long term deposits	26	639,930	614,919
Long term advances	27	496,520	667,288
		30,234,562	29,747,767
CURRENT ASSETS			
Stores, spares and loose tools	28	921,749	885,477
Stock in trade	29	12,978,544	11,687,276
Trade receivables	30	17,554,764	14,312,984
Construction work in progress	31	297,922	615,301
Short term advances	32	3,356,047	3,395,068
Short term deposits and prepayments	33	1,393,324	2,333,463
Short term investments	34	48,499	32,439
Income taxes refundable/adjustable		4,470,225	3,234,566
Other receivables		190,096	219,718
Cash and bank balances	35	1,093,599	784,116
		42,304,769	37,500,408
TOTAL ASSETS		72,539,331	67,248,175

The annexed notes from 1 to 66 form an integral part of these financial statements


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PAK ELEKTRON LIMITED

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
Revenue from contracts with customers	36	69,608,716	48,324,005
Sales tax, excise duty and discounts	36	(16,495,810)	(9,638,893)
Net revenue		53,112,906	38,685,112
Cost of sales	37	(38,970,306)	(27,581,482)
Gross profit		14,142,600	11,103,630
Other income	38	77,561	103,888
Selling and distribution expenses	39	(3,111,933)	(1,842,938)
Administrative expenses	40	(2,591,867)	(2,074,792)
Other expenses	41	(89,223)	(6,779)
		(5,793,023)	(3,924,509)
Impairment allowance for expected credit losses		(303,522)	(84,764)
Operating profit		8,123,616	7,198,245
Finance cost	42	(3,680,096)	(3,648,653)
		4,443,520	3,549,592
Share of (loss)/profit of associate	25.2	(4,145)	183
Profit before statutory levies and income taxes		4,439,375	3,549,775
Provision for statutory levies	43	(307,009)	(1,136,260)
Profit before income taxes		4,132,366	2,413,515
Provision for income taxes	44	(1,765,292)	(1,088,426)
Profit after income taxes		2,367,074	1,325,089
Basic earnings per share [Rupees]	46	2.72	1.50

The annexed notes from 1 to 66 form an integral part of these financial statements


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PAK ELEKTRON LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
Profit after income taxes		2,367,074	1,325,089
Other comprehensive income:			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Revaluation surplus	11	-	1,691,998
Income tax relating to items that will not be reclassified	45	(27,320)	(549,775)
		(27,320)	1,142,223
<i>Items that may be reclassified subsequently to profit or loss</i>			
		-	-
Other comprehensive (loss)/income after income taxes		(27,320)	1,142,223
Total comprehensive income		2,339,754	2,467,312

The annexed notes from 1 to 66 form an integral part of these financial statements



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PAK ELEKTRON LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	Issued ordinary share capital Rupees '000	Issued preference share capital Rupees '000	Share premium Rupees '000	Revaluation reserve Rupees '000	Retained earnings Rupees '000	Total equity Rupees '000
As at 01 January 2023		8,560,121	449,576	5,610,856	4,785,124	19,552,222	38,957,899
Total comprehensive income for the year							
Profit after income taxes		-	-	-	-	1,325,089	1,325,089
Other comprehensive income after income taxes		-	-	-	1,142,223	-	1,142,223
Other transactions							
Incremental depreciation	11	-	-	-	(190,058)	190,058	-
As at 31 December 2023		8,560,121	449,576	5,610,856	5,737,289	21,067,369	41,425,211
As at 01 January 2024		8,560,121	449,576	5,610,856	5,737,289	21,067,369	41,425,211
Total comprehensive income for the year							
Profit after income taxes		-	-	-	-	2,367,074	2,367,074
Other comprehensive loss after income taxes		-	-	-	(27,320)	-	(27,320)
Other transactions							
Incremental depreciation	11	-	-	-	(189,461)	189,461	-
As at 31 December 2024		8,560,121	449,576	5,610,856	5,520,508	23,623,904	43,764,965

The annexed notes from 1 to 66 form an integral part of these financial statements


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PAK ELEKTRON LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	48	5,177,634	13,407,766
Payments for:			
Interest on borrowings - <i>Conventional instruments</i>		(3,087,143)	(3,200,281)
Profit on borrowings - <i>Shariah compliant instruments</i>		(520,941)	(371,737)
Interest on lease liabilities		(21,998)	(20,147)
Income taxes and levies under Income Tax Ordinance, 2001		(1,315,201)	(829,055)
Net cash generated from operating activities		232,351	8,986,546
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,834,930)	(2,065,768)
Purchase of intangible assets		-	(1,306)
Proceeds from disposal of property, plant and equipment		66,457	49,085
Advances for capital expenditure		13,162	(31,079)
Net cash used in investing activities		(1,755,311)	(2,049,068)
CASH FLOWS FROM FINANCING ACTIVITIES			
Redemption of redeemable capital		-	(1,500,000)
Long term borrowings obtained		4,000,000	-
Repayment of long term borrowings		(2,083,383)	(2,120,585)
Lease liabilities paid		(74,465)	(95,069)
Dividend paid		(367)	(12)
Net decrease in short term borrowings		(11,025)	(3,233,777)
Net cash generated from/(used in) financing activities		1,830,760	(6,949,443)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		307,800	(11,965)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		784,116	796,081
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		1,683	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	47	1,093,599	784,116

The annexed notes from 1 to 66 form an integral part of these financial statements



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Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited [‘the Company’] was incorporated under the repealed Companies Act, 1913 on 03 March 1956. The Company is a ‘Public Company Limited by Shares’ and 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 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.

1.1 Location of business units

Registered office	10-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore, Pakistan
Manufacturing Unit I	14 KM, Ferozepur, Road, Lahore, Pakistan
Manufacturing Unit II	34 KM, Ferozepur, Road, Lahore, Pakistan
Islamabad Office	Office no. 301, Green Trust Tower, Blue Area, Islamabad, Pakistan
Karachi Office	Kohinoor Building, 25 West Wharf Road, Karachi, Pakistan

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards 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 as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards [‘IFAS’] issued by Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

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

Items	Measurement basis
Land, building, plant and machinery	Revalued amounts
Investment in associate	Equity method
Investment in listed equity securities	Fair value
Other financial assets	Amortized cost
Provisions	Present value
Other financial liabilities	Amortized cost

2.3 Critical accounting judgements and key sources of estimation uncertainty

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

2.3.1 Critical accounting judgements

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(a) Business model assessment (see note 6.1.2)

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 6.17.1)

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

(c) Significant increase in credit risk (see note 6.19.1)

Expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, at 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 6.3)

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 be classified as equity instruments.

The entire issued preference share capital of Rs. 449,575,920 comprising 44,957,592 class 'A' preference shares of Rs. 10 each, along with preference dividend accumulated up to 31 December 2024 amounting to Rs. 640,645,686 is being converted into ordinary shares of the Company, subsequent to the reporting period, whereby, the Company will issue 67,637,346 ordinary shares of Rs. 10 each to all preference shareholders.

2.3.2 Key sources of estimation uncertainty

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

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 53.1.3)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 2,321.67 million (31-Dec-23: Rs. 1,960.87 million).

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(b) Revaluation of land and building (see note 55.2.1)

Most recent revaluation of land and building was carried out by an independent valuer, Joseph Lobo (Private) Limited, on 31 December 2023. Revalued amounts of land and building have been determined by reference to local market values taking into account prevailing fair market prices under the position and circumstances present on the date of valuation and current market scenario for properties of similar nature in the immediate neighborhood and adjoining areas. Land is valued using market comparable approach that reflects recent transaction prices for similar properties. Significant inputs include estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition. Building is valued using cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction costs and other ancillary expenditure.

A 5% increase in estimated purchase price of land, including non-refundable purchase taxes and other costs directly attributable to the acquisition of land or in estimated construction cost of buildings and other ancillary expenditure would result in a significant increase in fair value of land and building by Rs. 114.292 million (31-Dec-23: Rs. 114.292 million) and Rs. 0.402 million (31-Dec-23: Rs. 373.609 million) respectively.

(c) Revaluation of plant and machinery (see note 55.2.1)

Most recent revaluation of plant and machinery was carried out by an independent valuer, Joseph Lobo (Private) Limited, on 31 December 2023. Revalued amounts of plant and machinery are determined by using cost approach that reflects the cost to the market participants to construct or acquire machinery of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction/acquisition costs and other ancillary expenditure.

A 5% increase in estimated construction/acquisition cost of machinery and other ancillary expenditure would result in a significant increase in fair value of land and building by Rs. 754.647 million (31-Dec-23: Rs. 768.879 million).

(d) Warranty provisions (see note 14)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the Company's best estimate of the expenditure required to settle the obligation. A 10% increase (decrease) in the Company's estimate of expenditure required to settle warranty obligations would have increased (decreased) the provision for warranty obligations by Rs. 53.60 million (31-Dec-23: Rs. 43.97 million).

(e) Provisions for levies and income taxes under Income Tax Ordinance, 2001 (see note 43 and 44)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for income taxes, levies and tax contingencies under the Income Tax Ordinance, 2001 [the Ordinance].

The provision for levies and current tax under the Ordinance are estimated at Rs. 1.372 million (31-Dec-23: Rs. 890.31 million) and Rs. 1,181 million (31-Dec-23: Rs. nil) respectively. The management believes that the provision for current tax and levies made in the financial statements is sufficient to discharge related liabilities under the Ordinance.

Provision for deferred tax of Rs. 584.016 million (31-Dec-23: Rs. 1,088.426 million) has been estimated after taking into account historical and future turnover and profit trends and their taxability under the current tax law.

2.4 Presentation currency

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

2.5 Date of authorization for issue

These financial statements have been approved by the Board of Directors of the Company and authorized for issue on 25 March 2025.

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

The following new and revised International Financial Reporting Standards [IFRS] and International Accounting Standards [IAS], interpretations of and amendments to IFRS and IAS are effective in the current period but are either not relevant to the Company or their application does not have any material impact on the interim financial statements of the Company other than presentation and disclosures, except as stated otherwise.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

3.1 Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

3.2 Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

3.3 Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

3.4 Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangements.

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

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

	Effective date (annual periods beginning on or after)
Lack of Exchangeability (Amendments to IAS 21)	01 January 2025
Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments	01 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	01 January 2026
IFRS 17 Insurance Contracts	01 January 2026
IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information	01 July 2025
IFRS S2 Climate-related Disclosures	01 July 2025
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 for adoption.	
- IFRS 1 First Time Adoption of International Financial Reporting Standards	
- IFRS 18 Presentation and Disclosures in Financial Statements	
- IFRS 19 Subsidiaries without Public Accountability: Disclosures	

The Company intends to adopt these new standards on their effective dates, subject to 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 interim financial statements other than in presentation/disclosures.

5 CHANGE IN ACCOUNTING POLICY

5.1 Income taxes

The Institute of Chartered Accountants of Pakistan vide Circular 07 of 2024 dated 15 May 2024 has issued Application Guidance on Accounting of Minimum Taxes and Final Taxes [the Application Guidance] under IAS 12, IAS 37 and IFRIC 21. The Application Guidance provides guidance on accounting of minimum and final taxes, charged under various provisions of the Income Tax Ordinance, 2001 [the Ordinance] and provides appropriate approaches to account for minimum taxes and final taxes in compliance with the requirements of relevant accounting and reporting standards.

The Application guidance addresses scenarios where an entity is subject to hybrid taxes which comprise a component based on taxable profits and thus within the scope of IAS 12 and a component based on turnover or other basis instead of taxable profits e.g. minimum taxes and final taxes under various provisions of the Ordinance. The Application Guidance provides that since minimum taxes and final taxes are computed on basis other than taxable profits, these fall under the definition of levy within the scope of IFRIC 21/IAS 37 and thus shall be recognized as 'levies' against the previous practice of recognition as 'current tax' under IAS 12.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

In order to implement the Application Guidance, the Company has changed its accounting policy for 'income taxes', following the requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors in respect of restatements arising as a result thereof. Following the change in accounting policy:

- Any component of taxes assessed under the Ordinance which are computed on basis other than taxable profits are recognized as 'levies' while taxes based on taxable profits continue to be recognized as 'current tax'.
- Previously recognized deferred taxes have been reassessed and necessary adjustments, if required, have been made to align with the effective rate of current tax under the new accounting policy.
- Assets/liabilities related to levies and previously included in current tax assets/liabilities have been reclassified.

