



PAKISTAN ENGINEERING COMPANY LTD.

Company of State Engineering Corporation, Ministry of
Industries and Production, Government of Pakistan.

March 19, 2026

Ref No. : PECO/Fin/OOBC/2026-023

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi

Dear Sir

Sub: **Transmission of Annual Report – Financial Year 2024**

This refers to the matter subject above.

In order to ensure compliance with clause 5.6.1(d) of PSX Regulations; we are enclosing annual report of Financial Year 2024; which includes Chairman's Review, Directors' Report, Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, Auditors' Report and Financial Statements along with notes thereon.

You may please inform the TRE Certificates Holders of the Exchange accordingly.

Thanking you

For and on behalf of
Pakistan Engineering Company Limited

Mian Anwar Aziz
Company Secretary (CS)/Chief Financial Officer (CFO)

Encl.: Annual Report 2024

cc: Executive Director / HOD
Offsite-II Department, Supervision Department
Securities & Exchange Commission of Pakistan
63, NIC Building, Jinnah Avenue, Blue Area,
Islamabad



PAKISTAN ENGINEERING COMPANY LIMITED



Annual Report

2024



PAKISTAN ENGINEERING COMPANY LIMITED

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

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COMPANY INFORMATION

Board of Directors

Mr. Muhammad Asad Islam Mahni (Chairman)
Mr. Abdul Shabbir Khan Khattak
Mr. Malik Aman
Miss. Iffat Malik
Mr. Muhammad Arif Habib
Mirza Mahmood Ahmad
Mr. Rashid Ali Khan
Mr. Tahir Bashir Khan
Mr. Ansar Javed
Mr. Mohammad Abbas Mirza
Mr. Arslan Nayyer Sheikh
Miss. Saher Mangi

Board Audit & Risk Management Committee

Mr. Arslan Nayyer Sheikh (Chairman)
Mr. Ansar Javed
Mirza Mahmood Ahmad
Mr. Tahir Bashir Khan

CFO & Company Secretary

Mian Anwar Aziz

Head of Internal Audit

Naeem Anwar Qureshi

Auditors

M/s. Malik Haroon Ahmad & Company
Chartered Accountants

Bankers

National Bank of Pakistan
United Bank Limited
Summit Bank

Legal Advisor

Sardar Zulfiqar Umar Khan
Thaheem

Registered Office

6/7-Sir Ganga Ram Trust, Building,
Shahrah-e-Quaid-e-Azam, Lahore.
Phone: 042 37 32 0225
Phone: 042 35 12 0755
Fax No.: 042 37 32 3108
E-Mail: info@peco.com.pk
Website: <http://www.peco.com.pk>
Plant: Kot Lakhpat, Lahore

Share Registrar:

CDC Share Registrar Services Limited
CDC House, 99 -B, Block B, S.M.C.H.S,
Main Shahrah-e- Faisal,
Karachi. 74400.

OUR PRODUCTS

PECO is playing a vital role in the manufacturing of qualitative engineering goods of international standard. Its products have earned reputation due to quality and reliability. PECO present products range includes the following:

- **Steel Structure**

Electricity Transmission & Distribution Line Towers.

(11, 132, 220 & 500 Kv)

Telecommunication Towers (Green Field & Roof Top)

- **Pumps & Turbines**

- PECO produces Mono Block & Non Clogging Pumps, Multi Stage Centrifugal Pumps, Deep Well & Agro Turbines of various capacities & heads as per requirements of the customers. PECO pumps range also includes Sludge Pumps and the Pumps utilized in Sugar & Chemical industries.

- **Electric Motors**

PECO manufactures following range of electric motors:

-Horizontal Foot Mounted Motors in Drip Proof & T.E.F.C. Enclosures.

-Flange Mounted Squirrel Cage Induction Motors.

-Vertical Hollow Shaft Motors in Drip Proof & Totally Enclosed Fan Cooled Enclosures.

- **Safes, Strong Room Doors & Steel Lockers.**

-Steel Safes – 30", 60" , 72"

-Strong Room Doors & Steel Lockers for Banks

- **Foundry Products.**

- Grey & S.G. Iron Castings.

- Bronze Castings.

- Aluminum Alloy Castings.

- **Rolled Products**

- Angles

- Plain Bars

- Deformed Bars (Grade 60 & 40)



Vision Statement

A sustainable growth oriented company and market leader in Steel Towers for Electricity Transmission and Telecommunication, Pumps & Electric Motors

Mission Statement

To replace the old machines & equipment with most modern, efficient machines leading towards automation. To produce quality products at higher efficiency and consistent quality with lower cost.

Corporate Strategy

To accomplish excellent results through increased earnings in the best interest of all stake holders. To be a responsible employer to take care of the employees in their career planning and reward.

Being a good corporate citizen, contributing to the development of society through harmony in all respects.

Quality Policy

We are committed to maintain our Customer's satisfaction by delivering the qualitative products and services in accordance with their needs and requirements.

Customer's feed-back is continuously reviewed for quality improvement to have continued customer's confidence and trust in our products. Quality policy and objectives are reviewed on yearly basis.

OUR VALUES

1. The Company's Policy is to conduct business with honesty and integrity and to be Ethical in all its dealings showing respect for the interest of those with whom it has relationship.
2. The Company complies with all laws and regulations. All employees are expected to familiarize themselves with laws and regulations governing their individual areas of responsibility, and not to transgress them. In case of any doubt the employees are expected to seek necessary advice. The Company believes in fair competition and supports appropriate competition laws.
3. The Company does not support any political party nor contribute to the funds of groups whose activities promote party interests.
4. The Company is committed to provide services, which consistently offer, value in terms of price and quality and satisfy customer needs and expectations.
5. The Company is committed to run its business in an environment that is sound and sustainable As a good corporate entity, the Company recognizes its social responsibilities and will endeavor to contribute to community activities as a whole.
6. The Company believes in and fully adheres to the principles of reliability and credibility in its financial reporting and in transparency of business transactions.
7. The Company is an equal opportunity employer. Its employee recruitment and promotional policies are free of any gender bias and are merit and excellence oriented. It believes in providing its employees safe and healthy working conditions and in maintaining good channels of communications.
8. The Company expects its employees to abide by certain personal ethics whereby Company information and assets are not used for any personal advantage or gain. Any conflict of interest should be avoided, where it exists it should be disclosed and guidance sought.

The Board of Directors has constituted the 'Board Audit & Risk Management Committee' to ensure compliance of above principles.

FINANCIAL HIGHLIGHTS
Rs in million

	2024	2023	2022	2021	2020	2019
Trading Results						
Sales – Net	23.332	30.09	137.93	183.30	259.60	249.64
Cost of Sales	43.522	65.86	321.31	366.64	279.50	487.64
Gross Profit/(Loss)	(20.190)	(35.77)	(183.38)	(183.34)	(219.90)	(238)
Admin, Gen. & Selling Exp.	39.762	54.26	58.45	122.89	56.72	87.16
Other Operating Charges	17.136	1.18	0.83	0.84	0.84	8.84
Other Operating Income	1.068	45.71	5.53	3.16	68.65	13.67
Operating Profit/(Loss)	(76.020)	(45.50)	(237.14)	(303.91)	(208.81)	(320.34)
Financial Charges	6.684	10.87	9.12	10.25	9.36	8.245
Profit/(Loss) before Tax	(82.704)	(56.37)	(246.26)	(314.15)	(218.16)	(328.59)
Net Profit/(Loss) after Tax	(75.302)	(47.47)	(242.03)	(310.52)	(215.48)	(466.96)
Dividend						
Cash Dividend	-	-	-	-	-	-
Dividend Per Share (Rs.)	-	-	-	-	-	-
Financial Position						
Property, Plant and Equipment	39,083.5	14,412.1	14,444.04	14,478	14,514.2	14,552.1
Paid up Capital	56.90	56.90	56.90	56.90	56.90	56.90
Reserves	10.00	10.00	10.00	10.00	10.00	10.00
Fixed Capital Expenditure	-	-	-	-	0.70	41.67
Key Indicators						
Gross Profit Ratio	(86.53)	(118.91)	(132.95)	(100.02)	(84.70)	(95.34)
Operating Profit/(Loss) Ratio	(326.81)	(151.23)	(171.93)	(165.80)	(80.43)	(128)
Operation Expenses Ratio	170.42	180.34	42.38	67.04	21.85	34.91
Profit/(Loss) Before Tax Ratio	(354.46)	(187.36)	(178.54)	(171.39)	(84.04)	(131.63)
Net Profit/(Loss) Ratio	(322.74)	(157.79)	(175.47)	(169.40)	(83.01)	(187.05)
Earning Per Share	(13.23)	(8.34)	(42.54)	(54.57)	(37.87)	(82.07)
Working Capital Turnover	(475.52)	(398.09)	(373.34)	(159.37)	120.87	304.56
Current ratio	0.362	0.43	0.48	0.80	1.20	1.55
Quick ratio	0.29	0.35	0.38	0.38	0.48	0.61

NOTICE OF 75TH ANNUAL GENERAL MEETING

Notice is hereby given that the 75th Annual General Meeting (AGM) of **Pakistan Engineering Company Limited** (the “Company”) will be held on **Saturday, April 11, 2026 at 11:00AM** at Hotel Four Points by Sheraton, 25 - Egerton Road, Lahore and as well as through video conferencing, to transact the following businesses:

Members are encouraged to attend the AGM through the electronic link facility managed by the Company (Please see the notes section for details).

ORDINARY BUSINESS:

1. To confirm / approve the Minutes of 70th, 71st, 72nd, 73rd and 74th Annual General Meetings held on Saturday, March 15, 2025.
2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended June 30, 2024, together with the Auditors’ and Directors’ Report thereon along with Chairman’s Review Report.

In accordance with Section 223 of the Companies Act, 2017 and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the Annual Audited Financial Statements along with Reports of the Company can be accessed through the following web link and QR enabled code.



<https://www.peco.com.pk/wp-content/uploads/2026/01/Annual-Report-2024.pdf>

3. To appoint statutory auditors of the Company for the year ending June 30, 2025 and fix their remuneration. The retiring Auditors, Messrs. Malik Haroon Ahmad & Company, Chartered Accountants, being eligible, have offered themselves for re-appointment at a fee to be mutually agreed and reimbursements of out-of-pocket expenses at actuals. The Board of Directors, on recommendations of the Board Audit Committee, has proposed appointment of Messrs. Malik Haroon Ahmad & Company, Chartered Accountants as Auditors of the Company, for the year 2024-25.

ANY OTHER BUSINESS:

3. To consider any other business with the permission of the Chair.

By Order of the Board

Place: Lahore
Dated: March 20, 2026

(Mian Anwar Aziz)
Company Secretary

Notes:**1. Closure of Share Transfer Books:**

The Share Transfer Books of the Company will remain closed from April 05, 2026 to April 11, 2026 (both days inclusive). Transfer requests on prescribed format, received at the office of the Share Registrar of the Company, M/s. CDC Share Registrar Services Limited, CDC House, 99 –B, Block B, S.M.C.H.S., Main Shahrah-e- Faisal, Karachi-74400 on or before the close of business on March 19, 2026 will be treated ‘in time’ for the purpose of attending the AGM.

2. Participation In the AGM via Video Conferencing Facility:

Shareholders interested in attending the meeting through video conferencing are requested to register themselves by sending an email along with following particulars and valid copy of both sides of their CNIC at cdcsr@cdcsrsl.com with subject of ‘Registration for AGM 2024- PECO’ not less than 48 hours before the time of the meeting:

1. Folio No. / CDC Investors A/c No./ Sub-A/c No.
2. Name of Shareholder
4. CNIC Number
3. Cell Phone Number
5. Email Address
6. No. of Shares held at the 1st day of the Book Closure to establish the right to attend AGM.

Electronic meeting link and login credentials will be shared with only those Members whose emails, containing all the required particulars, are received at the given email address by the end of business on Thursday, April 09, 2026. The login facility shall remain open from 10:45AM till the conclusion of the Meeting on April 11, 2026. The Shareholders can also provide their comments and questions for the agenda items of the AGM on the email address, corporate.affairs@peco.com.pk and WhatsApp Number +92 336 418 7010.

3. Electronic transmission of Annual Report 2024:

In compliance with section 223(6) of the Act, the Company has electronically transmitted the Annual Report 2024 through email to Shareholders whose email addresses are available with the Company’s Share Registrar, M/s. CDC Share Registrar Services Limited. The printed notices of AGM, after insertion of the weblink and QR enabled code for downloading the Annual Report, have been dispatched under S.R.O. 389 (I)/2023, dated March 21, 2023. The Financial Statements of the Company for the year ended June 30, 2024 along with reports have also been placed on the website of the Company.



<https://www.peco.com.pk/wp-content/uploads/2026/01/Annual-Report-2024.pdf>

However, the Company will provide hard copies of the Annual Report to any member on their demand, at their registered address, free of cost, within one week of receiving such request on specified consent letter/form which is available on the Company’s website www.peco.com.pk

Further, Shareholders are requested to kindly provide their valid email address (along with a copy of valid CNIC) to the Company’s Share Registrar, M/s. CDC Share Registrar Services Limited CDC House, 99 –B, Block B, S.M.C.H.S., Main Shahrah-e- Faisal, Karachi-74400, if the Member hold shares in physical form or, to the Member’s respective Participant/Investor Account Services, if shares are held in book entry form.

4. Participation in the AGM:

A member entitled to attend and vote at the meeting may appoint another person as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member. A proxy need not be a member of the Company.

Procedure including the guidelines as laid down in Circular No. I - Reference No. 3 (5-A) Misc / ARO / LES / 96 dated January 26, 2000 issued by Securities & Exchange Commission of Pakistan:

- (i) Members, proxies or nominees shall authenticate their identity by producing their original national identity card or original passport and folio numbers at the time of the meeting.
- (ii) In case of corporate entities, a resolution of the Board of Directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity and an attested copy of CNIC shall be submitted to the Company at the meeting or along with a completed proxy form. The proxy holders are required to produce their original valid CNICs or original passports at the time of the meeting.
- (iii) In order to be effective, the proxy forms must be received at the office of our registrar not later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, address, CNIC numbers and signatures.
- (iv) In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

Guidelines for CDC Account Holders issued by SECP:

CDC account holders will further have to follow the below mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan in this regard:

a) For Attending the Meeting

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid CNIC or the original passport at the time of attending the meeting.
- ii. Members registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.
- iii. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting along with the proxy form to the Company.

b) For Appointing Proxies

- i. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.
- ii. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii. The proxy shall produce original valid CNIC or original passport at the time of the meeting.
- iv. In case of a corporate entity, the Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
- v. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

5. Electronic Voting

Members can exercise their right to demand a poll subject to meeting requirements of Section 143-145 of the Companies Act, 2017 and applicable clauses of the Companies (Postal Ballot) Regulations, 2018.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017**Circulation of Annual Audited Financial Statements through QR enabled code and web link**

Through its Notification bearing No. S.R.O 389(I)/2023 dated March 21, 2023, subject to conditions mentioned therein, SECP has allowed circulation of Annual Audited Financial Statements by the companies to its members through QR enabled code and web link instead of CD/DVD/USB. In view of technological advancements and old technology becoming obsolete, Members are requested to authorize the same by approving the agenda.

However, if a shareholder, in addition, requests for complete financial statements with relevant documents in hard copy, the same shall be provided free of cost within seven days of receipt of such request. For convenience of shareholders, a “Standard Request Form for provision of Annual Audited Accounts” has also been made available on the Company’s website (<http://www.peco.com.pk>).

نوٹس برائے 75 واں سالانہ اجلاس عام

اطلاع دی جاتی ہے کہ پاکستان انجینئرنگ کمپنی لمیٹڈ ("کمپنی") کا 75 واں سالانہ اجلاس عام، ہفتہ، 11 اپریل 2026 کو صبح 10:00 بجے ہوٹل فور پوائنٹس بائے شیر بیٹن، 125 ایگرن روڈ، لاہور میں اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہوگا، جس میں درج ذیل کاروباری امور نمٹائے جائیں گے:

ممبران کی حوصلہ افزائی کی جاتی ہے کہ وہ کمپنی کے زیر انتظام الیکٹرانک سہولت کے ذریعے اے۔ جی ایم میں شرکت کریں (براہ کرم تفصیلات کے لئے نوٹ سیکشن دیکھیں)۔

عمومی کاروبار:

1. 70 ویں، 71 ویں، 72 ویں، 73 ویں اور 74 ویں سالانہ عمومی اجلاسوں کی کارروائی کی تصدیق/منظوری، جو ہفتہ 15 مارچ 2025 کو منعقد ہوئے۔

2. کمپنی کے سال ختم شدہ 30 جون 2024 کے سالانہ آڈٹ شدہ مالی بیانات، آڈیٹرز اور ڈائریکٹرز کی رپورٹ اور چیئرمین کے جائزہ رپورٹ کی وصولی، غور و خوض اور منظوری۔

کمپنیز ایکٹ 2017 کی دفعہ 223 اور S.R.O. 389 (I)/2023 مورخہ 21 مارچ 2023 کے مطابق، کمپنی کے سالانہ آڈٹ شدہ مالی بیانات اور رپورٹس درج ذیل ویب لنک اور QR کوڈ کے ذریعے حاصل کی جاسکتی ہیں:



www.peco.com.pk/wp-content/uploads/2026/01/Annual-Report-2024.pdf

3. کمپنی کے لیے سال ختم شدہ 30 جون 2025 کے لیے قانونی آڈیٹرز کی تقرری اور ان کا معاوضہ مقرر کرنا۔ سابقہ آڈیٹرز، میسرز ملک ہارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اہل ہونے کی بنا پر دوبارہ تقرری کے خواہاں ہیں، بشرطیکہ فیس باہمی اتفاق سے طے ہو اور جیب خرچ اصل رقم پر ادا کیا جائے۔ بورڈ آف ڈائریکٹرز نے بورڈ آڈٹ کمیٹی کی سفارش پر کمپنی کے لیے سال 2024-25 کے آڈیٹرز کے طور پر میسرز ملک ہارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی تجویز پیش کی ہے۔

دیگر کاروباری امور

4. چیئرمین کی اجازت سے کوئی دیگر کاروباری امور زیر غور لانا۔

بحکم بورڈ

(میاں انور عزیز)

کمپنی سیکریٹری

مقام: لاہور

تاریخ: 20 مارچ 2026

نوٹس

1. شیئرز انسفر بکس کی بندش:

کمپنی کی شیئرز انسفر بکس 6 اپریل 2026 سے 11 اپریل 2026 (دونوں تاریخیں شامل) تک بند رہیں گی۔ کمپنی کے شیئرز رجسٹرار، میسرز CDC شیئرز رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، B-99، بلاک S.M.C.H.S، B، مین شاہراہ فیصل، کراچی-74400 کے دفتر میں مقررہ فارم پر موصول ہونے والی ٹرانسفر درخواستیں، جو 03 اپریل 2026 کے اختتام کاروبار تک موصول ہوں، AGM میں شرکت کے لیے بروقت تصدیق کی جائیں گی۔

2. ویڈیو کانفرنسنگ کے ذریعے AGM میں شرکت:

ویڈیو کانفرنسنگ کے ذریعے اجلاس میں شرکت کے خواہشمند اراکین سے گزارش ہے کہ وہ اجلاس سے کم از کم 48 گھنٹے قبل اپنے CNIC کی دونوں اطراف کی درست نقل کے ساتھ درج ذیل تفصیلات ای میل کریں: cdcsr@cdcsrsl.com پر، موضوع: "Registration for AGM 2024 - PECO"

نمبر مطلوبہ تفصیلات

1 فوٹیو نمبر/ CDC انویٹرز کا وٹ نمبر/ سب کا وٹ نمبر

2 شیئرز ہولڈر کا نام

3 CNIC نمبر

4 موبائل فون نمبر

5 ای میل ایڈریس

6 بک کلوزر کے پہلے دن رکھے گئے حصص کی تعداد جو AGM میں شرکت کا حق ثابت کرے

الیکٹرانک میٹنگ لنک اور لاگ ان اسناد صرف ان اراکین کو فراہم کی جائیں گی جن کی ای میلز، تمام مطلوبہ تفصیلات کے ساتھ، جمعرات 9 اپریل 2026 کے اختتام کاروبار تک موصول ہو جائیں۔ لاگ ان سہولت 11 اپریل 2026 کو صبح 10:45 بجے سے اجلاس کے اختتام تک دستیاب رہے گی۔ اراکین AGM کے ایجنڈا آن لائن پر اپنے تبصرے اور سوالات درج ذیل ای میل corporate.affairs@peco.com.pk اور واٹس ایپ نمبر 0336-4187010 پر بھیج سکتے ہیں:

3. سالانہ رپورٹ 2024 کی الیکٹرانک ترسیل:

ایکٹ کی دفعہ 223(6) کی تعمیل میں، کمپنی نے سالانہ رپورٹ 2024 ان اراکین کو ای میل کے ذریعے بھیجی ہے جن کے ای میل ایڈریس کمپنی کے شیئر رجسٹرار، میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ کے پاس دستیاب ہیں۔ AGM کے پریزنٹیشنز، ویب لنک اور QR کوڈ کے اضافے کے ساتھ، 389 S.R.O. (I)/2023 مورخہ 21 مارچ 2023 کے تحت روانہ کیے جاسکے ہیں۔ کمپنی کے سال ختم شدہ 30 جون 2024 کے مالی بیانات بمعہ رپورٹس کمپنی کی ویب سائٹ پر بھی دستیاب ہیں۔



www.peco.com.pk/wp-content/uploads/2026/01/Annual-Report-2024.pdf

تاہم، کمپنی کسی بھی رکن کو ان کی درخواست پر، ان کے رجسٹرڈ پتے پر، مفت میں، درخواست موصول ہونے کے ایک ہفتے کے اندر سالانہ رپورٹ کی ہارڈ کاپی فراہم کرے گی۔ رضامندی فارم/لیٹر کمپنی کی ویب سائٹ www.peco.com.pk پر دستیاب ہے۔

مزید برآں، اراکین سے گزارش ہے کہ وہ اپنا درست ای میل ایڈریس (CNIC کی درست نقل کے ساتھ) کمپنی کے شیئر رجسٹرار، میسرز CDC شیئر رجسٹرار سروسز لمیٹڈ، CDC ہاؤس، B-99، بلاک B، S.M.C.H.S.، مین شاہراہ فیصل، کراچی-74400 کو فراہم کریں، اگر حصص فریکل شکل میں ہوں، یا اپنے متعلقہ Participant Account Services / Investor Account Services کو، اگر حصص بک انٹری کی شکل میں ہوں۔

4. سالانہ اجلاس عام میں شرکت:

وہ رکن جو اجلاس میں شرکت اور ووٹ دینے کا حق رکھتا ہو، کسی دوسرے شخص کو اپنا پراکسی مقرر کر سکتا ہے، جسے اجلاس میں شرکت، تفریر اور ووٹنگ کے وہی حقوق حاصل ہوں گے جو کسی رکن کو حاصل ہیں۔ پراکسی کا کمپنی کارکن ہونا ضروری نہیں۔

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر نمبر 1-حوالہ نمبر 3(A-5)/Misc/ARO/LES/96 مورخہ 26 جنوری 2000 میں درج ہدایات کے مطابق طریقہ کار:

- (i) اراکین، پراکسی یا نامزد افراد اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ اور فوٹو نمبرز پیش کر کے اپنی شناخت ثابت کریں گے۔
- (ii) کارپوریٹ اداروں کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نامزد نمائندے کے نمونہ دستخط اور CNIC کی تصدیق شدہ نقل، اجلاس میں یا مکمل پراکسی فارم کے ساتھ کمپنی کو جمع کرائی جائے۔ پراکسی ہولڈرز کو اجلاس کے وقت اصل درست CNICs یا اصل پاسپورٹ پیش کرنے ہوں گے۔
- (iii) پراکسی فارمز موثر ہونے کے لیے، اجلاس سے 48 گھنٹے قبل ہمارے رجسٹرار کے دفتر میں موصول ہونے چاہئیں، اور دو افراد کی طرف سے دستخط اور مہر کے ساتھ تصدیق شدہ ہونے چاہئیں، جن کے نام، پتے، CNIC نمبر اور دستخط درج ہوں۔
- (iv) انفرادی صورت میں، مستفید مالکان اور پراکسی کے CNIC یا پاسپورٹ کی تصدیق شدہ نقل پراکسی فارم کے ساتھ جمع کرائی جائیں۔

SECP کی طرف سے جاری CDC کاؤنٹ ہولڈرز کے لیے ہدایات:

CDC کاؤنٹ ہولڈرز کو سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے مقرر کردہ درج ذیل اضافی ہدایات پر بھی عمل کرنا ہوگا:

زمرہ شرط

الف) اجلاس میں شرکت کے لیے

i. انفرادی صورت میں، وہ اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز جن کی رجسٹریشن تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہوں، اجلاس میں شرکت کے وقت اپنا اصل درست CNIC یا اصل پاسپورٹ پیش کریں۔

ii. CDC پر رجسٹرڈ اراکین سے گزارش ہے کہ وہ اپنی تفصیلات، ID نمبر اور CDS میں اکاؤنٹ نمبرز بھی ساتھ لائیں۔

iii. کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی بمعہ نامزد نمائندے کے نمونہ دستخط، اجلاس کے وقت پراکسی فارم کے ساتھ کمپنی کو پیش کی جائے (جب تک کہ پہلے فراہم نہ کی گئی ہو)۔

ب) پراکسی مقرر کرنے کے لیے

- i. انفرادی صورت میں، وہ اکاؤنٹ ہولڈرز یا سب اکاؤنٹ ہولڈرز جن کی رجسٹریشن تفصیلات ضوابط کے مطابق اپ لوڈ کی گئی ہوں، مندرجہ بالا تقاضوں کے مطابق پراکسی فارم جمع کرائیں۔
- ii. مستفید مالکان اور پراکسی کے درست CNIC یا پاسپورٹ کی تصدیق شدہ نقول پراکسی فارم کے ساتھ جمع کرائی جائیں۔
- iii. پراکسی اجلاس کے وقت اصل درست CNIC یا اصل پاسپورٹ پیش کرے گا۔
- iv. کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمونہ دستخط، پراکسی فارم کے ساتھ کمپنی کو جمع کرائی جائے (جب تک کہ پہلے فراہم نہ کی گئی ہو)۔
- v. پراکسی فارم کی دوا فرد کی طرف سے تصدیق کی جائے جن کے نام، پتے اور درست CNIC نمبر فارم پر درج ہوں۔

5. الیکٹرانک ووٹنگ

اراکین کمپنیز ایکٹ 2017 کی دفعات 143-145 اوکٹینیز (پوسٹل بیلٹ) ضوابط 2018 کی متعلقہ شقوں کی تعمیل کرتے ہوئے پول کا مطالبہ کرنے کا حق استعمال کر سکتے ہیں۔ کمپنیز ایکٹ 2017 کی دفعہ 134(3) کے تحت بیان

QR کوڈ اور ویب لنک کے ذریعے سالانہ آڈٹ شدہ مالی بیانات کی ترسیل

SECP نے اپنے نوٹیفکیشن نمبر (I)389S.R.O/2023 مورخہ 21 مارچ 2023 کے ذریعے، اس میں مذکور شرائط کے ساتھ مشروط، کمپنیوں کو USB/DVD/CD کی بجائے QR کوڈ اور ویب لنک کے ذریعے اپنے اراکین کو سالانہ آڈٹ شدہ مالی بیانات کی ترسیل کی اجازت دی ہے۔ ٹیکنالوجی کی ترقی اور پرانی ٹیکنالوجی کے متروک ہونے کے پیش نظر، اراکین سے گزارش ہے کہ وہ ایجنڈا کی منظوری کے ذریعے اس کی اجازت دیں۔

تاہم، اگر کوئی شیئر ہولڈرز مکمل مالی بیانات اور متعلقہ دستاویزات کی ہارڈ کاپی کا مطالبہ کرے، تو وہ درخواست موصول ہونے کے سات دنوں کے اندر مفت فراہم کی جائے گی۔ اراکین کی سہولت کے لیے "سالانہ آڈٹ شدہ اکاؤنٹس کی فراہمی کے لیے معیاری درخواست فارم" کمپنی کی ویب سائٹ (www.peco.com.pk) پر بھی دستیاب ہے۔

CHAIRMAN'S REVIEW

I am pleased to present the review for the year ended 30 June 2024 highlighting the Company's performance and the role of the Board of Directors in guiding the management to carry out its responsibility for the benefit of all its stakeholders.

