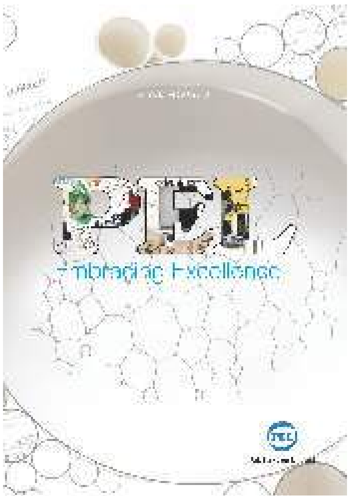
Annual Report 2016

PEL

Embracing Excellence

Pak Elektron Limited



Embracing Excellence

Through Research & Development, Technology and Innovation Leadership

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

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

Contents

CONSOLIDATED FINANCIAL STATEMENTS

SEPARATE FINANCIAL STATEMENTS

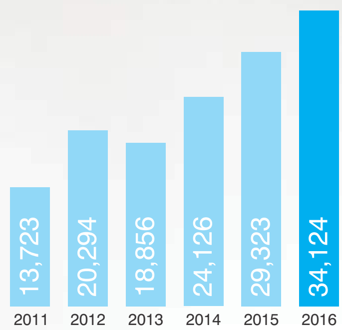
SHAREHOLDERS' INFORMATION

2016 the year in numbers

REVENUE IN 2016
[RUPEES IN MILLIONS]

34,124

Record revenue in 2016



Segmental Performance
[RUPEES IN MILLIONS]

APPLIANCES DIVISION	19,519	↑ 29%
POWER DIVISION	14,605	↑ 03%

Key Indicators

EARNINGS PER SHARE
Rs. 7.51

RETURN ON EQUITY
14.39%

MARKET VALUE PER SHARE
Rs. 71.28

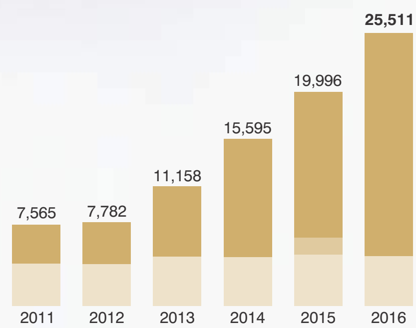
BREAK-UP VALUE PER SHARE
Rs. 50.36

MARKET CAPITALIZATION
Rs. 35,475 M

CURRENT RATIO
2.84 Times

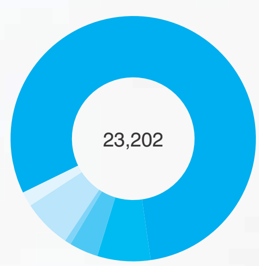
Equity
[RUPEES IN MILLIONS]

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



Expenses In 2016
[RUPEES IN MILLIONS]

79.95%	Cost of sales
7.02%	Distribution cost
3.81%	Administrative and general expenses
0.83%	Other expenses
6.45%	Finance cost
1.94%	Taxation



Calender of Events 2016

March	• Additional Equity Investment, Issue of Right Shares Rs. 3,981 Million • Launching of new Inverter based AC • Launching of new Inverter based Refrigerator
May	• Wapda approval for Three phase static whole current meter. • Wapda approval for Single phase static meter. • Wapda Approval and commencement of Production of Green transformers-11 KV 1500X630 KVA
June	• Launching of Invert o cool Glass Door Refrigerator. • Investment for production setup for Power Transformer manufacturing.
August	• Interim Dividend @ Rs. 1.25 Per Ordinary share
September	• PEL Secured the Best Corporate Report award by a joint committee of ICAP & ICMAP
November	• Green transformer Manufacturing - 33 KV 250X630 KVA
December	• Launching of Intello Glass door Refrigerator. • Launching of new model of Water Dispensor.

Best Corporate and Sustainability Report Awards 2015

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

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

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

About PEL

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

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

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

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

Power Division

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

Appliances Division

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

Excellence is the gradual result of always striving to do better.

-Pat Riley

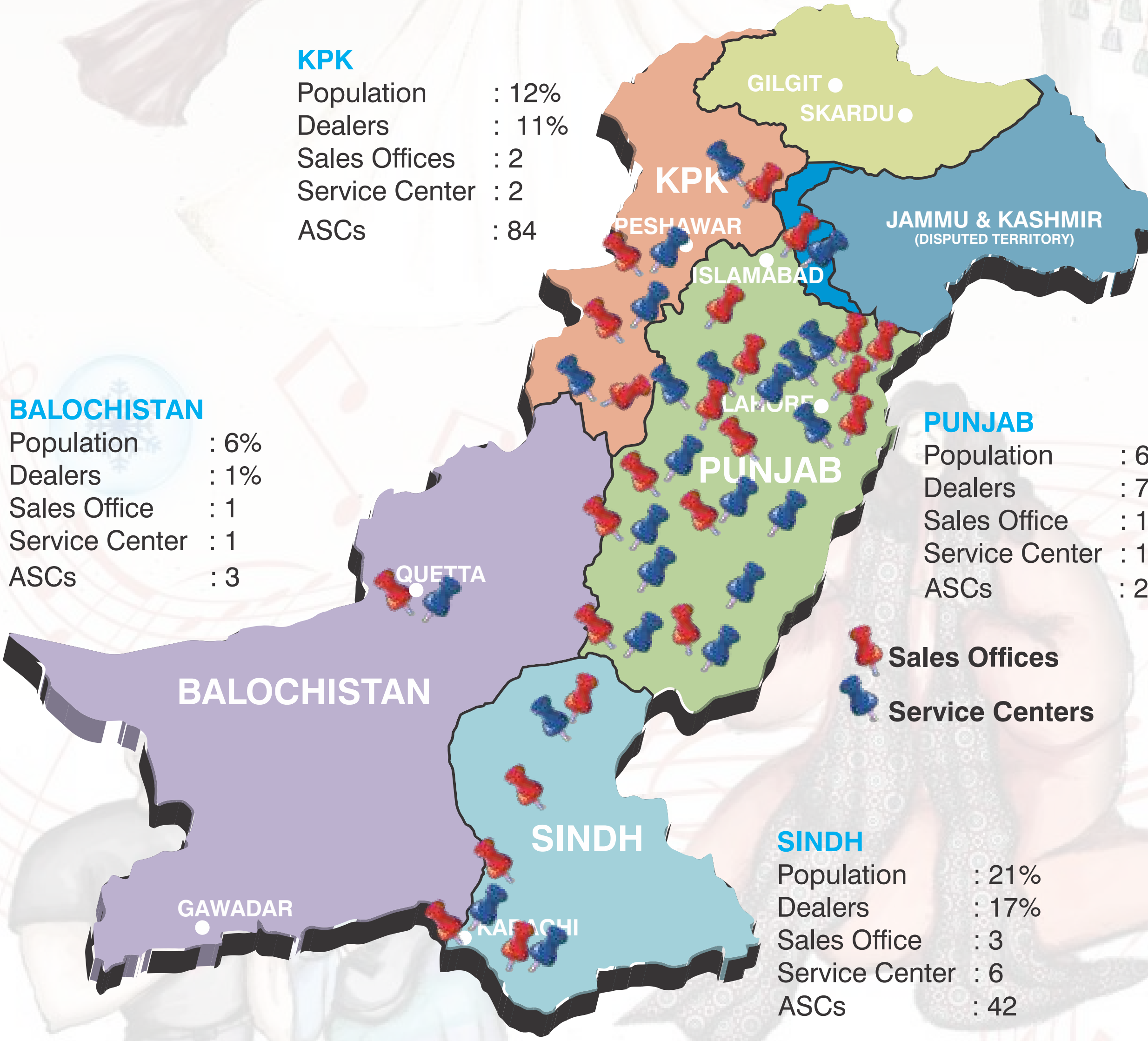
GEOGRAPHICAL PRESENCE

PEL Dealer/Service Centre Network

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

KPK

Population	: 12%
Dealers	: 11%
Sales Offices	: 2
Service Center	: 2
ASCs	: 84



BALOCHISTAN

Population	: 6%
Dealers	: 1%
Sales Office	: 1
Service Center	: 1
ASCs	: 3

PUNJAB

Population	: 61%
Dealers	: 71%
Sales Office	: 12
Service Center	: 12
ASCs	: 279

SINDH

Population	: 21%
Dealers	: 17%
Sales Office	: 3
Service Center	: 6
ASCs	: 42

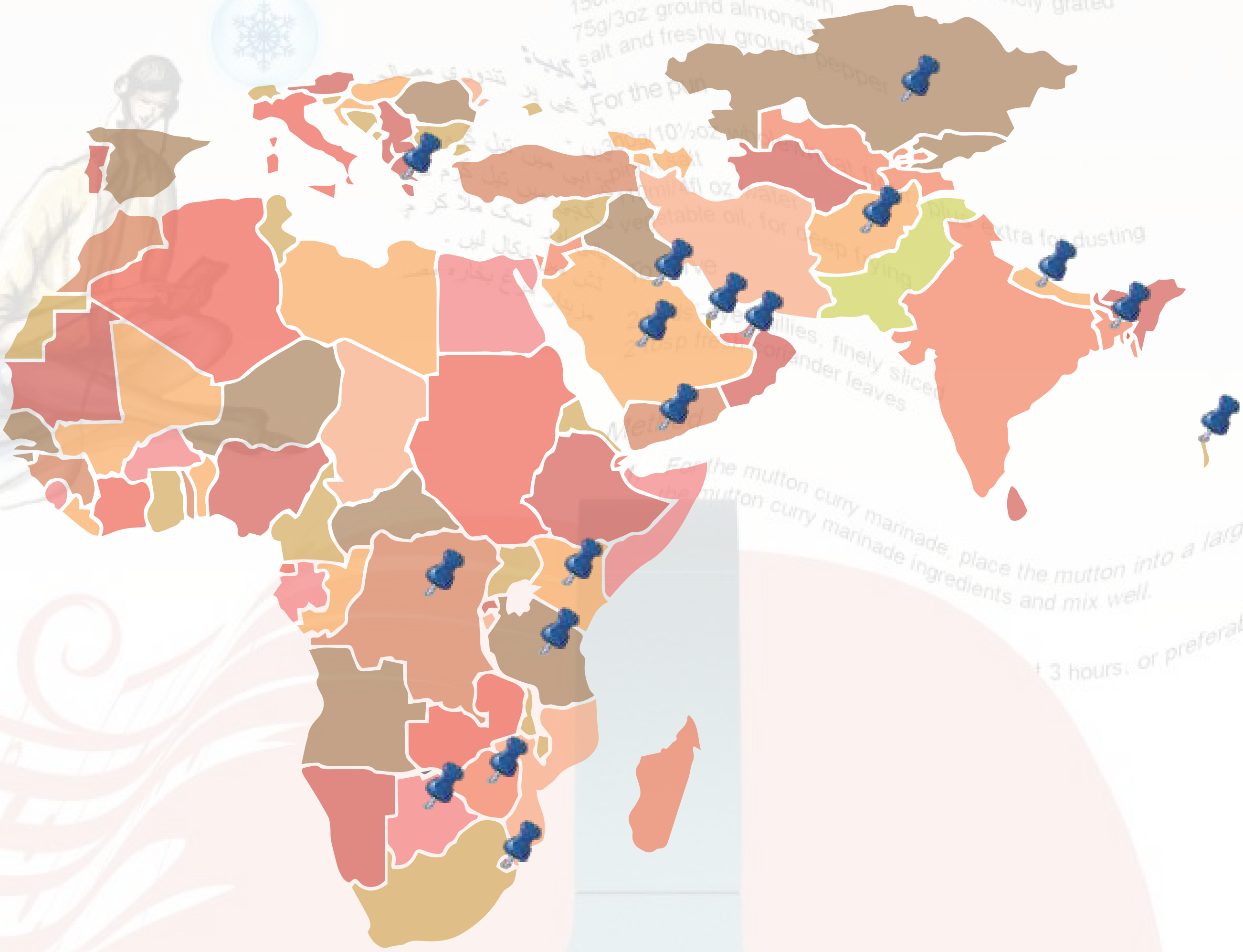
SUMMARY

Total Appliances Dealers	: 2,600
PEL Dealer	: 1,250
PEL Sales Offices	: 18
PEL Service Centers	: 21
Authorized Service Centers (ASCs)	: 408

International Presence

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

- Qatar
- Afghanistan
- Zimbabwe
- Yemen
- Greece
- Swaziland
- Saudi Arabia
- Tanzania
- Kazakhstan
- Bangladesh
- Nepal
- Kenya
- Malaysia
- UAE
- Kuwait
- Botswana
- Congo



Excellence is a continuous process and not an accident.

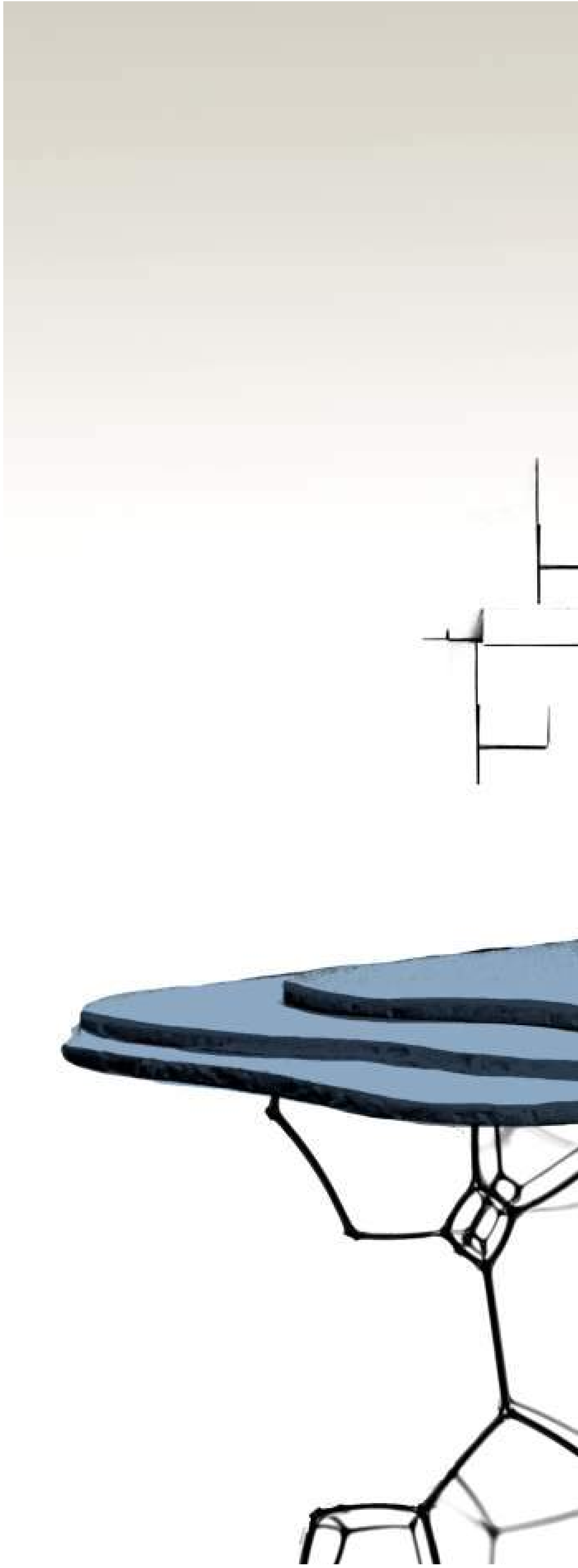
-A.P.J. Abdul Kalam

Product Profile

APPLIANCES DIVISION

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

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

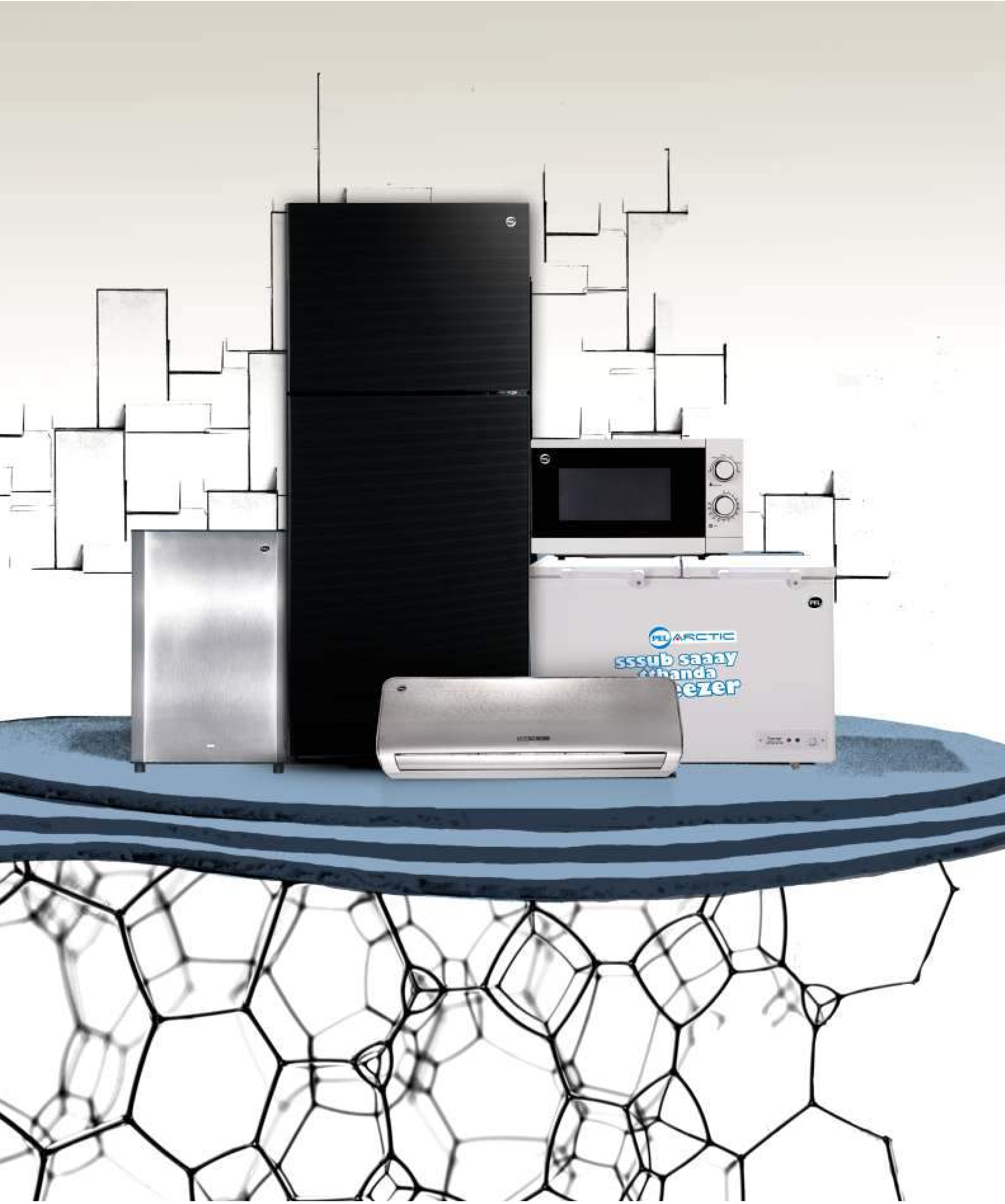


REFRIGERATOR

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

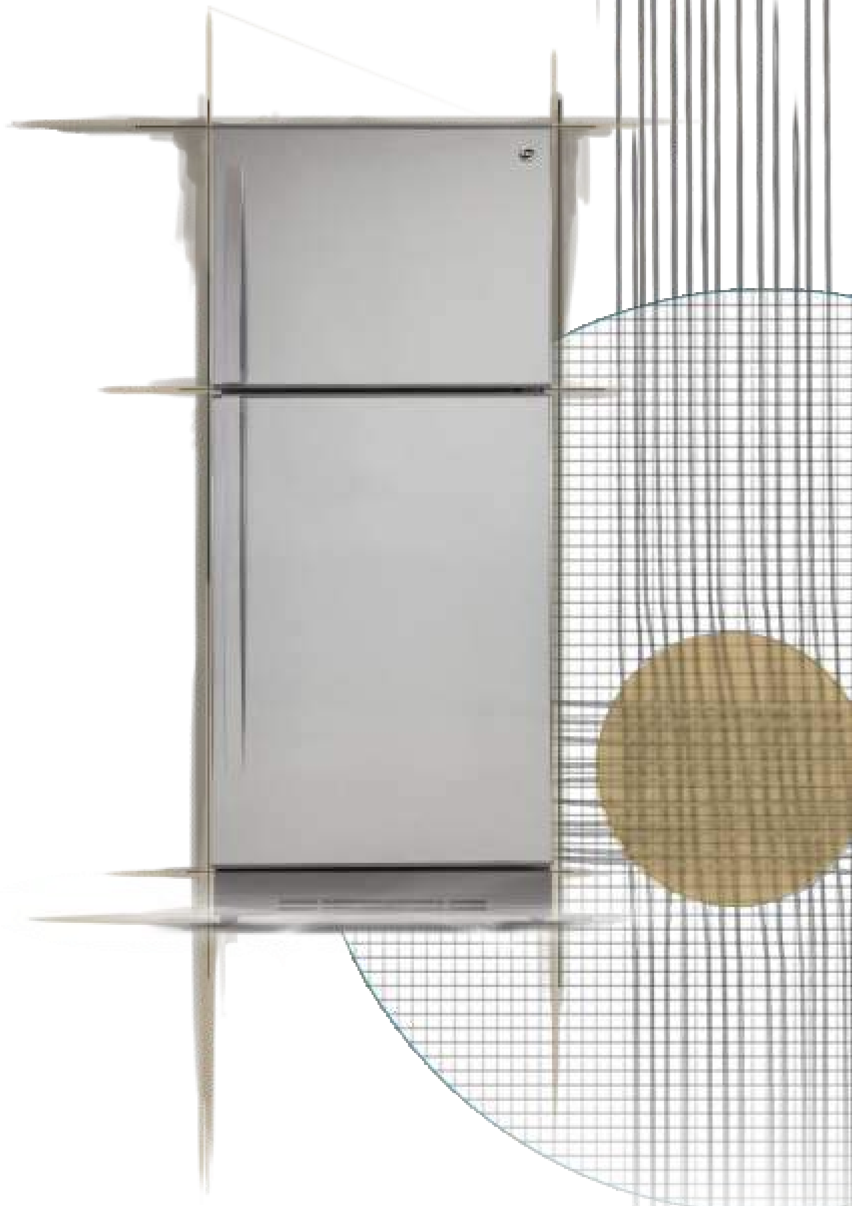
The market demand remained buoyant during the year despite load shedding and high rate of inflation. Refrigerators have become a necessity for meeting the basic storage requirement for the preservation of edibles in addition to the cooling of water and producing ice . With the rise of rural prosperity , the demand for refrigerators in rural areas is surging.

The Company is well positioned to take benefit of growing demand as a result of above factors and has introduced Energy efficient INVERT-O-COOL with electricity saving up to 40%. The Company also introduced Single Door Models 1100 and 1400 to cater the small size segments. For another Class of


ARCTIC
sssub saaay

Society PEL Glass Door Series INTELLO with supper freezer, blue tooth speaker, door alarm and an intelligent temperature control system has been introduced.

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



DEEP FREEZER

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

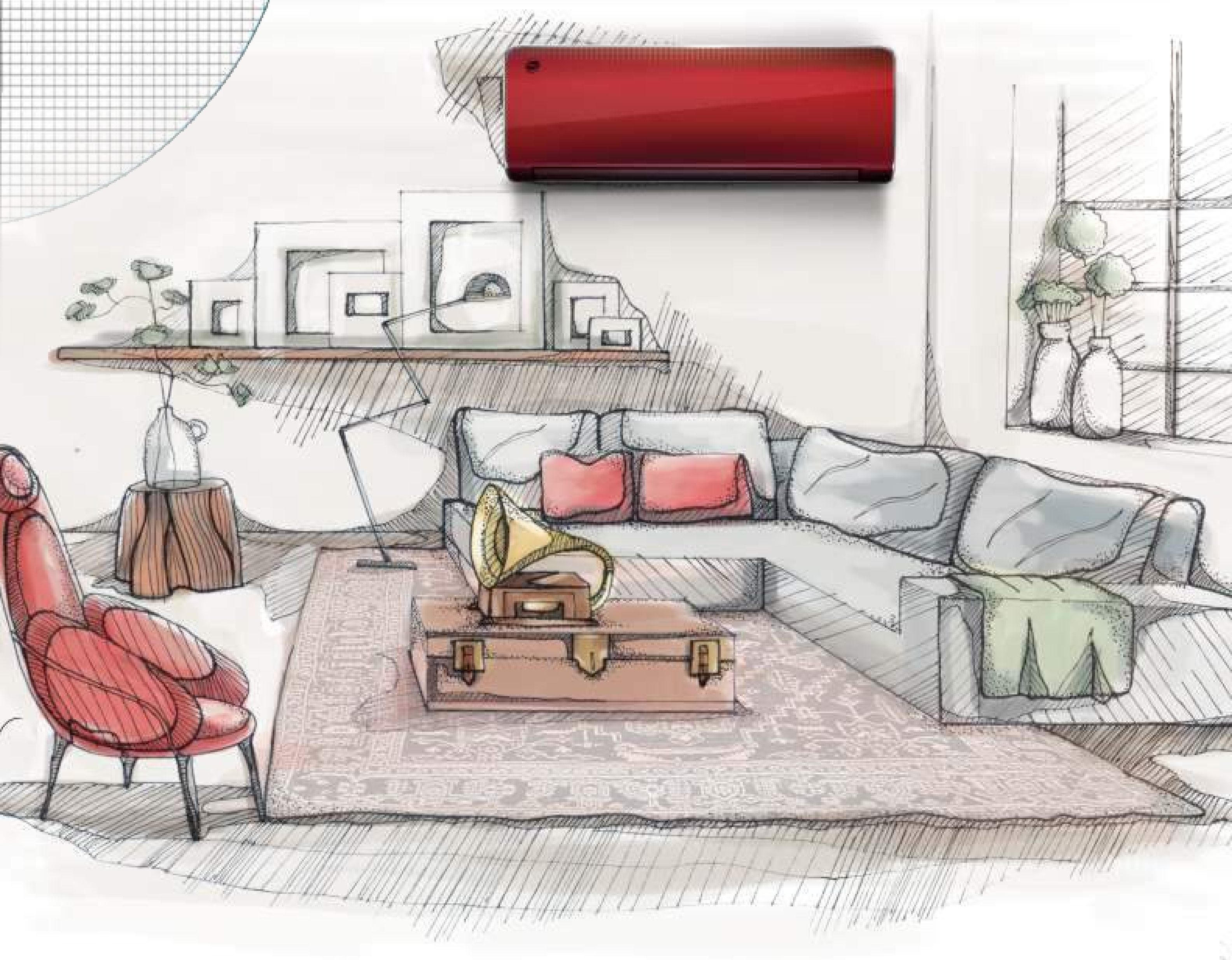
Capitalizing on our technical expertise we have signed after sale service agreements with Coca Cola Beverages Limited, PEPSI Bottlers, Unilever, Engro Foods, Pakistan Dairies for repair services of Deep Freezers, Visi Coolers and Chest Coolers . This will deepen our relationship with valued customers.

We are confident that we will add up major players in beverage industry as well. Further to catering continuous demand from our sales network, we have launched Deep Freezer models for general customers, response of which is quiet encouraging.

AIR CONDITIONER

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

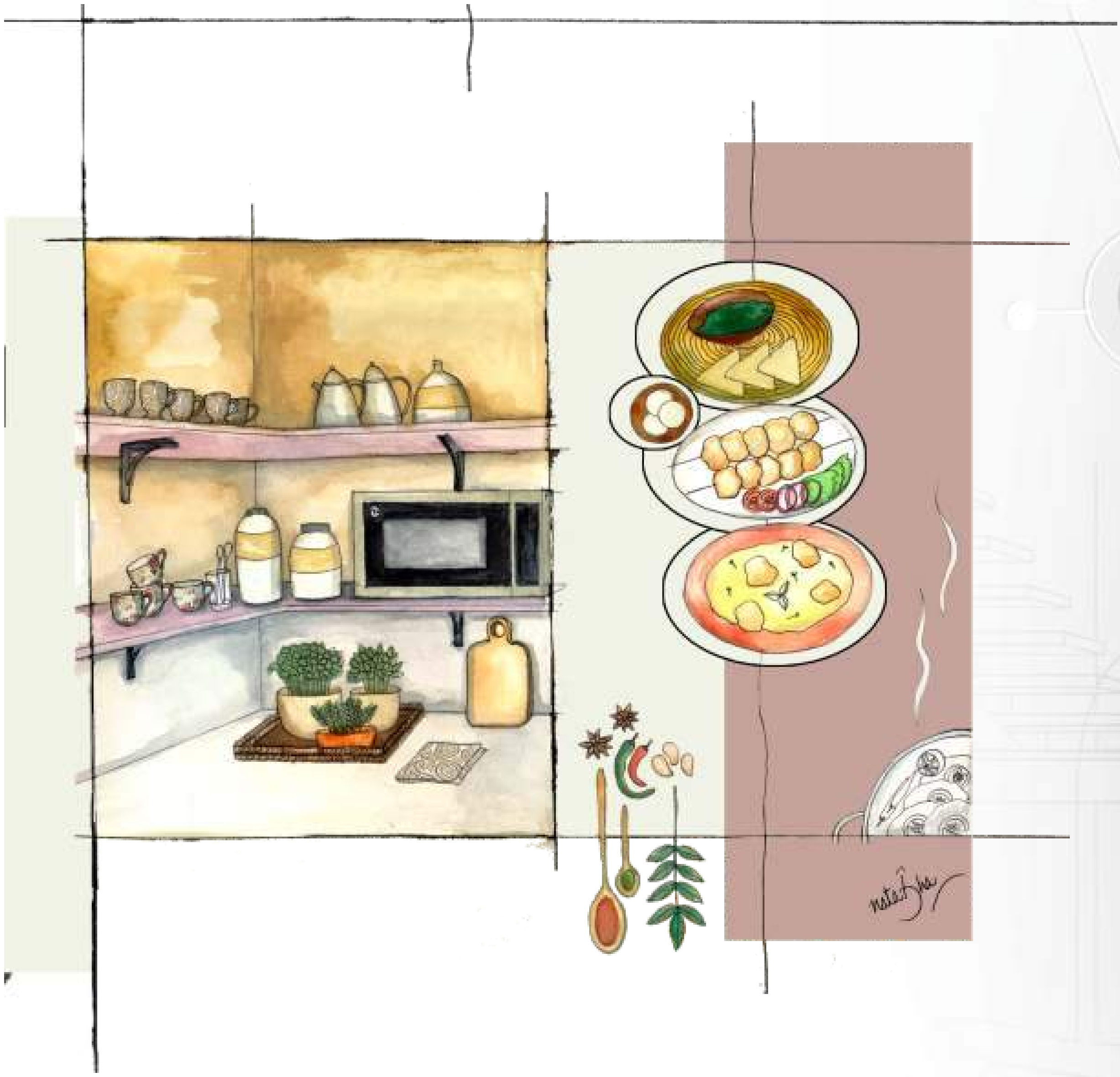
The Company has continued focus on building Brand Equity through continues product development. The Company launched energy saving Inverter Series with heat and cool function, which was well received in market. Its efficiency in terms of energy saving will further increase in the improved electricity supply scenario.



MICROWAVE OVEN

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

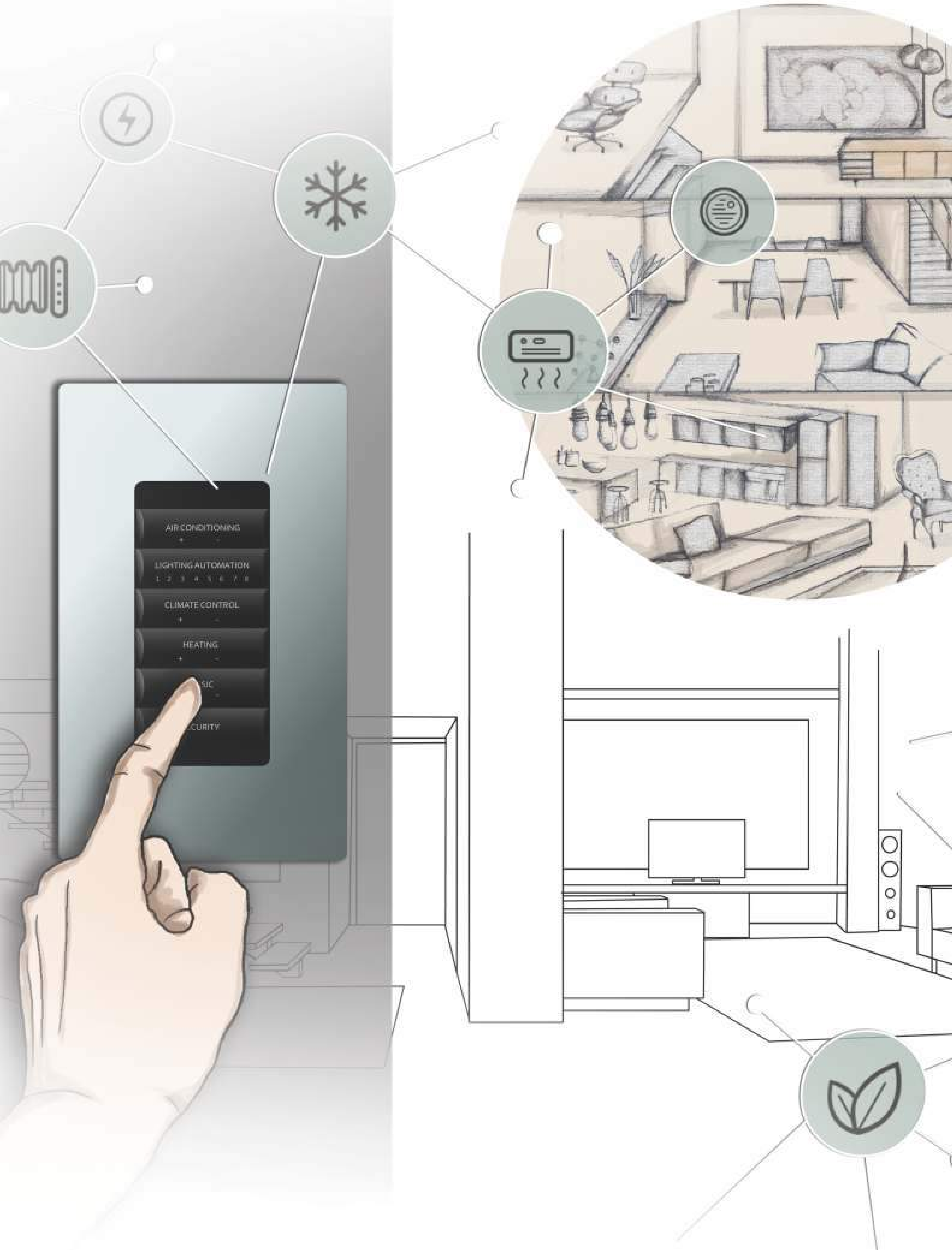
Following an innovative product development culture, the Company has introduced DESIRE and GLAMOUR series with built in recipes.



WATER DISPENSER & WASHING MACHINE

The Company aims to complete the home appliances range, to cater to the consistent market demand. The Company has set up a Water Dispenser manufacturing unit in 2016 and has already launched assembled units in local market. Keeping in view the impressive market response, the Company has invested in setting up manufacturing line. The Commercial Production has started in February 2017.

Foreseeing the market demand, the Company is also considering setting up a Washing Machine Manufacturing Facility in the year 2017.

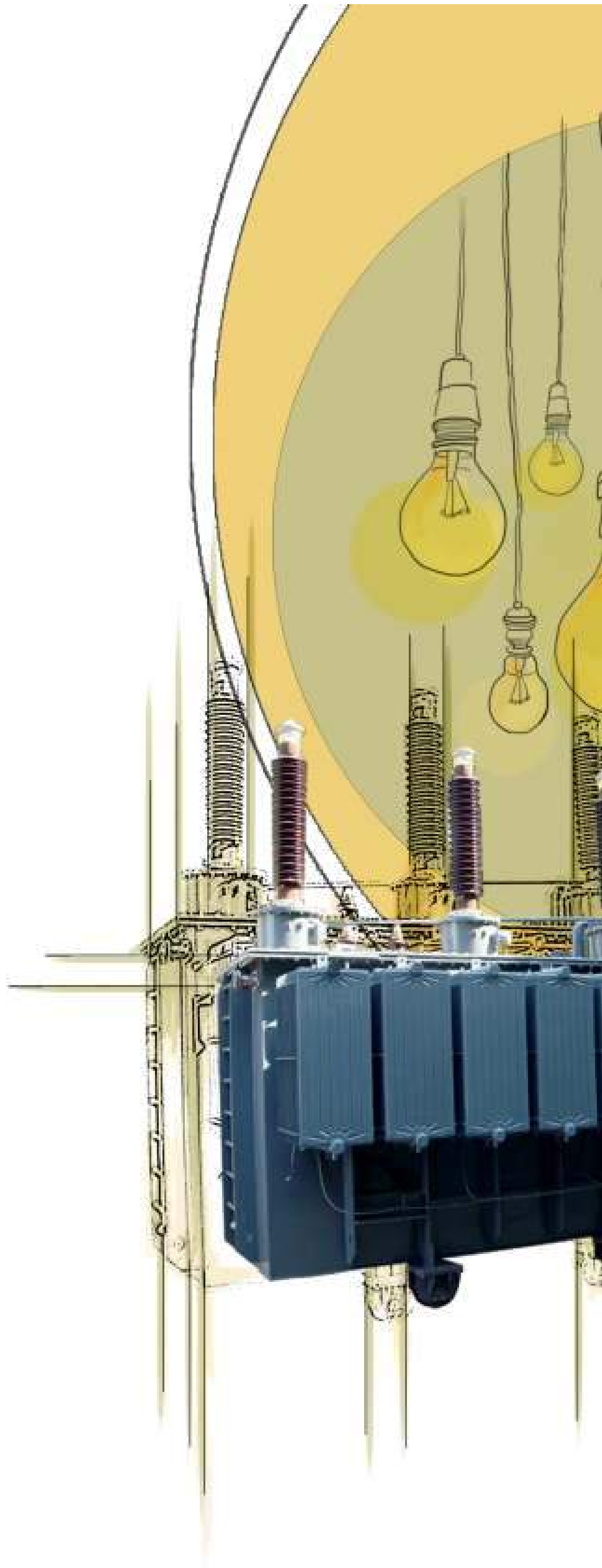

AIR CONDITIONING
LIGHTING AUTOMATION
1 2 3 4 5 6 7 8
CLIMATE CONTROL
HEATING

POWER DIVISION

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

High standards of Quality and customer care are hallmark of PEL Corporate Philosophy. We have a comprehensive Quality Management System that is Consistent with ISO 9001-2000. PEL is an ISO certified Company.

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



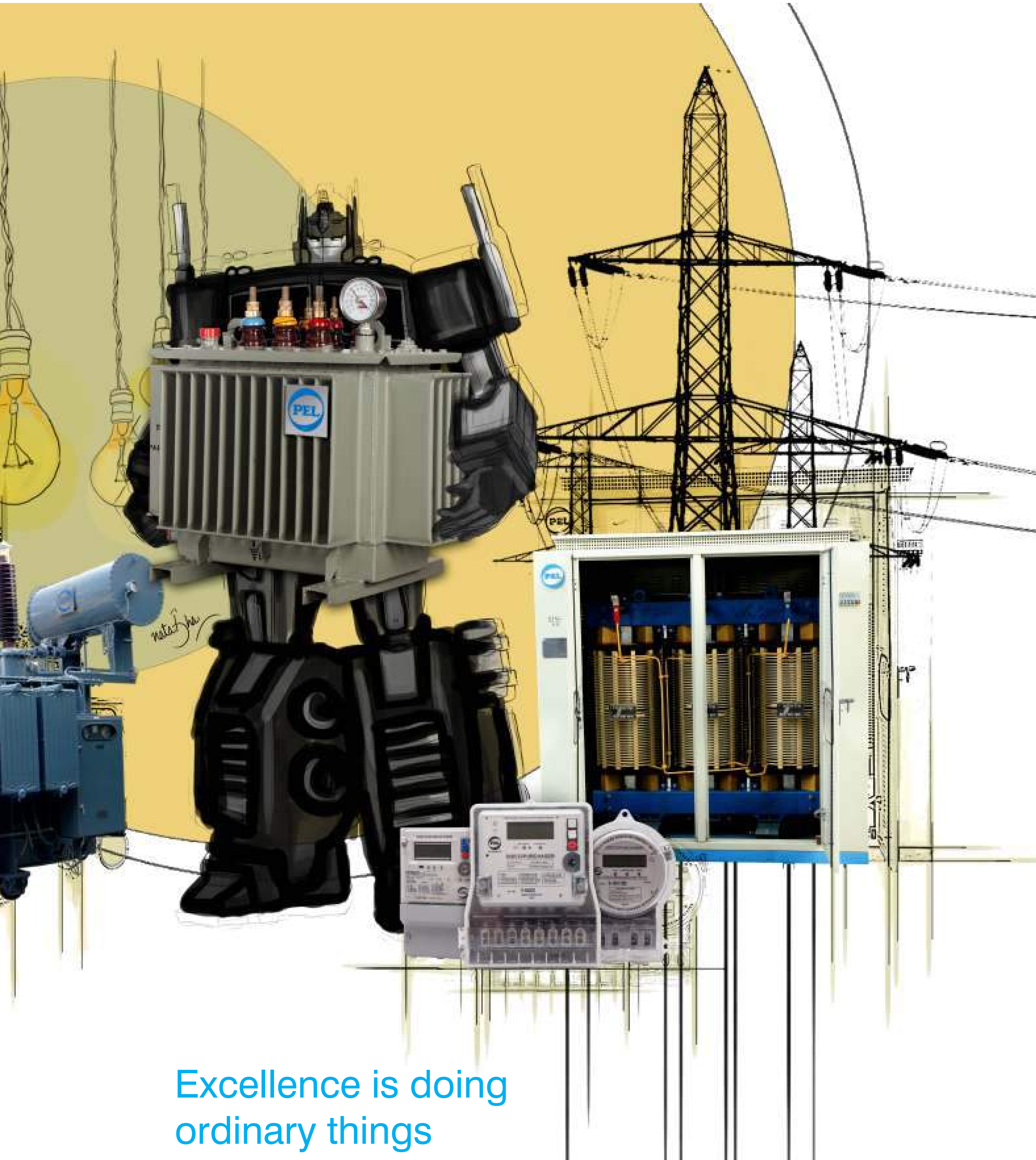
DISTRIBUTION TRANSFORMERS

Distribution Transformer is among Company's Premier Products. PEL is engaged in Distribution Transformer manufacturing since its inception in 1958. With its excellent performance history, the Company is among key players in local market with a substantial market share. After Siemens's exit from transformer business PEL is among prominent having state of the art manufacturing and testing facilities. PEL established a transformer manufacturing facility to meet the global quality standards, in Technical assistance from Pauwels, Belgium.

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

The transformers have been tested and accredited for impulse voltage and short circuits from Short Circuit Laboratory, KEMA (Holland) and HVSC Lab, RAWAT (Pakistan). Besides meeting the local demand PEL is exporting transformers to different countries.

Among land mark achievements during the year under review was the successful short circuit testing of PEL Green Transformers (with bio degradable fluid instead of conventional mineral oil) of 1,500 & 630 KVA (11KV) and 250 & 630 KVA (33KV) at KEMA – Netherlands for Jordan Electric Power Company - JEPCO Jordan (First time by a Pakistani manufacturer in its history).



Excellence is doing
ordinary things
Extraordinary well.

-John W. Gardener

POWER TRANSFORMERS

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

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

ENERGY METER

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

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

To overcome the circular debt Government has Plan to introduce AMR / AMI (Advance Metering Reading / Infrastructure) to control electricity pilferage. Company has developed Single Phase, Three Phase GSM Energy Meters and DLMS Compliant Single Phase Energy Meter and got it approved from National Transmission and Distribution Company - NTDC and is well positioned to take care of rising demand of Energy Meters with advance functionalities .

SWITCHGEARS

PEL is engaged in switchgear business since its inception in 1958 and is one of the leading manufacturers of Pakistan. Switch Gear division products include MV&LV Switch Gears, MV Metal Clad Switch Gear Cubicles, MV Pad Mounted Transformers, Kiosk Type Compact substations, LV Distribution Panels, PFI Plant, Motor Control Centre & Bus Tie Duct.

Pakistan's Industrial Sector is reviving due to improved electricity supply and other Government initiatives. There are visible signs of economic stimulation of national industry in textile and energy sectors. The overall private business of housing schemes and upcoming projects of industrial estates seem very promising in 2017. We are confident to increase our market share and switchgear business will even grow further in future.

EPC CONTRACTING

PEL EPC Division was formally established in 2006 and delivers custom made solutions in following areas.

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

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

Green INNOVATION

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

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

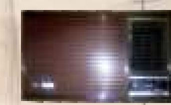
There is a developing trend towards environmentally friendly technologies in all industries. At PEL, we continue to develop technology that is not just clean but equally or more efficient than its counterparts. PEL's Green Transformer is just one of the many innovative solutions designed to help our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

PEL's Journey Through Time

1956
Incorporation of Pak Elektron Limited

1958
Start of Commercial Production of Distribution Transformers and Switch Gears in Technical Collaboration with AEG Germany

1981
Manufacturing of Air Conditioners with assistance of Fujitsu Japan



1987
Manufacturing of Refrigerators & Deep Freezers in Technical Collaboration with IAR-SILTAL & ARISTON of Italy

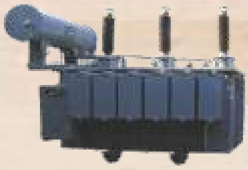
1988
Listing with all Stock Exchanges in Pakistan
Acquired License to manufacture VCBs from Hitachi, Japan

1992
Started Production of Energy Meters under the License from ABB USA

1994
Quality Management System Certification for Energy Meter ISO 9001 by SGS

1997
Acquired Technology from Carrier, USA to manufacture Air Conditioners

2000
Launching of new Crystal Series Refrigerator under Technical Collaboration of Danfoss, Germany



2004
Acquired Technology from GANZ, Hungry to ProducePower Transformers

2006
Formal start of EPC Business Segment of the Company

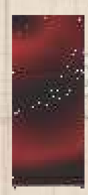
2009
4th CSR National Excellence Award 6th Annual Environmental Excellence Award Export of Power Transformer

2010
Inauguration of New Distribution Transformer Factory by Prime Minister of Pakistan under Technical Assistance from Pauwels, Belgium.

2011
Launching of New Desire Series Refrigerator Prequalification with Saudi Electrical Company - SEC

2012
Launch of new Arctic Series Refrigerator with New Aesthetics

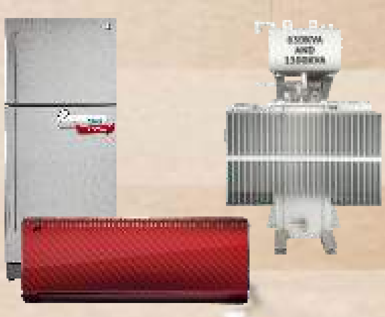
2013
Successful Commissioning of 220 KV GIS Shalimar Grid Station worth Rs. 1.3 Billion



2014
Launching of New Glass Door Refrigerator with New Aesthetics

Change your life

2015
Launching of Glass Door Mirror Series



2016
Launching of Inverter Refrigerator & Air Conditioner Series Successful Short Circuit Testing of PEL Green Transformer

Corporate Information

BOARD OF DIRECTORS

Mr. M. Naseem Saigol	Chairman - Non Executive
Mr. M. Murad Saigol	Chief Executive Officer - Executive/ Certified (DTP)
Mr. M. Azam Saigol	Director - Non Executive
Mr. Muhammad Zeid Yousuf Saigol	Director - Executive/Certified (DTP)
Syed Manzar Hassan	Director - Executive
Sheikh Muhammad Shakeel	Director - Non Executive
Mr. Asad Ullah Khawaja	Director - NIT Nominee/Independent
Mr. Khalid Siddiq Tirmizey	Director - BOP Nominee U/S 182 of the Ordinance/ Non Executive
Mr. Wajahat A. Baqai	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Mr. Usman Shahid	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive
Mirza Babur Baig	Director - NBP Nominee U/S 182 of the Ordinance/ Non Executive

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

Mr. M. Azam Saigol	Chairman/Member
Mr. M. Murad Saigol	Member
Mr. Asad Ullah Khawaja	Member
Syed Manzar Hassan	Member

COMPANY SECRETARY

Muhammad Omer Farooq

CHIEF FINANCIAL OFFICER

Syed Manzar Hassan, FCA

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq
Chartered Accountants

LEGAL ADVISOR

M/s Hassan & Hassan Advocates

SHARE REGISTRAR

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

SHARIAH ADVISOR

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

BANKERS

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

REGISTERED OFFICE

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

KARACHI

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

ISLAMABAD

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

CHINA

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

WORKS

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

TRANSFORMER FACILITY

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

Vision

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

Mission

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

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

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

CORPORATE STRATEGY

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

STATEMENT OF ETHICS AND BUSINESS PRACTICES

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

CODE OF CONDUCT

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

CORE VALUES

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

Once you have experienced excellence you will never again be content with mediocrity.

-Thomas S. Monson

Management Objectives

Objective 1 Maintain competitiveness in appliances and electrical capital goods industry

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

Objective 2 Increase sales

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

Objective 3 Economize on costs

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

Objective 4 Expand product line

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

Objective 5 Achieve operational efficiencies

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

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

Business Model

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

KEY ASSETS

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

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

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

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

GROWTH DRIVERS

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

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

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

SUSTAINABLITY

Customer satisfaction is the one of main areas of focus in our sustainability model which is achieved through a comprehensive quality assurance mechanism and excellent after sales services.

Liquidity is the key to smooth running of operations. Adequate reserves and banking facilities are maintained by continuously monitoring of forecasts and actual cash flows.

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

Stakeholders' Engagement

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

Governance

Board of Directors

MR. M NASEEM SAIGOL

Chairman/Non-Executive

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

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

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

MR. M. MURAD SAIGOL

Chief Executive Officer

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

MR. M. AZAM SAIGOL

Non-Executive Director

Mr. M. Azam Saigol is a Non-Executive Director on the Board of PEL. He holds a Bachelor’s (Hons) Degree in Economics & Economic History from Brasenose College Oxford University, UK. He is an industrialist and has interests in textile, electronics/electrical, international trading automobile, energy and banking industries. He has been the Chairman of PIA Board’s Information Technology Steering Committee and Member of Board’s Human Resource & Remuneration Committee, and Board’s Finance Committee. He has been Chairman of the Company's Audit Committee and Human Resource & Remuneration Committee.

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

MR. M. ZEID YOUSAF SAIGOL

Executive Director

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

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

SYED MANZAR HASSAN

Executive Director & CFO

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

SHEIKH MUHAMMAD SHAKEEL

Non-Executive Director

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

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

He is also on the Board of Kohinoor Energy Limited.

OTHER DIRECTORS

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

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

1) Mr. Wajahat A. Baqai 2) Mr. Khalid Siddiq Tirmizey 3) Mr. Usman Shahid 4) Mirza Babur Baig

Board Committees

AUDIT COMMITTEE

Composition	Designation
Mr. Asad Ullah Khawaja *(appointed on March 31, 2016)*	Chairman
Mr. M. Azam Saigol	Member
Mr. Usman Shahid	Member
Sheikh Muhammad Shakeel *(appointed on March 31, 2016)*	Member

Directors	31st March	26th April	19th August	24th October	Total Attended
Mr. Asad Ullah Khawaja	✗	✓	✓	✓	3
Mr. M. Azam Saigol	✓	✗	✗	✓	2
Mr. Usman Shahid	✓	✓	✓	✗	3
Sheikh Muhammad Shakeel	✗	✓	✓	✓	3

Salient Features & Terms of References

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

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

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

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

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

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

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

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

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

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

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

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

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

l) Determination of compliance with relevant statuary requirements.

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

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

HUMAN RESOURCE & REMUNERATION COMMITTEE

Composition	Designation
Mr. M. Azam Saigol	Chairman
Mr. M. Murad Saigol	Member
Mr. Asad Ullah Khawaja *(appointed on March 31, 2016)*	Member
Syed Manzar Hassan	Member

Directors	31st March	Total Attended
Mr. M. Azam Saigol	✓	1
Mr. M. Murad Saigol	✓	1
Mr. Asad Ullah Khawaja *(appointed on March 31, 2016)*	✕	-
Syed Manzar Hassan	✓	1

Salient Features & Terms of Reference

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

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

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

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

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

e) Recommend financial package for board directors.

