

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 **31 December 2023**, 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 31 December 2023 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
<p>1. Valuation of stock in trade</p> <p>Refer to notes 5.5 and 27 to the financial statements.</p> <p>Stock in trade amounts to Rs 11,687 million as at</p>	<p>To address the valuation of stock in trade, we assessed historical costs recorded in the valuation of stock in trade; testing on a sample basis with purchase invoices. We tested the basis applied by the management in</p>

Key audit matter	How our audit addressed the matter
<p>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.</p> <p>Judgment has also been applied by management in determining the Net Realizable Value ['NRV'] of stock in trade.</p> <p>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.</p> <p>The significance of the balance coupled with the judgment involved has resulted in the valuation of stock in trade being identified as a key audit matter.</p>	<p>allocating direct labour and direct overhead costs to stock in trade.</p> <p>We also assessed management's determination of the net realizable value of stock in trade by performing tests on the sales prices secured by the Company for similar or comparable items of stock in trade.</p>

2. Revenue recognition

Refer to notes 5.17 and 35 to the financial statements.

The amount of revenue is the most significant class of transaction on the statement of profit or loss. Net revenue has decreased by 26 percent in comparison with the previous year. Revenue is recognized when control of the underlying products has been transferred to the customer. We identified revenue recognition as a key audit matter since it is a key performance measure for the Company and gives rise to the risk associated with the judgement in determining the transfer of control of products as well as creates an incentive for fraudulently overstating revenue by recognizing revenue before transfer of control

Our audit procedures in respect of recognition of revenue, amongst others, included the following:

- Assessing the appropriateness of the Company's revenue recognition accounting policies by comparing with applicable accounting standards;
- Obtaining an understanding of and testing the design and operating effectiveness of controls design to ensure that revenue is recognized in the appropriate accounting period;
- Comparing, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period;
- Critically assessing manual journals posted to revenue to identify unusual or irregular items; and
- Testing, on a sample basis, invoices and inspecting credit notes issued subsequent to year end for accuracy of revenue.

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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


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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is ALI RAZA JAFFERY.


RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants
Lahore | 04 April 2024
UDIN: AR202310704xjKZBzLO7



STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
<i>Authorized share capital</i>	6	11,000,000	11,000,000
Issued share capital	7	9,009,697	9,009,697
Share deposit money	8	-	-
Share premium	9	5,610,856	5,610,856
Revaluation reserve	10	5,737,289	4,785,124
Retained earnings		21,067,369	19,552,222
TOTAL EQUITY		41,425,211	38,957,899
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital	11	-	-
Long term finances	12	1,660,209	3,480,659
Lease liabilities	13	34,437	72,004
Warranty obligations	14	148,939	191,224
Deferred taxation	15	4,900,647	3,262,446
Deferred income	16	28,460	29,958
		6,772,692	7,036,291
CURRENT LIABILITIES			
Trade and other payables	17	3,230,047	1,452,174
Unclaimed dividend		10,668	10,680
Accrued interest/markup/profit		640,000	630,816
Short term borrowings	18	12,326,010	15,559,787
Current maturity of non-current liabilities	19	1,953,237	3,766,983
		18,159,962	21,420,440
TOTAL LIABILITIES		24,932,654	28,456,731
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		66,357,865	67,414,630

The annexed notes from 1 to 60 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

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	21	28,163,993	25,548,369
Intangible assets	22	282,299	286,154
Advances for capital expenditure		64,367	33,288
Long term investments	23	19,268	10,944
Long term deposits	24	614,919	508,053
Long term advances	25	602,921	986,245
		29,747,767	27,373,053
CURRENT ASSETS			
Stores, spares and loose tools	26	885,477	857,065
Stock in trade	27	11,687,276	13,825,440
Trade receivables	28	14,312,984	15,681,038
Construction work in progress	29	615,301	787,864
Short term advances	30	3,395,068	3,087,358
Short term deposits and prepayments	31	1,451,640	1,407,512
Other receivables		219,718	293,767
Short term investments	32	32,439	18,118
Advance income tax/Income tax refundable	33	3,226,079	3,287,334
Cash and bank balances	34	784,116	796,081
		36,610,098	40,041,577
TOTAL ASSETS		66,357,865	67,414,630

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
Revenue from contracts with customers	35	48,324,005	66,028,240
Sales tax, excise duty and discounts	35	(9,638,893)	(13,642,062)
Net revenue		38,685,112	52,386,178
Cost of sales	36	(27,581,482)	(42,084,692)
Gross profit		11,103,630	10,301,486
Other income	37	103,888	78,252
Selling and distribution expenses	38	(1,842,938)	(2,982,017)
Administrative expenses	39	(2,074,792)	(1,990,558)
Other expenses	40	(252,729)	(210,424)
		(4,170,459)	(5,182,999)
Impairment reversal / (allowance) for expected credit losses	50.1.6	(84,764)	241,875
Operating profit		6,952,295	5,438,614
Finance cost	41	(3,648,653)	(3,090,075)
		3,303,642	2,348,539
Share of profit/(loss) of associate	23.1.1	183	(386)
Profit before taxation		3,303,825	2,348,153
Taxation	42	(1,978,736)	(1,280,686)
Profit after taxation		1,325,089	1,067,467
Earnings per share - basic and diluted (Rupees)	43	1.50	1.33

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
Profit after taxation		1,325,089	1,067,467
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>		-	-
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation surplus recognized during the year	10	1,691,998	-
Deferred tax on revaluation surplus			
- recognised during the year	10	(196,295)	-
- attributable to change in proportion of income taxable under final tax regime	10	(20,665)	(26,376)
- attributable to change in tax rate	10	(332,815)	(234,221)
		1,142,223	(260,597)
Other comprehensive income/(loss) after taxation		1,142,223	(260,597)
Total comprehensive income		2,467,312	806,870

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital		Capital reserves			Total equity
		Issued share capital	Share deposit money	Share premium	Revaluation reserve	Retained earnings	
		Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	
As at 01 January 2022		5,426,392	1,790,000	4,279,947	5,353,956	18,176,520	35,026,815
Comprehensive income							
Profit after taxation		-	-	-	-	1,067,467	1,067,467
Other comprehensive loss		-	-	-	(260,597)	-	(260,597)
Total comprehensive income		-	-	-	(260,597)	1,067,467	806,870
Revaluation surplus realised on disposal	10	-	-	-	(98,814)	98,814	-
Incremental depreciation	10	-	-	-	(209,421)	209,421	-
Transaction with owners							
Share deposit money received		-	3,226,629	-	-	-	3,226,629
Issue of right shares		3,583,305	(5,016,629)	1,433,324	-	-	-
Issuance cost of right shares		-	-	(102,415)	-	-	(102,415)
As at 31 December 2022		9,009,697	-	5,610,856	4,785,124	19,552,222	38,957,899
As at 01 January 2023		9,009,697	-	5,610,856	4,785,124	19,552,222	38,957,899
Comprehensive income							
Profit after taxation		-	-	-	-	1,325,089	1,325,089
Other comprehensive income		-	-	-	1,142,223	-	1,142,223
Total comprehensive income		-	-	-	1,142,223	1,325,089	2,467,312
Revaluation surplus realised on disposal	10	-	-	-	-	-	-
Incremental depreciation	10	-	-	-	(190,058)	190,058	-
Transaction with owners		-	-	-	-	-	-
As at 31 December 2023		9,009,697	-	5,610,856	5,737,289	21,067,369	41,425,211

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	44	13,407,766	995,920
Payments for:			
Interest/markup on borrowings - <i>Conventional instruments</i>		(3,200,281)	(2,184,413)
Profit on borrowings - <i>Shariah compliant instruments</i>		(371,737)	(603,926)
Interest on lease liabilities		(20,147)	(10,280)
Income tax		(829,055)	(1,006,705)
Net cash generated from/(used in) operating activities		8,986,546	(2,809,404)
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,065,768)	(3,009,017)
Purchase of intangible assets		(1,306)	(1,510)
Proceeds from disposal of property, plant and equipment		49,085	238,030
Advances for capital expenditure		(31,079)	(15,767)
Net cash used in investing activities		(2,049,068)	(2,788,264)
CASH FLOW FROM FINANCING ACTIVITIES			
Issuance of right shares		-	3,583,305
Share premium		-	1,330,909
Redeemable capital		(1,500,000)	-
Long term finances obtained		-	387,500
Repayment of long term finances		(2,120,585)	(2,581,924)
Payment of lease liabilities		(95,069)	(176,268)
Net (decrease)/increase in short term borrowings		(3,233,777)	5,060,935
Share deposit money		-	(1,790,000)
Dividend paid		(12)	(105)
Net cash (used in)/generated from financing activities		(6,949,443)	5,814,352
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,965)	216,684
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		796,081	579,397
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	45	784,116	796,081

The annexed notes from 1 to 60 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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. 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.

1.1 Location of business units

Registered office	17 Aziz Avenue, Canal Bank, Gulberg - V, Lahore, Pakistan
Manufacturing Unit I	14 KM, Ferozepur, Road, Lahore, Pakistan
Manufacturing Unit II	34 KM, Ferozepur, Road, Lahore, Pakistan
Islamabad Office	Office no. 301, Green Trust Tower, Blue Area, Islamabad, Pakistan
Karachi Office	Kohinoor Building, 25 West Wharf Road, Karachi, Pakistan

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards 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 Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

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

Items	Measurement basis
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 Critical accounting judgements and key sources of estimation uncertainty

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

2.3.1 Critical accounting judgements

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

(a) Business model assessment (see note 49.1)

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. The Company monitors financial assets measured at amortized cost or fair value that are derecognized prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the year.

(b) Satisfaction of performance obligations in construction contracts (see note 35)

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

(c) Significant increase in credit risk (see note 50.1.1)

As explained in note 50.1.1, expected credit losses ['ECL'] are measured, based on the Company's risk grading framework, as an allowance equal to 12-month/lifetime ECL for 'performing' assets, or lifetime ECL for assets categorized as 'doubtful' or 'in default'. An asset is categorized as 'doubtful' when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward-looking information.

(d) Classification of preference shares (see note 7)

The Company has issued Class 'A' Preference Shares against authorized share capital of this class. In determining whether a preference share is a financial liability or an equity instrument, the Company assesses the particular rights attaching to the shares to determine whether it exhibits the fundamental characteristics of a financial liability. As per the Company's Articles of Association, the Company has the absolute option and right to redeem these preference shares or to call the issue for conversion into ordinary shares of the Company. An option of the issuer to redeem the shares for cash does not satisfy the definition of a financial liability because the issuer does not have a present obligation to transfer financial assets to the shareholders. In this case, redemption of shares is solely at the discretion of the Company. An obligation will arise only when the Company exercises its option, by formally notifying the shareholders of an intention to redeem the shares. Accordingly, the Company has determined that preference shares be classified as equity instruments.

2.3.2 Key sources of estimation uncertainty

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

(a) Calculation of impairment allowance for expected credit losses on financial assets (see note 50.1.3)

The Company recognizes a loss allowance for expected credit losses on financial assets carried at amortized cost on date of initial recognition. The amount of expected credit losses is updated on each reporting date to reflect the changes in credit risk since initial recognition of the respective financial asset. Estimating expected credit losses and changes there in requires taking into account qualitative and quantitative forward looking information. When measuring expected credit losses on financial assets the Company uses reasonable and supportable forward looking information as well as historical data to calculate the difference between the contractual cash flows due and those that the Company would expect to receive, taking into account cash flows from collateral and integral

credit enhancements, if any. Probability of default constitutes a key input in measuring expected credit losses. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. If the ECL rates on financial assets carried at amortized cost were higher (lower) by 10%, the loss allowance on those assets would have been higher (lower) by Rs. 1,933.88 million (31-Dec-22: Rs. 2,039.20 million).

(b) Revaluation of property, plant and equipment (see note 21)

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. Refer to note 51.3.1 for an analysis of sensitivity of revalued amounts of property, plant and equipment.

(c) Warranty provisions (see note 14)

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Provisions for the expected cost of warranty obligations are recognized at the date of sale of the relevant products, at the Company's best estimate of the expenditure required to settle the obligation. A 10% increase (decrease) in the Company's estimate of expenditure required to settle warranty obligations would have increased (decreased) the provision for warranty obligations by Rs. 29.08 million (31-Dec-22: Rs. 32.54 million).