The financial year 2023–2024 proved to be another challenging and disappointing period for the Company in terms of overall financial performance. The downturn was primarily attributable to the adverse residual effects of management disputes instigated during the tenure of the former Managing Director, PECO, Mr. Mairaj Anees Ariff. These disputes significantly disrupted operational stability, weakened governance structures, and impaired the Company's ability to function in a cohesive and result-oriented manner.

As a direct consequence of the policies and administrative decisions implemented by the previous management, the Company experienced considerable turnover of staff and workers, leading to the loss of experienced personnel and critical institutional knowledge. This erosion of human resources severely constrained operational capacity and continuity, thereby preventing the Company from undertaking or executing any meaningful commercial activities during the year under review.

Overall, the operational and financial performance of the Company remained materially affected by the decisions and management practices of the former leadership, the repercussions of which continued to impede recovery, revenue generation, and business development initiatives throughout the year.

Notwithstanding the foregoing challenges, the Board of Directors is actively and prudently engaged in formulating comprehensive business strategies and restructuring plans aimed at revitalizing the Company. The Board is rigorously evaluating viable commercial opportunities, exploring strategic partnerships, and identifying new revenue streams to facilitate operational revival and financial stabilization. Through structured planning, strengthened governance oversight, and a renewed focus on sustainable growth, the Board remains committed to steering the Company toward a structured turnaround and long-term value creation for its stakeholders.

The financial results for the year reflect following trend:

- Net Sales decreased to Rs. 23.33 million
- Gross Loss of Rs 20.19 million
- Loss after tax of Rs. 75.30 million
- Loss per share of Rs. 13.23 per share

During the year under review, the Board has tried its level best to perform its duties and responsibilities diligently and has contributed effectively in guiding the Company in mitigating the adverse effects of decisions of the previous management of the Company.

The Board met four (4) times during the year once in each quarter. All pending Half-Yearly/Quarterly Accounts will be presented in 2nd week of March 2026; as no Half-Yearly/Quarterly Accounts could be presented and approved in Board meetings as previous management of the Company, failed to maintain the company's books of accounts and other required records, which was necessary to ensure compliance with Companies Act, 2017.

The Board recognizes that well defined corporate governance processes is vital in enhancing corporate accountability and transparency and is committed to ensure high standards of corporate governance to preserve and maintain stakeholder value. All Directors including Independent Directors fully participated and contributed to decision making process of the Board.

The Board recognizes that well defined corporate governance processes is vital in enhancing corporate accountability and is committed to ensure high standards of corporate governance to preserve and maintain stakeholder value. The Board is aware of the current and future challenges, as we focus our effort towards resolving the on-going issues of the Company created by ex-MD PECO, Mairaj Anees Ariff.

The magnitude of deterioration experienced under the previous management regime was both profound and far-reaching. Once a robust and thriving enterprise, the Company incurred substantial financial losses and witnessed an almost complete collapse of its core operations. Valuable and irreplaceable assets were either imprudently disposed of or allowed to deteriorate, significantly undermining long-term operational capacity and enterprise value. Trade receivables amounting to hundreds of millions, along with stock-in-trade and creditors' balances, were effectively exhausted to absorb escalating losses, ultimately bringing the Company's principal business activities to a standstill. Simultaneously, defaults on obligations to financial institutions and suppliers severely compromised the Company's creditworthiness and market reputation. As a direct consequence of these adverse developments, approximately 450 employees were retrenched, leaving the Company currently operating with a drastically reduced workforce of only 24 employees.

The Board extends its sincere appreciation to all stakeholders for their continued support, confidence, and loyalty during this exceptionally challenging period. Your steadfast trust has been instrumental in enabling the Company to confront its difficulties and work diligently toward resolving the ongoing management issues. Throughout this period, the Board of Directors and Senior Management have taken all necessary and appropriate measures to ensure transparency and to keep stakeholders duly informed of the Company's evolving situation, reaffirming their commitment to accountability, responsible governance, and the protection of stakeholder interests.

The Board looks forward to next year with greater confidence in meeting the challenges ahead.

Muhammad Asad Islam Mahni
Chairman of the Board

Lahore: March 14, 2026

چیئر مین کا جائزہ

برائے سال ختم شدہ: 30 جون 2024

مجھے خوشی ہے کہ میں سال ختم شدہ 30 جون 2024 کا جائزہ پیش کر رہا ہوں، جس میں کمپنی کی کارکردگی اور بورڈ آف ڈائریکٹرز کے کردار کو اجاگر کیا گیا ہے۔ بورڈ نے انتظامیہ کو تمام اسٹیک ہولڈرز کے مفادات کے لیے اپنی ذمہ داریاں ادا کرنے میں رہنمائی فراہم کی۔

مالی سال 2023-2024: کارکردگی کا جائزہ

مالی سال 2023-2024 مجموعی مالی کارکردگی کے اعتبار سے کمپنی کے لیے ایک اور کٹھن اور مایوس کن دور ثابت ہوا۔ اس گراؤ کی بنیادی وجہ سابق مینیجنگ ڈائریکٹر، پیکو، جناب میراج انیس عارف کے دور اقتدار میں کیے گئے انتظامی تنازعات کے منفی اثرات تھے، جو اس مالی سال میں بھی برقرار رہے۔ ان تنازعات نے کمپنی کی آپریشنل استحکام کو بری طرح متاثر کیا، گورننس کے ڈھانچے کو کمزور کیا، اور کمپنی کی مؤثر و نتیجہ خیز انداز میں کام کرنے کی صلاحیت کو خاصا نقصان پہنچایا۔

سابقہ انتظامیہ کی پالیسیوں اور انتظامی فیصلوں کے براہ راست نتیجے کے طور پر، کمپنی میں عملے اور کارکنوں کی کثیر تعداد میں تبدیلی آئی، جس کے باعث تجربہ کار افراد اور ادارتی سطح کا اہم علم و تجربہ ضائع ہو گیا۔ انسانی وسائل کی اس کمی نے آپریشنل صلاحیت اور تسلسل کو شدید محدود کر دیا، جس کی وجہ سے کمپنی زیر جائزہ سال کے دوران کسی بھی قابل ذکر تجارتی سرگرمی کو انجام دینے سے قاصر رہی۔ مجموعی طور پر، کمپنی کی آپریشنل اور مالی کارکردگی سابقہ قیادت کے فیصلوں اور انتظامی طریقہ کار سے سنگین طور پر متاثر رہی، جن کے اثرات پورے سال بحالی، آمدنی کی پیداوار اور کاروباری ترقی کی کوششوں میں رکاوٹ بنتے رہے۔

مالی نتائج

سال کے مالی نتائج درج ذیل رجحانات کی عکاسی کرتے ہیں:

• خالص فروخت: روپے 23.33 بلین تک کی

• مجموعی خسارہ: روپے 20.19 بلین

• ٹیکس کے بعد خسارہ: روپے 75.30 بلین

• فی حصص خسارہ: روپے 13.23 فی حصص

بورڈ آف ڈائریکٹرز کی کوششیں اور مستقبل کی حکمت عملی

مذکورہ بالا چیلنجوں کے باوجود، بورڈ آف ڈائریکٹرز فعال اور سوچے سمجھے انداز میں جامع کاروباری حکمت عملیوں اور تنظیم نو کے منصوبوں کی تشکیل میں مصروف ہے، جن کا مقصد کمپنی کو دوبارہ فعال کرنا ہے۔ بورڈ قابل عمل تجارتی مواقع کا بغور جائزہ لے رہا ہے، اسٹریٹجک شراکت داریوں کی تلاش میں ہے، اور آمدنی کے نئے ذرائع کی نشاندہی کر رہا ہے تاکہ آپریشنل بحالی اور مالی استحکام ممکن ہو سکے۔ بورڈ منظم منصوبہ بندی، مستحکم گورننس نگرانی اور پائیدار ترقی پر توجہ مرکوز کرتے ہوئے کمپنی کو ایک منظم تبدیلی اور طویل المدتی اسٹیک ہولڈر ویلوی تخلیق کی جانب لے جانے کے لیے پرعزم ہے۔

بورڈ اجلاس اور مالی ریکارڈ

زیر جائزہ سال کے دوران بورڈ نے ہر سہ ماہی میں ایک بار کے حساب سے کل چار (4) اجلاس منعقد کیے۔ تمام نصف سالانہ/سہ ماہی حسابات مارچ 2026 کے دوسرے ہفتے میں پیش کیے جائیں گے، کیونکہ سابقہ انتظامیہ تہ حسابات اور دیگر ضروری ریکارڈز کو برقرار رکھنے میں ناکام رہی، لہذا ایکٹ، 2017 کے تقاضوں کی تعمیل کے لیے ناگزیر تھے۔

کارپوریٹ گورننس

بورڈ تسلیم کرتا ہے کہ واضح طور پر متعین کارپوریٹ گورننس کے عمل کارپوریٹ احتساب اور شفافیت کو بڑھانے کے لیے از حد ضروری ہیں۔ بورڈ اسٹیک ہولڈر ویلوی کو تحفظ کے لیے اعلیٰ معیارات کی یقین دہانی کرواتا ہے۔ تمام ڈائریکٹرز، بشمول آزاد ڈائریکٹرز، نے بورڈ کے فیصلہ سازی کے عمل میں بھرپور انداز میں شرکت کی اور اپنا کردار ادا کیا۔

سابقہ انتظامیہ کے اقدامات کے نقصانات

سابقہ انتظامیہ کے دور میں ہونے والی تیزی کی شدت اور وسعت انتہائی گہری اور دور رس تھی۔ ایک مضبوط اور فعال ادارہ ہونے کی حیثیت سے، کمپنی کو بھاری مالی نقصانات کا سامنا کرنا پڑا اور اس کی بنیادی آپریشنل سرگرمیاں تقریباً مکمل طور پر ٹھپ ہو گئیں۔ قیمتی اثاثے یا تو غیر محتاطانہ طریقے سے فروخت کر دیے گئے یا انہیں خستہ حال ہونے دیا گیا، جس سے طویل المدتی آپریشنل صلاحیت اور ادارے کی قدر و قیمت کو شدید نقصان پہنچا۔

سینکڑوں ملین روپے کے تجارتی وصولی، اسٹاک ان ٹریڈ اور قرض دہندگان کے بقایا جات بڑھتے ہوئے خسارے کی نذر ہو گئے، جس کے نتیجے میں کمپنی کی بنیادی کاروباری سرگرمیاں مکمل طور پر ٹھپ ہو گئیں۔ بیک وقت، مالیاتی اداروں اور سپلائرز کے واجبات میں ڈیفالٹ نے کمپنی کی ساکھ اور بازار میں شہرت کو سنگین نقصان پہنچایا۔ ان منفی پیش رفتوں کے براہ راست نتیجے میں تقریباً 450 ملازمین کو فارغ کر دیا گیا، اور فی الحال کمپنی صرف 24 ملازمین کے انتہائی محدود عملے کے ساتھ کام کر رہی ہے۔

اظہارِ تشکر

بورڈ اس نہایت مشکل دور میں تمام اسٹیک ہولڈرز کے مسلسل تعاون، اعتماد اور وفاداری پر دلی شکرگزاری کا اظہار کرتا ہے۔ آپ کا غیر متزلزل بھروسہ کمپنی کو درپیش مشکلات کا سامنا کرنے اور جاری انتظامی مسائل کے حل کی جانب سرگرم رہنے میں بنیادی کردار ادا کر رہا ہے۔ اس دوران بورڈ آف ڈائریکٹرز اور سینئر انتظامیہ نے شفافیت کو یقینی بنانے اور اسٹیک ہولڈرز کو کمپنی کی صورتحال سے باخبر رکھنے کے لیے تمام ضروری اور مناسب اقدامات کیے ہیں۔

بورڈ آئندہ سال کو درپیش چیلنجوں سے نمٹنے کے لیے پُر اعتماد نظر آتا ہے۔

محمد اسد اسلام ماہنی

چیئرمین بورڈ آف ڈائریکٹرز

لاہور: 14 مارچ 2026

DIRECTORS' REPORT To The Shareholders

The Directors of Pakistan Engineering Company Limited are presenting the 75th Annual Report accompanied by the audited financial statements for the year ended June 30, 2024; after a lapse of one year.

GLOBAL STEEL SCENARIO AND PAKISTAN'S ECONOMY

The global steel industry experienced a challenging year marked by significant price volatility, supply chain disruptions, and subdued demand across major markets. The average price of hot rolled coil (HRC) declined by approximately 9% year-on-year, while key raw material inputs, including iron ore, zinc ingot and coking coal, recorded fluctuations of around 25% to 35%, respectively. These dynamics were driven by a convergence of factors, notably inflationary pressures, supply chain constraints, and elevated raw material costs, all of which contributed to heightened market uncertainty and constrained sectoral growth.

Developed economies continued to face macroeconomic headwinds, including persistent inflation and economic uncertainty, leading to moderated demand. In contrast, China's policy measures aimed at economic stimulus provided some support to demand, although concurrent initiatives to address overcapacity and reduce emissions influenced supply conditions. Additionally, geopolitical tensions and trade disputes, coupled with the imposition of tariffs, quotas, and other trade barriers, disrupted global trade flows and further amplified uncertainty within the steel engineering market.

This year presented significant economic challenges for Pakistan, necessitating a coordinated policy response anchored by a Stand-By Arrangement with the International Monetary Fund. The economy showed modest recovery, with GDP growth of approximately 2.4%, largely supported by strong agricultural performance, while the industrial and services sectors recorded comparatively subdued growth.

Persistent inflationary pressures continued to erode purchasing power and weaken consumer confidence, while the current account deficit remained a key vulnerability requiring prudent foreign exchange management. Structural issues in the energy sector, particularly circular debt and capacity payment obligations, further constrained economic performance. Fiscal consolidation measures were initiated to address the widening deficit; however, maintaining an appropriate balance between stabilization, social spending, and growth remained a critical policy challenge.

The recently secured 37-month Extended Fund Facility (EFF) of approximately US\$7 billion is expected to reinforce macroeconomic stability, correct fiscal imbalances, and promote sustainable growth through structural reforms. Nevertheless, the program entails complex implementation risks, including politically sensitive tax reforms and subsidy rationalization, with potential short-term economic pressures. The medium-term outlook will depend on the durability of stabilization gains, the government's commitment to consistent reform execution, and evolving global economic conditions.

PERFORMANCE OUTLOOK

The Board of Directors of Pakistan Engineering Company (PECO) wishes to place on record that the adverse consequences arising from the governance disruptions and administrative challenges of prior years', from 2018 to 2023, continued to impact the Company's operational and financial performance during the year ended 2024. The legacy issues attributable to the previous management period, including the tenure of former Managing Director Mairaj Anees Ariff, had resulted in weakened internal controls, incomplete financial records, operational disruptions, and erosion of stakeholder confidence. These structural challenges could not be rectified immediately and required sustained corrective measures throughout the year under review.

During 2024, the Company continued to experience the residual consequences of prior mismanagement, including but not limited to:

- **Operational Disruptions:** Production activities remained constrained due to damaged systems, disrupted supply chains, weakened vendor confidence, and deterioration of plant and machinery arising from prolonged neglect.
- **Financial Irregularities and Data Gaps:** Incomplete accounting records, weak internal controls, and gaps in financial documentation created challenges in financial reporting, reconciliation, and compliance restoration.
- **Liquidity Constraints:** Legacy liabilities, contractual disputes, and reduced revenue streams significantly impaired working capital availability, limiting the Company's ability to resume normal operations at optimal capacity.
- **Reputational Damage:** Loss of stakeholder confidence—including customers, suppliers, financial institutions, and employees—continued to affect business relationships and commercial opportunities.
- **Human Resource Challenges:** Organizational morale remained impacted due to uncertainty, leadership disruptions, and operational instability inherited from prior years.

These factors collectively contributed to a slower-than-anticipated recovery trajectory despite sincere remedial efforts.

The Board further emphasized strengthening corporate governance practices, restoring statutory compliance functions, improving internal controls, and enhancing financial discipline across the organization. Efforts were also directed toward identifying key risk areas, resolving legacy issues, and implementing corrective measures to rebuild institutional credibility and stakeholder confidence.

While the impact of prior mismanagement continued to pose challenges during the year, the Board believes that the corrective actions undertaken have laid the foundation for gradual stabilization and future growth. The Company's recovery trajectory will depend upon continued implementation of the turnaround strategy, institutional support, and sustained improvement in operational performance. The Board remains committed to steering the Company toward financial sustainability and long-term value creation for all stakeholders.

Notwithstanding the adverse circumstances, the Board of Directors and management undertook comprehensive and proactive measures to stabilize and revive the Company, demonstrating strong commitment toward organizational recovery. Key initiatives included:

- Development and evaluation of multiple business revival and restructuring plans, focusing on operational optimization, cost rationalization, and revenue generation.
- Engagement with relevant government stakeholders, regulators, and strategic partners to explore financial support mechanisms and institutional alignment.
- Strengthening of governance and compliance frameworks, including restoration of statutory functions, internal controls, and financial oversight mechanisms.
- Assessment of asset utilization strategies, including potential joint ventures, leasing arrangements, and alternative commercial opportunities to enhance revenue streams.
- Focus on risk identification and mitigation, particularly in areas of financial exposure, legal contingencies, and operational bottlenecks.

The financial statements have been prepared based on the most accurate records, financial data, and professional judgment available, as assessed by the Company's qualified professionals.

FINANCIAL PERFORMANCE

Owing to worsened situation of the operations, the Company was able to achieve sales and gross loss during the year under review at Rs. 23.33 million and Rs. 20.19 million as compared to sales and gross

loss of 30.09 million and Rs. 35.77 million respectively during the year 2023. The sale of the year under review comprises 100% of sales of scrap; as the management had to generate cash flows to continue the basic operations of the Company with the minimum staff.

Overall, PECO incurred a loss after taxation of Rs. 75.30 million compared to last year loss after taxation of Rs. 47.47 million last year. Resultantly, there is a loss per share of Rs. 13.23 as compared to last year's loss per share of Rs. 8.34.

CONTRIBUTION TO NATIONAL EXCHEQUER AND THE ECONOMY

The Company made a contribution of Rs. 0.02 million (June 30, 2023: Rs. 0.01 million) to the national exchequer during the year.

FINANCIAL RESULTS AND APPROPRIATIONS

	<u>Rs. in Thousands</u>	
	YEAR	YEAR
	ENDED	ENDED
	<u>30.06.2024</u>	<u>30.06.2023</u>
(Loss) before Taxation	(82,704)	(56,365)
Taxation and Levy	7,402	8,895
(Loss) after Taxation and Levy	(75,302)	(47,470)
Appropriations:		
(Loss) for the year	(75,302)	(47,471)
Remeasurement of retirement benefit plan	-	-
Transfer from "Surplus on Revaluation of Fixed Assets"	12,924	13,720
Adjustment for change in tax rate	-	-
(Loss) carried forward to accumulated loss	(62,378)	(33,751)

OPERATING & FINANCIAL DATA

Operating and Financial data and key ratios of the Company for the last six years are annexed.

GRATUITY SCHEME

The Company provides retirement benefit to its employees. This includes a non-contributory defined benefit Gratuity Scheme for all employees.

The value of the Gratuity Scheme at the year-end was Rs. 23.85 million (June 30, 2023: Rs. 22.77 million), valued by the firm of Consulting Actuaries.

BOARD'S COMPOSITION, ELECTIONS, REMUNERATION AND MEETINGS

The Board comprises of one (01) executive director, eight (08) non-executive directors, two (02) independent directors and one (01) female director. Composition of the Board and the names of Members of Board Sub-Committees may be referred at **Page 05 (Company Information)** The Government nominated director was Mr. Salman Mufti.

Despite of many requests, no chairman of the Board was appointed by Government of Pakistan through Ministry of Production during the year, in accordance with Companies Act, 2017, Company's policies and rules of service. The Board resolved in its 206th meeting held on 17.09.2022, to elect Mirza Mahmood Ahmad, Director, as Chairman of the Board till nomination of Chairman of the Board by Government of Pakistan.

Furthermore, the Board of Directors have a formal policy and transparent procedures for remuneration of its Directors in accordance with the Companies Act 2017 and the Listed Companies (Code of

Corporate Governance) Regulations 2019. The Board made every effort to ensure compliance of corporate laws and regulations, four (04) meetings of the Board were held. The attendance of the Board members was as follows:

Mr. Salman Mufti	3
Mr. Muhammad Arif Habib	3
Mr. Tahir Bashir Khan	1
Mr. Rashid Ali Khan	-
Mirza Mahmood Ahmad	3
Miss. Saher Mangi	1
Mr. Ansar Javed	3
Mr. Muhammad Iqbal	2
Mr. Arslan Nayyar Sheikh	-
Mr. Mohammad Abbas Mirza	1
Syed Muhammad Manzoor Raza	3

Those Directors, who have not attended the required number of meetings, have applied for leave of absence which was duly granted by the Board.

During the year 2023-24, fresh election of the Directors of the Company was held on April 18, 2024. The Board of Directors in its 215th meeting held on 05.03.2024 resolved to fix the number of directors as eight (08), to be elected in general meeting for a term of three (03) years. The total strength of the post-election Board of Directors of the Company is eight (08) elected directors, representing private shareholding, and four (04) Federal Government nominees.

The Board welcomed newly elected directors i.e., Mr. Tahir Bashir Khan, Miss, Saher Mangi, Mr. Arslan Nayyaer Shiekh and Mr. Mohammad Abbas Mirza on the Board of Directors of the Company.

The Board wishes to place on record its appreciation of the services rendered by its members during their last term and expect them to continue providing valuable guidance and making positive contribution in the future.

Mr. Salman Mufti, reassigned to the office of Managing Director/Chief Executive Officer of the Company on May 02, 2024, in accordance with Company's policies and rules of service.

PATTERN OF SHAREHOLDING AND SHARES TRADED

The pattern of shareholding and additional information regarding pattern of shareholding is attached separately.

No trading in the shares of the Company was carried out by the Directors, the Chief Executive Officer and the Company Secretary and their spouses and minor children during the year under review.

EARNINGS PER SHARE

There is a loss per share of Rs. 13.23 as compared to last year's loss per share of Rs. 8.34.

AUDITORS

The present auditors Messrs. Malik Haroon Ahmad & Co. Chartered Accountants, retire and offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as Auditors of the Company for the year ended June 30, 2024 at a fee to be mutually agreed.

In 74th Annual General Meeting of the Company, shareholders approved the re-appointment of Messrs. Malik Haroon Ahmad & Co. Chartered Accountants as Auditor for the year ended on 30 June 2024.

Messrs. Malik Haroon Ahmad & Co. Chartered Accountants has been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP) and

the firm is fully compliant with the International Federation of Accountants (IFAC) Guidelines on Code of Ethics, as adopted by ICAP. The auditors indicated their willingness to act as auditors.

COMMENTS ON DISCLAIMER OF OPINION IN AUDITOR'S REPORT

i. Going Concern Status

Due to internal management challenges experienced between October 2018 and March 2023, the operational performance of Pakistan Engineering Company (PECO) gradually weakened over time. The emerging risks were identified at an early stage by the Company's management and were formally communicated in September 2018 to the Ministry of Industries and Production as well as the Securities and Exchange Commission of Pakistan for appropriate consideration and support. During the referenced period, organizational uncertainties associated with leadership issues, including those arising under the tenure of the then Managing Director, Mairaj Anees Ariff, together with the continuation of legacy issues from prior years, adversely affected the Company's operational capacity and further constrained its performance.

Notwithstanding these challenges, the present management and Board of Directors remain fully committed and are actively working on the formulation of short- and medium-term business strategies aimed at stabilizing operations, restoring operational efficiency, and placing the Company on a sustainable path toward revival and growth.

ii. Counting of Physical Inventories

Due to the management challenges prevailing between October 2018 and March 2023, various Company records could not be found as Standard Operating Procedures were ignored, and materials lacked proper documentation. Prior to June 2018, this exercise had consistently been conducted each year by the Board of Directors and the management team in coordination with the external auditors, in accordance with established governance practices.

Consequently, due to late appointment of external auditors in March 2025, the auditors were unable to obtain sufficient and appropriate audit evidence regarding the cost of items in inventory balance of Rs. 51.91 million reported as at June 30, 2024. However, physical verification of inventory as on June 30, 2024 was carried on by management staff in July 2024.

iii. Classification of land held-for-sale

The company has the possession and control of the land and holds valid title. As per the Economic Coordination Committee decision the title documents of the land were handed over to the Privatization Commission for sale and proceeds to be utilized for settlement of all outstanding Government liabilities. In this regard the title documents of the land have been handed over to the Privatization Commission for sale in 1994 by National Bank of Pakistan.

The foregoing facts that events or circumstances which have resulted in the extension of the period to complete the sale beyond one-year, are beyond the management's control, therefore, Badami Bagh Land is classified as "Held for Sale" at lower of its carrying amount or fair value less cost to sell.

iv. Long-term investments/ Advances and trade deposits, prepayments, and other receivables

The long-term investments of Rs. 819,000, advances of Rs. 37.227 million, trade deposits, prepayments, and other receivables of Rs. 28.140 million; relates to the previous years' wherein the then ex MD PECO, Mairaj Anees Ariff, failed to ensure proper record of financial and operational transactions which took place during the period from October 2018 till October 2022; which are now affecting balances appearing in financial statements of year ended June 30, 2024.

v. Trade Debtors/Trade and other payables

Since October 2018, PECO's financial system was compromised, with inadequate documentation and no accrual accounting. Vendor ledgers showed incorrect balances, Standard Operating Procedures were ignored, and materials lacked proper documentation. Payments were only made from an unauthorized Faysal Bank account without supporting vouchers whereas no record of payments received from customers could be maintained. This has created significant difficulties in tracking transactions, from October 2018 till June 2023, and ensuring compliance with statutory laws and International Financial Reporting Standards (IFRS). This hindered the verification of closing balances, of trade debtors and trade & other payables, for the year ended June 30, 2024 of Rs. 8.75 million and Rs. 294.818 million respectively. During the year ended June 30, 2024, the management of PECO managed to get verification of balances of Rs. 70.55 million from previous years whereas all payables of the financial year 2023-24 are correctly recorded in the financial statements.

