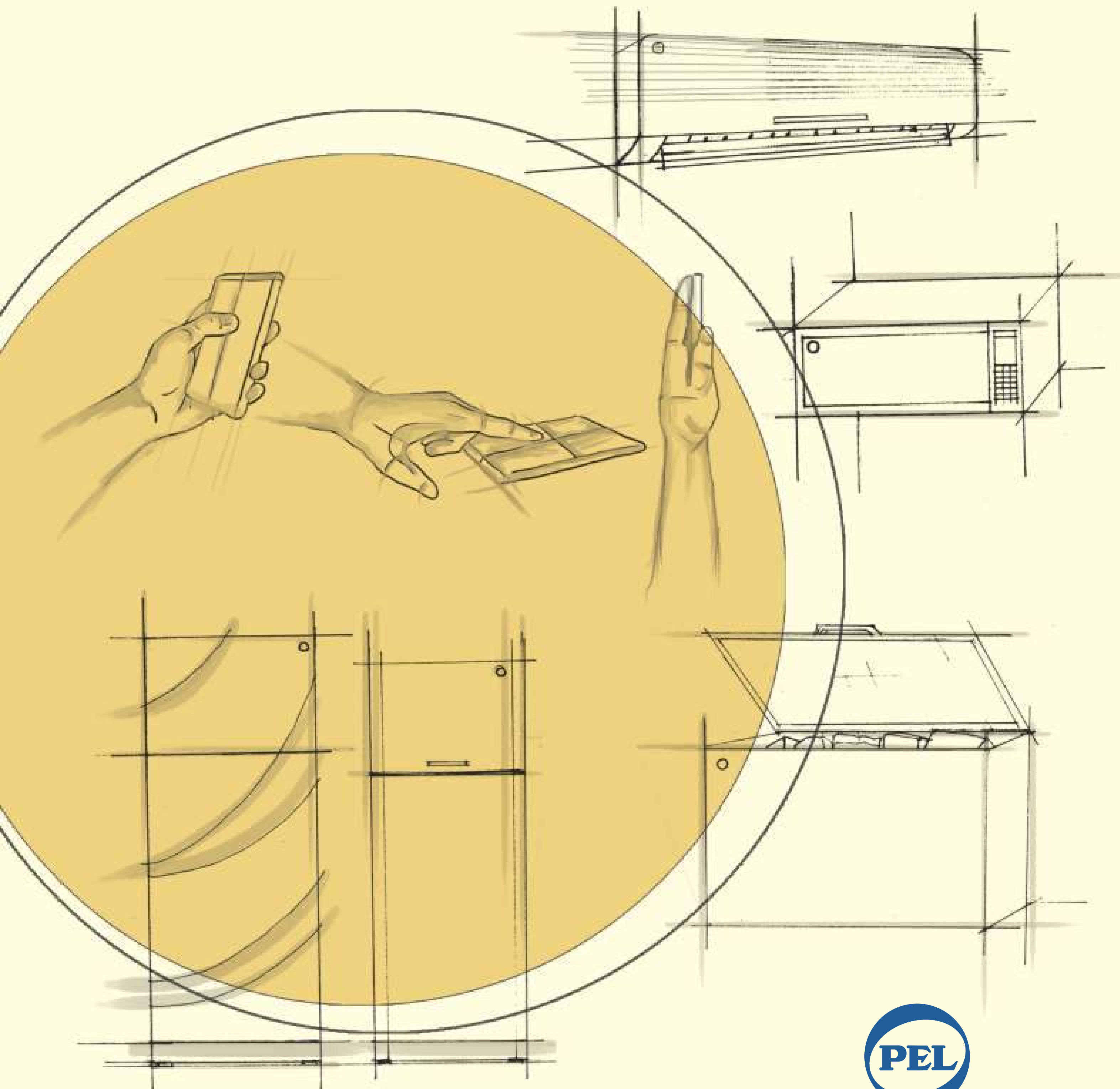
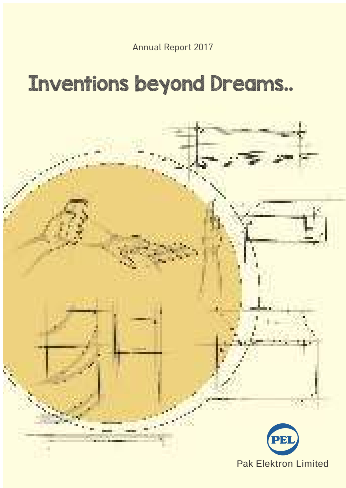
Annual Report 2017

Inventions beyond Dreams..



Pak Elektron Limited



Inventions beyond Dreams..

Through Research & Development, Technology and Innovation Leadership

PEL recognizes the importance of consumer-driven product development, makes significant investments in Research & Development and Technologies, and remains a technology forerunner and market leader in providing new products and services to meet the challenges and technology intensive needs of its customers.

This annual report can be accessed and downloaded from PEL's website
http://pel.com.pk/index.php/financial/

Contents

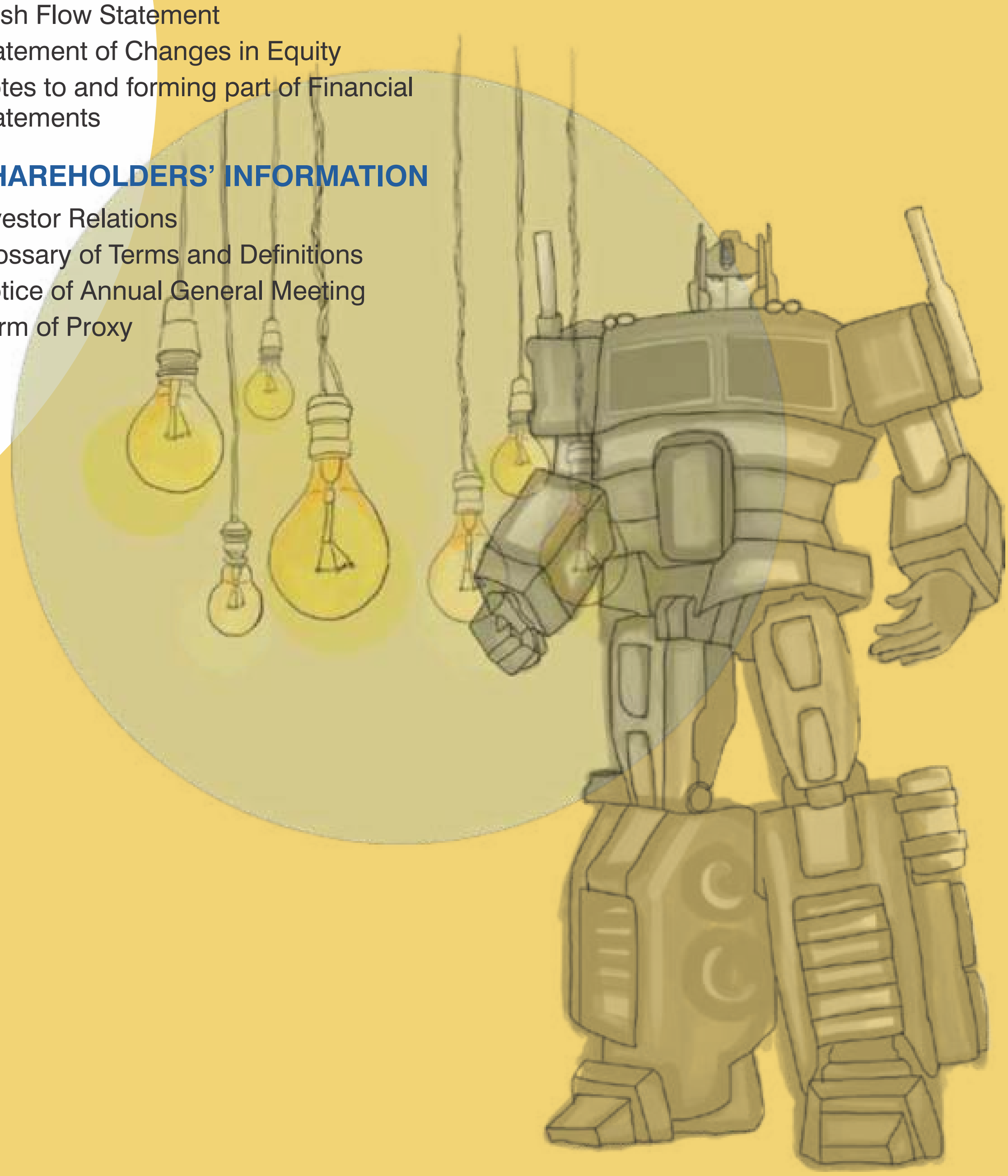
The true sign of intelligence is not knowledge but imagination

-Albert Einstein

CONSOLIDATED FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS

SHAREHOLDERS' INFORMATION

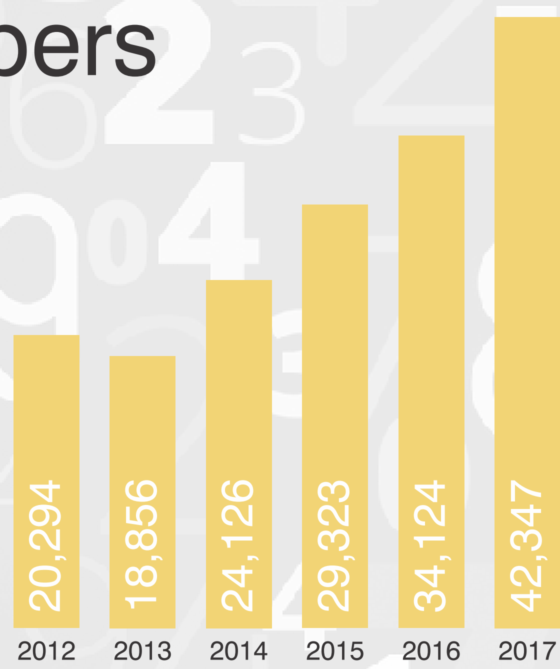


2017
the year in numbers

REVENUE IN 2017
[RUPEES IN MILLIONS]

42,347

Record revenue in 2017



Segmental Performance
[RUPEES IN MILLIONS]

APPLIANCES DIVISION	27,755
POWER DIVISION	14,591

Key Indicators

EARNINGS PER SHARE
Rs. 6.56

RETURN ON EQUITY
12.25%

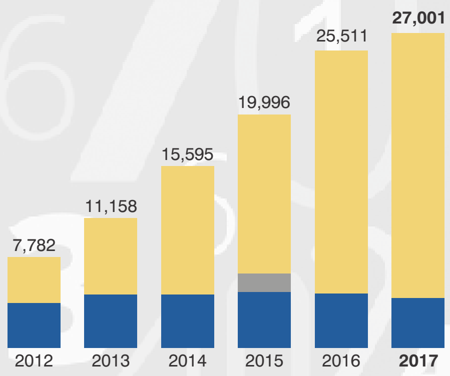
MARKET VALUE PER SHARE
Rs. 47.49

BREAK-UP VALUE PER SHARE
Rs. 53.35

MARKET CAPITALIZATION
Rs. 23,635 M

CURRENT RATIO
2.41 Times

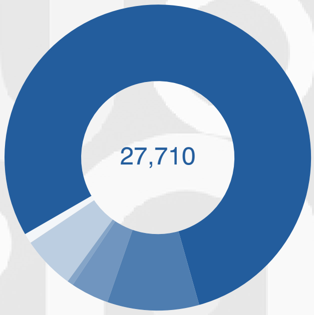
Equity
[RUPEES IN MILLIONS]



- Share capital and reserves
- Advance against issue of ordinary shares
- Surplus on revaluation of property, plant and equipment

Expenses In 2017
[RUPEES IN MILLIONS]

78.98%	Cost of sales
9.68%	Distribution cost
4.04%	Administrative and general expenses
0.64%	Other expenses
5.58%	Finance cost
0.02%	Share of loss of associate
1.07%	Taxation



Calendar of Events 2017

February

- After Successful Trial Run Water Dispenser Production Started.
- Launching of "Invert-o-Cool" Air Conditioners.

May

- Started Construction work of Switchgear Production Hall and Finished Goods Store at PEL II 34-KM Ferozepur Road, Lahore.

June

- Launching of "Smart and Premier" Water Dispensers.

August

- Interim Dividend @ Rs. 1.50 Per Share.
- Launching of "Arctic Premium Plus" Deep Freezers.

September

- Secured the Best Corporate Report Award by Joint Committee of ICAP & ICMAP.

October

- Launching of Microwave "Convection Series"

November

- Pre-qualification with DHA City for customized 500 KVA Pad Mounted Switching Sub Stations and 3 way/4 way/5way Ring Main Units.

Best Corporate and Sustainability Report Awards 2016

The institute of Chartered Accountants of Pakistan (ICAP) and the Institute of Cost and Management (ICMAP) jointly hold the Best Corporate Report Award annually. Companies are encouraged to adopt international best practices to ensure transparency by giving more disclosures and following specific formal requirements. The criteria for evaluating companies are reviewed by the joint Committee of ICAP and ICMAP every year based on latest trends. Every year all listed companies are requested to send their annual reports for the competition.

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

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

About PEL

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

Since its inception, the Company has always been contributing towards the advancement and development of the engineering sector in Pakistan by introducing a range of quality electrical equipment, home appliances and by producing hundreds of engineers, skilled workers and technicians through its apprenticeship schemes and training programmes.

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

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

Power Division

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

Appliances Division

- Refrigerators
- Air Conditioners
- Deep Freezers
- Microwave Ovens
- Water Dispensers

GEOGRAPHICAL PRESENCE

PEL Dealer/Service Centre Network

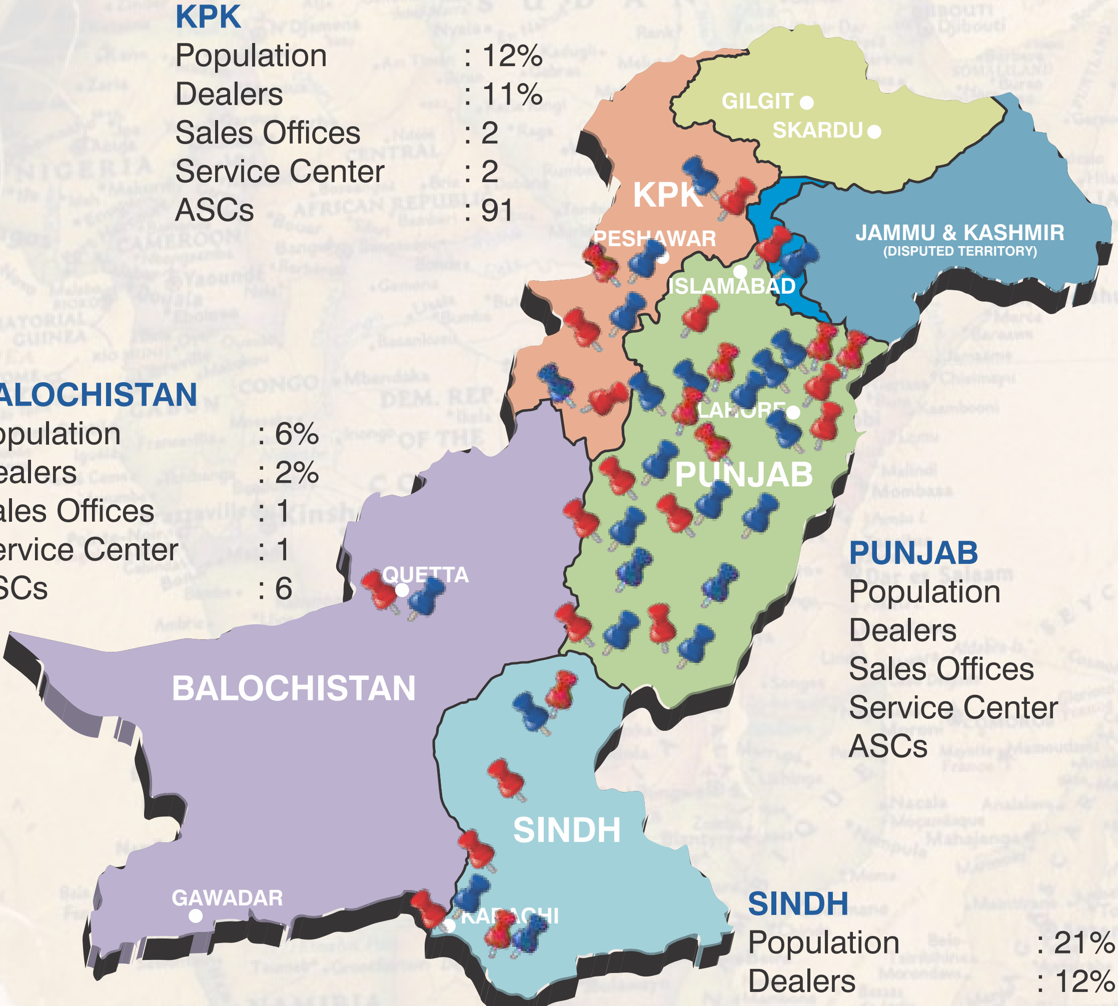
Our nationwide Dealer and Service Centre Network provides us access to a wide range of customers and enables us to provide quality after sales services.

KPK

Population	: 12%
Dealers	: 11%
Sales Offices	: 2
Service Center	: 2
ASCs	: 91

BALOCHISTAN

Population	: 6%
Dealers	: 2%
Sales Offices	: 1
Service Center	: 1
ASCs	: 6



PUNJAB

Population	: 61%
Dealers	: 75%
Sales Offices	: 16
Service Center	: 13
ASCs	: 366

SINDH

Population	: 21%
Dealers	: 12%
Sales Offices	: 4
Service Center	: 7
ASCs	: 61

SUMMARY

Total Appliances Dealers	: 2,600
PEL Dealer	: 1,121
PEL Sales Offices	: 23
PEL Service Centers	: 23
Authorized Service Centers (ASCs)	: 524

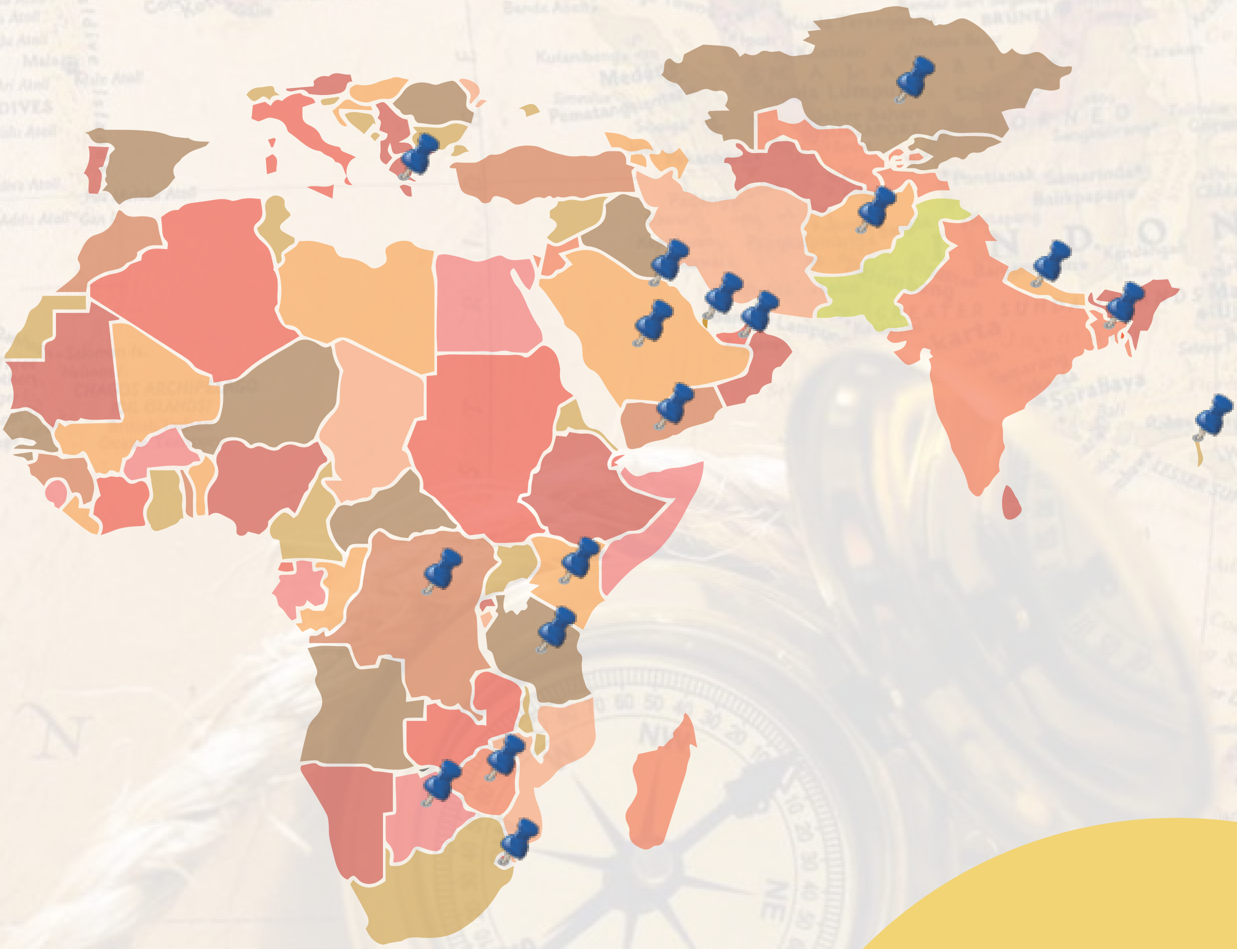
Sales Offices

Service Centers

International Presence

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

- Qatar
- Afghanistan
- Zimbabwe
- Yemen
- Saudi Arabia
- Swaziland
- Tanzania
- Kazakhstan
- Kenya
- Rwanda
- Jorden
- Namibia
- Malaysia
- UAE
- Kuwait
- Botswana
- Congo
- Nigeria
- Bulgaria
- Libya
- South Africa
- Guinea
- Mauritius
- Ghana



If you can dream it, you can do it.

-Walt Disney

Product Profile

APPLIANCES DIVISION

PEL is among the Market Leaders in Home Appliances Business with a very good Presence and Market Share since year 1987. The growing demand is due to innovation and product development through dedicated & continuous Research & Development.

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

REFRIGERATOR

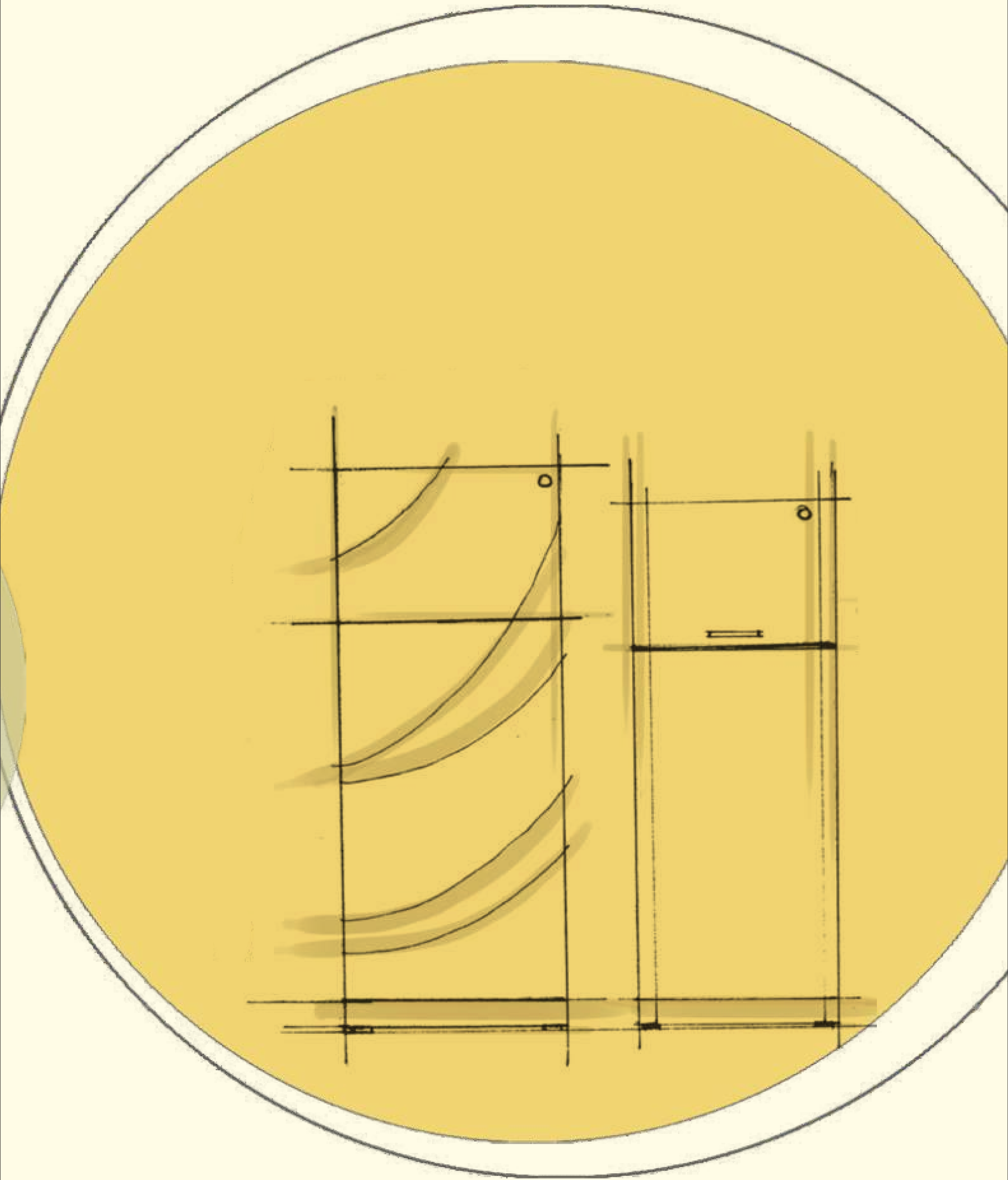
PEL started refrigerator manufacturing in 1987 with the technical assistance of IAR- SILTAL Italy. Its cooling performance is tested and approved by Danfoss Germany while the manufacturing facility is ISO 9002 Certified from SGS Switzerland.

Growing numbers of Middle Class, growth in disposable Incomes , upward trajectory of country macro- economic indicators , improved country law & order situation and improved electricity supply are the factors behind growing market demand of Refrigerators. Wide Product penetration gap is yet to be bridged, especially in rural areas. In the improving Electricity Load Shedding Scenario, PEL's “Inverter / Invert on Series Refrigerators” being “Energy Efficient” will create an additional demand.

The Company is well positioned to take benefit of growing demand as a result of above factors and has introduced Energy efficient “Invert on series” Compatible with UPS and solar solutions. Company also launched “Arctic Fresh" Series with turbo cooling and Freshness LEDs for better food preservation. Both of the series being based on a masterpiece of “Japanese Inverter Technology” with Electricity Saving Up to 50% with improved aesthetics are well received in the local market. In already existing series new models with enhanced space and cooling retention are introduced in the market. PEL Glass Door Series “INTELLO” with Supper Freezer, Bluetooth Speaker, Door Alarm and Intelligent Temperature control system is also launched last year, are receiving an excellent response due to its additional and unique features.

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

The Company is focusing on continuous improvement through R&D. Special attention is being given through different marketing campaigns to further strengthen the PEL Brand. The turnover of Refrigerators has increased significantly over the past few years.

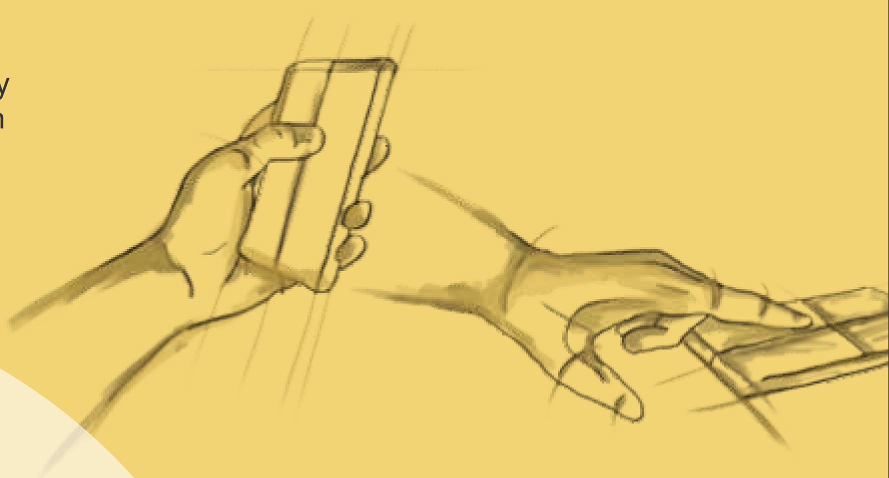


DEEP FREEZER

PEL Deep Freezers were introduced in 1987 in technical collaboration with ARISTON Italy. The Company's manufacturing facility is ECO Friendly because PEL uses Green Gases and is the best choice for MNCs. Customized products (Deep Freezers and ICE Cream Cabinets) with durability and high level of performance is preference of Corporate Customers like Unilever (Walls), Engro Foods (O more), Pakistan Dairies (Igloo), Coke and PEPSI. Due to superior product quality and highly responsive after sales service, the Company receiving continuously repeat orders from above corporate customers.

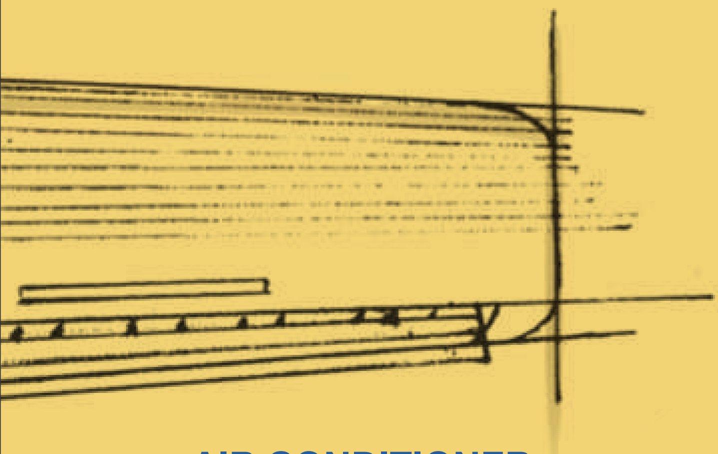
Capitalizing on our technical expertise we have signed after sale service agreements with Coca Cola Beverages Private Limited, PEPSI, Unilever, Engro Foods, Pakistan Dairies for repair services of Deep Freezers, Visi Coolers and Chest Coolers . This will deepen our relationship with valued customers.

Entry of PEL Deep Freezers in retail market is being well received; this is evident from Sales Volume growth. A Continuous R&D Process is on way to make the product energy efficient, durable and with improved aesthetics. Growing macro-economic indicators and smooth& low cost electricity will increase demand of Deep Freezers, in both General Consumer Market and Corporate Sector.



If you can imagine it, you can achieve it. if you can dream it, you can become it.

-William Arthur Ward



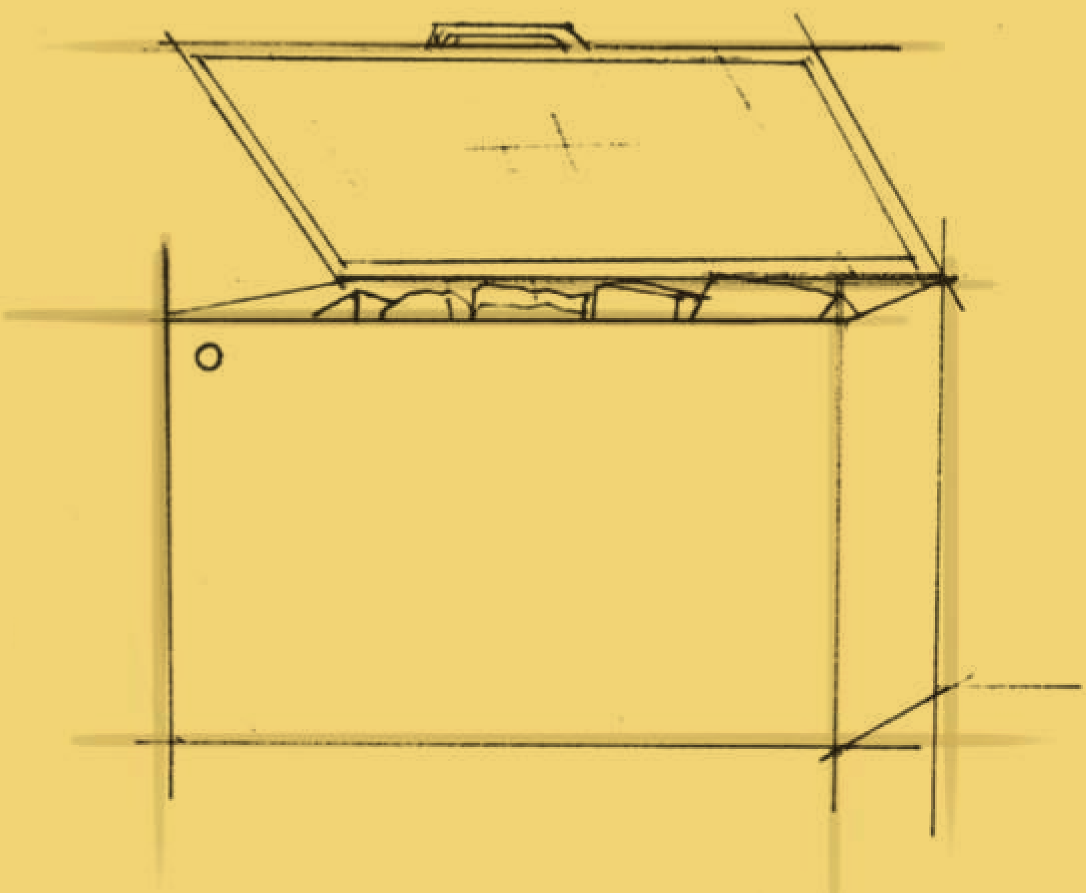
AIR CONDITIONER

The Company is among the pioneers of Window AC manufacturing in the country and remained market leader for a long time until it hit due to technological shift on Split AC. Since the Company's return in Split A.C Business, PEL Split A.C has been well received in the market due to its innovations durability, quality, brand equity and after sales service.

Growing Emerging Middle Class , Rapid Urbanization and Increase in disposable income are market growth drivers. Uninterrupted and lower cost electricity supply has further increase the market demand, due to low electricity consumption by Inverter technology based equipments. Company's country wide efficient after sales services net work is also playing a vital role to win "Consumer Confidence".

Company introduced New Product series like "Invert-Eco", "Invert-o-Sense" , "Invert-o-Sense" , "Invert-o-Life" and "Invert-o-Pro" launched during the year , are well received by Market . These "Heat & Cool" Energy Efficient ACs with "4 Star Rating Inverter Technology" is real market "Eye Catch" due to product quality & aesthetics. An aggressive market Campaign also leveled fueled the growth trajectory. Improved Electricity Supply also played a vital role in country market growth.

Company aims to retrieve its "Market leader Ship" with Window Air Conditioners hit by a Market Technological Shit towards "Split Air Conditioners".



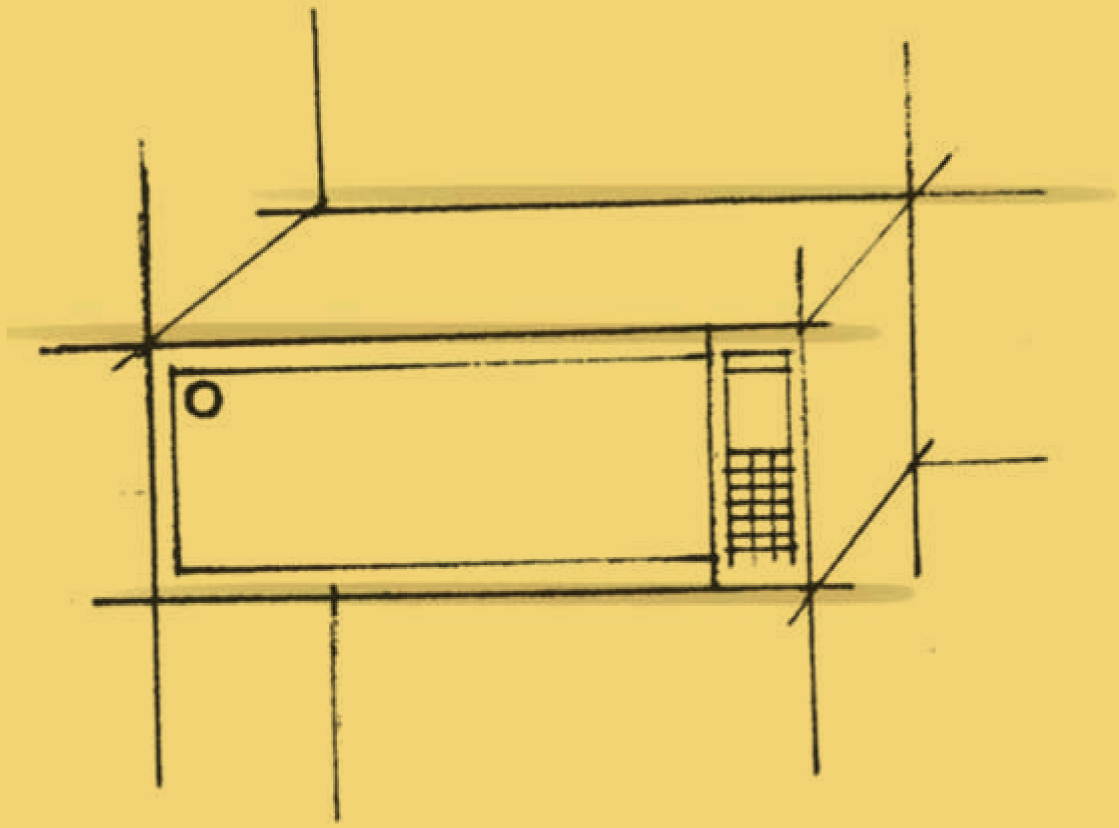
MICROWAVE OVEN

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

Following an innovative product development culture, the Company has introduced DESIRE and GLAMOUR series with built in recipes.

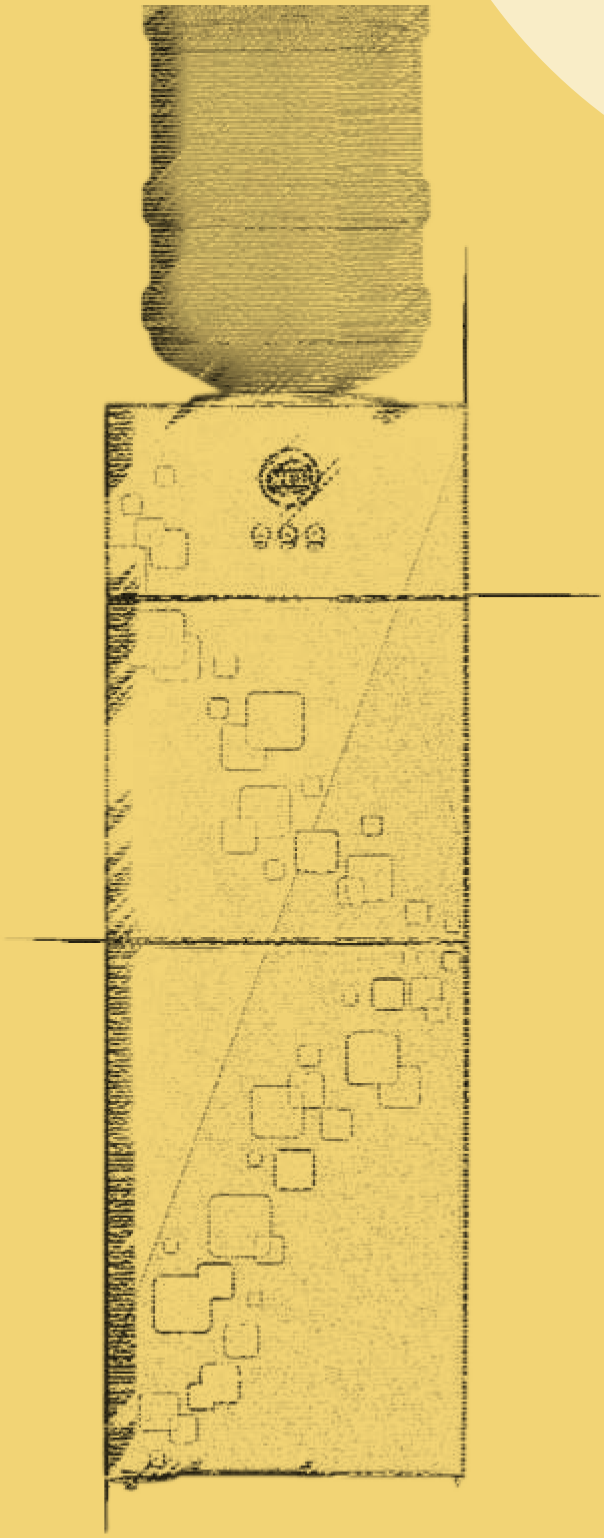
WATER DISPENSER

On consistent Market Demand to widen the Product Range Company entered into Water Dispenser trading and after seeing business potential decided to set up a Production Facility. Water Dispenser Production line started its Commercial Production in year February 2017. PEL Water Dispensers are well received in Market and further R&D Process is continued to enhance product Capacity & Aesthetics.



Dreams can come true, if we have the courage to pursue them

-Walt Disney



POWER DIVISION

PEL is among the pioneers of Electrical Capital Goods and has been serving the power utility companies, industries, individual customers, housing and commercial projects by providing cost effective solutions. PEL is now technology forerunner and market leader in providing innovative products and services to meet the challenges and technology intensive needs of its customers. Our EPC contracting division build and delivers customized design of HV and EHV grid stations, substations, electrification of housing projects and industrial parks. We aim to maintain this competitive edge and at the same time keep striving to improve it further by continuous R&D, creating new knowledge and adopting global developments in technology and product design.

High standards of Quality and customer care are the hallmarks of PEL Corporate Philosophy. Designs are properly adapted to Modern Manufacturing Technologies aimed at maintaining the highest quality standards and keeping costs competitive. Advanced computational techniques are backed up by experimental verification to ensure quality of design and manufacturing processes. Comply with the requirements of international standards and regulations of IEC, BSS, ANSI and VDE.

We have a comprehensive Integrated Management System that is Consistent with ISO 9001-2008, ISO 14001 and ISO 18001 (OHSAS). PEL is an ISO certified Company.

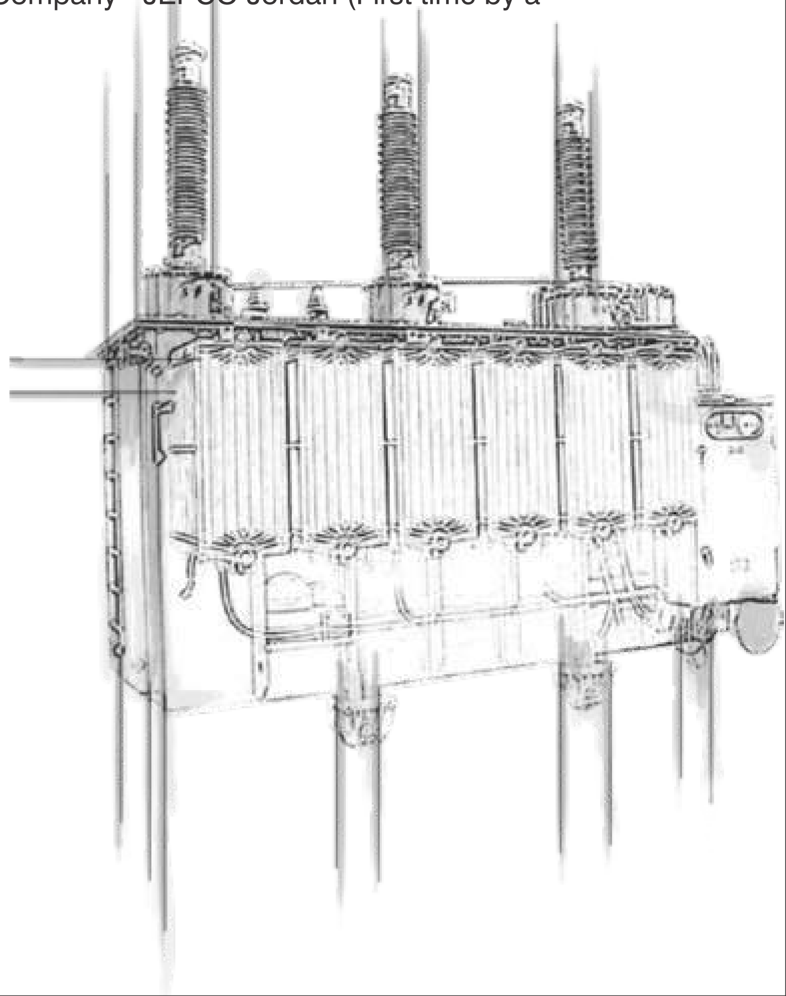
PEL being leading electrical equipment manufacturer has aligned its policies to support the Government in its effort to overcome the energy issues and is well positioned to obtain its due share in electrical equipment business arising from CPEC developments.

DISTRIBUTION TRANSFORMER

Distribution Transformer is among Company's Premier Products. PEL is engaged in Distribution Transformer manufacturing since its inception in 1956. With its excellent performance history, the Company is among the key players in local market with a substantial market share. After Siemens's exit from transformer business PEL is among prominent producers having state of the art manufacturing and testing facilities. PEL established a transformer manufacturing facility to meet the global quality standards, in Technical assistance from Pauwels, Belgium.

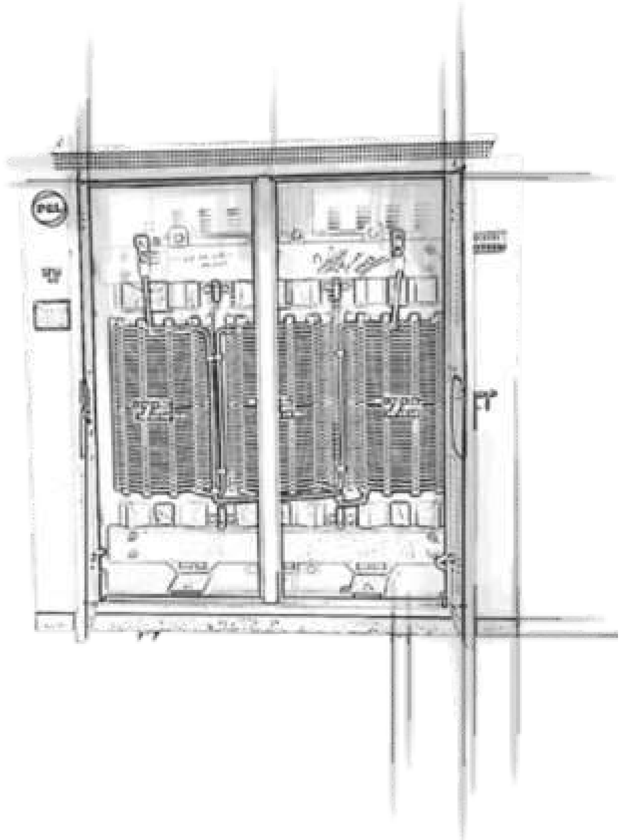
PEL Distribution Transformers range includes oil immersed and dry type transformers of voltage up to 33 KV, ratings from 10 KVA to 10 MVA. PEL has acquired manufacturing capabilities and developed Smart Transformers with reduced size by using foil winding, with latest cooling efficient insulation with corrugated tanks and detachable radiators.

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



Pakistani manufacturer in its history).

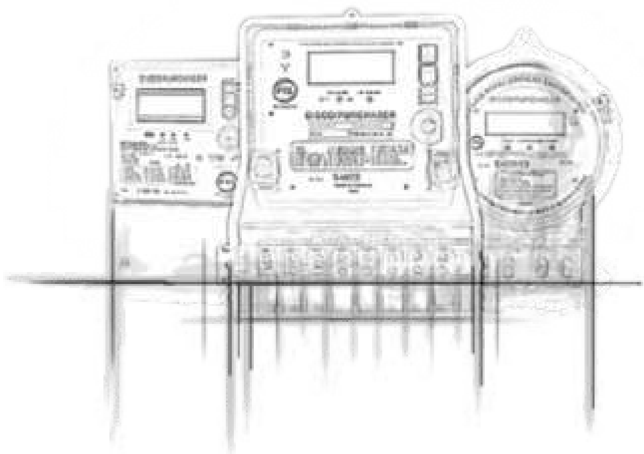
PEL has supplied more than 8,000 Distribution Transformers to different countries including Afghanistan, GCC countries, Jordan, Swaziland, Bangladesh, Yemen, Kenya, Nepal, Greece, Zimbabwe, Tanzania and South Africa.



POWER TRANSFORMERS

Extensive experience and success in manufacturing distribution transformer led to establishment of Power Transformer Division in 2005. Since its birth this division has produced transformers of rating 31/40 MVA, 20/26 MVA and 10/13 MVA for 132 KV level. To compete internationally, PEL combined its technical expertise with GANZ, a renowned and experienced Hungarian transformer manufacturer with over 150 years of history and now continues to cooperate with their technical partners for new developments.

After Siemens' exit from transformer business, PEL is a leading power transformer manufacturer in local market. Demand of power transformers is expected to continue due to the Government's accelerated efforts for T&D Infrastructure Augmentation after meeting energy generation requirements.



ENERGY METER

PEL Single Phase and Three Phase Static Meters are manufactured as per specifications of Utility Companies licensed from ABB USA and its quality is certified by KEMA Laboratories.

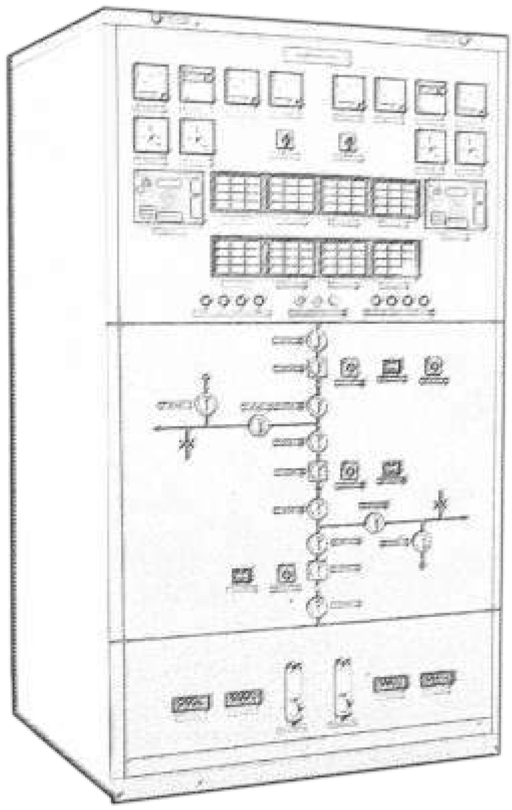
PEL Energy Meter Plant is ISO 9002 certified and its products meet the standards of WAPDA & KESC.

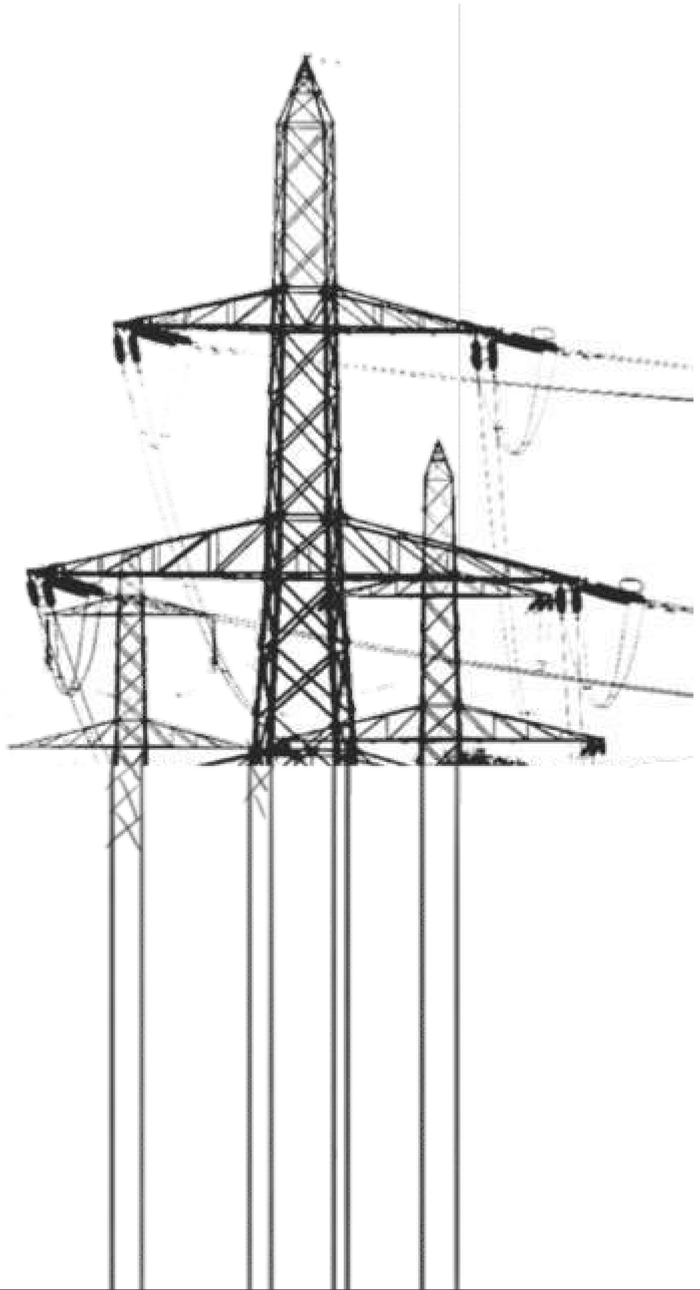
To overcome the circular debt, Government has Plan to introduce more efficient metering system to control electricity pilferage. Company has developed Single Phase, Three Phase GSM Energy Meters and DLMS Compliant Single Phase Energy Meter and got it approved from National Transmission and Distribution Company - NTDC and is well positioned to take care of rising demand of Energy Meters with advance functionalities.

SWITCHGEARS

Company is engaged in switchgear business since its inception in 1956 and is one of the leading manufacturers of Pakistan. Switchgear division products include MV&LV Switchgears, MV Metal Clad Switchgear Cubicles, MV Pad Mounted Transformers, Kiosk Type Compact substations, LV Distribution Panels, PFI Plant, Motor Control Centre & Bus Tie Duct.

Pakistan's Industrial Sector is reviving due to improved electricity supply and other Government initiatives. There are visible signs of economic stimulation of local industry. The overall private business of housing schemes and upcoming projects of industrial estates seem very promising . We being key Player in Switchgear Business, are confident to increase our market share and switchgear business will even grow further in future.





EPC CONTRACTING

PEL EPC Division was formally established in 2005 and delivers custom made solutions in following areas.

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

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

Green Innovation

The idea of environmental protection evokes the necessity and responsibility of humans to protect the environment from pollution and its hazardous effects. Being a responsible corporation, PEL deems it its responsibility to provide environment friendly solutions by replacing conventional ways to fuel consumption with more efficient and enviroment friendly methods of energy production, transmission and distribution. PEL has excelled among other Companies in successfully launching its exclusively designed Green Transformer for the first time ever in Pakistan after passing rigorous type tests by renowned Keuring Elektrotechnische Materialen Arnhem Laboratory, Netherlands (KEMA Lab Holland).

PEL's 1500kVA and 630kVA Green Transformers have been certified for meeting international standards and have successfully completed 5 seconds Continuous Short Circuit Current Test. They use biodegradable fluid instead of mineral oil and has feature to reduce carbons footprint with increased efficiency and very low line losses. Green Transformers being clean technology product and far more efficient than their counterparts will help our customers to hit their sustainability targets effectively. Up till now, companies of Jordan, Saudi Arabia, Africa and Afghanistan have warmly welcomed our Green Transformers and the number of companies is still increasing.

There is a developing trend towards environmentally friendly technologies in all industries. At PEL, we continue to develop technology that is not just clean but equally or more efficient than its counterparts. PEL's Green Transformer is just one of the many innovative solutions designed to help our customers to meet their sustainability targets.

PEL's Journey Through Time

1956

Incorporation of Pak Elektron Limited

1958

Start of Commercial Production of Distribution Transformers and Switch Gears in Technical Collaboration with AEG Germany

1981

Manufacturing of Air Conditioners with assistance of Fujitsu Japan

1987

Manufacturing of Refrigerators & Deep Freezers in Technical Collaboration with IAR-SILTAL & ARISTON of Italy

2006

Formal start of EPC Business Segment of the Company

2009

4th CSR National Excellence Award 6th Annual Environmental Excellence Award Export of Power Transformer

2010

Inauguration of New Distribution Transformer Factory by Prime Minister of Pakistan under Technical Assistance from Pauwels, Belgium.

2011

Launching of New Desire Series Refrigerator Prequalification with Saudi Electrical Company - SEC

2012

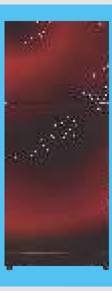
Launch of new Arctic Series Refrigerator with New Aesthetics

2013

Successful Commissioning of 220 KV GIS Shalimar Grid Station worth Rs. 1.3 Billion

2014

Launching of New Glass Door Refrigerator with New Aesthetics



1988

Listing with all Stock Exchanges in Pakistan
Acquired License to manufacture VCBs from Hitachi, Japan

1992

Started Production of Energy Meters under the License from ABB USA

1994

Quality Management System Certification for Energy Meter ISO 9001 by SGS

1997

Acquired Technology from Carrier,USA to manufacture Air Conditioners

2000

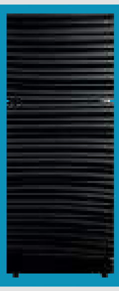
Launching of new Crystal Series Refrigerator under Technical Collaboration of Danfoss, Germany

2004

Acquired Technology from GANZ, Hungry to Produce Power Transformers

2015

Launching of Glass Door Mirror Series



2016

Launching of Inverter Refriger-ator & Air Conditioner Series
Successful Short Circuit Testing of PEL Green Transformer

2017

Commencement of Water Dispenser Production. Launching of " Invert -o-Cool" Air Conditioners, " Arctic Premium Plus " Deep Freezers and " Convection Series" Microwave Ovens.