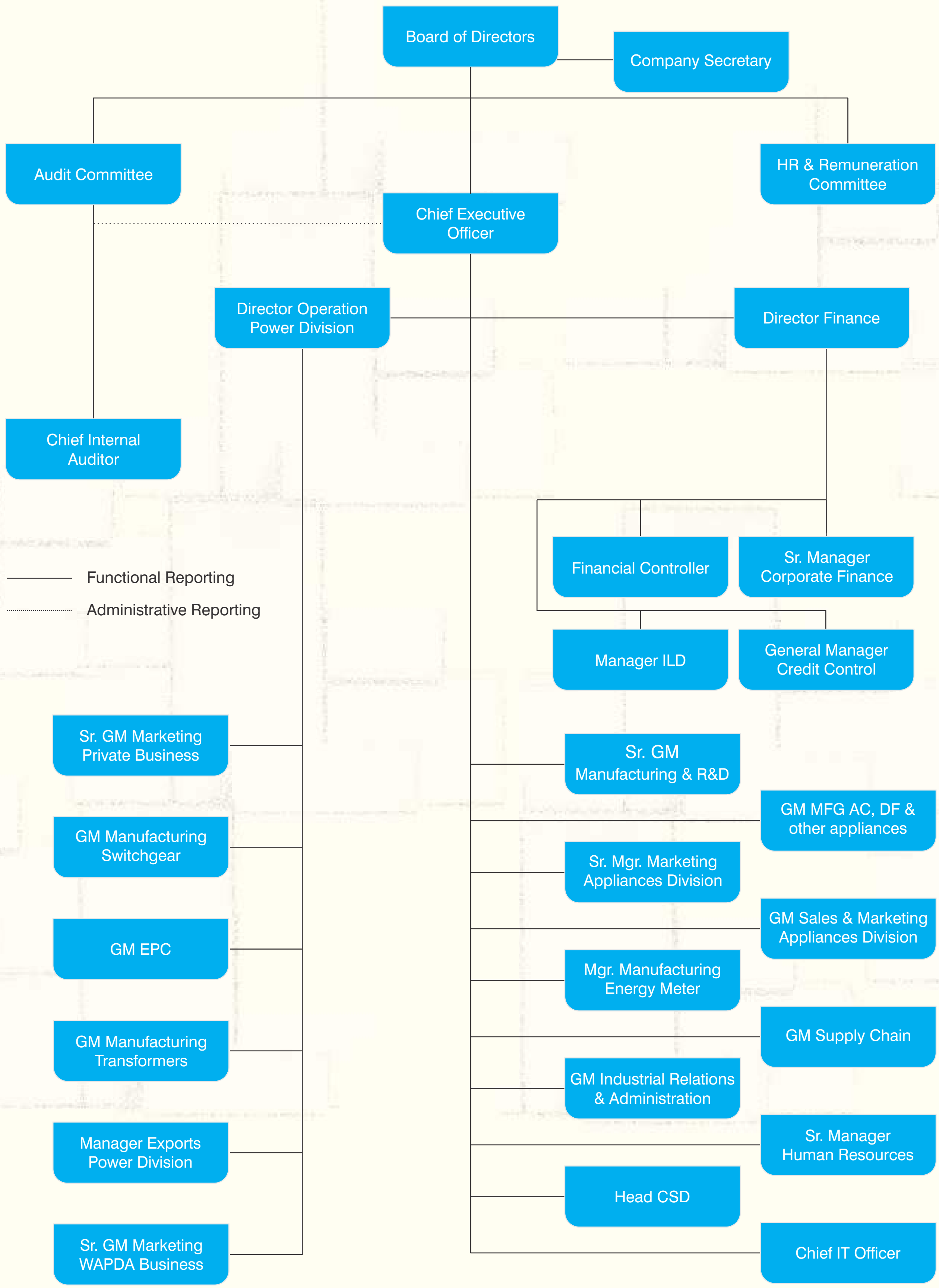
f) Ensure, in consultation with the CEO that succession plans are in place and review such plans at regular intervals for those executives, whose appointment requires Board approval (under Code of Corporate Governance), namely, the Chief Financial Officer, the Company Secretary and the Head of Internal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

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

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

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

Organogram


Board of Directors
Company Secretary
Audit Committee
HR & Remuneration Committee
Chief Executive Officer
Director Operation Power Division
Director Finance
Chief Internal Auditor
Financial Controller
Sr. Manager Corporate Finance
Manager ILD
General Manager Credit Control
Functional Reporting
Administrative Reporting
Sr. GM Marketing Private Business
GM Manufacturing Switchgear
GM EPC
GM Manufacturing Transformers
Manager Exports Power Division
Sr. GM Marketing WAPDA Business
Sr. GM Manufacturing & R&D
GM MFG AC, DF & other appliances
Sr. Mgr. Marketing Appliances Division
GM Sales & Marketing Appliances Division
Mgr. Manufacturing Energy Meter
GM Supply Chain
GM Industrial Relations & Administration
Sr. Manager Human Resources
Head CSD
Chief IT Officer

Stakeholders' Information

Key Peromance Indicators

	Unit	2016	2015	2014	2013	2012	2011
Profitability Ratios							
Gross Profit ratio	%	**30.87**	29.59	30.75	24.62	20.50	9.39
Net Profit(Loss) to Sales	%	**13.68**	11.46	10.92	3.69	0.65	(10.26)
EBIT margin	Rupees in millions	**5,691**	5,295	4,438	2,594	2,211	(389)
EBITDA margin	Rupees in millions	**6,541**	6,041	5,195	3,315	2,917	309
% change in sales	%	**16.37**	21.54	27.94	(7.08)	47.88	(31.02)
% change EBIT margin	%	**7.47**	19.32	71.07	17.34	(668.53)	(120.63)
EBITDA Margin to Sales	%	**24.38**	24.05	25.32	20.13	16.42	2.72
Operating Leverage	Times	**0.46**	0.90	2.54	(2.45)	(13.96)	3.89
Return on Equity							
- without revaluation reserves	%	**17.61**	18.96	20.33	9.28	2.93	(32.29)
- with revaluation reserves	%	**14.39**	14.40	14.37	5.44	1.47	(15.38)
Return on Capital Employed	%	**10.54**	9.37	8.79	2.85	0.58	(5.78)
Liquidity Ratios							
Current ratio	Times	**2.84**	2.52	2.44	1.52	1.12	0.97
Quick / Acid Test ratio	Times	**1.73**	1.61	1.49	0.99	0.72	0.52
Cash to Current Liabilities	Times	**0.07**	0.07	0.05	0.04	0.02	0.02
Cash Flow from Operations to Sales	Times	**0.08**	0.08	(0.17)	0.00	(0.01)	0.12
Activity/Turnover Ratios							
Inventory turnover ratio	Times	**2.64**	2.83	2.79	3.24	3.52	2.08
No. of Days in Inventory	Days	**138**	129	131	113	104	176
Debtor turnover ratio	Times	**4.23**	3.96	3.83	3.39	4.36	3.66
No. of Days in Receivables	Days	**86**	92	95	108	84	100
Creditor turnover ratio	Times	**24.57**	23.54	17.63	10.54	9.81	7.89
No. of Days in Payables	Days	**15**	16	21	35	37	46
Total Assets turnover ratio	Times	**0.67**	0.69	0.63	0.61	0.70	0.48
Fixed Assets turnover ratio	Times	**2.04**	1.85	1.63	1.24	1.44	0.95
Operating Cycle	Days	**209**	206	206	186	150	229
Investment/Market Ratios							
Earning per Share - *Basic*	Rupees	**7.51**	6.61	6.13	3.75	0.54	(9.35)
Earning per Share - *Diluted*	Rupees	**7.51**	6.61	6.13	3.75	0.54	(9.35)
Price Earnings ratio	Times	**9.49**	8.78	6.19	4.95	18.53	(0.35)
Dividend Yield ratio	%	**4.21**	2.00	-	-	-	-
Dividend Payout ratio	%	**39.95**	17.54	-	-	-	-
Dividend Cover ratio	Times	**2.50**	5.70	-	-	-	-
Cash Dividend per Share	Rupees	**3.00**	1.25	-	-	-	-
Stock Dividend per Share	%	**-**	-	-	10.00	-	-
Market Value per Share							
- year end	Rupees	**71.28**	62.54	40.93	19.99	10.76	3.49
- high during the year	Rupees	**74.64**	94.97	40.93	27.97	11.00	15.73
- low during the year	Rupees	**53.57**	42.33	18.87	8.14	3.40	3.32
Break-up Value per Share							
- without revaluation resevres	Rupees	**40.97**	33.07	26.57	22.74	28.38	25.88
- with revaluation resevres	Rupees	**50.36**	45.14	38.04	39.94	60.17	58.39
Change in market value added	%	**13.98**	52.80	104.75	85.78	208.31	(75.25)
Market capitalization	Rupees in millions	**35,475**	24,900	16,296	5,360	1,311	425
Capital Structure Ratios							
Financial Leverage ratio	Times	**0.55**	0.94	1.19	1.70	3.20	3.30
Weighted Average Cost of Debt	%	**9.13**	11.15	14.81	14.52	15.91	10.98
Debt to Equity ratio		**20:80**	29:71	36:64	35:65	42:58	43:57
Interest Cover ratio	Times	**5.16**	3.67	2.47	1.51	1.14	(0.30)

Rupees in millions	2016	2015	2014	2013	2012	2011
SUMMARY OF BALANCE SHEET						
Shareholder's equity	25,511	19,996	15,595	11,158	7,782	7,565
Long term debt	4,604	6,127	7,344	5,728	5,621	4,571
Deferred liabilities/income	2,367	2,305	2,440	2,474	1,980	2,029
Current liabilities	7,845	7,722	7,148	7,782	9,832	9,629
Total equity and liabilities	**40,327**	**36,149**	**32,527**	**27,143**	**25,215**	**23,794**
Property, plant and equipment	16,442	15,510	14,467	14,818	13,811	14,089
Intangible assets	324	338	344	349	311	315
Long term assets	1,301	871	257	128	76	59
Total non-current assets	**18,068**	**16,719**	**15,068**	**15,295**	**14,198**	**14,463**
Cash and cash equivalents	552	578	340	278	216	162
Other current assets	21,707	18,853	17,119	11,570	10,800	9,169
Total current assets	**22,259**	**19,431**	**17,459**	**11,848**	**11,016**	**9,331**
Total assets	**40,327**	**36,149**	**32,527**	**27,143**	**25,215**	**23,794**
SUMMARY OF PROFIT OR LOSS						
Revenue	26,834	29,323	24,126	18,856	20,294	13,723
Sales tax and discount	(7,290)	(4,201)	(3,608)	(2,387)	(2,524)	(2,380)
Cost of Sales	(18,550)	(17,688)	(14,209)	(12,414)	(14,126)	(10,278)
Gross profit	**8,284**	**7,434**	**6,309**	**4,055**	**3,644**	**1,065**
Other income	37	36	32	46	36	37
Operating expenses	(2,706)	(2,277)	(1,893)	(1,486)	(1,456)	(1,481)
Finance cost	(1,497)	(1,665)	(1,893)	(1,819)	(2,050)	(1,413)
Share of profit/(loss) of associate	0	(13)	(11)	(21)	(13)	(10)
Profit before taxation	**4,119**	**3,514**	**2,545**	**775**	**161**	**(1,802)**
Taxation	(450)	(634)	(304)	(168)	(46)	639
Profit after taxation	**3,670**	**2,880**	**2,241**	**607**	**115**	**(1,163)**
SUMMARY OF CASH FLOWS						
Profit(loss) before taxation	4,119	3,514	2,545	775	161	(1,802)
Adjustments for non-cash and other items	2,125	2,391	2,649	2,502	2,721	2,375
Changes in working capital	(2,358)	(1,721)	(5,761)	(1,495)	(1,448)	1,705
Payments for income tax, interest etc.	(1,863)	(2,119)	(2,918)	(1,719)	(1,680)	(958)
Net cash generated from/(used in) operating activities	**2,023**	**2,065**	**(3,485)**	**63**	**(246)**	**1,320**
Purchase of property, plant and equipment	(1,731)	(1,878)	(387)	(334)	(281)	(1,383)
Purchase of intangible assets	-	-	(0)	(42)	-	(2)
Proceeds from disposal of property, plant and equipment	38	126	16	34	17	43
Acquisition of short term investments	-	-	(50)	-	-	-
Proceeds from sale of investments	65	-	-	-	-	16
Long term deposits	23	(97)	(73)	(53)	(5)	28
Long term advances	(751)	(688)	-	-	-	-
Net cash used in investing activities	**(2,356)**	**(2,537)**	**(495)**	**(393)**	**(269)**	**(1,298)**
Long term debt obtained	58	2,063	1,850	-	-	-
Repayment of long term debt	(1,854)	(2,912)	(319)	(80)	(72)	(558)
Net increase/(deacrese) in short term borrowings	313	426	345	(1,355)	640	280
Proceeds from issue of ordinary shares	2,406	-	2,064	1,828	-	-
Advances against issue of ordinary shares	-	1,575	-	-	-	-
Proceeds from sale and leaseback activities	4	52	100	-	-	73
Dividend paid	(619)	(494)	-	-	-	-
Net cash generated from/(used in) financing activitie	**308**	**710**	**4,041**	**393**	**569**	**(205)**
Net increase/(decrease) in cash and cash equivalents	(25)	238	62	62	54	(182)
Cash and cash equivalents as at beginning of the year	578	340	278	216	162	344
Cash and cash equivalents as at end of the year	**552**	**578**	**340**	**278**	**216**	**162**

Analysis of Financial Position and Performance

EQUITY AND LIABILITIES

Shareholders' Equity

Aggregate equity has more than tripled over the past 6 years, and has also registered an increase of 27.6% compared to last year. The paid-up share capital stands increased to Rs. 5,426 million as a result of issue of 120% right ordinary shares in 2013, 35% right ordinary shares and 10% bonus ordinary shares in 2014 and 25% right ordinary shares during the current year. Capital Reserves increased by 4,116 million due to premium on issue of right ordinary shares in 2013, 2014 and 2016. Accumulated profits, at the close of 2016, stood at Rs. 11,134 million due to mile stone achievements in business volumes and cost economies.

Non-current Liabilities

Total non-current liabilities comprising of long term debt, deferred taxation and deferred income increased by Rs. 371 million during the past six years mainly due to origination of taxable temporary differences arising from investments in plant and machinery.

Long term debt obtained mainly for Balancing, Modernization and Replacement and restructuring of short term liabilities is almost at the same level as six years ago, however, total long term debt decreased by Rs. 1,523 million from last year due to timely repayments made during the year.

Current Liabilities

Current liabilities of the Company, over the last six years, have decreased by Rs. 1,784 million to Rs. 7.845 million at the close of 2016 in spite of tremendous volume increase, primarily on account of equity injection through issue of right shares and restructuring of short term debt into long term debt.

ASSETS

Non-current Assets

Non-current assets of the Company including property, plant and equipment, intangible assets, long term investments and other long term assets have increased by Rs. 3,605 million over the last 6 years. Property plant and equipment has increased by Rs. 2,353 million due to procurement of plant and machinery, and other fixed assets in addition to construction of office buildings.

Long term deposits depicted a steady growth over the past 6 years due to growth in business activity. During the last two years, PEL extended interest advances to dealers for renovation of showrooms amounting to Rs.

1,549 million. Long term investments and intangible assets have increased by Rs. 22 million and Rs. 9 million respectively due to changes in fair value of and procurement of ERP software.

Current Assets

Current assets include inventories, trade debts short term advances, deposits, prepayments and other receivables, short term investments, current tax assets and cash and bank balances. With an aggregate balance of Rs. 22,259 million at the close of 2015, the current assets recorded an increase of Rs. 12,928 million since 2011 mainly on account of increase in stock in trade and trade debts due to increase in business volume in past 6 years.

PROFIT AND LOSS

Revenue and Cost of sales

Sales revenue registered a growth of 149% over the last 6 years, on account of higher increase in business volume and selling prices. Cost of sales increase by 80% since 2011. The lower rate of increase in cost of sales in comparison with increase in revenue is attributable to cost efficiencies, improved productivity and improved product design.

Operating costs

Distribution cost has doubled since 2011 in line with increase in revenue over the last 6 years. Administrative and general expenses have increased Rs. 201 million since 2011, however, these expenses have dropped from 5% of sales revenue in 2011 to 2.5% in 2016 due to cost efficiencies.

CASH FLOWS

Cash and cash equivalents at the close of 2016 were recorded at Rs. 552 million in comparison with Rs. 162 million at close of 2011, with an increase of 241% over the last six years. Net cash generated from operating activities during the last six years amounts to Rs. 1,740 million. Inflows in the form of subscriptions to ordinary shares since 2011 amount to Rs. 7,873 million. An aggregate of Rs. 5,993 million was invested in property, plant and equipment during the last six years. Rs. 1,113 million was paid in the form of cash dividend during the last six years. Net repayments of debt finances amounted to Rs. 946 million. A total of Rs. 11,257 million was paid on account of interest/mark-up on borrowings and income taxes.

RATIO ANALYSIS

Profitability Ratios

Significant increase in turnover coupled with manufacturing cost efficiencies resulted in an increase in gross profit margins for 2016, which has more than triple during the last six years. Due to economies in operating and financial costs net profit margin for the year has been reported at 13.68% as compared to 11.46% for 2015 and negative margin of 10.26% six years ago. Consequently, returns on equity and capital employed have also increased to 14.39% and 10.54% respectively in comparison with negative returns six years ago. Consistent profitability growth resulting in highest ever performance since 2011.

Operating performance / liquidity

Current ratio for 2016 is right on track 2.84 times against 2.52 times of the year 2015 and 0.97 times of year 2011. Cash to current liabilities and cash flows from operations to sales have shown a significant growth from 0.02 times to 0.07 times during the past 6 years.

Activity / Turnover ratios

Inventories, Receivable and Creditors turnover days are down to 138 days,86 days and 15 days from 176 days, 100 days and 46 days respectively in year 2011 improving the Company's operating cycle by 20 days since 2011. Total asset turnover ratio recorded at 0.67 times in year 2016 against 0.48 times for the year 2011.

Investment / Market ratios

As a result of increase in profits, the Company's earnings per share was recorded at Rs. 7.51 per share as against Rs. 6.61 for 2015 and loss per share of Rs. 10.09 for 2011. Price to earnings ratio improved by 0.71 times and 9.84 times as compared to 2015 and 2011 respectively as the market price of Company's share rose to Rs. 71.28 at the close of 2016 as compared to Rs. 62.54 and Rs. 3.49 at the close of 2015 and 2011 respectively.

Capital Structure Ratios

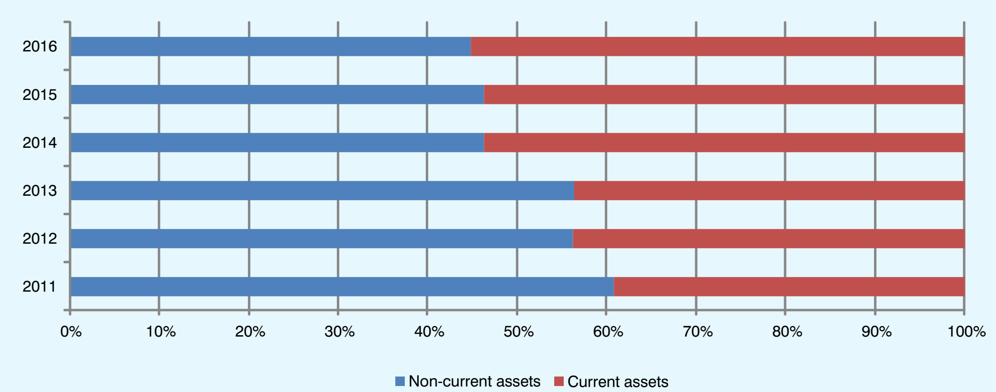
Financial leverage ratio of 0.55 times for 2016 shows improvement in comparison to 0.94 times and 3.30 times for year 2015 and 2011 respectively. Debt to equity ratio improved to 20:80 at the close of 2016 as compered to 43:57 for 2011. Company's interest cover ratio is 5.16 times in comparison with negative 0.30 times in 2011 as a result of lower finance cost to profitability ratio. The Company's weighted average cost of debt has also reduced to 9.13% at the close of 2016 from 10.98% for 2011.

Horizontal and Vertical Analysis

HORIZONTAL ANALYSIS - BALANCE SHEET

	2016	2016 vs 2015	2015	2015 vs 2014	2014	2014 vs 2013	2013	2013 vs 2012	2012	2012 vs 2011	2011	2011 vs 2010
	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid-up capital	5,426	22.46	4,431	-	4,431	41.54	3,131	87.66	1,668	-	1,668	-
Capital reserve	4,280	230.79	1,294	-	1,294	144.24	530	222.75	164	-	164	-
Accumulated profit	11,134	41.09	7,891	48.85	5,302	83.76	2,885	38.98	2,076	17.24	1,771	(35.22)
TOTAL EQUITY	**20,840**		**13,616**	-	**11,026**		**6,545**		**3,908**		**3,603**	
ADVANCES AGAINST ISSUE OF ORDINARY SHARES	**-**	**(100.00)**	**1,575**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	**4,671**	**(2.78)**	**4,804**	**5.16**	**4,568**	**(0.95)**	**4,612**	**19.07**	**3,874**	**(2.23)**	**3,962**	**(4.82)**
LIABILITIES												
NON-CURRENT LIABILITIES												
Redeemable capital	3,152	(18.76)	3,879	(19.63)	4,826	95.86	2,464	-	2,464	-	-	-
Long term finances	1,406	(35.69)	2,187	(10.49)	2,443	(24.45)	3,233	3.52	3,123	(31.34)	4,549	(8.18)
Liabilities against assets subject to finance lease	46	(24.39)	61	(17.89)	75	143.49	31	(8.55)	34	53.63	22	47.81
Deferred taxation	2,326	2.84	2,262	(5.53)	2,394	(1.34)	2,427	25.74	1,930	(2.19)	1,973	(28.28)
Deferred income	41	(5.00)	43	(5.00)	45	(5.00)	48	(5.00)	50	(10.76)	56	(25.18)
	6,971	**(17.33)**	**8,432**	**(13.82)**	**9,783**	**19.27**	**8,203**	**7.91**	**7,601**	**15.17**	**6,600**	**(15.33)**
CURRENT LIABILITIES												
Trade and other payables	915	12.26	815	(7.52)	881	(6.79)	946	(44.12)	1,692	13.95	1,485	(0.77)
Accrued interest/mark-up	159	(38.90)	261	(47.87)	501	(65.59)	1,455	16.78	1,246	51.18	824	116.70
Short term borrowings	4,982	6.70	4,669	10.03	4,243	(14.45)	4,960	(27.22)	6,815	10.37	6,175	4.75
Current portion of non-current liabilities	1,788	(9.52)	1,977	29.77	1,523	260.92	422	434.56	79	(93.10)	1,145	(7.25)
	7,845	**1.59**	**7,722**	**8.02**	**7,148**	**(8.15)**	**7,782**	**(20.84)**	**9,832**	**2.11**	**9,629**	**6.91**
TOTAL LIABILITIES	**14,816**	**(8.28)**	**16,154**	**(4.60)**	**16,932**	**5.92**	**15,985**	**(8.31)**	**17,433**	**7.42**	**16,229**	**(3.41)**
TOTAL EQUITY AND LIABILITIES	**40,327**	**11.56**	**36,149**	**11.14**	**32,527**	**19.84**	**27,143**	**7.65**	**25,215**	**5.97**	**23,794**	**(6.80)**
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	16,442	6.01	15,510	7.21	14,467	(2.37)	14,818	7.29	13,811	(1.97)	14,089	4.87
Intangible assets	324	(4.33)	338	(1.65)	344	(1.42)	349	12.22	311	(1.24)	315	(31.21)
Long term investments	26	195.77	9	(86.06)	64	670.22	8	(18.80)	10	132.55	4	(67.33)
Long term deposits	266	(8.09)	290	50.30	193	61.11	120	81.61	66	20.61	55	(27.65)
Long term advances	1,009	76.37	572	-	-	-	-	-	-	-	-	-
	18,068	**8.07**	**16,719**	**10.96**	**15,068**	**(1.49)**	**15,295**	**7.72**	**14,198**	**(1.83)**	**14,463**	**3.45**
CURRENT ASSETS												
Stores, spares and loose tools	813	2.46	793	71.68	462	61.72	286	125.39	127	15.71	110	1.09
Stock in trade	7,846	26.91	6,182	(2.14)	6,317	62.66	3,883	2.48	3,790	(10.77)	4,247	(24.86)
Trade debts	8,433	9.52	7,700	8.09	7,124	30.08	5,476	(2.96)	5,643	54.37	3,656	(5.11)
Due against construction work in progress	1,128	10.19	1,024	1.87	1,005	138.68	421	98.18	212	(15.34)	251	16.32
Short term advances	955	4.49	914	10.15	830	28.01	648	44.76	448	(3.89)	466	(13.26)
Short term deposits and prepayments	1,259	(5.44)	1,331	56.03	853	88.32	453	55.80	291	27.79	228	(7.97)
Other receivables	480	23.10	390	107.81	188	642.34	25	28.62	20	14.04	17	(92.00)
Short term investments	23	(72.98)	86	296.02	22	(5.22)	23	95.36	12	55.69	7	(72.06)
Advance income tax	770	77.87	433	35.66	319	(9.91)	354	37.19	258	37.70	187	(46.36)
Cash and bank balances	552	(4.41)	578	69.86	340	22.42	278	28.41	216	33.66	162	(52.91)
	22,259	**14.56**	**19,431**	**11.29**	**17,459**	**47.36**	**11,848**	**7.55**	**11,016**	**18.07**	**9,331**	**(19.21)**
TOTAL ASSETS	**40,327**	**11.56**	**36,149**	**11.14**	**32,527**	**19.84**	**27,143**	**7.65**	**25,215**	**5.97**	**23,794**	**(6.80)**

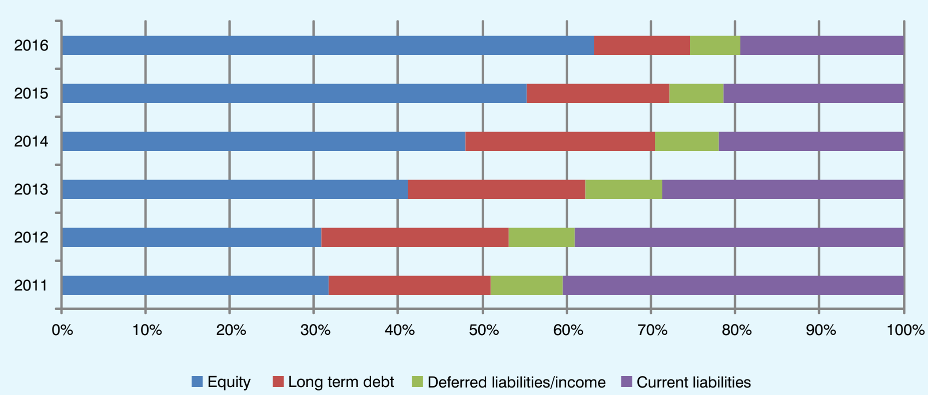
BALANCE SHEET ANALYSIS (ASSETS)



VERTICAL ANALYSIS - BALANCE SHEET

	2016		2015		2014		2013		2012		2011	
	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age
EQUITY AND LIABILITIES												
SHARE CAPITAL AND RESERVES												
Issued, subscribed and paid-up capital	5,426	13.46	4,431	12.26	4,431	13.62	3,131	11.53	1,668	6.62	1,668	7.01
Capital reserve	4,280	10.61	1,294	3.58	1,294	3.98	530	1.95	164	0.65	164	0.69
Accumulated profit	11,134	27.61	7,891	21.83	5,302	16.30	2,885	10.63	2,076	8.23	1,771	7.44
TOTAL EQUITY	20,840	51.68	13,616	37.67	11,026	33.90	6,545	24.12	3,908	15.50	3,603	15.14
ADVANCES AGAINST ISSUE OF ORDINARY SHARES	-	-	1,575	4.36	-	-	-	-	-	-	-	-
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	4,671	11.58	4,804	13.29	4,568	14.04	4,612	16.99	3,874	15.36	3,962	16.65
LIABILITIES												
NON-CURRENT LIABILITIES												
Redeemable capital	3,152	7.82	3,879	10.73	4,826	14.84	2,464	9.08	2,464	9.77	-	-
Long term finances	1,406	3.49	2,187	6.05	2,443	7.51	3,233	11.91	3,123	12.39	4,549	19.12
Liabilities against assets subject to finance lease	46	0.12	61	0.17	75	0.23	31	0.11	34	0.13	22	0.09
Deferred taxation	2,326	5.77	2,262	6.26	2,394	7.36	2,427	8.94	1,930	7.65	1,973	8.29
Deferred income	41	0.10	43	0.12	45	0.14	48	0.18	50	0.20	56	0.24
	6,971	17.29	8,432	23.33	9,783	30.08	8,203	30.22	7,601	30.15	6,600	27.74
CURRENT LIABILITIES												
Trade and other payables	915	2.27	815	2.26	881	2.71	946	3.48	1,692	6.71	1,485	6.24
Accrued interest/mark-up	159	0.40	261	0.72	501	1.54	1,455	5.36	1,246	4.94	824	3.46
Short term borrowings	4,982	12.35	4,669	12.92	4,243	13.05	4,960	18.27	6,815	27.03	6,175	25.95
Current portion of non-current liabilities	1,788	4.43	1,977	5.47	1,523	4.68	422	1.55	79	0.31	1,145	4.81
	7,845	19.45	7,722	21.36	7,148	21.98	7,782	28.67	9,832	38.99	9,629	40.47
TOTAL LIABILITIES	14,816	36.74	16,154	44.69	16,932	52.06	15,985	58.89	17,433	69.14	16,229	68.21
TOTAL EQUITY AND LIABILITIES	40,327	100.00	36,149	100.00	32,527	100.00	27,143	100.00	25,215	100.00	23,794	100.00
ASSETS												
NON-CURRENT ASSETS												
Property, plant and equipment	16,442	40.77	15,510	42.90	14,467	44.48	14,818	54.59	13,811	54.77	14,089	59.21
Intangible assets	324	0.80	338	0.94	344	1.06	349	1.29	311	1.23	315	1.32
Long term investments	26	0.07	9	0.02	64	0.20	8	0.03	10	0.04	4	0.02
Long term deposits	266	0.66	290	0.80	193	0.59	120	0.44	66	0.26	55	0.23
Long term advances	1,009	2.50	572	1.58	-	-	-	-	-	-	-	-
	18,068	44.80	16,719	46.25	15,068	46.32	15,295	56.35	14,198	56.31	14,463	60.79
CURRENT ASSETS												
Stores, spares and loose tools	813	2.02	793	2.19	462	1.42	286	1.05	127	0.50	110	0.46
Stock in trade	7,846	19.46	6,182	17.10	6,317	19.42	3,883	14.31	3,790	15.03	4,247	17.85
Trade debts	8,433	20.91	7,700	21.30	7,124	21.90	5,476	20.18	5,643	22.38	3,656	15.36
Due against construction work in progress	1,128	2.80	1,024	2.83	1,005	3.09	421	1.55	212	0.84	251	1.05
Short term advances	955	2.37	914	2.53	830	2.55	648	2.39	448	1.78	466	1.96
Short term deposits and prepayments	1,259	3.12	1,331	3.68	853	2.62	453	1.67	291	1.15	228	0.96
Other receivables	480	1.19	390	1.08	188	0.58	25	0.09	20	0.08	17	0.07
Short term investments	23	0.06	86	0.24	22	0.07	23	0.08	12	0.05	7	0.03
Advance income tax	770	1.91	433	1.20	319	0.98	354	1.30	258	1.02	187	0.79
Cash and bank balances	552	1.37	578	1.60	340	1.05	278	1.02	216	0.86	162	0.68
	22,259	55.20	19,431	53.75	17,459	53.68	11,848	43.65	11,016	43.69	9,331	39.21
TOTAL ASSETS	40,327	100.00	36,149	100.00	32,527	100.00	27,143	100.00	25,215	100.00	23,794	100.00

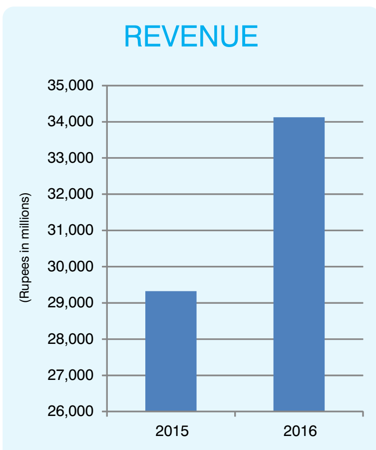
BALANCE SHEET ANALYSIS (EQUITY AND LIABILITIES)

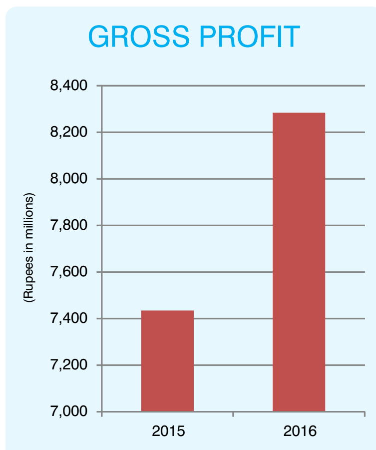


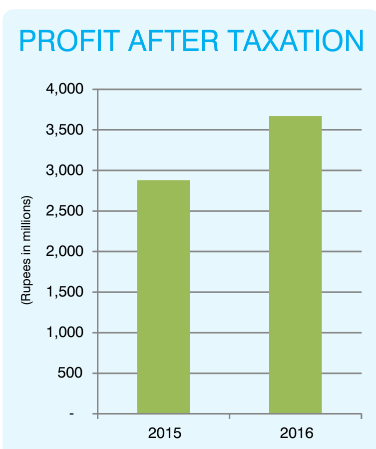
Horizontal and Vertical Analysis

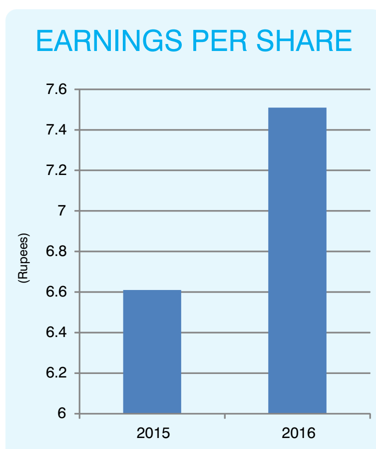
HORIZONTAL ANALYSIS - PROFIT AND LOSS

	2016 Rs. in M	2016 vs 2015 %age	2015 Rs. in M	2015 vs 2014 %age	2014 Rs. in M	2014 vs 2013 %age	2013 Rs. in M	2013 vs 2012 %age	2012 Rs. in M	2012 vs 2011 %age	2011 Rs. in M	2011 vs 2010 %age
Revenue	**34,124**	**16.37**	**29,323**	**21.54**	**24,126**	**27.94**	**18,856**	**(7.08)**	**20,294**	**47.88**	**13,723**	**(31.02)**
Sales tax and discount	(7,290)	73.52	(4,201)	16.45	(3,608)	51.12	(2,387)	(5.42)	(2,524)	6.04	(2,380)	0.32
Revenue *net*	**26,834**	**6.81**	**25,122**	**22.44**	**20,518**	**24.58**	**16,469**	**(7.32)**	**17,770**	**56.66**	**11,343**	**(35.27)**
Cost of sales	(18,550)	4.88	(17,688)	24.49	(14,209)	14.46	(12,414)	(12.12)	(14,126)	37.44	(10,278)	(25.60)
Gross profit	**8,284**	**11.43**	**7,434**	**17.83**	**6,309**	**55.59**	**4,055**	**11.29**	**3,644**	**242.16**	**1,065**	**(71.28)**
Other income	37	4.02	36	10.42	32	(29.72)	46	27.43	36	(2.35)	37	(27.08)
Distribution cost	(1,628)	22.29	(1,331)	22.17	(1,090)	34.63	(809)	(2.17)	(827)	4.34	(793)	(25.00)
Administrative and general expenses	(884)	16.56	(758)	9.99	(690)	7.30	(643)	2.94	(624)	(8.60)	(683)	(9.05)
Other expenses	(194)	3.27	(188)	65.12	(114)	233.61	(34)	632.64	(5)	(3.93)	(5)	(93.21)
	(2,706)	18.82	(2,277)	20.31	(1,893)	27.37	(1,486)	2.05	(1,456)	(1.66)	(1,481)	(21.21)
Operating profit	**5,616**	**8.14**	**5,193**	**16.72**	**4,449**	**70.11**	**2,615**	**17.61**	**2,224**	**(687.14)**	**(379)**	**(120.15)**
Finance cost	(1,497)	(10.14)	(1,665)	(12.02)	(1,893)	4.03	(1,819)	(11.25)	(2,050)	45.06	(1,413)	(12.96)
	4,119	16.77	3,528	38.00	2,556	221.18	796	358.32	174	(109.69)	(1,792)	(800.22)
Share of loss of associate	0	(102.29)	(13)	23.44	(11)	(47.90)	(21)	64.73	(13)	25.26	(10)	(292.13)
Profit before taxation	**4,119**	**17.22**	**3,514**	**38.07**	**2,545**	**228.46**	**775**	**381.55**	**161**	**(108.93)**	**(1,802)**	**(789.93)**
Taxation	(450)	(29.12)	(634)	108.72	(304)	81.30	(168)	262.29	(46)	(107.24)	639	(984.82)
Profit after taxation	**3,670**	**27.43**	**2,880**	**28.49**	**2,241**	**269.07**	**607**	**429.65**	**115**	**(109.86)**	**(1,163)**	**(715.51)**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	**3,670**	**27.43**	**2,880**	**28.49**	**2,241**	**269.07**	**607**	**429.65**	**115**	**(109.86)**	**(1,163)**	**(715.51)**





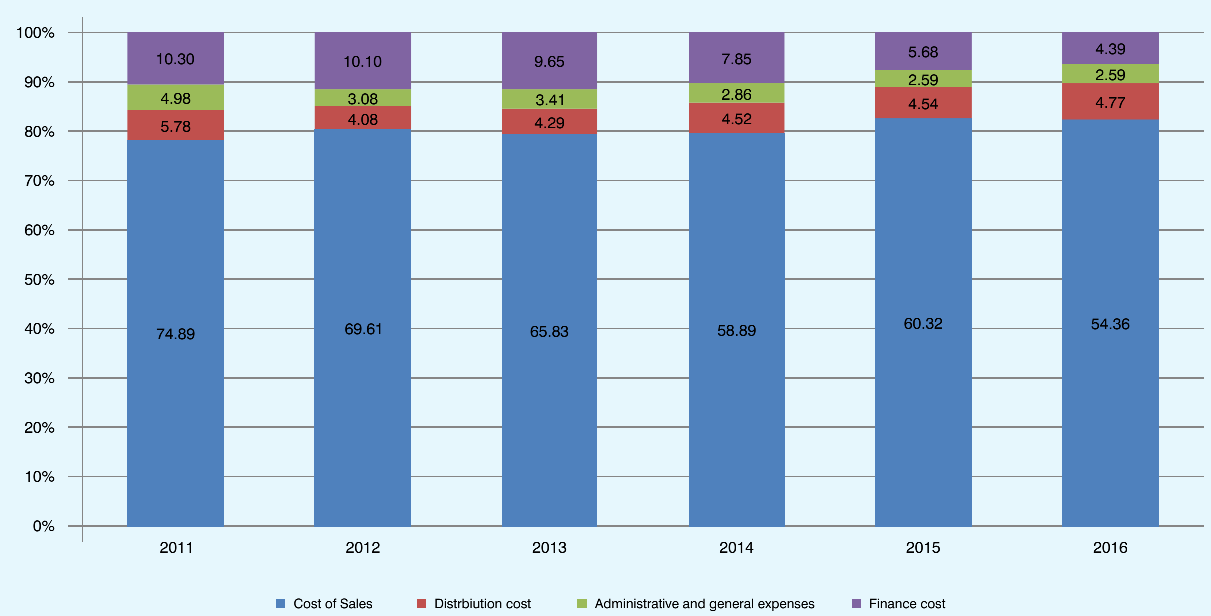




VERTICAL ANALYSIS - PROFIT AND LOSS

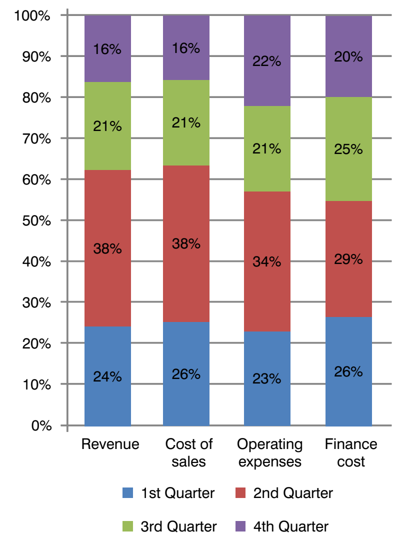
	2016		2015		2014		2013		2012		2011	
	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age	Rs. in M	%age
Revenue	**34,124**	**100.00**	29,323	100.00	**24,126**	**100.00**	**18,856**	**100.00**	**20,294**	**100.00**	**13,723**	**100.00**
Sales tax and discount	(7,290)	(21.36)	(4,201)	(14.33)	(3,608)	(14.95)	(2,387)	(12.66)	(2,524)	(12.44)	(2,380)	(17.35)
Revenue *net*	**26,834**	**78.64**	**25,122**	**85.67**	**20,518**	**85.05**	**16,469**	**87.34**	**17,770**	**87.56**	**11,343**	**82.65**
Cost of sales	(18,550)	(54.36)	(17,688)	(60.32)	(14,209)	(58.89)	(12,414)	(65.83)	(14,126)	(69.61)	(10,278)	(74.89)
Gross profit	**8,284**	**24.28**	7,434	25.35	**6,309**	**26.15**	**4,055**	**21.51**	**3,644**	**17.95**	**1,065**	**7.76**
Other income	37	0.11	36	0.12	32	0.13	46	0.25	36	0.18	37	0.27
Distribution cost	(1,628)	(4.77)	(1,331)	(4.54)	(1,090)	(4.52)	(809)	(4.29)	(827)	(4.08)	(793)	(5.78)
Administrative and general expenses	(884)	(2.59)	(758)	(2.59)	(690)	(2.86)	(643)	(3.41)	(624)	(3.08)	(683)	(4.98)
Other expenses	(194)	(0.57)	(188)	(0.64)	(114)	(0.47)	(34)	(0.18)	(5)	(0.02)	(5)	(0.04)
	(2,706)	(7.93)	(2,277)	(7.77)	(1,893)	(7.85)	(1,486)	(7.88)	(1,456)	(7.18)	(1,481)	(10.79)
Operating profit	**5,616**	**16.46**	**5,193**	**17.71**	**4,449**	**18.44**	**2,615**	**13.87**	**2,224**	**10.96**	**(379)**	**(2.76)**
Finance cost	(1,497)	(4.39)	(1,665)	(5.68)	(1,893)	(7.85)	(1,819)	(9.65)	(2,050)	(10.10)	(1,413)	(10.30)
	4,119	12.07	3,528	12.03	2,556	10.60	796	4.22	174	0.86	(1,792)	(13.06)
Share of loss of associate	0	0.00	(13)	(0.05)	(11)	(0.05)	(21)	(0.11)	(13)	(0.06)	(10)	(0.07)
Profit before taxation	**4,119**	**12.07**	**3,514**	**11.98**	**2,545**	**10.55**	**775**	**4.11**	**161**	**0.79**	**(1,802)**	**(13.13)**
Taxation	(450)	(1.32)	(634)	(2.16)	(304)	(1.26)	(168)	(0.89)	(46)	(0.23)	639	4.65
Profit after taxation	**3,670**	**10.75**	**2,880**	**9.82**	**2,241**	**9.29**	**607**	**3.22**	**115**	**0.57**	**(1,163)**	**(8.48)**
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	**3,670**	**10.75**	**2,880**	**9.82**	**2,241**	**9.29**	**607**	**3.22**	**115**	**0.57**	**(1,163)**	**(8.48)**

ANALYSIS OF EXPENSES



Quarterly Analysis

Rupees in millions	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Revenue	7,750	12,260	7,110	7,004
Sales tax and discount	(1,251)	(1,973)	(1,456)	(2,610)
Revenue - *net*	6,499	10,287	5,654	4,394
Cost of sales	(4,746)	(6,987)	(3,916)	(2,901)
Gross profit	1,753	3,300	1,738	1,493
Other income	12	10	4	11
Distribution cost	(354)	(599)	(356)	(319)
Administrative and general expenses	(238)	(235)	(175)	(236)
Other expenses	(38)	(87)	(32)	(37)
	(630)	(921)	(563)	(592)
Operating profit	1,135	2,389	1,179	913
Finance cost	(394)	(427)	(376)	(300)
	741	1,962	803	613
Share of loss of associate	(1)	(1)	5	(3)
Profit before taxation	740	1,961	808	610
Taxation	(208)	(228)	(67)	53
Profit after taxation	532	1,733	741	664
Other comprehensive income	-	-	-	-
Total comprehensive income	532	1,733	741	664



1st Quarter

Sales revenue during the first quarter was Rs. 7,750 million showing increase by 32% as compared to the corresponding quarter of the previous year . In this quarter, both of the divisions of PEL showed reasonable growth in term of volume and profits contributed by WAPDA/Discos' orders of Transformer and Switchgear in Power Division and a consistent growth in Refrigerator and Deep Freezer followed by a multiple growth in Air Conditioner and Microwave Oven in appliances division.

2nd Quarter

Sales revenue during the second quarter was Rs. 12,260 million showing increase by 20 % as compared to the correspondence quarter of the previous year. Mainly Appliances Division performed very well and broke several previous records especially in Refrigerator, Air Conditioner and Deep Freezers. This also happened due to success of new models. Distribution transformers also gained a handsome momentum.

3rd Quarter

In the third quarter, sales revenue showed 22% growth with sale of Rs. 7,110 million as compared to the corresponding quarter of the previous year. Again, the demand of Home Appliances remained very good and were the major contributor towards growth. The sale of Energy Meters and Power Transformers also picked up in this quarter.

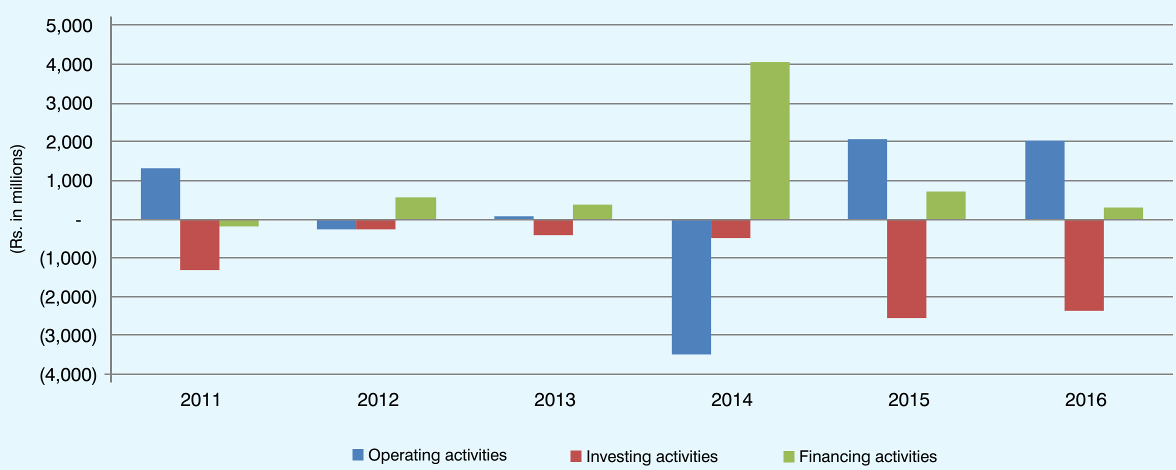
4th Quarter

The sales revenue during this quarter was 5% lower than the correspondence quarter of the previous year. The total revenue was Rs. 7,004 million. This quarter was a lean season for appliances division but in power division several EPC projects could not be executed timely due to delay from customers' side.

Direct Method Cash Flow Statement

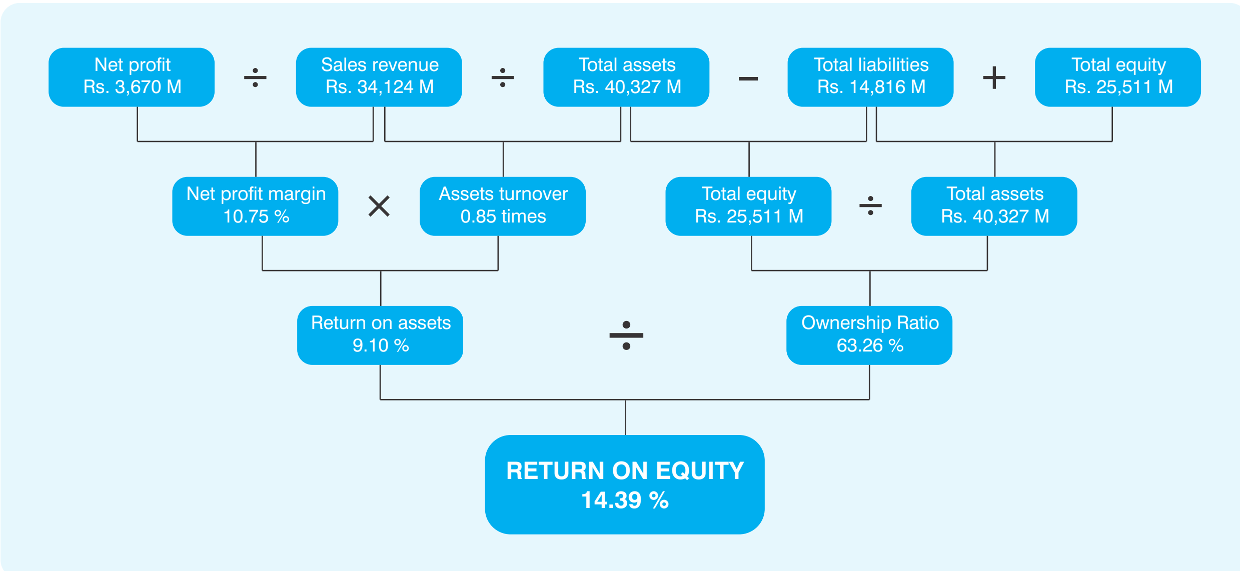
Rupees in millions	2016	2015	2014	2013	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers *net*	33,322	28,670	21,864	18,414	18,627	13,931
Payments to suppliers/service providers/employees etc *net*	(29,255)	(24,369)	(22,394)	(16,610)	(17,194)	(11,648)
Payment to Workers' Profit Participation Fund	(107)	(70)	(27)	(4)	-	(16)
Payment to Workers' Welfare Fund	(72)	(47)	(9)	(18)	-	-
Interest/mark-up on borrowings paid	(1,203)	(1,683)	(2,748)	(1,506)	(1,520)	(970)
Income taxes (paid)/refund	(661)	(437)	(170)	(214)	(160)	23
Net cash generated from/(used in) operating activties	**2,023**	**2,065**	(3,485)	63	(246)	1,320
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of property, plant and equipment	(1,731)	(1,878)	(387)	(334)	(281)	(1,383)
Purchase of intangible assets	-	-	(0)	(42)	-	(2)
Proceeds from disposal of property, plant and equipment	38	126	16	34	17	43
Acquisition of short term investments	-	-	(50)	-	-	-
Proceeds from sale of investments	65	-	-	0	-	16
Long term deposits	23	(97)	(73)	(53)	(5)	28
Long term advances	(751)	(688)	-	-	-	-
Net cash generated used in investing activties	**(2,356)**	**(2,537)**	(495)	(393)	(269)	(1,298)
CASH FLOWS FROM FINANCING ACTIVITIES						
Long term debt obtained	58	2,063	1,850	-	-	-
Repayment of long term debt	(1,854)	(2,912)	(319)	(80)	(72)	(558)
Net increase/(deacrese) in short term borrowings	313	426	345	(1,355)	640	280
Proceeds from issue of ordinary shares	2,406	-	2,064	1,828	-	-
Advances against issue of ordinary shares	-	1,575	-	-	-	-
Proceeds from sale and leaseback activities	4	52	100	-	-	73
Dividend paid	(619)	(494)	-	-	-	-
Net cash generated used in investing activties	**308**	**710**	4,041	393	569	(205)
Net increase/(decrease) in cash and cash equivalents	(25)	238	62	62	54	(182)
Cash and cash equivalents at the end of the year	578	340	278	216	162	344
Cash and cash equivalents at the end of the year	**552**	**578**	**340**	**278**	**216**	**162**

CASH FLOW ANALYSIS



Dupont Analysis

	Unit	2016	2015
Tax burden	%	**89.09**	81.95
Interest burden	%	**72.38**	66.36
EBIT margin	%	**21.21**	21.08
Asset turnover	Times	**0.67**	0.69
Leverage	%	**158.08**	180.78
Return on Equity	%	**14.39**	14.40



Plant Capacity and Production

	Unit	2016	2015	2014	2013	2012	2011
Annual Production Capacity							
Transformers	MVA	**7,000**	6,500	5,000	5,000	5,000	5,000
Switchgears	No.s	**12,000**	12,000	9,000	9,000	9,000	4,500
Energy Meters	No.s	**1,700,000**	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Air conditioners	Tonnes	**179,950**	90,000	90,000	90,000	90,000	90,000
Refrigerators/Deep Freezers	Cfts	**6,950,000**	5,500,000	5,000,000	5,000,000	5,000,000	5,000,000
Microwave Ovens	Litres	**850,000**	700,000	700,000	-	-	-
Actual Production							
Transformers	MVA	**4,966**	4,171	3,097	2,537	3,967	2,029
Switchgears	No.s	**8,378**	8,311	6,258	8,021	1,780	1,490
Energy Meters	No.s	**624,414**	320,875	579,237	277,732	264,148	349,611
Air conditioners	Tonnes	**44,949**	40,953	9,712	1,720	919	39,565
Refrigerators/Deep Freezers	Cfts	**5,153,397**	4,520,052	4,152,270	3,306,428	3,042,064	2,660,387
Microwave Ovens	Litres	**394,220**	389,809	236,391	-	-	-

Directors' Report

to the shareholders

Chairman's Review

It's been pleasure to inform that PEL has surpassed its targets of 2016 in terms of revenue, profitability and good governance, besides maintaining stakeholders' trust in quality of our products and business practices.

At the close of 2016, PEL boasts of achieving highest ever turnover of Rs. 34 Billion. The Appliances Division has witnessed a significant growth of 29% during the year as compared to previous year. This is all due to our strong customer focus, hard work of our human resource and performance of PEL's brand image in the industry.

During the year sales revenue of Power Division has increased by 3% as compared to the previous year. The slow growth in increase is due to difference in the order intake especially in EPC ordering from WAPDA and DISCOs. Company Order Book is healthy for the year 2017 due to economic revival of the industry and energy sectors, housing development and real estate projects. As the CPEC Projects of around 13,000 MW projects are in pipeline and privatization of DISCOs is underway, the Company foresee a promising future for this segment. Our focus will remain on continuous research and development which will enable us to not only cater for the local demands but also explore new markets outside Pakistan.

The Company under the young and energetic leadership has once again, emerged as a technology and innovation leader in both the Power and Domestic Appliances industries.

In view of commendable performance and with a view to provide a steady stream of income for the shareholders, the Board is pleased to propose a final dividend of Rs 1.75 per share, aggregating to an annual payout of 30% including interim distributions of Rs 1.25 per share.

PEL will continue its journey on the track of development and progress. With the best state-of the - art manufacturing set up in the region, the highest quality human resource and design infrastructure, your Company is committed to not only to maintain, but enhance its brand image in local as well as global markets. We are confident that the progressive approach of management team of PEL will take the Company to record breaking heights of success and prosperity.

M. Naseem Saigol
Chairman

Lahore
March 15, 2017

We again revamp our commitment to optimize share holders return in terms of profitability and sustainability. We promise safe journey in a stormy waves of challenges with our continuance pursuance to resilient productivity initiatives, improved brand portfolio and dedication.

چیئرمین کا جائزہ

میں بخوشی مطلع کرتا ہوں ہے کہ PEL نے اپنی مصنوعات اور کاروباری طریقوں کے معیار میں اسٹیک ہولڈرز کے اعتماد کو برقرار رکھنے کے علاوہ، آمدنی، منافع اور بہتر اسلوب حکمرانی کے لحاظ سے 2016 کے اپنے اہداف کو مزید تقویت دی ہے۔

2016 کے اختتام پر PEL کو 34 بلین روپے کے بلند ترین ٹرن اوور کے حصول پر فخر حاصل ہے۔ اپلائنسز ڈویژن نے گذشتہ سال کے مقابلے رواں سال کے دوران 29 فیصد کا نمایاں اضافہ ظاہر کیا ہے۔ یہ سب ہماری مضبوط کسٹمر پر نمایاں توجہ، ہمارے انسانی وسائل کی محنت اور صنعت میں PEL کے برانڈ امیج کی کارکردگی کی وجہ سے ہے۔

پچھلے سال کے مقابلے میں رواں سال کے دوران پاور کے شعبے کی سیل میں 3.4 فیصد تک اضافہ ہوا ہے۔ اضافہ میں سست روی خاص طور پر واپڈا اور ڈسکوز سے EPC آرڈرنگ کی مقدار میں فرق کی وجہ سے ہے۔ سال 2017 کے لئے کمپنی آرڈر بک صنعت اور توانائی کے شعبوں، ہاؤسنگ ڈویلپمنٹ اور ریئل اسٹیٹ منصوبوں کی اقتصادی بحالی کی وجہ سے صحت افزاء ہے۔ جیسا کہ CPEC کے منصوبوں میں سے تقریباً 13,000 میگاواٹ کے منصوبے پائپ لائن میں ہیں اور ڈسکوز کی نجکاری بھی جاری ہے، اس لیے کمپنی اس شعبہ کے لئے ایک امید افزا مستقبل کو دیکھ رہی ہے۔ ہماری توجہ مسلسل تحقیق اور ترقی پر رہے گی جو ہمیں نہ صرف مقامی طلب پورا کرنے بلکہ پاکستان سے باہر نئی منڈیوں کی دریافت کے قابل بنائے گی۔

نوجوان اور توانا، قیادت میں کمپنی ایک بار پھر پاور اور گھریلو اپلائنسز دونوں صنعتوں میں ٹیکنالوجی اور جدت کی رہنما کے طور پر ابھر کر سامنے آئی ہے۔

قابل ستائش کارکردگی اور حصص یافتگان کے لیے آمدنی کا ایک مستحکم ذریعہ فراہم کرنے کے نقطۂ نظر کے ساتھ بورڈ بخوشی آخری منافع منقسمہ (فائنل ڈیویڈینڈ) 1.75 روپے فی حصص (شیئر) کرنے کی تجویز پیش کرتا ہے جو کہ بشمول 1.25 روپے عبوری منافع منقسمہ (انٹیرم ڈیویڈینڈ) کل سالانہ ادائیگی 3 روپے فی حصص یعنی 30 فیصد بنتی ہے۔

PEL ترقی اور بہتری کے راستہ پر اپنے سفر کو جاری رکھے گی۔ خطے میں قائم بہترین اور جدید مینوفیکچرنگ سیٹ اپ، اعلیٰ ترین معیار کے انسانی وسائل اور ڈیزائن کے بنیادی ڈھانچے کے ساتھ، کمپنی برانڈ کے امیج کو نہ صرف برقرار رکھنے، بلکہ اس کے ساتھ ساتھ مقامی اور عالمی مارکیٹوں میں تقویت اور بڑھوتی کے لئے پرعزم ہے۔ ہمیں یقین ہے کہ PEL کی انتظامی ٹیم کا ترقی پسندانہ نقطۂ نظر کمپنی کو انشاءاللہ کامیابی اور خوشحالی کی ان گنت بلندیوں تک لے جائے گا۔

ایم نسیم سہگل
چیئرمین

لاہور
15 مارچ 2017ء

CEO's Remarks

In the year 2016, your Company continued to maintain growth momentum in revenues and profitability. Strong operational and financial performance is followed by enhanced production capacity, modernized technology footprint, increased sales, reduced cost base and more flexible distribution network.

