Pak Elektron Limited

Financial Statements

Year ended December 31, 2020

Audited

Russell Bedford
taking you further

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matter	How our audit addressed the matter
1. COVID-19 In March 2020 the global pandemic from the outbreak of Covid-19 became significant and caused a widespread disruption to normal patterns of business activity across the world, including Pakistan. Covid-19 has had a significant impact on the Company both operationally and financially. The Company faced volumetric reduction in sales of Appliances Division on account of operational lock down and overall COVID-19 related economic shades.	We assessed management's assessment of the impact of Covid-19. We considered: • The timing of the development of the outbreak across the world and in Pakistan; and • How the financial statements and business operations of the Company might be impacted by the disruption. In forming our conclusions over going concern, we evaluated whether management's going concern assessment considered impacts arising from Covid-19.

Key audit matter	How our audit addressed the matter
As part of the preparation of the financial statements, management is responsible to assess the possible effects of COVID-19 on the Company's liquidity and related ability to continue as a going concern and appropriately disclose the results of its assessment in the financial statements. Due to significance of the matter, the same has been identified as a Key Audit Matter.	Our procedures in respect of going concern included: • We made enquiries of management to understand the potential impact of COVID-19 on the Company's financial performance, business operations and financial position; • We reviewed management's going concern assessment to ensure the impacts of COVID-19 have been appropriately reflected; and We also assessed the adequacy of disclosures related to Covid-19 included in the Financial Statements.
2. Inventory valuation Stock in trade amounts to Rs 9,510 million as at the reporting date. The valuation of stock in trade at cost has different components, which includes judgment in relation to the allocation of labour and overheads which are incurred in bringing the stock to its present location and condition. Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade. The estimates and judgments applied by management are influenced by the amount of direct costs incurred historically, expectations of repeat orders to utilize the stock in trade, sales contract in hand and historically realized sales prices. The significance of the balance coupled with the judgment involved has resulted in the valuation of inventories being identified as a key audit matter The disclosures in relation to inventories are included in note 28.	To address the valuation of stock in trade, we assessed historical costs recorded in the inventory valuation; testing on a sample basis with purchase invoices. We tested the reasonability of assumptions applied by the management in allocating direct labour and direct overhead costs to inventories. We also assessed management's determination of the net realizable value of inventories by performing tests on the sales prices secured by the Company for similar or comparable items of inventories.

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore: ***APRIL 05, 2021***

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
CHARTERED ACCOUNTANTS

PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	8	**6,000,000**	6,000,000
Issued share capital	9	**5,426,392**	5,426,392
Share premium	10	**4,279,947**	4,279,947
Revaluation surplus	11	**5,723,151**	6,023,632
Retained earnings		**16,285,232**	7,277,582
TOTAL EQUITY		**31,714,722**	23,007,553
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term finances	12	**5,627,441**	2,162,154
Lease liabilities	13	**160,540**	137,386
Warranty obligations	14	**142,273**	120,010
Deferred taxation	15	**2,338,798**	2,484,471
Deferred grant	16	**16,832**	-
Deferred income	17	**33,195**	34,942
		8,319,079	4,938,963
CURRENT LIABILTIES			
Trade and other payables	18	**1,543,791**	1,074,549
Unclaimed dividend		**14,456**	15,052
Accrued interest/markup/profit		**372,446**	488,912
Short term borrowings	19	**10,605,608**	10,955,490
Current maturity of non-current liabilities	20	**2,223,241**	2,348,957
		14,759,542	14,882,960
TOTAL LIABILITIES		**23,078,621**	19,821,923
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		**54,793,343**	42,829,476

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

for identification only

PAK ELEKTRON LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	22	**24,119,420**	22,939,060
Intangible assets	23	**297,730**	306,332
Long term investments	24	**10,653**	5,863
Long term deposits	25	**463,652**	360,180
Long term advances	26	**615,576**	-
		25,507,031	23,611,435
CURRENT ASSETS			
Stores, spares and loose tools	27	**862,124**	848,347
Stock in trade	28	**9,499,264**	7,789,297
Trade debts	29	**10,436,154**	2,490,298
Construction work in progress	30	**1,066,852**	1,697,509
Short term advances	31	**2,637,536**	1,094,157
Short term deposits and prepayments	32	**1,114,164**	1,891,598
Other receivables		**389,962**	401,854
Short term investments	33	**31,881**	21,596
Advance income tax/Income tax refundable	34	**2,696,097**	2,603,652
Cash and bank balances	35	**552,278**	379,733
		29,286,312	19,218,041
TOTAL ASSETS		**54,793,343**	42,829,476

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M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

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PAK ELEKTRON LIMITED

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
Revenue	*36*	**37,988,168**	27,696,469
Sales tax, excise duty and discounts	*36*	**(9,189,150)**	(5,346,720)
Net revenue		**28,799,018**	22,349,749
Cost of sales	*37*	**(22,397,517)**	(19,021,046)
Gross profit		**6,401,501**	3,328,703
Other income	*38*	**36,099**	33,887
Distribution cost	*39*	**(2,346,473)**	(953,701)
Administrative and general expenses	*40*	**(1,483,343)**	(611,644)
Other expenses	*41*	**(51,283)**	(43,205)
		(3,881,099)	(1,608,550)
Operating profit		**2,556,501**	1,754,040
Finance cost	*42*	**(2,198,358)**	(1,539,898)
		358,143	214,142
Share of loss of associate	*24.2.1*	**(2,203)**	(2,806)
Profit before taxation		**355,940**	211,336
Taxation	*43*	**(132,091)**	(33,494)
Profit after taxation		**223,849**	177,842
Earnings per share - *basic and diluted (Rupees)*	*44*	**0.36**	0.27

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

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Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

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Chief Financial Officer

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PAK ELEKTRON LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
PROFIT AFTER TAXATION		**223,849**	177,842
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss		-	-
Items that will not be reclassified to profit or loss			
Surplus on revaluation of property, plant and equipment			
- recognised during the year	*11*	-	-
Deferred tax adjustment on surplus on revaluation of property, plant and equipment			
- recognised during the year	*11*	-	-
- attributable to change in proportion of income taxable under Final tax regime	*11*	**(44,132)**	(26,753)
		(44,132)	(26,753)
OTHER COMPREHENSIVE (LOSS)/INCOME - NET OF TAX		**(44,132)**	(26,753)
TOTAL COMPREHENSIVE INCOME		**179,717**	151,089

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

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Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

for identification only

PAK ELEKTRON LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

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

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

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PAK ELEKTRON LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	*45*	**3,017,060**	5,245,651
Payments for:			
Interest/markup on borrowings - *Interest based arrangements*		**(1,664,392)**	(979,046)
Interest/markup/profit on borrowings - *Shariah compliant*		**(442,947)**	(279,033)
Income tax		**(414,341)**	(229,294)
Net cash generated from operating activities		**495,380**	3,758,278
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(2,088,736)**	(2,069,197)
Purchase of intangible assets		**-**	(3,802)
Proceeds from disposal of property, plant and equipment		**32,556**	168,001
Long term deposits		**(103,472)**	5,777
Long term advances		**(1,070,400)**	-
Net cash used in investing activities		**(3,230,052)**	(1,899,221)
CASH FLOW FROM FINANCING ACTIVITIES			
Redemption of redeemable capital		**-**	(101,875)
Long term finances obtained		**5,314,552**	1,780,122
Repayment of long term finances		**(2,015,334)**	(1,688,597)
Proceeds from sale and lease back activities		**-**	187,180
Repayment of:			
lease liabilties		**(153,477)**	(96,885)
Finance cost on lease liabilities		**(44,403)**	(25,223)
Net (decrease)/increase in short term borrowings		**(349,882)**	(1,888,358)
Dividend paid		**(596)**	(3,598)
Net cash generated from/(used in) financing activities		**2,750,860**	(1,837,234)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**16,188**	21,823
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**379,733**	357,910
CASH AND CASH EQUIVALENTS TRANSFERRED FROM PMPL		**156,357**	-
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR		**552,278**	379,733

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1 LEGAL STATUS AND OPERATIONS

Pak Elektron Limited ['the Company'] was incorporated in Pakistan on March 03, 1956 as a Public Limited Company under the Companies Act, 1913 (now Companies Act, 2017). Registered office of the Company is situated at 17 - Aziz Avenue, Canal Bank, Gulberg - V, Lahore. The manufacturing facilities of the Company are located at 34 - K.M, Ferozepur Road, Keath Village, Lahore and 14 - K.M, Ferozepur Road, Lahore. The Company is 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 of transformers, switchgears, energy meters, engineering, procurement and construction contracting.

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

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

During the year, the Board of Directors of Pak Elektron Limited ['PEL'] and PEL Marketing (Private) Limited ['PMPL'] in their respective meetings held on March 27, 2020 approved the scheme of arrangement for amalgamation of PMPL, a wholly owned subsidiary of PEL, with and into PEL with effect from April 30, 2020. 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 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020. The amounts reported in statement of financial position as at 31 December 2020, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes to the financial statements for the year then ended are thus not comparable with those reported in statement of financial position as at 31 December 2019, statement of profit or loss, statement of comprehensive income, statement of changes in equity, statement of cash flows, and notes to the financial statements for the year then ended.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement

These financial statements have been prepared 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 statement of cash flows, all transactions have been accounted for on accrual basis.

3.3 Critical accounting judgements and key sources of estimation uncertainty

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

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3.3.1 Critical accounting judgements

Judgments made by management in the application of accounting and reporting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

(a) Business model assessment (see note 7.26.1)

The Company classifies its financial assets on the basis of the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company determines the business model at a level that reflects how financial assets are managed to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

(b) Satisfaction of performance obligations in construction contracts (see note 7.18.1)

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

3.3.2 Key sources of estimation uncertainty

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

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 7.26.1)

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

(b) Depreciation method, rates and useful lives of property, plant and equipment (see note 7.1.1)

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.

(c) Amortization method, rates and useful lives of intangible assets (see note 7.2)

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.

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

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

(e) Recoverable amount and impairment of non-financial assets (see note 7.26.2)

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

(f) Taxation (see note 7.21)

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.

(g) Provisions (see note 7.16)

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. This involves estimation of most likely amounts for one-off events such as litigations and estimation of probability-weighted expected values for large populations of events, such as warranties.

(h) Net realizable values of stock in trade (see note 7.5)

The Company estimates net realizable values of its stock in trade as the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale.

