

Interim Financial Report
for the quarter ended March 31, 2023



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Pak Elektron Limited

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. M. Naseem Saigol
 Mr. Muhammad Murad Saigol
 Mr. Muhammad Zeid Yousuf Saigol
 Syed Manzar Hassan
 Mr. Anjum Nisar
 Syed Haroon Rashid
 Mr. Muhammad Kamran Saleem
 Ms. Azra Shoaib

Chairman - Non-Executive
 Chief Executive Officer - Executive
 Director - Executive
 Director - Executive
 Director - Non-Executive
 Director - Independent/Non-Executive
 Director - Independent/Non-Executive
 Director - Non-Executive (NBP Nominee U/S 164 of the Companies Act, 2017)

AUDIT COMMITTEE

Syed Haroon Rashid	Chairman
Mr. M. Naseem Saigol	Member
Syed Manzar Hassan	Member
Mr. Muhammad Kamran Saleem	Member

HR & REMUNERATION COMMITTEE

Syed Haroon Rashid	Chairman
Syed Manzar Hassan	Member
Mr. Muhammad Kamran Saleem	Member

COMPANY SECRETARY

Muhammad Omer Farooq

CHIEF FINANCIAL OFFICER

Syed Manzar Hassan, FCA

AUDITORS

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

LEGAL ADVISOR

M/s Hassan & Hassan Advocates

COMPANY REG. NO.

0000802

NATIONAL TAX NO. (NTN)

2011386-2

STATUS OF COMPANY

Public Interest Company (PIC)

SHARIAH ADVISOR

Mufti Altaf Ahmad

SHARE REGISTRAR

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

BANKERS

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

REGISTERED OFFICE

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

KARACHI

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

ISLAMABAD

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

WORKS

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

PEL Unit II

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

DIRECTORS' REVIEW

Dear Share Holders

Your directors are pleased to present the un-audited interim financial information of the Company for the First Quarter ended on March 31, 2023.

FINANCIAL & OPERATIONAL REVIEW

Macro –Economic Environment

Global Economic Overview

Global growth prospects at the end of first quarter of 2023 have been improved since December 2022. The improvement is due to China's reopening, a material easing of European natural gas crises and resilience in US consumer demand. Since start of the Russia-Ukraine conflict, this is upward forecast. Fitch forecast world growth at 2.0% in 2023, revised from 1.4% in December 2022. This is mainly due to China's 2023 growth forecast to 5.2% from 4.1%, Eurozone growth to 0.8% from 0.2% and US growth to 1.0% from 0.2%. However, lowered global growth in 2024 would reflect the lagged impact of rapid Fed and ECB interest hikes. The European gas crises has eased sharply in recent months with gas supply holding up, inventories improving relative to seasonal norms and whole sale prices are falling significantly. This is helping Eurozone growth prospectus and easing headline inflation pressures.

Domestic Economic Landscape

The ongoing financial year is turning out to be the most challenging year for country economy. Inflation has reached 48-years high level while dwindling forex reserves have depleted to multi-decade lows of \$4 billion. As a result, the SBP has raised the policy rate to an unprecedented level of 21%. The low foreign exchange reserves have put the pressure on exchange rate and rupee has dipped to 285 by posting a steep slide of 39% since the beginning of the financial year. These factors have affected businesses both directly and indirectly. Inflation has shrunk the buying power of the consumer which is then affecting the demand of the products whereas weak parity against green back accelerating the cost of production of businesses, since the demand is sluggish, the businesses are hardly been able to fully pass on this effect of cost escalation. To curb the imports, SBP has un-officially placed restrictions on imports. As per LCCI report, 9 out of 10 businesses are getting affected from this import rationing. This restriction causing a shortage of products in the market and un-necessarily faring up the prices.

These challenges have led to tightening of economic conditions which has a negative impact on the business environment and may lead to reduced investments, higher borrowing cost and slower business activity. Reflecting the impact of tightening of economic conditions, the World Bank has lowered Pakistan's growth outlook from 2% to 0.4% during this fiscal year.

Moreover, repeated delays in the IMF bailout program in addition to political and economic turmoil are likely to push Pakistan towards a recession. In order to seal the IMF's bailout package, Pakistani authorities have already increased direct and indirect taxes, reduced energy subsidies and raised interest rates to a 25-year high to tamp down prices. This will again have its toll on business environment.

INDUSTRY OVERVIEW

Large Scale Manufacturing (LSM) registered a negative growth of 11.59% in 8MFY23. State Bank of Pakistan steps to control inflationary pressures and imports rationalizing slowed down overall production momentum, lead to a growth check as well.

During the year production levels substantially subdued due to insufficient availability of imported inputs and partially lower product demand at the back of production cost hike and pressures on disposable income. Pakistan Bureau of Statistics reports 2M CY 23 YOY production quantum decline of Refrigerators by 17.14%, Air Conditioners 43.02% and LED TVs 39.12%. However, Deep Freezers production quantum increased by 34.30% due to growing demand of customized products in dairy & bottling sector. Power Division Products in 2M CY 23 shown YOY production quantum decline in Transformers, Energy Meters and Switch Gears @ 44.24%, 22.97% and 42.24% respectively.

Company Performance Overview

During the period overview, company operations remain under pressure mainly because of certain supply side constraints i.e. lower availability imported inputs as a result of State Bank of Pakistan imports control measures. Escalating product costs due to weakening local currency, growing inflationary trends and rising policy rate are among major challenges.