The amount of adjustment [(increase)/(decrease)] for each financial statement line item affected is as follows:

	31-Dec-24	31-Dec-23
	Rupees '000	Rupees '000
Income taxes payable	(1,372)	(890,310)
Statutory levies payable	1,372	890,310
Advance income taxes	(823)	(881,823)
Prepaid statutory levies	823	881,823
Provision for current taxation	7,115	(890,310)
Provision for statutory levies	(7,115)	890,310
Basic earnings per share	-	-

6 MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the change referred to in note 5.

6.1 Financial instruments

6.1.1 Recognition

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

6.1.2 Classification

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

(a) Financial assets at amortized cost

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

(b) Financial assets at fair value through other comprehensive income ['fair value through OCI']

These are:

- financial assets held within a business model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- investments in equity instruments, that are not held for trading nor contingent consideration recognized by the Company as acquirer in a business combination, for which the Company makes an irrevocable election at initial recognition to present changes in fair value on subsequent measurement in other comprehensive income.

(c) Financial assets at fair value through profit or loss

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

(d) 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.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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

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

6.1.3 Measurement

Measurement methods adopted are explained in individual policy statements associated with each financial instrument.

6.1.4 De-recognition

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 expire or a discharged or cancelled.

6.1.5 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.

6.1.6 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.

6.2 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. Dividends on ordinary shares are charged directly against equity as a deduction from retained earnings, when approved by the ordinary shareholders of the Company.

6.3 Preference share capital

Preference shares that pay a fixed rate of dividend and that have a mandatory redemption feature at a future date and accordingly they carry a contractual obligation to deliver cash and, therefore, are recognized as a liability.

Preference shares that do not have a fixed maturity, and where the Company does not have a contractual obligation to deliver cash or another financial asset to the holder of preference shares and if these will or may be settled in the issuer's own equity instruments, these are either, a non-derivative that includes no contractual obligation for the Company to deliver a variable number of its own equity instruments or a derivative that will be settled only by the Company exchanging a fixed amount of cash or another financial asset for a fixed number of its own equity instruments, are recognized as equity.

Dividends on preference shares recognized as a liability are recognized in profit or loss. Dividends on preference shares recognized as equity are charged directly against equity as a deduction from retained earnings when declared by the Board of Directors.

6.4 Share premium

Share premium represents excess of the fair value of consideration received against issues of shares over the par value of those shares. Share premium is recognized as equity under Section 81 of the Companies Act, 2017.

6.5 Share deposit money

Share deposit money is recognized as equity on receipt basis.

6.6 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. Transaction costs included in the carrying amount of the loans are amortized over the lives of loans using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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.

6.7 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 recognizes 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 recognizes 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 property and equipment assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

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

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

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

Lease liability is remeasured whenever:

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

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

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

6.8 Government and other grants

Grants are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognized 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.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 recognized 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.

6.9 Trade and other payables

6.9.1 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.

6.9.2 Non-financial liabilities

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

6.10 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.

6.11 Property, plant and equipment

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

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

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

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labor 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 23, so as to write off the cost or revalued amounts of assets (other than freehold land and assets under construction) over their estimated 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.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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 disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

6.12 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 rates specified in note 24, over their estimated useful lives, using reducing balance method. 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.

6.13 Investments in equity securities

6.13.1 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.

6.13.2 Investments in other equity securities

Investments in other 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.

6.14 Inventories

6.14.1 Stores, spares and loose tools

Stores, spares and loose tools 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.

6.13.2 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, labor 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.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

6.15 Trade and other receivables

6.15.1 Financial assets

These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost less accumulated impairment losses. Amortized cost is measured using the effective interest method, with interest recognized in profit or loss.

6.15.2 Non-financial assets

These, on initial recognition, are measured at cost. Subsequent to initial recognition, these are measured at cost less accumulated amortization.

6.16 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash in hand and cash at bank. For the purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances.

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 recognizes 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 recognized 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 up to 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 recognized at a point in time when the goods are delivered and have been accepted by customers at their premises.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

<u>Product/service</u>	<u>Nature and timing of satisfaction of performance obligations, including significant payment terms</u>	<u>Revenue recognition policies</u>
Construction contracts		
Engineering, Procurement and Construction Services.	The Company constructs power grid stations for Government as well as private customers. Performance obligations are satisfied over time by reference to stage of completion of contract activity 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 recognized 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 Construction work in progress

Contract costs incurred up to the reporting date which have not been billed to customers because related performance obligations have not been satisfied are recognized on the statement of financial position as 'construction work in progress'. On initial recognition, these are measured at cost. Subsequent to initial recognition, these are measured at cost less accumulated impairment losses.

6.17.3 Contract assets

Contract assets represents consideration receivable for work performed up to the reporting date where performance obligations have been satisfied but invoices have not been issued to customers.. These are classified as 'financial assets at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost less accumulated impairment losses. Amortized cost is measured using the effective interest method, with interest recognized in profit or loss. A contract asset is reclassified to a trade receivable once the Company has an unconditional right to payment i.e. when the invoice is issued.

6.17.4 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 Employee benefits

6.18.1 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 services or property 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.

6.18.2 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.

6.19 Impairment

6.19.1 Financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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 recognizes 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.

6.19.2 Non-financial assets

The carrying amount of the Company's non-financial 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.

6.20 Ujrah payments

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.

6.21 Taxation

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.

6.21.1 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.

6.21.2 Deferred taxation

Deferred tax is accounted for by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. 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.

6.22 Earnings per share

Basic earnings per share 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 earnings per share is calculated by adjusting basic earnings per share 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.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

6.23 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 accounting and reporting standards applicable in Pakistan.

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 Fair value measurements

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

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognized 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 maximize the use of relevant observable inputs and minimize 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 categorized 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 categorized 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 recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6.26 Segment reporting

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

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

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

7 AUTHORIZED SHARE CAPITAL

31-Dec-24	31-Dec-23	Note	31-Dec-24	31-Dec-23
Shares	Shares		Rupees '000	Rupees '000
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000
		Preference shares of Rs. 10 each		
		Class 'A' preference shares	625,000	625,000
		Class 'B' preference shares	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
1,100,000,000	1,100,000,000		11,000,000	11,000,000

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 as and when declared by the Board of Directors of the Company.
- 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.

8 ISSUED ORDINARY SHARE CAPITAL

31-Dec-24	31-Dec-23		31-Dec-24	31-Dec-23
Shares	Shares		Rupees '000	Rupees '000
731,081,721	731,081,721	Ordinary shares		
		Issued for cash	7,310,817	7,310,817
		Issued for other than cash:		
		against machinery	1,375	1,375
		against acquisition of PEL Appliances Limited	4,083	4,083
		against conversion of preference shares	60,408	60,408
		as fully paid bonus shares	1,183,438	1,183,438
124,930,434	124,930,434		1,249,304	1,249,304
856,012,155	856,012,155		8,560,121	8,560,121

9 ISSUED PREFERENCE SHARE CAPITAL

31-Dec-24	31-Dec-23	Note	31-Dec-24	31-Dec-23
Shares	Shares		Rupees '000	Rupees '000
		Class 'A' preference shares		
44,957,592	44,957,592	Issued for cash	449,576	449,576
44,957,592	44,957,592		449,576	449,576

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

The entire issued preference share capital of Rs. 449.58 million along with preference dividend accumulated up to 31 December 2024 amounting to Rs. 640.65 million is being converted into ordinary shares of the Company, subsequent to the reporting period, whereby, the Company will issue 67,637,346 ordinary shares of Rs. 10 each to all preference shareholders.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

10 SHARE PREMIUM

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

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
11 REVALUATION RESERVE			
As at beginning of the year		5,737,289	4,785,124
Surplus recognized during the year	11.1	-	1,495,703
Incremental depreciation transferred to retained earnings		(189,461)	(190,058)
Income tax adjustment for changes in effective tax rate	45	(27,320)	(353,480)
		5,520,508	5,737,289

11.1	This include the following:		
	Surplus arising during the year	-	1,691,998
	Related income taxes	45	(196,295)
		-	1,495,703

12 LONG TERM BORROWINGS

Shariah compliant borrowings

Faysal Bank Limited Diminishing Musharakah	12.1	-	200,000
		-	200,000

Conventional borrowings

The Bank of Punjab Term Facility	12.2	-	38,799
Pak Oman Investment Co. Limited Term Facility	12.3	-	18,750
Askari Bank Limited Term Facility	12.4	250,000	500,000
Pak Libya Holding Co. Limited Term Facility	12.5	15,625	78,125
Bank Alfalah Limited Term Facility	12.6	500,000	1,125,000
Samba Bank Limited Term Facility	12.7	18,750	93,750
Saudi Pak Industrial and Agricultural Investment Co. Limited Term Facility	12.8	250,000	375,000
The Bank of Punjab Term Facility	12.9	312,500	562,500
Saudi Pak Industrial and Agricultural Investment Co. Limited Term Facility	12.10	13,333	26,667
Pak China Investment Co. Limited Term Facility	12.11	-	375,000
Pak Oman Investment Co. Limited Term Facility	12.12	112,500	162,500
Bank Alfalah Limited Syndicate Term Facility	12.13	4,000,000	-
		5,472,708	3,356,091
		5,472,708	3,556,091
Current maturity presented under current liabilities	21	(1,222,708)	(1,895,882)
		4,250,000	1,660,209

12.1 This represents diminishing musharakah facility of Rs. 1,000 million sanctioned by Faysal Bank Limited to finance capital expenditure and permanent working capital requirements. The facility was secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carried profit at three months KIBOR plus 1.5% per annum, payable quarterly. The principal was originally repayable in fifteen equal quarterly installments commencing from February 2020. However, effective December 2019, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in January 2021. The facility has been fully settled during the year.

12.2 This represents term facility of Rs. 250 million sanctioned by The Bank of Punjab to finance capital expenditure. The facility was secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carried interest at three months KIBOR plus 1.5% per annum, payable quarterly. The principal is repayable in sixteen equal quarterly installments with the first installment due in September 2020. The facility has been fully settled during the year.

12.3 This represents term facility of Rs. 150 million sanctioned by Pak Oman Investment Company Limited to finance capital expenditure. The facility was secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carried interest at three months KIBOR plus 2% per annum, payable quarterly. The principal was originally repayable in sixteen equal quarterly installments commencing from August 2019. However, effective May 2020, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in June 2021. The facility has been fully settled during the year.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

- 12.4 This represents term facility of Rs. 1,000 million sanctioned by Askari bank Limited to finance permanent working capital requirements. The facility is secured by charge over operating fixed assets of the Company. The facility carries interest at three months KIBOR plus 1.5% per annum, payable quarterly. The principal is repayable in sixteen equal quarterly installments with the first installment due in April 2022.
- 12.5 This represents term facility of Rs. 250 million sanctioned by Pak Libya Holding Company Limited to finance capital expenditure. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at three months KIBOR plus 2.5% per annum, payable quarterly. The principal is repayable in sixteen equal quarterly installments with the first installment due in May 2021.
- 12.6 This represents term facility of Rs. 2,000 million sanctioned by Bank Alfalah Limited to finance permanent working capital requirements. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at one month KIBOR plus 1.3% per annum, payable quarterly. The principal is repayable in sixteen equal quarterly installments with the first installment due in March 2022.
- 12.7 This represents term facility of Rs. 300 million sanctioned by Samba Bank Limited to finance capital expenditure. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at one month KIBOR plus 1.75% per annum, payable quarterly. The principal is repayable in sixteen equal quarterly installments with the first installment due in April 2021.
- 12.8 This represents term facility of Rs. 500 million sanctioned by Saudi Pak Industrial and Agricultural Investment Company Limited to finance capital expenditure. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at three months KIBOR plus 2.25% per annum, payable quarterly. The principal is repayable in sixteen equal quarterly installments with the first installment due in February 2023.
- 12.9 This represents term facility of Rs. 1,000 million sanctioned by The Bank of Punjab to finance permanent working capital requirements. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at three months KIBOR plus 1.5% per annum, payable quarterly. The principal is repayable in sixteen equal quarterly installments with the first installment due in March 2022.
- 12.10 This represents term facility of Rs. 50 million sanctioned by Saudi Pak Industrial and Agricultural Investment Company Limited to finance capital expenditure. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at three months KIBOR plus 3% per annum, payable quarterly. The principal is repayable in fifteen equal quarterly installments with the first installment due in June 2022.
- 12.11 This represents term facility of Rs. 750 million sanctioned by Pak China Investment Company Limited to finance permanent working capital requirements. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at three months KIBOR plus 1.75% per annum, payable quarterly. The principal is repayable in eight equal quarterly installments with the first installment due in March 2023.
- 12.12 This represents term facility of Rs. 200 million sanctioned by Pak Oman Investment Company Limited to finance permanent working capital requirements. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at three months KIBOR plus 2% per annum, payable quarterly. The principal is repayable in sixteen equal quarterly installments with the first installment due in May 2023.
- 12.13 This represents syndicate term facility of Rs. 4,000 million sanctioned collectively by Bank Alfalah Limited and MCB Bank Limited to finance capital expenditure. The facility is secured by charge over operating fixed assets of the Company and personal guarantees of the Company's directors. The facility carries interest at three months KIBOR plus 1.5% per annum, payable quarterly. The principal is repayable in twelve equal quarterly installments with the first installment due in March 2026.

