Interim Financial Report
for the quarter ended
March 31, 2021

Setting New Benchmarks In Technological Advancement

Pak Elektron Limited

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Corporate Information

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman - Non Executive
Mr. Muhammad Murad Saigol	Chief Executive Officer - Executive/Certified (DTP)
Mr. Muhammad Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive/Certified (DTP)
Syed Haroon Rashid	Director - Independent/Certified (DTP)
Mr. Muhammad Kamran Saleem	Director - Independent/Certified (DTP)
Mr. Asad Ullah Khawaja	Director - NIT Nominee/Independent
Mr. Usman Shahid	Director - NBP Nominee U/S 164 of the Act / Non Executive
Ms. Azra Shoaib	Director - NBP Nominee U/S 164 of the Act / Non Executive

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

COMPANY SECRETARY

Muhammad Omer Farooq

CHIEF FINANCIAL OFFICER

Syed Manzar Hassan, FCA

AUDITORS

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

LEGAL ADVISOR

M/s Hassan & Hassan Advocates

COMPANY REG. NO.

0000802

NATIONAL TAX NO. (NTN)

2011386-2

STATUS OF COMPANY

Public Interest Company (PIC)

SHARIAH ADVISOR

Mufti Altaf Ahmad

SHARE REGISTRAR

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

BANKERS

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

REGISTERED OFFICE

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

Kohinoor Building
25-West Wharf Road,
Karachi
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ISLAMABAD

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

WORKS

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

PEL Unit II

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

Directors' Review

Your directors are pleased to present the un-audited interim financial information of the Company for the First Quarter ended on March 31, 2021.

Year 2020 was a full of unprecedented uncertainties and turned out as one of the most challenging year in the history. The investor mood around the globe appears to be pleasant before the start of 2021, as government have placed large orders for procurement of COVID-19 vaccine. Tectonic events of 2020 will soon be behind us as life will slowly go back to normal. In Pakistan, COVID 19 was relatively less damaging, but Pakistan still has to walk a long hard road ahead and continue with its macro economic recovery process under the watchful eye of the IMF. The present government takes various measures to overcome the halted situation. As a result Pakistan's economy witnessed positive signs during first quarter of the ongoing fiscal year 2020-21 (FY20-21) as remittances grew 26.5%, foreign direct investment (FDI) rose 9.1%, tax collection went up 4.5%, and the primary balance has been in a surplus worth Rs258 billion.

SBP, Monetary Policy Committee (Committee) reviewed its policy frequently to take appropriate action towards supporting growth and employment during these challenging times. The Committee considered that outlook for growth and inflation in Pakistan is likely to improve, therefore decided to keep the policy rate unchanged at 7%. During the quarter under review, the Pakistan Stock Exchange Ltd (KSE-100 index) registered slightly increased to 44,491 points as of 31 March 2021 compared to 43,694 points as of 31 December 2020.

During the period under review, Company revenues registered at Rs. 13,470 Million with 67.89% increase over Rs. 8,023 Million of the same period of preceding year. Gross profits with sharp improvement registered at Rs. 2,168 million with 64.37% increase over Rs. 1,319 million of previous year. With this improvement company earned profits of Rs. 283 million against a loss of Rs. 532 million and earnings per share –EPS of Rs. 0.55 against a loss per share of Rs. 1.09 of corresponding period of last year. Stable Pak rupee and supportive policy rate along with increasing demand are behind this revenues and profitability.

Summary of operating results is presented below:

Rupees in million	**Quarter ended March 31, 2021**	Quarter ended March 31, 2020	Increase/ (Decrease)	Percentage %
Sales	**13,470**	8,023	5,447	67.89
Gross Profit	**2,168**	1,319	849	64.37
Finance Cost	**550**	767	(217)	(28.29)
Profit before tax	**401**	(493)	894	181.34
Profit after tax	**283**	(532)	815	153.20
Earnings per share - *Rupees*	**0.55**	(1.09)		

APPLIANCES DIVISION

Uncertainty clouds began evaporating as economic recovery emerged, after COVID 19 related steep declines. Company successfully grasped its due share out of the increased demand as a result of economic revival. Home Appliances Division posted revenues of Rs. 9,879 million with an increase @ 84.29% over Rs. 5,361 million of previous year.