DIRECTORS' REVIEW

Summary of operating results is presented below:

Rupees in million	Quarter ended March 31, 2023	Quarter ended March 31, 2022	Increase/ (Decrease)	Percentage %
Sales	10,109	16,289	(6,180)	(37.94)
Gross Profit	2,006	2,537	(531)	(20.93)
Finance Cost	881	668	213	31.89
Profit before tax	173	439	(266)	(60.59)
Profit after tax	37	312	(275)	(88.14)
Earnings per share - Rupees	0.03	0.35		

Company revenues during first quarter with 37.94% steep down, registered at Rupees. 10,109 million against Rupees 16,289 million of previous year period. Gross profits also dropped to Rupees 2,006 billion against Rupees 2,537 million i.e. 20.93 % decline over last year period. Financial charges increase of Rupees 213 million due to increased policy rate swapped away operating cost economies and translated into in a tiny bottom line of Rupees 37 Million against Rupee 312 Million of preceding year period.

Appliances Division

During the period under review, Divisions revenue with 55.71% deep slide registered at Rupees 4,403 million against Rupees 9,940 million of last year due to certain pressures on both demand and supply side. Demand side is curbed by the prevailing recessionary regime hitting overall masses purchase power, product cost hike as a result weakening local currency, global commodity price increase and growing inflation. On supply side company observed low level operation due to scarcity of imported inputs as a result of import restriction imposed by State Bank of Pakistan.

Company's ongoing R&D process is on way to develop cost effective, energy saver and eye catching market competitive product designs to cater demand of all consumer classes.

Highly responsive country wide sales and after sales service network engaged in swift product supply and after sales services is widening company's loyalist customer range. Effective advertisement campaigns & pleasant customer experiences are strengthening "Product Brand Equity". Company with its key capabilities i.e. state of art manufacturing & testing facilities and a team of well-versed professionals is well determined to launch quality products equipped with market competitive latest features.

Power Division

Power Division revenues with 10.11% drop registered at Rupees 5,706 million against Rupees 6,348 million of the same period of last year. With the healthy order book demand side is intact while, there are certain supply side constraints due to scarcity of imported inputs as a result of import restriction imposed by State Bank of Pakistan.

Demand of Power Division Products i.e. Transformers both power & distribution, switch gears and energy meters is likely to expand in future with the growing electricity demand. Along with electricity T&D infrastructure augmentation, there is a dire need to upgrade electricity metering system to take care of electricity pilferage leading to circular debt. Incumbent Government is trying its best level to resolve circular debt issues by installation of latest digital energy meters. Keeping in view future demand of these latest energy meters have got approved from NTDC. Your company with a prolonged customer relationship with WAPDA discos is quite confident expand its market share.

Future Outlook

Global Economic Outlook

Global growth is projected to decelerate sharply this year, to its third weakest pace in nearly three decades, overshadowed only by the 2009 and 2020 global recessions. This reflects synchronous policy tightening aimed at containing very high inflation, worsening financial conditions, and continued disruptions from the Russian Federation's invasion of Ukraine. Investment growth in emerging market and developing economies (EMDEs) is expected to remain below its average rate of the past two decades. Further adverse shocks could push the global economy into yet another recession. Small states are especially vulnerable to such shocks because of their reliance on external trade and financing, limited economic diversification, elevated debt, and susceptibility to natural disasters. Urgent global action is needed to mitigate the risks of global recession and debt distress in EMDEs. Given

limited policy space, it is critical that national policy makers ensure that any fiscal support is focused on vulnerable groups, that inflation expectations remain well anchored, and that financial systems continue to be resilient. Policies are also needed to support a major increase in EMDE investment, including new financing from the international community and from the repurposing of existing spending, such as inefficient agricultural and fuel subsidies.

Country Economic Outlook

There are multiple challenges ahead of the period under review which the Pakistani Companies will have to face in form of restrictions on opening of LCs for import of raw materials & CKDs for local production, devaluation of Pak Rupee, rising inflationary trend, increase in energy cost, fuel prices and KIBOR. The economy shall remain under pressure due to these challenges.

It is expected that the Government shall take immediate concrete steps including completion of IMF program to resolve the prevailing economic crisis and shall provide the business friendly environment for the recovery and sustainability of the industrial sectors in the periods to come because the delay will further worsen the economic conditions of the country.

Company Future Outlook

The Company is also facing issues with the retirements of LCs as goods are lying at the port awaiting clearance as a result of administrative measures taken by State Bank of Pakistan to cater the Forex Reserves depletion. Imports constraints lead to irregular company operations with serious questions on its financial viability. With the successful conclusion IMF 9th review, gradual revival is expected. Company Business fundamentals are intact and has potential to regain its growth momentum, as country economy revives.

A new norm is likely to emerge with the finalization of IMF Program and expected political stability after new elections. Shatter of political turmoil will lead improved business confidence and eventually to an accelerating economy. Recent developments CPEC resumption are quiet encouraging and development of SEZs under its 2nd Phase will result in a robust demand of company products.