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
13 LEASE LIABILITIES			
Present value of minimum lease payments	13.1 & 13.2	104,524	91,792
Current maturity presented under current liabilities	21	(50,729)	(57,355)
		53,795	34,437

- 13.1 These represent liabilities against right-of-use assets comprising buildings/office and vehicles. The interest rate implicit in lease ranges from 11.03% to 26.07% per annum for buildings/ offices, and ranges from three months to six months KIBOR plus 1.5% to 2.5% per annum for vehicles. Lease rentals are payable over a tenor ranging from 2 to 3 years. The Company also has the option to acquire vehicles and machinery at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

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

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Note</i>	31-Dec-24 <i>Rupees '000</i>	31-Dec-23 <i>Rupees '000</i>
Not later than one year		65,902	67,838
Later than one year but not later than five years		60,748	37,526
Total future minimum lease payments		126,650	105,364
Finance charge allocated to future periods		(22,126)	(13,572)
Present value of future minimum lease payments		104,524	91,792
Not later than one year		(50,729)	(57,355)
Later than one year but not later than five years		53,795	34,437
14 WARRANTY OBLIGATIONS			
Present value of warranty obligations	14.1 & 14.2	535,965	439,718
Current maturity presented under current liabilities	21	(417,200)	(290,779)
		118,765	148,939
14.1	This represents provision for warranties related to goods sold during the current and previous years. 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 14.05% (31-Dec-23: 22.73%) per annum.		
	<i>Note</i>	31-Dec-24 <i>Rupees '000</i>	31-Dec-23 <i>Rupees '000</i>
14.2 Movement in warranty obligations			
As at beginning of the year		439,718	516,618
Obligation recognized during the year	14.2.1 & 39	344,333	178,735
Amounts charged against the provision		(248,086)	(255,635)
As at end of the year		535,965	439,718
14.2.1	Warranty obligations recognized during the year include the following:		
Unwinding of discount		33,854	33,867
Changes in discount rate		7,715	(3,787)
Additions during the year		302,764	148,655
		344,333	178,735
15 DEFERRED TAX LIABILITY			
Deferred tax liability on taxable temporary differences	15.1	6,117,961	6,037,790
Deferred tax asset on deductible temporary differences	15.1	(605,978)	(1,137,143)
		5,511,983	4,900,647

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31-Dec-24			
	As at 01-Jan-24 Rupees '000	Recognized in profit or loss Rupees '000	Recognized in OCI Rupees '000	Accumulated 31-Dec-24 Rupees '000
Deferred tax liabilities				
Operating fixed assets	5,999,651	48,929	27,320	6,075,900
Right-of-use assets	38,139	3,922	-	42,061
	6,037,790	52,851	27,320	6,117,961
Deferred tax assets				
Long term investments	(7,972)	7,972	-	-
Lease liabilities	(35,383)	(5,381)	-	(40,764)
Provisions	(420,388)	(144,826)	-	(565,214)
Unused tax losses and credits	(673,400)	673,400	-	-
	(1,137,143)	531,165	-	(605,978)
	4,900,647	584,016	27,320	5,511,983
	31-Dec-23			
	As at 01-Jan-23 Rupees '000	Recognized in profit or loss Rupees '000	Recognized in OCI Rupees '000	Accumulated 31-Dec-23 Rupees '000
Deferred tax liabilities				
Operating fixed assets	4,756,149	693,727	549,775	5,999,651
Right-of-use assets	52,886	(14,747)	-	38,139
	4,809,035	678,980	549,775	6,037,790
Deferred tax assets				
Long term investments	(7,220)	(752)	-	(7,972)
Lease liabilities	(46,469)	11,086	-	(35,383)
Provisions	(352,012)	(68,376)	-	(420,388)
Unused tax losses and credits	(1,140,888)	467,488	-	(673,400)
	(1,546,589)	409,446	-	(1,137,143)
	3,262,446	1,088,426	549,775	4,900,647

Deferred tax has been recognized at 39% (31-Dec-23: 39%) of temporary differences.

16 DEFERRED INCOME

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 was recognized as income in the year of receipt. The capital cost was recognized as deferred income and is being amortized and recognized as income in profit or loss in proportion to depreciation charged on related plant and machinery.

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
16.1 Movement in deferred income			
As at beginning of the year		28,460	29,958
Amortized during the year	38	(1,423)	(1,498)
As at end of the year		27,037	28,460

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
17	TRADE AND OTHER PAYABLES		
Trade creditors		347,731	180,846
Foreign bills payable	17.1	1,429,936	1,805,553
Accrued liabilities		275,498	190,671
Advances from customers		179,678	157,913
Employees' provident fund		27,405	20,110
Sales tax payable		470,154	311,539
Statutory levies payable	17.2	320,163	1,148,818
Other payables		17,346	14,128
		3,067,911	3,829,578

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

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
17.2	Statutory levies payable		
Workers' Profit Participation Fund	17.2.1	223,032	178,225
Workers' Welfare Fund	17.2.2	95,759	80,283
Levies under Income Tax Ordinance, 2001	17.2.3	1,372	890,310
		320,163	1,148,818

17.2.1 Workers' Profit Participation Fund

As at beginning of the year		178,225	126,826
Charged to profit or loss for the year		222,983	178,225
Interest on funds utilized by the Company	17.2.1.1	14,814	14,902
Paid during the year		(192,990)	(141,728)
As at end of the year		223,032	178,225

17.2.1.1 Interest on funds utilized by the Company has been recognized at 24.21% (31-Dec-23: 23.50%) per annum.

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
17.2.2	Workers' Welfare Fund		
As at beginning of the year		80,283	51,830
Charged to profit or loss for the year		91,141	67,725
Paid/adjusted during the year		(75,665)	(39,272)
As at end of the year		95,759	80,283

17.2.3 Levies under Income Tax Ordinance, 2001

As at beginning of the year		890,310	14,705
Charged to profit or loss for the year		(7,115)	890,310
Paid/adjusted during the year		(881,823)	(14,705)
As at end of the year		1,372	890,310

18 SHORT TERM BORROWINGS

Shariah compliant borrowings	18.1	3,554,828	1,194,110
Conventional borrowings	18.1	8,760,157	11,131,900
		12,314,985	12,326,010

18.1 These facilities have been obtained from various banking companies and financial institutions for working capital requirements and carry interest/profit at rates ranging from one to nine months KIBOR plus 0.5% to 3% per annum, payable quarterly, with the exception of certain term loans, where interest/profit is payable on maturity. These facilities are secured by pledge/hypothecation of raw material and components, work-in-process, finished goods, imported goods, machinery, spare parts, book debts and personal guarantees of the Company's directors.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

- 18.2 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 15,195 million (31-Dec-23: Rs. 8,654 million).

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
19 ACCRUED INTEREST/PROFIT ON BORROWINGS			
<i>Long term borrowings</i>			
Shariah compliant borrowings		-	9,256
Conventional borrowings		176,191	130,209
		176,191	139,465
<i>Lease liabilities</i>			
Conventional borrowings		-	7,737
		-	7,737
<i>Short term borrowings</i>			
Shariah compliant borrowings		76,557	55,073
Conventional borrowings		294,928	437,725
		371,485	492,798
		547,676	640,000

20 INCOME TAXES PAYABLE

As at beginning of the year		-	742,928
Charged to profit or loss for the year	44	1,181,276	-
Paid/adjusted during the year		-	(742,928)
As at end of the year		1,181,276	-

21 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Long term borrowings	12	1,222,708	1,895,882
Lease liabilities	13	50,729	57,355
Warranty obligations	14	417,200	290,779
		1,690,637	2,244,016

22 CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

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

Tender bonds	215,168	508,406
Performance bonds	3,637,317	4,372,814
Advance guarantees	255,314	222,635
Custom guarantees	-	78,292
Foreign guarantees	-	9,137

- 22.1.2 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.

- 22.1.3 The Company's case was selected for audit under section 177 of the Income Tax Ordinance ['the Ordinance'] for tax year 2016. A notice to call for records, documents, and books of account under section 177(1) of the Ordinance was issued by the Deputy Commissioner Inland Revenue ['DCIR'] on 07 July 2021. The requisite information was submitted by the Company vide letter dated 13 September 2021. The DCIR finalized the audit proceedings and raised a tax demand of Rs. 146.945 million vide order under section 122(4) dated 28 June 2022. The Company filed an appeal before Commissioner Inland Revenue (Appeals) ['CIR(A)'] on 21 July 2022, which was disposed of through an Appellate order no. 36 dated 14 September 2022, issued under section 129(1)(a) of the Ordinance, wherein certain additions made by the DCIR were upheld while relief was allowed to the Company by deleting some of the additions as made by the DCIR. The Company preferred appeal against the CIR(A)'s appellate order before the Appellate Tribunal Inland Revenue ['ATIR'] vide application dated 01 November 2022. The proceedings are in progress.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

- 22.1.4 In respect of tax year 2018, DCIR issued a notice to amend assessment under section 122(9) of the Ordinance on 11 April 2019 whereby the DCIR raised observations related to proration of expenses, claims for tax credits and allowability of various expenses/deductions. The Company responded to this notice vide letter dated 06 May 2019 wherein submissions regarding DCIR's observations were made. The proceedings were completed and an order to amend original assessment dated 31 May 2019 was issued by the DCIR under section 122(5A) of the Ordinance by making certain additions to taxable income and disallowing certain expenses and tax credits. The Company filed an appeal before CIR(A) on 24 June 2019, which was disposed of through an Appellate order dated 23 September 2021, issued under section 129(1)(a) of the Ordinance, wherein certain additions made by the DCIR were upheld while relief was allowed to the Company by deleting some of the additions as made by the DCIR. The Company preferred appeal against the CIR(A)'s appellate order before the ATIR vide application dated 21 October 2022. The proceedings are in progress.
- 22.1.5 In respect of tax year 2019, DCIR issued a notice to amend assessment under section 122(9) of the Ordinance on 17 March 2020 whereby the DCIR 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 DCIR's observations were made. The proceedings were completed and an order to amend original assessment dated 05 May 2020 was issued by the DCIR under section 122(5A) of the Ordinance wherein a demand of Rs. 70.07 million was created by making certain additions to taxable income and disallowing certain expenses and tax credits. The Company filed an appeal before CIR(A) on 05 May 2020, which was disposed of through an Appellate order 10 November 2021, issued under section 129(1)(a) of the Ordinance, wherein certain additions made by the DCIR were upheld while relief was allowed to the Company by deleting some of the additions as made by the DCIR and the DCIR was directed to verify the Company's contention of certain matters. The Company preferred appeal against the CIR(A)'s appellate order before the ATIR vide application dated 15 December 2021. The proceedings are in progress.
- 22.1.6 In respect of tax year 2020, DCIR issued a notice to amend assessment under section 122(9) of the Ordinance on 31 January 2022 whereby the DCIR raised observations related to proration of expenses, claims for tax credits and allowability of various expenses/deductions. The Company responded to this notice vide letter dated 15 March 2022 wherein submissions regarding DCIR's observations were made. The proceedings were completed and an order to amend original assessment dated 11 June 2022 was issued by the DCIR under section 122(5A) of the Ordinance wherein a demand of Rs. 99.384 million was created by making certain additions to taxable income and disallowing certain expenses and tax credits. The Company filed an appeal before CIR(A) on 21 July 2022, which was disposed of through an Appellate order dated 14 September 2022, issued under section 129(1)(a) of the Ordinance, wherein certain additions made by the DCIR were upheld while relief was allowed to the Company by deleting some of the additions as made by the DCIR. The Company preferred appeal against the CIR(A)'s appellate order before the ATIR vide application dated 11 October 2022. The proceedings are in progress.
- 22.1.7 In respect of tax year 2022, DCIR issued a notice to amend assessment under section 122(9) of the Ordinance on 19 July 2024 whereby the DCIR raised observations related to proration of expenses, claims for tax credits and allowability of various expenses/deductions. The Company responded to this notice vide letter dated 15 August 2024 wherein submissions regarding DCIR's observations were made. The proceedings were completed and an order to amend original assessment dated 02 September 2024 was issued by the DCIR under section 122(5A) of the Ordinance wherein a demand of Rs. 181.289 million was created by making certain additions to taxable income and disallowing certain expenses and tax credits. The Company preferred appeal against the DCIR's order before the ATIR vide application dated 24 October 2024. The proceedings are in progress.