Company's ongoing R&D process enables company to strengthen its market position in this highly competitive era. Development of aesthetically improved products with latest features and energy saving function are behind growing market demand. During the period under review energy efficient Refrigerator with expanded space "Jumbo Freezer Series", Air Conditioner "Jumbo DC, Turbo DC Series", "locally produced "Panasonic ACs", fully automatic Washing Machine with "Smart Touch function" and Semi-automatic with "Twin Tubs" introduced gained positive response among the customers.

State of art manufacturing & testing facilities, highly responsive country wide sales & after sales services network, ongoing product R&D function and a team of well-versed professionals are our core capabilities to further expand our market presence .

POWER DIVISION

With the growing economic conditions demand of electric equipments took a boost. During the period under review power division business registered revenue of Rs. 3,590 million with 34.84% increase over Rs. 2,663 million of the similar period of the previous year. Improved ordering from WAPDA power utilities and timely supply by company is behind this revenue growth. After the milestone achievement of sufficient electricity generation, the next priority is augmentation of T&D infrastructure, to make available electricity to end consumers. This will further raise a demand of power division products. Further Government has announced an incentive package for construction industry inclusive of housing projects under "Naya Pakistan Housing Authority". The expected boom in construction industry and housing sector will also create an incremental demand of power division products.

With the expected revival of local industry (Construction allied & others) demand of electrical equipment is expected to surge, in addition to increased expected demand by WAPDA distribution companies. Company being "key electrical equipment manufacturer", is well positioned to take its due market share.

POST BALANCE SHEET EVENTS

On Saturday, April 24, 2021 a fire broke out at refrigerator manufacturing facility located at 14-KM Ferozepur Road Lahore. The initial assessment of the cause of fire break-out is short circuiting.

By the grace of Almighty, there is no loss of life and most of the production area remained safe. The assets damaged by fire are adequately insured and survey of the true extent of losses is being carried out.

According to initial estimate, Insha'Allah, production of refrigerator is expected to resume in a few weeks' time. With finished goods inventory in hand, supplies to the market are not expected to be substantially affected.

FUTURE OUTLOOK

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

After achieving electricity generation milestone, there is a dire need to augment electricity T&D infrastructure and there will be a robust demand of electrical equipments in near future. Further to curb growing circular debt an increased demand of metering equipment will be there and your company is well positioned to take opportunity and grasp its due share.

Acknowledgement

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

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

On behalf of the Board of Directors

Lahore
April 29, 2021

M. Murad Saigol
Chief Executive Officer

ڈائریکٹرز کا جائزہ

کمپنی کے نظماء بمسرت سال 2021ء کی پہلی سہ ماہی کے غیر آڈٹ شدہ گوشوارہ جات برائے مدت مختتمہ 31 مارچ 2021ء پیش کر رہے ہیں۔

سال 2020ء اپنی مشکلات اور غیر یقینی صورت حال کی وجہ سے مدتوں یاد رہے گا۔ سال 2021ء کے آغاز سے ہی سرمایہ کاری کے لیے ماحول موزوں ہے جس کی وجہ حکومت کی طرف سے COVID-19 کی ویکسین کی آرڈرنگ ہے۔ گزشتہ سال کے واقعات آہستگی سے ماضی کا حصہ بن جائیں گے اور زندگی معمول پر آجائے گی۔ COVID-19 نے پاکستان میں نسبتاً کم مشکلات پیدا کیں تاہم ابھی ہونے والی معاشی بحالی کو IMF بہت قریب سے دیکھ رہا ہے۔ حکومت نے اس جمود کی کیفیت سے نکلنے کے لیے کافی اقدامات اٹھائے ہیں جس کے نتیجے میں موجودہ سال کی پہلی سہ ماہی میں معاشی اعشاریے بہتر ہونا شروع ہو گئے ہیں۔ بیرونی ترسیلات میں 26.5 فیصد کا اضافہ، بیرونی سرمایہ کاری میں 9.1 فیصد کا اضافہ، ٹیکس محصولات میں 4.5 فیصد کا اضافہ اور ابتدائی ادائیگیوں کے توازن کے 258 بلین روپے سے مثبت ہونے جیسی کامیابیاں ملیں۔