Acknowledgement

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

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

On behalf of the Board of Directors

Lahore
April 28, 2023

M. Murad Saigol
Chief Executive Officer

ڈائریکٹر زکا جائزہ

ڈائریکٹر، بولڈرز

کمپنی کے نظام، بسمت سال 2023ء کی پہلی سہ ماہی کے غیر آڈٹ شدہ گوشوارہ جات برائے مدت مختتمہ 31 مارچ 2023ء پیش کر رہے ہیں۔

مالیاتی اور پیداواری جائزہ

میکرو معاشی حالات

عالمی معاشی جائزہ

دسمبر 2022ء کے بعد سے 2023ء کی پہلی سہ ماہی کے اختتام پر عالمی نمونیں بہتری نظر آئی ہے۔ اس بہتری کے پیچھے چین میں معاشی سرگرمیوں کی بحالی، یورپین قدرتی گیس کے بحران میں کمی اور امریکی صارفین کی طلب میں چمک جیسے عوامل ہیں۔ روس اور یوکرین تنازعہ کے آغاز کے بعد سے بہتری نظر آئی ہے۔ Fitch Rate Agency نے سال 2023ء کے لئے عالمی شرح نمو میں 2 فیصد رہنے کی پیش گوئی کی ہے جو کہ دسمبر 2022ء میں 1.4 فیصد سے نظر ثانی شدہ ہے اور یہ چائنہ کی متوقع شرح نمو 4.1 فیصد سے 5.2 فیصد یورو زون کی نمو 0.2 فیصد سے 0.8 فیصد اور امریکی شرح نمو 0.2 فیصد سے 1.0 فیصد ہونے کی وجہ سے ہے۔ تاہم سال 2024ء میں Fed اور ECB تیزی سے بڑھتی ہوئی شرح سود کے باعث نمونوں کی کمزوری کے امکانات ہیں۔ حالیہ مہینوں میں یورپی گیس کی سپلائی روکنے کے باعث بحران میں کمی آئی ہے۔ Innovation میں بہتری اور ہول سیل کی قیمتوں میں نمایاں کمی ہوئی ہے اور اس سے یورو زون کی نمونیں بہتری اور افراط زر کے دباؤ کو کم کرنے میں مدد مل رہی ہے۔

ملکی معاشی جائزہ

روان مالی سال ملکی معیشت کے لئے مشکل ترین سال ثابت ہو رہا ہے۔ افراط زر کی شرح 48 سال کی بلند ترین سطح پر پہنچ گئی ہے جبکہ زرمبادلہ کے ذخائر کم ہو رہے ہیں۔ دنیا کی کم ترین سطح 4 ملین ڈالر پر آگئے ہیں جس کے نتیجے میں اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ کو 21 فیصد کی غیر معمولی سطح تک بڑھا دیا ہے اور زرمبادلہ کے کم ذخائر ہونے کے باعث شرح مبادلہ پر دباؤ ہے جس کی وجہ سے رواں سال کے شروع میں روپے کی قدر میں 39 فیصد کمی ہوئی ہے اور اس کی قیمت ایک ڈالر کے مقابلے میں 285 روپے تک آگئی ہے۔ ان عوامل نے کاروبار کو براہ راست اور بالواسطہ متاثر کیا ہے۔ مہنگائی نے صارفین کی قوت خرید کو کم کر دیا ہے جس سے مصنوعات کی طلب متاثر ہو رہی ہے جبکہ دوسری طرف مصنوعات کی لاگت میں اضافہ ہو رہا ہے۔ مصنوعات کی طلب کم ہونے کی وجہ سے لاگت بڑھنے کے اثرات کنٹرول نہیں ہو رہے۔ درآمدات کو کنٹرول کرنے کے لئے اسٹیٹ بینک آف پاکستان نے درآمدات پر پابندیاں عائد کی ہیں۔ LCCI کی رپورٹ کے مطابق درآمدی پابندیوں کے باعث 10 مہینوں میں 9 کاروبار متاثر ہوئے ہیں۔ مارکیٹ میں مصنوعات کی رسد کم ہونے کے باعث قیمتوں میں غیر ضروری اضافہ ہو رہا ہے۔ ان مشکلات کے باعث کاروبار باری ماحول پر منفی اثرات مرتب ہو رہے ہیں اور سرمایہ کاری میں کمی، Borrowing Cost میں اضافہ اور کاروباری سرگرمیاں سست روی کا شکار ہیں۔ ان معاشی حالات کے پیش نظر عالمی بینک نے رواں سال کے لئے پاکستانی شرح نمو 2 فیصد سے کم کر کے 0.4 فیصد ظاہر کی ہے۔ مزید برآں آئی ایم ایف پروگرام میں مسلسل تاخیر کے علاوہ ملکی سیاسی اور معاشی صورتحال پاکستان کو کساد بازاری کی طرف دھکیل رہی ہے۔ آئی ایم ایف پیسج کی منظوری کے لیے پاکستانی حکام نے پہلے ہی براہ راست اور بالواسطہ ٹیکسوں میں اضافہ، توانائی میں دی گئی رعایتوں میں کمی اور قیمتوں کو کنٹرول کرنے کے لئے شرح سود کو 25 سالہ تاریخ کی بلند ترین سطح پر پہنچا دیا ہے جس سے کاروبار کی حالات مزید اثر انداز ہو گئے۔

صنعتی جائزہ

برائے پینے کی صنعتوں نے 2023ء کے پہلے آٹھ ماہ میں 11.59 فیصد کی مثبت نمو ریکارڈ کی ہے۔ اس کی کمی کی وجہ اسٹیٹ بینک آف پاکستان کی طرف سے افراط زر کے دباؤ کو کم اور درآمدات پر موثر کنٹرول کرنے کے اقدامات ہیں۔