3.4 Functional currency

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

3.5 Date of authorization for issue

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

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

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

4.1 Amendments to References to the Conceptual Framework in IFRS Standards

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

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

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

- clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;
- narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs;
- add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;
- remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs; and
- add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

4.3 Definition of Material (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards and IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments in Definition of Material (Amendments to IAS 1 and IAS 8) clarify the definition of 'material' and align the definition used in the Conceptual Framework and the standards.

4.4 Interest Rate Benchmark Reform (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures)

The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform.

4.5 Covid-19 - Related Rent Concessions (Amendment to IFRS 16 - Leases)

The amendment provides lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification.

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

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

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	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance contracts (2017)	January 01, 2023
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 - First-time Adoption of International Financial Reporting Standards).	January 01, 2023
Reference to the Conceptual Framework (Amendments to IFRS 3 - Business Combinations).	January 01, 2022
Property, Plant and Equipment - Proceeds before Intended Use (Amendments to IAS 16 - Property, Plant and Equipment).	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37 - Impairment of Assets).	January 01, 2022
Annual Improvements to IFRS Standards 2018–2020.	January 01, 2022
Amendments to IFRS 17	January 01, 2023
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9 - Financial Instruments, IAS 39 - Financial Instruments: Recognition and Measurements, and IFRS 7 - Financial Instruments: Disclosures, IFRS 4 - Insurance Contracts, IFRS 16 -	January 01, 2021

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

IFRS 1 - First Time Adoption of International Financial Reporting Standards
IFRS 14 - Regulatory Deferral Accounts
IFRS 17 – Insurance contracts (2017)

The Company intends to adopt these new and revised standards, interpretations and amendments on their effective dates, subject to, where required, notification by Securities and Exchange Commission of Pakistan under section 225 of the Companies Act, 2017 regarding their adoption. The management anticipates that the adoption of the above standards, amendments and interpretations in future periods, will have no material impact on the Company's financial statements other than in presentation/disclosures.

6 CHANGES IN ACCOUNTING POLICIES

The Company has changed its accounting policy for investment in associates. The change has been applied retrospectively. The details of change are as follows:

Previous accounting policy	New accounting policy
Investments in associates are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated impairment losses, if any.	Investments in associates are accounted for using the equity method of accounting. Under the equity method, investments in associates are carried in the statement of financial position at cost as adjusted for post acquisition changes in the Company's share of net assets of the associate, less any impairment in the value of investment. Losses of an associate in excess of the Company's interest in that associate (which includes any long term interest that, in substance, form part of the Company's net investment in the associate) are recognized only to the extent that the Company has incurred legal or constructive obligation or made payment on behalf of the associate.

The amount of adjustment to for each financial statement line item affected in the statement of profit or loss is as follows:

	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
Increase in other income	**2,203**	1,584
Decrease in other expenses	**-**	1,222
Share of loss of associate	**(2,203)**	(2,806)

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There was no impact on the amounts reporting in statement of financial position. Accordingly a third statement of financial position as at the beginning of earliest period presented in these financial statements has not been presented. Further, there was no impact on basic/diluted loss/earnings per share.

7 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except of the change referred to in note 6.

7.1 Property, plant and equipment

7.1.1 Operating fixed assets

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses with the exception of land, building and plant and machinery. Land, building and plant and machinery are measured at revalued amounts less accumulated depreciation and accumulated impairment losses, if any. 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 reporting 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 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 22 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.

Increases in the carrying amounts arising on revaluation of property, plant and equipment are recognised, net of tax, in other comprehensive income and accumulated in surplus on revaluation of property, plant and equipment in share capital and reserves. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the surplus on revaluation of property, plant and equipment to accumulated profit.

7.1.2 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.

7.2 Intangible assets

7.2.1 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.

7.2.2 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.

7.2.3 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 asset commences when it becomes available for use.

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7.3 Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred (if any), and lease payments made at or before the commencement date less lease incentives received (if any). Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

7.4 Stores, spares and loose tools

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

7.5 Stock in trade

These are valued at lower of cost and net realizable value, with the exception of stock of waste which is valued at net realizable value. Cost is determined using the following basis:

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

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

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

7.6 Employee benefits

7.6.1 Short-term employee benefits

The Company recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss unless it is included in the cost of inventories or property, plant and equipment as permitted or required by the approved accounting and reporting standards as applicable in Pakistan. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

The Company provides for compensated absences of its employees on un-availed balance of leaves in the period in which the leaves are earned.

7.6.2 Post-employment benefits

The Company operates an approved funded contributory provident fund for all its permanent employees who have completed the minimum qualifying period of service as defined under the respective scheme. Equal monthly contributions are made both by the Company and the employees at the rate of ten percent of basic salary and cost of living allowance, where applicable, to cover the obligation. Contributions are charged to profit or loss.

7.7 Financial instruments

7.7.1 Recognition

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

7.7.2 Classification

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

(a) Financial assets at amortized cost

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

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

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

(c) Financial liabilities at amortized cost

These are financial liabilities which are not derivatives, financial guarantee contracts, commitments to provide loans at below-market interest rate, contingent consideration payable to an acquirer in a business combination or financial liabilities that arise when transfer of a financial asset does not qualify for derecognition.

7.7.3 Measurement

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

7.7.4 Derecognition

A financial asset is derecognized when the Company's contractual rights to the cash flows from the financial assets expire or when the Company transfers the financial asset to another party without retaining control of substantially all risks and rewards of the financial asset. A financial liability is derecognized when the Company's obligations specified in the contract are expired, discharged or cancelled.

7.7.5 Off-setting

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

7.7.6 Regular way purchases or sales of financial assets

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place. Regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

7.8 Ordinary share capital

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

7.9 Preference share capital

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

7.10 Loans and borrowings

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

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7.11 Investments in equity securities

7.11.1 Investments in associates

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

7.11.2 Investments in other quoted equity securities

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

7.12 Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses if the interest rate implicit in the lease. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

7.13 Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of twelve months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

7.14 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.

7.15 Trade and other payables

7.15.1 Financial liabilities

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

7.15.2 Non-financial liabilities

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

7.16 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.

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7.17 Trade and other receivables

7.17.1 Financial assets

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

7.17.2 Non-financial assets

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

7.18 Contracts with customers

7.18.1 Revenue

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

Product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Home appliances Refrigerators, deep freezers, air conditioners, microwave ovens, LED TVS, washing machines, water dispensers and other home appliances.	Performance obligation are satisfied when customers obtain control of home appliances when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within a period ranging from 30 days to 90 days, except for retail sales which are payable at the time of purchase. Discounts are allowed based on the payment terms and volume of sales. There are no customer loyalty programs. These contracts do not permit the customer to return any item. However, there are warranty provisions in place which provide for the Company's obligations for service/replacement of products where these do not meet the agreed specifications or otherwise do not perform as guaranteed by the Company.	Revenue is recognised over time using the output method based on measurements of the value of services transferred to date, relative to the remaining services promised under the contract.
Electrical capital goods Transformers, switchgears, energy meters	Performance obligation are satisfied when customers obtain control of electrical capital goods when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices, where customer is the Federal/Provincial Government, are payable in accordance with the tender documents, usually upto 90 days. For private customers, invoices are paid for in advance. These products do not carry any discounts. There are no customer loyalty programs. These contracts do not permit the customer to return any item. However, there are warranty provisions in place which provide for the Company's obligations for service/replacement of products where these do not meet the agreed specifications or otherwise do not perform as guaranteed by the Company.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises.
Construction contracts Engineering, procurement and construction services	The Company constructs power grid stations for Government as well as private customers. Performance obligations are satisfied over time by reference to stage of completion of contract activity at the balance sheet date. Invoices are issued according to contractual terms and are usually payable within a period ranging from 30 days to 90 days, except for those contracts for which transaction price has been received in advance. A percentage of transaction price is retained by Government customers as 'retention money' from payments to the Company, which is released on expiry of an agreed period after completion of contract activity. Uninvoiced amounts are presented as contract assets.	Revenue is recognised over time using the output method based on measurements of the value of services transferred to date, relative to the remaining services promised under the contract.

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7.18.2 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. The Company recognizes a contract asset for the earned consideration that is conditional if the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due.

7.18.3 Contract liabilities

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

7.18.4 Warranty obligations

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-in various possible outcomes against their associated probabilities.

7.19 Comprehensive income

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

7.20 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.

7.21 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.

7.21.1 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.

7.21.2 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.

7.22 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.

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7.23 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.

7.24 Cash and cash equivalents

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

7.25 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.

7.26 Impairment

7.26.1 Financial assets

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

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

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

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

7.26.2 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.

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7.27 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.

7.28 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

8 AUTHORIZED SHARE CAPITAL

31-Dec-20	31-Dec-19		31-Dec-20	31-Dec-19
No. of shares	*No. of shares*		*Rupees '000*	*Rupees '000*
500,000,000	500,000,000	**Ordinary shares of Rs. 10 each**	**5,000,000**	5,000,000
		Preference shares of Rs. 10 each		
62,500,000	62,500,000	'A' class preference shares	**625,000**	625,000
37,500,000	37,500,000	'B' class preference shares	**375,000**	375,000
100,000,000	100,000,000		**1,000,000**	1,000,000
600,000,000	600,000,000		**6,000,000**	6,000,000

9 ISSUED SHARE CAPITAL

31-Dec-20	31-Dec-19		Note	31-Dec-20	31-Dec-19
No. of shares	*No. of shares*			*Rupees '000*	*Rupees '000*
		Ordinary shares			
372,751,051	372,751,051	Issued for cash		**3,727,511**	3,727,511
		Issued for other than cash:			
137,500	137,500	- against machinery		**1,375**	1,375
408,273	408,273	- against acquisition of PEL Appliances Limited		**4,083**	4,083
6,040,820	6,040,820	- against conversion of preference shares		**60,408**	60,408
118,343,841	118,343,841	- as fully paid bonus shares		**1,183,439**	1,183,439
497,681,485	497,681,485			**4,976,816**	4,976,816
		'A' class preference shares			
44,957,592	44,957,592	Issued for cash	*9.1*	**449,576**	449,576
542,639,077	542,639,077			**5,426,392**	5,426,392

9.1 'A' class preference shares

9.1.1 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 9.1.2.

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

9.1.2 Re-profiling of preference shares

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

9.1.3 Accumulated preference dividend

As at reporting date, an amount of approximately Rs. 469.808 million (2019: Rs. 427.098 million) has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the under process re-profiling exercise.