سٹیٹ بنک آف پاکستان کی زری پالیسی کمیٹی نے ان مشکل حالات میں معاشی نمو اور روزگار کے معاملات میں بہتری کے لیے بھرپور اقدامات کیے۔ کمیٹی نے پاکستان میں نمو اور مہنگائی میں بڑھوتی کے آثار کے پیش نظر 7 فیصد کی شرح سود کو برقرار رکھا۔ پاکستان سٹاک ایکسچینج (KSE 100 Index) 31 مارچ 2021ء کو معمولی اضافے کے ساتھ 44,491 پوائنٹس رہا جو کہ 31 دسمبر 2020 کو 43,694 پوائنٹس تھا۔

زیر جائزہ مدت میں کمپنی نے 13,470 ملین روپے کے محصولات ریکارڈ کیے جو کہ گزشتہ سال کی اسی مدت کے 8,020 ملین روپے سے 67.89 فیصد زیادہ ہیں۔ اسی طرح 2,168 ملین روپے کے خام منافع جات گزشتہ سال کے 1,319 ملین روپے کے مقابلے میں 64.37 فیصد زیادہ رہے۔ اس ہونے والی بہتری سے گزشتہ سال کے 532 ملین کے نقصان کے مقابلے میں منافع 238 ملین روپے رہا اور فی حصص منافع 0.55 روپے کے گزشتہ سال کے نقصان 1.09 روپے کے مقابلے میں رہا۔ مستحکم پاکستانی روپیہ، موزوں شرح سود اور مصنوعات کی بڑھتی ہوئی طلب اس محصولات اور منافع جات میں اضافہ کے محرکات ہیں۔ کمپنی کے آپریٹنگ نتائج کی سمری درج ذیل ہے:

روپے ملین میں	تین ماہ مختتمہ 31 مارچ 2021ء	تین ماہ مختتمہ 31 مارچ 2020ء	اضافہ/(کمی)	فیصد
مجموعی آمدنی	**13,470**	8,023	5,447	67.89
خام منافع	**2,168**	1,319	849	64.37
مالی لاگت	**550**	767	(217)	(28.29)
منافع قبل از ٹیکس	**401**	(493)	894	181.34
منافع بعد از ٹیکس	**283**	(532)	815	153.20
فی حصص آمدنی روپے	**0.55**	(1.09)		

اپلائنسز ڈویژن

زیر جائزہ مدت میں غیر یقینی صورتحال کے بادل چھٹنے شروع ہونے کے ساتھ مثبت سمت میں معاشی بحالی کا سفر شروع ہوا۔ جو کہ COVID-19 کی وجہ سے سست روی کا شکار ہو گیا تھا۔ کمپنی کی اپلائنسز ڈویژن نے مصنوعات کی طلب میں ہونے والے اضافے سے بھرپور فائدہ اٹھایا ہے۔ اور اس کے محصولات گزشتہ سال کے 5,361 ملین روپے کے مقابلے میں 84.29 فیصد اضافہ کے ساتھ 9,879 ملین روپے رہے۔

کمپنی کا جاری تحقیقی عمل اس مسابقتی دور میں کمپنی کی مارکیٹ پوزیشن کو استحکام دیتا ہے۔ کمپنی کی دیدہ زیب اور جدید خوائص سے لیس مصنوعات اس کی طلب میں اضافہ کی وجہ ہیں۔ زیر جائزہ مدت میں ریفریجریٹر کی بڑے فریزر اور زیادہ گنجائش والی "Jumbo Freezer Series" ائیر کنڈیشنرز کی "Jumbo DC, Turbo DC" سیریز، مقامی طور پر تیار کردہ Panasonic ACs اور مکمل طور پر خودکار Smart Touch Function سے لیس اور نیم خودکار Twin Tubs واشنگ مشین کو مارکیٹ میں پذیرائی ملی۔

ناغہ روزگار پیداواری لائن، ملک گیر فروخت اور سروس بعد از فروخت کا مستند نظام، جاری تحقیقی عمل اور بہترین پیشہ ور ماہرین پر مشتمل ٹیم ہماری بنیادی مضبوطیاں ہیں جو کہ مارکیٹ میں نمو کا سبب ہیں۔