	31-Dec-24	31-Dec-23
	Rupees '000	Rupees '000
22.2 Commitments		
22.2.1 Commitments under irrevocable letters of credit for import of:		
Property, plant and equipment	150,228	644,011
Raw material and components	7,928,943	5,023,287
Stores and spare parts	417,313	772,813
	8,496,484	6,440,111

22.2.2 Commitments for capital expenditure, excluding those under irrevocable letters of credit referred to note 22.2.1, amount to Rs. 1,498,863 (31-Dec-23: Rs. 1,054,053) as at the reporting date.

22.2.3 Commitments under ijarah contracts

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

	31-Dec-24	31-Dec-23
	Rupees '000	Rupees '000
Not later than one year	255,169	230,931
Later than one year and not later than five years	257,900	229,045
Later than five years	-	-
	513,069	459,976

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

23 PROPERTY, PLANT AND EQUIPMENT

	31-Dec-24														
	COST/REVALUED AMOUNT						DEPRECIATION								Net book value as at 31-Dec-24 Rupees '000
	As at 01-Jan-24 Rupees '000	Additions Rupees '000	Revaluation Rupees '000	Transfers Rupees '000	Disposals Rupees '000	As at 31-Dec-24 Rupees '000	Rate %	As at 01-Jan-24 Rupees '000	For the year Rupees '000	Revaluation Rupees '000	Transfers Rupees '000	Disposals Rupees '000	As at 31-Dec-24 Rupees '000		
Operating fixed assets															
Land	2,285,835	-	-	-	-	2,285,835	-	-	-	-	-	-	-	2,285,835	
Buildings	11,146,683	63,942	-	890,197	-	12,100,822	5	3,674,505	382,259	-	-	-	4,056,764	8,044,058	
Plant and machinery	27,189,473	261,644	-	231,057	-	27,682,174	5	11,811,890	777,341	-	-	-	12,589,231	15,092,943	
Office equipment and fixtures	228,152	38,970	-	-	(16,553)	250,569	10	95,701	15,088	-	-	(7,774)	103,015	147,554	
Computer hardware and allied items	278,802	60,465	-	-	(19,856)	319,411	33.33	221,736	48,108	-	-	(19,773)	250,071	69,340	
Vehicles	245,910	145,071	-	13,279	(48,407)	355,853	20	161,504	22,639	-	8,801	(27,519)	165,425	190,428	
	41,374,855	570,092	-	1,134,533	(84,816)	42,994,664		15,965,336	1,245,435	-	8,801	(55,066)	17,164,506	25,830,158	
Right-of-use assets															
Buildings	235,599	107,008	-	-	(167,953)	174,654	20-50	142,587	74,217	-	-	(149,998)	66,806	107,848	
Vehicles	13,279	-	-	(13,279)	-	-	20	7,347	1,454	-	(8,801)	-	-	-	
	248,878	107,008	-	(13,279)	(167,953)	174,654		149,934	75,671	-	(8,801)	(149,998)	66,806	107,848	
Capital work in progress															
Buildings	2,334,831	564,954	-	(890,197)	-	2,009,588		-	-	-	-	-	-	2,009,588	
Plant and machinery	320,699	761,243	-	(231,057)	-	850,885		-	-	-	-	-	-	850,885	
	2,655,530	1,326,197	-	(1,121,254)	-	2,860,473		-	-	-	-	-	-	2,860,473	
	44,279,263	2,003,297	-	-	(252,769)	46,029,791		16,115,270	1,321,106	-	-	(205,064)	17,231,312	28,798,479	

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-23														Net book value as at 31-Dec-23 Rupees '000
	COST/REVALUED AMOUNT						DEPRECIATION								
	As at 01-Jan-23 Rupees '000	Additions Rupees '000	Revaluation Rupees '000	Transfers Rupees '000	Disposals Rupees '000	As at 31-Dec-23 Rupees '000	Rate %	As at 01-Jan-23 Rupees '000	For the year Rupees '000	Revaluation Rupees '000	Transfers Rupees '000	Disposals Rupees '000	As at 31-Dec-23 Rupees '000		
Operating fixed assets															
Land	1,097,157	-	1,188,678	-	-	2,285,835	-	-	-	-	-	-	-	2,285,835	
Buildings	9,530,714	48,690	379,523	1,187,756	-	11,146,683	5	3,223,399	325,996	125,110	-	-	3,674,505	7,472,178	
Plant and machinery	25,919,103	72,850	440,098	757,422	-	27,189,473	5	10,859,300	761,399	191,191	-	-	11,811,890	15,377,583	
Office equipment and fixtures	201,026	27,364	-	-	(238)	228,152	10	81,975	13,869	-	-	(143)	95,701	132,451	
Computer hardware and allied items	244,899	38,574	-	-	(4,671)	278,802	33.33	185,945	39,914	-	-	(4,123)	221,736	57,066	
Vehicles	256,426	8,824	-	52,148	(71,488)	245,910	20	151,434	19,502	-	28,857	(38,289)	161,504	84,406	
	37,249,325	196,302	2,008,299	1,997,326	(76,397)	41,374,855		14,502,053	1,160,680	316,301	28,857	(42,555)	15,965,336	25,409,519	
Right-of-use assets															
Buildings	314,784	43,891	-	-	(123,076)	235,599	20-50	186,181	79,482	-	-	(123,076)	142,587	93,012	
Vehicles	65,427	-	-	(52,148)	-	13,279	20	31,318	4,886	-	(28,857)	-	7,347	5,932	
	380,211	43,891	-	(52,148)	(123,076)	248,878		217,499	84,368	-	(28,857)	(123,076)	149,934	98,944	
Capital work in progress															
Buildings	1,701,637	1,820,950	-	(1,187,756)	-	2,334,831		-	-	-	-	-	-	2,334,831	
Plant and machinery	936,748	141,373	-	(757,422)	-	320,699		-	-	-	-	-	-	320,699	
	2,638,385	1,962,323	-	(1,945,178)	-	2,655,530		-	-	-	-	-	-	2,655,530	
	40,267,921	2,202,516	2,008,299	-	(199,473)	44,279,263		14,719,552	1,245,048	316,301	-	(165,631)	16,115,270	28,163,993	

23.1 Property, plant and equipment includes fully depreciated assets of Rs. 145.721 million (31-Dec-23: Rs. 161.436 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

23.2 Land includes:

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

23.3 Additions to capital work in progress include borrowing cost amounting to Rs. 12.710 million (31-Dec-23: Rs. 69.414 million) included in cost of buildings and Rs. 48.648 million (31-Dec-23: Rs. 23.443 million) included in cost of plant and machinery at a capitalization rate of 19.97% (31-Dec-23: 22.90%). The related capital expenditure has been financed by long term borrowings.

23.4 Transfers represent assets transferred from capital work in progress to operating fixed assets on becoming ready and available for intended use and those transferred from right-of-use assets to operating fixed assets on acquisition at the end of lease term.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

23.5 Disposal of operating fixed assets

	31-Dec-24						Particulars of buyer
	Cost / revalued amount Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000	Disposal proceeds Rupees '000	Loss on disposal Rupees '000	Mode of disposal	
Office equipment and fixtures							
Office tables and chairs	1,014	502	512	125	(387)	Negotiation	Muhammad Farooq Akhtar, Lahore.
Conference table and chairs	1,511	699	812	151	(661)	Negotiation	Muhammad Farooq Akhtar, Lahore.
Workstations, wooden cabinet and partition	2,497	1,131	1,366	250	(1,116)	Negotiation	Muhammad Farooq Akhtar, Lahore.
Office partitions	1,542	691	851	53	(798)	Negotiation	Muhammad Farooq Akhtar, Lahore.
Sofa set, table and chairs	1,511	670	841	66	(775)	Negotiation	Muhammad Farooq Akhtar, Lahore.
Aluminium window	2,485	1,091	1,394	65	(1,329)	Negotiation	Muhammad Farooq Akhtar, Lahore.
Air cooled water chiller	4,623	2,051	2,572	150	(2,422)	Negotiation	Ali Hamza, Lahore.
Assets having net book value less than Rs. 500,000 each	1,370	939	431	224	(207)	Negotiation	Various buyers
	16,553	7,774	8,779	1,084	(7,695)		
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	19,856	19,773	83	2,267	2,184	Company policy	Various employees
	19,856	19,773	83	2,267	2,184		
Vehicles							
Honda City	2,710	1,479	1,231	971	(260)	Company policy	Muhammad Saleem (employee)
Toyota Altis Grandee	3,933	2,148	1,785	984	(801)	Company policy	Masood Tahir (employee)
Suzuki Cultus Vxl	1,900	1,022	878	924	46	Company policy	Adnan Irfan (employee)
Suzuki Cultus	1,900	1,037	863	889	26	Company policy	Mahtab Ahmad (employee)
Honda City iVtec	2,315	1,475	840	1,619	779	Company policy	Adnan Yaqoob (employee)
Suzuki Cultus Vxr	1,780	943	837	1,183	346	Company policy	Adeel Munir (employee)
Suzuki Swift Dlx	2,030	1,209	821	822	1	Company policy	Aizaz Hamd Khan (employee)
Honda BRV	3,405	2,147	1,258	1,299	41	Company policy	Azeem Bin Talib (employee)
Suzuki Alto	1,598	911	687	594	(93)	Company policy	Kamran Mustafa (employee)
Suzuki Alto Ags	1,598	923	675	615	(60)	Company policy	Arslan Ahmed (employee)

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

31-Dec-24							
	Cost / revalued amount Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000	Disposal proceeds Rupees '000	Loss on disposal Rupees '000	Mode of disposal	Particulars of buyer
Suzuki Cultus Vxr	1,855	1,255	600	525	(75)	Company policy	Ghulam Asghar (employee)
Honda City	1,934	1,372	562	393	(169)	Company policy	Naveed Ahmed (employee)
Assets having net book value less than Rs. 500,000 each	21,449	11,598	9,851	52,288	42,437	Company policy/ Negotiation	Various employees/buyers
	48,407	27,519	20,888	63,106	42,218		
	84,816	55,066	29,750	66,457	36,707		

31-Dec-23							
	Cost / revalued amount Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000	Disposal proceeds Rupees '000	Loss on disposal Rupees '000	Mode of disposal	Particulars of buyer
Office equipment and fixtures							
Assets having net book value less than Rs. 500,000 each	238	143	95	89	(6)	Negotiation	Various buyers
	238	143	95	89	(6)		

Computer hardware and allied items

Assets having net book value less than Rs. 500,000 each	4,671	4,123	548	722	174	Company policy	Various employees
	4,671	4,123	548	722	174		

Vehicles

Audi 1.2	6,000	3,373	2,627	1,833	(794)	Company policy	Abdul Waheed Butt (employee)
Honda BRV	2,739	868	1,871	1,635	(236)	Company policy	Mansoor Zaman (employee)
Toyota Yaris	3,033	1,375	1,658	1,616	(42)	Company policy	M.Amjad Raza (employee)
Honda BRV	3,305	1,719	1,586	947	(639)	Company policy	Tahir Arshad (employee)
Toyota Passo	1,640	288	1,352	575	(777)	Company policy	Aamir Anwar (employee)
Honda BRV	2,042	723	1,319	1,416	97	Company policy	Masood Ahmed Nasir (employee)