Improved law and order situation, lower inflation and interest rates, a significant improvement in power supply and strong economic indicators played catalyst role in boosting the economy of the country. We are quite optimistic that with improved governance, the government would gradually surmount the challenges which have been hampering the economic growth of the country in the past decade.

Your Company has achieved an impressive growth of revenue and profits in 2016. Revenue achieved is Rs. 34,123 million which is higher by 16.3% as compared to the corresponding period (2015: Rs. 29,323 million). Increase in sales revenue is largely due to well-built growth of all product base fueled by enhanced and improved product portfolio, brand expansion and reasonable order uplift of power division products by WAPDA and Private sectors.

Appliance division witnessed a tremendous revenue growth of 28% during the year due to considerable market response to our all products. This is mainly attributable to the increased market penetration in air conditioner segment especially through the high quality "Inverter series" launched last year with heat and cool features. The quality Refrigerators specially energy efficient "Invert-o-Cool" series launched mid of Year 2016. The Company kept on improving product features, introduce aesthetics and increase product range that led to strengthening of respective.

Power division experienced a revenue growth of 3.4% particularly due to Low Performance of EPC Business attributable to timings of orders and their execution. The order book of EPC at the beginning of the year stands at over Rs 5 billion. Beside this the 34.4 % growth is achieved in Transformer Business and 53% growth is achieved in Energy Meter Business attributable to the improved orders from DISCOs and healthy activity within private sector including housing sector electrification. We foresee continuity and surge in demand for power division products due to continued focus of the government on improvement of power generation & distribution, supply infrastructure and better margins across all our product lines.

Gross profit achieved in 2016 amounts to Rs. 8,284 million as compared to Rs. 7,434 million for the 2015, resulting in an increase of 11 % as compared to previous year. Profit after tax was recorded at Rs. 3,670 million as compared to Rs. 2,880 for the previous year, resulting in a remarkable increase of 27%. Reduced energy costs, cost efficiencies, improved productivity, improved product design and Tax Efficiency has contributed in profit growth and increase in profits.

Earnings per share improved to Rs. 7.51 as compared to that of Rs. 6.61 of previous year. During the year, the Company also distributed cash dividend at Rs. 3 Per share to the shareholders.

To support the future growth in revenue, production and profits, Company has invested Rs. 1,816 million in plant and machinery, which will not only increase the production capacities, but will also improve efficiencies. This will support us to meet the production requirements during peak seasons and in timely deliveries against future high order intakes.

Looking ahead, high inventory levels, persistent pricing pressure and strong competition continue to pose challenges for Company profitability and performance. However, we remain committed to drive the business forward and explore the new avenues despite these numerous challenges. Resilient Company performance during 2016, besides our planned diversification & Productivity initiatives, improved brand portfolio and dedication provide confidence of sustained profitability for the shareholders of the Company.

M. Murad Saigol
Chief Executive Officer

Lahore
March 15, 2017

سی ای او کا مشاہدہ

"ہم منافع اور پائیداری کے لحاظ سے شیئر ہولڈرز کے منافع کو بڑھانے کے عزم کا اعادہ کرتے ہیں۔ ہم بہتر برانڈ پورٹ فولیو، لگن، لچکدار پیداواری اقدامات کرنے کے ہمارے جاری عمل کے ساتھ چیلنجوں کی طوفانی لہروں میں محفوظ سفر کا وعدہ کرتے ہیں"

سال 2016 میں، کمپنی نے آمدنی اور منافع میں اضافہ کی رفتار کو برقرار رکھا ہے۔ مضبوط آپریشنل اور مالیاتی کارکردگی کے لئے بہتر پیداواری صلاحیت، جدید ٹیکنالوجی فٹ پرنٹ، فروخت میں اضافہ، بنیادی لاگت میں کمی اور زیادہ لچک دار تقسیم کا نیٹ ورک اختیار کیا گیا ہے۔

بہتر امن وامان کی صورتحال، افراط زر اور سود کی شرح میں کمی، بجلی کی فراہمی میں نمایاں بہتری اور مضبوط اقتصادی حالات نے ملکی معیشت کو جزھوتی دینے میں اہم کردار ادا کیا ہے۔ ہم کافی پر امید ہیں کہ بہتر اسلوب حکمرانی کے ساتھ، حکومت بتدریج ان چیلنجوں پر قابو پالے گی جن کی وجہ سے گزشتہ ایک دہائی میں ملک کی اقتصادی ترقی میں رکاوٹ پیدا ہوگئی ہے۔

کمپنی نے 2016ء میں آمدنی اور منافع میں ایک شاندار ترقی حاصل کی ہے۔ حاصل کردہ آمدنی 34,123 ملین روپے ہے جو گزشتہ اسی مدت (2015:29,323 ملین روپے) کے مقابلے میں 16.3 فیصد زائد ہے۔ آمدن میں اضافہ زیادہ اور بہتر مصنوعات کے پورٹ فولیو، برانڈ کی توسیع اور واپڈا اور نجی شعبوں کی طرف سے پاور ڈویژن کی مصنوعات کے موزوں آرڈر لینے کے باعث ہوا ہے۔

اپلائنس ڈویژن نے سال کے دوران 29 فیصد کی زبردست آمدنی کا اضافہ ظاہر کیا ہے۔ جسکی وجہ ہماری تمام مصنوعات کیلئے مارکیٹ کا زبردست ریسپانس تھا جو کہ گزشتہ سال مارکیٹ میں متعارف کرائی گئی تھیں۔ یہ اضافہ بنیادی طور پر اعلی معیار کی AC کی "انورٹر سیریز" جو کہ گرم اور سرد خصوصیات کے ساتھ موجودہ سال مارکیٹ میں متعارف کرائی گئی تھی، کی وجہ سے ہے۔ معیاری فریج خاص طور پر بجلی بچانے والی "Invet-o-Cool" سیریز کا آغاز سال 2016 کے وسط میں کیا گیا۔ کمپنی نے مصنوعات کی خصوصیات کو بہتر بنایا، جمالیات کو متعارف کرایا اور مصنوعات کی رینج میں اضافہ کو برقرار رکھا جس نے کمپنی کی انفرادیت کو قوت بخشی۔

پاور ڈویژن نے موجودہ سال میں 3.4 فیصد زیادہ آمدنی حاصل کی ہے کم اضافہ کی وجہ خاص طور پر آرڈرز اور ان کی تکمیل کے اوقات سے منسوب EPC کاروبار میں کمی ہے۔ موجودہ سال کے آغاز پر EPC کی آرڈر بک 5 بلین روپے سے زیادہ ہے۔ اس کے علاوہ 34.4 فیصد اضافہ ٹرانسفارمر کے کاروبار میں حاصل کیا گیا ہے اور 53 فیصد اضافہ ہاؤسنگ سیکٹر کی الیکٹریفیکیشن سمیت نجی شعبہ میں صحتمندانہ سرگرمیوں اور ڈسکوز سے آرڈرز کی بہتری سے منسوب انرجی میٹر کاروبار میں حاصل کیا گیا ہے۔ ہم اپنی تمام پراڈکٹ لائنز کے بہتر منافع اور بجلی کی پیداوار اور اسکی فراہمی اور بنیادی ڈھانچے کی بہتری پر حکومت کی مسلسل توجہ کی وجہ سے پاور ڈویژن کی تمام مصنوعات کی طلب میں تسلسل اور اضافہ بمع بہتر منافع کی امید کرتے ہیں۔

خام منافع 2015 میں 7,434 ملین روپے کے مقابلے 2016 میں 8,284 ملین روپے حاصل ہوا جس کے نتیجے میں گزشتہ سال کے مقابلے 11 فیصد کا اضافہ ہوا۔ بعد از ٹیکس منافع گذشتہ سال 2,880 ملین روپے کے مقابلے 3,670 ملین روپے حاصل ہوا جو کہ نتیجتاً 27 فی صد کا ایک قابل ذکر اضافہ ہے۔ بجلی کے اخراجات میں کمی، لاگت کی بچت، بہتر پیداوار، مصنوعات کے بہتر ڈیزائن اور ٹیکس کی بچت نے منافع بڑھانے اور منافع میں اضافے کے لئے اہم کردار ادا کیا ہے۔

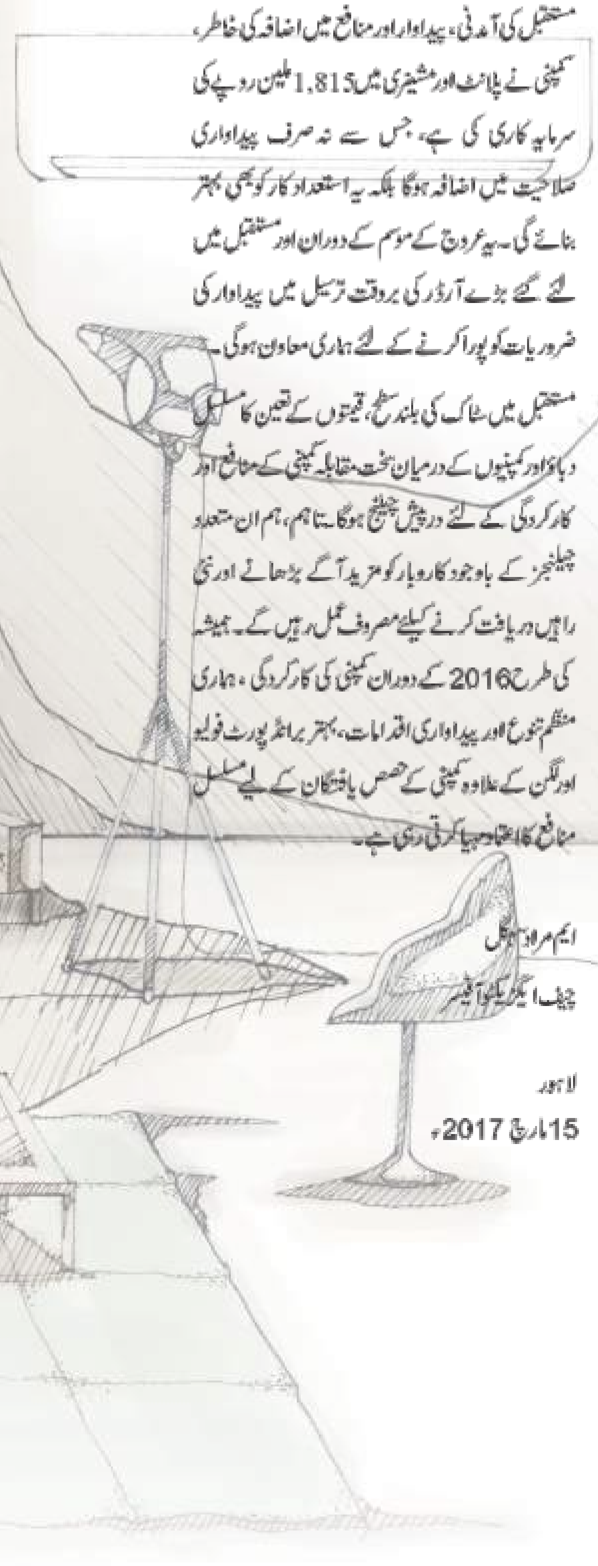
فی شیئر آمدنی گزشتہ سال کی 6.61 روپے کے مقابلے 7.51 روپے تک بہتر ہوئی۔ سال کے دوران کمپنی نے حصص داران میں 3 روپے فی شیئر نقد منافع منقسمہ بھی تقسیم کیا۔

مستقبل کی آمدنی، پیداوار اور منافع میں اضافہ کی خاطر، کمپنی نے پلانٹ اور مشینری میں 1,815 ملین روپے کی سرمایہ کاری کی ہے، جس سے نہ صرف پیداواری صلاحیت میں اضافہ ہوگا بلکہ یہ استعداد کار کو بھی بہتر بنائے گی۔ یہ عروج کے موسم کے دوران اور مستقبل میں لئے گئے بڑے آرڈر کی بروقت ترسیل میں پیداوار کی ضروریات کو پورا کرنے کے لئے ہماری معاون ہوگی۔

مستقبل میں سٹاک کی بلند سطح، قیمتوں کے تعین کا مسلسل دباؤ اور کمپنیوں کے درمیان سخت مقابلہ کمپنی کے منافع اور کارکردگی کے لئے درپیش چیلنج ہوگا تاہم، ہم ان متعدد چیلنجز کے باوجود کاروبار کو مزید آگے بڑھانے اور نئی راہیں دریافت کرنے کیلئے مصروف عمل رہیں گے۔ ہمیشہ کی طرح 2016 کے دوران کمپنی کی کارکردگی، ہماری منظم تنوع اور پیداواری اقدامات، بہتر برانڈ پورٹ فولیو اور لگن کے علاوہ کمپنی کے حصص یافتگان کے لیے مسلسل منافع کا اعادہ مہیا کرتی رہی ہے۔

ایم مراد سہگل
چیف ایگزیکٹو آفیسر

لاہور
15 مارچ 2017ء



Financial and Operational Review

MACRO - ECONOMIC OVERVIEW

Global Economic Overview

Global Economy remained depressed during the period under review especially the advanced economies due to certain events like Brexit and weaker than the expected growth in the United States and declining growth rate in China . These developments have put further downward pressure on global interest rates, as monetary policy is now expected to remain accommodative for longer. Although the market reaction to the Brexit shock was reassuringly orderly, the ultimate impact remains very unclear, as the fate of institutional and trade arrangements between the United Kingdom and the European Union is uncertain. Financial market sentiment toward emerging market economies has improved with expectations of lower interest rates in advanced economies, reduced concern about China's near-term prospects following policy support to growth, and some firming of commodity prices. But prospects differ sharply across countries and regions, with emerging Asia in general and India in particular showing robust growth.

In advanced economies, a subdued outlook subject to sizable uncertainty and downside risks may fuel further political discontent, with anti integration policy platforms gaining more traction. Several emerging market and developing economies still face daunting policy challenges in adjusting to weaker commodity prices. These worrisome prospects make the need for a broad-based policy response to raise growth and manage vulnerabilities more urgent than ever.

The low oil price environment since mid-2015 compelled the GCC countries to resort to stringent austerity measures. Lower subsidies, sizeable reduction in government spending and rising external financing was seen across the gulf countries. As a result, IMF projected the region's GDP to grow by 1.7% in 2016 as against 4% growth posted last year. UAE, and to a certain extent Qatar, are being supported by relatively diversified economies with continued investment in infrastructure projects cushioning the fall in oil prices. Going forward, subdued government spending will continue to constrain GCC economies, although to a lesser degree as oil prices may pick up in light of OPEC's recent decision to curtail production.

Domestic Economic Overview

On the external front, Pakistan has build up strong FX reserves which have surpassed a record level of USD 23 billion from as low as USD 8 billion in January 2014 and has also achieved a growth of 11.3% over the level of USD 20.8 billion a year ago. This has also led to a very strong to stable exchange rate regime during the past two years whilst improving overall import coverage. In view of the improved economic outlook, Pakistan has issued various global bonds, including Eurobonds and Sukuks, all met by strong interest from international capital markets. Due to a relatively stable balance of payments position during the year, PKR-USD exchange rate remained largely stable and closed 2016 at PKR 104.60, with marginal appreciation over PKR 104.74 at Dec'15.

For the fifth year in a row, the average CPI inflation remained in single digits at a lower level of 3.8% during 2016 due to the significantly lower commodity prices including Oil. Although the inflation level remains comfortable, the gradual rise in the CPI reading has brought the cautious view back on interest rates. Hence SBP decided to keep its policy rate largely unchanged during the year with the last change being a marginal rate cut of 25bps in May 2016.

The Pakistan Stock Exchange (PSX) continued its upward trajectory and has been approaching record levels of 50k points. During 2016, the KSE-100 index ended the year at around 48k points, posting a significant year on year growth of 46%, making it the best performing market in Asia during 2016. Strong performance of Pakistan equities in 2016 was mainly led by strong liquidity in the local system owing to low interest rates and rising investor confidence. Economic recovery has positively affected local demand for oil stocks while an improving security situation and exuberance on Pakistan's reclassification in MSCI Emerging Markets Index have also driven the overall bullish sentiment.

During Year 2016 (2015-16) Agriculture Sector growth remained slightly negative i.e. (0.02%) against 2.5% previous year growth due to decline in crops sector of 6.3% off set by improvement in live Stock and Fishing etc. Industry Sector posted a growth @ 6.8 % against 4.8% of preceding year mainly due to a 5% growth in manufacturing sector and 12.18% growth in electricity generation & distribution sector. Services sector posted a growth @ 5.7 % against 4.3% of previous year.

Industry Overview

The Present Government of Pakistan is continuously focusing on improvement of power distribution and supply infrastructure to meet energy crises, due to which the demand for electrical capital goods continues to grow. Power Generation Units under CPEC arrangement will add approximately 13,000 MWs of Electricity into National Grid. Augmentation of Power Transmission & Distribution –T&D Infrastructure is essential for its ultimate consumption. Government of Pakistan is spending considerably on Transmission Lines and Grid Stations and Your Company is receiving its due share in Grid Stations Installation after wining International and local Tenders.

The necessity to meet basic storage requirement for the preservation of edibles in addition to requirements of cold water and ice have made refrigerators and deep freezers an essential item for every household rather than a luxury. Improved power supply, reduced energy cost and increase in average temperature during summers over the years has escalated the demand for air conditioners. With the introduction of improved technology of energy saving products and improved per capita income, rural areas have also witnessed upsurge in demand for domestic home appliances. Market Potential can also be witnessed by the Entry of multinational players in the competition. A growing demand of Home Appliances is expected to fill the low penetration Gap.

BUSINESS PERFORMANCE REVIEW

Summary of operating results	2016	2015	YOY %
Gross revenue	34,124	29,323	16.37
Gross profit	8,283	7,434	11.42
Operating profit	5,616	5,193	8.15
Finance cost	1,497	1,665	(10.09)
Profit before tax	4,119	3,514	17.22
Profit after tax	3,670	2,880	27.43
Earnings per share - Rupees	7.51	6.61	

Financial and Operational Review

PRODUCT WISE OPERATING PERFORMANCE

Refrigerator

Being a flagship product of PEL, refrigerator contributed 82% of the appliance division's revenue and 47% of in total Company's revenue in the year 2016. Refrigerator registered a YOY sales growth of 26% and emerged as a Strong and leading Key Player in domestic market.

PEL energy efficient “Invert-o-Cool” series launched mid of Year 2016, was well received in Market. The refrigerator is a masterpiece of “Japanese Inverter Technology” with Electricity Saving Up to 40% with an improved aesthetics. “Single Door” Models, 1100 and 1400, are also launched during the year to cater the small size segments requirements. “Gloss Door Mirror Series” with door as reflector mirror introduced last year was received an over whelming response lead to Business volume growth. PEL Glass Door Series “INTELLO” with Supper Freezer, Bluetooth Speaker, Door Alarm and Intelligent Temperature control system is also launched in December 2016, is receiving an excellent response due to its additional and unique features. Parallel to Product development Initiatives, continuous marketing campaigns and tireless sales activities lead to Increased Volumes.

Your Company is well positioned to take opportunity of growing Macro Economic Indicators of country's Economy due to the Political stability and Improving Law & Order Situation. Govt. Efforts to Improve the Electricity supply will also increase demand of Refrigerators. Wide Product penetration gap is yet to be bridged, especially in rural areas. In Post Electricity Load Shedding Scenario, PEL's “Inverter Series Refrigerators” being “Energy saver” will have an additional demand. A number of initiatives with respect to product innovation which will be complemented with appropriate marketing campaigns are in pipeline.

Deep Freezer

PEL's innovative product satisfies not only the personalized requirements but as well as the corporate demands and has gained the popularity in a very short period of time. It has contributed to the growth quickly. Due to durability, quick turnaround time, customized product solutions, prompt after sales service and high quality, PEL Deep Freezers are preferred choice of corporate Institutions like Unilever, Engro Foods, Pepsi and Pakistan Dairies (Igloo), the major customers of PEL's deep freezers at the moment. Your company is not only maintaining stronger relations with existing corporate customers but is also striving to utilize this competitive advantage by acquiring other corporate clients including other beverage companies. After Sales Services department being quite responsive with a Team of highly skilled professionals, has maintained high confidence Level with Corporate Customers. On capitalizing its Technical Expertise, After sale service Department has singed service agreements with Coca Cola Beverages Limited, PEPSI Bottlers, Unilver, Engro Foods, Igloo (Pakistan Dairies Products Ltd.) for repair services of Deep Freezers, Visi Coolers and Chest Coolers in different parts of Pakistan. After sale service department has also signed service agreements with Zong for repair services of Air conditioners installed in their different offices in Pakistan.

Your Company after continuous R&D, has improved the quality and added different variants of its deep freezers to further capture retail market in addition to a new marketing campaign for its deep freezers with a new slogan, "sub say thanda", which is becoming popular in the retail market.

YOY Revenue is increased by 9%. Keeping in view growing Macro Economic Company foresees a multiple growth in both General Consumer Market and Corporate Sector. Demand of Deep Freezers at Commercial and domestic level is also likely to grow with expected decrease in Electricity Tariff and improvement in energy supply.

Air conditioner (AC)

Company maintained a market leadership in window type AC for a long time, which was hit by a technological shift on split air conditioners. PEL continued to focus on product innovation, channel optimization and strengthening its product profile, consequently leading to launching 2 cutting edge technology Inverter Air conditioner series i.e. Invert-o-Cool & Invert-Eco (Lambi Savings Wala AC). More Advanced product with the functionality of “Heat and Cool” is launched at end of the year which has not only increased the profitability but also the consumer reliability and satisfaction has strengthened.

YOY revenue has increased by 92% in year 2016 as compared to 2015. Aggressive Advertisement Campaign supported by Low Energy Consuming Quality Product, followed by efficient After Sales Services Net Work are the key dynamics of this achieved growth. Company Foresee a multiple growth in AC Business in following year due to healthy Macro Economic Indicators and expected electricity tariff decrease. Further uninterrupted electricity supply will lead to another cost economy due to “Inverter based Technology”.

Microwave Oven

During the year, Company also launched several innovative MWO Series “Desire Series” and “Glamour Series” to provide diversified home appliance solutions for different kinds of foods and brought in customized cooking experience. These includes solo as well as grill models inspired by users' need for both the options. The PEL microwave ovens are equipped with manual as well digital interface depending on customers' needs. Not only were these well-designed and space-saving, they also offered customized cooking experience, Specially the Glamour Series which has built in recipes.

The leading position of PEL microwave ovens series in the top-end segment was further strengthened after the launch of large capacity models in the second half including 26 Ltrs & 30 Ltrs models. Your Company believes that continuing investment in R&D and production technology upgrade is the key to keeping our products competitive.

Water Dispenser & Washing Machine

Company aims to complete the home appliances range, to cater the consistent Market Demand. Company has set up a Water Dispenser Assembly Unit in 2016 and has already launched assembled Units in local market. Keeping in View the impressive Market response company decided to invest in setting up manufacturing line against which the Commercial Production has been started in February 2017 to save the cost.

Foreseeing the market demand Company is also considering to set up a Washing Machine Manufacturing/Assembly Facility in the year 2017.

Distribution transformer (DTR)

Distribution Transformer is among Company's Premier Products. PEL is engaged in Distribution Transformer since its inception in 1958. With its excellent performance history, Company is ranked number 1 among Local Market Key Players with a substantial market share. After Siemens Quit from Transformer Business PEL is the most Prominent Figure in Local Market. Revenue of this Segment remained higher by 35% from previous year due to the smooth ordering from WAPDA & Discos. This Timely Performance is accompanied by State of the Art Manufacturing and Testing Facilities and Exceptional Human Resource Capabilities.

A number of developments took place during the year that led to this growth and is expected to further boost DTR business in the future:

- Successful Short Circuit Testing of PEL Green Transformers (with Bio Degradable Fluid instead of conventional Mineral Oil) 1,500 & 630 KVA (11KV) at KEMA – Netherlands for Jordan Electric Power Company - JEPCO Jordan (First time by a Pakistani manufacturer in its history).
- Successful Short Circuit Testing of PEL Green Transformers (with Bio Degradable Fluid instead of conventional Mineral Oil) 250 & 630 KVA (33 KV) at KEMA – Netherlands for Jordan Electric Power Company - JEPCO Jordan (First time by a Pakistani manufacturer in its history).
- Technical Documents for Aluminum Winding Type Distribution Transformers have been approved by Saudi Electric Company – SEC. Prototypes are under development process.

WAPDA and DISCOs remain the major customers of this segment along with the private customers. Your Company relishes significant competitive advantage of its DTR over its competitors in the local market due to development of new and improved prototypes by the Engineering Department of PEL. Your Company is also gaining ground in the export market in Middle East, Africa, and Central Asia, Swaziland with special focus on Afghanistan.

Privatization of DISCOs is underway and the Company believes to gain further business as a result of structural reforms that may follow subsequent to privatization. PEL transformer manufacturing facility continues to be the flagship of the Company by maintaining its image of being the best state-of the - art manufacturing set up in the region. With the highest quality human resource, manufacturing and design infrastructure, your Company is committed to not only maintain, but enhance its brand image in local as well as global markets.

Power transformer (PTR)

Power Transformer is a high value asset in any electrical network. PEL is Country's Largest 132 kV Power Transformer Supplier and also qualified for 220 KV.

During the Year, Sales Revenue of Power Transformer dropped by 4% as compared to last year, due to delayed production associated with delayed WAPDA ordering. With Projects under CPEC of around 13,000 MW in pipeline and privatization of DISCOs, the Company foresees a promising future for this segment. Our focus will remain on continuous research and development which will enable us to not only cater for the local demands but also explore new markets outside Pakistan. Research in convertor and rectifier transformers is a promising new area in power transformer industry.

Financial and Operational Review

Switch Gears (SG)

PEL is engaged in switchgear business since its inception in 1958 and is one of the leading manufacturers of Pakistan. Switch Gear Business reflected a YOY revenue growth of 17%. Company order book remained healthy due to economic revival of national industry in textile and energy sectors, housing development and industrial estate projects.

Automatic Powder coating Plant is now functional after successful commissioning with low power consumption, saving in paint cost and with excellent quality output. A European make CNC Punching Machine along with a Press brake is added into switchgear Production line to excel product quality. Switchgear department has managed a successful testing of K-Electric 11 KV substation panel at WAPDA Lab. This will be a great support to penetrate into south region.

We have optimistic orders outlook, aligned the visible signs of economic stimulation of national industry in textile and energy sectors. The overall private business of housing schemes and upcoming

projects of industrial estates seem very promising in 2017. We are confident to increase our market share and switchgear business will even grow further during the coming months.

Energy Meters

Energy Meter Business reflected recovery signs; revenues of Rs. 1,089 Million have been secured registering an increase of 53 % due to smooth ordering by WAPDA Distribution companies. This trend is likely to be continued in future as well.

AMR / AMI (Advanced Metering Reading/Infrastructure) Project is delayed by Government of Pakistan due to delay in certain approvals, although Asian Development Bank has been Approved a Loan of $ 450 Million. The investment program aims to improve the financial viability of Pakistan's power distribution sector by reducing power distribution losses and power outages, improve revenue collection, provide automated power consumption data, modernize electricity metering and billing system and improve customer services by installation of customer information system.

Your Company is well positioned to take its due market share, as has already developed Single Phase, Three Phase GSM Energy Meters and DLMS Compliant Single Phase Energy Meter and got it approved from NTDC.

Development of Three Phase GSM / GPRS based on MPECO Specification Customized Meter and development of Firmware, Programming and Calibration Software for smooth Production flow were among the other achievements during the Period.

The Company is also exploring export markets for these products and has received a number of enquiries from Afghanistan and other countries. Company Prequalification as Energy Meter Supplier is under Process with Ministry of Electricity & Water Kuwait. Efforts are underway to secure bigger orders directly from Afghan utility as well as from private contractors who are working on different projects in Afghanistan and within Pakistan.

EPC Contracting

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

This segment business volume remained lower due to low orders intake followed by orders timing. Orders backlog while entering in Year 2017 of Rupees 3.384 Billion is ever High in EPC Business history. Orders intake during the Year 2016 of Rs. 4.336 Billion includes a land Mark achievement of an order of 220 KV GIS Grids Station of Rs. 1.3 Billion. Capitalizing the Performance History Company Succeeded in Securing Asian Development Bank funded orders awarded through international tenders for Installation of 7 Grid Stations at various WAPDA Distribution Companies Valuing Rs. 2.505 Billion.

During the Year 132 / 11.5 KV AIS substation at Fqeerwali Completed and after successful commissioning handed over to Multan Electric Power Company – MEPCO. Underground Electrification and External Electrification Projects of DHA Phase VI & Phase VII were also Completed and handed over after successful energization.

Our order book is still open even after a 3.384 Billion Business in hand with a healthy pipeline as well. In year 2017 Business Execution will be a real challenge. Our EPC Team of Seasoned Professionals with an excellent performance history is determined to convert this challenge into an opportunity.

EPC Business has a great Potential due to CPEC developments and Local Construction Industry Boom. Your Company is well prepared to grasp arising future opportunities in this sector.

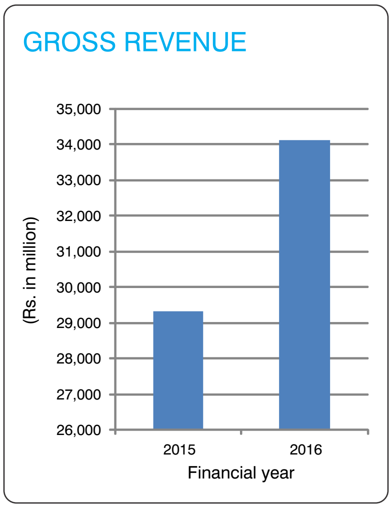
FINANCIAL PERFORMANCE ANALYSIS

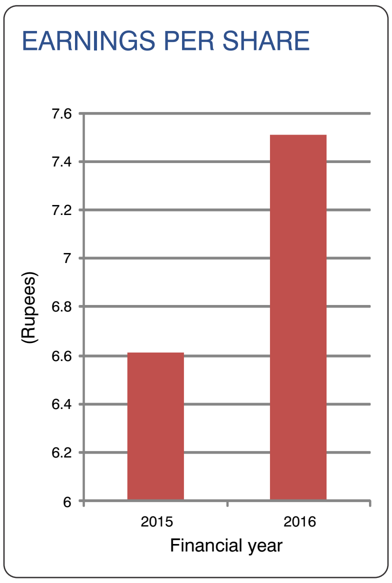
PEL recorded net earnings of Rs. 3,670 million during the year 2016, registering highest ever revenue in the history of the Company. The achievement was supported by strengthening of financial base and brand portfolio, enhanced production capacity, modernized technology footprint, increased sales, reduced cost base and more flexible distribution network. Analysis of operating performance is presented below:

The Company earned record revenue of Rs. 34,123 million, through incremental revenue generation of Rs. 4,801 million mainly due to strong growth throughout the product base fueled by enhanced and improved product portfolio, brand expansion, diminishing competition and reasonable order uplift of power division products by WAPDA and Private sectors.

Gross profit achieved in 2016 amounts to Rs. 8,284 million as compared to Rs. 7,434 million for the 2015, resulting in an increase of 11% as compared to previous year. The increase is attributable to rise in exports, reduced oil prices, cost efficiencies, improved productivity and improved product design.

Distribution costs were recorded at Rs. 1,628 million, showing an increase of 22% from the previous year due launch of aggressive advertisement campaign for newly launched Inverter Series in Refrigerator and Air Conditioner.





Finance costs reduced by Rs. 168 million to Rs. 1,497 million in comparison to previous year due to repayments of debt finances and decrease in KIBOR rates.

Provision for taxation was recorded at Rs. 450 million, 29% lower than the previous year mainly because of lower provision for deferred tax.

The results of the above translated into earnings per share of Rs. 7.51 as compared Rs. 6.61 for the pervious year.

FINANCIAL POSITION ANALYSIS

Total equity improved by 7,224 million due to issue of right ordinary shares inclusive of premium amounting to Rs. 3,981 million, net profit of Rs. 3,670 million and transfer of incremental depreciation from surplus on revaluation of property, plant and equipment amounting to Rs 194.85 million partially offset by distribution of interim dividend on ordinary shares amounting to Rs. 622.102 million.

Short term borrowings showed an increase of Rs. 322.76 million due to surge in operating activity.

Contingencies, comprising of bonds and guarantees, reduced by Rs. 233.25 million due to release of performance related guarantees / bonds.

Financial commitments stood at Rs. 4,336.97 million at the close of 2016 in respect of ujrah payments and letters of credit for import of stores, spares parts and raw material showing an increase of Rs. 2,356.60 million due to Company's aggressive future business plans.

Capital expenditure during the year amounted to Rs. 1,731 million.

The Group disbursed interest free loans to dealers amounting to Rs 861.2 million for renovation of showrooms.

Trade debts increased by Rs. 733.051 million as a direct result of increase in turnover.

The Group's asset base thus recorded a net increase of Rs. 4,177.61 million to Rs. 40,327 million.

Financial and Operational Review

LIQUIDITY MANAGEMENT

Liquidity Position

Proceeds from issue of right ordinary shares amounting to Rs. 2,406 million strengthened Group's liquidity base. The Group's liquid assets comprise short term investments and cash and bank balances which stood at an aggregate of Rs. 575.316 million at the close of 2016 after additional pledge in working capital, addition in fixed assets and redemption of redeemable capital.

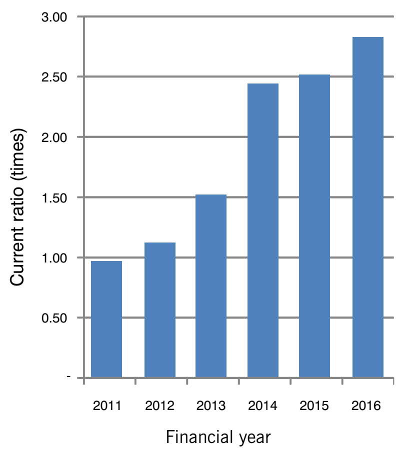
Liquidity management

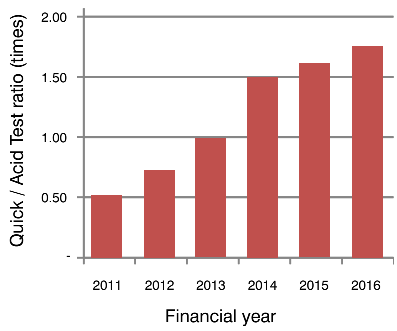
The Group continuously aims to maintain a strong liquidity position through an effective management system to ensure availability of sufficient working capital. The Board of Directors has built an appropriate liquidity management framework for the management of the Group's short, medium and long-term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

Repayment of debts and recovery of losses

The Group's external long term debt stood at Rs. 6,392.52 million at the close of 2016 recording a net decrease of Rs. 1711.20 million.

Short term borrowings showed an increase of Rs. 312.67 million due to surge in operating activity.





PEL is in the process of finalizing re-profiling exercise based on mutual agreement to be made amongst the existing investors for redemption/settlement of outstanding preference shares.

Further, debt equity swap arrangement between PEL and National Bank of Pakistan ('NBP') for conversion of Private Placed Term Finance Certificates of Rs. 1,650 million has been withdrawn. A new redemption plan is yet to be agreed and finalized between PEL and NBP. PEL has proposed to redeem the said issue in eight equal quarterly installments commencing from January 2021.

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

CASH FLOWS AND FINANCING ARRANGEMENTS

Cashflow Analysis

Net cash generated from operating activities amounted to Rs. 2,022.64 million, after adjustment of interest/mark-up payments of Rs. 1203.48 million and income tax payments of Rs. 660.852 million.

Net cash used in investing activities amounted to Rs. 2,355.98 million comprising payments for capital expenditure of Rs. 1,730.71 million, and long term advances of Rs. 861.20 million partially offset by proceeds from disposal of property, plant and equipment amounting, refund of long term deposits , recovery of long term advances and proceeds from disposal of short term investments amounting to Rs. 235.92 million.

Net cash generated from financing activities amounted to Rs. 307.87 million comprising proceeds from Issue right shares amounting to Rs. 2,406.20 Million , Long Term Finance obtained Rs. 58.07 Million , Proceeds from Increase from Short Term borrowings Rs. 312.761 Million and proceeds from sales & lease back activities Rs. 4.43 Million offset redemption of redeemable capital Rs. 1,003.60 Million, Payment of Long Term Finances Rs. 746.31 Million , Repayment of Lease Liabilities Rs. 104.20 Million and a dividend Payment of Rs.619.49 Million.

Financing arrangements

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

The Group's long term debt and short term borrowings at the close of 2016 stood at Rs. 6,392.52 million and Rs. 4,981.66 million respectively. Un-availed borrowing facilities at the close of 2016 amounted to Rs.5,895 million.

CAPITAL STRUCTURE

PEL's capital structure comprises of Rs. 5,426 million of share capital with net worth of Rs. 20,840 million, which improved by 53.06% over the previous year.

Long term debt (excluding current maturities) stood at Rs. 4,604 million at the close of 2016 with a debt-equity ratio of 20.04% as compared to 28.84% in 2015.

DIVIDEND AND APPROPRIATIONS

During the year, PEL distributed cash dividend on ordinary shares at Rs. 1.25 per ordinary share as interim dividend and declared a final dividend at Rs.1.75 per ordinary share.

RELATIONSHIP BETWEEN RESULTS AND OBJECTIVES

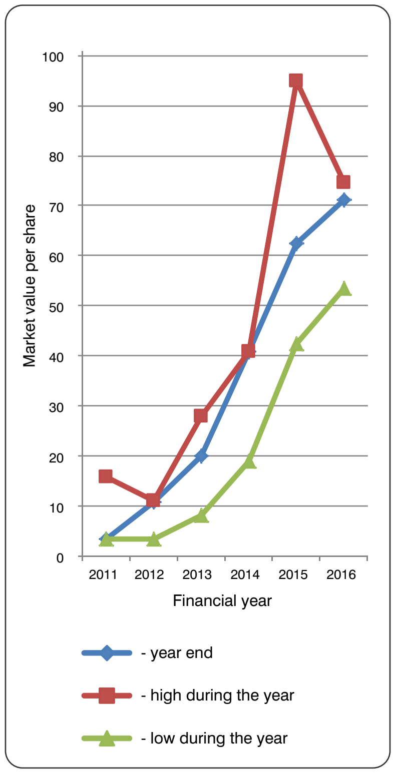
The year 2016 has been a successful year for PEL in terms of meeting or exceeding business objectives.

PEL achieved the highest ever sales of Rs. 34,123.972 million primarily due to strong growth throughout the product base fueled by enhanced and improved product portfolio, brand expansion, diminishing competition and reasonable order uplift of power division including WAPDA and Private sectors.

MARKET SHARE INFORMATION

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

As at December 31, 2016, the market capitalization of PEL's shares stood at Rs. 35,475 million, up by 42.47% from previous year. PEL's share traded at an average of Rs. 66.32 per share, market price experienced fluctuations, principally caused by market psychology, speculative investors and material events occurring during the year, between Rs. 53.57 and Rs. 74.64 per share. Total trading volume during the year was 1,176 million shares.



THE GROUP'S PROSPECTS

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

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

Financial measures

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

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

Non-financial measures

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

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

Financial and Operational Review

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

An operating segment is a component of an entity:

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

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

c) for which discrete financial information is available.

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

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

Power Division

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

Rupees in millions

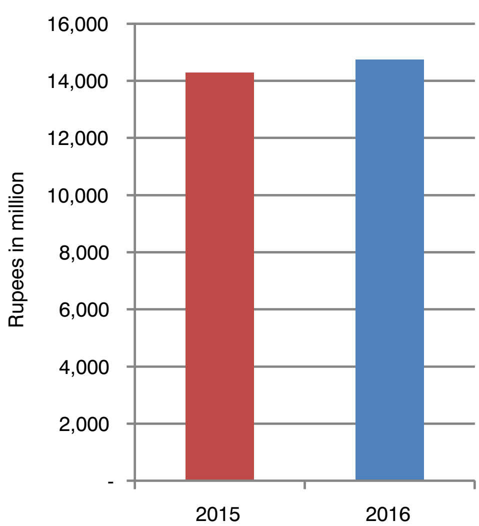
	2016	2015	YoY (%)
Revenue	**14,605**	14,140	3.29
Finance cost	**654**	818	(20.05)
Profit before tax	**1,542**	1,481	4.12

Appliances Division

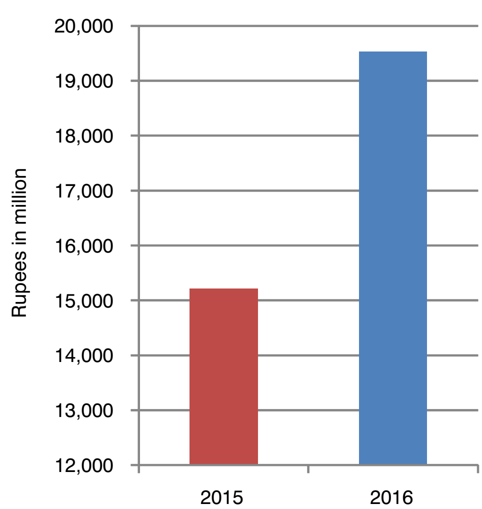
Appliances division recorded 29% growth in revenue to Rs.19,519 million in comparison with previous year resulting in profit before tax of Rs. 2,730 million for the year, up by 24% from the previous year. A summary of operating results of appliances division is presented below:

Rupees in millions

	2016	2015	YoY (%)
Revenue	**19,519**	15,183	28.56
Finance cost	**842**	847	(0.59)
Profit before tax	**2,730**	2,197	24.26



REVENUE
POWER DIVISION

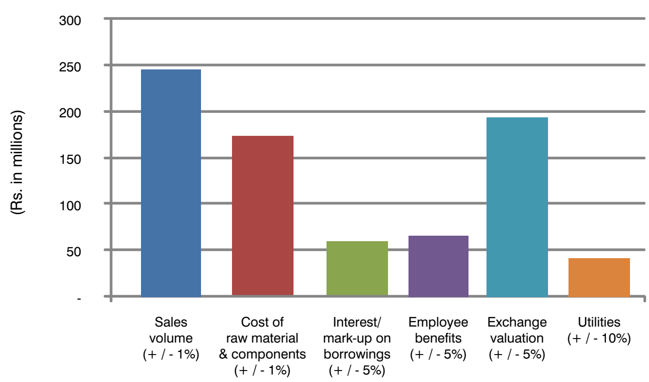


REVENUE
APPLIANCES DIVISION

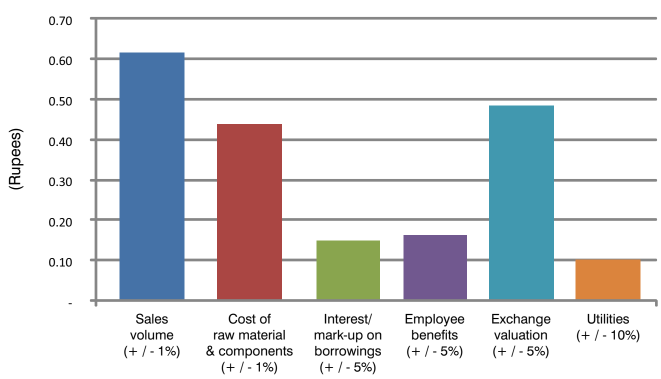
SENSITIVITY ANALYSIS

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

Variable	Defined Shift	Impact on PAT *(Rupees in million)*	Impact on EPS *(Rupees)*
Sales volume	+ / - 1%	244.68	0.61
Cost of raw material and components	+ / - 1%	173.79	0.44
Interest/mark-up on borrowings	+ / - 5%	59.96	0.15
Employee benefits	+ / - 5%	65.20	0.16
Exchange valuation	+ / - 5%	193.21	0.49
Utilities	+ / - 10%	40.42	0.10



IMPACT ON PROFIT AFTER TAX



IMPACT ON EARNINGS PER SHARE

SUBSEQUENT EVENTS

The Board of Directors in their meeting held on March 15, 2017 has proposed a dividend on ordinary shares at Rs.1.75 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by shareholders in the forthcoming annual general meeting.

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

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مالی اور عملی جائزہ

ڈسٹری بیوشن خسارہ اور بجلی کی بندش کو کم کر کے محصولات کی آمدنی کو بہتر بنا کر، خود کار پاور کنزمپشن کے اعداد و شمار فراہم کر کے بجلی کو ماپنے اور بلنگ کے نظام کو جدید اور کسٹمر کی معلومات کے نظام کی تنصیب کے ذریعے کسٹمر سروسز کو بہتر بنا کر پاکستان کے پاور ڈسٹری بیوشن شعبہ کی مالی قابلیت کو بہتر بنانا ہے۔

کمپنی پہلے سے ہی سنگل فیز، تھری فیز GSM انرجی میٹر اور DLMS کمپلینٹ سنگل فیز انرجی میٹر تیار اور این ٹی ڈی سی سے منظور کروا کر اپنا مقررہ مارکیٹ شیئر حاصل کرنے کی پوزیشن میں ہے۔

MPECO کی تصریحات کے مطابق تھری فیز GPRS/ GSM میٹرز کی بہتری اور ہموار پیداواری بہاؤ کے لئے فرم ویئر، پروگرامنگ اور کیلیبریشن سافٹ ویئر کی بہتری مدت کے دوران دیگر کامیابیوں میں شامل ہیں۔

کمپنی ان مصنوعات کے لئے برآمدی منڈیوں کی متلاشی ہے اور افغانستان اور دیگر ممالک بڑی تعداد میں استفسارات موصول ہوئے ہیں۔ انرجی میٹر سپلائر کے طور پر کمپنی پری کوالیفکیشن کا عمل وزارت بجلی اور پانی کویت کے ساتھ جاری ہے۔ افغان یوٹیلٹی کے ساتھ ساتھ افغانستان میں اور پاکستان کے اندر مختلف منصوبوں پر کام کرتے والے نجی ٹھیکیداروں سے براہ راست جڑے آرڈرز کو محفوظ بنانے کے لئے کوششیں جاری ہیں۔

EPC کنٹریکٹنگ

PEL-EPC ڈیپارٹمنٹ الیکٹریکل نیٹ ورکس/ الیکٹریفکیشن اور 220 کے وی لیول تک گرڈ اسٹیشنز پر مشتمل بجلی کے بنیادی ڈھانچے کے منصوبوں کی تعمیر کے لئے انجینئرنگ پروکیورمنٹ اینڈ کنسٹرکشن (EPC) میں شامل معاہدے حاصل کرتا ہے۔

اس شعبہ کا کاروباری حجم آرڈرز کے تاخیر میں ملنے کی وجہ سے کم رہا۔ سال 2017 کے آغاز میں بقایا آرڈرز EPC بزنس کی تاریخ میں سب سے زیادہ 3.384 بلین روپے کا ہے۔ سال 2016 کے دوران 4.336 بلین روپے کے آرڈرز میں شامل 1.3 بلین روپے کا 220 کے وی GIS گرڈ سٹیشن کے آرڈر کا حصول ایک اہم کامیابی بھی ہے۔ کارکردگی کی تاریخ رقم کرتے ہوئے کمپنی مختلف واپڈا ڈسٹری بیوشن کمپنیوں میں 2.505 بلین روپے کے 7 گرڈ اسٹیشن کی تنصیب کے لئے بین الاقوامی ٹینڈرز کے ذریعے حاصل کردہ ایشیائی ترقیاتی بینک فنڈڈ آرڈرز حاصل کرنے میں کامیاب ہوئی۔

سال کے دوران تعمیر والی میں 132 KV/ 11.5 کا AIS سب سٹیشن مکمل ہوا اور کامیاب کمیشننگ کے بعد ملتان الیکٹرک پاور کمپنی میپکو کے حوالے کیا گیا۔ ڈی ایچ اے فیز VI & فیز VII کے زیر زمین بجلی اور بیرونی بجلی کے منصوبے بھی مکمل اور کامیاب انرجائزیشن کے بعد سونپے گئے۔

ہماری آرڈر بک ایک صحت مند پائپ لائن کے ساتھ زبردست 3.384 بلین روپے کے کاروبار کے بعد بھی ابھی کھلی ہے۔ سال 2017 میں کاروبار کی ایگزیکیوشن ایک حقیقی چیلنج ہوگا۔ ایک بہترین کارکردگی کی تاریخ کے ساتھ تجربہ کار پیشہ ور کی ہماری EPC ٹیم اس چیلنج کو ایک موقع میں تبدیل کرنے کے لئے مقرر کی گئی ہے۔

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

ڈسٹری بیوشن ٹرانسفارمر(DTR)

ڈسٹری بیوشن ٹرانسفارمر کمپنی کی پریمیئر مصنوعات میں سے ایک ہے۔1958 میں اپنے قیام کے آغاز سے PEL ڈسٹری بیوشن ٹرانسفارمر کے کاروبار میں مصروف ہے۔اپنی اس شاندار کارکردگی کی تاریخ اور معقول مارکیٹ شیئر کے ساتھ کمپنی مقامی مارکیٹ کے اہم کھلاڑیوں میں ہے۔SIEMENS کے ٹرانسفارمر کے کاروبار سے الگ ہونے کے بعد PEL کومقامی مارکیٹ میں سب سے نمایاں حیثیت حاصل ہے۔اس شعبہ کی ٹرن اور واپڈا ڈسکو ز سے بروقت آرڈرز ملنے کی وجہ سے پچھلے سال کے مقابلے میں 35 فیصد زیادہ رہی۔ یہ کارکردگی جدید مینوفیکچرنگ اور ٹیسٹنگ سہولیات اور غیر معمولی انسانی وسائل کی صلاحیتوں کی وجہ سے ہے۔

سال کے دوران ہونے والی درجہ ذیل پیش رفت کے نتیجہ میں مستقبل میں کاروبار میں فروخت کی امید ہے۔

PEL گرین ٹرانسفارمرز کی KEMA ہالینڈ میں 1500 اور 250,630 کے وی اے (11,33 کے وی) کی کامیاب شارٹ سرکٹ ٹیسٹنگ ہوئی جوکہ اردن الیکٹرک پاور کمپنی-JEPCO اردن کے لئے بنائے گئے۔ PEL پاکستان کی تاریخ میں گرین ٹرانسفارمر بنانے والی پہلی کمپنی ہے۔

ایلومینیم وائنڈنگ قسم کے ڈسٹری بیوشن ٹرانسفارمر کے لئے تکنیکی دستاویزات کی سعودی الیکٹرک کمپنی SEC کی طرف سے منظوری دی گئی ہے اور اس کے prototypes بن رہے ہیں۔

واپڈا ڈسکوز نجی صارفین کے ساتھ ساتھ اس شعبہ کے اہم صارفین ہیں۔کمپنی PEL انجینئرنگ ڈیپارٹمنٹ کی طرف سے نئے اور بہتر prototypes کی تخلیق کی وجہ سے مقامی مارکیٹ میں اپنی حریف کمپنیوں سے آگے ہے۔کمپنی افغانستان پر خصوصی توجہ کے ساتھ مشرق وسطی، افریقہ اور وسطی ایشیا، سوئٹزرلینڈ میں برآمدی مارکیٹ میں اپنی ساکھ مضبوط کر رہی ہے۔

واپڈا ڈسکوز کی نجکاری کی جاری ہے اور کمپنی نجکاری کے بعد ہونے والی تبدیلیوں کے نتیجے میں مزید کاروبار حاصل ہونے پر یقین رکھتی ہے۔PEL ٹرانسفارمر مینوفیکچرنگ کی سہولت خطے میں سب سے بہترین جدید مینوفیکچرنگ سیٹ اپ ہونے کے ناطے اپنے امیج کو برقرار رکھے ہوئے ہے ۔ اعلی ترین معیار کے انسانی وسائل، مینوفیکچرنگ اور ڈیزائن کے بنیادی ڈھانچے کے ساتھ، کمپنی نہ صرف برقراری رکھے ہوئے ہیں بلکہ مقامی اور عالمی مارکیٹوں میں اپنے برانڈ امیج کو بڑھانے کے لئے پرعزم ہے۔

پاور ٹرانسفارمر(PTR)

پاور ٹرانسفارمر کسی بھی بجلی کے نیٹ ورک میں ایک قیمتی اثاثہ ہے۔ PEL 132 اور 220 کے وی پاور ٹرانسفارمر کی سپلائی کیلئے کوالیفائیڈ ہے۔

سال کے دوران، پاور ٹرانسفارمر کی فروخت کی آمدنی واپڈا کے تاخیری آرڈر کے ساتھ منسلک ہونے کی وجہ سے گزشتہ سال کے مقابلے 4 فیصد کم ہوئی۔CPEC کے تحت پائپ لائن میں تقریباً13,000 میگاواٹ کے منصوبوں اور ڈسکوز کی نجکاری کے ساتھ، کمپنی اس شعبہ کے لئے ایک امید افزاء مستقبل کی پیش گوئی کرتی ہے۔ ہماری توجہ مسلسل تحقیق اور ترقی پر مرکوز رہے گی جو نہ صرف ہمیں مقامی طلب پورا کرنے بلکہ پاکستان سے باہر نئی منڈیاں دریافت کرنے کے قابل بنائے گی۔ کنورٹر اور ریکٹی فائر ٹرانسفارمرز میں تحقیق پاور ٹرانسفارمر کی صنعت میں ایک نئی ابتداء ہے۔

سوئچ گیئرز(SG)

کمپنی 1958 میں اپنے قیام کے آغاز سے سوئچ گیئر کے کاروبار میں مصروف ہے اور پاکستان کے معروف مینوفیکچررز میں سے ایک ہے۔سوئچ گیئر کاروبار کی 17 فیصد کی سال بہ سال آمدنی نمو سے عکاسی ہوتی ہے۔کمپنی کی آرڈر بک ٹیکسٹائل اور توانائی کے شعبوں میں قومی صنعت کی اقتصادی بحالی، ہاؤسنگ ڈویلپمنٹ اور صنعتی اسٹیٹ منصوبوں کی وجہ سے صحت مند رہی۔