(d) Taxation provisions (see note 42)

The Company takes into account the current income tax law and decisions taken by appellate and other relevant legal forums while estimating its provisions for current tax and tax contingencies. The provision for current tax is estimated at Rs. 890.31 million (31-Dec-22: Rs. 796.31 million). The management believes that the provision for current tax made in the financial statements is sufficient to discharge related tax liability.

Provision for deferred tax of Rs. 1,088.43 million (31-Dec-22: Rs. 1,088.43 million) has been estimated after taking into account historical and future turnover and profit trends and their taxability under the current tax law.

2.4 Functional currency

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

2.5 Date of authorization for issue

These financial statements were authorized for issue on 04 April 2024 by the Board of Directors of the Company.

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

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

3.1 Disclosure of Accounting Policies (Amendments to IAS 1 - Presentation of Financial Statements and IFRS Practice Statement 2 - Making Materiality Judgements)

The amendments require that an entity discloses its 'material accounting policies', instead of its 'significant accounting policies'. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

3.2 Definition of Accounting Estimates (Amendments to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors)

The amendments replace the definition of 'change in accounting estimates' with a definition of 'accounting estimates'. Under the new definition, accounting estimates are 'monetary amounts in financial statements that are subject to

measurement uncertainty'. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error.

3.3 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 - Income Taxes)

The amendments clarify that the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition.

3.4 International Tax Reform — Pillar Two Model Rules (Amendments to IAS 12)

The amendments provide a temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes.

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

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

	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance Contracts	01 January 2026
IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial	01 January 2024
IFRS S2 - Climate-related Disclosures	01 January 2024
Classification of Liabilities as Current or Non-Current (<i>Amendments to IAS 1 - Presentation of Financial Statements</i>).	01 January 2024
Lease Liability in a Sale and Leaseback (<i>Amendments to IFRS 16 - Leases</i>)	01 January 2024
Non-current Liabilities with Covenants (<i>Amendments to IAS 1 - Presentation of Financial Statements</i>)	01 January 2024
Supplier Finance Arrangements (<i>Amendments to IAS 7 and IFRS 7</i>)	01 January 2024
Lack of Exchangeability (<i>Amendments to IAS 21</i>)	01 January 2025

Other than aforementioned standards, interpretations and amendments, IASB has also issued IFRS 1 - First Time Adoption of International Financial Reporting Standards which has not been notified by the Securities and Exchange Commission of Pakistan for adoption under section 225 of the Companies Act, 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 not have a material impact on the Company's financial statements other than presentation and disclosures.

5. MATERIAL ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

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

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

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

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes the cost of material, labour and appropriate overheads directly relating to the construction, erection and installation of the asset and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy. Depreciation of these assets, determined on the same basis as other assets of the same class, commences when the assets are ready for their intended use.

Depreciation is recognized in profit or loss, using rates specified in note 21, so as to write off the cost or revalued amounts of assets (other than freehold land and assets under construction) over their useful lives, using the reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method over their useful lives, and right-of-use assets, for which the lease does not transfer ownership of the underlying asset to the Company at the end of lease term, which are depreciated over the shorter of lease term and useful lives of the underlying assets, using straight line method.

Depreciation on an item of property, plant and equipment commences from the month in which the item is ready for intended use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Incremental depreciation being the difference between depreciation based on the revalued amounts recognized in profit or loss and depreciation based on the historical cost, net of tax, is reclassified from the revaluation reserve to retained earnings. On the subsequent disposal or retirement of a revalued asset, the attributable revaluation surplus remaining in the revaluation reserve is transferred directly to retained earnings.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from its continued use. The gain or loss arising on the disposal or retirement of such items is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

5.2 Intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized in profit or loss, using amortization methods specified in note 22, over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately or in a business combination are carried at cost less accumulated impairment losses.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree, if any, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Goodwill is stated at cost less any accumulated impairment losses, if any.

5.3 Leases as 'lessee'

The Company assesses whether a contract is or contains a lease, at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identifiable asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for the short-term leases and leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

A right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Subsequent to initial recognition, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized using straight-line method over the shorter of lease term and useful life of the right-of-use asset, unless the lease transfers ownership of the underlying asset to the Company by the end of lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined on the same basis as those of operating fixed assets. In addition, the right-of-use asset is adjusted for certain remeasurements of the related lease liability.

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

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

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

Lease liability is remeasured whenever:

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

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

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

5.4 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 non-current assets.

5.5 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:

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

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

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

5.6 Employee benefits

5.6.1 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.

5.6.2 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.

5.7 Financial instruments

5.7.1 Recognition

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

5.7.2 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 other comprehensive income ['fair value through OCI']

These are:

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

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

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

(d) Financial liabilities at amortized cost

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

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

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

5.7.3 Measurement

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

5.7.4 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.

5.7.5 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.

5.7.6 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.

5.8 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.

5.9 Preference share capital

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

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

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

5.10 Share deposit money

Share deposit money is recognized as equity on receipt basis.

5.11 Loans and borrowings

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

5.12 Investments in equity securities

5.12.1 Investments in associates

Investments in associates are accounted for using the equity method of accounting. Under the equity method, an investment in an associate is recognized initially in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate, dividends received and impairment losses, if any. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

5.12.2 Investments in other quoted equity securities

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

5.13 Ijarah transactions

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

5.14 Trade and other payables

5.14.1 Financial liabilities

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

5.14.2 Non-financial liabilities

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

5.15 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risk and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.16 Trade and other receivables

5.16.1 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.

5.16.2 Non-financial assets

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

5.17 Contracts with customers

5.17.1 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
Refrigerators, Deep Freezers, Air Conditioners, Microwave Ovens, LED TVs, Washing Machines, Water Dispensers and other domestic appliances.	Performance obligation are satisfied when customers obtain control of domestic appliances when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices are usually payable within a period ranging from 30 days to 90 days, except for retail sales which are payable at the time of purchase. Discounts are allowed based on the payment terms and volume of sales. There are no customer loyalty programs. There are warranty provisions in place which provide for the Company's obligations for service/replacement of products where these do not meet the agreed specifications or otherwise do not perform as guaranteed by the Company.	Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises.
Electrical capital goods Transformers, Switchgears, Energy Meters.	Performance obligation are satisfied when customers obtain control of electrical capital goods when these are delivered to and have been accepted at their premises. Invoices are generated at that point in time. Invoices, where customer is the Federal/Provincial Government, are payable in accordance with the tender documents, by usually upto 90 days. For private customers, invoices are usually payable within a period ranging from 30 days to 90 days, except in some cases where these are paid for in advance. These products do not carry any discounts. There are no customer loyalty programs. There are warranty provisions in place which provide for the Company's obligations for service/replacement of products where these do not meet the agreed specifications or otherwise do not perform as guaranteed by the Company.	Revenue is recognised at a point in time when the goods are delivered and have been accepted by customers at their premises.

Product/service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Construction contracts Engineering, Procurement and Construction Services.	The Company constructs power grid stations for Government as well as private customers. Performance obligations are satisfied over time by reference to stage of completion of contract activity certified as at the reporting date. Invoices are issued according to contractual terms and are usually payable within a period ranging from 30 days to 90 days, except for those contracts for which transaction price has been received in advance. A percentage of transaction price is retained by some customers as 'retention money' from payments to the Company, which is released on expiry of an agreed period after completion of contract activity. Uninvoiced amounts are presented as contract assets.	Revenue is 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.

5.17.2 Contract assets

Contract assets represent work performed upto the reporting date which has not been invoiced to customers because the related performance obligations remain partially unsatisfied as at the reporting date.

5.17.3 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.

5.18 Comprehensive income

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

5.19 Borrowing costs

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

5.20 Income tax

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

5.20.1 Current taxation

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

5.20.2 Deferred taxation

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

5.21 Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. The amount of grant is recognized as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the tenure of loan.

5.22 Earnings per share ['EPS']

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

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

5.23 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.

5.24 Foreign currency transactions and balances

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

5.25 Impairment

5.25.1 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.

5.25.2 Non-financial assets

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

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

5.26 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.

5.27 Segment reporting

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

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

5.28 Fair value measurements

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

A number of the Company's accounting policies and disclosures require the measurement of fair values.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Company uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

6 AUTHORIZED SHARE CAPITAL

31-Dec-23	31-Dec-22	Note	31-Dec-23	31-Dec-22
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	625,000	625,000
37,500,000	37,500,000	Class 'B' preference shares	375,000	375,000
100,000,000	100,000,000		1,000,000	1,000,000
1,100,000,000	1,100,000,000		11,000,000	11,000,000

6.1 Rights, preferences and restrictions attaching to preference shares

The preference shares, subject to the provisions of the Companies Act, 2017, carry the following rights, preferences and restrictions:

- Cumulative cash dividends (on an annualized basis) in priority over any dividends on the ordinary shares at 9.5% of par value of Class 'A' preference shares and at 11% of par value of Class 'B' preference shares as and when declared by the Board of Directors of the Company.
- Qualified voting rights to the extent only where the matter relates to any resolution passed, which directly affects any of the rights attached to preference shares.

- First right, before ordinary shareholders, over the assets of the Company on winding up, limited to nominal value of preference shares outstanding plus unpaid dividend thereon.
- Entitlement to receive notices only for meetings on the matters directly related to preference shares.

7 ISSUED SHARE CAPITAL

31-Dec-23	31-Dec-22	Note	31-Dec-23	31-Dec-22
No. of shares	No. of shares		Rupees '000	Rupees '000
		Ordinary shares		
731,081,721	731,081,721	Issued for cash	7,310,817	7,310,817
		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	1,183,438	1,183,438
856,012,155	856,012,155		8,560,121	8,560,121
		Class 'A' preference shares		
44,957,592	44,957,592	Issued for cash	449,576	449,576
900,969,747	900,969,747		9,009,697	9,009,697

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

	31-Dec-23	31-Dec-22
	No. of shares	No. of shares
As at beginning of the year	856,012,155	497,681,485
Issue of ordinary shares	-	358,330,670
As at end of the year	856,012,155	856,012,155

7.2 Class 'A' preference shares

7.2.1 Current status of original issue

The Company, in the December 2004, issued Class 'A' preference shares to various institutional investors amounting to Rs. 605 million against authorized share capital of this class amounting to Rs. 625 million. In January 2010, the Company sent out notices to all preference shareholders seeking conversion of outstanding preference shares into ordinary shares of the Company in accordance with the option available to the investors under the original terms of the issue. As at the reporting date, the outstanding balance of preference shares amounts to Rs. 449.58 million representing investors who did not opt to convert their holdings into the ordinary shares of the Company. Subsequently, the Company offered re-profiling of preference shares to these remaining investors. (See note 7.2.2).

The Securities and Exchange Commission of Pakistan ['SECP'] issued order to Pakistan Stock Exchange Limited ['the Exchange'] dated 06 February 2009 for delisting of these preference shares. However, the Company took up the matter with the honorable Lahore High Court which, through order dated 10 October 2017, accepted the appeal of Company and set aside the SECP order.

7.2.2 Re-profiling of preference shares

The Company offered re-profiling of preference shares to investors, who did not convert their preference shares into ordinary shares in response to the conversion notices issued by the Company. The investors to the instrument had, in principle, agreed to the re-profiling term sheet and commercial terms and conditions therein. Further, SECP had allowed the Company to proceed with the re-profiling subject to 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 a conversion exercise whereby the outstanding preference shares and accumulated dividend are proposed to be converted into ordinary shares of the Company.

7.2.3 Accumulated preference dividend

As at reporting date, an amount of approximately Rs. 597.938 million (31-Dec-22: Rs. 555.228 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. In case preference dividend continues to accumulate it would be settled at the time of exercising the redemption or conversion option in accordance with the under process re-profiling/conversion exercise.

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

8 SHARE DEPOSIT MONEY

This represents advance against issue of ordinary shares received from sponsors/shareholders of the Company.