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-23						
	Cost / revalued amount Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000	Disposal proceeds Rupees '000	Loss on disposal Rupees '000	Mode of disposal	Particulars of buyer
Honda City	2,395	1,176	1,219	1,743	524	Company policy	Syed Hasnain Shah (employee)
Honda Civic Oriel	2,988	1,805	1,183	583	(600)	Company policy	Iftikhar (employee)
Corolla Gli	1,700	539	1,161	950	(211)	Company policy	Irshad Khan (employee)
Suzuki Cultus	2,030	921	1,109	1,244	135	Company policy	Abid Hussain (employee)
Suzuki Cultus	1,985	1,012	973	715	(258)	Company policy	Usman Anwar (employee)
Toyota Corolla Gli	2,331	1,392	939	915	(24)	Company policy	Iftikhar (employee)
Honda BRV	2,388	1,475	913	391	(522)	Company policy	Shoaib (employee)
Suzuki Cultus	1,865	986	879	1,080	201	Company policy	Raza Nabi (employee)
Honda Civic	2,254	1,520	734	1,205	471	Company policy	Azam Aziz (employee)
Corolla Altis	1,856	1,134	722	740	18	Company policy	Amer (employee)
Honda City	784	65	719	706	(13)	Company policy	Arshad Ali (employee)
Suzuki Alto	1,398	687	711	893	182	Company policy	Umer Hayat Bajwa (employee)
Suzuki Alto	1,398	700	698	401	(297)	Company policy	Akbar Mashood Khan (employee)
Suzuki Swift	1,651	997	654	720	66	Company policy	Adnan (employee)
Honda Civic	2,203	1,574	629	806	177	Company policy	Umer Saleemi (employee)
Toyota Corolla Gli	1,634	1,063	571	480	(91)	Company policy	Asif (employee)
Assets having net book value less than Rs. 500,000 each	21,869	12,897	8,972	26,680	17,708	Company policy/ Negotiation	Various employees/buyers
	71,488	38,289	33,199	48,274	15,075		
	76,397	42,555	33,842	49,085	15,243		

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-24	31-Dec-23
	<i>Rupees '000</i>	<i>Rupees '000</i>
23.6 The depreciation charge for the year has been allocated as follows:		
Cost of sales	1,241,767	1,174,925
Selling and distribution expenses	55,348	21,737
Administrative expenses	23,991	48,386
	1,321,106	1,245,048

23.7 Revaluation of property, plant and equipment

Most recent valuation of land, building and plant and machinery was carried out by an independent valuer, Joseph Lobo (Private) Limited, on 31 December 2023 and was incorporated in the financial statements for the year ended 31 December 2023. For basis of valuation, refer to note 2.3.2(b) and (c).

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

	31-Dec-24			31-Dec-23		
	Cost <i>Rupees '000</i>	Accumulated depreciation <i>Rupees '000</i>	Net book value <i>Rupees '000</i>	Cost <i>Rupees '000</i>	Accumulated depreciation <i>Rupees '000</i>	Net book value <i>Rupees '000</i>
Land	251,085	-	251,085	251,085	-	251,085
Building	9,410,167	2,643,445	6,766,722	8,456,028	2,336,223	6,119,805
Plant and machinery	16,514,165	5,858,244	10,655,921	16,021,464	5,316,457	10,705,007

23.8 Forced sale values of land, building and plant and machinery as at the reporting date are as follows:

	31-Dec-24	31-Dec-23
	<i>Rupees '000</i>	<i>Rupees '000</i>
Land	1,942,960	1,942,960
Building	6,837,449	6,351,351
Plant and machinery	12,829,002	12,302,067
	21,609,411	20,596,378

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

24 INTANGIBLE ASSETS

	Note	31-Dec-24							Net book value as at 31-Dec-24 Rupees '000
		COST			Rate %	AMORTIZATION/IMPAIRMENT			
		As at 01-Jan-24 Rupees '000	Additions Rupees '000	As at 31-Dec-24 Rupees '000		As at 01-Jan-24 Rupees '000	For the year Rupees '000	As at 31-Dec-24 Rupees '000	
Technology transfer agreement	24.1	115,495	-	115,495	5	58,839	2,833	61,672	53,823
Goodwill	24.2	312,341	-	312,341	-	91,859	-	91,859	220,482
Software	24.3	55,299	-	55,299	33.33	50,138	1,721	51,859	3,440
		483,135	-	483,135		200,836	4,554	205,390	277,745

	Note	31-Dec-23							Net book value as at 31-Dec-23 Rupees '000
		COST			Rate %	AMORTIZATION/IMPAIRMENT			
		As at 01-Jan-23 Rupees '000	Additions Rupees '000	As at 31-Dec-23 Rupees '000		As at 01-Jan-23 Rupees '000	For the year Rupees '000	As at 31-Dec-23 Rupees '000	
Technology transfer agreement	24.1	115,495	-	115,495	5	55,857	2,982	58,839	56,656
Goodwill	24.2	312,341	-	312,341	-	91,859	-	91,859	220,482
Software	24.3	53,993	1,306	55,299	33.33	47,959	2,179	50,138	5,161
		481,829	1,306	483,135		195,675	5,161	200,836	282,299

24.1 This represents technology of single phase meters, three phase digital meters and power transformers acquired from different foreign companies.

24.2 This represents difference between the cost of acquisition of (fair value of consideration paid) and the fair value of net identifiable assets acquired at the time of acquisition of PEL Appliances Limited.

24.3 This represents different software acquired for business purposes.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

		31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
25	LONG TERM INVESTMENTS		
	<i>Kohinoor Power Company Limited</i>		
	2,910,600 (31-Dec-23: 2,910,600) ordinary shares of Rs. 10 each	25.1	21,888
	Relationship: associate		19,268
	Ownership Interest: 23.1% (31-Dec-23: 23.1%)		
	Market value: Rs. 7.52 (31-Dec-23: Rs. 6.62) per share		
		21,888	19,268

25.1 This represents investment in ordinary shares of Kohinoor Power Company Limited ['KPCL'], an associate. KPCL was incorporated under the repealed Companies Ordinance, 1984 on 08 December 1991. KPCL is a 'Public Company Limited by Shares' 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. 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:

	Note	31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
Cost of investment		54,701	54,701
Share of post acquisition losses	25.2	(19,123)	(14,978)
		35,578	39,723
Accumulated impairment	25.3	(13,690)	(20,455)
		21,888	19,268

25.2 Extracts of financial statements of associate

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-24	31-Dec-23
		Rupees '000	Rupees '000
Non-current assets		75,170	80,343
Current assets		40,144	51,999
Non-current liabilities		-	-
Current liabilities		3,853	2,938
Revenue		5,366	17,103
(Loss)/profit for the year		(17,944)	792
Share of loss for the year		(4,145)	183
Break-up value per share [Rupees]		8.85	10.27
Market value per share [Rupees]		7.52	6.62

25.3 Movement in accumulated impairment

As at beginning of the year		20,455	28,596
Impairment reversed during the year	38	(6,765)	(8,141)
As at end of the year		13,690	20,455

26 LONG TERM DEPOSITS

Financial institutions	26.1	108,297	101,115
Suppliers and contractors	26.2	531,633	513,804
		639,930	614,919

26.1 These represent security deposits against Ijarah contracts.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

26.2 These have been deposited with various suppliers and contractors 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.

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
27 LONG TERM ADVANCES			
Advances to dealers	27.1	445,315	602,921
Advances to suppliers	27.2	51,205	64,367
		496,520	667,288

27.1 Advances to dealers

Face value of advances	27.1.1	3,281,303	3,539,033
Unamortized notional interest		(977,873)	(1,026,092)
		2,303,430	2,512,941
Current maturity presented under current assets	32	(1,858,115)	(1,910,020)
		445,315	602,921

27.1.1 These advances have been made to various dealers. These are classified as 'financial assets at amortized cost' under IFRS 9 which are measured at amortized cost determined using discount rates ranging from 15.44% to 22.73% per annum.

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
27.1.2 Unamortized notional interest			
As at beginning of the year		1,026,092	857,275
Recognized during the year		537,456	516,111
Amortized during the year		(585,675)	(347,294)
Net change for the year	39	(48,219)	168,817
As at end of the year		977,873	1,026,092

27.2 Advances to suppliers

These represent advances for capital expenditure.

28 STORES, SPARES AND LOOSE TOOLS

Stores		400,376	351,865
Spares		409,740	441,838
Loose tools		126,257	105,393
		936,373	899,096
Impairment allowance for slow moving and obsolete items	28.1	(14,624)	(13,619)
		921,749	885,477

28.1 Impairment allowance for slow moving and obsolete items

As at beginning of the year		13,619	13,619
Recognized during the year	37.2	1,005	-
As at end of the year		14,624	13,619

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

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

		31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
29	STOCK IN TRADE		
	Raw material and components		
	in stores	5,725,545	5,512,577
	in transit	3,108,048	2,183,386
	Impairment allowance for slow moving and obsolete items	29.1 (36,595)	(34,310)
		8,796,998	7,661,653
	Work in process	1,696,644	1,403,957
		1,696,644	1,403,957
	Finished goods	2,503,026	2,638,968
	Impairment allowance for slow moving and obsolete items	29.1 (18,124)	(17,302)
		2,484,902	2,621,666
		12,978,544	11,687,276

29.1 Impairment allowance for slow moving and obsolete items

	Note	31-Dec-24		31-Dec-23	
		Raw material Rupees '000	Finished goods Rupees '000	Raw material Rupees '000	Finished goods Rupees '000
As at the beginning of the year		34,310	17,302	32,344	18,124
Recognized during the year	37.2	2,285	822	1,966	-
Reversed during the year	37.2	-	-	-	(822)
As at the end of the year		36,595	18,124	34,310	17,302

29.2 Stock in trade valued at Rs. 626.674 million (31-Dec-23: Rs. 1,179.247 million) is pledged as security with providers of debt finances.

	Note	31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
30	TRADE RECEIVABLES		
	Gross amounts due	30.1 & 30.2 18,354,339	14,809,037
	Impairment allowance for expected credit losses	30.3 (799,575)	(496,053)
		17,554,764	14,312,984

30.1 These include amount due against export sales amounting to Rs. 549.607 million (31-Dec-23: Rs. 435.179 million). The remaining balance of trade receivables is recoverable against local sales.

30.2 These include retention money for construction contracts in progress amounting to Rs. 164.711 million (31-Dec-23: Rs. 283.09 million) held by the customers in accordance with contract terms.

	Note	31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
30.3	Impairment allowance for expected credit losses		
	As at beginning of the year	496,053	411,289
	Recognized during the year	53.1.6 423,279	380,624
	Reversed during the year	53.1.6 (119,757)	(295,860)
	As at end of the year	799,575	496,053

31 CONSTRUCTION WORK IN PROGRESS

This represents contract costs incurred up to the reporting date which have not been billed to customers because related performance obligations have not yet been satisfied.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-24	31-Dec-23	
	Rupees '000	Rupees '000	
32 SHORT TERM ADVANCES			
Advances to suppliers and contractors	782,552	714,646	
Impairment allowance	(37,558)	(37,558)	
	744,994	677,088	
Advances to employees	754,387	809,409	
Impairment allowance	(1,449)	(1,449)	
	752,938	807,960	
Advances to dealers	1,858,115	1,910,020	
	3,356,047	3,395,068	
33 SHORT TERM DEPOSITS AND PREPAYMENTS			
Security deposits	354,829	370,931	
Impairment allowance for expected credit losses	(5,379)	(5,379)	
	349,450	365,552	
Margin deposits	598,400	631,122	
Letters of credit	400,777	382,964	
Prepaid expenses	43,874	72,002	
Prepaid statutory levies	823	881,823	
	1,393,324	2,333,463	
34 SHORT TERM INVESTMENTS			
These represent investments in listed equity securities. These, being held for trading, are required to be measured at fair value through profit or loss mandatorily. Accordingly, these have been classified as 'financial assets at fair value through profit or loss'. Particulars of investments are as follows:			
	Note	31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
Standard Chartered Bank (Pakistan) Limited			
915,070 (31-Dec-23: 915,070) ordinary shares of Rs. 10 each			
Market value: Rs. 53.00 (31-Dec-23: Rs. 35.45) per share			
As at beginning of the year		32,439	18,118
Changes in fair value	38	16,060	14,321
As at end of the year		48,499	32,439
35 CASH AND BANK BALANCES			
Cash in hand		19,524	13,290
Cash at banks		1,074,075	770,826
		1,093,599	784,116
36 NET REVENUE			
Sale of goods			
- local		68,824,223	47,816,354
- exports		784,493	481,317
		69,608,716	48,297,671
Construction contracts		-	26,334
		69,608,716	48,324,005
Sales tax and excise duty		(10,495,675)	(7,292,500)
Trade discounts		(6,000,135)	(2,346,393)
		53,112,906	38,685,112

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
37 COST OF SALES			
Finished goods at the beginning of the year		2,621,666	3,538,846
Cost of goods manufactured	37.1	38,516,163	26,490,148
Finished goods at the end of the year		(2,484,902)	(2,621,666)
Cost of goods sold		38,652,927	27,407,328
Cost of construction contracts		317,379	174,154
		38,970,306	27,581,482

37.1 Cost of goods manufactured

Work-in-process at beginning of the year		1,403,957	1,417,998
Raw material and components consumed		33,848,247	22,337,642
Direct wages		1,462,427	1,028,133
Factory overheads:			
Salaries, wages and benefits	37.1.1	690,220	566,012
Traveling and conveyance		47,299	28,330
Electricity, gas and water		791,961	734,180
Repairs and maintenance		212,767	151,631
Vehicles running and maintenance		101,694	62,307
Insurance		73,302	79,261
Carriage and freight		38,093	36,006
Erection and testing		213,948	214,579
Research and development		36,321	22,279
Depreciation	23.6	1,241,767	1,174,925
Amortization of intangible assets	24	4,554	5,161
Impairment allowance for obsolete and slow moving inventories	37.2	4,112	1,144
Other factory overheads		42,138	34,517
		3,498,176	3,110,332
Work-in-process at end of the year		40,212,807	27,894,105
		(1,696,644)	(1,403,957)
		38,516,163	26,490,148

37.1.1 These include charge in respect of employees retirement benefits amounting to Rs. 62.033 million (31-Dec-23: Rs. 46.688 million).