دوران سال صنعتی پیداوار کا کافی کم ہونے کی وجہ درآمدی مال کی عدم دستیابی، پیداواری لاگت میں اضافے سے مصنوعات کی طلب میں کمی اور قابل خراج آمدنی میں کمی ہے۔ پاکستان کے ادارہ برائے شماریات کی رپورٹ کے مطابق 2023ء کے پہلے دو ماہ میں گزشتہ سال کی نسبت ریفریجریٹر کی پیداوار میں 17.14 فیصد، ایئر کنڈیشنر 43.02 فیصد اور LED TV کی پیداوار میں 39.12 فیصد کمی ہوئی ہے۔ تاہم ڈیری اور یوٹیلٹی سیکٹر کی بڑھتی ہوئی طلب کے باعث ڈیپ فریجز کی پیداوار میں 34.30 فیصد کا اضافہ ہوا ہے۔ پاور ڈیڑھ کی مصنوعات کی پیداوار میں سال 2023ء کے پہلے دو ماہ میں گزشتہ سال کی نسبت ٹرانسفارمر، انرجی میٹرز اور سوئچ گئیر میں بااثر تیب 44.24 فیصد، 22.97 فیصد اور 42.24 فیصد کی کمی ہوئی ہے۔

کمپنی کا کاروبار باری جائزہ

زیر جائزہ مدت کے دوران اسٹیٹ بینک آف پاکستان کے درآمدات کو کنٹرول کرنے کے اقدامات کے باعث درآمدی مال کی عدم دستیابی کی وجہ سے کمپنی کی کاروبار باری سرگرمیاں سست روی کا شکار ہیں اس کے علاوہ کمزور ملکی کرنسی، مہنگائی کے بڑھتے ہوئے رجحانات اور بلند شرح سود کے باعث مصنوعات کی لاگت میں اضافہ بھی مشکلات پیدا کر رہے ہیں۔

کمپنی کے کاروبار باری نتائج کا خلاصہ درج ذیل ہے:

روپے ملین میں	تین ماہ مختتمہ 31 مارچ 2023ء	تین ماہ مختتمہ 31 مارچ 2022ء	اضافہ / (کمی) فیصد	فیصد
مجموعی آمدنی	10,109	16,289	(6,180)	(37.94)
خام منافع	2,006	2,537	(531)	(20.93)
مالی لاگت	881	668	213	31.89
منافع قبل از ٹیکس	173	439	(266)	(60.59)
منافع بعد از ٹیکس	37	312	(275)	(88.14)
فی شخص آمدنی روپے	0.03	0.35		

پہلی سہ ماہی کے دوران کچھ کے محصولات میں 37.94 فیصد کمی ہوئی ہے اور محصولات گزشتہ سال کے اسی عرصہ کے 16,289 ملین روپے کے مقابلے میں 10,109 ملین روپے رہے ہیں۔ خام منافع گزشتہ سال کے 2,537 ملین روپے کے مقابلے میں 20.93 فیصد کمی کے ساتھ 2,006 ملین روپے رہا ہے۔ مالی لاگت میں 213 ملین روپے کا اضافہ ہوا ہے جس نے پیداواری لاگت میں ہونے والی کمی کے اثر کو ختم کر دیا ہے اور منافع بعد از ٹیکس گزشتہ سال کے اسی عرصہ کے 312 ملین روپے کے مقابلے میں معمولی 37 ملین روپے پر آ گیا ہے۔

ایلیمنٹری ڈویژن

زیر جائزہ مدت کے دوران ایلیمنٹری ڈویژن کے محصولات گزشتہ سال کے اسی عرصہ کے 9,940 ملین روپے کے مقابلے میں 55.71 فیصد کمی کے ساتھ 4,403 ملین روپے رہے جس کی وجہ طلب اور رسد دونوں پر دباؤ ہے۔ مصنوعات کی طلب میں کمی کی وجہ موجودہ ناموافق معاشی حالات کی وجہ سے صارف کی قوت خرید میں کمی اور کمزور مقامی کرنسی، عالمی مارکیٹ میں اشیاء کی قیمتوں میں اضافہ اور بڑھتے ہوئے افراط زر کے باعث مصنوعات کی لاگت میں اضافہ ہے۔ دوسری طرف اسٹیٹ بینک آف پاکستان کی طرف سے درآمدات کو کنٹرول کرنے کے اقدامات کے باعث درآمدی مال کی عدم دستیابی رہی جس سے کچھ کی سرگرمیاں سست روی کا شکار رہیں۔ کچھ R & D کا جاری عمل صارفین کی مانگ کو مد نظر رکھتے ہوئے دیدہ زیب توانائی کی پخت اور کم لاگت والی جدید خصوصیات سے مزین مصنوعات متعارف کروانے کے لئے پرعزم ہے۔ ملک بھر میں کچھ کی بھرپور اشتہاری مہم اور معیاری مصنوعات کی فوری دستیابی کے ساتھ فعال بیلز اور بعد از میل سروس نیٹ ورک کی بدولت کچھ کے گاہکوں میں خاصہ اضافہ ہوا ہے۔ کچھ اپنی بنیادی صلاحیتوں، پیشہ ورانہ ٹیم اور مسلسل تحقیقی عمل کے ساتھ مستقبل میں بھی معیاری مصنوعات متعارف کروانے کے لئے کوشاں ہے۔