9 SHARE PREMIUM

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

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
As at beginning of the year		5,610,856	4,279,947
Recognized during the year	9.1	-	1,433,324
Expenses incurred on issue	9.1	-	(102,415)
As at end of the year		5,610,856	5,610,856

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

	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
As at beginning of the year	4,785,124	5,353,956
Surplus recognized during the year		
Surplus for the year	1,691,998	-
Deferred taxation	(196,295)	-
	1,495,703	-
Incremental depreciation transferred to retained earnings		
Incremental depreciation for the year	(308,598)	(309,188)
Deferred taxation	118,540	99,767
	(190,058)	(209,421)
Surplus transferred to retained earnings on disposal		
Surplus on the assets disposed off	-	(145,889)
Deferred taxation	-	47,075
	-	(98,814)
Deferred tax adjustment		
attributable to changes in proportion of income taxable under final tax regime	(20,665)	(26,376)
attributable to changes in tax rate	(332,815)	(234,221)
As at end of the year	5,737,289	4,785,124

11 REDEEMABLE CAPITAL

These represent profit based debt securities issued to various institutional investors. The details are as follows:

Particulars	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000	Pricing	Security	Repayment and other arrangements
<i>Shariah compliant instruments</i>					
Sukuks	-	1,500,000	Three months KIBOR plus 1.3% per annum, payable quarterly.	Charge over present and future current assets of the Company and personal guarantees of sponsor directors of the Company.	These were issued to finance long term working capital requirements of the Company. The principal was fully redeemed during the year.
Total	-	1,500,000			
Current maturity presented under current liabilities	-	(1,500,000)			
	-	-			

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	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000	Pricing	Security	Repayment and other arrangements
<i>Shariah compliant instruments</i>					
Diminishing Musharakah - I	-	214,286	Three months KIBOR plus 1% per annum (31-Dec-22: Three months KIBOR plus 1% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Faysal Bank Limited to finance the balancing modernization and replacement requirements. The principal was originally repayable in fourteen equal quarterly installments commencing from August 2019. However, effective December 2019, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in January 2021.
Diminishing Musharakah - II	200,000	466,667	Three months KIBOR plus 1.5% per annum (31-Dec-22: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over present and future fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Faysal Bank Limited to finance long term working capital requirements of the Company and for construction of washing machine unit and warehouse/godown. The principal was originally repayable in fifteen equal quarterly installments commencing from February 2020. However, effective December 2019, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in January 2021.
	200,000	680,953			
<i>Conventional Instruments</i>					
Term Finance - II	38,799	77,598	Three months KIBOR plus 1.5% per annum (31-Dec-22: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from The Bank of Punjab to finance erection of new power transformer manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in September 2020.
Term Finance - III	18,750	56,250	Three months KIBOR plus 2% per annum (31-Dec-22: Three months KIBOR plus 2% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited to finance capital expenditure. The principal was originally repayable in sixteen equal quarterly installments commencing from August 2019. However, effective May 2020, the lender approved principal deferral for a period of one year under the State Bank of Pakistan BPRD circular No. 14 of 2020. Accordingly, the principal repayment after the expiry of deferral period commenced in June 2021.
Term Finance - IV	500,000	750,000	Three months KIBOR plus 1.5% per annum (31-Dec-22: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company.	The finance has been obtained from Askari Bank Limited to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in April 2022.
Term Finance - V	78,125	140,625	Three months KIBOR plus 2.5% per annum (31-Dec-22: Three months KIBOR plus 2.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Libya Holding Company Limited to build power transformers manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in May 2021.
Term Finance - VII	1,125,000	1,500,000	One month KIBOR plus 1.3% per annum (31-Dec-22: One month KIBOR plus 1.3% per annum),	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the	The finance has been obtained from Bank Alfalah Limited to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in March 2022.

Particulars	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000	Pricing	Security	Repayment and other arrangements
Term Finance - IX	93,750	168,750	One month KIBOR plus 1.75% per annum (31-Dec-22: One month KIBOR plus 1.75% per annum), payable	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Samba Bank Limited to finance construction of new transformers manufacturing facility. The principal is repayable in sixteen equal quarterly installments with the first installment due in April 2021.
Term Finance - XII	375,000	500,000	Three months KIBOR plus 2.25% per annum (31-Dec-22: Three months KIBOR plus 2.25% per annum), payable	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited to finance capital expenditure. The principal is repayable in sixteen equal quarterly installments with the first installment due in February 2023.
Term Finance - XIII	562,500	812,500	Three months KIBOR plus 1.5% per annum (31-Dec-22: Three months KIBOR plus 1.5% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from The Bank of Punjab to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in March 2022.
Term Finance - XIV	26,667	40,000	Three months KIBOR plus 3% per annum (31-Dec-22: Three months KIBOR plus 3% per annum), payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance had been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited to finance capital expenditure. The principal is repayable in fifteen equal quarterly installments with the first installment due in June 2022.
Term Finance - XV	375,000	750,000	Three months KIBOR plus 1.75% per annum (31-Dec-22: Three months KIBOR plus 1.75% per annum), payable	Charge over present and future current assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak China Investment Company Limited to finance long term working capital requirements of the Company. The principal is repayable in eight equal quarterly installments with the first installment due in March 2023.
Term Finance - XVI	162,500	200,000	Three months KIBOR plus 2% per annum, payable quarterly.	Charge over operating fixed assets of the Company and personal guarantees of sponsor directors of the Company.	The finance has been obtained from Pak Oman Investment Company Limited to finance long term working capital requirements of the Company. The principal is repayable in sixteen equal quarterly installments with the first installment due in May 2023.
	3,356,091	4,995,723			
Total	3,556,091	5,676,676			
Current maturity presented under current liabilities	(1,895,882)	(2,196,017)			
	1,660,209	3,480,659			

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
13 LEASE LIABILITIES			
Present value of minimum lease payments	13.1 & 13.2	91,792	142,970
Current maturity presented under current liabilities	13.1 & 13.2	(57,355)	(70,966)
		34,437	72,004

- 13.1 These represent liabilities against right-of-use assets. The interest rate implicit in lease is three months KIBOR plus 4% (31-Dec-22: three months KIBOR plus 4%) per annum for buildings and offices and ranges from three months to six months KIBOR plus 1.5% to 2.5% (31-Dec-22: three months to six months KIBOR plus 1.5% to 2.5%) per annum, for vehicles and machinery. Lease rentals are payable over a tenor ranging from 2 to 3 years. The Company also has the option to acquire some of these assets [vehicles and machinery] at the end of their respective lease terms by adjusting the deposit amount against the residual value of the asset and intends to exercise the option.

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

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
Not later than one year		67,838	98,465
Later than one year but not later than five years		37,526	63,185
Total future minimum lease payments		105,364	161,650
Finance charge allocated to future periods		(13,572)	(18,680)
Present value of future minimum lease payments		91,792	142,970
Not later than one year	19	(57,355)	(70,966)
Later than one year but not later than five years		34,437	72,004

14 WARRANTY OBLIGATIONS

This represents provision for warranties related to goods sold during the current and previous years.

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
Present value of warranty obligations		439,718	516,618
Current maturity presented under current liabilities	17	(290,779)	(325,394)
		148,939	191,224

14.1 Movement in warranty obligations

As at beginning of the year		516,618	646,882
Amounts charged against the provision		(255,635)	(328,389)
Amount recognized during the year	38		
Unwinding of the discount		33,867	26,879
Changes in discount rate		(3,787)	(3,978)
Additions during the year		148,655	175,224
		178,735	198,125
As at end of the year		439,718	516,618

Majority of outflows of economic benefits required to settle the warranty obligations are expected to occur over the next three years. The present value of warranty obligations has been determined using a discount rate of 22.73% (31-Dec-22: 17.71%).

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
Deferred tax liability on taxable temporary differences	15.1	6,037,790	4,809,035
Deferred tax asset on deductible temporary differences	15.1	(1,137,143)	(1,546,589)
		4,900,647	3,262,446

15 DEFERRED TAXATION

15.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	31-Dec-23			
	As at 01-Jan-23 <i>Rupees '000</i>	Recognized in profit or loss <i>Rupees '000</i>	Recognized in OCI <i>Rupees '000</i>	As at 31-Dec-23 <i>Rupees '000</i>
Deferred tax liabilities				
Operating fixed assets	4,756,149	693,727	549,775	5,999,651
Right-of-use assets	52,886	(14,747)	-	38,139
	4,809,035	678,980	549,775	6,037,790
Deferred tax assets				
Long term investments	(7,220)	(752)	-	(7,972)
Lease liabilities	(46,469)	11,086	-	(35,383)
Provisions	(352,012)	(68,376)	-	(420,388)
Unused tax losses and credits	(1,140,888)	467,488	-	(673,400)
	(1,546,589)	409,446	-	(1,137,143)
	3,262,446	1,088,426	549,775	4,900,647

	31-Dec-22			
	As at 01-Jan-22 <i>Rupees '000</i>	Recognized in profit or loss <i>Rupees '000</i>	Recognized in OCI <i>Rupees '000</i>	As at 31-Dec-22 <i>Rupees '000</i>
Deferred tax liabilities				
Operating fixed assets	4,103,815	391,737	260,597	4,756,149
Right-of-use assets	107,823	(54,937)	-	52,886
	4,211,638	336,800	260,597	4,809,035
Deferred tax assets				
Long term investments	(5,150)	(2,070)	-	(7,220)
Lease liabilities	(67,638)	21,169	-	(46,469)
Provisions	(415,072)	63,060	-	(352,012)
Unused tax losses and credits	(1,206,304)	65,416	-	(1,140,888)
	(1,694,164)	147,575	-	(1,546,589)
	2,517,474	484,375	260,597	3,262,446

15.2 Deferred tax arising from timing differences pertaining to income from business is provided for only that portion of timing differences that represent income taxable under normal provisions of the Income Tax Ordinance, 2001 [the 'Ordinance'] as revenue from export sales of the Company is subject to taxation under the final tax regime, while the remaining portion of revenue attracts assessment under normal provisions of the Ordinance. These differences are calculated at that proportion of total timing differences that the local sales, other than the indirect exports taxable under section 154 (3) of the Ordinance, bear to the total sales revenue based on historical and future trends. Deferred tax has been calculated at 39% (31-Dec-22: 33%) of the timing differences so determined based on tax rates notified by the Government of Pakistan for future tax years.

Deferred tax arising from timing differences pertaining to income from investment in listed equity securities taxable as a separate block under the provisions of the Ordinance, has been calculated at 22.5% (31-Dec-22: 16.5%) of the timing differences based on tax rates notified by the Government of Pakistan for future tax years for such income.

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
16 DEFERRED INCOME			
Grant in Aid - UNIDO	16.1	28,460	29,958
SBP Refinance Scheme	16.2	-	-
		28,460	29,958
16.1 Grant in Aid - UNIDO			
As at beginning of the year		29,958	31,535
Recognized in profit or loss	37	(1,498)	(1,577)
As at end of the year		28,460	29,958

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

The grant received in cash amounting to Rs. 11,735,188 was recognized as income in the year of receipt i.e. year ended 30 June 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. 1.498 million (31-Dec-22: Rs. 1.577 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

16.2 SBP Refinance Scheme

The State Bank of Pakistan ['SBP'] through IH&SMEFD circular No. 6 of 2020 dated 10 April 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). The benefit of below market interest rates, measured as the difference between the fair value of loan on the date of disbursement and its face value on that date was recognised as deferred grant.

The movement during the year is as follows:

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
As at beginning of the year		-	16,832
Amortized during the year		-	(16,832)
As at end of the year		-	-
Current maturity presented under current liabilities	19	-	-
		-	-

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
17	TRADE AND OTHER PAYABLES		
Trade creditors		180,846	151,382
Foreign bills payable	17.1	1,805,553	120,018
Accrued liabilities		190,671	254,248
Advances from customers		157,913	31,010
Employees' provident fund		20,110	16,822
Warranty obligations	14	290,779	325,394
Sales tax payable		311,539	361,133
Workers' Profit Participation Fund	17.2	178,225	126,826
Workers' Welfare Fund	17.3	80,283	51,830
Other payables		14,128	13,511
		3,230,047	1,452,174

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

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
17.2	Workers' Profit Participation Fund		
As at beginning of the year		126,826	120,223
Interest on funds utilized by the Company	41	14,902	9,329
Charged to profit or loss for the year	40	178,225	126,826
Paid during the year		(141,728)	(129,552)
As at end of the year		178,225	126,826

17.2.1 Interest on funds utilized by the Company has been recognized at 23.50% (31-Dec-22: 20.21%) per annum.

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
17.3	Workers' Welfare Fund		
As at beginning of the year		51,830	45,685
Charged to profit or loss for the year	40	67,725	47,385
Paid/adjusted during the year		(39,272)	(41,240)
As at end of the year		80,283	51,830

18 SHORT TERM BORROWINGS

Secured

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

Banking companies - <i>Shariah compliant instruments</i>	18.1	1,194,110	2,680,141
Banking companies - <i>Conventional instruments</i>	18.1	10,650,628	12,602,501
Non Banking Finance Companies ['NBFC's']	18.2	249,947	247,610

Unsecured

Book overdraft	18.4	231,325	29,535
		12,326,010	15,559,787

- 18.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/markup/profit at rates ranging from one to nine months KIBOR plus 0.5% to 3% per annum (31-Dec-22: one to nine months KIBOR plus 0.5% to 3% per annum). These facilities are secured by pledge/hypothecation of raw material and components, work-in-process, finished goods, imported goods, machinery, spare parts, book debts and personal guarantees of the sponsoring directors of the Company. These facilities are generally for a period of one year and renewed at the end of the period.
- 18.2 These facilities have been obtained from NBFCs for working capital requirements and carry interest/markup at three months KIBOR plus 2.25% (31-Dec-22: three months KIBOR plus 2.25%) per annum. These facilities are secured by charge over current assets of the Company and personal guarantees of the directors of the Company.
- 18.3 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 8,654 million (31-Dec-22: Rs. 8,485 million).
- 18.4 This represents cheques issued by the Company in excess of balances at bank which have been presented for payments in the subsequent period.