It was discovered that hard drives from PECO's main data server and from all peers of network were missing. This hindered the verification of closing balances, of trade debtors/trade and other payables, for the year ended June 30, 2018. Despite extensive efforts, only the opening balance as of July 01, 2018, was established.

The management led by the then MD PECO, Mairaj Anees Ariff, failed to ensure proper record of financial and operational transactions which took place during the period from October 2018 till October 2022; which are now effecting balances appearing in financial statements of year ended June 30, 2024.

vi. Short Term Borrowing

The short-term borrowing amounting to Rs. 95.930 million represents the principal outstanding against financing obtained from the National Bank of Pakistan. Historically, the management of Pakistan Engineering Company (PECO) had been servicing both principal and markup obligations in a timely manner in accordance with the repayment schedule mutually agreed with the bank. However, beginning in October 2018, due to operational and financial constraints faced by the Company during the period, including those coinciding with the tenure of the then Managing Director, Mairaj Anees Ariff, the scheduled repayments could not be maintained. Consequently, the bank initiated recovery proceedings in September 2020 for an amount of approximately Rs. 111 million.

Based on the information and statements provided by the bank, the Company's management has appropriately recognized principal and accrued markup aggregating to Rs. 148.49 million in the financial statements. The external auditors have also sought direct balance confirmation from the bank regarding the principal amount of Rs. 95.930 million on multiple occasions; however, the formal confirmation is still awaited.

vii. Employee Benefit Liability

The employee benefit liability of Pakistan Engineering Company (PECO) has been determined using a simplified estimation approach, primarily due to the unavailability of complete and reliable human resource records for the period from October 2018 to June 2023. During this interval, including the tenure of the then Managing Director, Mairaj Anees Ariff, comprehensive data relating to employee joiners, leavers, and service histories was not consistently maintained or preserved in an accessible form. As a result, the current management is unable to reconstruct the detailed employee movement records necessary to apply the projected unit credit method as required under applicable accounting standards.

viii. Unclaimed Dividends not deposited with Federal Government

Up to October 2018, the management and the Board of Directors of Pakistan Engineering Company (PECO) had initiated the necessary process to comply with the requirements of Section 242 of the Companies Act, 2017, including the placement of advertisements in daily newspapers in accordance with statutory provisions. Subsequently, due to administrative and operational constraints faced by the Company during the intervening period, including those coinciding with the tenure of the then government-appointed Managing Director, Mairaj Anees Ariff, the matter could not progress to completion, and the transfer of unclaimed dividends in line with the prescribed requirements remained pending.

The present management and the Board of Directors, however, remain fully committed to ensuring compliance with the provisions of Section 242 of the Companies Act, 2017, and intend to regularize the outstanding matters at the earliest possible opportunity, subject to improvement in the Company's cash flow position.

ix. GoP/PC Loans

The issue of Government of Pakistan and Privatization Commission Loans has been discussed with representatives of GoP, PC and MoF. As a result of various meetings, the principal loan except Rs. 131.454 million (being the additional gratuity paid by Privatization Commission at its own) has been reconciled.

Initially, there was no claim of Government of Pakistan on the issue of mark-up. However, Privatization Commission and Government of Pakistan started communicating to external auditors, the mark-up on these loans.

The management of PECO obtained legal advice which asserts that mark-up claim of Government is not appropriate. Had the land sold by Privatization Commission in 1995, the liabilities towards Government would have been cleared.

The Board of Directors in its various meetings has resolved that amount due under the law to the Government of Pakistan (GoP) for any loan given to PECO shall be paid. The Board has agreed with GoP to adjust its liabilities by disposal of Badami Bagh Land as decided in E.C.C decision dated 02.03.1993, which according to the recent valuation has a market value of Rupees 10,386.00 million and it is in excess of the amount being claimed by GoP.

The Board of Directors (BoD) and the management of the Company believes that they are not liable to pay any interest on these loans in the absence of any agreement. However, in order to resolve this issue, the Board of Directors of PECO recommended Ministry of Industries and Production/Government of Pakistan various times to resolve the disputed amount of mark-up by constituting a technical committee by Government of Pakistan wherein representative of PC, Ministry of Finance (MOF), MOI&P and PECO shall be made of that committee. The Board of Directors of PECO also recommends to appoint a Retired Judge of the Supreme Court to determine the amount outstanding after getting suggestions from Independent Directors.

STATEMENT ON CORPORATE FINANCIAL REPORTING FRAME WORK

The requirements of the Code of Corporate Governance set out by the Stock Exchanges in their Listing Regulations, relevant for the year ended June 30, 2024 have been duly complied with. A statement to this effect is annexed to the report, please refer page No. 39.

AUDIT AND RISK MANAGEMENT COMMITTEE

Audit and Risk Management Committee was established by the Board to assist the directors in discharging their responsibilities, Corporate Governance, Financial Reporting and Corporate Control. The Committee consists of three members where all members including Chairman of the Committee are Independent directors.

The Board Audit and Risk Management Committee is responsible for reviewing reports of the company's financial results, audit and adherence to standards of the system of management controls. The Committee reviews the procedures, ensures their independence with respect to the services performed for the Company and makes recommendations to the Board of Directors.

The constitution of the Committee is as under:

Mr. Arslan Nayyar Sheikh	Chairman
Mr. Ansar Javed	Member
Mr. Tahir Bashir Khan	Member
Mirza Mahmood Ahmad	Member

No meeting of any Board' Committee could be held during the year; as the Audit and Risk Management Committee was constituted by the Board in December 2024. However, Securities and Exchange Commission of Pakistan (SECP) and Government of Pakistan were informed with this fact.

DIRECTORS TRAINING PROGRAM

The Board of Directors of the Company consist of 12 directors, where directors are certified under the Directors Training Program as per Regulation 19 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

CODE OF CONDUCT

In order to put in place professional standards and corporate values for promotion of integrity of the Board, senior management and other employees, the Board has approved and disseminated a Code of Conduct, defining therein acceptable and unacceptable behaviors. The same has been placed on the Company's Website.

NUMBER OF EMPLOYEES

The Company continued its operations with an optimal headcount. The headcount as on June 30, 2024 were 24 compared to 34 of last year.

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Human Resource and Remuneration Committee was established by the Board to assist the Directors in discharging their responsibilities with regard to selection, evaluation, compensation and carrier planning of key management personnel. It is also involved in recommending improvements in Company's human resource policies and procedures and their periodic review.

No meeting of any Board' Committee could be held during the year; due to management and operational disputes created by previous management of the Company. However, Securities and Exchange Commission of Pakistan (SECP) and Government of Pakistan were informed with this fact.

FINANCE COMMITTEE

The objective of the Committee is to set treasury related policies within the overall policy framework established by the Board. The formation of this committee does not impair or limit the management of day to day treasury operations and routine activities. Any deviation arising due to special circumstances or financial market behavior shall be placed in subsequent Board's meeting for ratification. The Committee shall aim to meet each quarter but it is required that a majority of the Committee members shall meet at least two times each financial year and also at other times as the Chairman of the Committee shall require.

No meeting of any Board' Committee could be held during the year; due to management and operational disputes created by previous management of the Company. However, Securities and Exchange Commission of Pakistan (SECP) and Government of Pakistan were informed with this fact.

RELATED PARTY TRANSACTIONS

The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the Board for review and approval.

WEB PRESENCE

Company's periodic financial statements for the current financial year including annual reports for the last three years are available on the Company's website www.peco.com.pk for information of the investors.

HEALTH, SAFETY AND ENVIRONMENT

Company believes in and is fully committed to improve Health, Safety and Environment standards to achieve sustainable HSE performance. Process Safety & Behavior Based Safety across the organization is enhanced through System integrated with the company's organization scheme and the Company is on track of continuous improvement with focus to achieve & sustain leading levels.

The Company has formulated a firm succession plan which includes performance evaluation and appropriate training requirements for development of potential future leaders.

OUTSTANDING STATUTORY DUES

Detail of outstanding statutory dues is given in Note no. 24 to the Accounts.

BUSINESS PLANS

The Board of Directors of Pakistan Engineering Company Limited (PECO), a public-listed company, has taken a decisive step toward revival by approving five years of delayed financial accounts approved by the general body meeting of its shareholders held on March 15, 2025. This milestone follows years of catastrophic mismanagement under its former management from 2018 to 2023 whose tenure brought the company to the brink of ruin, with financial losses exceeding PKR 1.2 billion.

The magnitude of damage caused during the previous management period has been substantial. Once a thriving enterprise, the Company incurred significant financial losses and experienced a near-total operational shutdown. Critical assets deteriorated, while substantial trade receivables, inventories, and creditor resources were depleted to absorb losses, ultimately halting core business activities. Defaults with financial institutions and suppliers severely impaired the Company's creditworthiness. Consequently, the workforce was drastically reduced, with approximately 450 employees retrenched, leaving only 24 personnel currently in service.

To address the severe liquidity challenges and stabilize operations, the Board has developed and is actively pursuing multiple business and restructuring plans aimed at restoring the Company's financial health and operational sustainability. These initiatives are focused on improving cash flows, optimizing asset utilization, and creating sustainable revenue streams while providing a structured pathway for organizational turnaround. The financial resources generated through these measures are also intended to facilitate the settlement of overdue liabilities, as the Company continues to face recovery proceedings from certain suppliers and financial institutions.

These steps are critical for ensuring that PECO's revival efforts are sustained and that such abuses of power are prevented in the future and PECO achieves its past glory while generating significant employment.

The Board of Directors and management believes that they are trying best of their efforts to turnover around the devastation created previous management of the Company, and the Company will operate as a "Going Concern" till indefinite period, Insha'Allah.

ACKNOWLEDGEMENT

The Board would like to thank key management and employees for their continued support in continued difficult times since last eight years.

We continue to pray to Allah for the success of the Company and the benefit of all stakeholders, and the country in general. The Board of Directors of PECO has always ensured full support to Government of Pakistan through Ministry of Industries and Production to resolve the issues prevailing at Pakistan Engineering Company Limited.

We continue to pray to Allah for the success of the Company and the benefit of all stakeholders, and the country in general.

For and on behalf of the Board

Abdul Shabbir Khan Khattak
Managing Director

Ansar Javed
Director

March 14, 2026
Lahore

ڈائریکٹرز کی رپورٹ

حصص یافتگان کے لیے

پاکستان انجینئرنگ کمپنی لمیٹڈ کے ڈائریکٹرز، 30 جون 2024ء کو ختم ہونے والے سال کے لیے آڈٹ شدہ حسابات کے ساتھ 75 ویں سالانہ رپورٹ پیش کر رہے ہیں۔ یہ رپورٹ ایک سال کے وقفے کے بعد پیش کی جا رہی ہے۔

عالمی اسٹیل منظر نامہ اور پاکستان کی معیشت

عالمی اسٹیل صنعت نے ایک کٹھن سال کا سامنا کیا جس میں قیمتوں میں نمایاں اتار چڑھاؤ، سپلائی چین میں رکاوٹیں، اور بڑی مارکیٹوں میں طلب کی کمزوری شامل رہی۔ ہاٹ رولڈ کوئل (HRC) کی اوسط قیمت میں سال بہ سال تقریباً 9% کمی ریکارڈ کی گئی، جبکہ بنیادی خام مال کے اشاریوں جیسے کہ آئرن اور زنک انگوٹ اور کوئل کول میں بالترتیب 25% سے 35% تک کے اتار چڑھاؤ دیکھے گئے۔ یہ صورتحال متعدد عوامل کے امتزاج سے پیدا ہوئی، جن میں افراط زر کا دباؤ، سپلائی چین کی رکاوٹیں، اور خام مال کی بڑھی ہوئی لاگت شامل ہیں؛ ان تمام عوامل نے مارکیٹ میں غیر یقینی صورتحال کو بڑھایا اور شعبے کی ترقی کو محدود کر دیا۔

ترقی یافتہ معیشتوں کو مسلسل افراط زر اور اقتصادی غیر یقینی صورتحال سمیت میکرو اکنامک دباؤ کا سامنا رہا، جس کے نتیجے میں طلب میں کمی واقع ہوئی۔ اس کے برعکس، چین کی اقتصادی محرک کے لیے پالیسی اقدامات نے طلب کو کچھ تعاون فراہم کیا، اگرچہ حد سے زائد پیداواری صلاحیت کو کم کرنے اور اخراج میں کمی کے اقدامات نے سپلائی کے حالات کو متاثر کیا۔ اس کے علاوہ، جغرافیائی و سیاسی تناؤ، تجارتی تنازعات، اور ٹریف، کوٹ اور دیگر تجارتی رکاوٹوں کے نفاذ نے عالمی تجارتی بہاؤ کو درہم برہم کیا اور اسٹیل انجینئرنگ مارکیٹ میں غیر یقینی صورتحال کو مزید بڑھا دیا۔ اس سال پاکستان کو سنگین اقتصادی چیلنجز کا سامنا کرنا پڑا، جس کے لیے بین الاقوامی مالیاتی فنڈ کے ساتھ اسٹینڈ بائی آرٹیمٹ پربنی مربوط پالیسی ردعمل کی ضرورت پیش آئی۔ معیشت نے معمولی بحالی کا مظاہرہ کیا، جس میں GDP نمو تقریباً 2.4% رہی اور زرعی شعبے کی مضبوط کارکردگی اس کی بنیادی وجہ تھی، جبکہ صنعتی اور خدمات کے شعبوں میں نسبتاً کم نمو ریکارڈ کی گئی۔ مسلسل افراط زر کے دباؤ نے قوت خرید کو کمزور کیا اور صارفین کا اعتماد متزلزل رہا، جبکہ کرنٹ اکاؤنٹ خسارہ غیر ملکی زرمبادلہ کے محتاطانہ انتظام کی ضرورت کو ظاہر کرتے ہوئے ایک اہم کمزوری بنا رہا۔ توانائی کے شعبے میں سرکلر ڈیٹ اور کیمپسٹی بیسٹ ذمہ داریوں جیسے ساختی مسائل نے اقتصادی کارکردگی کو مزید محدود کیا۔ بڑھتے ہوئے مالیاتی خسارے کو کم کرنے کے لیے مالیاتی استحکام کے اقدامات شروع کیے گئے، تاہم استحکام، سماجی اخراجات اور نمو کے درمیان مناسب توازن قائم رکھنا ایک اہم پالیسی چیلنج بنا رہا۔

حال ہی میں حاصل کردہ 37 ماہی توسیعی فنڈ سہولت (EFF) جو تقریباً 7 ارب امریکی ڈالر پر مشتمل ہے، سے توقع کی جاتی ہے کہ یہ میکرو اکنامک استحکام کو تقویت دے گی، مالیاتی عدم توازن کو درست کرے گی، اور ساختی اصلاحات کے ذریعے پائیدار ترقی کو فروغ دے گی۔ تاہم، اس پروگرام میں پیچیدہ عملی خطرات موجود ہیں، جن میں سیاسی طور پر حساس ٹیکس اصلاحات اور سبسڈی کو معقول بنانا شامل ہے، جن کے قبیل مدتی اقتصادی دباؤ ممکن ہیں۔ درمیانی مدت کا منظر نامہ استحکام کے حاصلات کی پائیداری، اصلاحات کے یکساں نفاذ کے لیے حکومت کی وابستگی، اور ابھرتے ہوئے عالمی اقتصادی حالات پر منحصر ہوگا۔

کارکردگی کا منظر نامہ

پاکستان انجینئرنگ کمپنی (PECO) کا بورڈ آف ڈائریکٹرز یہ درج کرنا چاہتا ہے کہ 2018ء سے 2023ء تک کے سابقہ سالوں میں گورننس کی خلل اندازی اور انتظامی چیلنجوں سے پیدا ہونے والے منفی نتائج، سال ختم شدہ 2024ء کے دوران بھی کمپنی کی آپریشنل اور مالی کارکردگی کو متاثر کرتے رہے۔ سابقہ انتظامیہ کے دور — بشمول سابق مینجنگ ڈائریکٹر میراج انیس عارف کے دور اقتدار — سے منسوب وراثتی مسائل کے نتیجے میں اندرونی کنٹرول کمزور ہوئے، مالی ریکارڈ نامکمل رہے، آپریشنل رکاوٹیں پیدا ہوئیں، اور اسٹیک ہولڈرز کا اعتماد متزلزل ہوا۔ ان ساختی چیلنجوں کو فوری طور پر درست نہیں کیا جاسکتا تھا اور زیر جائزہ پورے سال میں مسلسل اصلاحی اقدامات کی ضرورت رہی۔

سال 2024ء کے دوران، کمپنی سابقہ بدانتظامی کے بقیہ نتائج کا سامنا کرتی رہی، جن میں درج ذیل امور شامل ہیں:

- آپریشنل رکاوٹیں: خراب نظام، سپلائی چین میں خلل، وینڈرز کے اعتماد کی کمزوری، اور طویل عرصے کی غفلت سے پلانٹ اور مشینری کے انحطاط کے باعث پیداواری سرگرمیاں محدود رہیں۔
- مالی بے ضابطگیاں اور ڈیٹا کے خلاء: ادھورے حسابی ریکارڈ، کمزور اندرونی کنٹرول، اور مالی دستاویزات میں خامیوں نے مالی رپورٹنگ، ہم آہنگی، اور تعمیل کی بحالی میں مشکلات پیدا کیں۔
- لیکویڈٹی کی رکاوٹیں: وراثتی ذمہ داریاں، معاہداتی تنازعات، اور محدود آمدنی کے ذرائع نے ورکنگ کپٹل کی دستیابی کو بری طرح متاثر کیا، جس سے کمپنی کی مثالی صلاحیت پر معمول کی کارروائیاں دوبارہ شروع کرنے کی سکت محدود ہو گئی۔

• ساکھ کا نقصان: اسٹیک ہولڈرز — بشمول صارفین، سپلائرز، مالیاتی ادارے اور ملازمین — کے اعتماد کا نقصان، کاروباری تعلقات اور تجارتی مواقع کو متاثر کرتا رہا۔

• انسانی وسائل کے چیلنجز: سابقہ سالوں سے وراثت میں ملنے والی غیر یقینی صورتحال، قیادت میں بدلاؤ، اور آپریشنل عدم استحکام کی وجہ سے تخطی حوصلہ متاثر رہا۔

ان عوامل نے مجموعی طور پر، مخلصانہ اصلاحی کوششوں کے باوجود، متوقع سے سست بحالی کے راستے میں حصہ ڈالا۔

بورڈ نے مزید کارپوریٹ گورننس طریقوں کو مستحکم کرنے، قانونی تعمیل کے افعال کو بحال کرنے، اندرونی کنٹرول کو بہتر بنانے، اور پوری تنظیم میں مالی نظم و ضبط کو بڑھانے پر زور دیا۔ اہم خطرات کی نشاندہی، وراثتی مسائل کے حل، اور ادارہ جاتی ساکھ اور اسٹیک ہولڈرز کے اعتماد کو دوبارہ تعمیر کرنے کے لیے اصلاحی اقدامات کے نفاذ کی طرف بھی توجہ دی گئی۔

اگرچہ سابقہ بدانتظامی کے اثرات سال کے دوران چیلنجز پیدا کرتے رہے، بورڈ کا یقین ہے کہ اٹھائے گئے اصلاحی اقدامات نے بتدریج استحکام اور مستقبل کی ترقی کی بنیاد رکھ دی ہے۔ کمپنی کی بحالی کا سلسلہ ترقی معکوس حکمت عملی کے مسلسل نفاذ، ادارہ جاتی تعاون، اور آپریشنل کارکردگی میں پائیدار بہتری پر منحصر ہوگا۔ بورڈ تمام اسٹیک ہولڈرز کے لیے مالی پائیداری اور طویل المدتی قدر کی تخلیق کی طرف کمپنی کو لے جانے کے لیے پرعزم ہے۔

ناسازگار حالات کے باوجود، بورڈ آف ڈائریکٹرز اور انتظامیہ نے کمپنی کو مستحکم کرنے اور اسے دوبارہ فعال کرنے کے لیے جامع اور فعال اقدامات کیے، جو تنظیمی بحالی کے لیے مضبوط واہنگی کو ظاہر کرتے ہیں۔ اہم اقدامات میں شامل ہیں:

- متعدد کاروباری بحالی اور تنظیم نو کے منصوبوں کی تیاری اور جائزہ، جو آپریشنل اصلاح، لاگت کے تناسب، اور آمدنی کی پیداوار پر مرکوز ہیں۔
- مالی تعاون کے طریقہ کار اور ادارہ جاتی ہم آہنگی کو تلاش کرنے کے لیے متعلقہ سرکاری اسٹیک ہولڈرز، ریگولیٹرز اور اسٹریٹجک شرکاء کے اداروں کے ساتھ رابطہ۔
- گورننس اور تعمیل کے فریم ورک کو مستحکم کرنا، جس میں قانونی افعال، اندرونی کنٹرول اور مالی نگرانی کے طریقہ کار کی بحالی شامل ہے۔
- اثاثہ استعمال کی حکمت عملیوں کا جائزہ، جس میں آمدنی کے ذرائع کو بڑھانے کے لیے ممکنہ مشترکہ منصوبے، لیزنگ انتظامات اور متبادل تجارتی مواقع شامل ہیں۔
- مالی خطرے، قانونی ہنگامی حالات اور آپریشنل رکاوٹوں کے شعبوں میں خطرات کی نشاندہی اور تخفیف پر توجہ۔
- مالی بیانات کمپنی کے اہل پیشہ ور افراد کے جائزے کے مطابق دستیاب انتہائی درست ریکارڈ، مالی ڈیٹا اور پیشہ ورانہ فیصلے کی بنیاد پر تیار کیے گئے ہیں۔

مالی کارکردگی

آپریٹنگ کی صورت حال مزید بڑھ جانے کی وجہ سے، کمپنی زبرد جائزہ سال کے دوران فروخت اور مجموعی خسارے میں بالترتیب ۳۳.۳۳ ملین روپے اور 20.19 Rs. ملین تک پہنچی، جبکہ سال 2023ء میں فروخت 30.09 Rs. ملین اور مجموعی خسارہ 35.77 Rs. ملین تھا۔ زبرد جائزہ سال کی فروخت %100 اسکرپ کی فروخت پر مشتمل ہے، کیونکہ انتظامیہ کو کمپنی کی بنیادی آپریٹنگ کو کم از کم عملے کے ساتھ جاری رکھنے کے لیے نقد بہاؤ پیدا کرنا پڑا۔

مجموعی طور پر، PECO کو ٹیکس کے بعد 75.30 Rs. ملین کا خسارہ ہوا جبکہ گزشتہ سال ٹیکس کے بعد خسارہ 47.47 Rs. ملین تھا۔ نتیجتاً، فی حصص خسارہ 13.23 Rs. ریکارڈ کیا گیا جبکہ گزشتہ سال فی حصص خسارہ 8.34 Rs. تھا۔

قومی خزانے اور معیشت میں حصہ داری

کمپنی نے سال کے دوران قومی خزانے میں 0.02 Rs. ملین (30 جون 2023ء: 0.01 Rs. ملین) کا حصہ ڈالا۔

مالی نتائج اور تقسیم

تفصیل	سال ختم شدہ 30.06.2024 (ہزار روپے میں)	سال ختم شدہ 30.06.2023 (ہزار روپے میں)
ٹیکس سے قبل خسارہ	(82,704)	(56,365)
ٹیکس اور لیوی	7,402	8,895
ٹیکس اور لیوی کے بعد خسارہ	(75,302)	(47,470)
سال کا خسارہ	(75,302)	(47,471)
ریٹائرمنٹ بینیفٹ پلان کی دوبارہ پیمائش	—	—
مقررہ اثاثہ جات کی دوبارہ تشخیص پر سرپلس سے منتقلی	12,924	13,720
ٹیکس کی شرح میں تبدیلی کا ایڈجسٹمنٹ	—	—
جمع شدہ خسارے میں منتقل خسارہ	(62,378)	(33,751)

آپریٹنگ اور مالی ڈیٹا

گزشتہ چھ سالوں کا آپریٹنگ اور مالی ڈیٹا اور اہم تناسب منسلک ہیں۔

گر بجو بیٹا اسکیم

کمپنی اپنے ملازمین کو ریٹائرمنٹ بینیفٹ فراہم کرتی ہے۔ اس میں تمام ملازمین کے لیے غیر چندہ بنیاد کی متعینہ بینیفٹ گر بجو بیٹا اسکیم شامل ہے۔ سال کے اختتام پر گر بجو بیٹا اسکیم کی مالیت Rs. 23.85 ملین (30 جون 2023ء: Rs. 22.77 ملین) تھی، جس کا تخمینہ انتظامیہ نے لگایا۔

بورڈ کی تشکیل، انتخابات، معاوضہ اور اجلاس

بورڈ ایک (1) ایگزیکٹو ڈائریکٹر، آٹھ (8) غیر ایگزیکٹو ڈائریکٹرز، دو (2) آزاد ڈائریکٹرز اور ایک (1) خاتون ڈائریکٹر پر مشتمل ہے۔ بورڈ کی تشکیل اور بورڈ سب کمیٹیوں کے ارکان کے نام کمپنی انفارمیشن صفحہ پر دیکھے جاسکتے ہیں۔ حکومت کے نامزد کردہ ڈائریکٹر جناب سلمان مفتی تھے۔

متعدد درخواستوں کے باوجود کمپنی ایکٹ، 2017ء، کمپنی کی پالیسیوں اور ملازمت کے ضوابط کے مطابق، سال کے دوران وزارت پیداوار کے ذریعے حکومت پاکستان کی جانب سے بورڈ کا کوئی چیئر مین مقرر نہیں کیا گیا۔ بورڈ نے 17.09.2022ء کو منعقدہ اپنے 206 ویں اجلاس میں قرارداد پاس کی کہ حکومت پاکستان کی طرف سے بورڈ چیئر مین کی نامزدگی تک، ڈائریکٹر مرزا محمود احمد کو بورڈ کا چیئر مین منتخب کیا۔

علاوہ ازیں، بورڈ آف ڈائریکٹرز کے پاس کمپنی ایکٹ 2017ء اور لٹیکینیٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019ء کے مطابق اپنے ڈائریکٹرز کے معاوضے کے لیے باقاعدہ پالیسی اور شفاف طریقہ کار موجود ہے۔ بورڈ نے کارپوریٹ قوانین اور ضوابط کی تعمیل کو یقینی بنانے کی ہر ممکن کوشش کی اور بورڈ کے چار (4) اجلاس منعقد ہوئے۔ بورڈ ارکان کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام	حاضری
جناب سلمان مفتی	۳
جناب عارف حبیب	۳
جناب طاہر بشیر خان	۱
جناب راشد علی خان	-
جناب مرزا محمود احمد	۳
محترمہ سحر منگی	۱
جناب انصر جاوید	۳
جناب محمد اقبال	۲
جناب ارسلان یر شیخ	-
جناب محمد عباس مرزا	۱
جناب سید محمد منظور ضا	۳