37.2 This includes impairment allowance/(reversal) for the following slow moving and obsolete inventories:

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
Stores, spares and loose tools	28.1	1,005	-
Stock in trade			
Raw material and components	29.1	2,285	1,966
Finished goods	29.1	822	(822)
		4,112	1,144

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
38 OTHER INCOME			
Gain on financial instruments			
Changes in fair value of short term investments	34	16,060	14,321
Reversal of impairment allowance of long term investment	25.3	6,765	8,141
Gain on early termination of leases		1,856	-
Dividend income		5,487	8,231
Foreign exchange gain	38.1	9,263	51,003
		39,431	81,696
Other income			
Amortization of grant-in-aid	16.1	1,423	1,498
Gain on disposal of property, plant and equipment	23.5	36,707	15,243
Miscellaneous		-	5,451
		38,130	22,192
		77,561	103,888

38.1 This includes unrealized foreign exchange gain of Rs. 4.19 million (31-Dec-23: Rs. 6.97 million).

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
39 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	39.1	598,448	439,633
Traveling and conveyance		97,738	63,984
Rent, rates and taxes		55,471	44,637
Electricity, gas, fuel and water		25,494	19,193
Repairs and maintenance		24,561	17,607
Vehicles running and maintenance		74,469	52,244
Printing and stationery		17,434	14,277
Postage, telegrams and telephones		34,442	28,097
Entertainment and staff welfare		71,546	52,643
Advertisement and sales promotion		670,971	134,517
Insurance		14,432	19,144
Freight and forwarding		539,963	356,526
Contract and tendering		6,523	5,543
Depreciation	23.6	55,348	21,737
Warranty period services	14	344,333	178,735
Others	39.2	480,760	394,421
		3,111,933	1,842,938

39.1 These include charge in respect of employees retirement benefits amounting to Rs. 21.661 million (31-Dec-23: Rs. 18.308 million).

39.2 These include notional interest income (31-Dec-23: expense) amounting to Rs. 48.219 million (31-Dec-23: Rs. 168.817 million) on advances to dealers. (See note 27.1).

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
40 ADMINISTRATIVE EXPENSES			
Salaries and benefits	40.1	1,172,046	937,291
Traveling and conveyance		109,218	95,261
Rent, rates and taxes		114,837	91,707
Ujrah payments		291,497	262,629
Legal and professional		203,644	153,296
Electricity, gas and water		128,437	96,107
Auditor's remuneration	40.2	7,800	7,400
Repairs and maintenance		111,920	79,955
Vehicles running and maintenance		101,104	56,286
Printing, stationery and periodicals		16,610	13,803
Postage, telegrams and telephones		33,902	25,336
Entertainment and staff welfare		263,703	178,455
Advertisement		1,189	10,432
Insurance		11,016	14,641
Depreciation	23.6	23,991	48,386
Others		953	3,807
		2,591,867	2,074,792

40.1 These include charge in respect of employees retirement benefits amounting to Rs. 35.537 million (31-Dec-23: Rs. 28.572 million).

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
40.2 Auditor's remuneration			
Annual statutory audit		5,550	5,250
Limited scope review		1,200	1,200
Review report under corporate governance		700	600
Out of pocket expenses		350	350
		7,800	7,400

41 OTHER EXPENSES

Donations	41.1	10,504	6,246
Miscellaneous		78,719	533
		89,223	6,779

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-24 Rupees '000	31-Dec-23 Rupees '000
SOS Children's Villages Pakistan	-	1,240
Lahore General hospital	1,850	1,500
NUST Scholarship Grant	2,420	2,200
Fountain House	1,000	-
	5,270	4,940

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

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
42	FINANCE COST		
Interest/profit on borrowings:			
long term finances		625,240	981,200
short term borrowings		2,829,161	2,507,145
		3,454,401	3,488,345
Interest on lease liabilities		21,998	20,147
Interest on Workers' Profit Participation Fund		14,814	14,902
Bank charges and commission		188,883	125,259
		3,680,096	3,648,653
43	PROVISION FOR STATUTORY LEVIES		
Workers' Profit Participation Fund		222,983	178,225
Workers' Welfare Fund		91,141	67,725
Levies under Income Tax Ordinance, 2001	43.1	(7,115)	890,310
		307,009	1,136,260
43.1	Levies under Income Tax Ordinance, 2001		
Current year	43.1.1	1,372	890,310
Prior year		(8,487)	-
		(7,115)	890,310
43.1.1	Levies under Income Tax Ordinance, 2001 ['the Ordinance'] have been recognized under section 4C and 150 (31-Dec-23: section 4C, 113C, 150 and 154) of the Ordinance.		
		31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
44	PROVISION FOR INCOME TAXES		
Current taxation			
for current year		1,181,276	-
for prior years		-	-
		1,181,276	-
Deferred taxation			
attributable to origination and reversal of temporary differences		545,671	820,932
attributable to changes in tax rates		38,345	267,494
		584,016	1,088,426
		1,765,292	1,088,426
44.1	Provision for current taxation has been recognized under section 4C, 18 and 154 of the Income Tax Ordinance, 2001 ['the Ordinance'].		
44.2	The income tax assessments of the Company up to and including tax year 2022 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance, except as explained in notes 22.1.3 to 22.1.7.		
44.3	Estimated liability payable with return of income to be filed under section 114 of the Income Tax Ordinance 2001, subject to adjustment of taxes and levies paid/deducted in advance and available refunds, comprises the following:		
		Note	31-Dec-24
			31-Dec-23
			Rupees '000
			Rupees '000
Levies under Income Tax Ordinance, 2001	43	1,372	890,310
Income taxes		1,181,276	-
		1,182,648	890,310

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

44.4 Reconciliation between average effective tax rate and applicable tax rate for the year is as follows:

	<i>Unit</i>	31-Dec-24	31-Dec-23
Profit before income taxes	<i>Rupees '000</i>	4,132,366	2,413,515
Provision for income taxes	<i>Rupees '000</i>	1,765,292	1,088,426
Average effective tax rate	%	42.72	45.10
Tax effects of:			
Provision for deferred taxation	%	(14.13)	(45.10)
Provision for statutory levies	%	(2.90)	(47.08)
Income chargeable to tax at different rates	%	0.05	86.08
Income not chargeable to tax	%	0.33	-
Inadmissible deductions and other adjustments	%	(16.41)	-
Admissible deductions, losses and tax credits	%	29.34	-
Applicable tax rate	%	39.00	39.00
	<i>Note</i>	31-Dec-24	31-Dec-23
		<i>Rupees '000</i>	<i>Rupees '000</i>

45 INCOME TAXES RECOGNIZED IN OTHER COMPREHENSIVE INCOME

Income taxes recognized in other comprehensive income comprise the following:

Current taxation		-	-
Deferred taxation			
changes in effective tax rate	11	27,320	353,480
revaluation surplus recognized during the year	11.1	-	196,295
		27,320	549,775
		27,320	549,775
	<i>Unit</i>	31-Dec-24	31-Dec-23

46 BASIC EARNINGS PER SHARE

Earnings

Profit after income taxes	<i>Rupees '000</i>	2,367,074	1,325,089
Preference dividend for the year	<i>Rupees '000</i>	(42,710)	(42,710)
Profit attributable to ordinary shareholders	<i>Rupees '000</i>	2,324,364	1,282,379

Shares

Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	856,012,155	856,012,155
<i>Basic earnings per share</i>	<i>Rupees</i>	2.72	1.50

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.

	<i>Note</i>	31-Dec-24	31-Dec-23
		<i>Rupees '000</i>	<i>Rupees '000</i>

47 CASH AND CASH EQUIVALENTS

Cash and bank balances	35	1,093,599	784,116
		1,093,599	784,116

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-24	31-Dec-23
	Rupees '000	Rupees '000
48 CASH GENERATED FROM OPERATIONS		
Profit before income taxes	4,132,366	2,413,515
Adjustments for non-cash and other items:		
Interest/profit on borrowings	3,454,401	3,488,345
Interest on lease liabilities	21,998	20,147
Share of loss/(gain) from associate	4,145	(183)
Notional interest (income)/expense on long term advances	(48,219)	168,817
Gain on disposal of property, plant and equipment	(36,707)	(15,243)
Amortization of grant-in-aid	(1,423)	(1,498)
Amortization of intangible assets	4,554	5,161
Reversal of impairment on long term investment	(6,765)	(8,141)
Changes in fair value of short term investments	(16,060)	(14,321)
Impairment allowance for expected credit losses	303,522	84,764
Impairment allowance for obsolete and slow moving inventories	4,112	1,144
Depreciation	1,321,106	1,245,048
Gain on early termination of lease liability	(1,856)	-
Provision for levies under Income Tax Ordinance, 2001	(7,115)	890,310
Exchange gain	(4,187)	(6,966)
Other expenses	78,719	-
	5,070,225	5,857,384
	9,202,591	8,270,899
Changes in working capital		
Long term deposits	(25,011)	(106,866)
Long term advances	257,730	(1,695,513)
Stores, spares and loose tools	(37,277)	(28,412)
Stock in trade	(1,294,375)	2,137,020
Trade receivables	(3,545,302)	1,283,290
Construction work in progress	317,379	172,563
Short term advances	(12,884)	1,602,310
Short term deposits and prepayments	59,139	(44,128)
Other receivables	29,622	74,049
Warranty obligations	96,247	248,494
Trade and other payables	129,775	1,494,060
	(4,024,957)	5,136,867
Cash generated from operations	5,177,634	13,407,766

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

49 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31-Dec-24							
	Issued ordinary share capital Rupees '000	Issued preference share capital Rupees '000	Share Premium 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	8,560,121	449,576	5,610,856	-	3,556,091	91,792	12,326,010	10,668
Redemption of redeemable capital	-	-	-	-	-	-	-	-
Long term borrowings obtained	-	-	-	-	4,000,000	-	-	-
Repayment of long term borrowings	-	-	-	-	(2,083,383)	-	-	-
Lease liabilities recognized	-	-	-	-	-	107,008	-	-
Interest on lease liabilities	-	-	-	-	-	21,998	-	-
Repayment of lease liabilities	-	-	-	-	-	(96,463)	-	-
Early termination of lease liability	-	-	-	-	-	(19,811)	-	-
Net decrease in short term borrowings	-	-	-	-	-	-	(11,025)	-
Dividend paid	-	-	-	-	-	-	-	(367)
As at end of the year	8,560,121	449,576	5,610,856	-	5,472,708	104,524	12,314,985	10,301