پاور ڈویژن

پاور ڈویژن کے محصولات 10.11 فیصد کمی کے ساتھ 5,706 ملین روپے رہے ہیں جو کہ گزشتہ سال اسی عرصہ میں 6,348 ملین روپے تھے۔ موثر آرڈر بک کے ساتھ پاور ڈویژن مصنوعات کی طلب برقرار ہے تاہم اسٹیٹ بینک آف پاکستان کی طرف سے درآمدات کو کنٹرول کرنے کے اقدامات کے باعث خام مال کی دستیابی میں رکاوٹ آنے کی وجہ سے کاروباری سرگرمیاں سست روی کا شکار ہیں۔ کچھ کی بڑھتی ہوئی طلب کے ساتھ مستقبل میں پاور ڈویژن کی مصنوعات یعنی ٹرانسمیٹر، ٹرانزفارمر، انرجی میٹرز اور سوچ گھیر کی طلب میں اضافہ متوقع ہے۔ اس کے علاوہ کچھ کی ترسیل نظام کو بہتر کرنے اور بجلی کی پوری کوریج کے لئے ٹیکنالوجی سے ایس میٹرز کے سلسلہ وقت کی اہم ضرورت ہے اور حکومت اس کے لئے موثر اقدامات کر رہی ہے۔ مستقبل میں ان انرجی میٹرز کی بروقتی ہوئی طلب کے پیش نظر کچھ نے NTDC سے منظوری لے لی ہے۔ آپ کی کچھ واپڈ کی بجلی کی تقسیم کارکنوں سے دیرینہ تعلقات کی وجہ سے اپنا مارکیٹ شیئر حاصل کرنے کے لئے پرعزم ہے۔

مستقبل کے امکانات

عالمی معاشی نقطہ نظر

اس سال عالمی نمونہ تیزی سے کمی آنے کا امکان ہے۔ سال 2009ء اور 2020ء کی عالمی کساد بازاری کے بعد تین دہائیوں کی تیسری کمزور ترین پوزیشن ہے اور یہ بلند ترین افراط زر، خراب ہوتے ہوئے مالی حالات اور روس کے یوکرین پر حملے کے باعث مالیاتی پالیسیوں کی وجہ سے ہے۔ ابھرتی ہوئی مارکیٹوں اور ترقی پزیر معیشتوں (EMDEs) میں سرمایہ کاری کی نمو گزشتہ دو دہائیوں کی اوسط شرح سے کم رہنے کی توقع ہے۔ مزید اس کے منفي اثرات عالمی معیشت کو مزید کساد بازاری کی طرف دھکیل سکتے ہیں۔ خصوصی طور چھوٹی ریاستیں جن کا انحصار بیرونی تجارت اور سرمایہ کاری پر ہوتا ہے محدود معاشی وسائل، بیرونی قرضوں اور قدرتی آفات کے باعث زیادہ متاثر ہوتی ہیں۔ ترقی پزیر معیشتوں (EMDEs) میں عالمی کساد بازاری اور قرضوں کے بوجھ کی پریشانی کو کم کرنے کے لئے فوری عالمی اقدام کی ضرورت ہے۔ قومی پالیسی بنانے والوں کے لئے بہت اہم ہے کہ مالی امداد کمزور گروپوں کو دی جائے جس سے افراط زر کو کنٹرول اور مالیاتی نظام کو بہتر طریقے سے جاری رکھا جاسکے۔ پالیسیوں میں ترقی پزیر معیشتوں (EMDEs) میں سرمایہ کاری کرنے پر زور دینے کی ضرورت ہے جس میں بین الاقوامی برادری سے نئی سرمایہ کاری اور موجودہ زرعی اور توانائی کے شعبے کو موثر بنانے کے لئے سرمایہ کاری کی ضرورت ہے۔

ملکی معاشی نقطہ نظر

زیر جائزہ مدت میں پاکستانی کمپنیوں کو متعدد مشکلات کا سامنا رہا ہے جن میں خام مال کی درآمد کے لئے LC کھولنے پر پابندی، پاکستانی روپے کی قدر میں کمی، عالمی مارکیٹ میں اشیاء کی قیمتوں میں اضافہ اور تھکان، توانائی اور تیل کی لاگت میں اضافہ اور KIBOR شامل ہیں۔ اس سے ملکی معیشت سست رہنے کا امکان ہے۔ توقع ہے کہ حکومت موجودہ معاشی بحران کے حل کے لئے آئی ایم ایف اور پروگرام کی تکمیل سمیت فوری ٹھوس اقدامات اٹھائے گی جس سے آنے والے عرصہ میں صنعتی شعبوں کی بحالی میں مدد ملے اور کاروباری حالات سازگار ہونگے کیونکہ مزید تاخیر ملکی معاشی حالات پر منفي اثرات مرتب کرے گی۔