پاور ڈویژن

معاشی حالات میں بہتری کے سبب برقی آلات کی طلب میں اضافہ دیکھنے میں آیا ہے۔ زیر جائزہ مدت میں پاور ڈویژن کے محصولات 3,590 ملین روپے رہے جو کہ گزشتہ سال کے 2,663 ملین روپے کے مقابلے میں 34.84 فیصد زیادہ ہیں۔ واپڈا کی تقسیم کار کمپنیوں میں آرڈرنگ کے نظام الاوقات میں بہتری اور کمپنی کی طرف سے بروقت تکمیل اس اضافہ کی وجہ ہیں۔ بجلی کے پیداواری اہداف کے حصول کے بعد اس کی صارف تک ترسیل اگلا ہدف ہے اور اس کے لیے بجلی کے ترسیلی اور تقسیم کاری نظام کو مضبوط کرنا بہت ضروری ہے۔ جس کے نتیجے میں برقی آلات کی طلب میں اضافہ متوقع ہے۔ حکومت نے تعمیراتی صنعت کے لیے ایک شاندار ترغیبی پیکج کا اعلان کیا ہے۔ مزید برآں نیا پاکستان ہاؤسنگ اتھارٹی کے تحت بننے والے 5 ملین گھروں کی تعمیر سے بھی پاور ڈویژن کی مصنوعات کی طلب میں اضافہ ہوگا۔

متوقع صنعتی بحالی کے بعد برقی آلات کی پرائیویٹ سیکٹرز میں طلب نمودار ہوگی جو کہ واپڈا کی تقسیم کار کمپنیوں کی طلب کے علاوہ ہوگی۔ اور کمپنی ایک اہم برقی آلات بنانے والے ادارہ کی حیثیت سے اپنا مارکیٹ شیئر حاصل کرنے کے لیے پرعزم ہے۔

بعد از بیلنس شیٹ واقعات

بروز ہفتہ 24 اپریل 2021ء کمپنی کی ریفریجریٹرز کی پروڈکشن لائن بمقام 14 کلومیٹر فیروز پور روڈ لاہور میں آگ بھڑک اٹھی۔ ابتدائی تحقیق کے مطابق یہ آگ بجلی کی شارٹ سرکٹنگ کی وجہ سے لگی ہے۔ اللہ پاک کی مہربانی سے کوئی جانی نقصان نہیں ہوا اور پروڈکشن کے Major Areas اس سے محفوظ رہے۔ آگ سے متاثر شدہ تمام اثاثہ جات کی انشورنس ہوئی ہے اور نقصان کے اندازہ کے لیے سروے جاری ہے۔

ابتدائی اندازوں کے مطابق انشاءاللہ چند ہفتوں میں پیداواری عمل دوبارہ شروع ہو جائے گا۔ Finished Goods کے مناسب سٹاک کی وجہ سے مارکیٹ کو مصنوعات کی ترسیل کا عمل بہت زیادہ متاثر نہ ہونے کی توقع ہے۔

مستقبل کے امکانات

سال 2021ء کا آغاز مثبت معاشی پیشرفت اور بہتر کاروباری حالات سے ہوا۔ تاہم اصل کارکردگی کا انحصار COVID-19 کی تیسری لہر اور ویکسینز کے نتیجے میں ہونے والی عالمی معیشت کی بحالی پر ہے۔ بیرونی معاشی محاذ پر کرنٹ اکاؤنٹ کا خسارہ جی ڈی پی کا 2 فیصد رہنے کی توقع ہے۔ برآمدات کی بتدریج بحالی اور بیرونی ترسیلات زر میں اسٹیٹ بنک آف پاکستان کے اقدامات کے نتیجے میں ہونے والا اضافہ بیرونی جاریہ اکاؤنٹ کے لیے مددگار ثابت ہوگا۔ اس سے ملکی خارجی معیشتی پوزیشن مضبوط ہوگی۔ جبکہ دوسری طرف IMF پروگرام کے تحت جاریہ اخراجات میں کی جانے والی ممکنہ بچت کا ہدف حکومت کو اسکی مالی امداد اور اس طرح کے اخراجات پر قدغن ہوگی۔ ایسی صورتحال میں مقامی معیشت کی نمو کے لیے بہت متاثر کن منصوبہ بندی کی ضرورت ہے۔ ملک جو نہی COVID-19 کے اثرات سے باہر آتا ہے ملکی معیشت میں نمایاں بحالی کی توقع ہے جس سے گھریلو برقی آلات کی مصنوعات کی طلب میں اضافہ متوقع ہے۔