Corporate Information

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Director/Chairman - Non Executive
Mr. M. Murad Saigol	Director/Chief Executive Officer - Executive/Certified (DTP)
Mr. M. Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive
Sheikh Muhammad Shakeel	Director - Non Executive
Syed Haroon Rashid	Director - Non Executive
Mr. Asad Ullah Khawaja	Director - NIT Nominee/Independent
Mr. Usman Shahid	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Mr. Jamal Baquar	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Ms. Azra Shoaib	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive

AUDIT COMMITTEE

Mr. Asad Ullah Khawaja	Chairman/Member
Mr. Usman Shahid	Member
Sheikh Muhammad Shakeel	Member
Syed Haroon Rashid	Member

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Muhammad Omer Farooq

CHIEF FINANCIAL OFFICER

Syed Manzar Hassan, FCA

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

M/s Hassan & Hassan Advocates

COMPANY REG. NO.

0000802

NATIONAL TAX NO. (NTN)

2011386-2

STATUS OF COMPANY

Public Interest Company (PIC)

SHARIAH ADVISOR

Mufti Zeeshan Abdul Aziz
S.M. Suhail & Co.
Chartered Accountants

SHARE REGISTRAR

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

BANKERS

Albaraka Bank (Pakistan) Limited
Askari Bank Limited
Bank Alfalah Limited
The Bank of Khyber
The Bank of Punjab
Sindh Bank Limited
Faysal Bank Limited
Bank Islami (Pakistan) Limited
MCB Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Limited
Pak Libya Holding Company (Private) Limited
Pak Oman Investment Company Limited
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
Saudi Pak Industrial and Agriculture
Investment Company Limited
United Bank Limited

REGISTERED OFFICE

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

KARACHI

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

ISLAMABAD

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

CHINA

206, No. 1007, Zhong
Shan Naun Er Road,
Shanghai, China
Tel: 86-21-64567713
Fax: 86-21-54109971

TRANSFORMER FACILITY

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

WORKS

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

Work hard dream big

Vision

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

Mission

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

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

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

CORPORATE STRATEGY

To remain competitive in appliances and electricalcapital goods industry through continued focus on consumer needs with improved product quality and after sale service, research and development, cost economization and efficiency improvement.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

- We are serving the nation through manufacturing and sales of electrical goods and home appliances. We are committed to represent the ethical responsibilities of company operations. In recognition of this, our commitment reflects the value statements.
- As directors, and employees, we all are passionate to our contents and strive to be model of the principles. It is an organization of people who are united to achieve the common goal. We are accountable for all our actions both individually and as a company. We act with absolute honesty, integrity and fairness in the way we conduct our business and in the way we live and act.
- We realize the importance of the human life and company's all other resources. We are committed, all the time, to the safe and reliable operations of our power complex, and to the incident-free workplace. We ensure that this commitment shall remain one of our utmost priorities.
- We are persistent about delivering our promises to the customers as our success comes only with the success of our customers. We carried out jobs keeping in view the satisfaction of our internal and external customers. We believe in cost effective quality of work with the aim of excellence in everything.
- We value the safety, security and peace of mind of our employees. We recognize and affirm the unique and intrinsic worth of each individual and treat all with compassion and kindness. We value treating each individual with an attitude of mutual respect, caring attention and fairness. We observe strict compliance in the organization discipline with respect to all the company rules and regulations.
- We embrace progress and growth as the life blood of our organization that gives us the freedom to fulfill our vision and mission. This includes company's growth as well as the career growth of the employees.
- We value and promote teamwork by providing a work environment that helps to recognize the benefits of the individual and collective wisdom which is achieved through empowering the employees to create and act based upon the highest level of ethical conduct.
- We strive to enhance the quality of life of our surrounding community and set the precedent for the corporate sector to recognize the responsibilities. We value the promotion of mutual trust between the community and corporate sector.

CODE OF CONDUCT

- Honesty and integrity: We shall demonstrate highest standards of honesty and integrity while conducting our employment activities.
- Unlawful activities: We shall not engage in any activity that is believed to be in violation of any law.
- Unfair advantage: We shall not abuse our position in any manner to influence any person, including subordinates, to provide us any favour, whether financial or otherwise.
- Conflict of interest: We shall not allow ourselves to be put in a position, while representing the Company in dealings with third parties, in which an actual or perceived conflict of interest exists.
- Other engagements: We shall not engage in any business activity, whether directly or indirectly, with any customer, supplier or agent of the Company or which is inconsistent or conflicting with the business activities of the Company.
- Confidentiality: We shall not use or disclose the Company's proprietary or confidential information to make personal gains or benefits.

CORE VALUES

- Honesty and Integrity in conducting business.
- Continued focus on Customer Satisfaction
- Being Socially Responsible by giving back to society.
- Adhering to high standards of Morality.


ETHICS
RESPECT
CODE
HONESTY
INTEGRITY

Management Objectives

Objective 1 Maintain competitiveness in appliances and electrical capital goods industry

Strategy	Opportunities/Threats	CPIs monitored	Future relevance
Keep ourselves up-to-date with the latest technological advancements and enhance our production facilities to improve efficiency.	Our policy of upgrading our plants with state of the art equipment ensures that we keep pace with advancements and avoid redundancy. However, with the passage of time, upgradation and maintenance may result in high costs and threat of entrance of the new players in the business.	Sales volume Asset turnover Market share	Yes

Objective 2 Increase sales

Strategy	Opportunities/Threats	CPIs monitored	Future relevance
Sales expansion via well planned integrated marketing campaigns with Improved Quality of Products.	There are still untapped opportunities to expand our distribution network both within and outside Pakistan.	Sales Market share Geographical presence	Yes

Objective 3 Economize on costs

Strategy	Opportunities/Threats	CPIs monitored	Future relevance
Keeping our resource utilization at an optimum level through strict governance policies	Prospect of streamlining our business processes will go a long way into further strengthening our bottom line. Cutting back on selling and distribution costs might adversely affect our sales volume.	Cost of Sales Operating expenses	Yes

Objective 4 Expand product line

Strategy	Opportunities/Threats	CPIs monitored	Future relevance
Continuously seek avenues to diversify within and outside the Appliance and Power Industry	There are still numerous unexplored product lines that are offered by current competitors of PEL.	Product range and market research	Yes

Objective 5 Achieve operational efficiencies

Strategy	Opportunities/Threats	CPIs monitored	Future relevance
Keep our business processes in perfect synchronization, thereby reduce cost and enhance the production efficiencies.	Room for improvement in efficiency. With focused management strategies, operational efficiencies can be enhanced.	Effective and efficient cost control	Yes

There were no changes in the Company's objectives and strategies from the previous year. The relationship between the Company's results and objectives is explained on page 63.

Business Model

Our business model is at the heart of our strategy. It enables us to prosper and positions us well to deliver continued growth.

KEY ASSETS

Human Capital, being our most important asset, directly affects our performance.

Market goodwill and brand image is another valuable asset that has been, and continues to be, the primary ingredient to our accomplishments.

Keeping abreast with latest technology is key input to our continuous efforts to produce innovative high quality products.

Our nationwide distribution network and international presence enables us to reach a wide range of customers.

GROWTH DRIVERS

Our growth is primarily driven by increase in sales revenue resulting from strong demand for our products and our presence nationwide and internationally.

We have continued focus on improving production efficiencies and economizing costs which, in turn contributes towards improved profitability.

Effective planning is the key to achieving our management objectives. Continuous monitoring enables us to identify gaps and improve our planning process.

SUSTAINABLITY

Customer satisfaction is the one of main areas of focus in our sustainability model which is achieved through a comprehensive quality assurance mechanism and excellent after sales services. Liquidity is the key to smooth running of operations. Adequate reserves and banking facilities are maintained by continuously monitoring of forecasts and actual cash flows.

Continuous research and development has allowed us to emerge as technology and innovation leader in the industry.

Stakeholders' Engagement

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

Governance

Board of Directors

MR. M NASEEM SAIGOL

Chairman/Non-Executive

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

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

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

MR. M. MURAD SAIGOL

Chief Executive Officer

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

MR. M. ZEID YOUSAF SAIGOL

Executive Director

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

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

SYED MANZAR HASSAN

Executive Director & CFO

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

SHEIKH MUHAMMAD SHAKEEL
Non-Executive Director

Mr. S M Shakeel is a Non-Executive Director on the Board of PEL. He is a Fellow Member of the Institute of Chartered Accountants of Pakistan. In 1990 he joined A. F. Ferguson & Co, Lahore, as Audit Trainee. During the training, he gained extensive experience of operations of a number of listed companies representing diverse segments of industry and finance. He passed his C.A. examination in 1994, and in recognition to his outstanding performance the Institute awarded him with the Gold Medal. He is a Corporate Governance Certified Director under Directors Training Program.

In 1994, he joined the Saigols Group as Manager Finance and was soon promoted to the position of General Manager Finance. Mr. Shakeel carries a wide range of experience in the fields of project development, business operations, financial management, and corporate and tax administration. He is a member of the Company's Audit Committee.

He is also on the Board of Kohinoor Energy Limited.

SYED HAROON RASHID
Non-Executive Director

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

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

OTHER DIRECTORS

In addition to the above directors Mr. Asad Ullah Khawaja is an Independent Non-Executive Director on the Board of PEL nominated by NIT.

The following Directors are on the Board of directors of PEL through nomination under section 182 of the Companies Ordinance, 1984.

1) Mr. Usman Shahid 2) Mr. Jamal Baquar 3) Ms. Azra Shoaib

Board Committees

AUDIT COMMITTEE

Composition	Designation
Mr. Asad Ullah Khawaja	Chairman
Mr. M. Azam Saigol	Member
Mr. Usman Shahid	Member
Sheikh Muhammad Shakeel	Member

Directors	15th March	10th April	10th August	26th October	Total Attended
Mr. Asad Ullah Khawaja	✓	✓	✓	✗	3
Mr. M. Azam Saigol	✗	✗	✗	✗	-
Mr. Usman Shahid	✓	✓	✗	✓	3
Sheikh Muhammad Shakeel	✗	✓	✓	✓	3

Salient Features & Terms of References

The Audit Committee is, among other things, responsible for recommending to the Board of Directors the appointment of external auditors by Company's shareholders and considers any questions of resignation or removal of external auditors, audit fee and provision by external auditors of any service to the Company in addition to audit of its financial statements. In the absence of strong grounds to proceed otherwise, the Board of Directors acts in accordance with the recommendations of the Audit Committee in the following matters:

a) Determination of appropriate measures to safeguard the Company's assets.

b) Review of preliminary announcements of results prior to publication.

c) Review of quarterly, half yearly and annual financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas,
- Significant adjustments resulting from the audit,
- The going concern assumption,
- Any change in accounting policies and practices,
- Significant related party transactions
- Compliance with applicable accounting standards, and
- Compliance with listing regulations and other statutory and regulatory requirements.

d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of Management, where necessary).

e) Review of Management Letter issued by external auditors and Management's responsible thereto.

f) Ensuring coordination between the internal and external auditors of Company.

g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company.

h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective.

j) Review of Company's statement on internal control system prior to endorsement by the Board of Directors and internal audit reports.

k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body.

l) Determination of compliance with relevant statuary requirements.

m) Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof.

n) Consideration of any other issue or matter as maybe assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

Composition	Designation
Mr. Asad Ullah Khawaja	Chairman
Mr. M. Azam Saigol	Member
Mr. Usman Shahid *(appointed on August 10, 2017)*	Member
Syed Manzar Hassan	Member
Mr. Murad Saigol *(resigned on August 10, 2017)*	Member

Directors	15th March	Total Attended
Mr. Asad Ullah Khawaja	✓	1
Mr. M. Azam Saigol	✕	-
Mr. Usman Shahid	✕	-
Syed Manzar Hassan	✓	1
Mr. Murad Saigol	✓	1

Salient Features & Terms of Reference

The role of Human Resource and Remuneration Committee is to assist the Board of Directors in its oversight of the evaluation and approval of short term and post-employment benefit plans, welfare projects, succession planning and industrial relations. The committee recommends any adjustments, which are fair and required to attract/retain high caliber staff, for consideration and approval. The Committee has the following responsibilities, powers, authorities and discretion:

a) Conduct periodic reviews of good performance incentives and maintenance of industrial peace incentives and safety awards for safe plant operations.

b) Periodic reviews of the amount and form of reimbursement for terminal benefits in case of retirement and death of any employee in relation to current norms.

c) Consider any changes to Company's retirement benefit plan.

d) Review organizational policies concerning welfare schemes, incentives for outstanding performance and paid study leaves.

e) Recommend financial package for board directors.

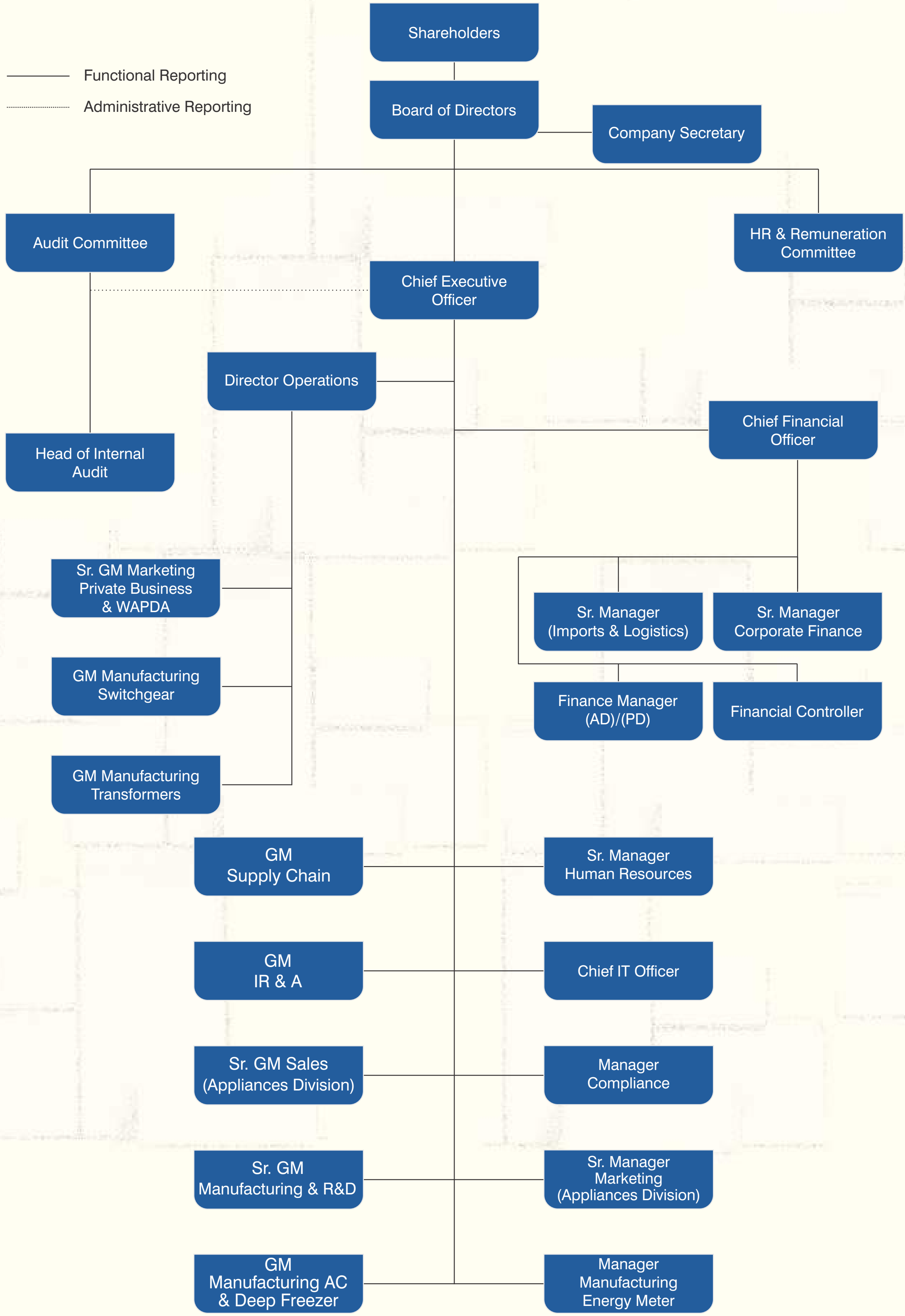
f) Ensure, in consultation with the CEO that succession plans are in place and review such plans at regular intervals for those executives, whose appointment requires Board approval (under Code of Corporate Governance), namely, the Chief Financial Officer, the Company Secretary and the Head of Internal Audit, including their terms of appointment and remuneration package in accordance with market positioning.

g) Review and recommend compensation/benefits for the CEO in consultation with Company Secretary.

h) Conduct periodic review of the amount and for of Director's compensation for Board and Committee services in relation to current norms. Recommend any adjustments for Board consideration and approval.

The Committee meets on as required basis or when directed by the Board sets the agenda, time, date and venue of the meeting in consultation with the Chairman of the Committee. The General Manger Human Resources acts as Secretary of the Committee and submits of the minutes of the meeting duly signed its Chairman to the Company Secretary. These minutes are then circulated to the Board of Directors.

Organogram


Functional Reporting
Administrative Reporting
Shareholders
Board of Directors
Company Secretary
Audit Committee
HR & Remuneration Committee
Chief Executive Officer
Director Operations
Chief Financial Officer
Head of Internal Audit
Sr. GM Marketing Private Business & WAPDA
GM Manufacturing Switchgear
GM Manufacturing Transformers
Sr. Manager (Imports & Logistics)
Sr. Manager Corporate Finance
Finance Manager (AD)/(PD)
Financial Controller
GM Supply Chain
Sr. Manager Human Resources
GM IR & A
Chief IT Officer
Sr. GM Sales (Appliances Division)
Manager Compliance
Sr. GM Manufacturing & R&D
Sr. Manager Marketing (Appliances Division)
GM Manufacturing AC & Deep Freezer
Manager Manufacturing Energy Meter

Stakeholders' Information

Key Peormance Indicators

	Unit	2017	2016	2015	2014	2013	2012
Profitability Ratios							
Gross Profit ratio	%	**29.41**	30.87	29.59	30.75	24.62	20.50
Net Profit(Loss) to Sales	%	**10.67**	13.68	11.46	10.92	3.69	0.65
EBIT margin	Rupees in millions	**5,164**	5,691	5,295	4,438	2,594	2,211
EBITDA margin	Rupees in millions	**6,046**	6,541	6,041	5,195	3,315	2,917
% change in sales	%	**24.10**	16.37	21.54	27.94	(7.08)	47.88
% change EBIT margin	%	**(9.26)**	7.47	19.32	71.07	17.34	(668.53)
EBITDA Margin to Sales	%	**19.50**	24.38	24.05	25.32	20.13	16.42
Operating Leverage	Times	**(0.38)**	0.46	0.90	2.54	(2.45)	(13.96)
Return on Equity							
- without revaluation resevres	%	**14.56**	17.61	18.96	20.33	9.28	2.93
- with revaluation resevres	%	**12.25**	14.39	14.40	14.37	5.44	1.47
Return on Capital Employed	%	**8.57**	10.54	9.37	8.79	2.85	0.58
Liquidity Ratios							
Current ratio	Times	**2.41**	2.84	2.52	2.44	1.52	1.12
Quick / Acid Test ratio	Times	**1.55**	1.73	1.61	1.49	0.99	0.72
Cash to Current Liabilities	Times	**0.05**	0.07	0.07	0.05	0.04	0.02
Cash Flow from Operations to Sales	Times	**0.06**	0.08	0.08	(0.17)	0.00	(0.01)
Activity/Turnover Ratios							
Inventory turnover ratio	Times	**2.74**	2.64	2.83	2.79	3.24	3.52
No. of Days in Inventory	Days	**133**	138	129	131	113	104
Debtor turnover ratio	Times	**4.42**	4.23	3.96	3.83	3.39	4.36
No. of Days in Receivables	Days	**83**	86	92	95	108	84
Creditor turnover ratio	Times	**27.11**	24.57	23.54	17.63	10.54	9.81
No. of Days in Payables	Days	**13**	15	16	21	35	37
Total Assets turnover ratio	Times	**0.71**	0.67	0.69	0.63	0.61	0.70
Fixed Assets turnover ratio	Times	**2.39**	2.04	1.85	1.63	1.24	1.44
Operating Cycle	Days	**203**	209	206	206	186	150
Investment/Market Ratios							
Earning per Share - *Basic*	Rupees	**6.56**	7.51	6.61	6.13	3.75	0.54
Earning per Share - *Diluted*	Rupees	**6.56**	7.51	6.61	6.13	3.75	0.54
Price Earnings ratio	Times	**7.24**	9.49	8.78	6.68	5.33	19.93
Dividend Yield ratio	%	**6.84**	4.21	2.00	-	-	-
Dividend Payout ratio	%	**49.53**	39.95	17.54	-	-	-
Dividend Cover ratio	Times	**2.02**	2.50	5.70	-	-	-
Cash Dividend per Share	Rupees	**3.25**	3.00	1.25	-	-	-
Stock Dividend per Share	%	**-**	-	-	-	10.00	-
Market Value per Share							
- year end	Rupees	**47.49**	71.28	62.54	40.93	19.99	10.76
- high during the year	Rupees	**123.73**	74.64	94.97	40.93	27.97	11.00
- low during the year	Rupees	**43.10**	53.57	42.33	18.87	8.14	3.40
Break-up Value per Share							
- without revaluation resevres	Rupees	**44.76**	40.97	33.07	26.57	22.74	28.38
- with revaluation resevres	Rupees	**53.35**	50.36	45.14	38.04	39.94	60.17
Change in market value added	%	**(33.38)**	13.98	52.80	104.75	85.78	208.31
Market capitalization	Rupees in millions	**23,635**	35,475	24,900	16,296	5,360	1,311
Capital Structure Ratios							
Financial Leverage ratio	Times	**0.59**	0.55	0.94	1.19	1.70	3.20
Weighted Average Cost of Debt	%	**9.31**	9.13	11.15	14.81	14.52	15.91
Debt to Equity ratio	%	**18.37**	20:80	29:71	36:64	36:64	42:58
Interest Cover ratio	Times	**4.49**	5.16	3.67	2.47	1.51	1.14

Rupees in millions	2017	2016	2015	2014	2013	2012
SUMMARY OF BALANCE SHEET						
Shareholder's equity	27,001	25,511	19,996	15,595	11,158	7,782
Long term debt	4,048	4,604	6,127	7,344	5,728	5,621
Deferred liabilities/income	2,452	2,367	2,305	2,440	2,474	1,980
Current liabilities	10,415	7,845	7,722	7,148	7,782	9,832
Total equity and liabilities	**43,916**	**40,327**	**36,149**	**32,527**	**27,143**	**25,215**
Property, plant and equipment	17,406	16,442	15,510	14,467	14,818	13,811
Intangible assets	316	324	338	344	349	311
Long term assets	1,178	1,301	871	257	128	76
Total non-current assets	**18,899**	**18,068**	**16,719**	**15,068**	**15,295**	**14,198**
Cash and cash equivalents	484	552	578	340	278	216
Other current assets	24,533	21,707	18,853	17,119	11,570	10,800
Total current assets	**25,017**	**22,259**	**19,431**	**17,459**	**11,848**	**11,016**
Total assets	**43,916**	**40,327**	**36,149**	**32,527**	**27,143**	**25,215**
SUMMARY OF PROFIT OR LOSS						
Revenue	42,347	34,124	29,323	24,126	18,856	20,294
Sales tax and discount	(11,347)	(7,290)	(4,201)	(3,608)	(2,387)	(2,524)
Cost of Sales	(21,884)	(18,550)	(17,688)	(14,209)	(12,414)	(14,126)
Gross profit	**9,116**	**8,284**	**7,434**	**6,309**	**4,055**	**3,644**
Other income	18	37	36	32	46	36
Operating expenses	(3,979)	(2,706)	(2,277)	(1,893)	(1,486)	(1,456)
Finance cost	(1,547)	(1,497)	(1,665)	(1,893)	(1,819)	(2,050)
Share of profit/(loss) of associate	(5)	0	(13)	(11)	(21)	(13)
Profit before taxation	**3,603**	**4,119**	**3,514**	**2,545**	**775**	**161**
Taxation	(295)	(450)	(634)	(304)	(168)	(46)
Profit after taxation	**3,308**	**3,670**	**2,880**	**2,241**	**607**	**115**
SUMMARY OF CASH FLOWS						
Profit(loss) before taxation	3,603	4,119	3,514	2,545	775	161
Adjustments for non-cash and other items	2,197	2,125	2,391	2,649	2,502	2,721
Changes in working capital	(1,941)	(2,358)	(1,721)	(5,761)	(1,495)	(1,448)
Payments for income tax, interest etc.	(2,010)	(1,863)	(2,119)	(2,918)	(1,719)	(1,680)
Net cash generated from/(used in) operating activities	**1,849**	**2,023**	**2,065**	**(3,485)**	**63**	**(246)**
Purchase of property, plant and equipment	(1,843)	(1,731)	(1,878)	(387)	(334)	(281)
Purchase of intangible assets	(4)	-	-	(0)	(42)	-
Proceeds from disposal of property, plant and equipment	30	38	126	16	34	17
Acquisition of short term investments	-	-	-	(50)	-	-
Proceeds from sale of investments	-	65	-	-	-	-
Long term deposits	(106)	23	(97)	(73)	(53)	(5)
Long term advances	(300)	(751)	(688)	-	-	-
Net cash used in investing activities	**(2,223)**	**(2,356)**	**(2,537)**	**(495)**	**(393)**	**(269)**
Long term debt obtained	3,810	58	2,063	1,850	-	-
Repayment of long term debt	(4,153)	(1,854)	(2,912)	(319)	(80)	(72)
Net increase/(deacrese) in short term borrowings	2,246	313	426	345	(1,355)	640
Proceeds from issue of ordinary shares	-	2,406	-	2,064	1,828	-
Advances against issue of ordinary shares	-	-	1,575	-	-	-
Proceeds from sale and leaseback activities	15	4	52	100	-	-
Dividend paid	(1,611)	(619)	(494)	-	-	-
Net cash generated from/(used in) financing activitie	**307**	**308**	**710**	**4,041**	**393**	**569**
Net increase/(decrease) in cash and cash equivalents	(67)	(25)	238	62	62	54
Cash and cash equivalents as at beginning of the year	552	578	340	278	216	162
Cash and cash equivalents as at end of the year	**484**	**552**	**578**	**340**	**278**	**216**

Analysis of Financial Position and Performance

EQUITY AND LIABILITIES

Shareholders' Equity

The equity of the Company has grown almost six times over the past 6 years, and has also registered a YOY increase of 9.05% compared to last year. The paid-up share capital stands increased to Rs. 3,758 million as a result of issue of 120% right ordinary shares in 2013, 35% right ordinary shares and 10% bonus ordinary shares in 2014 and 25% right ordinary shares in year 2016. Capital Reserves increased by 4,116 million due to premium on issue of right ordinary shares in 2013, 2014 and 2016. Accumulated profits, at the close of 2017, stood at Rs. 13,020 million due to mile stone achievements in business volumes and cost economies.

Non-current Liabilities

Total non-current liabilities comprising of long term debt, deferred taxation and deferred income decreased by Rs. 1,078 million during the past six years mainly due to origination of taxable temporary differences arising from investments in plant and machinery.

Long term debt obtained mainly for Balancing, Modernization and Replacement and restructuring of short term liabilities is almost at the same level as six years ago, however, total long term debt decreased by Rs. 533 million from last year due to timely repayments made during the year.

Current Liabilities

Current liabilities of the Company, over the last six years have increased by Rs. 582 million to Rs. 10.415 million at the close of 2017 due to increase in business volumes.

ASSETS

Non-current Assets

Non-current assets of the Company including property, plant and equipment, intangible assets, long term investments and other long term assets have increased by Rs. 4,700 million over the last 6 years. Property plant and equipment has increased by Rs. 3,595 million due to procurement of plant and machinery, and construction of new buildings.

Long term deposits depicted a steady growth over the past 6 years due to growth in business activity. Company extended interest free advances to dealers for renovation of showrooms amounting to Rs. 1,849 million, in years 2015~2017. Long term investments decreased by Rs.1.368 Million due to changes in fair value, While intangible assets have increased by Rs. Rs. 5 million due to procurement of ERP software.

Current Assets

Current assets include inventories, trade debts short term advances, deposits, prepayments and other receivables, short term investments, current tax assets and cash and bank balances. With an aggregate balance of Rs. 25,017 million at the close of 2017, the current assets recorded an increase of Rs. 14,001 million since 2012 mainly on account of increase in stock in trade and trade debts due to increase in business volume in past 6 years.

PROFIT AND LOSS

Revenue and Cost of sales

Sales revenue registered a growth of 109% over the last 6 years, on account of higher increase in business volume and selling prices. Cost of sales increase by 55% since 2012. The lower rate of increase in cost of sales in comparison with increase in revenue is attributable to cost efficiencies, improved productivity and improved product design.

Operating costs

Distribution cost has increased by 225% since 2012 due to increase in revenues over the 6 years period. Administrative and general expenses have increased by Rs. 495 million since 2012, with almost similar %age to sales @ 4% over the last 6 years span.

CASH FLOWS

Cash and cash equivalents at the close of 2017 were recorded at Rs. 484 million in comparison with Rs. 216 million at close of 2012, with an increase of 124% over the last six years. Net cash generated from operating activities during the last six years amounts to Rs. 2,269 million. Inflows in the form of subscriptions to ordinary shares since 2012 amount to Rs. 7,873 million. An aggregate of Rs. 6,455 million was invested in property, plant and equipment during the last six years. Rs. 2,724 million was paid in the form of cash dividend during the last six years. Net repayments of debt finances amounted to Rs. 715 million. A total of Rs. 12,310 million was paid on account of interest/mark-up on borrowings and income taxes.

RATIO ANALYSIS

Profitability Ratios

Significant increase in turnover coupled with manufacturing cost efficiencies resulted in an increase in gross profit margins for 2017, which grew by 165% during the last six years. Net profit margin for the year has been reported at 10.67% as compared to 13.68% for 2016 and 0.65% six years ago. Consequently, returns on equity and capital employed have also increased to 12.25% and 14.39% respectively in comparison with 1.47% of six years ago. A multiple profitability growth is observed with in a six year span.

Operating performance / liquidity

Current ratio for 2017 is right on track 2.41 times against 2.84 times of the year 2016 and 1.12 times of year 2012. Cash to current liabilities and cash flows from operations to sales have shown a significant growth from 0.02 times to 0.06 times during the past 6 years.

Activity / Turnover ratios

Inventories, Receivable and Creditors turnover days are 133 days,83 days and 13 days against 104 days, 84 days and 37 days respectively in year 2012. Company operating cycle is increased due to robust volume growth , however company management is committed to improve to the maximum extent . Total asset turnover ratio recorded at 0.96 times in year 2017 against 0.80 times for the year 2012.

Investment / Market ratios

Company's earnings per share - EPS for the year 2017 is Rs. 6.56 per share as against Rs. 7.51 for 2016 and Rs. 0.58 for 2012. Price to earnings ratio lower by 2.25 times and 11.31 times as compared to 2016 and 2012 respectively as the market price of Company's share decreased to Rs. 47.49 at the close of 2017 as compared to Rs.71.28 and Rs. 10.76 at the close of 2016 and 2012 respectively.

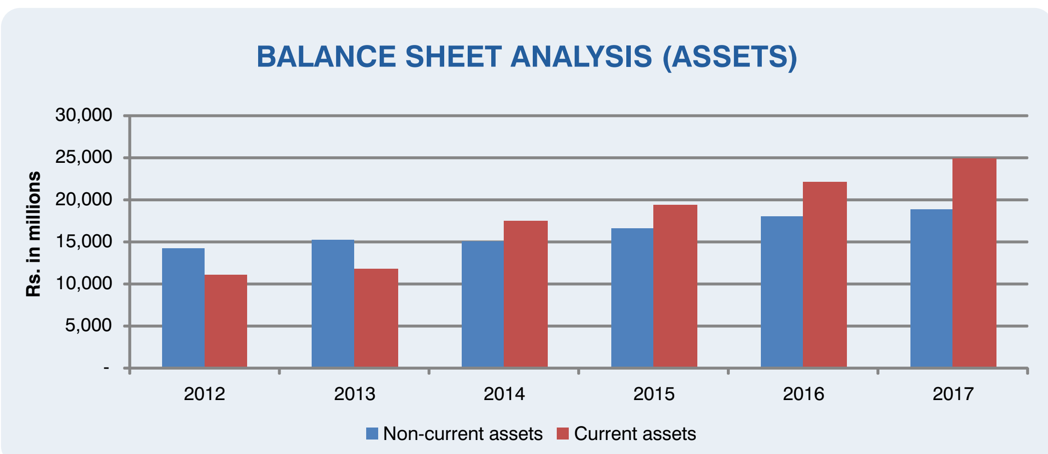
Capital Structure Ratios

Financial leverage ratio of 0.59 times for 2017 shows slightly increased leverage in comparison to 0.55 times for the year 2016 and much improved against 3.30 times for year 2012. Debt to equity ratio improved to 18:82 at the close of 2017 as compared to 42:58 for 2012. Company's interest cover ratio is 4.49 times in comparison with 1.14 times in 2012 as a result of lower finance cost to profitability ratio. The Company's weighted average cost of debt has also reduced to 9.31% at the close of 2017 from 10.98% for 2012.

Horizontal and Vertical Analysis

HORIZONTAL ANALYSIS - BALANCE SHEET

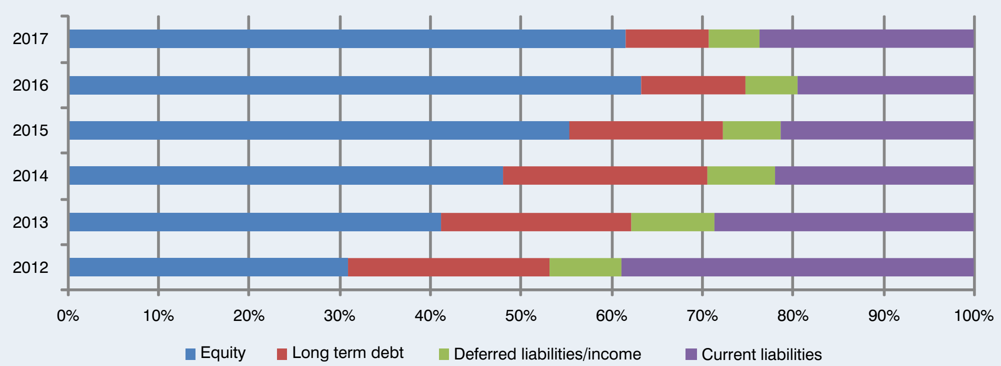
	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014	2014	2014 vs 2013	2013	2013 vs 2012	2012	2012 vs 2011
	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid-up capital	5,426	-	5,426	22.46	4,431	-	4,431	41.54	3,131	87.66	1,668	-
Capital reserve	4,280	-	4,280	230.79	1,294	-	1,294	144.24	530	222.75	164	-
Accumulated profit	13,020	16.94	11,134	41.09	7,891	48.85	5,302	83.76	2,885	38.98	2,076	17.24
TOTAL EQUITY	22,727	-	20,840		13,616	-	11,026		6,545		3,908	
ADVANCES AGAINST ISSUE OF ORDINARY SHARES		-	-	(100.00)	1,575	-	-	-	-	-	-	-
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4,274	(8.49)	4,671	(2.78)	4,804	5.16	4,568	(0.95)	4,612	19.07	3,874	(2.23)
LIABILITIES												
NON-CURRENT LIABILITIES												
Redeemable capital	69	(97.82)	3,152	(18.76)	3,879	(19.63)	4,826	95.86	2,464	-	2,464	-
Long term finances	3,958	183.07	1,406	(35.69)	2,187	(10.49)	2,443	(24.45)	3,233	3.52	3,123	(31.34)
Liabilities against assets subject to finance lease	22	(51.69)	46	(24.39)	61	(17.89)	75	143.49	31	(8.55)	34	53.63
Deferred taxation	2,413	3.75	2,326	2.84	2,262	(5.53)	2,394	(1.34)	2,427	25.74	1,930	(2.19)
Deferred income	39	(5.00)	41	(5.00)	43	(5.00)	45	(5.00)	48	(5.00)	50	(10.76)
	6,501	(6.42)	6,971	(17.33)	8,432	(13.82)	9,783	19.27	8,203	7.91	7,601	15.17
CURRENT LIABILITIES												
Trade and other payables	993	8.49	915	12.26	815	(7.52)	881	(6.79)	946	(44.12)	1,692	13.95
Accrued interest/mark-up	166	3.86	159	(38.90)	261	(47.87)	501	(65.59)	1,455	16.78	1,246	51.18
Short term borrowings	7,227	45.08	4,982	6.70	4,669	10.03	4,243	(14.45)	4,960	(27.22)	6,815	10.37
Current portion of non-current liabilities	2,027	12.18	1,788	(9.52)	1,977	29.77	1,523	260.92	422	434.56	79	(93.10)
	10,413	32.47	7,845	1.59	7,722	8.02	7,148	(8.15)	7,782	(20.84)	9,832	2.11
TOTAL LIABILITIES	16,915	14.17	14,816	(8.28)	16,154	(4.60)	16,932	5.92	15,985	(8.31)	17,433	7.42
TOTAL EQUITY AND LIABILITIES	43,916	8.90	40,327	11.56	36,149	11.14	32,527	19.84	27,143	7.65	25,215	5.97
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	17,406	5.86	16,442	6.01	15,510	7.21	14,467	(2.37)	14,818	7.29	13,811	(1.97)
Intangible assets	316	(2.51)	324	(4.33)	338	(1.65)	344	(1.42)	349	12.22	311	(1.24)
Long term investments	9	(66.41)	26	195.77	9	(86.06)	64	670.22	8	(18.80)	10	132.55
Long term deposits	372	39.64	266	(8.09)	290	50.30	193	61.11	120	81.61	66	20.61
Long term advances	797	(21.01)	1,009	76.37	572	-	-	-	-	-	-	-
	18,899	4.60	18,068	8.07	16,719	10.96	15,068	(1.49)	15,295	7.72	14,198	(1.83)
CURRENT ASSETS												
Stores, spares and loose tools	746	(8.18)	813	2.46	793	71.68	462	61.72	286	125.39	127	15.71
Stock in trade	8,150	3.88	7,846	26.91	6,182	(2.14)	6,317	62.66	3,883	2.48	3,790	(10.77)
Trade debts	10,728	27.20	8,433	9.52	7,700	8.09	7,124	30.08	5,476	(2.96)	5,643	54.37
Due against construction work in progress	1,393	23.51	1,128	10.19	1,024	1.87	1,005	138.68	421	98.18	212	(15.34)
Short term advances	846	(11.42)	955	4.49	914	10.15	830	28.01	648	44.76	448	(3.89)
Short term deposits and prepayments	1,109	(11.89)	1,259	(5.44)	1,331	56.03	853	88.32	453	55.80	291	27.79
Other receivables	311	(35.22)	480	23.10	390	107.81	188	642.34	25	28.62	20	14.04
Short term investments	22	(5.55)	23	(72.98)	86	296.02	22	(5.22)	23	95.36	12	55.69
Advance income tax	1,228	59.49	770	77.87	433	35.66	319	(9.91)	354	37.19	258	37.70
Cash and bank balances	484	(12.32)	552	(4.41)	578	69.86	340	22.42	278	28.41	216	33.66
	25,017	12.39	22,259	14.56	19,431	11.29	17,459	47.36	11,848	7.55	11,016	18.07
TOTAL ASSETS	43,916	8.90	40,327	11.56	36,149	11.14	32,527	19.84	27,143	7.65	25,215	5.97



VERTICAL ANALYSIS - BALANCE SHEET

	2017		2016		2015		2014		2013		2012	
	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid-up capital	5,426	12.36	5,426	13.46	4,431	12.26	4,431	13.62	3,131	11.53	1,668	6.62
Capital reserve	4,280	9.75	4,280	10.61	1,294	3.58	1,294	3.98	530	1.95	164	0.65
Accumulated profit	13,020	29.65	11,134	27.61	7,891	21.83	5,302	16.30	2,885	10.63	2,076	8.23
TOTAL EQUITY	**22,727**	**51.75**	**20,840**	**51.68**	**13,616**	**37.67**	**11,026**	**33.90**	**6,545**	**24.12**	**3,908**	**15.50**
ADVANCES AGAINST ISSUE OF ORDINARY SHARES	-	-	-	-	**1,575**	**4.36**	-	-	-	-	-	-
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	**4,274**	**9.73**	**4,671**	**11.58**	**4,804**	**13.29**	**4,568**	**14.04**	**4,612**	**16.99**	**3,874**	**15.36**
LIABILITIES												
NON-CURRENT LIABILITIES												
Redeemable capital	69	0.16	3,152	7.82	3,879	10.73	4,826	14.84	2,464	9.08	2,464	9.77
Long term finances	3,959	9.06	1,406	3.49	2,187	6.05	2,443	7.51	3,233	11.91	3,123	12.39
Liabilities against assets subject to finance lease	22	0.05	46	0.12	61	0.17	75	0.23	31	0.11	34	0.13
Deferred taxation	2,413	5.50	2,326	5.77	2,262	6.26	2,394	7.36	2,427	8.94	1,930	7.65
Deferred income	39	0.09	41	0.10	43	0.12	45	0.14	48	0.18	50	0.20
	6,501	**14.85**	**6,971**	**17.29**	**8,432**	**23.33**	**9,783**	**30.08**	**8,203**	**30.22**	**7,601**	**30.15**
CURRENT LIABILITIES												
Trade and other payables	993	2.26	915	2.27	815	2.26	881	2.71	946	3.48	1,692	6.71
Accrued interest/mark-up	166	0.38	159	0.40	261	0.72	501	1.54	1,455	5.36	1,246	4.94
Short term borrowings	7,227	16.46	4,982	12.35	4,669	12.92	4,243	13.05	4,960	18.27	6,815	27.03
Current portion of non-current liabilities	2,027	4.57	1,788	4.43	1,977	5.47	1,523	4.68	422	1.55	79	0.31
	10,413	**23.66**	**7,845**	**19.45**	**7,722**	**21.36**	**7,148**	**21.98**	**7,782**	**28.67**	**9,832**	**38.99**
TOTAL LIABILITIES	**16,915**	**38.52**	**14,816**	**36.74**	**16,154**	**44.69**	**16,932**	**52.06**	**15,985**	**58.89**	**17,433**	**69.14**
TOTAL EQUITY AND LIABILITIES	**43,916**	**100.00**	**40,327**	**100.00**	**36,149**	**100.00**	**32,527**	**100.00**	**27,143**	**100.00**	**25,215**	**100.00**
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	17,406	39.63	16,442	40.77	15,510	42.90	14,467	44.48	14,818	54.59	13,811	54.77
Intangible assets	316	0.72	324	0.80	338	0.94	344	1.06	349	1.29	311	1.23
Long term investments	9	0.02	26	0.07	9	0.02	64	0.20	8	0.03	10	0.04
Long term deposits	372	0.85	266	0.66	290	0.80	193	0.59	120	0.44	66	0.26
Long term advances	797	1.81	1,009	2.50	572	1.58	-	-	-	-	-	-
	18,899	**43.03**	**18,068**	**44.80**	**16,719**	**46.25**	**15,068**	**46.32**	**15,295**	**56.35**	**14,198**	**56.31**
CURRENT ASSETS												
Stores, spares and loose tools	746	1.70	813	2.02	793	2.19	462	1.42	286	1.05	127	0.50
Stock in trade	8,150	18.56	7,846	19.46	6,182	17.10	6,317	19.42	3,883	14.31	3,790	15.03
Trade debts	10,728	24.43	8,433	20.91	7,700	21.30	7,124	21.90	5,476	20.18	5,643	22.38
Due against construction work in progress	1,393	3.17	1,128	2.80	1,024	2.83	1,005	3.09	421	1.55	212	0.84
Short term advances	846	1.93	955	2.37	914	2.53	830	2.55	648	2.39	448	1.78
Short term deposits and prepayments	1,109	2.53	1,259	3.12	1,331	3.68	853	2.62	453	1.67	291	1.15
Other receivables	311	0.71	480	1.19	390	1.08	188	0.58	25	0.09	20	0.08
Short term investments	22	0.05	23	0.06	86	0.24	22	0.07	23	0.08	12	0.05
Advance income tax	1,228	2.80	770	1.91	433	1.20	319	0.98	354	1.30	258	1.02
Cash and bank balances	484	1.10	552	1.37	578	1.60	340	1.05	278	1.02	216	0.86
	25,017	**56.97**	**22,259**	**55.20**	**19,431**	**53.75**	**17,459**	**53.68**	**11,848**	**43.65**	**11,016**	**43.69**
TOTAL ASSETS	**43,916**	**100.00**	**40,327**	**100.00**	**36,149**	**100.00**	**32,527**	**100.00**	**27,143**	**100.00**	**25,215**	**100.00**

BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES)

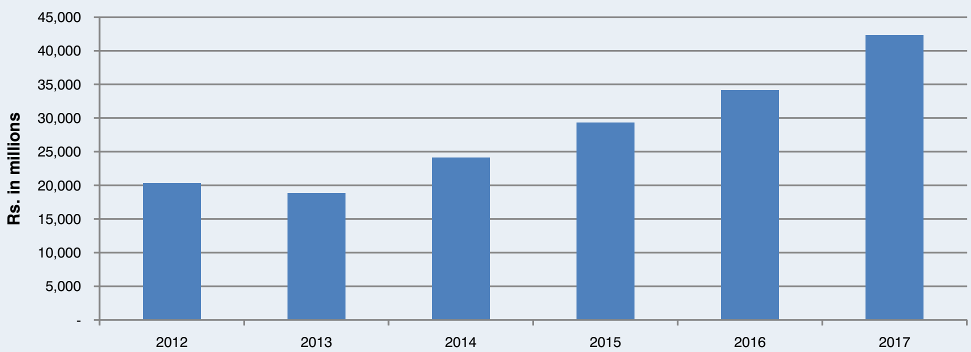


Horizontal and Vertical Analysis

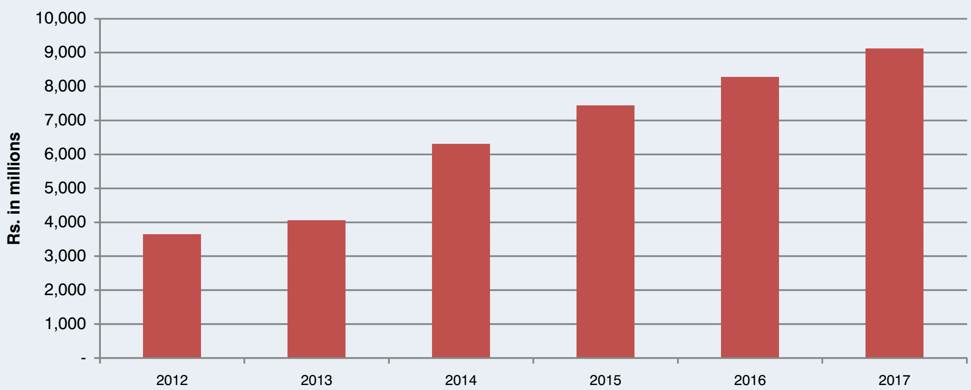
HORIZONTAL ANALYSIS - PROFIT AND LOSS

	2017	2017 vs 2016	2016	2016 vs 2015	2015	2015 vs 2014	2014	2014 vs 2013	2013	2013 vs 2012	2012	2012 vs 2011
	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age
Revenue	**42,347**	**24.10**	**34,124**	**16.37**	29,323	21.54	**24,126**	**27.94**	**18,856**	**(7.08)**	**20,294**	**47.88**
Sales tax and discount	(11,347)	55.65	(7,290)	73.52	(4,201)	16.45	(3,608)	51.12	(2,387)	(5.42)	(2,524)	6.04
Revenue *net*	**31,000**	15.52	**26,834**	**6.81**	**25,122**	**22.44**	**20,518**	**24.58**	**16,469**	**(7.32)**	**17,770**	**56.66**
Cost of sales	(21,884)	17.97	(18,550)	4.88	(17,688)	24.49	(14,209)	14.46	(12,414)	(12.12)	(14,126)	37.44
Gross profit	**9,116**	**10.05**	**8,284**	**11.43**	7,434	17.83	**6,309**	**55.59**	**4,055**	**11.29**	**3,644**	**242.16**
Other income	18	(52.31)	37	4.02	36	10.42	32	(29.72)	46	27.43	36	(2.35)
Distribution cost	(2,684)	64.86	(1,628)	22.29	(1,331)	22.17	(1,090)	34.63	(809)	(2.17)	(827)	4.34
Administrative and general expenses	(1,119)	26.55	(884)	16.56	(758)	9.99	(690)	7.30	(643)	2.94	(624)	(8.60)
Other expenses	(176)	(9.04)	(194)	3.27	(188)	65.12	(114)	233.61	(34)	632.64	(5)	(3.93)
	(3,979)	47.05	(2,706)	18.82	(2,277)	20.31	(1,893)	27.37	(1,486)	2.05	(1,456)	(1.66)
Operating profit	**5,155**	**(8.20)**	**5,616**	**8.14**	5,193	16.72	**4,449**	**70.11**	**2,615**	**17.61**	**2,224**	**(687.14)**
Finance cost	(1,547)	3.35	(1,497)	(10.14)	(1,665)	(12.02)	(1,893)	4.03	(1,819)	(11.25)	(2,050)	45.06
	3,609	(12.39)	4,119	16.77	3,528	38.00	2,556	221.18	796	358.32	174	(109.69)
Share of loss of associate	(5)	(1,832.69)	0	(102.29)	(13)	23.44	(11)	(47.90)	(21)	64.73	(13)	25.26
Profit before taxation	**3,603**	**(12.53)**	**4,119**	**17.22**	3,514	38.07	**2,545**	**228.46**	**775**	**381.55**	**161**	**(108.93)**
Taxation	(295)	(34.32)	(450)	(29.12)	(634)	108.72	(304)	81.30	(168)	262.29	(46)	(107.24)
Profit after taxation	**3,308**	**(9.86)**	**3,670**	**27.43**	2,880	28.49	**2,241**	**269.07**	**607**	**429.65**	**115**	**(109.86)**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	**3,308**	**(9.86)**	**3,670**	**27.43**	**2,880**	**28.49**	**2,241**	**269.07**	**607**	**429.65**	**115**	**(109.86)**

REVENUE



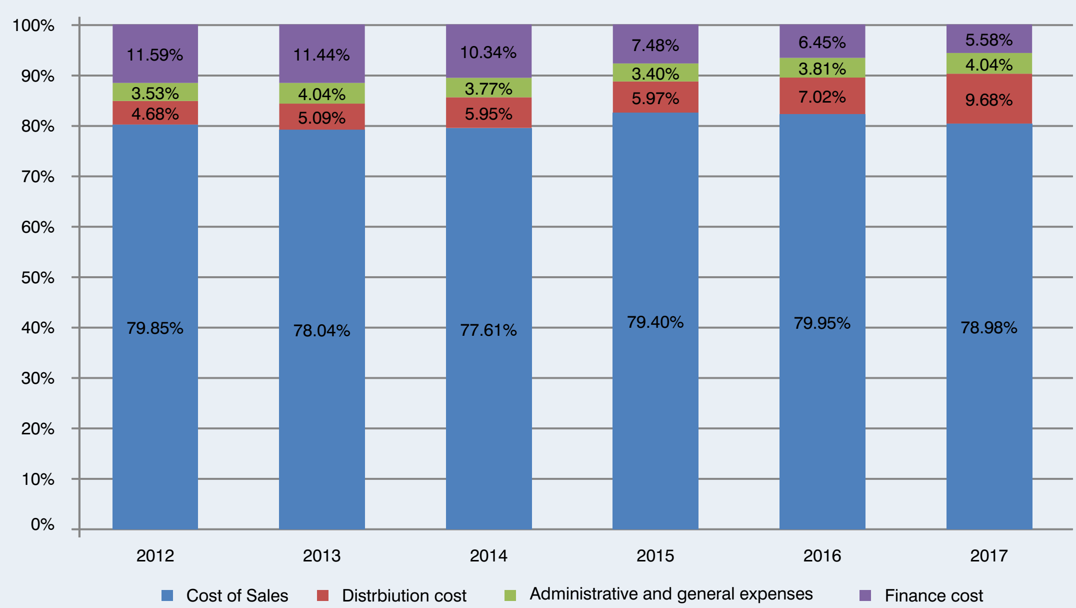
GROSS PROFIT



VERTICAL ANALYSIS - PROFIT AND LOSS

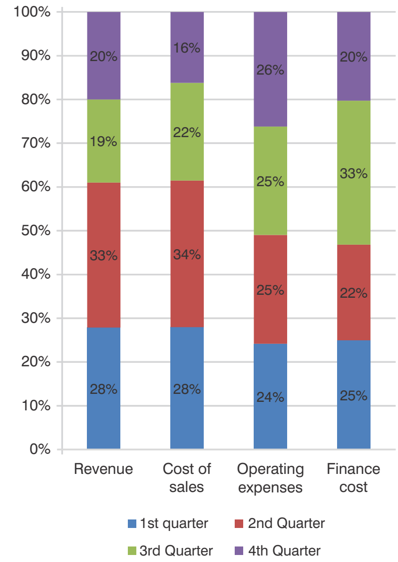
	2017		2016		2015		2014		2013		2012	
	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age
Revenue	**42,347**	**100.00**	**34,124**	**100.00**	29,323	**100.00**	**24,126**	**100.00**	**18,856**	**100.00**	**20,294**	**100.00**
Sales tax and discount	(11,347)	(26.79)	(7,290)	(21.36)	(4,201)	(14.33)	(3,608)	(14.95)	(2,387)	(12.66)	(2,524)	(12.44)
Revenue *net*	**31,000**	**73.21**	**26,834**	**78.64**	25,122	85.67	**20,518**	**85.05**	**16,469**	**87.34**	**17,770**	**87.56**
Cost of sales	(21,884)	(51.68)	(18,550)	(54.36)	(17,688)	(60.32)	(14,209)	(58.89)	(12,414)	(65.83)	(14,126)	(69.61)
Gross profit	**9,116**	**21.53**	**8,284**	**24.28**	7,434	25.35	**6,309**	**26.15**	**4,055**	**21.51**	**3,644**	**17.95**
Other income	18	0.04	37	0.11	36	0.12	32	0.13	46	0.25	36	0.18
Distribution cost	(2,684)	(6.34)	(1,628)	(4.77)	(1,331)	(4.54)	(1,090)	(4.52)	(809)	(4.29)	(827)	(4.08)
Administrative and general expenses	(1,119)	(2.64)	(884)	(2.59)	(758)	(2.59)	(690)	(2.86)	(643)	(3.41)	(624)	(3.08)
Other expenses	(176)	(0.42)	(194)	(0.57)	(188)	(0.64)	(114)	(0.47)	(34)	(0.18)	(5)	(0.02)
	(3,979)	(9.40)	(2,706)	(7.93)	(2,277)	(7.77)	(1,893)	(7.85)	(1,486)	(7.88)	(1,456)	(7.18)
Operating profit	**5,155**	**12.17**	**5,616**	**16.46**	5,193	17.71	**4,449**	**18.44**	**2,615**	**13.87**	**2,224**	**10.96**
Finance cost	(1,547)	(3.65)	(1,497)	(4.39)	(1,665)	(5.68)	(1,893)	(7.85)	(1,819)	(9.65)	(2,050)	(10.10)
	3,609	8.52	4,119	12.07	3,528	12.03	2,556	10.60	796	4.22	174	0.86
Share of loss of associate	(5)	(0.01)	0	0.00	(13)	(0.05)	(11)	(0.05)	(21)	(0.11)	(13)	(0.06)
Profit before taxation	**3,603**	**8.51**	**4,119**	**12.07**	3,514	11.98	**2,545**	**10.55**	**775**	**4.11**	**161**	**0.79**
Taxation	(295)	(0.70)	(450)	(1.32)	(634)	(2.16)	(304)	(1.26)	(168)	(0.89)	(46)	(0.23)
Profit after taxation	**3,308**	**7.81**	**3,670**	**10.75**	2,880	9.82	**2,241**	**9.29**	**607**	**3.22**	**115**	**0.57**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	**3,308**	**7.81**	**3,670**	**10.75**	2,880	9.82	**2,241**	**9.29**	**607**	**3.22**	**115**	**0.57**

ANALYSIS OF EXPENSES



Quarterly Analysis

Rupees in millions	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenue	11,813	14,021	8,041	8,472
Sales tax and discount	(2,967)	(3,506)	(1,344)	(3,530)
Revenue - *net*	8,846	10,515	6,697	4,942
Cost of sales	(6,117)	(7,335)	(4,883)	(3,549)
Gross profit	2,729	3,180	1,814	1,393
Other income	14	1	1	2
Distribution cost	(614)	(650)	(665)	(755)
Administrative and general expenses	(278)	(268)	(300)	(273)
Other expenses	(70)	(71)	(21)	(14)
	(962)	(989)	(986)	(1,042)
Operating profit	1,781	2,192	829	353
Finance cost	(386)	(338)	(509)	(314)
	1,395	1,854	320	40
Share of loss of associate	1	-	1	(7)
Profit before taxation	1,396	1,854	321	32
Taxation	(291)	(228)	(80)	304
Profit after taxation	1,105	1,626	241	336
Other comprehensive income	-	-	-	-
Total comprehensive income	1,105	1,626	241	336



1st Quarter

Sales Revenue during the first quarter was Rs. 11,814 Million increased by 52 % as Compared to the corresponding quarter of the previous year . In this Quarter appliances division showed a drastic improvement and sales increased 111%. The sales of power division showed a decline of 23% due to slow ordring from WAPDA and Discos. The sale Air conditioners increased by 560%, Deep Freezers by 27% and Microwave by 72% as compared to the corresponding period of last year. Profit for the quarter increased by 108%.