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

10 SHARE PREMIUM

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

11 REVALUATION SURPLUS

	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
As at beginning of the year	**6,023,632**	6,579,049
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	**(347,394)**	(716,624)
Deferred taxation	**92,430**	187,960
	(254,964)	(528,664)
Surplus transferred to accumulated profits on disposal		
Surplus on the assets disposed off	**(1,887)**	-
Deferred taxation	**502**	-
	(1,385)	-
Other adjustments		
Deferred tax adjustment attributable to changes in proportion of income taxable under final tax regime	**(44,132)**	(26,753)
As at end of the year	**5,723,151**	6,023,632

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12 LONG TERM FINANCES

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

Particulars	Note	31-Dec-20	31-Dec-19	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Shariah compliant instruments						
Diminishing Musharakah		**589,287**	642,857	Three months KIBOR plus 1% per annum (2019: Three months KIBOR plus 1% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Faysal Bank Limited for the purpose of balancing modernization and replacement requirements. The finance is repayable in fourteen equal quarterly installments commencing from August 2019. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.
Diminishing Musharakah		**933,333**	1,000,000	Three months KIBOR plus 1.5% per annum (2019:Three months KIBOR plus 1.5% per annum).	Charge over present and future fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Faysal Bank Limited for the purpose of working capital requirement and for construction of washing machine unit and warehouse/godown. The finance is repayable in fifteen equal quarterly installments commencing from February 2020. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.
		1,522,620	1,642,857			
Conventional Instruments						
Term Finance		**166,667**	208,333	Three months KIBOR plus 3.8% per annum (2019: Three months KIBOR plus 3.8% per annum).	Charge over fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited for the purpose of financing capital expenditure. The finance is repayable in twelve equal quarterly installments commencing from April 2018. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Note	31-Dec-20	31-Dec-19	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Term Finance		-	1,071,429	Three months KIBOR plus 1.25% per annum (2019: Three months KIBOR plus 1.25% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance had been obtained from Bank Alfalah Limited for the purpose of financing the repayment of existing long term loans. The finance was fully repaid during the year.
Term finance		**131,061**	130,122	Three months KIBOR plus 1.5% per annum (2019: Three months KIBOR plus 1.5% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from The Bank of Punjab for the purpose of erection of new power transformer manufacturing facility. The finance is repayable in sixteen equal quarterly installments commencing from September 2020.
Term Finance		**121,875**	131,250	Three months KIBOR plus 2% per annum (2019: Three months KIBOR plus 2% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited for the purpose of financing capital expenditure. The finance is repayable in sixteen equal quarterly installments commencing from August 2019. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.
Term Finance		-	500,000	Three months KIBOR plus 2.25% per annum (2019: Three months KIBOR plus 2.25% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance had been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited for the purpose of refinancing capital expenditure. The finance was fully repaid during the year.
Term Finance		**1,000,000**	-	Three months KIBOR plus 1.5% per annum.	Charge over operating fixed assets of the Company.	The finance has been obtained from Askari Bank Limited to meet permanent working capital requirement. The finance is repayable in sixteen equal quarterly installments commencing from April 2022.
Term Finance		**250,000**	-	Three months KIBOR plus 2.5% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Pak Libya Holding Company Limited to build manufacturing facility of power transformers. The finance is repayable in sixteen equal quarterly installments commencing from May 2021.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Note	31-Dec-20	31-Dec-19	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Term Finance		**131,333**	-	Three months KIBOR plus 3% per annum.	Charge over operating fixed assets of the Company.	The finance has been obtained from Summit Bank Limited to refinance capital expenditure. The finance is repayable in twelve equal quarterly installments commencing from July 2020.
Term Finance		**2,000,000**	-	One month KIBOR plus 1.3% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Bank Alfalah Limited to meet permanent working capital requirement. The finance is repayable in sixteen equal quarterly installments commencing from March 2022.
Term Finance		**500,000**	-	Three months KIBOR plus 1.5% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Pak China Invetment Comapny Limited for balance sheet reprofiling and permanent working capital requirement. The finance is repayable in four equal quarterly installments commencing from April 2021.
Term Finance		**300,000**	-	One month KIBOR plus 1.75% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from Samba Bank Limited to finance construction of new transformers manufacturing facility. The finance is repayable in sixteen equal quarterly installments commencing from April 2021.
Demand Finance		**252,615**	315,769	Three months KIBOR plus 2% per annum (2019: Three months KIBOR plus 2% per annum).	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	This represents demand finance facility sanctioned by National Bank of Pakistan against an upfront payment of Rs. 1,650 million against Private Placed Term Finance Certificates. The finance is repayable in fourteen equal quarterly installments commencing from April 2017. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.
Demand Finance		**339,703**	407,643	Three months KIBOR plus 2.25% per annum (2019: Three months KIBOR plus 2.25% per annum).	Charge over present and future current assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has obtained from National Bank of Pakistan for settlement of long term finances obtained from MCB Bank Limited (Ex. NIB Bank Limited). The finance is repayable in twenty three equal quarterly installments commencing from September 2015. However, during the year, the lender has approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Note	31-Dec-20	31-Dec-19	Pricing	Security	Repayment and other arrangements
		Rupees '000	*Rupees '000*			
Refinance scheme	*12.1*	**922,764**	-	SBP rate plus 3% per annum.	Charge over operating fixed assets of the Company.	The finance has been obtained from Bank Alfalah Limited to finance payment of wages and salaries of workers and employees for the month of April, May, June, July, August and September 2020. (See note 12.1)
		6,116,018	2,764,546			
Total		**7,638,638**	4,407,403			
Current maturity		**(2,011,197)**	(2,245,249)			
		5,627,441	2,162,154			

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12.1 The finance has been obtained from Bank Alfalah Limited to finance payment of wages and salaries of workers and employees for the month of April, May, June, July, August and September 2020. The finance is repayable in eight equal quarterly installments with the first installment due in January 2021. The amortized cost of this finance has determined using a discount rate of three months KIBOR plus 3% (11.16%) being the prevailing market rate of interest for similar instruments. The diferrence between the amortised cost and face value has been recognized as deferred grant (See note 16). The details are as follows:

	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
Face value of finance		990,747	-
Accretion during the year	16	47,086	-
Deferred grant recognized during the year	16	(115,069)	-
		922,764	-

13 LEASE LIABILITIES

Present value of minimum lease payments	13.1 & 13.2	321,433	241,094
Current maturity presented under current liabilities	13.1 & 13.2	(160,893)	(103,708)
		160,540	137,386

13.1 These represent vehicles and machinery acquired under finance lease arrangements. The leases are priced at rates ranging from three months KIBOR to six months KIBOR plus 1.5% to 2.5% per annum (2019: three months KIBOR to six months KIBOR plus 1.5% to 3% per annum 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.

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

	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
Not later than one year		192,722	133,420
Later than one year but not later than five years		167,135	152,359
Total future minimum lease payments		359,857	285,779
Finance charge allocated to future periods		(38,424)	(44,685)
Present value of future minimum lease payments		321,433	241,094
Not later than one year	20	(160,893)	(103,708)
Later than one year but not later than five years		160,540	137,386

14 WARRANTY OBLIGATIONS

This represents provision for warranties related to goods sold during the current and previous years. The Company expects to settle majority of the liability over the next three years.

	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
Present value of warranty obligations		492,396	357,915
Current maturity	18	(350,123)	(237,905)
		142,273	120,010

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	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
14.1 Movement in warranty obligations			
As at beginning of the year		**357,915**	-
Impact of application of IFRS 15	14.1.1	-	312,955
As at beginning of the year - as adjusted		**357,915**	312,955
Amalgamation with PEL Marketing (Private) Limited		**70,757**	-
Amounts charged against the provision		**(377,504)**	(188,441)
Unwinding of the discount/changes in discount rate		**21,634**	9,479
Addition during the year		**419,594**	237,345
Excess provision reversed		-	(13,423)
As at end of the year		**492,396**	357,915

14.1.1 The Company has recognized the cumulative effect of initially applying IFRS 15 as adjustment to opening balance as at January 01, 2019.

	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
15 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	15.1	**4,000,484**	3,982,402
Deferred tax asset on deductible temporary differences	15.1	**(1,661,686)**	(1,497,931)
		2,338,798	2,484,471

15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31-Dec-20			
	As at 01-Jan-20	Recognized in profit or loss	Recognized in OCI	As at 31-Dec-20
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Deferred tax liabilities				
Operating fixed assets	**3,946,664**	**(42,721)**	**44,132**	**3,948,075**
Right-of-use assets	**35,738**	**16,671**	**-**	**52,409**
	3,982,402	**(26,050)**	**44,132**	**4,000,484**
Deferred tax assets				
Provisions	**(277,877)**	**(71,394)**	**-**	**(349,271)**
Unused tax losses and credits	**(1,220,054)**	**(85,754)**	**-**	**(1,305,808)**
Long term investments	**-**	**(6,607)**	**-**	**(6,607)**
	(1,497,931)	**(163,755)**	**-**	**(1,661,686)**
	2,484,471	**(189,805)**	**44,132**	**2,338,798**

	31-Dec-19			
	As at 01-Jan-19	Recognized in profit or loss	Recognized in OCI	As at 31-Dec-19
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Deferred tax liabilities				
Operating fixed assets	3,678,339	241,572	26,753	3,946,664
Right-of-use assets	30,411	5,327	-	35,738
	3,708,750	246,899	26,753	3,982,402
Deferred tax assets				
Provisions	(189,804)	(88,073)	-	(277,877)
Unused tax losses and credits	(1,087,859)	(132,195)	-	(1,220,054)
Long term investments	(7,142)	7,142	-	-
	(1,284,805)	(213,126)	-	(1,497,931)
	2,423,945	33,773	26,753	2,484,471

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15.2 Deferred tax arising from the timing differences pertaining to income taxable under normal provisions and as a separate block of the Income Tax Ordinance, 2001 ['the Ordinance'] has been calculated at 29% and 15% (2019: 29% and 15%) respectively of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

16 DEFERRED GRANT

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

The Company obtained financing of Rs. 990.747 million under the Refinance Scheme (see note 12.1). The benefit of below market interest rates, measured as the diferrence between the fair value of loan on the date of disbursement and its face value on that date has been recognised as deferred grant.