کچھ کے مستقبل کے امکانات

اسٹیٹ بینک آف پاکستان کی طرف سے زرمبادلہ کے ذخائر کو بہتر کرنے کے اقدامات کے پیش نظر LC کھولنے کے باعث خام مال پورٹ پر رکا ہوا ہونے کی وجہ سے کچھ کو کافی مشکلات کا سامنا ہے۔ درآمدی رکاوٹوں کے باعث کچھ کی سرگرمیاں متاثر ہونے کی وجہ سے مالی پوزیشن پر سوال اٹھ رہے ہیں۔ آئی ایم ایف کے ساتھ کامیاب نوین جائزے کے بعد صنعتی بحالی کی امید کی جارہی ہے۔ کچھ نے Business Fundamentals اپنی جگہ پر برقرار ہیں اور صنعتی بحالی کے ساتھ ہی کچھ اپنی نوکریوں کو بحال کر رہے ہیں۔ آئی ایم ایف پروگرام کی منظوری اور نئے انتخابات کے بعد متوقع سیاسی استحکام کے ساتھ بہتری کے امکانات نظر آ رہے ہیں۔ سیاسی انتشار کے خاتمے سے کاروباری حالات اور معیشت میں بہتری آئے گی۔ CPEC کی بحالی کے لئے حالیہ پیش رفت حوصلہ افزا ہے اور اس کے دوسرے مرحلے کے تحت SEZs کی ترقی سے کچھ کی مصنوعات کی طلب میں اضافہ ہوگا۔

اظہار تشکر

ہم اپنے بورڈ آف ڈائریکٹرز کی مستقل رہنمائی اور سرپرستی کے لئے ان کے شکر گزار ہیں۔ ہم اپنے تمام ممبران کے بھی شکر گزار ہیں جن کی کوششوں کے نتیجے میں اس مشکل وقت میں بھی ملکی معاشی پائیداری کے راستے پر گامزن رہی۔

ہم پرامید ہیں کہ اپنی ٹیم کی جاری کوششوں سے تمام اسٹیٹک ہولڈرز جیسا کہ حصہ داران، مفان ساز اور صارفین کی توقعات پر پورا اتریں گے۔

ایم مہرا دھگل

چیف ایگزیکٹو آفیسر

28 اپریل 2023

Condensed Interim Statement Of Financial Position (Un-Audited)

AS AT MARCH 31, 2023

	Note	March 31, 2023 Rupees '000'	December 31, 2022 Rupees '000'
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized Capital	5	11,000,000	11,000,000
Issued, subscribed and paid up capital	6	9,009,697	9,009,697
Share Premium		5,610,856	5,610,856
Revaluation reserve		4,728,427	4,785,124
Retained earnings		19,646,325	19,552,222
		38,995,306	38,957,899
NON-CURRENT LIABILITIES			
Redeemable Capital	7	-	-
Long term financing	8	2,903,973	3,480,659
Lease Liabilities	9	67,280	72,004
Warranty obligations		175,991	191,224
Deferred taxation		3,285,776	3,262,446
Deferred income		29,584	29,958
CURRENT LIABILITIES			
Trade and other payables		1,489,988	1,452,174
Unclaimed Dividend		10,675	10,680
Accrued interest/ mark up		721,867	630,816
Short term borrowings	10	13,515,526	15,559,787
Current Portion of Non Current Liabilities		2,258,453	3,766,983
		17,996,509	21,420,440
CONTINGENCIES AND COMMITMENTS	11	-	-
		63,454,418	67,414,630

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

	Note	March 31, 2023	December 31, 2022
		Rupees '000'	Rupees '000'
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	25,601,220	25,548,369
Intangible assets		284,910	286,154
Advances for capital expenditure		24,128	33,288
		25,910,258	25,867,811
Long-term investments	13	12,748	10,944
Long-term deposits		502,055	508,053
Long term advances		997,339	986,245
CURRENT ASSETS			
Stores, spare parts and loose tools		835,096	857,065
Stock-in-trade		13,736,184	13,825,440
Trade debts		11,980,864	15,681,038
Construction work in progress		732,211	787,864
Short Term Advances		3,053,370	3,087,358
Short term deposits and prepayments		1,419,834	1,407,512
Other receivables		285,577	293,767
Short term investments		18,082	18,118
Advance income tax		3,313,503	3,287,334
Cash and bank balances		657,299	796,081
		36,032,019	40,041,577
		63,454,418	67,414,630

Condensed Interim Statement of Profit or Loss and Other Comprehensive Income

FOR THE QUARTER ENDED MARCH 31, 2023 (Un-Audited)

		Quarter ended	
		March 31, 2023	March 31, 2022
	Note	Rupees '000'	Rupees '000'
Gross Sales	14	10,109,214	16,288,787
Sales Tax and discount		(1,967,860)	(3,628,982)
Net Sales		8,141,354	12,659,805
Cost of Sales	15	(6,135,325)	(10,122,780)
Gross Profit		2,006,030	2,537,025
Other Operating Income		21,982	6,330
		2,028,011	2,543,355
Distribution Cost		(520,233)	(870,995)
Administrative Cost		(433,934)	(522,850)
Other Operating Expenses		(19,681)	(40,891)
Finance Cost		(880,895)	(668,438)
Share of profit/(loss) of associate		(387)	(878)
Profit/ (loss) Before Taxation		172,882	439,303
Provision for Taxation		(135,475)	(127,344)
Profit/ (loss) after Taxation		37,407	311,959
Earnings per share basic & diluted	16	0.03	0.35

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement Of Cash Flows

FOR THE QUARTER ENDED MARCH 31, 2023 (Un-Audited)