	<i>Note</i>	31-Dec-23 <i>Rupees '000</i>	31-Dec-22 <i>Rupees '000</i>
19 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Redeemable capital	11	-	1,500,000
Long term finances	12	1,895,882	2,196,017
Lease liabilities	13	57,355	70,966
		1,953,237	3,766,983

20 CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

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

	31-Dec-23 <i>Rupees '000</i>	31-Dec-22 <i>Rupees '000</i>
Tender bonds	508,406	337,676
Performance bonds	4,372,814	4,091,348
Advance guarantees	222,635	246,837
Custom guarantees	78,292	78,606
Foreign guarantees	9,137	11,704

- 20.1.2 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.
- 20.1.3 The Company's case was selected for audit under section 177 of the Income Tax Ordinance ['the Ordinance'] for tax years 2016, 2017 and 2018. Notices to call for record/documents/books of account under section 177(1) of the Ordinance were issued by the Additional Commissioner Inland Revenue ['ACIR'] on 07 July 2021. The requisite information has been submitted by the Company and the proceedings are in progress.
- 20.1.4 In respect of tax year 2018, ACIR issued a notice to amend assessment under section 122(9) on 11 April 2019 whereby the ACIR raised observations related to proration of expenses, claims for tax credits, taxability of grant in aid and allowability of various expenses. The Company responded to this notice vide letter dated 06 May 2019 wherein submissions regarding ACIR's observations were made. The proceedings were completed and an order to amend original assessment dated 31 May 2019 was issued by the ACIR under section 122(5A) wherein additions of Rs. 148.91 million were made to the taxable income and tax credits amounting to Rs. 1.24 million were disallowed resulting in additional income tax and WWF aggregating to Rs. 100.41 million. The Company appealed against the ACIR's order before

Commissioner Inland Revenue (Appeals) [‘CIR(A)’] vide application dated 24 June 2019. The CIR(A) vide appellate order dated 23 September 2021 deleted additions amounting to Rs. 64.484 million while the additions amounting to Rs. 84.43 million and disallowance of tax credit of Rs. 1.24 million under section 65B were maintained by the CIR(A). The Company appealed against the order of CIR(A) before Appellate Tribunal Inland Revenue [‘ATIR’] vide application dated 22 October 2021. The proceedings are in progress at this stage no further liability is expected.

20.1.5 In respect of tax year 2019, ACIR issued a notice to amend assessment under section 122(9) on 17 March 2020 whereby the ACIR raised observations related to proration of expenses, claims for tax credits, taxability of grant in aid and allowability of various expenses. The Company responded to this notice vide letter dated 23 April 2020 wherein submissions regarding ACIR’s observations were made. The proceedings were completed and an order to amend original assessment dated 05 May 2020 was issued by the ACIR under section 122(5A) wherein a demand of Rs. 70.07 million was created by adding Rs. 156.63 million to the taxable income and disallowing tax credit of Rs. 22.79 million. The Company appealed against the ACIR’s order before CIR(A) vide application dated 05 June 2020. The CIR(A) vide appellate order dated 10 November 2021 set aside matters related to tax credit of Rs. 22.79 million and additions of Rs. 90.9 million back to the ACIR for verification while the additions of Rs. 65.73 million on account of proration of expenses under section 67 of the Ordinance was maintained by the CIR(A). The Company appealed against the order of CIR(A) before ATIR vide application dated 23 November 2021. The proceedings are in progress and at this stage no further liability is expected.

20.1.6 In respect of tax year 2020, ACIR issued a notice to amend assessment under section 122(9) on 31 January 2022 whereby the ACIR raised observations related to proration of expenses, claims for tax credits, taxability of grant in aid and allowability of various expenses. The Company responded to this notice vide letter dated 15 March 2022 wherein submissions regarding ACIR’s observations were made. The proceedings are in progress and department order is awaited. The routine add backs if any made by the department, will be challenged at next forum and at this stage no further liability is expected.

	31-Dec-23	31-Dec-22
	<i>Rupees '000</i>	<i>Rupees '000</i>
20.2 Commitments		
20.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	6,440,111	2,349,892
20.2.2 Commitments for capital expenditure	1,054,053	977,286

20.2.3 Commitments under ijarah contracts

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

	31-Dec-23	31-Dec-22
	<i>Rupees '000</i>	<i>Rupees '000</i>
- payments not later than one year	230,931	234,981
- payments later than one year	229,045	274,858
	459,976	509,839

20.2.4 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-23	31-Dec-22
	<i>Rupees '000</i>	<i>Rupees '000</i>
- payments not later than one year	-	38,399
- payments later than one year	-	-
	-	38,399

	31-Dec-23											Net book value as at 30-Dec-23 Rupees '000
	COST / REVALUED AMOUNT					DEPRECIATION					As at 30-Dec-23 Rupees '000	
	As at 01-Jan-23 Rupees '000	Additions Rupees '000	Revaluation Rupees '000	Disposals Rupees '000	Transfers Rupees '000	As at 30-Dec-23 Rupees '000	Rate %	For the year Rupees '000	Revaluation Rupees '000	Adjustment Rupees '000		
<i>Operating fixed assets</i>												
Land	1,097,157	-	1,188,678	-	-	2,285,835	-	-	-	-	-	2,285,835
Buildings	9,530,714	48,690	379,523	-	1,187,756	11,146,683	5	325,996	125,110	-	3,674,505	7,472,178
Plant and machinery	25,919,103	72,850	440,098	-	757,422	27,189,473	5	761,399	191,191	-	11,811,890	15,377,583
Office equipment and fixtures	201,026	27,364	-	(238)	-	228,152	10	13,869	-	(143)	95,701	132,451
Computer hardware and allied items	244,899	38,574	-	(4,671)	-	278,802	33.33	39,914	-	(4,123)	221,736	57,066
Vehicles	256,426	8,824	-	(71,488)	52,148	245,910	20	19,502	-	(9,432)	161,504	84,406
	37,249,325	196,302	2,008,299	(76,397)	1,997,326	41,374,855		1,160,680	316,301	(13,698)	15,965,336	25,409,519
<i>Right-of-use assets</i>												
Buildings	314,784	43,891	-	(123,076)	-	235,599	20-50	79,482	-	(123,076)	142,587	93,012
Plant and machinery	-	-	-	-	-	-	5	-	-	-	-	-
Vehicles	65,427	-	-	-	(52,148)	13,279	20	4,886	-	(28,857)	7,347	5,932
	380,211	43,891	-	(123,076)	(52,148)	248,878		84,368	-	(151,933)	149,934	98,944
<i>Capital work in progress</i>												
Buildings	1,701,637	1,820,950	-	-	(1,187,756)	2,334,831		-	-	-	-	2,334,831
Plant and machinery	936,748	141,373	-	-	(757,422)	320,699		-	-	-	-	320,699
	2,638,385	1,962,323	-	-	(1,945,178)	2,655,530		-	-	-	-	2,655,530
	40,267,921	2,202,516	2,008,299	(199,473)	-	44,279,263		1,245,048	316,301	(165,631)	16,115,270	28,163,993

	31-Dec-22											Net book value as at 31-Dec-22 Rupees '000
	COST/REVALUED AMOUNT						DEPRECIATION					
	As at 01-Jan-22 Rupees '000	Additions Rupees '000	Revaluation Rupees '000	Disposals Rupees '000	Transfers Rupees '000	As at 31-Dec-22 Rupees '000	Rate %	For the year Rupees '000	Revaluation Rupees '000	Adjustment Rupees '000	As at 31-Dec-22 Rupees '000	
<i>Operating fixed assets</i>												
Land	1,035,256	61,901	-	-	-	1,097,157	-	-	-	-	-	1,097,157
Buildings	9,510,629	20,085	-	-	-	9,530,714	5	331,056	-	-	3,223,399	6,307,315
Plant and machinery	24,965,592	920,829	-	(197,347)	230,029	25,919,103	5	761,023	-	10,766	10,859,300	15,059,803
Office equipment and fixtures	174,539	29,031	-	(2,544)	-	201,026	10	11,205	-	(1,682)	81,975	119,051
Computer hardware and allied items	214,113	36,360	-	(5,574)	-	244,899	33.33	36,791	-	(5,486)	185,945	58,954
Vehicles	260,262	37,991	-	(103,445)	61,618	256,426	20	20,220	-	(18,021)	151,434	104,992
	36,160,391	1,106,197	-	(308,910)	291,647	37,249,325		1,160,295	-	(14,423)	14,502,053	22,747,272
<i>Right-of-use assets</i>												
Buildings	251,629	80,711	-	(17,556)	-	314,784	20-50	90,523	-	(17,556)	186,181	128,603
Plant and machinery	187,180	-	-	-	(187,180)	-	5	7,454	-	(31,986)	-	-
Vehicles	127,045	-	-	-	(61,618)	65,427	20	15,134	-	(31,672)	31,318	34,109
	565,854	80,711	-	(17,556)	(248,798)	380,211		113,111	-	(81,224)	217,499	162,712
<i>Capital work in progress</i>												
Buildings	503,488	1,198,149	-	-	-	1,701,637		-	-	-	-	1,701,637
Plant and machinery	140,105	839,492	-	-	(42,849)	936,748		-	-	-	-	936,748
	643,593	2,037,641	-	-	(42,849)	2,638,385		-	-	-	-	2,638,385
	37,369,838	3,224,549	-	(326,466)	-	40,267,921		1,273,406	-	(95,647)	14,719,552	25,548,369

21.1 Property, plant and equipment includes fully depreciated assets of Rs. 161.436 million (31-Dec-22: Rs. 133.55 million) which are still in use of the Company. There is no item of property, plant and equipment which is temporary idle or otherwise retired from active use.

21.2 Land includes:

- (i) 51 Kanals located at Mouza Kot Islampur, 34-K.M, Ferozepur Road, Lahore.
- (ii) 224 Kanals located at Mouza Amar Siddhu, 14-K.M, Ferozepur Road, Lahore.
- (iii) 80 Kanals located at 302-303 Gadoon Industrial Area, Gadoon Amazai.
- (iv) 2 Kanals located at Chak No. 439/E.B, Burewala, Vehari.

21.3 Additions to capital work in progress include borrowing cost amounting to Rs. 69.414 million (31-Dec-22: Rs. 62.481 million) included in cost of buildings and Rs. 23.443 million (31-Dec-22: Rs. 72.34 million) included in cost of plant and machinery at a capitalization rate of 22.90% (31-Dec-22: 13.88%). The capital expenditure has been financed by long term debt.