جن ڈائریکٹرز نے ضروری اجلاسوں میں شرکت نہیں کی، انہوں نے غیر حاضری کی درخواست دی جو بورڈ نے منظور کی۔

سال 2023-24ء کے دوران، کمپنی کے ڈائریکٹرز کا نیا انتخاب 18 اپریل 2024ء کو ہوا۔ بورڈ آف ڈائریکٹرز نے 05.03.2024ء کو منعقدہ 215 ویں اجلاس میں قرارداد پاس کی کہ تین (3) سال کی مدت کے لیے عام اجلاس میں منتخب کیے جانے والے ڈائریکٹرز کی تعداد آٹھ (8) مقرر کی جائے۔ انتخاب کے بعد بورڈ کی مجموعی طاقت نجی حصص داری کی نمائندگی کرنے والے آٹھ (8) منتخب ڈائریکٹرز اور چار (4) وفاقی حکومت کے نامزد افراد پر مشتمل ہے۔

بورڈ نے نئے منتخب ڈائریکٹرز— جناب طاہر بشیر خان، محترمہ سحر منگی، جناب ارسلان یر شیخ اور جناب محمد عباس مرزا— کو بورڈ آف ڈائریکٹرز میں خوش آمدید کہا۔

بورڈ اپنے ارکان کی گزشتہ دور اقتدار میں کی گئی خدمات کی تعریف درج کرنا چاہتا ہے اور توقع رکھتا ہے کہ وہ مستقبل میں بھی قیمتی رہنمائی فراہم کرتے رہیں گے اور مثبت کردار ادا کرتے رہیں گے۔ جناب سلمان مفتی کو 2 مئی 2024ء کو، کمپنی کی پالیسیوں اور ملازمت کے ضوابط کے مطابق، مینجنگ ڈائریکٹر/ چیف ایگزیکٹو آفیسر کے عہدے پر دوبارہ تعینات کیا گیا۔

حصص کی ملکیت کا نمونہ اور تجارت شدہ حصص

حصص کی ملکیت کا نمونہ اور اس سے متعلق اضافی معلومات علیحدہ منسلک کی گئی ہیں۔

زیر جائزہ سال کے دوران ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور کمپنی سیکریٹری اور ان کے جیون ساتھیوں اور نابالغ بچوں کے ذریعے کمپنی کے حصص کی کوئی خرید و فروخت نہیں کی گئی۔

فی حصص آمدنی

فی حصص خسارہ Rs. 13.23 ریکارڈ کیا گیا جبکہ گزشتہ سال فی حصص خسارہ Rs. 8.34 تھا۔

آڈیٹرز

موجودہ آڈیٹرز میسرملک ہارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، اپنی مدت پوری کر کے دوبارہ تعیناتی کے لیے پیش کش کر رہے ہیں۔ آڈٹ کمیٹی کی تجویز پر، بورڈ آف ڈائریکٹرز نے انہیں سال ختم شدہ 30 جون 2024ء کے لیے کمپنی کے آڈیٹرز کے طور پر دوبارہ تعینات کرنے کی سفارش کی ہے، باہمی اتفاق سے طے کر دہ فیس پر۔

کمپنی کی 74 ویں سالانہ جنرل میٹنگ میں، حصص داروں نے سال ختم شدہ 30 جون 2024ء کے لیے میسرملک ہارون احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تعیناتی کی منظوری دی۔ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) کے کوالیفائیڈ کنٹرول ریویو پروگرام کے تحت میسرملک ہارون احمد اینڈ کمپنی کو تسلی بخش درجہ بندی حاصل ہے اور فرم انٹرنیشنل فیڈریشن آف اکاؤنٹنٹس (IFAC) کے آداب ضابطے کی رہنما خطوط کی مکمل تعمیل کرتی ہے، جیسا کہ ICAP نے اپنایا ہے۔ آڈیٹرز نے بطور آڈیٹر کام کرنے کی اپنی آمادگی ظاہر کی ہے۔

آڈیٹرز کی رپورٹ میں دستبرداری رائے پر تبصرے

i. گونگ کنسرن اسٹیٹس

اکتوبر 2018ء سے مارچ 2023ء کے درمیان پیدا ہونے والے اندرونی انتظامی چیلنجوں کی وجہ سے پاکستان انجینئرنگ کمپنی (PECO) کی آپریشنل کارکردگی بتدریج کمزور ہوتی گئی۔ ابھرتے ہوئے خطرات کو کمپنی کی انتظامیہ نے ابتدائی مرحلے میں ہی نشانہ بنی کر لی تھی اور انہیں ستمبر 2018ء میں وزارت صنعت و پیداوار اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کو مناسب غور اور تعاون کے لیے باقاعدہ طور پر بتایا گیا۔ مذکورہ مدت کے دوران، قیادت کے مسائل سے وابستہ تنظیمی غیر یقینی صورتحال۔ بشمول اس وقت کے مینجنگ ڈائریکٹر میراج انیس عارف کے دور اقتدار کے ساتھ ساتھ سابقہ سالوں کے وراثتی مسائل کا تسلسل، کمپنی کی آپریشنل صلاحیت کو منفی طور پر متاثر کرتا رہا اور اس کی کارکردگی کو مزید محدود کرتا رہا۔

ان چیلنجوں کے باوجود، موجودہ انتظامیہ اور بورڈ آف ڈائریکٹرز مکمل طور پر پر عزم ہیں اور قلیل مدتی اور درمیانی مدتی کاروباری حکمت عملیوں کی تشکیل پر فعال طور پر کام کر رہے ہیں، جن کا مقصد آپریشنز کو مستحکم کرنا، آپریشنل کارکردگی کو بحال کرنا، اور کمپنی کو بحالی اور ترقی کی طرف پائیدار راستے پر لانا ہے۔

ii. انویسٹریوں کی گنتی

اکتوبر 2018ء سے مارچ 2023ء کے درمیان انتظامی چیلنجوں کی وجہ سے، کمپنی کے مختلف ریکارڈز نہیں مل سکے کیونکہ معیاری آپریشنل طریقہ کار کو نظر انداز کیا گیا اور مواد میں مناسب دستاویزات نہیں تھیں۔ جون 2018ء سے پہلے، یہ مشق ہر سال بورڈ آف ڈائریکٹرز اور انتظامیہ کی ٹیم نے بیرونی آڈیٹرز کے ساتھ مل کر، قائم شدہ گورننس طریقوں کے مطابق، مستقل طور پر انجام دی تھی۔ نتیجتاً، مارچ 2025ء میں بیرونی آڈیٹرز کی دیر سے تعیناتی کی وجہ سے، آڈیٹرز 30 جون 2024ء تک Rs. 51.91 ملین کے انویسٹری بینلس کی لاگت کے بارے میں کافی اور مناسب آڈٹ شواہد حاصل نہیں کر سکے۔ تاہم، 30 جون 2024ء تک انویسٹری کی جسمانی تصدیق جولائی 2024ء میں انتظامیہ کے عملے نے انجام دی۔

iii. فروخت کے لیے رکھی گئی زمین کی درجہ بندی

کمپنی کے پاس زمین کا قبضہ اور کنٹرول ہے اور درست ملکیتی دستاویزات موجود ہیں۔ اقتصادی رابطہ کمیٹی کے فیصلے کے مطابق، زمین کی ملکیتی دستاویزات تمام سرکاری واجبات کی ادائیگی کے لیے رقوم کو استعمال کرنے کی غرض سے نجکاری کمیشن کو فروخت کے لیے حوالے کی گئی تھیں۔ اس سلسلے میں، زمین کی ملکیتی دستاویزات 1994ء میں نیشنل بینک آف پاکستان کے ذریعے فروخت کے لیے نجکاری کمیشن کو سونپی گئی تھیں۔

مذکورہ بالا حقائق کہ جن واقعات یا حالات نے فروخت کو ایک سال سے زیادہ کی مدت تک مکمل نہ ہونے دیا، وہ انتظامیہ کے اختیار سے باہر ہیں، اس لیے بدامی باغ کی زمین کو اس کی کیرنگ ویلیو یا منصفانہ قدر میں فروخت کی لاگت کم کر کے جو بھی کم ہو، اس پر فروخت کے لیے رکھی گئی کے طور پر درجہ بند کیا گیا ہے۔

iv. طویل المدتی سرمایہ کاری / طویل المدتی ڈپازٹ / ایڈوانسز اور تجارتی ڈپازٹ، پیٹنگی ادائیگیاں اور دیگر وصولیاں

Rs. 819,000 کی طویل المدتی سرمایہ کاری، Rs. 37.227 ملین کے ایڈوانسز اور تجارتی ڈپازٹ، پیٹنگی ادائیگیاں اور Rs. 28.140 ملین کی دیگر وصولیاں، سابقہ سالوں سے تعلق رکھتی ہیں جن میں اس وقت کے سابق MD پکیو، میراج انیس عارف، اکتوبر 2018ء سے اکتوبر 2022ء کے درمیان ہونے والے مالی اور آپریشنل لین دین کا مناسب ریکارڈ رکھنے میں ناکام رہے، جو اب سال ختم شدہ 30 جون 2024ء کے مالی بیانات میں ظاہر ہونے والے ہیلتسز کو متاثر کر رہی ہیں۔

v. تجارتی دیندار/تجارتی اور دیگر قابل ادارہ قومی

اکتوبر 2018ء سے، PECO کا مالیاتی نظام ناکافی دستاویزات اور اکاؤنٹنگ کے بغیر متاثر ہوا تھا۔ وینڈر لمجز میں غلط بیلنسز تھے، معیاری آپریٹنگ طریقہ کار کو نظر انداز کیا گیا، اور مواد میں مناسب دستاویزات نہیں تھیں۔ ادائیگیاں صرف ایک غیر مجاز فیصل بینک اکاؤنٹ سے معاون واؤچرز کے بغیر کی گئی تھیں جبکہ صارفین سے موصول ادائیگیوں کا کوئی ریکارڈ نہیں رکھا جاسکا۔ اس نے اکتوبر 2018ء سے جون 2023ء تک لین دین کی نگرانی اور قانونی قوانین اور انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز (IFRS) کی تعمیل کو یقینی بنانے میں سنگین مشکلات پیدا کی ہیں۔ اس سے سال ختم شدہ 30 جون 2024ء کے لیے تجارتی دینداروں اور تجارتی و دیگر قابل ادارہ قومی کے اختتامی بیلنسز بالترتیب Rs. 8.75 ملین اور Rs. 294.818 ملین کی تصدیق میں رکاوٹ آئی۔ سال ختم شدہ 30 جون 2024ء کے دوران، پیکو کی انتظامیہ سابقہ سالوں کے Rs. 70.55 ملین کے بیلنسز کی تصدیق حاصل کرنے میں کامیاب رہی جبکہ مالی سال 2023-24ء کی تمام قابل ادارہ قومی مالی بیانات میں درست طریقے سے درج کی گئی ہیں۔

یہ انکشاف ہوا کہ PECO کے مرکزی ڈیٹا سروس اور نیٹ ورک کے تمام سیٹرز کی ہارڈ ڈرائیو غائب تھیں۔ اس سے سال ختم شدہ 30 جون 2018ء کے لیے تجارتی دینداروں/تجارتی اور دیگر قابل ادارہ قومی کے اختتامی بیلنسز کی تصدیق میں رکاوٹ آئی۔ وسیع کوششوں کے باوجود، صرف یکم جولائی 2018ء کا افتتاحی بیلنس ہی قائم کیا جاسکا۔ اس وقت کے MD پیکو، میراج انیس عارف کی قیادت میں انتظامیہ، اکتوبر 2018ء سے اکتوبر 2022ء کے درمیان ہونے والے مالی اور آپریشنل لین دین کا مناسب ریکارڈ رکھنے میں ناکام رہی، جو اب سال ختم شدہ 30 جون 2024ء کے مالی بیانات میں ظاہر ہونے والے بیلنسز کو متاثر کر رہا ہے۔

vi. قلیل مدتی قرض

Rs. 95.930 ملین کا قلیل مدتی قرض نیشنل بینک آف پاکستان سے حاصل کردہ فنانسنگ کے خلاف بقایا اصل رقم کی نمائندگی کرتا ہے۔ تاریخی طور پر، پاکستان انجینئرنگ کمپنی (PECO) کی انتظامیہ بینک کے ساتھ باہمی طور پر طے شدہ واپسی کے شیڈول کے مطابق اصل اور مارک اپ دونوں ذمہ داریوں کو بروقت ادا کرتی رہی تھی۔ تاہم، اکتوبر 2018ء سے شروع ہو کر، اس دور میں اس وقت کے مینجنگ ڈائریکٹر میراج انیس عارف کے دور اقتدار سمیت، کمپنی کو درپیش آپریشنل اور مالی رکاوٹوں کی وجہ سے طے شدہ ادائیگیاں برقرار نہیں رکھی جاسکیں۔ نتیجتاً، بینک نے ستمبر 2020ء میں تقریباً Rs. 111 ملین کی رقم کی وصولی کی کارروائی شروع کی۔

بینک کی طرف سے فراہم کردہ معلومات اور بیانات کی بنیاد پر، کمپنی کی انتظامیہ نے مالی بیانات میں اصل اور جمع شدہ مارک اپ مجموعی طور پر Rs. 148.49 ملین کو مناسب طریقے سے شامل کیا ہے۔ بیرونی آڈیٹرز نے Rs. 95.930 ملین کی اصل رقم کے حوالے سے بینک سے متعدد بار براہ راست بیلنس کی تصدیق مانگی ہے؛ تاہم، رسمی تصدیق ابھی تک موصول نہیں ہوئی۔

vii. ملازم فوائڈ کی ذمہ داری

پاکستان انجینئرنگ کمپنی (PECO) کی ملازم فوائڈ کی ذمہ داری ایک آسان تخمینہ نقطہ نظر کے ذریعے طے کی گئی ہے، بنیادی طور پر اکتوبر 2018ء سے جون 2023ء کے عرصے کے لیے مکمل اور قابل اعتماد انسانی وسائل کے ریکارڈ کی عدم دستیابی کی وجہ سے۔ اس مدت کے دوران، اس وقت کے مینجنگ ڈائریکٹر میراج انیس عارف کے دور اقتدار سمیت، ملازمین کے شمولیت، رخصت، اور خدمت کی تاریخ سے متعلق جامع ڈیٹا کو مستقل طور پر برقرار یا قابل رسائی شکل میں محفوظ نہیں کیا گیا۔ نتیجتاً، موجودہ انتظامیہ قابل اطلاق اکاؤنٹنگ معیارات کے تحت مطلوب پروجیکٹڈ پونٹ کریڈٹ طریقہ کار کو لاگو کرنے کے لیے ضروری ملازم نقل و حرکت کے تفصیلی ریکارڈ کو دوبارہ تعمیر کرنے سے قاصر ہے۔

viii. غیر دعوی شدہ ڈیویڈنڈ جو وفاقی حکومت کے ساتھ جمع نہیں کروائے گئے

اکتوبر 2018ء تک، پاکستان انجینئرنگ کمپنی (PECO) کی انتظامیہ اور بورڈ آف ڈائریکٹرز نے کمپنیز ایکٹ، 2017ء کے دفعہ 242 کے تقاضوں کی تعمیل کے لیے ضروری عمل شروع کر دیا تھا، جس میں قانونی دفعات کے مطابق روزنامہ اخبارات میں اشتہارات کی اشاعت شامل تھی۔ اس کے بعد، اس وقت کے سرکاری طور پر مقرر مینجنگ ڈائریکٹر میراج انیس عارف کے دور اقتدار سمیت، مداخلتی مدت کے دوران کمپنی کو درپیش انتظامی اور آپریشنل رکاوٹوں کی وجہ سے، یہ معاملہ مکمل نہ ہو سکا اور مقررہ تقاضوں کے مطابق غیر دعوی شدہ ڈیویڈنڈ کی منتقلی زیر التواء رہی۔ تاہم، موجودہ انتظامیہ اور بورڈ آف ڈائریکٹرز نے کمپنیز ایکٹ، 2017ء کے دفعہ 242 کی دفعات کی تعمیل کو یقینی بنانے کے لیے مکمل طور پر پرعزم ہیں اور جلد از جلد ممکنہ موقع پر، کمپنی کی نقد بہاؤ کی پوزیشن میں بہتری کے ساتھ مشروط، بقایا امور کو باقاعدہ کرنے کا ارادہ رکھتے ہیں۔

ix. حکومت پاکستان/نجکاری کمیشن کے قرضے

حکومت پاکستان اور نجکاری کمیشن کے قرضوں کے معاملے پر حکومت پاکستان، نجکاری کمیشن اور وزارت خزانہ کے نمائندوں کے ساتھ بات چیت ہوئی۔ متعدد اجلاسوں کے نتیجے میں، Rs. 131.454 ملین (نجکاری کمیشن کی طرف سے اپنے خرچ پر ادا کردہ اضافی گریجویٹ) کو چھوڑ کر، اصل قرضے کی ہم آہنگی ہو چکی ہے۔

ابتداء میں، حکومت پاکستان کی طرف سے مارک اپ کا کوئی دعوی نہیں تھا۔ تاہم، نجکاری کمیشن اور حکومت پاکستان نے بیرونی آڈیٹرز کو ان قرضوں پر مارک اپ کے بارے میں مطلع کرنا شروع کر دیا۔ پیکو کی انتظامیہ نے قانونی مشاورت حاصل کی جس میں کہا گیا ہے کہ حکومت کا مارک اپ دعوی مناسب نہیں ہے۔ اگر نجکاری کمیشن نے 1995ء میں زمین فروخت کی ہوتی تو حکومت سے متعلق ذمہ داریاں ختم ہو جاتیں۔

بورڈ آف ڈائریکٹرز نے اپنے مختلف اجلاسوں میں قرارداد پاس کی کہ PECO کو دیے گئے کسی بھی قرض کے حوالے سے قانون کے تحت حکومت پاکستان کو واجب الادا رقم ادا کی جائے گی۔ بورڈ نے حکومت پاکستان کے ساتھ اتفاق کیا ہے کہ ECC کے 02.03.1993ء کے فیصلے کے مطابق بدامی باغ زمین کی فروخت سے اپنی ذمہ داریوں کو ایڈجسٹ کیا جائے، جس کی حالیہ تشخیص کے مطابق مارکیٹ ویلیو Rs. 10,386.00 ملین ہے جو حکومت پاکستان کے دعوے سے زائد ہے۔

بورڈ آف ڈائریکٹرز اور کمپنی کی انتظامیہ کا یقین ہے کہ وہ کسی بھی معاہدے کی غیر موجودگی میں ان قرضوں پر کوئی سود ادا کرنے کے ذمہ دار نہیں ہیں۔ تاہم، اس مسئلے کو حل کرنے کے لیے، پیکو کے بورڈ آف ڈائریکٹرز نے وزارت صنعت و پیداوار/حکومت پاکستان کو متعدد بار تجویز دی ہے کہ مارک اپ کی متنازع رقم کو حل کرنے کے لیے حکومت پاکستان کی طرف سے ایک تکنیکی کمیٹی تشکیل دی جائے جس میں نجکاری کمیشن، وزارت خزانہ، وزارت صنعت و پیداوار اور پیکو کے نمائندے شامل ہوں۔ پیکو کے بورڈ آف ڈائریکٹرز یہ بھی تجویز کرتے ہیں کہ آزاد ڈائریکٹرز کی تجاویز لینے کے بعد باقی رقم کا تعین کرنے کے لیے سپریم کورٹ کے ریٹائرڈ جج کو مقرر کیا جائے۔

کارپوریٹ مالیاتی رپورٹنگ فریم ورک پر بیان

اشاک اکیچینج کے لسٹنگ ریگولیشنز کے ذریعے مقرر کردہ کارپوریٹ گورننس کے ضابطے کی متعلقہ شرائط کو 30 جون 2024 کو ختم ہونے والے سال کے لیے مکمل طور پر پورا کیا گیا۔ اس اثر کا بیان رپورٹ کے ساتھ منسلک ہے، براہ کرم صفحہ نمبر XX کا حوالہ دیں۔

آڈٹ اور رسک مینجمنٹ کمیٹی

آڈٹ اور رسک مینجمنٹ کمیٹی بورڈ کی طرف سے ڈائریکٹرز کو ان کی ذمہ داریوں — کارپوریٹ گورننس، مالی رپورٹنگ اور کارپوریٹ کنٹرول — میں مدد کے لیے قائم کی گئی تھی۔ کمیٹی تین ارکان پر مشتمل ہے جن میں تمام ارکان بشمول کمیٹی کے چیئرمین آزاد ڈائریکٹرز ہیں۔

بورڈ آڈٹ اور رسک مینجمنٹ کمیٹی کمیٹی کے مالی نتائج، آڈٹ اور انتظامی کنٹرول کے نظام کے معیارات کی پابندی کا جائزہ لینے کی ذمہ دار ہے۔ کمیٹی طریقہ کار کا جائزہ لیتی ہے، کمپنی کے لیے انجام دی گئی خدمات کے حوالے سے آزادی کو یقینی بناتی ہے، اور بورڈ آف ڈائریکٹرز کو سفارشات کرتی ہے۔

کمیٹی کی تشکیل درج ذیل ہے:

• Mr. Arslan Nayyar Sheikh چیئرمین

• Mr. Ansar Javed رکن

• Mr. Tahir Bashir Khan رکن

• Mirza Mahmood Ahmad رکن

سال کے دوران بورڈ کمیٹی کا کوئی اجلاس نہیں ہوسکا؛ کیونکہ آڈٹ اور رسک مینجمنٹ کمیٹی دسمبر 2024ء میں بورڈ کی طرف سے تشکیل دی گئی تھی۔ تاہم، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور حکومت پاکستان کو اس حقیقت سے آگاہ کیا گیا۔

ڈائریکٹرز پر بیٹی پروگرام

کمپنی کے بورڈ آف ڈائریکٹرز 12 ڈائریکٹرز پر مشتمل ہے، جہاں ڈائریکٹرز لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019ء کے ریگولیشن 19 کے مطابق ڈائریکٹرز پر بیٹی پروگرام کے تحت سند یافتہ ہیں۔

ضابطہ اخلاق

بورڈ کی، سینئر انتظامیہ اور دیگر ملازمین کی دیانت داری کو فروغ دینے کے لیے پیشہ ورانہ معیارات اور کارپوریٹ اقدار قائم کرنے کی غرض سے، بورڈ نے ایک ضابطہ اخلاق منظور کیا ہے اور اسے عام کیا ہے جس میں قابل قبول اور ناقابل قبول طرز عمل کی وضاحت کی گئی ہے۔ اسے کمپنی کی ویب سائٹ پر بھی رکھا گیا ہے۔

ملازمین کی تعداد

کمپنی نے مثالی افرادی قوت کے ساتھ اپنی آپریشنز جاری رکھیں۔ 30 جون 2024ء تک ملازمین کی تعداد 24 تھی جبکہ گزشتہ سال 34 تھی۔

انسانی وسائل اور معاوضہ کمیٹی

انسانی وسائل اور معاوضہ کمیٹی بورڈ کی طرف سے ڈائریکٹرز کو اہم انتظامی اہلکاروں کے انتخاب، جائزہ، معاوضہ اور کیریئر کی منصوبہ بندی کے حوالے سے ان کی ذمہ داریوں میں مدد کے لیے قائم کی گئی تھی۔ یہ کمیٹی انسانی وسائل پالیسیوں اور طریقہ کار میں بہتری لانے اور ان کے وقتاً فوقتاً جائزے کی سفارشات میں بھی شامل ہے۔

سال کے دوران بورڈ کمیٹی کا کوئی اجلاس نہیں ہوسکا؛ کمیٹی کی سابقہ انتظامیہ کے پیدا کردہ انتظامی اور آپریشنل تنازعات کی وجہ سے، تاہم، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور حکومت

پاکستان کو اس حقیقت سے آگاہ کیا گیا۔

فنانس کمیٹی

کمیٹی کا مقصد بورڈ کی طرف سے قائم کردہ مجموعی پالیسی فریم ورک کے اندر خزانے سے متعلق پالیسیاں مقرر کرنا ہے۔ اس کمیٹی کی تشکیل روزمرہ خزانے کی آپریشنز اور معمول کی سرگرمیوں کے انتظام کو متاثر یا محدود نہیں کرتی۔ خصوصی حالات یا مالیاتی مارکیٹ کے رویے کی وجہ سے پیدا ہونے والی کوئی بھی انحراف بعد کے بورڈ اجلاس میں توثیق کے لیے پیش کی جائے گی۔ کمیٹی کا ہدف ہر سہ ماہی میں ملنا ہے لیکن یہ ضروری ہے کہ کمیٹی کے اکثریتی ارکان ہر مالی سال میں کم از کم دو بار اور کمیٹی کے چیئرمین کی ضرورت کے مطابق دیگر اوقات میں بھی ملیں۔

سال کے دوران بورڈ کمیٹی کا کوئی اجلاس نہیں ہوسکا؛ کمیٹی کی سابقہ انتظامیہ کے پیدا کردہ انتظامی اور آپریشنل تنازعات کی وجہ سے۔ تاہم، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور حکومت پاکستان کو اس حقیقت سے آگاہ کیا گیا۔

متعلقہ فریقوں کے ساتھ لین دین

کمیٹی نے تمام متعلقہ فریقوں کے ساتھ لین دین کی تفصیلات آڈٹ کمیٹی کے سامنے اور ان کی سفارش پر بورڈ کو جائزہ اور منظوری کے لیے پیش کرنا جاری رکھا۔

ویب موجودگی

موجودہ مالی سال کے لیے کمیٹی کے وقتاً فوقتاً مالی بیانات بشمول گزشتہ تین سالوں کی سالانہ رپورٹیں، سرمایہ کاروں کی معلومات کے لیے کمیٹی کی ویب سائٹ www.peco.com.pk پر دستیاب ہیں۔

صحت، حفاظت اور ماحول

کمیٹی صحت، حفاظت اور ماحول کے معیارات کو بہتر بنانے پر یقین رکھتی ہے اور پائیدار HSE کارکردگی حاصل کرنے کے لیے مکمل طور پر پرعزم ہے۔ پوری تنظیم میں عمل کی حفاظت اور رویے پر مبنی حفاظت کو ایسے نظام کے ذریعے بڑھایا گیا ہے جو کمیٹی کے تنظیمی ڈھانچے کے ساتھ مربوط ہے، اور کمیٹی اعلیٰ ترین سطح کو حاصل کرنے اور برقرار رکھنے پر توجہ دیتے ہوئے مسلسل بہتری کے راستے پر گامزن ہے۔