The movement during the year is as follows:

	Note	**31-Dec-20**	31-Dec-19
		Rupees '000	*Rupees '000*
As at beginning of the year		**-**	-
Recognized during the year	*12.1*	**115,069**	-
Amortized during the year	*12.1*	**(47,086)**	-
As at end of the year		**67,983**	-
Current maturity presented under current liabilities	*20*	**(51,151)**	-
		16,832	-

17 DEFERRED INCOME

As at beginning of the year		**34,942**	36,781
Recognized in profit or loss	*38*	**(1,747)**	(1,839)
As at end of the year		**33,195**	34,942

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

The grant received in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 1,747 million (2019: Rs. 1,839 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

18 TRADE AND OTHER PAYABLES

	Note	**31-Dec-20**	31-Dec-19
		Rupees '000	*Rupees '000*
Trade creditors		**656,211**	468,541
Foreign bills payable	*18.1*	**125,642**	101,960
Accrued liabilities		**139,918**	121,036
Advances from customers		**95,698**	70,125
Employees' provident fund		**13,208**	6,774
Compensated absences		**34,787**	33,902
Warranty obligations	*14*	**350,123**	237,905
Sales tax payable		**83,822**	-
Workers' Profit Participation Fund	*18.2*	**19,648**	11,431
Workers' Welfare Fund	*18.3*	**8,792**	4,344
Other payables		**16,098**	18,531
		1,543,947	1,074,549

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

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		Note	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
18.2	**Workers' Profit Participation Fund**			
	As at beginning of the year		**11,431**	26,765
	Interest on funds utilized by the Company	*42*	**572**	1,516
	Charged to profit or loss for the year	*41*	**19,648**	11,431
	Paid during the year		**(12,003)**	(28,281)
	As at end of the year		**19,648**	11,431

18.2.1 Interest on funds utilized by the Company has been recognized at 12% (2019: 13.59%) per annum.

		Note	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
18.3	**Workers' Welfare Fund**			
	As at beginning of the year		**4,344**	10,173
	Charged to profit or loss for the year	*41*	**14,754**	4,344
	Paid/adjusted during the year		**(10,306)**	(10,173)
	As at end of the year		**8,792**	4,344

19 SHORT TERM BORROWINGS

Secured

Short term finances utilized under interest/markup/profit arrangements from

- Banking companies - *Shariah compliant instruments*	*19.1*	**1,766,122**	1,756,054
- Banking companies - *Conventional instruments*	*19.1*	**8,839,486**	9,149,436
- Non Banking Finance Companies ['NBFC's']	*19.2*	**-**	50,000
		10,605,608	10,955,490

19.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/markup/profit at rates ranging from one to six months KIBOR plus 1% to 3% per annum (2019: one to six months KIBOR plus 1% to 3% per annum) per annum. These facilities are secured by pledge / hypothecation of raw material and components, work-in-process, finished goods, imported goods, machinery, spare parts, charge over book debts and personal guarantees of the sponsoring directors of the Company. These facilities are generally for a period of one year and renewed at the end of the period.

19.2 These facilities had been obtained from NBFCs for working capital requirements and carried interest/markup at rates ranging from nil (2019: 11.60% to 12.05%) per annum. These facilities were secured by charge over operating fixed assets of the Company and personal guarantees of the directors of the Company.

19.3 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 9,761 million (2019: Rs. 9,566 million).

		Note	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
20	**CURRENT MATURITY OF NON-CURRENT LIABILITIES**			
	Long term finances	*12*	**2,011,197**	2,245,249
	Lease liabilities	*13*	**160,893**	103,708
	Deferred grant	*16*	**51,151**	-
			2,223,241	2,348,957

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Various banking and insurance companies have issued guarantees, letters of credit and discounted receivables on behalf of the Company as detailed below:

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	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
Tender bonds	**233,238**	416,312
Performance bonds	**2,539,828**	2,638,598
Advance guarantees	**557,242**	390,174
Custom guarantees	**80,275**	87,670
Foreign guarantees	**51,847**	91,598

21.1.2 The Company may have to indemnify its Directors for any losses that may arise due to personal guarantees given by them for securing the debts of the Company, in case the Company defaults.

21.1.3 Section 5A of Income Tax Ordinance, 2001 imposes tax rate at 5% of the accounting profit before tax of a public company that does not distribute atleast 20% of its after tax profits as cash dividend within six months of the end of the tax year.

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

21.1.4 The Finance Act, 2015 introduced Super Tax for rehabilitation of temporarily displaced persons vide newly inserted section 4B to the Ordinance whereby, at rates ranging from 2% to 3% of the income equal to or exceeding Rs. 500 million. No provision for Super Tax has been made for tax years 2015 to 2019 as the matter is subjudice before Honourable Supreme Court. The Company is not in a position to state about the outcome of the matter, which is entirely dependent on the judgement of aforesaid Apex Superior Court.

21.1.5 Appeal of the Company for the tax years 2009, 2016 and 2017 were decided by the Commissioner Inland Revenue (Appeals) ['CIR(A)'] and Appeal of the Company for the tax years 2018 and 2019 are still pending. The issues involve in these appeals were mostly those concerning allowance/disallowance of various expenses. Appeals have been filed by Company as well as the Department before the Appellate Tribunal which are pending. The management expects to get adequate relief from the Appellate Authority and no additional tax liability is expected to arise.

21.1.6 The Company claimed adjustment for the minimum tax paid amounting to Rs. 150.925 million in tax year 2017 and Rs. 350.821 million in tax year 2015 aggregating to Rs. 550.751 million. Minimum tax of Rs. 725.575 million was paid despite losses sustained in the Tax Years 2010 to 2015. The CIR(A) placing reliance on the decisions of the Appellate Tribunal and judgement of the Lahore High Court has concluded that in view if the loses sustained the Appellant is entitled to tax credit in terms of Section 113(2)(c) of Income Tax Ordinance, 2001. The Department and Company has filed appeals before the honorable tribunal which are pending.

	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
21.2 Commitments		
21.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	**3,118,930**	682,628

21.2.2 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:

	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
- payments not later than one year	**72,367**	79,822
- payments later than one year	**86,733**	169,728
	159,100	249,550

21.2.3 Commitments under short term leases:

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

	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
- payments not later than one year	**31,781**	34,826
- payments later than one year	**-**	-
	31,781	34,826

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PAK ELEKTRON LIMITED

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22 PROPERTY, PLANT AND EQUIPMENT

	31-Dec-20												
	COST / REVALUED AMOUNT						DEPRECIATION						Net book value as at December 31
	As at January 01	Additions	Revaluation	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Revaluation	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*	*Rupees '000*	*Rupees '000*
Operating fixed assets													
Land	1,035,256	-	-	-	-	1,035,256	-	-	-	-	-	-	1,035,256
Building	8,196,945	-	-	-	-	8,196,945	5	2,425,643	285,717	-	-	2,711,360	5,485,585
Plant and machinery	23,045,447	675,190	-	(6,391)	-	23,714,246	5	8,722,207	731,133	-	(3,613)	9,449,727	14,264,519
Office equipment and fixtures	158,217	14,022	-	(561)	-	171,678	10	61,690	10,382	-	(168)	71,904	99,774
Computer hardware and allied items	148,796	29,788	-	(4,441)	-	174,143	30	116,537	20,341	-	(4,410)	132,468	41,675
Vehicles	303,101	10,309	-	(82,378)	46,680	277,712	20	177,483	27,224	-	(40,045)	164,662	113,050
	32,887,762	729,309	-	(93,771)	46,680	33,569,980		11,503,560	1,074,797	-	(48,236)	12,530,121	21,039,859
Right-of-use assets													
Rented premises	-	162,493	-	-	-	162,493	20-50	-	38,024	-	-	38,024	124,469
Plant and machinery	297,124	-	-	-	-	297,124	5	6,711	14,520	-	-	21,231	275,893
Vehicles	113,656	71,323	-	-	(46,680)	138,299	20	28,655	21,582	-	(25,244)	24,993	113,306
	410,780	233,816	-	-	(46,680)	597,916		35,366	74,126	-	(25,244)	84,248	513,668
Capital work in progress													
Building	621,281	928,991	-	-	-	1,550,272		-	-	-	-	-	1,550,272
Plant and machinery	558,163	457,458	-	-	-	1,015,621		-	-	-	-	-	1,015,621
	1,179,444	1,386,449	-	-	-	2,565,893		-	-	-	-	-	2,565,893
	34,477,986	2,349,574	-	(93,771)	-	36,733,789		11,538,926	1,148,923	-	(73,480)	12,614,369	24,119,420

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FOR THE YEAR ENDED 31 DECEMBER 2020

	31-Dec-19												
	COST / REVALUED AMOUNT						DEPRECIATION						Net book value as at December 31
	As at January 01	Additions	Revaluation	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Revaluation	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*	*Rupees '000*	*Rupees '000*
Operating fixed assets													
Land	1,035,256	-	-	-	-	1,035,256	-	-	-	-	-	-	1,035,256
Building	5,683,232	-	-	-	2,513,713	8,196,945	5	2,238,728	186,915	-	-	2,425,643	5,771,302
Plant and machinery	21,808,411	416,092	-	(313,602)	1,134,546	23,045,447	5	8,010,621	706,155	-	5,431	8,722,207	14,323,240
Office equipment and fixtures	196,956	13,984	-	(52,723)	-	158,217	10	85,180	11,881	-	(35,371)	61,690	96,527
Computer hardware and allied items	126,414	28,397	-	(6,015)	-	148,796	30	102,750	19,746	-	(5,959)	116,537	32,259
Vehicles	301,123	16,839	-	(49,775)	34,914	303,101	20	153,633	30,719	-	(6,869)	177,483	125,618
	29,151,392	475,312	-	(422,115)	3,683,173	32,887,762		10,590,912	955,416	-	(42,768)	11,503,560	21,384,202
Right-of-use assets													
Rented premises	-	-	-	-	-	-	20-50	-	-	-	-	-	-
Plant and machinery	161,364	187,180	-	-	(51,420)	297,124	5	6,434	7,011	-	(6,734)	6,711	290,413
Vehicles	100,139	48,431	-	-	(34,914)	113,656	20	36,754	12,227	-	(20,326)	28,655	85,001
	261,503	235,611	-	-	(86,334)	410,780		43,188	19,238	-	(27,060)	35,366	375,414
Capital work in progress													
Building	2,433,970	701,024	-	-	(2,513,713)	621,281		-	-	-	-	-	621,281
Plant and machinery	744,250	897,039	-	-	(1,083,126)	558,163		-	-	-	-	-	558,163
	3,178,220	1,598,063	-	-	(3,596,839)	1,179,444		-	-	-	-	-	1,179,444
	32,591,115	2,308,986	-	(422,115)	-	34,477,986		10,634,100	974,654	-	(69,828)	11,538,926	22,939,060

22.1 Property, plant and equipment includes fully depreciated assets of Rs. 107.99 million (2019: Rs. 70.2 million) which are still in use of the Company.