بجلی کے پیداواری اہداف حاصل کر لینے کے بعد اب اس کے ترسیلی اور تقسیم کاری کے نظام کو مضبوط کرنے کی ضرورت ہے تاکہ بجلی صارف تک پہنچانا ممکن ہو سکے جس کے نتیجے میں برقی آلات کی طلب میں اضافہ مستقبل قریب میں متوقع ہے۔

مزید برآں Circular Debts سے نجات پانے کے لیے میٹرنگ کے آلات کی طلب میں بھی اضافہ کی توقع ہے اور آپ کی کمپنی اس موقع سے فائدہ اٹھاتے ہوئے اپنا مارکیٹ شیئر حاصل کرنے کے لیے پر عزم ہے۔

اظہار تشکر

ہم اپنے نظماء بورڈ کی مسلسل رہنمائی اور مدد کرنے کے لیے ان کے مشکور ہیں۔ ہم اپنے ٹیم ممبران کے بھی بے حد مشکور ہیں جن کی کوششوں سے ان مشکل حالات کے باوجود بھی ہم اپنی کاروباری بنیادوں کی استحکام دینے میں کامیاب رہے۔

ہم پر عزم ہیں کہ اپنی ٹیم کی کوششوں کے نتیجے میں کمپنی حصہ داران، بنکرز اور گاہکوں کی امنگوں پر پورا اترے گی۔

ایم مراد سہگل
چیف ایگزیکٹو آفیسر

لاہور
29 اپریل 2021ء

Condensed Interim Financial Information

Condensed Interim Statement Of Financial Position

AS AT MARCH 31, 2021

	Note	March 31, 2021	December 31, 2020
		Rupees'000'	*Rupees'000'*
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital	5	**6,000,000**	6,000,000
Issued, subscribed and paid up capital	6	**5,426,392**	5,426,392
Reserves		**4,279,947**	4,279,947
Unappropriated profit		**16,631,520**	16,285,232
Surplus on revaluation		**5,660,329**	5,723,151
		31,998,188	31,714,722
NON-CURRENT LIABILITIES			
Long term financing	7	**5,967,136**	5,627,441
Lease Liabilities	8	**134,841**	155,148
Warranty obligations		**125,634**	142,273
Deferred taxation		**2,318,276**	2,338,798
Deferred income		**49,612**	50,027
CURRENT LIABILITIES			
Trade and other payables		**1,582,147**	1,543,791
Unclaimed Dividend		**14,452**	14,456
Accrued interest/ mark up		**348,105**	372,446
Short term borrowings	9	**10,554,040**	10,605,608
Current Portion of Non Current Liabilities		**2,135,729**	2,228,633
		14,634,473	14,764,934
CONTIGENCIES AND COMMITMENTS	10		
		55,228,160	54,793,343

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

	Note	March 31, 2021	December 31, 2020
		Rupees'000'	*Rupees '000'*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	**24,021,967**	24,119,420
Intangible assets		**296,042**	297,730
		24,318,009	24,417,150
Long-term investments	12	**16,998**	10,653
Long-term deposits		**470,075**	463,652
Long term advances		**662,442**	615,576
CURRENT ASSETS			
Stores, spare parts and loose tools		**856,900**	862,124
Stock-in-trade		**8,550,759**	9,499,264
Trade debts		**11,986,781**	10,436,154
Construction work in progress		**965,967**	1,066,852
Short Term Advances		**2,585,214**	2,637,536
Short term deposits and prepayments		**1,164,531**	1,114,164
Other receivables		**392,250**	366,789
Short term investments		**25,842**	31,881
Advance income tax		**2,704,382**	2,719,270
Cash and bank balances		**528,010**	552,278
		29,760,636	29,286,312
		55,228,160	**54,793,343**