	31-Dec-23							
	Issued ordinary share capital Rupees '000	Issued preference share capital Rupees '000	Share Premium 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	8,560,121	449,576	5,610,856	1,500,000	5,676,676	142,970	15,559,787	10,680
Redemption of redeemable capital	-	-	-	(1,500,000)	-	-	-	-
Long term finances obtained	-	-	-	-	-	-	-	-
Repayment of long term finances	-	-	-	-	(2,120,585)	-	-	-
Lease liabilities recognized	-	-	-	-	-	43,891	-	-
Interest on lease liabilities	-	-	-	-	-	20,147	-	-
Repayment of lease liabilities	-	-	-	-	-	(115,216)	-	-
Early termination of lease liability	-	-	-	-	-	-	-	-
Net decrease in short term borrowings	-	-	-	-	-	-	(3,233,777)	-
Dividend paid	-	-	-	-	-	-	-	(12)
As at end of the year	8,560,121	449,576	5,610,856	-	3,556,091	91,792	12,326,010	10,668

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

50 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The details of the 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 and basis of relationship
Pak Elektron Limited Employees Provident Fund Trust	Post-employment Benefit Plan
Kohinoor Power Company Limited	Associate [Significant Influence]
Kohinoor Energy Limited	Associated Company [Common Directorship]
Mr. M. Murad Saigol	Key Management Personnel [Chief Executive]
Mr. M. Zeid Yousuf Saigol	Key Management Personnel [Director]
Mr. Syed Manzar Hassan	Key Management Personnel [Director]

The Company continues to have a policy whereby all transactions with related parties entered into in the ordinary course of business are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction. Detail of transactions with related parties during the reporting period and balances with them as at the reporting date are as follows:

		31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
50.1 Transactions with related parties			
Nature of relationship	Nature of transactions		
Associated companies	Purchase of services	7,308	47,798
	Sale of goods	402	4,926
Key management personnel	Short term employee benefits	51,020	48,838
	Meeting fee	270	285
Post-employment benefit plan	Contribution for the year	119,543	93,567
50.2 Balances with related parties			
Nature of relationship	Nature of transactions		
Associated companies	Payable against purchases	-	5,000
Key management personnel	Short term employee benefits payable	1,719	860
Post-employment benefit plan	Contribution payable	27,405	20,110

51 CONTRACTS WITH CUSTOMERS

51.1 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 58.

	31-Dec-24			31-Dec-23		
	Power division Rupees '000	Appliances division Rupees '000	Total Rupees '000	Power division Rupees '000	Appliances division Rupees '000	Total Rupees '000
Product/service lines						
Home appliances	-	40,075,370	40,075,370	-	22,299,554	22,299,554
Electrical capital goods	29,533,346	-	29,533,346	25,998,117	-	25,998,117
Construction contracts	-	-	-	26,334	-	26,334
	29,533,346	40,075,370	69,608,716	26,024,451	22,299,554	48,324,005
Revenue recognition						
At a point in time	29,533,346	40,075,370	69,608,716	25,998,117	22,299,554	48,297,671
Over a period of time	-	-	-	26,334	-	26,334
	29,533,346	40,075,370	69,608,716	26,024,451	22,299,554	48,324,005

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

51.2 Contract balances

There are no contract assets as at the reporting date. The information about receivables and contract liabilities arising from contracts with customers is as follows:

Nature of balance	Presented in financial statements as	Note	31-Dec-24	31-Dec-23
			Rupees '000	Rupees '000
Receivables	Trade receivables	30	17,554,764	14,312,984
Contract liabilities	Advances from customers	17	179,678	157,913

51.2.1 Changes in contract assets and liabilities

There are no contract assets as at the reporting date. Significant changes in contract liabilities during the year are as follows:

	31-Dec-24	31-Dec-23
	Rupees '000	Rupees '000
As at beginning of the year	797,701	32,091
Revenue recognized against contract liability as at beginning of the year	(797,701)	(32,091)
Net increase due to cash received in excess of revenue recognized	179,678	31,010
As at end of the year	179,678	31,010

51.3 Impairment losses

The Company during the year has recognized Rs. 423.279 million (31-Dec-23: Rs. 380.624 million) as impairment loss for expected credit losses on receivables (trade receivables) arising from the Company's contracts with customers. Further, impairment allowance amounting to Rs. 119.757 million (31-Dec-23: Rs. 295.860 million) was reversed during the year on actual recovery. (See note 30.3).

52 FINANCIAL INSTRUMENTS

The carrying amounts of the Company's financial instruments as at the reporting date are as follows:

		31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
52.1 Financial liabilities			
<i>Financial liabilities at amortized cost</i>			
Long term borrowings	12	5,472,708	3,556,091
Lease liabilities	13	104,524	91,792
Creditors	17	347,731	180,846
Foreign bills payable	17	1,429,936	1,805,553
Accrued liabilities	17	275,498	190,671
Employees' provident fund	17	27,405	20,110
Unclaimed dividend		10,301	10,668
Short term borrowings	18	12,314,985	12,326,010
Accrued interest/profit on borrowings	19	547,676	640,000
		20,530,764	18,821,741
52.2 Financial assets			
<i>Cash in hand</i>	35	19,524	13,290
<i>Financial assets at amortized cost</i>			
Long term deposits with suppliers and contractors	26	531,633	513,804
Long term advances to dealers	27	2,303,430	2,512,941
Trade receivables	30	17,554,764	14,312,984
Short term security deposits	33	349,450	365,552
Margin deposits	33	598,400	631,122
Bank balances	35	1,074,075	770,826
		22,411,752	19,107,229
<i>Financial assets mandatorily classified at fair value through profit or loss</i>			
Short term investments		48,499	32,439
		22,479,775	19,152,958

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

53 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:

53.1 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.

53.1.1 Credit risk management practices

In order to minimize 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 asset is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

53.1.2 Exposure to credit risk

Credit risk principally arises from 'financial assets carried at amortized cost' 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-24 Rupees '000	31-Dec-23 Rupees '000
Long term deposits with suppliers and contractors	26	531,633	513,804
Long term advances to dealers	27	2,303,430	2,512,941
Trade receivables	30	18,354,339	14,809,037
Short term security deposits	33	354,829	370,931
Margin deposits	33	598,400	631,122
Bank balances	35	1,074,075	770,826
		23,216,706	19,608,661

53.1.3 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:

	External credit rating	Internal credit risk grading	31-Dec-24		
			12-month or life-time ECL	Gross carrying amount Rupees '000	Loss allowance Rupees '000
Long term deposits with suppliers and contractors	N/A	Performing	12-month ECL	531,633	-
Long term advances to dealers	N/A	Performing	12-month ECL	2,303,430	-
Trade receivables	N/A	Performing	Lifetime ECL	15,934,257	182,612
	N/A	Doubtful	Lifetime ECL	2,379,556	577,761
	N/A	In-default	Lifetime ECL	40,526	39,202
				18,354,339	799,575
Short term security deposits	N/A	Performing	12-month ECL	349,450	-
		Doubtful	Lifetime ECL	5,379	5,379
				354,829	5,379
Margin deposits	A3 - A1+	Performing	12-month ECL	598,400	-
Bank balances	A3 - A1+	Performing	12-month ECL	1,074,075	-
				23,216,706	804,954

	External credit rating	Internal credit risk grading	31-Dec-23		
			12-month or life-time ECL	Gross carrying amount Rupees '000	Loss allowance Rupees '000
Long term deposits with suppliers and contractors	N/A	Performing	12-month ECL	513,804	-
Long term advances to dealers	N/A	Performing	12-month ECL	2,512,941	-
Trade receivables	N/A	Performing	Lifetime ECL	13,870,462	289,063
	N/A	Doubtful	Lifetime ECL	911,311	179,790
	N/A	In-default	Lifetime ECL	27,264	27,200
				14,809,037	496,053
Short term security deposits	N/A	Performing	12-month ECL	365,552	-
		Doubtful	Lifetime ECL	5,379	5,379
				370,931	5,379
Margin deposits	A3 - A1+	Performing	12-month ECL	631,122	-
Bank balances	A3 - A1+	Performing	12-month ECL	770,826	-
				19,608,661	501,432

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(a) Long term deposits with utility companies and regulatory authorities

Deposits with utility companies and regulatory authorities are placed for an indefinite period without any fixed maturity. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) Long term deposits with suppliers and contractors

Deposits with suppliers and contractors are subject to refund when the contract is terminated. Due to long standing business relationships with these counterparties, the management does not expect any credit loss. Therefore, no credit risk has been associated with these financial assets and accordingly no impairment loss allowance has been made.

(c) Long term advances to dealers

Credit quality of advances to dealers is assessed by reference to internal risk grading based on an age based criteria. Recoveries against these advances are current and in accordance with the contract and, therefore, are considered to have low credit risk and thus no impairment loss allowance has been made.

(d) 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. The following table provides information about exposure to credit risk and ECL for trade receivables as at the reporting date:

	31-Dec-24			
	Internal risk grading	Average loss rate %	Gross amount due Rupees '000	Accumulated impairment Rupees '000
Not yet due	Performing	0.19	8,898,280	17,312
Past due by 1-90 days	Performing	0.64	2,460,963	15,708
Past due by 31-90 days	Performing	2.55	2,284,811	58,367
Past due by 91-180 days	Performing	3.98	2,290,203	91,225
Past due by 181-365 days	Doubtful	19.29	1,825,966	352,219
Past due by 1-2 years	Doubtful	40.74	553,590	225,542
Past due by more than 2 years	In-default	96.73	40,526	39,202
			18,354,339	799,575

	31-Dec-23			
	Internal risk grading	Average loss rate %	Gross amount due Rupees '000	Accumulated impairment Rupees '000
Not yet due	Performing	0.14	6,323,612	9,167
Past due by 1-30 days	Performing	0.35	2,145,466	7,419
Past due by 31-90 days	Performing	3.32	3,240,830	107,643
Past due by 91-180 days	Performing	7.63	2,160,554	164,834
Past due by 181-365 days	Doubtful	18.89	877,167	165,727
Past due by 1-2 years	Doubtful	41.19	34,144	14,063
Past due by more than 2 years	In-default	99.77	27,264	27,200
			14,809,037	496,053

(e) Short term security deposits

These primarily represent deposits with various shipping companies engaged for foreign trade. Due to long standing business relationships with these counterparties management does not expect any credit loss, except where the contract has ended and the related deposit has not been refunded, in which case these are considered to be 'in-default' and thus adequate impairment loss allowance has been made for deposits classified as 'in-default'. No credit risk has been associated with the security deposits considered 'performing' and accordingly no impairment loss allowance has been made.

(f) Margin deposits

These are placed with financial institutions with reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss. Therefore, no credit risk has been associated with these financial assets and accordingly no impairment loss allowance has been made.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

(g) Bank balances

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

53.1.4 Concentrations of credit risk

The Company's maximum exposure to credit risk, as at the reporting date, by type of counter-party is as follows:

	31-Dec-24	31-Dec-23
	Rupees '000	Rupees '000
Customers	20,657,769	17,321,978
Banking companies and financial institutions	1,672,475	1,401,948
Others	886,462	884,735
	23,216,706	19,608,661

53.1.5 Collateral held

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

53.1.6 Changes in impairment allowance for expected credit losses

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

	Note	31-Dec-24	31-Dec-23
		Rupees '000	Rupees '000
As at beginning of the year		501,432	416,668
Impairment loss on trade receivables:			
recognized during the year	30	423,279	380,624
reversed during the year	30	(119,757)	(295,860)
Net change in impairment allowance		303,522	84,764
As at end of the year		804,954	501,432

53.2 Liquidity risk

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

53.2.1 Liquidity risk management

The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities. Details of undrawn facilities that the Company has at its disposal to further reduce liquidity risk are referred to in note 18.2. There were no changes in the Company's approach to liquidity risk management during the year.