	March 31, 2023	March 31, 2022
	<i>Rupees '000'</i>	<i>Rupees '000'</i>
Cash flows from operating activities		
Profit/(Loss) before taxation	172,882	439,303
Adjustments for non cash items and others	1,149,808	865,127
Cash generated from operations before working capital changes	1,322,690	1,304,430
Working capital changes	3,919,491	(1,459,386)
Cash generated from operations	5,242,181	(154,956)
Payment for Mark up and taxes	(894,001)	(524,206)
Net cash used in operating activities	4,348,179	(679,162)
Cash flows from investing activities		
Purchase of property, plant and equipment	(358,994)	(594,387)
Proceeds from disposal of property, plant and equipment	11,335	15,176
(Increase) / decrease in long-term deposits and advances	(5,096)	(485,027)
Net cash used in investing activities	(352,754)	(1,064,238)
Cash flows from financing activities		
Redemption of Redeemable capital	(1,500,000)	-
Repayment of Long Term Finances	(555,255)	(853,550)
Increase/ (Decrease) in liabilities against finance lease	(34,686)	(5,497)
Increase / (Decrease) in Short Term Borrowing	(2,044,261)	1,860,000
Dividend paid	(5)	-
Proceeds against right shares issued	-	810,363
Net cash from financing activities	(4,134,207)	1,811,316
Net increase/(decrease) in cash and cash equivalents	(138,782)	67,916
Cash and cash equivalents at beginning of the period	796,081	579,397
Cash and cash equivalents at end of the period	657,299	647,313

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Condensed Interim Statement Of Changes In Equity

FOR THE QUARTER ENDED MARCH 31, 2023 (Un-Audited)

	Share capital Rupees "000"	Share Deposit Money Rupees "000"	Share Premium Rupees "000"	Retained Earnings Rupees "000"	Revaluation Reserve Rupees "000"	Total Rupees "000"
Balance as at January 01, 2022	5,426,392	1,790,000	4,279,947	18,176,520	5,353,956	35,026,815
Total comprehensive income for the period	-	-	-	311,959		311,959
Incremental depreciation	-	-	-	59,681	(59,681)	-
Share deposit money received		810,363				810,363
Balance as at March 31, 2022	5,426,392	2,600,363	4,279,947	18,548,160	5,294,275	36,149,137
Comprehensive income:						
Profit after taxation	-		-	755,508		755,508
Other comprehensive (loss)				755,508	(260,597)	(260,597)
						494,911
Revaluation surplus realizes on disposal	-	-	-	98,814	(98,814)	-
Incremental depreciation	-	-	-	149,740	(149,740)	-
Transaction with Owners:						
Share deposit money received	-	2,416,266	-	-	-	2,416,266
Issue of right shares	3,583,305	(5,016,629)	1,433,324	-	-	-
Issuance cost of right shares	-	-	(102,415)	-	-	(102,415)
	3,583,305	(2,600,363)	1,330,909	-	-	2,313,851
Balance as at December 31, 2022	9,009,697	-	5,610,856	19,552,222	4,785,124	38,957,899
Total comprehensive income for the period.	-	-	-	37,407	-	37,407
Incremental depreciation	-	-	-	56,697	(56,697)	-
Balance as at March 31, 2023	9,009,697	-	5,610,856	19,646,325	4,728,427	38,995,306

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

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Notes to the Condensed Interim Financial Statements

FOR THE QUARTER ENDED MARCH 31, 2023 (Un-Audited)

1 LEGAL STATUS AND OPERATIONS

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

The Company is currently organized into the following operating divisions:

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

2 BASIS OF PREPARATION

These interim financial statements are un audited and have been presented in condensed form and do not include all the information as is required to be provided in a full set of annual financial statements. These interim financial statements should be read in conjunction with the audited financial statements of the company for the year ended December 31, 2022.

The comparative interim balance sheet as at December 31, 2022 and the related notes to the condensed interim financial information are based on audited financial statements. The comparative interim profit and loss account, interim cash flow statement, interim statement of changes in equity and related notes to the condensed interim financial information for three months ended March 31, 2022 are based on unaudited interim financial information.

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement

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

Items	Measurement basis
Financial liabilities	Amortized cost
Financial assets	Fair value/amortized cost
Investment in associate	Equity method
Land, building, plant and machinery	Revalued amounts
Warranty obligations	Present value

2.3 Judgements , estimates and assumptions

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

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

3 FUNCTIONAL CURRENCY

This financial information is prepared in Pak Rupees which is the Group's functional currency.

4 ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The accounting policies and the methods of computation adopted in the preparation of these interim financial statements are the same as those applied in the preparation of preceding annual financial statements of the company for the year ended December 31, 2022.

5 AUTHORIZED CAPITAL

March 31, 2023	December 31, 2022		Un-audited March 31, 2023	Audited December 31, 2022
No. of Shares	No. of Shares		Rupees '000'	Rupees '000'
1,000,000,000	1,000,000,000	Ordinary shares of Rs. 10 each	10,000,000	10,000,000
		Preference shares of Rs. 10 each:		
62,500,000	62,500,000	Class A preference shares of Rs 10 each	625,000	625,000
37,500,000	37,500,000	Class B preference shares of Rs 10 each	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
1,100,000,000	1,100,000,000		11,000,000	11,000,000

6 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	March 31, 2023	December 31, 2022		Un-audited March 31, 2023	Audited December 31, 2022
No. of shares	No. of shares			Rupees '000'	Rupees '000'
		Ordinary shares of Rs. 10 each fully paid			
731,081,721	731,081,721	In cash	7,310,817	7,310,817	
137,500	137,500	Other than cash:			
		-against machinery	1,375	1,375	
408,273	408,273	-issued on acquisition of PEL Appliances Limited	4,083	4,083	
6,040,820	6,040,820	-issued against conversion of preference shares	60,408	60,408	
118,343,841	118,343,841	-as bonus shares	1,183,438	1,183,438	
856,012,155	856,012,155		8,560,121	8,560,121	
		Fully paid A class preference shares of Rs. 10 each			
44,957,592	44,957,592	In cash	449,576	449,576	
900,969,747	900,969,747		9,009,697	9,009,697	