2nd Quarter

Sales Revenue during the second quarter was Rs. 14,021 Million increased by 14 % as Compared to the correspondence quarter of the previous year. Sale of Appliances Division increased by 18% and power division by 6% especially sale of Air Conditioners increased by 115% ,deep freezers by 58% and microwave by 112%. This all is due to success of new models in each product. EPC business increased by 314%. Profit after tax reduces by 6% as copare to last year this was mainly due reduction in gross margins.

3rd Quarter

In the third quarter Sales Revenue showed 13% groath with sale of Rs. 8,041 Million as compare to the corresponding quarter of the previous year. Again, the demand of Home Appliances remained very good and played a major roll towards Growth. The sale of switch gears and EPC were prominent in this quarter. Profit after reduces due to tight gross margins.

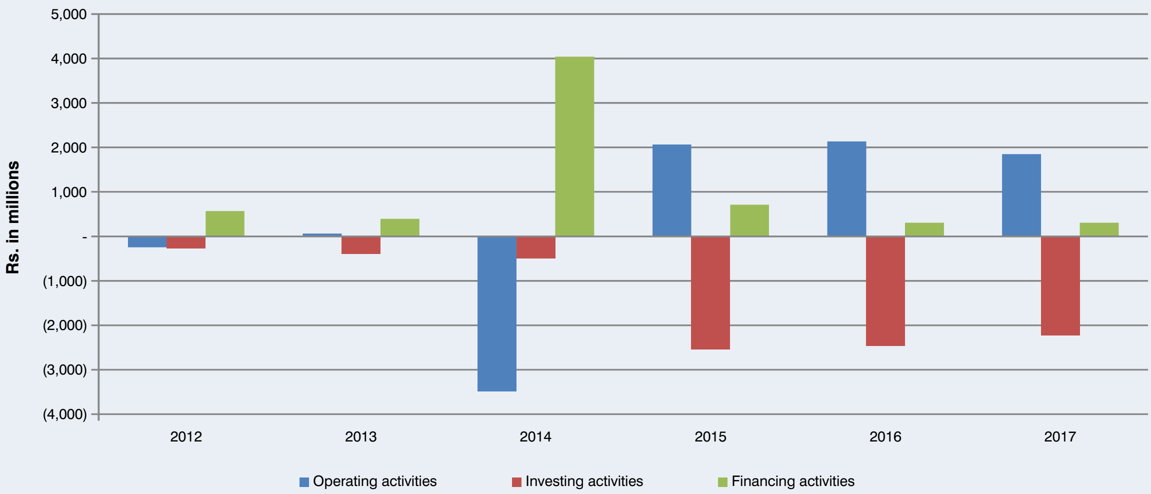
4th Quarter

The Sales Revenue during this quarter was Rs. 8,471 million increased by 21% as compare to the 4th quarter last year. Growth in the both division was moderate how ever EPC busuness remained prominent along with Air conditioners , deep freezers and microwave ovens. Profit after tax reduced as compared to the last year this was mainly due to increase in sale discounts and dealers incentives in appliances division.

Direct Method Cash Flow Statement

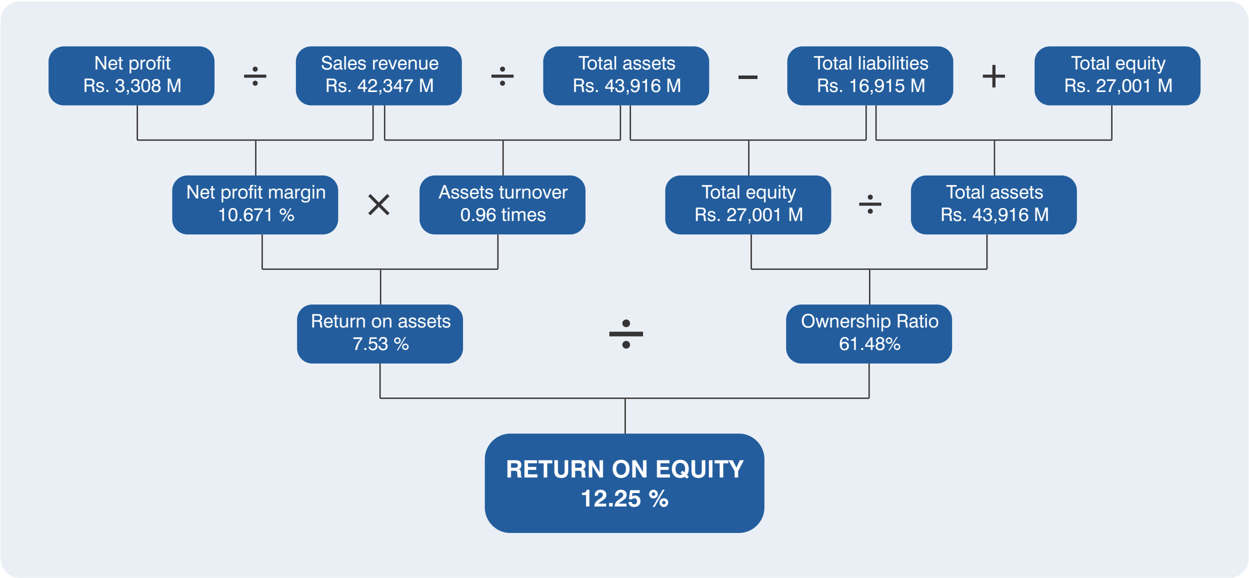
Rupees in millions	2017	2016	2015	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers *net*	39,823	33,322	28,670	21,864	18,414	18,627
Payments to suppliers/service providers/employees etc.-*net*	(35,773)	(29,255)	(24,369)	(22,394)	(16,610)	(17,194)
Payment to Workers' Profit Participation Fund	(106)	(107)	(70)	(27)	(4)	-
Payment to Workers' Welfare Fund	(84)	(72)	(47)	(9)	(18)	-
Interest/mark-up on borrowings paid	(1,143)	(1,203)	(1,683)	(2,748)	(1,506)	(1,520)
Income taxes (paid)/refund	(867)	(661)	(437)	(170)	(214)	(160)
Net cash generated from/(used in) operating activties	**1,849**	**2,023**	**2,065**	(3,485)	63	(246)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(1,843)	(1,731)	(1,878)	(387)	(334)	(281)
Purchase of intangible assets	(4)	-	-	(0)	(42)	-
Proceeds from disposal of property, plant and equipment	30	38	126	16	34	17
Acquisition of short term investments	-	-	-	(50)	-	-
Proceeds from sale of investments	-	65	-	-	0	-
Long term deposits	(106)	23	(97)	(73)	(53)	(5)
Long term advances	(300)	(751)	(688)	-	-	-
Net cash generated used in investing activties	**(2,223)**	**(2,356)**	**(2,537)**	(495)	(393)	(269)
CASH FLOWS FROM FINANCING ACTIVITIES						
Long term debt obtained	3,810	58	2,063	1,850	-	-
Repayment of long term debt	(4,153)	(1,854)	(2,912)	(319)	(80)	(72)
Net increase/(deacrese) in short term borrowings	2,246	313	426	345	(1,355)	640
Proceeds from issue of ordinary shares	-	2,406	-	2,064	1,828	-
Advances against issue of ordinary shares	-	-	1,575	-	-	-
Proceeds from sale and leaseback activities	15	4	52	100	-	-
Dividend paid	(1,611)	(619)	(494)	-	-	-
Net cash generated used in investing activties	**307**	**308**	**710**	4,041	393	569
Net increase/(decrease) in cash and cash equivalents	(67)	(25)	238	62	62	54
Cash and cash equivalents at the end of the year	552	578	340	278	216	162
Cash and cash equivalents at the end of the year	**484**	**552**	**578**	**340**	**278**	**216**

CASH FLOW ANALYSIS



Dupont Analysis

	Unit	2017	2016
Tax burden	%	**91.81**	89.09
Interest burden	%	**69.78**	72.38
EBIT margin	%	**16.66**	21.21
Asset turnover	Times	**70.59**	0.67
Leverage	%	**162.65**	158.08
Return on Equity	%	**12.25**	14.39



Plant Capacity and Production

	Unit	2017	2016	2015	2014	2013	2012
Annual Production Capacity							
Transformers	MVA	**7,000**	7,000	6,500	5,000	5,000	5,000
Switchgears	No.s	**12,000**	12,000	12,000	9,000	9,000	9,000
Energy Meters	No.s	**1,700,000**	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Air conditioners	Tonnes	**200,000**	179,950	90,000	90,000	90,000	90,000
Refrigerators/Deep Freezers	Cfts	**6,950,000**	6,950,000	5,500,000	5,000,000	5,000,000	5,000,000
Microwave Ovens/Water Dispenser	Litres	**2,500,000**	850,000	700,000	700,000	-	-
Actual Production							
Transformers	MVA	**3,239**	4,966	4,171	3,097	2,537	3,967
Switchgears	No.s	**3,318**	8,378	8,311	6,258	8,021	1,780
Energy Meters	No.s	**1,045,231**	624,414	320,875	579,237	277,732	264,148
Air conditioners	Tonnes	**139,396**	44,949	40,953	9,712	1,720	919
Refrigerators/Deep Freezers	Cfts	**5,608,735**	5,153,397	4,520,052	4,152,270	3,306,428	3,042,064
Microwave Ovens/Water Dispenser	Litres	**2,072,617**	194,220	389,809	236,391	-	-

Directors' Report
to the shareholders

Chairman's Review

I am delighted to inform that PEL has once again surpassed its targets of 2017 in terms of revenue, growth in number of units, besides maintaining stakeholders' trust in quality of our products and business practices.

At the close of 2017, PEL reaches to another highest ever turnover of Rs. 42 Billion. Especially Appliances Division witnessed a significant growth of 42% during the year as compared to previous year. This is all due to our strong customer focus, hard work of our human resource and positivity of PEL's brand image in the industry.

During the Year Sales Revenue of Power Division remained at the same level as compared to the previous year. The steady momentum in this area is due to slow Ordering from WAPDA and Discos. Company Order Book is healthy for the year 2018 due to economic revival of national industry especially in the energy sectors, housing development and industrial estate projects. In future economic outlook CPEC Projects of around 15,852 MW projects are in pipe line and privatization of DISCOs is underway, the Company foresees a promising way forward for this segment. Our focus will remain on continuous research and development which will enable us to not only cater for the local demands but also explore new markets outside Pakistan.

In view of commendable performance and with a view to provide a steady stream of income for the shareholders, the Board is pleased to propose a final dividend of Rs 1.20 per share, aggregating to an annual payout of 27% (Rs 2.70 per share) including interim distributions of Rs 1.50 per share.

Under the prevailing competitive circumstances we remained committed to our strategy of

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

M. Naseem Saigol
Chairman

Lahore
March 16, 2018

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

چیئرمین کا جائزہ

مجھے آپ کو مطلع کرتے ہوئے خوشی ہو رہی ہے کہ کمپنی نے اپنی مصنوعات، کاروباری روایات اور اسٹیک ہولڈرز کے اعتماد کے تسلسل کو برقرار رکھتے ہوئے سال 2017ء میں اپنے محصولات میں اہداف سے تجاوز کیا ہے۔

سال 2017ء میں کمپنی نے 42 بلین روپے کے تاریخ کے بلند ترین سطح کے محصولات ریکارڈ کئے ہیں۔ بلخصوص اپلائنسز ڈویژن نے گذشتہ سال کے مقابلے میں رواں سال کے دوران 42 فیصد کا نمایاں اضافہ ظاہر کیا ہے۔ یہ سب ہماری گاہک کی طلب پر نظر، انسانی وسائل کا بہترین استعمال اور کمپنی کی مصنوعات کی پذیرائی کی وجہ سے ہے۔

رواں سال کے دوران پاور ڈویژن کے محصولات تقریباً گذشتہ سال کے برابر ہی رہے۔ اس کی بنیادی وجہ واپڈا کی بجلی کی تقسیم کار کمپنیوں سے ملنے والے آرڈرز میں سست روی کا رحجان ہے۔ سال 2018ء میں ملکی معیشت کی بحالی بلخصوص توانائی، رہائشی تعمیرات اور صنعتی مراکز کے قیام کے پیش نظر کمپنی کی آرڈر بک حوصلہ افزاء ہے۔ CPEC کے منصوبوں میں تقریباً 15,852 میگاواٹ کے توانائی کے منصوبے اپنے تکمیلی مراحل میں ہیں اس کے علاوہ واپڈا کی بجلی کی تقسیم کار کمپنیوں کی نجکاری کا عمل بھی جاری ہے۔ جس کے پیش نظر کمپنی اس شعبہ میں ایک امید افزاء مستقبل کی توقع کرتی ہے۔ مصنوعات کے بارے میں مسلسل تحقیقی عمل ہمیں نہ صرف مقامی مارکیٹ بلکہ برآمدات کے اضافے میں بھی مددگار ثابت ہوگا۔

قابل ستائش کارکردگی اور کمپنی کی حصہ داران میں منافع کی تقسیم کی پالیسی کے پیش نظر کمپنی کے بورڈ آف ڈائریکٹرز نے آخری منافع منقسمہ (فائنل ڈیویڈینڈ) 1.20 روپے فی حصص تجویز کیا ہے۔ جو کہ 1.50 روپے فی حصص عبوری منافع منقسمہ (انٹیرم ڈیویڈینڈ) کے علاوہ ہے اس طرح کل سالانہ ادائیگی 2.70 روپے فی حصص یعنی 27 فیصد بنتی ہے۔

مقابلہ بازی کے موجود رحجانات میں ہم اپنی مصنوعات میں جدت کے ساتھ ساتھ معیار کو برقرار رکھنے کا عزم کرتے ہیں۔ ہماری کاروباری سوچ گاہک کے اعتماد، پیداوار اور انسانی وسائل کے بہترین استعمال کے گرد گھومتی ہے۔

ہماری کمپنی پیداواری مہارت، جدید ٹیکنالوجی کے استعمال اور پیداواری استعداد کو بڑھانے میں مسلسل عمل پیرا رہی ہے۔ اپنے معیار اور مارکیٹ سے ہم آہنگ ہونے کی وجہ سے PEL برانڈ مارکیٹ لیڈرشپ کے لیے تیار ہے۔

ایم نسیم سہگل

چیئرمین

لاہور

16 مارچ 2018ء

CEO's Remarks

This has been the company's best ever year with highest sales and production volumes. The company successfully launched new models in all products of appliances division. The company aims to achieve sustainable growth by undertaking strategic and forward looking investments that build on our robust earnings based and meet the rising demand of PEL products.

In 2017 revenue achieved is Rs. 42,347 million which is higher by 24.1% as compared to the corresponding period (2016: Rs. 34,124 million). Increase in sales revenue is largely due to well-built growth of all product base, fueled by enhanced and improved product portfolio, brand expansion and increased market share.

Appliance division witnessed a extravagant revenue growth of 42% during the year due to considerable market response to our all products. This is mainly attributable to the increased market penetration in air conditioner and deep freezer segments especially through the high quality "Invert-o- series" of air conditioner and the best featured deep freezers. The Company kept on improving product features, introduce aesthetics and increase product range that led to strengthening the customer's confidence.

The sales in power division remained at the same level due to Low ordering from Government sector. However, revenue in EPC Business in year 2017 is doubled as compared to the corresponding period. Beside this a 38.4 % volumetric growth is achieved in Energy Meter Business. We foresee continuity and surge in demand for power division products due to continued focus of the government on improvement of power generation & distribution, supply infrastructure and better margins across all our product lines.

Gross profit achieved in 2017 amounts to Rs. 9,116 million as compared to Rs. 8,284 million in 2016, resulting in an increase of 10 % as compared to previous year. Profit after tax was recorded at Rs. 3,308 million as compared to Rs. 3,670 for the previous year.

Earnings per share is Rs. 6.56 as compared to that of Rs. 7.51 of previous year. During the year Company also distributed cash dividend of Rs. 2.7 per share to the shareholders.

To support the future growth in revenue, production and profits, Company has invested Rs. 1,872 million in building, plant and machinery, which will not only increase the production capacities, but will also improve efficiencies. This will support us to meet the production and warehousing requirements during peak seasons and in timely deliveries against future high order intakes.

Looking ahead of aggressive marketing by the global brands, persistent pricing pressure and strong competition continue to pose challenges for Company profitability and performance. However, we remain committed to drive the business forward and explore the new avenues despite these numerous challenges. Resilient Company performance during 2017, besides our planned diversification & productivity initiatives, improved brand portfolio and dedication provide confidence of sustained profitability for the shareholders of the Company.

M. Murad Saigol
Chief Executive Officer

Lahore
March 16, 2018

سی ای او کے تاثرات

یہ سال کمپنی کی پیداوار اور محصولات کے حوالے سے تاریخ کا سب سے بہترین سال رہا ہے۔ دوران سال کمپنی نے اپلائنسز ڈویژن کی تمام مصنوعات میں بڑی کامیابی سے نئے ماڈلز متعارف کروائے ہیں۔ کمپنی اپنے مستقبل بینی کے عمل اور مصنوعات کی طلب کو پورا کرتے ہوئے اپنے محصولات میں اضافے کی وجہ سے دیرپا نمو کے لیے پرعزم ہے۔

سال 2017ء میں کمپنی کے محصولات 42,347 ملین روپے رہے جو کہ گذشتہ سال کے 34,124 ملین روپے کے مقابلے میں 24.10 فیصد زیادہ ہیں۔ محصولات میں نمایاں اضافہ کی وجہ مصنوعات کی پائیداری اور PEL برانڈ کی طلب میں اضافہ ہے۔

ہوم اپلائنسز ڈویژن کی مارکیٹ میں پزیرائی کی وجہ سے گذشتہ سال کے مقابلے میں 42 فیصد محصولات کا اضافہ ہوا ہے۔ اس کی بنیادی وجہ مصنوعات کا فروغ عام، کم بجلی سے چلنے والے انورٹ۔ او۔ سیریز کے ائیر کنڈیشنر اور بہترین خصوصیات کے حامل ڈیپ فریزر کی سیلز ہیں۔ کمپنی نے اپنی مصنوعات کے معیار اور ظاہری بناوٹ کو بہتر بنانے کا عمل جاری رکھا جس کی وجہ سے گاہک کے اعتماد میں اضافہ ہوا۔

پاور ڈویژن کی سیلز تقریباً گذشتہ سال کے برابر رہیں۔ جس کی بنیادی وجہ سرکاری شعبہ سے ملنے والے آرڈرز ہیں تاہم EPC ڈیپارٹمنٹ کا کاروبار گذشتہ سال سے تقریباً دوگنا ہوا۔ اس کے علاوہ انرجی میٹر کے محاصل میں بھی 38.4 فیصد کا اضافہ ہوا۔ ہم اُمید کرتے ہیں کہ حکومت کے بجلی کے پیداواری اور تقسیم کاری کے نظام پر توجہ کی وجہ سے پاور ڈویژن کی مصنوعات کی طلب بڑھے گی۔

سال جاری میں خام منافع گذشتہ سال کے 8,284 ملین روپے کے مقابلے میں 10 فیصد اضافے کے ساتھ 9,116 ملین روپے رہا۔ منافع بعد از ٹیکس گذشتہ سال کے 3,670 ملین روپے کے مقابلے میں 3,308 ملین روپے رہا۔

فی حصص آمدنی 6.56 روپے رہی جو کہ گذشتہ سال 7.51 روپے تھی آپکی کمپنی نے حصہ داران کے لیے 2.70 روپے فی حصص منافع منقسمہ تجویز کیا ہے۔

کمپنی کی مستقبل میں محصولات، پیداوار اور منافع جات کے اہداف کو ممکن بنانے کیلئے 1,872 ملین روپے کی عمارات اور مشینری میں سرمایہ کاری کی گئی ہے۔ جس سے پیداواری صلاحیت اور استعداد کار میں اضافہ ہوگا۔ جس سے ہماری مصنوعات کی پیداوار اور سٹور کرنے کی صلاحیت میں اضافہ ہوگا۔ جو کہ مصنوعات کی انتہائی فروخت کے دنوں میں مارکیٹ میں مسلسل ترسیل کے لیے مددگار ثابت ہوگا۔

آنے والے وقت میں عالمی سطح کے مصنوعات کے برانڈ کی تشہیری مہمات، بڑھتی ہوئی پیداواری لاگت اور سخت مقابلہ کی فضاء کی وجہ سے کمپنی کے منافع اور کارکردگی کو چیلنج درپیش آسکتے ہیں۔ تاہم ہم ان تمام چیلنجز پر قابو پاتے ہوئے کمپنی کے کاروبار کو بڑھانے کیلئے پرعزم ہیں۔ ہماری ہمہ جہتی مصنوعات، پیداواری اقدامات اور مسلسل توجہ نے کمپنی کے حصہ داران کیلئے دیرپا منافع جاتی اقدامات کئے ہیں۔

ایم مراد سہگل
چیف ایگزیکٹو آفیسر

لاہور
16 مارچ 2018ء

Financial and Operational Review

MACRO - ECONOMIC OVERVIEW

Global Economic Overview

The cyclical upswing underway since mid-2016 has continued to strengthen. Some 120 economies, accounting for three quarters of world GDP, have seen a pickup in growth in year-on-year terms in 2017, the broadest synchronized global growth upsurge since 2010. Among advanced economies, growth in 2017 was higher than projected in the fall, notably in Germany, Japan, Korea, and the United States. Key emerging market and developing economies, including Brazil, China, and South Africa, also posted third-quarter growth stronger than the forecasts. High-frequency hard data and sentiment indicators point to a continuation of strong momentum. World trade has grown strongly in recent months, supported by a pickup in investment, particularly among advanced economies.

An improving global growth outlook, weather events in the United States, the extension of the OPEC+ agreement to limit oil production, and geopolitical tensions in the Middle East have supported crude oil prices. These have risen by about 20 percent between August 2017 (the reference period for the October 2017 WEO) and mid-December 2017 (the reference period for the January 2018 WEO Update), to over $60 per barrel, with some further increase as of early January 2018. Markets expect prices to gradually decline over the next 4–5 years—as of mid-December, medium-term price futures stood at about $54 per barrel, modestly higher than in August. The increase in fuel prices raised headline inflation in advanced economies, but wage and core-price inflation remain weak. Among emerging market economies, headline and core inflation have ticked up slightly in recent months after declining earlier in 2017.

Domestic Economic Overview

Despite some headwinds on the external and political front, the economy maintained its momentum with GDP growth reaching a decade high level of 5.3% in FY'17. New energy and infrastructure projects, structural reforms and continued progress under the China Pakistan Economic Corridor (CPEC), all provided an impetus to economic growth.

The country's trade deficit deteriorated during H1 FY'18 to around USD 18.0 billion, up 24.5% on a year on year basis. During H1 FY'18, exports picked up by 11.2% year on year while imports were up by 19.1%. Thus, the current account deficit for H1 FY'18 increased substantially to USD 7.4 billion as compared to USD 4.7 billion for the same period last year. Home remittances growth also remained muted in H1 FY'18, with the half year closing at USD 9.7 billion, up only slightly from USD 9.5 billion in H1 FY'17. The financial account has supported the country's reserves position during H1 FY' 18 despite the weak performance on current account balance.

FX reserves, after having peaked at USD 24 billion in Oct'16, closed the year at a level of USD 20 billion. In Nov 2017, Pakistan received a strong response from international investors with the successful issuance of a 5-year Sukuk and 10-year Euro Bond aggregating to USD 2.5 billion. In view of the balance of payments position, the USD-PKR parity, after two years of a stable rate regime, shed around 5% in 2017 to settle at around PKR 110.4 / USD by year end.

For the sixth consecutive year, the average CPI inflation remained in single digits at 4.1% during 2017, a result of relatively weak commodity prices. In view of an expected buildup of inflationary pressures due to the rupee depreciation and recovery in global oil prices, the State Bank of Pakistan, in its monetary policy statement announced on January 26, 2018, increased the policy rate by 25 bps to 6.0%, after having maintained status quo since May 2016.

The Pakistan Stock Exchange (PSX) touched a record high of 52.8K points during H1'17 in anticipation of Pakistan's upgrade to the MSCI Emerging Market Index. However, the country's political scenario impacted the overall market sentiment, triggering heavy foreign selling, thereby breaking market momentum during the second half of the year. Eventually, the market closed 2017 at a level of 40K points, losing 15% in the year.

During Year 2017 (2016-17) Agriculture Sector with recovery trend showed 3.5% growth against a negative growth @ 0.02% in preceding year. Live Stock and fisheries sectors also contributed towards this growth. Industry Sector posted a growth @ 5.05 % against 5.8% of preceding year. 5.27% growth in manufacturing sector and 3.4% growth in electricity generation & distribution sector observed against 3.66% and 8.44% of previous year respectively. Services sector posted a growth @ 5.98 % against 5.70% of previous year.

Industry Overview

As a result of Governments efforts backed by strong commitment, most of electricity generation projects under CPEC arrangements have been completed and remaining are speedily moving towards its completion. The additional influx of Electricity into national grid has improved electricity supply and a substantial reduction load shedding. Current Year is election year in Pakistan and Present Government will try it best level to eliminate load shedding to loud this as a Slogan. Spiraling of Power Transmission & Distribution –T&D Infrastructure shall remain the focus of Government for consumption of increased electricity generation. Government of Pakistan is spending considerably on Transmission Lines and Grid Stations and Our Company will earn its due share in total business pie.

With the emerging middle class, speedy urbanization and growth in disposable incomes, demand of Electrical Home Appliances is growing. For Food Preservation and cold water Refrigerators and Deep Freezers have become a necessity rather than luxury. Availability of smooth & low cost electricity supply and energy efficient Air Conditioners have escalated in demand. Market potential can also be witnessed by the entry of multinational players in the competition. The lowest household penetration rate in Pakistan among the regional players offers a lucrative opportunity for Appliance Division for higher future growth.

BUSINESS PERFORMANCE REVIEW

Summary of operating results	**2017**	**2016**	**YOY %**
Gross revenue	**42,347**	34,124	24.10
Gross profit	**9,116**	8,283	10.05
Operating profit	**5,155**	5,616	(8.20)
Finance cost	**1,547**	1,497	3.35
Profit before tax	**3,603**	4,119	(12.53)
Profit after tax	**3,308**	3,670	(9.86)
Earnings per share - Rupees	**6.56**	7.51	

Financial and Operational Review

PRODUCT WISE OPERATING PERFORMANCE

Refrigerator

Being Company's Prime Product, refrigerator contributed 67% of the appliance division's revenue and 44% of in total Company's revenue in the year 2017. Refrigerator registered a YOY sales growth of 17% and emerged as a leading market brand of the year.

Company launched Energy efficient "Invert on series" Compatible with UPS and solar solutions as well. Company also launched "Arctic Fresh" Series with turbo cooling and Freshness LEDs for better food preservation. Both of the series being based on a masterpiece of "Japanese Inverter Technology" with Electricity Saving Up to 50% with an improved aesthetics are well received in the local market. In already existing series new models with enhanced space and cooling retention are introduced in the market. PEL Glass Door Series "INTELLO" with Supper Freezer, Bluetooth Speaker, Door Alarm and Intelligent Temperature control system is also launched last year, are receiving an excellent response due to its additional and unique features. Further R&D is on the way to make the product more energy efficient with increased capacity and further improved esthetics. Parallel to Product development Initiatives, continuous marketing campaigns and tireless sales activities lead to Increased Volumes.

Growing numbers of Middle Class, growth in disposable Incomes , upward trajectory of country macro- economic indicators , improved country law & order situation and improved electricity supply are the factors behind growing market demand of Refrigerators and Your Company is well positioned to take the opportunity. Wide Product penetration gap is yet to be bridged, especially in rural areas. In the improving Electricity Load Shedding Scenario, PEL's "Inverter / Invert on Series Refrigerators" being "Energy Efficient" will have an additional demand. A number of initiatives have been premeditated with respect to product innovation which will be complemented with appropriate marketing campaigns in pipeline.

Deep Freezer

Deep Freezer revenue registered a YoY growth @ 65% as Company aggressively entered into Country market and captured additional volumes over & above Institutional Sales. Company Uses "O Zone Friendly Refrigerants" as per UN Montreal Protocol, so is the preferred choice for MNCs like Unilever & PEPSI. PEL's innovative customized product satisfies the demand of Ice cream and beverage companies and has gained a strong brand equity . PEL Deep Freezers has become the preferred choice of corporate Institutions like Unilever, Engro Foods, Pepsi and Pakistan Dairies (Igloo) who are the major customers of PEL's deep freezers right now. Your company is capitalizing on stronger customer relations, technical expertise and our After Sale Department has singed service agreements with Coca Cola Beverages (Pvt.) Limited, PEPSI for repair services of Deep Freezers, Visi Coolers and Chest Coolers in different areas of Pakistan.

Entry of PEL Deep Freezers in retail market is well received; this is evident from Sales Volume growth by 65%in the current year. A Continuous R&D Process is on way to make the product energy efficient, durable and with improved esthetics. Company is moving forward in retail market with popular sologan "sub say thanda". Keeping in view growing Macro Economic Indicators Company foresees a multiple growth in both General Consumer Market and Corporate Sector. Demand of Deep Freezers at Commercial and domestic level is also likely to grow with expected decrease in Electricity Tariff.

Air conditioner (AC)

During the year Split ACs Business depicted a turnaround story of steep growth by 241 % in YOY basis. New Product series like "Invert-Eco ", "Invert-o-Sense" , "Invert-o-Life" and "Invert-o-Pro" launched during the year , are well received by Market . These "Heat & Cool" Energy Efficient ACs with "4 Star Rating Inverter Technology" is real market "Eye Catch" due to product quality & aesthetics. An aggressive market Campaign also fueled the growth trajectory. Improved Electricity Supply also played a vital role in country market growth.

Growing Emerging Middle Class, Rapid Urbanization and Increase in disposable income are market growth drivers. Uninterrupted and lower cost electricity supply will further increase the market demand, due to low electricity consumption by Inverter technology based appliances. Company's country wide efficient after sales services net work is also play a vital role to win "Consumer Confidence".

Your Company aims to retrieve its "Market leader Ship" earlier with Window Air Conditioners hit by a Market Technological Shift towards “Split Air Conditioners".

Microwave Oven

During the period under review Company also registered a manifold revenue growth by 343% in this product segment in YOY basis. Company launched several innovative MWO Series “Desire Series” and “Glamour Series” in previous year captured market due to its product quality and esthetics. In year under review Company launched its "Convection Series” with improved Product features and a different cooking experience. These include solo as well as grill models inspired by user’s need for both options. PEL microwave ovens are equipped with manual as well as digital interface depending on customers' needs. Not only are these well-designed and space-saving, also offered customized cooking experience, Specially the Glamour Series which has built in recipes.

With the launch of 38 and 43 liters “Convection Series" Microwave Ovens company is further presenting a pleasant cooking to its valued customers. Your Company committed to a continuing investment in R&D and production technology upgrade for products market competitiveness.

Water Dispenser

On consistent Market Demand to widen the Product Range Company entered into Water Dispenser trading and after seeing business potential decided to set up a Production Facility. Water Dispenser Production line started its Commercial Production in February 2017. PEL Water Dispensers are well received in Market and further R&D Process is continue to enhance product Capacity & Aesthetics.

Distribution transformer (DTR)

PEL, is amongst the Pioneers in Distribution Transformer Manufacturing in Pakistan, has set up a state of art Distribution Transformer manufacturing & testing facility in year 2009 to attain Global Quality Standards. Distribution Transformer is also one of the Company's Premier Product. In the year under review Product revenues remained lower by 6% due to lowering of pricing and timing of ordering from WAPDA Distribution Companies .

During the Year, focus of Pakistani Government remained on Power Generation Projects to meet the demand & supply gap and in next Phase, augmentation of T&D infrastructure will be a priority. Your company is well equipped to grasp this opportunity. As a result of elimination of Electricity load shedding, local Industry is expected to flourish and we expect an increased demand of Distribution Transformer from Private sector, as well. Your Company is also gaining ground in the export market in Africa, Central Asia, Swaziland with special focus on Middle East.

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

Power transformer (PTR)

Company started Power Transformer Business in year 2004, in technical Collaboration with GANZ Hungry. Power Transformer is a high value asset in any electrical network. There are limited Power Transformer suppliers in Pakistan.

During the Year, Sales Revenue of Power Transformer dropped by 74% as compared to last year, largely due to timing difference of ordering by WAPDA Distribution Companies. After eliminating generation short fall, there is a focus shift on rehabilitation of T&D Infrastructure and demand of Power Transformers is again expected to increase and PEL being Key Player will gain its due Business Share from WAPDA Distribution Companies. With the revival of local industry after load shedding it is expected to flourish and additional demand of Power Transformer will arise. Housing Sector Growth backed by rapid urbanization and Population pressure will increase demand of Power Transformers.

Our focus will remain on continuous research and development which will enable us to not only cater for the local demands but also explore new markets outside Pakistan. Research in convertor and rectifier transformers is a promising new area in power transformer industry.

Switch Gears (SG)

Company is among the Pioneers of Switch Gear Industry in Pakistan and is engaged in switchgear business since its inception in 1958. PEL is one of the leading manufacturers of Pakistan. Switch Gear Business reflected a flat trend during the year

Financial and Operational Review

under review due to timing of ordering by WAPDA distribution companies. However positive signs are there in next following year due to demand increase as a result of Distribution system up gradation and expected Industrialization.

Company is continuously up grading its manufacturing and Testing Facility through various BMR plans to meet customized requirements.

We have an optimistic Business outlook, aligned the visible signs of economic stimulation of national industry in textile and energy sectors. The overall private business of housing schemes and upcoming projects of industrial estates seem very promising next following years.

Energy Meters

Energy Meter Business during the review registered 38 % YOY volumetric growth but with lower prices. Timely execution of orders is the core reason for this pragmatic increase and the trend is likely to continue in next year.

AMR / AMI (Advanced Metering Reading/Infrastructure) Project of $ 450 Million financed by Asian Development Bank is declined by Government of Pakistan on technical grounds on local Industry recommendations/ re-presentations. However, In the presence of such a huge circular debt, a well developed metering infrastructure is a requisite for the system. If the equipment is again procured form local resources, this will open another avenue for Energy Meter Industry. Your Company is well positioned to take its due market share, as has already developed Single Phase, Three Phase GSM Energy Meters and DLMS Compliant Single Phase Energy Meter and got it approved from NTDC.

Development and approval of Three Phase GSM / GPRS based on MPECO Specification Customized Meter and development of Firmware, Programming and Calibration Software for smooth Production flow is already obtained.

EPC Contracting

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

In this segment company showed robust growth @ 202% by registering a revenue of Rupees 3.784 Billion, by achieving an execution excellence. Company is strengthening is performance its history by Installation of Grid Stations for NTDC, WAPDA Distribution Companies and Private Customers like Bahria Town Karachi, Getz Pharma Karachi and DHA Valley Islamabad.

Our order book is still open even after a 3.656 Billion Business in hand with a healthy pipeline as well. In year 2018, Our EPC Team of Seasoned Professionals with an excellent performance history is determined to grasp this opportunity.

EPC Business has a great Potential due to CPEC developments in the country and also because of Local Construction Industry boom. Your Company is well prepared to grasp arising future opportunities in this sector.

FINANCIAL PERFORMANCE ANALYSIS

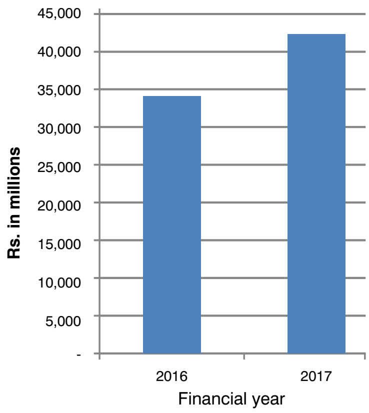
PEL recorded net earnings of Rs. 3,308 million during the year 2017, registering highest ever revenue in the history of the Company. The achievement was supported by strengthening of financial base and brand portfolio, enhanced production capacity, modernized technology footprint, increased sales, reduced cost base and more flexible distribution network. Analysis of operating performance is presented below:

The Company earned record revenue of Rs. 42,347 million, through incremental revenue generation of Rs. 8,223 million mainly due to strong growth throughout the product base fueled by enhanced and improved product portfolio, brand expansion, diminishing competition and reasonable order uplift of power division products by WAPDA and Private sectors.

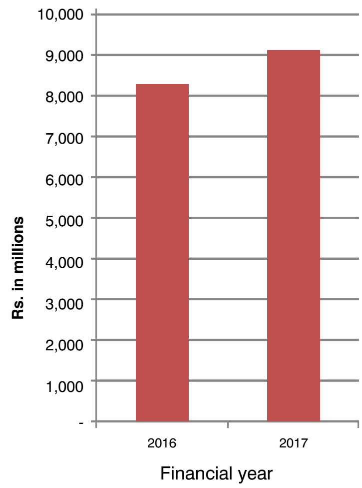
Gross profit achieved in 2017 amounts to Rs. 9,116 million as compared to Rs. 8,284 million for the 2016, resulting in an increase of 10% as compared to previous year. The increase is attributable to cost efficiencies, improved productivity and improved product design.

Distribution costs were recorded at Rs. 2,684 million, showing an increase of 65% from the previous year due launch of aggressive advertisement campaign for the Company's wide range of products.

GROSS REVENUE



GROSS PROFIT



Finance costs increased by Rs. 50 million to Rs. 1,547 million in comparison to previous year due to new financing obtained to support increased in business volumes.

Provision for taxation was recorded at Rs. 295 million, 34% lower than the previous year mainly due to decrease in deferred tax liability.

The results of the above translated into earnings per share of Rs. 6.56 as compared Rs. 7.51 for the pervious year.

FINANCIAL POSITION ANALYSIS

Total equity improved by 1,886 million due to net profit of Rs. 3,308.25 million and transfer of incremental depreciation from surplus on revaluation of property, plant and equipment amounting to Rs 195.31 million partially offset by distribution of interim and final dividend on ordinary shares amounting to Rs. 1,617.47 million.

Short term borrowings showed an increase of Rs. 2,245.71 million due to surge in operating activity.

Contingencies, comprising of bonds and guarantees, increased by Rs. 295.89 million due to increase in operating activity.

Financial commitments stood at Rs. 1,982.32 million at the close of 2017 showing a decrease of Rs. 2,354.65 million due to reduction in the Company's commitments in respect of ujrah payments and letters of credit for import of stores, spares parts and raw material.

Capital expenditure during the year amounted to Rs. 1,875.69 million.

The Group disbursed interest free loans to dealers amounting to Rs 300 million for renovation of showrooms.

Trade debts increased by Rs. 2,294.21 million as a direct result of increase in turnover.

The Group's asset base thus recorded a net increase of Rs. 3,589.13 million to Rs. 43,916 million.

Financial and Operational Review

LIQUIDITY MANAGEMENT

Liquidity Position

The Group's liquid assets comprise short term investments and cash and bank balances which stood at an aggregate of Rs. 506.018 million at the close of 2017 after additional pledge in working capital, addition in fixed assets and redemption of redeemable capital.

Liquidity management

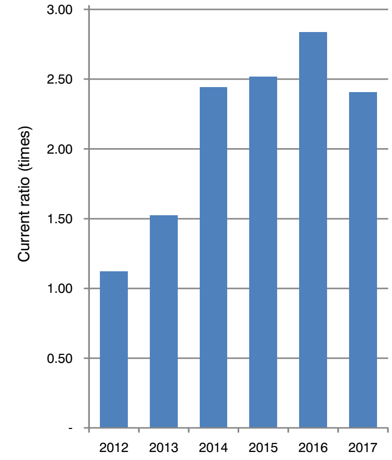
The Group continuously aims to maintain a strong liquidity position through an effective management system to ensure availability of sufficient working capital. The Board of Directors has built an appropriate liquidity management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity by maintaining adequate reserves, banking facilities and reserve borrowing facilities, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

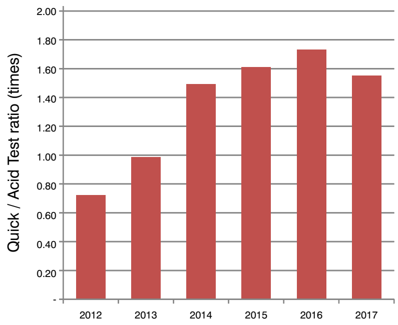
Repayment of debts and recovery of losses

The Group's external long term debt stood at Rs. 6,077.615 million at the close of 2017 recording a net decrease of Rs. 314.905 million.

Short term borrowings showed an increase of Rs. 2,245.706 million due to surge in operating activity.

PEL is in the process of finalizing re-profiling exercise based on mutual agreement to be made amongst the existing





investors for redemption/settlement of outstanding preference shares.

Further, debt equity swap arrangement between PEL and National Bank of Pakistan ('NBP') for conversion of Private Placed Term Finance Certificates of Rs. 1,650 million has been withdrawn. New Demand Finance facility is sanctioned by NBP against an upfront payment of 1,650 Million against Private placed Term Financed Certificates . The Finance is repayable in sixteen equal quarterly installments commencing from April 2017.

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

CASH FLOWS AND FINANCING ARRANGEMENTS

Cashflow Analysis

Net cash generated from operating activities amounted to Rs. 1,848.762 million, after adjustment of interest/mark-up payments of Rs. 1,143.132 million and income tax payments of Rs. 867.489 million.

Net cash used in investing activities amounted to Rs. 2,223.461 million comprising payments for capital expenditure of Rs. 1,843.969 million, and long term advances of Rs. 300.00 million partially offset by proceeds from disposal of property, plant and equipment amounting, refund of long term deposits , recovery of long term advances.

Net cash generated from financing activities amounted to Rs. 306.683 million comprising Long Term Finance obtained Rs. 3,809.701 Million , Proceeds from Increase from Short Term borrowings Rs. 2,245.706 Million and proceeds from sales & lease back activities Rs. 15.150 Million offset redemption of redeemable capital Rs. 2,564.553 Million, Payment of Long Term Finances Rs. 1,516.669 Million , Repayment of Lease Liabilities Rs. 71.186 Million and a dividend Payment of Rs.1,611.416 Million.

Financing arrangements

The Board of Directors has built an appropriate liquidity management framework for the management of the Group's short, medium and long-term funding and liquidity requirements.

The Group's long term debt and short term borrowings at the close of 2017 stood at Rs. 6,077.615 million and Rs. 7,227.368 million respectively. Un-availed borrowing facilities at the close of 2017 amounted to Rs.10,727 million.

CAPITAL STRUCTURE

PEL's capital structure comprises of Rs. 5,426 million of share capital with net worth of Rs. 22,726 million, which improved by 9.05% over the previous year.

Long term debt (excluding current maturities) stood at Rs. 4,071.414 million at the close of 2017 with a debt-equity ratio of 18:82 as compared to 20:80 in 2016.

DIVIDEND AND APPROPRIATIONS

During the year, PEL distributed cash dividend on ordinary shares at Rs. 1.50 per ordinary share as interim dividend and declared a final dividend at Rs.1.20 per ordinary share.

RELATIONSHIP BETWEEN RESULTS AND OBJECTIVES

The year 2017 has been a successful year for PEL in terms of meeting or exceeding business objectives.

PEL achieved the highest ever sales of Rs. 42,346.753 million primarily due to strong growth throughout the product base fueled by enhanced and improved product portfolio, brand expansion, diminishing competition and reasonable order uplift of power division including WAPDA and Private sectors.

MARKET SHARE INFORMATION

The Company is listed on Pakistan Stock Exchange (PSE) which is a large and liquid stock exchange, offering orderly and reliable market prices for its investors.

As at December 31, 2017, the market capitalization of PEL's shares stood at Rs. 23,635 million, lower by 33.38% from previous year. PEL's share traded at an average of Rs. 84.92 per share, market price experienced fluctuations, principally caused by market psychology, speculative investors and material events occurring during the year, between Rs. 123.73 and Rs. 43.10 per share. Total trading volume during the year was 1,253 million shares.

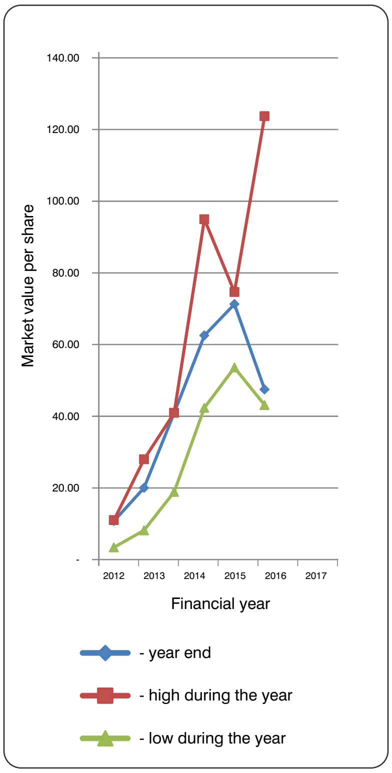
THE GROUP'S PROSPECTS

Continued focus on consumer needs with improved product quality and after sale service, research and development, cost economization and efficiency improvement will provide adequate support to the management's projection of sustained profitability and return to shareholders.

The financial as well as nonfinancial measures in this context are presented below:

Financial measures

The management uses a mix of factors and variables to project the Group's targets, majority of which are beyond the control of the management, including external factors such as currency fluctuations, government levies, power curtailments etc., while the



others can be monitored and their impact minimized.

The management is continuously focused on cost optimization and efficiency improvement through research and development in order to sustain profitability and return to shareholders.

Non-financial measures

The Group's non-financial performance measures include the following areas:

- Improved product quality and after sale service
- Frequent and meaningful engagements with key stakeholders
- Satisfaction of employees
- Transparency, accountability and good governance
- Safe occupational environment
- Responsible Corporate Citizenship

Financial and Operational Review

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

An operating segment is a component of an entity:

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

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

c) for which discrete financial information is available.

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

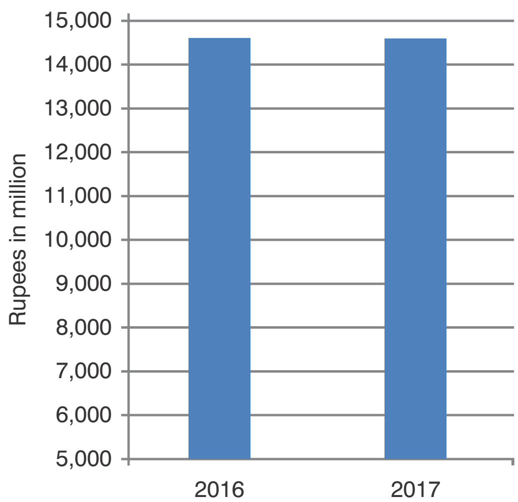
Segments	Nature of business
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers and Engineering, Procurement and Construction Contracting (EPC).
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Air conditioners, Deep Freezers, Microwave ovens, Washing Machines and other Home Appliances.

Power Division

Power division recorded 3% growth in revenue to Rs. 14,605 million in comparison with previous year resulting in profit before tax of Rs. 1,542 million for the year, up by 4% from the previous year. A summary of operating results of power division is presented below:

Rupees in millions

	2017	2016	YoY (%)
Revenue	**14,591**	14,605	(0.10)
Finance cost	**637**	654	(2.60)
Profit before tax	**545**	1,542	(64.66)



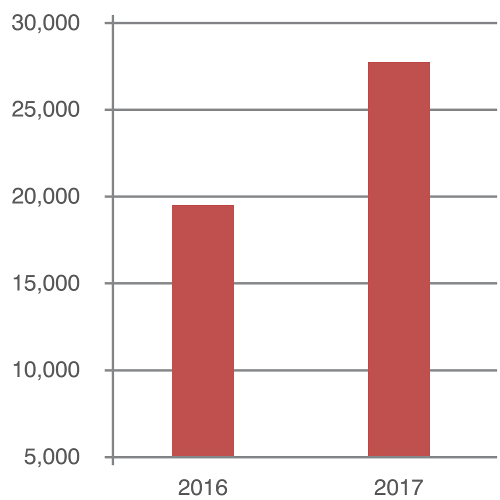
REVENUE
POWER DIVISION

Appliances Division

Appliances division recorded 29% growth in revenue to Rs.19,519 million in comparison with previous year resulting in profit before tax of Rs. 2,730 million for the year, up by 24% from the previous year. A summary of operating results of appliances division is presented below:

Rupees in millions

	2017	2016	YoY (%)
Revenue	**27,755**	19,519	42.19
Finance cost	**910**	842	8.08
Profit before tax	**3,222**	2,730	18.02

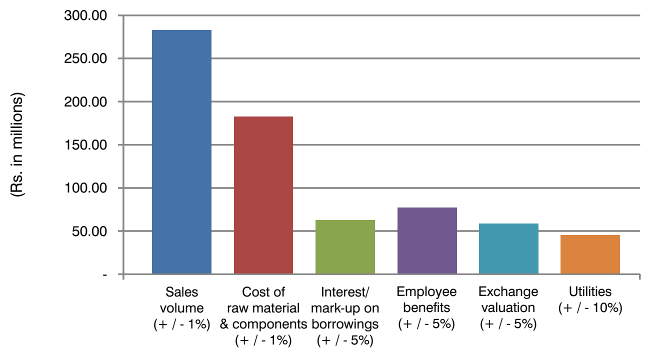


REVENUE
APPLIANCES DIVISION

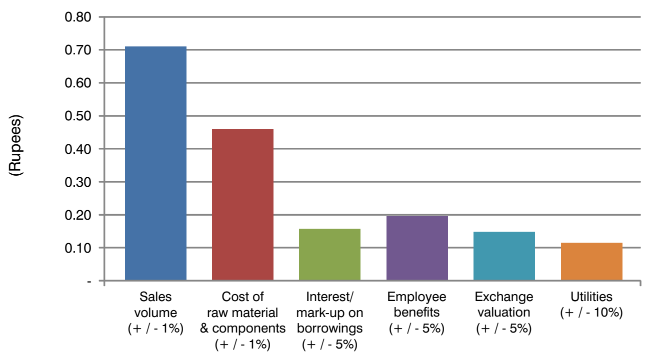
SENSITIVITY ANALYSIS

PEL's profitability is sensitive to a number of factors. The sensitivity of Profit after Tax (PAT) and Earnings per Share (EPS), directly impacting share price, to various factors for a defined shift is as follows:

Variable	Defined Shift	Impact on NPAT *(Rupees in million)*	Impact on EPS *(Rupees)*
Sales volume	+ / - 1%	282.66	0.71
Cost of raw material and components	+ / - 1%	182.73	0.46
Interest/mark-up on borrowings	+ / - 5%	62.53	0.16
Employee benefits	+ / - 5%	77.40	0.19
Exchange valuation	+ / - 5%	58.94	0.15
Utilities	+ / - 10%	45.34	0.11



IMPACT ON PROFIT AFTER TAX



IMPACT ON EARNINGS PER SHARE

SUBSEQUENT EVENTS

The Board of Directors in their meeting held on March 16, 2018 has proposed a dividend on ordinary shares at Rs.1.2 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by shareholders in the forthcoming annual general meeting.

There were no other major events subsequent to the reporting period that may require material adjustment to or disclosure in the financial statements.