22.2 Land is located at Mouza Kot Islampura, 34 - K.M, Ferozepur Road, Lahore with a total area of 511 Kanals (2019: 511 Kanals) and at 14 - K.M, Ferozepur Road, Lahore and Plot # 302-303, Gadoon Industrial Area, Gadoon Amazai with a total area of 322 Kanals 15 Marla (2019: 322 Kanals 15 Marla).

22.3 Plant and machinery - *(Capital work in progress)* includes borrowing cost capitalized during the year amounting to Rs. 27.022 million (2019: Rs. 4.178 million). The expansion has been financed by a term finance facility from a financial institution.

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PAK ELEKTRON LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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22.4 Disposal of operating fixed assets

	31-Dec-20						
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Plant and machinery							
Injection Moulding Machine	6,391	3,613	2,778	1,600	(1,178)	Negotiation	Abdullah Traders, *Lahore.*
Office equipment and fixtures							
Assets having net book value less than Rs. 500,000 each	561	168	393	20	(373)	As Per Company Policy	Various employees
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	4,441	4,410	31	913	882	As Per Company Policy	Various employees
Vehicles							
Suzuki Cultus	1,348	332	1,016	415	(601)	As Per Company Policy	Yasir Arfat *(employee), Lahore.*
Suzuki Swift	1,332	634	698	700	2	As Per Company Policy	Hasnat Ahmed Khan *(employee), Lahore.*
Honda Civic	2,639	1,964	675	217	(458)	As Per Company Policy	Omer Farooq *(employee), Lahore.*
Toyota Corolla	1,993	1,332	661	407	(254)	As Per Company Policy	Shoaib *(employee), Lahore.*
Suzuki WagonR	1,152	585	567	421	(146)	As Per Company Policy	Nadeem *(employee), Lahore.*
Honda Civic	2,510	1,949	561	290	(271)	As Per Company Policy	Azam Aziz *(employee), Lahore.*
Honda City	1,804	1,260	544	498	(46)	As Per Company Policy	M. Hanif *(employee), Lahore.*
Honda City	1,527	984	543	346	(197)	As Per Company Policy	Shoail Fazil *(employee), Lahore.*
Honda Civic	2,321	1,789	532	411	(121)	As Per Company Policy	Zia ul Haq *(employee), Lahore.*
Assets having net book value less than Rs. 500,000 each	65,752	54,460	11,292	26,318	15,026	As Per Company Policy	Various employees
	82,378	65,289	17,089	30,023	12,934		
	93,771	73,480	20,291	32,556	12,265		

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	31-Dec-19						
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Plant and machinery							
Lamination Cutting Line TBA300	131,237	-	131,237	131,237	-	Sales and Lease Back	Orix modaraba, *Lahore.*
Serbo Hydro Mechanical Clamping	175,119	1,303	173,816	187,180	13,364	Sales and Lease Back	Sindh Leasing Company
Step Lap Lamination DTR	7,246	-	7,246	-	(7,246)	Sales and Lease Back	Orix modaraba, *Lahore.*
	313,602	1,303	312,299	318,417	6,118		
Office equipment and fixtures							
Table and chairs	31,975	21,914	10,061	199	(9,862)	Negotiation	Scrap sale
Mobile sets	1,018	280	738	-	(738)	Negotiation	Scrap sale
Miscellaneous office items	18,561	12,349	6,212	2,875	(3,337)	Negotiation	Scrap sale
Assets having net book value less than Rs. 500,000 each	1,169	828	341	156	(185)	Negotiation	Scrap sale
	52,723	35,371	17,352	3,230	(14,122)		
Computer hardware and allied items							
Assets having net book value less than Rs. 500,000 each	6,015	5,959	56	62	6	Negotiation	Scrap sale
Vehicles							
Audi A6	11,910	7,082	4,828	10,500	5,672	Negotiation	Synergy Technology, *Lahore.*
Toyota Fortuner	6,229	2,126	4,103	3,229	(874)	As Per Company Policy	Amer Hamza *(employee), Lahore*
Suzuki Jimny	2,293	1,579	714	1,409	695	Insurance Claim	Adamjee Insurance Company Limited, *Lahore.*
Honda Civic	2,254	929	1,325	1,674	349	As Per Company Policy	Muhammad Raza *(employee), Lahore.*
Honda Civic	2,113	986	1,127	1,319	192	As Per Company Policy	Qazi Nisar *(employee), Lahore.*
Toyota Corolla	1,992	232	1,760	2,356	596	Negotiation	First Habib Modaraba, *Lahore.*
Toyota Corolla	1,735	1,232	503	465	(38)	As Per Company Policy	Liaqat Ali *(employee), Lahore.*
Toyota Corolla	1,731	1,177	554	477	(77)	As Per Company Policy	Rehmat Ali *(employee), Lahore.*
Toyota Corolla	1,543	636	907	1,198	291	As Per Company Policy	Rafique Ahmed *(employee), Lahore.*
Suzuki Cultus	1,085	302	783	1,300	517	As Per Company Policy	Gulzaib *(employee), Lahore.*

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

	31-Dec-19						
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Suzuki Cultus	981	434	547	587	40	As Per Company Policy	Asif Ilyas *(employee), Lahore.*
Assets having net book value less than Rs. 500,000 each	15,909	10,480	5,429	8,958	3,529	As Per Company Policy	Various emploees
	49,775	27,195	22,580	33,472	10,892		
	422,115	69,828	352,287	355,181	2,894		

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	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
22.5 The depreciation charge for the year has been allocated as follows:			
Cost of sales	37	**1,043,572**	910,818
Distribution cost	39	**13,887**	-
Administrative and general expenses	40	**91,464**	63,836
		1,148,923	974,654

22.6 Revaluation of property, plant and equipment

Most recent valuation of land, building and plant and machinery was carried out by an independent valuer, Maricon Consultants (Private) Limited, on December 31, 2018 and was incorporated in the financial statements for the year ended December 31, 2018. For basis of valuation and other fair value measurement disclosures refer to note 51.

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

	31-Dec-20		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	Rupees '000	Rupees '000
Land	**189,184**	**-**	**189,184**
Building	**5,816,039**	**1,653,977**	**4,162,062**
Plant and machinery	**12,807,662**	**3,942,948**	**8,864,714**

	31-Dec-19		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	Rupees '000	Rupees '000
Land	189,184	-	189,184
Building	5,816,039	1,434,921	4,381,118
Plant and machinery	12,135,143	3,494,328	8,640,815

22.6.1 As per most recent valuation, forced sale values of land, building and plant and machinery are as follows:

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

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23 INTANGIBLE ASSETS

	Note	31-Dec-20						
		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	*23.1*	**117,054**	**-**	**117,054**	**46,596**	**3,523**	**50,119**	**66,935**
Goodwill	*23.2*	**312,341**	**-**	**312,341**	**91,859**	**-**	**91,859**	**220,482**
Software	*23.3*	**20,808**	**-**	**20,808**	**11,184**	**3,176**	**14,360**	**6,448**
Enterprise Resource Planning system	*23.4*	**31,675**	**-**	**31,675**	**25,907**	**1,903**	**27,810**	**3,865**
		481,878	**-**	**481,878**	**175,546**	**8,602**	**184,148**	**297,730**

		31-Dec-19						
		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	*23.1*	117,054	-	117,054	42,888	3,708	46,596	70,458
Goodwill	*23.2*	312,341	-	312,341	91,859	-	91,859	220,482
Software	*23.3*	17,006	3,802	20,808	6,911	4,273	11,184	9,624
Enterprise Resource Planning system	*23.4*	31,675	-	31,675	23,066	2,841	25,907	5,768
		478,076	3,802	481,878	164,724	10,822	175,546	306,332

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

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

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

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

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24 LONG TERM INVESTMENTS

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

	Note	31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
PEL Marketing (Private) Limited - *Unquoted*			
Nil (2019: 10,000) ordinary shares of Rs. 10 each Relationship: *wholly-owned subsidiary* Ownership Interest: *100%*	*24.1*	-	100
Kohinoor Power Company Limited - *Quoted*			
2,910,600 (2019: 2,910,600) ordinary shares of Rs. 10 each Relationship: *associate* Ownership Interest: *23.1%* Market value: *Rs. 3.66 (2019: Rs. 1.98) per share*	*24.2*	**10,653**	5,763
		10,653	5,863

24.1 During the period, 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 10,000 ordinary shares of Rs. 10 each stands cancelled without any payment or other consideration with effect from April 30, 2020.

24.2 This represents investment in ordinary shares of Kohinoor Power Company Limited, an associated company. The investment has been accounted for by using equity method. Particulars of investment are as follows:

	31-Dec-20	31-Dec-19
Percentage of ownership interest	**23.10%**	23.10%

	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
Cost of investment	**54,701**	54,701
Share of post acquisition profits	**(13,866)**	(11,663)
	40,835	43,038
Accumulated impairment	**(30,182)**	(37,275)
	10,653	5,763

24.2.1 Extracts of financial statements of associated company

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

	Note	31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
Non-current assets		**95,676**	102,814
Current assets		**41,705**	44,665
Non-current liabilities		**1,820**	1,461
Current liabilities		**1,272**	2,193
Revenue		**17,193**	7,831
Loss for the year		**(9,394)**	(12,147)
Other comprehensive loss		**(142)**	-
Break-up value per share		**0.01**	0.01
Share of profit and other adjustments to net assets	*24.2.2*	**(2,203)**	(2,806)
Market value per share		**3.66**	1.98

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	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
24.2.2 This includes the following:			
Share of loss for the year		**(2,170)**	(2,806)
Share of other comprehensive loss for the year		**(33)**	-
		(2,203)	(2,806)

25 LONG TERM DEPOSITS

Financial institutions	*25.1*	**25,916**	27,601
Utility companies and regulatory authorities	*25.2*	**241,166**	167,734
Others	*25.3*	**196,570**	164,845
		463,652	360,180

25.1 These represent security deposits against Ijarah financing.

25.2 These have been deposited with various utility companies and regulatory authorities. These are classified as 'financial assets at amortized cost' under IFRS 9 which are required to be carried at amortized cost. However, these, being held for an indefinite period with no fixed maturity date, are carried at cost.