21.4 Disposal of operating fixed assets

Particulars	31-Dec-23					Mode of disposal	Particulars of buyer
	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal		
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000		
<i>Office equipment and fixtures</i>							
Assets having net book value less than Rs. 500,000 each	238	143	95	89	(6)	Negotiation	Various buyers
<i>Computer hardware and allied items</i>							
Assets having net book value less than Rs. 500,000 each	4,671	4,123	548	722	174	Company policy	Various employees
<i>Vehicles</i>							
Audi 1.2	6,000	3,373	2,627	1,833	(794)	Company policy	Abdul Waheed Butt (employee), Lahore.
Honda BRV	2,739	868	1,871	1,635	(236)	Company policy	Mansoor Zaman (employee), Lahore.
Toyota Yaris	3,033	1,375	1,658	1,616	(42)	Company policy	M.Amjad Raza (employee), Lahore.
Honda BRV	3,305	1,719	1,586	947	(639)	Company policy	Tahir Arshad (employee), Lahore.
Toyota Passo	1,640	288	1,352	575	(777)	Company policy	Aamir Anwar (employee), Lahore.
Honda BRV	2,042	723	1,319	1,416	97	Company policy	Masood Ahmed Nasir (employee), Lahore.
Honda City	2,395	1,176	1,219	1,743	524	Company policy	Syed Hasnain Shah (employee), Lahore.
Honda Civic Oriet	2,988	1,805	1,183	583	(600)	Company policy	Iftikhar (employee), Lahore.
Corolla Gli	1,700	539	1,161	950	(211)	Company policy	Irshad Khan (employee), Lahore.
Suzuki Cultus	2,030	921	1,109	1,244	135	Company policy	Abid Hussain (employee), Lahore.
Suzuki Cultus	1,985	1,012	973	715	(258)	Company policy	Usman Anwar (employee), Lahore.
Toyota Corolla Gli	2,331	1,392	939	915	(24)	Company policy	Iftikhar (employee), Lahore.
Honda BRV	2,388	1,475	913	391	(522)	Company policy	Shoaib (employee), Lahore.
Suzuki Cultus	1,865	986	879	1,080	201	Company policy	Raza Nabi (employee), Lahore.
Honda Civic	2,254	1,520	734	1,205	471	Company policy	Azam Aziz (employee), Lahore.
Corolla Altis	1,856	1,134	722	740	18	Company policy	Amer (employee), Lahore.
Honda City	784	65	719	706	(13)	Company policy	Arshad Ali (employee), Lahore.
Suzuki Alto	1,398	687	711	893	182	Company policy	Umer Hayat Bajwa (employee), Lahore.
Suzuki Alto	1,398	700	698	401	(297)	Company policy	Akbar Mashood Khan (employee), Lahore.
Suzuki Swift	1,651	997	654	720	66	Company policy	Adnan (employee), Lahore.
Honda Civic	2,203	1,574	629	806	177	Company policy	Umer Saleemi (employee), Lahore.
Toyota Corolla Gli	1,634	1,063	571	480	(91)	Company policy	Asif (employee), Lahore.
Assets having net book value less than Rs. 500,000 each	21,869	12,897	8,972	26,680	17,708	Company policy/Negotiation	Various employees/buyers
	71,488	38,289	33,199	48,274	15,075		
	76,397	42,555	33,842	49,085	15,243		
<i>31-Dec-22</i>							
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		
<i>Plant and Machinery</i>							
Conveyor for Foaming	63,077	-	63,077	61,065	(2,012)	Negotiation	Orix Modaraba.
Drum Type Door	33,476	-	33,476	33,713	237	Negotiation	Orix Modaraba.
3 Station Foaming	45,098	-	45,098	45,133	35	Negotiation	Orix Modaraba.
Vacuum Pump	2,006	1,017	989	40	(949)	Negotiation	Liaqat Ali, Kasur.
Current Voltage Meter	1,487	754	733	30	(703)	Negotiation	Liaqat Ali, Kasur.
Fin Folding Line	19,754	7,250	12,504	2,005	(10,499)	Negotiation	Liaqat Ali, Kasur.
Fin Folding Line	14,949	5,486	9,463	2,000	(7,463)	Negotiation	Liaqat Ali, Kasur.
Fin Folding Line	14,949	5,486	9,463	1,911	(7,552)	Negotiation	Liaqat Ali, Kasur.
Assets having net book value less than Rs. 500,000 each	2,551	1,237	1,314	310	(1,004)	Negotiation	Liaqat Ali, Kasur.
	197,347	21,230	176,117	146,207	(29,910)		
<i>Office equipment and fixtures</i>							
Assets having net book value less than Rs. 500,000 each	2,544	1,682	862	595	(267)	Negotiation	Various buyers
	2,544	1,682	862	595	(267)		
<i>Computer hardware and allied items</i>							
Assets having net book value less than Rs. 500,000 each	5,574	5,486	88	712	624	Negotiation	Various buyers
	5,574	5,486	88	712	624		
<i>Vehicles</i>							
Hyundai Tucson	5,481	548	4,933	5,714	781	Negotiation	First Habib Modaraba.
Kia Sportage	5,106	255	4,851	6,107	1,256	Negotiation	First Habib Modaraba.
Kia Sportage	4,979	166	4,813	5,925	1,112	Negotiation	First Habib Modaraba.
MG HS	5,485	990	4,495	5,485	990	Negotiation	First Habib Modaraba.
Hyundai Tucson	4,798	480	4,318	5,714	1,396	Negotiation	First Habib Modaraba.
MG HS	4,688	912	3,776	5,485	1,709	Negotiation	First Habib Modaraba.
Toyota Yaris	2,266	189	2,077	2,701	624	Negotiation	First Habib Modaraba.
Toyota Corolla	2,015	831	1,184	907	(277)	Company policy	Irshad Khan (employee), Lahore.
Suzuki Bolan	1,180	39	1,141	1,336	195	Negotiation	First Habib Modaraba.
Honda Civic	2,712	1,763	949	858	(91)	Company policy	Faisal Kaba (employee), Lahore.
Toyota Corolla	1,928	983	945	711	(234)	Company policy	Rohan Zafar Hashmi (employee), Lahore.
Honda Civic	2,203	1,375	828	724	(104)	Company policy	Nasir Paul (employee), Lahore.
Toyota Corolla	2,487	1,677	810	951	141	Company policy	Muhammad Imran (employee), Lahore.
Toyota Corolla	2,172	1,398	774	535	(239)	Company policy	Qaiser (employee), Lahore.
Honda Civic	2,203	1,515	688	567	(121)	Company policy	Jalil ur Rehman (employee), Lahore.
Toyota Corolla	1,724	1,098	626	541	(85)	Company policy	Javed Iqbal (employee), Lahore.
Toyota Corolla	1,609	1,035	574	547	(27)	Company policy	Umar Shahzad (employee), Lahore.
Honda City	1,693	1,134	559	583	24	Company policy	M. Waseem Mir (employee), Lahore.
Toyota Corolla	1,724	1,166	558	627	69	Company policy	Farooq (employee), Lahore.
Toyota Corolla	1,724	1,186	538	682	144	Company policy	Nauman (employee), Lahore.
Toyota Corolla	1,609	1,086	523	629	106	Company policy	M. Nasir Paul (employee), Lahore.
Honda City	1,434	922	512	330	(182)	Company policy	Shahzad Safer (employee), Lahore.
Assets having net book value less than Rs. 500,000 each	42,225	28,945	13,280	42,857	29,577	Company policy/Negotiation	Various employees/buyers
	103,445	49,693	53,752	90,516	36,764		
	308,910	78,091	230,819	238,030	7,211		

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
21.5	The depreciation charge for the year has been allocated as follows:		
Cost of sales	36	1,174,925	1,201,723
Selling and distribution expenses	38	21,737	24,019
Administrative expenses	39	48,386	47,664
		1,245,048	1,273,406

21.6 Revaluation of property, plant and equipment

Most recent valuation of land, building and plant and machinery was carried out by an independent valuer, Joseph Lobo (Private) Limited, on 31 December 2023 and was incorporated in the financial statements for the year ended 31 December 2023. For basis of valuation 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-23		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	Rupees '000	Rupees '000
Land	251,085	-	251,085
Building	8,456,028	2,336,223	6,119,805
Plant and machinery	16,021,464	5,341,745	10,679,719
	31-Dec-22		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	Rupees '000	Rupees '000
Land	251,085	-	251,085
Building	7,219,582	2,078,434	5,141,148
Plant and machinery	15,191,192	4,820,737	10,370,455

21.6.1 As per most recent valuation, forced sale values of land, building and plant and machinery (excluding additions after the date of revaluation) are as follows:

	Rupees '000
Land	1,942,960
Building	6,351,351
Plant and machinery	12,302,067
	20,596,378

22 INTANGIBLE ASSETS

	Note	31-Dec-23								
		Cost				Accumulated Amortization				Net book value as at 31-Dec-23
		As at 01-Jan-23	Additions	Written-off	As at 31-Dec-23	As at 01-Jan-23	For the period	Adjustment	As at 31-Dec-23	
Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000		
Technology transfer agreement	22.1	115,495	-	-	115,495	55,857	2,982	-	58,839	56,656
Goodwill	22.2	312,341	-	-	312,341	91,859	-	-	91,859	220,482
Software	22.3	22,318	1,306	-	23,624	18,019	1,606	-	19,625	3,999
ERP system	22.4	31,675	-	-	31,675	29,940	573	-	30,513	1,162
		481,829	1,306	-	483,135	195,675	5,161	-	200,836	282,299

		31-Dec-22								Net book value as at 31-Dec-22 Rupees '000
		Cost				Accumulated Amortization				
		As at 01-Jan-22 Rupees '000	Additions Rupees '000	Written-off Rupees '000	As at 31-Dec-22 Rupees '000	As at 01-Jan-22 Rupees '000	For the period Rupees '000	Adjustment Rupees '000	As at 31-Dec-22 Rupees '000	
Technology transfer agreement	22.1	117,054	-	(1,559)	115,495	53,466	3,153	(762)	55,857	59,638
Goodwill	22.2	312,341	-	-	312,341	91,859	-	-	91,859	220,482
Software	22.3	20,808	1,510	-	22,318	16,488	1,531	-	18,019	4,299
ERP system	22.4	31,675	-	-	31,675	29,085	855	-	29,940	1,735
		481,878	1,510	(1,559)	481,829	190,898	5,539	(762)	195,675	286,154

- 22.1 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 at the same rate as of the depreciation of the relevant plant.
- 22.2 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.
- 22.3 The Company has acquired different software for its business purpose. These are being amortized at 33% per annum on reducing balance method.
- 22.4 These are being amortized at 33% per annum on reducing balance method.

23 LONG TERM INVESTMENTS

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

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
Kohinoor Power Company Limited - Quoted			
2,910,600 (31-Dec-22: 2,910,600) ordinary shares of Rs. 10 each	23.1	19,268	10,944
Relationship: <i>associate</i>			
Ownership Interest: 23.1% (31-Dec-22: 23.1%)			
Market value: Rs. 6.62 (31-Dec-22: Rs. 3.76) per share			
		19,268	10,944

- 23.1 This represents investment in ordinary shares of Kohinoor Power Company Limited ['KPCL'], an associate. KPCL is a Public Limited Company incorporated in Pakistan under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. KPCL was formed with the objective of generation and sale of electric power. Subsequently, it amended its memorandum of association to change its principal activity to leasing out machinery and buildings under operating lease arrangements. Registered office of KPCL is situated in the Province of Punjab at 17-Aziz Avenue, Canal Bank, GulbergV, Lahore.

The investment has been accounted for by using equity method. Particulars of investment are as follows:

	31-Dec-23	31-Dec-22
Percentage of ownership interest	23.10%	23.10%
	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
Cost of investment	54,701	54,701
Share of post acquisition losses	(14,978)	(15,161)
	39,723	39,540
Accumulated impairment	(20,455)	(28,596)
	19,268	10,944

23.1.1 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-23 <i>Rupees '000</i>	31-Dec-22 <i>Rupees '000</i>
Non-current assets		80,343	84,871
Current assets		51,999	45,060
Non-current liabilities		-	-
Current liabilities		2,938	1,318
Revenue		17,103	17,719
Profit/(loss) for the year		792	(1,671)
Other comprehensive income		-	-
Total comprehensive income/(loss)		792	(1,671)
Break-up value per share		0.01	0.01
Share of loss and other adjustments to net assets	23.1.2	183	(386)
Market value per share		6.62	3.76

23.1.2 This includes the following:

Share of profit/(loss) for the year		183	(386)
Share of other comprehensive income for the year		-	-
		183	(386)

24 LONG TERM DEPOSITS

Financial institutions	24.1	101,115	102,626
Utility companies and regulatory authorities	24.2	188,723	176,998
Suppliers	24.3	325,081	228,429
		614,919	508,053

24.1 These represent security deposits against ljarah arrangements.

24.2 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.

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

25 LONG TERM ADVANCES

	Note	31-Dec-23 <i>Rupees '000</i>	31-Dec-22 <i>Rupees '000</i>
Face value of advances		3,539,033	3,551,042
Less: unamortized notional interest	25.2	1,026,092	857,275
		2,512,941	2,693,767
Current portion presented under current assets	30	(1,910,020)	(1,707,522)
		602,921	986,245

25.1 These advances have been made to various dealers. These are classified as 'financial assets at amortized cost' under IFRS 9 which are measured at amortized cost determined using a discount rate of 22.73% (31-Dec-22: 17.71%).