خودکار پاؤڈر کوٹنگ پلانٹ بجلی کی کم کھپت، پینٹ لاگت میں بچت اور بہترین معیاری پیداوار کے ساتھ کامیابی سے کام کر رہا ہے۔ یورپی ساختہ پریس بریک اور CNC پنچنگ مشین مصنوعات کے معیار کو بہتر بنانے کے لئے سوئچ گیئر کی پیداوار کی لائن میں اضافہ کیا گیا ہے۔سوئچ گیئر ڈیپارٹمنٹ نے واپڈا لیب میں K-الیکٹرک 11 KV سب سٹیشن پینل کی کامیاب ٹیسٹنگ کروائی ہے۔جس سے ملک کے جنوبی زون میں کاروبار کوفروغ حاصل ہوگا۔

ہم ٹیکسٹائل اور بجلی کے شعبوں میں ہونے والی ترقی کے پیش نظر اس سیکٹر میں کاروباری آرڈرز میں اضافہ کی توقع رکھتے ہیں ۔ ہاؤسنگ اسکیموں کے مجموعی نجی کاروبار اور انڈسٹریل اسٹیٹس کے آئندہ کے منصوبے 2017 میں بہت حوصلہ افزاء دکھائی دیتے ہیں۔ہم اپنے مارکیٹ شیئر میں اضافہ کے لئے پُر اعتماد ہیں اور آنے والے مہینوں کے دوران سوئچ گیئر کاروبار مزید بڑھ جائے گا۔

انرجی میٹرز (توانائی ماپنے کے آلات)

انرجی میٹر بزنس ریکوری علامات کی عکاسی کرتا ہے اس سال واپڈا ڈسٹری بیوشن کمپنیوں کو 1,089 ملین روپے کی سیل اور ہموار آرڈرز کی وجہ سے 53 فیصد کا اضافہ حاصل کیا گیا ہے۔یہ رجحان مستقبل میں بھی جاری رہنے کا امکان ہے۔

AMI / AMR (ایڈوانسڈ میٹر ریڈنگ/ انفراسٹرکچر) پروجیکٹ، حکومت پاکستان کی طرف سے منظوری میں تاخیر کی وجہ سے تاخیر کا شکار ہے، جبکہ اس مد میں ایشیائی ترقیاتی بینک نے 450 ملین ڈالر کے قرضہ کی منظوری دے دی ہے۔سرمایہ کاری کے پروگرام کا مقصد پاور

مالی اور عملی جائزہ

اضافہ ہوگا۔ مصنوعات کی جدت کے سلسلے میں کئی اقدامات جو موزوں مارکیٹنگ مہمات کے ساتھ سراہے جائیں گے پائپ لائن میں ہیں۔

ڈیپ فریزر

PEL کی جدید مصنوعات نے نہ صرف ذاتی نوعیت کی ضروریات بلکہ اس کے ساتھ ساتھ صنعتی طلب کو بھی پورا کیا اور وقت کے ایک بہت ہی مختصر عرصے میں مقبولیت حاصل کرلی ہے۔ اس نے فوری ترقی میں اہم کردار ادا کیا ہے۔ استحکام وقت کے ساتھ ساتھ کی تیزی سے تبدیلی، اپنی مرضی کے مطابق مصنوعات کے حل، فروخت کے بعد فوری سروس اور اعلیٰ معیار کی وجہ سے، PEL ڈیپ فریزر، یونی لیور، اینگرو فوڈز، پیپسی بوٹلرز اور پاکستان ڈیریز (Igloo) کی طرح کے صنعتی اداروں جو کہ PEL کے ڈیپ فریزر کے اہم صارفین ہیں، کی اولین ترجیح ہے۔ کمپنی نہ صرف موجودہ کارپوریٹ صارفین کے ساتھ مضبوط تعلقات کو برقرار بلکہ دیگر مشروبات کی کمپنیوں سمیت دیگر کارپوریٹ کلائنٹس کو اپنے دائرہ کار میں لاکر اس مسابقتی فوقیت کو استعمال کرنے کی بھی کوشش کررہی ہے۔ آفٹر سیلز سروسز ڈیپارٹمنٹ انتہائی ہنرمند پیشہ ور افراد کی ایک ٹیم کے ساتھ نہایت ذمہ دار ہونے کے ناطے کارپوریٹ صارفین کے اعلیٰ اعتماد کی سطح کو برقرار رکھتا ہے۔ اپنی تکنیکی مہارت میں سرمایہ کاری کرتے ہوئے آفٹر سیلز سروس محکمہ نے پاکستان کے مختلف علاقوں میں ڈیپ فریزر، وزی کولر اور چیسٹ کولر کی مرمت کی خدمات کے لئے کوکا کولا مشروبات لمیٹڈ، پیپسی بوٹلرز، یونی لیور، اینگرو فوڈز، Igloo (پاکستان ڈیریز پراڈکٹس لمیٹڈ) کے ساتھ سروس کے معاہدوں پر دستخط کئے ہیں۔ آفٹر سیلز سروس محکمہ نے زوننگ کے ساتھ پاکستان میں ان کے مختلف دفاتر میں نصب ایئر کنڈیشنر کی مرمت کی خدمات کے معاہدوں پر بھی دستخط کئے ہیں۔

کمپنی نے مسلسل R&D کے بعد ریٹیل مارکیٹ پر مزید قبضہ جمانے کی خاطر ایک نئے نعرہ "سب سے ٹھنڈا" کے ساتھ اپنے ڈیپ فریزر کے لئے ایک نئی مارکیٹنگ مہم کے علاوہ معیار اور اضافی مختلف صلاحیتوں کو بہتر بنایا جو ریٹیل مارکیٹ میں مقبول ہورہا ہے۔

سال بہ سال آمدنی 9 فیصد تک زیادہ ہوئی ہے۔ بڑھتی ہوئی میکرو اکنامک کے مدنظر کمپنی نے جنرل صارفین کی مارکیٹ اور کارپوریٹ سیکٹر دونوں میں کثیر نمو کی پیش گوئی کی ہے۔ تجارتی اور گھریلو سطح پر ڈیپ فریزر کی طلب بھی بجلی کے نرخوں میں متوقع کمی اور بجلی کی فراہمی میں بہتری کے ساتھ بڑھنے کا امکان ہے۔

ایئر کنڈیشنر (اے سی)

کمپنی نے طویل عرصہ تک ونڈو قسم کے AC میں اپنی مارکیٹ کی قیادت کو برقرار رکھا جس کو تکنیکی تبدیلی سے سپلٹ ایئر کنڈیشنر میں تبدیل کرکے کمزور کیا گیا۔ PEL نے مصنوعات کی جدت، چینل کی اصلاح اور اپنی مصنوعات کی پروفائل مضبوط بنانے پر توجہ مرکوز رکھنے کا سلسلہ جاری رکھا، جس کے نتیجے میں جدید ٹیکنالوجی انورٹر ائیر کنڈیشنر سیریز یعنی انورٹر اوکول اور انورٹ ایکو (بجلی بچت والا اے سی) کا آغاز کیا گیا۔ "گرم اور ٹھنڈی" فعالیت کے ساتھ زیادہ اعلیٰ درجے کی مصنوعات کا سال کے اختتام پر آغاز کیا جس نے نہ صرف منافع میں اضافہ بلکہ صارفین کا اعتماد اور اطمینان بھی مضبوط کیا ہے۔

سال بہ سال آمدنی 2015 کے مقابلے سال 2016 میں 92 فیصد زیادہ ہوئی ہے۔ بجلی کی بچت کرنے والی معیاری مصنوعات کی حمایت میں جارحانہ اشتہاری مہم، موثر آفٹر سیلز سروسز نیٹ ورک پر عملدرآمد اس حاصل کردہ ترقی کے کلیدی محرکات ہیں۔ کمپنی صحت مند میکرو اکنامک انڈیکیٹرز اور بجلی کے نرخوں میں متوقع کمی کی وجہ سے آئندہ سالوں کے دوران اے سی بزنس میں کثیر نمو کی پیش گوئی کرتی ہے۔ اس کے علاوہ بلاتعطل بجلی کی فراہمی "انورٹر ٹیکنالوجی" کو فروغ دے گی۔

مائکروویو اوون

سال کے دوران کمپنی نے کھانے کی اشیاء کی مختلف اقسام اور اپنی مرضی کے مطابق کھانا پکانے کے تجربہ کے لئے متنوع ہوم اپلائنس میں کئی جدید MWO سیریز "ڈیزائنر سیریز" اور "گلیمر سیریز" کا آغاز کیا۔ اس میں انفرادی طور پر دونوں اختیارات کے لئے صارفین کی ضرورت کیلئے سولو اور گرل ماڈل بھی شامل ہے۔ PEL کے مائکروویو اوون صارف کی ضرورت پر منحصر مینوئل اور ڈیجیٹل انٹرفیس کے ساتھ لیس ہیں۔ نہ صرف اس کے اچھے ڈیزائن کم جگہ لیتے ہیں بلکہ اپنی مرضی کے مطابق کھانا پکانے کے تجربے بھی پیش کرتے ہیں۔ خاص طور پر گلیمر سیریز جو مسحور کن ترکیبوں کے ساتھ ترتیب دی گئی ہیں۔

PEL مائکروویو اوون سیریز کی اہم پوزیشن کو 26 لٹرز & 30 لٹرز کے ماڈل سمیت دوسری ششماہی میں بڑی صلاحیت کے ماڈل کے اجراء کے بعد مزید مضبوط کیا گیا تھا۔ کمپنی یقین رکھتی ہے کہ آر اینڈ ڈی اور پروڈکشن ٹیکنالوجی کو اپ گریڈ کرنے میں سرمایہ کاری کا تسلسل ہماری مصنوعات کو مسابقتی رکھنے کی کلید ہے۔

واٹرڈسپنسر اور واشنگ مشین

کمپنی کا مقصد مسلسل مارکیٹ کی طلب کو پورا کرنے کے لئے، گھریلو اپلائنسیز کی رینج کو مکمل کرنا ہے۔ کمپنی نے 2016 میں ایک واٹر ڈسپنسر اسمبلی یونٹ قائم کیا اور مقامی مارکیٹ میں اسمبلڈ یونٹس کا پہلے ہی آغاز کرچکی ہے۔ متاثر کن مارکیٹ ردعمل کے مدنظر کمپنی نے لاگت بچانے کیلئے مینوفیکچرنگ لائن قائم کرنے کا فیصلہ کیا۔ جس کی تجارتی پیداوار کا فروری 2017 میں آغاز کیا گیا ہے۔

مارکیٹ کی طلب دیکھتے ہوئے کمپنی سال 2017 میں ایک واشنگ مشین مینوفیکچرنگ پلانٹ قائم کرنے پر بھی غور کررہی ہے۔

صنعتی جائزہ

پاکستان کی موجودہ حکومت توانائی کے بحران پر قابو پانے کے لیے بجلی کی تقسیم اور فراہمی کے بنیادی ڈھانچے کی بہتری پر مسلسل توجہ مرکوز کررہی ہے، جس کی وجہ سے پاور ڈویژن کی مصنوعات کی طلب میں اضافہ ہو رہا ہے۔ CPEC انتظامات کے تحت پاور جنریشن یونٹس نیشنل گرڈ میں تقریباً 13,000 میگاواٹ بجلی کا اضافہ ہوگا۔ پاور ٹرانسمیشن اینڈ ڈسٹری بیوشن -T & D انفراسٹرکچر کا اضافہ اس کے حتمی استعمال کے لیے ضروری ہے۔ حکومت پاکستان ٹرانسمیشن لائنوں اور گرڈ سٹیشنوں پر کافی خرچ کر رہی ہے اور کمپنی بین الاقوامی اور مقامی ٹینڈرز حاصل کرنے کے بعد گرڈ اسٹیشن کی تنصیب میں اپنا مقررہ حصہ وصول کر رہی ہے۔

ٹھنڈے پانی اور برف کی ضروریات کے علاوہ کھانے پینے کی اشیاء کے تحفظ کے لئے بنیادی سٹوریج کی ضروریات کو پورا کرنے کے لئے فریج اور ڈیپ فریزر ایک لازمی گھریلو ضرورت بن گئی ہے۔ اس کے علاوہ بہتر بجلی کی فراہمی، بجلی کی لاگت میں کمی اور گزشتہ سالوں کے دوران اوسط درجہ حرارت میں اضافہ نے موسم گرما کے دوران ایئر کنڈیشنر کی طلب بڑھ گئی ہے۔

توانائی کی بچت کرنے والی مصنوعات کی بہترین ٹیکنالوجی کے تعارف اور فی کس آمدنی میں بہتری کے ساتھ دیہی علاقوں میں بھی گھریلو آلات کی طلب میں اضافہ دیکھا گیا ہے۔ مارکیٹ کی صلاحیت کا مشاہدہ مقابلہ میں ملٹی نیشنل حریفوں کی موجودگی سے کیا جا سکتا ہے۔ گھریلو آلات کی بڑھتی ہوئی طلب کا خلاء جلد پر ہونے کی توقع ہے۔

کاروباری کارکردگی کا جائزہ

روپے ملین میں

آپریٹنگ نتائج کا خلاصہ	2016	2015	YoY فیصد
مجموعی آمدنی	34,124	29,323	16.37
خام منافع	8,283	7,434	11.42
آپریٹنگ منافع	5,616	5,193	8.15
مالی لاگت	1,497	1,665	(10.09)
قبل از ٹیکس منافع	4,119	3,514	17.22
بعد از ٹیکس منافع	3,670	2,880	27.43
فی شیئر آمدنی۔ روپے	7.51	6.61	

مصنوعات کی کارکردگی

ریفریجریٹر

PEL کی مقبول پراڈکٹ ہونے کے ناطے سے، ریفریجریٹر نے اپلائنس ڈویژن کی آمدنی میں 82 فیصد اور کمپنی کے کل ریونیو میں 47 فیصد حصہ کے ساتھ شریک رہی۔ ریفریجریٹر نے 26 فیصد کی سال بہ سال فروختی نمو درج کی اور مقامی مارکیٹ میں PEL ایک مضبوط اور معروف کلیدی کھلاڑی کے طور پر ابھر کر سامنے آیا۔

سال 2016 کے وسط میں متعارف کروائی جانے والی PEL کی توانائی کی بچت والی "Invort-o-Cool" سیریز کا آغاز کیا جس نے مارکیٹ میں بھر پور پذیرائی حاصل کی۔ چھوٹے کنبہ کے افراد کی ضروریات کو پورا کرنے کے لئے "Single Door" 1100 اور 1400 ماڈلز کے ساتھ 40 فیصد تک بجلی کی بچت کے ساتھ "جاپانی انورٹر ٹیکنالوجی" کے شاہکار کو بھی سال کے دوران متعارف کروایا۔ گزشتہ سال متعارف کردہ "گلاس ڈور مرر سیریز" کاروباری حجم کی ترقی کے لئے معاون ثابت ہوا۔ سپر فریزر، بلیو ٹوتھ سپیکر، ڈور الارم اور درجہ حرارت کے کنٹرول کے نظام کے ساتھ PEL گلاس ڈور سیریز "INTELLO" کا بھی دسمبر 2016 میں آغاز کیا گیا، جو اپنی اضافی اور منفرد خصوصیات کی بدولت شاندار پذیرائی حاصل کر رہی ہے۔ مصنوعات کی ترقی کے اقدامات، مسلسل مارکیٹنگ مہمات اور فروخت کی انتھک سرگرمیاں متوازی حجم میں اضافہ کی طرف قیادت کر رہی ہیں۔

کمپنی سیاسی استحکام اور قانون اور امان کی بہتر صورتحال کی وجہ سے ملکی معیشت کے بڑھتے ہوئے میکرو اکنامک انڈیکیٹرز کے موقع سے فائدہ اٹھانے کی اچھی پوزیشن میں ہے۔ بجلی کی فراہمی بہتر بنانے کے لئے حکومتی کوششیں ریفریجریٹرز کی طلب میں بھی اضافہ کریں گی۔ خاص طور پر دیہی علاقوں میں وسیع مصنوعات کی رسائی کے فرق کو ختم کرنے کی ضرورت ہے۔ بجلی کی لوڈ شیڈنگ ختم ہونے کے بعد "انرجی سیور" ہونے کی وجہ سے PEL کی "انورٹر سیریز ریفریجریٹرز" کی طلب میں

مالی اور عملی جائزہ

معاشی جائزہ

عالمی اقتصادی صورت حال

زیر جائزہ مدت کے دوران عالمی معیشت خاص طور پر ترقی یافتہ معیشتیں Brexit جیسے بعض واقعات اور امریکہ اور چین کی معیشت میں متوقع کمی کی وجہ سے دباؤ میں رہی ہے۔ ان واقعات نے عالمی شرح سود پر مزید دباؤ کم کر دیا ہے، کیونکہ مانیٹری پالیسی اب زیادہ دیر تک موافق رہنے کی توقع ہے۔ اگرچہ Brexit شاک کے لئے مارکیٹ کا ردعمل باقاعدہ یقینی اور حتمی اثر بہت واضح رہا، کیونکہ برطانیہ اور یورپی یونین کے درمیان ادارہ اور تجارتی انتظامات کا مستقبل غیر یقینی ہے۔ ابھرتی ہوئی معیشتوں کی جانب بڑھتے ہوئے مالیاتی مارکیٹ کی توقعات، ترقی یافتہ معیشتوں میں کم شرح سود، ترقی میں معاون چین کی پالیسی پر عملدرآمد کے امکانات بارے تشویش میں کمی اور چند اشیاء کی قیمتوں کے استحکام کی توقعات کے ساتھ بہتر ہوگئی ہے لیکن مواقع مختلف ممالک اور خطوں میں بہت مختلف ہوتے ہیں، عام طور پر ایشیاء میں بالخصوص اور بھارت میں تیزی سے بڑھ رہے ہیں۔

ترقی یافتہ معیشتوں میں، کافی غیر یقینی صورتحال اور کمی کے خطرات کے حوالہ سے مغلوب منظر مخالف انضمام پالیسی پلیٹ فارم کے ساتھ مزید سیاسی عدم اطمینان بڑھ سکتا ہے۔ کئی ابھرتی ہوئی مارکیٹ اور ترقی پذیر معیشتوں کو اب بھی اشیاء کی کمزور قیمتوں کو ایڈجسٹ کرنے میں مشکل پالیسی چیلنجوں کا سامنا ہے۔ ترقی بڑھانے اور پہلے سے کہیں زیادہ تشویشناک خطرات کا فوری انتظام کرنے کیلئے فوری وسیع البنیاد پالیسی بنانے کی اشد ضرورت ہے۔

2015ء کے وسط سے تیل کی کم قیمت کے ماحول نے جی سی سی ممالک کو سخت سادگی کے اقدامات کا سہارا لینے پر مجبور کیا۔ لوئر سبسڈی، سرکاری اخراجات میں خاطر خواہ کمی اور بڑھتی ہوئی بیرونی فنانسنگ تمام خلیجی ممالک میں دیکھی گئی۔ اس کے نتیجے میں آئی ایم ایف نے گزشتہ سال درج کی گئی 4 فیصد نمو کے برعکس 2016 میں خطے کی مجموعی پیداوار 1.7 فی صد تک بڑھنے کی توقع کی ہے۔ متحدہ عرب امارات، اور ایک مخصوص حد تک قطر تیل کی قیمتوں میں کمی سے بنیادی ڈھانچے کے منصوبوں میں مسلسل سرمایہ کاری کے ساتھ نسبتاً متنوع معیشتوں کی طرف گامزن ہیں۔ آگے بڑھتے ہوئے مغلوب سرکاری اخراجات جی سی سی معیشتوں کو برعکس پیداوار کم کرنے کے لئے اوپیک کے حالیہ فیصلہ کی روشنی میں تیل کی قیمتیں کم درجہ پر بڑھانے پر مجبور کرنا جاری رکھیں گے۔

ملکی اقتصادی جائزہ

خارجی محاذ پر، پاکستان نے مضبوط غیر ملکی کرنسی ذخائر تعمیر کئے ہیں جو جنوری 2014 میں 8 بلین امریکی ڈالر کی کم سطح سے 23 بلین امریکی ڈالر کی ریکارڈ حد سے تجاوز کر چکے ہیں اور اس سے ایک سال قبل کی 20.8 بلین امریکی ڈالر کی سطح سے 11.3 فی صد کی نمو بھی حاصل ہوئی ہے۔ اس نے گزشتہ دو سالوں کے دوران مجموعی درآمدی کور یج کو بہتر بنانے کی حالت میں پائیدار شرح مبادلہ کو بہت مضبوط بنایا ہے۔ بہتر اقتصادی مستقبل کے پیش نظر، پاکستان نے بین الاقوامی اہم مارکیٹوں سے مستحکم منافع کی تمام شرائط کو پورا کرتے ہوئے یورو بانڈز اور سکوک سمیت مختلف عالمی بانڈز جاری کئے ہیں۔ سال کے دوران ادائیگیوں کی پوزیشن USD-PKR کے زر مبادلہ کی شرح میں مستحکم توازن کی وجہ سے نسبتاً، بڑی حد تک مستحکم رہی ہے۔ اور 2016 کے اختتام پر معمولی فرق سے 104.60 پاکستانی روپے، دسمبر 2015 میں 104.74 پاکستانی روپے پر رہی ہے۔

گزشتہ مسلسل پانچ سالوں کے لحاظ سے، تیل سمیت اشیاء کی نمایاں کم قیمتوں کی وجہ سے 2016 کے دوران اوسط سی پی آئی (CPI) 3.8 فیصد کی نچلی سطح پر واحد ہندسے میں رہی۔ اگرچہ افراط زر کی سطح موزوں رہی، لیکن سی پی آئی میں بتدریج اضافہ سود کی شرح پر واپس محتاط نقطہ نظر لے کر آیا ہے۔ لہذا اسٹیٹ بینک نے مئی 2016 میں 25bps کی معمولی شرح میں آخری تبدیلی کے ساتھ ایک سال کے دوران اپنی پالیسی شرح بڑی حد تک تبدیل نہ کرنے کا فیصلہ کیا۔

پاکستان سٹاک ایکسچینج (PSX) نے اپنے مستدیر اضافہ کی رفتار جاری رکھی اور 50K پوائنٹس کی ریکارڈ سطح کے قریب پہنچ گئی ہے۔ 2016 کے دوران، کے ایس ای 100 انڈیکس، مختتمہ سال میں تقریباً 48K پوائنٹس، 46 فیصد کی سالانہ نمو پر اہم سال کی پوسٹنگ جس نے 2016 کے دوران ایشیاء کی مارکیٹ میں اسے بہترین کارکردگی کا مظاہرہ کرنے والی بنا دیا۔ 2016 میں پاکستان ایکویٹیز کی مضبوط کارکردگی بنیادی طور پر مقامی نظام سود کی کم شرح اور سرمایہ کاروں کے اعتماد میں اضافہ کی بدولت مضبوط لیکویڈیٹی کی وجہ سے تھی۔ اقتصادی بحالی کو تیل کے اسٹاکس کے لئے مقامی طلب نے مثبت انداز میں متاثر کیا جبکہ سیکورٹی کی صورتحال کی بہتری اور ایم ایس سی آئی (MSCI) ایمرجنگ مارکیٹس انڈیکس میں مجموعی طور پر پاکستان کی از سر افراط کا بھی تیزی سے ادراک ہوا ہے۔

سال 2016 (2016-2015) کے دوران زراعت کے شعبے کی ترقی لائیو اسٹاک اور ماہی گیری وغیرہ کی بہتری کی بدولت فصلوں کے شعبے میں 6.3 فیصد کمی کی وجہ سے گزشتہ سالانہ نمو 2.5 فیصد کے برعکس قدرے منفی یعنی (0.02) فیصد رہی۔ صنعتی شعبہ میں بنیادی طور پر مینوفیکچرنگ کے شعبے میں 5 فیصد نمو اور بجلی کی پیداوار اور تقسیم کے شعبے میں 12.18 فیصد نمو کی وجہ سے گزشتہ سال کی 4.8 فیصد کے مقابلے میں 6.8 فیصد نمو درج کی، سروسز سیکٹر میں گزشتہ سال کی 4.3 فیصد کے برعکس 5.7 فیصد شرح نمو درج کی ہے۔

Pattern of Shareholding

FORM 34

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

1. Incorporation Number **0000802**

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

3. Pattern of holding of the shares held by the shareholders as at **31-12-2016**

4.

Number of shareholders	Shareholding From	To	Total shares held
840	1	100	23,235
1,318	101	500	518,008
1,074	501	1,000	965,409
1,957	1,001	5,000	5,323,845
527	5,001	10,000	4,086,920
211	10,001	15,000	2,689,377
115	15,001	20,000	2,128,511
102	20,001	25,000	2,366,155
61	25,001	30,000	1,729,103
34	30,001	35,000	1,126,214
34	35,001	40,000	1,323,793
18	40,001	45,000	769,861
44	45,001	50,000	2,151,536
12	50,001	55,000	629,713
13	55,001	60,000	763,933
14	60,001	65,000	883,468
10	65,001	70,000	675,469
14	70,001	75,000	1,038,500
13	75,001	80,000	1,015,203
10	80,001	85,000	830,830
4	85,001	90,000	354,212
5	90,001	95,000	459,211
21	95,001	100,000	2,088,090
11	100,001	105,000	1,129,755
6	105,001	110,000	646,668
7	110,001	115,000	793,338
4	115,001	120,000	473,722
2	120,001	125,000	250,000
4	125,001	130,000	507,160
5	130,001	135,000	667,625
5	135,001	140,000	692,725
2	140,001	145,000	289,000
8	145,001	150,000	1,187,125
1	150,001	155,000	152,000
1	155,001	160,000	160,000
1	160,001	165,000	163,300
1	165,001	170,000	165,500
5	170,001	175,000	868,500
3	175,001	180,000	529,375
1	190,001	195,000	195,000
8	195,001	200,000	1,592,600
4	205,001	210,000	832,423
3	215,001	220,000	650,440
2	220,001	225,000	446,875
1	225,001	230,000	230,000
1	240,001	245,000	243,000
1	245,001	250,000	250,000
2	250,001	255,000	506,500
2	255,001	260,000	520,000
1	265,001	270,000	268,250
1	270,001	275,000	273,750
1	275,001	280,000	278,000

4. Number of shareholders	Shareholding From	To	Total shares held
4	280,001	285,000	1,128,250
1	285,001	290,000	287,000
2	290,001	295,000	590,000
2	295,001	300,000	600,000
2	305,001	310,000	614,500
1	310,001	315,000	312,841
1	315,001	320,000	316,500
2	320,001	325,000	646,500
2	325,001	330,000	656,500
4	345,001	350,000	1,400,000
1	360,001	365,000	364,500
1	375,001	380,000	376,500
2	395,001	400,000	800,000
1	400,001	405,000	404,000
1	420,001	425,000	421,750
3	430,001	435,000	1,297,642
1	475,001	480,000	476,250
1	485,001	490,000	487,270
2	495,001	500,000	1,000,000
2	500,001	505,000	1,006,500
1	505,001	510,000	507,037
1	535,001	540,000	540,000
1	540,001	545,000	541,000
1	555,001	560,000	557,500
3	570,001	575,000	1,720,150
2	575,001	580,000	1,155,750
1	590,001	595,000	591,250
1	595,001	600,000	600,000
2	615,001	620,000	1,237,645
1	625,001	630,000	627,500
1	635,001	640,000	636,000
1	645,001	650,000	648,000
1	655,001	660,000	657,800
1	695,001	700,000	697,200
1	710,001	715,000	714,000
1	715,001	720,000	717,500
1	720,001	725,000	722,500
1	740,001	745,000	740,947
1	745,001	750,000	750,000
1	760,001	765,000	765,000
1	815,001	820,000	820,000
1	835,001	840,000	836,500
1	880,001	885,000	881,500
1	890,001	895,000	892,000
1	895,001	900,000	897,000
2	910,001	915,000	1,824,700
1	935,001	940,000	939,500
2	995,001	1,000,000	2,000,000
1	1,040,001	1,045,000	1,042,500
2	1,090,001	1,095,000	2,186,700
1	1,115,001	1,120,000	1,120,000
1	1,125,001	1,130,000	1,129,750
1	1,195,001	1,200,000	1,197,750
1	1,260,001	1,265,000	1,263,250
1	1,300,001	1,305,000	1,300,500
1	1,305,001	1,310,000	1,308,500
1	1,390,001	1,395,000	1,393,500
1	1,395,001	1,400,000	1,398,300
1	1,435,001	1,440,000	1,440,000
2	1,450,001	1,455,000	2,903,150
1	1,495,001	1,500,000	1,500,000
1	1,580,001	1,585,000	1,583,125
1	1,625,001	1,630,000	1,629,000
1	1,635,001	1,640,000	1,636,000
1	1,685,001	1,690,000	1,687,337
1	1,785,001	1,790,000	1,788,125

Pattern of Shareholding

4. Number of shareholders	Shareholding From	Shareholding To	Total shares held
1	1,865,001	1,870,000	1,868,750
1	1,885,001	1,890,000	1,886,525
1	1,950,001	1,955,000	1,953,058
1	1,975,001	1,980,000	1,976,000
1	2,185,001	2,190,000	2,190,000
1	2,360,001	2,365,000	2,362,000
1	2,390,001	2,395,000	2,392,552
1	2,415,001	2,420,000	2,415,500
1	2,440,001	2,445,000	2,444,900
1	2,690,001	2,695,000	2,693,418
1	2,700,001	2,705,000	2,702,962
1	3,140,001	3,145,000	3,144,372
1	3,215,001	3,220,000	3,217,945
1	3,400,001	3,405,000	3,400,194
1	3,550,001	3,555,000	3,550,875
1	3,585,001	3,590,000	3,589,534
1	3,680,001	3,685,000	3,680,023
1	3,775,001	3,780,000	3,779,000
1	4,475,001	4,480,000	4,479,400
1	4,495,001	4,500,000	4,496,250
1	4,595,001	4,600,000	4,600,000
1	4,665,001	4,670,000	4,667,665
1	4,710,001	4,715,000	4,710,893
1	4,755,001	4,760,000	4,757,000
1	6,975,001	6,980,000	6,980,000
1	7,120,001	7,125,000	7,121,125
1	10,335,001	10,340,000	10,355,863
1	10,715,001	10,720,000	10,718,750
1	14,520,001	14,525,000	14,520,550
1	14,735,001	14,740,000	14,737,537
1	15,335,001	15,340,000	15,338,400
1	102,225,001	102,230,000	102,229,533
1	124,905,001	124,910,000	124,905,715
6,668			**497,681,485**

CLASSIFICATION OF ORDINARY SHARES BY CATEGORIES AS AT DECEMBER 31, 2016

Categories of Shareholders	No. of Shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	9	250,300,595	50.2933
Associated Companies, undertakings and related party	-	-	-
NIT and ICP	3	2,394,238	0.4811
Banks Development Financial Institutions Non Banking Financial Institution	20	16,857,304	3.3872
Insurance Companies	18	13,870,345	2.7870
Modarabas and Mutual Funds	67	37,189,587	7.4726
General Public	6,337	58,396,589	11.7337
Others (to be specified)			
Pension Funds	8	8,445,822	1.6970
Other Companies	21	6,195,524	1.2449
Investment Companies	3	1,402,200	0.2817
Joint Stock Companies	108	11,908,317	2.3928
Foreign Companies	74	90,720,964	18.2287
	6,668	497,681,485	100.0000

CATAGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF COPRORATE GOVERNANCE (CCG) AS ON DECEMBER 31, 2016

Sr. No.	Name	No. of Shares Held	Percentage
	Associated Companies, Undertakings and Related Parties		
	Mutual Funds		
1	CDC - TRUSTEE AKD INDEX TRACKER FUND (CDC)	53,475	0.0107
2	CDC - TRUSTEE AKD OPPROTUNITY FUND (CDC)	820,000	0.1648
3	CDC - TRUSTEE AL AMEEN ISLAMIC DEDICATED EQUITY FUND (CDC)	2,702,962	0.5431
4	CDC - TRUSTEE AL MEEZAN MUTUAL FUND (CDC)	1,976,000	0.3970
5	CDC - TRUSTEE AL-AMEEN ISLAMIC ASSET ALLOCATION FUND (CDC)	364,500	0.0732
6	CDC -TRUSTEE AL-AMEEN SHARIAH STOCK FUND (CDC)	717,500	0.1442
7	CDC - TRUSTEE ALFALAH GHP INCOME FUND - MT (CDC0	53,000	0.0106
8	CDC - TRUSTEE ALFALAH GHO INCOME MULTIPLIER FUND - MT (CDC)	80,000	0.0161
9	CDC - TRUSTEE ALFALAH GHP ISLAMIC STOCK FUND (CDC)	11,250	0.0023
10	CDC - TRUSTEE ALFALAH GHP SOVEREIGN FUND - MT (CDC)	40,000	0.0080
11	CDC - TRUSTEE ALFALAH GHP VALUE FUND (CDC)	2,875	0.0006
12	CDC -TRUSTEE APF-EQUITY SUB FUND (CDC)	30,000	0.0060
13	CDC -TRUSTEE APIF - EQUITY SUB FUND (CDC)	40,000	0.0080
14	CDC - TRUSTEE ASKARI HIGH YEILD SCHEME - MT (CDC)	11,500	0.0023
15	CDC - TURSTEE ATLAS INCOME FUND - MT (CDC)	574,300	0.1154
16	CDC - TRUSTEE ATLAS ISLAMIC STOCK FUND (CDC)	260,000	0.0522
17	CDC - TRUSTEE DAWOOD ISLAMIC FUND (CDC)	25,000	0.0050
18	CDC - TRUSTEE FAYSAL MTD FUND - MT (CDC)	149,000	0.0299
19	CDC -TRUSTEE FAYSAL SAVINGS GROWTH FUND - MT (CDC)	22,500	0.0045
20	CDC - TRUSTEE FIRST CAPITAL MUTUAL FUND (CDC)	30,000	0.0060
21	CDC - TRUSTEE FIRST DAWOOD MUTUAL FUND (CDC)	50,000	0.0100
22	CDC - TRUSTEE FIRST HABIB INCOME FUND (CDC)	53,000	0.0106
23	CDC - TRUSTEE FIRST HABIB STOCK FUND (CDC)	27,500	0.0055
24	CDC - TRUSTEE HBL - STOCK FUND (CDC)	881,500	0.1771
25	CDC - TRUSTEE HBL IPF EQUITY SUB FUND (CDC)	91,000	0.0183
26	CDC - TRUSTEE HBL PF EQUITY SUB FUND (CDC)	83,000	0.0167
27	CDC - TRUSTEE KSE MEEZAN INDEX FUND (CDC)	221,875	0.0446
28	CDC - TRUSTEE MCB DYMANIC CASH FUND - MT (CDC)	243,000	0.0488
29	CDC - TRUSTEE MCB PAKISTAN ASSET ALLOCATION FUND (CDC)	620,000	0.1246
30	CDC - TRUSTEE MCB PAKISTAN ISLAMIC STOCK FUND (CDC)	648,000	0.1302
31	CDC - TRUSTEE MCB PAKISTAN STOCK MARKET FUND (CDC)	3,779,000	0.7593
32	CDC - TRUSTEE MEEZAN ASSET ALLOCATION FUND (CDC)	307,000	0.0617
33	CDC - TRUSTEE MEZAN BALANCED FUND (CDC)	1,129,750	0.2270
34	CDC - TRUSTEE MEZAN ISLAMIC FUND (CDC)	10,718,750	2.1537
35	CDC - TRUSTEE NAFA ISLAMIC ASSET ALLOCATION FUND (CDC)	1,308,500	0.2629
36	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND (CDC)	152,000	0.0305
37	CDC - TRUSTEE NAFA INCOME OPPORTUNITY FUND - MT (CDC)	657,800	0.1322
38	CDC - TRUSTEE NAFA ISLAMIC ACTIVE ALLOCATION EQUITY FUND (CDC)	1,263,250	0.2538
39	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - I (CDC)	77,875	0.0156
40	CDC - TRUSTEE NAFA ISLAMIC PRINCIPAL PROTECTED FUND - II (CDC)	97,375	0.0196
41	CDC - TRUSTEE NAFA ISLAMIC STOCK FUND (CDC)	1,197,750	0.2407
42	CDC - TRUSTEE NAFA MULTI ASSET FUND (CDC)	165,500	0.0333
43	CDC - TRUSTEE NAFA STOCK FUND (CDC)	1,583,125	0.3181
44	CDC - TRUSTEE PAKISTAN CAPITAL MARKET FUND (CDC)	134,000	0.0269
45	CDC - TRUSTEE PAKISTAN INCOME ENHANCEMENT FUNF - MT (CDC)	15,000	0.0030
46	CDC - TRUSTEE PICIC GROWTH FUND (CDC)	627,500	0.1261
47	CDC - TRUSTEE PICIC INVESTMENT FUND (CDC)	307,500	0.0618
48	CDC - TRUSTEE PICIC ISLAMIC STOCK FUND (CDC)	97,500	0.0196
49	CDC - TRUSTEE PICIC STOCK FUND (CDC)	105,000	0.0211
50	CDC - TRUSTEE PIML ASSET ALLOCATION FUND (CDC)	295,000	0.0593
51	CDC - TRUSTEE PIML ISLAMIC EQUITY FUND (CDC)	59,000	0.0119
52	CDC - TRUSTEE PIML STRATEGIC MULTI ASSET FUND (CDC)	68,000	0.0137
53	CDC - TRUSTEE PIML VALUE EQUITY FUND (CDC)	58,000	0.0117
54	CDC - TRUSTEE UNITED GROWTH AND INCOME FUND (CDC)	47,000	0.0094
55	CDC-TRUSTEE FIRST HABIB ISLAMIC BALANCED FUND (CDC)	20,000	0.0040
56	CDC-TRUSTEE HBL ISLAMIC STOCK FUND (CDC)	132,500	0.0266
57	CDC-TRUSTEE NAFA ASSET ALLOCATION FUND (CDC)	175,375	0.0352
58	CDC-TRUSTEE NAFA SAVINGS PLUS FUND - MT (CDC)	137,800	0.0277

Pattern of Shareholding

Sr. No.	Name	No. of Shares Held	Percentage
59	GOLDEN ARROW SELECTED STOCKS FUND LIMITED (CDC)	125,500	0.0252
60	CDC-TRUSTEE PAK. INT. ELEMENT ISLAMIC ASSET ALLOCATION FUND (CDC)	504,500	0.1014
61	MCBFSL - TRUSTEE ABL ISLAMIC STOCK FUND (CDC)	177,500	0.0357
62	MCBFSL - TRUSTEE PAK OMAN ADVANTAGE ASSET ALLOCATION FUND (CDC)	175,000	0.0352
63	MCBFSL - TRUSTEE PAK OMAN ISLAMIC ASSET ALLOCATION FUND (CDC)	260,000	0.0522
64	MCBFSL TRUSTEE MCB PAKISTAN FREQUENT PAYOUT FUND (CDC)	325,000	0.0653
65	TRISTEE-BMA CHUNDRIGAR ROAD SAVINGS FUND (CDC)	16,000	0.0032
		37,183,087	**7.4713**
	Directors, CEO and their Spouse and Minor Children		
1	MR. M. NASEEM SAIGOL (CDC)	124,905,715	25.0975
2	MR. M. AZAM SAIGOL (CDC)	3,589,534	0.7213
3	MR. MUHAMMAD MURAD SAIGOL	12,421	0.0025
4	MR. MUHAMMAD ZEID YOUSAF SAIGOL	14,749,958	2.9637
5	SYED MANZAR HASSAN	2,041	0.0004
6	SHEIKH MUHAMMAD SHAKEEL	500	0.0001
7	MRS. AMBER HAROON SAIGOL W/O MR. M. AZAM SAIGOL (CDC)	102,229,533	20.5412
8	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	4,710,893	0.9466
9	MRS. NAUREEN KHALID W/O MR. KHALID SIDDIQ TIRMIZEY	100,000	0.0201
		250,300,595	**50.2933**
	Executives:	-	-
	Public Sector Companies & Corporations:	-	-
	Banks, Development Finance Institutions, Non Banking Finance Institution, Insurance Companies, Modarabas and Pension Funds:	39,179,971	7.8725
	Shareholders holding five percent or more voting intrest in the listed company		
1	MR. M. NASEEM SAIGOL (CDC)	124,905,715	25.0975
2	MR. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL SAIGOL (CDC)	102,229,533	20.5412
		227,135,248	**45.6387**

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

Sr. No.	Name	Sale	Purchase	Right
1	MR. M. NASEEM SAIGOL	-	-	24,981,143
2	MR. M. AZAM SAIGOL	-	-	1,462,094
3	MR. MUHAMMAD MURAD SAIGOL	-	-	2,484
4	MR. MUHAMMAD ZEID YOUSAF SAIGOL	-	-	2,949,991
5	SYED MANZAR HASSAN	-	500	408
6	SHEIKH MUHAMMAD SHAKEEL	100,000		-
7	MRS. AMBER HAROON SAIGOL W/O MR. M. AZAM SAIGOL	-	-	20,445,906
8	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL	-	-	942,178
9	MRS. NAUREEN KHALID W/O MR. KHALID SIDDIQ TIRMIZEY	-	100,000	-

پیٹرن آف شیئر ہولڈنگ

31دسمبر2016

نمبر شمار	کیٹگری آف شیئر ہولڈرز	تعداد حصص داران	تعداد حصص	فیصد
1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	9	250,300,595	50.2933
2	ایسوسی ایٹڈ کمپنیز، انڈرٹیکنز اور متعلقہ پارٹی۔	-	-	-
3	این آئی ٹی اور آئی سی پی	3	2,394,238	0.4811
4	بینک، ڈیویلپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز	20	16,857,304	3.3872
5	انشورنس کمپنیز	18	13,870,345	2.7870
6	مداربہ اور میوچل فنڈز	67	37,189,587	7.4726
7	عام عوام	6,337	58,396,589	11.7337
8	دوسرے (مخصوص کیا جائے گا)			
	پینشن فنڈز	8	8,445,822	1.6970
	دوسری کمپنیز	21	6,195,524	1.2449
	انوسٹمنٹ کمپنیز	3	1,402,200	0.2817
	جوائنٹ سٹاک کمپنیز	108	11,908,317	2.3928
	غیر ملکی کمپنیز	74	90,720,964	18.2287
	کل تعداد	**6,668**	**497,681,485**	**100.0000**

	تعداد حصص
ایسوسی ایٹڈ کمپنیز، انڈرٹیکنز اور متعلقہ پارٹی۔	-
میوچل فنڈز	37,183,087
ڈائریکٹرز، چیف ایگزیکٹو آفیسر، ان کی بیویاں اور چھوٹے بچے۔	250,300,595
ایگزیکٹوز	-
پبلک سیکٹر کمپنیز اور کارپوریشنز	-
بینک، ڈیویلپمنٹ فنانس انسٹی ٹیوشنز، نان بینکنگ فنانس انسٹی ٹیوشنز، انشورنس کمپنیز، مداربہ اور پنشن فنڈز	39,179,971
پانچ فیصد یا اس سے زیادہ کے حصص داران	227,135,248

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

نمبر شمار	نام	فروخت	خرید	رائٹ
1	محترم ایم نسیم سہگل	-	-	24,981,143
2	محترم ایم اعظم سہگل	-	-	1,462,094
3	محترم محمد مراد سہگل	-	-	2,484
4	محترم محمد زید یوسف سہگل	-	-	2,949,991
5	سید منظر حسن	-	-	408
6	شیخ محمد شکیل	100,000	500	-
7	محترمہ عنبر ہارون سہگل	-	-	20,445,906
8	محترمہ سحر سہگل	-	-	942,178
9	محترمہ نورین خالد	-	100,000	-

Market Overview

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

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

PEL's MARKETING ACTIVITES

PEL is providing premium quality products to consumers through its ever evolving dealer network which is spread all over the country. Sales revenue for year 2016 was recorded at Rs. 34,124 million which is higher by 16.37% in comparison with previous year. This achievement was attributable, besides other factors, brilliant efforts of the sales and marketing department.

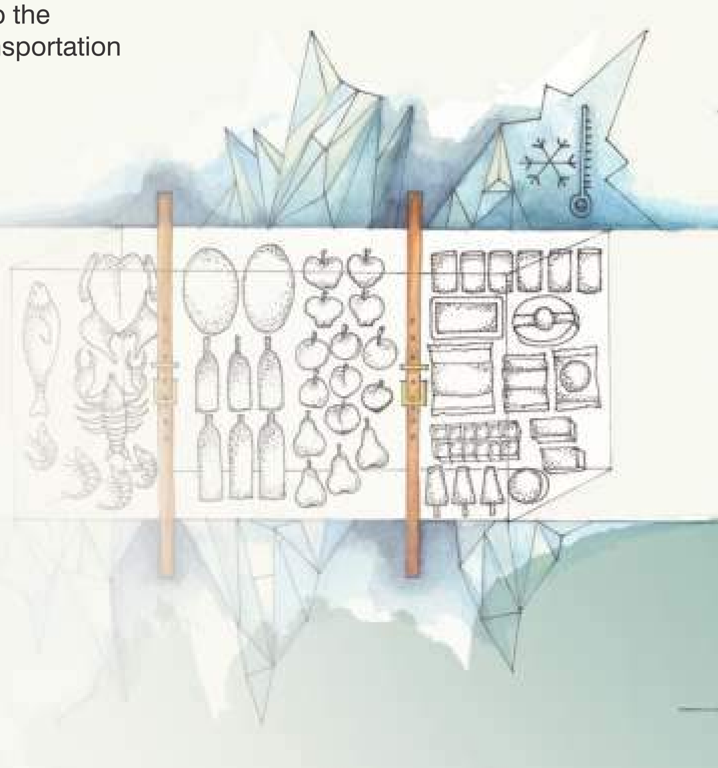
PEL's market strategy encompasses market research,brand positioning and marketing communications as well as right decisions in terms of incentives and dealers to ensure smooth running of dealers network. The sales of power division mainly originate from tendering and our power division marketing team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

PRODUCT QUALITY ASSURANCE

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

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

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



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

Human Capital

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

SUCCESSION PLANNING

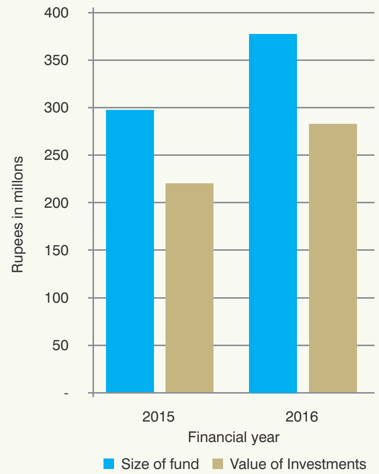
In its quest of the Top Talent, PEL has formulated a comprehensive succession plan which includes performance evaluation and appropriate training requirements for development of potential and prospective future leaders. The succession plan allows PEL to ensure availability of competent personnel in each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

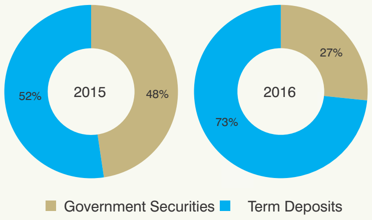
RETIREMENT BENEFITS

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

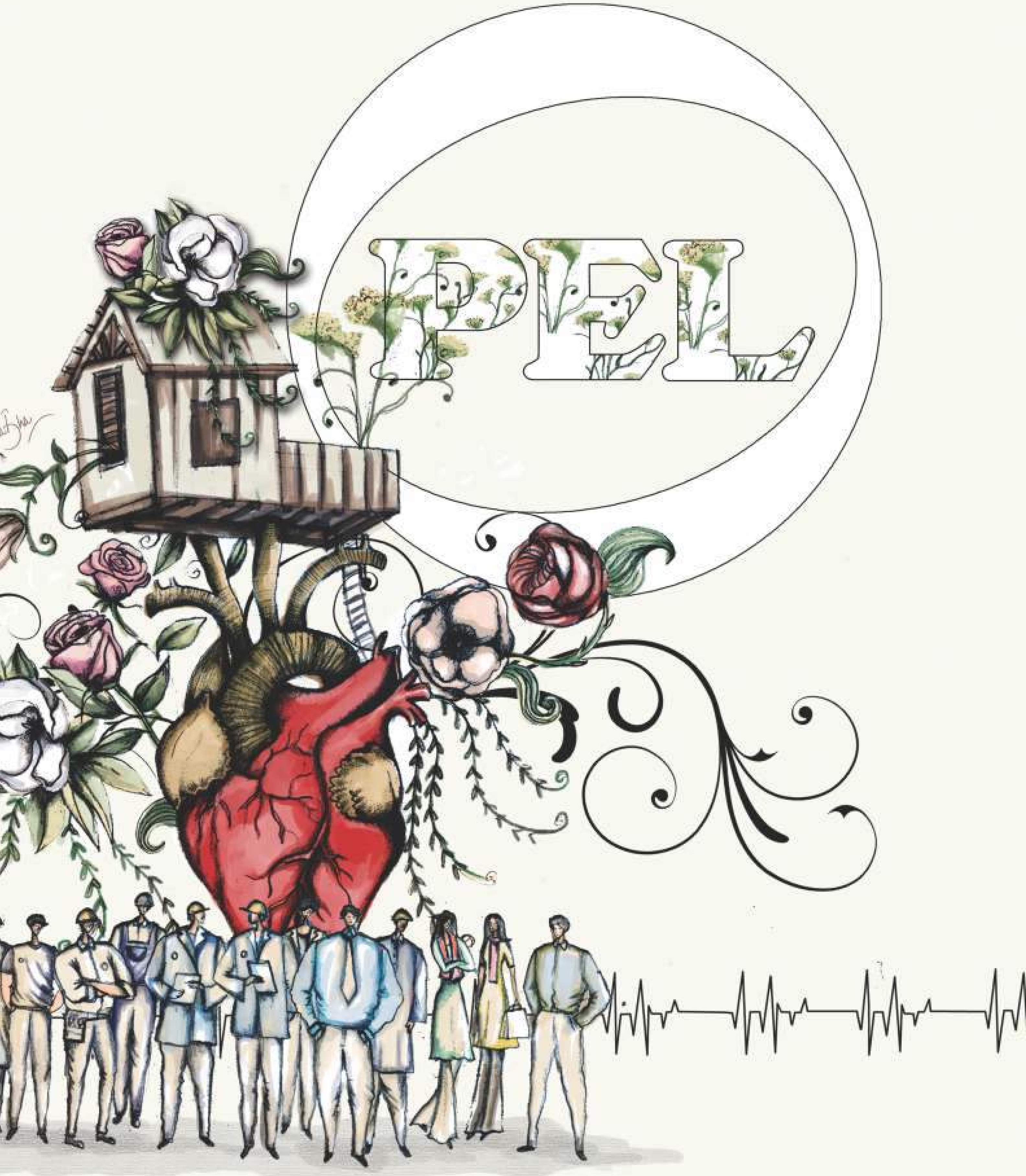
Size of the fund as December 31, 2016 stood at Rs. 377.581 million growing by 26.50% as compared to the previous year. Investments of the fund at the close of 2016 are valued at 281.5 million showing an increase of 27.73% over 2015.

SIZE OF PROVIDENT FUND & VALUE OF INVESTMENTS





MIX OF INVESTMENTS


PEL

Risks and Opportunities

KEY SOURCES OF UNCERTAINTY

The preparation of financial statements in accordance with approved accounting standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are disclosed in note 2.4 to the annexed financial statements.

RISK EXPOSURE AND MANAGEMENT

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

These risks include:

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

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

Risk Governance Structure

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

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

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

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

MATERIALITY APPROACH

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

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

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

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

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

IDENTIFIED RISKS AND MITIGATING STRATEGIES

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

Risks and Opportunities

Financial Risks These include credit risk (risk of loss if a counter-party to a financial instrument fails to meet its contractual obligations), liquidity risk (risk that the Company will not able to meet its financial obligations when they fall due) and market risk (risk of changes in fair value of financial instruments due to changes in interest rates, equity prices and foreign exchange rates).		
Identified Risk	Risk level	Mitigating Strategy
Default by customers causing financial loss	Low	PEL maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The majority of sales to customers are made on specific terms. Customer credit risk is managed by each business unit subject to PEL's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.
Liquidity shortfall resulting in inability to make payments as the fall due	Moderate	The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the PEL's short, medium and long-term funding and liquidity management requirements. Liquidity risk is managed by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.
Increase in interest rates resulting high interest costs	Low	PEL manages interest rate risk by analyzing its interest rate exposure on a dynamic basis. Cash flow interest rate risk is managed by simulating various scenarios taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the management calculates impact on profit after taxation and equity of defined interest rate shift, mostly 100 basis points.

Political/Economical Risks This risks emanate from the political and economic environment of the region in which the Company operates		
Identified Risk	Risk level	Mitigating Strategy
Volatile law and order situation affecting economy	Low	This risk is beyond control and cannot be mitigated through internal strategies.

Swot Analysis

Winners recognize their LIMITATIONS but focus on their STRENGTHS.

STRENGTHS

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

OPPORTUNITIES

- Government has plans to upgrade existing electricity infrastructure resulting into more orders for Power Division.
- A major competitor has closed its operations from Pakistan. Its market share will be available.
- Appliances market is showing growth.
- Local industry preferential protection in international tenders

THREATS

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

WEAKNESSES

- The Company has high financial leverage

Corporate Governance

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

DIRECTORS' COMPLIANCE STATEMENT UNDER THE CODE OF CORPORATE GOVERNANCE

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

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

COMPOSITION OF THE BOARD OF DIRECTORS

In order to ensure transparency, good governance and smooth functioning of the Company's operations, the Company has implemented the regulatory framework in terms of qualification, experience and composition of the Board of Directors as well as awareness of the Board responsibilities. The Board comprises 11 directors effectively representing shareholders' interests. There are 8 non-executive directors including 1 independent director and 4 directors nominated by holders of special interest under Section 182 of the Companies Ordinance, 1984.

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

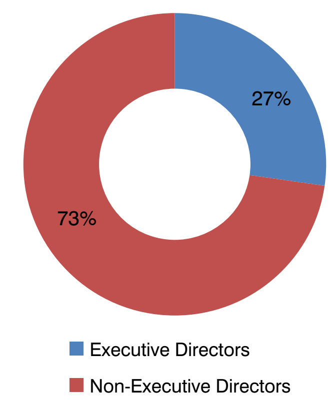
Detailed profile of each member of the Board is presented in 'Governance Section'.

COMPOSITION OF AUDIT COMMITTEE

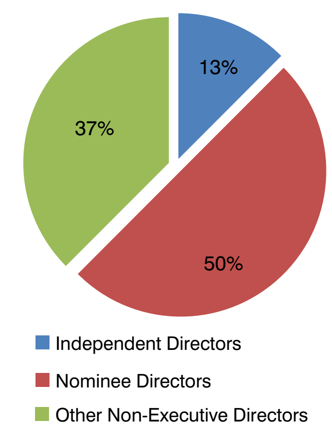
The Audit Committee comprises of 4 members out of whom all members are non-executive, including 1 independent director. 1 member is a Fellow Chartered Accountant from The Institute of Chartered Accountants of Pakistan providing significant financial and accounting insight to the proceedings of Audit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

COMPOSITION OF HR AND REMUNERATION COMMITTEE

The HR and Remuneration Committee comprises of 4 members out whom 2 members are non-executive, including the chairman of the committee and 1 independent director.



Composition of the Board



Composition of Non-Executive Directors

MEETINGS OF THE BOARD

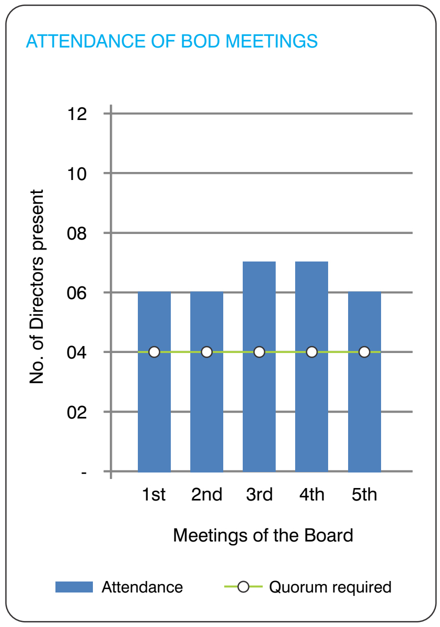
The Board of Directors meets atleast four times every year as required by the regulatory framework. Special meetings are also called to discuss and decide on important matters as and when required.