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

26 LONG TERM ADVANCES

	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
Face value of advances		**2,570,716**	-
Less: unamortized notional interest	*26.2*	**411,556**	-
		2,159,160	-
Current portion presented under current assets	*31*	**(1,543,584)**	-
		615,576	-

26.1 These advances have been made to various customers for renovation of show rooms. These are classified as 'financial assets at amortized cost' under IFRS 9 which are measured at amortized cost determined using a discount rate of 8.31% (2019: 13.56%).

	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
26.2 Unamortized notional interest			
As at beginning of the year		**294,611**	-
Recognized during the year	*39.2*	**283,842**	-
Amortization for the year	*39.2*	**(166,897)**	-
As at end of the year		**411,556**	-

27 STORES, SPARES AND LOOSE TOOLS

Stores	**300,123**	279,668
Spares	**455,855**	455,386
Loose tools	**124,970**	132,117
	880,948	867,171
Impairment allowance for slow moving and obsolete items	**(18,824)**	(18,824)
	862,124	848,347

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

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		31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
28	**STOCK IN TRADE**		
	Raw material		
	- in stores	**5,720,481**	3,992,761
	- in transit	**1,263,435**	1,315,147
	Write-down to net realisable value	**(42,636)**	(39,060)
		6,941,280	5,268,848
	Work in process	**1,046,705**	656,835
	Finished goods	**1,529,403**	1,871,490
	Write-down to net realisable value	**(18,124)**	(7,876)
		1,511,279	1,863,614
		9,499,264	7,789,297

28.1 Stock in trade valued at Rs. 899.34 million (2019: Rs. 1,849 million) is pledged as security with providers of debt finances.

		Note	31-Dec-20	31-Dec-19
			Rupees '000	*Rupees '000*
29	**TRADE DEBTS**			
	Gross amount due			
	- against sale of goods		**9,292,181**	1,896,136
	- against execution of construction contracts	*29.1*	**1,782,781**	1,206,697
			11,074,962	3,102,833
	Impairment allowance for expected credit loss	*40*	**(638,808)**	(612,535)
			10,436,154	2,490,298

29.1 These include retention money for construction contracts in progress amounting to Rs. 541.102 million (2019: Rs. 551.251 million) held by the customers in accordance with contract terms.

		Note	31-Dec-20	31-Dec-19
			Rupees '000	*Rupees '000*
29.2	**Movement in impairment allowance for expected credit loss**			
	As at beginning of the year		**612,535**	587,301
	Recognized during the year		**26,273**	25,234
	As at end of the year		**638,808**	612,535

30 CONSTRUCTION WORK IN PROGRESS

This represents unbilled construction work in progress.

31	**SHORT TERM ADVANCES**			
	Advances to suppliers and contractors			
	Gross amount due		**630,104**	620,050
	Impairment allowance for doubtful advances		**(38,990)**	(32,730)
			591,114	587,320
	Advances to employees			
	Gross amount due	*31.1*	**504,287**	508,286
	Impairment allowance for doubtful advances		**(1,449)**	(1,449)
			502,838	506,837
	Current portion of long term advances	*26*	**1,543,584**	-
			2,637,536	1,094,157

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		31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
31.1	These include advances for		
	- purchases	**228,625**	227,256
	- expenses	**123,750**	125,672
	- traveling	**151,912**	155,358
		504,287	508,286

32 SHORT TERM DEPOSITS AND PREPAYMENTS

Security deposits		
Gross amount due	**417,891**	336,231
Impairment allowance for expected credit losses	**(5,379)**	(5,379)
	412,512	330,852
Margin deposits	**298,124**	207,323
Prepayments	**51,676**	46,211
Sales tax refundable	**-**	979,702
Letters of credit	**351,852**	327,510
	1,114,164	1,891,598

33 SHORT TERM INVESTMENTS

These represent investments in listed equity securities classified as 'financial assets at fair value through profit or loss'. The details are as follows:

	Note	31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
Standard Chartered Bank (Pakistan) Limited			
915,070 (2019: 915,070) ordinary shares of Rs. 10 each Market value: *Rs. 34.84 (2019: Rs. 23.60) per share*			
As at beginning of the year		**21,596**	22,071
Changes in fair value	*38 & 41*	**10,285**	(475)
As at end of the year		**31,881**	21,596

34 ADVANCE INCOME TAX/INCOME TAX REFUNDABLE

Advance income tax/income tax refundable		**3,011,932**	2,603,652
Provision for taxation	*43*	**(315,835)**	-
		2,696,097	2,603,652

35 CASH AND BANK BALANCES

Cash in hand	**11,748**	9,539
Cash at banks	**540,530**	370,194
	552,278	379,733

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	Note	31-Dec-20	31-Dec-19
		Rupees '000	Rupees '000
36 NET REVENUE			
This represents revenue recognized from contracts with customers			
Sale of goods			
- local		36,932,350	25,724,814
- exports		238,445	606,054
		37,170,795	26,330,868
Construction contracts		817,373	1,365,601
		37,988,168	27,696,469
Sales tax and excise duty		(5,442,950)	(4,035,952)
Trade discounts		(3,746,200)	(1,310,768)
		28,799,018	22,349,749
37 COST OF SALES			
Finished goods at the beginning of the year		1,871,490	417,843
Cost of goods manufactured	37.1	21,319,685	19,328,681
Finished goods at the end of the year		(1,529,403)	(1,871,490)
Cost of goods sold		21,661,772	17,875,034
Cost of construction contracts		735,745	1,146,012
		22,397,517	19,021,046
37.1 Cost of goods manufactured			
Work-in-process at beginning of the year		656,835	758,928
Raw material and components consumed		18,463,200	16,289,944
Direct wages		931,645	859,985
Factory overheads:			
- salaries, wages and benefits		463,664	460,306
- traveling and conveyance		27,367	29,023
- electricity, gas and water		401,176	355,619
- repairs and maintenance		79,093	72,215
- vehicles running and maintenance		35,807	31,406
- insurance		40,766	36,990
- depreciation	22.5	1,043,572	910,818
- amortization of intangible assets	23	8,602	10,822
- impairment allowance for obsolete and slow moving stock	28 & 29	13,824	2,877
- carriage and freight		28,464	26,022
- erection and testing		155,151	125,106
- other factory overheads		17,224	15,455
		2,314,710	2,076,659
		22,366,390	19,985,516
Work-in-process at end of the year		(1,046,705)	(656,835)
		21,319,685	19,328,681

37.2 These include charge in respect of employees retirement benefits amounting to Rs. 37.678 million (2019: Rs. 37.005 million).

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		Note	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
38	**OTHER INCOME**			
	Gain on financial instruments			
	Changes in fair value of short term investments at fair value through profit or loss	33	**10,285**	-
	Gain on sale and lease back activities		**-**	13,364
	Gain on disposal of property, plant and equipment		**12,265**	-
			22,550	13,364
	Other income			
	Amortization of grant-in-aid	17	**1,747**	1,839
	Reversal of impairment allowance of long term investment		**7,093**	1,584
	Others		**4,709**	17,100
			13,549	20,523
			36,099	33,887
39	**DISTRIBUTION COST**			
	Salaries and benefits	39.1	**548,529**	166,821
	Traveling and conveyance		**94,880**	68,591
	Rent, rates and taxes		**37,559**	12,012
	Electricity, gas, fuel and water		**25,122**	4,055
	Repairs and maintenance		**8,945**	1,511
	Vehicles running and maintenance		**61,756**	21,258
	Printing and stationery		**10,654**	3,918
	Postage, telegrams and telephones		**24,588**	4,221
	Entertainment and staff welfare		**43,882**	12,304
	Advertisement and sales promotion		**482,966**	195,236
	Insurance		**16,986**	10,618
	Freight and forwarding		**412,960**	170,589
	Contract and tendering		**2,441**	1,352
	Depreciation		**13,887**	-
	Warranty period services		**441,228**	233,401
	Others		**120,090**	47,814
			2,346,473	953,701

39.1 These include charge in respect of employees retirement benefits amounting to Rs. 16.393 million (2019: Rs. 7.563 million).

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

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		Note	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
40	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and benefits	40.1	**762,927**	235,232
	Traveling and conveyance		**70,846**	17,159
	Rent, rates and taxes		**113,938**	38,746
	Ujrah payments		**78,724**	28,203
	Legal and professional		**94,302**	63,708
	Electricity, gas and water		**48,094**	31,430
	Auditor's remuneration	40.2	**5,900**	4,850
	Repairs and maintenance		**33,286**	13,373
	Vehicles running and maintenance		**31,699**	14,535
	Printing, stationery and periodicals		**6,201**	3,430
	Postage, telegrams and telephones		**12,565**	8,251
	Entertainment and staff welfare		**25,584**	12,596
	Advertisement		**12,032**	6,133
	Insurance		**10,192**	9,449
	Impairment allowance for expected credit loss	29.2	**26,273**	25,234
	Depreciation	22.5	**91,464**	63,836
	Others		**59,316**	35,479
			1,483,343	611,644

40.1 These include charge in respect of employees retirement benefits amounting to Rs. 25.76 million (2019: Rs. 20.09 million).

		Note	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
40.2	**Auditor's remuneration**			
	Annual statutory audit		**4,300**	3,300
	Limited scope review		**800**	800
	Review report under corporate governance		**500**	500
	Out of pocket expenses		**300**	250
			5,900	4,850

41	**OTHER EXPENSES**			
	Loss on financial instruments			
	Changes in fair value of short term investments at fair value through profit or loss	33	**-**	475
	Loss on disposal of property, plant and equipment		**-**	10,470
			-	10,945
	Others			
	Workers' Profit Participation Fund	18.2	**19,648**	11,431
	Workers' Welfare Fund	18.3	**14,754**	4,344
	Donations	41.1 & 41.2	**6,085**	4,655
	Others		**10,952**	11,830
			51,439	32,260
			51,439	43,205

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

	Rupees '000
DC Lahore Office	**2,500**
Ferozsons Laboratories Limited	**1,200**
NUST Endowment Fund	**1,000**
	4,700

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

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		Note	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
42	**FINANCE COST**			
	Interest/markup/profit on borrowings:			
	redeemable capital		-	1,958
	long term finances		548,093	650,503
	leased liabilities		44,403	25,223
	short term borrowings		1,415,758	700,180
			2,008,254	1,377,864
	Interest on Workers' Profit Participation Fund	18.2	572	1,516
	Bank charges and commission		189,532	160,518
			2,198,358	1,539,898
43	**TAXATION**			
	Provision for taxation			
	for current year	34 & 43.1	315,835	-
	for prior years		6,061	(279)
			321,896	(279)
	Deferred taxation			
	adjustment attributable to origination and reversal of temporary differences		(189,805)	33,773
	adjustment attributable to changes in tax rates	15.1	-	-
			(189,805)	33,773
			132,091	33,494

43.1 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. Provision for the current year is nil due to utilization of available tax credits. There is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

43.2 Assessments upto Tax Year 2020 have been finalized under the relevant provisions of the Ordinance execpt for Tax Year 2009, 2016 and 2017. See note 21.1.5.