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
25.2			
Unamortized notional interest			
As at beginning of the year		857,275	485,698
Recognized during the year	38.2	516,111	698,370
Amortization for the year	38.2	(347,294)	(326,793)
As at end of the year		1,026,092	857,275

26 STORES, SPARES AND LOOSE TOOLS

Stores		351,865	338,902
Spares		441,838	408,923
Loose tools		105,393	122,859
		899,096	870,684
Impairment allowance for slow moving and obsolete items		(13,619)	(13,619)
		885,477	857,065

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

		31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
27			
STOCK IN TRADE			
Raw material			
- in stores		5,512,577	6,560,140
- in transit		2,183,386	2,340,800
Write-down to net realisable value		(34,310)	(32,344)
		7,661,653	8,868,596
Work in process		1,403,957	1,417,998
Finished goods		2,638,968	3,556,970
Write-down to net realisable value		(17,302)	(18,124)
		2,621,666	3,538,846
		11,687,276	13,825,440

27.1 Stock in trade valued at Rs. 1,179.247 million (31-Dec-22: Rs. 1,082.434 million) is pledged as security with providers of debt finances.

	<i>Note</i>	31-Dec-23	31-Dec-22
		<i>Rupees '000</i>	<i>Rupees '000</i>
28 TRADE RECEIVABLES			
Gross amount due			
- against sale of goods	28.1	13,821,718	14,919,159
- against execution of construction contracts	28.2	987,319	1,173,168
		14,809,037	16,092,327
Impairment allowance for expected credit loss	28.3	(496,053)	(411,289)
		14,312,984	15,681,038

28.1 These include amount due against export sales amounting to Rs. 435.079 million (31-Dec-22: Rs. 464.890 million). The remaining balance of trade receivables is recoverable against local sales.

28.2 These include retention money for construction contracts in progress amounting to Rs. 283.090 million (31-Dec-22: Rs. 426.743 million) held by the customers in accordance with contract terms.

	<i>Note</i>	31-Dec-23	31-Dec-22
		<i>Rupees '000</i>	<i>Rupees '000</i>
28.3 Movement in impairment allowance for expected credit loss			
As at beginning of the year		411,289	653,164
Recognized during the year	50.1.6	380,624	80,630
Reversed during the year	50.1.6	(295,860)	(322,505)
As at end of the year		496,053	411,289

28.3.1 The increase in impairment allowance for expected credit losses is due to significant increase in credit risk associated with trade receivables since initial recognition. The loss allowance represents lifetime expected credit losses for trade receivables being financial assets that arise from contracts with customers.

29 CONSTRUCTION WORK IN PROGRESS

This represents unbilled construction work in progress.

	<i>Note</i>	31-Dec-23	31-Dec-22
		<i>Rupees '000</i>	<i>Rupees '000</i>
30 SHORT TERM ADVANCES			
Advances to suppliers and contractors			
Gross amount due		714,646	721,827
Impairment allowance for doubtful advances		(37,558)	(38,990)
		677,088	682,837
Advances to employees			
Gross amount due	30.1	809,409	698,448
Impairment allowance for doubtful advances		(1,449)	(1,449)
		807,960	696,999
Current maturity of long term advances	25	1,910,020	1,707,522
		3,395,068	3,087,358

		31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
30.1	These include advances for:		
	- purchases	254,634	228,625
	- expenses	291,106	211,903
	- travelling	263,669	257,920
		809,409	698,448
31	SHORT TERM DEPOSITS AND PREPAYMENTS		
	Security deposits		
	Gross amount due	370,931	568,754
	Impairment allowance for expected credit losses	(5,379)	(5,379)
		365,552	563,375
	Margin deposits	631,122	313,299
	Prepayments	72,002	67,785
	Letters of credit	382,964	463,053
		1,451,640	1,407,512
32	SHORT TERM INVESTMENTS		
	These represent investments in listed equity securities mandatorily classified as 'financial assets at fair value through profit or loss'. The details are as follows:		
		Note	
		31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
	Standard Chartered Bank (Pakistan) Limited		
	915,070 (31-Dec-22: 915,070) ordinary shares of Rs. 10 each		
	Market value: Rs. 35.45 (31-Dec-22: Rs. 19.80) per share		
	As at beginning of the year	18,118	33,382
	Changes in fair value	37 & 40 14,321	(15,264)
	As at end of the year	32,439	18,118
33	ADVANCE INCOME TAX/INCOME TAX REFUNDABLE		
	Advance income tax/income tax refundable	4,116,389	4,044,967
	Provision for taxation	42 (890,310)	(757,633)
		3,226,079	3,287,334
34	CASH AND BANK BALANCES		
	Cash in hand	13,290	11,553
	Cash at banks - <i>current accounts - local currency</i>	770,826	784,528
		784,116	796,081

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
35	NET REVENUE		
Sale of goods			
- local		47,816,354	64,713,436
- exports		481,317	663,691
		48,297,671	65,377,127
Construction contracts		26,334	651,113
		48,324,005	66,028,240
Sales tax and excise duty		(7,292,500)	(9,462,475)
Trade discounts		(2,346,393)	(4,179,587)
		38,685,112	52,386,178
36	COST OF SALES		
Finished goods at the beginning of the year		3,538,846	2,750,009
Cost of goods manufactured	36.1	26,638,604	42,285,444
Finished goods at the end of the year		(2,621,666)	(3,538,846)
Cost of goods sold		27,555,784	41,496,607
Cost of construction contracts		25,698	588,085
		27,581,482	42,084,692
36.1	Cost of goods manufactured		
Work-in-process at beginning of the year		1,417,998	2,027,690
Raw material and components consumed		22,486,098	37,552,126
Direct wages		1,028,133	1,133,527
Factory overheads:			
- salaries, wages and benefits		566,012	549,760
- traveling and conveyance		28,330	27,129
- electricity, gas and water		734,180	671,388
- repairs and maintenance		151,631	91,821
- vehicles running and maintenance		62,307	42,045
- insurance		79,261	70,160
- depreciation	21.5	1,174,925	1,201,723
- amortization of intangible assets	22	5,161	5,539
- impairment allowance/(reversal) for obsolete and slow moving stock	27 & 28	1,144	(18,618)
- carriage and freight		36,006	38,817
- erection and testing		214,579	248,606
- research and development		22,279	26,451
- other factory overheads		34,517	35,278
		3,110,332	2,990,099
		28,042,561	43,703,442
Work-in-process at end of the year		(1,403,957)	(1,417,998)
		26,638,604	42,285,444

36.2 These include charge in respect of employees retirement benefits amounting to Rs. 46.688 million (31-Dec-22: Rs. 42.358million).

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
37 OTHER INCOME			
Gain on financial instruments			
Changes in fair value of short term investments mandatorily classified as at FVTPL		14,321	-
Reversal of impairment allowance of long term investment		8,141	-
Foreign exchange gain		51,003	48,584
		73,465	48,584
Other income			
Amortization of grant-in-aid	16.1	1,498	1,577
Gain on disposal of property, plant and equipment	21.4	15,243	7,211
Miscellaneous		13,682	20,880
		30,423	29,668
		103,888	78,252
38 SELLING AND DISTRIBUTION EXPENSES			
Salaries and benefits	38.1	439,633	683,718
Traveling and conveyance		63,984	141,530
Rent, rates and taxes		44,637	56,926
Electricity, gas, fuel and water		19,193	22,052
Repairs and maintenance		17,607	19,115
Vehicles running and maintenance		52,244	114,956
Printing and stationery		14,277	13,221
Postage, telegrams and telephones		28,097	29,763
Entertainment and staff welfare		52,643	65,345
Advertisement and sales promotion		134,517	380,003
Insurance		19,144	29,234
Freight and forwarding		356,526	697,927
Contract and tendering		5,543	4,233
Depreciation		21,737	24,019
Warranty period services	14.1	178,735	198,125
Others	38.2	394,421	501,850
		1,842,938	2,982,017

38.1 These include charge in respect of employees retirement benefits amounting to Rs. 18.308 million (31-Dec-22: Rs. 18.207 million).

38.2 These include notional interest expense amounting to Rs. 168.817 million (31-Dec-22: Rs. 371.577 million) on long term advances. (See note 25.2).

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
39 ADMINISTRATIVE EXPENSES			
Salaries and benefits	39.1	937,291	953,378
Traveling and conveyance		95,261	97,182
Rent, rates and taxes		91,707	110,308
Ujrah payments		262,629	194,019
Legal and professional		153,296	151,212
Electricity, gas and water		96,107	79,851
Auditor's remuneration	39.2	7,400	6,450
Repairs and maintenance		79,955	66,681
Vehicles running and maintenance		56,286	47,734
Printing, stationery and periodicals		13,803	12,902
Postage, telegrams and telephones		25,336	14,233
Entertainment and staff welfare		178,455	175,760
Advertisement		10,432	11,539
Insurance		14,641	17,540
Depreciation	21.5	48,386	47,664
Others		3,807	4,105
		2,074,792	1,990,558

39.1 These include charge in respect of employees retirement benefits amounting to Rs. 28.572 million (31-Dec-22: Rs. 29.65 million).

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
39.2 Auditor's remuneration			
Annual statutory audit		5,250	4,500
Limited scope review		1,200	1,000
Review report under corporate governance		600	600
Out of pocket expenses		350	350
		7,400	6,450

40 OTHER EXPENSES

Loss on financial instruments

Changes in fair value of short term investments mandatorily classified as at FVTPL	32	-	15,264
Impairment allowance on long term investment	23.1	-	2,175
		-	17,439

Other expenses

Intangible assets written-off	22	-	797
Workers' Profit Participation Fund	17.2	178,225	126,826
Workers' Welfare Fund	17.3	67,725	51,830
Donations	40.1 & 40.2	6,246	13,532
Miscellaneous		533	-

		252,729	192,985
		252,729	210,424

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

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
SOS Children's Villages Pakistan		1,240	10,000
Anjuman Behboodi-e-Marizan Lahore General hospital		1,500	1,450
NUST Scholarship Grant		2,200	-
		4,940	11,450

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

41 FINANCE COST

Interest/markup/profit on borrowings:

redeemable capital		30,814	215,327
long term finances		950,386	844,242
short term borrowings		2,507,145	1,876,602
		3,488,345	2,936,171
Interest on lease liabilities		20,147	10,280
Interest on Workers' Profit Participation Fund	17.2	14,902	9,329
Bank charges and commission		125,259	134,295
		3,648,653	3,090,075

42 TAXATION

Provision for taxation

for current year	33 & 42.1	890,310	757,633
for prior years		-	38,678
		890,310	796,311
Deferred taxation			
adjustment attributable to origination and reversal of temporary differences		820,932	205,909
adjustment attributable to changes in tax rates	15.1	267,494	278,466
		1,088,426	484,375
		1,978,736	1,280,686

42.1 Provision for current tax has been made in accordance with section 4C, 113C and 154 (31-Dec-22: section 4C, 113 and 154) of the Income Tax Ordinance, 2001 ['the Ordinance']. There is no relationship between the aggregate tax expense and accounting profit and accordingly, no numerical reconciliation has been presented. According to management, the provision for current taxation made in the financial statements is sufficient to discharge tax liability.

A comparison of last three years of provision for current taxation with tax assessed is presented below:

	31-Dec-22	31-Dec-21	31-Dec-20
	<i>Rupees '000</i>	<i>Rupees '000</i>	<i>Rupees '000</i>
Provision for current taxation as per financial statements	757,633	578,653	315,835
Tax assessment under section 120 of the Ordinance	757,633	617,331	242,791

- 42.2 The income tax assessments of the Company up to and including tax year 2022 have been completed by the concerned income tax authorities or are deemed to have been so completed under the provisions of section 120 of the Ordinance except as explained in note 20.1.3, 20.1.4, 20.1.5 and 20.1.6.

	<i>Unit</i>	31-Dec-23	31-Dec-22
43 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	<i>Rupees '000</i>	1,325,089	1,067,467
Preference dividend for the year	<i>Rupees '000</i>	(42,710)	(42,710)
Profit attributable to ordinary shareholders	<i>Rupees '000</i>	1,282,379	1,024,757
Shares			
Weighted average number of ordinary shares outstanding during the year	<i>No. of shares</i>	856,012,155	770,048,493
Earnings per share			
Basic and diluted	<i>Rupees</i>	1.50	1.33

- 43.1 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.
- 43.2 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.