کمیٹی نے ایک مستحکم جانشینی منصوبہ تیار کیا ہے جس میں ممکنہ مستقبل کے رہنماؤں کی ترقی کے لیے کارکردگی کا جائزہ اور مناسب تربیتی ضروریات شامل ہیں۔

بقایا قانونی واجبات

بقایا قانونی واجبات کی تفصیل حسابات کے نوٹ نمبر 24 میں دی گئی ہے۔

کاروباری منصوبے

پاکستان انجینئرنگ کمیٹی لمیٹڈ (PECO) — ایک عوامی طور پر درج شدہ کمیٹی — کے بورڈ آف ڈائریکٹرز نے بحالی کی جانب ایک فیصلہ کن قدم اٹھایا ہے اور 15 مارچ 2025ء کو منعقد اپنے حصص داروں کی جنرل باڈی میٹنگ میں پانچ سال کے تاخیر شدہ مالی حسابات کی منظوری دے دی ہے۔ یہ سنگ میل 2018ء سے 2023ء تک اس کی سابقہ انتظامیہ کی تباہ کن بدانتظامی کے سالوں کے بعد آیا ہے جس کے دوران اقتدار نے کمیٹی کو تباہی کے دہانے پر پہنچا دیا تھا، جس میں 1.2 PKR بلین سے زائد کے مالی نقصانات شامل ہیں۔

سابقہ انتظامیہ کے دور میں پہنچائے گئے نقصان کی شدت کافی زیادہ رہی ہے۔ ایک فعال ادارہ ہونے کی حیثیت سے، کمیٹی کو کافی مالی نقصانات ہوئے اور تقریباً مکمل آپریشنل بندش کا سامنا کرنا پڑا۔ اہم اثاثے خراب ہو گئے، جبکہ کافی تجارتی وصولیاں، انویسٹریاں، اور قرض دہندگان کے وسائل خسارے کو جذب کرنے کے لیے ختم ہو گئے، جس نے بالآخر بنیادی کاروباری سرگرمیاں روک دیں۔ مالیاتی اداروں اور سپلائرز کے ساتھ ڈیفالٹ نے کمیٹی کی سادھ کو سنگین نقصان پہنچایا۔ نتیجتاً، افرادی قوت کو بڑے پیمانے پر کم کیا گیا، تقریباً 450 ملازمین کو فارغ کیا گیا، اور فی الحال صرف 24 اہلکار خدمت میں ہیں۔

سنگین لیکویڈیٹی چیلنجوں سے نمٹنے اور آپریشنز کو مستحکم کرنے کے لیے، بورڈ نے متعدد کاروباری اور تنظیمی منصوبے تیار کیے ہیں اور ان پر فعال طور پر عمل کر رہا ہے، جن کا مقصد کمیٹی کی مالی صحت اور آپریشنل پائیداری کو بحال کرنا ہے۔ یہ اقدامات نقد بہاؤ کو بہتر بنانے، اثاثوں کے استعمال کو بہتر بنانے، اور پائیدار آمدنی کے ذرائع پیدا کرنے پر مرکوز ہیں جبکہ تنظیمی تبدیلی کے لیے ایک منظم راستہ فراہم کرتے ہیں۔

ان اقدامات کے ذریعے پیدا کردہ مالی وسائل بقایا ذمہ داروں کے تصفیے میں سہولت فراہم کرنے کے لیے بھی ہیں، کیونکہ کمیٹی کو بعض سپلائرز اور مالیاتی اداروں کی وصولی کی کارروائیوں کا سامنا ہے۔

یہ اقدامات اس بات کو یقینی بنانے کے لیے انتہائی اہم ہیں کہ PECO کی بحالی کی کوششیں جاری رہیں اور مستقبل میں اقتدار کے ایسے غلط استعمال کو روکا جائے اور PECO اپنی ماضی کی شان و شوکت دوبارہ حاصل کرے اور نمایاں روزگار پیدا کرے۔

بورڈ آف ڈائریکٹرز اور انتظامیہ کا یقین ہے کہ وہ کمیٹی کی سابقہ انتظامیہ کے پیدا کردہ تباہی کو درست کرنے کے لیے اپنی بہترین کوششیں کر رہے ہیں، اور کمیٹی انشا اللہ غیر معینہ مدت تک 'گونگ کنسنر' کے طور پر کام کرتی رہے گی۔

اعتراف تشکر

بورڈ گزشتہ آٹھ سالوں کے مسلسل مشکل وقت میں اپنے مسلسل تعاون کے لیے اہم انتظامیہ اور ملازمین کا شکریہ ادا کرنا چاہتا ہے۔ ہم کمیٹی کی کامیابی اور تمام اسٹیک ہولڈرز اور مجموعی طور پر ملک کے فائدے

کے لیے اللہ تعالیٰ سے دعا گورہتے ہیں۔ PECO کے بورڈ آف ڈائریکٹرز نے ہمیشہ پاکستان انجینئرنگ کمپنی لمیٹڈ میں پائے جانے والے مسائل کو حل کرنے کے لیے وزارتِ صنعت و پیداوار کے ذریعے حکومتِ پاکستان کی مکمل حمایت کو یقینی بنایا ہے۔ ہم کمپنی کی کامیابی اور تمام اسٹیک ہولڈرز اور مجموعی طور پر ملک کے فائدے کے لیے اللہ تعالیٰ سے دعا گورہتے ہیں۔

بورڈ کی طرف سے:

انصر جاوید
ڈائریکٹر

عبدالشیر خان خٹک
مینجنگ ڈائریکٹر

14 مارچ 2026

لاہور

STATEMENT OF COMPLIANCE, WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

PAKISTAN ENGINEERING COMPANY LIMITED FOR THE YEAR ENDED JUNE 30, 2024

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of Directors are 09 as per the following:

a.	Male	08
b.	Female	01

The Board of Directors in its 215th meeting held on 05.03.2024 resolved to fix the number of directors as eight (08), to be elected in general meeting for a term of three (03) years. The total strength of the post-election Board of Directors of the Company is eight (08) elected directors, representing private shareholding, and four (04) Federal Government nominees.

2. The composition of board is as follows:

a. Independent Directors	02	Mr. Mohammad Abbas Mirza Mr. Arslan Nayyar Sheikh
b. Non-executive Director	08	Mr. Rashid Ali Khan Mr. Tahir Bashir Khan Mr. Muhammad Arif Habib Mirza Mahmood Ahmad Mr. Ansar Javed Government Nominee Director (Vacant) Government Nominee Director (Vacant) Government Nominee Director (Vacant)
c. Executive Directors	01	Mr. Salman Mufti (Government Nominee Director)
d. Female Directors	01	Miss. Saher Mangi

*Mr. Salman Mufti (Government Nominee Director), the Chief Executive Officer of the Company, is a deemed director as defined in Section 188(3) of the Companies Act, 2017. Mr. Salman Mufti, Chief Executive Officer, was transferred on 18.07.2024. No Government Nominee Director was notified by Establishment Division/Ministry of Industries and Production, Government of Pakistan, which was beyond the statutory limit of ninety days from the occurrence of the vacancy. However, Ministry of Industries and Production, Government of Pakistan along with Securities and Exchange Commission of Pakistan was informed with this fact.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company:

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act 2017 ("Act") and these Regulations;
7. 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. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
 8. The Board of Directors have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.
 9. The directors either have already attended the Directors' training as required in previous years or meet the exemption criteria as contained in these Regulation. Therefore, the Board has not arranged any Directors Training Program;
 10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
 11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board; (Refer Para 19 (2))
 12. The Board has not formed any Board's Committees due to management disputes created by Government Nominated ex-MD PECO, Mairaj Anees Ariff. However, Securities and Exchange Commission of Pakistan (SECP) and Ministry of Industries and Production, Government of Pakistan were duly informed with this fact.
 13. The terms of reference of the Committees have not been formed, documented and advised to the Committee for compliance. (Refer Para 19(3)/Para 19(4))
 14. The frequency of meetings (quarterly/half yearly/ yearly) of the Committees were as per following:

a. Audit Committee	None
b. Finance Committee	None
c. Risk Management Committee	None
d. Human Resource and Remuneration Committee	None

No meeting of any Board' Committee could be held. This was due to the facts mentioned in paragraph 12.
 15. The Board has set up an effective internal audit function, which is supervised by the head of internal audit, who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
 16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6 and 8 of the regulations have been complied with. However, requirement of regulation 24, 25, 27, 28 and 34 cannot be complied. This was due to the facts mentioned in paragraph 12.
19. Explanation for non-compliance with requirements, other than regulations 24, 25, 27, 28 and 34 are below (if applicable):

S. No.	Requirement	Reg. No.	Explanation
1	Same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	24	Presently, both the aforesaid positions are held by the same person, Mr. Anwar Aziz. Considering the requirements of these regulations, Board was trying to on-board a person with requisite qualification.
2	The chief executive officer and the chief financial officer shall duly endorse the quarterly and half-yearly under their respective signatures prior to placing and circulating the same for consideration and approval of the Board.	25	Due to the facts described in para 12 of Statement of Compliance, the chief executive officer and the chief financial officer were not able to duly endorse the quarterly and half-yearly statements under their respective signatures.
3	There shall be an Audit Committee of at least three members comprising of non-executive directors and at least one independent director where as chairman of the committee shall be an independent director, who shall not be the chairman of the Board	27	Due to the facts described in para 12 of Statement of Compliance, the Board was not able to make any committee during the year.
4	There shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director.	28	Due to the facts described in para 12 of Statement of Compliance, the Board was not able to make any committee during the year.
5	The quarterly financial statements of companies shall be published and circulated along with directors' review on the affairs of the company.	34	Due to the facts described in para 12 of Statement of Compliance, the quarterly financial statements were not prepared and also the directors were not able to publish and circulate director's review report.

Lahore
March 14, 2026

Muhammad Asad Islam Mahni
(Chairman of the Board)

**Independent Auditor's Modified Review Report
To the Members of "Pakistan Engineering Company Limited"**

Review Report on the Statement of Compliance Contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Pakistan Engineering Company Limited** for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

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 Regulations require 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. 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.

Based on our review, except for the below instance of non-compliance, 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 the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2024.

Further, we highlight below instance of non-compliance made by the company with certain requirements of the Code as stated in paragraphs 18 and 19 of Statement of Compliance:

S. No.	Requirement Nature	Reference	Description of the Non-Compliance
1	Mandatory	Para 18	As per the code of corporate governance, independent directors must be two or one third of members of board, whichever is higher. However, this criteria was not met as Government nominee director has not been appointed.

2	Explanation of non-compliance is required	Para 19(1)	As per regulation 24, Same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company. However, due to the fact as described in para 12 of Statement of Compliance, the Board was unable to exercise its powers fully.
3	Explanation of non-compliance is required	Para 19(2)	As per regulation 25, The chief executive officer and the chief financial officer shall duly endorse the quarterly, half-yearly and annual financial statements under their respective signatures prior to placing and circulating the same for consideration and approval of the Board. However, due to the fact as described in para 12 of Statement of Compliance, no quarterly and half-yearly financial statements were prepared and duly endorsed by the chief executive officer and the chief financial officer.
4	Mandatory	Para 19(3)	As per regulation 27, It is mandatory that the audit committee shall be constituted by the Board keeping in view the following requirements; (i) the Board shall establish an audit committee of at least three members comprising of non-executive directors and at least one independent director; (ii) chairman of the committee shall be an independent director, who shall not be the chairman of the Board; (iii) the Board shall satisfy itself that at least one member of the audit committee shall be “financially literate”; However, due to the fact as described in para 12 of Statement of Compliance, Board was unable to constitute the audit committee and any proceedings of the said committee thereon.

5	Explanation of non-compliance is required	Para 19(4)	As per regulation 28, There shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director. However, due to the fact as described in para 12 of Statement of Compliance, Board was unable to constitute the human resource and remuneration committee and any proceedings the said committee thereon.
6	Explanation of non-compliance is required	Para 19(5)	As per regulation 34, The quarterly financial statements of companies shall be published and circulated along with directors' review on the affairs of the company. However, due to the fact as described in para 12 of Statement of Compliance, the Board was unable to exercise its powers fully.

Lahore

Date: March 14, 2026

UDIN: CR202410916GT60SLbe5

Malik Haroon Ahmad & Co.

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

to the Members of Pakistan Engineering Company Limited Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the annexed financial statements of **Pakistan Engineering Company Limited** (the Company), which comprise the statement of financial position as at **June 30, 2024**, and the statement of profit or loss, statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies and other explanatory information.

We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the *Basis of Disclaimer of Opinion* section of the report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for Disclaimer of Opinion

1. Following the management crisis from October 2018 till March 2023 and despite keeping all stakeholders on board during this period, the Company does not have any active business operations to maintain its going concern status. Additionally, as disclosed in Note 2 to the financial statements, due to operational crisis during the year company incurred loss before levy and taxation of Rs 82.704 million. Nevertheless, the financial statements have been prepared on a going concern basis.
2. The fair valuation of investment property amounting to Rs. 18.78 million, as disclosed in Note 8.3 of the financial statements, is based on a valuation carried out as of March 17, 2016. However, we were unable to obtain audit evidence to determine whether any material adjustments in disclosure were required.
3. We were unable to verify the valuation and existence of stores, spares and loose tools and stock in trade amounting to Rs. 11.094 million and Rs. 40.893 million respectively, as these items were purchased and manufactured several years ago and we were appointed as auditors in December 2024. Consequently, we were unable to satisfy ourselves by alternative procedures regarding the cost and existence of inventory as at 30 June 2024.
4. Due to the ongoing dispute with the Government, we were unable to obtain sufficient appropriate audit evidence to determine whether the land classified as held for sale as at June 30, 2024 meets the criteria for such classification in accordance with the applicable accounting standards. Consequently, we were also unable to determine whether the liabilities directly associated with the land held for sale, which have been presented as current liabilities, have been appropriately classified in the financial statements. The land, liabilities and related disclosures have been presented in Notes 19 and 27 to the financial statements.
5. We were unable to obtain audit evidence to verify long-term investments of Rs. 0.819 million, advances of Rs. 37.227 million, trade deposits, prepayments, and other receivables of Rs. 28.140 million.
6. We were unable to verify trade debtors amounting to Rs. 8.754 million. Additionally, we were unable to verify trade and other payables amounting to Rs 294.818 million out of a total balance of Rs. 573.201 million.

7. The employee benefit liability has been calculated using the simplified approach, which contravenes IAS 19 guidelines that require the use of the projected unit credit method.
8. Unclaimed dividends amounting to Rs. 13.070 million have not been deposited with the Federal Government as required by Section 242 of the Companies Act 2017. We were unable to determine the potential penalty, which should have been recorded in the financial statements.
9. Notes 27 and 28.1.3 to 28.1.5 of the financial statements state that the management believes the Company is not liable to pay Rs. 131.454 million in principal loan liabilities and Rs. 8.522 billion in accrued interest as claimed by Government Authorities. We were unable to obtain sufficient audit evidence to verify these assertions.
10. Due to the matters noted above, we were unable to determine whether any adjustment may be necessary in deferred tax liability of Rs. 94.402 million reported in the financial statements.

Because of the significance of the matters described above, we were unable to determine whether any adjustments might have been necessary in respect of the recorded or unrecorded balances and the elements making up the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Company's financial statements in accordance with international standards on auditing and to issue an auditor's report. However, because of the matters described in the *Basis for Disclaimer of Opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code.

Report on Other Legal and Regulatory Requirements

Due to the significance of matters as described in the basis for disclaimer of opinion section of our report, we do not express an opinion as to whether:

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

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Nawaz, ACA.**

Lahore
Date: March 14, 2026
UDIN: AR202410916Xem0Qqj3N

Malik Haroon Ahmad & Co.
Chartered Accountants

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
---- Rupees in "000" ----			
ASSETS			
NON - CURRENT ASSETS			
Property, plant and equipment	7	39,083,508	14,412,071
Investment property	8	405	426
Long term investment	9	819	819
Long term deposits	10	2,053	2,053
		39,086,785	14,415,369
CURRENT ASSETS			
Stores, spares and loose tools	11	11,094	11,084
Stock-in-trade	12	40,893	40,893
Short term investments	13	11	9
Trade debts - unsecured	14	8,754	8,754
Advances	15	37,227	37,254
Trade deposits, prepayments and other receivables	16	28,140	28,140
Tax refunds due from Government	17	134,672	145,230
Cash and bank balances	18	9,502	15,040
		270,293	286,404
Free hold land - held for sale	19	314,724	314,724
TOTAL ASSETS		39,671,802	15,016,497

The annexed notes from 1 to 49 form an integral part of this financial statements.

Abdul Shabir Khan Khattak
Managing Director

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
EQUITY AND LIABILITIES			
Share capital	20	56,902	56,902
Revenue reserve - general		10,000	10,000
Accumulated loss		(2,152,980)	(2,090,602)
Surplus on revaluation of fixed assets	21	39,098,970	14,409,234
		37,012,892	12,385,534
NON - CURRENT LIABILITIES			
Long term deposits	22	4,000	4,000
Deferred liabilities - net	23	118,252	127,249
		122,252	131,249
CURRENT LIABILITIES			
Trade and other payables	24	573,201	543,218
Unclaimed Dividend	25	13,070	13,070
Short term borrowing - secured	26	95,930	95,930
Accrued mark-up		52,561	45,892
Provision for taxation		11,048	10,757
		745,810	708,866
Liabilities directly associated with free hold land - held for sale	27	1,790,848	1,790,848
CONTINGENCIES AND COMMITMENTS			
	28		
TOTAL EQUITY AND LIABILITIES		39,671,802	15,016,497

The annexed notes from 1 to 49 form an integral part of this financial statements.

Abdul Shabir Khan Khattak
Managing Director

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in '000 -----			
Sales	29	23,332	30,085
Cost of sales	30	(43,522)	(65,858)
Gross loss		(20,190)	(35,773)
Selling and distribution expenses	31	(2)	(769)
Freight and forwarding expenses	32	-	(1,125)
Administrative expenses	33	(39,760)	(52,361)
Other operating charges	34	(17,136)	(1,182)
		(56,898)	(55,438)
Other operating income	35	1,068	45,713
Operating loss		(76,020)	(45,498)
Finance cost	36	(6,684)	(10,867)
Loss before taxation and levies		(82,704)	(56,365)
Levy	37	(292)	(376)
Loss before taxation		(82,996)	(56,741)
Taxation		7,694	9,271
Loss after taxation		(75,302)	(47,470)
 BASIC AND DILUTED EARNINGS PER SHARE			
Basic and diluted loss per share	38	(13.23)	(8.34)

The annexed notes from 1 to 49 form an integral part of this financial statements.

Abdul Shabir Khan Khattak
Managing Director

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
 STATEMENT OF COMPREHENSIVE INCOME
 FOR THE YEAR ENDED JUNE 30, 2024

	2024	2023
	----- Rupees in '000 -----	
Loss after taxation for the year	(75,302)	(47,470)
Items that will not be reclassified to profit and loss account:		
Remeasurement of retirement benefit plan	-	-
Revaluaton Surplus on land	24,708,500	-
Revaluaton surplus on building	99,439	-
Revaluation loss on plant and machinery	(107,665)	-
Related deferred tax impact on building and plant & machinery	2,386	-
	24,702,660	-
Total comprehensive income/(loss) for the year	24,627,358	(47,470)

The annexed notes from 1 to 49 form an integral part of this financial statements.

Abdul Shabir Khan Khattak
 Managing Director

Mian Anwar Aziz
 Chief Financial Officer

Arsalan Nayyar Sheikh
 Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up capital	Revenue Reserve - General	Accumulated Loss	Surplus on revaluation of fixed assets	Total
-----Rupees in '000 -----					
Balance as at July 01, 2022	56,902	10,000	(2,056,852)	14,422,954	12,433,004
- Loss after tax for the year ended 30 June 2023	-	-	(47,470)	-	(47,470)
Other comprehensive income for the year					
-Remeasurement of retirement benefit plan	-	-	-	-	-
-Related deferred tax impact	-	-	-	-	-
Surplus on revaluation of property, plant and equipment realized during the year on account of:					
- incremental depreciation - net off tax	-	-	13,720	(13,720)	-
Revaluation of property, plant and equipment adjustment due to change in tax rate - OCI	-	-	-	-	-
Balance as at June 30, 2023	56,902	10,000	(2,090,602)	14,409,234	12,385,534

The annexed notes from 1 to 49 form an integral part of this financial statements.

Abdul Shabir Khan Khattak
Managing Director

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid-up capital	Revenue Reserve - General	Accumulated Loss	Surplus on revaluation of fixed assets	Total
	-----Rupees in '000-----				
Balance as at July 01, 2023	56,902	10,000	(2,090,602)	14,409,234	12,385,534
- Loss after tax for the year ended 30 June 2024	-	-	(75,302)	-	(75,302)
Other comprehensive income for the year					
-Remeasurement of retirement benefit plan	-	-	-	-	-
-Related deferred tax impact	-	-	-	-	-
Revaluation surplus	-	-	-	24,702,660	24,702,660
	-	-	-	24,702,660	24,702,660
Surplus on revaluation of property, plant and equipment realized during the year on account of:					
- incremental depreciation for the year - net	-	-	12,924	(12,924)	-
Revaluation of property, plant and equipment adjustment due to change in tax rate - OCI	-	-	-	-	-
Balance as at June 30, 2024	56,902	10,000	(2,152,980)	39,098,970	37,012,892

The annexed notes from 1 to 49 form an integral part of this financial statements.

Abdul Shabir Khan Khattak
Managing Director

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in '000 -----			
Cash used in operations	39	(4,143)	(31,291)
Finance cost paid		(16)	(1)
Gratuity paid		-	(694)
Levy and tax paid		(18)	(7)
Workers' profit participation fund paid		(104)	-
Net cash used in operating activities		(4,281)	(31,993)
CASH FLOWS FROM INVESTING ACTIVITIES			
Short term investment		-	(1)
Fixed capital expenditure incurred		(1,257)	-
Long term deposits		-	-
Net cash used in investing activities		(1,257)	(1)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	-
Net cash (used in) / generated from financing activities		-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS		(5,538)	(31,994)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		15,040	47,034
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	25	9,502	15,040

The annexed notes from 1 to 49 form an integral part of this financial statements.

Abdul Shabir Khan Khattak
Managing Director

Mian Anwar Aziz
Chief Financial Officer

Arsalan Nayyar Sheikh
Director

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND OPERATIONS

- 1.1** Pakistan Engineering Company Limited ("the Company") was incorporated in Pakistan on February 15, 1950 under the Companies Act, 1913 (Now Companies Act, 2017) as a public limited company. Its shares are quoted on Pakistan Stock Exchange. The factory of the Company is situated at Near Kot Lakhpat Railway Station, Quaid-e-Azam Industrial Estate, PECO Road, Lahore. The registered office of the Company is situated at 6/7 Ganga Ram Trust Building, Shahra-e-Quaid-e-Azam, Lahore. The company is principally engaged in the manufacturing and sale of engineering products. The major products of the company are electricity transmission and communication towers, electric motors, pumps and steel rolled products etc.

2 GOING CONCERN ASSUMPTION

During the FY 2018-19, a management crisis unfolded as the managing director appointed by the Government of Pakistan debarred the Board of Directors and key management personnel of the Company to continue their official duties and assumed control of the Company's operations, and made futile efforts to run the business independently. This crisis continued until March 21st, 2023, when the Board and the key management personnel was reinstated. The Board of Directors and key management personnel of the Company made all efforts to apprise all the stakeholders, i.e., Government of Pakistan, Securities and Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange (PSX), about the crises from time-to-time. Since then, the Board and the key management personnel have been working to compile accurate financial information to prepare financial statements that reflect the true position of the Company's affairs. Due to operational crisis during the year the Company incurred loss before levy and taxation of Rupees 82.706 million. The Board of directors of the Company is hopeful to successfully resume the operations of structure and pump/electric motor divisions in coming days, on the basis business plans reviewed by the board. Accordingly, these financial statements are prepared on going concern basis.

Keeping in view the financial condition of the Company, the Government of Pakistan in past had closed down all the divisions of the Company, however, a rehabilitation plan was approved by the Federal Cabinet and according to the plan, Structure (STR) division was kept operational and Badami Bagh Works was closed down with its land being offered for sale by the Privatization Commission of Pakistan. Furthermore, the company was allowed to hire needed workforce on job-to-job basis on contract/daily wages. In this regard title deed of Badami Bagh Land was also handed over to the Privatization Commission of Pakistan. Expression of interest has been received by Privatization Commission of Pakistan in this regard from many parties and management is confident that the transaction will be completed soon.

As per the recorded order of the Government of Pakistan, the principal liabilities payable towards the Gop will be settled through sale proceeds of Badami Bagh Land, the value of which has been estimated at Rs. 10,386 million. This value is significantly greater than the value of principle Government liabilities payable which amount to Rs. 1,790.848 million in aggregate. Further, the markup claimed by the Government departments on these liabilities is strongly disputed as there was no mention of charging interest in any agreement or decision. Further, to resolve the issue of charging of markup on the Gop loans a committee is recommended to be constituted which should comprise of representative from Ministry of Finance, Ministry of Industries and Production, Privatization Commission and Board Members of PECO.

The Government of Pakistan (through SEC) is one of the major stakeholders has provided in past continued support to the company and expressed its commitment in order to maintain the going concern status of the company. Further the Government's commitment to maintaining the going concern status of the Company is also supported by the fact that the Government in past has provided financial support to the Company in the form of interest free loans and financial support and continues to do so in the shape of credit ceilings vide Ministry of Finance to Rs. 700 million.

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In view of the situation set out above, although material uncertainty exists which may cast significant doubt on the Company's ability to continue as a going concern and therefore it may be unable to realize its assets and discharge its liabilities in the normal course of the business, however, the BoD and the management of the company is strongly committed to maintaining the going concern status of the Company, which is evident from the above paras and is firmly confident that all these conditions are temporary and not permanent and would reverse in the near future and that the going concern assumption is appropriate for the reasons explained in the above paragraphs, therefore, these Financial Statements have been prepared on the assumption that the company will continue as a going concern

3 BASIS OF PREPARATION

3.1 Statement of Compliance

- These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of :
 - (i) International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by Institute of Chartered Accountants of Pakistan
 - (ii) Provisions of and directives issued under the Companies Act, 2017 (the Act).

Wherever the requirements of the Act or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of the Act or the requirements of the said directives prevail.

3.2 Basis of measurement

- These financial statements have been prepared under the historical cost convention except as stated otherwise.

3.3 Critical accounting estimates and judgments

- The Company's material accounting policies are stated in note 5 to these financial statements. Not all of these material policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

3.3.1 Provision for taxation

- The Company takes into account the current income tax law and the decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the income tax department at the assessment stage and where the Company considers that its views on items of material nature are in accordance with law and the outcome is expected in favour of the Company, are shown as contingent liabilities.

3.3.2 Estimated useful lives, residual values and method of depreciation of property, plant and equipment

- The Company reviews the useful lives, residual value and method of depreciation of property, plant and equipment on a regular basis. Any change in estimates in future years might affect the carrying amounts of respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

3.3.3 Provision for inventories and stores

- The Company regularly reviews the inventories for impairment. Provision for obsolete and slow-moving inventories is based on management's estimate of the condition and usability of inventories and stores.