The Board met 5 times during the year. The notices, along with agenda, were circulated in a timely manner.

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

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

Name of Directors	Attendance
Mr. M. Naseem Saigol	5
Mr. M. Azam Saigol	3
Mr. M. Murad Saigol	3
Mr. M. Zeid Yousuf Saigol	4
Syed Manzar Hassan	5
Sheikh Muhammad Shakeel	3
Mr. Khalid Siddiq Trimizey (BOP Nominee)	1
Mr. Asad Ullah Khawaja (NIT Nominee)	2
Mr. Wajahat A. Baqai (NBP Nominee)	1
Mr. Usman Shahid (NBP Nominee)	3
Mirza Babur Baig (NBP Nominee)*	0
Mr. Akbar Hasan Khan (NBP Nominee)*	0



*Mr. Akbar Hasan Khan was replaced by Mirza Babur Baig on April 26, 2016 by National Bank of Pakistan under Section 182 of the Companies Ordinance, 1984

BOARD MEETINGS HELD OUTSIDE PAKISTAN

No Board Meetings were held outside Pakistan during the year.

ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

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

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

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

CHANGES TO THE BOARD

During the year, one of our fellow directors, Mr. Akbar Hasan Khan appointed under Section 182 of the Companies Ordinance, 1984 by National Bank of Pakistan was replaced by Mirza Babur Baig.

We would like to record our appreciation for the invaluable Contributions made by Mr. Akbar Hasan Khan and welcome Mirza Babur Baig on the Board. We are positive that this change will bring new vision and spirit to the Company and the members will continue to work cohesively as a team and generate new ideas for the Company's progress.

DIRECTORS' REMUNERATION

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

Corporate Governance

OFFICE OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

ROLES AND RESPONSIBILITIES THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

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

The main responsibilities of the Chief Executive Officer include:

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

ANNUAL EVALUATION OF BOARD'S PERFORMANCE

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

The mechanism evaluates the performance of the Board on the following parameters:

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

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

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

CEO PERFORMANCE REVIEW BY THE BOARD

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

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

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

FORMAL ORIENTATION AT INDUCTION

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

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

DIRECTORS' TRAINING PROGRAM

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

1. Mr. Murad Sagol
2. Muhammad Zeid Yousuf Saigol

Certifications of the remaining members of the Board are expected to be completed in 2017.

ETHICS AND COMPLIANCE

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

CONFLICT OF INTEREST AMONG MEMBERS OF THE BOARD

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

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

IT GOVERNANCE POLICY

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

PEL's IT Governance Model encompasses:

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

WHISTLE BLOWING POLICY

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

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

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

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

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

HUMAN RESOURCE MANAGEMENT POLICY & SUCCESSION PLANNING

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

Corporate Governance

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

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

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

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

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

INVESTORS' GRIEVANCE POLICY

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

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

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

STAKEHOLDERS' ENGAGEMENT

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

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

Page 32 of the Annual Report 2016 elaborates on the mode of engagement in addition to the impact of each of the following stakeholders on Company's operations:

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

INVESTORS' SECTION ON PEL WEBSITE

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

POLICY FOR SAFETY OF RECORDS

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

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

The main objectives this policy are:

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

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

ISSUES RAISED AT LAST AGM

No issues were raised at the last AGM held on April 27, 2015.

TRADING IN SHARES BY DIRECTORS AND EXECUTIVES

Details of trading conducted by directors, executives, their spouses and minor children in the shares of PEL during the year is given on page 76.

REVIEW OF RELATED PARTY TRANSACTIONS

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

INTERIM FINANCIAL REPORTING

Periodic financial statements of the Company during the year 2016 were circulated to directors, duly endorsed by the CEO and the Chief Financial Officer. Quarterly financial statements of the Company, were approved, published and circulated to shareholders within one month of closing date, while half yearly financial statements were reviewed by external auditors of the Company, approved by the Board, published and circulated to shareholders within the permitted time of two months after the period end.

AUDITORS

Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have completed the annual audit of PEL for the year ended December 31,2016 and have issued an unqualified report.

They will retire at the conclusion of the forthcoming AGM, and being eligible, have offered themselves for reappointment for the year ending December 31, 2017.

The Board of Directors on the suggestion of the Audit Committee has recommended their re-appointment as auditors of the PEL for the year ending December 31, 2017 at a fee to be mutually agreed.

Information Technology

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

At PEL, IT Governance provides a framework that is aimed at IT strategy about IT infrastructure, risks management, deployment of new techniques and ideas as well as delivery of IT services in an efficient and economical way.

PEL remains focused on continuous exploration of best technologies and infrastructure, to enable efficient and timely decision making, in addition to economizing on the cost related to operating and decision making

REVIEW OF BUSINESS CONTINUITY AND DISASTER RECOVERY PLANNING BY THE BOARD

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

Business Continuity Planning

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

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

Disaster Recovery Planning

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

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

Safety and security of IT record

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

Technology will not replace great teachers but Technology in the hands of great teachers can be transformational

-George Couros

Corporate Social Responsibility

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

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

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Eid Drive at Fountain House

There is nothing as delightful as spreading smiles through presents and when it is coupled with an event like Eid-ul-Fitr. At PEL we organized an Eid Drive for individuals at The Fountain House - Home of Happiness (Akhuwat Foundation) this year. Volunteers from the company visited the Fountain house to distribute snacks and presents to over 200 mentally challenged people. Our volunteers were totally amazed to see the unwavering expression of delight upon receiving their Eidi, which was an affectionate effort by the generous PEL family. A donation of 2 lac rupees was made towards the organization as a token for their efforts.

Career Counseling at TCF Schools

PEL has always been sensitive towards educating our youth to equip them with colors to paint a brighter future of Pakistan. Our Partnership with The Citizens Foundation (TCF) is an evidence of our keen support for the cause of education. PEL made a significant donation to TCF to fuel the young generation. We have a legacy of gladly extending a hand towards dedicated initiatives towards education both financially and morally. BLOOM has been such an event which was intended to professionally groom fresh grads especially those who had successfully completed their internship at PEL. BLOOM was designed to further add value to their experience by formally introducing them to the corporate norms in a dedicated session.

Human Resources

In 2016, PEL continued to set human resource management as one of its top priorities to ensure continuous success. The focus remained on improving people processes, capability building and developing strong employee relations. HR at PEL is working beyond the borders of hierarchy and industry to nurture employees and to keep the culture vital, vibrant and united, ensuring that each employee contributes to the organizational goal.

Human Resources played a vital role in developing an effective learning and developing platform. An internal pool of trainers was identified that continued to conduct trainings. Trainers served as coaches across the company that developed a strong coaching culture at PEL. Trainings such as **Vortex, Roots and Embracing Excellence** were conducted by our internal set of trainers. The aim of these trainings was to focus on personal development to meet future challenges and promote good governance along with a strong sense of social responsibility.

Many initiatives were taken for the professional and personal development of our Sales team. Training sessions such as Fusion were conducted to further polish sales techniques and tactics. Techniques such as cross-selling and up-selling were discussed to diversify our sales portfolio. This program was enriched with insightful concepts including "The Intent of Giving", "Sprint vs. Marathon", "Salesman from Hell and Salesman from Heaven" and "PEL's Benevolent Intent". During this session we concluded that PEL is actually "Providing comfort to the people of Pakistan" and as salesmen of this company we are in real sense **"Setting up our Dealers for Success".**

Management and Internal Networking.

Recruitment, Training and Development have been particularly important over this year to support the company's strong employee intake. Various steps were taken to attract the right kind of employee pool and providing them with best opportunities to learn. Below are some of the highlights of this year:

- 453 internships were offered.
- 6 career counseling and soft skills training sessions were conducted for students, interns and fresh graduates.
- 5 universities were targeted for Job Fairs.
- 37 on and off job trainings were conducted company wide.
- On average 75 employees were trained on a monthly basis under apprenticeship programs.

Pak Elektron Limited (PEL) highly endorses the idea of women empowerment with equality of rights and opportunity. To reinforce its 'Pledge for Parity' and to acknowledge the working women's efforts and accomplishments, PEL maintained its tradition of celebrating International Women's Day this year. The idea was to empower women and motivate them to be an even better version of themselves. Motivational speakers were invited to give an insight on their successes and how females at PEL can relate to their experiences and milestones. The guest speakers included **Ms Anum Nawaz,** Cofounder and Initiator at My Voice Unheard, Manager Curriculum & Product Development at Rabtt and Facilitator at Youth Social Entrepreneurship Program; **Ms Abeer Naseem**, a psychologist,

For developing behavioral competencies a training session "Infinity" was organized. Two day training session was held. Nine key managerial competencies were brushed upon including: **Planning, Implementing, Decision Making & Problem Solving, Monitoring & Controlling, Team Leadership & Development, Human Resource Management, Disciplining, Conflict**

Corporate Social Responsibility

CEO and Founder at Skills; **Ms Sadia Hameed** from Pakistan Society of Training and Development; **Ms Zoya Ishaq**, Project Director at SHE; and an internal speaker, **Ms Natasha Azam**, Creative Designer at Marketing Department of PEL. The worthy speakers reinforced the idea of self-empowerment, and highly emphasized the significance of persistence in life.

Leadership at PEL greatly appreciates the talent and potential of Pakistani women and entrusts them with bringing a positive change in the culture and future of the organization. Participation in women@work survey is a manifestation of the same ardor. We are committed to improve gender diversity and to make PEL a dream workplace which symbolizes a conducive work environment, work life balance, success and growth in the nearest future and we are enthusiastic to go an extra mile to achieve that.

An Employee Engagement programme “Stronger Together” was designed to bridge communication gap and promote team work. Many team building exercises were put together to build team synergy, analytical and problem solving skills among employees. The idea was to improve inter and intra departmental processes by helping employees bond and understand how they can contribute to the organizational goal.

ENERGY CONSERVATION

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

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

ENVIRONMENTAL PROTECTION MEASURES

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

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

MITIGATING THE ADVERSE IMPACT OF INDUSTRIAL EFFLUENTS

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

COMMUNITY INVESTMENT & WELFARE

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

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

CONSUMER PROTECTION MEASURES

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

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

Business has a
Responsibility
to give back to the
Community.

Corporate Social Responsibility

PRODUCT QUALITY ASSURANCE PROCEDURES

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

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

INDUSTRIAL RELATIONS

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

EMPLOYMENT OF SPECIAL PERSONS

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

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

OCCUPATIONAL HEALTH AND SAFETY

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

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

BUSINESS ETHICS AND ANTI-CORRUPTION MEASURES

PEL's Legal & Compliance Department organized a Code of Conduct briefing session in July 2016. An awareness drive was set up. The session was specially conducted for the Department Heads and the General Managers; primary goal was to increase the participants' understanding of the company's Code of Conduct and to gain their valuable feedback. Emphasis was on the importance of the Code and its implementation as an imperative measure for the legal and compliance procedures to be commensurate with the company's growth. It is the policy of PEL to comply with all applicable laws, regulations and corporate ethical standards in the conduct of its business.

NATIONAL CAUSE DONATIONS

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

CONTRIBUTION TO NATIONAL EXCHEQUER

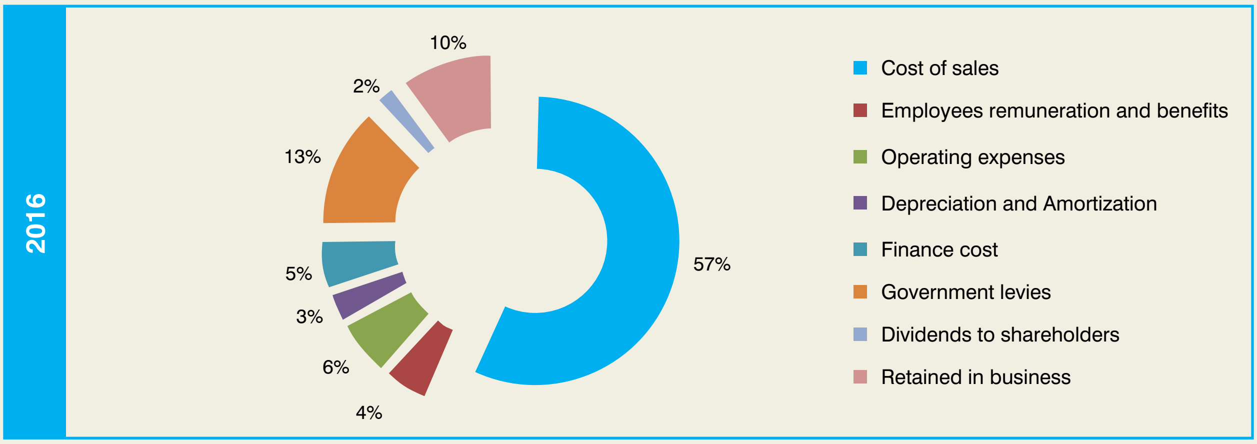
During the year 2016, PEL contributed Rs. 4,007 million to national exchequer in the form of government levies.

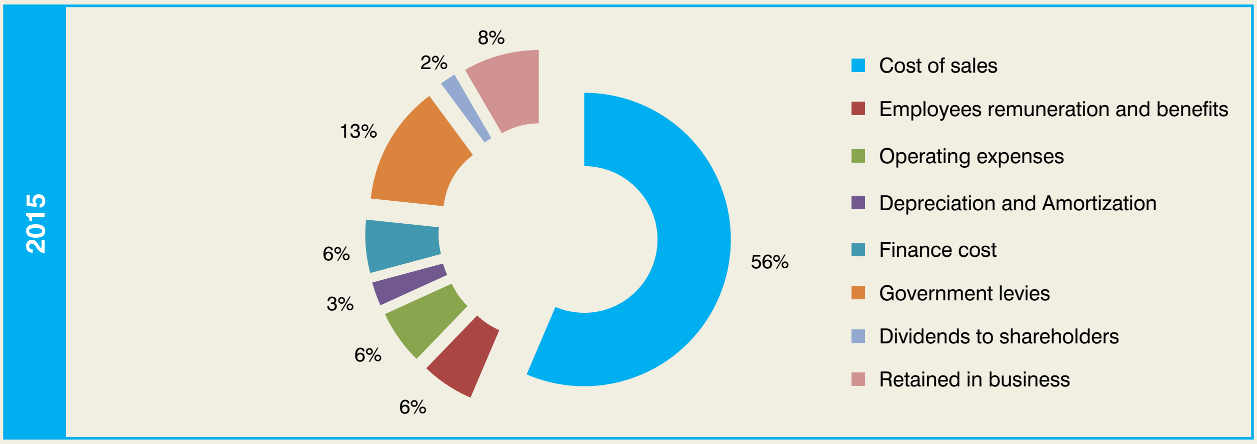
RURAL DEVELOPMENT PROGRAMS

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

STATEMENT OF VALUE ADDITION

Rupees in thousands	2016		2015	
Wealth Generated				
Contract Revenue	901,766	2.97%	1,965,455	6.92%
Sale of Goods	29,426,345	96.91%	26,398,744	92.95%
Other income	37,620	0.12%	35,868	0.13%
Total Wealth Generated	30,365,731	100.00%	28,400,067	100.00%
Wealth Distributed				
Cost of sales	17,334,861	57.09%	16,026,136	56.43%
Employees remuneration and benefites	1,198,212	3.95%	1,644,484	5.79%
Operating expenses	1,814,765	5.98%	1,699,337	5.98%
Depreciation and Amortization	849,856	2.80%	745,429	2.62%
Finance cost	1,491,333	4.91%	1,660,430	5.85%
Government levies	4,006,764	13.20%	3,744,230	13.18%
Dividends to shareholders	622,102	2.05%	497,682	1.75%
Retained in business	3,047,838	10.04%	2,382,339	8.39%
Total Wealth Distributed	30,365,731	100.00%	28,400,067	100.00%





Forward Looking Statement

Pakistan's economic growth outlook is estimated to remain on track, while crossing 5% in FY2016-17 motivated by low commodity prices, rising infrastructure expenditure and gradually improved security situation. While sustained efforts have been made with relative success to accomplish economic reforms planning including Vision 2025 has boost up the investor confidence.

Legislative/fiscal reforms, provision of viable energy solutions and competitiveness of the private sector along with manpower development at the international level, remain the key areas where the focus of the reforms agenda needs to be maintained. The country's population is expected to double by 2050, major investment in population especially youth needs to be undertaken. Infrastructure, energy, appliances, utilities, Health, education, social awareness, women empowerment and nutrition are key areas where investment can augment future growth prospects. Provision of cost efficient and green sources of energy, water and security are entwined factors of production necessary for enhancing the country's overall competitiveness.

Pakistan's economy can harness the positive potential of Chinese flows resulting from China Pakistan Economic Corridor (CPEC), multi-billion infrastructure development projects focusing on uplift of power sector, industrial parks and economic zones; to raise living standards and share prosperity while mitigating the associated risks and challenges being posed to the protection of domestic industry.

Hence the improvement in macroeconomic indicators coupled with growing consumer prosperity, corroborates management's conviction that appliances business shall grow in the future. Home Appliances penetration will grow with growth in per capita income and rapidly growing urbanization. Appliance division is not only growing market share of its existing products but also aims to expand its product range. The division is also actively focusing on consumer needs with improved product quality, aesthetics, brand equity and after sale service.

Tangible outcomes of Government's initiatives in the energy sector can be seen at canvas. In light of recent energy deals signed, policies for IPPs and above all, CPEC will create a pool of opportunities for PEL's power products and your Company is well positioned to grab these opportunities. The Company is also actively supporting Government's efforts to overcome the energy crises by offering related and improved products as per the Government's requirement. EPC Division is also on a growth track due to the increase in upgrading of grid stations and housing Sector schemes development.

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

ANALYSIS OF PREVIOUS YEAR'S FORWARD LOOKING STATEMENT

Growth Revival at Macro level

The revival of growth started in FY14 kept accelerating in FY16 as well. Government initiative of CPEC has further facilitated this revival.

Growth in appliances business

Growth in appliances business clearly evidenced the conviction of management in FY15 for this division. Hence in the year under review we achieved 29% growth in this division.

Introduction of new products

By the grace of ALMIGHTY we are able to add new product i.e. Washing machine and Water dispenser in Appliances division and Green transforms in Power division.

One step ahead in After Sale Services

PEL has focused on after sales service by introducing the SMS and Call facility for the consumers of Appliances division.

Grabbing the opportunities

Thorough above measures PEL has been able to grab the opportunities created through Government initiatives to cope with the energy crisis, CPEC initiative and policies for IPPs.

Growth in EPC

EPC division also achieved growth and in housing sector schemes and upgradation of grid stations.

M. Murad Saigol

Chief Executive Officer

Lahore
March 15, 2017

مستقبل کے امکانات

روشن پاکستان کے مستقبل میں اقتصادی ترقی کے روشن امکانات موجود ہیں جسکی بنیادی وجہ اشیاء کی قیمتوں میں کمی ، بنیادی ڈھانچے کے اخراجات میں اضافہ اور سیکورٹی صورتحال میں بتدریج بہتری ہے۔ چنانچہ سال 2016-17 میں اقتصادی ترقی کا %5 سے تجاوز حوصلہ افزا تھا۔ معاشی اصلاحات کی منصوبہ بندی کو پورا کرنے کے لئے متعلقہ کامیابی سے منسلک مسلسل کوششیں کی گئیں جن کی بدولت وژن 2025 نے سرمایہ کاروں کے اعتماد کو فروغ دیا ہے۔

قانون سازی / مالیاتی اصلاحات، قابل عمل توانائی کے حل کی فراہمی اور بین الاقوامی سطح پر افرادی قوت کی ترقی کے ساتھ ساتھ نجی شعبے کی مسابقت کلیدی شعبے رہے جہاں اصلاحات کے ایجنڈے کا مرکز برقرار رکھنے کی ضرورت ہے۔ ملک کی آبادی 2050 تک دگنی ہونے کی توقع کی جاتی ہے، آبادی میں اہم سرمایہ کاری خاص طور پر نوجوانوں پر کام شروع کرنے کی ضرورت ہے۔ انفراسٹرکچر، توانائی، آلات، افادیت، صحت، تعلیم، سماجی بیداری، خواتین کو بااختیار بنانے اور غذائیت کلیدی شعبے ہیں جہاں سرمایہ کاری کے مستقبل میں ترقی کے امکانات بڑھ سکتے ہیں۔ لاگت کی بچت اور بجلی، پانی اور سیکورٹی کے خوشحال ذرائع کی فراہمی ملک کی مجموعی مسابقت کی صلاحیت کو بڑھانے کے لئے ضروری پیداوار کے عوامل رہے ہیں۔

پاک چین اقتصادی راہ داری کے نتیجے میں کمپنی کے EPC بزنس میں مواقع پیدا ہوئے ہیں اور مقامی تعمیراتی صنعت میں تیزی سے بھی کمپنی کے اس کاروبار میں فروغ حاصل ہوگا۔

لہذا بڑھتی ہوئی صارفین کی خوشحالی کے ساتھ ملکی معیشت میں بہتری، انتظامات کی توثیق مستقبل میں ایپلائنس کاروبار کو بڑھائے گی۔ گھریلو آلات کی طلب، فی کس آمدنی میں اضافہ اور تیزی سے بڑھتی ہوئی شہری آبادی کے ساتھ بڑھے گی۔ ایپلائنس ڈویژن نہ صرف اپنی موجودہ مصنوعات کے مارکیٹ شیئر میں اضافہ بلکہ اپنی مصنوعات کی رینج کو توسیع دینے کا مصمم ارادہ رکھتا ہے۔ ڈویژن فعال طور پر بہتر معیاری مصنوعات، جمالیات، برانڈ اکویٹی اور آفٹر سیل سروس کے ساتھ صارفین کی اولین ترجیح ہے۔

توانائی کے شعبے میں حکومت کے اقدامات کے ٹھوس نتائج دیکھے جا سکتے ہیں۔ آئی پی پی (IPPs) اور حالیہ توانائی کے معاہدے کمپنی کی پاور ڈویژن کی تمام مصنوعات کی طلب میں مزید اضافہ پیدا کریں گے، اور کمپنی ان مواقع سے بھرپور فائدہ اٹھانے کی پوزیشن میں ہے۔ کمپنی حکومت کی ضرورت کے مطابق متعلقہ اور بہتر مصنوعات پیش کرکے توانائی کے بحران پر قابو پانے کے لئے حکومت کی کوششوں کی فعال حمایت کر رہی ہے۔ EPC ڈویژن بھی گرڈ سٹیشنوں کی اپ گریڈنگ اور ہاؤسنگ سیکٹر کے منصوبوں کی ترقی میں اضافہ کی وجہ سے ٹریک پر ہے۔

کمپنی ابھرتے ہوئے CPEC منظر نامے میں واپڈا ڈسٹری بیوشن کمپنیوں کے ساتھ اپنی برانڈ اکوائٹی اور کارکردگی سے فائدہ اٹھانے کی پوزیشن میں ہے۔ بڑھتے ہوئے میکرو اکنامک انڈیکیٹرز کی بدولت آئندہ سالوں میں فی کس آمدنی بڑھنے کے امکان ہیں اور بڑے پیمانے پر PEL برانڈ کی مارکیٹ تک رسائی، ہوم اپلائنسز ڈویژن میں ممکنہ ترقی کو تقویت دے گی۔ مصنوعات کی رینج کو وسعت دینے کے علاوہ کمپنی PEL برانڈ کو فروغ دینے کے لئے ایک جارحانہ مارکیٹنگ مہم شروع کر رہی ہے۔

ایم مراد سہگل
چیف ایگزیکٹو آفیسر

لاہور
15 مارچ 2017ء

Shariah Compliance

S.M. SUHAIL & CO.
Chartered Accountants

1014, Uni Centre,
I.I. Chundrigar Road,
Karachi, Pakistan.
Phones : 021-32414057
: 021-32414163
Fax : 021-32416288
E-mail : sms@smsco.pk
mfsandco
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URL : www.smsco.pk

CERTIFICATE ON SHARIAH COMPLIANCE REVIEW

It is hereby certified that **M/s Pak Elektron Limited (PEL)** is a Shariah Compliant Company as on December 31, 2016 and the business activities for the year then ended, as per the relevant information provided to us and to the best of our knowledge and belief.

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

Our Shariah Scholar has performed tests as per the criteria mentioned in KSE Meezan Index (KMI) that are required for a company to be Shariah Compliant Company, and accordingly the financial affairs of the Company as reflected in the Financial Statements for the year ended December 31, 2016 were screened and filtered in the following parameters and found them to be satisfactory.

Shariah Screening Filters

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

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

S. M. Suhail & Co.

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

Our Ref: SMS-A-3042017
Date: March 24, 2017

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MUFTI ZEESHAN ABDUL AZIZ
Graduate - Jamia Dar Ul Uloom Karachi, Pakistan
Shariah Advisor - Islamic Finance

المفتى ذيشان عبد العزيز
خريج الجامعة دار العلوم كراتشى
المشير الشرعى للامور المالية الاسلامية

March 25, 2017
Ref: SA-2017/015

نحمده و نصلى علىٰ رسوله الكريم

<u>Shari'ah Compliance Certificate</u>

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

1. **Business of The Investee Company**

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

2. **Debt to Total Assets**

Debt to Asset ratio is less than 37%. Debt, in this case, is classified as any interest bearing debts.

3. **Non-Compliant Investments To Total Assets**

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

4. **Non-Compliant Income To Total Revenue-Purification of Non-Compliant Income**

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

5. **Illiquid Assets To Total Assets**

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

6. **Net Liquid Assets To Share Price**

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

Based on the abovementioned criteria I found the Company as Shariah Compliant, according to the financial statements of the company for the year ended Dec 2016. Therefore I hereby certify that the company PAK ELEKTRON LIMITED (PEL) is Shariah Compliant for capital investment.

والله تعالىٰ أعلم بالصواب

Mufti Zeeshan Abdul Aziz
Shariah Advisor

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Corporate Governance

Statement of Compliance

with best practices of the Code of Corporate Governance

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

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

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

Category	Names
Independent Director	Mr. Asad Ullah Khawaja
Executive Directors	Mr. M. Murad Saigol Mr. M. Zeid Yousuf Saigol Syed Manzar Hassan
Non-Executive Directors	Mr. M. Naseem Saigol Mr. M. Azam Saigol Sheikh Muhammad Shakeel Mr. Wajahat A. Baqai Mr. Usman Shahid Mirza Babur Baig Mr. Khalid Siddiq Tirmizey

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. Casual vacancies occurred in the Board upto March 31, 2016 was filled up by the Board of Directors.
5. The Company has prepared a "Code of Conduct" and has ensured appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. One training program for its directors by the board arranged during the year.
10. The Board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The Director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. Financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises of 4 members, of whom 3 are non-executive directors and the chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to

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

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

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

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

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

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

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

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

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

M. Murad Saigol
Chief Executive Officer

Lahore:
March 15, 2017

Audit Committee's Report

on compliance with the Code of Corporate Governance

The Committee comprises of members possessing considerable financial insight. The Audit committee has concluded its annual review of the conduct and operations of the Company during 2016, and report that:

- The Company has issued a "Statement of Compliance with the Code of Corporate Governance which has also been reviewed and certified by the External Auditors of the Company.
- Understanding and compliance with Company codes and policies has been affirmed by the members of the Board, the Management and employees of the Company individually. Equitable treatment of shareholders has also been ensured.
- Appropriate accounting policies have been consistently applied. All applicable Approved Accounting Standards were followed in preparation of financial statements of the Company on a going concern basis, for the financial year ended December 31, 2016, which present fairly the state of affairs, results of operations, profits, cash flows and changes in equity of the Company.
- The Chief Executive and the Chief Financial Officer have endorsed the financial statements of the Company. They acknowledge their responsibility for true and fair presentation of the Company's financial condition and results, compliance with regulations and applicable accounting standards and establishment and maintenance of internal controls and systems of the Company.
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Ordinance, 1984. The financial statements comply with the requirements of the Fourth Schedule to the Companies Ordinance, 1984 and the external reporting is consistent with Management processes and adequate for shareholder needs.
- All Directors have access to the Company Secretary. All direct or indirect trading and holdings of Company's shares by Directors and executives or their spouses were notified in writing to the Company Secretary along with the all the necessary require information, including price, number of shares, form of share certificates and nature of transaction, which were notified by the Secretary to the Board within the stipulated time. All such holdings have been disclosed in the pattern of shareholding. The Annual Secretarial Compliance Certificates are being filed regularly within stipulated time.
- Closed periods were duly determined and announced by the Company, precluding the Directors, the Chief Executive and executives of the Company from dealing in Company's shares, prior to each Board meeting involving announcement of interim / final results, distribution to shareholders or any other business decision, which could materially affect the share market price of Company, along with maintenance of confidentiality of all business information.

Internal Audit

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

External Auditors

- The statutory Auditors of the Company, Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants, have completed their Audit of the Company's financial statements and the their Review of the Company's Compliance with the Code of Corporate Governance for the financial year ended December 31, 2016 and shall retire on the conclusion of the 61st Annual General Meeting.
- The Audit Committee has reviewed and discussed Audit observations and Draft Audit Management Letter with the External Auditors. Final Management Letter is required to be submitted within 45 days of the date of the Auditors' Report on financial statements under the listing regulations and shall accordingly be discussed in the next Audit Committee Meeting. Audit observations for interim review were also discussed with the Auditors.
- The Auditors have been allowed direct access to the Committee and the effectiveness, independence and objectivity of the Auditors has thereby been ensured. The Auditors attended the General Meetings of the Company during the year and have confirmed attendance of the 61st Annual General Meeting scheduled for April 24, 2017 and have indicated their willingness to continue as Auditors.
- Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of Rahman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants as External Auditors of the Company for the year ending December 31, 2017.
- The Firm has no financial or other relationship of any kind with the Company except that of External Auditors.

Asad Ullah Khawaja
Chairman - Audit Committee

Lahore:
March 15, 2017

Review Report to the Members

on the Statement of Compliance with best practices of the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ('the Code') prepared by the Board of Directors of **PAK ELEKTRON LIMITED** for the year ended **December 31, 2016** to comply with the requirements of Regulation No 5.19 of the Rule Book of Pakistan Stock Exchange Limited where the Company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with best practices contained in the Code as applicable to the Company for the year ended **December 31, 2016**.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***ZUBAIR IRFAN MALIK***

Lahore: March 15, 2017

Consolidated Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **PAK ELEKTRON LIMITED** ("the Parent Company") and its subsidiary Company PEL Marketing (Private) Limited as at December 31, 2016 and the related consolidated profit and loss account/statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof ('consolidated financial statements'), for the year then ended. We have also expressed separate opinion on the financial statements of Pak Elektron Limited and its subsidiary company namely PEL Marketing (Private) Limited for the year ended December 31, 2016. These consolidated financial statements are the responsibility of the Parent Company's management. Our responsibility is to express our opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of Pak Elektron Limited and its subsidiary company as at December 31, 2016 and the results of its operations for the year then ended.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***ZUBAIR IRFAN MALIK***

Lahore: ***March 15, 2017***

CONSOLIDATED BALANCE SHEET

as at December 31, 2016

	Note	2016	2015
		Rupees '000	*Rupees '000*
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	*6*	**6,000,000**	6,000,000
Issued, subscribed and paid-up capital	*7*	**5,426,392**	4,431,029
Capital reserve	*8*	**4,279,947**	1,293,858
Accumulated profit		**11,134,131**	7,891,437
TOTAL EQUITY		**20,840,470**	13,616,324
ADVANCES AGAINST ISSUE OF ORDINARY SHARES	*9*	**-**	1,575,252
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	*10*	**4,670,762**	4,804,200
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - *secured*	*11*	**3,151,594**	3,879,209
Long term finances - *secured*	*12*	**1,406,092**	2,186,511
Liabilities against assets subject to finance lease	*13*	**46,384**	61,349
Deferred taxation	*14*	**2,326,193**	2,261,892
Deferred income	*15*	**40,755**	42,900
		6,971,018	8,431,861
CURRENT LIABILITIES			
Trade and other payables	*16*	**915,100**	815,179
Accrued interest/markup		**159,422**	260,904
Short term borrowings	*17*	**4,981,662**	4,668,901
Current portion of non-current liabilities	*18*	**1,788,450**	1,976,655
		7,844,634	7,721,639
TOTAL LIABILITIES		**14,815,652**	16,153,500
CONTINGENCIES AND COMMITMENTS	*19*		
TOTAL EQUITY AND LIABILITIES		**40,326,884**	36,149,276

The annexed notes from 1 to 59 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

	Note	2016	2015
		Rupees '000	*Rupees '000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*20*	**16,442,378**	15,509,612
Intangible assets	*21*	**323,656**	338,321
Long term investments	*22*	**26,341**	8,906
Long term deposits	*23*	**266,353**	289,784
Long term advances	*24*	**1,008,799**	571,991
		18,067,527	16,718,614
CURRENT ASSETS			
Stores, spares and loose tools	*25*	**812,915**	793,379
Stock in trade	*26*	**7,845,800**	6,181,986
Trade debts	*27*	**8,433,424**	7,700,373
Due against construction work in progress - *unsecured, considered good*	*28*	**1,127,996**	1,023,647
Short term advances	*29*	**954,881**	913,881
Short term deposits and prepayments	*30*	**1,258,874**	1,331,229
Other receivables		**480,244**	390,118
Short term investments	*31*	**23,106**	85,524
Advance income tax	*32*	**769,907**	432,838
Cash and bank balances	*33*	**552,210**	577,687
		22,259,357	19,430,662
TOTAL ASSETS		**40,326,884**	36,149,276

The annexed notes from 1 to 59 form an integral part of these financial statements.

SYED MANZAR HASSAN
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT/STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2016

	Note	2016	2015
		Rupees '000	Rupees '000
Revenue	34	**34,123,972**	29,323,348
Sales tax and discount	34	**(7,289,655)**	(4,201,081)
Revenue - *net*		**26,834,317**	25,122,267
Cost of sales	35	**(18,550,387)**	(17,688,038)
Gross profit		**8,283,930**	7,434,229
Other income	36	**37,311**	35,868
Distribution cost	37	**(1,627,796)**	(1,331,075)
Administrative and general expenses	38	**(884,095)**	(758,487)
Other expenses	39	**(193,714)**	(187,582)
		(2,705,605)	(2,277,144)
Operating profit		**5,615,636**	5,192,953
Finance cost	40	**(1,496,503)**	(1,665,305)
		4,119,133	3,527,648
Share of profit/(loss) of associate	22.1.1	**309**	(13,485)
Profit before taxation		**4,119,442**	3,514,163
Taxation	41	**(449,502)**	(634,142)
Profit after taxation		**3,669,940**	2,880,021
Other comprehensive income		**-**	-
Total comprehensive income		**3,669,940**	2,880,021
Earnings per share - *basic and diluted*	42	**7.51**	6.61

The annexed notes from 1 to 59 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended December 31, 2016

	Note	2016 Rupees '000	2015 Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	43	**3,886,976**	4,184,062
Payments for:			
Interest/markup on borrowings		**(1,203,480)**	(1,682,503)
Income tax		**(660,852)**	(436,978)
Net cash generated from operating activities		**2,022,644**	2,064,581
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,730,712)**	(1,878,365)
Proceeds from disposal of property, plant and equipment		**37,716**	125,949
Long term deposits made		**-**	(96,976)
Long term deposits refunded		**23,431**	-
Long term advances made		**(861,199)**	(688,000)
Long term advances recovered		**110,000**	-
Proceeds from disposal of short term investments		**64,776**	-
Net cash used in investing activities		**(2,355,988)**	(2,537,392)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of right ordinary shares		**2,406,200**	-
Advances against issue of ordinary shares		**-**	1,575,252
Redemption of redeemable capital		**(1,003,597)**	(674,491)
Long term finances obtained		**58,068**	2,062,633
Repayment of long term finances		**(746,309)**	(2,147,266)
Proceeds from sale and lease back activities		**4,434**	52,068
Repayment of liabilities against assets subject to finance lease		**(104,200)**	(89,847)
Net increase in short term borrowings		**312,761**	425,640
Dividend paid		**(619,490)**	(493,577)
Net cash generated from financing activities		**307,867**	710,412
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(25,477)**	237,601
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**577,687**	340,086
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	44	**552,210**	577,687

The annexed notes from 1 to 59 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2016

	Note	Issued subscribed and paid-up capital	Capital reserve	Accumulated profit	Total equity
		Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*
Balance as at January 01, 2015		4,431,029	1,293,858	5,301,554	11,026,441
Comprehensive income					
Profit after taxation		-	-	2,880,021	2,880,021
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	2,880,021	2,880,021
Incremental depreciation	*10*	-	-	207,544	207,544
Transaction with owners					
Interim dividend on ordinary shares @ Rs. 1.25 per share		-	-	(497,682)	(497,682)
Balance as at December 31, 2015		4,431,029	1,293,858	7,891,437	13,616,324
Balance as at January 01, 2016		**4,431,029**	**1,293,858**	**7,891,437**	**13,616,324**
Comprehensive income					
Profit after taxation		**-**	**-**	**3,669,940**	**3,669,940**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**3,669,940**	**3,669,940**
Incremental depreciation	*10*	**-**	**-**	**194,856**	**194,856**
Transaction with owners					
Issue of right ordinary shares		**995,363**	**2,986,089**	**-**	**3,981,452**
Interim dividend on ordinary shares @ Rs. 1.25 per share		**-**	**-**	**(622,102)**	**(622,102)**
		995,363	**2,986,089**	**(622,102)**	**3,359,350**
Balance as at December 31, 2016		**5,426,392**	**4,279,947**	**11,134,131**	**20,840,470**

The annexed notes from 1 to 59 form an integral part of these financial statements.

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

NOTES TO AND FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS
for the year ended December 31, 2016

1 REPORTING ENTITY

The Group comprises of the following;

Parent Company

Pak Elektron Limited

Subsidiary Company

PEL Marketing (Private) Limited

1.1 Pak Elektron Limited - Parent Company

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

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

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

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

1.2 PEL Marketing (Private) Limited - Subsidiary Company

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

2 BASIS OF PREPARATION

2.1 Consolidated financial statements

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

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

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

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

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

2.2 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.3 Basis of measurement

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

2.4 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgments made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

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

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

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

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

2.4.3 Recoverable amount and impairment (see note 5.26)

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

Goodwill

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

Trade and other receivables

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

Investments

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

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

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

2.4.5 Taxation (see note 5.21)

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

2.4.6 Provisions (see note 5.15)

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

2.4.7 Net realizable values (see note 5.4)

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

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

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

2.5 Functional currency

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

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

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

IFRS 14 – Regulatory Deferral Accounts (2014)

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)

IAS 27 - Separate Financial Statements has been amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)

IFRS 11 - Joint Arrangements has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11.
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)

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

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)

IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture have been amended to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16.
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)

IAS 1 Presentation of Financial Statements has been amended to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Annual Improvements 2012-2014 cycle

These improvements make amendments to the following standards:

- IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- IFRS 7 - Financial Instruments: Disclosures - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 19 - Employee Benefits - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 - Interim Financial Reporting - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

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

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

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
Classification and Measurementof Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)	January 01, 2018
Applying IFRS 9 'Financial Instruments' with IFRS 4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40 - Investment Property)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	January 01, 2018

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

IFRS 9 – Financial Instruments: Classification and Measurement (2014

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

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

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

IFRS 15 – Revenue from Contracts with Customers (2014)

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

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

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

IFRS 16 – Leases (2016)

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

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

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

The amendments clarify the following:

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

Adoption of this amendment may result in material adjustment to deferred tax assets. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

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

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

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

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

The Group recognizes depreciation in profit or loss by applying reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method, over the useful life of each operating fixed asset using rates specified in note 20 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

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

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

5.1.2 Capital work in progress

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

5.2 Intangible assets

5.2.1 Goodwill

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

5.2.2 Technology transfer

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

5.2.3 Computer software and ERP

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

5.3 Stores, spares and loose tools

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

5.4 Stock in trade

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

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

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

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

5.5 Employee benefits

5.5.1 Short-term employee benefits

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

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

5.5.2 Post-employment benefits

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

5.6 Financial instruments

5.6.1 Recognition

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

5.6.2 Classification

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

(a) Loans and receivables

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

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

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

(c) Held-to-maturity investments

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

(d) Financial liabilities at amortized cost

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

5.6.3 Measurement

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

5.6.4 De-recognition

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

5.6.5 Off-setting

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

5.7 Ordinary share capital

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

5.8 Preference share capital

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

5.9 Loans and borrowings

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

5.10 Investments in equity securities

Investments in associates

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

Investments in other quoted equity securities

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

5.11 Investments in debt securities

Investments in debt securities with fixed or determinable payments and fixed maturity that the Group has positive intention and ability to hold are classified as 'held-to-maturity investments'. These are recognized initially at fair value plus transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of investment on an effective interest basis.

5.12 Finance leases

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

5.13 Ijarah transactions

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

5.14 Trade and other payables

5.14.1 Financial liabilities

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

5.14.2 Non-financial liabilities

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

5.15 Provisions and contingencies

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

5.16 Trade and other receivables

5.16.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.16.2 Non-financial assets

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

5.17 Revenue

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

Revenue from different sources is recognized as follows:

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

5.18 Comprehensive income

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

5.19 Contract costs

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

5.20 Borrowing costs

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

5.21 Income tax

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

5.21.1 Current taxation

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

5.21.2 Deferred taxation

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

5.22 Government grants

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

5.23 Earnings per share ('EPS')

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

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

5.24 Cash and cash equivalents

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

5.25 Foreign currency transactions and balances

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

5.26 Impairment

5.26.1 Financial assets

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

5.26.2 Non-financial assets

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

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

5.27 Dividend distribution to ordinary shareholders

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

5.28 Basis of allocation of common expenses

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

5.29 Warranty costs

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

5.30 Segment reporting

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

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

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

6 AUTHORIZED CAPITAL

2016	2015		2016	2015
No. of shares	*No. of shares*		***Rupees '000***	*Rupees '000*
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	**5,000,000**	5,000,000
62,500,000	62,500,000	'A' class preference shares of Rs. 10 each	**625,000**	625,000
37,500,000	37,500,000	'B' class preference shares of Rs. 10 each	**375,000**	375,000
100,000,000	100,000,000		**1,000,000**	1,000,000
600,000,000	600,000,000		**6,000,000**	6,000,000

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		2016	2015
No. of shares	*No. of shares*		***Rupees '000***	*Rupees '000*
		Ordinary shares of Rs. 10 each		
372,751,051	273,214,754	Issued for cash	**3,727,511**	2,732,148
		Issued for other than cash:		
137,500	137,500	- against machinery	**1,375**	1,375
408,273	408,273	- against acquisition of PEL Appliances Limited	**4,083**	4,083
6,040,820	6,040,820	- against conversion of preference shares	**60,408**	60,408
118,343,841	118,343,841	- as fully paid bonus shares	**1,183,439**	1,183,439
497,681,485	398,145,188		**4,976,816**	3,981,453
		'A' class preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash	**449,576**	449,576
542,639,077	443,102,780		**5,426,392**	4,431,029

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

	Note	**2016**	2015
		No. of shares	*No. of shares*
As at beginning of the year		**398,145,188**	398,145,188
Issue of right ordinary shares	*7.1.1*	**99,536,297**	-
As at end of the year		**497,681,485**	398,145,188

7.1.1 During the year, PEL issued 99,536,297 (2015: nil) right ordinary shares at 25 ordinary shares for every 100 ordinary shares already held, at Rs. 40 per ordinary share, including a premium of Rs. 30 per share.

7.2 'A' class preference shares

7.2.1 Current status of original issue

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

The Securities and Exchange Commission of Pakistan ('SECP') issued order to Pakistan Stock Exchange Limited (formerly Lahore Stock Exchange Limited) dated February 6, 2009 against the listing of these preference shares. However, the Company took up the matter with the honorable Lahore High Court which granted stay order against the said order of SECP and also directed the exchange not to delist the shares. The matter is pending adjudication to date.

7.2.2 Re-profiling of preference shares

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

7.2.3 Accumulated preference dividend

As at reporting date an amount of approximately Rs. 298.969 million (2015: Rs. 256.259 million) has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the under process reprofiling exercise.

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

7.2.4 Classification of preference shares as equity

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

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

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

8 CAPITAL RESERVE

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

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
As at beginning of the year		**1,293,858**	1,293,858
Recognized during the year	*7.1.1*	**2,986,089**	-
As at end of the year		**4,279,947**	1,293,858

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

9 ADVANCE AGAINST ISSUE OF ORDINARY SHARES

This represents advances received against issue of right ordinary shares against which ordinary shares were issued in the current year (see note 7.1).

	2016	2015
	Rupees '000	*Rupees '000*
10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT		
As at beginning of the year	**4,804,200**	4,568,357
Incremental depreciation transferred to accumulated profits		
Incremental depreciation for the year	**(261,531)**	(305,212)
Deferred taxation	**66,675**	97,668
	(194,856)	(207,544)
Other adjustments		
Deferred tax adjustment attributable to changes in proportion of income taxation under final tax regime	**(38,026)**	379,354
Deferred tax adjustment attributable to changes in tax rates	**99,444**	64,033
	61,418	443,387
As at end of the year	**4,670,762**	4,804,200

11 REDEEMABLE CAPITAL - SECURED

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

Description	2016	2015	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Sukuk Funds	**-**	257,143	Three months KIBOR plus 1.75% per annum (2015: Three months KIBOR plus 1.75% per annum) subject to floor and cap of 10% and 25% respectively.	Charge on present and future operating fixed assets of PEL.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in six equal quarterly installmentscommencing from June 2015. PEL has fully redeemed these Sukuk Funds during the year.
Sukuk Funds	**618,750**	939,375	Three months KIBOR plus 1% per annum (2015: Three months KIBOR plus 1% per annum) subject to floor and cap of 8% and 16%	Charge on present and future operating fixed assets of PEL.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in sixteen equal quarterly installments commencing from June 2015.
Private Placed Term Finance Certificates	**609,524**	782,738	Six months KIBOR plus 3% per annum (2015: Six months KIBOR plus 3% per annum).	Charge on present and future operating fixed assets of PEL.	These were issued for the purpose of financing the capacity expansion program of PEL. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in fifty two stepped-up monthly installments commencing from June 2015.
Private Placed Term Finance Certificates	**2,723,614**	2,976,229	Three months KIBOR plus 2% per annum (2015: Three months KIBOR plus 2% per annum).	Charge on present and future operating fixed assets of PEL.	These were issued on conversion of long term finances and short term borrowings under a broad restructuring agreement between PEL and National bank of Pakistan. Under the arrangement, the issue, to the extent of share of NBP in the issue of Rs. 1,650 million,was to be converted into ordinary and preference shares of PEL to the extent of Rs. 500 million and Rs. 1,150 million respectively, with the remaining issue to be redeemed in twenty four equal quarterly installments with the first redemption due in March 2015. The aforementioned conversion agreed between PEL and National Bank of Pakistan (NBP) has been withdrawn. Following the withdrawal of debt equity swap arrangement, a new redemption plan is yet to be agreed and finalised between PEL and NBP. PEL has proposed to redeem the said issue in eight equal quarterly installments commencing from January 2021.
Total	**3,951,888**	4,955,485			
Current portion presented under current liabilities	**(800,294)**	(1,076,276)			
	3,151,594	3,879,209			

12 LONG TERM FINANCES - SECURED

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

Description	2016	2015	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Term Finance	**275,000**	375,000	Three months KIBOR plus 3% per annum (2015: Three months KIBOR plus 3% per annum).	Charge over operating fixed assets and receivables of PEL, mortgage of PEL's land and personal guarantees of sponsoring directors of PEL.	This finance was obtained from Pak Libya Holding Company (Private) Limited for meeting operational expenses of PEL. Later, PEL entered into restructuring arrangement, whereby, the outstanding principal was deferred till May 2015 with the outstanding liability payable in eighteen equal quarterly installments commencing from May 2015.

Description	2016	2015	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Term Finance	**-**	192,662	One month KIBOR plus 3.5% per annum (2015: One month KIBOR plus 3.5% per annum).	Charge over operating fixed assets and receivables of PEL, mortgage of PEL's land and building and lien over balances in collection accounts and installment reserve accounts.	The finance was obtained from consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited for long term working capital requirements of PEL and was rescheduled twice after the disbursement. As per the latest arrangement, the finance was repayable in forty eight equal monthly installments starting September 2012. PEL has fully repaid this finance during the year.
Term Finance	**156,521**	221,739	Six months KIBOR plus 3% (2015: six months KIBOR plus 3%) per annum.	Charge on present and future operating fixed assets of PEL.	The finance has been obtained from Faysal Bank Limited on conversion of short term borrowings. The finance is repayable in twenty three equal quarterly installments commencing from June 2014.
Term Finance	**116,667**	183,333	Three months KIBOR plus 3% (2015: three months KIBOR plus 3%) per annum.	Charge on present and future current assets of PEL.	The finance has been obtained from Summit Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twelve equal quarterly installments commencing from September 2015.
Term Finance	**-**	50,000	Three months KIBOR plus 1% per annum (2015:Three months KIBOR plus 1% per annum).	Charge over present and future current assets of PEL, mortgage of PEL's land and building.	The finance was obtained from Silk Bank Limited for the purpose of financing capital expenditure. The finance was repayable in bullet on or before March 31, 2016. PEL has fully repaid this finance during the year.
Term Finance	**58,068**	-	Three months KIBOR plus 2.10% per annum.	Charge over operating fixed assets of the PEL and personal guarantees of sponsoring directors of the PEL.	The finance has been obtained from The Bank of Punjab for the purpose of financing capital expenditure. The finance is repayable in eight equal quarterly installments commencing from September 2017.
Term Finance	**500,000**	500,000	Three months KIBOR plus 3% per annum.	Charge over present and future current assets of PEL.	The finance has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited, for the purpose of long term working capital requirements. The finance is repayable in three semi annual installments commencing from June 2017.
Demand Finance	**1,222,930**	1,494,693	Three months KIBOR plus 2.25% per annum.	Charge over present and future current assets of the Company and personal guarantees of sponsoring directors of PEL.	The finance has been obtained from National Bank of Pakistan for settlement of long term finances obtained from NIB Bank Limited. The finance is repayable in twenty three equal quarterly installments commencing from September 2015.
Total	**2,329,186**	3,017,427			
Current portion presented under current liabilities	**(923,094)**	(830,916)			
	1,406,092	2,186,511			

	Note	2016	2015
		Rupees '000	*Rupees '000*
Present value of minimum lease payments	*13.1 & 13.2*	**111,446**	130,812
Current portion presented under current liabilities	*13.1 & 13.2*	**(65,062)**	(69,463)
		46,384	61,349

13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

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	2016	2015
		Rupees '000	*Rupees '000*
Not later than one year		**72,210**	81,501
Later than one year but not later than five years		**48,969**	66,733
Total future minimum lease payments		**121,179**	148,234
Finance charge allocated to future periods		**(9,733)**	(17,422)
Present value of future minimum lease payments		**111,446**	130,812
Not later than one year	*18*	**(65,062)**	(69,463)
Later than one year but not later than five years		**46,384**	61,349

		2016	2015
		Rupees '000	*Rupees '000*
14 DEFERRED TAXATION			
Deferred tax liability on taxable temporary differences	*14.1*	**2,982,786**	2,962,104
Deferred tax asset on deductible temporary differences	*14.1*	**(656,593)**	(700,212)
		2,326,193	2,261,892

14.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

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

	2015			
	As at January 01 *Rupees '000*	Recognized in profit or loss *Rupees '000*	Recognized on balance sheet *Rupees '000*	As at December 31 *Rupees '000*
Deferred tax liabilities				
Operating fixed assets - owned	3,603,031	(226,816)	(443,387)	2,932,828
Operating fixed assets - leased	22,646	6,630	-	29,276
	3,625,677	(220,186)	(443,387)	2,962,104
Deferred tax assets				
Provisions	(115,144)	(18,598)	-	(133,742)
Unused tax losses and credits	(1,116,189)	549,719	-	(566,470)
	(1,231,333)	531,121	-	(700,212)
	2,394,344	310,935	(443,387)	2,261,892

14.2 Deferred tax has been recognized using tax rate of 30% (2015: 31%) of temporary differences.

	2016	2015
	Rupees '000	*Rupees '000*
15 DEFERRED INCOME		
As at beginning of the year	**42,900**	45,158
Recognized in profit or loss	**(2,145)**	(2,258)
As at end of the year	**40,755**	42,900

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

The grant received in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 2.145 million (2015: Rs. 2.258 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
16 TRADE AND OTHER PAYABLES			
Trade creditors - *unsecured*		**326,895**	318,331
Foreign bills payable - *secured*	*16.1*	**88,391**	61,553
Accrued liabilities		**158,033**	156,887
Advances from customers - *unsecured*		**88,962**	54,691
Employees' provident fund		**10,856**	10,234
Compensated absences		**26,940**	24,740
Advance against contracts	*46*	**5,246**	4,312
Workers' Profit Participation Fund	*16.2*	**99,939**	102,223
Workers' Welfare Fund	*16.3*	**84,078**	71,993
Unclaimed dividend		**6,717**	4,105
Other payables - *unsecured*		**19,043**	6,110
		915,100	815,179

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

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
16.2 Workers' Profit Participation Fund			
As at beginning of the year		**102,223**	65,004
Interest on fund utilized by the Group	*40*	**5,170**	4,875
Charged to profit or loss for the year	*39*	**99,939**	102,223
Paid during the year		**(107,393)**	(69,879)
As at end of the year		**99,939**	102,223

16.2.1 Interest on funds utilized by the Group has been recognized at 10.11% (2015: 13.22%) per annum.

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
16.3 Workers' Welfare Fund			
As at beginning of the year		**71,993**	47,137
Charged to profit or loss for the year	*39*	**84,078**	71,993
Paid/adjusted during the year		**(71,993)**	(47,137)
As at end of the year		**84,078**	71,993

	Note	2016	2015
		Rupees '000	Rupees '000

17 SHORT TERM BORROWINGS

	Note	2016 Rupees '000	2015 Rupees '000
Secured			
Short term finances utilized under interest/markup arrangements from			
- banking companies	17.1	4,714,249	3,704,952
- Non Banking Finance Companies ('NBFCs')	17.2	223,403	130,000
		4,937,652	3,834,952
Unsecured			
Short term finances utilized under interest/markup arrangements from			
Non Banking Finance Companies ('NBFCs')	17.3	-	748,349
Book overdraft	17.5	44,010	85,600
		4,981,662	4,668,901

17.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/markup at rates ranging from 6.87% to 9.33% (2015: 8.35% to 13.11%) per annum. These facilities are secured by pledge / hypothecation of raw materials and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and personal guarantees of the sponsoring directors of PEL. These facilities are generally for a period of one year and renewed at the end of the period.

17.2 These facilities have been obtained from NBFCs for purchase of raw material and carry interest/markup at a rate of 8.31% (2015: 9.33% to 12.43%) per annum. These facilities are secured by charge over operating fixed assets of the PEL and personal guarantees of the directors of PEL.

17.3 This represent finances obtained against issue of commercial paper to non-banking finance companies and carry interest/markup at nil (2015: three months KIBOR plus 2.5% per annum). These were issued at discounted value and are redeemable at face value.

17.4 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 5,895 million (2015: Rs. 1,705 million).