	Note	31-Dec-23	31-Dec-22
		Rupees '000	Rupees '000
44 CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,303,825	2,348,153
Adjustments for non-cash and other items			
Interest/markup/profit on borrowings		3,488,345	2,936,171
Interest on lease liabilities		20,147	10,280
Share of (gain)/loss from associate		(183)	386
Notional interest on long term advances		168,817	371,577
Gain on disposal of property, plant and equipment		(15,243)	(7,211)
Intangible assets written-off		-	797
Amortization of grant-in-aid		(1,498)	(1,577)
Amortization of intangible assets		5,161	5,539
Impairment (reversal)/allowance on long term investment		(8,141)	2,175
Changes in fair value of short term investments		(14,321)	15,264
Impairment allowance/(reversal) for expected credit loss		84,764	(241,875)
Impairment allowance/(reversal) for obsolete and slow moving stock		1,144	(18,618)
Depreciation		1,245,048	1,273,406
		4,974,040	4,346,314
Changes in working capital		8,277,865	6,694,467
Long term deposits		(106,866)	(20,089)
Long term advances		(1,695,513)	(2,077,630)
Stores, spares and loose tools		(28,412)	13,175
Stock in trade		2,137,020	(3,341,849)
Trade receivables		1,283,290	(1,472,914)
Contract assets		172,563	9,837
Short term advances		1,602,310	1,398,341
Short term deposits and prepayments		(44,128)	(83,032)
Other receivables		74,049	2,130
Warranty obligations		248,494	246,480
Trade and other payables		1,487,094	(372,996)
		5,129,901	(5,698,547)
Cash generated from operations		13,407,766	995,920
45 CASH AND CASH EQUIVALENTS			
Cash and bank balances	34	784,116	796,081
		784,116	796,081

46 CHANGES FROM FINANCING CASH FLOWS

	31-Dec-23							
	Issued	Share	Share	Redeemable	Long term	Lease	Short term	Unclaimed
	Share capital Rupees '000	Premium Rupees '000	deposit money Rupees '000	capital Rupees '000	finances Rupees '000	liabilities Rupees '000	borrowings Rupees '000	dividend Rupees '000
As at beginning of the year	9,009,697	5,610,856	-	1,500,000	5,676,676	142,970	15,559,787	10,680
Issue of right shares	-	-	-	-	-	-	-	-
Share deposit money received	-	-	-	-	-	-	-	-
Redeemable capital issued	-	-	-	-	-	-	-	-
Redeemable capital paid	-	-	-	(1,500,000)	-	-	-	-
Long term finances obtained	-	-	-	-	-	-	-	-
Repayment of long term finances	-	-	-	-	(2,120,585)	-	-	-
Long term finances accretion	-	-	-	-	-	-	-	-
Lease liabilities recognized	-	-	-	-	-	43,891	-	-
Interest on lease liabilities	-	-	-	-	-	20,147	-	-
Repayment of lease liabilities	-	-	-	-	-	(115,216)	-	-
Net decrease in short term borrowings	-	-	-	-	-	-	(3,233,777)	-
Dividend paid	-	-	-	-	-	-	-	(12)
As at end of the year	9,009,697	5,610,856	-	-	3,556,091	91,792	12,326,010	10,668

	31-Dec-22							
	Issued	Share	Share	Redeemable	Long term	Lease	Short term	Unclaimed
	Share capital Rupees '000	Premium Rupees '000	deposit money Rupees '000	capital Rupees '000	finances Rupees '000	liabilities Rupees '000	borrowings Rupees '000	dividend Rupees '000
As at beginning of the year	5,426,392	4,279,947	1,790,000	1,500,000	7,854,268	238,527	10,498,852	10,785
Share deposit money received	-	-	3,226,629	-	-	-	-	-
Issue of right shares	3,583,305	1,330,909	(5,016,629)	-	-	-	-	-
Redeemable capital issued	-	-	-	-	-	-	-	-
Long term finances obtained	-	-	-	-	387,500	-	-	-
Repayment of long term finances	-	-	-	-	(2,581,924)	-	-	-
Long term finances accretion	-	-	-	-	16,832	-	-	-
Lease liabilities recognized	-	-	-	-	-	80,711	-	-
Interest on lease liabilities	-	-	-	-	-	10,280	-	-
Repayment of lease liabilities	-	-	-	-	-	(186,548)	-	-
Net decrease in short term borrowings	-	-	-	-	-	-	5,060,935	-
Dividend paid	-	-	-	-	-	-	-	(105)
As at end of the year	9,009,697	5,610,856	-	1,500,000	5,676,676	142,970	15,559,787	10,680

47 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties from the Company's perspective comprise sponsors, 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 and basis of relationship	Shareholding
Pak Elektron Limited Employees Provident Fund Trust	Post-employment Benefit Plan	0.00%
Kohinoor Power Company Limited	Associated Company [Significant Influence]	0.00%
Kohinoor Energy 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]	3.6735%
Mr. Syed Manzar Hassan	Key Management Personnel [Director]	0.0002%
Mr. Naseem Saigol	Key Management Personnel [Director]	25.4451%
Mrs. Sehyr Saigol	Key Management Personnel [Director]	0.9466%
Mrs. Amber Haroon	Sponsor [major Shareholder]	21.4694%

Transactions with key management personnel are limited to payment of short term employee benefits. Transactions with post-employment benefit plan are limited to contributions made during the year. Transactions with sponsors are limited to obtaining share deposit money. The Company in the normal course of business carries out various transactions with its associated companies and continues to have a policy whereby all such transactions are carried out on commercial terms and conditions which are equivalent to those prevailing in an arm's length transaction.

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

		Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
47.1	Transactions with related parties			
	Nature of relationship	Nature of transactions		
	Associated Companies	Purchase of services	8,177	8,915
	Post-employment Benefit Plan	Contribution for the year	93,567	90,217
	Key Management Personnel	Short term employee benefits	53	50,800
	Sponsors	Share deposit money received	-	844,882
47.2	Balances with related parties			
	Nature of relationship	Nature of balances		
	Post-employment Benefit Plan	Contribution payable	20,110	16,822
	Key Management Personnel	Short term employee benefits payable	860	775

48 CONTRACTS WITH CUSTOMERS

48.1 Disaggregation of revenue

The table below provides disaggregation of revenue and its relationship with revenue information disclosed for the Company's operating segments presented in note 54.

	Power Division		Appliances Division		Total	
	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
Product/service lines						
Home appliances	-	-	22,299,554	34,213,250	22,299,554	34,213,250
Electrical capital goods	25,998,117	31,163,877	-	-	25,998,117	31,163,877
Construction contracts	26,334	651,113	-	-	26,334	651,113
	26,024,451	31,814,990	22,299,554	34,213,250	48,324,005	66,028,240
Timing of revenue recognition						
Products transferred at a point in time	25,998,117	31,163,877	22,299,554	34,213,250	48,297,671	65,377,127
Products/services transferred over time	26,334	651,113	-	-	26,334	651,113
	26,024,451	31,814,990	22,299,554	34,213,250	48,324,005	66,028,240

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-23	31-Dec-22
			Rupees '000	Rupees '000
Receivables	Trade receivables	28	14,312,984	15,681,038
Contract assets	Construction work in progress	29	615,301	787,864
Contract liabilities	Advances from customers	17	157,913	31,010
			15,086,198	16,499,912

48.3 Changes in contract assets and liabilities

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

	31-Dec-23		31-Dec-22	
	Contract assets	Contract liabilities	Contract assets	Contract liabilities
	Rupees '000	Rupees '000	Rupees '000	Rupees '000
As at beginning of the year	787,864	31,010	797,701	32,091
Revenue recognized against contract liability as at beginning of the year	-	(31,010)	-	(32,091)
Net increase due to cash received in excess of revenue recognized	-	157,913	-	31,010
Transfers from contracts assets recognized at the beginning of the year to receivables	(787,864)	-	(797,701)	-
Net increases as a result of contract activity	615,301	-	787,864	-
As at end of the year	615,301	157,913	787,864	31,010

48.4 Impairment losses

The Company during the year has recognized Rs. 380.624 million (31-Dec-22: Rs. 80.63 million) as impairment loss for expected credit losses on receivables (trade receivables) arising from the Company's contracts with customers. Further, impairment allowance amounting to Rs. 295.860 million (31-Dec-22: Rs. 322.505 million) was reversed during the year on actual recovery. (See note 28.3).

49 FINANCIAL INSTRUMENTS

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

	31-Dec-23	31-Dec-22
	<i>Rupees '000</i>	<i>Rupees '000</i>
49.1 Financial assets		
<i>Cash in hand</i>	13,290	11,553
<i>Financial assets at amortized cost</i>		
Long term deposits	614,919	508,053
Long term advances	2,512,941	2,693,767
Trade receivables	14,809,037	16,092,327
Margin deposits	631,122	313,299
Bank balances	770,826	784,528
	19,338,845	20,391,974
<i>Financial assets mandatorily classified at fair value through profit or loss</i>		
Short term investments	32,439	18,118
	19,384,574	20,421,645
49.2 Financial liabilities		
<i>Financial liabilities at amortized cost</i>		
Redeemable capital	-	1,500,000
Long term finances	3,556,091	5,676,676
Lease liabilities	91,792	142,970
Trade creditors	180,846	151,382
Foreign bills payable	1,805,553	120,018
Accrued liabilities	190,671	254,248
Employees' provident fund	20,110	16,822
Other payables	14,128	13,511
Unclaimed dividend	10,668	10,680
Accrued interest/markup/profit	640,000	630,816
Short term borrowings	12,326,010	15,559,787
	18,835,869	24,076,910

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 receivables and individually significant balances, along with collection activities are reviewed on a regular basis. High risk customers are identified and restrictions are placed on future trading, including suspending future shipments and administering dispatches on a prepayment basis or confirmed letters of credit.

The Company reviews the recoverable amount of each financial asset on an individual basis at each reporting date to ensure that adequate loss allowance is made in accordance with the assessment of credit risk for each financial asset.

The Company considers a financial asset to have low credit risk when the asset has reasonably high external credit rating or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has no past due amounts or otherwise there is no significant increase in credit risk if the amounts are past due in the normal course of business based on history with the counterparty.

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

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

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

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

The Company's credit risk grading framework comprises the following categories and basis for recognizing impairment allowance for Expected Credit Losses ['ECL'] for each category:

Category	Description	Basis for recognizing ECL
Performing	The counterparty has low credit risk	Trade receivables: Lifetime ECL Other assets: 12-month ECL
Doubtful	Credit risk has increased significantly since initial recognition	Lifetime ECL
In default	There is evidence indicating the assets is credit-impaired	Lifetime ECL
Write-off	There is no realistic prospect of recovery	Amount is written-off

There were no changes in the Company's approach to credit risk management during the year.

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:

	<i>Note</i>	31-Dec-23 <i>Rupees '000</i>	31-Dec-22 <i>Rupees '000</i>
<i>Financial assets at amortized cost</i>			
Long term deposits	24	614,919	508,053
Long term advances	25	2,512,941	2,693,767
Trade receivables	28	14,809,037	16,092,327
Margin deposits	31	631,122	313,299
Cash at banks	34	770,826	784,528
		19,338,845	20,391,974

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:

	<i>Note</i>	External credit rating	Internal credit risk grading	12-month or life-time ECL	Gross carrying amount <i>Rupees '000</i>	Loss allowance <i>Rupees '000</i>
Long term deposits	24	N/A	Performing	12-month ECL	614,919	-
Long term advances	25	N/A	Performing	12-month ECL	2,512,941	-
Trade receivables	28	N/A	Performing	Lifetime ECL	14,396,031	83,047
		N/A	Doubtful	Lifetime ECL	413,006	413,006
					14,809,037	496,053
Margin deposits	31	A3 - A1+	N/A	12-month ECL	631,122	-
Cash at banks	34	A3 - A1+	N/A	12-month ECL	770,826	-
					19,338,845	496,053

(a) Long term deposits

These include deposits placed with various financial institutions, suppliers, utility companies and regulatory authorities. Deposits with utility companies and regulatory authorities are substantially perpetual in nature and therefore no credit risk is associated there with. Deposits are placed with financial institutions with reasonably high credit ratings and therefore no credit loss is expected. Deposits are placed with suppliers who have long standing business relationships with the Company and have a good record and accordingly non-performance by these customers is not expected. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(b) Long term advances

These are recoverable from customers who have long standing business relationships with the Company and have running accounts and a good payment record and accordingly non-performance by these customers is not expected. Therefore, no significant credit risk has been associated with these balances and accordingly no loss allowance has been made.