منسلک ہے۔PEL کا شمار معروف مینوفیکچرنگ کمپنیوں میں ہوتا ہے۔زیر جائزہ سال کے دوران سوئچ گیئر کا کاروبار تقریباً پچھلے سال کے برابر ہی رہا جس کی وجہ واپڈا ڈسٹری بیوشن کمپنیوں کی طرف سے ملنے والے آرڈرز کے اوقات میں تبدیلی ہے۔تاہم آنے والے سالوں میں بجلی کے ترسیلی نظام میں بہتری اور صنعتوں کی متوقع بحالی سے سوئچ گیئر کے کاروبار کی طلب میں اضافے کے روشن امکانات ہیں۔

کمپنی مختلفBMR منصوبوں کے ذریعے اپنی مینوفیکچرنگ اور ٹیسٹنگ کی صلاحیتوں میں جدت پیدا کرتے ہوئے گاہکوں کی ضروریات کو پورا کرنے کیلئے مصروف عمل ہے۔

ہم ٹیکسٹائل اور بجلی کے شعبوں میں ہونے والے ترقی کے پیش نظر اس سیکٹر میں کاروباری آرڈرز میں اضافے کی توقع رکھتے ہیں۔ہاؤسنگ سکیموں کے مجموعی نجی کاروبار اور انڈسٹریل اسٹیٹس کے آئندہ کے منصوبے آگے آنے والے سالوں میں حوصلہ افزاء دکھائی دیتے ہیں۔

انرجی میٹرز (توانائی ماپنے کے آلات)

سال رواں میں انرجی میٹر کے کاروبار کم قیمتوں کے ساتھ سال بہ سال مقداری نمو38 فیصد سے بہتر ہوئی ہے۔اس اضافے کی بنیادی وجہ آرڈرز کی بروقت تکمیل ہے اور یہ رجحان آئندہ سالوں میں بھی جاری رہے گا۔

حکومت پاکستان نے ایشیائی ڈویلپمنٹ بینک سے منظور شدہ 450 ملین ڈالرز کا AMR/AMI کے پروجیکٹ کا معاہدہ تکنیکی بنیادوں پر ختم کر دیا ہے۔اس کی وجہ ملک کی انرجی میٹر کی صنعت کی سفارشات ہیں۔تاہم گردشی قرضے کی موجودگی میں ایک مئوثر میٹرنگ کے نظام کی ضرورت ہے۔

اگر تنصیب ہونے والے آلات کو ایک دفعہ پھر مقامی کمپنیوں سے خریدا گیا تو یہ انرجی میٹر کی صنعت کیلئے نئے باب کا اضافہ ہوگا اور آپ کی کمپنی اپنے مارکیٹ شیئر کو حاصل کرنے کیلئے پوری طرح تیار ہے۔کیونکہ آپ کی کمپنی پہلے سے ہی سنگل فیز، تھری فیز GSM انرجی میٹر اور DLMS کمپلینٹ سنگل فیز میٹر NTDC سے منظور کروا چکی ہے۔

MEPCO کی تصریحات کے مطابق تھری فیز GPRS/GSM میٹرز کی منظوری بھی کمپنی نے پہلے ہی سے لے رکھی ہے۔

EPC کنٹریکٹنگ

PEL-EPC ڈیپارٹمنٹ الیکٹریکل نیٹ ورکس /الیکٹریفیکیشن اور220 کے وی لیول تک کے گرڈ اسٹیشنز پر مشتمل بجلی کے بنیادی ڈھانچے کے منصوبوں کی تعمیر کیلئے انجینئرنگ پروکیورمنٹ اینڈ کنسٹرکشن(EPC) میں شامل معاہدے حاصل کرتا ہے۔

اس شعبہ میں کمپنی نے202 فیصد کی ریکارڈ ساز نمو کے ساتھ3.784 بلین روپے کے محصولات حاصل کیے ہیں۔تاریخ ساز کارکردگی کا مظاہرہ کرتے ہوئے کمپنی نے NTDCاور واپڈا کی مختلف ڈسٹری بیوشن کمپنیوں کے ساتھ ساتھ پرائیویٹ کسٹمرز جیسا کہ بحریہ ٹاؤن کراچی، Getz Pharma Karachi اور DHA Vally Isalamabd کیلئے گرڈ اسٹیشنز کی تنصیب کی ہے۔

ہماری آرڈر بک3.565 بلین روپے کا کاروبار ہاتھ میں رکھتے ہوئے ایک مضبوط پائپ لائن کے ساتھ ابھی کھلی ہے۔سال2018ء ایک بہترین کارکردگی کی تاریخ کے ساتھ تجربہ کار اور پیشہ ور ہماری EPC ٹیم ان مواقع سے بھرپور فائدہ اُٹھانے کیلئے مقرر کی گئی ہے۔

EPC بزنس CPEC میں پیش رفت اور مقامی تعمیراتی صنعت کے فروغ کی وجہ سے بھرپور ترقی کی صلاحیت رکھتا ہے۔کمپنی اس شعبہ میں مستقبل میں پیدا ہونے والے مواقع سے فائدہ حاصل کرنے کیلئے اچھی طرح تیار ہے۔

مالی اور عملی جائزہ

بہ سال 241 فیصد اضافی نمو کا ریکارڈ قائم کیا ہے۔ رواں سال میں نئی متعارف ہونے والی سیریز جیسے ''انورٹ ایکو' انورٹ۔او۔سینس''انورٹ۔او۔لائف''اور ''انورٹ۔او۔پرو'' کو مارکیٹ میں بہت سراہا گیا ہے۔ اس گرم اور ٹھنڈی فعالیت کے ساتھ ''لمبی بچت والے اے سی'' نے فور سٹار ریٹنگ انورٹر ٹیکنالوجی کی وجہ سے مارکیٹ کو اپنی طرف متوجہ کیا ہے۔ بھرپور تشہیری مہم نے نمو کے عمل کو مزید تقویت دی ہے۔ بجلی کی ترسیل میں بہتری نے بھی ملکی مارکیٹ کی نمو میں کلیدی کردار ادا کیا ہے۔ اس نمو کے پیچھے ابھرتی ہوئی مڈل کلاس، شہری آبادی کا پھیلاؤ اور قابل خرچ آمدنی میں اضافہ ہیں۔ بجلی کی مسلسل فراہمی اور کم لاگت ہونا بھی مارکیٹ کی طلب میں اضافہ کا باعث ہے۔ انورٹر ٹیکنالوجی کی وجہ سے کم بجلی خرچ کرنے والے برقی آلات اور موثر آفر سیل سروس نیٹ ورک صارفین کا اعتماد حاصل کرنے میں نمایاں کردار ادا کر رہے ہیں۔ آپ کی کمپنی Window AC میں مارکیٹ لیڈر تھی۔ جو کہ Split AC میں تبدیل ہونے کی وجہ سے اپنی پوزیشن برقرار نہ رکھ سکی۔ اب آپ کی کمپنی اس پوزیشن کو دوبارہ حاصل کرنے کیلئے پرعزم ہے۔

مائیکرو ویو اوون

رواں سال کے دوران مائیکرو ویو اوون کے کاروبار میں بھی سال بہ سال 343 فیصد کی ریکارڈ ساز نمو حاصل ہوئی ہے۔ کمپنی کے گذشتہ سال متعارف کروائے جانے والے مائیکرو ویو اوون کی ''ڈیزائر سیرز''اور''گلیمر سیریز'' نے معیار اور کارکردگی سے مارکیٹ میں نمایاں مقام حاصل کیا ہے۔ زیر جائزہ سال کے دوران اپنی مرضی کے مطابق کھانا پکانے کے تجربہ کے لئے ''کنونیشن سیرز'' متعارف کروائی گئی۔ اس میں انفرادی طور پر صارفین کی ضرورت کے پیش نظر سولو اور گرل ماڈل بھی شامل ہیں۔ PEL کے مائیکرو ویو اوون صارف کی ضرورت پر منحصر مینوئل اور ڈیجیٹل انٹرفیس کے ساتھ لیس ہیں۔ نہ صرف اس کے اچھے ڈیزائن کم جگہ لیتے ہیں بلکہ اپنی مرضی کے مطابق کھانے بنائے جاسکتے ہیں۔ خاص طور پر گلیمر سیریز جو مسحور کن ترکیبوں کے ساتھ ترتیب دی گئی ہے۔

مائیکرو ویو اوون کے ''کنونیشن سیرز'' کے 38 اور 43 لیٹرز کے اوون متعارف کروا کر کمپنی نے اپنے معزز کسٹمر کو خوشگوار کھانا پکانے کی سہولت فراہم کی ہے۔ کمپنی یقین رکھتی ہے کہ تحقیقی عمل اور پروڈکشن ٹیکنالوجی کو اپ گریڈ کرنے میں سرمایہ کاری کا تسلسل ہماری مصنوعات کو مسابقتی رکھنے کی کلید ہے۔

واٹر ڈسپنسر

مارکیٹ کی طلب کے پیش نظر کمپنی نے اپنی پراڈکٹ کی رینج میں اضافہ کرنے کیلئے واٹر ڈسپنسر کی تجارت شروع کی اور متاثر کن مارکیٹ کے ردعمل کے مدنظر مینوفیکچرنگ لائن قائم کرنے کا فیصلہ کیا۔

واٹر ڈسپنسر کی پروڈکشن لائن نے فروری 2017ء میں کام شروع کیا۔ PEL واٹر ڈسپنسر کو مارکیٹ میں سراہا گیا اور مزید تحقیقی عمل سے بہتری کا کام جاری و ساری ہے۔

ڈسٹری بیوشن ٹرانسفارمر (DTR)

PEL جس کا شمار ڈسٹری بیوشن ٹرانسفارمر بنانے والے بانیوں میں ہوتا ہے نے 2009ء میں عالمی معیار کو مدنظر رکھتے ہوئے ڈسٹری بیوشن ٹرانسفارمر کی پروڈکشن اور ٹیسٹنگ کا پلانٹ قائم کیا۔ ڈسٹری بیوشن ٹرانسفارمر کمپنی کی مقبول مصنوعات میں سے ایک ہے۔ زیر جائزہ مدت کے دوران اس پروڈکٹ کے محصولات گزشتہ سال سے 6 فیصد کم رہے جس کی وجہ قیمتوں میں کمی اور واپڈا کی ڈسٹری بیوشن کمپنیوں سے بروقت آرڈرز کا نہ ملنا ہے۔

رواں سال کے دوران حکومت پاکستان کا دھیان بجلی کی طلب اور رسد کے فرق کو کم کرنے کیلئے بجلی کے پیداواری منصوبوں کی طرف رہا ہے اور اب ترجیحی بنیادوں پر ترسیلی اور تقسیمی نظام کو بہتر بنانا ہے۔ آپ کی کمپنی اس کیلئے مکمل طور پر تیار ہے۔ بجلی کی فراہمی میں بہتری کے نتیجہ میں مقامی صنعتوں میں اضافے کی توقع کی جا رہی ہے اس طرح پاور سیکٹر کے ساتھ ڈسٹری بیوشن ٹرانسفارمر کی طلب میں بھی اضافہ متوقع ہے۔ آپ کی کمپنی اپنی ایکسپورٹ کو بہتر کرنے کیلئے مشرقی وسطیٰ، افریقہ، سنٹرل ایشیاء سویزی لینڈ اور خاص طور پر افغانستان پر دھیان رکھے ہوئے ہے۔

PEL ٹرانسفارمرز بنانے کی فیکٹری کی سہولت خطے میں سب سے بہترین جدید مینوفیکچرنگ سیٹ اپ ہونے کے ناطے اپنے امیج کو برقرار رکھے ہوئے ہے۔ اعلیٰ ترین معیار کے انسانی وسائل مینوفیکچرنگ اور ڈیزائن کے بنیادی ڈھانچے کے ساتھ کمپنی نہ صرف برقراری رکھے ہوئے ہے بلکہ مقامی اور عالمی مارکیٹوں میں اپنے برانڈ امیج کو بڑھانے کیلئے پرعزم ہے۔

پاور ٹرانسفارمر (PTR)

کمپنی نے پاور ٹرانسفارمر کا کام GANZ Hungry کے تکنیکی معاونت کے ساتھ 2004ء میں شروع کیا۔ پاور ٹرانسفارمر کسی بھی بجلی کے نیٹ ورک میں ایک قیمتی اثاثہ ہے۔ پاکستان میں پاور ٹرانسفارمر کے سپلائر چند ایک ہیں۔ رواں سال پاور ٹرانسفارمر کی آمدنی میں گذشتہ سال کی نسبت 74 فیصد کی کمی واقع ہوئی۔ جس کی بنیادی وجہ واپڈا ڈسٹری بیوشن کمپنیوں کی طرف سے ملنے والے آرڈرز کے اوقات میں تبدیلی ہے۔ حکومت کا بجلی کی پیداواری کمی کو پورا کرنے کے بعد اب سارا دھیان ترسیلی اور تقسیمی نظام کو بہتر بنانے کی طرف ہے اور اس سے پاور ٹرانسفارمر کی طلب میں اضافہ ہوگا۔ PEL کلیدی پیدا کار ہونے کی بنیاد پر واپڈا ڈسٹری بیوشن کمپنیوں سے اپنا بھرپور حصہ حاصل کرے گی۔

لوڈشیڈنگ کے ختم ہونے کی وجہ سے مقامی صنعتوں کو عروج ملنے سے بھی پاور ٹرانسفارمر کی طلب میں اضافہ متوقع ہے۔ آبادی میں اضافے اور شہری آبادی میں اضافے کی پیش نظر ہاوسنگ سیکٹر میں بھی پاور ٹرانسفارمر کی طلب میں اضافہ ہوگا۔

ہماری توجہ مسلسل تحقیق اور ترقی پر مرکوز رہے گی جو نہ صرف ہمیں مقامی طلب کو پورا کرنے بلکہ پاکستان سے باہر نئی منڈیاں دریافت کرنے کے قابل بنائے گی۔ کنورٹر اور ایکٹی فائر ٹرانسفارمر میں تحقیق پاور ٹرانسفارمر کی صنعت میں ایک نئی ابتداء ہے۔

سوئچ گیئر (SG)

کمپنی پاکستان میں سوئچ گیئر کے مینوفیکچرنگ کے بانیوں میں سے ہے اور اپنے قیام 1958ء سے اس کاروبار سے

کاروباری کارکردگی کا جائزہ

روپے ملین میں

آپریٹنگ نتائج کا خلاصہ	2017	2016	YoY فیصد
مجموعی آمدنی	**42,347**	34,124	24.10
خام منافع	**9,116**	8,283	10.05
آپریٹنگ منافع	**5,155**	5,616	(8.20)
مالی لاگت	**1,547**	1,497	3.35
قبل از ٹیکس منافع	**3,603**	4,119	(12.53)
بعد از ٹیکس منافع	**3,308**	3,670	(9.86)
فی شیئر آمدنی ۔ روپے	**6.56**	7.51	

مصنوعات کی کارکردگی

ریفریجریٹر

کمپنی کی نمایاں پراڈکٹ ہونے کے ناطے سے ریفریجریٹر نے 2017ء میں اپلائنسز ڈویژن کے محصولات میں 67 فیصد اور کمپنی کے کل محصولات میں 44 فیصد کا اضافہ کیا ہے۔ ریفریجریٹر نے 17 فیصد کی سال بہ سال فروختی نمو درج کی اور مارکیٹ میں اس سال کا نمایاں برانڈ بن کر سامنے آیا۔

دوران سال کمپنی نے UPS اور سولر سے مطابقت رکھنے والے بجلی کی بچت والے Invertor-on-Series متعارف کروائی۔ اس کے علاوہ بہتر ٹھنڈک اور کھانے والی اشیاء کو تازگی بخشنے والی LED والے "Arctic Fresh" ریفریجریٹر بھی پیش کیے۔ دونوں سیریز "Japanies Inverter Techonology" کے بنیاد پر بنائے گئے اور اسے اس کے 50 فیصد تک بجلی کی بچت ہونے کی وجہ سے مقامی مارکیٹ میں خوب پذیرائی ملی ہے۔ زیادہ گنجائش اور بہتر ٹھنڈک والے ریفریجریٹرز کے مارکیٹ میں موجود سیریز کے کئی نئے ماڈل بھی متعارف کراوائے گئے ۔ سپر فریزر، بلیوتوتھ سپیکر، ڈور الارم اور درجہ حرارت کے کنٹرول کے ساتھ PEL گلاس ڈور سیریز "INTELLO" جو کہ گذشتہ سال متعارف کروائے گئے تھے اپنی اضافی اور مؤثر خوبیوں کی بدولت شاندار پزیرائی حاصل کر رہے ہیں۔ مسلسل تحقیقی عمل کو جاری رکھتے ہوئے بجلی کی بچت کے ساتھ کارکردگی کی بدولت پروڈکٹ کو مزید بہتر کیا جا رہا ہے۔ مصنوعات کے بہتری کے اقدامات کے ساتھ ساتھ مسلسل مارکیٹنگ مہمات اور فروخت کی انتھک سرگرمیاں سیل میں اضافہ کا باعث ہیں۔

بڑھتی ہوئی مڈل کلاس، قابل استعمال آمدنی میں اضافہ، ملک کے ابھرتے ہوئے معاشی اعشاریئے، امن وامان کی بہتر ہوتی ہوئی صورتحال اور بجلی کی ترسیل میں بہتری جیسے عوامل کی وجہ سے ملک میں ریفریجریٹر کی طلب میں اضافہ ہوگا اور آپ کی کمپنی ان مواقع سے بھر پور فائدہ اُٹھانے کیلئے تیار ہے۔ خاص طور پر دیہی علاقہ جات میں گھریلو برقی آلات کا استعمال بڑھ رہا ہے۔ بجلی کی لوڈ شیڈنگ ختم ہونے کے بعد انرجی سیور ہونے کی وجہ سے PEL کے ''انورٹر'' اور انورٹ ان سیرز ریفریجریٹرز کی طلب میں اضافہ ہوگا۔ مصنوعات کی جدت کے سلسلے میں کئی اقدامات جو موزوں مارکیٹنگ مہمات کے ساتھ سراہے جائیں گے پائپ لائن میں ہیں۔

ڈیپ فریزر

ڈیپ فریزر سال بہ سال 65 فیصد کی نمو کے ساتھ موثر طریقے سے ملکی مارکیٹ میں داخل ہوا ہے۔ اس کی مارکیٹ اور ادارہ جاتی فروخت میں نمایاں اضافہ ہوا ہے۔

کمپنی اقوام متحدہ کے منظور شدہ پروٹوکول کے تحت OZone Friendly Refrigerants گیسز استعمال کر رہی ہے۔ جس کی وجہ سے یہ بین الاقوامی کمپنیوں مثلاً یونی لیور اور پیپسی کی پہلی ترجیح ہے۔ کمپنی نے آئسکریم اور مشروبات کمپنیوں کی ضرورت کے مطابق پراڈکٹ مہیا کرتے ہوئے کمپنی کی Brand Equity میں اضافہ کیا ہے۔ PEL ڈیپ فریزر ادارہ جاتی گاہکوں جیسے یونی لیور، اینگرو فوڈز، پیپسی بوٹلرز اور پاکستان ڈیریز پراڈکٹس (Igloo) جو کہ ہمارے بڑے گاہک ہیں کی اولین ترجیح ہے۔ اپنی تکنیکی مہارت کو بروئے کار لاتے ہوئے آپکی کمپنی کے آفٹر سیلز سروس ڈیپارٹمنٹ نے پاکستان کے مختلف علاقوں میں کوکا کولا مشروبات لمیٹڈ اور پیپسی (ریاض بوٹلرز) کے ساتھ ڈیپ فریزر، ویسی کولرز اور چیسٹ کولرز کے سروس کے معاہدوں پر دستخط کیے ہیں۔

PEL ڈیپ فریزر کو ریٹیل مارکیٹ میں خوب سراہا گیا ہے اور موجودہ سال میں اس کی فروخت میں 65 فیصد کی نمو اس کا منہ بولتا ثبوت ہے۔ مسلسل تحقیقی عمل سے پراڈکٹ کو مزید بہتر اور پائیدار بنایا جا رہا ہے۔ کمپنی کے نئے نعرہ ''سب سے ٹھنڈا'' سے مارکیٹ میں بھر پور حصہ حاصل کر رہا ہے۔ بڑھتے ہوئے ملکی معیشتی اعشاریوں کے مدنظر کمپنی نے عام صارفین کی مارکیٹ اور ادارہ جاتی شعبہ دونوں میں کیثر نمو کی پیش گوئی کی ہے۔ تجارتی اور گھریلو سطح پر ڈیپ فریزر کی طلب بھی بجلی کے نرخوں میں کمی کے ساتھ بڑھنے کا امکان ہے۔

ائیر کنڈیشنر (اے سی)

سال کے دوران سپلٹ ائیر کنڈیشنر کے کاروبار نے سال

مالی اور عملی جائزہ

معاشی جائزہ

عالمی اقتصادی صورت حال

سال 2016ء کے وسط سے عالمی معاشی ترقی کا گراف ترقی کی جانب گامزن ہے۔ تقریباً 120 معیشتیں جو کہ عالمی آمدنی (GDP) کے تین چوتھائی حصے پر مشتمل ہیں ان میں سال 2010 سے معاشی نمو نظر آ رہی ہے۔ جو کہ 2017 میں واضح طور پر سامنے آئی۔ ترقی یافتہ معیشتوں بلخصوص جرمنی، جاپان، کوریا اور امریکہ نے 2017ء میں اپنے اہداف سے زیادہ ترقی کی ہے۔

ابھرتی ہوئی عالمی معیشتوں جن میں برازیل، چائینہ اور ساؤتھ افریقہ شامل ہیں نے بھی سال 2017 کی تیسری سماہی میں اپنے اہداف سے زیادہ نمو حاصل کی ہے۔ ترقی یافتہ معیشتوں کی تجارت اور سرمایہ کاری میں آخری مہینوں میں قابل ذکر اضافہ ہوا ہے۔

مجوزہ عالمی ترقی جو کہ امریکہ کے واقعات +OPEC کے تیل کی پیداوار کو محدود کرنے کے معاہدے اور مشرق وسطی کی علاقائی کشمکش کی وجہ سے خام تیل کی قیمتوں میں استحکام آیا ہے۔ ان میں اگست 2017ء سے وسط دسمبر 2017ء تک 20 فیصد کا اضافہ دیکھا گیا ہے۔ تیل کی قیمتیں 160 امریکی ڈالر فی بیرل سے زیادہ ہیں اور اگلے پانچ سالوں میں خام تیل کی قیمتوں میں کمی متوقع ہے۔ ترقی یافتہ معیشتوں میں تیل کی قیمتوں میں اضافہ ہے۔ جبکہ مزدوروں کی تنخواہ اور مہنگائی میں معمولی اضافہ ہوا ہے۔

ملکی اقتصادی صورت حال

باوجود بیرونی تحفظات اور سیاسی واقعات کے ملک کی معیشت نے اپنی نمو کے انداز کو برقرار رکھتے ہوئے GDP میں 5.3 فیصد نمو حاصل کی ہے۔ جو کہ گذشتہ دس سالہ ریکارڈ ہے۔ نئے توانائی انفراسٹرکچر کی بہتری کے منصوبے، بنیادی اصلاحات اور CPEC کے تحت ہونے والے منصوبہ جات آنے والی معاشی ترقی کے بنیادی عوامل ہیں۔ ملکی تجارتی خسارہ 2018ء کی پہلی ششماہی میں 24.5 فیصد اضافے کے ساتھ 18 بلین ڈالر رہا۔ برآمدات میں 11.2 فیصد اضافہ جبکہ درآمدات میں 19.1 فیصد کا اضافہ ہوا۔ جاریہ اکاونٹ کا خسارہ 4.7 بلین ڈالر سے 2018ء کی پہلی ششماہی میں 7.4 بلین ڈالر رہا۔ بیرونی ترسیلات گذشتہ سال کی پہلی ششماہی 9.5 ارب ڈالر کے مقابلے میں 9.7 ارب ڈالر رہیں۔ جاریہ اکاونٹ کی کمزور کارکردگی کے باوجود مالیاتی گوشواروں میں ملک کے کرنسی کے ذخائر میں اضافہ ہوا۔

زرمبادلہ کے ذخائر اکتوبر 2016ء میں 24 بلین ڈالر رہے۔ جبکہ سال کے اختتام پر 20 بلین ڈالر تھے۔ 2017ء میں پاکستان نے پانچ سالہ سکوک اور 10 سالہ یورو بانڈ کا اجراء کیا جس سے 2.5 بلین ڈالر حاصل ہوئے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی قدر مستحکم رہی تاہم سال کے اختتام پر ڈالر کچھ اضافے کے ساتھ 110.4 روپے کا ہو گیا۔

2017ء میں افراط زر 4.1 فیصد رہی جو کہ تقریباً پچھلے چھ سالوں سے ایک جیسی ہی ہے۔ یہ عام اشیاء کی قیمتوں میں استحکام کا باعث بنا۔ روپے کی قوت مبادلہ میں کمی اور تیل کی قیمتوں میں متوقع اضافے کے باعث اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ 25 پوائنٹ کے اضافے کے ساتھ 6 فیصد کر دیا ہے۔ جو کہ مئی 2016 سے استحکام پزیر تھا۔

پاکستان سٹاک ایکسچینج نے سال 2017ء کی پہلی ششماہی میں ریکارڈ کارکردگی کے ساتھ انڈیکس 52.800 پوائنٹس کی حد کو چھوا۔ تاہم سال 2017ء کے اختتام پر ملکی سیاسی صورتحال کے پیش نظر سٹاک ایکسچینج انڈکس 15 فیصد گراوٹ کے ساتھ 40.000 پوائنٹس پر بند ہوا۔

سال 2017ء میں زرعی شعبہ نے اپنی کارکردگی میں نمایاں بہتری لاتے ہوئے گذشتہ سال کی 0.02 فیصد کے مقابلے 3.5 فیصد نمو حاصل کی۔ لائیوسٹاک اور فشریز کے شعبہ نے اس بہتری میں اہم کردار ادا کیا۔ صنعتی شعبہ نے گذشتہ سال کی 5.8 فیصد کے مقابلے میں 5.05 فیصد کی نمو حاصل کی ہے۔ پیداواری شعبہ نے حالیہ سال میں 3.4 فیصد کے مقابلے میں 5.27 فیصد کی نمو حاصل کی ہے۔ جبکہ بجلی کی پیداوار اور تقسیم کاری کے شعبہ میں گزشتہ سال کی 8.44 فیصد کے مقابلے میں نمو 3.66 فیصد رہی ہے۔ خدماتی شعبہ میں 5.70 فیصد کے مقابلے میں 5.98 فیصد نمو رہی۔

صنعتی جائزہ

حکومت کی عزم مصمم کے نتیجے میں کی جانے والی کوششوں کے باعث میں CPEC کے زیرانتظام بجلی پیدا کرنے والے منصوبے تیزی سے تکمیل کی طرف گامزن ہیں۔ قومی گرڈ میں اضافی بجلی کے شامل ہونے سے لوڈشیڈنگ میں نمایاں کمی ہوئی ہے۔

حالیہ سال پاکستان میں الیکشن کا سال ہے اور حکومت اپنے انتخابی نعرے کو پورا کرتے ہوئے لوڈشیڈنگ کو ختم کرنے کی ہر ممکن کوشش کرے گی۔ بجلی کی پیداوار کے بعد اس کی صارف تک رسائی ممکن بنانے کیلئے اب حکومت بجلی کی تقسیم کے نظام کو مضبوط کرنے کیلئے کوشاں ہے۔ اس لیے وہ ٹرانسمیشن لائنز اور گرڈ اسٹیشنز پر خاصی وسائل صرف کر رہی ہے۔ اور آپ کی کمپنی اپنے مارکیٹ شیئر کے حصول کی توقع رکھتی ہے۔

ابھرتی ہوئی مڈل کلاس، تیزی سے بڑھتی ہوئی شہری آبادی اور لوگوں کی قابل خرچ آمدنی میں اضافہ گھریلو برقی آلات کی طلب میں اضافے کا باعث ہیں۔ کھانے کی چیزوں کو محفوظ کرنے اور ٹھنڈے پانی کی ضرورت نے ریفریجریٹر اور ڈیپ فریزر کو ایک پرتعیش سے عام ضرورت کی چیز بنا دیا ہے۔ سستی اور مسلسل بجلی کی فراہمی نے بجلی کی بچت والے ائیرکنڈیشنر کی طلب میں اضافہ کیا ہے۔

پاکستان میں ابھی تک برقی گھریلو آلات کے استعمال کے کم رجحان کی وجہ سے ایک بہت بڑا خلا ہے۔ اس کے نتیجے میں آنے والے وقت میں ان کی طلب میں بے پناہ اضافہ ہوگا اور اسی وجہ سے بین الاقوامی برانڈ بھی اس مارکیٹ کا رخ کر رہے ہیں۔

Pattern of Shareholding

FORM 34

THE COMPANIES ORDINANCE 1984
(Section 236(1) and 464)
PATTERN OF SHAREHOLDING

1. Incorporation Number **0000802**

2. Name of the Company **PAK ELEKTRON LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **31-12-2017**

4.

Number of shareholders	Shareholding From	Shareholding To	Total shares held
1,079	1	100	44,341
1,623	101	500	603,976
1,218	501	1,000	1,089,730
2,022	1,001	5,000	5,455,074
539	5,001	10,000	4,142,337
221	10,001	15,000	2,850,974
149	15,001	20,000	2,741,054
106	20,001	25,000	2,460,743
72	25,001	30,000	2,059,599
38	30,001	35,000	1,248,834
33	35,001	40,000	1,276,793
28	40,001	45,000	1,202,893
44	45,001	50,000	2,153,671
14	50,001	55,000	747,154
16	55,001	60,000	941,070
12	60,001	65,000	755,850
14	65,001	70,000	950,066
19	70,001	75,000	1,402,604
10	75,001	80,000	779,487
8	80,001	85,000	666,242
11	85,001	90,000	970,510
7	90,001	95,000	658,315
16	95,001	100,000	1,585,665
8	100,001	105,000	818,483
2	105,001	110,000	214,585
4	110,001	115,000	452,100
4	115,001	120,000	479,200
6	120,001	125,000	736,900
3	125,001	130,000	382,750
5	130,001	135,000	664,425
5	135,001	140,000	690,000
1	140,001	145,000	143,358
5	145,001	150,000	744,500
2	150,001	155,000	303,404
3	155,001	160,000	479,800
4	160,001	165,000	654,000
2	165,001	170,000	337,100
3	170,001	175,000	515,400
3	175,001	180,000	529,500
4	180,001	185,000	736,400
2	185,001	190,000	378,000
3	190,001	195,000	582,800
5	195,001	200,000	997,250
1	200,001	205,000	202,000
4	205,001	210,000	832,120
3	215,001	220,000	652,990
3	220,001	225,000	672,100
2	230,001	235,000	466,118
2	240,001	245,000	483,500
3	245,001	250,000	750,000
1	250,001	255,000	250,250
1	255,001	260,000	256,000
1	260,001	265,000	265,000
1	265,001	270,000	267,500

4.

Number of shareholders	Shareholding From	To	Total shares held
1	270,001	275,000	271,100
2	280,001	285,000	566,250
2	285,001	290,000	577,000
1	290,001	295,000	290,375
2	295,001	300,000	600,000
1	300,001	305,000	304,000
1	315,001	320,000	320,000
1	325,001	330,000	330,000
1	330,001	335,000	334,300
2	340,001	345,000	682,500
1	345,001	350,000	347,000
3	355,001	360,000	1,072,000
2	360,001	365,000	726,300
1	365,001	370,000	367,200
1	375,001	380,000	379,200
1	385,001	390,000	389,100
2	395,001	400,000	798,991
1	400,001	405,000	400,750
1	410,001	415,000	414,600
1	430,001	435,000	431,000
1	435,001	440,000	438,403
1	450,001	455,000	453,000
1	485,001	490,000	487,270
3	495,001	500,000	1,500,000
2	500,001	505,000	1,003,500
2	505,001	510,000	1,017,037
1	520,001	525,000	524,200
1	525,001	530,000	527,000
1	530,001	535,000	534,500
1	550,001	555,000	552,200
4	555,001	560,000	2,229,137
1	560,001	565,000	564,500
1	570,001	575,000	573,900
1	580,001	585,000	584,825
1	585,001	590,000	589,000
4	595,001	600,000	2,389,578
1	610,001	615,000	611,500
2	615,001	620,000	1,236,695
1	640,001	645,000	641,800
4	645,001	650,000	2,596,000
1	660,001	665,000	661,700
2	670,001	675,000	1,349,000
1	675,001	680,000	679,000
1	700,001	705,000	705,000
1	705,001	710,000	708,500
1	710,001	715,000	711,518
1	725,001	730,000	729,200
1	735,001	740,000	737,500
1	740,001	745,000	740,947
1	765,001	770,000	770,000
1	795,001	800,000	800,000
1	835,001	840,000	840,000
1	840,001	845,000	841,000
1	870,001	875,000	875,000
1	890,001	895,000	892,000
1	900,001	905,000	903,400
1	930,001	935,000	930,050
1	950,001	955,000	952,000
1	975,001	980,000	980,000
1	1,040,001	1,045,000	1,042,500
1	1,075,001	1,080,000	1,077,000
1	1,090,001	1,095,000	1,095,000
1	1,095,001	1,100,000	1,100,000
1	1,100,001	1,105,000	1,101,000
2	1,125,001	1,130,000	2,256,200
1	1,140,001	1,145,000	1,144,000
2	1,150,001	1,155,000	2,304,952
2	1,195,001	1,200,000	2,396,000

Pattern of Shareholding

4.

Number of shareholders	Shareholding From	Shareholding To	Total shares held
1	1,215,001	1,220,000	1,217,500
1	1,250,001	1,255,000	1,252,600
1	1,260,001	1,265,000	1,262,500
1	1,305,001	1,310,000	1,310,000
1	1,310,001	1,315,000	1,314,500
1	1,425,001	1,430,000	1,428,600
1	1,445,001	1,450,000	1,450,000
1	1,450,001	1,455,000	1,450,650
2	1,495,001	1,500,000	3,000,000
1	1,555,001	1,560,000	1,557,000
1	1,610,001	1,615,000	1,612,000
1	1,725,001	1,730,000	1,729,000
2	1,875,001	1,880,000	3,760,000
1	2,215,001	2,220,000	2,219,500
1	2,270,001	2,275,000	2,270,250
1	2,295,001	2,300,000	2,295,800
1	2,420,001	2,425,000	2,425,000
1	2,475,001	2,480,000	2,478,125
1	2,615,001	2,620,000	2,618,500
1	2,685,001	2,690,000	2,688,418
1	2,700,001	2,705,000	2,704,000
1	3,025,001	3,030,000	3,026,100
1	3,215,001	3,220,000	3,217,945
1	3,370,001	3,375,000	3,373,523
1	3,400,001	3,405,000	3,400,194
1	3,585,001	3,590,000	3,589,534
1	4,065,001	4,070,000	4,066,800
1	4,155,001	4,160,000	4,155,900
1	4,315,001	4,320,000	4,319,625
1	4,670,001	4,675,000	4,673,300
1	4,710,001	4,715,000	4,710,893
1	5,495,001	5,500,000	5,500,000
1	6,460,001	6,465,000	6,461,900
1	13,920,001	13,925,000	13,923,100
1	14,735,001	14,740,000	14,737,537
1	16,565,001	16,570,000	16,566,850
1	22,075,001	22,080,000	22,076,400
1	102,225,001	102,230,000	102,229,533
1	124,905,001	124,910,000	124,905,715
7,530			**497,681,485**

CLASSIFICATION OF ORDINARY SHARES BY CATEGORIES AS AT DECEMBER 31, 2017

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	8	250,200,595	50.2732
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	3	1,155,238	0.2321
Banks Development Financial Institutions Non Banking Financial Institution	20	15,866,504	3.1881
Insurance Companies	22	44,889,245	9.0197
Modarabas and Mutual Funds	70	53,699,528	10.7899
General Public	7,102	68,489,274	13.7617
Others (to be specified)			
Pension Funds	10	3,355,577	0.6742
Other Companies	53	3,256,113	0.6543
Investment Companies	2	1,188,700	0.2388
Joint Stock Companies	158	17,588,304	3.5340
Foreign Companies	82	37,992,407	7.6339
	7,530	**497,681,485**	**100.0000**

CATAGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF COPRORATE GOVERNANCE (CCG)AS ON DECEMBER 31, 2017

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties:		
	Mutual Funds:		
1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	53,775	0.0108
2	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND (CDC)	900	0.0002
3	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	3,026,100	0.6080
4	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	700	0.0001
5	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT (CDC)	700	0.0001
6	CDC - TRUSTEE ALFALAH GHP INCOME MULTIPLIER FUND - MT (CDC)	700	0.0001
7	CDC - TRUSTEE ALFALAH GHP ISLAMIC DEDICATED EQUITY FUND (CDC)	315	0.0001
8	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	35	0.0000
9	CDC - TRUSTEE ALHAMRA ISLAMIC STOCK FUND (CDC)	1,612,000	0.3239
10	CDC -TRUSTEE APF-EQUITY SUB FUND (CDC)	72,500	0.0146
11	CDC -TRUSTEE APIF - EQUITY SUB FUND (CDC)	137,500	0.0276
12	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	875,000	0.1758
13	CDC - TRUSTEE ATLAS STOK MARKET FUND (CDC)	1,200,000	0.2411
14	CDC - TRUSTEE DAWOOD ISLAMIC FUND (CDC)	16,000	0.0032
15	CDC - TRUSTEE FAYSAL MTS FUND - MT (CDC)	94,900	0.0191
16	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND (CDC)	16,000	0.0032
17	CDC - TRUSTEE FIRST HABIB INCOME FUND - MT (CDC)	389,100	0.0782
18	CDC - TRUSTEE FIRST HABIB STOCK FUND (CDC)	55,000	0.0111
19	CDC - TRUSTEE HBL - STOCK FUND (CDC)	1,428,600	0.2871
20	CDC - TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	64,500	0.0130
21	CDC - TRUSTEE HBL ISLAMIC ASSET ALLOCATION FUND (CDC)	320,000	0.0643
22	CDC - TRUSTEE HBL MULTI - ASSET FUND (CDC)	89,000	0.0179
23	CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	66,500	0.0134
24	CDC - TRUSTEE JS ISLAMIC FUND (CDC)	1,314,500	0.2641
25	CDC - TRUSTEE JS LARGE CAP. FUND (CDC)	589,000	0.1183
26	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	438,403	0.0881
27	CDC - TRUSTEE MCB DCF INCOME FUND (CDC)	1,310,000	0.2632
28	CDC - TRUSTEE MCB DYNAMIC CASH FUND - MT (CDC)	1,077,000	0.2164
29	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	840,000	0.1688
30	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	4,066,800	0.8171
31	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	1,127,000	0.2265
32	CDC - TRUSTEE MEZAN BALANCED FUND (CDC)	2,270,250	0.4562
33	CDC - TRUSTEE MEZAN ISLAMIC FUND (CDC)	16,566,850	3.3288
34	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT (CDC)	86,400	0.0174
35	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	250,250	0.0503
36	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND (CDC)	1,262,500	0.2537
37	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND (CDC)	930,050	0.1869
38	CDC - TRUSTEE NAFA MULTI ASSET FUND (CDC)	159,800	0.0321
39	CDC - TRUSTEE NAFA STOCK FUND (CDC)	584,825	0.1175
40	CDC - TRUSTEE NIT ISLAMIC EQUITY FUND (CDC)	160,000	0.0321
41	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND (CDC)	25,000	0.0050
42	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND (CDC)	130,000	0.0261
43	CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUND - MT (CDC)	641,800	0.1290
44	CDC - TRUSTEE PAKISTAN INCOME FUND - MT (CDC)	39,500	0.0079
45	CDC - TRUSTEE PICIC GROWTH FUND (CDC)	1,217,500	0.2446
46	CDC - TRUSTEE PICIC INVESTMENT FUND (CDC)	596,500	0.1199
47	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND (CDC)	534,500	0.1074
48	CDC - TRUSTEE PICIC STOCK FUND (CDC)	71,500	0.0144
49	CDC - TRUSTEE PIML ASSET ALLOCATION FUND (CDC)	70,000	0.0141
50	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND (CDC)	30,000	0.0060
51	CDC - TRUSTEE PIML VALUE EQUITY FUND (CDC)	75,000	0.0151
52	CDC -TRUSTEE UNIT TRUST OF PAKISTAN (CDC)	1,557,000	0.3129
53	CDC TRUSTEE - MEEZAN DEDICATED EQUITY FUND (CDC)	1,129,200	0.2269
54	CDC-TRUSTEE AL-AMEEN ISLAMIC RET. SAV. FUND-EQUITY SUB FUND (CDC)	29,500	0.0059
55	CDC-TRUSTEE ALHAMRA ISLAMIC ASSET ALLOCATION FUND (CDC)	500,000	0.1005
56	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND (CDC)	30,000	0.0060
57	CDC-TRUSTEE HBL ISLAMIC STOCK FUND (CDC)	564,500	0.1134
58	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND (CDC)	290,375	0.0583

Pattern of Shareholding

Sr. No.	Name	No. of Shares Held	Percentage
59	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT (CDC)	121,800	0.0245
60	MC FSL - TRUSTEE JS GROWTH FUND (CDC)	1,880,000	0.3778
61	MC FSL - TRUSTEE JS - INCOME FUND (CDC)	355,500	0.0714
62	MC FSL - TRUSTEE JS - INCOME FUND - MT (CDC)	165,000	0.0332
63	MCBFSL - TRUSTEE JS VALUE FUND (CDC)	841,000	0.1690
64	MCB - TRUSTEE NAFA INCOME FUND - MT (CDC)	100,800	0.0203
65	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND (CDC)	5,600	0.0011
66	MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND (CDC)	96,500	0.0194
67	MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND - MT (CDC)	4,700	0.0009
		53,656,228	**10.7812**
	Directors, CEO and their Spouse and Minor Children:		
1	MR. M. NASEEM SAIGOL (CDC)	124,905,715	25.0975
2	MR. M. AZAM SAIGOL (CDC)	3,589,534	0.7213
3	MR. MUHAMMAD MURAD SAIGOL	12,421	0.0025
4	MR. MUHAMMAD ZEID YOUSAF SAIGOL	14,749,958	2.9637
5	SHEIKH MUHAMMAD SHAKEEL	500	0.0001
6	SYED MANZAR HASSAN	2,041	0.0004
7	MRS. AMBER HAROON SAIGOL W/O MR. M. AZAM SAIGOL (CDC)	102,229,533	20.5412
8	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	4,710,893	0.9466
		250,200,595	**50.2732**
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	64,154,626	12.8907
	Shareholders holding five percent or more voting intrest in the listed company		
1	MR. M. NASEEM SAIGOL (CDC)	124,905,715	25.0975
2	MRS. AMBER HAROON SAIGOL W/O MR. M. AZAM SAIGOL (CDC)	102,229,533	20.5412
		227,135,248	**45.6387**

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

S. No.	NAME	SALE	PURCHASE	RIGHT

No trade in the shares of PAEL carried out by its Directors, CEO, CFO, Company Secretary, their spouses and minor children.

پیٹرن آف شیئر ہولڈنگ

31 دسمبر 2017

نمبر شمار	کیٹگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	8	250,200,595	50.2732
2	ایسوسی ایٹڈ کمپنیز، انڈرٹیکنز اور متعلقہ پارٹی۔	-	-	-
3	این آئی ٹی اور آئی سی پی	3	1,155,238	0.2321
4	بینک، ڈیویلپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	20	15,866,504	3.1881
5	انشورنس کمپنیز	22	44,889,245	9.0197
6	مداربہ اور میوچل فنڈز	70	53,699,528	10.7899
7	عام عوام	7,102	68,489,274	13.7617
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	10	3,355,577	0.6742
	دوسری کمپنیز	53	3,256,113	0.6543
	انوسٹمنٹ کمپنیز	2	1,188,700	0.2388
	جوائنٹ سٹاک کمپنیز	158	17,588,304	3.5340
	غیرملکی کمپنیز	82	37,992,407	7.6339
	کل تعداد	**7,530**	**497,681,485**	**100.0000**

	تعداد حصص
ایسوسی ایٹڈ کمپنیز، انڈرٹیکنز اور متعلقہ پارٹی۔	-
میوچل فنڈز	53,656,228
ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	250,200,595
ایگزیکٹوز	-
پبلک سیکٹر کمپنیز اور کارپوریشنز	-
بینک، ڈیویلپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انشورنس کمپنیز، مداربہ اور پنشن فنڈز	64,154,626
پانچ فیصد یا اس سے زیادہ کے حصص داران	227,135,248

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

نمبر شمار	نام	فروخت	خرید	رائٹ

ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکرٹری، اُن کی بیویاں اور چھوٹے بچوں کے حصص میں کوئی خرید و فروخت نہیں ہوئی۔

Market Overview

The appliances industry in Pakistan has continued to grow steadily for the past few years. As domestic appliances become more energy efficient and affordable, penetration of these appliances is growing day by day. Business growth potential remains steady, with more households willing to embrace our reliable home appliances for better living.

Continued focus of the Government on improvement of power generation and distribution infrastructure, the market outlook for power division looks promising. Government's initiatives in the energy sector in light of recent energy deals signed, policies for IPPs and above all, CPEC will create a pool of opportunities for power products. EPC activity is also on agrowth track due to the increase in housing sector schemes and upgrading of grid stations.

PEL’s MARKETING ACTIVITES

PEL is providing premium quality products to consumers through its ever evolving dealer network which is spread all over the country. Sales revenue for year 2017 was recorded at Rs. 43,346 million which is higher by 24.09% in comparison with previous year. This achievement was attributable, besides other factors, brilliant efforts of the sales and marketing department.

PEL's market strategy encompasses market research , brand positioning and marketing communications as well as right decisions in terms of incentives and dealers to ensure smooth running of dealers network. The sales of power division mainly originate from tendering and our power division marketing team is well versed and equipped to win major orders.

BUS BRANDING

PEL executed the Bus Branding campaign. It was a collaborated endeavor with Al-Fateh Travel Gujrat. Whole bus was branded with Deep Freezer Ads giving the message of ‘Jagah Banane Mein Champion”.

PEL’s market strategy encompasses market research, brand positioning and marketing communications as well as right decisions in terms of incentives and dealers to ensure smooth running of dealers network.

CINEMA CAMPAIGN

In October 2017, PEL took a step further and bought different sports for its latest TVC's in all major cinemas of Pakistan such as Cinepax, Sozoworld and Universal cinema. PEL utilized the entire cinema for its branding, which turned out to be an amazing platform for brand mileage.

DEALER SHOP INAUGURATION

A good gesture was shown by Mr. Amir Hamza (General Manager Sales - Appliances Division) as he inaugurated the dealer shop in Sheikhupura to encourage long lasting relationship with PEL.

PRODUCT QUALITY ASSURANCE

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

Extensive quality assurance measures have been implemented by PEL to provide best 'value for money' products through the following measures:

- Suppliers of raw material and other inputs are selected carefully and only those suppliers are engaged, who can demonstrate the full commitment and ability to comply with PEL's quality requirements/standards.
- Careful and meticulous inspections and testing is carried out at every stage of production.
- Top quality packing material to eliminate the chance of physical damage to the product during transportation and storage.

Human Capital

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

SUCCESSION PLANNING

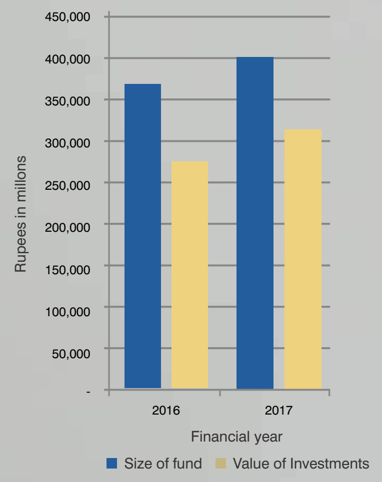
In its quest of the Top Talent, PEL has formulated a comprehensive succession plan which includes performance evaluation and appropriate training requirements for development of potential and prospective future leaders. The succession plan allows PEL to ensure availability of competent personnel in each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

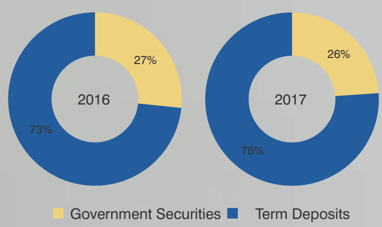
RETIREMENT BENEFITS

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

Size of the fund as December 31, 2017 stood at Rs. 401.413 million growing by 6.3% as compared to the previous year. Investments of the fund at the close of 2017 are valued at 356.96 million showing an increase of 4.62% over 2016.

SIZE OF PROVIDENT FUND & VALUE OF INVESTMENTS





MIX OF INVESTMENTS

Human Capital is considered as one of the most valuable resources at PEL.

Risks and Opportunities

KEY SOURCES OF UNCERTAINTY

The preparation of financial statements in accordance with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are disclosed in note 2.4 to the annexed financial statements.

RISK EXPOSURE AND MANAGEMENT

PEL's activities expose it to a variety of risks which are subject to difference levels of uncertainty against which PEL has implemented effective mitigating strategies.

These risks include:

- Strategic risks
- Commercial risks
- Operational risks
- Financial risks
- Reputation risks
- Compliance risks
- Political/ Economic risks.

These risks can emanate from a number of factors including but not limited to uncertainties in financial markets, project failures, legal liabilities, credit risk, accidents and disasters as well as deliberate aggressive actions from an adversary, or uncertain or unpredictable events.

Risk Governance Structure

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

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

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

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

MATERIALITY APPROACH

Matters are considered to be material, if they, individually or in aggregate, are expected to significantly affect the performance and profitability of the Company.

Powers of the Board of Directors and the management of PEL have been defined with reference to, and in compliance with relevant regulatory framework, the Articles of Association of PEL, guidelines and frameworks issued by professional bodies and best practices.

Determination of materiality levels, other than those provided under the law, is judgemental and varies between organizations.

Authorizations for transactions and delegation of powers have also been defined clearly and carried out through formal and implemented policies and procedures.

Materiality levels are reviewed on a periodic basis and updated as required.

IDENTIFIED RISKS AND MITIGATING STRATEGIES

Identified Risk	Risk level	Mitigating Strategy
Strategic Risks These risks are associated with operation within a particular industry.		
Technological shift may render PEL's production process and products obsolete	Moderate	Regular balancing, modernization and replacement carried out at all production facilities in order to ensure state of the art production plants utilizing latest technology resulting in cost efficiencies and improved products.
Commercial Risks These risks stem from commercial substance of the Company		
Identified Risk	**Risk level**	**Mitigating Strategy**
Strong market competition lowering demand for PEL's products	Low	PEL holds a considerable market share and has continued focus on sustaining and maintaining its market share through offering new and improved products and effective marketing strategies
Operational Risks These risks are associated with operational and administrative matters		
Identified Risk	**Risk level**	**Mitigating Strategy**
Turnover of personnel at critical positions may affect smooth running of operations	Low	PEL has formulated a comprehensive succession plan which includes performance evaluation and appropriate training requirements for development of potential and prospective future leaders.
Breach of IT Security may affect operations and cause financial loss	Low	Adequate IT controls are in place to prevent unauthorized data access to confidential information. Regular IT audits and trainings are conducted to monitor IT controls.
Accidents and disasters, natural or by deliberate actions, may disrupt operations	Low	PEL has put in place a comprehensive Disaster Recovery and Business Continuity Plan which has been implemented at all locations and PEL's staff is fully trained and equipped to recover from any disruption. Further strict and standard operating procedures are in place and implemented together with employee trainings, operational discipline and regular safety audits.
Reputation Risks These risks originate from the Company's dealing with stakeholders		
Identified Risk	**Risk level**	**Mitigating Strategy**
Loss of customer confidence in PEL brand adversely affecting sales	Low	Continued focus on new and improved products and state of the art after sales services to customers
Compliance Risks These risks are associated with laws and regulations applicable to the Company		
Identified Risk	**Risk level**	**Mitigating Strategy**
Breach of law resulting fines, penal action or suspension of business operations	Low	Monitoring of latest updates in regulatory framework is carried out to prevent in breach of law. Expert legal advice is obtained before taking any critical decision.

Risks and Opportunities

Financial Risks

These include credit risk (risk of loss if a counter-party to a financial instrument fails to meet its contractual obligations), liquidity risk (risk that the Company will not able to meet its financial obligations when they fall due) and market risk (risk of changes in fair value of financial instruments due to changes in interest rates, equity prices and foreign exchange rates).

Identified Risk	Risk level	Mitigating Strategy
Default by customers causing financial loss	Low	PEL maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The majority of sales to customers are made on specific terms. Customer credit risk is managed by each business unit subject to PEL's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.
Liquidity shortfall resulting in inability to make payments as the fall due	Moderate	The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the PEL's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.
Increase in interest rates resulting high interest costs	Low	PEL manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the management calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

Political/Economical Risks

This risks emanate from the political and economic environment of the region in which the Company operates

Identified Risk	Risk level	Mitigating Strategy
Volatile law and order situation affecting economy	Low	This risk is beyond control and cannot be mitigated through internal strategies.

Swot Analysis

STRENGTHS

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

WEAKNESSES

- The Company has high financial leverage

OPPORTUNITIES

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

THREATS

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

Corporate Governance

PEL complies with mandatory requirements of the Code of Corporate Governance and makes every effort to adopt other best practices voluntarily with a view to achieve transparency and good governance.

DIRECTORS' COMPLIANCE STATEMENT UNDER THE CODE OF CORPORATE GOVERNANCE

As required by the Code of Corporate Governance, the Directors are pleased to make their compliance statement as follows:

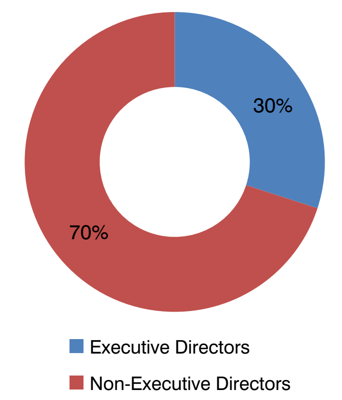
- The financial statements, prepared by the management of the company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International accounting standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.

COMPOSITION OF THE BOARD OF DIRECTORS

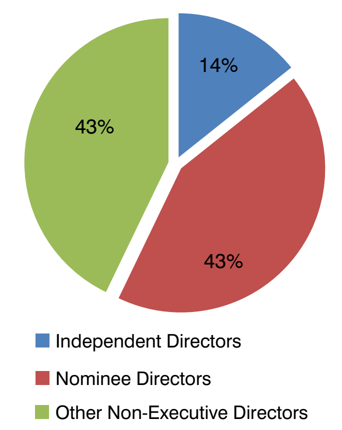
In order to ensure transparency, good governance and smooth functioning of the Company's operations, the Company has implemented the regulatory framework in terms of qualification, experience and composition of the Board of Directors as well as awareness of the Board responsibilities. The Board comprises 10 directors effectively representing shareholders' interests. There are 7 non-executive directors including 1 independent director and 3 directors nominated by holders of special interest under Section 182 of the repealed Companies Ordinance, 1984, now Section 164 of the Companies Act, 2017.

All directors are highly qualified and experienced and come from varied discipline, which enables the Board to carry out effective and efficient decision making.

Detailed profile of each member of the Board is presented in 'Governance Section'.



Composition of the Board



Composition of Non-Executive Directors

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee comprises of 4 members out of whom all members are non-executive, including 1 independent director. 1 member is a Fellow Chartered Accountant from The Institute of Chartered Accountants of Pakistan providing significant financial and accounting insight to the proceedings of Audit Committee.

COMPOSITION OF HR AND REMUNERATION COMMITTEE

The HR and Remuneration Committee comprises of 4 members out whom 3 members are non-executive, including the chairman of the committee and 1 independent director.

MEETINGS OF THE BOARD

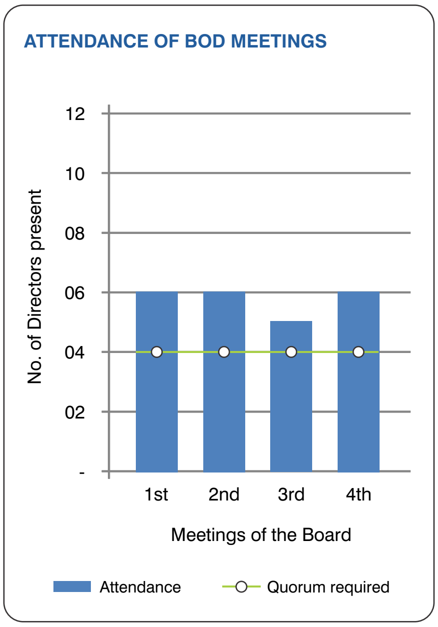
The Board of Directors meets atleast four times every year as required by the regulatory framework. Special meetings are also called to discuss and decide on important matters as and when required.

The Board met 4 times during the year. The notices, along with agenda, were circulated in a timely manner.

The decisions taken by the Board were clearly documented in the minutes of meetings maintained by the Company Secretary and were circulated to all directors for endorsement within the stipulated time and were approved by the Board in subsequent meetings.

All Board Meetings held during the year had the requisite quorum as prescribed by Code of Corporate Governance and were also attended by the Chief Financial Officer and Company Secretary.

Name of Directors	Attendance
Mr. M. Naseem Saigol	2
Mr. M. Azam Saigol	-
Mr. M. Murad Saigol	4
Mr. M. Zeid Yousuf Saigol	1
Syed Manzar Hassan	4
Sheikh Muhammad Shakeel	3
Mr. Khalid Siddiq Trimizey (BOP Nominee)*	-
Mr. Asad Ullah Khawaja (NIT Nominee)	3
Mr. Wajahat A. Baqai (NBP Nominee)	1
Mr. Usman Shahid (NBP Nominee)	3
Mirza Babur Baig (NBP Nominee)*	-
Mr. Jamal Baquar (NBP Nominee)*	1
Ms. Azra Shoaib (NBP Nominee)*	1



*Mr. Khalid Siddiq Trimizey has resigned on April 10, 2017, Mr. Wajahat A. Baqai and Mr. Mirza Babur Baig has resigned on August 10, 2017 and replaced by Mr. Jamal Baquar and Ms. Azra Shoaib under Section 182 of the repealed Companies Ordinance, 1984, now Section 164 of the Companies Act, 2017.

BOARD MEETINGS HELD OUTSIDE PAKISTAN

No Board Meetings were held outside Pakistan during the year.

ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

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

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

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

CHANGES TO THE BOARD

During the year, three of our fellow directors, Mr. Khalid Siddiq Tirmizey, Mr. Mirza Babur Baig and Mr. Wajahat A. Baqai were resigned and replaced by two directors Mr. Jamal Baquar and Ms. Azra Shoaib.

We would like to record our appreciation for the invaluable contributions made by Mr. Khalid Siddiq Tirmizey, Mr. Wajahat A. Baqai and Mr. Mirza Babur Baig and welcome Mr. Jamal Baquar and Ms. Azra Shoaib on the Board. We are positive that this change will bring new vision and spirit to the Company and the members will continue to work cohesively as a team and generate new ideas for the Company's progress.

DIRECTORS' REMUNERATION

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

Corporate Governance

OFFICE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

ROLES AND RESPONSIBILITIES THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

The main responsibilities of the Chief Executive Officer include:

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

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

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

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

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

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

CEO PERFORMANCE REVIEW BY THE BOARD

As required by law, the appointment of CEO is approved by the Board of Directors for period of 3 years.

Performance of the CEO is reviewed annually with regard to his roles and responsibilities, including those assigned by statute.

CEO's achievements for the year 2016 are evidenced by growth in revenue and profitability.

FORMAL ORIENTATION AT INDUCTION

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

- Vision, mission, core values and strategies and stakeholders.
- Significant policies
- Summary of financial position
- Risks exposure and management
- Critical performance indicators
- Roles and responsibilities of director under the statute
- Expectations from the Board
- Facets of business including strategic plans, forecasts, minutes of past meetings and litigations.

DIRECTORS' TRAINING PROGRAM

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

1. Mr. Murad Sagol
2. Muhammad Zeid Yousuf Saigol
3. Sheikh Muhammad Shakeel
4. Syed Haroon Rashid

Certifications of the remaining members of the Board are expected to be completed in 2018.

ETHICS AND COMPLIANCE

At PEL, high level of ethical behaviour in all aspects of business conduct and decision making is ensured. In compliance with the Code of Corporate Governance, Code of Conduct and ethical principles have been formulated and disseminated to all employees. Proper systems and controls are in place for identification and redress of grievances arising as a result of any unethical practice.

CONFLICT OF INTEREST AMONG MEMBERS OF THE BOARD

In order to avoid known or perceived conflicts of interests, PEL has employed, in addition to compliance of regulatory requirements, a formal Code of Business Ethics, for formal disclosure of vested interests if any.

While all the directors exercise their due rights of participation in Board proceedings, which are generally undertaken through consensus, concerns of the Board members on any agenda point are duly noted in the minutes of the proceedings for further evaluation of actual existence in addition to quantification of any conflict of interest before finalization of any agenda point.

IT GOVERNANCE POLICY

Keeping in view the impact of information technology on shareholders' value and returns, information technology governance at PEL provides advice, oversight and contributes to the overall strategic decision making by the management PEL is focused on implementing the best and latest IT technologies and infrastructure to enable efficient and timely decision making, in addition to economizing on the costs related to operating and decision making processes.

PEL's IT Governance Model encompasses:

- Strategic planning and administration of IT infrastructure including capital expenditure need assessment and cost evaluation.
- Risk management includes risk identification, probability, severity, and the mitigation plan.
- The adoption of new ideas and techniques to accelerate the performance in terms of productivity and cost control.
- Efficient and economic delivery of IT services.
- Identification of key processes for value addition.
- Provision of critical reports and dash boards for decision making.

WHISTLE BLOWING POLICY

PEL ensures accountability and integrity in conduct, by devising a transparent and effective whistle blowing mechanism for sounding of alerts against deviations from policies, controls, applicable regulations, or violation of the code of professional ethics / conduct.

The Whistle Blowing Policy is applicable to all employees, management and the Board and extends to every individual associated with the Company including contractors, suppliers, business partners and shareholders etc., who can participate effectively and in confidentiality, without fear of reprisal or repercussions. The employees are required to report concerns directly to immediate supervisors, except where, reporting to supervisors is impracticable, in which case, the level may be raised to the senior management.

The purpose of this policy is to encourage all stakeholders to raise questions and concerns, monitor the progress of resultant inquiries, provide feedback and where required, also voice concerns against any unsatisfactory inquiry or proceeding.

The Policy covers unethical conduct, offence, breach of law or failure to comply with legal obligations and possible fraud / corruption. Due emphasis has also been placed on health, safety and environmental risks. Inappropriate or malicious reporting leading to wrongful convictions have been specifically forbidden, with clear definition of consequences for the persons making wrongful accusations.

No material incidence was reported to the Audit Committee during the year regarding improprieties in financial, operating, legal or other matters. All minor events requiring management's attention were duly addressed with dissemination of messages across the Company for avoidance of such incidents in the future.

HUMAN RESOURCE MANAGEMENT POLICY & SUCCESSION PLANNING

PEL attracts the finest talent for induction in all functions of the Company and ensures provision of a conducive environment to stimulate performance, in addition to market commensurate remuneration to retain quality

Corporate Governance

workforce, and developing and refining their abilities for prospective leadership roles.

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

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

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

INVESTORS' RIEVANCE POLICY

The Company believes in allowing full access to all shareholders including potential investors, to call for information or detail on Company operations, in addition to details relating to his/her specific investment, dividend distribution or circulation of regulatory publications by the Company, with endeavours for prompt provision of information or resolution of query/grievance in accordance with the statutory guidelines.

Investor grievances are managed centrally by the Corporate Affairs Department, through an effective grievance management mechanism for handling of investor queries and complaints, through the following key measures:

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

STAKEHOLDERS' ENGAGEMENT

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

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

Page 32 of the Annual Report 2017 elaborates on the mode of engagement in addition to the impact of each of the following stakeholders on Company's operations:

- Institutional Investors / Shareholders
- Customers and Suppliers
- Banks and other lenders
- Media
- Regulators
- Analysts
- Employees
- Local community and general public

INVESTORS' SECTION ON PEL WEBSITE

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

POLICY FOR SAFETY OF RECORDS

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

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

The main objectives this policy are:

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

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

ISSUES RAISED AT LAST AGM

No issues were raised at the last AGM held on April 24, 2017.

TRADING IN SHARES BY DIRECTORS AND EXECUTIVES

Details of trading conducted by directors, executives, their spouses and minor children in the shares of PEL during the year is given on page 74.

REVIEW OF RELATED PARTY TRANSACTIONS

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

INTERIM FINANCIAL REPORTING

Periodic financial statements of the Company during the year 2017 were circulated to directors, duly endorsed by the CEO and the Chief Financial Officer. Quarterly financial statements of the Company, were approved, published and circulated to shareholders within one month of closing date, while half yearly financial statements were reviewed by external auditors of the Company, approved by the Board, published and circulated to shareholders within the permitted time of two months after the period end.