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

18 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2016 Rupees '000	2015 Rupees '000
Redeemable capital	11	800,294	1,076,276
Long term finances	12	923,094	830,916
Liabilities against assets subject to finance lease	13	65,062	69,463
		1,788,450	1,976,655

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

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

	Note	2016 Rupees '000	2015 Rupees '000
Tender bonds		367,098	453,543
Performance bonds		2,356,679	2,036,786
Advance guarantees		857,272	1,272,820
Custom guarantees		77,645	73,253
Foreign guarantees		45,757	101,295

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

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

No provision for income tax on undistributed reserves amounting to Rs 82.74 million for the tax year 2015, has been made as the matter is subjudice before Lahore High Court and the management of the Group expects a favourable outcome.

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

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
19.2 Commitments			
19.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material		**4,236,154**	1,842,222

19.2.2 Commitments under ijarah contracts

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

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
- payments not later than one year		**58,859**	55,237
- payments later than one year		**41,950**	82,906
		100,809	138,143

20 PROPERTY, PLANT AND EQUIPMENT

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

	2015										
	COST / REVALUED AMOUNT						DEPRECIATION				Net book value as at
	As at January 01	Additions	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Adjustment	As at December 31	December 31
	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000	%	Rupees '000	Rupees '000	Rupees '000	Rupees '000	Rupees '000
Assets owned by the Group											
Leasehold land	13,256	-	-	-	13,256	-	-	-	-	-	13,256
Freehold land	539,232	-	-	-	539,232	-	-	-	-	-	539,232
Building on leasehold land	1,754,247	-	-	-	1,754,247	5	584,439	58,484	-	642,923	1,111,324
Building on freehold land	2,750,800	-	-	-	2,750,800	5	573,818	108,821	-	682,639	2,068,161
Plant and machinery	14,707,948	1,826,424	(119,052)	(55,134)	16,360,186	5	4,535,151	512,498	(2,281)	5,045,368	11,314,818
Office equipment and fixtures	183,914	8,208	(2,829)	-	189,293	10	100,688	8,754	(1,997)	107,445	81,848
Computer hardware and allied items	101,825	19,266	(4,956)	-	116,135	30	89,413	10,759	(4,956)	95,216	20,919
Vehicles	115,313	21,063	(19,387)	29,061	146,050	20	79,611	8,352	3,223	91,186	54,864
	20,166,535	1,874,961	(146,224)	(26,073)	21,869,199		5,963,120	707,668	(6,011)	6,664,777	15,204,422
Assets subject to finance lease											
Plant and machinery	100,000	-	-	52,068	152,068	5	2,500	6,643	-	9,143	142,925
Vehicles	140,628	33,481	-	(29,061)	145,048	20	34,396	25,431	(13,897)	45,930	99,118
	240,628	33,481	-	23,007	297,116		36,896	32,074	(13,897)	55,073	242,043
	20,407,163	1,908,442	(146,224)	(3,066)	22,166,315		6,000,016	739,742	(19,908)	6,719,850	15,446,465
Capital work in progress											
Building on freehold land	51,812	2,983	-	-	54,795		-	-	-	-	54,795
Plant and machinery	7,931	421	-	-	8,352		-	-	-	-	8,352
	59,743	3,404	-	-	63,147		-	-	-	-	63,147
	20,466,906	1,911,846	(146,224)	(3,066)	22,229,462		6,000,016	739,742	(19,908)	6,719,850	15,509,612

20.1 Property, plant and equipment includes fully depreciated assets of Rs. 80.975 million (2015: Rs. 80.975 million) which are still in use of the Company.

20.2 Disposal of operating fixed assets

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

Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	2015						
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Plant and machinery							
Cabinet foaming fixture	10,871	136	10,735	10,184	(551)	Negotiation	Sindh Modaraba
Refrigerant charging system	2,911	24	2,887	2,645	(242)	Negotiation	Sindh Modaraba
Vacuum thermoforming machine	20,464	85	20,379	18,893	(1,486)	Negotiation	Sindh Modaraba
Deep freezer copper coiling machine	6,394	27	6,367	6,108	(259)	Negotiation	Sindh Modaraba
CR and GI slitting	9,369	-	9,369	8,804	(565)	Negotiation	Sindh Modaraba
Gantry crane	18,992	-	18,992	16,516	(2,476)	Negotiation	Sindh Modaraba
Plastic injection molds	6,152	451	5,701	6,142	441	Negotiation	Sindh Modaraba
Cabinet thermoforming mold	2,341	163	2,178	2,337	159	Negotiation	Sindh Modaraba
Automatic strapping machine	706	49	657	804	147	Negotiation	Sindh Modaraba
Moisture and temperature controlling device	1,877	108	1,769	1,874	105	Negotiation	Sindh Modaraba
Foaming plug	312	14	298	312	14	Negotiation	Sindh Modaraba
Micro ohm meter	1,296	59	1,237	1,294	57	Negotiation	Sindh Modaraba
Oil break down tester	1,151	53	1,098	1,149	51	Negotiation	Sindh Modaraba
Wire cut machine	1,423	59	1,364	1,421	57	Negotiation	Sindh Modaraba
Micro mole electric discharge machine	1,548	65	1,483	1,545	62	Negotiation	Sindh Modaraba
Air chiller	2,511	94	2,417	2,507	90	Negotiation	Sindh Modaraba
Cabinet foaming mold	5,912	222	5,690	5,903	213	Negotiation	Sindh Modaraba
Cabinet foaming mold	968	36	932	967	35	Negotiation	Sindh Modaraba
Water heater and teflon hose	1,007	38	969	1,006	37	Negotiation	Sindh Modaraba
Rotary vacuum pump	7,073	206	6,867	7,062	195	Negotiation	Sindh Modaraba
Stone crusher	1,081	27	1,054	1,079	25	Negotiation	Sindh Modaraba
Pneumatic self burning welding machine	4,524	113	4,411	4,517	106	Negotiation	Sindh Modaraba
Air chiller	2,292	38	2,254	2,288	34	Negotiation	Sindh Modaraba
Magnetic inserting machine	4,380	55	4,325	4,373	48	Negotiation	Sindh Modaraba
Rotary screw compressors	2,266	19	2,247	2,262	15	Negotiation	Sindh Modaraba
Screw air compressor	1,231	10	1,221	1,229	8	Negotiation	Sindh Modaraba
	119,052	2,151	116,901	113,221	(3,680)		
Office equipment and fixtures							
UPS, fans, ovens and other items	866	701	165	272	107	Negotiation	Faisal Raza
Refrigerators	417	340	77	128	51	Negotiation	Faisal Raza
Photocopier & fax machine	449	363	86	144	58	Negotiation	Faisal Raza
Air conditioners	602	496	106	175	69	Negotiation	Faisal Raza
Various mobiles	495	97	398	-	(398)	Negotiation	Various Individuals
	2,829	1,997	832	719	(113)		
Computer hardware and allied items							
Computers and monitors	4,325	4,325	-	194	194	Negotiation	Iftikhar Ahmad
Printers scanners and allied items	631	631	-	28	28	Negotiation	Iftikhar Ahmad
	4,956	4,956	-	222	222		
Vehicles							
Suzuki Alto	673	467	206	452	246	As Per Company Policy	Aamir Nazir (employee)
Suzuki Cultus	819	593	226	161	(65)	As Per Company Policy	Arshad Ali (employee)
Toyota Corolla	1,434	979	455	398	(57)	As Per Company Policy	Tahir Arshad (employee)
Sukuzi Mehran	657	192	465	522	57	Insurance Claim	IGI Insurance
Toyota Corolla	127	-	127	261	134	As Per Company Policy	Ahmad Jamshad (employee)
Toyota Corolla	1,414	798	616	644	28	As Per Company Policy	Arif Rashid Mir (employee)
Suzuki Alto	826	414	412	442	30	As Per Company Policy	Azeem Bin Talib (employee)
Suzuki Mehran	645	329	316	240	(76)	As Per Company Policy	Ehsan Hasni (employee)
Toyota Cotolla	129	-	129	1,076	947	As Per Company Policy	Muzaffar Waheed (employee)
Suzuki Mehran	645	329	316	240	(76)	As Per Company Policy	Saif ul Haq Khan (employee)
Toyota Corolla	138	-	138	290	152	As Per Company Policy	Imtiaz Ahmed (employee)
Suzuki Cultus	909	903	6	212	206	As Per Company Policy	Muhammad Tariq (employee)
Toyota Corolla	127	76	51	283	232	As Per Company Policy	Mian Nazir Ahmed (employee)
Toyota Corolla	184	-	184	444	260	As Per Company Policy	Adnan Aftab (employee)
Honda city	1,397	819	578	628	50	As Per Company Policy	Bilal Ahmad Khan (employee)
Toyota Corolla	1,626	845	781	714	(67)	As Per Company Policy	Tauqir Akhtar (employee)
Suzuki Cultus	1,040	485	555	602	47	As Per Company Policy	Kashif Khan (employee)
Toyota Corolla	129	-	129	261	132	As Per Company Policy	Jahanzeb Ahmad (employee)
Suzuki Sprinter	69	48	21	69	48	As Per Company Policy	Abdullah Mateen (employee)
Honda Civic	171	-	171	344	173	As Per Company Policy	Azam Aziz (employee)
Honda Civic VTi	1,963	1,265	698	539	(159)	As Per Company Policy	Syed Manzar Hassan (employee)
Toyota Corolla	138	-	138	282	144	As Per Company Policy	Muhammad Hanif (employee)
Suzuki Mehran	645	347	298	386	88	As Per Company Policy	Muhammad Kamran (employee)
Suzuki Mehran	663	357	306	125	(181)	As Per Company Policy	M. Azeem Qureshi (employee)
Suzuki Cultus	87	-	87	216	129	As Per Company Policy	Rizwan Ahmad Cheema (employee)
Suzuki Mehran	612	308	304	224	(80)	As Per Company Policy	Hafiz Imran Ahmad (employee)
Suzuki Swift	1,176	572	604	568	(36)	As Per Company Policy	Imtiaz Ahmad (employee)
Honda City	129	-	129	352	223	As Per Company Policy	Masood Tahir (employee)
Various Motor Cycles	815	548	267	812	545	As Per Company Policy	Various Individuals *(employees)*
	19,387	10,674	8,713	11,787	3,074		
	146,224	19,778	126,446	125,949	(497)		

		Note	2016	2015
			Rupees '000	*Rupees '000*
20.3	The depreciation charge for the year has been allocated as follows:			
	Cost of sales	*35*	**780,745**	689,446
	Administrative and general expenses	*38*	**54,446**	50,296
			835,191	739,742

20.4 Revaluation of property, plant and equipment

Most recent valuation of freehold land, buildings on freehold and lease hold land and plant and machinery was carried out by an independent valuer, Maricon Consultants (Private) Limited, on July 01, 2013 and was incorporated in the financial statements for the year ended December 31, 2013. For basis of valuation and other fair value measurement disclosures refer to note 49.

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

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

	2015		
	Cost	Accumulated depreciation	Net book value
	Rupees '000	*Rupees '000*	*Rupees '000*
Freehold land	189,184	-	189,184
Buildings	3,287,050	951,530	2,335,520
Plant and machinery	8,386,000	2,272,477	6,113,523

21 INTANGIBLE ASSETS

		2016						
		Cost			**Accumulated Amortization**			**Net book value as at**
	Note	**As at January 01** ***Rupees '000'***	**Additions** ***Rupees '000'***	**As at December 31** ***Rupees '000'***	**As at January 01** ***Rupees '000'***	**For the period** ***Rupees '000'***	**As at December 31** ***Rupees '000'***	**December 31** ***Rupees '000'***
Technology transfer agreement	*21.1*	**117,054**	**-**	**117,054**	**30,550**	**4,325**	**34,875**	**82,179**
Goodwill	*21.2*	**312,341**	**-**	**312,341**	**91,859**	**-**	**91,859**	**220,482**
Software	*21.3*	**5,057**	**-**	**5,057**	**4,526**	**175**	**4,701**	**356**
Enterprise Resource Planning system	*21.4*	**31,675**	**-**	**31,675**	**871**	**10,165**	**11,036**	**20,639**
		466,127	**-**	**466,127**	**127,806**	**14,665**	**142,471**	**323,656**

		2015						
		Cost			Accumulated Amortization			Net book value as at
		As at January 01 *Rupees '000'*	Additions *Rupees '000'*	As at December 31 *Rupees '000'*	As at January 01 *Rupees '000'*	For the period *Rupees '000'*	As at December 31 *Rupees '000'*	December 31 *Rupees '000'*
Technology transfer agreement	*21.1*	117,054	-	117,054	25,997	4,553	30,550	86,504
Goodwill	*21.2*	312,341	-	312,341	91,859	-	91,859	220,482
Software	*21.3*	5,057	-	5,057	4,263	263	4,526	531
Enterprise Resource Planning system	*21.4*	31,675	-	31,675	-	871	871	30,804
		466,127	-	466,127	122,119	5,687	127,806	338,321

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

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

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

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

	Note	2016	2015
		Rupees '000	Rupees '000
22 LONG TERM INVESTMENTS			
Investment in associate	22.1	26,341	8,906
Other investment	22.2	-	-
		26,341	8,906

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

	2016	2015
2,910,600 (2015: 2,910,600) ordinary shares of Rs. 10 each		
Percentage of ownership interest	23.10%	23.10%

	2016	2015
	Rupees '000	Rupees '000
Cost of investment	54,701	54,701
Share of post acquisition loss *net of dividend received*	(1,047)	(1,356)
	53,654	53,345
Accumulated impairment	(27,313)	(44,439)
	26,341	8,906

22.1.1 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 for the year ended December 31, 2016 are as follows:

	2016	2015
	Rupees '000	Rupees '000
Assets	196,652	200,330
Liabilities	4,442	3,590
Revenue	4,605	-
(Profit)/loss for the year	(1,338)	58,376
Share of (profit)/loss	(309)	13,485
Market value per share (Rupees)	9.05	3.06

22.2 This represents investment in redeemable/convertible preference shares issued by Silk Bank Limited ('the Issuer') matured on March 26, 2016. The details are as follows:

	Note	2016	2015
		Rupees '000	Rupees '000
Silk Bank Limited - *Unquoted*			
17,698,489 preference shares of Rs. 2.5 each			
As at beginning of the year		-	55,740
Amortization for the year	36	-	9,744
Transferred to current assets	31	-	(65,484)
As at end of the year		-	-

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

	Note	2016	2015
		Rupees '000	Rupees '000

23 LONG TERM DEPOSITS

	Note	2016	2015
Financial institutions	23.1	32,333	29,262
Utility companies and regulatory authorities	23.2	37,736	75,978
Customers	23.3	196,284	184,544
		266,353	289,784

23.1 These represent security deposits against Ijarah financing.

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

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

24 LONG TERM ADVANCES

	Note	2016	2015
		Rupees '000	Rupees '000
Face value of deposits		688,000	688,000
Additions during the year		621,981	-
Recovered during the year		(110,000)	-
Less: unamortized notional interest	24.2	(191,182)	(116,009)
As at end of the year		1,008,799	571,991

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

	Note	2016	2015
		Rupees '000	Rupees '000
24.2 Unamortized notional interest			
As at beginning of the year		116,009	-
Recognized during the year	37.2	133,730	116,009
Amortization for the year		(58,557)	-
As at end of the year		191,182	116,009

		Note	2016	2015
			Rupees '000	*Rupees '000*
25	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**141,111**	94,002
	Spares		**596,467**	662,115
	Loose tools		**94,161**	53,968
			831,739	810,085
	Provision for slow moving and obsolete items	*25.1*	**(18,824)**	(16,706)
			812,915	793,379
25.1	**Movement in provision for slow moving and obsolete items**			
	As at beginning of the year		**16,706**	16,706
	Recognized during the year		**2,118**	-
	As at end of the year		**18,824**	16,706

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

		Note	2016	2015
			Rupees '000	*Rupees '000*
26	**STOCK IN TRADE**			
	Raw material			
	- in stores		**3,115,685**	2,815,016
	- in transit		**1,834,191**	1,126,577
	Provision for slow moving and obsolete items	*26.1*	**(25,647)**	(22,447)
			4,924,229	3,919,146
	Work in process		**1,033,340**	1,143,657
	Finished goods		**1,895,253**	1,125,190
	Provision for slow moving and obsolete items	*26.2*	**(7,022)**	(6,007)
			1,888,231	1,119,183
			7,845,800	6,181,986
26.1	**Movement in provision for slow moving and obsolete items**			
	As at beginning of the year		**22,447**	18,424
	Recognized during the year		**3,200**	4,023
	As at end of the year		**25,647**	22,447
26.2	**Movement in provision for slow moving and obsolete items**			
	As at beginning of the year		**6,007**	4,804
	Recognized during the year		**1,015**	1,203
	As at end of the year		**7,022**	6,007

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

26.4 Stock in trade valued at Rs. 1,432 million (2015: Rs. 1,630 million) is pledged as security with providers of debt finances.

	Note	2016 Rupees '000	2015 Rupees '000
27 TRADE DEBTS - UNSECURED			
Considered good			
- against sale of goods		**7,080,313**	6,205,873
- against execution of contracts		**1,353,111**	1,494,500
		8,433,424	7,700,373
Considered doubtful	*27.2*	**444,589**	343,603
		8,878,013	8,043,976
Impairment allowance for doubtful debts	*38*	**(444,589)**	(343,603)
		8,433,424	7,700,373

27.1 These include retention money for contracts in progress amounting to Rs. 540.758 million (2015: Rs. 774.205 million) held by the customers in accordance with contract terms.

	2016 Rupees '000	2015 Rupees '000
27.2 Movement in impairment allowance		
As at beginning of the year	**343,603**	256,484
Recognized during the year	**100,986**	87,119
As at end of the year	**444,589**	343,603

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

This represents unbilled revenue from construction work in progress.

	Note	2016 Rupees '000	2015 Rupees '000
29 SHORT TERM ADVANCES			
Advances to suppliers and contractors - *unsecured*			
- considered good		**678,201**	748,382
- considered doubtful		**32,730**	25,108
Impairment allowance for doubtful advances	*29.1*	**(32,730)**	(25,108)
		678,201	748,382
Advances to employees- *unsecured*			
- considered good	*29.2*	**276,680**	165,499
- considered doubtful		**1,449**	1,449
Impairment allowance for doubtful advances		**(1,449)**	(1,449)
		276,680	165,499
		954,881	913,881

	2016	2015
29.1 Movement in impairment allowance		
As at beginning of the year	**25,108**	22,863
Recognized during the year	**7,622**	2,245
As at end of the year	**32,730**	25,108

		Note	2016	2015
			Rupees '000	*Rupees '000*
29.2	These include advances for			
	- purchases		**173,163**	37,055
	- expenses		**78,529**	100,269
	- traveling		**24,988**	22,730
	- others		**-**	5,445
			276,680	165,499

30 SHORT TERM DEPOSITS AND PREPAYMENTS

	Note	2016	2015
Security deposits			
- considered good		**411,116**	420,371
- considered doubtful		**5,379**	5,379
Impairment allowance for doubtful deposits		**(5,379)**	(5,379)
		411,116	420,371
Margin deposits		**612,986**	718,891
Prepayments		**38,454**	70,554
Letters of credit		**196,318**	121,413
		1,258,874	1,331,229

31 SHORT TERM INVESTMENTS

	Note	2016	2015
Investments in listed equity securities	*31.1*	**23,106**	20,040
Investment in debt securities	*22.2*	**-**	65,484
		23,106	85,524

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

	Note	2016	2015
		Rupees '000	*Rupees '000*
Standard Chartered Bank (Pakistan) Limited			
915,070 (2015: 915,070) ordinary shares of Rs. 10 each			
Market value: *Rs. 25.25 (2015: Rs. 21.9) per share*			
As at beginning of the year		**20,040**	21,596
Changes in fair value	*36 & 39*	**3,066**	(1,556)
As at end of the year		**23,106**	20,040

32 ADVANCE INCOME TAX

	Note	2016	2015
Advance income tax/income tax refundable		**1,093,690**	754,689
Provision for taxation	*41*	**(323,783)**	(321,851)
		769,907	432,838

33 CASH AND BANK BALANCES

	Note	2016	2015
Cash in hand		**6,301**	9,557
Cash at banks		**545,909**	568,130
		552,210	577,687

	Note	2016	2015
		Rupees '000	*Rupees '000*

34 REVENUE

	Note	2016 Rupees '000	2015 Rupees '000
Contract revenue	*46*	**901,766**	1,965,455
Sale of goods			
- local		**28,984,236**	22,887,803
- exports		**4,237,970**	4,470,090
		34,123,972	29,323,348
Sales tax and excise duty		**(3,493,794)**	(3,241,932)
Trade discounts		**(3,795,861)**	(959,149)
		(7,289,655)	(4,201,081)
		26,834,317	25,122,267

35 COST OF SALES

	Note	2016 Rupees '000	2015 Rupees '000
Finished goods at the beginning of the year		**1,125,190**	877,488
Cost of goods manufactured	*35.1*	**18,553,318**	16,381,065
Finished goods at the end of the year		**(1,895,253)**	(1,125,190)
Cost of goods sold		**17,783,255**	16,133,363
Contract cost	*46*	**767,132**	1,554,675
		18,550,387	17,688,038

35.1 Cost of goods manufactured

	Note	2016 Rupees '000	2015 Rupees '000
Work-in-process at beginning of the year		**1,143,657**	1,262,830
Raw material and components consumed		**15,970,005**	14,015,138
Direct wages		**632,225**	586,556
Factory overheads:			
- salaries, wages and benefits		**420,116**	380,213
- traveling and conveyance		**21,524**	20,501
- electricity, gas and water		**325,247**	308,188
- repairs and maintenance		**51,351**	48,023
- vehicles running and maintenance		**24,924**	23,115
- insurance		**26,350**	25,523
- depreciation	*20.3*	**780,745**	689,446
- amortization of intangible assets	*21*	**14,665**	5,687
- provision for obsolete and slow moving stock	*25 & 26*	**6,333**	5,226
- carriage and freight		**24,472**	25,216
- erection and testing		**135,901**	120,523
- other factory overheads		**9,143**	8,537
		1,840,771	1,660,198
		19,586,658	17,524,722
Work-in-process at end of the year		**(1,033,340)**	(1,143,657)
		18,553,318	16,381,065

35.2 These include charge in respect of employees retirement benefits amounting to Rs. 32.01 million (2015: Rs. 32.64 million).

	Note	2016	2015
		Rupees '000	*Rupees '000*
36 OTHER INCOME			
Gain on financial instruments			
Reversal of impairment loss on long term investments	*22*	**17,126**	14,241
Amortization of held-to-maturity investments	*22.2*	**-**	9,744
Changes in fair value of short term investments	*31*	**3,066**	-
Gain on sale and lease back activities		**696**	-
		20,888	23,985
Other income			
Amortization of grant-in-aid	*15*	**2,145**	2,258
Others		**14,278**	9,625
		16,423	11,883
		37,311	35,868
37 DISTRIBUTION COST			
Salaries and benefits	*37.1*	**364,002**	317,605
Traveling and conveyance		**69,147**	61,013
Rent, rates and taxes		**53,976**	48,288
Electricity, gas, fuel and water		**21,293**	18,693
Repairs and maintenance		**7,842**	7,616
Vehicles running and maintenance		**48,591**	42,693
Printing and stationery		**8,830**	8,035
Postage, telegrams and telephones		**19,611**	17,432
Entertainment and staff welfare		**29,288**	27,061
Advertisement and sales promotion		**279,856**	182,892
Insurance		**11,933**	9,086
Freight and forwarding		**394,742**	319,131
Contract and tendering		**5,298**	5,402
Warranty period services		**142,921**	122,466
Others	*37.2*	**170,466**	143,662
		1,627,796	1,331,075

37.1 These include charge in respect of employees retirement benefits amounting to Rest. 15.09 million (2015: Rest. 13.31 million).

37.2 These include notional interest expense amounting to Rs. 75.173 million (2015: Rs. 116.009 million) on long term advances. (See note 24.2)

	Note	2016	2015
		Rupees '000	*Rupees '000*

38 ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2016 Rupees '000	2015 Rupees '000
Salaries and benefits	*38.1*	**414,094**	360,110
Traveling and conveyance		**38,646**	32,847
Rent, rates and taxes		**32,967**	28,395
Ujrah payments		**61,762**	23,264
Legal and professional		**43,968**	30,698
Electricity, gas and water		**24,902**	30,610
Auditor's remuneration	*38.2*	**4,939**	4,057
Repairs and maintenance		**16,028**	12,609
Vehicles running and maintenance		**15,111**	12,955
Printing, stationery and periodicals		**4,036**	4,392
Postage, telegrams and telephones		**7,898**	9,666
Entertainment and staff welfare		**13,996**	13,665
Advertisement		**10,884**	10,385
Insurance		**8,199**	10,365
Provision for doubtful debts, advances and security deposits		**108,608**	89,364
Depreciation	*20.3*	**54,446**	50,296
Others		**23,611**	34,809
		884,095	758,487

38.1 These include charge in respect of employees retirement benefits amounting to Rs. 18.17 million (2015: Rs. 19.54 million).

	Note	2016 Rupees '000	2015 Rupees '000
38.2 Auditor's remuneration			
Annual statutory audit		**3,647**	2,800
Half yearly review		**600**	600
Review report under Code of Corporate Governance		**430**	430
Out of pocket expenses		**262**	227
		4,939	4,057

39 OTHER EXPENSES

	Note	2016 Rupees '000	2015 Rupees '000
Loss on financial instruments			
Loss due to changes in fair value of short term investments	*31*	**-**	1,556
Loss on disposal of short term investments		**708**	-
		708	1,556
Others			
Loss on sale and lease back activities		**-**	2,936
Workers' Profit Participation Fund	*16.2*	**99,939**	102,223
Workers' Welfare Fund	*16.3*	**84,078**	71,993
Loss on disposal of property, plant and equipment		**6,135**	497
Others		**2,854**	8,377
		193,006	186,026
		193,714	187,582

	Note	2016	2015
		Rupees '000	Rupees '000

40 FINANCE COST

	Note	2016	2015
Interest / markup on borrowings:			
redeemable capital		374,521	541,925
long term finances		235,258	281,483
liabilities against assets subject to finance lease		16,873	20,009
short term borrowings		475,346	599,462
		1,101,998	1,442,879
Interest on Workers' Profit Participation Fund	16.2	5,170	4,875
Bank charges and commission		389,335	217,551
		1,496,503	1,665,305

41 TAXATION

	Note	2016	2015
Provision for taxation	32 & 41.1		
for current year		323,783	321,851
for prior years		-	1,356
		323,783	323,207
Deferred taxation			
adjustment attributable to origination and reversal of temporary differences		167,643	319,458
adjustment attributable to changes in tax rates	14.1	(41,924)	(8,523)
		125,719	310,935
		449,502	634,142

41.1 Provision for current tax for year ended December 31, 2016 has been made in accordance with section 18 and 154 of the Income Tax Ordinance, 2001 ('the Ordinance'). Provision for current tax for year ended December 31, 2015 was made in accordance with section 113C 'Alternative Corporate Tax' the Ordinance. Numerical reconciliation between average effective tax rate and applicable tax rate is as follows:

	Unit	2016	2,015
Profit before taxation	Rupees	4,119,442	3,514,163
Provision for taxation	Rupees	449,502	634,142
Average effective tax rate	%	10.91	18.05
Tax effects of:			
Income taxable under final tax regime	%	(1.03)	3.26
Admissible deductions, losses and tax credits	%	26.17	5.19
Adjustment for prior years	%	-	(0.04)
Deferred taxation	%	(3.05)	(8.85)
Others	%	(2.00)	(0.61)
Applicable tax rate	%	31.00	17.00

41.2 Assessments upto tax year 2016 have been finalized under the relevant provisions of the Ordinance.

	Unit	2016	2015

42 EARNINGS PER SHARE - BASIC AND DILUTED

	Unit	2016	2015
Earnings			
Profit after taxation	*Rupees '000'*	**3,669,940**	2,880,021
Preference dividend for the year	*Rupees '000'*	**(42,710)**	(42,710)
Profit attributable to ordinary shareholders	*Rupees '000'*	**3,627,230**	2,837,311
Shares			
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**483,074,232**	429,139,758
Earnings per share			
Basic and diluted	*Rupees*	**7.51**	6.61

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

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

42.3 The effect of issue of ordinary and preference shares on conversion of redeemable capital, as referred to in note 11, has not been considered for the purpose of calculation of earnings per share as the said issue is subject to various legal and regulatory approvals which are pending as at the reporting date.

42.4 Weighted average number of ordinary shares outstanding during the year has been adjusted for bonus element in the issue of right ordinary shares during the year for all periods presented in these financial statements.

43 CASH GENERATED FROM OPERATIONS

	2016 *Rupees '000*	2015 *Rupees '000*
Profit before taxation	**4,119,442**	3,514,163
Adjustments for non-cash and other items		
Interest/markup on borrowings	**1,101,998**	1,442,879
Notional interest	**75,173**	116,009
Loss on disposal of property, plant and equipment	**6,135**	497
Amortization of grant-in-aid	**(2,145)**	(2,258)
Amortization of intangible assets	**14,665**	5,687
Amortization of held-to-maturity investments	**-**	(9,744)
Share of (profit)/loss of associate	**(309)**	13,485
(Gain)/loss on sale and lease back activities	**(696)**	2,936
Reversal of impairment loss on long term investments	**(17,126)**	(14,241)
Changes in fair value of financial assets at fair value through profit or loss	**(3,066)**	1,556
Impairment allowance for doubtful debts, advances and security deposits	**108,608**	89,364
Provision for obsolete and slow moving stock	**6,333**	5,226
Loss on disposal of short term investments	**708**	-
Depreciation	**835,191**	739,742
	2,125,469	2,391,138
	6,244,911	5,905,301
Changes in working capital		
Stores, spares and loose tools	**(19,536)**	(331,239)
Stock in trade	**(1,670,147)**	129,656
Trade debts	**(594,819)**	(663,633)
Due against construction work in progress	**(104,349)**	(18,783)
Short term advances	**(48,622)**	(86,477)
Trade deposits and short term prepayments	**72,355**	(478,020)
Other receivables	**(90,126)**	(202,388)
Trade and other payables	**97,309**	(70,355)
	(2,357,935)	(1,721,239)
Cash generated from operations	**3,886,976**	4,184,062

	Note	2016 Rupees '000	2015 Rupees '000

44 CASH AND CASH EQUIVALENTS

	Note	2016 Rupees '000	2015 Rupees '000
Cash and bank balances	33	**552,210**	577,687
		552,210	577,687

45 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

			Note	2016 Rupees '000	2015 Rupees '000
45.1	**Transactions with related parties**				
	Nature of relationship	**Nature of transactions**			
	Provident Fund Trust	Contribution for the year		**65,270**	65,490
	Associated companies and undertakings	Purchase of services		**240,740**	173,851
	Key management personnel	Short term employee benefits	51	**46,900**	42,677
		Post employment benefits	51	**2,707**	2,395
	Directors and sponsors	Dividend paid		**312,891**	237,797
45.2	**Balances with related parties**				
	Nature of relationship	**Nature of balances**			
	Provident Fund Trust	Contribution payable		**10,856**	10,234
	Key management personnel	Short term employee benefits payable		**3,452**	3,618
	Directors and sponsors	Advances against issue of ordinary shares		**-**	1,575,252

46 LONG TERM CONSTRUCTION CONTRACTS

	Note	2016 Rupees '000	2015 Rupees '000
Contract revenue for the year	34	**901,766**	1,965,455
Cost incurred to date		**6,703,152**	5,936,020
Contract costs for the year	35	**767,132**	1,554,675
Gross profit realized to date		**1,711,073**	1,576,439
Advances against contracts	16	**5,246**	4,312
Retention money receivable		**540,758**	774,205
Gross amount due from customers		**1,940,349**	1,743,942
Gross amount due to customers		**12,937**	11,342
Estimated future costs to complete projects in progress		**337,009**	303,236

47 FINANCIAL INSTRUMENTS

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

		2016 Rupees '000	2015 Rupees '000
47.1	**Financial assets**		
	Cash in hand	**6,301**	9,557
	Loans and receivables		
	Long term deposits	**234,020**	260,522
	Long term advances	**1,008,799**	571,991
	Trade debts	**8,433,424**	7,700,373
	Due against construction work in progress	**1,127,996**	1,023,647
	Short term advances	**-**	5,445
	Short term deposits	**1,024,102**	1,139,262
	Other receivables	**480,244**	390,118
	Bank balances	**545,909**	568,130
		12,854,494	11,659,488
	Financial assets at fair value through profit or loss		
	Short term investments	**23,106**	20,040
	Held-to-maturity investments		
	Short term investments	**-**	65,484
		12,883,901	11,754,569
47.2	**Financial liabilities**		
	Financial liabilities at amortized cost		
	Redeemable capital	**3,951,888**	4,955,485
	Long term finances	**2,329,186**	3,017,427
	Liabilities against assets subject to finance lease	**111,446**	130,812
	Trade creditors - *unsecured*	**326,895**	318,331
	Foreign bills payable - *secured*	**88,391**	61,553
	Accrued liabilities	**158,033**	156,887
	Employees' provident fund	**10,856**	10,234
	Compensated absences	**26,940**	24,740
	Unclaimed dividend	**6,717**	4,105
	Other payables - *unsecured*	**19,043**	6,110
	Accrued interest/markup	**159,422**	260,904
	Short term borrowings	**4,981,662**	4,668,901
		12,170,479	13,615,489

48 FINANCIAL RISK EXPOSURE AND MANAGEMENT

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

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

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies. The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

48.1 Credit risk

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

48.1.1 Maximum exposure to credit risk

The gross carrying amount of financial assets, other than cash in hand, represents maximum exposure to credit risk. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
Loans and receivables			
Long term deposits	*23*	**234,020**	260,522
Long term advances	*24*	**1,199,981**	688,000
Trade debts	*27*	**8,878,013**	8,043,976
Due against construction work in progress	*28*	**1,127,996**	1,023,647
Short term advances	*29*	**-**	5,445
Short term deposits	*30*	**1,029,481**	1,144,641
Bank balances	*33*	**545,909**	568,130
		13,015,400	11,734,361
Financial assets at fair value through profit or loss			
Short term investments	*31*	**23,106**	20,040
Held-to-maturity investments			
Short term investments	*22.2*	**-**	65,484
		13,038,506	11,819,885

48.1.2 Concentration of credit risk

There is no concentration of credit risk geographically. Maximum exposure to credit risk by type of counter-party is as follows:

	2016	2015
	Rupees '000	*Rupees '000*
Customers	**11,402,274**	9,940,167
Banking companies and financial institutions	**1,598,496**	1,798,295
Others	**37,736**	81,423
	13,038,506	11,819,885

48.1.3 Credit quality and impairment

The manner in which the Group assesses the credit quality of its financial assets depends on the type of counter-party. The Group conducts different types of transactions with the following counter-parties.

(a) Customers

Customers are counter-parties to trade debts, long term security deposits for contracts in progress, long term advances to dealers, due against contract work in progress and retention money for contracts in progress.

These ,with the exception of trade debts and long term advances to dealers, do not carry any significant credit risk. Long term advances to dealers are neither past due nor impaired. The ageing analysis of trade debts as at reporting date is as follows:

	2016		2015	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees '000	***Rupees '000***	*Rupees '000*	*Rupees '000*
Not yet due and past due by 1 year	**7,825,624**	**-**	7,217,346	-
1 to 2 years	**534,085**	**-**	462,923	-
2 to 3 years	**296,150**	**222,435**	211,553	191,449
More than 3 years	**222,154**	**222,154**	152,154	152,154
	8,878,013	**444,589**	8,043,976	343,603

There is no single significant customer in the trade debts of the Group. The maximum exposure to credit risk for trade debts as at the reporting date by type of customer is:

	2016	2015
	Rupees '000	*Rupees '000*
General customers	**6,452,710**	6,198,172
Corporate customers	**2,425,303**	1,845,804
	8,878,013	8,043,976

In determining the recoverability of a trade debt, the Group considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further provision required in excess of the allowance for doubtful debts.

(b) Banking companies and financial institutions

Banking companies and financial institutions are counter-parties to security/margin deposits, bank balances and investments in preference shares. The Group limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have reasonably high credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

(c) Others

These include employees of the Group who are counter parties to advances and utility companies and regulatory authorities who are counter parties to long term security deposits. These do not carry any significant credit risk.

48.1.4 Collateral held

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

48.1.5 Credit risk management

As mentioned in note 48.1.3 to the financial statements, the Group's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. To manage credit risk the Group maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The majority of sales to the Group’s customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Group’s established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

48.2 Liquidity risk

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

48.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2016				
	Carrying amount *Rupees '000'*	**Contractual cash flows** *Rupees '000'*	**One year or less** *Rupees '000'*	**One to five years** *Rupees '000'*	**More than five years** *Rupees '000'*
Redeemable capital	**3,951,888**	**4,799,314**	**1,095,068**	**3,704,246**	**-**
Long term finances	**2,329,186**	**2,674,133**	**1,096,264**	**1,577,869**	**-**
Liabilities against assets					**-**
subject to finance lease	**111,446**	**121,179**	**72,210**	**48,969**	**-**
Short term borrowings	**4,981,662**	**5,067,242**	**5,067,242**	**-**	**-**
Accrued interest/markup	**159,422**	**159,422**	**159,422**	**-**	**-**
Trade and other payables	**326,895**	**361,155**	**361,155**	**-**	**-**
	11,860,499	**13,182,445**	**7,851,361**	**5,331,084**	**-**

	2015				
	Carrying amount *Rupees '000'*	Contractual cash flows *Rupees '000'*	One year or less *Rupees '000'*	One to five years *Rupees '000'*	More than five years *Rupees '000'*
Redeemable capital	4,955,485	6,243,828	1,464,522	4,779,306	-
Long term finances	3,017,427	3,602,551	1,069,353	2,464,714	68,484
Liabilities against assets					
subject to finance lease	130,812	148,234	81,501	66,733	-
Short term borrowings	4,668,901	4,700,026	4,700,026	-	-
Accrued interest/markup	260,904	260,904	260,904	-	-
Trade and other payables	318,331	357,493	357,493	-	-
	13,351,860	15,313,036	7,933,799	7,310,753	68,484

48.2.2 Liquidity risk management

The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As referred to in note 17.4 the Group has additional undrawn facilities of Rs. 5,895 million (2015: Rs. 1,705 million) at its disposal to further reduce liquidity risk.

48.3 Market risk

48.3.1 Currency risk

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

(a) Exposure to currency risk

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

	2016 Rupees '000	2015 Rupees '000
Financial assets	**-**	-
Financial liabilities		
Foreign bills payable		
USD	**(57,774)**	(61,553)
CNY	**(2,529)**	-
EUR	**(28,088)**	-
	(88,391)	(61,553)
Net balance sheet exposure	**(88,391)**	(61,553)
Foreign currency commitments		
AUD	**-**	(1,071)
CHF	**(14,368)**	-
CNY	**(44,152)**	-
EUR	**(325,273)**	(297,962)
GBP	**(5,065)**	(218)
JPY	**(29,805)**	-
USD	**(3,817,491)**	(1,542,971)
	(4,236,154)	(1,842,222)
Net exposure	**(4,324,545)**	(1,903,775)

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

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

	2016		2015	
	Assets Rupees '000	Liabilities Rupees '000	Assets Rupees '000	Liabilities Rupees '000
AUD	**-**	**-**	-	76.1200
GBP	**-**	**128.7300**	-	154.9900
EUR	**-**	**110.3200**	-	114.2200
USD	**-**	**104.8000**	-	104.3000
CHF	**-**	**102.6600**	-	-
CNY	**-**	**15.0800**	-	-
JPY	**-**	**0.8979**	-	-

(c) Sensitivity analysis

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit and equity for the year by Rs. 4.420 million (2015: Rs. 3.078 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Currency risk management

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

48.3.2 Interest rate risk

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

(a) Interest/markup bearing financial instruments

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

	2016	2015
	Rupees '000	Rupees '000
Fixed rate instruments	-	-
Variable rate instruments		
Financial liabilities	11,330,172	12,687,025

(b) Fair value sensitivity analysis for fixed rate instruments

The Group does not have any fixed rate financial instruments.

(c) Cash flow sensitivity analysis for variable rate instruments

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 113.302 million (2015: Rs. 126.870 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) Interest rate risk management

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

48.3.3 Price risk

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

49 FAIR VALUE MEASUREMENTS

The Group measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

49.1 Financial instruments measured at fair value

49.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	2016	2015
			Rupees '000	*Rupees '000*
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	**23,106**	20,040

49.1.2 Non-recurring fair value measurements

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

49.2 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.

49.3 Assets and liabilities other than financial instruments

49.3.1 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	2016	2015
				Rupees '000	*Rupees '000*
Freehold land	-	539,232	-	**539,232**	539,232
Buildings	-	3,032,978	-	**3,032,978**	3,179,485
Plant and machinery	-	12,263,722	-	**12,263,722**	11,314,818

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 26.962 million (2015: Rs. 26.962 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 151.649 million (2015: Rs. 158.974 million).

	Valuation technique	Significant inputs	Sensitivity
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 613.186 million (2015: Rs. 565.741 million).

Reconciliation of fair value measurements categorized in Level 3 is presented in note 20.4.

There were no transfers between fair value hierarchies during the year.

49.3.2 Non-recurring fair value measurements

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

50 CAPITAL MANAGEMENT

The Group's objective when measuring capital is to safeguard the Group's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue of new shares. Consistent with others in industry, the Group monitors capital on the basis of gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, redeemable capital and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity (as shown in the balance sheet plus advances against issue of ordinary shares and surplus on revaluation of property, plant and equipment) plus debt. During the period, the Group's strategy was to maintain the gearing ratio below 30% and 'A' credit rating. The gearing ratios as at the reporting date are as follows:

	Unit	**2016**	2015
Total debt	*Rupees '000'*	**6,392,520**	8,103,724
Total equity	*Rupees '000'*	**25,511,232**	19,995,776
Total capital employed	*Rupees '000'*	**31,903,752**	28,099,500
Gearing ratio	*% age*	**20.04**	28.84

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

51 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2016	2015	**2016**	2015	**2016**	2015
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Remuneration	**12,046**	6,511	**28,519**	30,686	**215,879**	206,045
House rent	**1,205**	565	**2,017**	1,749	**51,224**	48,887
Utilities	**1,205**	330	**1,389**	1,182	**26,204**	22,448
Bonus	**-**	-	**-**	-	**37,154**	38,751
Post employment benefits	**-**	-	**2,707**	2,395	**37,950**	19,551
Meeting fee	**-**	-	**272**	568	**-**	-
Reimbursable expenses						
Motor vehicles expenses	**-**	214	**65**	986	**22,171**	23,208
Medical expenses	**-**	-	**182**	454	**10,840**	12,264
	14,456	7,620	**35,151**	38,020	**401,422**	371,154
Number of persons	**1**	1	**5**	5	**167**	170

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

51.2 No remuneration has been paid to non-executive directors

52 SEGMENT INFORMATION

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

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

	Power Division		Appliances Division		Total	
	2016	2015	**2016**	2015	**2016**	2015
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Revenue	**14,605,040**	14,140,453	**19,518,932**	15,182,895	**34,123,972**	29,323,348
Finance cost	**654,375**	818,131	**842,128**	847,174	**1,496,503**	1,665,305
Depreciation and amortization	**424,037**	365,260	**425,819**	380,169	**849,856**	745,429
Segment profit before tax	**1,540,452**	1,481,149	**2,731,790**	2,197,038	**4,272,242**	3,678,187
Segment assets	**16,994,090**	20,193,421	**22,513,440**	15,178,096	**39,507,530**	35,371,517

	2016	2015
	Rupees '000	*Rupees '000*
52.1 Reconciliation of segment profit		
Total profit for reportable segments	**4,272,242**	3,678,187
Un-allocated other expenses	**(152,800)**	(164,024)
Profit before taxation	**4,119,442**	3,514,163

		2016	2015
		Rupees '000	*Rupees '000*
52.2	**Reconciliation of segment assets**		
	Total assets for reportable segments	**39,507,530**	35,371,517
	Other corporate assets	**819,354**	777,759
	Total assets	**40,326,884**	36,149,276
52.3	**Information about major customers**		
	Revenue derived from Lahore Electric Supply Company	2,579,985	-
	Revenue derived from Multan Electric Power Company	**-**	2,566,562

53 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the un-audited financial statements of the Pak Elektron Limited Employees Provident Fund Trust for the year ended December 31, 2016.

		2016	2015
Size of the fund -*total assets*	*Rupees '000'*	**377,581**	298,477
Cost/fair value of investments	*Rupees '000'*	**281,500**	220,388
Percentage of investments made	*% age*	**74.55**	73.84

The break-up of investments is as follows:

	2016		2015	
	Rupees '000'	***% age***	*Rupees '000'*	*% age*
Government securities	**75,000**	**26.64**	105,000	47.64
Deposit accounts with commercial banks	**206,500**	**73.36**	115,388	52.36
	281,500	**100.00**	220,388	100.00

54 PLANT CAPACITY AND ACTUAL PRODUCTION

		2016		2015	
	Unit	**Annual production capacity**	**Actual production during the year**	Annual production capacity	Actual production during the year
Transformers/Power Transformers	MVA	**7,000**	**4,966**	6,500	4,171
Switch gears	Nos.	**12,000**	**8,378**	12,000	8,311
Energy meters	Nos.	**1,700,000**	**624,414**	1,700,000	320,875
Air conditioners	Tonnes	**179,950**	**44,949**	90,000	40,953
Refrigerators/deep freezers	Cfts.	**6,950,000**	**5,153,397**	5,500,000	4,520,052
Microwave ovens	Litres	**850,000**	**394,220**	700,000	389,809

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

55 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 15, 2017 by the Board of Directors of the Parent Company.

56 NUMBER OF EMPLOYEES

Total number of employees of the Group as at the reporting date are 6,214 (2015: 6,191). Average number of persons employed by the Group during the year are 6,024 (2015: 6,383).

57 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

58 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on March 15, 2017 has proposed a dividend on ordinary shares at Rs.1.75 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by shareholders in the forthcoming annual general meeting.

59 GENERAL

59.1 Figures have been rounded off to the nearest thousands.

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

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

Separate Financial Statements

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAK ELEKTRON LIMITED** ("the Company") as at December 31, 2016 and the related profit and loss account/statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that-

a) in our opinion, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion-

   i. the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied.

   ii. the expenditure incurred during the year was for the purpose of the Company's business; and

   iii. the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account/statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2016 and of the profit, other comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980.), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that ordinance.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Engagement Partner: ***ZUBAIR IRFAN MALIK***

Lahore: ***March 15, 2017***

BALANCE SHEET

as at December 31, 2016

	Note	2016	2015
		Rupees '000	*Rupees '000*
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital	*6*	**6,000,000**	6,000,000
Issued, subscribed and paid-up capital	*7*	**5,426,392**	4,431,029
Capital reserve	*8*	**4,279,947**	1,293,858
Accumulated profit		**6,784,446**	5,258,423
TOTAL EQUITY		**16,490,785**	10,983,310
ADVANCES AGAINST ISSUE OF ORDINARY SHARES	*9*	**-**	1,575,252
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT	*10*	**4,668,386**	4,804,200
LIABILITIES			
NON-CURRENT LIABILITIES			
Redeemable capital - *secured*	*11*	**3,151,594**	3,879,209
Long term finances - *secured*	*12*	**1,406,092**	2,186,511
Liabilities against assets subject to finance lease	*13*	**46,384**	61,349
Deferred taxation	*14*	**1,598,160**	1,804,911
Deferred income	*15*	**40,755**	42,900
		6,242,985	7,974,880
CURRENT LIABILTIES			
Trade and other payables	*16*	**796,525**	730,201
Accrued interest/markup		**159,422**	260,904
Short term borrowings	*17*	**4,981,662**	4,668,901
Current portion of non-current liabilities	*18*	**1,788,450**	1,976,655
		7,726,059	7,636,661
TOTAL LIABILITIES		**13,969,044**	15,611,541
CONTINGENCIES AND COMMITMENTS	*19*		
TOTAL EQUITY AND LIABILITIES		**35,128,215**	32,974,303

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

M. MURAD SAIGOL
Chief Executive Officer

	Note	2016	2015
		Rupees '000	*Rupees '000*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	*20*	**16,442,378**	15,509,612
Intangible assets	*21*	**323,656**	338,321
Long term investments	*22*	**26,441**	9,006
Long term deposits	*23*	**266,353**	289,784
		17,058,828	16,146,723
CURRENT ASSETS			
Stores, spares and loose tools	*24*	**812,915**	793,379
Stock in trade	*25*	**7,693,450**	5,485,816
Trade debts - *unsecured*	*26*	**3,842,374**	5,583,326
Due against construction work in progress -*unsecured, considered good*	*27*	**1,127,996**	1,023,647
Short term advances - *unsecured*	*28*	**954,881**	913,881
Short term deposits and prepayments	*29*	**1,258,874**	1,331,229
Other receivables - *unsecured, considered good*		**480,244**	390,118
Short term investments	*30*	**23,106**	85,524
Advance income tax	*31*	**1,419,797**	793,282
Cash and bank balances	*32*	**455,750**	427,378
		18,069,387	16,827,580
TOTAL ASSETS		**35,128,215**	32,974,303

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

SYED MANZAR HASSAN
Director

PROFIT AND LOSS ACCOUNT/STATEMENT OF COMPREHENSIVE INCOME

for the year ended December 31, 2016

	Note	2016	2015
		Rupees '000	Rupees '000
Revenue	33	24,002,363	23,355,652
Sales tax and discount	33	(3,496,100)	(3,252,765)
Revenue - *net*		20,506,263	20,102,887
Cost of sales	34	(16,765,481)	(16,126,536)
Gross profit		3,740,782	3,976,351
Other income	35	37,620	22,383
Distribution cost	36	(401,297)	(394,017)
Administrative and general expenses	37	(486,866)	(428,092)
Other expenses	38	(147,613)	(154,434)
		(1,035,776)	(976,543)
Operating profit		2,742,626	3,022,191
Finance cost	39	(886,936)	(1,118,806)
Profit before taxation		1,855,690	1,903,385
Taxation	40	95,203	(231,019)
Profit after taxation		1,950,893	1,672,366
Other comprehensive income		-	-
Total comprehensive income		1,950,893	1,672,366
Earnings per share - *basic and diluted*	41	3.95	3.80

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

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

CASH FLOW STATEMENT

for the year ended December 31, 2016

	Note	2016	2015
		Rupees '000	Rupees '000
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	42	2,659,411	2,864,469
Payments for:			
Interest/markup on borrowings		(657,472)	(1,151,382)
Income tax		(676,645)	(436,978)
Net cash generated from operating activities		1,325,294	1,276,109
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,730,712)	(1,878,365)
Proceeds from disposal of property, plant and equipment		37,716	125,949
Long term deposits made		-	(96,976)
Long term deposits refunded		23,431	-
Proceeds from disposal of short term investments		64,776	-
Net cash used in investing activities		(1,604,789)	(1,849,392)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of right ordinary shares		2,406,200	-
Advances against issue of ordinary shares		-	1,575,252
Redemption of redeemable capital		(1,003,597)	(674,491)
Long term finances obtained		58,068	2,062,633
Repayment of long term finances		(746,309)	(2,147,266)
Proceeds from sale and lease back activities		4,434	52,068
Repayment of liabilities against assets subject to finance lease		(104,200)	(89,847)
Net increase in short term borrowings		312,761	427,954
Dividend paid		(619,490)	(493,577)
Net cash generated from financing activities		307,867	712,726
NET INCREASE IN CASH AND CASH EQUIVALENTS		28,372	139,443
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		427,378	287,935
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	43	455,750	427,378

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

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

STATEMENT OF CHANGES IN EQUITY

for the year ended December 31, 2016

	Note	Issued subscribed and paid-up capital Rupees '000	Capital reserve Rupees '000	Accumulated profit Rupees '000	Total equity Rupees '000
Balance as at January 01, 2015		4,431,029	1,293,858	3,876,195	9,601,082
Comprehensive income					
Profit after taxation		-	-	1,672,366	1,672,366
Other comprehensive income		-	-	-	-
Total comprehensive income		-	-	1,672,366	1,672,366
Incremental depreciation	*10*	-	-	207,544	207,544
Transaction with owners					
Interim dividend on ordinary shares @ Rs. 1.25 per share		-	-	(497,682)	(497,682)
Balance as at December 31, 2015		4,431,029	1,293,858	5,258,423	10,983,310
Balance as at January 01, 2016		**4,431,029**	**1,293,858**	**5,258,423**	**10,983,310**
Comprehensive income					
Profit after taxation		**-**	**-**	**1,950,893**	**1,950,893**
Other comprehensive income		**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**1,950,893**	**1,950,893**
Incremental depreciation	*10*	**-**	**-**	**197,232**	**197,232**
Transaction with owners					
Issue of right ordinary shares		**995,363**	**2,986,089**	**-**	**3,981,452**
Interim dividend on ordinary shares @ Rs. 1.25 per share		**-**	**-**	**(622,102)**	**(622,102)**
		995,363	**2,986,089**	**(622,102)**	**3,359,350**
Balance as at December 31, 2016		**5,426,392**	**4,279,947**	**6,784,446**	**16,490,785**

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

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

NOTES TO AND FORMING PART OF FINANCIAL STATEMENTS

for the year ended December 31, 2016

1 REPORTING ENTITY

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

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

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

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

2 BASIS OF PREPARATION

2.1 Separate financial statements

These financial statements are the separate financial statements of the Company in which investments in subsidiary and associated entities are accounted for on the basis of cost rather than on the basis of reported results. Consolidated financial statements are prepared and presented separately.

2.2 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 prevail.

2.3 Basis of measurement

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

2.4 Judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgements are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

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

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

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

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

2.4.3 *Recoverable amount and impairment (see note 5.26)*

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

Goodwill

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

Trade and other receivables

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

Investments

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

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

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

2.4.5 *Taxation (see note 5.21)*

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

2.4.6 *Provisions (see note 5.15)*

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

2.4.7 *Net realizable values (see note 5.4)*

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

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

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

2.5 Functional currency

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

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

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

IFRS 14 – Regulatory Deferral Accounts (2014)

The standard permits an entity which is a first-time adopter of International Financial Reporting Standards to continue to account, with some limited changes, for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.

Equity Method in Separate Financial Statements (Amendments to IAS 27 - Separate Financial Statements)

IAS 27 - Separate Financial Statements has been amended to permit investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements.

Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11 – Joint Arrangements)

IFRS 11 - Joint Arrangements has been amended to require an acquirer of an interest in a joint operation in which the activity constitutes a business (as defined in IFRS 3 Business Combinations) to:

- Apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11.
- Disclose the information required by IFRS 3 and other IFRSs for business combinations.

The amendments apply both to the initial acquisition of an interest in joint operation, and the acquisition of an additional interest in a joint operation (in the latter case, previously held interests are not remeasured).

Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 – Property, Plant and Equipment and IAS 38 – Intangible Assets)

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

- Clarify that a depreciation method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate for property, plant and equipment.
- Introduce a rebuttable presumption that an amortisation method that is based on the revenue generated by an activity that includes the use of an intangible asset is inappropriate, which can only be overcome in limited circumstances where the intangible asset is expressed as a measure of revenue, or when it can be demonstrated that revenue and the consumption of the economic benefits of the intangible asset are highly correlated.
- Add guidance that expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technological or commercial obsolescence of the asset, which, in turn, might reflect a reduction of the future economic benefits embodied in the asset.

Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10 - Consolidated Financial Statements, IFRS 12 - Disclosure of Interests in Other Entities, IAS 28 - Accounting for Investments in Associates and Joint Ventures)

The amendments address issues that have arisen in the context of applying the consolidation exception for investment entities.