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

FOR THE QUARTER ENDED MARCH 31, 2021 (Un-Audited)

	Note	March 31, 2021	March 31, 2020
		Rupees '000'	*Rupees '000'*
Gross Sales	13	**13,469,727**	8,023,350
Sales Tax and discount	13	**(3,591,164)**	(2,034,449)
Net Sales		**9,878,563**	5,988,901
Cost of Sales	14	**(7,710,218)**	(4,669,546)
Gross Profit		**2,168,345**	1,319,355
Other Operating Income		**3,951**	2,156
		2,172,296	1,321,511
Distribution Cost		**(724,099)**	(611,467)
Administrative Cost		**(450,462)**	(411,515)
Other Operating Expenses		**(44,750)**	(24,297)
Impairment allowance for expected credit loss		**-**	-
Finance Cost		**(550,236)**	(767,178)
Share of profit/(loss) of associate		**(2,054)**	-
Profit Before Taxation		**400,695**	(492,946)
Provision for Taxation		**(117,229)**	(38,697)
Profit after tax		**283,466**	(531,643)
Earnings per share basic & diluted	15	**0.55**	(1.09)

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement Of Cash Flows

FOR THE QUARTER ENDED MARCH 31, 2021 (Un-Audited)

	March 31, 2021	March 31, 2020
	Rupees '000'	*Rupees '000'*
Cash flows from operating activities		
(Loss)/Profit before taxation	**400,695**	(492,946)
Adjustments for:		
Adjustments for non cash items	**727,959**	930,947
Cash generated from operations before working capital changes	**1,128,654**	438,001
Working capital changes	**(504,453)**	(424,006)
Cash generated from operations	**624,201**	13,995
Finance cost paid	**(471,091)**	(687,954)
Income tax paid	**(122,863)**	39,272
	(593,954)	(648,682)
Net cash used in operating activities	**30,247**	(634,687)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(188,056)**	(945,086)
Proceeds from disposal of property, plant and equipment	**11,918**	11,200
(Increase) / decrease in long-term deposits	**(53,289)**	(15,607)
Net cash used in investing activities	**(229,427)**	(949,493)
Cash flows from financing activities		
Long Term Finances obtained	**1,000,000**	1,001,805
Repayment of Long Term Finances	**(741,917)**	(516,660)
Increase/ (Decrease) in liabilities against finance lease	**(31,599)**	(17,581)
Dividend paid	**(4)**	(372)
Increase / (Decrease) in Short Term Borrowing	**(51,568)**	1,099,000
Net cash from financing activities	**174,912**	1,566,192
Net increase/(decrease) in cash and cash equivalents	**(24,268)**	(17,988)
Cash and cash equivalents at beginning of the period	**552,278**	379,733
Cash and cash equivalents at end of the period	**528,010**	361,745

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement Of Changes In Equity

FOR THE QUARTER ENDED MARCH 31, 2021 (Un-Audited)

		Capital reserves	Revenue reserves		
	Share capital	Premium on issue of shares	Unappropriated profit	Surplus on Revaluation	Total
	Rupees'000'	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*
Balance as at January 01, 2020	**5,426,392**	**4,279,947**	**7,277,582**	**6,023,632**	**23,007,553**
Total comprehensive income for the period	-	-	(531,644)		**(531,644)**
					-
Incremental depreciation	-	-	66,128	(66,128)	**-**
Balance as at March 31, 2020	**5,426,392**	**4,279,947**	**6,812,066**	**5,957,504**	**22,475,909**
Comprehensive income:					
Profit after taxation	-	-	755,493		**755,493**
Other comprehensive (loss)				(44,132)	**(44,132)**
Revaluation surplus realizes on disposal			1,385	(1,385)	**-**
	-	-	-		**-**
Incremental depreciation	-	-	188,836	(188,836)	**-**
Acquired in amalgamation			8,527,452		**8,527,452**
Balance as at December 31, 2020	**5,426,392**	**4,279,947**	**16,285,232**	**5,723,151**	**31,714,722**
					-
Total comprehensive income for the period.	-	-	283,466		283,466
					-
Incremental depreciation	-	-	62,822	(62,822)	**-**
					-
Balance as at March 31, 2021	**5,426,392**	**4,279,947**	**16,631,520**	**5,660,329**	**31,998,188**

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Selected Explanatory Notes to the Condensed Interim Financial Information

FOR THE QUARTER ENDED MARCH 31, 2021 (Un-Audited)

1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ("PEL" or "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 Exchanges. 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 & 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, air conditioners, deep freezers, microwave ovens, water dispensors, TV and other home appliances.