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have completed the annual audit of PEL for the year ended December 31,2017 and have issued an unqualified report.

They will retire at the conclusion of the forthcoming AGM, and being eligible, have offered themselves for reappointment for the year ending December 31, 2018.

The Board of Directors on the suggestion of the Audit Committee has recommended their re-appointment as auditors of the PEL for the year ending December 31, 2018 at a fee to be mutually agreed.

Information Technology

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

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

REVIEW OF BUSINESS CONTINUITY AND DISASTER RECOVERY PLANNING BY THE BOARD

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

Business Continuity Planning

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

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

Disaster Recovery Planning

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

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

Safety and security of IT record

Safety and security of IT records is ensured through effective implementation of the Company's policy for Safety of Records, which has been elaborated on page 91.

Information technology and business are becoming inextricably interwoven. I don't think anybody can talk meaningfully about one without the talking about the other.
-Bill Gates

Corporate Social Responsibility

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

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Gangaram, Children's and Mayo Hospital

Every business has a responsibility to give back to the community it operates in. PEL believes that changing people's lives requires putting public welfare first. In keeping with our commitment to social responsibility, this time PEL donated air conditioners and refrigerators to Gangaram Hospital, Children's Hospital and Mayo Hospital to make patients' life a little easier in the government hospitals.

The management of both hospitals highly appreciated the effort and expressed their gratitude for PEL's contribution. Gangaram Hospital arranged a special ceremony to honor PEL's contributions. Mr. Ali Kamran, Head HR PEL, attended the ceremony accompanied by senior medical officials of the hospital. The honorable participants shared their thoughts on CSR activities and stressed that such activities should be conducted more frequently by all organizations.

Youth Financial Literacy Program

This year in an effort to create financial awareness in Pakistani social organization "Possibilities" which is headed by a renowned trainer and life coach Qaiser Abbas. A full day "Train the Trainer" workshop was organized on 14th October 2017 in PEL Unit 1 Auditorium to train teachers from different schools, colleges and universities of Lahore and surrounding cities. They learned different tools and techniques to create & understand financial independence. These teachers will now spread this knowledge in their students and colleagues across Pakistan. This whole awareness campaign is part of State Bank of Pakistan's struggle to increase the flow of money in the economy and amplify the number of contributory members in the society. PEL impels its employees to create this awareness among their peers, friends and family members to put their share of contribution in this great cause.

Fountain House

PEL believes in practicing its core values rather than just professing them. Furthering its commitment to CSR, PEL has been extending its support to the Fountain House in Lahore. PEL understands that education and welfare of hundreds of patients suffering from mental disorders is no easy task and requires a lot of funding and support from all sectors of the society. Therefore, this year PEL provided electrical appliances to the newly built Female Black of the Fountain House according to their requirement in Farooqabad. The donated appliances included Split Air Conditioner, Water Dispenser, Deep Freezer and Refrigerator. The management of the Fountain House greatly appreciated the support extended by PEL and regarded it as an exemplary act for other organizations.

PEL donated air conditioners and refrigerators to Gangaram Hospital, Children's Hospital and Mayo Hospital

Youth Financial Literacy Program

PEL extended its support to the Fountain House in Lahore

Corporate Social Responsibility

Industrial Visit of UET Students

Helping students to understand better about industrial environment and how their degree will help them to shape future has always been the custom of PEL. Every year PEL arranges industrial tours for students from school to university level. In Oct, 2017, an industrial visit for students of **UET KSK Campus** was arranged as requested by **IEEE Society**.

Ms. Huma Zaidi (IR & Admin Executive-Industiral Relations & Administration) welcomed all students on behalf of PEL and guided them towards auditorium where **Mr. Syed Zain Raza** (Engineer-Marketing PD) bnriefed students about all PEL products. Student were inquisitive and asked questions to know more about the production of all items. Later, students visited production floor and observed production and manufacturing of energy meters. Mr. Asif Siddiqui (Senior Engineer-I & QC PD) interacted with students and answered their questions up to their satisfactory level. Admin Department arranged all things flawlessly and offered refreshments to students.

ENERGY CONSERVATION

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

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

ENVIRONMENTAL PROTECTION MEASURES

PEL launched “Pel Se Zindagi”, an on ground activation that resulted in the PEL launched “Pel Se Zindagi”, an on ground activation that resulted in the installation of refrigerator like water dispensers that provided cool and clean drinking water to the underprivileged community of Lahore. These water dispensers were placed in parks where people rest under the cool shade of the tree, at railway stations, near government hospitals and in marketplaces where most people travel back and forth by foot.

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

MITIGATING THE ADVERSE IMPACT OF INDUSTRIAL EFFLUENTS

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

COMMUNITY INVESTMENT & WELFARE

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

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

CONSUMER PROTECTION MEASURES

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

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

PRODUCT QUALITY ASSURANCE PROCEDURES

PEL continues to be a quality conscious manufacturer with quality checks at incoming, in-process and final stages.

The Company has implemented an extensive and effective quality assurance system for its products, as detailed in ‘Market Overview’ section.

INDUSTRIAL RELATIONS

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

EMPLOYMENT OF SPECIAL PERSONS

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

Corporate Social Responsibility

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

OCCUPATIONAL HEALTH AND SAFETY

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

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

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

PEL's Legal & Compliance Department organized a Code of Conduct briefing session.An awareness drive was set up. The session was specially conducted for the Department Heads and the General Managers; primary goal was to increase the participants' understanding of the company's Code of Conduct and to gain their valuable feedback. Emphasis was on the importance of the Code and its implementation as an imperative measure for the legal and compliance procedures to be commensurate with the company's growth. It is the policy of PEL to comply with all applicable laws, regulations and corporate ethical standards in the conduct of its business.

NATIONAL CAUSE DONATIONS

PEL makes generous donations for national cause on a regular basis.

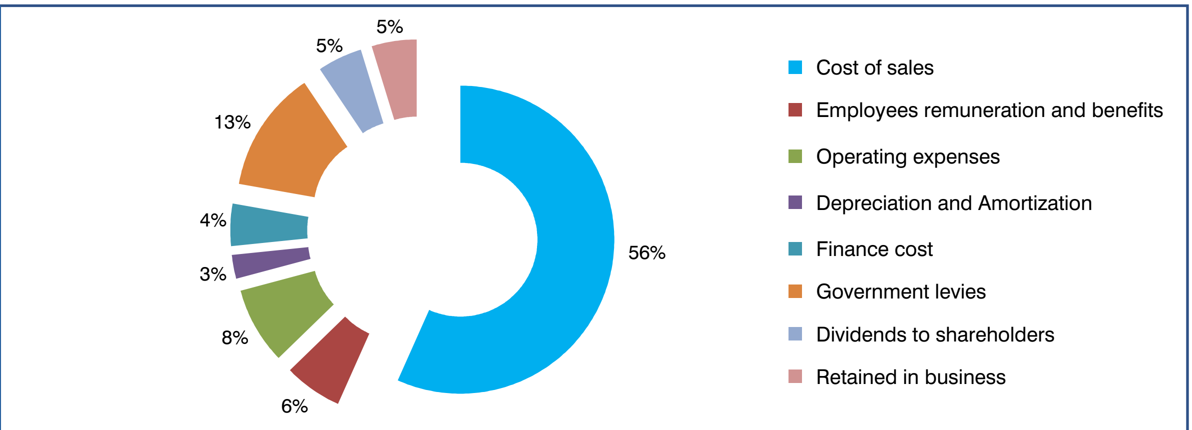
RURAL DEVELOPMENT PROGRAMS

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

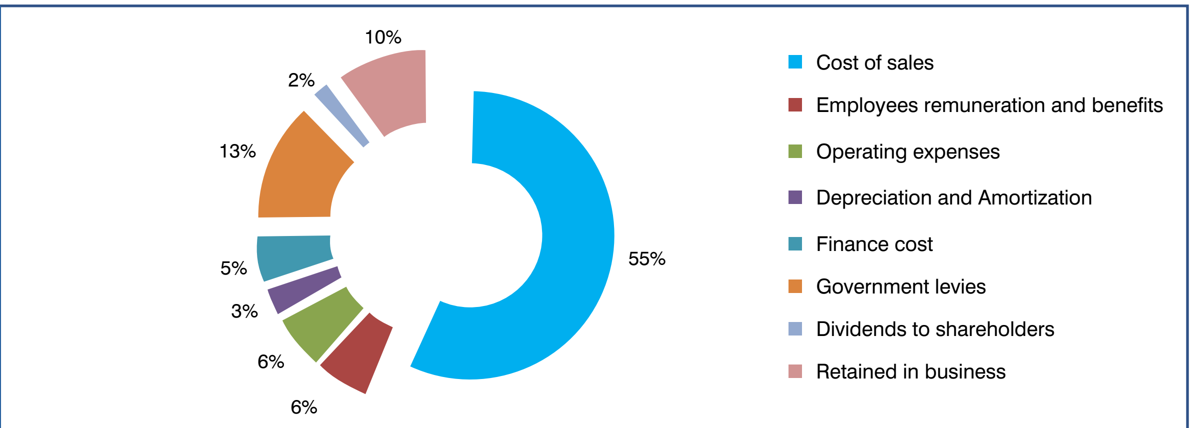
STATEMENT OF VALUE ADDITION

Rupees in thousands	2017		2016	
Wealth Generated				
Contract Revenue	**2,841,124**	**8.10%**	901,766	2.97%
Sale of Goods	**32,221,709**	**91.86%**	29,426,345	96.91%
Other income	**12,439**	**0.04%**	37,620	0.12%
Total Wealth Generated	**35,075,272**	**100.00%**	30,365,731	100.00%
Wealth Distributed				
Cost of sales	**19,871,468**	**56.65%**	16,702,636	55.00%
Employees remuneration and benefites	**2,134,990**	**6.09%**	1,830,437	6.03%
Operating expenses	**2,818,627**	**8.04%**	1,814,765	5.98%
Depreciation and Amortization	**881,926**	**2.51%**	849,856	2.80%
Finance cost	**1,540,949**	**4.39%**	1,491,333	4.91%
Government levies	**4,519,058**	**12.88%**	4,006,764	13.20%
Dividends to shareholders	**1,617,465**	**4.61%**	622,102	2.05%
Retained in business	**1,690,789**	**4.82%**	3,047,838	10.04%
Total Wealth Distributed	**35,075,272**	**100.00%**	30,365,731	100.00%

2017



2016



Forward Looking Statement

Steady Country Economic outlook is foreseen in future years, 5.5% GDP growth is estimated by World Bank, Asian Development Bank and IMF for the years 2017-18. Country Infrastructure Development, recovery of energy shortfall and improved Law & Order Situation are the factors behind such forecasts. Legal & Economic reforms are on way under Pakistan Vision 2025. The improved Governance Level and ease of doing business will attract local as well foreign Investors; rising Investors confidence will certainly boost economic growth.

Viable energy solutions, Improvement in Human Index Level, Channelizing youth potential and Improvement in governance level are the measures to meet the challenges of growing population, which is expected to be double by 2050. Cost competitiveness is right now major challenge to Local Industry; and this can be meet through technical collaborations. Region low labour cost and growing market of 20 Billion populations can be an attraction for foreign investors.

China Pak Economic Corridor (CPEC) has come into its execution phase and has emerged with tangible existence on the canvas. Most of the Energy Projects are functional, as a result Electricity Load Shedding is expected to eliminate in near future. A Lot of developments in Roads and Railway under CPEC arrangements is on the way and likely to complete within scheduled time line. These all developments will promote local industry and Foreign Direct Investment (FDI). Six Special Economic Zones -SEZ have been notified out of 46 SEZs proposed under CPEC arrangements and infrastructure development is almost complete. These Industrial Parks will lead an industrial revolution all over the country.

Home Appliances Division Products Penetration is expected to grow as a result of growth in consumable income and rapid urbanization. This will lead to an overall growth in Country Home Appliances Market and Company with its brand equity , state of art manufacturing facility , Country wide Sales and After Sales Services Net work is quiet confident to enhance its market share.

After Successful Commissioning of Electricity Generation Projects, now the focus is shifted towards augmentation of T&D Infrastructure to ensure availability of electricity at consumer end. PEL being key electrical equipment manufacturer is receiving its due market share. Company's EPC Division engaged in Grid Station Installations and underground & on ground electrifications is on a growth track due to the increase in housing Sector schemes and upgrading of grid stations.

Company is aiming at to capitalize its Brand equity and Consumer Relations with WAPDA Distribution Companies in the emerging CPEC Scenario. Per Capita Income is likely grow in future years due to growing Macro Economic Indicators and PEL Brand market penetration at large will Support growth perspective in Home Appliances Division. Your Company apart from widening Product range is launching an aggressive Marketing Campaign to Promote PEL Brand.

ANALYSIS ON LAST YEAR'S FORWARD LOOKING STATEMENT

Growth Revival at Macro level

The economy maintained its momentum and GDP growth reached at a decade high level of 5.3% in 2017. New energy and infrastruture projects under CPEC provided an impetus to economic growth.

Growth in appliances business

42% Growth in appliances business clearly evidenced the growing demand of PEL's appliances. this all is due to innovation and product development through dedicated and continuous research and development.

Introduction of new products

Keeping in view an impressive market demand, company has invested in setting up a manufacturing line for water dispenser. In the power division EPC business showed a growth of 203% and still on a growing track.

One step ahead in After Sale Services

PEL has a continuous focus on after sales service by maintaining a quick and friendly call facility for the consumers of Appliances division.

Grabbing the opportunities

Through timely launching of innovative products and massive advertisement complain has given a boost to the appliances division which has shown a growth of 42% in sales.

M. Murad Saigol
Chief Executive Officer

Lahore
March 16, 2018


Everything is
possible
Your dreams,
Your ideas!
Your Inventions!
Your Vision!
Never let anyone tell
you, You Cant!

مستقبل کے امکانات

آنے والے سالوں میں ملکی معیشت کی مسلسل بہتری کے امکانات موجود ہیں۔ عالمی بینک، ایشیائی ترقیاتی بینک اور عالمی مالیاتی فنڈ نے ملک کی برائے سال 017-2018 GDP کی 5.5 فیصد نمو کا تخمینہ لگایا ہے۔ ملکی نقل و حمل کے نظام میں بہتری، بجلی اور امن و امان کی بہتر صورتحال تخمینے کی بنیاد ہیں۔ بہتر سرکاری نظام اور کاروبار کرنے کی سہولت مقامی اور بیرونی سرمایہ کاروں کے اعتماد میں اضافہ کرے گی اور اس سے ملکی معیشت بہتر ہوگی۔

قابل عمل توانائی کے منصوبے افرادی قوت کے انڈیکس میں بہتری، نوجوان طبقے کی توانائی کو استعمال کرنے سے 2050ء تک آبادی کے دگنے ہونے کے چیلنج سے نبرد آزما ہوا جاسکے گا۔ ابھی مقامی صنعت کیلئے پیداواری لاگت میں برابری کا مسئلہ ہے جس کو تکنیکی شراکت سے حل کیا جاسکتا ہے۔ علاقے کی سب سے سستی لیبر اور 20 بلین آبادی کی بڑھتی ہوئی مارکیٹ بیرونی سرمایہ داروں کے لیے باعث کشش ہے۔

چائنہ پاک اقتصادی راہداری (CPEC) اپنے تکمیلی مراحل میں داخل ہو کر ایک حقیقت کے طور پر سامنے آگیا ہے۔ بہت سارے بجلی کے پیداواری منصوبے کام کر رہے ہیں۔ جس کے نتیجہ میں مستقبل قریب میں لوڈ شیڈنگ کا خاتمہ متوقع ہے۔ CPEC کے تحت سڑکوں اور ریلوے کے منصوبے بھی مقررہ اوقات میں مکمل ہونے کی توقع ہے۔ ان تمام عناصر کے باعث مقامی اور بیرونی سرمایہ کاری بڑھے گی۔ CPEC کے تحت بننے والے چھیالیس Special Ecnomic Zones (SEZs) میں سے چھ حکومت کی طرف سے Notefy ہو چکے ہیں اور ان کی انفراسٹرکچر ڈویلپمنٹ تقریباً مکمل ہے۔ یہ صنعتی Parks ملک میں صنعتی انقلاب کا سبب بنیں گے۔

گھریلو برقی آلات کے استعمال میں اضافہ جو کہ شہری آبادی اور قابل خرچ آمدنی میں اضافے کی وجہ سے متوقع ہے کی وجہ سے ملک کی گھریلو برقی آلات کی صنعت میں نمو آئے گی اور آپ کی کمپنی اپنے برانڈ کی مقبولیت اور بہترین پیداواری سہولتوں، ملک گیر سیل اور بعد از سیل سروس نیٹ ورک کی وجہ سے اپنا مارکیٹ شیئر لینے کے لئے پر اعتماد ہے۔

بجلی کے پیداواری منصوبوں کی کامیاب تکمیل کے بعد حکومت کی توجہ بجلی کے ترسیلی اور تقسیمی نظام کو مضبوط کرنے 2 پر ہے۔ کمپنی بجلی کے آلات بنانے کی ایک بڑی کمپنی ہونے کے ناطے سے اپنا مارکیٹ شیئر لے رہی ہے۔ کمپنی کا EPC اس ڈیپارٹمنٹ گرڈ اسٹیشنز کی تنصیب اور برزمین اور زیر زمین بجلی کی ترسیل کے نظام کا کام کرتا ہے۔

رہائشی تعمیراتی منصوبوں اور گرڈ اسٹیشنز کی تنصیب اور اس کی استعداد کار بڑھانے کے منصوبوں میں اضافہ کی وجہ سے اس کے کاروبار میں اضافہ ہو رہا ہے۔

کمپنی CPEC کے تناظر میں اپنے واپڈا کے ساتھ کاروباری تعلقات Brand Equity کے پیش نظر اپنے کاروبار میں اضافہ دیکھ رہی ہے۔

مستقبل قریب میں فی کس آمدنی میں اضافہ جو کہ ملکی معاشی اشاریوں کی وجہ سے متوقع ہے کی وجہ سے برقی آلات کے کاروبار میں اضافے کا باعث بنے گا اور آپکی کمپنی مصنوعات کی رینج بڑھانے کے ساتھ ساتھ بھرپور تشہیری مہم کے ذریعے اپنے کاروبار کو بڑھائے گی۔

ایم مراد سہگل

چیف ایگزیکٹو آفیسر

16 مارچ 2018ء

Shariah Compliance

S.M. SUHAIL & CO.
Chartered Accountants

Main Office
Suite No. 1001, 1014,
10th Floor, Uni Centre,
I.I. Chundrigar Road,
Karachi, Pakistan.
Phone: + 92-21-32414057
+ 92-21-32414163
E-mail: sms@smsco.pk
URL: www.smsco.pk

CERTIFICATE ON SHARIAH COMPLIANCE REVIEW OF PAK ELEKTRON LIMITED

It is hereby certified that **M/s. Pak Elektron Limited (PEL)** is a Shariah Compliant Company as on December 31, 2017 and the business activities for the year then ended, as per the relevant information provided to us and to the best of our knowledge and belief.

We have reviewed the Company's financial affairs on the basis of Shariah principles and have placed reliance on the Certificate issued by the Mufti Zeeshan Abdul Aziz – Head of Shariah Advisory Division of S. M. Suhail & Co., Chartered Accountants.

Our Shariah Scholar has performed the tests as per the criteria mentioned in the KSE Meezan Index (KMI) that are required for a company to be a Shariah Compliant Company, and accordingly the financial affairs of the Company as reflected in the Financial Statements of the Company, for the year ended December 31, 2017 were screened and filtered in the following parameters and found them to be satisfactory.

Shariah Screening Filters

- Core business of the Company is Shariah Compliant.
- Interest bearing debt to total assets is less than 37%.
- Non-Shariah Compliant investments to total assets are less than 33%.
- Non-Shariah Compliant income to total revenue is less than 5%.
- Non-liquid assets to total assets are at least 25%.
- Market price is equal to, or greater than the net liquid assets per share.

This certificate is issued on the request of the Company and we confirm that the **M/s.Pak Elektron Limited** is a Shariah Compliant Company.

S. M. Suhail & Co.

S. M. Suhail & Co.,
Chartered Accountants,
Karachi.

Our Ref: SMS-A-1702018
Date: March 30, 2018

MUFTI ZEESHAN ABDUL AZIZ Graduate - Jamia Dar Ul Uloom Karachi, Pakistan Shariah Advisor – Islamic Finance	**المفتی ذیشان عبد العزیز** خریج الجامعة دارالعلوم کراتشی المشیر الشرعی للامورالمالیة الاسلامیة

March 30, 2018
Ref: SA-2018/018

نحمده و نصلی علیٰ رسوله الكريم

SHARIAH COMPLIANCE CERTIFICATE OF PAK ELEKTRON LIMITED

As a recognized Shariah Scholar, I confirm that I have performed the screening of **PAK ELEKTRON LIMITED** (the Company) for Shariah Compliance, using the following criteria:

1. Business Of The Investee Company

Core business of the Company is Halal and is in line with the dictates of Shariah.

2. Debt To Total Assets

Debts to Assets ratio is less than 37%. Debts, in this case, are classified as any interest bearing debts.

3. Non-Compliant Investments To Total Assets

The ratio of non-compliant investments to total assets is less than 33%. Investment in any non-compliant security was included for the calculation of this ratio.

4. Non-Compliant Income To Total Revenue – Purification Of Non-Compliant Income

The ratio of non-compliant income to total revenue is less than 5%. Total revenue includes the gross revenue, plus any other income earned by the Company.

5. Illiquid Assets To Total Assets

The ratio of illiquid assets to total assets is 25%. Illiquid asset, here, is defined as any asset that Shariah permits to be traded at value other than the par.

6. Net Liquid Assets To Share Price

The market price per share is greater than the net liquid assets per share, calculated as: (Total Assets – Illiquid Assets – Total Liabilities) divided by the number of shares.

Based on the abovementioned criteria I have found that, the Company is Shariah Compliant, according to the financial statements of the company for the year ended December 31, 2017. Therefore, I hereby certify that PAK ELEKTRON LIMITED (PEL) is a Shariah Compliant for capital investment.

والله تعالیٰ أعلم بالصواب

Mufti Zeeshan Abdul Aziz
Shariah Advisor

This page has been left blank intentionally

Corporate Governance

Statement with Compliance
of Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Clause 5.19 under Rule Book of Pakistan Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best of practices of corporate governance.

Pak Elektron Limited ("The Company") has applied the principles contained in the Code of Corporate Governance (CCG) in the following manner:

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Director	Mr. Asad Ullah Khawaja
Executive Directors	Mr. M. Murad Saigol Mr. M. Zeid Yousuf Saigol Syed Manzar Hassan
Non-Executive Directors	Mr. M. Naseem Saigol Mr. M. Azam Saigol Sheikh Muhammad Shakeel Mrs. Azra Shoaib Mr. Usman Shahid Syed Jamal Baquar

   The independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred in the Board upto August 10, 2017 was filled up by the Board of Directors.
5. The Company has prepared a "Code of Conduct" and has ensured appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. 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 and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One training program for its directors by the board arranged during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. Financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of 4 members, of whom 3 are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to

approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17. The Board has formed an HR and remuneration committee. It comprises 4 members, of whom 3 are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP, that they or any of the partner of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regards.

21. The 'closed period' prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

M. Murad Saigol
Chief Executive Officer

Lahore:
March 16, 2018

Audit Committee's Report

on compliance with the Code of Corporate Governance

The Committee comprises of members possessing considerable financial insight. The Audit committee has concluded its annual review of the conduct and operations of the Company during 2017, and report that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All applicable Approved Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2017, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company.
- The Chief Executive and the Chief Financial Officer have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with Management processes and adequate for shareholder needs.
- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors and executives or their spouses were notified in writing to the Company Secretary along with the all the necessary require information, including price, number of shares, form of share certificates and nature of transaction, which were notified by the Secretary to the Board within the stipulated time. All such holdings have been disclosed in the pattern of shareholding. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Internal Audit

- The internal control framework has been effectively implemented through an Internal Audit function established by the Board which is independent of the External Auditors of the Company.
- The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy.
- The Audit Committee has ensured the achievement of operational, compliance, risk management and financial reporting objectives and safeguarding of the assets of the Company and the shareholders wealth at all levels within the Company.
- The Internal Audit function has carried out its duties under the charter defined by the Committee. The Committee has reviewed material Internal Audit findings, taking appropriate action or bringing the matters to the Board's attention where required.
- The Head of Internal Audit has direct access to the Chairman of the Audit Committee and the Committee has ensured staffing of personnel with sufficient internal audit insight and that the function has all necessary access to Management and the right to seek information and explanations.
- Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

External Auditors

- The statutory Auditors of the Company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have completed their Audit of the Company's financial statements and the their Review of the Company's Compliance with the Code of Corporate Governance for the financial year ended December 31, 2017 and shall retire on the conclusion of the 62nd Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit observations and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Audit Committee Meeting. Audit observations for interim review were also discussed with the Auditors.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the General Meetings of the Company during the year and have confirmed attendance of the 62nd Annual General Meeting scheduled for April 25, 2018 and have indicated their willingness to continue as Auditors.
- Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as External Auditors of the Company for the year ending December 31, 2018.
- The Firm has no financial or other relationship of any kind with the Company except that of External Auditors.

Asad Ullah Khawaja
Chairman - Audit Committee

Lahore:
March 16, 2018

Review Report on Statement
of Compliance with Best practices of Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of **PAK ELEKTRON LIMITED** for the year ended **December 31, 2017** to comply with the requirements of Regulation No 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

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

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

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with best practices contained in the Code as applicable to the Company for the year ended **December 31, 2017.**

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***IRFAN RAHMAN MALIK***

Lahore: ***March 16, 2018***

Consolidated Financial Statements

This page has been left blank intentionally

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **PAK ELEKTRON LIMITED** (“the Parent Company”) and its subsidiary Company PEL Marketing (Private) Limited as at December 31, 2017 and the related consolidated profit and loss account/statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof ('consolidated financial statements'), for the year then ended. We have also expressed separate opinion on the financial statements of Pak Elektron Limited and its subsidiary company namely PEL Marketing (Private) Limited for the year ended December 31, 2017. These consolidated financial statements are the responsibility of the Parent Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing and accordingly included such test of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of Pak Electron Limited and its subsidiary company as at December 31, 2017 and the results of its operations for the year then ended.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***IRFAN RAHMAN MALIK***

Lahore: ***March 16, 2018***

Consolidated Balance Sheet

as at December 31, 2017

	Note	2017 Rupees '000	2016 Rupees '000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	6	**6,000,000**	6,000,000
Issued, subscribed and paid-up capital	7	**5,426,392**	5,426,392
Capital reserve	8	**4,279,947**	4,279,947
Accumulated profit		**13,020,232**	11,134,131
TOTAL EQUITY		**22,726,571**	20,840,470
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	9	**4,274,019**	4,670,762
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - *secured*	10	**68,750**	3,151,594
Long term finances - *secured*	11	**3,958,767**	1,406,092
Liabilities against assets subject to finance lease	12	**22,406**	46,384
Deferred taxation	13	**2,413,351**	2,326,193
Deferred income	14	**38,717**	40,755
		6,501,991	6,971,018
CURRENT LIABILITIES			
Trade and other payables	15	**992,796**	915,100
Accrued interest/markup		**165,579**	159,422
Short term borrowings	16	**7,227,368**	4,981,662
Current portion of non-current liabilities	17	**2,027,692**	1,788,450
		10,413,435	7,844,634
TOTAL LIABILITIES		**16,915,426**	14,815,652
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		**43,916,016**	40,326,884

The annexed notes from 1 to 58 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

	Note	2017	2016
		Rupees '000	*Rupees '000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*19*	**17,405,713**	16,442,378
Intangible assets	*20*	**315,525**	323,656
Long term investments	*21*	**8,848**	26,341
Long term deposits	*22*	**371,936**	266,353
Long term advances	*23*	**796,843**	1,008,799
		18,898,865	18,067,527
CURRENT ASSETS			
Stores, spares and loose tools	*24*	**746,408**	812,915
Stock in trade	*25*	**8,149,848**	7,845,800
Trade debts	*26*	**10,727,632**	8,433,424
Due against construction work in progress *-unsecured, considered good*	*27*	**1,393,185**	1,127,996
Short term advances	*28*	**845,826**	954,881
Short term deposits and prepayments	*29*	**1,109,232**	1,258,874
Other receivables		**311,090**	480,244
Short term investments	*30*	**21,824**	23,106
Advance income tax	*31*	**1,227,912**	769,907
Cash and bank balances	*32*	**484,194**	552,210
		25,017,151	22,259,357
TOTAL ASSETS		**43,916,016**	40,326,884

The annexed notes from 1 to 58 form an integral part of these financial statements.

SYED MANZAR HASSAN
Chief Financial Officer

Consolidated Profit and Loss Account/Statement of Comprehensive Income

for the year ended December 31, 2017

	Note	2017	2016
		Rupees '000	Rupees '000
Revenue	33	**42,346,753**	34,123,972
Sales tax and discount	33	**(11,346,711)**	(7,289,655)
Revenue - *net*		**31,000,042**	26,834,317
Cost of sales	34	**(21,883,842)**	(18,550,387)
Gross profit		**9,116,200**	8,283,930
Other income	35	**17,793**	37,311
Distribution cost	36	**(2,683,532)**	(1,627,796)
Administrative and general expenses	37	**(1,118,844)**	(884,095)
Other expenses	38	**(176,194)**	(193,714)
		(3,978,570)	(2,705,605)
Operating profit		**5,155,423**	5,615,636
Finance cost	39	**(1,546,604)**	(1,496,503)
		3,608,819	4,119,133
Share of (loss)/profit of associate	21.1	**(5,354)**	309
Profit before taxation		**3,603,465**	4,119,442
Taxation	40	**(295,211)**	(449,502)
Profit after taxation		**3,308,254**	3,669,940
Other comprehensive income		**-**	-
Total comprehensive income		**3,308,254**	3,669,940
Earnings per share - *basic and diluted*	41	**6.56**	7.51

The annexed notes from 1 to 58 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

Consolidated Cash Flow Statement

for the year ended December 31, 2017

	Note	2017	2016
		Rupees '000	Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	42	3,859,383	3,996,976
Payments for:			
Interest/markup on borrowings		(1,143,132)	(1,203,480)
Income tax		(867,489)	(660,852)
Net cash generated from operating activities		1,848,762	2,132,644
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,843,969)	(1,730,712)
Purchase of intangible assets		(3,919)	-
Proceeds from disposal of property, plant and equipment		30,010	37,716
Long term deposits made		(117,510)	-
Long term deposits refunded		11,927	23,431
Long term advances made		(300,000)	(861,199)
Proceeds from disposal of short term investments		-	64,776
Net cash used in investing activities		(2,223,461)	(2,465,988)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds form issue of right ordinary shares		-	2,406,200
Redemption of redeemable capital		(2,564,553)	(1,003,597)
Long term finances obtained		3,809,701	58,068
Repayment of long term finances		(1,516,669)	(746,309)
Proceeds from sale and lease back activities		15,100	4,434
Repayment of liabilities against assets subject to finance lease		(71,186)	(104,200)
Net increase in short term borrowings		2,245,706	312,761
Dividend paid		(1,611,416)	(619,490)
Net cash generated from financing activities		306,683	307,867
NET DECREASE IN CASH AND CASH EQUIVALENTS		(68,016)	(25,477)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		552,210	577,687
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43	484,194	552,210

The annexed notes from 1 to 58 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

Consolidated Statement of Changes in Equity

for the year ended December 31, 2017

	Note	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
		Rupees '000	Rupees '000	Rupees '000	Rupees '000
Balance as at January 01, 2016		4,431,029	1,293,858	7,891,437	13,616,324
Comprehensive income					
Profit after taxation		-	-	3,669,940	3,669,940
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	3,669,940	3,669,940
Incremental depreciation	9	-	-	194,856	194,856
Transaction with owners					
Issue of right ordinary shares		995,363	2,986,089	-	3,981,452
Interim dividend on ordinary shares @ Rs. 1.25 per share		-	-	(622,102)	(622,102)
		995,363	2,986,089	(622,102)	3,359,350
Balance as at December 31, 2016		5,426,392	4,279,947	11,134,131	20,840,470
Balance as at January 01, 2017		**5,426,392**	**4,279,947**	**11,134,131**	**20,840,470**
Comprehensive income					
Profit after taxation		**-**	**-**	**3,308,254**	**3,308,254**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**3,308,254**	**3,308,254**
Incremental depreciation	9	**-**	**-**	**195,312**	**195,312**
Transaction with owners					
Issue of right ordinary shares		**-**	**-**	**-**	**-**
Final dividend on ordinary shares @ Rs. 1.75 per share		**-**	**-**	**(870,943)**	**(870,943)**
Interim dividend on ordinary shares @ Rs. 1.5 per share		**-**	**-**	**(746,522)**	**(746,522)**
		-	**-**	**(1,617,465)**	**(1,617,465)**
Balance as at December 31, 2017		**5,426,392**	**4,279,947**	**13,020,232**	**22,726,571**

The annexed notes from 1 to 58 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Notes to and Forming Part of Consolidated Financial Statements

for the year ended December 31, 2017

1 REPORTING ENTITY

The Group comprises of the following;

Parent Company

Pak Elektron Limited

Subsidiary Company

PEL Marketing (Private) Limited

1.1 Pak Elektron Limited - Parent Company

Pak Elektron Limited ('the Parent Company' or 'PEL') was incorporated in Pakistan on March 03, 1956 as a Public Limited Company under the Companies Act, 1913 (replaced by the Companies Ordinance, 1984). Registered office of PEL is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. PEL is currently listed on Pakistan Stock Exchange Limited. The principal activity of PEL is manufacturing and sale of electrical capital goods and domestic appliances.

PEL is currently organized into two main operating divisions - Power Division and Appliances Division. PEL's activities are as follows:

Power Division: Manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations and electrification works.

Appliances Division: Manufacturing, assembling and distribution of refrigerators, deep freezers, air conditioners, microwave ovens, washing machines, water dispensers and other home appliances.

1.2 PEL Marketing (Private) Limited - Subsidiary Company

PEL Marketing (Private) Limited ('the Subsidiary Company' or 'PMPL') was incorporated in Pakistan on August 11, 2011 as a Private Limited Company under the repealed Companies Ordinance, 1984. Registered office of PMPL is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The principal activity of PMPL is sale of electrical capital goods and domestic appliances.

2 BASIS OF PREPARATION

2.1 Consolidated financial statements

These financial statements are the consolidated financial statements of the Group comprising Pak Elektron Limited, the Parent Company and PEL Marketing (Private) Limited, the Subsidiary Company.

A parent is an entity that has one or more subsidiaries.

A subsidiary is an entity in which the Parent Company directly or indirectly controls, beneficially owns or holds more that fifty percent of the voting securities or otherwise has the power to elect and/or appoint more than fifty percent of its directors. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The assets and liabilities of the Subsidiary Company have been consolidated on a line by line basis and the carrying value of investment is eliminated against the Parent Company's share in the net assets of the Subsidiary Company.

Inter-company transactions, balances and unrealized gains/losses on transactions between the Parent and Subsidiary have been eliminated. Accounting policies of the Subsidiary Company are same as those of the Parent Company to ensure consistency in accounting treatments of like transactions.

2.2 Statement of compliance

The Companies Act 2017 ('the Act') has been enacted on May 30, 2017, however, Securities and Exchange Commission of Pakistan vide its circular no. 23 of 2017 dated October 04, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their cosolidated financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of repealed Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 prevail.

2.3 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued amounts, certain assets at recoverable amounts, monetary assets and liabilities denominated in foreign currency measured at spot exchange rates and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.4.1 Depreciation method, rates and useful lives of property, plant and equipment (see note 5.1.1)

The Group reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Group expects to derive from that item.

2.4.2 Amortization method, rates and useful lives of intangible assets (see note 5.2)

The Group reassesses useful lives, amortization method and rates for each intangible asset annually by considering expected pattern of economic benefits that the Group expects to derive from that asset.

2.4.3 Recoverable amount and impairment (see note 5.26)

The management of the Group reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of value in use requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Trade and other receivables

The Group assesses the recoverability of its trade debts and other receivables if there is objective evidence that the Group will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired.

Investments

The Group reviews the carrying amounts of its investments in equity securities for possible indications of impairment. Indicators considered include financial position/credit rating of the investee entity and changes in values of investment by reference to active market, if any.

2.4.4 Revaluation of property, plant and equipment (see note 5.1.1)

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

2.4.5 Taxation (see note 5.21)

The Group takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.4.6 Provisions (see note 5.15)

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Group would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4.7 ***Net realizable values (see note 5.4)***

The Group reviews the net realizable values of stock in trade to assess any diminution in the respective carrying amounts. Net realizable value is determined with reference to estimated selling prices less estimated costs necessary to make the sale.

2.4.8 ***Estimated future costs to complete projects in progress (see note 5.19)***

As part of the application of percentage of completion method on contract accounting, the project costs are estimated. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

2.5 Functional currency

These consolidated financial statements have been prepared in Pak Rupees which is the Group's functional currency.

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

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

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.
- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)

IAS 7 - Statement of Cash Flows have been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 12 - Disclosure of Interests in Other Entities)

IFRS 12 - Disclosure of Interests in Other Entities have been amended to clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity’s interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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 Group.

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018

	Effective date (annual periods beginning on or after)
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classificationand Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 01, 2018
Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2018
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 01, 2019
Companies Act, 2017	January 01, 2018

The Group intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 234 of the repealed Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Group's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- **Hedge accounting:** IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 15 – Revenue from Contracts with Customers (2014)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performace obligations in the contracts.
- Recognized revenuew when or as the entity satisfies a performance obligation.

Adoption of this IFRS 15 may result in material adjustment to carrying amounts of contract revenue, expenses, assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 16 – Leases (2016)

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has low value.

Adoption of this IFRS 16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

Companies Act, 2017

The Companies Act 2017 ('the Act') was enacted on May 30, 2017. The provisions of the Act pertaining to preparations of financial statements will be applicable to the Group for the financial periods beginning on and after January 01, 2018.

Besides the impact on presentation and disclosures, the adoption of the Act in preparation of financial statements will result in change in accounting policy for surplus on revaluation of property, plant and equipment whereby:

- The surplus on revaluation of property, plant and equipment, which was previously disclosed in the balance sheet of the Group after capital and reserves, will now be included as part of equity with corresponding inclusion in statement of changes in equity;
- If an asset's carrying amount is increased as a result of revaluation, the increase will be recognised in other comprehensive income. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss;
- If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, section 235 allowed that the surplus on revaluation of property, plant and equipment may be applied by the company in setting off or in diminution of any deficit arising from the revaluation of any other property, plant and equipment of the Group.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, leasehold land, buildings and plant and machinery. Freehold land, buildings and plant and machinery are measured at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Leasehold land is measured at historical cost. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When significant parts of an item of operating fixed assets have different useful lives, they are recognized as separate items.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Group and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Group recognizes depreciation in profit or loss by applying reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method, over the useful life of each operating fixed asset using rates specified in note 19 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

Surplus arising on revaluation of items of property, plant and equipment is carried on balance sheet after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously carried on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year, through statement of changes in equity.

5.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

5.2 Intangible assets

5.2.1 Goodwill

Goodwill represents the excess of the cost of business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. This is stated at cost less any accumulated impairment losses, if any.

5.2.2 Technology transfer

The intangible assets in respect of technology transfer are amortized over the useful life of plant and machinery involved in use of such technology. Amortization of intangible commences when it becomes available for use.

5.2.3 Computer software and ERP

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. These costs are amortized over their estimated useful lives. Amortization of intangible commences when it becomes available for use.

5.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held for capitalization are classified as property, plant and equipment through capital work in progress.

5.4 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:

Raw materials	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

5.5 Employee benefits

5.5.1 Short-term employee benefits

The Group recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. 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 Group provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

5.5.2 Post-employment benefits

The Group 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 Group and the employees at the rate of ten percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions are charged to profit or loss.

5.6 Financial instruments

5.6.1 Recognition

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

5.6.2 Classification

The Group classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Group determines the classification of its financial assets and liabilities at initial recognition.

(a) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

(b) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Group manages such assets and evaluates their performance based on their fair value in accordance with the Group’s risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are presented as current assets.

(c) ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Assets in this category are presented as non-current assets except for maturities less than twelve months from the reporting date, where these are presented as current assets.

(d) ***Financial liabilities at amortized cost***

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

5.6.3 Measurement

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

5.6.4 De-recognition

Financial assets are de-recognized if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Group's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

5.6.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Group has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.8 Preference share capital

Preference share capital is recognized as equity in accordance with the interpretation of the provision of the Companies Ordinance, 1984, including those pertaining to implied classifications of preference shares.

5.9 Loans and borrowings

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

5.10 Investments in equity securities

Investments in associates

Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post acquisition changes in the Group's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Group's interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate) are recognized only to the extent that the Group has incurred legal or constructive obligation or made payment on behalf of the associate.

Investments in other quoted equity securities

These on initial recognition, are designated as 'investments at fair value through profit or loss' and are recognized at cost. Subsequent to initial recognition, these are measured at fair value. Gains and losses arising from changes in fair value are recognized in profit or loss.

5.11 Investments in debt securities

Investments in debt securities with fixed or determinable payments and fixed maturity that the Group has positive intention and ability to hold are classified as 'held-to-maturity investments'. These are recognized initially at fair value plus 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 investment on an effective interest basis.

5.12 Finance leases

Leases in terms of which the Group assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

5.13 Ijarah transactions

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

5.14 Trade and other payables

5.14.1 Financial liabilities

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

5.14.2 Non-financial liabilities

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

5.15 Provisions and contingencies

Provisions are recognized when the Group 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. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.16 Trade and other receivables

5.16.1 Financial assets

These are classified as 'loans and receivables'. 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 using the effective interest method, with interest recognized in profit or loss.

5.16.2 Non-financial assets

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

5.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Group, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

- Revenue from different sources is recognized as follows:
- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.
- Interest income is recognized using effective interest method.
- Dividend income is recognized when right to received payment is established.
- Contract revenue relating to long term construction contracts are recognized as revenue by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-date method'. Under cost-to-date method stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost.

5.18 Comprehensive income

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

5.19 Contract costs

Contract costs relating to long term construction contracts are recognized as expenses by reference to stage of completion of contract activity at the reporting date. Stage of completion of a contract is determined by applying 'cost-to-date method'. Under cost-to-date method, stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. Expected losses on contracts are recognized as an expense immediately.

5.20 Borrowing costs

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

5.21 Income tax

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

5.21.1 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.

5.21.2 Deferred taxation

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

5.22 Government grants

Government grants that compensate the Group for expenses or losses already incurred are recognized in profit or loss in the period in which these are received and are deducted in reporting the relevant expenses or losses. Grants relating to property, plant and equipment are recognized as deferred income and an amount equivalent to depreciation charged on such assets is transferred to profit or loss.

5.23 Earnings per share ('EPS')

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

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

5.24 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are carried at cost.

5.25 Foreign currency transactions and balances

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

5.26 Impairment

5.26.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. 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.

5.26.2 Non-financial assets

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

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

5.27 Dividend distribution to ordinary shareholders

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

5.28 Basis of allocation of common expenses

Distribution, administrative and finance cost are allocated to PEL Marketing (Private) Limited ('PMPL') on the basis of percentage of operating fixed assets used by PMPL, under the interservices agreement between PEL and PMPL.

5.29 Warranty costs

The Group accounts for its warranty obligations when the underlying product or service is sold or rendered. The provision is based on historical warranty data and weighing all possible outcomes against their associated possibilities.

5.30 Segment reporting

Segment reporting is based on the operating segments that are reported in the manner consistent with internal reporting of the Group. An operating segment is a component of the Group 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 Group'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 operating income and expenses, share of profit/(loss) of associates, finance costs, and provision for taxes.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

6 AUTHORIZED CAPITAL

2017	2016		2017	2016
No. of shares	*No. of shares*		***Rupees '000***	*Rupees '000*
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	**5,000,000**	5,000,000
62,500,000	62,500,000	'A' class preference shares of Rs. 10 each	**625,000**	625,000
37,500,000	37,500,000	'B' class preference shares of Rs. 10 each	**375,000**	375,000
100,000,000	100,000,000		**1,000,000**	1,000,000
600,000,000	600,000,000		**6,000,000**	6,000,000

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		2017	2016
No. of shares	*No. of shares*		***Rupees '000***	*Rupees '000*
		Ordinary shares of Rs. 10 each		
372,751,051	372,751,051	Issued for cash	**3,727,511**	3,727,511
		Issued for other than cash:		
137,500	137,500	- against machinery	**1,375**	1,375
408,273	408,273	- against acquisition of PEL Appliances Limited	**4,083**	4,083
6,040,820	6,040,820	- against conversion of preference shares	**60,408**	60,408
118,343,841	118,343,841	- as fully paid bonus shares	**1,183,439**	1,183,439
497,681,485	497,681,485		**4,976,816**	4,976,816
		'A' class preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash	**449,576**	449,576
542,639,077	542,639,077		**5,426,392**	5,426,392

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

	Note	**2017**	2016
		No. of shares	*No. of shares*
As at beginning of the year		**497,681,485**	398,145,188
Issue of right ordinary shares	*7.1.1*	**-**	99,536,297
As at end of the year		**497,681,485**	497,681,485

7.1.1 During the year, PEL issued nil (2016: 99,536,297) right ordinary shares at 25 ordinary shares for every 100 ordinary shares already held, at Rs. 40 per ordinary share, including a premium of Rs. 30 per share.

7.2 'A' class preference shares

7.2.1 *Current status of original issue*

PEL, in the December 2004, issued 'A' class preference shares to various institutional investors amounting to Rs. 605 million against authorized share capital of this class amounting to Rs. 625 million. In Januray 2010, PEL sent out notices to all preference shareholders seeking conversion of outstanding preference shares into ordinary shares of PEL in accordance with the option available to the investors under the original terms of the issue. As at the reporting date 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 PEL. Subsequently, PEL offered re-profiling of preference shares to these remaining investors. See note 7.2.2.

The Securities and Exchange Commission of Pakistan ('SECP') issued order to Pakistan Stock Exchange Limited ('the Exchange') dated February 6, 2009 for delisting of these preference shares. However, the Company took up the matter with the honorable Lahore High Court which, through order dated October 10, 2017, accepted the appeal of PEL and aside the SECP order and the appellate order.

7.2.2 Re-profiling of preference shares

PEL offered re-profiling of preference shares to investors, who did not convert their preference shares into ordinary shares in response to the conversion notices issued by PEL.The investors to the instrument had, in principle, agreed to the re-profiling term sheet and commercial terms and conditions therein. Further, SECP had allowed PEL to proceed with the re-profiling subject to fulfillment of legal requirements. The legal documentation was prepared and circulated amongst the concerned investors which was endorsed by the said investors except for National Bank of Pakistan, as a result of which the original time frame for reprofiling has lapsed. PEL is in the process of finalising another reprofiling exercise based on mutual agreement to be made amongst the existing investors.

7.2.3 Accumulated preference dividend

As at reporting date an amount of approximately Rs. 341.679 million (2016: Rs. 298.969 million) has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the under process reprofiling exercise.

As per the opinion of the Group's legal counsel, the provision of cumulative dividend at 9.5% p.a. will prevail on account of preference dividend, as the approval process of the revised terms of reprofiling from different quarters is not yet complete.

7.2.4 Classification of preference shares as equity

Preference shares have been classified and treated as part of equity on the following basis:

- These shares were issued under the provisions of section 85 of the repealed Companies Ordinance, 1984 ('the Ordinance') read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The issue was duly approved by the shareholders of PEL in general meeting.
- Return of allotment was filed under section 73(1) of the Ordinance.
- PEL may be required, under the revised terms of reprofiling, to create a Capital Redemption Reserve Fund in accordance with section 85 of the Ordinance.
- The requirements of the Ordinance take precedence over the requirements of International Financial Reporting Standards.

Further, the matter regarding the classification of redeemable preference shares as either debt or equity instrument has been examined by the Institute of Chartered Accountants of Pakistan ('ICAP'). ICAP has advised the Securities and Exchange Commission of Pakistan ('SECP') to make necessary amendments in the repealed Companies Ordinance, 1984, and / or to issue a clarification in order to remove the inconsistency between the repealed Companies Ordinance, 1984 and the International Financial Reporting Standards. Pending the decision of SECP in this matter, the preference share capital has been classified as equity in these financial statements.

8 CAPITAL RESERVE

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

	Note	2017	2016
		Rupees '000	Rupees '000
As at beginning of the year		4,279,947	1,293,858
Recognized during the year	7.1.1	-	2,986,089
As at end of the year		4,279,947	4,279,947

8.1 This represents premium on issue of right ordinary shares recognized under Section 83(1) of the repealed Companies Ordinance, 1984. See note 7.1.1.

	2017	2016
	Rupees '000	*Rupees '000*

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2017	2016
As at beginning of the year	**4,670,762**	4,804,200
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	**(274,117)**	(261,531)
Deferred taxation	**78,805**	66,675
	(195,312)	(194,856)
Other adjustments		
Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime	**(201,431)**	(38,026)
Deferred tax adjustment attributable to changes in tax rates	**-**	99,444
	(201,431)	61,418
As at end of the year	**4,274,019**	4,670,762

10 REDEEMABLE CAPITAL - SECURED

These represent interest/markup/profit based debt securities issued to institutional and other investors. The details are as follows:

Description	2017	2016	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Sukuk Funds	**376,875**	618,750	Three months KIBOR plus 1% per annum (2016: Three months KIBOR plus 1% per annum) subject to floor and cap of 8% and 16% respectively.	Charge on present and future operating fixed assets of PEL.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in sixteen equal quarterly installments commencing from June 2015.
Private Placed Term Finance Certificates	**-**	609,524	Six months KIBOR plus 3% per annum (2016: Six months KIBOR plus 3% per annum).	Charge on present and future operating fixed assets of PEL.	These were issued for the purpose of financing the capacity expansion program of PEL. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in fifty two stepped-up monthly installments commencing from June 2015. PEL has fully redeemed these Private Placed Term Finance Certificates during the year.
Private Placed Term Finance Certificates	**-**	2,723,614	Three months KIBOR plus 2% per annum (2016: Three months KIBOR plus 2% per annum).	Charge on present and future operating fixed assets of PEL.	These were issued on conversion of long term finances and short term borrowings under a broad restructuring agreement between PEL and National bank of Pakistan. Under the arrangement, the issue, to the extent of share of NBP in the issue of Rs. 1,650 million, was to be converted into ordinary and preference shares of PEL to the extent of Rs. 500 million and Rs. 1,150 million respectively, with the remaining issue to be redeemed in twenty four equal quarterly installments with the first redemption due in March 2015. The aforementioned conversion agreed between PEL and National Bank of Pakistan (NBP) was withdrawn. Following the withdrawal of debt equity swap arrangement, during the year NBP has sanctioned demand finance facility against an upfront payment of 1,650 million against these Private Placed Term Finance Certificates.
Total	**376,875**	3,951,888			
Current portion presented under current liabilities	**(308,125)**	(800,294)			
	68,750	3,151,594			

11 LONG TERM FINANCES - SECURED

These represent long term finances utilized under interest/markup/profit arrangements from banking companies and financial institutions. The details are as follows:

Description	2017	2016	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Term Finance	**-**	275,000	Three months KIBOR plus 3% per annum (2016: Three months KIBOR plus 3% per annum).	Charge over operating fixed assets and receivables of PEL, mortgage of PEL's land and personal guarantees of sponsoring directors of PEL.	This finance was obtained from Pak Libya Holding Company (Private) Limited for meeting operational expenses of PEL. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till May 2015 with the outstanding liability payable in eighteen equal quarterly installments commencing from May 2015. PEL has fully repaid the finance during the year.
Term Finance	**500,000**	-	Three months KIBOR plus 3.8% per annum.	Charge over present and future current assets of PEL, mortgage of the PEL's land and building.	The finance has been obtained from Pak Oman Investment Company Limited for the purpose of financing capital expenditure. The finance is repayable in twelve equal quarterly installments commencing from March 2018.
Term Finance	**-**	156,521	Six months KIBOR plus 3% (2016: six months KIBOR plus 3%) per annum.	Charge on present and future operating fixed assets of PEL.	The finance was obtained from Faysal Bank Limited on conversion of short term borrowings. The finance was repayable in twenty three equal quarterly installments commencing from June 2014. PEL has fully repaid the finance during the year.

Description	2017	2016	Pricing	Security	Arrangements and repayment
	Rupees '000	Rupees '000			
Term Finance	-	116,667	Three months KIBOR plus 3% (2016: three months KIBOR plus 3%) per annum.	Charge on present and future current assets of PEL.	The finance was obtained from Summit Bank Limited on conversion of short term borrowings into long term debt. The finance was repayable in twelve equal quarterly installments commencing from September 2015. PEL has fully repaid the finance during the year.
Term Finance	2,785,714	-	Three months KIBOR plus 1.25% per annum	Charge over present and future current assets of PEL, mortgage of PEL's land and building.	The finance has been obtained from Bank Alfalah Limited for the purpose of financing the repayment of existing long term loans of the PEL. The finance is repayable in fourteen equal quarterly installments commencing from December 2017.
Term Finance	-	500,000	Three months KIBOR plus 3% per annum (2016: Three months KIBOR plus 3% per annum).	Charge over present and future current assets of PEL.	The finance was obtained from Saudi Pak Industrial and Agricultural Investment Company Limited, for the purpose of long term working capital requirements. The finance was repayable in three semi annual installments commencing from June 2017. PEL has fully repaid the finance during the year.
Term Finance	50,810	58,068	Three months KIBOR plus 2.10% per annum. (2016: Three months KIBOR plus 2.10% per annum).	Charge over operating fixed assets of the PEL and personal guarantees of sponsoring directors of the PEL.	The finance has been obtained from The Bank of Punjab for the purpose of financing capital expenditure. The finance is repayable in eight equal quarterly installments commencing from September 2017.
Term Finance	523,987	-	Three months KIBOR plus 1% per annum.	Charge over operating fixed assets of the PEL and personal guarantees of sponsoring directors of the PEL.	This represents diminishing musharika facility obtained from Faysal Bank Limited for the purpose of balancing modernization and replacement requirements. The finance is repayable in fifteen equal quarterly installments commencing from May 2019, with a grace period of one year.
Demand Finance	820,999	-	Three months KIBOR plus 2% per annum.	Charge over operating fixed assets of the PEL and personal guarantees of sponsoring directors of the PEL.	This represents demand finance facility sanctioned by National Bank of Pakistan against an upfront payment of 1,650 million against Private Placed Term Finance Certificates. See note 10. The finance is repayable in sixteen equal quarterly installments commencing from April 2017.
Demand Finance	951,168	1,222,930	Three months KIBOR plus 2.25% per annum (2016: Three months KIBOR plus 2.25% per annum).	Charge over present and future current assets of the PEL and personal guarantees of sponsoring directors of PEL.	The finance has been obtained from National Bank of Pakistan for settlement of long term finances obtained from NIB Bank Limited. The finance is repayable in twenty three equal quarterly installments commencing from September 2015.
Total	5,632,678	2,329,186			
Current portion presented under current liabilities	(1,673,911)	(923,094)			
	3,958,767	1,406,092			

	Note	2017	2016
		Rupees '000	Rupees '000
12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	12.1 & 12.2	68,062	111,446
Current portion presented under current liabilities	12.1 & 12.2	(45,656)	(65,062)
		22,406	46,384

12.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from six months to one year KIBOR plus 2% to 4.5% per annum (2015: six months to one year KIBOR plus 2% to 5.5% per annum). Lease rentals are payable monthly over a tenor ranging from 3 to 4 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Group. The Group also has the option to acquire these assets 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.