Agriculture: Bearer Plants (Amendments to IAS 16 – Property, Plant and Equipment and IAS 41 – Agriculture)

IAS 16 - Property, Plant and Equipment and IAS 41 - Agriculture have been amended to:

- Include 'bearer plants' within the scope of IAS 16 rather than IAS 41, allowing such assets to be accounted for a property, plant and equipment and measured after initial recognition on a cost or revaluation basis in accordance with IAS 16.
- Introduce a definition of 'bearer plants' as a living plant that is used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.
- Clarify that produce growing on bearer plants remains within the scope of IAS 41.

Disclosure initiative (Amendments to IAS 1 - Presentation of Financial Statements)

IAS 1 Presentation of Financial Statements has been amended to address perceived impediments to preparers exercising their judgement in presenting their financial reports by making the following changes:

- Clarification that information should not be obscured by aggregating or by providing immaterial information, materiality considerations apply to the all parts of the financial statements, and even when a standard requires a specific disclosure, materiality considerations do apply;
- Clarification that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements and clarification that an entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single line items based on whether or not it will subsequently be reclassified to profit or loss;
- Additional examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order so far listed in paragraph 114 of IAS 1.

Annual Improvements 2012-2014 cycle

These improvements make amendments to the following standards:

- **IFRS 5 - Non-current Assets Held for Sale and Discontinued Operations** - Adds specific guidance in IFRS 5 for cases in which an entity reclassifies an asset from held for sale to held for distribution or vice versa and cases in which held-for-distribution accounting is discontinued.
- **IFRS 7 - Financial Instruments: Disclosures** - Additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset, and clarification on offsetting disclosures in condensed interim financial statements.
- IAS 19 - Employee Benefits - Clarify that the high quality corporate bonds used in estimating the discount rate for post-employment benefits should be denominated in the same currency as the benefits to be paid.
- IAS 34 - Interim Financial Reporting - Clarify the meaning of 'elsewhere in the interim report' and require a cross-reference.

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

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

	Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments (2014)	January 01, 2018
IFRS 15 – Revenue from Contracts with Customers (2014)	January 01, 2018
IFRS 16 – Leases (2016)	January 01, 2019
Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS10 - Consolidated Financial Statements and IAS 28 - Investments in Associates and Joint Ventures).	Deferred Indefinitely
Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS 12 - Income Taxes)	January 01, 2017
Disclosure initiative (Amendments to IAS 7 - Statement of Cash Flows)	January 01, 2017
Clarifications to IFRS 15 - Revenue from Contracts with Customers	January 01, 2018
IFRIC 22 - Foreign Currency Transactions and Advances Consideration	January 01, 2018
Classification and Measurement of Share-based Payment Transactions (Amendments to IFRS 2 - Share-based Payment)	January 01, 2018
Applying IFRS9 'Financial Instruments' with IFRS4 'Insurance Contracts' (Amendments to IFRS 4 - Insurance Contracts)	January 01, 2018
Transfers of Investment Property (Amendments to IAS 40 - Investment Property)	January 01, 2018
Annual Improvements to IFRS Standards 2014–2016 Cycle	January 01, 2018

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

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

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

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

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

IFRS 15 – Revenue from Contracts with Customers (2014)

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

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

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

IFRS 16 – Leases (2016)

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

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

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

The amendments clarify the following:

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

Adoption of this amendment may result in material adjustment to deferred tax assets. However, the financial impact of the same cannot be estimated with reasonable certainty at this stage

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

5.1.1 Operating fixed assets

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

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

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

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

The Company recognizes depreciation in profit or loss by applying reducing balance method, with the exception of computer hardware and allied items, which are depreciated using straight line method, over the useful life of each operating fixed asset using rates specified in note 20 to the financial statements. Depreciation on additions to operating fixed assets is charged from the month in which the item becomes available for use. Depreciation is discontinued from the month in which it is disposed or classified as held for disposal.

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

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

5.1.2 Capital work in progress

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

5.2 Intangible assets

5.2.1 Goodwill

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

5.2.2 Technology transfer

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

5.2.3 Computer software and ERP

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

5.3 Stores, spares and loose tools

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

5.4 Stock in trade

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

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

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

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

5.5 Employee benefits

5.5.1 Short-term employee benefits

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

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

5.5.2 Post-employment benefits

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

5.6 Financial instruments

5.6.1 Recognition

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

5.6.2 Classification

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

(a) *Loans and receivables*

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

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

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

(c) *Held-to-maturity investments*

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

(d) *Financial liabilities at amortized cost*

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

5.6.3 Measurement

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

5.6.4 De-recognition

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

5.6.5 Off-setting

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

5.7 Ordinary share capital

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

5.8 Preference share capital

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

5.9 Loans and borrowings

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

5.10 Investments in equity securities

5.10.1 Investments in subsidiaries, associates and other un-quoted equity securities

Investments in subsidiaries, associates and other un-quoted equity securities are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated impairment losses, if any.

5.10.2 Investments in other quoted equity securities

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

5.11 Investments in debt securities

Investments in debt securities with fixed or determinable payments and fixed maturity that the Company has positive intention and ability to hold are classified as 'held-to-maturity investments'. These are recognized initially at fair value plus transaction costs. Subsequent to initial recognition, these are measured at amortized cost with any difference between cost and value at maturity recognized in the profit or loss over the period of investment on an effective interest basis.

5.12 Finance leases

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

5.13 Ijarah transactions

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

5.14 Trade and other payables

5.14.1 Financial liabilities

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

5.14.2 Non-financial liabilities

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

5.15 Provisions and contingencies

Provisions are recognized when the Company has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, or where a reliable estimate of the amount of obligation cannot be made, a contingent liability is disclosed, unless the possibility of outflow is remote.

5.16 Trade and other receivables

5.16.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, plus attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

5.16.2 Non-financial assets

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

5.17 Revenue

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

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

5.18 Comprehensive income

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

5.19 Contract costs

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

5.20 Borrowing costs

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

5.21 Income tax

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

5.21.1 Current taxation

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

5.21.2 Deferred taxation

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

5.22 Government grants

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

5.23 Earnings per share ('EPS')

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

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

5.24 Cash and cash equivalents

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

5.25 Foreign currency transactions and balances

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

5.26 Impairment

5.26.1 Financial asset

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

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

5.26.2 Non-financial assets

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

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

5.27 Dividend distribution to ordinary shareholders

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

5.28 Basis of allocation of common expenses

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

5.29 Warranty costs

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

5.30 Segment reporting

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

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

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

6 AUTHORIZED CAPITAL

2016	2015		**2016**	2015
No. of shares	*No. of shares*		***Rupees '000***	*Rupees '000*
500,000,000	500,000,000	Ordinary shares of Rs. 10 each	**5,000,000**	5,000,000
62,500,000	62,500,000	'A' class preference shares of Rs. 10 each	**625,000**	625,000
37,500,000	37,500,000	'B' class preference shares of Rs. 10 each	**375,000**	375,000
100,000,000	100,000,000		**1,000,000**	1,000,000
600,000,000	600,000,000		**6,000,000**	6,000,000

7 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016 No. of shares	2015 No. of shares		2016 Rupees '000	2015 Rupees '000
		Ordinary shares of Rs. 10 each		
372,751,051	273,214,754	Issued for cash	**3,727,511**	2,732,148
		Issued for other than cash:		
137,500	137,500	- against machinery	**1,375**	1,375
408,273	408,273	- against acquisition of PEL Appliances Limited	**4,083**	4,083
6,040,820	6,040,820	- against conversion of preference shares	**60,408**	60,408
118,343,841	118,343,841	- as fully paid bonus shares	**1,183,439**	1,183,439
497,681,485	398,145,188		**4,976,816**	3,981,453
		'A' class preference shares of Rs. 10 each		
44,957,592	44,957,592	Issued for cash	**449,576**	449,576
542,639,077	443,102,780		**5,426,392**	4,431,029

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

	Note	**2016** *No. of shares*	2015 *No. of shares*
As at beginning of the year		**398,145,188**	398,145,188
Issue of right ordinary shares	*7.1.1*	**99,536,297**	-
As at end of the year		**497,681,485**	398,145,188

7.1.1 During the year, the Company issued 99,536,297 (2015: nil) right ordinary shares at 25 (2015: nil) ordinary shares for every 100 ordinary shares already held, at Rs. 40 per ordinary share, including a premium of Rs. 30 per share.

7.2 'A' class preference shares

7.2.1 Current status of original issue

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

The Securities and Exchange Commission of Pakistan ('SECP') issued order to Pakistan Stock Exchange Limited (formerly Lahore Stock Exchange Limited) dated February 6, 2009 against the listing of these preference shares. However, the Company took up the matter with the honorable Lahore High Court which granted stay order against the said order of SECP and also directed the exchange not to delist the shares. The matter is pending adjudication to date.

7.2.2 Re-profiling of preference shares

The Company offered re-profiling of shares to preference shareholders, 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 have, in principle, agreed to the Re-profiling Term Sheet and commercial terms and conditions therein. SECP has allowed the Company to proceed with the re-profiling subject to fulfillment of legal requirements. The legal documentation was prepared and circulated amongst the concerned investors which was endorsed by the said investors except for National Bank of Pakistan, as a result of which the original time frame for reprofiling has lapsed. The Company is in the process of finalising another reprofiling exercise based on mutual agreement to be made amongst the existing investors.

7.2.3 Accumulated preference dividend

As at reporting date, an amount of approximately Rs. 298.97 million (2015: Rs. 256.259 million) has been accumulated on account of preference dividend which is payable if and when declared by the Board, to be appropriated out of the distributable profits for that year. In case the preference dividend continues to be accumulated it would be settled at the time of exercising the redemption or conversion option in accordance with the under process reprofiling exercise.

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

7.2.4 ***Classification of preference shares as equity***

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

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

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

8 CAPITAL RESERVE

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

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
As at beginning of the year		**1,293,858**	1,293,858
Recognized during the year	*7.1.1*	**2,986,089**	-
As at end of the year		**4,279,947**	1,293,858

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

9 ADVANCE AGAINST ISSUE OF ORDINARY SHARES

This represents advances received against issue of right ordinary shares against which ordinary shares were issued in the current year (see note 7.1).

	Note	**2016**	2015
		Rupees '000	*Rupees '000*

10 SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT

As at beginning of the year		**4,804,200**		4,568,357
Incremental depreciation transferred to accumulated profits				
Incremental depreciation for the year	**(263,907)**		(305,212)	
Deferred taxation	**66,675**		97,668	
		(197,232)		(207,544)
Other adjustments				
Deferred tax adjustment attributable to changes in proportion	**(38,026)**		379,354	
Deferred tax adjustment attributable to changes in tax rates	**99,444**		64,033	
		61,418		443,387
As at end of the year		**4,668,386**		4,804,200

11 REDEEMABLE CAPITAL - SECURED

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

Description	2016	2015	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Sukuk Funds	**-**	257,143	Three months KIBOR plus 1.75% per annum (2015: Three months KIBOR plus 1.75% per annum) subject to floor and cap of 10% and 25% respectively.	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in six equal quarterly installments commencing from June 2015. The Company has fully redeemed these Sukuk Funds during the year.
Sukuk Funds	**618,750**	939,375	Three months KIBOR plus 1% per annum (2015: Three months KIBOR plus 1% per annum) subject to floor and cap of 8% and 16% respectively.	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of refinance of existing machinery with diminishing musharaka facility. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in sixteen equal quarterly installments commencing from June 2015.
Private Placed Term Finance Certificates	**609,524**	782,738	Six months KIBOR plus 3% per annum (2015: Six months KIBOR plus 3% per annum).	Charge on present and future operating fixed assets of the Company.	These were issued for the purpose of financing the capacity expansion program of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till June 2015 with the outstanding liability payable in fifty two stepped-up monthly installmentscommencing from June 2015.
Private Placed Term Finance Certificates	**2,723,614**	2,976,229	Three months KIBOR plus 2% per annum (2015: Three months KIBOR plus 2% per annum).	Charge on present and future operating fixed assets of the Company.	These were issued on conversion of long term finances and short term borrowings under a broad restructuring agreement between the Company and National Bank of Pakistan. Under the arrangement, the issue, to the extent of share of NBP in the issue of Rs. 1,650 million, was to be converted into ordinary and preference shares of the Company to the extent of Rs. 500 millionand Rs. 1,150 million respectively, with the remaining issue to be redeemed in twenty four equal quarterly installments with the first redemption due in March 2015. The aforementioned conversion agreed between the Company and National Bank of Pakistan (NBP) has been withdrawn. Following the withdrawal of debt equity swap arrangement, a new redemption plan is yet to be agreed and finalised between the Company and NBP. The Company has proposed to redeem the said issue in eight equal quarterly installments commencing from January 2021.
Total	**3,951,888**	4,955,485			
Current portion presented under current liabilities	**(800,294)**	(1,076,276)			
	3,151,594	3,879,209			

12 LONG TERM FINANCES - SECURED

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

Description	2016	2015	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Term Finance	**275,000**	375,000	Three months KIBOR plus 3% per annum (2015: Three months KIBOR plus 3% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and personal guarantees of sponsoring directors of the Company.	This finance was obtained from Pak Libya Holding Company (Private) Limited for meeting operational expenses of the Company. Later, the Company entered into restructuring arrangement, whereby, the outstanding principal was deferred till May 2015 with the outstanding liability payable in eighteen equal quarterly installments commencing from May 2015.
Term Finance	**-**	192,662	One month KIBOR plus 3.5% per annum (2015: One month KIBOR plus 3.5% per annum).	Charge over operating fixed assets and receivables of the Company, mortgage of the Company's land and building and lien over balances in collection accounts and installment reserve accounts.	The finance was obtained from consortium of financial institutions led by Standard Chartered Bank (Pakistan) Limited for long term working capital requirements of the Company and was rescheduled twice after the disbursement. As per the latest arrangement, the finance was repayable in forty eight equal monthly installments starting September 2012. The Company has fully repaid the finance during the year.
Term Finance	**156,521**	221,739	Six months KIBOR plus 3% (2015: six months KIBOR plus 3%) per annum.	Charge on present and future operating fixed assets of the Company.	The finance has been obtained from Faysal Bank Limited on conversion of short term borrowings. The finance is repayable in twenty three equal quarterly installments commencing from June 2014.
Term Finance	**116,667**	183,333	Three months KIBOR plus 3% (2015: three months KIBOR plus 3%) per annum.	Charge on present and future current assets of the Company.	The finance has been obtained from Summit Bank Limited on conversion of short term borrowings into long term debt. The finance is repayable in twelve equal quarterly installments commencing from September 2015.
Term Finance	**-**	50,000	Three months KIBOR plus 1% per annum (2015:Three months KIBOR plus 1% per annum).	Charge over present and future current assets of the Company, mortgage of the Company's land and building.	The finance was obtained from Silk Bank Limited for the purpose of financing capital expenditure. The finance was repayable in bullet on or before March 31, 2016.The Company has fully repaid the finance during the year.
Term Finance	**500,000**	500,000	Three months KIBOR plus 3% per annum (2015:Three months KIBOR plus 3% per annum).	Charge over present and future current assets of the Company.	The finance has been obtained from Saudi Pak Industrial and Agricultural Investment Company Limited, for the purpose of long term working capital requirements. The finance is repayable in three semi annual installments commencing from June 2017.
Term Finance	**58,068**	-	Three months KIBOR plus 2.10% per annum.	Charge over operating fixed assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has been obtained from The Bank of Punjab for the purpose of financing capital expenditure. The finance is repayable in eight equal quarterly installments commencing from September 2017.

Description	2016	2015	Pricing	Security	Arrangements and repayment
	Rupees '000	*Rupees '000*			
Demand Finance	**1,222,930**	1,494,693	Three months KIBOR plus 2.25% per annum (2015:Three months KIBOR plus 2.25% per annum).	Charge over present and future current assets of the Company and personal guarantees of sponsoring directors of the Company.	The finance has obtained from National Bank of Pakistan for settlement of long term finances obtained from NIB Bank Limited. The finance is repayable in twenty three equal quarterly installments commencing from September 2015.
Total	**2,329,186**	3,017,427			
Current portion presented under current liabilities	**(923,094)**	(830,916)			
	1,406,092	2,186,511			

	Note	2016	2015
		Rupees '000	*Rupees '000*

13 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	Note	2016	2015
Present value of minimum lease payments	*13.1 & 13.2*	**111,446**	130,812
Current portion presented under current liabilities	*13.1 & 13.2*	**(65,062)**	(69,463)
		46,384	61,349

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

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

	Note	2016	2015
		Rupees '000	*Rupees '000*
Not later than one year		**72,210**	81,501
Later than one year but not later than five years		**48,969**	66,733
Total future minimum lease payments		**121,179**	148,234
Finance charge allocated to future periods		**(9,733)**	(17,422)
Present value of future minimum lease payments		**111,446**	130,812
Not later than one year	*18*	**(65,062)**	(69,463)
Later than one year but not later than five years		**46,384**	61,349

14 DEFERRED TAXATION

	Note	2016	2015
Deferred tax liability on taxable temporary differences	*14.1*	**2,982,786**	2,962,104
Deferred tax asset on deductible temporary differences	*14.1*	**(1,384,626)**	(1,157,193)
		1,598,160	1,804,911

14.1 Recognized deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	2016			
	As at January 01 *Rupees '000*	**Recognized in profit or loss *Rupees '000***	**Recognized on balance sheet *Rupees '000***	**As at December 31 *Rupees '000***
Deferred tax liabilities				
Operating fixed assets - owned	**2,932,828**	**71,259**	**(61,418)**	**2,942,669**
Operating fixed assets - leased	**29,276**	**10,841**	**-**	**40,117**
	2,962,104	**82,100**	**(61,418)**	**2,982,786**
Deferred tax assets				
Provisions	**(134,099)**	**(14,425)**	**-**	**(148,524)**
Unused tax losses and credits	**(1,023,094)**	**(213,008)**	**-**	**(1,236,102)**
	(1,157,193)	**(227,433)**	**-**	**(1,384,626)**
	1,804,911	**(145,333)**	**(61,418)**	**1,598,160**

	2015			
	As at January 01 *Rupees '000*	Recognized in profit or loss *Rupees '000*	Recognized on balance sheet *Rupees '000*	As at December 31 *Rupees '000*
Deferred tax liabilities				
Operating fixed assets - owned	3,603,031	(226,816)	(443,387)	2,932,828
Operating fixed assets - leased	22,646	6,630	-	29,276
	3,625,677	(220,186)	(443,387)	2,962,104
Deferred tax assets				
Provisions	(115,144)	(18,955)	-	(134,099)
Unused tax losses and credits	(1,461,595)	438,501	-	(1,023,094)
	(1,576,739)	419,546	-	(1,157,193)
	2,048,938	199,360	(443,387)	1,804,911

14.2 Deferred tax has been recognized using tax rate of 30% (2015: 31%) of temporary differences.

	2016	2015
	Rupees '000	*Rupees '000*
15 DEFERRED INCOME		
As at beginning of the year	**42,900**	45,158
Recognized in profit or loss	**(2,145)**	(2,258)
As at end of the year	**40,755**	42,900

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

The grant received in cash amounting to Rs.11,735,188 was recognized as income in the year of receipt i.e. year ended June 30, 2001. The value of machinery received in grant was capitalized in year 2001 which started its operation in January 2003. The grant amounting to Rs. 2.145 million (2015: Rs. 2.258 million) has been included in other income in proportion to depreciation charged on related plant and machinery keeping in view the matching principle.

	Note	2016	2015
		Rupees '000	*Rupees '000*

16 TRADE AND OTHER PAYABLES

	Note	2016 Rupees '000	2015 Rupees '000
Trade creditors - *unsecured*		**326,895**	318,331
Foreign bills payable - *secured*	*16.1*	**88,391**	61,553
Accrued liabilities		**123,773**	117,725
Advances from customers - *unsecured*		**50,748**	42,023
Employees' provident fund		**10,856**	10,234
Compensated absences		**26,940**	24,740
Advance against contracts	*45*	**5,246**	4,312
Workers' Profit Participation Fund	*16.2*	**99,939**	102,223
Workers' Welfare Fund	*16.3*	**37,977**	38,845
Unclaimed dividend		**6,717**	4,105
Other payables - *unsecured*		**19,043**	6,110
		796,525	730,201

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

	Note	2016 Rupees '000	2015 Rupees '000
16.2 Workers' Profit Participation Fund			
As at beginning of the year		**102,223**	65,004
Interest on funds utilized by the Company	*39*	**5,170**	4,875
Charged to profit or loss for the year	*38*	**99,939**	102,223
Paid during the year		**(107,393)**	(69,879)
As at end of the year		**99,939**	102,223

16.2.1 Interest on funds utilized by the Company has been recognized at 10.11% (2015: 13.22%) per annum.

	Note	2016 Rupees '000	2015 Rupees '000
16.3 Workers' Welfare Fund			
As at beginning of the year		**38,845**	20,843
Charged to profit or loss for the year	*38*	**37,977**	38,845
Paid/adjusted during the year		**(38,845)**	(20,843)
As at end of the year		**37,977**	38,845

17 SHORT TERM BORROWINGS

	Note	2016 Rupees '000	2015 Rupees '000
Secured			
Short term finances utilized under interest/markup arrangements from			
- banking companies	*17.1*	**4,714,249**	3,704,952
- Non Banking Finance Companies ('NBFC's')	*17.2*	**223,403**	130,000
		4,937,652	3,834,952
Unsecured			
Short term finances utilized under interest/markup arrangements from Non Banking Finance Companies ('NBFC's')	*17.3*	**-**	748,349
Book overdraft	*17.5*	**44,010**	85,600
		4,981,662	4,668,901

17.1 These facilities have been obtained from various banking companies for working capital requirements and carry interest/markup at rates ranging from 6.87% to 9.33% (2015: 8.5% to 13.11%) per annum. These facilities are secured by pledge / hypothecation of raw materials and components, work-in-process, finished goods, machinery, spare parts, charge over book debts, shares of public companies and personal guarantees of the sponsoring directors of the Company. These facilities are generally for a period of one year and renewed at the end of the period.

17.2 These facilities have been obtained from NBFCs for purchase of raw material and carry interest/markup at a rate of 8.31% (2015: 9.33% to 12.43%) per annum. These facilities are secured by charge over operating fixed assets of the Company and personal guarantees of the directors of the Company.

17.3 This represents finances obtained against issue of commercial paper to non-banking finance companies and carry interest/markup at nil (2015: three months KIBOR plus 2.5% per annum). These are issued at discounted value and are redeemable at face value.

17.4 The aggregate un-availed short term borrowing facilities as at the reporting date amounts to Rs. 5,895 million (2015: Rs. 1,705 million).

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

	Note	2016	2015
		Rupees '000	*Rupees '000*

18 CURRENT PORTION OF NON-CURRENT LIABILITIES

	Note	2016 *Rupees '000*	2015 *Rupees '000*
Redeemable capital	*11*	**800,294**	1,076,276
Long term finances	*12*	**923,094**	830,916
Liabilities against assets subject to finance lease	*13*	**65,062**	69,463
		1,788,450	1,976,655

19 CONTINGENCIES AND COMMITMENTS

19.1 Contingencies

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

	2016 *Rupees '000*	2015 *Rupees '000*
Tender bonds	**367,098**	453,543
Performance bonds	**2,356,679**	2,036,786
Advance guarantees	**857,272**	1,272,820
Custom guarantees	**77,645**	73,253
Foreign guarantees	**45,757**	101,295

19.1.2 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.

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

No provision for income tax on undistributed reserves amounting to Rs 82.74 million for the tax year 2015, has been made as the matter is subjudice before Lahore High Court and the management of the Company expects a favourable outcome.

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

	2016	2015
	Rupees '000	*Rupees '000*

19.2 Commitments

	2016	2015
19.2.1 Commitments under irrevocable letters of credit for import of stores, spare parts and raw material	**4,236,154**	1,842,222

19.2.2 *Commitments under ijarah contracts*

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

	2016	2015
	Rupees '000	*Rupees '000*
- payments not later than one year	**58,859**	55,237
- payments later than one year	**41,950**	82,906
	100,809	138,143

20 PROPERTY, PLANT AND EQUIPMENT

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

	2015										
	COST / REVALUED AMOUNT						DEPRECIATION				Net book value as at December 31
	As at January 01	Additions	Disposals	Transfers	As at December 31	Rate	As at January 01	For the year	Adjustment	As at December 31	
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	%	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*
Assets owned by the Company											
Leasehold land	13,256	-	-	-	13,256	-	-	-	-	-	13,256
Freehold land	539,232	-	-	-	539,232	-	-	-	-	-	539,232
Building on leasehold land	1,754,247	-	-	-	1,754,247	5	584,439	58,484	-	642,923	1,111,324
Building on freehold land	2,750,800	-	-	-	2,750,800	5	573,818	108,821	-	682,639	2,068,161
Plant and machinery	14,707,948	1,826,424	(119,052)	(55,134)	16,360,186	5	4,535,151	512,498	(2,281)	5,045,368	11,314,818
Office equipment and fixtures	183,914	8,208	(2,829)	-	189,293	10	100,688	8,754	(1,997)	107,445	81,848
Computer hardware and allied items	101,825	19,266	(4,956)	-	116,135	30	89,413	10,759	(4,956)	95,216	20,919
Vehicles	115,313	21,063	(19,387)	29,061	146,050	20	79,611	8,352	3,223	91,186	54,864
	20,166,535	1,874,961	(146,224)	(26,073)	21,869,199		5,963,120	707,668	(6,011)	6,664,777	15,204,422
Assets subject to finance lease											
Plant and machinery	100,000	-	-	52,068	152,068	5	2,500	6,643	-	9,143	142,925
Vehicles	140,628	33,481	-	(29,061)	145,048	20	34,396	25,431	(13,897)	45,930	99,118
	240,628	33,481	-	23,007	297,116		36,896	32,074	(13,897)	55,073	242,043
	20,407,163	1,908,442	(146,224)	(3,066)	22,166,315		6,000,016	739,742	(19,908)	6,719,850	15,446,465
Capital work in progress											
Building on freehold land	51,812	2,983	-	-	54,795		-	-	-	-	54,795
Plant and machinery	7,931	421	-	-	8,352		-	-	-	-	8,352
	59,743	3,404	-	-	63,147		-	-	-	-	63,147
	20,466,906	1,911,846	(146,224)	(3,066)	22,229,462		6,000,016	739,742	(19,908)	6,719,850	15,509,612

20.1 Property, plant and equipment includes fully depreciated assets of Rs. 80.975 million (2015: Rs. 80.975 million) which are still in use of the Company.

20.2 Disposal of operating fixed assets

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

				2015			
Particulars	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain/(loss) on disposal	Mode of disposal	Particulars of buyer
	Rupees '000	*Rupees '000*	*Rupees '000*	*Rupees '000*	*Rupees '000*		
Plant and machinery							
Cabinet foaming fixture	10,871	136	10,735	10,184	(551)	Negotiation	Sindh Modaraba
Refrigerant charging system	2,911	24	2,887	2,645	(242)	Negotiation	Sindh Modaraba
Vacuum thermoforming machine	20,464	85	20,379	18,893	(1,486)	Negotiation	Sindh Modaraba
Deep freezer copper coiling machine	6,394	27	6,367	6,108	(259)	Negotiation	Sindh Modaraba
CR and GI slitting	9,369	-	9,369	8,804	(565)	Negotiation	Sindh Modaraba
Gantry crane	18,992	-	18,992	16,516	(2,476)	Negotiation	Sindh Modaraba
Plastic injection molds	6,152	451	5,701	6,142	441	Negotiation	Sindh Modaraba
Cabinet thermoforming mold	2,341	163	2,178	2,337	159	Negotiation	Sindh Modaraba
Automatic strapping machine	706	49	657	804	147	Negotiation	Sindh Modaraba
Moisture and temperature controlling device	1,877	108	1,769	1,874	105	Negotiation	Sindh Modaraba
Foaming plug	312	14	298	312	14	Negotiation	Sindh Modaraba
Micro ohm meter	1,296	59	1,237	1,294	57	Negotiation	Sindh Modaraba
Oil break down tester	1,151	53	1,098	1,149	51	Negotiation	Sindh Modaraba
Wire cut machine	1,423	59	1,364	1,421	57	Negotiation	Sindh Modaraba
Micro mole electric discharge machine	1,548	65	1,483	1,545	62	Negotiation	Sindh Modaraba
Air chiller	2,511	94	2,417	2,507	90	Negotiation	Sindh Modaraba
Cabinet foaming mold	5,912	222	5,690	5,903	213	Negotiation	Sindh Modaraba
Cabinet foaming mold	968	36	932	967	35	Negotiation	Sindh Modaraba
Water heater and teflon hose	1,007	38	969	1,006	37	Negotiation	Sindh Modaraba
Rotary vacuum pump	7,073	206	6,867	7,062	195	Negotiation	Sindh Modaraba
Stone crusher	1,081	27	1,054	1,079	25	Negotiation	Sindh Modaraba
Pneumatic self burning welding machine	4,524	113	4,411	4,517	106	Negotiation	Sindh Modaraba
Air chiller	2,292	38	2,254	2,288	34	Negotiation	Sindh Modaraba
Magnetic inserting machine	4,380	55	4,325	4,373	48	Negotiation	Sindh Modaraba
Rotary screw compressors	2,266	19	2,247	2,262	15	Negotiation	Sindh Modaraba
Screw air compressor	1,231	10	1,221	1,229	8	Negotiation	Sindh Modaraba
	119,052	2,151	116,901	113,221	(3,680)		
Office equipment and fixtures							
UPS, fans, ovens and other items	866	701	165	272	107	Negotiation	Faisal Raza
Refrigerators	417	340	77	128	51	Negotiation	Faisal Raza
Photocopier & fax machine	449	363	86	144	58	Negotiation	Faisal Raza
Air conditioners	602	496	106	175	69	Negotiation	Faisal Raza
Various mobiles	495	97	398	-	(398)	Negotiation	Various Individuals
	2,829	1,997	832	719	(113)		
Computer hardware and allied items							
Computers and monitors	4,325	4,325	-	194	194	Negotiation	Iftikhar Ahmad
Printers scanners and allied items	631	631	-	28	28	Negotiation	Iftikhar Ahmad
	4,956	4,956	-	222	222		
Vehicles							
Suzuki Alto	673	467	206	452	246	As Per Company Policy	Aamir Nazir *(employee)*
Suzuki Cultus	819	593	226	161	(65)	As Per Company Policy	Arshad Ali *(employee)*
Toyota Corolla	1,434	979	455	398	(57)	As Per Company Policy	Tahir Arshad *(employee)*
Sukuzi Mehran	657	192	465	522	57	Insurance Claim	IGI Insurance
Toyota Corolla	127	-	127	261	134	As Per Company Policy	Ahmad Jamshad *(employee)*
Toyota Corolla	1,414	798	616	644	28	As Per Company Policy	Arif Rashid Mir *(employee)*
Suzuki Alto	826	414	412	442	30	As Per Company Policy	Azeem Bin Talib *(employee)*
Suzuki Mehran	645	329	316	240	(76)	As Per Company Policy	Ehsan Hasni *(employee)*
Toyota Cotolla	129	-	129	1,076	947	As Per Company Policy	Muzaffar Waheed *(employee)*
Suzuki Mehran	645	329	316	240	(76)	As Per Company Policy	Saif ul Haq Khan *(employee)*
Toyota Corolla	138	-	138	290	152	As Per Company Policy	Imtiaz Ahmed *(employee)*
Suzuki Cultus	909	903	6	212	206	As Per Company Policy	Muhammad Tariq *(employee)*
Toyota Corolla	127	76	51	283	232	As Per Company Policy	Mian Nazir Ahmed *(employee)*
Toyota Corolla	184	-	184	444	260	As Per Company Policy	Adnan Aftab *(employee)*
Honda city	1,397	819	578	628	50	As Per Company Policy	Bilal Ahmad Khan *(employee)*
Toyota Corolla	1,626	845	781	714	(67)	As Per Company Policy	Tauqir Akhtar *(employee)*
Suzuki Cultus	1,040	485	555	602	47	As Per Company Policy	Kashif Khan *(employee)*
Toyota Corolla	129	-	129	261	132	As Per Company Policy	Jahanzeb Ahmad *(employee)*
Suzuki Sprinter	69	48	21	69	48	As Per Company Policy	Abdullah Mateen *(employee)*
Honda Civic	171	-	171	344	173	As Per Company Policy	Azam Aziz *(employee)*
Honda Civic VTi	1,963	1,265	698	539	(159)	As Per Company Policy	Syed Manzar Hassan *(employee)*
Toyota Corolla	138	-	138	282	144	As Per Company Policy	Muhammad Hanif *(employee)*
Suzuki Mehran	645	347	298	386	88	As Per Company Policy	Muhammad Kamran *(employee)*
Suzuki Mehran	663	357	306	125	(181)	As Per Company Policy	M. Azeem Qureshi *(employee)*
Suzuki Cultus	87	-	87	216	129	As Per Company Policy	Rizwan Ahmad Cheema *(employee)*
Suzuki Mehran	612	308	304	224	(80)	As Per Company Policy	Hafiz Imran Ahmad *(employee)*
Suzuki Swift	1,176	572	604	568	(36)	As Per Company Policy	Imtiaz Ahmad *(employee)*
Honda City	129	-	129	352	223	As Per Company Policy	Masood Tahir *(employee)*
Various Motor Cycles	815	548	267	812	545	As Per Company Policy	Various Individuals *(employees)*
	19,387	10,674	8,713	11,787	3,074		
	146,224	19,778	126,446	125,949	(497)		

	Note	2016	2015
		Rupees '000	Rupees '000
20.3 The depreciation charge for the year has been allocated as follows:			
Cost of sales	34	780,745	689,446
Administrative and general expenses	37	54,446	50,296
		835,191	739,742

20.4 Revaluation of property, plant and equipment

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

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

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

	2015		
	Cost Rupees '000	Accumulated depreciation Rupees '000	Net book value Rupees '000
Freehold land	189,184	-	189,184
Buildings	3,287,050	951,530	2,335,520
Plant and machinery	8,386,000	2,272,477	6,113,523

21 INTANGIBLE ASSETS

2016								
		Cost			Accumulated Amortization			Net book value as at December 31
	Note	As at January 01 Rupees '000'	Additions Rupees '000'	As at December 31 Rupees '000'	As at January 01 Rupees '000'	For the period Rupees '000'	As at December 31 Rupees '000'	Rupees '000'
Technology transfer agreement	21.1	117,054	-	117,054	30,550	4,325	34,875	82,179
Goodwill	21.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	21.3	5,057	-	5,057	4,526	175	4,701	356
Enterprise Resource Planning system	21.4	31,675	-	31,675	871	10,165	11,036	20,639
		466,127	-	466,127	127,806	14,665	142,471	323,656

2015								
		Cost			Accumulated Amortization			Net book value as at December 31
		As at January 01 Rupees '000'	Additions Rupees '000'	As at December 31 Rupees '000'	As at January 01 Rupees '000'	For the period Rupees '000'	As at December 31 Rupees '000'	Rupees '000'
Technology transfer agreement	21.1	117,054	-	117,054	25,997	4,553	30,550	86,504
Goodwill	21.2	312,341	-	312,341	91,859	-	91,859	220,482
Software	21.3	5,057	-	5,057	4,263	263	4,526	531
Enterprise Resource Planning system	21.4	31,675	-	31,675	-	871	871	30,804
		466,127	-	466,127	122,119	5,687	127,806	338,321

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

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

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

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

	Note	2016 Rupees '000	2015 Rupees '000
22 LONG TERM INVESTMENTS			
Investments in related parties	*22.1*	**26,441**	9,006
Other investments	*22.2*	**-**	-
		26,441	9,006

22.1 These represent investments in ordinary shares of related parties and are carried at cost less accumulated impairment. The details are as follows:

	Note	2016 Rupees '000	2015 Rupees '000
PEL Marketing (Private) Limited -*Unquoted*			
10,000 (2015: 10,000) ordinary shares of Rs. 10 each Relationship:*wholly-owned subsidiary* Ownership Interest: *100%*		**100**	100
Kohinoor Power Company Limited - *Quoted*			
2,910,600 (2015: 2,910,600) ordinary shares of Rs. 10 each Relationship:*associate* Ownership Interest: *23.1%* Market value: *Rs. 9.05 (2015: Rs. 3.06) per share*	*22.1.1*	**26,341**	8,906
		26,441	9,006

22.1.1 Details of investment are as follows:

	2016	2015
Cost of investment	**54,701**	54,701
Accumulated impairment	**(28,360)**	(45,795)
	26,341	8,906

22.2 This represents investment in redeemable/convertible preference shares issued by Silk Bank Limited ('the Issuer') matured on March 26, 2016. The details are as follows:

	Note	2016 Rupees '000	2015 Rupees '000
Silk Bank Limited - *Unquoted*			
17,698,489 preference shares of Rs. 2.5 each			
As at beginning of the year		**-**	55,740
Amortization for the year	*35*	**-**	9,744
Transferred to current assets	*30*	**-**	(65,484)
As at end of the year		**-**	-

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

		Note	2016 Rupees '000	2015 Rupees '000
23	**LONG TERM DEPOSITS**			
	Financial institutions	*23.1*	**32,333**	29,262
	Utility companies and regulatory authorities	*23.2*	**37,736**	75,978
	Customers	*23.3*	**196,284**	184,544
			266,353	289,784

23.1 These represent security deposits against Ijarah financing.

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

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

		Note	2016 Rupees '000	2015 Rupees '000
24	**STORES, SPARES AND LOOSE TOOLS**			
	Stores		**141,111**	94,002
	Spares		**596,467**	662,115
	Loose tools		**94,161**	53,968
			831,739	810,085
	Provision for slow moving and obsolete items	*24.1*	**(18,824)**	(16,706)
			812,915	793,379
24.1	**Movement in provision for slow moving and obsolete items**			
	As at beginning of the year		**16,706**	16,706
	Recognized during the year		**2,118**	-
	As at end of the year		**18,824**	16,706

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

		Note	2016 Rupees '000	2015 Rupees '000
25	**STOCK IN TRADE**			
	Raw material			
	- in stores		**3,115,685**	2,815,016
	- in transit		**1,834,191**	1,126,577
	Provision for slow moving and obsolete items	*25.1*	**(25,647)**	(22,447)
			4,924,229	3,919,146
	Work in process		**1,033,340**	1,143,657
	Finished goods		**1,742,903**	429,020
	Provision for slow moving and obsolete items	*25.2*	**(7,022)**	(6,007)
			1,735,881	423,013
			7,693,450	5,485,816

		2016	2015
		Rupees '000	*Rupees '000*
25.1	**Movement in provision for slow moving and obsolete items - raw material**		
	As at beginning of the year	**22,447**	18,424
	Recognized during the year	**3,200**	4,023
	As at end of the year	**25,647**	22,447
25.2	**Movement in provision for slow moving and obsolete items - finished goods**		
	As at beginning of the year	**6,007**	4,804
	Recognized during the year	**1,015**	1,203
	As at end of the year	**7,022**	6,007

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

25.4 Stock in trade valued at Rs. 1,432 million (2015: Rs. 1,630 million) is pledged as security with providers of debt finances.

		Note	2016	2015
			Rupees '000	*Rupees '000*

26 TRADE DEBTS - UNSECURED

	Note	2016	2015
Considered good			
- against sale of goods		**2,489,263**	4,088,826
- against execution of contracts	*26.1*	**1,353,111**	1,494,500
		3,842,374	5,583,326
Considered doubtful	*26.2*	**444,589**	343,603
		4,286,963	5,926,929
Impairment allowance for doubtful debts	*37*	**(444,589)**	(343,603)
		3,842,374	5,583,326

26.1 These include retention money for contracts in progress amounting to Rs. 540.758 million (2015: Rs. 774.205 million) held by the customers in accordance with contract terms.

		2016	2015
		Rupees '000	*Rupees '000*
26.2	**Movement in impairment allowance**		
	As at beginning of the year	**343,603**	256,484
	Recognized during the year	**100,986**	87,119
	As at end of the year	**444,589**	343,603

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

This represents unbilled revenue from construction work in progress.

	Note	2016	2015
		Rupees '000	*Rupees '000*

28 SHORT TERM ADVANCES - UNSECURED

	Note	2016	2015
Advances to suppliers and contractors - *unsecured*			
- considered good		**678,201**	748,382
- considered doubtful		**32,730**	25,108
Impairment allowance for doubtful advances	*28.1*	**(32,730)**	(25,108)
		678,201	748,382
Advances to employees - *unsecured*			
- considered good	*28.2*	**276,680**	165,499
- considered doubtful		**1,449**	1,449
Impairment allowance for doubtful advances		**(1,449)**	(1,449)
		276,680	165,499
		954,881	913,881

28.1 Movement in impairment allowance

	2016	2015
As at beginning of the year	**25,108**	22,863
Recognized during the year	**7,622**	2,245
As at end of the year	**32,730**	25,108

28.2 These include advances for

	2016	2015
- purchases	**173,163**	37,055
- expenses	**78,529**	100,269
- traveling	**24,988**	22,730
- others	**-**	5,445
	276,680	165,499

29 SHORT TERM DEPOSITS AND PREPAYMENTS

	2016	2015
Security deposits		
- considered good	**411,116**	420,371
- considered doubtful	**5,379**	5,379
Impairment allowance for doubtful deposits	**(5,379)**	(5,379)
	411,116	420,371
Margin deposits	**612,986**	718,891
Prepayments	**38,454**	70,554
Letters of credit	**196,318**	121,413
	1,258,874	1,331,229

30 SHORT TERM INVESTMENTS

	Note	2016	2015
Investments in listed equity securities	*30.1*	**23,106**	20,040
Investment in debt securities	*22.2*	**-**	65,484
		23,106	85,524

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

	Note	2016	2015
		Rupees '000	Rupees '000
Standard Chartered Bank (Pakistan) Limited			
915,070 (2015: 915,070) ordinary shares of Rs. 10 each Market value: *Rs. 25.25 (2015: Rs. 21.9) per share*			
As at beginning of the year		**20,040**	21,596
Changes in fair value	*35 & 38*	**3,066**	(1,556)
As at end of the year		**23,106**	20,040

31 ADVANCE INCOME TAX

	Note	2016	2015
Advance income tax/income tax refundable		**1,467,982**	823,585
Provision for taxation	*40*	**(48,185)**	(30,303)
		1,419,797	793,282

32 CASH AND BANK BALANCES

	Note	2016	2015
Cash in hand		**5,451**	8,470
Cash at banks		**450,299**	418,908
		455,750	427,378

33 REVENUE

	Note	2016	2015
Contract revenue	*45*	**901,766**	1,965,455
Sale of goods			
- local		**18,862,627**	16,920,107
- exports		**4,237,970**	4,470,090
		24,002,363	23,355,652
Sales tax and excise duty		**(3,493,794)**	(3,241,932)
Trade discounts		**(2,306)**	(10,833)
		(3,496,100)	(3,252,765)
		20,506,263	20,102,887

34 COST OF SALES

	Note	2016	2015
Finished goods at the beginning of the year		**429,020**	700,790
Cost of goods manufactured	*34.1*	**17,312,232**	14,300,091
Finished goods at the end of the year		**(1,742,903)**	(429,020)
Cost of goods sold		**15,998,349**	14,571,861
Contract cost	*45*	**767,132**	1,554,675
		16,765,481	16,126,536

	Note	2016 Rupees '000	2015 Rupees '000
34.1 Cost of goods manufactured			
Work-in-process at beginning of the year		**1,143,657**	1,262,830
Raw material and components consumed		**14,728,919**	11,934,164
Direct wages		**632,225**	586,556
Factory overheads:			
- salaries, wages and benefits		**420,116**	380,213
- traveling and conveyance		**21,524**	20,501
- electricity, gas and water		**325,247**	308,188
- repairs and maintenance		**51,351**	48,023
- vehicles running and maintenance		**24,924**	23,115
- insurance		**26,350**	25,523
- depreciation	*20.3*	**780,745**	689,446
- amortization of intangible assets	*21*	**14,665**	5,687
- provision for obsolete and slow moving stock	*25 & 26*	**6,333**	5,226
- carriage and freight		**24,472**	25,216
- erection and testing		**135,901**	120,523
- other factory overheads		**9,143**	8,537
		1,840,771	1,660,198
		18,345,572	15,443,748
Work-in-process at end of the year		**(1,033,340)**	(1,143,657)
		17,312,232	14,300,091

34.2 These include charge in respect of employees retirement benefits amounting to Rs. 32.01 million (2015: Rs. 32.64 million).

	Note	2016 Rupees '000	2015 Rupees '000
35 OTHER INCOME			
Gain on financial instruments			
Reversal of impairment on long term investments	*30*	**17,435**	756
Amortization of held-to-maturity investments	*22.2*	**-**	9,744
Changes in fair value of short term investments	*30*	**3,066**	-
Gain on sale and lease back activities		**696**	-
		21,197	10,500
Other income			
Amortization of grant-in-aid	*15*	**2,145**	2,258
Others		**14,278**	9,625
		16,423	11,883
		37,620	22,383

		Note	2016	2015
			Rupees '000	*Rupees '000*
36	**DISTRIBUTION COST**			
	Salaries and benefits	*36.1*	**113,258**	108,716
	Traveling and conveyance		**41,964**	36,881
	Rent, rates and taxes		**5,613**	5,002
	Electricity, gas, fuel and water		**2,754**	2,531
	Repairs and maintenance		**1,310**	1,175
	Vehicles running and maintenance		**13,875**	13,025
	Printing and stationery		**2,759**	2,425
	Postage, telegrams and telephones		**3,386**	2,863
	Entertainment and staff welfare		**8,367**	7,193
	Advertisement and sales promotion		**3,251**	2,304
	Insurance		**5,812**	3,423
	Freight and forwarding		**106,033**	114,255
	Contract and tendering		**5,298**	4,878
	Warranty period services		**74,528**	64,624
	Others		**13,089**	24,722
			401,297	394,017

36.1 These include charge in respect of employees retirement benefits amounting to Rs. 10.17 million (2015: Rs. 9.6 million).

		Note	2016	2015
			Rupees '000	*Rupees '000*
37	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and benefits	*37.1*	**150,410**	141,334
	Traveling and conveyance		**8,806**	7,536
	Rent, rates and taxes		**12,086**	10,432
	Ujrah payments		**27,507**	21,862
	Legal and professional		**31,484**	28,364
	Electricity, gas and water		**18,851**	17,374
	Auditor's remuneration	*37.2*	**4,057**	3,175
	Repairs and maintenance		**8,015**	7,397
	Vehicles running and maintenance		**11,212**	10,433
	Printing, stationery and periodicals		**2,518**	2,288
	Postage, telegrams and telephones		**6,002**	5,103
	Entertainment and staff welfare		**7,848**	7,211
	Advertisement		**10,842**	10,160
	Insurance		**4,786**	7,114
	Provision for doubtful debts, advances and security deposits		**108,608**	89,364
	Depreciation	*20.3*	**54,446**	50,296
	Others		**19,388**	8,649
			486,866	428,092

37.1 These include charge in respect of employees retirement benefits amounting to Rs. 18.17 million (2015: Rs. 19.54 million).

		2016	2015
		Rupees '000	*Rupees '000*
37.2	**Auditor's remuneration**		
	Annual statutory audit	**2,800**	2,000
	Half yearly review	**600**	600
	Review report under Code of Corporate Governance	**430**	430
	Out of pocket expenses	**227**	145
		4,057	3,175

	Note	2016 Rupees '000	2015 Rupees '000
38 OTHER EXPENSES			
Loss on financial instruments			
Loss due to changes in fair value of short term investments	30	**-**	1,556
Loss on disposal of short term investments		**708**	-
		708	1,556
Others			
Loss on sale and lease back activities		**-**	2,936
Workers' Profit Participation Fund	16.2	**99,939**	102,223
Workers' Welfare Fund	16.3	**37,977**	38,845
Loss on disposal of property, plant and equipment		**6,135**	497
Others		**2,854**	8,377
		146,905	152,878
		147,613	154,434
39 FINANCE COST			
Interest / markup on borrowings:			
redeemable capital		**308,521**	541,925
long term finances		**127,825**	131,929
liabilities against assets subject to finance lease		**16,873**	20,009
short term borrowings		**102,771**	217,895
		555,990	911,758
Interest on Workers' Profit Participation Fund	16.2	**5,170**	4,875
Bank charges and commission		**325,776**	202,173
		886,936	1,118,806
40 TAXATION			
Provision for taxation			
for current year	31 & 40.1	**48,185**	30,303
for prior years		**1,945**	1,356
		50,130	31,659
Deferred taxation			
adjustment attributable to origination and reversal of temporary differences		**(131,970)**	197,416
adjustment attributable to changes in tax rates	14.1	**(13,363)**	1,944
		(145,333)	199,360
		(95,203)	231,019

40.1 The Company is taxable under section 59AA of the Income Tax Ordinance, 2001 along with its subsidiary as a single unit. The provision for the year has been allocated to the Company on proportionate basis. There is no relationship between aggregate tax expense and accounting profit. Accordingly no numerical reconciliation has been presented.

40.2 Assessments upto tax year 2016 have been finalized under the relevant provisions of the Ordinance.

	Unit	2016	2015
41 EARNINGS PER SHARE - BASIC AND DILUTED			
Earnings			
Profit after taxation	Rupees '000	**1,950,893**	1,672,366
Preference dividend for the year	Rupees '000	**(42,710)**	(42,710)
Profit attributable to ordinary shareholders	Rupees '000	**1,908,183**	1,629,656

	Unit	2016	2015
Shares			
Weighted average number of ordinary shares outstanding during the year	*No. of shares*	**483,074,232**	429,139,758
Earnings per share			
Basic and diluted	*Rupees*	**3.95**	3.80

41.1 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.

41.2 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.

41.3 The effect of issue of ordinary and preference shares on conversion of redeemable capital, as referred to in note 11, has not been considered for the purpose of calculation of earnings per share as the said issue is subject to various legal and regulatory approvals which are pending as at the reporting date.

41.4 Weighted average number of ordinary shares outstanding during the year has been adjusted for bonus element in the issue of right ordinary shares during the year for all periods presented in these financial statements.

	Note	2016 Rupees '000	2015 Rupees '000

42 CASH GENERATED FROM OPERATIONS

	Note	2016 Rupees '000	2015 Rupees '000
Profit before taxation		**1,855,690**	1,903,385
Adjustments for non-cash and other items			
Interest / markup on borrowings		**555,990**	911,758
Loss on disposal of property, plant and equipment		**6,135**	497
Amortization of grant-in-aid		**(2,145)**	(2,258)
Amortization of intangible assets		**14,665**	5,687
Amortization of held-to-maturity investments		**-**	(9,744)
(Gain)/loss on sale and lease back activities		**(696)**	2,936
Reversal of impairment on long term investments		**(17,435)**	(756)
Changes in fair value of financial assets at fair value through profit or loss		**(3,066)**	1,556
Impairment allowance for doubtful debts, advances and security deposits		**108,608**	89,364
Provision for obsolete and slow moving stock		**6,333**	5,226
Loss on disposal of short term investments		**708**	-
Depreciation		**835,191**	739,742
		1,504,288	1,744,008
		3,359,978	3,647,393
Changes in working capital			
Stores, spares and loose tools		**(19,536)**	(331,239)
Stock in trade		**(2,213,967)**	649,128
Trade debts		**1,639,966**	(223,755)
Due against construction work in progress		**(104,349)**	(18,783)
Advances		**(48,622)**	(86,477)
Trade deposits and short term prepayments		**72,355**	(478,020)
Other receivables		**(90,126)**	(202,388)
Trade and other payables		**63,712**	(91,390)
		(700,567)	(782,924)
Cash generated from operations		**2,659,411**	2,864,469

43 CASH AND CASH EQUIVALENTS

	Note	2016 Rupees '000	2015 Rupees '000
Cash and bank balances	*32*	**455,750**	427,378
		455,750	427,378

44 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

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

		Note	**2016**	2015
			Rupees '000	*Rupees '000*
44.1 Transactions with related parties				
Nature of relationship	**Nature of transactions**			
Provident Fund Trust	Contribution for the year		**60,350**	61,780
Subsidiary	Sale of goods		**8,118,949**	7,992,492
	Allocation of common expenses		**1,241,086**	2,073,988
Associated companies	Purchase of services		**240,740**	173,851
Key management personnel	Short term employee benefits	*50*	**46,900**	42,677
	Post employment benefits	*50*	**2,707**	2,395
Directors and sponsors	Dividend paid		**312,891**	237,797
44.2 Balances with related parties				
Nature of relationship	**Nature of balances**			
Provident Fund Trust	Contribution payable		**10,856**	10,234
Key management personnel	Short term employee benefits payable		**3,452**	3,618
Directors and sponsors	Advances against issue of ordinary shares		**-**	1,575,252

45 LONG TERM CONSTRUCTION CONTRACTS

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
Contract revenue for the year	*33*	**901,766**	1,965,455
Cost incurred to date		**6,703,152**	5,936,020
Contract costs for the year	*34*	**767,132**	1,554,675
Gross profit realized to date		**1,711,073**	1,576,439
Advances against contracts	*16*	**5,246**	4,312
Retention money receivable	*26.1*	**540,758**	774,205
Gross amount due from customers		**1,940,349**	1,743,942
Gross amount due to customers		**12,937**	11,342
Estimated future costs to complete projects in progress		**337,009**	303,236

46 FINANCIAL INSTRUMENTS

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

	Note	2016	2015
		Rupees '000	*Rupees '000*
46.1 Financial assets			
Cash in hand		**5,451**	8,470
Loans and receivables			
Long term deposits		**234,020**	260,522
Trade debts		**3,842,374**	5,583,326
Due against construction work in progress		**1,127,996**	1,023,647
Short term advances		**-**	5,445
Short term deposits		**1,018,723**	1,133,883
Bank balances		**450,299**	418,908
		6,673,412	8,425,731
Financial assets at fair value through profit or loss			
Short term investments		**23,106**	20,040
Held-to-maturity investments			
Short term investments		**-**	65,484
		6,701,969	8,519,725
46.2 Financial liabilities			
Financial liabilities at amortized cost			
Redeemable capital		**3,951,888**	4,955,485
Long term finances		**2,329,186**	3,017,427
Liabilities against assets subject to finance lease		**111,446**	130,812
Trade creditors - *unsecured*		**326,895**	318,331
Foreign bills payable - *secured*		**88,391**	61,553
Accrued liabilities		**123,773**	117,725
Employees' provident fund		**10,856**	10,234
Compensated absences		**26,940**	24,740
Unclaimed dividend		**6,717**	4,105
Other payables - *unsecured*		**19,043**	6,110
Accrued interest/markup		**159,422**	260,904
Short term borrowings		**4,981,662**	4,668,901
		12,136,219	13,576,327

47 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, assets and liabilities of the Company.

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

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies. The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit department. Internal Audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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

47.1 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.

47.1.1 Maximum exposure to credit risk

The gross carrying amount of financial assets, other than cash in hand, represents maximum exposure to credit risk. The maximum exposure to credit risk as at the reporting date is as follows:

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
Loans and receivables			
Long term deposits	*23*	**234,020**	260,522
Trade debts	*26*	**4,286,963**	5,926,929
Due against construction work in progress	*27*	**1,127,996**	1,023,647
Short term advances	*28*	**-**	5,445
Short term deposits	*29*	**1,029,481**	1,144,641
Cash at banks	*32*	**450,299**	418,908
		7,128,759	8,780,092
Financial assets at fair value through profit or loss			
Short term investments	*30*	**23,106**	20,040
Held-to-maturity investments			
Short term investments	*22.2*	**-**	65,484
		7,151,865	8,865,616

47.1.2 Concentration of credit risk

There is no concentration of credit risk geographically. Maximum exposure to credit risk by type of counterparty is as

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
Customers		**5,611,243**	7,135,120
Banking companies and financial institutions		**1,502,886**	1,649,073
Others		**37,736**	81,423
		7,151,865	8,865,616

47.1.3 Credit quality and impairment

The manner in which the company assesses the credit quality of its financial assets depends on the type of counter-party. The Company conducts different types of transactions with the following counter-parties.