2 AMALGAMATION OF PEL MARKETING (PRIVATE) LIMITED INTO PAK ELEKTRON LIMITED

The Board of Directors of Pak Elektron Limited ['PEL'] and PEL Marketing (Private) Limited ['PMPL'] in their respective meetings held on March 27, 2020 approved the scheme of arrangement for amalgamation of PMPL, a wholly owned subsidiary of PEL, with and into PEL with effect from April 30, 2020. PEL Marketing (Private) Limited ['PMPL'] is amalgamated with and into Pak Elektron Limited ['PEL'] with the approval of the Securities and Exchange Commission of Pakistan. The entire issued, subscribed and paid-up capital of PMPL, comprising of Rs. 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020.

3 BASIS OF PREPARATION

These interim financial statements are un audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the company for the year ended December 31, 2020.

The comparative interim balance sheet as at December 31, 2020 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account/statement of comprehensive income, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for three months ended March 31, 2020 are based on unaudited interim financial information.

3.1 Statement of compliance

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

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

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

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

3.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention except for property, plant and equipment at revalued amounts and certain financial instruments at fair value/amortized cost. In this financial information, except for the amounts reflected in the statement of cash flows, all transactions have been accounted for on accrual basis.

3.3 Judgements , estimates and assumptions

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

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

3.4 Functional currency

This financial information is prepared in Pak Rupees which is the Company functional currency.

4 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the company for the year ended December 31, 2020.

5 AUTHORIZED CAPITAL

March 31, 2021	December 31, 2020		**Un-audited March 31, 2021**	Audited December 31, 2020
No. of Shares	*No. of Shares*		***Rupees '000'***	*Rupees '000'*
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	**5,000,000**	5,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	Class A preference shares of Rs 10 each	**625,000**	625,000
37,500,000	37,500,000	Class B 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

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

March 31, 2021	December 31, 2020		Un-audited March 31, 2021	Audited December 31, 2020
No. of shares	*No. of shares*		*Rupees '000'*	*Rupees '000'*
		Ordinary shares of Rs. 10 each fully paid		
372,751,051	372,751,051	In cash	**3,727,511**	3,727,511
		Other than cash:		
137,500	137,500	-against machinery	**1,375**	1,375
408,273	408,273	-issued on acquisition of PEL Appliances Limited	**4,083**	4,083
6,040,820	6,040,820	-issued against conversion of preference shares	**60,408**	60,408
118,343,841	118,343,841	-as bonus shares	**1,183,439**	1,183,439
497,681,485	497,681,485		**4,976,816**	4,976,816
		Fully paid A class preference shares of Rs. 10 each		
44,957,592	44,957,592	In cash	**449,576**	449,576
542,639,077	542,639,077		**5,426,392**	5,426,392

7 LONG-TERM FINANCING - SECURED

As at begining of the period	7,638,638	4,407,403
Obtained during the period	1,000,000	5,314,552
Paid / settled during the period	741,917	2,083,317
Current portion	1,929,585	2,011,197
	5,967,136	5,627,441

8 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	289,834	321,433
Current maturity	154,993	166,285
	134,841	155,148

9 SHORT TERM BORROWINGS

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

10 CONTINGENCIES AND COMMITMENTS

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2020.