12.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	Note	2017	2016
		Rupees '000	Rupees '000
Not later than one year		49,686	72,210
Later than one year but not later than five years		23,703	48,969
Total future minimum lease payments		73,389	121,179
Finance charge allocated to future periods		(5,327)	(9,733)
Present value of future minimum lease payments		68,062	111,446
Not later than one year	17	(45,656)	(65,062)
Later than one year but not later than five years		22,406	46,384

	Note	2017	2016
		Rupees '000	Rupees '000

13 DEFERRED TAXATION

	Note	2017 Rupees '000	2016 Rupees '000
Deferred tax liability on taxable temporary differences	13.1	**3,379,016**	2,982,786
Deferred tax asset on deductible temporary differences	13.1	**(965,665)**	(656,593)
		2,413,351	2,326,193

13.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2017			
	As at January 01 Rupees '000	**Recognized in profit or loss Rupees '000**	**Recognized on balance sheet Rupees '000**	**As at December 31 Rupees '000**
Deferred tax liabilities				
Operating fixed assets - owned	**2,942,669**	**207,693**	**201,431**	**3,351,793**
Operating fixed assets - leased	**40,117**	**(12,894)**	**-**	**27,223**
	2,982,786	**194,799**	**201,431**	**3,379,016**
Deferred tax assets				
Provisions	**(148,260)**	**(67,568)**	**-**	**(215,828)**
Unused tax losses and credits	**(508,333)**	**(234,626)**	**-**	**(742,959)**
Long term investments	**-**	**(6,878)**	**-**	**(6,878)**
	(656,593)	**(309,072)**	**-**	**(965,665)**
	2,326,193	**(114,273)**	**201,431**	**2,413,351**

	2016			
	As at January 01 Rupees '000	Recognized in profit or loss Rupees '000	Recognized on balance sheet Rupees '000	As at December 31 Rupees '000
Deferred tax liabilities				
Operating fixed assets - owned	2,932,828	71,259	(61,418)	2,942,669
Operating fixed assets - leased	29,276	10,841	-	40,117
	2,962,104	82,100	(61,418)	2,982,786
Deferred tax assets				
Provisions	(133,742)	(14,518)	-	(148,260)
Unused tax losses and credits	(566,470)	58,137	-	(508,333)
Long term investments	-	-	-	-
	(700,212)	43,619	-	(656,593)
	2,261,892	125,719	(61,418)	2,326,193

13.2 Deferred tax arising from the timing differences pertaining to income taxable under normal provisions and as a separate block of the Income Tax Ordinance, 2001 ('the Ordinance') has been calculated at 30% and 15 % respectively of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

	2017	2016
	Rupees '000	*Rupees '000*
14 DEFERRED INCOME		
As at beginning of the year	**40,755**	42,900
Recognized in profit or loss	**(2,038)**	(2,145)
As at end of the year	**38,717**	40,755

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

The grant received in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 2.038 million (2016: Rs. 2.145 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

	Note	2017	2016
		Rupees '000	*Rupees '000*
15 TRADE AND OTHER PAYABLES			
Trade creditors - *unsecured*		**399,217**	326,895
Foreign bills payable - *secured*	*15.1*	**99,102**	88,391
Accrued liabilities		**138,364**	158,033
Advances from customers - *unsecured*		**119,864**	88,962
Employees' provident fund		**13,423**	10,856
Compensated absences		**33,114**	26,940
Advance against contracts	*45*	**9,615**	5,246
Workers' Profit Participation Fund	*15.2*	**82,450**	99,939
Workers' Welfare Fund	*15.3*	**73,897**	84,078
Unclaimed dividend		**12,766**	6,717
Other payables - *unsecured*		**10,984**	19,043
		992,796	915,100

15.1 Foreign bills payable are secured against bills of exchange accepted by the Group in favour of suppliers.

	Note	2017	2016
		Rupees '000	*Rupees '000*
15.2 Workers' Profit Participation Fund			
As at beginning of the year		**99,939**	102,223
Interest on fund utilized by the Group	*39*	**5,655**	5,170
Charged to profit or loss for the year	*38*	**81,504**	99,939
Paid during the year		**(104,648)**	(107,393)
As at end of the year		**82,450**	99,939

15.2.1 Interest on funds utilized by the Group has been recognized at 8.5% (2016: 10.11%) per annum.

		Note	2017	2016
			Rupees '000	Rupees '000
15.3	**Workers' Welfare Fund**			
	As at beginning of the year		**84,078**	71,993
	Charged to profit or loss for the year	38	**73,897**	84,078
	Paid/adjusted during the year		**(84,078)**	(71,993)
	As at end of the year		**73,897**	84,078
16	**SHORT TERM BORROWINGS**			
	Secured			
	Short term finances utilized under interest/markup arrangements from			
	- Banking companies	16.1	**5,673,422**	4,714,249
	- Non Banking Finance Companies ('NBFCs')	16.2	**350,000**	223,403
			6,023,422	4,937,652
	Unsecured			
	Short term finances utilized under interest/markup arrangements from Non Banking Finance Companies ('NBFCs')	16.3	**1,135,174**	-
	Book overdraft	16.5	**68,772**	44,010
			7,227,368	4,981,662

16.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/markup at rates ranging from 7.16% to 9.16% (2016: 6.87% to 9.33%) per annum. These facilities are secured by pledge / hypothecation of raw material and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and personal guarantees of the sponsoring directors of PEL. These facilities are generally for a period of one year and renewed at the end of the period.

16.2 These facilities have been obtained from NBFCs for purchase of raw material and carry interest/markup at rates ranging from 7.11% of 7.89% (2016: 8.31%) per annum. These facilities are secured by charge over operating fixed assets of the PEL and personal guarantees of the directors of PEL.

16.3 This represent finances obtained against issue of commercial paper to non-banking finance companies and carry interest/markup at nine months KIBOR plus 1.25% per annum (2016: nil). These were issued at discounted value and are redeemable at face value.

16.4 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 10,727 million (2016: Rs. 5,895 million).

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

		Note	2017	2016
			Rupees '000	Rupees '000
17	**CURRENT PORTION OF NON-CURRENT LIABILITIES**			
	Redeemable capital	10	**308,125**	800,294
	Long term finances	11	**1,673,911**	923,094
	Liabilities against assets subject to finance lease	12	**45,656**	65,062
			2,027,692	1,788,450

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Various banking and insurance companies have issued guarantees on behalf of the Group as detailed below:

	2017	2016
	Rupees '000	*Rupees '000*
Tender bonds	**482,288**	367,098
Performance bonds	**2,685,710**	2,356,679
Advance guarantees	**662,609**	857,272
Custom guarantees	**92,645**	77,645
Foreign guarantees	**77,084**	45,757

18.1.2 The Group 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 Group, in case the Group defaults.

18.1.3 The Finance Act 2015 introduced Tax on Undistributed Reserves vide newly inserted section 5A to the Ordinance whereby, tax at the rate of 10% of undistributed profits exceeding one hundred percent of paid-up capital, was imposed on public companies that derive profits in a tax year but do not distribute a certain amount of profit as cash dividend within six months of the end of the year.

No provision for income tax on undistributed reserves for the tax year 2016, has been made as the matter is subjudice before Lahore High Court and the management of the Group expects a favourable outcome.

18.1.4 The Finance Act 2015 introduced Super Tax for rehabilitation of temporarily displaced persons vide newly inserted section 4B to the Ordinance whereby, at the rate of 3% of the income equal to or excedding Rs. 500 million. No provision for Super Tax has been made for tax years 2015 to 2017 as the matter is subjudice before Lahore High Court and the management of the Company expects a favourable outcome.

18.1.5 On 12 July 2014, the Punjab Employees Social Security Institution (the 'Institution') issued a demand notice to PEL demanding a payment of Rs. 31,106,274 as social security contributions for the period, January 2013 to December 2013. In 2015, PEL challenged the demand notice by filing a complaint under Section 57 of the Provincial Employees Social Security Ordinance, 1965 before the institution. The complaint is pending adjudication before the Adjudicating Officer of the Institution.

	2017	2016
	Rupees '000	*Rupees '000*
18.2 Commitments		
18.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	**1,926,602**	4,236,154

18.2.2 Commitments under ijarah contracts

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

	2017	2016
	Rupees '000	*Rupees '000*
- payments not later than one year	**44,389**	58,859
- payments later than one year	**11,333**	41,950
	55,722	100,809

19 PROPERTY, PLANT AND EQUIPMENT

	2017										
	COST / REVALUED AMOUNT						DEPRECIATION				Net book
	As at January 01	Additions	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Adjustment	As at December 31	value as at December 31
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	%	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Assets owned by the Group											
Leasehold land	13,256	-	-	-	13,256	-	-	-	-	-	13,256
Freehold land	539,232	-	-	-	539,232	-	-	-	-	-	539,232
Building on leasehold land	1,763,372	-	-	-	1,763,372	5	698,669	53,235	-	751,904	1,011,468
Building on freehold land	2,754,337	2,614	-	-	2,756,951	5	786,062	98,477	-	884,539	1,872,412
Plant and machinery	17,918,980	521,540	-	102,700	18,543,220	5	5,655,258	636,896	16,388	6,308,542	12,234,678
Office equipment and fixtures	194,674	23,644	(4,064)	-	214,254	10	112,491	9,137	(2,685)	118,943	95,311
Computer hardware and allied items	128,664	28,324	(15,756)	-	141,232	30	107,688	17,633	(15,349)	109,972	31,260
Vehicles	183,497	132,022	(62,276)	56,070	309,313	20	97,002	31,219	2,177	130,398	178,915
	23,496,012	708,144	(82,096)	158,770	24,280,830		7,457,170	846,597	531	8,304,298	15,976,532
Assets subject to finance lease											
Plant and machinery	203,488	-	-	(100,000)	103,488	5	17,860	9,281	(16,388)	10,753	92,735
Vehicles	131,102	27,802	-	(56,070)	102,834	20	46,496	13,998	(27,679)	32,815	70,019
	334,590	27,802	-	(156,070)	206,322		64,356	23,279	(44,067)	43,568	162,754
	23,830,602	735,946	(82,096)	2,700	24,487,152		7,521,526	869,876	(43,536)	8,347,866	16,139,286
Capital work in progress											
Building on freehold land	73,547	937,336	-	-	1,010,883		-	-	-	-	1,010,883
Plant and machinery	59,755	198,489	-	(2,700)	255,544		-	-	-	-	255,544
	133,302	1,135,825	-	(2,700)	1,266,427		-	-	-	-	1,266,427
	23,963,904	1,871,771	(82,096)	-	25,753,579		7,521,526	869,876	(43,536)	8,347,866	17,405,713

	2016										
	COST / REVALUED AMOUNT						DEPRECIATION				Net book value as at December 31
	As at January 01	Additions	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Adjustment	As at December 31	
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	%	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Assets owned by the Group											
Leasehold land	13,256	-	-	-	13,256	-	-	-	-	-	13,256
Freehold land	539,232	-	-	-	539,232	-	-	-	-	-	539,232
Building on leasehold land	1,754,247	3,400	-	5,725	1,763,372	5	642,923	55,746	-	698,669	1,064,703
Building on freehold land	2,750,800	-	-	3,537	2,754,337	5	682,639	103,423	-	786,062	1,968,275
Plant and machinery	16,360,186	1,502,422	-	56,372	17,918,980	5	5,045,368	609,890	-	5,655,258	12,263,722
Office equipment and fixtures	189,293	11,558	(6,177)	-	194,674	10	107,445	8,743	(3,697)	112,491	82,183
Computer hardware and allied items	116,135	12,651	(122)	-	128,664	30	95,216	12,524	(52)	107,688	20,976
Vehicles	146,050	64,892	(74,805)	47,360	183,497	20	91,186	11,877	(6,061)	97,002	86,495
	21,869,199	1,594,923	(81,104)	112,994	23,496,012		6,664,777	802,203	(9,810)	7,457,170	16,038,842
Assets subject to finance lease											
Plant and machinery	152,068	51,420	-	-	203,488	5	9,143	8,717	-	17,860	185,628
Vehicles	145,048	33,414	-	(47,360)	131,102	20	45,930	24,271	(23,705)	46,496	84,606
	297,116	84,834	-	(47,360)	334,590		55,073	32,988	(23,705)	64,356	270,234
	22,166,315	1,679,757	(81,104)	65,634	23,830,602		6,719,850	835,191	(33,515)	7,521,526	16,309,076
Capital work in progress											
Building on freehold land	54,795	28,014	-	(9,262)	73,547		-	-	-	-	73,547
Plant and machinery	8,352	107,775	-	(56,372)	59,755		-	-	-	-	59,755
	63,147	135,789	-	(65,634)	133,302		-	-	-	-	133,302
	22,229,462	1,815,546	(81,104)	-	23,963,904		6,719,850	835,191	(33,515)	7,521,526	16,442,378

19.1 Property, plant and equipment includes fully depreciated assets of Rs. 83.091 million (2016: Rs. 81.226 million) which are still in use of the Company.

19.2 Disposal of operating fixed assets

	2017						
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Office equipment and fixtures							
Table and chairs	1,021	775	246	249	3	Negotiation	Various individuals
Air conditioners	1,746	1,233	513	43	(470)	Negotiation	Various individuals
Mobile sets	364	77	287	94	(193)	Negotiation	Various individuals
Mobile sets	63	4	59	76	17	Insurance Claim	Adamjee insurance
Miscellaneous office items	870	596	274	50	(224)	Negotiation	Various individuals
	4,064	2,685	1,379	512	(867)		
Computer hardware and allied items							
Computer and printers	13,048	13,048	-	342	342	Negotiation	Various individuals
Laptops	161	118	43	36	(7)	Negotiation	Various individuals
Mobile sets	1,854	1,491	363	429	66	Negotiation	Various individuals
Allied items	693	692	1	110	109	Negotiation	Various individuals
	15,756	15,349	407	917	510		
Vehicles							
Honda City	167	-	167	1,375	1,208	As Per Company Policy	Kashif Khan *(employee)*
Honda City	1,438	979	459	940	481	As Per Company Policy	Adnan Shahid *(employee)*
Honda City	1,603	847	756	201	(555)	As Per Company Policy	Arfan Hashmi *(employee)*
Honda Civic	2,167	1,436	731	719	(12)	As Per Company Policy	Nasir Paul *(employee)*
Toyota Corolla	1,775	-	1,775	1,775	-	As Per Company Policy	Javed Iqbal *(employee)*
Honda Civic	2,383	1,567	816	616	(200)	As Per Company Policy	Mehdi Hassan *(employee)*
Suzuki Cultus	106	-	106	925	819	As Per Company Policy	Kamran *(employee)*
Suzuki Cultus	1,029	528	501	315	(186)	As Per Company Policy	Muhammad Hanif *(employee)*
Suzuki Cultus	106	2	104	825	721	As Per Company Policy	Adil Ashfaque *(employee)*
Suzuki Cultus	85	14	71	439	368	As Per Company Policy	Arfan Hashmi *(employee)*
Suzuki Cultus	1,044	561	483	624	141	As Per Company Policy	Khalid Sheikh *(employee)*
Suzuki Cultus	1,049	516	533	322	(211)	As Per Company Policy	Umer Shahzad *(employee)*
Suzuki Cultus	985	621	364	508	144	As Per Company Policy	Muhammad Farooq *(employee)*
Suzuki Cultus	106	5	101	575	474	As Per Company Policy	Muhammad Ali *(employee)*
Suzuki Cultus	1,029	524	505	570	65	As Per Company Policy	Tanweer Malik *(employee)*
Suzuki Mehran	640	416	224	230	6	As Per Company Policy	Irfan Ahmad *(employee)*
Suzuki Mehran	673	345	328	241	(87)	As Per Company Policy	Mian Nazir *(employee)*
Suzuki Mehran	683	348	335	506	171	As Per Company Policy	Husnain Arif *(employee)*
Suzuki Mehran	693	361	332	504	172	As Per Company Policy	Khawaja Mudassar *(employee)*
Suzuki Mehran	657	405	252	167	(85)	As Per Company Policy	Attique *(employee)*
Suzuki Mehran	657	354	303	194	(109)	As Per Company Policy	Mahmood *(employee)*
Suzuki Mehran	657	405	252	358	106	As Per Company Policy	Amir Shahzad *(employee)*
Suzuki Mehran	612	386	226	319	93	As Per Company Policy	Afzal *(employee)*
Suzuki Mehran	612	374	238	340	102	As Per Company Policy	Abdul Raheem *(employee)*
Suzuki Mehran	69	2	67	504	437	As Per Company Policy	Yamin Afridi *(employee)*
Suzuki Swift	1,486	732	754	909	155	As Per Company Policy	Muhammad Shahid *(employee)*
Suzuki Swift	1,282	658	624	562	(62)	As Per Company Policy	Muhammad Nauman *(employee)*
Suzuki Swift	1,282	669	613	532	(81)	As Per Company Policy	Shahb Ali *(employee)*
Suzuki Swift	1,221	634	587	494	(93)	As Per Company Policy	Muhammad Shahzad *(employee)*
Suzuki Swift	1,297	192	1,105	1,107	2	As Per Company Policy	Muhammad Farooq *(employee)*
Suzuki Swift	133	-	133	300	167	As Per Company Policy	Nazir *(employee)*
Suzuki WagonR	92	3	89	443	354	As Per Company Policy	Nadeem un Din *(employee)*
Toyota Corolla	1,824	730	1,094	208	(886)	As Per Company Policy	Tauqir Akhtar *(employee)*
Toyota Corolla	1,591	1,084	507	313	(194)	As Per Company Policy	Tariq Siraj *(employee)*
Toyota Corolla	1,625	1,047	578	365	(213)	As Per Company Policy	Muhammad Rafiq Ahmad *(employee)*
Toyota Corolla	1,694	926	768	471	(297)	As Per Company Policy	Jalil ur Rehman *(employee)*
Toyota Corolla	1,555	874	681	231	(450)	As Per Company Policy	Ashar Abbas *(employee)*
Toyota Corolla	1,690	1,098	592	1,070	478	As Per Company Policy	Umar Saleemi *(employee)*
Toyota Corolla	1,690	1,120	570	453	(117)	As Per Company Policy	Tassawar Hanif *(employee)*
Toyota Corolla	1,690	1,153	537	441	(96)	As Per Company Policy	Syed Muhammad Amer *(employee)*
Toyota Corolla	1,555	1,040	515	761	246	As Per Company Policy	Masood Ahmed *(employee)*
Honda City	1,538	101	1,437	1,799	362	Sale & Lease Back	First Habib Modaraba
Suzuki Cultus	961	-	961	1,124	163	Sale & Lease Back	First Habib Modaraba
Suzuki Mehran	605	-	605	708	103	Sale & Lease Back	First Habib Modaraba
Suzuki Mehran	605	-	605	708	103	Sale & Lease Back	First Habib Modaraba
Suzuki WagonR	901	45	856	1,054	198	Sale & Lease Back	First Habib Modaraba
Various Motor Cycles	421	155	266	436	170	As Per Company Policy	Various individuals
	47,763	23,257	24,506	28,581	4,075		
	67,583	41,291	26,292	30,010	3,718		

2016							
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Office equipment and fixtures							
Microwave ovens, washing machines	250	161	89	-	(89)	As Per Company Policy	Various employees
Refrigerators	1,277	830	447	-	(447)	As Per Company Policy	Various employees
Air conditioners	1,295	828	467	-	(467)	As Per Company Policy	Various employees
Mobile sets	2,218	1,259	959	-	(959)	As Per Company Policy	Various employees
Mobile sets - Scrap	1,137	619	518	183	(335)	Negotiation	Scrap Sale
	6,177	3,697	2,480	183	(2,297)		
Computer hardware and allied items							
Mobile sets	122	52	70	-	(70)	Negotiation	Iftikhar Ahmad
Vehicles							
Honda City	83	-	83	227	144	As Per Company Policy	Yousaf Mirza *(employee)*
Honda City	84	-	84	207	123	As Per Company Policy	Tauqeer *(employee)*
Honda City	142	-	142	286	144	As Per Company Policy	Irfan Baber *(employee)*
Honda City	167	3	164	203	39	As Per Company Policy	Tahir Shafique *(employee)*
Honda Civic	171	-	171	343	172	As Per Company Policy	Shams Baddurdin *(employee)*
Honda Civic	2,569	997	1,572	1,440	(132)	As Per Company Policy	Haroon Siddique *(employee)*
Honda Civic	142	100	42	586	544	As Per Company Policy	Sadiq Munir *(employee)*
Honda Civic	2,167	1,184	983	296	(687)	As Per Company Policy	Haroon A Khan *(employee)*
Honda Civic	2,203	1,186	1,017	1,209	192	As Per Company Policy	Sadiq Munir *(employee)*
Honda Civic	2,383	1,214	1,169	533	(636)	As Per Company Policy	Faisal Jawad *(employee)*
Honda Civic	2,383	1,283	1,100	549	(551)	As Per Company Policy	Abdul Waheed *(employee)*
Suzuki Alto	826	484	342	390	48	As Per Company Policy	Muhammad Kamal *(employee)*
Suzuki Cultus	970	569	401	508	107	As Per Company Policy	Ghulam Mohay Ud Din *(employee)*
Suzuki Cultus	1,010	525	485	304	(181)	As Per Company Policy	Bilal Mehmood *(employee)*
Suzuki Cultus	990	533	457	550	93	As Per Company Policy	Sohail Fazil *(employee)*
Suzuki Cultus	990	533	457	543	86	As Per Company Policy	Khalid Farooq *(employee)*
Suzuki Cultus	990	533	457	550	93	As Per Company Policy	Tariq Mehmood *(employee)*
Suzuki Cultus	88	-	88	684	596	As Per Company Policy	Rasheed Abid *(employee)*
Suzuki Mehran	657	335	322	208	(114)	As Per Company Policy	Asif Illyas *(employee)*
Suzuki Mehran	640	375	265	378	113	As Per Company Policy	Asif *(employee)*
Suzuki Mehran	645	378	267	397	130	As Per Company Policy	Shees Butt *(employee)*
Suzuki Mehran	53	-	53	142	89	As Per Company Policy	Naseem Ullah *(employee)*
Suzuki Mehran	612	364	248	150	(98)	As Per Company Policy	Gulam Asghar *(employee)*
Suzuki Mehran	612	334	278	224	(54)	As Per Company Policy	Shakeel Ahmad *(employee)*
Suzuki Mehran	612	364	248	150	(98)	As Per Company Policy	Muhammad Idrees *(employee)*
Suzuki Mehran	612	369	243	319	76	As Per Company Policy	Tariq Afzal *(employee)*
Suzuki Mehran	612	359	253	150	(103)	As Per Company Policy	Azam Kazmi *(employee)*
Suzuki Mehran	612	339	273	366	93	As Per Company Policy	Haroon Nawaz *(employee)*
Suzuki Mehran	629	365	264	201	(63)	As Per Company Policy	Attique *(employee)*
Suzuki Mehran	40	-	40	106	66	As Per Company Policy	Masood Ahmed *(employee)*
Suzuki Mehran	40	-	40	106	66	As Per Company Policy	Imtiaz *(employee)*
Suzuki Mehran	54	-	54	335	281	As Per Company Policy	Tanveer Ul Haq *(employee)*
Suzuki Swift	1,096	633	463	671	208	As Per Company Policy	Muhammad Shoaib *(employee)*
Suzuki Swift	133	-	133	1,160	1,027	As Per Company Policy	Ahsan Raza *(employee)*
Toyota Corolla	1,480	976	504	367	(137)	As Per Company Policy	Aqeel Qasim *(employee)*
Toyota Corolla	1,495	931	564	383	(181)	As Per Company Policy	Nadeem Asghar *(employee)*
Toyota Corolla	1,515	921	594	929	335	As Per Company Policy	Ali Kamran *(employee)*
Toyota Corolla	2,321	647	1,674	238	(1,436)	As Per Company Policy	Adnan Aftab *(employee)*
Toyota Corolla	1,690	846	844	589	(255)	As Per Company Policy	Atif Kazmi *(employee)*
Toyota Corolla	1,565	840	725	470	(255)	As Per Company Policy	Faryal Ahmed *(employee)*
Toyota Corolla	1,561	202	1,359	1,338	(21)	As Per Company Policy	Noman Masood *(employee)*
Toyota Corolla	1,555	734	821	154	(667)	As Per Company Policy	Qasim Ali *(employee)*
Toyota Corolla	1,690	936	754	233	(521)	As Per Company Policy	Ejaz *(employee)*
Toyota Parado	9,990	5,257	4,733	953	(3,780)	As Per Company Policy	Haroon A Khan *(employee)*
Honda City	854	711	143	700	557	Negotiation	Muhammad Shahzad *(employee)*
Suzuki Bolan	458	369	89	300	211	Negotiation	Muhammad Shahzad *(employee)*
Suzuki Cultus	613	517	96	450	354	Negotiation	Muhammad Shahzad *(employee)*
Suzuki Cultus	690	493	197	400	203	Negotiation	Muhammad Shahzad *(employee)*
Suzuki Mehran	530	423	107	400	293	Negotiation	Muhammad Shahzad *(employee)*
Honda Civic	2,448	41	2,407	2,448	41	Negotiation	First Habib Modaraba
Isuzu Mini Truck	1,624	81	1,543	1,490	(53)	Negotiation	First Habib Modaraba
Isuzu Mini Truck	2,427	121	2,306	2,100	(206)	Negotiation	First Habib Modaraba
Isuzu Mini Truck	2,354	118	2,236	2,000	(236)	Negotiation	First Habib Modaraba
Isuzu Truck	2,222	111	2,111	1,950	(161)	Negotiation	First Habib Modaraba
Isuzu Truck	2,222	110	2,112	1,950	(162)	Negotiation	First Habib Modaraba
Isuzu Truck	2,298	115	2,183	2,000	(183)	Negotiation	First Habib Modaraba
Various Motor Cycles	1,187	703	484	1,159	675	As Per Company Policy	Various employees
Honda CD70	64	7	57	61	4	Insurance Claim	Adamjee Insurance Company
	70,870	29,569	41,301	37,533	(3,768)		
	77,169	33,318	43,851	37,716	(6,135)		

	Note	2017	2016
		Rupees '000	Rupees '000

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

	Note	2017 Rupees '000	2016 Rupees '000
Cost of sales	34	**805,694**	780,745
Administrative and general expenses	37	**64,182**	54,446
		869,876	835,191

19.4 Revaluation of property, plant and equipment

Most recent valuation of freehold land, buildings on freehold and lease hold land and plant and machinery was carried out by an independent valuer, Maricon Consultants (Private) Limited, on July 01, 2013 and was incorporated in the financial statements for the year ended December 31, 2013. For basis of valuation and other fair value measurement disclosures refer to note 48.

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

	2017		
	Cost	**Accumulated depreciation**	**Net book value**
	Rupees '000	*Rupees '000*	*Rupees '000*
Freehold land	**189,184**	**-**	**189,184**
Buildings	**3,302,326**	**1,216,750**	**2,085,576**
Plant and machinery	**10,569,034**	**3,043,288**	**7,525,746**

	2016		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	*Rupees '000*	*Rupees '000*
Freehold land	189,184	-	189,184
Buildings	3,299,712	1,107,053	2,192,659
Plant and machinery	9,944,794	2,622,106	7,322,688

20 INTANGIBLE ASSETS

	Note	2017						
		Cost			**Accumulated Amortization**			**Net book value as at December 31**
		As at January 01	**Additions**	**As at December 31**	**As at January 01**	**For the period**	**As at December 31**	
		Rupees '000'	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*
Technology transfer agreement	20.1	**117,054**	**-**	**117,054**	**34,875**	**4,109**	**38,984**	**78,070**
Goodwill	20.2	**312,341**	**-**	**312,341**	**91,859**	**-**	**91,859**	**220,482**
Software	20.3	**5,057**	**3,919**	**8,976**	**4,701**	**152**	**4,853**	**4,123**
Enterprise Resource Planning system	20.4	**31,675**	**-**	**31,675**	**11,036**	**7,789**	**18,825**	**12,850**
		466,127	**3,919**	**470,046**	**142,471**	**12,050**	**154,521**	**315,525**

		2016						
		Cost			Accumulated Amortization			Net book value as at December 31
		As at January 01	Additions	As at December 31	As at January 01	For the period	As at December 31	
		Rupees '000'	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*
Technology transfer agreement	20.1	117,054	-	117,054	30,550	4,325	34,875	82,179
Goodwill	20.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	20.3	5,057	-	5,057	4,526	175	4,701	356
Enterprise Resource Planning system	20.4	31,675	-	31,675	871	10,165	11,036	20,639
		466,127	-	466,127	127,806	14,665	142,471	323,656

20.1 The Group has obtained technology of single phase meters, three phase digital meters and also of power transformers from different foreign companies. These are amortized on the same rate as of the depreciation of the relevant plant.

20.2 Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of acquisition of PEL Appliances Limited and PEL Daewoo Electronics Limited by the Group. In view of cancelation of LG license, goodwill related to PEL Daewoo Electronics Limited was fully impaired by providing impairment loss of Rs. 140.569 million in December 31, 2011. The carrying value represents goodwill related to PEL Appliances Limited for which there is no indication of impairment.

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

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

21 LONG TERM INVESTMENTS

This represent investments in ordinary shares of Kohinoor Power Company Limited, an associate. The investment has been accounted for using equity method. The particulars of investment are as follows:

	2017	2016
2,910,600 (2016: 2,910,600) ordinary shares of Rs. 10 each		
Percentage of ownership interest	**23.10%**	23.10%

	2017	2016
	Rupees '000	*Rupees '000*
Cost of investment	**54,701**	54,701
Share of post acquisition loss -*net of dividend received*	**(6,401)**	(1,047)
	48,300	53,654
Accumulated impairment	**(39,452)**	(27,313)
	8,848	26,341

21.1 Extracts of financial statements of associated company

The assets and liabilities of Kohinoor Power Company Limited as at the reporting date and related revenue and profit for the year then ended based on the un-audited financial statements for the year ended December 31, 2017 are as follows:

	Note	**2017**	2016
		Rupees '000	*Rupees '000*
Assets		**170,860**	196,652
Liabilities		**3,192**	4,442
Revenue		**4,028**	4,605
Loss/(profit) for the year		**23,177**	(1,338)
Share of (profit)/loss		**5,354**	(309)
Market value per share *(Rupees)*		**9.05**	9.05

21.2 The Issuer has redeemed these preference shares during the year on maturity.

22 LONG TERM DEPOSITS

Financial institutions	*22.1*	**31,131**	32,333
Utility companies and regulatory authorities	*22.2*	**42,351**	37,736
Customers	*22.3*	**298,454**	196,284
		371,936	266,353

22.1 These represent security deposits against Ijarah financing.

22.2 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

22.3 These have been deposited with various customers against EPC and other contracts and are refundable on completion of projects in accordance with term of contracts. Due to uncertainties regarding dates of refund of these deposits, these have been carried at cost.

	Note	2017	2016
		Rupees '000	Rupees '000
23 LONG TERM ADVANCES			
Face value of deposits		**1,199,981**	688,000
Additions during the year		**300,000**	861,198
Transferred to current assets		**(498,066)**	(349,217)
Less: unamortized notional interest	23.2	**(205,072)**	(191,182)
As at end of the year		**796,843**	1,008,799

23.1 These advances have been made to various customers against renovation of show rooms for long term. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost which has been determined using a discount rate of 10.72%.

	Note	2017	2016
		Rupees '000	Rupees '000
23.2 Unamortized notional interest			
As at beginning of the year		**191,182**	116,009
Recognized during the year	36.2	**56,741**	133,730
Amortization for the year		**(42,851)**	(58,557)
As at end of the year		**205,072**	191,182
24 STORES, SPARES AND LOOSE TOOLS			
Stores		**136,561**	141,111
Spares		**505,812**	596,467
Loose tools		**122,859**	94,161
		765,232	831,739
Provision for slow moving and obsolete items	24.1	**(18,824)**	(18,824)
		746,408	812,915
24.1 Movement in provision for slow moving and obsolete items			
As at beginning of the year		**18,824**	16,706
Recognized during the year		**-**	2,118
As at end of the year		**18,824**	18,824

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

	Note	2017 Rupees '000	2016 Rupees '000
25 STOCK IN TRADE			
Raw material			
- in stores		**4,639,215**	3,115,685
- in transit		**582,589**	1,834,191
Provision for slow moving and obsolete items	*25.1*	**(34,515)**	(25,647)
		5,187,289	4,924,229
Work in process		**848,453**	1,033,340
Finished goods		**2,121,128**	1,895,253
Provision for slow moving and obsolete items	*25.2*	**(7,022)**	(7,022)
		2,114,106	1,888,231
		8,149,848	7,845,800

25.1 Movement in provision for slow moving and obsolete items

	2017	2016
As at beginning of the year	**25,647**	22,447
Recognized during the year	**8,868**	3,200
As at end of the year	**34,515**	25,647

25.2 Movement in provision for slow moving and obsolete items

	2017	2016
As at beginning of the year	**7,022**	6,007
Recognized during the year	**-**	1,015
As at end of the year	**7,022**	7,022

25.3 Entire stock in trade is carried at cost being lower than net realizable value.

25.4 Stock in trade valued at Rs. 1,308 million (2016: Rs. 1,432 million) is pledged as security with providers of debt finances.

	Note	2017 Rupees '000	2016 Rupees '000
26 TRADE DEBTS - UNSECURED			
Considered good			
- against sale of goods		**8,841,149**	7,080,313
- against execution of contracts		**1,886,483**	1,353,111
		10,727,632	8,433,424
Considered doubtful	*26.2*	**576,971**	444,589
		11,304,603	8,878,013
Impairment allowance for doubtful debts	*37*	**(576,971)**	(444,589)
		10,727,632	8,433,424

26.1 These include retention money for contracts in progress amounting to Rs. 855.5 million (2016: Rs. 540.758 million) held by the customers in accordance with contract terms.

	2017	2016
	Rupees '000	*Rupees '000*
26.2 Movement in impairment allowance		
As at beginning of the year	**444,589**	343,603
Recognized during the year	**132,382**	100,986
As at end of the year	**576,971**	444,589

27 DUE AGAINST CONSTRUCTION WORK IN PROGRESS - UNSECURED, CONSIDERED GOOD

This represents unbilled revenue from construction work in progress.

	Note	2017	2016
		Rupees '000	*Rupees '000*
28 SHORT TERM ADVANCES			
Advances to suppliers and contractors - *unsecured*			
- considered good		**617,091**	678,201
- considered doubtful		**32,730**	32,730
Impairment allowance for doubtful advances	*28.1*	**(32,730)**	(32,730)
		617,091	678,201
Advances to employees- *unsecured*			
- considered good	*28.2*	**228,735**	276,680
- considered doubtful		**1,449**	1,449
Impairment allowance for doubtful advances		**(1,449)**	(1,449)
		228,735	276,680
		845,826	954,881

	2017	2016
28.1 Movement in impairment allowance		
As at beginning of the year	**32,730**	25,108
Recognized during the year	**-**	7,622
As at end of the year	**32,730**	32,730
28.2 These include advances for		
- purchases	**147,989**	173,163
- expenses	**46,886**	78,529
- traveling	**33,860**	24,988
	228,735	276,680

29 SHORT TERM DEPOSITS AND PREPAYMENTS

	2017	2016
Security deposits		
- considered good	**383,133**	411,116
- considered doubtful	**5,379**	5,379
Impairment allowance for doubtful deposits	**(5,379)**	(5,379)
	383,133	411,116
Margin deposits	**488,316**	612,986
Prepayments	**46,211**	38,454
Letters of credit	**191,572**	196,318
	1,109,232	1,258,874

30 SHORT TERM INVESTMENTS

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

	Note	2017	2016
		Rupees '000	Rupees '000
Standard Chartered Bank (Pakistan) Limited			
915,070 (2016: 915,070) ordinary shares of Rs. 10 each			
Market value: *Rs. 23.85 (2016: Rs. 25.25) per share*			
As at beginning of the year		**23,106**	20,040
Changes in fair value	*35 & 38*	**(1,282)**	3,066
As at end of the year		**21,824**	23,106

31 ADVANCE INCOME TAX

	Note	2017	2016
Advance income tax/income tax refundable		**1,637,396**	1,093,690
Provision for taxation	*40*	**(409,484)**	(323,783)
		1,227,912	769,907

32 CASH AND BANK BALANCES

	Note	2017	2016
Cash in hand		**16,217**	6,301
Cash at banks		**467,977**	545,909
		484,194	552,210

33 REVENUE

	Note	2017	2016
Contract revenue	*45*	**2,841,124**	901,766
Sale of goods			
- local		**38,212,710**	28,984,236
- exports		**1,292,919**	4,237,970
		42,346,753	34,123,972
Sales tax and excise duty		**(4,062,791)**	(3,493,794)
Trade discounts		**(7,283,920)**	(3,795,861)
		(11,346,711)	(7,289,655)
		31,000,042	26,834,317

34 COST OF SALES

	Note	2017	2016
Finished goods at the beginning of the year		**1,895,253**	1,125,190
Cost of goods manufactured	*34.1*	**19,699,023**	18,553,318
Finished goods at the end of the year		**(2,121,128)**	(1,895,253)
Cost of goods sold		**19,473,148**	17,783,255
Contract cost	*45*	**2,410,694**	767,132
		21,883,842	18,550,387

	Note	2017	2016
		Rupees '000	*Rupees '000*
34.1 Cost of goods manufactured			
Work-in-process at beginning of the year		**1,033,340**	1,143,657
Raw material and components consumed		**16,792,254**	15,970,005
Direct wages		**712,515**	632,225
Factory overheads:			
- salaries, wages and benefits		**482,115**	420,116
- traveling and conveyance		**25,623**	21,524
- electricity, gas and water		**361,245**	325,247
- repairs and maintenance		**61,254**	51,351
- vehicles running and maintenance		**30,028**	24,924
- insurance		**29,225**	26,350
- depreciation	*19.3*	**805,694**	780,745
- amortization of intangible assets	*20*	**12,050**	14,665
- provision for obsolete and slow moving stock	*24 & 25*	**8,868**	6,333
- carriage and freight		**27,540**	24,472
- erection and testing		**153,582**	135,901
- other factory overheads		**12,143**	9,143
		2,009,367	1,840,771
		20,547,476	19,586,658
Work-in-process at end of the year		**(848,453)**	(1,033,340)
		19,699,023	18,553,318

34.2 These include charge in respect of employees retirement benefits amounting to Rs. 32.37 million (2016: Rs. 32.01 million).

35 OTHER INCOME

	Note	2017	2016
		Rupees '000	*Rupees '000*
Gain on financial instruments			
Reversal of impairment loss on long term investments	*21*	**-**	17,126
Changes in fair value of short term investments	*30*	**-**	3,066
Gain on disposal of property, plant and equipment		**3,718**	-
Gain on sale and lease back activities		**2,832**	696
		6,550	20,888
Other income			
Amortization of grant-in-aid	*14*	**2,038**	2,145
Others		**9,205**	14,278
		11,243	16,423
		17,793	37,311

	Note	2017	2016
		Rupees '000	Rupees '000
36 DISTRIBUTION COST			
Salaries and benefits	36.1	454,356	364,002
Traveling and conveyance		106,218	69,147
Rent, rates and taxes		128,721	53,976
Electricity, gas, fuel and water		24,761	21,293
Repairs and maintenance		9,262	7,842
Vehicles running and maintenance		65,505	48,591
Printing and stationery		10,331	8,830
Postage, telegrams and telephones		23,170	19,611
Entertainment and staff welfare		39,952	29,288
Advertisement and sales promotion		695,407	279,856
Insurance		17,124	11,933
Freight and forwarding		552,921	394,742
Contract and tendering		10,860	5,298
Warranty period services		358,229	142,921
Others	36.2	186,715	170,466
		2,683,532	1,627,796

36.1 These include charge in respect of employees retirement benefits amounting to Rs. 14.728 million (2016: Rs. 15.09 million).

36.2 These include notional interest expense amounting to Rs. 13.890 million (2016: Rs. 75.173 million) on long term advances. (See note 23.2).

	Note	2017	2016
		Rupees '000	Rupees '000
37 ADMINISTRATIVE AND GENERAL EXPENSES			
Salaries and benefits	37.1	486,004	414,094
Traveling and conveyance		47,161	38,646
Rent, rates and taxes		88,119	32,967
Ujrah payments		62,149	61,762
Legal and professional		84,548	43,968
Electricity, gas and water		30,610	24,902
Auditor's remuneration	37.2	5,591	4,939
Repairs and maintenance		18,532	16,028
Vehicles running and maintenance		17,874	15,111
Printing, stationery and periodicals		4,559	4,036
Postage, telegrams and telephones		8,733	7,898
Entertainment and staff welfare		15,606	13,996
Advertisement		12,205	10,884
Insurance		12,449	8,199
Provision for doubtful debts, advances and security deposits		132,382	108,608
Depreciation	19.3	64,182	54,446
Others		28,140	23,611
		1,118,844	884,095

37.1 These include charge in respect of employees retirement benefits amounting to Rs. 17.386 million (2016: Rs. 18.17 million).

		Note	2017	2016
			Rupees '000	Rupees '000
37.2	**Auditor's remuneration**			
	Annual statutory audit		**4,299**	3,647
	Half yearly review		**600**	600
	Review report under Code of Corporate Governance		**430**	430
	Out of pocket expenses		**262**	262
			5,591	4,939

38 OTHER EXPENSES

	Note	2017	2016
Loss on financial instruments			
Loss due to changes in fair value of short term investments	30	**1,282**	-
Impairment of long term investments	21	**12,139**	-
Loss on disposal of short term investments		**-**	708
		13,421	708
Others			
Workers' Profit Participation Fund	15.2	**81,504**	99,939
Workers' Welfare Fund	15.3	**73,897**	84,078
Loss on disposal of property, plant and equipment		**-**	6,135
Others		**7,372**	2,854
		162,773	193,006
		176,194	193,714

39 FINANCE COST

	Note	2017	2016
Interest / markup on borrowings:			
redeemable capital		**288,312**	374,521
long term finances		**296,851**	235,258
liabilities against assets subject to finance lease		**10,922**	16,873
short term borrowings		**553,204**	475,346
		1,149,289	1,101,998
Interest on Workers' Profit Participation Fund	15.2	**5,655**	5,170
Bank charges and commission		**391,660**	389,335
		1,546,604	1,496,503

40 TAXATION

	Note	2017	2016
Provision for taxation	31 & 40.1		
for current year		**409,484**	323,783
Deferred taxation			
adjustment attributable to origination and reversal of temporary differences		**(114,273)**	167,643
adjustment attributable to changes in tax rates	13.1	**-**	(41,924)
		(114,273)	125,719
		295,211	449,502

40.1 Provision for current tax has been made in accordance with section 18 and 154 (2016: section 18 and 154) of the Income Tax Ordinance, 2001 ('the Ordinance').

	Unit	2017	2016
Profit before taxation	Rupees	3,603,465	4,119,442
Provision for taxation	Rupees	295,211	449,502
Average effective tax rate	%	8.19	10.91
Tax effects of:			
Income taxable under final tax regime	%	2.40	(1.03)
Admissible deductions, losses and tax credits	%	18.13	26.17
Deferred taxation	%	3.17	(3.05)
Others	%	(1.90)	(2.00)
Applicable tax rate	%	29.99	31.00

40.2 Assessments upto tax year 2017 have been finalized under the relevant provisions of the Ordinance.

41 EARNINGS PER SHARE - BASIC AND DILUTED

	Unit	2017	2016
Earnings			
Profit after taxation	Rupees '000'	3,308,254	3,669,940
Preference dividend for the year	Rupees '000'	(42,710)	(42,710)
Profit attributable to ordinary shareholders	Rupees '000'	3,265,544	3,627,230
Shares			
Weighted average number of ordinary shares outstanding during the year	No. of shares	497,681,485	483,074,232
Earnings per share			
Basic and diluted	Rupees	6.56	7.51

41.1 As per the opinion of the Group'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.

41.2 There is no diluting effect on the basic earnings per share of the Group as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable.

41.3 The effect of issue of ordinary and preference shares on conversion of redeemable capital, as referred to in note 10, has not been considered for the purpose of calculation of earnings per share as the said issue is subject to various legal and regulatory approvals which are pending as at the reporting date.

	Note	2017	2016
		Rupees '000	Rupees '000
42 CASH GENERATED FROM OPERATIONS			
Profit before taxation		**3,603,465**	4,119,442
Adjustments for non-cash and other items			
Interest/markup on borrowings		**1,149,289**	1,101,998
Notional interest		**13,890**	75,173
(Gain)/loss on disposal of property, plant and equipment		**(3,718)**	6,135
Amortization of grant-in-aid		**(2,038)**	(2,145)
Amortization of intangible assets		**12,050**	14,665
Share of loss/(profit) of associate		**5,354**	(309)
(Gain)/loss on sale and lease back activities		**(2,832)**	(696)
Reversal of impairment loss on long term investments		**-**	(17,126)
Impairment of long term investments		**12,139**	-
Changes in fair value of financial assets at fair value through profit or loss		**1,282**	(3,066)
Impairment allowance for doubtful debts, advances and security deposits		**132,382**	108,608
Provision for obsolete and slow moving stock		**8,868**	6,333
Loss on disposal of short term investments		**-**	708
Depreciation		**869,876**	835,191
		2,196,542	2,125,469
		5,800,007	6,244,911
Changes in working capital			
Stores, spares and loose tools		**66,507**	(19,536)
Stock in trade		**(312,916)**	(1,670,147)
Trade debts		**(1,928,524)**	(484,819)
Due against construction work in progress		**(265,189)**	(104,349)
Short term advances		**109,055**	(48,622)
Trade deposits and short term prepayments		**149,642**	72,355
Other receivables		**169,154**	(90,126)
Trade and other payables		**71,647**	97,309
		(1,940,624)	(2,247,935)
Cash generated from operations		**3,859,383**	3,996,976
43 CASH AND CASH EQUIVALENTS			
Cash and bank balances	32	**484,194**	552,210
		484,194	552,210

44 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Transactions with key management personnel are limited to payment of short term and post employment benefits, advances against issue of ordinary shares and dividend payments. Transactions with post employment benefit plan are limited to employer's contribution made. The Group in the normal course of business carries out various transactions with its associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

		Note	2017	2016
			Rupees '000	Rupees '000

44.1 Transactions with related parties

Nature of relationship	Nature of transactions	Note	2017 Rupees '000	2016 Rupees '000
Provident Fund Trust	Contribution for the year		**74,972**	65,270
Associated companies and undertakings	Purchase of services		**136,462**	240,740
Key management personnel	Short term employee benefits	*50*	**46,941**	46,900
	Post employment benefits	*50*	**1,600**	2,707
Directors and sponsors	Dividend paid		**813,143**	312,891

44.2 Balances with related parties

Nature of relationship	Nature of balances	2017 Rupees '000	2016 Rupees '000
Provident Fund Trust	Contribution payable	**13,423**	10,856
Key management personnel	Short term employee benefits payable	**2,897**	3,452

45 LONG TERM CONSTRUCTION CONTRACTS

	Note	2017 Rupees '000	2016 Rupees '000
Contract revenue for the year	*33*	**2,841,124**	901,766
Cost incurred to date		**4,969,171**	6,703,152
Contract costs for the year	*34*	**2,410,694**	767,132
Gross profit realized to date		**2,095,361**	1,711,073
Advances against contracts	*15*	**9,615**	5,246
Retention money receivable		**855,500**	540,758
Gross amount due from customers		**3,279,668**	1,940,349
Gross amount due to customers		**151,688**	12,937
Estimated future costs to complete projects in progress		**2,340,622**	337,009

46 FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments by class and category are as follow:

		2017	2016
		Rupees '000	*Rupees '000*
46.1	**Financial assets**		
	Cash in hand	16,217	6,301
	Loans and receivables		
	Long term deposits	340,805	234,020
	Long term advances	796,843	1,008,799
	Trade debts	10,727,632	8,433,424
	Due against construction work in progress	1,393,185	1,127,996
	Short term deposits	871,449	1,024,102
	Other receivables	311,090	480,244
	Bank balances	467,977	545,909
		14,908,981	12,854,494
	Financial assets at fair value through profit or loss		
	Short term investments	21,824	23,106
		14,947,022	12,883,901
46.3	**Financial liabilities**		
	Financial liabilities at amortized cost		
	Redeemable capital	376,875	3,951,888
	Long term finances	5,632,678	2,329,186
	Liabilities against assets subject to finance lease	68,062	111,446
	Trade creditors - *unsecured*	399,217	326,895
	Foreign bills payable- *secured*	99,102	88,391
	Accrued liabilities	138,364	158,033
	Employees' provident fund	13,423	10,856
	Compensated absences	33,114	26,940
	Unclaimed dividend	12,766	6,717
	Other payables - *unsecured*	11,938	19,043
	Accrued interest/markup	165,579	159,422
	Short term borrowings	7,227,368	4,981,662
		14,178,486	12,170,479

47 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Group'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 Group.

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

47.1 Credit risk

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

47.1.1 Maximum exposure to credit risk

The gross carrying amount of financial assets, other than cash in hand, represents maximum exposure to credit risk. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2017	2016
		Rupees '000	Rupees '000
Loans and receivables			
Long term deposits	22	**340,805**	234,020
Long term advances	23	**1,001,915**	1,199,981
Trade debts	26	**11,304,603**	8,878,013
Due against construction work in progress	27	**1,393,185**	1,127,996
Short term deposits	29	**876,828**	1,029,481
Bank balances	32	**467,977**	545,909
		15,385,313	13,015,400
Financial assets at fair value through profit or loss			
Short term investments	30	**21,824**	23,106
		15,407,137	13,038,506

47.1.2 Concentration of credit risk

There is no concentration of credit risk geographically. Maximum exposure to credit risk by type of counter-party is as follows:

	2017	2016
	Rupees '000	Rupees '000
Customers	**13,998,157**	11,402,274
Banking companies and financial institutions	**1,366,629**	1,598,496
Others	**42,351**	37,736
	15,407,137	13,038,506

47.1.3 Credit quality and impairment

The manner in which the Group assesses the credit quality of its financial assets depends on the type of counter-party. The Group conducts different types of transactions with the following counter-parties.

(a) Customers

Customers are counter-parties to trade debts, long term security deposits for contracts in progress, long term advances to dealers, due against contract work in progress and retention money for contracts in progress.

These ,with the exception of trade debts and long term advances to dealers, do not carry any significant credit risk. Long term advances to dealers are neither past due nor impaired. The ageing analysis of trade debts as at reporting date is as follows:

	2017		2016	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees '000	***Rupees '000***	*Rupees '000*	*Rupees '000*
Not yet due and past due by 1 year	**9,861,016**	**-**	7,825,624	-
1 to 2 years	**827,998**	**-**	534,085	-
2 to 3 years	**317,328**	**278,710**	296,150	222,435
More than 3 years	**298,261**	**298,261**	222,154	222,154
	11,304,603	**576,971**	8,878,013	444,589

There is no single significant customer in the trade debts of the Group. The maximum exposure to credit risk for trade debts as at the reporting date by type of customer is:

	2017	2016
	Rupees '000	*Rupees '000*
General customers	**10,120,445**	6,452,710
Corporate customers	**1,184,158**	2,425,303
	11,304,603	8,878,013

In determining the recoverability of a trade debt, the Group considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further provision required in excess of the allowance for doubtful debts.

(b) Banking companies and financial institutions

Banking companies and financial institutions are counter-parties to security/margin deposits, bank balances and investments in preference shares. The Group limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have reasonably high credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

(c) Others

These include employees of the Group who are counter parties to advances and utility companies and regulatory authorities who are counter parties to long term security deposits. These do not carry any significant credit risk.

47.1.4 Collateral held

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

47.1.5 Credit risk management

As mentioned in note 47.1.3 to the financial statements, the Group's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The majority of sales to the Group's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

47.2 Liquidity risk

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

47.2.1 Exposure to liquidity risk

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

	2017				
	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'*
Redeemable capital	**376,875**	**398,082**	**70,106**	**327,976**	**-**
Long term finances	**5,632,678**	**6,433,662**	**4,391,407**	**2,042,255**	**-**
Liabilities against assets					**-**
subject to finance lease	**68,062**	**73,389**	**49,686**	**23,703**	**-**
Short term borrowings	**7,227,368**	**7,303,482**	**7,303,482**	**-**	**-**
Accrued interest/markup	**165,579**	**165,579**	**165,579**	**-**	**-**
Trade and other payables	**399,217**	**430,435**	**430,435**	**-**	**-**
	13,869,779	**14,804,629**	**12,410,695**	**2,393,934**	**-**

	2016				
	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'*
Redeemable capital	3,951,888	4,799,314	1,095,068	3,704,246	-
Long term finances	2,329,186	2,674,133	1,096,264	1,577,869	-
Liabilities against assets					
subject to finance lease	111,446	121,179	72,210	48,969	-
Short term borrowings	4,981,662	5,067,242	5,067,242	-	-
Accrued interest/markup	159,422	159,422	159,422	-	-
Trade and other payables	326,895	361,155	361,155	-	-
	11,860,499	13,182,445	7,851,361	5,331,084	-

47.2.2 Liquidity risk management

The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As referred to in note 16.4 the Group has additional undrawn facilities of Rs. 10,727 million (2016: Rs. 5,895 million) at its disposal to further reduce liquidity risk.

47.3 Market risk

47.3.1 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) Exposure to currency risk

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

	2017	2016
	Rupees '000	*Rupees '000*
Financial assets	**-**	-
Financial liabilities		
Foreign bills payable		
USD	**(80,601)**	(57,774)
CNY	**-**	(2,529)
EUR	**(18,501)**	(28,088)
	(99,102)	(88,391)
Net balance sheet exposure	**(99,102)**	(88,391)
Foreign currency commitments		
CHF	**(12,895)**	(14,368)
CNY	**(70)**	(44,152)
EUR	**(305,925)**	(325,273)
GBP	**-**	(5,065)
JPY	**-**	(29,805)
USD	**(1,607,712)**	(3,817,491)
	(1,926,602)	(4,236,154)
Net exposure	**(2,025,704)**	(4,324,545)

(b) ***Exchange rates applied as at the reporting date***

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

	2017		2016	
	Assets **Rupees '000**	**Liabilities** **Rupees '000**	Assets *Rupees '000*	Liabilities *Rupees '000*
GBP	**-**	**-**	-	128.7300
EUR	**-**	**131.7900**	-	110.3200
USD	**-**	**110.5000**	-	104.8000
CHF	**-**	**112.9000**	-	102.6600
CNY	**-**	**17.3300**	-	15.0800
JPY	**-**	**-**	-	0.8979

(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit and equity for the year by Rs. 4.955 million (2016: Rs. 4.420 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Currency risk management

The Group 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.

47.3.2 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/markup bearing financial instruments

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

	2017	2016
	Rupees '000	Rupees '000
Fixed rate instruments	**-**	-
Variable rate instruments		
Financial liabilities	**13,236,211**	11,330,172

(b) Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial instruments.

(c) 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 by Rs. 132.362 million (2016: Rs. 113.302 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. 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.

(d) Interest rate risk management

The Group 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 Group calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

47.3.3 Price risk

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 Group is exposed to price risk in respect of its investments in equity securities. However, the risk is minimal as these investments are held for strategic purposes rather than trading purposes. The Group does not actively trade in these investments.

48 FAIR VALUE MEASUREMENTS

The Group measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

48.1 Financial instruments measured at fair value

48.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	2017	2016
			Rupees '000	*Rupees '000*
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	**21,824**	23,106

48.1.2 Non-recurring fair value measurements

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

48.2 Financial instruments not measured at fair value

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

48.3 Assets and liabilities other than financial instruments.

48.3.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	2017	2016
				Rupees '000	*Rupees '000*
Freehold land	-	539,232	-	**539,232**	539,232
Buildings	-	2,883,880	-	**2,883,880**	3,032,978
Plant and machinery	-	12,234,678	-	**12,234,678**	12,263,722

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 26.962 million (2016: Rs. 26.962 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 144.194 million (2016: Rs. 151.649 million).

	Valuation technique	Significant inputs	Sensitivity
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 611.734 million (2016: Rs. 613.186 million).

Reconciliation of fair value measurements categorized in Level 3 is presented in note 19.4.

There were no transfers between fair value hierarchies during the year.

48.3.2 Non-recurring fair value measurements

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

49 CAPITAL MANAGEMENT

The Group's objective when measuring capital is to safeguard the Group'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 Group 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 Group may adjust the amount of dividends paid to shareholders or issue of new shares. Consistent with others in industry, the Group monitors capital on the basis of gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, redeemable capital and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity (as shown in the balance sheet plus advances against issue of ordinary shares and surplus on revaluation of property, plant and equipment) plus debt. During the period, the Group's strategy was to maintain the gearing ratio below 30% and 'A' credit rating. The gearing ratios as at the reporting date are as follows:

	Unit	**2017**	2016
Total debt	*Rupees '000'*	**6,077,615**	6,392,520
Total equity	*Rupees '000'*	**27,000,590**	25,511,232
Total capital employed	*Rupees '000'*	**33,078,205**	31,903,752
Gearing ratio	*% age*	**18.37**	20.04

The Group is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

50 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2017	2016	**2017**	2016	**2017**	2016
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Remuneration	**12,046**	12,046	**28,965**	28,519	**293,230**	215,879
House rent	**1,205**	1,205	**1,937**	2,017	**79,345**	51,224
Utilities	**1,205**	1,205	**1,297**	1,389	**28,454**	26,204
Bonus	**-**	-	**-**	-	**40,880**	37,154
Post employment benefits	**-**	-	**1,600**	2,707	**17,293**	37,950
Meeting fee	**-**	-	**225**	272	**-**	-
Reimbursable expenses						
Motor vehicles expenses	**-**	-	**-**	65	**25,790**	22,171
Medical expenses	**-**	-	**286**	182	**14,222**	10,840
	14,456	14,456	**34,310**	35,151	**499,214**	401,422
Number of persons	**1**	1	**3**	5	**230**	167

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

50.2 No remuneration has been paid to non-executive directors

51SEGMENT INFORMATION

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

Segments	**Nature of business**
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers and Engineering, Procurement and Construction Contracting.
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Air conditioners, Deep Freezers, Microwave ovens, Washing Machines, Water Dispensers and other Home Appliances.

	Power Division		Appliances Division		Total	
	2017	2016	**2017**	2016	**2017**	2016
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Revenue	**14,591,864**	14,605,040	**27,754,889**	19,518,932	**42,346,753**	34,123,972
Finance cost	**636,799**	654,375	**909,805**	842,128	**1,546,604**	1,496,503
Depreciation and amortization	**423,324**	424,037	**458,602**	425,819	**881,926**	849,856
Segment profit before tax	**545,397**	1,540,452	**3,221,823**	2,735,084	**3,767,220**	4,275,536
Segment assets	**18,731,142**	16,994,090	**23,926,290**	22,513,440	**42,657,432**	39,507,530

		Note	2017	2016
			Rupees '000	Rupees '000
51.1	**Reconciliation of segment profit**			
	Total profit for reportable segments		**3,767,220**	4,275,536
	Un-allocated other expenses		**(163,755)**	(156,094)
	Profit before taxation		**3,603,465**	4,119,442
51.2	**Reconciliation of segment assets**			
	Total assets for reportable segments		**42,657,432**	39,507,530
	Other corporate assets		**1,258,584**	819,354
	Total assets		**43,916,016**	40,326,884
51.3	**Information about major customers**			
	Revenue derived from Lahore Electric Supply Company		**-**	2,579,985

52 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the un-audited financial statements of the Pak Elektron Limited Employees Provident Fund Trust for the year ended December 31, 2017.

		2017	2016
Size of the fund -*total assets*	*Rupees '000'*	**401,413**	377,581
Fair value of investments	*Rupees '000'*	**356,969**	341,212
Percentage of investments made	*% age*	**88.93**	90.37

The break-up of investments is as follows:

	2017		2016	
	Rupees '000'	*% age*	*Rupees '000'*	*% age*
Listed debt collective investment schemes	**-**	**-**	4,021	1.18
Listed equity collective investment schemes	**148,830**	**41.69**	167,753	49.16
Government securities	**105,890**	**29.66**	97,299	28.52
Deposit accounts with commercial banks	**102,249**	**28.64**	72,139	21.14
	356,969	**100.00**	341,212	100.00

53 PLANT CAPACITY AND ACTUAL PRODUCTION

		2017		2016	
	Unit	**Annual production capacity**	**Actual production during the year**	Annual production capacity	Actual production during the year
Transformers/Power Transformers	MVA	**7,000**	**3,239**	7,000	4,966
Switch gears	Nos.	**12,000**	**3,318**	12,000	8,378
Energy meters	Nos.	**1,700,000**	**1,045,231**	1,700,000	624,414
Air conditioners	Tonnes	**200,000**	**139,396**	179,950	44,949
Refrigerators/Deep freezers	Cfts.	**6,950,000**	**5,608,735**	6,950,000	5,153,397
Microwave ovens/Water dispenser	Litres	**2,500,000**	**2,072,617**	850,000	394,220

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

54 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 16, 2018 by the Board of Directors of the Parent Company.