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3.3.4 Impairment of trade receivables

- The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected loss rates are based on the payment profiles of sales over a period of time before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3.3.5 Fair value of unquoted investments

Fair value of unquoted investments is determined by using valuation techniques. The Company uses its judgment to select an appropriate method and makes assumptions that are mainly based on market conditions existing at the end of each reporting period.

3.3.6 Functional and presentation currency

- The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

4 INITIAL APPLICATION OF NEW STANDARDS, INTERPRETATIONS OR AMENDMENTS TO EXISTING STANDARDS

4.1 Standards, interpretations and amendments to accounting standards that are effective in the current period

- During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). Accordingly, in accordance with the Guidance, the Company has changed its accounting policy to recognise minimum and final taxes as 'Levy' under IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" which were previously being recognised as 'Income tax'.

The Company has accounted for the change in its accounting policy as per the requirement of the IAS 8 "Accounting Policies, Change in Accounting Estimates and Errors". The Company has applied the accounting policy of IAS-12 as per guidance. Resultantly, the final and minimum taxes classified as levy (as per IFRIC 21/ IAS 37). The effects of restatements are as follows:

	Had there been no change in accounting policy	Impact of change in accounting policy	After incorporating changes in accounting policy
----- Rs. in thousands -----			
Effects on statement of profit or loss			
For the year ended June 30, 2024			
Levy (Minimum tax)	-	(292)	(292)
Loss before current income tax	(82,704)	(292)	(82,996)
Current income tax	(292)	292	-
For the year ended June 30, 2023			
Levy (Minimum tax)	-	(376)	(376)
Profit before current income tax	(56,365)	(376)	(56,741)
Current income tax	(376)	376	-

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- There were certain amendments that became applicable for the Company during the year but are not considered to be relevant or did not have any significant effect on the Company's operations and have, therefore, not been disclosed in these financial statements except that during the year certain amendments to IAS 1 'Presentation of Financial Statements' have become applicable to the Company which require entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to investors and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

4.2 Standards, amendments to approved accounting standards that are not yet effective

There are certain new standards and amendments that will be applicable to the Company for its annual periods beginning on or after July 1, 2024. The new standards include IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures both with applicability date of January 1, 2027 as per IASB. These standards will become part of the Company's financial reporting framework upon adoption by the SECP. The overall amendments include those made to IFRS 7 and IFRS 9 which clarify the date of recognition and derecognition of a financial asset or financial liability which are applicable effective January 1, 2026. The Company's management at present is in the process of assessing the full impacts of these new standards and the amendments to IFRS 7 and IFRS 9 and is expecting to complete the assessment in due course.

5 MATERIAL ACCOUNTING POLICIES

- The accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented.

5.1 Taxation and levy

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for taxation made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the year when the differences reverse based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited in the profit or loss, except in the case of items credited or charged to OCI.

Levy

As per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements, except for taxes on normal business income and dividend earned from investment in subsidiaries, associates and joint arrangements which is specifically within the scope of IAS 12 and hence it continues to be categorised as current income tax.

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5.2 Property, plant and equipment

- Property, plant and equipment except for freehold land, building and plant and machinery are stated at cost less accumulated depreciation and any identified impairment loss, if any. Building and plant and machinery are stated at revalued amount less accumulated depreciation and any identified impairment loss and freehold land is stated at revalued amount.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Depreciation on all items of property, plant and equipment is charged to profit or loss applying the diminishing balance method so as to write-off the depreciable amount of an asset over its useful life. Depreciation is being charged at the rates given in note 7. Depreciation on additions to property, plant and equipment is charged from the month in which an asset is acquired or capitalized while no depreciation is charged for the month in which the asset is disposed off.

The Company continually assesses at each reporting date whether there is any indication that property, plant and equipment may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amount and the resulting impairment loss is recognized in profit or loss for the year. Any previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount, and the increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the assets' revised carrying amount over its estimated useful life.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the profit or loss in the year the asset is derecognized.

5.3 Capital work in progress

- All expenditure connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

Capital work-in-progress is stated at cost less any identified impairment loss, if any.

5.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes strategic decisions. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses. The financial information has been prepared on the basis of single reportable segment i.e. "Engineering".

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5.5 Associated undertakings / related parties

- The units controlled by the Ministry of Industries and Production, Government of Pakistan and under common controls are considered as associated undertakings of the company. All transactions between the Company and the associated undertakings are accounted for at an arm's length prices determined using "cost plus method" and properly recommended by the audit committee and subsequently approved by the board of directors of the Company.

5.6 Foreign currency translation

- All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the date of transaction. Foreign exchange gains and losses on translation are recognized in the profit or loss. All non-monetary items are translated into Pak Rupees at exchange rates prevailing on the date of transaction or on the date when fair values are determined.

5.7 Investment property

Property not held for own use or for sale in the ordinary course of business is classified as investment property. The investment property of the Company comprises of building and is valued using the cost method i.e. at cost less any identified impairment loss.

The Company assesses at each reporting date whether there is any indication that investment property may be impaired. If such indication exists, the carrying amount of such assets is reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying value exceeds the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the profit or loss for the year. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

The gain or loss on disposal or retirement of an investment property represented by the difference between the sale proceeds and the carrying amount of the asset is recognized in profit or loss.

5.8 Trade debt and other receivables

Trade debts are carried at original invoice amount less any expected credit losses based on review of outstanding amounts at the year end in accordance with the simplified approach. Bad debts are written off when identified.

5.9 Employees' retirement benefits

(a) Defined benefits plan

- The Company operates an unfunded gratuity scheme for its employees, defining the benefit amount an employee will receive upon retirement, resignation, or termination, subject to a minimum qualifying period of service. The Company's net obligation under this defined benefit plan is typically calculated by estimating the future benefits employees have earned in current and prior periods, discounting that amount, and deducting the fair value of any plan assets, with this calculation normally performed annually by a qualified actuary using the projected unit credit method.
- For the financial year 2024, no actuarial valuation was performed. Instead, a simplified provision was made by adding one month's salary for each of the 34 employees to the opening liability, as previously valued by the actuary on June 30, 2018. Due to this simplified calculation method, no remeasurement changes or interest expenses were recognized. The increase in provision is charged to statement of profit or loss.

(b) Defined contribution plan

- Up to June 30, 2005, company was operating a funded provident fund scheme covering all regular members and monthly contribution was made to the trust @10% of basic pay both by the company and the employees.

5.10 Trade and other payables

- Liabilities for trade and other amounts payable are measured at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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5.11 Revenue recognition

Revenue from sale of goods, implements and multi-application products, along with the provision of after market services. Revenue is recognized when performance obligations are satisfied by transferring control of a good or service to a customer, either at a point in time or over time of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised in accordance with the aforementioned principle by applying the following steps:

- i) Identify the contract with a customer.
- ii) Identify the performance obligation in the contract.
- iii) Determine the transaction price of the contract.
- iv) Allocate the transaction price to each of the separate performance obligations in the contract.
- v) Recognise the revenue when (or as) the entity satisfies a performance obligation.

Revenue is recognised either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers. Any bundled goods or services that are distinct are separately recognized, and any discounts or rebates on the contract price are generally allocated to the separate element.

a) Income on bank deposits

Interest income on bank deposits is accounted for on the time proportion basis using the applicable rate of return.

b) Others

Scrap sales and miscellaneous receipts are recognized on realized amounts.

5.12 Borrowing costs

- Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

5.13 Provisions

- Provisions for legal claims, service warranties and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pretax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

5.14 Cash and cash equivalent

- For the purposes of the cash flow statement, cash and cash equivalents are stated at cost and comprise of cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash which are subject to insignificant risk of changes in values. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purpose.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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5.15 Investments

- Investments intended to be held for less than twelve months from the balance sheet date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current.

a) Investments available for sale

These are initially recognized at cost and at subsequent reporting dates measured at fair values. Gains or losses from changes in fair values are taken to other comprehensive income until disposal at which time these are recycled to profit and loss account.

b) Held to maturity

Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held to maturity and are initially measured at cost and at subsequent reporting dates measured at amortized cost using the effective yield method.

c) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially measured at fair value plus directly attributable transaction costs. After initial measurement loans and receivables are subsequently measured at amortized cost using effective interest rate method less impairment, if any. These are classified as current and non-current assets in accordance with criteria set out by the IFRS.

d) Investments at fair value through profit or loss - held for trading

Investments which are acquired principally for the purpose of selling in the near term or the investments that are part of a portfolio of financial instruments exhibiting short term profit taking, are classified as held for trading and designated as such upon initial recognition. These are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

5.16 Impairment

a) Financial assets

A financial asset is considered to be impaired if objective evidence indicate that one or more events had a negative effect on the estimated future cash flow of that asset. An impairment loss in respect of a financial asset measured at amortized cost is calculated as a difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. 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.

b) Non- financial assets

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indications exist, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment loss is recognized as expense in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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5.17 Financial instruments

- All financial assets and liabilities are recognized at the time when the company becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost as the case may be. A financial asset is de-recognized when the company loses control of its contractual rights that comprise the financial asset. A financial liability is de-recognized when it is extinguished. Any gain or loss on de-recognition of the financial assets or liabilities is taken to profit and loss account. The Company recognizes the regular way purchase or sale of financial assets using settlement date accounting.

a) Trade and other receivables

Trade and other receivables are recognized and carried at original invoice amount / cost less an allowance for any uncollectible amounts. Carrying amounts of trade and other receivables are assessed on a regular basis and if there is any doubt about the reliability of these receivables, appropriate amount of provision is made.

b) Off setting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

c) Interest bearing borrowings

Mark-up bearing borrowings are recognized initially at cost being the fair value of consideration received, less attributable transaction costs. Subsequent to initial recognition, mark-up bearing borrowings are stated at original cost less subsequent repayments.

d) Interest-free borrowings at amortized cost

These are measured at amortized cost. The amortized cost of these financial liabilities is determined using prevailing market interest rates for equivalent loans.

5.18 Dividend and appropriation to reserves

- Dividend distribution to the Company's shareholders is recognized as a liability in the period in which these are approved. Appropriations of profit are reflected in the statement of changes in equity in the period in which such appropriations are approved.

5.19 Earnings per share

- The company presents basic and diluted Earning Per Share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5.20 Contingent assets

- Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes virtually certain.

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5.21 Contingent liabilities

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.22 Share capital

- Ordinary shares are classified as equity and recognized at their face value. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

6 RACTIFICATION OF PRIOR YEAR CLASSIFICATION ERRORS

During the year, the Company identified certain classification errors in the financial statements for the year ended June 30, 2023. The details are as follows:

An amount of Rs. 12.689 million relating to a party balance had been erroneously included within bank balances in previous financial statements. The error represented a classification error only and had no impact on profit, total equity, or cash flows. Accordingly, comparative figures have been restated to reclassify the amount from bank balances to trade and other payables.

The management reassessed the classification of a bank borrowing amounting to Rs. 24.374 million obtained from National Bank of Pakistan. The facility had matured on 31 December 2019 and no enforceable right to defer settlement beyond twelve months existed as at the prior reporting date. Accordingly, in compliance with IAS 1, the borrowing should have been classified as a current liability. The prior year financial statements incorrectly presented the amount as non-current. The Company has corrected this prior period error retrospectively in accordance with IAS 8 by restating the comparative figures.

The above corrections relate presentation and classification errors only and had no impact on profit or loss, total equity or net assets, therefore, the Company has not presented a statement of financial position as at the beginning of comparative period.

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7 OPERATING FIXED ASSETS-OWNED

7.1 Particulars	2024											Net book value as at June 30 2024
	Cost / Revalued Amount					Rate	Depreciation					
	As at July 01 2023	Additions	Revaluation surplus/(loss) adjustment	Disposal	As at June 30 2024		As at July 01 2023	For the year	Revaluation surplus/(loss) adjustment	Disposal	As at June 30 2024	
-----Rupees in "000"-----												
Freehold Land	13,835,500	-	24,708,500	-	38,544,000	-	-	-	-	-	-	38,544,000
Factory Building	330,389	-	(13,934)	-	316,455	5%	102,949	11,743	(113,373)	-	1,319	315,136
Plant and machinery	474,292	-	(262,535)	-	211,757	5%	139,527	16,225	(154,870)	-	882	210,875
Office equipment	9,610	283	-	-	9,893	10%	7,933	196	-	-	8,129	1,764
Computers	8,820	-	-	-	8,820	10%	6,913	191	-	-	7,104	1,716
Furniture and Fixtures	10,055	-	-	-	10,055	10%	8,592	146	-	-	8,738	1,317
Vehicles	38,137	-	-	-	38,137	20%	32,505	1,126	-	-	33,631	4,506
Electric Equipment	16,387	974	-	-	17,361	10%	13,345	402	-	-	13,747	3,614
Tools	6,742	-	-	-	6,742	10%	6,097	65	-	-	6,162	580
	<u>14,729,932</u>	<u>1,257</u>	<u>24,432,030</u>	<u>-</u>	<u>39,163,220</u>		<u>317,861</u>	<u>30,094</u>	<u>(268,243)</u>	<u>-</u>	<u>79,712</u>	<u>39,083,508</u>

Particulars	2023											Net book value as at June 30 2023
	Cost / Revalued Amount					Rate	Depreciation					
	As at July 01 2022	Additions	Transfer	Disposal	As at June 30 2023		As at July 01 2022	For the year	Transfer	Disposal	As at June 30 2023	
-----Rupees in "000"-----												
Freehold Land	13,835,500	-	-	-	13,835,500	-	-	-	-	-	-	13,835,500
Factory Building	330,389	-	-	-	330,389	5%	90,978	11,971	-	-	102,949	227,440
Plant and machinery	474,292	-	-	-	474,292	5%	121,908	17,619	-	-	139,527	334,765
Office equipment	9,610	-	-	-	9,610	10%	7,747	186	-	-	7,933	1,677
Computers	8,820	-	-	-	8,820	10%	6,701	212	-	-	6,913	1,907
Furniture and Fixtures	10,055	-	-	-	10,055	10%	8,429	163	-	-	8,592	1,463
Vehicles	38,137	-	-	-	38,137	20%	31,096	1,409	-	-	32,505	5,632
Electric Equipment	16,387	-	-	-	16,387	10%	13,007	338	-	-	13,345	3,042
Tools	6,742	-	-	-	6,742	10%	6,026	71	-	-	6,097	645
	<u>14,729,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,729,932</u>		<u>285,892</u>	<u>31,969</u>	<u>-</u>	<u>-</u>	<u>317,861</u>	<u>14,412,071</u>

7.2 Depreciation for the year has been allocated as under:

Cost of sales
Administrative expenses

2024	2023
Rupees in "000"	Rupees in "000"
27,665	29,999
2,430	1,969
<u>30,095</u>	<u>31,969</u>

- 7.2.1 Depreciation charge is inclusive of incremental depreciation due to revaluation.
- 7.2.2 Land, Building and Plant and Machinery were revalued on May 30, 2024 by an independent valuer M/s Eastern Consultants Co. (Pvt) Ltd , on the basis of fair value / depreciated market value for the period of use resulting in surplus/(loss) of Rs. 24.708 billion, Rs. 99.43 million and Rs. (107.665 million) respectively. Details of previous revaluations is provided in Note. 21.
- 7.2.3 Freehold land represents land situated at Kot Lakhpat Works. The Company is in possession and control of the land and asserts that it holds valid title thereto. As per correspondence from the Board of Revenue, Punjab, the Government of Punjab has no objection to the disposal of properties of PECO which had vested in the Federal Government. However, the mutation of the land in the name of the Company has not been completed due to a letter issued, on 17.11.2014, by the Joint Secretary, Ministry of Industries and Production, Islamabad directing the District Officer (Revenue), Lahore, with a copy endorsed to the Member Revenue, Punjab, to stop the mutation process until further instructions, for reasons not disclosed. The management of the Company has intimated Ministry of Industries and Production, Islamabad, multiple times to withdraw letter issued in 2014; so that mutation of land could be completed; the response of which is still awaited.
- 7.2.4 Proceed sale value of free hold land, building and plant and machinery is Rs. 32,762 million, Rs. 268.99 million and Rs. 179.99 million respectively.
- 7.2.5 Had there been no revaluation, the written down value of the revalued assets in the balance sheet would have been:

Free hold land
 Factory building on free hold land
 Plant and machinery

2024	2023
Rupees in "000"	
753	753
29,316	30,858
156,224	164,446
186,293	196,058

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
8 INVESTMENT PROPERTY			
Cost:			
At the beginning of the year		959	959
Additions during the year		-	-
At the end of the year		959	959
Accumulated depreciation			
At the beginning of the year		533	510
Depreciation for the year		21	23
At the end of the year		554	533
		405	426
Depreciation rate		5%	5%
8.1	Investment property comprises of commercial properties that are situated at Uni Tower, I.I. Chundrigar Road, Karachi and leased to M/S UBL Insurers Limited. The lease contains an initial non-cancellable period of three years, with annual rent indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average renewal periods are three years. No contingent rent are charged.		
8.2	One of the properties having carrying value of Rs. 275 thousands remained vacant since long and no rental income was earned during those years.		
8.3	Fair value of investment property, based on valuation carried out by an independent valuer as at March 17, 2016 was rupees 18.780 million. No material change in fair value of property from previous valuation, is expected. Froced sale value of investment properties is amounting Rs. 15.963 million.		
9 LONG TERM INVESTMENT			
Held to maturity:			
Term deposit in Standard Chartered Bank Limited	9.1	819	819
9.1	The TDR matured in June 2019, carrying an original markup rate of 5.3% per annum (2023: 5.3%). No interest income has been accrued and received during the year due to the non availability of the information. The principal amount deposited with the bank is Rs. 0.741 million.		
10 LONG TERM DEPOSITS			
Long term deposits	10.1	3,771	3,771
Less: Expected credit loss	10.2	1,718	1,718
		2,053	2,053
10.1	These include Rs 1.059 million (2023: Rs 1.059 million) representing amount deposited with Water and Sanitation Agency (LDA), Lahore as a security deposit.		
10.2 Movement in expected credit loss is as follows:			
Opening balance		1,718	1,718
Provided for the year		-	-
Closing balance		1,718	1,718

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
11 STORES, SPARES AND LOOSE TOOLS			
Stores		11,823	11,813
Spares parts		-	-
Loose tools		9,271	9,271
		<u>21,094</u>	<u>21,084</u>
Less: Provision for slow moving stores		(10,000)	(10,000)
		<u>11,094</u>	<u>11,084</u>
11.1	Stores and spares include items which are of capital nature but can not be distinguished.		
12 STOCK-IN-TRADE			
Raw material		5,165	5,165
Work in process		13,320	13,320
Finished goods		22,408	22,408
		<u>40,893</u>	<u>40,893</u>
13 SHORT TERM INVESTMENTS			
ABL cash fund		11	9
13.1	This represents investment in growth fund of Allied Bank Asset Management Limited. The return on this investment is reinvested as and when earned.		
14 TRADE DEBTS - UNSECURED			
WAPDA, AJK and Telecommunication Companies		21,431	21,431
Others	14.2	30,535	30,535
		<u>51,966</u>	<u>51,966</u>
Less: Expected credit loss	14.3		
WAPDA		12,677	12,677
Others		30,535	30,535
		<u>43,212</u>	<u>43,212</u>
		<u>8,754</u>	<u>8,754</u>
14.1	Trade debtors other than those against which provision has been made are considered good by the management.		
14.2	Trade debtors include an amount of Rs. 7.617 million (2023: Rs. 7.617 million) receivable from M/s Metropolitan Steel Corporation Limited against which the company has filed suit for execution of Court decision in favor of the Company.		
14.3 Movement in expected credit loss is as follows:			
Opening balance		43,212	43,212
Add: Provision for expected credit loss		-	-
Less: Provision for expected credit loss written off		-	-
Closing Balance		<u>43,212</u>	<u>43,212</u>

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
14.4	As at June 30, 2024, trade receivables of Rs 43,212 million (2023: Rs 43,212 million) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade debts is as follows:		
		2024	2023
		Gross	Impairment
		Gross	Impairment
		-	-
		-	-
		-	-
		-	-
		51,966	43,212
		51,966	43,212
15	ADVANCES		
	Advances to:		
	- Employees - Secured		
	' - against salary	83	83
	' - against expenses	15.2	2,105
	- Suppliers	15.3	35,040
		37,227	37,254
15.1	Advances other than those against which provision has been made are considered good by the management.		
15.2	Advances to employees are provided to meet business expenses and are settled as and when the expenses are incurred.		
15.3	Suppliers as at closing date	37,506	37,533
	Less: Expected credit loss	15.3.1	2,466
		35,040	35,067
15.3.1	Movement in expected credit loss is as follows:		
	Opening balance	2,466	2,466
	Add: Provision for expected credit loss	-	-
	Less: Provision for expected credit loss written off	-	-
	Closing Balance	2,466	2,466
16	TRADE DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Trade deposits - considered good	16.1	2,531
	Margin against bank guarantee - Considered good	16.2	18,367
	Short term prepayments and other receivables		7,242
		28,140	28,140
16.1	Balance as on closing date	5,663	5,663
	Less: Expected credit loss	3,132	3,132
		2,531	2,531
16.2	Balance as on closing date	18,428	18,428
	Less: Expected credit loss	61	61
		18,367	18,367

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
17 TAX REFUNDS DUE FROM GOVERNMENT			
Advance income tax - net		54,238	54,220
Sales tax refundable		80,434	91,010
		<u>134,672</u>	<u>145,230</u>
18 CASH AND BANK BALANCES			
Cash in hand		50	100
Cash at bank			
- Current accounts		8,728	14,174
- Deposit accounts	18.1	724	767
		<u>9,452</u>	<u>14,940</u>
		<u>9,502</u>	<u>15,040</u>

During the year, the Company identified that an amount of Rs. 12.689 million relating to a party balance had been erroneously included within bank balances in the financial statements for the year ended June 30, 2023. The error represented a classification error only and had no impact on profit, total equity, or cash flows. Accordingly, comparative figures have been restated to reclassify the amount from bank balances to trade and other payables.

- 18.1** The company is maintaining saving account with different banks with interest on the daily product basis which was carrying interest @ 9% to 15%. (2023 : @ 11% to 14%).
- 18.2** All bank accounts are maintained under conventional banking system.

19 FREE HOLD LAND - HELD FOR SALE

Free hold land - held for sale		314,724	314,724
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- 19.1** This represents land of 259 kanals and 13 marlas 99.5 Sft of Badami Bagh Works which has been closed down. The fair value of land, based on valuation carried out by an independent valuer on May 30, 2024 was estimated at Rs. 10,386.00 million. The company has the possession and control of the land and holds valid title. As per the Economic Coordination Committee decision the title documents of the land were handed over to the Privatization Commission for sale and proceeds to be utilized for settlement of outstanding Government liabilities (refer note. 27.2). In this regard the title documents of the land have been handed over to the Privatization Commission for sale in 1994 by National Bank of Pakistan. Since then till date the land has been offered for sale various times by the Privatization Commission of Pakistan. A part of the land was sold in February 2001 by the Privatization Commission of Pakistan and several expression of interests have been received for the remaining portion by Privatization Commission from many parties. The Mutation of land is complete as per The Board of Revenue Punjab letter which states that the Government of Punjab has, however, no objection to the disposal of properties of PECO which had vested in the Federal Government. However a letter was issued by the Joint Secretary Ministry of Industries and Production Islamabad directing District Officer Revenue Lahore and copy endorsed to Member Revenue Punjab to stop the above mutation till further instructions, for undisclosed reasons. The BOD and the Management of the Company are till date strongly committed to the plan of selling the Badami Bagh Land and there has been no revocation of the GOP order or any change in the management's stance or plan. Further the Privatization Commission in its direct confirmations to the auditors has also clearly stated that GOP loans would be recovered from the sale proceeds of Badami Bagh Land.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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----- Rupees in "000" -----

Therefore taking into account the fact that the carrying amount of the land would be recovered principally through a sale transaction and not through continuing use and that the management and the GOP are firmly committed to a plan to sell the land and till date there has been no change of plan or revocation of Government order, the land is available for immediate sale, active programs to locate buyers continue to be carried out, the asset is marketed at fair value and it is extremely unlikely that the plan will be significantly be changed or withdrawn. The foregoing facts that events or circumstances which have resulted in the extension of the period to complete the sale beyond one-year, are beyond the entity's control, therefore, Badami Bagh Land is classified as "Held for Sale" at lower of its carrying amount or fair value less cost to sell.

20 SHARE CAPITAL

Authorized capital:

Ordinary shares 9,000,000 (2023: 9,000,000) of Rs.10/- each		90,000	90,000
7.5% Cumulative redeemable preference shares 100,000 (2023: 100,000 of Rs. 100/- each)		10,000	10,000
		<u>100,000</u>	<u>100,000</u>

Issued, subscribed and paid up capital:

Ordinary shares 3,162,144 of Rs.10/- each fully paid in cash		31,621	31,621
Ordinary shares 2,528,101 of Rs. 10/- each issued as fully paid up bonus shares		25,281	25,281
		<u>56,902</u>	<u>56,902</u>

20.1 State Engineering Corporation, an associated company, holds 1,415,723 (2023: 1,415,723) ordinary shares of Rs. 10/- as at 30 June 2024.

21 SURPLUS ON REVALUATION OF FIXED ASSETS

Free hold land	21.2	38,857,238	14,148,737
Building structure on free hold land	21.2	202,930	139,571
Plant and machinery	21.3	38,802	120,926
		<u>39,098,970</u>	<u>14,409,234</u>

21.1 The latest revaluation of freehold land, Building and Plant & machinery was carried out by Eastern Consultants (Pvt). Limited on May 30, 2024. The value of such assets is ascertained according to the local market value.

21.2 Free hold land

Surplus on revaluation of Badami Bagh land	21.2.1	313,999	313,999
Surplus on revaluation of Kot Lakhpat land	21.2.2	38,543,239	13,834,738
		<u>38,857,238</u>	<u>14,148,737</u>

21.2.1 Badami Bagh land

Surplus on revaluation		313,999	313,999
Revaluation surplus realized on account of disposal		-	-
		<u>313,999</u>	<u>313,999</u>

This represents revaluation surplus arising on revaluation of land of Badami Bagh works, which was revalued in 1991, prior to being classified as 'Held for Sale' resulting in surplus of Rs. 321.358 million. (Ref: Note 19).