		Unit	31-Dec-20	31-Dec-19
44	**EARNINGS PER SHARE - BASIC AND DILUTED**			
	Earnings			
	Profit after taxation	Rupees '000	223,849	177,842
	Preference dividend for the year	Rupees '000	(42,710)	(42,710)
	Profit attributable to ordinary shareholders	Rupees '000	181,139	135,132
	Shares			
	Weighted average number of ordinary shares outstanding during the year	No. of shares	497,681,485	497,681,485
	Earnings per share			
	Basic and diluted	Rupees	0.36	0.27

44.1 As per the opinion of the Company's legal counsel, the provision for dividend at 9.5% per annum, under the original terms of issue of preference shares, will prevail on account of preference dividend.

44.2 There is no diluting effect on the basic earnings per share of the Company as the conversion rights pertaining to outstanding preference shares, under the original terms of issue, are no longer exercisable.

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		Note	31-Dec-20	31-Dec-19
			Rupees '000	Rupees '000
45	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**355,940**	211,336
	Adjustments for non-cash and other items			
	Interest/markup/profit on borrowings		**2,008,254**	1,377,864
	Share of loss of associate		**2,203**	2,806
	Notional interest		**116,945**	-
	Loss/(gain) on disposal of property, plant and equipment		**(12,265)**	10,470
	Amortization of grant-in-aid		**(1,747)**	(1,839)
	Amortization of intangible assets		**8,602**	10,822
	Reversal of impairment allowance of long term investment		**(7,093)**	(1,584)
	Changes in fair value of financial assets at fair value through profit or loss		**(10,285)**	475
	Impairment allowance for expected credit loss		**26,273**	25,234
	Impairment allowance for obsolete and slow moving stock		**13,824**	2,877
	(Gain)/loss on sale and lease back activities		**-**	(13,364)
	Depreciation		**1,148,923**	974,654
			3,293,634	2,388,415
			3,649,574	2,599,751
	Changes in working capital			
	Stores, spares and loose tools		**(13,777)**	10,798
	Stock in trade		**(1,719,328)**	581,937
	Trade debts		**(1,291,840)**	2,354,590
	Contract assets		**630,657**	(161,774)
	Short term advances		**551,700**	(128,543)
	Short term deposits and prepayments		**777,434**	(786,419)
	Other receivables		**11,892**	(40,892)
	Warranty obligations		**301,629**	44,960
	Trade and other payables		**119,119**	771,243
			(632,514)	2,645,900
	Cash generated from operations		**3,017,060**	5,245,651
46	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	*35*	**552,278**	379,733
			552,278	379,733

47 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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Transactions with key management personnel are limited to payment of short term and post employment benefits, advances against issue of ordinary shares and dividend payments. Transactions with post employment benefits plan are limited to employers' contribution made. The Company in the normal course of business carries out various transactions with its subsidiary and associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

		Note	31-Dec-20	31-Dec-19
			Rupees '000	*Rupees '000*
47.1 Transactions with related parties				
Nature of relationship	**Nature of transactions**			
Provident Fund Trust	Contribution for the year		**79,831**	64,658
Subsidiary	Sale of goods		**-**	10,716,095
Associated companies	Purchase of services		**57,783**	48,866
	Sale of goods		**259**	-
Key management personnel	Short term employee benefits	*53*	**46,014**	47,974
	Post employment benefits	*53*	**1,797**	1,760
47.2 Balances with related parties				
Nature of relationship	**Nature of balances**			
Provident Fund Trust	Contribution payable		**13,208**	6,774
Key management personnel	Short term employee benefits payable		**1,432**	1,356
Associated companies	Creditors		**3,351**	11,921

48 CONTRACTS WITH CUSTOMERS

48.1 Desegregation of revenue

The table below provides desegregation of revenue and its relationship with revenue information disclosed for the Company's Operating Segments presented in note 54.

	Power Division		Appliances Division		Total	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	Rupees '000'	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*	*Rupees '000'*
Product/service lines						
Home appliances	-	-	**25,088,742**	17,862,538	**25,088,742**	17,862,538
Electrical capital goods	**12,082,053**	8,468,330	-	-	**12,082,053**	8,468,330
Construction contracts	**817,373**	1,365,601	-	-	**817,373**	1,365,601
	12,899,426	9,833,931	**25,088,742**	17,862,538	**37,988,168**	27,696,469
Timing of revenue recognition						
Products transferred at a point in time	**12,082,053**	8,468,330	**25,088,742**	17,862,538	**37,170,795**	26,330,868
Products/services transferred over time	**817,373**	1,365,601	-	-	**817,373**	1,365,601
	12,899,426	9,833,931	**25,088,742**	17,862,538	**37,988,168**	27,696,469

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48.2 Contract balances

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

Nature of balance	Presented in financial statements as	Note	31-Dec-20	31-Dec-19
			Rupees '000'	*Rupees '000'*
Receivables	Trade debts	*29*	**10,436,154**	2,490,298
Contract assets	Construction work in progress	*30*	**1,066,852**	1,697,509
Contract liabilities	Advances from customers	*18*	**95,698**	70,125
			11,598,704	4,257,932

48.3 Changes in contract assets and liabilities

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

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

49 FINANCIAL INSTRUMENTS

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

	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
49.1 Financial assets		
Cash in hand	**11,748**	9,539
Financial assets at amortized cost		
Long term deposits	**437,736**	332,579
Trade debts	**10,436,154**	2,490,298
Short term deposits	**298,124**	207,323
Bank balances	**540,530**	370,194
	11,712,544	3,400,394
Financial assets mandatorily measured at fair value through profit or loss		
Short term investments	**31,881**	21,596
	11,756,173	3,431,529

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	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*

49.2 Financial liabilities

Financial liabilities at amortized cost

Long term finances	**7,638,638**	4,407,403
Leased liabilities	**321,433**	241,094
Trade creditors	**656,211**	468,541
Foreign bills payable	**125,642**	101,960
Accrued liabilities	**139,918**	121,036
Employees' provident fund	**13,208**	6,774
Compensated absences	**34,787**	33,902
Unclaimed dividend	**14,456**	15,052
Other payables	**19,211**	18,531
Accrued interest/markup/profit	**372,446**	488,912
Short term borrowings	**10,605,608**	10,955,490
	19,941,558	16,858,695

50 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

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

50.1 Credit risk

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

50.1.1 Credit risk management practices

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

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.
The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

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

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

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

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

The Company's credit risk grading framework comprises the following categories:

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

50.1.2 Exposure to credit risk

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

	Note	31-Dec-20	31-Dec-19
		Rupees '000	*Rupees '000*
Financial assets at amortized cost			
Long term deposits	*25*	**437,736**	332,579
Trade debts	*29*	**11,074,962**	3,102,833
Short term deposits	*32*	**298,124**	207,323
Cash at banks	*35*	**540,530**	370,194
		12,351,352	4,012,929

50.1.3 Credit quality and impairment

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

	Note	External rating	Internal risk grading	12-month or life-time ECL	Gross carrying amount	Loss allowance
					Rupees '000	*Rupees '000*
Long term deposits	*25*	N/A	Performing	12-month ECL	**437,736**	-
Trade debts	*29*	N/A	Performing	Lifetime ECL	**10,637,341**	**201,187**
		N/A	Doubtful	Lifetime ECL	**437,621**	**437,621**
					11,074,962	**638,808**
Short term deposits	*32*	N/A	Performing	12-month ECL	**298,124**	-
Cash at banks	*35*	A3 - A1+	N/A	12-month ECL	**540,530**	-
					12,351,352	**638,808**

(a) **Long term deposits**

These include deposits placed with various utility companies and regulatory authorities and those place with customers of construction contracts. Deposits with utility companies and regulatory authorities are substantially perpetual in nature and therefore no credit risk is associated there with. Deposits with customers are against construction contracts with government departments placed in accordance with the terms of tender documents and do not carry any significant credit risk. Accordingly no loss allowance has been made.

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(b) **Trade debts**

For trade debts, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade debts by using internal credit risk gradings. As at the reporting date, trade debts amounting to Rs 437.621 million and Rs. 638.808 million are considered 'doubtful' and 'in-default' respectively. Other trade debts are considered 'performing' including those past due as there is no significant increase in credit risk in respect of these receivables since initial recognition. The ageing analysis of trade debts as at the reporting date is as follows:

	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
Neither past due nor impaired	**8,460,614**	1,861,700
Past due by upto 30 days	**1,216,720**	372,340
Past due by 31 days to 180 days	**871,078**	276,258
Past due by 180 days or more	**526,550**	592,535
	11,074,962	3,102,833

(c) **Short term deposits**

These are placed with financial institutions with reasonably high credit ratings and therefore no credit loss is expected. Accordingly no loss allowance has been made.

(d) **Bank balances**

The bankers of the Company have reasonably high credit ratings as determined by various independent credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect any credit loss.

50.1.4 Concentrations of credit risk

There are no significant concentrations of credit risk, except for trade debts. The Company's nil (2019: one) significant customers account for nil (2019: Rs. 325.41 million) of trade debts as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (2019: 10%) of trade debts as at the reporting date. These significant customers have long standing business relationships with the Company and have a good payment record and accordingly non-performance by these customers is not expected.