(a) Customers

Customers are counter parties to trade debts, long term security deposits for contracts in progress, due against contract work in progress and retention money for contracts in progress.

These, with the exception of trade debts, do not carry any significant credit risk. The ageing analysis of trade debts as at the reporting date is as follows:

	2016		2015	
	Gross carrying amount	**Accumulated Impairment**	Gross carrying amount	Accumulated Impairment
	Rupees '000	***Rupees '000***	*Rupees '000*	*Rupees '000*
Not yet due and past due by 1 year	**34,17,304**	**-**	5,277,964	-
1 to 2 years	**351,355**	**-**	285,258	-
2 to 3 years	**296,150**	**222,435**	211,553	191,449
More than 3 years	**222,154**	**222,154**	152,154	152,154
	4,286,963	**444,589**	5,926,929	343,603

There is no single significant customer in the trade debts of the Company. The maximum exposure to credit risk for trade debts as at the reporting date by type of customer is:

	2016	2015
	Rupees '000	*Rupees '000*
General customers	**1,861,660**	4,081,125
Corporate customers	**2,425,303**	1,845,804
	4,286,963	5,926,929

In determining the recoverability of a trade debt, the Company considers any change in the credit quality of the trade debt from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believes that there is no further provision required in excess of the allowance for doubtful debts.

(b) Banking companies and financial institutions

Banking companies and financial institutions are counter-parties to security/margin deposits, investments in debt and equity shares and bank balances. The Company limits its exposure to credit risk by only investing in highly liquid securities and only with counterparties that have reasonably high credit ratings. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

(c) Others

These include employees of the Company who are counter-parties to advances and utility companies and regulatory authorities who are counter-parties to long term security deposits. These do not carry any significant credit risk.

47.1.4 Collateral held

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

47.1.5 Credit risk management

As mentioned in note 47.1.3 to the financial statements, the Company's financial assets do not carry significant credit risk, with the exception of trade debts, which are exposed to losses arising from any non-performance by customers. To manage credit risk the Company maintains procedures covering the application for credit approvals, granting and renewal of counterparty limits and monitoring of exposures against these limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other form of credit insurance.

47.2 Liquidity risk

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

47.2.1 Exposure to liquidity risk

The followings is the analysis of contractual maturities of financial liabilities, including estimated interest payments.

	2016				
	Carrying amount *Rupees '000'*	**Contractual cash flows** *Rupees '000'*	**One year or less** *Rupees '000'*	**One to five years** *Rupees '000'*	**More than five years** *Rupees '000'*
Redeemable capital	**3,951,888**	**4,799,314**	**1,095,068**	**3,704,246**	**-**
Long term finances	**2,329,186**	**2,674,133**	**1,096,264**	**1,577,869**	**-**
Liabilities against assets subject to finance lease	**111,446**	**121,179**	**72,210**	**48,969**	**-**
Trade and other payables	**326,895**	**326,895**	**326,895**	**-**	**-**
Accrued interest/markup	**159,422**	**159,422**	**159,422**	**-**	**-**
Short term borrowings	**4,981,662**	**5,067,242**	**5,067,242**	**-**	**-**
	11,860,499	**13,148,185**	**7,817,101**	**5,331,084**	**-**

	2015				
	Carrying amount *Rupees '000'*	Contractual cash flows *Rupees '000'*	One year or less	One to five years *Rupees '000'*	More than five years *Rupees '000'*
Redeemable capital	4,955,485	6,243,828	1,464,522	4,779,306	-
Long term finances	3,017,427	3,602,551	1,069,353	2,464,714	68,484
Liabilities against assets subject to finance lease	130,812	148,234	81,501	66,733	-
Trade and other payables	318,331	318,331	318,331	-	-
Accrued interest/markup	260,904	260,904	260,904	-	-
Short term borrowings	4,668,901	4,700,026	4,700,026	-	-
	13,351,860	15,273,874	7,894,637	7,310,753	68,484

47.2.2 Liquidity risk management

The responsibility for liquidity risk management rests with the Board of Directors, who has built an appropriate liquidity risk management framework for the management of the Company’s short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As referred to in note 17.4 the Company has additional undrawn facilities of Rs. 5,895 million (2015: Rs. 1,705 million) at its disposal to further reduce liquidity risk.

47.3 Market risk

47.3.1 Currency risk

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

(a) ***Exposure to currency risk***

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

	Note	2016	2015
		Rupees '000	*Rupees '000*
Financial assets		**-**	-
Financial liabilities			
Foreign bills payable			
USD		**(57,774)**	(61,553)
CNY		**(2,529)**	-
EUR		**(28,088)**	-
Net balance sheet exposure		**(88,391)**	(61,553)
Foreign currency commitments			
AUD		**-**	(1,071)
CHF		**(14,368)**	-
CNY		**(71,897)**	-
EUR		**(315,622)**	(297,962)
GBP		**(1,156)**	(218)
JPY		**(2,060)**	-
USD		**(3,831,051)**	(1,542,971)
		(4,236,154)	(1,842,222)
Net exposure		**(4,324,545)**	(1,903,775)

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

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

	2016		2015	
	Assets	**Liabilities**	Assets	Liabilities
	Rupees '000	***Rupees '000***	*Rupees '000*	*Rupees '000*
AUD	**-**	**-**	-	76.1200
GBP	**-**	**128.7300**	-	154.9900
EUR	**-**	**110.3200**	-	114.2200
USD	**-**	**104.8000**	-	104.3000
CHF	**-**	**102.6600**	-	-
CNY	**-**	**15.0800**	-	-
JPY	**-**	**0.8979**	-	-

(c) **Sensitivity analysis**

A five percent appreciation in Pak Rupee against foreign currencies would have increased profit and equity for the year by Rs. 4.42 million (2015: Rs. 3.08 million). A five percent depreciation in Pak Rupee would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) **Currency risk management**

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

47.3.2 Interest rate risk

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

(a) *Interest/markup bearing financial instruments*

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

	Note	**2016**	2015
		Rupees '000	*Rupees '000*
Fixed rate instruments		**-**	-
Variable rate instruments			
Financial liabilities		**11,330,172**	12,687,025

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

The Company does not have any fixed rate financial instruments.

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

An increase of 100 basis points in interest rates as at the reporting date would have decreased profit for the year by Rs. 113.302 million (2015: Rs. 126.870 million). A decrease of 100 basis points would have had an equal but opposite effect on profit for the year. The analysis assumes that all other variables, in particular foreign exchange rates, remain constant and ignores the impact, if any, on provision for taxation for the year.

(d) *Interest rate risk management*

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

47.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments. The 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.

48 FAIR VALUE MEASUREMENTS

The Company measures some of its assets at fair value at the end of each reporting period. Fair value measurements are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements and has the following levels.

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3 — Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

48.1 Financial instruments measured at fair value

48.1.1 Recurring fair value measurements

Financial instruments	Hierarchy	Valuation techniques and key inputs	2016	2015
			Rupees '000	*Rupees '000*
Financial assets at fair value through profit or loss				
Investments in quoted equity securities	Level 1	Quoted bid prices in an active market	**23,106**	20,040

48.1.2 Non-recurring fair value measurement

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

48.2 Financial instruments not measured at fair value

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

48.3 Assets and liabilities other than financial instruments

48.3.1 Recurring fair value measurements

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

	Level 1	Level 2	Level 3	2016	2015
				Rupees '000	*Rupees '000*
Freehold land	-	539,232	-	**539,232**	539,232
Buildings	-	3,032,978	-	**3,032,978**	3,179,485
Plant and machinery	-	12,263,722	-	**12,263,722**	11,314,818

For fair value measurements categorised into Level 2 and Level 3 the following information is relevant:

	Valuation technique	Significant inputs	Sensitivity
Freehold land	Market comparable approach that reflects recent transaction prices for similar properties	Estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition.	A 5% increase in estimated purchase price, including non-refundable purchase taxes and other costs directly attributable to the acquisition would result in a significant increase in fair value of buildings by Rs. 26.962 million (2015: Rs. 26.962 million).
Buildings	Cost approach that reflects the cost to the market participants to construct assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated construction costs and other ancillary expenditure.	A 5% increase in estimated construction and other ancillary expenditure would result in a significant increase in fair value of buildings by Rs. 151.649 million (2015: Rs. 158.974 million).

	Valuation technique	Significant inputs	Sensitivity
Plant and machinery	Cost approach that reflects the cost to the market participants to acquire assets of comparable utility and age, adjusted for obsolescence and depreciation. There was no change in valuation technique during the year.	Estimated purchase price, including import duties and non-refundable purchase taxes and other costs directly attributable to the acquisition or construction, erection and installation.	A 5% increase in estimated purchase price, including import duties and non-refundable purchase taxes and other directly attributable costs would result in a significant increase in fair value of plant and machinery by Rs. 613.186 million (2015: Rs. 565.741 million).

49 CAPITAL MANAGEMENT

The Company's objective when measuring capital is to safeguard the Company's ability to continue as going concern while providing returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure through debt and equity balance. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue of new shares. Consistent with others in industry, the Company monitors capital on the basis of gearing ratio which is debt divided by total capital employed. Debt comprises long term finances, redeemable capital and liabilities against assets subject to finances lease, including current maturity. Total capital employed includes total equity (as shown in the balance sheet plus advances against issue of ordinary shares and surplus on revaluation of property, plant and equipment) plus debt. During the period, the Company's strategy was to maintain the gearing ratio below 30% and 'A' credit rating. The gearing ratios as at the reporting date are as follows:

	Unit	**2016**	2015
Total debt	*Rupees '000'*	**6,392,520**	8,103,724
Total equity	*Rupees '000'*	**21,159,171**	17,362,762
Total capital employed	*Rupees '000'*	**27,551,691**	25,466,486
Gearing ratio	*% age*	**23.20**	31.82

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.

50 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	Chief Executive		Directors		Executives	
	2016	2015	**2016**	2015	**2016**	2015
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Remuneration	**12,046**	6,511	**28,519**	30,686	**215,879**	206,045
House rent	**1,205**	565	**2,017**	1,749	**51,224**	48,887
Utilities	**1,205**	330	**1,389**	1,182	**26,204**	22,448
Bonus	**-**	-	**-**	-	**37,154**	38,751
Post employment benefits	**-**	-	**2,707**	2,395	**37,950**	19,551
Meeting fee	**-**	-	**272**	568	**-**	-
Reimbursable expenses						
Motor vehicles expenses	**-**	214	**65**	986	**22,171**	23,208
Medical expenses	**-**	-	**182**	454	**10,840**	12,264
	14,456	7,620	**35,151**	38,020	**401,422**	371,154
Number of persons	**1**	1	**5**	5	**167**	170

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

50.2 No remuneration has been paid to non-executive directors

51 SEGMENT INFORMATION

An operating segment is a component of an entity:

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

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

(c) for which discrete financial information is available.

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

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

	Power Division		**Appliances Division**		**Total**	
	2016	2015	**2016**	2015	**2016**	2015
	Rupees '000'	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*	***Rupees '000'***	*Rupees '000'*
Revenue	**14,605,040**	14,140,453	**9,397,323**	9,215,199	**24,002,363**	23,355,652
Finance cost	**654,375**	818,131	**232,561**	300,675	**886,936**	1,118,806
Depreciation and amortization	**424,037**	365,260	**425,819**	380,169	**849,856**	745,429
Segment profit before tax	**1,540,452**	1,481,149	**441,730**	562,056	**1,982,182**	2,043,205
Segment assets	**16,994,090**	20,193,421	**16,664,781**	11,893,070	**33,658,871**	32,086,491

		2016	2015
		Rupees '000	*Rupees '000*
51.1	**Reconciliation of segment profit**		
	Total profit for reportable segments	**1,982,182**	2,043,205
	Un-allocated other expenses	**(126,492)**	(139,820)
	Profit before taxation	**1,855,690**	1,903,385
51.2	**Reconciliation of segment assets**		
	Total assets for reportable segments	**33,658,871**	32,086,491
	Other corporate assets	**1,469,344**	887,812
	Total assets	**35,128,215**	32,974,303
51.3	**Information about major customers**		
	Revenue derived from Multan Electric Power Company	**-**	2,566,562
	Revenue derived from PEL Marketing (Private) Limited	**8,118,949**	7,992,492
	Revenue derived from Lahore Electric Supply Company	**2,579,985**	-

52 EMPLOYEES PROVIDENT FUND TRUST

The following information is based on the un-audited financial statements of the Pak Elektron Limited Employees Provident Fund Trust for the year ended December 31, 2016.

		2016	2015
Size of the fund -*total assets*	*Rupees '000'*	**377,581**	298,477
Cost/fair value of investments	*Rupees '000'*	**281,500**	220,388
Percentage of investments made	*% age*	**74.55**	73.84

The break-up of investments is as follows:

	2016		2015	
	Rupees '000'	***% age***	*Rupees '000'*	*% age*
Government securities	**75,000**	**26.64**	105,000	47.64
Deposit accounts with commercial banks	**206,500**	**73.36**	115,388	52.36
	281,500	**100.00**	220,388	100.00

53 PLANT CAPACITY AND ACTUAL PRODUCTION

		2016		2015	
	Unit	**Annual production capacity**	**Actual production during the year**	Annual production capacity	Actual production during the year
Transformers/Power Transformers	MVA	**7,000**	4,966	6,500	4,171
Switch gears	Nos.	**12,000**	8,378	12,000	8,311
Energy meters	Nos.	**1,700,000**	624,414	1,700,000	320,875
Air conditioners	Tonnes	**179,950**	44,949	90,000	40,953
Refrigerators/deep freezers	Cfts.	**6,950,000**	5,153,397	5,500,000	4,520,052
Microwave ovens	Litres	**850,000**	394,220	700,000	389,809

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

54 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on March 15, 2017 by the Board of Directors of the Company.

55 NUMBER OF EMPLOYEES

Total number of employees of the Company as at the reporting date are 5,717 (2015: 5,726). Average number of persons employed by the Company during the year are 5,534 (2015: 5,923).

56 RECOVERABLE AMOUNTS AND IMPAIRMENT

As at the reporting date, recoverable amounts of all assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

57 EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in their meeting held on March 15, 2017 has proposed a dividend on ordinary shares at Rs.1.75 per ordinary share of Rs. 10 each. The proposed dividend is subject to approval by shareholders in the forthcoming annual general meeting.

58 GENERAL

58.1 Figures have been rounded off to the nearest thousands.

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

M. MURAD SAIGOL
Chief Executive Officer

SYED MANZAR HASSAN
Director

Shareholders' Information

Investor Relations

REGISTERED OFFICE

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

SHARE REGISTRAR

Corplink (Pvt) Limited
Wings Arcade, 1-K Commercial
Model Town, Lahore.
Tel: 042-35839182, 35887262
Fax: 042-35869037

LISTING ON STOCK EXCHANGES

Ordinary shares of Pak Elektron Limited are listed on Pakistan Stock Exchange Limited.

STOCK CODE / SYMBOL

The stock code / symbol for trading in ordinary shares of Pak Elektron Limited at Pakistan Stock Exchange Limited is PAEL.

STATUTORY COMPLIANCE

During the year, the Company has complied with all applicable provisions, filed all returns/forms and furnished all the relevant particulars as required under the Companies Ordinance, 1984 and allied rules, the Securities and Exchange Commission of Pakistan Regulations and the listing requirements.

DIVIDEND

The Board of Directors in their meeting held on March 15, 2017 has proposed a dividend on ordinary shares at Rs. 1.75 per ordinary share.

BOOK CLOSURE DATES

Share Transfer Books of the Company will remain closed from April 18, 2017 to April 24, 2017 (both days inclusive).

DIVIDEND REMITTANCE

Ordinary dividend declared and approved at the Annual General Meeting will be paid within the statutory time limit of 30 days.

(i) For shares held in physical form: to shareholders whose names appear in the Register of Members of the Company after entertaining all requests for transfer of shares lodged with the Company on or before the book closure date.

(ii) For shares held in electronic from: to shareholders whose names appear in the statement of beneficial ownership furnished by CDC as at end of business on book closure date.

WITHHOLDING OF TAX & ZAKAT ON ORDINARY DIVIDEND

As per the provisions of the Income Tax Ordinance, 2001, income tax is deductible at source by the Company at the rate of 10% wherever applicable.

Zakat is also deductible at source form the ordinary dividend at the rate of 2.5% of the face value of the share, other than corporate holders or individuals who have provided an undertaking for non-deduction.

DIVIDEND WARRANTS

Cash dividends are paid through dividend warrants addressed to the ordinary shareholders whose names appear in the Register of Shareholders at the date of book closure.

GENERAL MEETINGS & VOTING RIGHTS

Pursuant to section 158 of The Companies Ordinance 1984, PEL holds a General Meeting of shareholders at least once a year. Every shareholder has a right to attend the General Meeting. The notice of such meeting is sent to all the shareholders at least 21 days before the meeting and also advertised in at least one English and one Urdu newspaper having circulation in Karachi, Lahore and Islamabad.

Shareholders having holding of at least 10% of voting rights may also apply to the Board of Directors to call for meeting of shareholders, and if the Board does not take action on such application within 21 days, the shareholders may themselves call the meeting.

All ordinary shares issued by the Company carry equal voting rights, Generally, matters at the general meetings are decided by a show of hands in the first instance. Voting by show of hands operates on the principle of “One Member-One Vote”. If majority of shareholders raise their hands in favor of a particular resolution, it is taken as passed, unless a poll is demanded.

Since the fundamental voting principle in the Company is “One Share-One Vote”, voting takes place by a poll, if demanded. On a poll being taken, the decision arrived by poll is final, overruling any decision taken on a show of hands.

INVESTOR’S GRIEVANCES

To date none of the investors or shareholders has filed any significant complaint against any service provided by the Company to its shareholders.

PROXIES

Pursuant to Section 161 of The Companies Ordinance, 1984 and according to the Memorandum and Articles of Association of the Company, every shareholder of the Company who is entitled to attend and vote at a general meeting of the Company can appoint another member as his/her proxy to attend and vote instead of him/her. Every notice calling a general meeting of the Company contains a statement that a shareholder entitled to appoint a proxy.

The instrument appointing a proxy (duly signed by the shareholder appointing that proxy) should be deposited at the office of the Company not less than forty-eight hours before the meeting.

SERVICE STANDARDS

PEL has always endeavored to provide investors with prompt services. Listed below are various investor services and the maximum time limits set for their execution:

	For requests received through post	For requests received over the counter
Transfer of shares	30 days after receipt	30 days after receipt
Transmission of shares	30 days after receipt	30 days after receipt
Issue of duplicate share certificates	30 days after receipt	30 days after receipt
Issue of duplicate dividend warrants	5 days after receipt	5 days after receipt
Issue of revalidated dividend warrants	5 days after receipt	5 days after receipt
Change of address	2 days after receipt	1 day after receipt

Well qualified personnel of the Shares Registrar have been entrusted with the responsibility of ensuring that services are rendered within the set time limits.

WEB PRESENCE

Updated information regarding the Company can be accessed at its website, www.pelgroup.com. The website contains the latest financial results of the Company together with the Company's profile.

Fundamental knowledge and understanding of financial market is crucial for the general public and lack of financial literacy or capability makes them vulnerable to frauds. SECP recognizes the importance of investor education and therefore initiated this investor education program, called 'JamaPunji', an investor training program, to promote financial literacy in Pakistan.

www.jamapunji.pk

Glossary of Terms and Definitions

GLOSSARY OF TERMS

Term	Description
CCG	Code of Corporate Governance
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CPEC	China Pakistan Economic Corridor
CPI	Consumer Price Index
CSR	Corporate Social Responsibility
DISCOs	Distribution Companies
DTR	Distribution Transformer
EPC	Engineering, Procurement and Construction
EPS	Earnings per share
HV	High Voltage
IFRS	International Financial Reporting Standards
ISO	International Standards Organization
KV	Kilovolt
MNCs	Multi National Companies
MVA	Mega Volt Amp
PSX	Pakistan Stock Exchange
PTR	Power Transformer
WAPDA	Water and Power Development Authority
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

DEFINITIONS

Term	Definition
Activity/Turnover Ratios	Activity / Turnover ratios are used to evaluate the operational efficiency of the Company to convert inventory and receivables into cash against time taken to pay creditors, measured in terms of revenue and cost of sales.

DEFINITIONS

Term	Definition
Approved Accounting Standards	Approved accounting standards comprise of such IFRSS issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984.
Capital Structure Ratios	Capital Structure ratios provide an indication of the long term solvency of the Company and its cost of debt, in relation to equity and profits.
Gearing	The level of a company's debt related to its equity capital. It is a measure of a company's financial leverage and shows the extent to which its operations are funded by lenders versus shareholders.
Going Concern Assumption	An accounting assumption that an entity will remain in business for the foreseeable future.
Investment Market Ratios	Investment ratios measure the capability of the Company to earn an adequate return for its shareholders. Market Ratios evaluate the current market price of a share versus an indicator of the company's ability to generate profits.
Liquidity Ratios	Liquidity ratios determine the Company's ability to meet its short-term financial obligations.
Management Letter	Letter written by auditors to directors of the company, communicating material issues, concerns and suggestions noted during the audit.
Market Capitalization	The value of a company that is traded on the stock market, calculated by multiplying the total number of shares by the present share price.
Materiality	Financial statement items are material if they could influence the economic decisions of users.
Profitability Ratios	Profitability Ratios give and assessment of the Company's ability to generate profits in relation to its sales, assets and equity.

Notice of Annual General Meeting

Notice is hereby given that the 61st Annual General Meeting of Shareholders of Pak Elektron Limited will be held on Monday , April 24, 2017 at 11:00 A.M. at Factory Premises, 14-KM. Ferozepur Road, Lahore to transact the following business:-

Ordinary Business

1. To confirm the minutes of Last Extraordinary General Meeting held on October 21, 2016.

2. To receive and adopt the Annual Audited Accounts of the Company for the year ended December 31, 2016 together with Directors' and Auditors' Reports thereon.

3. To approve final dividend @ 17.50% i.e. Rs. 1.75/- per share as recommended by the Board of Directors in addition to the Interim dividend already paid @12.5% i.e. Rs. 1.25/- per share, making a total dividend @30.00% i.e. Rs. 3.00/- per share for the Financial year 2016.

4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.

5. Any other business with the permission of the Chair.

Special Business

6. To get approval/consent from shareholders, as per SRO No. 470(1)/2016 dated May 31, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), for the transmission of the annual audited accounts through CD/DVD/USB instead of transmitting the said accounts in hard copies.

7. To consider and, if thought fit, pass the following resolutions as Special Resolution, with or without modification, to amend the Articles of Association of the Company in order to enable the, Video Conference facility, E-Voting mechanism as prescribed in the Companies (E-Voting) Regulations 2016 issued by the Securities & Exchange Commission of Pakistan (SECP) and proxy for e-voting:-

SPECIAL RESOLUTION

RESOLVED THAT, subject to obtaining the requisite approvals, Articles of Association of the Company be and are hereby amended as following:-

Article 40 be and is hereby amended as following:

40. At least ten (10) Members entitled and present in person and representing not less than twenty-five percent (25%) of the total voting power either on their own account or as proxies shall be the quorum for a General Meeting, and no business shall be transacted at any General Meeting unless the quorum requisite is present at the commencement of the business.

After Article 40, the following new Article 40-A be inserted:

40-A The Company may provide video conference facility to its Members at places other than the town in which general meeting is taking place after considering the geographical dispersal of its Members, subject to the condition that Members collectively holding ten percent (10%) or more shareholding residing at a geographical location provide their consent to participate in the general meeting through video conference at least (10) days prior to the date of the general meeting. The company shall arrange video conference facility in that city subject to availability of such facility in that city. The Company shall intimate to Members regarding venue of video conference facility at least five (5) days before the date of general meeting along with complete information necessary to enable them to access such facility. The quorum as required under the Ordinance as well as Chairman of the general meeting shall be present at the place of the general meeting.

After Article 54, the following new Article 54-A be inserted:

54-A A member may opt for e-voting in a general meeting of the Company under the provisions of the Companies (E-Voting) Regulations, 2016 (including any statutory modification thereof), as amended from time to time. In the case of e-voting, both Members and non-members can be appointed as proxy. The instruction to appoint execution officer and option to e-vote through intermediary shall be required to be deposited with the Company, at least ten (10) days before holding of the general meeting, at the Company's registered office address or through e-mail. The Company will arrange for e-voting if the Company receives demand for poll from at least five (5) members or by any member having not less than one tenth of the voting power.

After Article 55, the following new Article 55-A be inserted:

55-A An instrument of proxy in relation to e-voting shall be in the following form:

I/We, _______ of _________ , being a member of _______, holder of _______ Shares as per Register Folio No. _____ hereby opt for e-voting through Intermediary and hereby consent to the appointment of Execution officer ______ as proxy and will exercise e-voting as per the Companies (E-Voting) Regulations, 2016 and hereby demand for poll for resolutions.

May Secure e-mail address is ________________________, please send login details, password and electronic signature through e-mail.

Signature of member

(Signature should agree with specimen signature registered with the Company)

Signed in the presence of:

____________________ ____________________
Signature of Witness Signature of Witness

The proxy e-voting form shall be required to be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

After Article 88, the following new Article 88-A be inserted:

88-A The Directors of the Company may participate in the Board of Directors' meetings, whether in Pakistan or abroad, through tele/video conferencing. The draft minutes of the meeting shall be sent to those Director(s) who had participated in the proceedings of the meeting through tele/video conference, for his/their confirmation. Thereafter, the minutes shall be signed by the Chairman of the meeting.

After Article 108, the following new Article 108-A be inserted:

108-AThe Company may, after obtaining prior written consent from members, circulate notices of general meeting and the annual balance sheet and profit and loss account, auditors' report and directors' report (annual audited accounts) to its members through e-mail. Further, subject to the consent of the Members obtained in general meeting, circulate the annual balance sheet and profit and loss account, auditors' report and directors' report (annual audited accounts) to its Members through CD/DVD/USB at their registered addresses. However, if a Member prefers to receive hard copies for all the future annual audited accounts then such preference of the Member shall be given to the Company in writing and thereafter the Company shall provide hard copies of all the future annual audited accounts to such Member.

FURTHER RESOLVED That the Company secretary be and is hereby authorized to take or cause to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company and make necessary filings and complete legal formalities as may be required to implement the aforesaid resolution.

By Order of the Board

Lahore:
March 20, 2017

M. Omer Farooq
Company Secretary

Notice of Annual General Meeting

STATEMENT UNDER SECTION 160(1) (b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on April 24, 2017 pertaining to E-voting and video conference facility.

E-Voting

Pursuant to SECP S.R.O. No. 43(1)/2016 dated January 22, 2016, members can also exercise their right to vote through e-voting by giving their consent in writing at least 10 days before the date of meeting to the Company on the appointment of Execution Officer by the Intermediary as a Proxy.

Video Conference Facility

Pursuant to SECP Circular No 10 dated May 21, 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

Notes:

1. Share Transfer Books of the Company will remain closed from April 18, 2017 to April 24, 2017 (both days inclusive). Physical transfers/CDS Transactions IDs received in order at Company registrar office M/s Corplink (Pvt.) Limited Wings Arcade, 1-K, Commercial Model Town, Lahore on or before April 17, 2017 will be treated in time.

2. A member entitled to attend and vote at this Meeting may appoint another Member as proxy. Proxies in order to be effective, must be received at17-Aziz Avenue, Canal Bank, Gulberg-V, Lahore the Registered Office of the Company not later than forty-eight hours before the time of the meeting and must be duly stamped, signed and witnessed.

3. Members whose shares are deposited with Central Depository System are requested to bring their original National Identity Cards or original Passports along with their Account Numbers in Central Depository System for attending the meeting.

4. Members are requested to notify the Company change in their addresses, if any.

5. Annual Audited Financial Statements of the Company for the Financial Year ended December 31, 2016 have been placed on the Company's website i.e. www.pel.com.pk.

6. **SUBMISSION OF COPY OF CNIC/NTN DETAILS (MANDATORY)**

   Pursuant to the directives of the Securities and Exchange Commission of Pakistan CNIC number of individuals is mandatorily required to be mentioned on dividend warrants and pursuant to the provisions of Finance Act 2016, the rate of deduction of income tax under section 150 of the Income Tax Ordinance 2001 from dividend payment have been revised as : for filers of Income Tax return 12.5% and Non filers of Income Tax return 20.0%. In case of Joint account, each holder is to be treated individually as either a filer or non-filer and tax will be deducted on the basis of shareholding of each joint holder as may be notified by the shareholder, in writing as follows, to our Share Registrars, or if no notification, each joint holder shall be assumed to have an equal number of shares.

Company Name	Folio/CDS Account No.	Total Shares	Principal Shareholder		Joint Shareholder	
			Name & CNIC No.	Shareholding proportion & No. of shares	Name & CNIC No.	Shareholding proportion & No. of shares

The CNIC number/NTN details is now mandatory and is required for checking the tax status as per the Active Taxpayers List (ATL) issued by Federal Board of Revenue (FBR) from time to time.

Individuals including all joint holders holding physical share certificates are therefore requested to submit a copy of their valid CNIC to the company or its Registrar if not already provided, For shareholders other than individuals, the checking will be done by matching the NTN number, therefore the Corporate shareholders having CDC accounts are requested in their own interest to provide a copy of NTN certificate to check their names in the ATL before the book closure date to their respective participants/CDC, whereas corporate shareholders holding physical share certificates should send a copy of their NTN certificate to the Company or its Share Registrar. The Shareholders while sending CNIC or NTN certificates, as the case may be must quote their respective folio numbers.

In case of non-receipt of the copy of a valid CNIC or NTN, the Company would be unable to comply with SRO 831(1)/2012 dated July 05, 2012 of SECP and therefore will be constrained under Section 251(2)(a) of the Companies Ordinance, 1984 to withhold dispatch of dividend warrants of such shareholder. Further, all shareholders are advised to immediately check their status on ATL and may, if required take necessary action for inclusion of their name in the ATL. The company as per the new law, shall apply 20.0% rate of withholding tax if the shareholders name, with relevant details, does not appear on the ATL, available on the FBR website on the first day of book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

7. ZAKAT DECLARATIONS (CZ-50)

The Zakat will be deducted from the dividends at source at the rate of 2.5% of the paid-up value of the shares (Rs. 10/- each) under Zakat and Ushr Laws and will be deposited within the prescribed period with the relevant authority, Please submit your Zakat Declarations under Zakat and Ushr Ordinance, 1980 & Rule 4 of Zakat (Deduction & Refund) Rules, 1981 CZ-50 Form, in case you want to claim exemption, with your brokers or the Central Depository Company Ltd. (in case the shares are held in Investor Account Services on the CDC) or to our Registrars, M/s Corplink Private Limited, 1-K, Commercial Model Town, Lahore (in case the shares are held in paper certificate form). The shareholders while sending the Zakat Declarations, as the case may be must quote company name and respective folio numbers.

3۔ وہ ممبران جن کے نام حصص سنٹرل ڈیپازٹری سسٹم میں ہیں التماس ہے کہ وہ اپنے اصل شناختی کارڈ یا پاسپورٹ اور سنٹرل ڈیپازٹری سسٹم میں اپنے اکاؤنٹ نمبر اجلاس میں شرکت کے لئے ہمراہ لائیں۔

4۔ ممبران سے التماس ہے کہ اپنے پتے میں کسی بھی تبدیلی کی صورت میں کمپنی کو مطلع فرمادیں۔

5۔ 31 دسمبر 2016 کو ختم ہونے والے مالی سال کے کمپنی کے سالانہ آڈیٹڈ اکاؤنٹس کمپنی کی ویب سائٹ www.pel.com.pk پر جاری کردیئے گئے ہیں۔

6۔ کمپیوٹرائزڈ قومی شناختی کارڈ/ نیشنل ٹیکس نمبر کی نقول کی حوالگی (لازمی)

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت کے تحت ڈیویڈینڈ وارنٹ پر شیئر ہولڈرز کے کمپیوٹرائزڈ قومی شناختی کارڈ ہونا لازمی ہیں۔ انکم ٹیکس آرڈیننس 2001 سیکشن 150 میں فنانس ایکٹ 2016 کے تحت کی جانے والی ترمیم کے مطابق ڈیویڈینڈ پر ود ہولڈنگ ٹیکس کی کٹوتی فائلر کیلئے 12.5 فیصد اور نان فائلر کیلئے 20 فیصد ہوگی۔

جوائنٹ اکاؤنٹ کی صورت میں ہر اکاؤنٹ ہولڈر کو علیحدہ فرد تصور کیا جائے گا خواہ وہ فائلر ہو یا نان فائلر اور ہر جوائنٹ اکاؤنٹ ہولڈر کیلئے ٹیکس کی کٹوتی جوائنٹ ہولڈرز کی جانب سے فراہم کردہ شیئر ہولڈنگ کی معلومات کے مطابق ہوگی اور مطلع نہ کرنے پر جوائنٹ ہولڈرز کو برابر کے شیئرز رکھنے والا تصور کیا جائے گا۔

کمپنی کا نام	فولیو/CSD اکاؤنٹ نمبر	مجموعی شیئرز	پرنسپل شیئر ہولڈرز	جوائنٹ شیئر ہولڈر
			نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر / شیئر	نام اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر / ہولڈنگ کا
			ہولڈنگ کا تناسب / شیئرز کی تعداد	تناسب / شیئرز کی تعداد

CNIC/NTN کی تفصیلات فراہم کرنا اب لازمی ہے تاکہ فیڈرل بورڈ آف ریونیو (FBR) کی جانب سے وقتاً فوقتاً جاری کی جانے والی ایکٹیو ٹیکس پیئر ز لسٹ (ATL) کے مطابق ٹیکس اسٹیٹس چیک کیا جا سکے۔ تمام افراد بشمول جوائنٹ اکاؤنٹ ہولڈرز جو فزیکل شیئر سرٹیفیکیٹس رکھتے ہیں ان سے درخواست ہے کہ اپنے کمپیوٹرائزڈ قومی شناختی کی نقل کمپنی یا اس کے شیئر رجسٹرار کو فراہم کریں (اگر فراہم نہیں کی گئی)۔ انفرادی شیئر ہولڈرز کے علاوہ چیکنگ NTN نمبرز سے مطابقت کے ذریعے کی جائے گی لہٰذا CDC اکاؤنٹس رکھنے والے کارپوریٹ شیئر ہولڈرز سے اُن کے مفاد میں درخواست ہے کہ اپنے NTN سرٹیفیکیٹ کی نقل فراہم کریں تاکہ اُن کے متعلقہ Participants/CDC کیلئے کتابوں کی بندش سے قبل اُن کے نام ATL میں چیک کئے جا سکیں جبکہ فزیکل شیئر سرٹیفیکیٹس رکھنے والے کارپوریٹ شیئر ہولڈرز اپنے NTN سرٹیفیکیٹ کی نقل کمپنی یا اس کے شیئر رجسٹرار کو بھیجیں۔ شیئر ہولڈرز اپنے کمپیوٹرائزڈ قومی شناختی کارڈ یا NTN سرٹیفیکیٹ بھیجتے ہوئے اپنے متعلقہ فولیو نمبرز ضرور فراہم کریں۔

موثر کمپیوٹرائزڈ قومی شناختی کارڈ یا NTN کی نقول موصول نہ ہونے کی صورت میں کمپنی سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے سرکلر 2012(1)SRO0831 بتاریخ 5 جولائی 2012 کی تکمیل نہ کرسکے گی۔ لہٰذا کمپنیز آرڈیننس 1984 کے سیکشن 251(2)(a) کے تحت شیئر ہولڈر کے ڈیویڈینڈ وارنٹ کی ترسیل روکنے پر مجبور ہوگی۔ مزید یہ کہ تمام شیئر ہولڈرز کو ہدایت کی جاتی ہے کہ فوری طور پر ATL میں اپنا اسٹیٹس چیک کریں اور ATL میں اپنے نام کے اندراج کیلئے ضروری اقدامات کریں اور نئے قانون کے مطابق FBR کی ویب سائٹ پر کتابوں کی بندش کے آغاز کے دن سے قبل شیئر ہولڈرز کا نام متعلقہ تفصیلات کے ساتھ ATL میں موجود نہ ہونے پر کمپنی 20 فیصد ود ہولڈنگ ٹیکس کی کٹوتی کی مجاز ہوگی اور اسے مقررہ مدت میں گورنمنٹ کے خزانے میں جمع کرائے گی۔

7۔ زکوٰۃ ڈیکلریشنز (CZ-50)

زکوٰۃ اور عشر قوانین کے تحت ڈیویڈینڈ سے زکوٰۃ کی کٹوتی شیئرز کی ادا شدہ رقم (10 روپے فی حصص) پر 2.5 فیصد کے حساب سے کی جائے گی اور متعلقہ اتھارٹیز کو مقررہ مدت میں جمع کروادی جائے گی۔ برائے مہربانی استثنیٰ کے خواہشمند افراد زکوٰۃ اور عشر آرڈیننس 1980 اور CZ-50 فارم زکوٰۃ کے قوانین (کٹوتی اور واپسی) کے قانون نمبر 4 کے تحت اپنے زکوٰۃ ڈیکلریشن فارم اپنے بروکر یا سنٹرل ڈیپازٹری کمپنی لمیٹڈ (شیئرز کے انویسٹر اکاؤنٹس سروسز میں CDC میں ہونے کی صورت میں) یا ہمارے شیئر رجسٹرار آفس کارپ لنک (پرائیویٹ) لمیٹڈ ونگز آرکیڈ 1-K کمرشل ماڈل ٹاؤن لاہور کو ارسال کریں (شیئرز کے پیپر سرٹیفیکیٹ کی صورت میں ہونے پر) شیئر ہولڈرز زکوٰۃ ڈیکلریشنز ارسال کرتے ہوئے اپنی کمپنی کا نام اور انکے متعلقہ فولیو نمبرز ضرور فراہم کریں۔

نوٹس سالانہ اجلاس عام

میرا محفوظ ای میل ایڈریس یہ ہے ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ براہ کرم بذریعہ ای میل لاگ ان تفصیلات، پاس ورڈ اور الیکٹرانک دستخط فراہم کریں۔

دستخط رکن ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ (دستخط کا کمپنی میں رجسٹرڈ دستخط سے مطابقت رکھنا ضروری ہے)

دستخط گواہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔ دستخط گواہ ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پراکسی ای ووٹنگ کے فارم کی دو گواہان توثیق کریں گے جن کے نام، پتہ اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہونے چاہئیں۔

آرٹیکل 88 کے بعد درج ذیل آرٹیکل 88-A شامل سمجھا جائے گا۔

88-A۔ کمپنی کے ڈائریکٹرز چاہے پاکستان میں ہوں یا باہر ٹیلیفون / ویڈیو کانفرنس کے ذریعے بورڈ آف ڈائریکٹرز کی میٹنگ میں شرکت کر سکتے ہیں۔ ایسے ڈائریکٹرز جو میٹنگ کی کارروائی میں ٹیلیفون / ویڈیو کانفرنس کے ذریعے شرکت کر رہے ہوں، اپنی / ان کی توثیق کیلئے ان کو منٹس آف میٹنگ کا ڈرافٹ بھیجنا ہوگا اس کے بعد چیئرمین کو منٹس پر دستخط کرنے ہوں گے۔

آرٹیکل 108 کے بعد درج ذیل آرٹیکل 108-A کو شامل سمجھا جائے۔

108-A۔ کمپنی اراکین سے تحریری رضامندی لینے کے بعد، جنرل میٹنگ کے نوٹس اور سالانہ بیلنس شیٹ اور پرافٹ اینڈ لاس اکاؤنٹ، آڈیٹر رپورٹ اور ڈائریکٹرز رپورٹ (سالانہ آڈیٹڈ اکاؤنٹس) کو اپنے ممبران کو بذریعہ سی ڈی / ڈی وی ڈی / یو ایس بی ان کے رجسٹرڈ پتوں پر ارسال کرے گی۔ تاہم اگر کوئی ممبر مستقبل میں سالانہ آڈیٹڈ اکاؤنٹس کی ہارڈ کاپیاں لینا چاہتا ہے تو ایسے ممبر کو کمپنی کو تحریری درخواست دینا ہوگی اور اس کے بعد کمپنی ایسے ممبر کو مستقبل میں سالانہ آڈیٹڈ اکاؤنٹس کی ہارڈ کاپیاں فراہم کرے گی۔

مزید یہ کہ کمپنی سیکرٹری کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترامیم کے سلسلے میں تمام اقدامات و اختیارات کے مجاز ہیں اور مذکورہ قرارداد کے اطلاق کیلئے ضروری فائلنگ اور قانونی امور کی ادائیگی کے ذمہ دار ہوں گے۔

بحکم بورڈ

ایم عمر فاروق

کمپنی سیکرٹری

لاہور: 20 مارچ 2017

کمپنیز آرڈیننس 1984 کی زیر دفعہ 160(1)(B) کے تحت بیان

یہ بیان کمپنی کے سالانہ اجلاس عام منعقدہ کردہ 24 اپریل 2017 میں خصوصی امور کی انجام دہی کے بارے میں ہے جو کہ ای ووٹنگ اور ویڈیو کانفرنس کی سہولت کے بارے میں ہیں۔

ای ووٹنگ

سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے ایس آر او نمبر 2016 (1)43 مورخہ 22 جنوری 2016 کے مطابق ممبران میٹنگ کی تاریخ سے 10 دن قبل تحریری رضامندی بھیج کر ای گیزیکیوشن آفیسر کی تعیناتی بذریعہ انٹرمیڈیئری بطور پراکسی کے بعد ای ووٹنگ کے ذریعے اپنا ووٹ ڈالنے کا حق استعمال کر سکتے ہیں۔

ویڈیو کانفرنس کی سہولت

SECP بحوالہ سرکلر نمبر 10 مورخہ 21 مئی 2014 اگر کمپنی کو اپنے ممبران جو کہ جیوگرافیکل لوکیشن پر رہائش پذیر ہوں اور جن کی کمپنی میں مجموعی حصہ داری 10 فیصد یا اس سے زائد ہو، کمپنی کی میٹنگ میں بذریعہ ویڈیو کانفرنس شمولیت کی رضامندی میٹنگ کی تاریخ سے کم از کم 10 دن پہلے موصول ہو تو کمپنی مذکورہ شہر میں مطلوبہ سہولت دستیاب ہونے کی صورت میں ویڈیو کانفرنس کی سہولت فراہم کرے گی۔

نوٹس

1۔ کمپنی کی حصص کی منتقلی کی کتابیں 18 اپریل 2017 تا 24 اپریل 2017 (بشمول دونوں دن) بند رہیں گی۔ کمپنی شیئر رجسٹرار آفس ایم / ایس کارپ لنک (پرائیویٹ) لمیٹڈ ونگز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور میں وصول ہونے والی منتقلیاں (بشمول CDS/Physical) 17 اپریل 2017 کو کاروبار بند ہونے تک قابل قبول ہوں گی۔

2۔ اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر پراکسی مقرر کر سکتا ہے۔ پراکسیاں تا آنکہ موثر ہو سکیں، اجلاس کے وقت سے کم از کم 48 گھنٹے قبل کمپنی کے صدر دفتر بمقام 17 عزیز ایونیو، کینال بنک، گلبرگ V، لاہور میں لازماً وصول ہونی چاہئیں اور باقاعدہ مہر زدہ دستخط شدہ اور گواہ شدہ ہونی چاہئیں۔

نوٹس سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ پاک الیکٹرون لمیٹڈ کے حصص داران کا اکسٹھواں (61st) سالانہ اجلاس عام 24 اپریل 2017 بروز پیر 11 بجے صبح فیکٹری احاطہ واقع 14 کلومیٹر، فیروز پور روڈ، لاہور میں درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عمومی امور

1۔ 21 اکتوبر 2016 کو منعقد ہونے والے غیر معمولی اجلاس عام کی کارروائی کی تصدیق۔

2۔ مالی سال مختتم 31 دسمبر 2016 کی بابت کمپنی کے سالانہ آڈٹ شدہ حسابات ہمراہ ان پر ڈائریکٹران و آڈیٹران کی رپورٹس کی وصولی اور ان کی قبولیت۔

3۔ بورڈ آف ڈائریکٹرز کی سفارش کے مطابق مالی سال مختتم 31 دسمبر 2016 کیلئے حتمی نقد منافع بشرح 17.50 فیصد یعنی 1.75 روپے فی حصص کی منظوری جو کہ پہلے سے ادا شدہ عبوری نقد منافع بشرح 12.50 فیصد یعنی 1.25 روپے فی حصص سے اضافی ہے، جس سے مالی سال مختتم 31 دسمبر 2016 کا مجموعی نقد منافع بشرح 30 فیصد یعنی 3 روپے فی حصص بن جاتا ہے۔

4۔ اگلے سالانہ اجلاس عام کے اختتام تک عہدہ پر رہنے کیلئے کمپنی کے آڈیٹران کا تقرر اور ان کے صلہ خدمت کا تعین۔

5۔ صاحب صدر کی اجازت سے کسی دیگر امر پر کارروائی۔

خصوصی امور

6۔ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے جاری کردہ SRO. No. 470(1)2016 مؤرخہ 31 مئی 2016 کے تحت سالانہ آڈٹ شدہ اکاؤنٹس کی ہارڈ کاپیز کی بجائے بذریعہ CD/DVD/USB کی شکل میں دینے کیلئے حصص داران سے منظوری/رضامندی حاصل کرنا۔

7۔ کمپنی کے آرٹیکلز آف ایسوسی ایشن میں ترامیم کیلئے بتبدیلی سمیت یا اسکے بغیر مندرجہ ذیل قراردادوں کو بصورت موزونیت زیر غور لانا تاکہ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے جاری کردہ کمپنیز (e-voting) ریگولیشن 2016 کے قواعد کے تحت وڈیو کانفرنس کی سہولت، ای ووٹنگ میکانزم اور ای ووٹنگ کیلئے پراکسی کو ممکن بنایا جاسکے۔

خصوصی قرارداد

طے پایا کہ مطلوبہ منظوری حاصل کرنے کے بعد کمپنی کے آرٹیکلز آف ایسوسی ایشن میں درج ذیل ترامیم کی جارہی ہیں۔

40۔ عام اجلاس کیلئے کورم کی صورت یہ ہوگی کہ کم از کم دس اہل ارکان ذاتی طور پر حاضر ہوں اور ان کے ذاتی یا پراکسی کل ووٹوں کی تعداد کم از کم 25 فیصد ہو اور کسی بھی عام اجلاس میں کسی معاملے پر عمل درآمد نہیں ہوسکے گا اگر اجلاس سے پہلے مطلوبہ کورم پورا نہ ہو۔

آرٹیکل 40 کے بعد درج ذیل آرٹیکل 40-A کو شامل سمجھا جائے

40-A۔ کمپنی اپنے ممبران کو ان کے جغرافیائی پھیلاؤ کو مد نظر رکھتے ہوئے اس شہر کے علاوہ جہاں اجلاس عام منعقد ہو رہا ہے دیگر مقامات پر ویڈیو کانفرنس کی سہولت فراہم کرے گی بشرطیکہ ارکان مجموعی طور پر 10 فیصد یا اس سے زائد کے حصص کے مالک ہوں اور کانفرنس سے کم از کم 10 دن پہلے وہ اپنی رائے سے آگاہ کریں کہ ویڈیو کانفرنس میں شرکت کے خواہشمند ہیں۔ مذکورہ شہر میں مطلوبہ سہولت کی دستیابی پر کمپنی ویڈیو کانفرنس کے انتظامات کرے گی۔ جنرل میٹنگ سے کم از کم 5 دن پہلے کمپنی ارکان کو ویڈیو کانفرنس کے مقام کے متعلق آگاہ کرے گی اور مذکورہ سہولت کی دستیابی سے متعلق تمام معلومات فراہم کرے گی۔ عام اجلاس کے موقع پر آرڈیننس کے تحت کورم کا پورا اور چیئرمین کا جنرل میٹنگ میں موجود ہونا ضروری ہے۔

آرٹیکل 54 کے بعد درج ذیل آرٹیکل 54-A کو شامل سمجھا جائے۔

54-A کمپنیز (ای ووٹنگ) ریگولیشنز 2016 (بشمول اس سلسلے میں اگر قواعد میں موڈیفیکیشن موجود ہو) کے تحت کمپنی کے اجلاس عام میں اراکین ای ووٹنگ کا حق حاصل کر سکتے ہیں، جس میں وقت کے ساتھ ساتھ تبدیلی ممکن ہے۔ ای ووٹنگ کی صورت میں بطور پراکسی ممبران اور غیر ممبران دونوں کی تعیناتی کی جاسکتی ہے۔ ایگزیکیوشن آفیسر کی تقرری کا معاملہ ہو یا بذریعہ انٹرمیڈیری ای ووٹنگ دینے کا عمل۔ جنرل میٹنگ کے انعقاد سے کم از کم 10 دن پہلے کمپنی کو بتانا اور یہ معلومات کمپنی کے رجسٹرڈ آفس کے پتہ پر یا بذریعہ ای میل فراہم کرتی ہوں گی۔ کم از کم 5 ممبران یا کوئی ممبر جو کم از کم دسویں حصے سے کم ووٹنگ پاور نہ رکھتا ہو کی طرف سے درخواست آنے پر کمپنی ای ووٹنگ انتظامات کرے گی۔

آرٹیکل 55 کے بعد درج ذیل آرٹیکل 55-A کو شامل سمجھا جائے۔

پراکسی کی شمولیت کی دستاویز برائے ای ووٹنگ درج ذیل شکل میں ہو۔

میں / ہم .... از .... رکن .... ہولڈر .... حصص .... بمطابق رجسٹرڈ فولیو نمبر .... بذریعہ انٹرمیڈیری ای ووٹنگ کیلئے رضامند ہوں اور اس سلسلے میں بطور پراکسی ایگزیکیوشن افسر کی تعیناتی چاہتا ہوں اور ای ووٹنگ کے عمل کمپنیز (ای ووٹنگ) ریگولیشنز 2016 کی پابندی کروں گا اور قراردادوں پر رائے دہی کا متمنی ہوں۔

Form of Proxy

61ST ANNUAL GENERAL MEETING

LEDGER FOLIO **SHARES HELD**

I / We ____________________

of ____________________

appoint ____________________

(or of ____________________

failing him) ____________________

(being a member of the Company) as my / or proxy to attend and vote for me / us and on my / our behalf at the 61st Annual General Meeting of the Company to be held on April 24, 2017 at factory premises, 14-Km, Ferozepur Road, Lahore at 11:00 A.M. and at every adjournment thereof, if any.

A witness my / our hand (s) this__________day of__________2017.

Signed by the said

____

REVENUE STAMP

Witnesses:

1)	Name ______________	2)	Name ______________
	Address ______________		Address ______________
	CNIC No. ______________		CNIC No. ______________

Notes:

1. A member entitled to attend and vote at this Meeting may appoint proxy in accordance with the provisions of Article 54 of the Articles of Association of the Company. Proxies in order to be effective, must be received at 17-Aziz Avenue, Canal Bank Gublerg-V, Lahore, the Registered Office of the Company not later than forty eight hours before the time of holding the meeting and must be duly stamped, signed and witnessed.
2. For CDC Account Holders/ Corporate Entities in addition to the above the following requirement have to be met.

   (i) Attested copies of CNIC or the passport of the Beneficial Owners and the Proxy shall be provided with the proxy form

   (ii) In came of a Corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signatures shall be submitted (unless it has been provided earlier alongwith proxy form to the Company).

   (iii) The Proxy shall produce his original CNIC or original passport at the time of the meeting.

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The Company Secretary
PAK ELEKTRON LIMITED
17 - Aziz Avenue, Canal Bank,
Gulberg-V, Lahore.

پراکسی فارم

61واں سالانہ عمومی اجلاس عام۔

لیجر فولیو	موجودہ حصص

میں/ہم۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کا/کے بحیثیت ممبران پاک الیکٹرون لمیٹڈ اور حامل عام حصص محترم/محترمہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔یا ان کے حاضر نہ ہو سکنے کی صورت میں۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کو اپنے/ہمارے ایماء پر کمپنی کے 24 اپریل 2017 بروز سوموار 11:00 بجے صبح فیکٹری احاطہ واقع 14 کلومیٹر فیروز پور روڈ لاہور میں منعقد ہونے والے 61 واں سالانہ عمومی اجلاس عام میں شرکت کرنے حق رائے دہی استعمال کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور نمائندہ (پراکسی) مقرر کرتا/کرتے ہیں۔

بطور گواہ آج بتاریخ۔۔۔۔۔۔۔۔اپریل 2017 میرے/ہمارے دستخط ہوئے۔

گواہان:

(1) نام۔۔
پتہ:۔۔۔
قومی شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

(2) نام۔۔
پتہ:۔۔۔
قومی شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

اہم نکات:

1- کوئی رکن جو اجلاس میں شرکت کرنے اور حق رائے دہی استعمال کرنے کا حقدار ہے کمپنی کے آرٹیکل آف ایسوسی ایشن کے آرٹیکل 54 کے تحت پراکسی کا تقرر کر سکتا ہے۔ پراکسیاں اسی صورت موثر ہیں جو اجلاس کے انعقاد سے 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس (17- عزیز ایونیو کینال بنک گلبرگ-V لاہور) میں موصول ہونا ضروری ہیں۔ پراکسیوں پر رسیدی ٹکٹ رکن کے دستخط اور گواہان کے دستخط ہونا ضروری ہیں۔

2- سی ڈی سی اکاؤنٹ رکھنے والے/کارپوریٹ ادارے کے لیے
مزید برآں درج ذیل شرائط کا پورا کرنا لازمی ہے۔

(i) پراکسی فارم کے ہمراہ مالکان کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقول بھی فراہم کی جائیں گی۔

(ii) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی مع دستخط کے نمونے (اگر پہلے جمع نہ کرایا ہو) کمپنی میں پراکسی فارم کے ساتھ جمع کرانی ہوگی۔

(iii) پراکسی کو میٹنگ کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ دکھانا ہوگا۔

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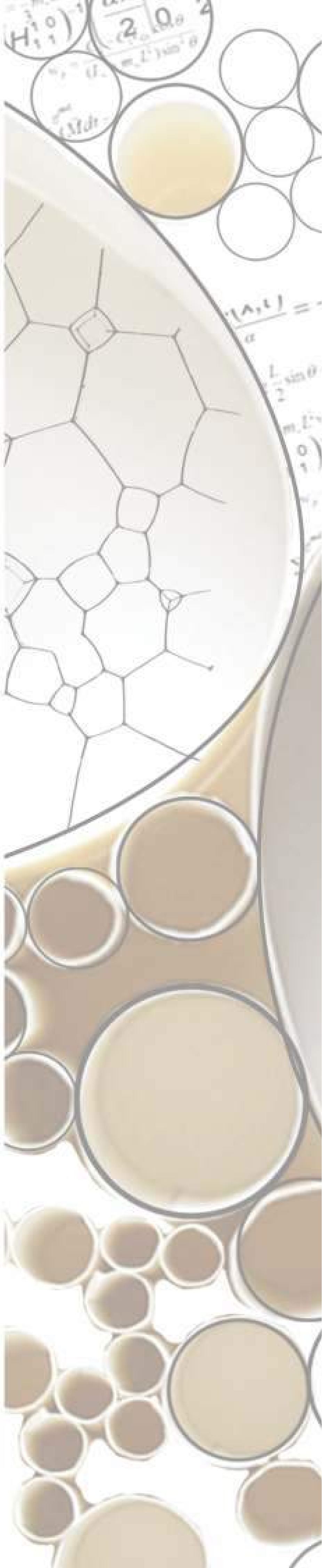

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