53.2.2 Exposure to liquidity risk

The following is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	31-Dec-24				
	Carrying amount	Contractual cash flows	One year or less	One to five years	More than five years
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Long term borrowings	5,472,708	5,812,970	2,051,934	3,761,036	-
Lease liabilities	104,524	126,650	65,902	60,748	-
Creditors	347,731	347,731	347,731	-	-
Foreign bills payable	1,429,936	1,429,936	1,429,936	-	-
Accrued liabilities	275,498	275,498	275,498	-	-
Employees' provident fund	27,405	27,405	27,405	-	-
Unclaimed dividend	10,301	10,301	10,301	-	-
Short term borrowings	12,314,985	12,720,257	12,720,257	-	-
Accrued interest/profit on borrowings	547,676	547,676	547,676	-	-
	20,530,764	21,298,424	17,476,640	3,821,784	-

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-23				
	Carrying amount Rupees '000	Contractual cash flows Rupees '000	One year or less Rupees '000	One to five years Rupees '000	More than five years Rupees '000
Long term borrowings	3,556,091	4,531,249	2,562,359	1,968,890	-
Lease liabilities	91,792	105,364	67,838	37,526	-
Creditors	180,846	180,846	180,846	-	-
Foreign bills payable	1,805,553	1,805,553	1,805,553	-	-
Accrued liabilities	190,671	190,671	190,671	-	-
Employees' provident fund	20,110	20,110	20,110	-	-
Unclaimed dividend	10,668	10,668	10,668	-	-
Short term borrowings	12,326,010	16,481,644	16,481,644	-	-
Accrued interest/profit on borrowings	640,000	640,000	640,000	-	-
	18,821,741	23,966,105	21,959,689	2,006,416	-

53.3 Market risk

53.3.1 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, if considered necessary. 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-24			
	USD Rupees '000	EURO Rupees '000	RMB Rupees '000	Total Rupees '000
Financial assets				
Trade receivables	549,607	-	-	549,607
Cash at banks	120,931	-	-	120,931
	670,538	-	-	670,538
Financial liabilities				
Foreign bills payable	(895,431)	(49,857)	(484,648)	(1,429,936)
	(895,431)	(49,857)	(484,648)	(1,429,936)
Net statement of financial position exposure	(224,893)	(49,857)	(484,648)	(759,398)
Foreign currency commitments	(5,319,809)	(845,986)	(2,330,689)	(8,496,484)
Net exposure	(5,544,702)	(895,843)	(2,815,337)	(9,255,882)

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-23			Total Rupees '000
	USD Rupees '000	EURO Rupees '000	RMB Rupees '000	
Financial assets				
Trade receivables	435,179	-	-	435,179
Cash at banks	-	-	-	-
	435,179	-	-	435,179
Financial liabilities				
Foreign bills payable	(1,497,613)	(41,636)	(266,304)	(1,805,553)
	(1,497,613)	(41,636)	(266,304)	(1,805,553)
Net statement of financial position exposure	(1,062,434)	(41,636)	(266,304)	(1,370,374)
Foreign currency commitments	(4,177,019)	(1,214,793)	(1,048,299)	(6,440,111)
Net exposure	(5,239,453)	(1,256,429)	(1,314,603)	(7,810,485)

(c) 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. 37.97 million (31-Dec-23: Rs. 68.52 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 levies and income taxes for the year. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

53.3.2 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 analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the 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) Exposure to interest rate risk

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

	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
Fixed rate instruments		
Financial assets	2,303,430	2,512,941
Financial liabilities	104,524	91,792
Variable rate instruments		
Financial assets	-	-
Financial liabilities	17,787,693	15,882,101

(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. 177.88 million (31-Dec-23: Rs. 158.82 million). A decrease of 100 basis points would have had an equal but opposite effect on loss for the year 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.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

53.3.3 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 short term investments.

(a) Equity price risk management

The Company does not manage its exposure to equity price risk.

(b) Sensitivity analysis

A five percent appreciation in prices of equity securities held for trading as at reporting date would have increased profit and equity as at the reporting date by Rs 2.425 million (31-Dec-23: 1.622 million). A one percent diminution in prices of mutual funds units as at the reporting date would have had equal but opposite effect on equity and profit for the year. The analysis assumes that all other variables remain constant and ignores the impact, if any, on provision for taxation and levies for the year.

54 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 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-24	31-Dec-23
Total debt	Rupees '000	5,577,232	3,647,883
Total equity	Rupees '000	43,764,965	41,425,211
Total capital employed	Rupees '000	49,342,197	45,073,094
Gearing ratio	% age	11.30	8.09

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.

55 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:

55.1 Financial instruments

55.1.1 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:

Financial instruments	Hierarchy	Valuation technique and key inputs	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
Short term investments	Level 1	Quoted bid prices in an active market	48,499	32,439

55.1.2 Non-recurring fair value measurements

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

55.1.3 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.

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

55.2 Assets and liabilities other than financial instruments

55.2.1 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:

Assets/liabilities	Hierarchy	Valuation technique and key inputs	31-Dec-24	31-Dec-23
			Rupees '000	Rupees '000
Land	Level 2	Land is valued using market comparable approach that reflects recent transaction prices for similar properties. Significant inputs include estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	2,285,835	2,285,835
Buildings	Level 2	Building is valued using cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction costs and other ancillary expenditure.	8,044,058	7,472,178
Plant and machinery	Level 2	Plant and machinery is valued using cost approach that reflects the cost to the market participants to construct or acquire machinery of comparable utility and age, adjusted for obsolescence and depreciation. Significant inputs include estimated construction/acquisition costs and other ancillary expenditure.	15,092,943	15,377,583

55.2.2 Non-recurring fair value measurements

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

	31-Dec-24	31-Dec-23
	Rupees '000	Rupees '000
56 MORTGAGES AND CHARGES		
Hypothecation of fixed assets	25,032,156	26,459,001
Hypothecation of current assets	38,668,508	36,277,841
Pledge of stock in trade	626,674	1,179,247

57 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-24		
	Chief Executive Rupees '000	Directors Rupees '000	Executives Rupees '000
Remuneration	12,046	34,154	334,689
House rent	1,205	1,205	25,708
Utilities	1,205	1,205	26,571
Bonus	-	-	32,660
Post employment benefits	-	2,211	32,927
Meeting fee	-	270	-
Reimbursable expenses	-	-	92,336
	14,456	39,045	544,891
Number of persons	1	4	111

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-23		
	Chief Executive Rupees '000	Directors Rupees '000	Executives Rupees '000
Remuneration	12,046	31,972	247,062
House rent	1,205	1,205	31,610
Utilities	1,205	1,205	23,383
Bonus	-	-	33,068
Post employment benefits	-	1,993	24,728
Meeting fee	-	285	-
Reimbursable expenses	-	-	53,304
	14,456	36,660	413,155
Number of persons	1	4	91

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

57.2 No remuneration has been paid to non-executive directors, with the exception of meeting fee.

58 SEGMENT REPORTING

An operating segment is a component of an entity:

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

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

Segments	Nature of business
Power Division	Manufacturing and sale of Transformers, Switchgears, Energy Meters and Engineering, Procurement and Construction [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.

58.1 Segment information

	31-Dec-24		
	Power division Rupees '000	Appliances division Rupees '000	Total Rupees '000
Revenue	29,533,346	40,075,370	69,608,716
Finance cost	1,711,627	1,968,469	3,680,096
Additions to property, plant and equipment	1,585,141	418,156	2,003,297
Depreciation and amortization	660,547	665,113	1,325,660
Segment profit	1,486,151	2,969,031	4,455,182
Segment assets	33,374,932	34,622,964	67,997,896

	31-Dec-23		
	Power division Rupees '000	Appliances division Rupees '000	Total Rupees '000
Revenue	26,024,451	22,299,554	48,324,005
Finance cost	2,020,925	1,627,728	3,648,653
Additions to property, plant and equipment	727,789	1,474,727	2,202,516
Depreciation and amortization	598,386	651,823	1,250,209
Segment profit	2,828,182	624,301	3,452,483
Segment assets	30,668,608	32,411,471	63,080,079

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
58.2 Reconciliation of segment profit		
Total profit for reportable segments	4,455,182	3,452,483
Other income	77,561	103,888
Other expenses	(89,223)	(6,779)
Share of loss of associate	(4,145)	183
Provision for statutory levies	(307,009)	(1,136,260)
Provision for income taxes	(1,765,292)	(1,088,426)
Profit after income taxes	2,367,074	1,325,089

58.3 Reconciliation of segment assets		
Total profit for reportable segments	67,997,896	63,080,079
Long term investments	21,888	19,268
Short term investments	48,499	32,439
Income taxes refundable/adjustable	4,470,225	3,234,566
Prepaid statutory levies	823	881,823
Profit after income taxes	72,539,331	67,248,175

58.4 Information about major customers

Revenue derived from single significant external customer to whom sales in excess of 10% of the Company's total sales were made during the year is follows:

	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
Gujranwala Electric Power Company	8,313,729	1,766,144

59 EMPLOYEES PROVIDENT FUND TRUST

The Company operates a contributory provident fund for its employees where contributions are made by the Company and employees each at 10% (31-Dec-23: 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.

	31-Dec-24 Rupees '000	31-Dec-23 Rupees '000
60 SHAHRIAH DISCLOSURES		
Loans/advances obtained as per islamic mode	3,554,828	1,394,110
Shariah compliant bank deposits/bank balances	131,930	128,304
Profit earned from shariah compliant bank deposits/bank balances	-	-
Revenue earned from a shariah compliant business segment	53,112,906	38,685,112
Gain/loss or dividend earned from shariah compliant investments	-	-
Exchange gain earned from actual currency	9,263	51,003
Profit paid on islamic mode of financing	520,941	371,737
Interest paid on any conventional loan or advances	3,065,033	3,200,281

60.1 Relationship with shariah compliant banks:

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

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

61 PLANT CAPACITY AND ACTUAL PRODUCTION

		31-Dec-24		31-Dec-23	
		Annual production capacity	Actual production	Annual production capacity	Actual production
Transformers/Power transformers	MVA	8,000	2,488	8,000	2,922
Switch gears	Nos.	12,500	5,188	12,500	7,723
Energy meters	Nos.	1,700,000	493,051	1,700,000	723,235
Air conditioners	Tonnes	200,000	95,608	200,000	36,905
Refrigerators/Deep freezers	Cfts.	7,950,000	2,606,048	7,950,000	1,576,357
Microwave ovens/Water dispensers	Liters	3,500,000	1,120,389	3,500,000	675,796
LED TVs	Sets	200,000	8,396	200,000	-
Washing machines	Kgs	860,000	442,883	860,000	363,452

62 NUMBER OF EMPLOYEES

	31-Dec-24		31-Dec-23	
	Factory	Area offices	Factory	Area offices
Total number of employees	4,326	462	3,793	445
Average number of employees	3,958	481	3,858	463

63 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

64 EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Company has sent out notices to all preference shareholders for conversion outstanding preference shares and accumulated preference dividend thereon pursuant to which, the entire issued preference share capital of Rs. 449,575,920, comprising 44,957,592 class 'A' preference shares of Rs. 10 each, along with preference dividend accumulated up to 31 December 2024 amounting to Rs. 640,645,686 is being converted into ordinary shares of the Company, whereby, the Company will issue 67,637,346 ordinary shares of Rs. 10 each to all preference shareholders.

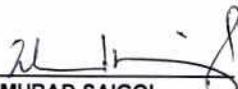
	31-Dec-24	31-Dec-23
	Rupees '000	Rupees '000
65 RECLASSIFICATIONS		
The following have been reclassified for better presentation.		
Provision for levies under Income Tax Ordinance, 2001 Reclassified from Provision for income taxes > Current taxation Reclassified to Provision for statutory levies	(7,115)	890,310
Provision for Workers' Profit Participation Fund Reclassified from Other expenses Reclassified to Provision for statutory levies	222,983	178,225
Provision for Workers' Welfare Fund Reclassified from Other expenses Reclassified to Provision for statutory levies	91,141	67,725
Levies under Income Tax Ordinance, 2001 payable Reclassified from Current taxation Reclassified to Trade and other payables > Statutory levies payable	1,372	890,310
Prepaid statutory levies Reclassified from Current taxation Reclassified to Short term deposits and prepayments	823	881,823

PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

66 GENERAL

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However, there were no significant reclassifications during the year, except for those referred to in note 65.



M. MURAD SAIGOL
Chief Executive Officer



M. ZEID YOUSUF SAIGOL
Director



SYED MANZAR HASSAN
Chief Financial Officer

for identification only

Form of Proxy

69th Annual General Meeting

LEDGER FOLIO

SHARES HELD

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

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 69th Annual General Meeting of the Company to be held on **Tuesday, April 29, 2025** at 11:00 A.M. at Factory Premises, 14-KM, Ferozpur Road, Lahore and at every adjournment thereof, if any.

A witness my / our hand (s) this _____ day of April, 2025.

Signed by the said

REVENUE
STAMP

Witnesses:

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

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 54 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 10-G, Mushtaq Ahmed Gurmani Road, Gulberg-II, Lahore, the Registered Office of the Company not later than forty-eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirements have to be met.
 - (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form.
 - (ii) In case of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier along with proxy form to the Company).
 - (ii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