(c) *Trade receivables*

For trade receivables, the Company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Company determines the expected credit losses on trade receivables by using internal credit risk gradings. As at the reporting date, trade receivables amounting to Rs. 413.01 million are considered 'doubtful'. Other trade receivables 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 receivables as at the reporting date is as follows:

	31-Dec-23	31-Dec-22
	Rupees '000	Rupees '000
Neither past due nor impaired	6,351,639	7,042,061
Past due by upto 30 days	2,145,466	2,644,738
Past due by 31 days to 180 days	5,401,384	5,663,066
Past due by 181 days or more	938,575	742,462
	14,837,064	16,092,327

(d) *Margin deposits*

These are placed with financial institutions with reasonably high credit ratings and therefore no credit loss is expected. Therefore, no credit risk has been associated with these financial assets and accordingly no loss allowance has been made.

(e) *Bank balances*

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

50.1.4 Concentrations of credit risk

The Company determines concentrations of credit risk by type of counterparty. Maximum exposure to credit risk, as at the reporting date, by type of counterparty is as follows:

	31-Dec-23	31-Dec-22
	Rupees '000	Rupees '000
Utility companies and regulatory authorities	188,723	176,998
Suppliers	325,081	228,429
Customers	17,321,978	18,786,094
Banking companies and financial institutions	1,503,063	1,200,453
	19,338,845	20,391,974

There are no significant concentrations of credit risk, except for trade receivables. The Company's two (31-Dec-22: nil) significant customers account for Rs. 3,903.562 million (31-Dec-22: Rs. nil) of trade receivables as at the reporting date, apart from which, exposure to any single customer does not exceed 10% (31-Dec-22: 10%) of trade receivables 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 are as follows:

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
As at beginning of the year		411,289	653,164
Impairment loss on trade receivables arising from contracts with customers			
- recognized during the year	28.3	380,624	80,630
- reversed during the year	28.3	(295,860)	(322,505)
Net change in impairment allowance		84,764	(241,875)
As at end of the year		496,053	411,289

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 manages liquidity risk maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities. Details of undrawn facilities that the Company has at its disposal to further reduce liquidity risk are referred to in note 18.3. There were no changes in the Company's approach to liquidity risk management during the year.

50.2.2 Exposure to liquidity risk

The following table 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 at floating rate, the undiscounted amount is derived from interest/markup/profit rate curves at the reporting date.

	31-Dec-23				
	Carrying amount Rupees '000	Contractual cash flows Rupees '000	One year or less Rupees '000	One to three years Rupees '000	More than three years Rupees '000
Redeemable capital	-	-	-	-	-
Long term finances	3,556,091	4,531,249	2,562,359	1,955,668	13,222
Lease liabilities	91,792	105,364	67,838	37,526	-
Trade creditors	180,846	180,846	180,846	-	-
Foreign bills payable	1,805,553	1,805,553	1,805,553	-	-
Accrued liabilities	190,671	190,671	190,671	-	-
Employees' provident fund	20,110	20,110	20,110	-	-
Other payables	14,128	14,128	14,128	-	-
Unclaimed dividend	10,668	10,668	10,668	-	-
Accrued interest/markup/profit	640,000	640,000	640,000	-	-
Short term borrowings	12,326,010	16,481,644	16,481,644	-	-
	18,835,869	23,980,233	21,973,817	1,993,194	13,222

	31-Dec-22				
	Carrying amount <i>Rupees '000</i>	Contractual cash flows <i>Rupees '000</i>	One year or less <i>Rupees '000</i>	One to three years <i>Rupees '000</i>	More than three years <i>Rupees '000</i>
Redeemable capital	1,500,000	1,531,512	1,531,512	-	-
Long term finances	5,676,676	7,136,598	3,026,704	3,811,880	298,014
Lease liabilities	142,970	161,650	98,465	63,185	-
Trade creditors	151,382	151,382	151,382	-	-
Foreign bills payable	120,018	120,018	120,018	-	-
Accrued liabilities	254,248	254,248	254,248	-	-
Employees' provident fund	16,822	16,822	16,822	-	-
Other payables	13,511	13,511	13,511	-	-
Unclaimed dividend	10,680	10,680	10,680	-	-
Accrued interest/markup/profit	630,816	630,816	630,816	-	-
Short term borrowings	15,559,787	16,481,644	16,481,644	-	-
	24,076,910	26,508,881	22,335,802	3,875,065	298,014

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. There were no changes in the Company's approach to currency risk management during the year.

(b) *Exposure to currency risk*

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

	31-Dec-23 <i>Rupees '000</i>	31-Dec-22 <i>Rupees '000</i>
<i>Financial assets</i>		
Trade receivables		
USD	435,179	464,890
<i>Financial liabilities</i>		
Foreign bills payable		
USD	(1,497,613)	(22,751)
EUR	(41,636)	(1,608)
CNY	(266,304)	(95,659)
	(1,805,553)	(120,018)
Net balance sheet exposure	(1,370,374)	344,872

	31-Dec-23	31-Dec-22
	Rupees '000	Rupees '000
Foreign currency commitments		
CNY	(1,048,299)	(219,344)
CHF	-	(7,885)
EUR	(1,214,792)	(555,894)
USD	(4,177,019)	(1,566,769)
	(6,440,111)	(2,349,892)
Net exposure	(7,810,485)	(2,005,020)

(c) *Exchange rates applied as at the reporting date*

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

	31-Dec-23	31-Dec-22
	Rupees '000	Rupees '000
EUR	311.4983	241.3075
USD	281.8607	226.4309
CNY	39.6314	32.5657
CHF	335.0698	245.0286

(d) *Sensitivity analysis*

A five percent appreciation in Pak Rupee against foreign currencies would have increased (31-Dec-22: decreased) profit for the year and equity as at the reporting date by Rs. 68.52 million (31-Dec-22: Rs. 17.24 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. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

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. There were no changes in Company's approach to interest rate risk management during the year.

(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:

	31-Dec-23	31-Dec-22
	Rupees '000	Rupees '000
<i>Fixed rate instruments</i>		
Financial liabilities	-	-
<i>Variable rate instruments</i>		
Financial liabilities	15,973,893	22,879,433

(c) *Fair value sensitivity analysis for fixed rate instruments*

The Company does not account for its fixed rate instruments at fair value.

(d) *Cash flow sensitivity analysis for variable rate instruments*

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year and equity as at the reporting date by Rs. 159.739 million (31-Dec-22: Rs. 228.794 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. There were no changes in the methods and assumptions used in preparing the sensitivity analysis.

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. 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-23 Rupees '000	31-Dec-22 Rupees '000
Short term investments	Level 1	Quoted bid prices in an active market	32,439	18,118

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

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-23 Rupees '000	31-Dec-22 Rupees '000
Land	-	2,285,835	-	2,285,835	1,097,157
Building	-	7,472,178	-	7,472,178	6,307,315
Plant and machinery	-	15,377,583	-	15,377,583	15,059,803

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. 114.292 million (31-Dec-22: Rs. 54.858 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 increase in fair value of buildings by Rs. 373.609 million (31-Dec-22: Rs. 315.366 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 increase in fair value of plant and machinery by Rs. 768.879 million (31-Dec-22: Rs. 752.99 million).

51.3.2 Non-recurring fair value measurements

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

52 CAPITAL MANAGEMENT

The Company's objective when managing capital is to safeguard the Company's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares. Consistent with others in industry, the Company monitors capital on the basis of gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, 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-23	31-Dec-22
Total debt	Rupees '000	3,647,883	7,319,646
Total equity	Rupees '000	41,425,211	38,957,899
Total capital employed	Rupees '000	45,073,094	46,277,545
Gearing ratio	% age	8.09	15.82

The Company is not subject to externally imposed capital requirements, except those related to maintenance of debt covenants, commonly imposed by the providers of debt finance. There were no changes in the Company's approach to capital management during the year.

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:

	31-Dec-23		
	Chief Executive	Directors	Executives
	Rupees '000	Rupees '000	Rupees '000
Remuneration	12,046	31,972	247,062
House rent	1,205	1,205	31,610
Utilities	1,205	1,205	23,383
Bonus	-	-	33,068
Post employment benefits	-	1,993	24,728
Meeting fee	-	285	-
Reimbursable expenses			
Motor vehicles expenses	-	-	39,840
Medical expenses	-	-	13,464
	14,456	36,660	413,155
Number of persons	1	2	91

	31-Dec-22		
	Chief Executive	Directors	Executives
	Rupees '000	Rupees '000	Rupees '000
Remuneration	12,046	33,601	294,199
House rent	1,205	1,283	46,724
Utilities	1,205	1,205	28,997
Bonus	-	-	42,492
Post employment benefits	-	2,158	28,263
Meeting fee	-	255	-
Reimbursable expenses			
Motor vehicles expenses	-	-	34,340
Medical expenses	-	-	15,976
	14,456	38,502	490,991
Number of persons	1	2	115

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:

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

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

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

	31-Dec-22		
	Power Division Rupees '000	Appliances Division Rupees '000	Total Rupees '000
Revenue	31,814,990	34,213,250	66,028,240
Finance cost	1,743,481	1,346,594	3,090,075
Additions to property, plant and equipment	1,463,274	1,761,275	3,224,549
Depreciation and amortization	585,956	692,989	1,278,945
Segment profit	2,225,367	255,344	2,480,711
Segment assets	31,272,317	32,825,917	64,098,234

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
54.1 Reconciliation of segment profit			
Total profit for reportable segments		3,452,483	2,480,711
Other income	37	103,888	78,252
Other expenses	40	(252,729)	(210,424)
Share of loss of associate	23.1.1	183	(386)
Profit before taxation		3,303,825	2,348,153

	Note	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
54.2 Reconciliation of segment assets			
Total assets for reportable segments		63,080,079	64,098,234
Long term investments	23	19,268	10,944
Short term investments	32	32,439	18,118
Advance income tax/Income tax refundable	33	3,226,079	3,287,334
Total assets		66,357,865	67,414,630

54.3 Information about major customers

There was no single major customer of the Company during the year.

55 EMPLOYEES PROVIDENT FUND TRUST

The Company operates a contributory provident fund for its employees where contributions are made by the Company and employees each at 10% (31-Dec-22: 10%) of the basic salary and cost of living, where applicable, every month. The investments out of the provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

56 PLANT CAPACITY AND ACTUAL PRODUCTION

	Unit	31-Dec-23		31-Dec-22	
		Annual production capacity	Actual production during the year	Annual production capacity	Actual production during the year
Transformers/Power transformers	MVA	8,000	2,922	8,000	5,693
Switch gears	Nos.	12,500	7,723	12,500	12,042
Energy meters	Nos.	1,700,000	723,235	1,700,000	960,244
Air conditioners	Tonnes	200,000	36,905	200,000	123,083
Refrigerators/Deep freezers	Cfts.	7,950,000	1,576,357	7,950,000	3,332,208
Microwave ovens/Water dispensers	Litres	3,500,000	675,796	3,500,000	1,801,065
LED TVs	Sets	200,000	-	200,000	16,000
Washing machines	Kgs	860,000	363,452	860,000	331,522

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

57 SHARIAH DISCLOSURES

	31-Dec-23 Rupees '000	31-Dec-22 Rupees '000
Loans/advances obtained as per islamic mode	1,394,110	4,861,094
Shariah compliant bank deposits/bank balances	87,162	157,654
Profit earned from shariah compliant bank deposits/bank balances	-	-
Revenue earned from a shariah compliant business segment	38,685,112	52,386,178
Gain/loss or dividend earned from shariah compliant investments	-	-
Exchange gain earned from actual currency	-	-
Profit paid on islamic mode of financing	(371,737)	(603,926)
Interest/markup paid on any conventional loan or advances	(3,200,281)	(2,184,413)

Relationship with shariah compliant banks:

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

58 NUMBER OF EMPLOYEES

	Factory employees		Total employees	
	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
Total number of employees	3,793	4,386	4,238	4,921
Average number of employees	3,858	5,570	4,321	6,141

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 GENERAL

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
Chief Executive Officer

M. ZEID YOUSUF SAIGOL
Director

SYED MANZAR HASSAN
Chief Financial Officer