	Note	Un-audited March 31, 2021	Audited December 31, 2020
		Rupees '000'	*Rupees '000'*
11 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	*11.1*	**21,293,059**	21,391,031
Capital work-in-progress		**2,728,908**	2,565,896
		24,021,967	23,956,927
11.1 Operating assets			
Written down value at beginning of the period / year		**21,553,527**	21,759,616
Additions during the period / year	*11.1.1*	**25,040**	800,629
		21,578,767	22,560,245
Written down value of the assets disposed off / adjustments		**10,255**	20,291
Depreciation charged during the period / year		**275,254**	1,148,923
		21,293,059	21,391,031
11.1.1 Additions during the period / year			
Building		**-**	-
Plant and machinery		**15,852**	675,190
Office equipment and furniture		**338**	14,022
Computer hardware and allied items		**8,850**	29,785
Vehicles		**-**	81,632
		25,040	800,629
12 LONG-TERM INVESTMENTS			
Kohinoor Power Company Limited 2,910,600 shares (December 31,2020 2,910,600 shares) of Rs. 10 each- Relationship: Associate Ownership interest 23.10 %	*12.1*	**16,998**	10,653
		16,998	**10,653**
12.1 Investment in associate at cost - Quoted			
Cost of investment		**54,701**	54,701
Share of post acquisition losses		**(15,920)**	(13,866)
		38,781	40,835
Accumulated impairment		**(21,783)**	(30,182)
		16,998	**10,653**

		Quarter Ended	
		March 31, 2021	March 31, 2020
		Rupees '000'	*Rupees '000'*
13	**REVENUE**		
	Contract revenue	**65,737**	163,008
	Sales - local	**13,343,005**	7,846,216
	Sales - export	**60,985**	14,126
		13,469,727	8,023,350
	Less: - sales tax and excise duty	**1,956,975**	1,154,615
	- trade discounts	**1,634,189**	879,834
		3,591,164	2,034,449
		9,878,563	5,988,901
14	**COST OF SALES**		
	Raw material consumed	**7,382,484**	4,405,267
	Direct wages	**223,240**	203,163
	Factory overhead	**614,557**	525,443
	Raw material,wages and FOH	**8,220,281**	5,133,873
	Work-in-process		
	-at beginning of period	**1,046,705**	656,835
	-at end of period	**(1,317,776)**	(1,067,322)
		(271,071)	(410,487)
	Cost of goods manufactured	**7,949,210**	4,723,386
	Finished goods		
	-at beginning of period	**1,529,403**	1,871,490
	-at end of period	**(1,827,768)**	(2,056,113)
		(298,365)	(184,623)
		7,650,845	4,538,763
	Contract cost	**59,374**	130,783
	Cost of sales	**7,710,218**	4,669,546

15 EARNINGS PER SHARE - BASIC AND DILUTED

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

	Quarter Ended	
	March 31, 2021	March 31, 2020
	Rupees '000'	*Rupees '000'*
Profits for the period	**283,466**	(531,643)
Less: dividend payable on preference shares	**10,677**	10,677
Profit attributable to ordinary shares	**272,789**	(542,320)
Number of shares	**(Number)**	
Weighted average number of ordinary shares for the purpose of basic profit	**497,681,485**	497,681,485

Basic and diluted profit per share have been calculated through dividing profit as stated above by weighted average number of ordinary shares.

Basic earnings per share (Rupees)	**0.55**	(1.09)

16 TRANSACTIONS WITH RELATED PARTIES

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

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

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

		Un-audited March 31, 2021	Un-audited March 31, 2020
		Rupees	*Rupees*
Relationship	**Nature of transaction**		
Provident Fund Trust	Contribution for the period	**20,023**	21,198
Associated company	Services acquired	**10,218**	12,591
Key Management Personnel	Short-term employee benefits	**12,793**	12,110
	Post employment benefits	**488**	480

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

17. POST BALANCE SHEET EVENTS

On Saturday, April 24, 2021 a fire broke out at refrigerator manufacturing facility located at 14-KM Ferozepur Road Lahore. The initial assessment of the cause of fire break-out is short circuiting.

By the grace of Almighty, there is no loss of life and most of the production area remained safe. The assets damaged by fire are adequately insured and survey of the true extent of losses is being carried out.

According to initial estimate, Insha'Allah, production of refrigerator is expected to resume in a few weeks' time. With finished goods inventory in hand, supplies to the market are not expected to be substantially affected.

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 29, 2021.

19 GENERAL

19.1 Figures have been rounded off to the nearest thousands.

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

20 OTHERS

There are no other significant activities since December 31, 2020 affecting this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Notes

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