50.1.5 Collateral held

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

50.1.6 Changes in impairment allowance for expected credit losses

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

50.2 Liquidity risk

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

50.2.1 Liquidity risk management

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

50.2.2 Exposure to liquidity risk

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

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	31-Dec-20				
	Carrying amount	Contractual cash flows	One year or less	One to three years	More than three years
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Long term finances	**7,638,638**	**9,064,755**	**2,643,338**	**4,531,066**	**1,890,351**
Lease liabilities	**321,433**	**209,884**	**130,397**	**79,487**	**-**
Trade creditors	**656,211**	**656,211**	**656,211**	**-**	**-**
Foreign bills payable	**125,642**	**125,642**	**125,642**	**-**	**-**
Accrued liabilities	**139,918**	**139,918**	**139,918**	**-**	**-**
Employees' provident fund	**13,208**	**13,208**	**13,208**	**-**	**-**
Compensated absences	**34,787**	**34,787**	**34,787**	**-**	**-**
Unclaimed dividend	**14,456**	**14,456**	**14,456**	**-**	**-**
Other payables	**19,211**	**19,211**	**19,211**	**-**	**-**
Accrued interest/markup/profit	**372,446**	**372,446**	**372,446**	**-**	**-**
Short term borrowings	**10,605,608**	**10,890,114**	**10,890,114**	**-**	**-**
	19,941,558	**21,540,632**	**15,039,728**	**4,610,553**	**1,890,351**

	31-Dec-19				
	Carrying amount	Contractual cash flows	One year or less	One to three years	More than three years
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Long term finances	4,407,403	5,320,079	2,753,784	2,448,023	118,272
Lease liabilities	241,094	285,779	133,420	152,359	-
Trade creditors	468,541	468,541	468,541	-	-
Foreign bills payable	101,960	101,960	101,960	-	-
Accrued liabilities	121,036	121,036	121,036	-	-
Employees' provident fund	6,774	6,774	6,774	-	-
Compensated absences	33,902	33,902	33,902	-	-
Unclaimed dividend	15,052	15,052	15,052	-	-
Other payables	18,531	18,531	18,531	-	-
Accrued interest/markup/profit	488,912	488,912	488,912	-	-
Short term borrowings	10,955,490	10,955,490	10,955,490	-	-
	16,858,695	17,816,056	15,097,402	2,600,382	118,272

50.3 Market risk

50.3.1 Currency risk

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

(a) Currency risk management

The Company manages its exposure to currency risk through continuous monitoring of expected/forecast committed and non-committed foreign currency payments and receipts. Reports on forecast foreign currency transactions, receipts and payments are prepared on monthly basis, exposure to currency risk is measured and appropriate steps are taken to ensure that such exposure is minimized while optimizing return. This includes matching of foreign currency liabilities/payments to assets/receipts and using source inputs in foreign currency.

(b) Exposure to currency risk

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

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	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
Financial assets	-	-
Financial liabilities		
Foreign bills payable		
USD	**(97,055)**	(86,161)
CNY	**-**	(2,617)
EUR	**(20,973)**	(11,391)
AUD	**(7,614)**	(1,791)
	(125,642)	(101,960)
Net balance sheet exposure	**(125,642)**	(101,960)
Foreign currency commitments		
CHF	**-**	(19,546)
CNY	**(282,817)**	(85,928)
EUR	**(79,154)**	(114,229)
GBP	**(114)**	-
USD	**(2,756,845)**	(460,502)
AED	**-**	(2,423)
	(3,118,930)	(682,628)
Net exposure	**(3,244,572)**	(784,588)

(c) Exchange rates applied as at the reporting date

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

	31-Dec-20	31-Dec-19
	Rupees	*Rupees*
GBP	**218.4537**	-
EUR	**196.6443**	173.5841
USD	**159.8344**	154.8476
CHF	**181.4857**	159.8674
CNY	**24.4608**	22.2409
AED	**43.5143**	42.1566
AUD	**123.2883**	108.4785

(d) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit for the year and equity as at the reporting date by Rs. 6.28 million (2019: Rs. 5.1 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year and equity. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

50.3.2 Interest rate risk

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

(a) Interest rate risk management

The Company manages interest rate risk by analysing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Company calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

(b) Interest/markup/profit bearing financial instruments

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

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	31-Dec-20	31-Dec-19
	Rupees '000	*Rupees '000*
Fixed rate instruments	-	-
Variable rate instruments		
Financial liabilities	**18,633,662**	15,603,987

(c) Fair value sensitivity analysis for fixed rate instruments

The Company does not have any fixed rate instruments.

(d) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 186.337 million (2019: Rs. 156.04 million). A decrease of 100 basis points would have had an equal but opposite effect on profit and equity. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

50.3.3 Other price risk

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

51 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value. 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

The fair value hierarchy of financial instruments measured at fair value and the information about how the fair values of these financial instruments are determined are as follows:

51.1 Financial instruments measured at fair value

51.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	31-Dec-20	31-Dec-19
			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	**31,881**	21,596

51.1.2 Non-recurring fair value measurements

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

51.2 Financial instruments not measured at fair value

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

51.3 Assets and liabilities other than financial instruments

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51.3.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	**31-Dec-20**	31-Dec-19
				Rupees '000	*Rupees '000*
Land	-	1,035,256	-	**1,035,256**	1,035,256
Building	-	5,485,585	-	**5,485,585**	5,771,302
Plant and machinery	-	14,264,519	-	**14,264,519**	14,323,240

For fair value measurements categorised into Level 2 the following information is relevant:

	Valuation technique	**Significant inputs**	**Sensitivity**
Land	Market comparable approach that reflects recent transaction prices for similar properties.	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 51.763 million (2019: Rs. 51.763 million).
Building	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 274.279 million (2019: Rs. 288.565 million).
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 713.226 million (2019: Rs. 716.162 million).

52 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 lease liabilities, including current maturity. Total capital employed includes total equity plus debt. The gearing ratios as at the reporting date are as follows:

	Unit	**31-Dec-20**	31-Dec-19
Total debt	*Rupees '000'*	**8,028,054**	4,648,497
Total equity	*Rupees '000'*	**31,714,722**	23,007,553
Total capital employed	*Rupees '000'*	**39,742,776**	27,656,050
Gearing ratio	*% age*	**20.20**	16.81

The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance.

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53 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	31-Dec-20	31-Dec-19	**31-Dec-20**	31-Dec-19	**31-Dec-20**	31-Dec-19
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Remuneration	**11,082**	12,046	**29,051**	29,641	**202,558**	195,917
House rent	**1,108**	1,205	**1,827**	1,908	**45,182**	43,196
Utilities	**1,108**	1,205	**1,108**	1,205	**20,256**	19,592
Bonus	**-**	-	**-**	-	**348**	11,159
Post employment benefits	**-**	-	**1,797**	1,760	**19,577**	19,178
Meeting fee	**-**	-	**360**	435	**-**	-
Reimbursable expenses						
Motor vehicles expenses	**-**	-	**-**	-	**18,377**	18,045
Medical expenses	**-**	-	**370**	329	**9,870**	8,608
	13,298	14,456	**34,513**	35,278	**316,168**	315,695
Number of persons	**1**	1	**2**	2	**88**	87

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

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

54 SEGMENT INFORMATION

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

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

		31-Dec-20	
	Power Division	**Appliances Division**	**Total**
	Rupees '000'	***Rupees '000'***	***Rupees '000'***
Revenue	**12,899,426**	**25,088,742**	**37,988,168**
Finance cost	**940,394**	**1,245,631**	**2,186,025**
Depreciation and amortization	**504,337**	**616,412**	**1,120,749**
Segment profit	**239,153**	**131,971**	**371,124**
Segment assets	**20,009,912**	**32,044,800**	**52,054,712**

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	31-Dec-19		
	Power Division	Appliances Division	Total
	Rupees '000'	*Rupees '000'*	*Rupees '000'*
Revenue	9,833,931	17,862,538	27,696,469
Finance cost	791,153	748,745	1,539,898
Depreciation and amortization	453,387	532,089	985,476
Segment profit	141,135	82,325	223,460
Segment assets	18,809,516	21,388,849	40,198,365

		31-Dec-20	31-Dec-19
		Rupees '000'	*Rupees '000'*
54.1	**Reconciliation of segment profit**		
	Total profit for reportable segments	**371,124**	223,460
	Un-allocated other expenses	**(15,184)**	(9,318)
	Profit before taxation	**355,940**	214,142
54.2	**Reconciliation of segment assets**		
	Total assets for reportable segments	**52,054,712**	40,198,365
	Other corporate assets	**2,738,631**	2,631,111
	Total assets	**54,793,343**	42,829,476
54.3	**Information about major customers**		
	Revenue derived from PEL Marketing (Private) Limited	**-**	10,716,095

55 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the un-audited financial statements of the Pak Elektron Limited Employees Provident Fund Trust for the year ended December 31, 2020.

		31-Dec-20	31-Dec-19
Size of the fund - *total assets*	*Rupees '000'*	**545,831**	471,337
Fair value of investments	*Rupees '000'*	**505,731**	429,787
Percentage of investments made	*% age*	**92.65**	91.18

The break-up of investments is as follows:

	31-Dec-20		31-Dec-19	
	Rupees '000'	***% age***	*Rupees '000'*	*% age*
Government securities	**151,519**	**29.96**	134,496	31.29
Mutual funds	**61,357**	**12.13**	-	-
Deposit accounts with commercial banks	**292,855**	**57.91**	295,291	68.71
	505,731	**100.00**	429,787	100.00

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56 PLANT CAPACITY AND ACTUAL PRODUCTION

		31-Dec-20		31-Dec-19	
	Unit	Annual production capacity	Actual production during the year	Annual production capacity	Actual production during the year
Transformers/Power transformers	MVA	**7,500**	**3,276**	7,000	2,229
Switch gears	Nos.	**12,000**	**5,442**	12,000	4,126
Energy meters	Nos.	**1,700,000**	**810,985**	1,700,000	662,833
Air conditioners	Tonnes	**200,000**	**102,433**	200,000	94,808
Refrigerators/Deep freezers	Cfts.	**6,950,000**	**3,576,011**	6,950,000	4,072,399
Microwave ovens/Water Dispensers	Litres	**2,500,000**	**1,579,786**	2,500,000	707,249
LED TVs	Sets	**200,000**	**18,640**	200,000	41,710
Washing machines	Kgs	**450,000**	**424,186**	150,000	104,754

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

57 NUMBER OF EMPLOYEES

	31-Dec-20	31-Dec-19
Total number of employees	**5,616**	4,321
Average number of employees	**5,555**	4,546

58 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.

59 EVENTS AFTER THE REPORTING PERIOD

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

60 IMPACT OF COVID - 19

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

61 GENERAL

61.1 Figures have been rounded off to the nearest thousands.

61.2 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

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