55 NUMBER OF EMPLOYEES

Total number of employees of the Group as at the reporting date are 6,055 (2016: 6,214). Average number of persons employed by the Group during the year are 5,812 (2016: 6,024).

56 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.

57 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on March 16, 2018 has proposed a dividend on ordinary shares at Rs. 1.2 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by shareholders in the forthcoming annual general meeting.

58 GENERAL

58.1 Figures have been rounded off to the nearest thousands.

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

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

Separate
Financial Statements

This page has been left blank intentionally

Auditors' Report to the Members

We have audited the annexed balance sheet of **PAK ELEKTRON LIMITED** ("the Company") as at December 31, 2017 and the related profit and loss account/statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

a) in our opinion, proper books of accounts have been kept by the Company as required by the repealed Companies Ordinance, 1984;

b) in our opinion-

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account/statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2017 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***IRFAN RAHMAN MALIK***

Lahore: ***March 16, 2018***

Balance Sheet

as at December 31, 2017

	Note	2017 Rupees '000	2016 Rupees '000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	6	**6,000,000**	6,000,000
Issued, subscribed and paid-up capital	7	**5,426,392**	5,426,392
Capital reserve	8	**4,279,947**	4,279,947
Accumulated profit		**6,753,080**	6,784,446
TOTAL EQUITY		**16,459,419**	16,490,785
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	9	**4,274,019**	4,668,386
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - *secured*	10	**68,750**	3,151,594
Long term finances - *secured*	11	**3,958,767**	1,406,092
Liabilities against assets subject to finance lease	12	**22,406**	46,384
Deferred taxation	13	**1,918,383**	1,598,160
Deferred income	14	**38,717**	40,755
		6,007,023	6,242,985
CURRENT LIABILTIES			
Trade and other payables	15	**887,948**	796,525
Accrued interest/markup		**165,579**	159,422
Short term borrowings	16	**7,227,368**	4,981,662
Current portion of non-current liabilities	17	**2,027,692**	1,788,450
		10,308,587	7,726,059
TOTAL LIABILITIES		**16,315,610**	13,969,044
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		**37,049,048**	35,128,215

The annexed notes from 1 to 57 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

	Note	2017	2016
		Rupees '000	*Rupees '000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*19*	**17,405,713**	16,442,378
Intangible assets	*20*	**315,525**	323,656
Long term investments	*21*	**8,948**	26,441
Long term deposits	*22*	**371,936**	266,353
		18,102,122	17,058,828
CURRENT ASSETS			
Stores, spares and loose tools	*23*	**746,408**	812,915
Stock in trade	*24*	**6,388,779**	7,693,450
Trade debts - *unsecured*	*25*	**5,484,699**	3,842,374
Due against construction work in progress -*unsecured, considered good*	*26*	**1,393,185**	1,127,996
Short term advances - *unsecured*	*27*	**826,216**	954,881
Short term deposits and prepayments	*28*	**1,109,232**	1,258,874
Other receivables - *unsecured, considered good*		**311,090**	480,244
Short term investments	*29*	**21,824**	23,106
Advance income tax	*30*	**2,263,669**	1,419,797
Cash and bank balances	*31*	**401,824**	455,750
		18,946,926	18,069,387
TOTAL ASSETS		**37,049,048**	35,128,215

The annexed notes from 1 to 57 form an integral part of these financial statements.

SYED MANZAR HASSAN
Chief Financial Officer

Profit and Loss Account/Statement of Comprehensive Income

for the year ended December 31, 2017

	Note	2017	2016
		Rupees '000	*Rupees '000*
Revenue	*32*	**30,229,103**	24,002,363
Sales tax and discount	*32*	**(4,062,791)**	(3,496,100)
Revenue - *net*		**26,166,312**	20,506,263
Cost of sales	*33*	**(22,192,115)**	(16,765,481)
Gross profit		**3,974,197**	3,740,782
Other income	*34*	**17,793**	37,620
Distribution cost	*35*	**(805,922)**	(401,297)
Administrative and general expenses	*36*	**(614,442)**	(486,866)
Other expenses	*37*	**(138,623)**	(147,613)
		(1,558,987)	(1,035,776)
Operating profit		**2,433,003**	2,742,626
Finance cost	*38*	**(921,048)**	(886,936)
Profit before taxation		**1,511,955**	1,855,690
Taxation	*39*	**(118,792)**	95,203
Profit after taxation		**1,393,163**	1,950,893
Other comprehensive income		**-**	-
Total comprehensive income		**1,393,163**	1,950,893
Earnings per share - *basic and diluted*	*40*	**2.71**	3.95

The annexed notes from 1 to 57 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

Cash Flow Statement

for the year ended December 31, 2017

	Note	2017 Rupees '000	2016 Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	41	3,016,858	2,659,411
Payments for:			
Interest/markup on borrowings		(610,134)	(657,472)
Income tax		(843,872)	(676,645)
Net cash generated from operating activities		1,562,852	1,325,294
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,843,969)	(1,730,712)
Purchase of intangible assets		(3,919)	-
Proceeds from disposal of property, plant and equipment		30,010	37,716
Long term deposits refunded		11,927	23,431
Long term deposits made		(117,510)	-
Proceeds from disposal of short term investments		-	64,776
Net cash used in investing activities		(1,923,461)	(1,604,789)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds form issue of right ordinary shares		-	2,406,200
Redemption of redeemable capital		(2,564,553)	(1,003,597)
Long term finances obtained		3,809,701	58,068
Repayment of long term finances		(1,516,669)	(746,309)
Proceeds from sale and lease back activities		15,100	4,434
Repayment of liabilities against assets subject to finance lease		(71,186)	(104,200)
Net increase in short term borrowings		2,245,706	312,761
Dividend paid		(1,611,416)	(619,490)
Net cash generated from financing activities		306,683	307,867
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(53,926)	28,372
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		455,750	427,378
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	42	401,824	455,750

The annexed notes from 1 to 57 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Statement of Changes in Equity

for the year ended December 31, 2017

	Note	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
	Note	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Balance as at January 01, 2016		4,431,029	1,293,858	5,258,423	10,983,310
Comprehensive income					
Profit after taxation		-	-	1,950,893	1,950,893
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	1,950,893	1,950,893
Incremental depreciation	9	-	-	197,232	197,232
Transaction with owners					
Issue of right ordinary shares		995,363	2,986,089	-	3,981,452
Interim dividend on ordinary shares @ Rs. 1.25 per share		-	-	(622,102)	(622,102)
		995,363	2,986,089	(622,102)	3,359,350
Balance as at December 31, 2016		5,426,392	4,279,947	6,784,446	16,490,785
Balance as at January 01, 2017		**5,426,392**	**4,279,947**	**6,784,446**	**16,490,785**
Comprehensive income					
Profit after taxation		**-**	**-**	**1,393,163**	**1,393,163**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**1,393,163**	**1,393,163**
Incremental depreciation	9	**-**	**-**	**192,936**	**192,936**
Transaction with owners					
Issue of right ordinary shares		**-**	**-**	**-**	**-**
Final dividend on ordinary shares @ Rs. 1.75 per share		**-**	**-**	**(870,943)**	**(870,943)**
Interim dividend on ordinary shares @ Rs. 1.5 per share		**-**	**-**	**(746,522)**	**(746,522)**
		-	**-**	**(1,617,465)**	**(1,617,465)**
Balance as at December 31, 2017		**5,426,392**	**4,279,947**	**6,753,080**	**16,459,419**

The annexed notes from 1 to 57 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Notes to and Forming Part of Financial Statements

for the year ended December 31, 2017

1 REPORTING ENTITY

Pak Elektron Limited ('the Company') was incorporated in Pakistan on March 03, 1956 as a Public Limited Company under the Companies Act, 1913 (replaced by the Companies Ordinance, 1984). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The Company is currently listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing and sale of electrical capital goods and domestic appliances.

The Company is currently organized into two main operating divisions - Power Division and Appliances Division. The Company's activities are as follows:

Power Division: Manufacturing and distribution of transformers, switchgears, energy meters, power transformers, construction of grid stations and electrification works.

Appliances Division: Manufacturing, assembling and distribution of refrigerators, deep freezers, air conditioners, microwave ovens, washing machines, water dispensers and other home appliances.

2 BASIS OF PREPARATION

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiary and associated entities are accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements are prepared and presented separately.

2.2 Statement of compliance

The Companies Act 2017 ('the Act') has been enacted on May 30, 2017, however, Securities and Exchange Commission of Pakistan vide its circular no. 23 of 2017 dated October 04, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of repealed Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the repealed Companies Ordinance, 1984 prevail.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain items of property, plant and equipment at revalued amounts, certain assets at recoverable amounts, monetary assets and liabilities denominated in foreign currency measured at spot exchange rates and certain financial instruments measured at fair value/amortized cost. In these financial statements, except for the amounts reflected in the cash flow statement, all transactions have been accounted for on accrual basis.

2.4 Judgments, estimates and assumptions

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. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

2.4.1 Depreciation method, rates and useful lives of property, plant and equipment (see note 5.1.1)

The Company reassesses useful lives, depreciation method and rates for each item of property, plant and equipment annually by considering expected pattern of economic benefits that the Company expects to derive from that item.

2.4.2 Amortization method, rates and useful lives of intangible assets (see note 5.2)

The Company reassesses useful lives, amortization method and rates for each intangible asset annually by considering expected pattern of economic benefits that the Company expects to derive from that asset.

2.4.3 Recoverable amount and impairment (see note 5.26)

The management of the Company reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of value in use requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Trade and other receivables

The Company assesses the recoverability of its trade debts and other receivables if there is objective evidence that the Company will not be able to collect all the amount due according to the original terms. Significant financial difficulties of the debtors, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the trade debt is impaired.

Investments

The Company reviews the carrying amounts of its investments in equity securities for possible indications of impairment. Indicators considered include financial position and credit rating of the investee entity and changes in values of investment by reference to active market, if any.

2.4.4 Revaluation of property, plant and equipment (see note 5.1.1)

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

2.4.5 Taxation (see note 5.21)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provision for current tax. Provision for deferred tax is estimated after taking into account historical and expected future turnover and profit trends and their taxability under the current tax law.

2.4.6 Provisions (see note 5.15)

Provisions are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Company would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

2.4.7 Net realizable values (see note 5.4)

The Company reviews the net realizable values of stock in trade to assess any diminution in the respective carrying amounts. Net realizable value is determined with reference to estimated selling prices less estimated costs necessary to make the sale.

2.4.8 Estimated future costs to complete projects in progress (see note 5.19)

As part of the application of percentage of completion method on contract accounting, the project costs are estimated. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

2.5 Functional currency

These financial statements have been prepared in Pak Rupees which is the Company's functional currency.

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

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

Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)

IAS 16 - Property, Plant and Equipment and IAS 38 - Intangible Assets have been amended to clarify the following aspects:

- Unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use.

- The carrying amount of an asset does not limit the estimation of probable future taxable profits.
- Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences.
- An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.

Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)

IAS 7 - Statement of Cash Flows have been amended to clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 12 - Disclosure of Interests in Other Entities)

IFRS 12 - Disclosure of Interests in Other Entities have been amended to clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10–B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

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)
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
IFRS 17 – Insurance contracts (2017)	January 01, 2021
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
IFRIC 23 - Uncertainty over Income Tax Treatments	January 01, 2019
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)	January 01, 2018
Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle (IFRS 1 - First-time Adoption of International Financial Reporting Standards and IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2018
Prepayment Features with Negative Compensation (Amendments to IFRS 9 - Financial Instruments)	January 01, 2019
Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28 - Investments in Associates and Joint Ventures)	January 01, 2019
Annual Improvements to IFRS Standards 2015–2017 Cycle	January 01, 2019
Companies Act, 2017	January 01, 2018

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 234 of the repealed Companies Ordinance, 1984 regarding their adoption. The management anticipates that, except as stated below, the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

IFRS 9 – Financial Instruments: Classification and Measurement (2014)

IFRS 9 replaces IAS 39 - Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:

- **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their cash flow characteristics. The standard introduces a 'fair value through comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to measurement of entity's own credit risk.
- **Impairment:** IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit loss to have occurred before a credit loss is recognized.
- **Hedge accounting:** IFRS 9 introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposure.
- **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.

Adoption of this IFRS 9 may result in material adjustment to carrying amounts of financial assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 15 – Revenue from Contracts with Customers (2014)

IFRS 15 provides a single, principles based five-step model to be applied to all contracts with customer.

- Identify the contract with customer.
- Identify the performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognized revenue when or as the entity satisfies a performance obligation.

Adoption of this IFRS 15 may result in material adjustment to carrying amounts of contract revenue, expenses, assets and liabilities. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

IFRS 16 – Leases (2016)

IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the leases term is twelve months or less or the underlying asset has low value.

Adoption of this IFRS 16 will result in recognition of assets and liabilities for all operating leases for which the lease terms is more than twelve months. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

Companies Act, 2017

The Companies Act 2017 ('the Act') was enacted on May 30, 2017. The provisions of the Act pertaining to preparations of financial statements will be applicable to the Company for the financial periods beginning on and after January 01, 2018.

Besides the impact on presentation and disclosures, the adoption of the Act in preparation of financial statements will result in change in accounting policy for surplus on revaluation of property, plant and equipment whereby:

- The surplus on revaluation of property, plant and equipment, which was previously disclosed in the balance sheet of the Company after capital and reserves, will now be included as part of equity with corresponding inclusion in statement of changes in equity;
- If an asset's carrying amount is increased as a result of revaluation, the increase will be recognised in other comprehensive income. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss;
- If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Previously, section 235 allowed that the surplus on revaluation of property, plant and equipment may be applied by the company in setting off or in diminution of any deficit arising from the revaluation of any other property, plant and equipment of the Company.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of freehold land, leasehold land, buildings and plant and machinery. Freehold land, buildings and plant and machinery are measured at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. Leasehold land is measured at historical cost. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Assets' residual values, if significant and their useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

When significant parts of an item of operating fixed assets have different useful lives, they are recognized as separate items.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Company and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Company recognizes depreciation in profit or loss by applying reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method, over the useful life of each operating fixed asset using rates specified in note 19 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

Surplus arising on revaluation of items of property, plant and equipment is carried on balance sheet after reversing deficit relating to the same item previously recognized in profit or loss, if any. Deficit arising on revaluation is recognized in profit or loss after reversing the surplus relating to the same item previously carried on balance sheet, if any. An amount equal to incremental depreciation, being the difference between the depreciation based on revalued amounts and that based on the original cost, net of deferred tax, if any, is transferred from surplus on revaluation of property, plant and equipment to accumulated profit every year, through statement of changes in equity.

5.1.2 Capital work in progress

Capital work in progress is stated at cost less identified impairment loss, if any, and includes the cost of material, labour and appropriate overheads directly relating to the construction, erection or installation of an item of operating fixed assets. These costs are transferred to operating fixed assets as and when related items become available for intended use.

5.2 Intangible assets

5.2.1 Goodwill

Goodwill represents the excess of the cost of business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. This is stated at cost less any accumulated impairment losses, if any.

5.2.2 Technology transfer

The intangible assets in respect of technology transfer are amortized over the useful life of plant and machinery involved in use of such technology. Amortization of intangible commences when it becomes available for use.

5.2.3 Computer software and ERP

Computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the production of identifiable and unique software products controlled by the Company, and that will probably generate economic benefits exceeding costs beyond one year, are recognized as intangible assets. These costs are amortized over their estimated useful lives. Amortization of intangible commences when it becomes available for use.

5.3 Stores, spares and loose tools

These are generally held for internal use and are valued at cost. Cost is determined on the basis of moving average except for items in transit, which are valued at invoice price plus related cost incurred up to the reporting date. For items which are considered obsolete, the carrying amount is written down to nil. Spare parts held for capitalization are classified as property, plant and equipment through capital work in progress.

5.4 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:

Raw materials	Moving average cost
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
Stock in transit	Invoice price plus related cost incurred up to the reporting date

Average manufacturing cost in relation to work in process and finished goods consists of direct material, labour and an appropriate proportion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

5.5 Employee benefits

5.5.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting standards. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

5.5.2 Post-employment benefits

The Company operates an approved funded contributory provident fund for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of ten percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions are charged to profit or loss.

5.6 Financial instruments

5.6.1 Recognition

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

5.6.2 Classification

The Company classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Company determines the classification of its financial assets and liabilities at initial recognition.

(a) ***Loans and receivables***

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

(b) ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss are financial assets that are either designated as such on initial recognition or are classified as held for trading. Financial assets are designated as financial assets at fair value through profit or loss if the Company manages such assets and evaluates their performance based on their fair value in accordance with the Company's risk management and investment strategy. Financial assets are classified as held for trading when these are acquired principally for the purpose of selling and repurchasing in the near term, or when these are part of a portfolio of identified financial instruments that are managed together and for which there is a recent actual pattern of profit taking, or where these are derivatives, excluding derivatives that are financial guarantee contracts or that are designated and effective hedging instruments. Financial assets in this category are presented as current assets.

(c) ***Held-to-maturity investments***

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Assets in this category are presented as non-current assets except for maturities less than twelve months from the reporting date, where these are presented as current assets.

(d) ***Financial liabilities at amortized cost***

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

5.6.3 Measurement

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

5.6.4 De-recognition

Financial assets are de-recognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Company's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

5.6.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Company has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

5.7 Ordinary share capital

Ordinary share capital is recognized as equity. Transaction costs directly attributable to the issue of ordinary shares are recognized as deduction from equity.

5.8 Preference share capital

Preference share capital is recognized as equity in accordance with the interpretation of the provision of the Companies Ordinance, 1984, including those pertaining to implied classifications of preference shares.

5.9 Loans and borrowings

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

5.10 Investments in equity securities

5.10.1 Investments in subsidiaries, associates and other un-quoted equity securities

Investments in subsidiaries, associates and other un-quoted equity securities are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated impairment losses, if any.

5.10.2 Investments in other quoted equity securities

These on initial recognition, are designated as 'investments at fair value through profit or loss' and are recognized at cost. Subsequent to initial recognition, these are measured at fair value. Gains and losses arising from changes in fair value are recognized in profit or loss.

5.11 Investments in debt securities

Investments in debt securities with fixed or determinable payments and fixed maturity that the Company has positive intention and ability to hold are classified as 'held-to-maturity investments'. These are recognized initially at fair value plus 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 investment on an effective interest basis.

5.12 Finance leases

Leases in terms of which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Assets subject to finance lease are classified as 'operating fixed assets'. On initial recognition, these are measured at cost, being an amount equal to the lower of its fair value and the present value of minimum lease payments. Subsequent to initial recognition, these are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation, subsequent expenditure, de-recognition, and gains and losses on de-recognition are accounted for in accordance with the respective policies for operating fixed assets. Liabilities against assets subject to finance lease and deposits against finance lease are classified as 'financial liabilities at amortized cost' and 'loans and receivables' respectively, however, since they fall outside the scope of measurement requirements of IAS 39 'Financial Instruments - Recognition and Measurement', these are measured in accordance with the requirements of IAS 17 'Leases'. On initial recognition, these are measured at cost, being their fair value at the date of commencement of lease, less attributable transaction costs. Subsequent to initial recognition, minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Deposits against finance leases, subsequent to initial recognition are carried at cost.

5.13 Ijarah transactions

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

5.14 Trade and other payables

5.14.1 Financial liabilities

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

5.14.2 Non-financial liabilities

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

5.15 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.16 Trade and other receivables

5.16.1 Financial assets

These are classified as 'loans and receivables'. 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 using the effective interest method, with interest recognized in profit or loss.

5.16.2 Non-financial assets

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

5.17 Revenue

Revenue is measured at the fair value of the consideration received or receivable, net of returns allowances, trade discounts and rebates, and represents amounts received or receivable for goods and services provided and other income earned in the normal course of business. Revenue is recognized when it is probable that the economic benefits associated with the transaction will flow to the Company, and the amount of revenue and the associated costs incurred or to be incurred can be measured reliably.

- Revenue from different sources is recognized as follows:
- Revenue from sale of goods is recognized when risks and rewards incidental to the ownership of goods are transferred to the buyer.
- Interest income is recognized using effective interest method.
- Dividend income is recognized when right to receive payment is established.
- Contract revenue relating to long term construction contracts are recognized as revenue by reference to stage of completion of contract activity at the balance sheet date. Stage of completion of a contract is determined by applying 'cost-to-date method'. Under cost-to-date method stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost.

5.18 Comprehensive income

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

5.19 Contract costs

Contract costs relating to long term construction contracts are recognized as expenses by reference to stage of completion of contract activity at the reporting date. Stage of completion of a contract is determined by applying 'cost-to-date method'. Under cost-to-date method, stage of completion of a contract is determined by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. Expected losses on contracts are recognized as an expense immediately.

5.20 Borrowing costs

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

5.21 Income tax

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

5.21.1 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.

5.21.2 Deferred taxation

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

5.22 Government grants

Government grants that compensate the Company for expenses or losses already incurred are recognized in profit or loss in the period in which these are received and are deducted in reporting the relevant expenses or losses. Grants relating to property, plant and equipment are recognized as deferred income and an amount equivalent to depreciation charged on such assets is transferred to profit or loss.

5.23 Earnings per share ('EPS')

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

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

5.24 Cash and cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash in hand and cash at banks. These are carried at cost.

5.25 Foreign currency transactions and balances

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

5.26 Impairment

5.26.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. 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.

5.26.2 Non-financial assets

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

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

5.27 Dividend distribution to ordinary shareholders

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

5.28 Basis of allocation of common expenses

Distribution, administrative and finance cost are allocated to PEL Marketing (Private) Limited ('PMPL') on the basis of percentage of operating fixed assets used by PMPL, under the interservices agreement between the Company and PMPL.

5.29 Warranty costs

The company accounts for its warranty obligations when the underlying product or service is sold or rendered. The provision is based on historical warranty data and weighing all possible outcomes against their associated possibilities.

5.30 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 operating income and expenses, share of profit/(loss) of associates, finance costs, and provision for taxes.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment. The business segments are engaged in providing products or services which are subject to risks and rewards which differ from the risk and rewards of other segments.

6 AUTHORIZED CAPITAL

2017	2016		**2017**	2016
No. of shares	*No. of shares*		***Rupees '000***	*Rupees '000*
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	**5,000,000**	5,000,000
62,500,000	62,500,000	'A' class preference shares of Rs. 10 each	**625,000**	625,000
37,500,000	37,500,000	'B' class preference shares of Rs. 10 each	**375,000**	375,000
100,000,000	100,000,000		**1,000,000**	1,000,000
600,000,000	600,000,000		**6,000,000**	6,000,000

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2017	2016		**2017**	2016
No. of shares	*No. of shares*		***Rupees '000***	*Rupees '000*
		Ordinary shares of Rs. 10 each		
372,751,051	372,751,051	Issued for cash	**3,727,511**	3,727,511
		Issued for other than cash:		
137,500	137,500	- against machinery	**1,375**	1,375
408,273	408,273	- against acquisition of PEL Appliances Limited	**4,083**	4,083
6,040,820	6,040,820	- against conversion of preference shares	**60,408**	60,408
118,343,841	118,343,841	- as fully paid bonus shares	**1,183,439**	1,183,439
497,681,485	497,681,485		**4,976,816**	4,976,816
		'A' class preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash	**449,576**	449,576
542,639,077	542,639,077		**5,426,392**	5,426,392

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

	Note	**2017**	2016
		No. of shares	*No. of shares*
As at beginning of the year		**497,681,485**	398,145,188
Issue of right ordinary shares	*7.1.1*	**-**	99,536,297
As at end of the year		**497,681,485**	497,681,485

7.1.1 During the year, the Company issued nil (2016: 99,536,297) right ordinary shares at nil (2016: 25) ordinary shares for every 100 ordinary shares already held, at Rs. 40 per ordinary share, including a premium of Rs. 30 per share.

7.2 'A' class preference shares

7.2.1 Current status of original issue

The Company, in the December 2004, issued 'A' class preference shares to various institutional investors amounting to Rs. 605 million against authorized share capital of this class amounting to Rs. 625 million. In Januray 2010, the Company sent out notices to all preference shareholders seeking conversion of outstanding preference shares into ordinary shares of the Company in accordance with the option available to the investors under the original terms of the issue. As at the reporting date, the outstanding balance of preference shares amounts to Rs. 449.58 million representing investors who did not opt to convert their holdings into the ordinary shares of the Company. Subsequently, the Company offered re-profiling of preference shares to these remaining investors. See note 7.2.2.

The Securities and Exchange Commission of Pakistan ('SECP') issued order to Pakistan Stock Exchange Limited ('the Exchange') dated February 6, 2009 for delisting of these preference shares. However, the Company took up the matter with the honorable Lahore High Court which, through order dated October 10, 2017, accepted the appeal of Company and aside the SECP order and the appellate order.

7.2.2 Re-profiling of preference shares

The Company offered re-profiling of preference shares to investors, who did not convert their preference shares into ordinary shares in response to the conversion notices issued by the Company. The investors to the instrument had, in principle, agreed to the re-profiling term sheet and commercial terms and conditions therein. Further, SECP had allowed the Company to proceed with the re-profiling subject to fulfillment of legal requirements. The legal documentation was prepared and circulated amongst the concerned investors which was endorsed by the said investors except for National Bank of Pakistan, as a result of which the original time frame for reprofiling has lapsed. The Company is in the process of finalising another reprofiling exercise based on mutual agreement to be made amongst the existing investors.

7.2.3 Accumulated preference dividend

As at reporting date, an amount of approximately Rs. 341.68 million (2016: Rs. 298.97 million) has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the under process reprofiling exercise.

As per the opinion of Company's legal counsel, the provision of cumulative dividend at 9.5% p.a. will prevail on account of preference dividend, as the approval process of the revised terms of reprofiling from different quarters is not yet complete.

7.2.4 Classification of preference shares as equity

Preference shares have been classified and treated as part of equity on the following basis:

- These shares were issued under the provisions of section 85 of the repealed Companies Ordinance, 1984 ('the Ordinance') read with section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The issue was duly approved by the shareholders of the Company in general meeting.
- Return of allotment was filed under section 73(1) of the Ordinance.
- The Company may be required, under the revised terms of reprofiling, to create a Capital Redemption Reserve Fund in accordance with section 85 of the Ordinance.
- The requirements of the Ordinance take precedence over the requirements of International Financial Reporting Standards.

Further, the matter regarding the classification of redeemable preference shares as either debt or equity instrument has been examined by the Institute of Chartered Accountants of Pakistan ('ICAP'). ICAP has advised the Securities and Exchange Commission of Pakistan ('SECP') to make necessary amendments in the Companies Ordinance, 1984, and / or to issue a clarification in order to remove the inconsistency between the repealed Companies Ordinance, 1984 and the International Financial Reporting Standards. Pending the decision of SECP in this matter, the preference share capital has been classified as equity in these financial statements.

8 CAPITAL RESERVE

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

	Note	2017	2016
		Rupees '000	*Rupees '000*
As at beginning of the year		**4,279,947**	1,293,858
Recognized during the year	*7.1.1*	**-**	2,986,089
As at end of the year		**4,279,947**	4,279,947

8.1 This represents premium on issue of right ordinary shares recognized under Section 83(1) of the repealed Companies Ordinance, 1984 (see note 7.1.1).

9 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

	2017	2016
	Rupees '000	*Rupees '000*
As at beginning of the year	**4,668,386**	4,804,200
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	**(271,741)**	(263,907)
Deferred taxation	**78,805**	66,675
	(192,936)	(197,232)
Other adjustments		
Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime	**(201,431)**	(38,026)
Deferred tax adjustment attributable to changes in tax rates	**-**	99,444
	(201,431)	61,418
As at end of the year	**4,274,019**	4,668,386

10 REDEEMABLE CAPITAL - SECURED

These represent interest/markup/profit based debt securities issued to institutional and other investors. The details are as follows:

Description	2017	2016	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Sukuk Funds	**376,875**	618,750	Three months KIBOR plus 1% per annum (2016: Three months KIBOR plus 1% per annum) subject to floor and cap of 8% and 16% respectively.	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in sixteen equal quarterly installments commencing from June 2015.
Private Placed Term Finance Certificates	**-**	609,524	Six months KIBOR plus 3% per annum (2016: Six months KIBOR plus 3% per annum).	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of financing the capacity expansion program of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in fifty two stepped-up monthly installments commencing from June 2015. The Company has fully redeemed these Private Placed Term Finance Certificates during the year.
Private Placed Term Finance Certificates	**-**	2,723,614	Three months KIBOR plus 2% per annum (2016: Three months KIBOR plus 2% per annum).	Charge on present and future operating fixed assets of the Company.	These were issued on conversion of long term finances and short term borrowings under a broad restructuring agreement between the Company and National bank of Pakistan. Under the arrangement, the issue, to the extent of share of NBP in the issue of Rs. 1,650 million, was to be converted into ordinary and preference shares of the Company to the extent of Rs. 500 million and Rs. 1,150 million respectively, with the remaining issue to be redeemed in twenty four equal quarterly installments with the first redemption due in March 2015. The aforementioned conversion agreed between the Company and National Bank of Pakistan (NBP) was withdrawn. Following the withdrawal of debt equity swap arrangement, during the year NBP has sanctioned demand finance facility against an upfront payment of 1,650 million against these Private Placed Term Finance Certificates.
Total	**376,875**	3,951,888			
Current portion presented under current liabilities	**(308,125)**	(800,294)			
	68,750	3,151,594			

11 LONG TERM FINANCES - SECURED

These represent long term finances utilized under interest/markup/profit arrangements from banking companies and financial institutions. The details are as follows:

Description	2017	2016	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Term Finance	-	275,000	Three months KIBOR plus 3% per annum (2016: Three months KIBOR plus 3% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and personal guarantees of sponsoring directors of the Company.	This finance was obtained from Pak Libya Holding Company (Private) Limited for meeting operational expenses of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till May 2015 with the outstanding liability payable in eighteen equal quarterly installments commencing from May 2015. The Company has fully repaid the finance during the year.
Term Finance	500,000	-	Three months KIBOR plus 3.8% per annum.	Charge over present and future current assets of the Company, mortgage of the Company's land and building.	The finance has been obtained from Pak Oman Investment Company Limited for the purpose of financing capital expenditure. The finance is repayable in twelve equal quarterly installments commencing from March 2018.
Term Finance	-	156,521	Six months KIBOR plus 3% (2016: six months KIBOR plus 3%) per annum.	Charge on present and future operating fixed assets of the Company.	The finance was obtained from Faysal Bank Limited on conversion of short term borrowings. The finance was repayable in twenty three equal quarterly installments commencing from June 2014. The Company has fully repaid the finance during the year.
Term Finance	-	116,667	Three months KIBOR plus 3% (2016: three months KIBOR plus 3%) per annum.	Charge on present and future current assets of the Company.	The finance was obtained from Summit Bank Limited on conversion of short term borrowings into long term debt. The finance was repayable in twelve equal quarterly installments commencing from September 2015. The Company has fully repaid the finance during the year.
Term Finance	2,785,714	-	Three months KIBOR plus 1.25% per annum	Charge over present and future current and fixed assets of the Company, mortgage of the Company's land and building.	The finance has been obtained from Bank Alfalah Limited for the purpose of financing the repayment of existing long term loans of the company. The finance is repayable in fourteen equal quarterly installments commencing from December 2017.
Term Finance	-	500,000	Three months KIBOR plus 3% per annum (2016: Three months KIBOR plus 3% per annum).	Charge over present and future current assets of the Company.	The finance was obtained from Saudi Pak Industrial and Agricultural Investment Company Limited, for the purpose of long term working capital requirements. The finance was repayable in three semi annual installments commencing from June 2017. The Company has fully repaid the finance during the year.
Term Finance	50,810	58,068	Three months KIBOR plus 2.10% per annum. (2016: Three months KIBOR plus 2.10% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from The Bank of Punjab for the purpose of financing capital expenditure. The finance is repayable in eight equal quarterly installments commencing from September 2017.
Term Finance	523,987	-	Three months KIBOR plus 1% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This represents diminishing musharika facility obtained from Faysal Bank Limited for the purpose of balancing modernization and replacement requirements. The finance is repayable in fifteen equal quarterly installments commencing from May 2019, with a grace period of one year.
Demand Finance	820,999	-	Three months KIBOR plus 2% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This represents demand finance facility sanctioned by National Bank of Pakistan against an upfront payment of 1,650 million against Private Placed Term Finance Certificates. See note 10. The finance is repayable in sixteen equal quarterly installments commencing from April 2017.
Demand Finance	951,168	1,222,930	Three months KIBOR plus 2.25% per annum (2016: Three months KIBOR plus 2.25% per annum).	Charge over present and future current assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has obtained from National Bank of Pakistan for settlement of long term finances obtained from NIB Bank Limited. The finance is repayable in twenty three equal quarterly installments commencing from September 2015.
Total	5,632,678	2,329,186			
Current portion presented under current liabilities	(1,673,911)	(923,094)			
	3,958,767	1,406,092			

	Note	2017	2016
		Rupees '000	*Rupees '000*
12 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE			
Present value of minimum lease payments	*12.1 & 12.2*	**68,062**	111,446
Current portion presented under current liabilities	*12.1 & 12.2*	**(45,656)**	(65,062)
		22,406	46,384

12.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from six months to one year KIBOR plus 1.5% to 4.5% per annum (2016: six months to one year KIBOR plus 2% to 4.5% per annum). Lease rentals are payable monthly over a tenor ranging from 3 to 4 years. Under the terms of agreement, taxes, repairs, replacements and insurance costs in respect of assets subject to finance lease are borne by the Company. The Company also has the option to acquire these assets 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.

12.2 The amount of future payments under the finance lease arrangements and the period in which these payments will become due are as follows:

	Note	2017	2016
		Rupees '000	Rupees '000
Not later than one year		49,686	72,210
Later than one year but not later than five years		23,703	48,969
Total future minimum lease payments		73,389	121,179
Finance charge allocated to future periods		(5,327)	(9,733)
Present value of future minimum lease payments		68,062	111,446
Not later than one year	17	(45,656)	(65,062)
Later than one year but not later than five years		22,406	46,384

13 DEFERRED TAXATION

	Note	2017	2016
Deferred tax liability on taxable temporary differences	13.1	3,379,016	2,982,786
Deferred tax asset on deductible temporary differences	13.1	(1,460,633)	(1,384,626)
		1,918,383	1,598,160

13.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2017			
	As at January 01 Rupees '000	Recognized in profit or loss Rupees '000	Recognized on balance sheet Rupees '000	As at December 31 Rupees '000
Deferred tax liabilities				
Operating fixed assets - owned	2,942,669	207,693	201,431	3,351,793
Operating fixed assets - leased	40,117	(12,894)	-	27,223
	2,982,786	194,799	201,431	3,379,016
Deferred tax assets				
Provisions	(148,524)	(69,144)	-	(217,668)
Unused tax losses and credits	(1,236,102)	-	-	(1,236,102)
Long term investments	-	(6,863)	-	(6,863)
	(1,384,626)	(76,007)	-	(1,460,633)
	1,598,160	118,792	201,431	1,918,383

	2016			
	As at January 01 Rupees '000	Recognized in profit or loss Rupees '000	Recognized on balance sheet Rupees '000	As at December 31 Rupees '000
Deferred tax liabilities				
Operating fixed assets - owned	2,932,828	71,259	(61,418)	2,942,669
Operating fixed assets - leased	29,276	10,841	-	40,117
	2,962,104	82,100	(61,418)	2,982,786
Deferred tax assets				
Provisions	(134,099)	(14,425)	-	(148,524)
Unused tax losses and credits	(1,023,094)	(213,008)	-	(1,236,102)
Long term investments	-	-	-	-
	(1,157,193)	(227,433)	-	(1,384,626)
	1,804,911	(145,333)	(61,418)	1,598,160

13.2 Deferred tax arising from the timing differences pertaining to income taxable under normal provisions and as a separate block of the Income Tax Ordinance, 2001 ('the Ordinance') has been calculated at 30% and 15 % respectively of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

	2017	2016
	Rupees '000	*Rupees '000*

14 DEFERRED INCOME

As at beginning of the year	**40,755**	42,900
Recognized in profit or loss	**(2,038)**	(2,145)
As at end of the year	**38,717**	40,755

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

The grant received in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 2.038 million (2016: Rs. 2.145 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

	Note	**2017**	2016
		Rupees '000	*Rupees '000*

15 TRADE AND OTHER PAYABLES

Trade creditors - *unsecured*		**399,217**	326,895
Foreign bills payable -*secured*	*15.1*	**99,102**	88,391
Accrued liabilities		**107,146**	123,773
Advances from customers -*unsecured*		**88,205**	50,748
Employees' provident fund		**13,423**	10,856
Compensated absences		**33,114**	26,940
Advance against contracts	*44*	**9,615**	5,246
Workers' Profit Participation Fund	*15.2*	**82,450**	99,939
Workers' Welfare Fund	*15.3*	**30,972**	37,977
Unclaimed dividend		**12,766**	6,717
Other payables - *unsecured*		**11,938**	19,043
		887,948	796,525

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

	Note	2017	2016
		Rupees '000	Rupees '000
15.2 Workers' Profit Participation Fund			
As at beginning of the year		**99,939**	102,223
Interest on funds utilized by the Company	38	**5,655**	5,170
Charged to profit or loss for the year	37	**81,504**	99,939
Paid during the year		**(104,648)**	(107,393)
As at end of the year		**82,450**	99,939

15.2.1 Interest on funds utilized by the Company has been recognized at 8.5% (2016: 10.11%) per annum.

	Note	2017	2016
		Rupees '000	Rupees '000
15.3 Workers' Welfare Fund			
As at beginning of the year		**37,977**	38,845
Charged to profit or loss for the year	37	**30,972**	37,977
Paid/adjusted during the year		**(37,977)**	(38,845)
As at end of the year		**30,972**	37,977
16 SHORT TERM BORROWINGS			
Secured			
Short term finances utilized under interest/markup arrangements from			
- Banking companies	16.1	**5,673,422**	4,714,249
- Non Banking Finance Companies ('NBFC's')	16.2	**350,000**	223,403
		6,023,422	4,937,652
Unsecured			
Short term finances utilized under interest/markup arrangements from Non Banking Finance Companies ('NBFC's')	16.3	**1,135,174**	-
Book overdraft	16.5	**68,772**	44,010
		7,227,368	4,981,662

16.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/markup at rates ranging from 7.16% to 9.16% (2016: 6.87% to 9.33%) per annum. These facilities are secured by pledge / hypothecation of raw material and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and personal guarantees of the sponsoring directors of the Company. These facilities are generally for a period of one year and renewed at the end of the period.

16.2 These facilities have been obtained from NBFCs for purchase of raw material and carry interest/markup at rates ranging from 7.11% of 7.89% (2016: 8.31%) per annum. These facilities are secured by charge over operating fixed assets of the Company and personal guarantees of the directors of the Company.

16.3 This represents finances obtained against issue of commercial paper to non-banking finance companies and carry interest/markup at nine months KIBOR plus 1.25% per annum (2016: nil). These are issued at discounted value and are redeemable at face value.

16.4 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 10,727 million (2016: Rs. 5,895 million).

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

	Note	2017	2016
		Rupees '000	*Rupees '000*

17 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2017 Rupees '000	2016 Rupees '000
Redeemable capital	*10*	**308,125**	800,294
Long term finances	*11*	**1,673,911**	923,094
Liabilities against assets subject to finance lease	*12*	**45,656**	65,062
		2,027,692	1,788,450

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

18.1.1 Various banking and insurance companies have issued guarantees, letters of credit and discounted receivables on behalf of the Company as detailed below:

	2017	2016
	Rupees '000	*Rupees '000*
Tender bonds	**482,288**	367,098
Performance bonds	**2,685,710**	2,356,679
Advance guarantees	**662,609**	857,272
Custom guarantees	**92,645**	77,645
Foreign guarantees	**77,084**	45,757

18.1.2 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.

18.1.3 The Finance Act 2015 introduced Tax on Undistributed Reserves vide newly inserted section 5A to the Ordinance whereby, tax at the rate of 10% of undistributed profits exceeding one hundred percent of paid-up capital, was imposed on public companies that derive profits in a tax year but do not distribute a certain amount of profit as cash dividend within six months of the end of the year.

No provision for income tax on undistributed reserves for the tax year 2016, has been made as the matter is subjudice before Lahore High Court and the management of the Company expects a favourable outcome.

18.1.4 The Finance Act 2015 introduced Super Tax for rehabilitation of temporarily displaced persons vide newly inserted section 4B to the Ordinance whereby, at the rate of 3% of the income equal to or excedding Rs. 500 million. No provision for Super Tax has been made for tax years 2015 to 2017 as the matter is subjudice before Lahore High Court and the management of the Company expects a favourable outcome.

18.1.5 On 12 July 2014, the Punjab Employees Social Security Institution (the 'Institution') issued a demand notice to Company demanding a payment of Rs. 31,106,274 as social security contributions for the period, January 2013 to December 2013. In 2015, PEL challenged the demand notice by filing a complaint under Section 57 of the Provincial Employees Social Security Ordinance, 1965 before the institution. The complaint is pending adjudication before the Adjudicating Officer of the Institution.

	2017	2016
	Rupees '000	*Rupees '000*
18.2 Commitments		
18.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	**1,926,602**	4,236,154

18.2.2 Commitments under ijarah contracts

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

	2017	2016
	Rupees '000	*Rupees '000*
- payments not later than one year	**44,389**	58,859
- payments later than one year	**11,333**	41,950
	55,722	100,809

19 PROPERTY, PLANT AND EQUIPMENT

	2017										
	COST / REVALUED AMOUNT					DEPRECIATION					Net book value as at December 31
	As at January 01	Additions	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Adjustment	As at December 31	
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	%	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Assets owned by the Company											
Leasehold land	13,256	-	-	-	13,256	-	-	-	-	-	13,256
Freehold land	539,232	-	-	-	539,232	-	-	-	-	-	539,232
Building on leasehold land	1,763,372	-	-	-	1,763,372	5	698,669	53,235	-	751,904	1,011,468
Building on freehold land	2,754,337	2,614	-	-	2,756,951	5	786,062	98,477	-	884,539	1,872,412
Plant and machinery	17,918,980	521,540	-	102,700	18,543,220	5	5,655,258	636,896	16,388	6,308,542	12,234,678
Office equipment and fixtures	194,674	23,644	(4,064)	-	214,254	10	112,491	9,137	(2,685)	118,943	95,311
Computer hardware and allied items	128,664	28,324	(15,756)	-	141,232	30	107,688	17,633	(15,349)	109,972	31,260
Vehicles	183,497	132,022	(62,276)	56,070	309,313	20	97,002	31,219	2,177	130,398	178,915
	23,496,012	708,144	(82,096)	158,770	24,280,830		7,457,170	846,597	531	8,304,298	15,976,532
Assets subject to finance lease											
Plant and machinery	203,488	-	-	(100,000)	103,488	5	17,860	9,281	(16,388)	10,753	92,735
Vehicles	131,102	27,802	-	(56,070)	102,834	20	46,496	13,998	(27,679)	32,815	70,019
	334,590	27,802	-	(156,070)	206,322		64,356	23,279	(44,067)	43,568	162,754
	23,830,602	735,946	(82,096)	2,700	24,487,152		7,521,526	869,876	(43,536)	8,347,866	16,139,286
Capital work in progress											
Building on freehold land	73,547	937,336	-	-	1,010,883		-	-	-	-	1,010,883
Plant and machinery	59,755	198,489	-	(2,700)	255,544		-	-	-	-	255,544
	133,302	1,135,825	-	(2,700)	1,266,427		-	-	-	-	1,266,427
	23,963,904	1,871,771	(82,096)	-	25,753,579		7,521,526	869,876	(43,536)	8,347,866	17,405,713

	2016										
	COST / REVALUED AMOUNT						DEPRECIATION				Net book value as at December 31
	As at January 01	Additions	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Adjustment	As at December 31	
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	%	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Assets owned by the Company											
Leasehold land	13,256	-	-	-	13,256	-	-	-	-	-	13,256
Freehold land	539,232	-	-	-	539,232	-	-	-	-	-	539,232
Building on leasehold land	1,754,247	3,400	-	5,725	1,763,372	5	642,923	55,746	-	698,669	1,064,703
Building on freehold land	2,750,800	-	-	3,537	2,754,337	5	682,639	103,423	-	786,062	1,968,275
Plant and machinery	16,360,186	1,502,422	-	56,372	17,918,980	5	5,045,368	609,890	-	5,655,258	12,263,722
Office equipment and fixtures	189,293	11,558	(6,177)	-	194,674	10	107,445	8,743	(3,697)	112,491	82,183
Computer hardware and allied items	116,135	12,651	(122)	-	128,664	30	95,216	12,524	(52)	107,688	20,976
Vehicles	146,050	64,892	(74,805)	47,360	183,497	20	91,186	11,877	(6,061)	97,002	86,495
	21,869,199	1,594,923	(81,104)	112,994	23,496,012		6,664,777	802,203	(9,810)	7,457,170	16,038,842
Assets subject to finance lease											
Plant and machinery	152,068	51,420	-	-	203,488	5	9,143	8,717	-	17,860	185,628
Vehicles	145,048	33,414	-	(47,360)	131,102	20	45,930	24,271	(23,705)	46,496	84,606
	297,116	84,834	-	(47,360)	334,590		55,073	32,988	(23,705)	64,356	270,234
	22,166,315	1,679,757	(81,104)	65,634	23,830,602		6,719,850	835,191	(33,515)	7,521,526	16,309,076
Capital work in progress											
Building on freehold land	54,795	28,014	-	(9,262)	73,547		-	-	-	-	73,547
Plant and machinery	8,352	107,775	-	(56,372)	59,755		-	-	-	-	59,755
	63,147	135,789	-	(65,634)	133,302		-	-	-	-	133,302
	22,229,462	1,815,546	(81,104)	-	23,963,904		6,719,850	835,191	(33,515)	7,521,526	16,442,378

19.1 Property, plant and equipment includes fully depreciated assets of Rs. 83.091 million (2016: Rs. 81.226 million) which are still in use of the Company.

19.2 Disposal of operating fixed assets

	2017						
Particulars	**Cost**	**Accumulated depreciation**	**Net book value**	**Disposal proceeds**	**Gain/(loss) on disposal**	**Mode of disposal**	**Particulars of buyer**
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Office equipment and fixtures							
Table and chairs	1,021	775	246	249	3	Negotiation	Various individuals
Air conditioners	1,746	1,233	513	43	(470)	Negotiation	Various individuals
Mobile sets	364	77	287	94	(193)	Negotiation	Various individuals
Mobile sets	63	4	59	76	17	Insurance Claim	Adamjee insurance
Miscellaneous office items	870	596	274	50	(224)	Negotiation	Various individuals
	4,064	2,685	1,379	512	(867)		
Computer hardware and allied items							
Computer and printers	13,048	13,048	-	342	342	Negotiation	Various individuals
Laptops	161	118	43	36	(7)	Negotiation	Various individuals
Mobile sets	1,854	1,491	363	429	66	Negotiation	Various individuals
Allied items	693	692	1	110	109	Negotiation	Various individuals
	15,756	15,349	407	917	510		
Vehicles							
Honda City	167	-	167	1,375	1,208	As Per Company Policy	Kashif Khan *(employee)*
Honda City	1,438	979	459	940	481	As Per Company Policy	Adnan Shahid *(employee)*
Honda City	1,603	847	756	201	(555)	As Per Company Policy	Arfan Hashmi *(employee)*
Honda Civic	2,167	1,436	731	719	(12)	As Per Company Policy	Nasir Paul *(employee)*
Toyota Corolla	1,775	-	1,775	1,775	-	As Per Company Policy	Javed Iqbal *(employee)*
Honda Civic	2,383	1,567	816	616	(200)	As Per Company Policy	Mehdi Hassan *(employee)*
Suzuki Cultus	106	-	106	925	819	As Per Company Policy	Kamran *(employee)*
Suzuki Cultus	1,029	528	501	315	(186)	As Per Company Policy	Muhammad Hanif *(employee)*
Suzuki Cultus	106	2	104	825	721	As Per Company Policy	Adil Ashfaque *(employee)*
Suzuki Cultus	85	14	71	439	368	As Per Company Policy	Arfan Hashmi *(employee)*
Suzuki Cultus	1,044	561	483	624	141	As Per Company Policy	Khalid Sheikh *(employee)*
Suzuki Cultus	1,049	516	533	322	(211)	As Per Company Policy	Umer Shahzad *(employee)*
Suzuki Cultus	985	621	364	508	144	As Per Company Policy	Muhammad Farooq *(employee)*
Suzuki Cultus	106	5	101	575	474	As Per Company Policy	Muhammad Ali *(employee)*
Suzuki Cultus	1,029	524	505	570	65	As Per Company Policy	Tanweer Malik *(employee)*
Suzuki Mehran	640	416	224	230	6	As Per Company Policy	Irfan Ahmad *(employee)*
Suzuki Mehran	673	345	328	241	(87)	As Per Company Policy	Mian Nazir *(employee)*
Suzuki Mehran	683	348	335	506	171	As Per Company Policy	Husnain Arif *(employee)*
Suzuki Mehran	693	361	332	504	172	As Per Company Policy	Khawaja Mudassar *(employee)*
Suzuki Mehran	657	405	252	167	(85)	As Per Company Policy	Attique *(employee)*
Suzuki Mehran	657	354	303	194	(109)	As Per Company Policy	Mahmood *(employee)*
Suzuki Mehran	657	405	252	358	106	As Per Company Policy	Amir Shahzad *(employee)*
Suzuki Mehran	612	386	226	319	93	As Per Company Policy	Afzal *(employee)*
Suzuki Mehran	612	374	238	340	102	As Per Company Policy	Abdul Raheem *(employee)*
Suzuki Mehran	69	2	67	504	437	As Per Company Policy	Yamin Afridi *(employee)*
Suzuki Swift	1,486	732	754	909	155	As Per Company Policy	Muhammad Shahid *(employee)*
Suzuki Swift	1,282	658	624	562	(62)	As Per Company Policy	Muhammad Nauman *(employee)*
Suzuki Swift	1,282	669	613	532	(81)	As Per Company Policy	Shahb Ali *(employee)*
Suzuki Swift	1,221	634	587	494	(93)	As Per Company Policy	Muhammad Shahzad *(employee)*
Suzuki Swift	1,297	192	1,105	1,107	2	As Per Company Policy	Muhammad Farooq *(employee)*
Suzuki Swift	133	-	133	300	167	As Per Company Policy	Nazir *(employee)*
Suzuki WagonR	92	3	89	443	354	As Per Company Policy	Nadeem un Din *(employee)*
Toyota Corolla	1,824	730	1,094	208	(886)	As Per Company Policy	Tauqir Akhtar *(employee)*
Toyota Corolla	1,591	1,084	507	313	(194)	As Per Company Policy	Tariq Siraj *(employee)*
Toyota Corolla	1,625	1,047	578	365	(213)	As Per Company Policy	Muhammad Rafiq Ahmad *(employee)*
Toyota Corolla	1,694	926	768	471	(297)	As Per Company Policy	Jalil ur Rehman *(employee)*
Toyota Corolla	1,555	874	681	231	(450)	As Per Company Policy	Ashar Abbas *(employee)*
Toyota Corolla	1,690	1,098	592	1,070	478	As Per Company Policy	Umar Saleemi *(employee)*
Toyota Corolla	1,690	1,120	570	453	(117)	As Per Company Policy	Tassawar Hanif *(employee)*
Toyota Corolla	1,690	1,153	537	441	(96)	As Per Company Policy	Syed Muhammad Amer *(employee)*
Toyota Corolla	1,555	1,040	515	761	246	As Per Company Policy	Masood Ahmed *(employee)*
Honda City	1,538	101	1,437	1,799	362	Sale & Lease Back	First Habib Modaraba
Suzuki Cultus	961	-	961	1,124	163	Sale & Lease Back	First Habib Modaraba
Suzuki Mehran	605	-	605	708	103	Sale & Lease Back	First Habib Modaraba
Suzuki Mehran	605	-	605	708	103	Sale & Lease Back	First Habib Modaraba
Suzuki WagonR	901	45	856	1,054	198	Sale & Lease Back	First Habib Modaraba
Various Motor Cycles	421	155	266	436	170	As Per Company Policy	Various individuals
	47,763	23,257	24,506	28,581	4,075		
	67,583	41,291	26,292	30,010	3,718		

	2016						
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Office equipment and fixtures							
Microwave ovens, washing machines	250	161	89	-	(89)	As Per Company Policy	Various employees
Refrigerators	1,277	830	447	-	(447)	As Per Company Policy	Various employees
Air conditioners	1,295	828	467	-	(467)	As Per Company Policy	Various employees
Mobile sets	2,218	1,259	959	-	(959)	As Per Company Policy	Various employees
Mobiles sets - Scrap	1,137	619	518	183	(335)	Negotiation	Scrap Sale
	6,177	3,697	2,480	183	(2,297)		
Computer hardware and allied items							
Mobile sets	122	52	70	-	(70)	Negotiation	Iftikhar Ahmad
Vehicles							
Honda City	83	-	83	227	144	As Per Company Policy	Yousaf Mirza *(employee)*
Honda City	84	-	84	207	123	As Per Company Policy	Tauqeer *(employee)*
Honda City	142	-	142	286	144	As Per Company Policy	Irfan Baber *(employee)*
Honda City	167	3	164	203	39	As Per Company Policy	Tahir Shafique *(employee)*
Honda Civic	171	-	171	343	172	As Per Company Policy	Shams Baddurdin *(employee)*
Honda Civic	2,569	997	1,572	1,440	(132)	As Per Company Policy	Haroon Siddique *(employee)*
Honda Civic	142	100	42	586	544	As Per Company Policy	Sadiq Munir *(employee)*
Honda Civic	2,167	1,184	983	296	(687)	As Per Company Policy	Haroon A Khan *(employee)*
Honda Civic	2,203	1,186	1,017	1,209	192	As Per Company Policy	Sadiq Munir *(employee)*
Honda Civic	2,383	1,214	1,169	533	(636)	As Per Company Policy	Faisal Jawad *(employee)*
Honda Civic	2,383	1,283	1,100	549	(551)	As Per Company Policy	Abdul Waheed *(employee)*
Suzuki Alto	826	484	342	390	48	As Per Company Policy	Muhammad Kamal *(employee)*
Suzuki Cultus	970	569	401	508	107	As Per Company Policy	Ghulam Mohay Ud Din *(employee)*
Suzuki Cultus	1,010	525	485	304	(181)	As Per Company Policy	Bilal Mehmood *(employee)*
Suzuki Cultus	990	533	457	550	93	As Per Company Policy	Sohail Fazil *(employee)*
Suzuki Cultus	990	533	457	543	86	As Per Company Policy	Khalid Farooq *(employee)*
Suzuki Cultus	990	533	457	550	93	As Per Company Policy	Tariq Mehmood *(employee)*
Suzuki Cultus	88	-	88	684	596	As Per Company Policy	Rasheed Abid *(employee)*
Suzuki Mehran	657	335	322	208	(114)	As Per Company Policy	Asif Illyas *(employee)*
Suzuki Mehran	640	375	265	378	113	As Per Company Policy	Asif *(employee)*
Suzuki Mehran	645	378	267	397	130	As Per Company Policy	Shees Butt *(employee)*
Suzuki Mehran	53	-	53	142	89	As Per Company Policy	Naseem Ullah *(employee)*
Suzuki Mehran	612	364	248	150	(98)	As Per Company Policy	Gulam Asghar *(employee)*
Suzuki Mehran	612	334	278	224	(54)	As Per Company Policy	Shakeel Ahmad *(employee)*
Suzuki Mehran	612	364	248	150	(98)	As Per Company Policy	Muhammad Idrees *(employee)*
Suzuki Mehran	612	369	243	319	76	As Per Company Policy	Tariq Afzal *(employee)*
Suzuki Mehran	612	359	253	150	(103)	As Per Company Policy	Azam Kazmi *(employee)*
Suzuki Mehran	612	339	273	366	93	As Per Company Policy	Haroon Nawaz *(employee)*
Suzuki Mehran	629	365	264	201	(63)	As Per Company Policy	Attique *(employee)*
Suzuki Mehran	40	-	40	106	66	As Per Company Policy	Masood Ahmed *(employee)*
Suzuki Mehran	40	-	40	106	66	As Per Company Policy	Imtiaz *(employee)*
Suzuki Mehran	54	-	54	335	281	As Per Company Policy	Tanveer Ul Haq *(employee)*
Suzuki Swift	1,096	633	463	671	208	As Per Company Policy	Muhammad Shoaib *(employee)*
Suzuki Swift	133	-	133	1,160	1,027	As Per Company Policy	Ahsan Raza *(employee)*
Toyota Corolla	1,480	976	504	367	(137)	As Per Company Policy	Aqeel Qasim *(employee)*
Toyota Corolla	1,495	931	564	383	(181)	As Per Company Policy	Nadeem Asghar *(employee)*
Toyota Corolla	1,515	921	594	929	335	As Per Company Policy	Ali Kamran *(employee)*
Toyota Corolla	2,321	647	1,674	238	(1,436)	As Per Company Policy	Adnan Aftab *(employee)*
Toyota Corolla	1,690	846	844	589	(255)	As Per Company Policy	Atif Kazmi *(employee)*
Toyota Corolla	1,565	840	725	470	(255)	As Per Company Policy	Faryal Ahmed *(employee)*
Toyota Corolla	1,561	202	1,359	1,338	(21)	As Per Company Policy	Noman Masood *(employee)*
Toyota Corolla	1,555	734	821	154	(667)	As Per Company Policy	Qasim Ali *(employee)*
Toyota Corolla	1,690	936	754	233	(521)	As Per Company Policy	Ejaz *(employee)*
Toyota Parado	9,990	5,257	4,733	953	(3,780)	As Per Company Policy	Haroon A Khan *(employee)*
Honda City	854	711	143	700	557	Negotiation	Muhammad Shahzad *(employee)*
Suzuki Bolan	458	369	89	300	211	Negotiation	Muhammad Shahzad *(employee)*
Suzuki Cultus	613	517	96	450	354	Negotiation	Muhammad Shahzad *(employee)*
Suzuki Cultus	690	493	197	400	203	Negotiation	Muhammad Shahzad *(employee)*
Suzuki Mehran	530	423	107	400	293	Negotiation	Muhammad Shahzad *(employee)*
Honda Civic	2,448	41	2,407	2,448	41	Negotiation	First Habib Modaraba
Isuzu Mini Truck	1,624	81	1,543	1,490	(53)	Negotiation	First Habib Modaraba
Isuzu Mini Truck	2,427	121	2,306	2,100	(206)	Negotiation	First Habib Modaraba
Isuzu Mini Truck	2,354	118	2,236	2,000	(236)	Negotiation	First Habib Modaraba
Isuzu Truck	2,222	111	2,111	1,950	(161)	Negotiation	First Habib Modaraba
Isuzu Truck	2,222	110	2,112	1,950	(162)	Negotiation	First Habib Modaraba
Isuzu Truck	2,298	115	2,183	2,000	(183)	Negotiation	First Habib Modaraba
Various Motor Cycles	1,187	703	484	1,159	675	As Per Company Policy	Various employees
Honda CD70	64	7	57	61	4	Insurance Claim	Adamjee Insurance Company
	70,870	29,569	41,301	37,533	(3,768)		
	77,169	33,318	43,851	37,716	(6,135)		

	Note	2017	2016
		Rupees '000	*Rupees '000*
19.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	*33*	**805,694**	780,745
Administrative and general expenses	*36*	**64,182**	54,446
		869,876	835,191

19.4 Revaluation of property, plant and equipment

Most recent valuation of freehold land, buildings on freehold and lease hold land and plant and machinery was carried out by an independent valuer, Maricon Consultants (Private) Limited, on July 01, 2013 and was incorporated in the financial statements for the year ended December 31, 2013. For basis of valuation and other fair value measurement disclosures refer to note 47.