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
21.2.2 Kot Lakhpat land			
Opening surplus on revaluation		13,834,738	13,834,738
New revaluation surplus on land		24,708,501	-
Revaluation surplus realized on account of disposal		-	-
		38,543,239	13,834,738
<p>Kot Lakhpat works was revalued on May 30, 2024 by an independent approved valuer M/s Eastern Consultants (Private) Limited on the basis of average market rate keeping in view of prevailing real estate market conditions. The land was revalued at 38,544 million resulting in revaluation surplus of Rs. 24,709 million. Earlier, the land has been revalued in 1991 by M/s NESPAK and in 2001, 2009, 2013 and 2016 by M/s Indus Surveyors (Pvt.) Limited.</p>			
21.2 Building Structure on freehold land			
Balance at beginning of the year		139,571	146,918
Surplus on new revaluation of Building		99,439	-
Related deferred taxation		(28,837)	-
Revaluation surplus realized incremental depreciation		(10,201)	(10,347)
Related deferred taxation		2,958	3,001
		63,359	(7,346)
		202,930	139,572
21.3 Plant and Machinery			
Balance at beginning of the year		120,926	127,291
Loss on new revaluation of plant and machinery	21.3.1	(107,665)	-
Related deferred taxation income		31,223	-
Revaluation surplus realized incremental depreciation		(8,003)	(8,964)
Related deferred taxation		2,321	2,600
		(82,124)	(6,364)
		38,802	120,927
21.3.1 Plant and machinery of Kot Lakhpat works was revalued on May 30, 2024 by an independent approved valuer M/s Eastern Consultants (Private) Limited on the basis of present depreciated market value . The plant and machinery was revalued at 211.756 million resulting in revaluation loss of Rs. 107.665 million. Earlier, the plant and machinery has been revalued in 1997, 2009, 2013 and 2016 by M/s Indus Surveyors (Pvt.) Limited.			
22 LONG TERM DEPOSITS			
Security deposits	22.1	4,000	4,000
22.1 These represent security deposits from dealers (Pump well Company, National Company and Cognitive Solutions) which, by virtue of agreement are interest free and used in the company's business. These are repayable on cancellation of dealership contract with dealers.			

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
23 DEFERRED LIABILITIES - NET			
Retirement benefit obligation	23.1	23,850	22,767
Deferred income tax liability-net	23.2	94,402	104,482
		<u>118,252</u>	<u>127,249</u>

23.1 For the financial year 2024, no actuarial valuation was performed. Instead, a simplified provision was made by adding one month's salary for each of the 65 employees to the opening liability. The last actuarial valuation of the liability was made by the actuary on June 30, 2018. Due to this simplified calculation method, no remeasurement changes or interest expenses were recognized. The increase in provision is charged to statement of profit or loss.

23.2 Deferred income tax liability-net

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the taxable entity and when there is an intention to settle the balances on net basis. The applicable tax rate for the purpose of computation of deferred taxation is 29%.

The offset amounts are as follows:

Deferred tax liabilities	23.2.1	136,040	152,720
Deferred tax assets	23.2.2	(41,638)	(38,967)
		<u>94,402</u>	<u>113,753</u>

Deferred tax liability and deferred tax asset comprises of taxable / (deductible) temporary differences in respect of the following:

23.2.1 Deferred tax liabilities in respect of taxable temporary differences:

Accelerated tax depreciation allowances	136,040	143,449
Remeasurement of defined benefit plan	-	-
	<u>136,040</u>	<u>143,449</u>

23.2.2 Deferred tax assets in respect of deductible temporary differences:

New revaluation loss plant & machinery and building	(2,386)	-
Provisions for doubtful and other balances	(14,670)	(14,670)
Provision for gratuity	(6,917)	(6,602)
Provision for stores and spares	(2,900)	(2,900)
Provision for workers profit participation fund and workers welfare fund	(14,765)	(14,795)
	<u>(41,638)</u>	<u>(38,967)</u>

23.3 Deferred tax asset amounting to Rs 63.53 Million (2023: Rs. 63.24 Million) related to tax credit u/s 113 and 113C of the Income Tax Ordinance, 2001, is not recognised in these financial statements as its future utilization as at the reporting date is not probable.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
24 TRADE AND OTHER PAYABLES			
Trade creditors	24.1	223,778	208,333
Accrued liabilities	24.2	117,691	104,998
Advances		127,169	130,632
Payable to preference shareholders		773	773
Payable to State Engineering Corporation (Private) Limited (SEC) (an associated undertaking)	40	151	151
Others	24.3	52,725	47,314
Workers' Profit Participation Fund	24.4	47,721	47,721
Workers' Welfare Fund		3,193	3,298
		573,201	543,219
24.1	Trade creditors include an aggregate amount of Rs. 150.538 million payable to Ishtiaq Steel Industry, Inam Steel Re-Rolling Mills, Al-Majeed Ibrahim Steel Industries (Private) Limited, AAK Enterprises SMC (Private) Limited and Anwar Traders. The aforementioned creditors have initiated legal proceedings against the Company for recovery of their respective outstanding balances.		
24.2	Accrued liabilities includes:		
-	Includes Rs. 40 million (2023: 40 million) in respect of provision against litigations mentioned in Note 28.1.6.		
-	It also includes the amount of Rs 1.650 Million (2023: Rs 1.650 Million) in respect of provision against the penalties imposed by the SECP for the non-compliance of various provisions of the Companies Act, 2017.		
-	It includes salaries payable to the employees of the Company, of Rs. 46.476 million (2023: Rs. 44.49 million).		
24.3	Others includes:		
-	Payable to Rotocast Engineering (Private) Limited, related party, of Rs. 8.97 million (2023: Rs. 8.97 million).		
-	Payable to Muhammad Arif Habib, Director, of Rs. 12.97 million (2023: Rs. 12.97 million)		
-	Payable to Tahir Bashir Khan, Director, of Rs. 3.638 million (2023: Rs. nil)		
-	Meeting fee payable to the Directors of Company, of Rs. 4.20 million (2023: Rs. 3.53 million)		
-	Includes Rs. 16.947 million (2023: 16.947 million) in respect of provision against litigations mentioned in Note 28.1.7 to 28.1.9.		
24.4	Reconciliation of workers' profit participation fund		
Principal		35,269	35,269
Accumulated interest		12,452	12,452
		47,721	47,721

25 UNCLAIMED DIVIDEND

In accordance with the Companies Act, 2017, the Company has issued notices to shareholders at their registered addresses and published these notices in two daily newspapers (one in Urdu and one in English) to invite claims for unclaimed dividends. After 90 days from the newspaper notice, the Company intends to deposit any unclaimed dividend amounts with the Federal Government, as required by Sub-Section "2" of Section 244 of the Companies Act, 2017.

Due to a management change in September 2018, the current management was unable to complete the subsequent procedures required under the Companies Act, 2017. As a result, there is a potential Level III penalty of Rs. 100 million related to the unclaimed dividend. No provision has been recorded for this amount, as management expects to resolve the matter without an outflow of resources.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
----- Rupees in "000" -----			
26 SHORT TERM BORROWING - SECURED			
Loan from National Bank of Pakistan	26.1	24,374	24,374
Running finance from National Bank of Pakistan	26.2	71,556	71,556
		<u>95,930</u>	<u>95,930</u>
26.1	The financing forms part of total credit facility available to the extent of Rs. 108.351 million. The loan carried markup @ 3 months KIBOR plus 2.50%. . This is secured against first charge of Rs. 73.128 million over movable fixed assets excluding land and building of the company. This long-term credit facility of the Company expired on December 31, 2019 and is overdue; accordingly, the outstanding balance has been classified as a current liability. Refer to note 6 for further details.		
26.2	The financing forms part of total credit facility available to the extent of Rs. 75 million (2023: 75 million). The loan carries markup @ 3 months KIBOR plus 2.50%. The credit facility of the Company was expired on December 31, 2018. This is secured against first charge of Rs. 100 million over current and movable fixed assets excluding land and building of the company.		
27 LIABILITIES DIRECTLY ASSOCIATED WITH FREE HOLD LAND - HELD FOR SALE			
Loan from Government of Pakistan - unsecured	27.1	1,790,848	1,790,848
27.1 Loan From Government Of Pakistan - unsecured			
Privatization commission loan	27.2.1	481,469	481,469
Government Escrow account	27.2.3	112,937	112,937
Other Government Loan	27.2.5	100,000	100,000
Federal Government loan for compulsory separation scheme	27.2.7	309,000	309,000
Federal Government Bonds	27.2.9	787,442	787,442
		<u>1,309,379</u>	<u>1,309,379</u>
		<u>1,790,848</u>	<u>1,790,848</u>
27.2	These represent funds provided by the Government of Pakistan (the Government), bank loans of the company taken over by the Government and amounts payable by the company to different Government departments like Customs, Railways and Karachi Port Trust. According to the Cabinet Committee Division decision dated 30th May 1994 and 2005 these liabilities will be settled against the proceeds from disposal of Land held for sale (Ref: Note 19.1) and surplus land of Kot Lakhpat, if needed. There is no fix repayment schedule or tenure for repayment of these liabilities. An exercise to reconcile the liabilities is in process and several meetings have been conducted in this regard, however, all these meetings concluded without any decision or agreement with respect to the reconciliation of the loan liabilities and calculation, payment or mode of payment of interest on Government of Pakistan loans due to which there is currently no fixed tenure for repayment of these liabilities nor the total amount of the liability is determinable. In the absence of the availability of a defined repayment schedule due to reasons explained above, the fair value of these loans is not determinable and hence they have been stated at cost.		
	The Technical Advisory Committee (TAC) of Institute of Chartered Accountants of Pakistan (ICAP), on the request of Management of PECO, on March 28, 2017, also gave an opinion, on the issue of recording accrual of mark-up on GoP loans. After review of all details, workings and complete documents, The Committee is of the view that "the management of company needs to determine whether a present obligation exists at the end of the reporting period taking into account all the available evidences, including, the opinion of legal experts. Where there is a probability that a present obligation exists at the end of the reporting period, the provision should be recognized. Contrary to this will require an entity to disclose a contingent liability".		

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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----- Rupees in "000" -----

The Board of Directors in its various meetings has resolved that amount due under the law to the Government of Pakistan (GoP) for any loan given to PECO shall be paid. The Board has agreed with GoP to adjust its liabilities by disposal of Badami Bagh Land as decided in E.C.C decision dated 02.03.1993, which according to the recent valuation amounts to Rupees 10,386 million and it is in excess of the amount being claimed by GoP from PECO. The BoD and the management of the Company believes that they are not liable to pay any interest on these loans in the absence of any agreement. The legal advisor of the company is also of the firm opinion that since there is no mention of any markup to be charged on this loan nor is there any markup agreement, therefore, no markup is payable by the company in respect of this loan. Therefore, a disclosure of a contingent liability is made in notes (refer note 28.1.4 & 28.1.5) to these financial statements.

For the year ended June 30, 2024 and in past as well the Privatization Commission and Finance Division sent a letter to the auditors in November 2024, claiming the additional principal and markup on the above loan liabilities, however, the BoD and the management do not agree with the additional liabilities claimed and the claim of GoP regarding the payment of interest is disputed by the BoD and the management as there had never been any agreement in this regard. Further, the above loan liabilities were picked up by the GoP in order to provide public sector enterprises including PECO to give them clean slate on their liabilities so that they could be privatized and were provided without any specific request from these public sector enterprises, including PECO. In addition to the above, similar public sector entities which were provided similar reliefs by the GoP have never been asked to make any payments in respect of such reliefs. However, despite of this the BoD and the management of the Company is willing to repay the principal and in order to reconcile the principal and markup amounts with respect to GoP Loans, a committee was constituted as per the decision of Additional Finance Secretary in the meeting held in Government of Pakistan Finance Division (CF Wing), Islamabad. The committee includes representatives from Ministry of Finance, Ministry of Production, Privatization Commission and Board members from PECO. Several meetings have been taken place till date and in this regard a meeting of the committee was held on October 7, 2010 at Ministry of Finance (Finance Division) which was attended by representatives of Privatization Commission, Ministry of Production and PECO. The BoD and management of PECO agreed to repay all the outstanding principal, which the company is legally liable through disposal proceeds of Badami Bagh Land and surplus Land of Kot Lakhpat, if needed. However, the BoD and the management of the Company believes that they are not liable to pay any interest on these loans in the absence of any agreement. In the meeting held on 13 July 2015 in Privatization Commission, it was mutually agreed by all stakeholders to resolve the above issues at the earliest.

Further, the Finance Division was instructed in the meeting to re-examine the issue and confirm the contention of PECO. Following, the meeting held at Finance Division, the management of the company obtained fresh legal opinion from legal consultant regarding the matter of charging interest on GoP loans. The legal advisor was of the opinion that no markup / interest was payable by PECO to Ministry of Finance and Privatization Commission and instead believed that a case of causing loss to PECO on account of delay caused in disposing off the land at Badami Bagh should be made out, either by raising monetary claim or claiming set-off against the alleged principal loan liability. The management of the company had handed over the title documents of the said land to the Privatization Commission for disposal in the year 1994 and had Privatization Commission disposed off the land at that time, no issue of interest would have risen. Further, meetings were held between the representatives of Ministry of Finance, Privatization Commission and Ministry of Production and the PECO Loan Committee to reconcile the loan liabilities. However, these meetings concluded without any decision or agreement with respect to the reconciliation of loan liabilities and calculation, payment or mode of payment of interest on Government of Pakistan loans.

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----- Rupees in "000" -----

Further, as agreed no SRO, notification, documentation was provided by the Ministry of Finance to substantiate their view point on the issue of levy of markup on Government loans and it was agreed to refer PECO's view points to Ministry of Finance who may refer the matter to Ministry of Law to form their verdict. Further, the principal amount of these loans has been agreed except for additional gratuities and in respect of the amounts disputed, the BoD and the management is of the opinion that an arbitrator should be appointed who should be acceptable to both the parties. Further, under the directions of public accounts committee the matter of charging interest is being reviewed by the committee comprising of Ministry of Industries, Ministry of Finance and Privatization Commission of Pakistan.

27.2.1 The break up of loan from Privatization Commission is as follows:

Loan for voluntary separation scheme (VSS) / Compulsory separation scheme (CSS) and Salaries		281,082	281,082
Loan for shifting of machinery		75,819	75,819
Loan for Energy bills and Import duties		124,568	124,568
		<u>481,469</u>	<u>481,469</u>

27.2.2 This represents interest free loan provided by Privatization Commission to PECO for payment of salaries, energy bills, shifting of plant & machinery from Badami Bagh to Kot Lakhpat and payment of outstanding essential liabilities. According, to the Cabinet Committee Division decision, Privatization Commission would adjust its loan liability against the sale proceeds of Badami Bagh Land and surplus land of Kot Lakhpat, if needed and in this regard title documents of Badami Bagh Land were handed over to the Privatization Commission in 1994 by PECO. The foregoing loans have been outstanding since 1993. The company also obtained legal opinion from the legal advisers of the company. The legal adviser is of the firm opinion that since there is no mention of any markup to be charged on this loan in any agreement nor is there any markup agreement in respect of this loan therefore no markup is payable by PECO in respect of this loan. The BoD and the management firmly believes that as the Company had handed over the title documents of the said land to the Privatization commission for disposal in the year 1994 and had Privatization Commission disposed off the land at that time no issue of charging any interest on these loans would have risen and instead believed that a case of causing loss to PECO on account of delay caused in disposing off the land at Badami Bagh should be made out, either by raising monetary claim or claiming set-off against the alleged principal loan liability. The difference of Rs. 131.454 million claimed by the Privatization Commission on account of additional gratuities is because of misapprehension on part of GoP, whereby, PECO is considered responsible to pay Rs. 131.454 million, that infact was the liability of the Privatization Commission under the APSEWEC agreement. As per the APSEWEC agreement Privatization Commission took the liability to make additional gratuity payments, for which purpose it had advanced Rs. 131.454 million to PECO. On receiving the said amounts PECO had made the payments as was directed. It is important to note that PECO was not a party to these agreements, therefore, it cannot be held responsible for fulfilling any obligation pertaining to them. The claim of GoP is based on illegitimate assumption.

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----- Rupees in "000" -----

Furthermore, the legal advisors are also of firm opinion that the amount of additional gratuities of Rs. 131.454 million (refer note 28.1.3) should be borne by the Privatization Commission. In this regard, in the meeting held on October 7, 2010 at Finance Division, Privatization Commission was instructed by Ministry of Finance to review the calculation / treatment of the loan amounting to Rs. 131.454 million and come up with firm stance on it. The Privatization Commission was further instructed to sort out the issue of charging interest on VSS loan and come up with sound reason and logic for charging interest thereon. Neither formal agreements were signed or executed between the Privatization Commission, Ministries and PECO nor definitive terms and conditions exist in relation to the issue of markup and that the Privatization Commission only applied markup as instructed by the Finance Division. Further, under the directions of public accounts committee the matter of charging interest is being reviewed by the committee comprising of Ministry of Industries, Ministry of Finance and Privatization Commission of Pakistan.

27.2.3 The break up of Government Escrow account is as follows:

Customs and other import duties	86,984	86,984
Pakistan Railways freight	12,989	12,989
Karachi Port Trust	12,964	12,964
	<u>112,937</u>	<u>112,937</u>

27.2.4 The company has not provided interest amounting to Rs. 41.989 million (accumulated Rs. 41.989 million) @ 14% for three years relating to custom and other import duties (2023: Rs 41.989 million) as the BoD and the management believes that there was no clause of charging interest or surcharge in the ECC and Cabinet Decision. In spite of confirmation requests and several reminders, no confirmation of custom and other import duties of Rs. 86.984 million and Karachi Port Trust of Rs.12.964 million along with markup / surcharge on custom duty of Rs. 2,703.822 million (refer note 28.1.4) was received by the auditors from customs or Pakistan Railways or port Trust.

27.2.5 The break up of Other Government loans is as follows:

Bank loans taken over	<u>100,000</u>	<u>100,000</u>
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27.2.6 This represents amount payable on account of the company's bank loans taken over by the Government in the year 1990. BoD and the management of the Company believes that there was no interest as PECO was required to take-up only principal amount of the loan in its books. The legal advisor is also of the firm opinion that no markup is payable by PECO in respect of this loan. Furthermore, in the meeting held at Ministry of Finance in October 2010, Finance Division was instructed to re-examine the issue relating to Rs.100.00 million Loan and interest thereof, to confirm the contention of PECO and decision to be conveyed at its earliest.

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----- Rupees in "000" -----

27.2.7 The break up of Federal Government loan for compulsory separation schemes is as follows:

Loan for CSS		<u>309,000</u>	<u>309,000</u>
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27.2.8 This represents loan provided by the Federal Government of Pakistan to PECO to pay off the staff through Compulsory Separation Scheme vide letter No. 1(26) CF 111/93 dated 4th March 2002. The BoD and the management of the company do not agree with the markup claimed by GOP and is of the opinion that markup is not payable on this loan liability in the absence of any agreement for markup. The BoD and the management have taken legal opinion and the legal advisor vide his letter dated August 10, 2015 is also of the opinion that no interest is payable and the letter dated 4th March 2002 referred by the GoP, to substantiate claim of payment of interest @ 10% per annum against loan of Rs. 309.00 million was in the absence of perusal of relevant decisions / formative documents was misconceived and did not place any payment obligation on PECO. The letter was contrary to the decisions / documents and did not establish any liability to pay interest @ 10% per annum and that any alleged premium in the absence of agreement is void and unfair. In the absence of a contractual arrangement / agreement no interest can be claimed and in the absence of any agreement the alleged claim of interest tantamount to a penalty, which is construed as penal interest in nature and could not be granted unless loss/ damage proved through substantial evidence, which in the instant case will be all more difficult on account of handing over of land of Badami Bagh of PECO for sale/disposal. In view of the above, BoD and the management along with the legal advisor firmly believe that the alleged claim of GoP appears to be misconceived and without any basis and recommend that the aforesaid dispute should be referred to some impartial body for resolution under some Alternate Dispute Resolution (ADR) mechanism, where claims / counter claims of the respective parties be examined, considered and decided. Furthermore, in order to reconcile the principal and markup amounts with respect to Government of Pakistan Loans, a committee has been constituted as per the decision of Additional Finance Secretary. The management of PECO intends to pay back the Government of Pakistan Loans after the reconciliation of differences as per the records and facts available with the committee representatives.

27.2.9 The break up of Federal Government Bonds is as follows:

Interest bearing bonds		655,138	655,138
Interest free bonds		<u>132,304</u>	<u>132,304</u>
		<u>787,442</u>	<u>787,442</u>

27.2.10 These bonds were issued by the Federal Government against the liability of the company towards banks / financial institutions taken up by the Federal Government in the light of Federal Cabinet decision and S.R.O No. 823(1)/94 dated August 28, 1994. Against the principal amount interest bearing bonds and against accrued mark up interest free bonds were issued by the Government. The Government is liable to pay interest @ 12.43% per annum to the Banks / DFI regarding the interest bearing bonds. However, the BoD and the management of the Company do not agree with the markup claimed by the Finance Division and is of firm opinion that the Government is liable to pay any interest thereon, and that there was no agreement for charging any interest thereon. Furthermore, the legal adviser is also of the firm opinion that no markup is payable by the Company in respect of this loan in the absence of any specific markup agreement.(Ref: Note 28.1.1)

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28 CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

- 28.1.1** These bonds were issued by the Federal Government against the liability of the company towards banks / financial institutions taken up by the Federal Government in the light of Federal Cabinet decision and S.R.O No. 823(1)/94 dated August 28, 1994. Against the principal amount interest bearing bonds and against accrued mark up interest free bonds were issued by the Government. The Government is liable to pay interest @ 12.43% per annum to the Banks / DFI regarding the interest bearing bonds. However, the BoD and the management of the Company do not agree with the markup claimed by the Finance Division and is of firm opinion that the Government is liable to pay any interest thereon, and that there was no agreement for charging any interest thereon. Furthermore, the legal adviser is also of the firm opinion that no markup is payable by the Company in respect of this loan in the absence of any specific markup agreement.(Ref: Note 27.2.10)
- 28.1.2** Guarantees of Rs. 225.811 million (2023: Rs 225.811 million) issued by the banks and insurance companies to different parties on behalf of the company.
- 28.1.3** The Privatization Commission through its confirmation dated May 19, 2025 for the year ended June 30, 2024 has claimed additional loan liability amounting to Rs. 131.454 million (Ref: Note 27.2.1) and mark up amounting to Rs. 1,957 Million (2023: Rs 1,848.081 million). The said confirmation from privatization Commission also states that initially there was no mention of specific interest rate on the loan amount, therefore, the mark up on the outstanding amount of loan to PECO was charged on the basis of annual rate of markup chargeable on cash development loans to Provincial Governments, corporations, local bodies etc. and capital outlays of Federal Government in commercial departments. The management of the company already in a meeting held on October 7, 2010 at Ministry of Finance's office to reconcile the principal and mark up amounts with respect to Govt. of Pakistan loans did not agree with the stance of Privatization Commission in respect of additional loan and mark up claimed. Privatization Commission has been instructed by the Ministry of Finance to review the calculation/treatment of a loan amounting Rs. 131.454 million and has been asked to come up with firm stance on the foregoing loan amounting to Rs. 131.454 million. Further, Privatization Commission has been instructed to sort out the issue of charging interest on VSS loan and Privatization Commission has been asked to come up with sound reason and logic for charging interest on the above loan. The legal advisor of the company is also of the firm opinion that since there is no mention of any markup to be charged on this loan nor is there any markup agreement, therefore, no markup is payable by the company in respect of this loan. The management is confident that the ultimate outcome of the matter will result in favor of the company and hence no provision has been made in these financial statements in respect of the additional loan and markup claimed. The Privatization Commission through its confirmation dated August 06, 2024 for the year ended June 30, 2015 has claimed additional loan liability amounting to Rs. 131.454 million (Ref: Note 27.2.2) and mark up amounting to Rs. 1,355.044 million. The said confirmation from privatization Commission also states that initially there was no mention of specific interest rate on the loan amount, therefore, the mark up on the outstanding amount of loan to PECO was charged on the basis of annual rate of markup chargeable on cash development loans to Provincial Governments, corporations, local bodies etc. and capital outlays of Federal Government in commercial departments. The management of the company already in a meeting held on October 7, 2010 at Ministry of Finance's office to reconcile the principal and mark up amounts with respect to Govt. of Pakistan loans did not agree with the stance of Privatization Commission in respect of additional loan and mark up claimed. Privatization Commission has been instructed by the Ministry of Finance to review the calculation/treatment of a loan amounting Rs. 131.454 million and has been asked to come up with firm stance on the foregoing loan amounting to Rs. 131.454 million.

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Further, Privatization Commission has been instructed to sort out the issue of charging interest on VSS loan and Privatization Commission has been asked to come up with sound reason and logic for charging interest on the above loan. The legal advisor of the company is also of the firm opinion that since there is no mention of any markup to be charged on this loan nor is there any markup agreement, therefore, no markup is payable by the company in respect of this loan. The management is confident that the ultimate outcome of the matter will result in favor of the company and hence no provision has been made in these financial statements in respect of the additional loan and markup claimed.

- 28.1.4** The Finance Division vide its letter dated June 2, 2018 for the fiscal year 2018-19 has claimed an amount of Rs. 2,703.822 million in respect of surcharge payable on Custom & Other Import duties (Ref: Note. 27.2.4). However, the management of the company is of the opinion that no markup is payable in the absence of any agreement for markup. Furthermore, the company has also obtained the opinion from the legal advisor, who is also of opinion that no markup is payable. The management is confident that the ultimate outcome of the matter will result in favor of the company and hence no provision has been made in these financial statements in respect of the markup claimed.
- 28.1.5** The Finance Division vide its letter dated November 21, 2024, for the year ended June 30, 2024 has claimed an amount of Rs. 671.860 million in respect of additional principal liability and Rs. 3,860.9 million in respect of markup payable on remaining Government of Pakistan Loans (Ref: Note 27.2.5, 27.2.7 & 27.2.9). However, the management of the company is of the opinion that no markup is payable in the absence of any agreement for markup. The matter was taken up by the Ministry of Finance, in meeting held on October 7, 2010, to reconcile the principal and Mark up amounts with respect to Govt. of Pakistan loans, which has instructed the Finance Division to re-examine the issue relating to Rs. 100.00 million loan and interest thereof, to confirm the contention of PECO. Decision on this account would be conveyed to company at the earliest. Till the issue of annual accounts no such decision has been received by company. Furthermore, the company has also obtained the opinion from the legal advisor, who is also of opinion that no markup is payable. The management is confident that the ultimate outcome of the matter will result in favor of the company and hence no provision has been made in these financial statements in respect of the markup claimed.
- 28.1.6** The Company has filed various suits against Sui Northern Gas Pipeline (SNGPL) and Federation of Pakistan (FOP) through Ministry of Water and Power. Further, SNGPL has also filed a suit against the Company. These suits are presently pending adjudication before the Civil Court, Lahore. The management is vigilantly pursuing these cases. According to the opinion of legal advisor, the settlement of which is expected to result in an outflow from the entity of resources is amounting to Rs. 30 million has been provided for (Ref Note: 24.2).
- 28.1.7** M.M Traders has also filed a suit (36037/16) against the Company. This suit is presently pending adjudication before the Civil Court, Lahore. According to the opinion of legal advisor, there is no likelihood of any unfavorable results or any financial losses in this case. The management is vigilantly pursuing this cases. Therefore, No contingent liability is needed to be recognized on this account.
- 28.1.8** Punjab employees social security institution (PESSI) has also filed various suits against the Company. These suits are presently pending adjudication before the Commissioner PESSI. The management is vigilantly pursuing these cases. According to the opinion of legal advisor, the settlement of which is expected to result in an outflow from the entity of resources is amounting to Rs. 7.69 million has been provided for (Ref Note: 24.3).
- 28.1.9** FBR has filed a suit against the Company for recovery. This suit is presently pending adjudication before the Civil Court, Lahore respectively. The management is vigilantly pursuing the case. According to the opinion of legal advisor, the settlement of which is expected to result in an outflow from the entity of resources is amounting to Rs. 0.674 million has been provided for (Ref Note: 24.3).