7 REDEEMABLE CAPITAL

At begning of the year	1,500,000	1,500,000
Issued during the period	-	-
Paid during the period	1,500,000	-
Current portion	-	1,500,000
At end of the year	-	-

8 LONG-TERM FINANCING - SECURED

As at beginning of the period	5,676,677	7,852,268
Obtained during the period	-	387,500
Paid / settled during the period	555,255	2,563,091
Less Current portion	2,217,449	2,196,018
	2,903,973	3,480,659

9 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Present value of minimum lease payments	108,284	142,970
Current maturity	41,004	70,966
	67,280	72,004

10 SHORT TERM BORROWINGS

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

11 CONTINGENCIES AND COMMITMENTS

There is no material changes in contingencies and commitments as disclosed in the notes to the financial statements for the year ended December 31, 2022.

		Un-audited March 31, 2023	Audited December 31, 2022
	Note	Rupees '000'	Rupees '000'
12 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	12.1	22,655,022	22,909,984
Capital work-in-progress		2,946,198	2,638,385
		25,601,220	25,548,369
12.1 Operating assets			
Written down value at beginning of the period / year		22,909,985	23,227,301
Additions during the period / year	12.1.1	51,180	1,106,197
		22,961,165	24,333,498
Written down value of the assets disposed off / adjustments		9,052	230,819
Depreciation charged during the period / year		297,091	1,273,406
Rental Properties		-	80,711
		22,655,022	22,909,984
12.1.1 Additions during the period / year			
Land		-	61,901
Building		-	20,085
Plant and machinery		47,231	920,829
Office equipment and furniture		80	29,031
Computer hardware and allied items		3,085	36,360
Vehicles		784	37,991
		51,180	1,106,197
13 LONG-TERM INVESTMENTS			
Kohinoor Power Company Limited 2,910,600 shares (December 31, 2021: 2,910,600 shares) of Rs. 10 each- Relationship: Associate Ownership interest 23.10 %	13.1	12,748	10,944
		12,748	10,944

	Un-audited March 31, 2023 Rupees '000'	Audited December 31, 2022 Rupees '000'
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13.1 Investment in associate at cost - Quoted

Cost of investment	54,701	54,701
Share of post acquisition losses	(15,161)	(15,161)
	39,540	39,540
Accumulated impairment	(26,792)	(28,596)
	12,748	10,944

	Un-audited Quarter Ended March 31, 2023 Rupees '000'	March 31, 2022 Rupees '000'
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14 REVENUE

Contract revenue	13,871	255,579
Sales - local	10,058,084	15,958,762
Sales - export	37,259	74,446
	10,109,214	16,288,787
Less: - sales tax and excise duty	1,504,858	2,337,324
- trade discounts	463,002	1,291,658
	1,967,860	3,628,982
	8,141,354	12,659,805

**Un-audited
Quarter Ended**

	March 31, 2023	March 31, 2022
	<i>Rupees '000'</i>	<i>Rupees '000'</i>
15 COST OF SALES		
Raw material consumed	4,824,458	9,300,357
Direct wages	210,267	262,573
Factory overhead	642,965	710,651
Raw material,wages and FOH	5,677,691	10,273,581
Work-in-process		
-at beginning of period	1,417,998	2,027,690
-at end of period	(1,678,945)	(2,004,479)
	(260,947)	23,211
Cost of goods manufactured	5,416,744	10,296,792
Finished goods		
-at beginning of period	3,538,846	2,750,009
-at end of period	(2,833,856)	(3,154,860)
	704,990	(404,851)
	6,121,734	9,891,941
Contract cost	13,591	230,839
Cost of sales	6,135,325	10,122,780
16 EARNINGS PER SHARE - BASIC AND DILUTED		
The calculation of basic and diluted profit per ordinary share is based on the following data:		
Profits for the period	37,407	311,959
Less: dividend payable on preference shares	10,677	10,677
Profit attributable to ordinary shares	26,730	301,282
Number of shares	(Number)	
Weighted average number of ordinary shares for the purpose of basic profit	856,012,155	856,012,155
Basic earnings per share (Rupees)	0.03	0.35

17 TRANSACTIONS WITH RELATED PARTIES

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

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

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

		Un-audited March 31, 2023	Un-audited March 31, 2022
		<i>Rupees '000'</i>	<i>Rupees '000'</i>
Relationship	Nature of transaction		
Provident Fund Trust	Contribution for the period	22,309	22,618
Associated company	Services acquired	12,920	9,004
Key Management Personnel	Short-term employee benefits	13,744	13,707
	Post employment benefits	498	582
Sponsors	Share deposit money received	-	759,817

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

18 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information has been approved by the Board of Directors of the Company and authorized for issue on April 28, 2023.

19 GENERAL

19.1 Figures have been rounded off to the nearest thousands.

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

20 OTHERS

There are no other significant activities since December 31, 2022 affecting this condensed interim financial information.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

Notes

WWW.PEL.COM.PK

PAK ELEKTRON LIMITED

17-Aziz Avenue, Canal Bank,

Gulberg-V, Lahore

Ph: (042) 35718274-5, 35717364-5