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

	2017		
	Cost	**Accumulated depreciation**	**Net book value**
	Rupees '000	***Rupees '000***	***Rupees '000***
Freehold land	**189,184**	**-**	**189,184**
Buildings	**3,302,326**	**1,216,750**	**2,085,576**
Plant and machinery	**10,569,034**	**3,043,288**	**7,525,746**

	2016		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	*Rupees '000*	*Rupees '000*
Freehold land	189,184	-	189,184
Buildings	3,299,712	1,107,053	2,192,659
Plant and machinery	9,944,794	2,622,106	7,322,688

20 INTANGIBLE ASSETS

	Note	**2017**						
		Cost			**Accumulated Amortization**			**Net book value as at December 31**
		As at January 01	**Additions**	**As at December 31**	**As at January 01**	**For the period**	**As at December 31**	
		Rupees '000'	***Rupees '000'***	***Rupees '000'***	***Rupees '000'***	***Rupees '000'***	***Rupees '000'***	***Rupees '000'***
Technology transfer agreement	*20.1*	**117,054**	**-**	**117,054**	**34,875**	**4,109**	**38,984**	**78,070**
Goodwill	*20.2*	**312,341**	**-**	**312,341**	**91,859**	**-**	**91,859**	**220,482**
Software	*20.3*	**5,057**	**3,919**	**8,976**	**4,701**	**152**	**4,853**	**4,123**
Enterprise Resource Planning system	*20.4*	**31,675**	**-**	**31,675**	**11,036**	**7,789**	**18,825**	**12,850**
		466,127	**3,919**	**470,046**	**142,471**	**12,050**	**154,521**	**315,525**

		2016						
		Cost			Accumulated Amortization			Net book value as at December 31
		As at January 01	Additions	As at December 31	As at January 01	For the period	As at December 31	
		Rupees '000'	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*
Technology transfer agreement	*20.1*	117,054	-	117,054	30,550	4,325	34,875	82,179
Goodwill	*20.2*	312,341	-	312,341	91,859	-	91,859	220,482
Software	*20.3*	5,057	-	5,057	4,526	175	4,701	356
Enterprise Resource Planning system	*20.4*	31,675	-	31,675	871	10,165	11,036	20,639
		466,127	-	466,127	127,806	14,665	142,471	323,656

20.1 The Company has obtained technology of single phase meters, three phase digital meters and also of power transformers from different foreign companies. These are amortized on the same rate as of the depreciation of the relevant plant.

20.2 Goodwill represents the difference between the cost of the acquisition (fair value of consideration paid) and the fair value of the net identifiable assets acquired at the time of acquisition of PEL Appliances Limited and PEL Daewoo Electronics Limited by the Company. In view of cancelation of LG license, goodwill related to PEL Daewoo Electronics Limited was fully impaired by providing impairment loss of Rs. 140.569 million in December 31, 2011. The carrying value represents goodwill related to PEL Appliances Limited for which there is no indication of impairment.

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

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

21 LONG TERM INVESTMENTS

These represent investments in ordinary shares of related parties and are carried at cost less accumulated impairment. The details are as follows:

	Note	2017	2016
		Rupees '000	*Rupees '000*
PEL Marketing (Private) Limited -*Unquoted*			
10,000 (2016: 10,000) ordinary shares of Rs. 10 each Relationship:*wholly-owned subsidiary* Ownership Interest: *100%*		**100**	100
Kohinoor Power Company Limited - *Quoted*			
2,910,600 (2016: 2,910,600) ordinary shares of Rs. 10 each Relationship:*associate* Ownership Interest: *23.1%* Market value: *Rs. 3.04 (2016: Rs. 9.05) per share*	*21.1*	**8,848**	26,341
		8,948	26,441

21.1 Details of investment are as follows:

Cost of investment		**54,701**	54,701
Accumulated impairment		**(45,853)**	(28,360)
		8,848	26,341

22 LONG TERM DEPOSITS

Financial institutions	*22.1*	**31,131**	32,333
Utility companies and regulatory authorities	*22.2*	**42,351**	37,736
Customers	*22.3*	**298,454**	196,284
		371,936	266,353

22.1 These represent security deposits against Ijarah financing.

22.2 These have been deposited with various utility companies and regulatory authorities. These are classified as 'loans and receivables' under IAS 39 'Financial Instruments - Recognition and Measurement' which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost as their amortized cost is impracticable to determine.

22.3 These have been deposited with various customers against EPC and other contracts and are refundable on completion of projects in accordance with term of contracts. Due to uncertainties regarding dates of refund of these deposits, these have been carried at cost.

	Note	2017	2016
		Rupees '000	Rupees '000
23 STORES, SPARES AND LOOSE TOOLS			
Stores		136,561	141,111
Spares		505,812	596,467
Loose tools		122,859	94,161
		765,232	831,739
Provision for slow moving and obsolete items	23.1	(18,824)	(18,824)
		746,408	812,915
23.1 Movement in provision for slow moving and obsolete items			
As at beginning of the year		18,824	16,706
Recognized during the year		-	2,118
As at end of the year		18,824	18,824

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

	Note	2017	2016
		Rupees '000	Rupees '000
24 STOCK IN TRADE			
Raw material			
- in stores		4,639,215	3,115,685
- in transit		582,589	1,834,191
Provision for slow moving and obsolete items	24.1	(34,515)	(25,647)
		5,187,289	4,924,229
Work in process		848,453	1,033,340
Finished goods		360,059	1,742,903
Provision for slow moving and obsolete items	24.2	(7,022)	(7,022)
		353,037	1,735,881
		6,388,779	7,693,450
24.1 Movement in provision for slow moving and obsolete items - raw material			
As at beginning of the year		25,647	22,447
Recognized during the year		8,868	3,200
As at end of the year		34,515	25,647
24.2 Movement in provision for slow moving and obsolete items - finished goods			
As at beginning of the year		7,022	6,007
Recognized during the year		-	1,015
As at end of the year		7,022	7,022

24.3 Entire stock in trade is carried at cost being lower than net realizable value.

24.4 Stock in trade valued at Rs. 1,308 million (2016: Rs. 1,432 million) is pledged as security with providers of debt finances.

	Note	2017	2016
		Rupees '000	Rupees '000
25 TRADE DEBTS - UNSECURED			
Considered good			
- against sale of goods		3,598,216	2,489,263
- against execution of contracts	25.1	1,886,483	1,353,111
		5,484,699	3,842,374
Considered doubtful	25.2	576,971	444,589
		6,061,670	4,286,963
Impairment allowance for doubtful debts	36	(576,971)	(444,589)
		5,484,699	3,842,374

25.1 These include retention money for contracts in progress amounting to Rs. 855.5 million (2016: Rs. 540.758 million) held by the customers in accordance with contract terms.

	2017	2016
	Rupees '000	Rupees '000
25.2 Movement in impairment allowance		
As at beginning of the year	444,589	343,603
Recognized during the year	132,382	100,986
As at end of the year	576,971	444,589

26 DUE AGAINST CONSTRUCTION WORK IN PROGRESS - UNSECURED, CONSIDERED GOOD

This represents unbilled revenue from construction work in progress.

	Note	2017	2016
		Rupees '000	Rupees '000
27 SHORT TERM ADVANCES - UNSECURED			
Advances to suppliers and contractors- *unsecured*			
- considered good		617,091	678,201
- considered doubtful		32,730	32,730
Impairment allowance for doubtful advances	27.1	(32,730)	(32,730)
		617,091	678,201
Advances to employees- *unsecured*			
- considered good	27.2	209,125	276,680
- considered doubtful		1,449	1,449
Impairment allowance for doubtful advances		(1,449)	(1,449)
		209,125	276,680
		826,216	954,881
27.1 Movement in impairment allowance			
As at beginning of the year		32,730	25,108
Recognized during the year		-	7,622
As at end of the year		32,730	32,730

		2017	2016
		Rupees '000	*Rupees '000*
27.2	These include advances for		
	- purchases	**136,903**	173,163
	- expenses	**46,886**	78,529
	- traveling	**25,336**	24,988
		209,125	276,680

28 SHORT TERM DEPOSITS AND PREPAYMENTS

	2017	2016
Security deposits		
- considered good	**383,133**	411,116
- considered doubtful	**5,379**	5,379
Impairment allowance for doubtful deposits	**(5,379)**	(5,379)
	383,133	411,116
Margin deposits	**488,316**	612,986
Prepayments	**46,211**	38,454
Letters of credit	**191,572**	196,318
	1,109,232	1,258,874

29 SHORT TERM INVESTMENTS

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

	Note	2017	2016
		Rupees '000	*Rupees '000*
Standard Chartered Bank (Pakistan) Limited			
915,070 (2016: 915,070) ordinary shares of Rs. 10 each			
Market value:*Rs. 23.85 (2016: Rs. 25.25) per share*			
As at beginning of the year		**23,106**	20,040
Changes in fair value	*34 & 37*	**(1,282)**	3,066
As at end of the year		**21,824**	23,106

30 ADVANCE INCOME TAX

	Note	2017	2016
Advance income tax/income tax refundable		**2,263,669**	1,467,982
Provision for taxation	*39*	**-**	(48,185)
		2,263,669	1,419,797

31 CASH AND BANK BALANCES

	2017	2016
Cash in hand	**12,012**	5,451
Cash at banks	**389,812**	450,299
	401,824	455,750

	Note	2017	2016
		Rupees '000	Rupees '000

32 REVENUE

	Note	2017 Rupees '000	2016 Rupees '000
Contract revenue	44	2,841,124	901,766
Sale of goods			
- local		26,095,060	18,862,627
- exports		1,292,919	4,237,970
		30,229,103	24,002,363
Sales tax and excise duty		(4,062,791)	(3,493,794)
Trade discounts		-	(2,306)
		(4,062,791)	(3,496,100)
		26,166,312	20,506,263

33 COST OF SALES

	Note	2017 Rupees '000	2016 Rupees '000
Finished goods at the beginning of the year		1,742,903	429,020
Cost of goods manufactured	33.1	18,398,577	17,312,232
Finished goods at the end of the year		(360,059)	(1,742,903)
Cost of goods sold		19,781,421	15,998,349
Contract cost	44	2,410,694	767,132
		22,192,115	16,765,481

33.1 Cost of goods manufactured

	Note	2017 Rupees '000	2016 Rupees '000
Work-in-process at beginning of the year		1,033,340	1,143,657
Raw material and components consumed		15,491,808	14,728,919
Direct wages		712,515	632,225
Factory overheads:			
- salaries, wages and benefits		482,115	420,116
- traveling and conveyance		25,623	21,524
- electricity, gas and water		361,245	325,247
- repairs and maintenance		61,254	51,351
- vehicles running and maintenance		30,028	24,924
- insurance		29,225	26,350
- depreciation	19.3	805,694	780,745
- amortization of intangible assets	20	12,050	14,665
- provision for obsolete and slow moving stock	24 & 25	8,868	6,333
- carriage and freight		27,540	24,472
- erection and testing		153,582	135,901
- other factory overheads		12,143	9,143
		2,009,367	1,840,771
		19,247,030	18,345,572
Work-in-process at end of the year		(848,453)	(1,033,340)
		18,398,577	17,312,232

33.2 These include charge in respect of employees retirement benefits amounting to Rs. 32.37 million (2016: Rs. 32.01 million).

	Note	2017	2016
		Rupees '000	*Rupees '000*
34 OTHER INCOME			
Gain on financial instruments			
Reversal of impairment on long term investments	*29*	**-**	17,435
Changes in fair value of short term investments	*29*	**-**	3,066
Gain on disposal of property, plant and equipment		**3,718**	-
Gain on sale and lease back activities		**2,832**	696
		6,550	21,197
Other income			
Amortization of grant-in-aid	*14*	**2,038**	2,145
Others		**9,205**	14,278
		11,243	16,423
		17,793	37,620
35 DISTRIBUTION COST			
Salaries and benefits	*35.1*	**137,132**	113,258
Traveling and conveyance		**61,035**	41,964
Rent, rates and taxes		**9,710**	5,613
Electricity, gas, fuel and water		**3,236**	2,754
Repairs and maintenance		**1,510**	1,310
Vehicles running and maintenance		**18,792**	13,875
Printing and stationery		**3,256**	2,759
Postage, telegrams and telephones		**4,158**	3,386
Entertainment and staff welfare		**10,731**	8,367
Advertisement and sales promotion		**258,034**	3,251
Insurance		**7,003**	5,812
Freight and forwarding		**132,209**	106,033
Contract and tendering		**6,610**	5,298
Warranty period services		**106,228**	74,528
Others		**46,278**	13,089
		805,922	401,297

35.1 These include charge in respect of employees retirement benefits amounting to Rs. 5.659 million (2016: Rs. 10.17 million).

		Note	2017	2016
			Rupees '000	Rupees '000
36	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and benefits	36.1	176,258	150,410
	Traveling and conveyance		12,318	8,806
	Rent, rates and taxes		27,243	12,086
	Ujrah payments		31,591	27,507
	Legal and professional		60,952	31,484
	Electricity, gas and water		23,587	18,851
	Auditor's remuneration	36.2	4,557	4,057
	Repairs and maintenance		9,275	8,015
	Vehicles running and maintenance		13,218	11,212
	Printing, stationery and periodicals		2,803	2,518
	Postage, telegrams and telephones		6,615	6,002
	Entertainment and staff welfare		8,692	7,848
	Advertisement		12,152	10,842
	Insurance		6,786	4,786
	Provision for doubtful debts, advances and security deposits		132,382	108,608
	Depreciation	19.3	64,182	54,446
	Others		21,831	19,388
			614,442	486,866

36.1 These include charge in respect of employees retirement benefits amounting to Rs. 14.032 million (2016: Rs. 18.17 million).

		Note	2017	2016
			Rupees '000	Rupees '000
36.2	**Auditor's remuneration**			
	Annual statutory audit		3,300	2,800
	Half yearly review		600	600
	Review report under Code of Corporate Governance		430	430
	Out of pocket expenses		227	227
			4,557	4,057
37	**OTHER EXPENSES**			
	Loss on financial instruments			
	Loss due to changes in fair value of short term investments	29	1,282	-
	Loss on disposal of short term investments		-	708
	Impairment of long term investments		17,493	-
			18,775	708
	Others			
	Workers' Profit Participation Fund	15.2	81,504	99,939
	Workers' Welfare Fund	15.3	30,972	37,977
	Loss on disposal of property, plant and equipment		-	6,135
	Others		7,372	2,854
			119,848	146,905
			138,623	147,613

	Note	2017	2016
		Rupees '000	Rupees '000

38 FINANCE COST

	Note	2017	2016
Interest / markup on borrowings:			
redeemable capital		288,312	308,521
long term finances		296,851	127,825
liabilities against assets subject to finance lease		10,922	16,873
short term borrowings		20,206	102,771
		616,291	555,990
Interest on Workers' Profit Participation Fund	15.2	5,655	5,170
Bank charges and commission		299,102	325,776
		921,048	886,936

39 TAXATION

	Note	2017	2016
Provision for taxation			
for current year	30 & 39.1	-	48,185
for prior years		-	1,945
		-	50,130
Deferred taxation			
adjustment attributable to origination and reversal of temporary differences		118,792	(131,970)
adjustment attributable to changes in tax rates	13.1	-	(13,363)
		118,792	(145,333)
		118,792	(95,203)

39.1 The Company is taxable under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary as a single unit. The provision for the year has been allocated to the Company on proportionate basis. No provision for taxation is charged due to available tax credits. There is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

39.2 Assessments upto tax year 2017 have been finalized under the relevant provisions of the Ordinance.

40 EARNINGS PER SHARE - BASIC AND DILUTED

	Unit	2017	2016
Earnings			
Profit after taxation	Rupees '000	1,393,163	1,950,893
Preference dividend for the year	Rupees '000	(42,710)	(42,710)
Profit attributable to ordinary shareholders	Rupees '000	1,350,453	1,908,183
Shares			
Weighted average number of ordinary shares outstanding during the year	No. of shares	497,681,485	483,074,232
Earnings per share			
Basic and diluted	Rupees	2.71	3.95

40.1 As per the opinion of the Company's legal counsel, the provision for dividend at 9.5% per annum, under the original terms of issue of preference shares, will prevail on account of preference dividend.

40.2 There is no diluting effect on the basic earnings per share of the Company as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable.

40.3 The effect of issue of ordinary and preference shares on conversion of redeemable capital, as referred to in note 10, has not been considered for the purpose of calculation of earnings per share as the said issue is subject to various legal and regulatory approvals which are pending as at the reporting date.

		Note	2017 Rupees '000	2016 Rupees '000
41	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**1,511,955**	1,855,690
	Adjustments for non-cash and other items			
	Interest/markup on borrowings		**616,291**	555,990
	(Gain)/loss on disposal of property, plant and equipment		**(3,718)**	6,135
	Amortization of grant-in-aid		**(2,038)**	(2,145)
	Amortization of intangible assets		**12,050**	14,665
	Gain on sale and lease back activities		**(2,832)**	(696)
	Reversal of impairment on long term investments		**-**	(17,435)
	Impairment of long term investments		**17,493**	-
	Changes in fair value of financial assets at fair value through profit or loss		**1,282**	(3,066)
	Impairment allowance for doubtful debts, advances and security deposits		**132,382**	108,608
	Provision for obsolete and slow moving stock		**8,868**	6,333
	Loss on disposal of short term investments		**-**	708
	Depreciation		**869,876**	835,191
			1,649,654	1,504,288
			3,161,609	3,359,978
	Changes in working capital			
	Stores, spares and loose tools		**66,507**	(19,536)
	Stock in trade		**1,295,803**	(2,213,967)
	Trade debts		**(1,774,707)**	1,639,966
	Due against construction work in progress		**(265,189)**	(104,349)
	Advances		**128,665**	(48,622)
	Trade deposits and short term prepayments		**149,642**	72,355
	Other receivables		**169,154**	(90,126)
	Trade and other payables		**85,374**	63,712
			(144,751)	(700,567)
	Cash generated from operations		**3,016,858**	2,659,411
42	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	*31*	**401,824**	455,750
			401,824	455,750

43 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Transactions with key management personnel are limited to payment of short term and post employment benefits, advances against issue of ordinary shares and dividend payments. Transactions with post employment benefits plan are limited to employers' contribution made. The Company in the normal course of business carries out various transactions with its subsidiary and associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

			Note	2017 Rupees '000	2016 Rupees '000
43.1	**Transactions with related parties**				
	Nature of relationship	**Nature of transactions**			
	Provident Fund Trust	Contribution for the year		**62,720**	60,350
	Subsidiary	Sale of goods		**14,008,319**	8,118,949
		Allocation of common expenses		**1,300,446**	1,241,086
	Associated companies	Purchase of services		**136,462**	240,740
	Key management personnel	Short term employee benefits	*49*	**46,941**	46,900
		Post employment benefits	*49*	**1,600**	2,707
	Directors and sponsors	Dividend paid		**813,143**	312,891
43.2	**Balances with related parties**				
	Nature of relationship	**Nature of balances**			
	Provident Fund Trust	Contribution payable		**13,423**	10,856
	Key management personnel	Short term employee benefits payable		**2,897**	3,452

44 LONG TERM CONSTRUCTION CONTRACTS

	Note	2017 Rupees '000	2016 Rupees '000
Contract revenue for the year	*32*	**2,841,124**	901,766
Cost incurred to date		**4,969,171**	6,703,152
Contract costs for the year	*33*	**2,410,694**	767,132
Gross profit realized to date		**2,095,361**	1,711,073
Advances against contracts	*15*	**9,615**	5,246
Retention money receivable	*25.1*	**855,500**	540,758
Gross amount due from customers		**3,279,668**	1,940,349
Gross amount due to customers		**151,688**	12,937
Estimated future costs to complete projects in progress		**2,340,622**	337,009

45 FINANCIAL INSTRUMENTS

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

		2017	2016
		Rupees '000	*Rupees '000*
45.1	**Financial assets**		
	Cash in hand	**12,012**	5,451
	Loans and receivables		
	Long term deposits	**340,805**	234,020
	Trade debts	**5,484,699**	3,842,374
	Due against construction work in progress	**1,393,185**	1,127,996
	Short term deposits	**866,070**	1,018,723
	Bank balances	**389,812**	450,299
		8,474,571	6,673,412
	Financial assets at fair value through profit or loss		
	Short term investments	**21,824**	23,106
		8,508,407	6,701,969
45.2	**Financial liabilities**		
	Financial liabilities at amortized cost		
	Redeemable capital	**376,875**	3,951,888
	Long term finances	**5,632,678**	2,329,186
	Liabilities against assets subject to finance lease	**68,062**	111,446
	Trade creditors - *unsecured*	**399,217**	326,895
	Foreign bills payable -*secured*	**99,102**	88,391
	Accrued liabilities	**107,146**	123,773
	Employees' provident fund	**13,423**	10,856
	Compensated absences	**33,114**	26,940
	Unclaimed dividend	**12,766**	6,717
	Other payables - *unsecured*	**11,938**	19,043
	Accrued interest/markup	**165,579**	159,422
	Short term borrowings	**7,227,368**	4,981,662
		14,147,268	12,136,219

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board is responsible for developing and monitoring the Company’s risk management policies. The Company's Audit Committee oversees how management monitors compliance with the Company’s risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

The 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:

46.1 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.

46.1.1 Maximum exposure to credit risk

The gross carrying amount of financial assets, other than cash in hand, represents maximum exposure to credit risk. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	2017	2016
		Rupees '000	Rupees '000
Loans and receivables			
Long term deposits	22	340,805	234,020
Trade debts	25	6,061,670	4,286,963
Due against construction work in progress	26	1,393,185	1,127,996
Short term deposits	28	876,828	1,029,481
Cash at banks	31	389,812	450,299
		9,062,300	7,128,759
Financial assets at fair value through profit or loss			
Short term investments	29	21,824	23,106
		9,084,124	7,151,865

46.1.2 Concentration of credit risk

There is no concentration of credit risk geographically. Maximum exposure to credit risk by type of counterparty is as follows:

	2017	2016
	Rupees '000	Rupees '000
Customers	7,753,309	5,611,243
Banking companies and financial institutions	1,288,464	1,502,886
Others	42,351	37,736
	9,084,124	7,151,865

46.1.3 Credit quality and impairment

The manner in which the company assesses the credit quality of its financial assets depends on the type of counter-party. The Company conducts different types of transactions with the following counter-parties.

(a) Customers

Customers are counter parties to trade debts, long term security deposits for contracts in progress, due against contract work in progress and retention money for contracts in progress.

These, with the exception of trade debts, do not carry any significant credit risk. The ageing analysis of trade debts as at the reporting date is as follows:

	2017		2016	
	Gross carrying amount ***Rupees '000***	**Accumulated Impairment** ***Rupees '000***	Gross carrying amount *Rupees '000*	Accumulated Impairment *Rupees '000*
Not yet due and past due by 1 year	**5,014,835**	**-**	3,417,304	-
1 to 2 years	**431,246**	**-**	351,355	-
2 to 3 years	**317,328**	**278,710**	296,150	222,435
More than 3 years	**298,261**	**298,261**	222,154	222,154
	6,061,670	**576,971**	4,286,963	444,589

The Company's two (2016: nil) significant customers accounts for Rs. 647.89 million (2016: nil) of trade debts as at the reporting date, apart from this, exposure to any single customer does not exceed 5% (2016: 5%) of trade debts. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

	2017	2016
	Rupees '000	*Rupees '000*
General customers	**4,877,512**	1,861,660
Corporate customers	**1,184,158**	2,425,303
	6,061,670	4,286,963

In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further provision required in excess of the allowance for doubtful debts.

(b) Banking companies and financial institutions

Banking companies and financial institutions are counter-parties to security/margin deposits, investments in debt and equity shares and bank balances. The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have reasonably high credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

(c) Other

These include employees of the Company who are counter-parties to advances and utility companies and regulatory authorities who are counter-parties to long term security deposits. These do not carry any significant credit risk.

46.1.4 Collateral held

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

46.1.5 Credit risk management

As mentioned in note 46.1.3 to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The majority of sales to the Company’s customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company’s established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

46.2 Liquidity risk

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

46.2.1 Exposure to liquidity risk

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

	2017				
	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'*
Redeemable capital	**376,875**	**398,082**	**70,106**	**327,976**	**-**
Long term finances	**5,632,678**	**6,433,662**	**4,391,407**	**2,042,255**	**-**
Liabilities against assets subject to finance lease	**68,062**	**73,389**	**49,686**	**23,703**	**-**
Trade and other payables	**399,217**	**399,217**	**399,217**	**-**	**-**
Accrued interest/markup	**165,579**	**165,579**	**165,579**	**-**	**-**
Short term borrowings	**7,227,368**	**7,303,482**	**7,303,482**	**-**	**-**
	13,869,779	**14,773,411**	**12,379,477**	**2,393,934**	**-**

	2016				
	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'*
Redeemable capital	3,951,888	4,799,314	1,095,068	3,704,246	-
Long term finances	2,329,186	2,674,133	1,096,264	1,577,869	-
Liabilities against assets subject to finance lease	111,446	121,179	72,210	48,969	-
Trade and other payables	326,895	326,895	326,895	-	-
Accrued interest/markup	159,422	159,422	159,422	-	-
Short term borrowings	4,981,662	5,067,242	5,067,242	-	-
	11,860,499	13,148,185	7,817,101	5,331,084	-

46.2.2 Liquidity risk management

The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As referred to in note 16.4 the Company has additional undrawn facilities of Rs. 10,727 million (2016: Rs. 5,895 million) at its disposal to further reduce liquidity risk.

46.3 Market risk

46.3.1 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) Exposure to currency risk

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

	2017	2016
	Rupees '000	*Rupees '000*
Financial assets	**-**	-
Financial liabilities		
Foreign bills payable		
USD	**(80,601)**	(57,774)
CNY	**-**	(2,529)
EUR	**(18,501)**	(28,088)
	(99,102)	(88,391)
Net balance sheet exposure	**(99,102)**	(88,391)
Foreign currency commitments		
CHF	**(12,895)**	(14,368)
CNY	**(70)**	(71,897)
EUR	**(305,925)**	(315,622)
GBP	**-**	(1,156)
JPY	**-**	(2,060)
USD	**(1,607,712)**	(3,831,051)
	(1,926,602)	(4,236,154)
Net exposure	**(2,025,704)**	(4,324,545)

(b) Exchange rates applied as at the reporting date

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

	2017		2016	
	Assets ***Rupees '000***	**Liabilities** ***Rupees '000***	Assets *Rupees '000*	Liabilities *Rupees '000*
GBP	**-**	**-**	-	128.7300
EUR	**-**	**131.7900**	-	110.3200
USD	**-**	**110.5000**	-	104.8000
CHF	**-**	**112.9000**	-	102.6600
CNY	**-**	**17.3300**	-	15.0800
JPY	**-**	**-**	-	0.8979

(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit and equity for the year by Rs. 4.96 million (2016: Rs. 4.42 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) 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.

46.3.2 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/markup bearing financial instruments

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

	2017	2016
	Rupees '000	*Rupees '000*
Fixed rate instruments	-	-
Variable rate instruments		
Financial liabilities	13,236,211	11,330,172

(b) Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate financial instruments.

(c) 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 by Rs. 132.362 million (2016: Rs. 113.302 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. 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.

(d) 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.

46.3.3 Price risk

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

47 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

47.1 Financial instruments measured at fair value

47.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	2017	2016
			Rupees '000	*Rupees '000*
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	21,824	23,106

47.1.2 Non-recurring fair value measurements

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

47.2 Financial instruments not measured at fair value

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

47.3 Assets and liabilities other than financial instruments

47.3.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	2017	2016
				Rupees '000	*Rupees '000*
Freehold land	-	539,232	-	**539,232**	539,232
Buildings	-	2,883,880	-	**2,883,880**	3,032,978
Plant and machinery	-	12,234,678	-	**12,234,678**	12,263,722

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 26.962 million (2016: Rs. 26.962 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 144.194 million (2016: Rs. 151.649 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 611.734 million (2016: Rs. 613.186 million).

48 CAPITAL MANAGEMENT

The Company's objective when measuring capital is to safeguard the Company's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares. Consistent with others in industry, the Company monitors capital on the basis of gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, redeemable capital and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity (as shown in the balance sheet plus advances against issue of ordinary shares and surplus on revaluation of property, plant and equipment) plus debt. During the period, the Company's strategy was to maintain the gearing ratio below 30% and 'A' credit rating. The gearing ratios as at the reporting date are as follows:

	Unit	**2017**	2016
Total debt	*Rupees '000'*	**6,077,615**	6,392,520
Total equity	*Rupees '000'*	**20,733,438**	21,159,171
Total capital employed	*Rupees '000'*	**26,811,053**	27,551,691
Gearing ratio	*% age*	**22.67**	23.20

The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

49 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2017	2016	**2017**	2016	**2017**	2016
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Remuneration	**12,046**	12,046	**28,965**	28,519	**293,230**	215,879
House rent	**1,205**	1,205	**1,937**	2,017	**79,345**	51,224
Utilities	**1,205**	1,205	**1,297**	1,389	**28,454**	26,204
Bonus	**-**	-		-	**40,880**	37,154
Post employment benefits	**-**	-	**1,600**	2,707	**17,293**	37,950
Meeting fee	**-**	-	**225**	272	**-**	-
Reimbursable expenses						
Motor vehicles expenses	**-**	-	**-**	65	**25,790**	22,171
Medical expenses	**-**	-	**286**	182	**14,222**	10,840
	14,456	14,456	**34,310**	35,151	**499,214**	401,422
Number of persons	**1**	1	**3**	5	**230**	167

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

49.2 No remuneration has been paid to non-executive directors

50 SEGMENT INFORMATION

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

Segments	Nature of business
Power Division	Manufacturing and distribution of Transformers, Switch Gears, Energy Meters, Power Transformers and Engineering, Procurement and Construction Contracting.
Appliances Division	Manufacturing, assembling and distribution of Refrigerators, Air conditioners, Deep Freezes, Microwave ovens, Washing Machines, Water Dispensers and other Home Appliances

	Power Division		Appliances Division		Total	
	2017	2016	**2017**	2016	**2017**	2016
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Revenue	**14,591,864**	14,605,040	**15,637,239**	9,397,323	**30,229,103**	24,002,363
Finance cost	**636,799**	654,375	**284,249**	232,561	**921,048**	886,936
Depreciation and amortization	**423,324**	424,037	**458,602**	425,819	**881,926**	849,856
Segment profit before tax	**545,397**	1,540,452	**1,087,388**	425,231	**1,632,785**	1,965,683
Segment assets	**18,731,142**	16,994,090	**16,023,465**	16,664,781	**34,754,607**	33,658,871

	2017	2016
	Rupees '000	*Rupees '000*
50.1 Reconciliation of segment profit		
Total profit for reportable segments	**1,632,785**	1,965,683
Un-allocated other expenses	**(120,830)**	(109,993)
Profit before taxation	**1,511,955**	1,855,690
50.2 Reconciliation of segment assets		
Total assets for reportable segments	**34,754,607**	33,658,871
Other corporate assets	**2,294,441**	1,469,344
Total assets	**37,049,048**	35,128,215
50.3 Information about major customers		
Revenue derived from PEL Marketing (Private) Limited	**14,008,319**	8,118,949
Revenue derived from Lahore Electric Supply Company	**-**	2,579,985

51 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the un-audited financial statements of the Pak Elektron Limited Employees Provident Fund Trust for the year ended December 31, 2017.

		2017	2016
		Rupees '000	*Rupees '000*
Size of the fund -*total assets*	*Rupees '000'*	**401,413**	377,581
Fair value of investments	*Rupees '000'*	**356,969**	341,212
Percentage of investments made	*% age*	**88.93**	90.37

The break-up of investments is as follows:

	2017		2016	
	Rupees '000'	***% age***	*Rupees '000'*	*% age*
Listed debt collective investment schemes	**-**	**-**	4,021	1.18
Listed equity collective investment schemes	**148,830**	**41.69**	167,753	49.16
Government securities	**105,890**	**29.66**	97,299	28.52
Deposit accounts with commercial banks	**102,249**	**28.64**	72,139	21.14
	356,969	**100.00**	341,212	100.00

52 PLANT CAPACITY AND ACTUAL PRODUCTION

		2017		2016	
	Unit	**Annual production capacity**	**Actual production during the year**	Annual production capacity	Actual production during the year
Transformers/Power Transformers	MVA	**7,000**	**3,239**	7,000	4,966
Switch gears	Nos.	**12,000**	**3,318**	12,000	8,378
Energy meters	Nos.	**1,700,000**	**1,045,231**	1,700,000	624,414
Air conditioners	Tonnes	**200,000**	**139,396**	179,950	44,949
Refrigerators/Deep freezers	Cfts.	**6,950,000**	**5,608,735**	6,950,000	5,153,397
Microwave ovens/Water dispenser	Litres	**2,500,000**	**2,072,617**	850,000	394,220

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

53 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 16, 2018 by the Board of Directors of the Company.

54 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 4,996 (2016: 5,717). Average number of persons employed by the Company during the year are 4,796 (2016: 5,534).

55 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.

56 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on March 16, 2018 has proposed a dividend on ordinary shares at Rs.1.2 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by shareholders in the forthcoming annual general meeting.

57 GENERAL

57.1 Figures have been rounded off to the nearest thousands.

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

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

Shareholders' Information

Investor Relations

REGISTERED OFFICE

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

SHARE REGISTRAR

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

LISTING ON STOCK EXCHANGES

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

STOCK CODE / SYMBOL

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

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

DIVIDEND

The Board of Directors in their meeting held on March 16, 2018 has proposed a dividend on ordinary shares at Rs. 1.20 per ordinary share.

BOOK CLOSURE DATES

Share Transfer Books of the Company will remain closed from April 19, 2018 to April 25, 2018 (both days inclusive).

DIVIDEND REMITTANCE

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

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic from: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the rate of 15% (filer) and 20% (non-filer) wherever applicable.

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

DIVIDEND WARRANTS

Cash dividends are paid through dividend warrants addressed to the ordinary shareholders whose names appear in the Register of Shareholders at the date of book closure.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 158 of the repealed Companies Ordinance 1984, (now section 132 of the Companies Act, 2017) PEL holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

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

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

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

INVESTOR’S GRIEVANCES

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

PROXIES

Pursuant to section 161 of the repealed Companies Ordinance, 1984 (now section 137 of the Companies Act, 2017) and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to appoint a proxy.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

SERVICE STANDARDS

PEL has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

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

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

WEB PRESENCE

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

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

www.jamapunji.pk

Glossary of Terms and Definitions

GLOSSARY OF TERMS

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

DEFINITIONS

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

DEFINITIONS

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

Notice of Annual General Meeting

Notice is hereby given that the 62nd Annual General Meeting of Shareholders of **Pak Elektron Limited** will be held on **Wednesday, April 25 , 2018** at 11:30 A.M. at Factory Premises, 14-KM. Ferozepur Road, Lahore to transact the following business:-

1. To confirm the minutes of Last Annual General Meeting held on April 24, 2017.
2. To receive and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2017 together with Directors' and Auditors' Reports thereon.
3. To approve final dividend @ 12% i.e. Rs. 1.20/- per share as recommended by the Board of Directors in addition to the Interim dividend already paid @15% i.e.
   Rs. 1.50/- per share, making a total dividend @27% i.e. Rs. 2.70/- per share for the Financial year 2017.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
5. Any other business with the permission of the Chair.

By Order of the Board

Lahore:
March 20, 2018

M. Omer Farooq
Company Secretary

Notes:

1. Share Transfer Books of the Company will remain closed from April 19, 2018 to April 25, 2018 (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 18, 2018 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 at17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.

3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.

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

5. Annual Audited Financial Statements of the Company for the Financial Year ended December 31, 2017 have been placed on the Company's website i.e. www.pel.com.pk.

6. SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)

Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2017, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as : for filers of Income Tax return 15.00% and Non filers of Income Tax return 20.0%. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding Proportion No. of Shares	Name & CNIC No.	Shareholding proportion No. of Shares

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided, For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 243(3) of the Companies Act, 2017 to withhold dispatch of dividend warrants of such shareholder. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The company as per the new law, shall apply 20.0% rate of withholding tax if the shareholders name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

7. Payment of Cash Dividend Electronically

As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly in to the bank account designated by the entitled shareholders. The shareholders are requested to provide their folio number, name and details of bank account consisting of bank name, branch name, branch code, Account number, Title of Account and IBAN in which they desire their dividend to be credited, failing which the Company will be unable to pay the dividend through any other mode. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our shares registrar (M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.) at the earliest possible.

In case shares are held in CDC then the form must be submitted directly to shareholder's broker/participant/CDC Investor account services.

8. Transmission of Annual Financial Statements through E-mail

The Securities and Exchange Commission of Pakistan vide SRO 787(I)/2014 dated September 08, 2014 has allowed companies to circulate annual balance sheet, profit & loss account, auditors' and directors' reports along with notice of annual general meeting to its members through e-mail. Members who wish to avail this facility can give their written consent. Standard request form has also been placed on website of the Company. The members are requested to send the information on the same to our shares registrar (M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore.)

9. Transmission of Annual Financial Statements through CD/DVD/USB

SECP through its SRO 470(I)/2016 dated May 31, 2016 have allowed companies to circulate the annual balance sheet, profit and loss account, auditors' report and directors' report etc to its members through CD/DVD/USB at their registered addresses. However a shareholder may request to the Company Secretary at
Pak Elektron Limited, Factory Premises, 14-K.M. Ferozepur Road, Lahore to provide printed copy of Annual Financial Statements and the same will be provided at his/her registered address, free of cost, within one week of the demand.

10. ZAKAT DECLARATIONS (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the

Notice of Annual General Meeting

prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

نوٹس سالانہ اجلاسِ عام

CNIC/NTN کی تفصیلات فراہم کرنا اب لازمی ہے تاکہ فیڈرل بورڈ آف ریوینیو (FBR) کی جانب سے وقتاً فوقتاً جاری کی جانے والی ایکٹیو ٹیکس پیئرز لسٹ (ATL) کے مطابق ٹیکس اسٹیٹس چیک کیا جا سکے۔ تمام افراد بشمول جوائنٹ اکاؤنٹ ہولڈرز جو فزیکل شیئر سرٹیفیکیٹس رکھتے ہیں اُن سے درخواست ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کی نقل کمپنی یا اِس کے شیئر رجسٹرار کو فراہم کریں (اگر فراہم نہیں کی گئی)۔ انفرادی شیئر ہولڈرز کے علاوہ چیکنگ NTN نمبرز سے مطابقت کے ذریعے کی جائے گی لہٰذا CDC اکاؤنٹس رکھنے والے کارپوریٹ شیئر ہولڈرز سے اُن کے مفاد میں درخواست ہے کہ اپنے NTN سرٹیفیکیٹ کی نقل فراہم کریں تاکہ اُن کے متعلقہ Participants/CDc کیلئے کتابوں کی بندش سے قبل اُن کے نام ATL میں چیک کیے جاسکیں جبکہ فزیکل شیئر سرٹیفکیٹس رکھنے والے کارپوریٹ شیئر ہولڈرز اپنے NTN سرٹیفکیٹ کی نقل کمپنی یا اِس کے شیئر رجسٹرار کو بھیجیں۔ شیئر ہولڈرز اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا NTN سرٹیفکیٹ بھیجتے ہوئے اپنے متعلقہ فولیو نمبرز ضرور فراہم کریں۔

مؤثر کمپیوٹرائزڈ قومی شناختی کارڈ یا NTN کی نقول موصول نہ ہونے کی صورت میں کمپنی سیکیوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 2012(1)SRO0831 بتاریخ 5 جولائی 2012 کی تکمیل نہ کرسکے گی۔ لہٰذا کمپنیز آرڈیننس 1984 کے سیکشن (a)(2)251 کے تحت شیئر ہولڈر کے ڈیویڈینڈ وارنٹ کی ترسیل روکنے پر مجبور ہوگی۔ مزید یہ کہ تمام شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ فوری طور پر ATL میں اپنا اسٹیٹس چیک کریں اور ATL میں اپنے نام کے اندراج کیلئے ضروری اقدامات کریں اور نئے قانون کے مطابق FBR کی ویب سائٹ پر کتابوں کی بندش کے آغاز کے دن سے قبل شیئر ہولڈرز کا نام متعلقہ تفصیلات کے ساتھ ATL میں موجود نہ ہونے پر کمپنی 20 فیصد وِدہولڈنگ ٹیکس کی کٹوتی کی مجاز ہوگی اور اسے مقررہ مدت میں گورنمنٹ کے خزانے میں جمع کرائے گی۔

7۔ نقد منافع کی الیکٹرونیکلی ادائیگی

کمپنیز ایکٹ 2017ء کے سیکشن 242 کے تحت کوئی بھی قابل ادائیگی منافع شیئر ہولڈرز کے بتائے گئے بینک اکاؤنٹ میں الیکٹرونیکلی جمع کروایا جائے گا۔ تمام حصہ داران سے استدعا کی جاتی ہے کہ وا اپنے فولیو نمبر اور نام کے ساتھ بینک اکاؤنٹ کی تفصیلات جیسے بینک کا نام، برانچ کا نام، برانچ کوڈ، اکاؤنٹ نمبر، اکاؤنٹ کا ٹائٹل اور IBAN جس میں وہ منافع لینا چاہتے ہیں فراہم کریں۔ کیونکہ اس کے بغیر کمپنی کسی اور طریقے سے ادائیگی کرنے سے قاصر ہے۔ تجویز کردہ درخواست فارم کمپنی کی ویب سائیٹ پر موجود ہے۔ تمام ممبرز سے التماس ہے کہ درج بالا معلومات کمپنی کے شیئر رجسٹرار (میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن لاہور) کو فوری ارسال کریں۔

شیئرز CDC میں ہونے کی صورت میں فارم حصہ داران کے بروکرز / شرکت دار اور CDC حصہ دار کو ارسال کردیا جائے گا۔

8۔ سالانہ مالیاتی گوشواروں کی بذریعہ ای میل فراہمی

سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 2014 (1)787 مورخہ 8 ستمبر 2014 کے تحت کمپنیوں کو اپنے سالانہ بیلنس شیٹ، منافع اور نقصان کے کھاتے، آڈیٹرز اور ڈائریکٹرز رپورٹ کے ساتھ سالانہ عام اجلاس کے نوٹس کو بذریعہ ای میل فراہم کرنے کی اجازت دی ہے۔ وہ ممبرز جو اس سہولت سے فائدہ اُٹھانا چاہتے ہیں تحریری طور پر مطلع کریں۔ تجویز کردہ درخواست فارم ہماری ویب سائیٹ پر موجود ہے۔ ممبرز سے التماس ہے کہ مطلوبہ معلومات ہمارے شیئر رجسٹرار (میسرز کارپ لنک پرائیویٹ لمیٹڈ، ونگز آرکیڈ، K-1 کمرشل، ماڈل ٹاؤن لاہور) کو ارسال کریں۔

9۔ سالانہ مالیاتی گوشواروں کی بذریعہ CD/DVD/USB فراہمی

سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر نمبر 2016 (1)470 مورخہ 31 مئی 2016 کے تحت کمپنی کے سالانہ اکاؤنٹس۔ نفع اور نقصان کے کھاتے، آڈیٹرز اور ڈائریکٹرز رپورٹ اپنے ممبرز کے رجسٹرڈ پتہ پر فراہم کرنے کی اجازت دی ہے۔ تاہم کوئی بھی حصہ دار کمپنی سیکرٹری پاک الیکٹرون لمیٹڈ، 14۔ کلومیٹر فیروز پور روڈ، لاہور کے چھپے ہوئے سالانہ مالیاتی گوشواروں کے علاوہ CD/DVD/USB پر بھی طلب کرسکتا ہے۔ جو کہ اُس کو بغیر کسی لاگت کے طلب کی 7 دن کے اندر اندر فراہم کیے جائیں گے۔

10۔ زکوٰۃ ڈیکلریشنز **(CZ-50)**

زکوٰۃ اور عشر قوانین کے تحت ڈیویڈینڈ سے زکوٰۃ کی کٹوتی شیئرز کی اداشدہ رقم (10 روپے فی حصص) پر 2.5 فیصد کے حساب سے کی جائے گی اور متعلقہ اتھارٹیز کو مقررہ مدت میں جمع کروادی جائے گی۔ برائے مہربانی استثنی کے خواہشمند افراد زکوٰۃ اور عشر آرڈیننس 1980 اور CZ-50 فارم زکوٰۃ کے قوانین (کٹوتی اور واپسی) کے قانون نمبر 4 کے تحت اپنے زکوٰۃ ڈیکلیریشن فارم اپنے بروکر یا سنٹرل ڈیپازٹری کمپنی لمیٹڈ (شیئرز کے انویسٹر اکاؤنٹس سروسز میں CDC میں ہونے کی صورت میں) یا ہمارے شیئر رجسٹرار آفس کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ K-1 کمرشل ماڈل ٹاؤن لاہور کو ارسال کریں (شیئرز کے پیپر سرٹیفکیٹ کی صورت میں ہونے پر) شیئر ہولڈرز زکوٰۃ ڈیکلیریشنز ارسال کرتے ہوئے اپنی کمپنی کا نام اور انکے متعلقہ فولیو نمبرز ضرور فراہم کریں۔

نوٹس سالانہ اجلاسِ عام

بذریعہ نوٹس ہٰذا مطلع کیا جاتا ہے کہ پاک الیکٹرون لمیٹڈ کے حصص داران کا باسٹھواں (62nd) سالانہ اجلاس عام 25 اپریل 2018ء بروز بدھ 11:30 بجے صبح فیکٹری احاطہ واقع 14 کلومیٹر، فیروز پور روڈ، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور

1۔ 24 اپریل 2017ء کو منعقد ہونے والے سالانہ عام اجلاس عام کی کارروائی کی تصدیق۔

2۔ مالی سال مختتم 31 دسمبر 2017 کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات بمعہ اُن پر ڈائریکٹران وآڈیٹران کی رپورٹس کی وصولی اوران کی قبولیت۔

3۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق مالی سال مختتم 31 دسمبر 2017 کیلئے حتمی نقد منافع بشرح 12 فیصد یعنی 1.20 روپے فی حصص کی منظوری جو کہ پہلے سے اداشدہ عبوری نقد منافع بشرح 15 فیصد یعنی 1.50 روپے فی حصص سے اضافی ہے، جس سے مالی سال مختتم 31 دسمبر 2017 کا مجموعی نقد منافع بشرح 27 فیصد یعنی 2.70 روپے فی حصص بن جاتا ہے۔

4۔ اگلے سالانہ اجلاس عام کے اختتام تک عہدہ پر رہنے کیلئے کمپنی کے آڈیٹران کا تقرر اوران کے صلہ خدمت کا تعین۔

5۔ صاحبِ صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

بحکم بورڈ

ایم عمر فاروق

کمپنی سیکرٹری

لاہور: 20 مارچ 2018

نوٹس

1۔ کمپنی کی حصص کی منتقلی کی کتابیں 19 اپریل 2018 تا 25 اپریل 2018 (بشمول دونوں دِن) بند رہیں گی۔ کمپنی شیئر رجسٹرار آفس ایم/ایس کارپ لنک (پرائیویٹ) لمیٹڈ وِنگز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور میں وصول ہونے والی منتقلیاں (بشمول CDS/Physical) 18 اپریل 2018 کو کاروبار بند ہونے تک قابل قبول ہوں گی۔

2۔ اجلاس ہٰذا میں شر ! کرنے اور ووٹ دینے کا اہل ممبر پ اکسی مقرر کرسکتا ہے۔ پ اکسیاں* آ è مؤ* ہوسکیں، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے صدر دفتر بمقام 17 عز ایوŠ، کینال بنک، گلبرگ V لاہور میں لازماً وصول ہونی چاہئیں اور* قاعدہ مہر زدہ دستخط شدہ اور گواہ شدہ ہونی چاہئیں۔

3۔ وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں التماس ہے کہ وہ اپنے اصل شناختی کارڈ یا پاسپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کے لئے ہمراہ لائیں۔

4۔ ممبران سے التماس ہے کہ اپنے پتے میں کسی بھی تبدیلی کی صورت میں کمپنی کو مطلع فرمادیں۔

5۔ 31 دسمبر 2017 کو ختم ہونے والے مالی سال کے کمپنی کے سالانہ آڈیٹڈ اکاؤنٹس کمپنی کی ویب سائٹ www.pel.com.pk پر جاری کردیئے گئے ہیں۔

6۔ کمپیوٹرائزڈ قومی شناختی کارڈ/ نیشنل ٹیکس نمبر کی نقول کی حوالگی (لازمی)

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے تحت ڈیویڈینڈ وارنٹ پر شیئر ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ ہونا لازمی ہیں۔ اِنکم ٹیکس آرڈیننس 2001 سیکشن 150 میں فنانس ایکٹ 2016 کے تحت کی جانے والی ترمیم کے مطابق ڈیویڈینڈ پر ودہولڈنگ ٹیکس کی کٹوتی فائلر کیلئے 12.5 فیصد اور نان فائلر کیلئے 20 فیصد ہوگی۔

جوائنٹ اکاؤنٹ کی صورت میں ہر اکاؤنٹ ہولڈر کو علیحدہ فرد تصور کیا جائے گا خواہ وہ فائلر ہو یا نان فائلر اور ہر ہر جوائنٹ اکاؤنٹ ہولڈر کیلئے ٹیکس کی کٹوتی جوائنٹ ہولڈرز کی جانب سے فراہم کردہ شیئر ہولڈنگ کی معلومات کے مطابق ہوگی اور مطلع نہ کرنے پر جوائنٹ ہولڈرز کو برابر کے شیئرز رکھنے والا تصور کیا جائے گا۔

کمپنی کا نام	فولیو/CDS اکاؤنٹ نمبر	مجموعی شیئرز	پرنسپل شیئر ہولڈرز	جوائنٹ شیئر ہولڈر
			نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر/ شیئر ہولڈنگ کا تناسب/ شیئرز کی تعداد	نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر/ ہولڈنگ کا تناسب/ شیئرز کی تعداد

Notes

Notes

Form of Proxy

62ND 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 62nd Annual General Meeting of the Company to be held on April 25, 2018 at factory premises, 14-Km, Ferozepur Road, Lahore at 11:30 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this__________day of__________2018.

Signed by the said

____

REVENUE STAMP

Witnesses:

1) Name __________ 2) Name __________

Address __________ Address __________

CNIC No. __________ CNIC No. __________

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 54 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gublerg-V, Lahore, the Registered Office of the Company not later than forty eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirement have to be met.

   (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form

   (ii) In came of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

   (iii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

AFFIX
CORRECT
POSTAGE

The Company Secretary
PAK ELEKTRON LIMITED
17 - Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.

پراکسی فارم

62واں سالانہ عمومی اجلاس عام

لیجرفولیو

موجودہ حصص

میں/ہم ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کا/ کے بحیثیت ممبران پاک الیکٹرون لیمٹیڈ اور حامل عام حصص محترم/محترمہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔یا ان کے حاضر نہ ہو سکنے کی صورت میں ۔۔۔۔۔۔۔۔۔۔۔کو اپنے/ ہمارے ایماء پر کمپنی کے 25اپریل2018 بروز بدھ11:30 بجے صبح فیکٹری احاطہ واقع 14 کلومیٹر فیروز پور روڈ لاہور میں منعقد ہونے والے 62واں سالانہ عمومی اجلاس عام میں شرکت کرنے حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

بطور گواہ آج بتاریخ۔۔۔۔۔۔اپریل2018 میرے/ ہمارے دستخط ہوئے۔

گواہان:

(1)نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

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

(2)نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ:۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

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

اہم نکات:

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

2- سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے

مزید برآں درج ذیل شرائط کا پورا کرنا لازمی ہے۔

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

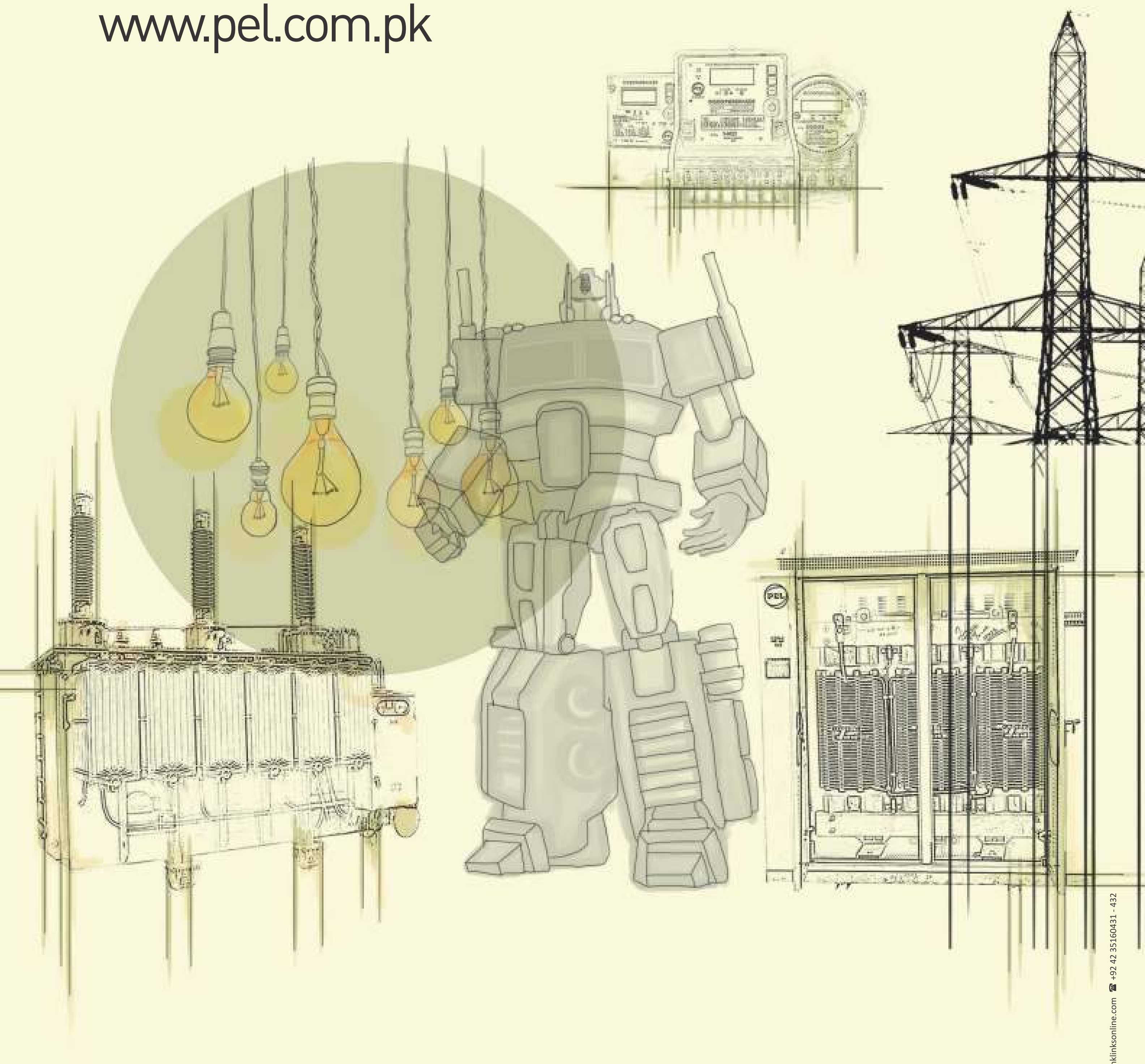
(ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

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

AFFIX
CORRECT
POSTAGE

The Company Secretary
PAK ELEKTRON LIMITED
17 - Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.

www.pel.com.pk



PAK ELEKTRON LIMITED
17-Aziz Avenue, Canal Bank,
Gulberg-V, Lahore
Ph: (042) 35718274-5, 35717364-5

Designed & Produced by inklinks info@inklinksonline.com +92 42 35160431 - 432