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- 28.1.10** The Company initiated legal proceedings against Ishtiaq Steel Industry in 2021, seeking recovery of damages amounting to Rs 1.017 billion and compensation of Rs 500 million. The case remains pending as of the reporting date. Based on the opinion of the Company’s legal counsel, management expects a favorable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 28.1.11** The Company initiated legal proceedings against Al-Majeed Ibrahim Steel Industries (Private) Limited in 2021, seeking recovery of damages amounting to Rs 100 million and compensation of Rs 50 million. The case remains pending as of the reporting date. Based on the opinion of the Company’s legal counsel, management expects a favorable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 28.1.12** The Company initiated legal proceedings against Inam Steel Re rolling Mills in 2021, seeking recovery of damages amounting to Rs 50 million. The case remains pending as of the reporting date. Based on the opinion of the Company’s legal counsel, management expects a favorable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 28.1.13** The Company initiated legal proceedings against Anwar Traders in 2021, seeking recovery of damages amounting to Rs 30 million and compensation of Rs 20 million. The case remains pending as of the reporting date. Based on the opinion of the Company’s legal counsel, management expects a favorable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 28.1.14** The Company initiated legal proceedings against Aarsal Enterprises in 2019 for the rendition of accounts. The case remains pending as of the reporting date. Based on the opinion of the Company’s legal counsel, management expects a favorable outcome. However, in accordance with prudence and applicable accounting standards, no receivable has been recognized in the financial statements, as the outcome of the case is contingent upon the final judgment of the court.
- 28.1.15** On December 2, 2024, the court directed the resolution of an ongoing matter through arbitration or mediation concerning the winding-up applications filed by five creditors: Ishtiaq Steel Industry, Inam Steel Re-Rolling Mills, Al Majeed-Ibrahim Steel Industries (Private) Limited, AKK Enterprises (SMC-Private) Limited and Anwar Traders.
 These applications were initially filed during the tenure of the previous management but were not actively pursued at that time. Upon the reinstatement of the former Board of Directors, the case was taken forward. The current management remains optimistic that the issues with these creditors will be amicably resolved through the court-recommended processes of mediation or arbitration.

28.2 Commitments

There are no commitments as at the reporting date (2023: nil).

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----- Rupees in "000" -----			
29 SALES			
Sales - local		28,611	35,636
Less: Sales tax		(5,279)	(5,551)
		<u>23,332</u>	<u>30,085</u>
30 COST OF SALES			
Raw material consumed	30.1	-	18,000
Stores and spares consumed		-	1,531
Salaries,wages and other benefits		-	10,792
Electricity charges		10,380	98
Repair and maintenance		98	88
Vehicle running expenses		-	71
Rent, rates and taxes		1,646	4,111
Publication of tender documents		473	46
Traveling and conveyance		-	940
Printing, stationery and office Supplies		-	31
Postage, telegram and telephone		-	258
Entertainment		-	40
Other expenses		582	373
Security charges		2,678	-
Depreciation		27,665	29,999
		<u>43,522</u>	<u>66,378</u>
Opening stock of work-in-process		13,320	12,900
Closing stock of work-in-process		(13,320)	(13,320)
		-	(420)
Cost of goods manufactured		43,522	65,958
Opening stock of finished goods		22,408	22,308
Closing stock of finished goods		(22,408)	(22,408)
		-	(100)
		<u>43,522</u>	<u>65,858</u>
30.1 Raw material consumed			
Opening stock		5,165	23,165
Add: purchases		-	-
		<u>5,165</u>	<u>23,165</u>
Less: closing stock		5,165	5,165
		<u>-</u>	<u>18,000</u>
31 SELLING AND DISTRIBUTION EXPENSES			
Salaries,wages and other benefits	31.1	-	764
Miscellaneous		2	-
Vehicle running expenses		-	5
		<u>2</u>	<u>769</u>
31.1	This includes retirement benefits amounting to Rs. Nill (2023: Rs. 0.059 million).		

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	Note	2024	2023
----- Rupees in "000" -----			
32 FREIGHT AND FORWARDING EXPENSES			
Freight and forwarding expenses		-	1,125
33 ADMINISTRATIVE EXPENSES			
Salaries,wages and other benefits	33.1	21,832	24,958
Vehicle running expenses		3,105	1,349
Traveling and conveyance		1,733	54
Legal and professional		3,464	4,411
Utilities		43	14,336
Postage, telegrams and telephone		424	79
Insurance		20	372
Fee and subscription charges		2,622	118
Miscellaneous		2,063	3,465
Advertisement expense		48	-
Entertainment expense		1,156	-
Printing, stationery and office supplies		416	-
Repair and maintenance		404	-
Fine and penanlties	33.2	-	1,250
Depreciation		2,430	1,969
		<u>39,760</u>	<u>52,361</u>
33.1	This includes retirement benefits amounting to Rs. 1.083 million (2023: Rs. 0.634 million).		
33.2	This pertain to the amount of Rs nill (2023: Rs 1.250 Million) in respect of provision against the penalties imposed by the SECP for the non-compliance of various provisions of the Companies Act, 2017.		
34 OTHER OPERATING CHARGES			
Auditors' remuneration	34.1	1,250	1,160
Reversal of liabilities written off		15,865	-
Depreciation on investment property		21	22
		<u>17,136</u>	<u>1,182</u>
34.1 Auditors' remuneration			
Audit fee		850	810
Out of pocket		50	-
Half yearly review fee		300	300
Review of compliance with code of corporate governance		50	50
		<u>1,250</u>	<u>1,160</u>

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----- Rupees in "000" -----			
35 OTHER OPERATING INCOME			
Income from Financial Assets			
Profit on bank deposits		78	39
Profit on investment		2	-
		80	39
Income from non - financial assets			
Liability written off		-	43,912
Rental income		988	1,762
		988	45,674
		1,068	45,713
36 FINANCE COST			
Mark - up on short term borrowings		4,974	8,106
Mark - up on long term borrowings		1,694	2,761
Bank charges and commission		16	-
Interest on workers' profit participation fund		-	-
		6,684	10,867
37 TAXATION & LEVIES			
37.1 Levies		292	376
These represents minimum taxes and final taxes under various provisions of the Income tax Ordinance (ITO, 2001) representing levy in terms of requirements of IFRIC 21/ IAS 37.			
37.2 Current tax			
for the year		-	-
for prior years		-	-
		-	-
Deferred tax			
Origination and reversal of temporary differences		(7,694)	(9,271)
Impact of change in tax rate		-	-
		(7,694)	(9,271)
		(7,694)	(9,271)
37.1	The current tax provision represents the Minimum Tax under section 113 of Income Tax Ordinance, 2001. As a result reconciliation of tax charge for the year is not required.		
38 BASIC AND DILUTED LOSS PER SHARE			
Basic loss per share:			
Loss after taxation (Rupees in '000)		(75,302)	(47,470)
Weighted average number of ordinary shares (No. in '000) outstanding during the year		5,690	5,690
		(13.23)	(8.34)
38.1	There are no dilutive potential ordinary shares outstanding as at June 30, 2024 and 2023.		

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----- Rupees in "000" -----			
39 CASH USED IN OPERATIONS			
Loss before levy and taxation		(82,704)	(56,365)
Adjustments for:			
Depreciation		30,116	32,013
Financial charges		6,684	10,867
Provision for gratuity		1,083	694
Profit on ABL cash fund		(2)	-
Liability written off		15,865	43,912
		53,746	87,486
Loss before working capital changes		(28,958)	31,121
Movements in working capital			
Decrease/(Increase) in current assets:			
Stores, spares and loose tools		(10)	2,342
Stock in trade		-	17,480
Trade debts		-	5,357
Advances		27	(0)
Trade deposits, prepayments and other receivables		(0)	(1,750)
Sales tax refundable		10,576	(811)
Increase/(decrease) in current liabilities:			
Trade and other payables		14,222	(85,030)
		24,815	(62,412)
Cash generated from operations		(4,143)	(31,291)
40 TRANSACTIONS AND BALANCES WITH RELATED PARTIES			
The related parties comprise GoP, associated companies/undertakings, directors of the Company and key management staff. Details of transactions with related parties during the year other than those which have been disclosed elsewhere in these financial statements are stated below:			
State Engineering Corporation (SEC)			
- Reimbursement expenses payable		151	151
Muhammad Arif Habib (Director)			
- Payable at the end of the year	-	12,970	12,970
Rotocast Engineering (Private) Limited			
- Payable at the end of the year	-	8,970	8,970
Tahir Bashir Khan (Director)			
- Opening balance		-	-
- Received during the year		3,938	-
- Paid during the year		(300)	-
- Payable at the end of the year		3,638	-

40.1 All related party transactions are in accordance with accounting policy and are approved and recommended by the audit committee and subsequently approved by the board of directors. None of the directors had any interest in any transaction.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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41 OPERATING SEGMENT

The financial information has been prepared on the basis of single reportable segment i.e. "Engineering".

41.1 Information about products and services

Revenue during year is driven through sale of scrape. Revenue from sales of electricity transmission and communication towers represents 0% (2023: 0%) of total sales.

41.2 Information about geographical areas

- All non-current assets of the Company as at 30 June 2024 are located in Pakistan.
- 100% (2023: 100%) of the gross sales of the Company are made to customers located in Pakistan.

41.3 Information about major customers

- The Company's most significant customers are electric supply companies.
- Electric supply companies (PESCO, HESCO, LESCO and IESCO) accounts for more than 0% of the gross sales of the Company for the year.

PAKISTAN ENGINEERING COMPANY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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42 FINANCIAL RISK MANAGEMENT

42.1 Risk management framework

The Company's activities expose it to a variety of financial risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Board meets frequently throughout the year for developing and monitoring the Company's risk management policies. 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 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 Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

42.2 Financial assets and liabilities by category and their respective maturities

	2024		2023	
	Maturity up to one year	Maturity after one year	Maturity up to one year	Maturity after one year
----- Rupees in "000" -----				
FINANCIAL ASSETS				
Long term investments	-	819	-	819
Long term security deposits	-	2,053	-	2,053
Short term investments	11	-	9	-
Trade debts - unsecured	8,754	-	8,754	-
Advances	83	-	83	-
Trade deposits and guarantee margins	20,898	-	20,898	-
Cash and bank balances	9,502	-	15,040	-
	39,247	2,872	44,784	2,872
FINANCIAL LIABILITIES				
Government of Pakistan loans	1,790,848	-	1,790,848	-
Long term deposits	-	4,000	-	4,000
Short term borrowings	95,930	-	95,930	-
Trade and other payables	446,032	-	412,587	-
Mark-up accrued	52,561	-	45,892	-
	2,385,370	4,000	2,345,257	4,000
On balance sheet date gap	(2,346,123)	(1,128)	(2,300,473)	(1,128)
OFF - BALANCE SHEET ITEMS				
Letter of guarantees	225,811		225,811	

42.2.1 The matter of charging interest on these loans is disputed in respect of which reconciliation exercise is currently in progress through Ministry of Finance. The ultimate outcome of the matter cannot presently be determined. Hence these loans have been stated at cost.

PAKISTAN ENGINEERING COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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42.3 Fair values

The carrying values of the financial assets and financial liabilities approximate their fair values except for Government of Pakistan loans as disclosed in note. 27 to the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. If the transaction is not based on market terms, or if a market price cannot be readily determined, then an estimate of future cash payments or receipts, discounted using the current market interest rate for a similar financial instrument, is used to approximate the fair value.

42.4 Financial risk factors

The Company has exposures to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

42.4.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from long term security deposits, loans and advances to employees, deposits, trade debts, other receivables and bank balances.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. To manage exposure to credit risk in respect of trade receivables, management reviews credit worthiness, references, establish purchase limits taking into account the customer's financial position, past experience and other factors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

The carrying amount of financial assets represents the maximum credit exposure before any credit enhancements. The maximum exposure to credit risk at the reporting date was:

	2024	2023
	----- Rupees in "000" -----	
Long term investments	819	819
Long term security deposits	2,053	2,053
Short term investment	11	9
Trade debts - net of impairment	8,754	8,754
Advances	83	83
Trade deposits and guarantee margins	20,898	20,898
Bank balances	9,502	15,040
	42,119	47,656

The Company's most significant amount receivable is from NTDC, PESCO and Pump Well which is included in total carrying amount of trade debts as at reporting date.

PAKISTAN ENGINEERING COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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For trade debts, internal risk assessment process determines the credit quality of the customers, taking into account their financial positions, past experiences and other factors. Aging of trade debts is regularly reviewed by the Board's Receivables Committee and necessary actions are taken in respect of overdue balances. The company assesses the credit quality of the counter parties as satisfactory. Bank balances are held only with reputable banks with high quality credit ratings. Loans and advances to employees are not exposed to any material credit risk since these are secured against their salaries. Geographically there is no concentration of credit risk. The maximum exposure to credit risk for trade debts at the reporting date are with customers within the country. The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2024	2023
	Short term	Long term	Agency	----- Rupees in "000" -----	
United Bank Limited	A-1+	AAA	VIS	2,188	364
Faysal Bank Limited	A-1+	AA	PACRA	6,862	14,175
Allied Bank Limited	A-1+	AAA	PACRA	401	401
				<u>9,451</u>	<u>14,940</u>

2024		2023	
Gross	Impairment	Gross	Impairment
----- Rupees in "000" -----			

The aging of trade debts at the reporting date was:

Not yet due	-	-	-	-
Past due 1-30 days	-	-	-	-
Past due 31-60 days	-	-	-	-
Past due 61-90 days	-	-	-	-
Over 90 days	51,966	43,212	51,966	43,212
	<u>51,966</u>	<u>43,212</u>	<u>51,966</u>	<u>43,212</u>

Based on past experience the management believes that no further impairment allowance is necessary as there are reasonable grounds to believe that the amounts will be recovered in short course of time.

PAKISTAN ENGINEERING COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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----- Rupees in "000" -----

42.4.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. Liquidity position of the Company is closely monitored through budgets, cash flow projections and comparison with actual results by the Board.

Following is the maturity analysis of financial liabilities:

Financial liabilities

Government of Pakistan loans
 Long term deposits
 Short term borrowings
 Trade and other payables
 Mark-up accrued

30-Jun-24

Up to 1 year	1 to 5 years	Total
1,790,848	-	1,790,848
	4,000	
95,930	-	95,930
446,032	-	446,032
52,561	-	52,561
2,385,370	4,000	2,385,370

Financial liabilities

Government of Pakistan Loans
 Long term deposits
 Short term borrowings
 Trade and other payables
 Accrued mark-up

30-Jun-23

1,790,848	-	1,790,848
-	4,000	4,000
95,930	-	95,930
412,587	-	412,587
45,892	-	45,892
2,345,257	4,000	2,349,257

42.4.3 Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company incurs financial liabilities to manage its market risk. All such activities are carried out with the approval of the Board. The Company is exposed to interest rate and currency risks.

(a) Currency Risk

Currency Risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is not significantly exposed to currency risk as the company does not maintain bank accounts in foreign currencies.

(b) Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts.

The company's interest rate risk arises from short term cash finance facility. The company analyzes its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into accounts various other financing options available. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Significant interest rate risk exposures are primarily managed by a mix of borrowings at fixed and variable interest rates and entering into interest rate swap contracts.

As at 30 June 2024, if interest rates on company's bank borrowings had been 1% higher / lower, the markup expenses would have been higher / lower by Rs. 749 million (2023: Rs. 788 million).

PAKISTAN ENGINEERING COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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43 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain an efficient capital base so as to maintain investor, creditor and market confidence and to sustain the future development of its business. The Board of Directors monitors the return on capital employed, which the Company defines as operating income divided by total capital employed. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company's objectives when managing capital are:

- (i) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, the Company's ability to continue as going concern is disclosed in note 2 to the financial statements, and
- (ii) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

In line with others in the industry practices, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital employed. Net debt is calculated as total borrowings. Total borrowings comprise of long and short term loan and markup thereon. Total capital employed is calculated as equity as shown in the statement of financial position plus net debt. As at the balance sheet date, the gearing ratio of the Company was worked out as under:

	2024	2023
	----- Rupees in "000" -----	
The gearing ratio as at June 30, is as follows:		
Borrowings	1,939,338	1,932,670
Equity	37,012,892	12,385,534
Total capital employed	38,952,230	14,318,204
Gearing Ratio	4.98%	13.50%

44 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including benefits applicable to the chief executive, directors and executives of the Company are given below.

	2024		2023	
	Chief Executive	Director	Chief Executive	Director
	----- Rupees in "000" -----			
Remuneration/meeting fee	-	675	5,839	1,838
Reimbursement of expenses	-	-	432	-
Pension contribution	-	-	82	-
Perquisites	220	-	1,185	-
	220	675	7,538	1,838
Number of persons	1	8	1	8

44.1 In addition to above remunerations 8 directors (2023: 8 directors) were paid aggregate remuneration of Rs. Nil (2023: Rs. Nil).

44.2 Aggregate amount charged in the accounts for 08 directors for meeting fees were Rs. 0.675 million (2023: Rs. 1.838 million) and reimbursable expenses Rs. Nil (2023: Rs. Nil) for meetings of Board of Directors and sub-committees of Board of Directors.

44.3 The Chief Executive Officer is entitled for company maintained car.

PAKISTAN ENGINEERING COMPANY LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
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45 PLANT CAPACITY AND ACTUAL PRODUCTION

	U/M	Capacity		Actual Production	
		Installed	Assessed	2024	2023
Pumps / turbines	No.	3,400	2,720	-	-
Electric motors	No.	16,500	5,200	-	-
Rolled material	Tons	80,000	24,000	-	-
Foundry	Tons	4,000	3,000	-	-
Steel fabrications (STR)	Tons	20,000	14,000	-	-
Concrete Mixture	No.	350	175	-	-

45.1 Due to management disputes Company's are in held since April 2021.

46 NUMBER OF EMPLOYEES

	2024	2023
Total number of employees as at June 30;	----- Numbers -----	
Contractual employees - Head Office	4	4
Temporary staff - Head Office	-	-
Contractual employees - factory	6	4
Temporary staff - factory	7	15
Workers - factory	7	11
	24	34
Average number of employees during the year		
Contractual employees - Head Office	4	4
Temporary staff - Head Office	-	-
Contractual employees - factory	6	4
Temporary staff - factory	10	17
Workers - factory	9	79
	29	104

47 CORRESPONDING FIGURES

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with fair presentation.

48 AUTHORIZATION OF FINANCIAL STATEMENTS

48.1 These financial statements have been authorized for issue on March 14, 2026 by the Board of Directors of the Company.

49 GENERAL

Figures have been rounded off to the nearest thousand rupee.

Abdul Shabir Khan Khattak
 Managing Director

Mian Anwar Aziz
 Chief Financial Officer

Arsalan Nayyar Sheikh
 Director

**Pattern of Shareholding
As At June 30, 2024**

# of Shareholders	From	To	Total Shares held
1,471	1	100	39,300
535	101	500	124,001
116	501	1,000	82,614
95	1,001	5,000	185,908
17	5,001	10,000	117,074
3	10,001	15,000	32,764
4	15,001	20,000	70,600
1	20,001	25,000	21,070
2	25,001	30,000	57,300
2	30,001	35,000	66,800
1	35,001	40,000	40,000
1	40,001	45,000	43,776
1	45,001	50,000	45,800
-	55,001	60,000	-
1	80,001	85,000	80,200
1	85,001	90,000	85,931
1	90,001	95,000	93,000
1	125,001	130,000	128,790
1	135,001	140,000	135,240
1	165,001	170,000	165,254
1	315,000	330,000	324,000
1	450,001	455,000	452,700
1	505,001	510,000	510,000
2	1,415,001	1,420,000	2,788,123
2,260			5,690,245

**Categories of Shareholders
As At June 30, 2024**

Directors and their spouse(s) and minor children

	# of Shareholders	Shares Held	Percentage
Mr. Tahir Bashir Khan	1	324,000	5.69
Mr. Ansar Javed	1	1,000	0.02
Mr. Rashid Ali Khan	1	1,000	0.02
Mr. Muhammad Arif Habib	1	1,000	0.02
Mirza Mahmood Ahmed	1	1,000	0.02
Mr. Saher Mangi	1	1	0.00
Mr. Arslan Nayyar Sheikh	1	1	0.00

ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES

Rotocast Engineering Company (Private) Limited	1	1,372,400	24.12
State Engineering Corporation	1	1,415,723	24.88

Categories of Shareholder
As At June 30, 2024

	# of Shareholders	Shares Held	Percentage
NIT and ICP	2	131,330	2.31
Bank, Development finance institution, Non-Banking Finance companies	12	145,115	2.55
Insurance Companies	3	229,030	4.02
Modarabas, and Mutual, Pension Funds CDC-Trustee and Opportunity Fund	1	6,900	0.12
Public Sector companies and corporations	7	27,600	0.49
General Public			
a. Local	2,190	1,794,599	31.44
b. Foreign	-	-	-
Others	43	567,548	9.97
Total	2,260	5,690,245	100

Shareholders Holding 5% or More Voting Interest

Name of shareholder	No of shares held	%age held
State Engineering Corporation Limited	1,415,723	24.88
Rotocast Engineering Company (Private) Limited	1,372,400	29.39
Mr. Ahmad Masood Khan	510,000	8.96
Maha Securities (Private) Limited	452,700	7.96
Mr. Tahir Bashir Khan	324,000	5.69

During the financial year, No Director, CEO, CFO, Company Secretary, Head of Internal Audit and their spouses and minor children carried out any transactions in the share of the Company.

PAKISTAN ENGINEERING COMPANY LIMITED**Statement on Gender Pay Gap Under Circular 10 of 2024**

Following is gender pay gap calculated for the year ended June 30, 2024

1. Mean Gender Pay Gap:
30.24%
2. Median Gender Pay Gap:
-25.10%

Abdul Shabbir Khan Khattak
Managing Director

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PAKISTAN ENGINEERING COMPANY LIMITED**FORM OF PROXY****ANNUAL GENERAL MEETING**

I/We _____ of _____ CDC A/C NO./
FOLIO NO. _____ being shareholder(s) of Pakistan Engineering Company Limited hold
_____ Ordinary Shares do hereby
appoint _____ Mr./Ms./Miss _____ of
_____, as my /our proxy in my /our absence to attend and vote for me /us at the 74th
Annual General Meeting of the Company to be held on April 11, 2026 (Saturday) at 11:00 A.M. at Hotel
Four Points by Sheraton, 25 - Egerton Road, Lahore and/or any adjournment thereof in the same manner
as I/we myself /ourselves would vote if personally present at that meeting.

At witness my/our hand this _____ day of _____ 2026.

WITNESS 01

Signature _____

Name _____

Address _____

WITNESS 02

Signature _____

Name _____

Address _____

Signature

Please affix Rs. 05 Revenue stamp
--

Note:

1. This Proxy Form, duly stamped, signed and witnessed, must be received at the Registered Office of the Company, Pakistan Engineering Company Limited, 6/7, Sir Ganga Ram Trust Building, Shahrah-e-Quaid-e-Azam, Lahore, not less than 48 hours before time of holding the meeting.
2. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
3. The proxy form shall be witnessed by two persons whose names, addresses and CNIC/SNIC (Computer National Identity Card/Smart National Identity Card) numbers shall be mentioned on the form.
4. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with proxy form.
5. In case of corporate entity, the Board of Directors resolution/power of attorney with specimen shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

پاکستان انجینئرنگ کمپنی لمیٹڈ

تفکیک نیابت داری

سالانہ جنرل میٹنگ

میں/ہم _____ (CDC کاؤٹ نمبر/فولیو نمبر) _____ کے حامل پاکستان انجینئرنگ کمپنی لمیٹڈ کے شیئر ہولڈر (s) ہوں/ہیں، جو کہ _____ عام شیئر ز رکھتے ہوں/ہیں، یہ فارم استعمال کرتے ہوئے، _____ جناب/محترمہ/محترمہ _____ کو، جو کہ _____ میں رہتے ہیں، اپنی/اپنے وکیل کے طور پر نامزد کرتے ہیں کہ وہ میری/ہماری غیر موجودگی میں میری/ہماری طرف سے 75 ویں سالانہ جنرل میٹنگ میں، جو 11 اپریل 2026 (ہفتہ) کو صبح 11:00 بجے ہوٹل فور پوائنٹس ہائی شیریٹن، 25- ایجرٹن روڈ، لاہور میں منعقد ہوگی، اور/یا اس کے التواء کی صورت میں بھی ویسے ہی ووٹ دیں جیسا میں/ہم بذات خود موجود ہونے کی صورت میں دیتے۔

میرے/ہمارے دستخط اس _____ دن _____ 2026 کو گواہ ہیں۔

گواہ نمبر 01

دستخط بمعہ شناختی کارڈ نمبر: _____

نام: _____

پتہ: _____

پانچ روپے والی سٹیپ چسپاں کریں

گواہ نمبر 02

دستخط بمعہ شناختی کارڈ نمبر: _____

نام: _____

پتہ: _____

دستخط بمعہ شناختی کارڈ نمبر

نوٹ:

- یہ فارم، جس پر اسٹامپ لگا ہوا ہو، دستخط شدہ اور گواہ شدہ ہو، کمپنی کے رجسٹرڈ دفتر، پاکستان انجینئرنگ کمپنی لمیٹڈ، 6/7، سرگرا رام ٹرسٹ بلڈنگ، شاہراہ قائد اعظم، لاہور، میں میٹنگ کے وقت سے کم از کم 48 گھنٹے قبل موصول ہونا ضروری ہے۔
- اگر کوئی رکن ایک سے زیادہ وکیل مقرر کرتا ہے اور کمپنی کے پاس ایک سے زیادہ وکیل کے فارم جمع کرواتا ہے، تو تمام وکیل کے فارم کا عدم تصور کیے جائیں گے۔
- فارم پر دو افراد کے دستخط ہونے چاہئیں، جن کے نام، پتے اور SNIC/CNIC (کمپیوٹرائزڈ قومی شناختی کارڈ/اسمارٹ قومی شناختی کارڈ) نمبر درج ہوں۔
- مالک اور وکیل کے CNIC یا پاسپورٹ کی مصدقہ کاپیاں فارم کے ساتھ فراہم کی جائیں۔
- کارپوریٹ دارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/اختیاراتی خط کے ساتھ نمونہ دستخط (اگر پہلے سے فراہم نہیں کیے گئے) اور اس فارم کے ساتھ کمپنی کو جمع کروائیں۔