

The Siemens logo is positioned in the top right corner of the page. It consists of the word "SIEMENS" in a bold, white, sans-serif font. The background of the entire page is a dark blue gradient with a pattern of glowing cyan dots of varying sizes, some of which are arranged in a curved path that suggests a signal or data flow.

# Annual Report 2020 Pakistan

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Request Form for Annual Report and Notices through E-mail

Vision 2020+ is our strategy to shape the next-generation Siemens. We have set seven goals for the implementation of Vision 2020+. Clear and measurable key performance indicators have been defined to measure our success.

1. Grow company value – We are creating the conditions to raise the bar for sustainable value creation and profitability.
2. Sharpen business focus in E-A-D – Our intent is to sharpen our business focus in electrification, automation, and digitalization. We are enabling our businesses to focus clearly on their particular markets and customers and to adapt quickly and specifically to changes.
3. Be a partner of choice for our customers – We want to be a company that is obsessed with offering our customers a better experience every time we interact with them. Customer satisfaction is our priority.
4. Get closer to our markets – The trend toward more localization is accelerating in our markets. We will further align our global footprint with the requirements of our markets.
5. Live lean governance and drive continuous optimization – Siemens companies will be supported by a lean but robust governance and an effective, impact-focused support structure. We want to significantly improve the efficiency of our support functions and services.
6. Be an employer of choice – Highly engaged, motivated, and capable people are the foundation of our success. We want to continuously improve the attractiveness of Siemens as an employer and use our employee satisfaction index to measure it.
7. Ignite pride and passion for Siemens through ownership culture – The elements and the power of our ownership culture are a unifying force within our company. We strive to further improve in the important aspects of leadership, openness, diversity, and innovation.

# Key Operating and Financial data

Six Years Summary	2020	2019	2018	2017	2016	2015
	(Rupees in '000)					
<b>Trading Results</b>						
New orders	12,508,542	15,849,831	23,612,363	11,964,608	22,839,389	8,811,758
Net turnover	12,805,375	16,672,924	19,522,120	14,552,923	10,173,868	9,266,909
Export of goods and services	243,602	301,025	277,070	122,049	122,604	75,207
Contracts executed outside Pakistan	794,936	1,360,682	3,415,066	1,918,556	1,389,008	793,082
Gross profit	890,448	2,502,658	3,301,949	2,434,092	935,073	493,890
Operating (loss) / profit	(55,437)	1,431,148	2,276,409	1,315,504	85,225	(156,511)
(Loss) / profit before tax from continuing operations	(226,684)	1,198,487	2,233,661	1,451,968	241,892	(171,955)
Loss before tax from discontinued operations	-	-	-	-	(73,914)	(163,925)
Gain on sale of assets classified as held for sale - before tax	-	-	-	-	2,441,184	-
(Loss) / profit before tax	(226,684)	1,198,487	2,233,661	1,451,968	2,609,162	(335,880)
(Loss) / profit after tax	(496,015)	709,468	1,159,220	1,103,396	2,103,952	(528,234)
Earnings / (loss) before interest, taxes, depreciation and amortisation (excluding one time gain on sale of assets classified as held for sale)	146,895	1,600,862	2,473,235	1,589,118	265,596	(95,825)
Final dividend	82,470	379,364	618,528	618,528	989,644	82,470
<b>Financial Position</b>						
Share capital	82,470	82,470	82,470	82,470	82,470	82,470
Reserves and Retained Earnings	4,886,187	5,904,974	5,695,699	5,244,134	5,148,971	3,120,981
Property, plant and equipment	279,935	378,120	388,095	312,647	240,832	138,316
Net current assets	3,609,243	4,232,193	4,329,885	3,571,478	3,574,806	1,389,418
Long-term / deferred liabilities	342,158	90,033	170,904	68,668	23,750	20,822
<b>Investors Information</b>						
Gross profit ratio	6.95%	15.01%	16.91%	16.73%	9.19%	5.33%
EBITDA Margin to sales	1.15%	9.60%	12.67%	10.92%	2.61%	-1.03%
Return on equity / capital employed	-9.98%	11.85%	20.06%	20.71%	40.22%	-16.49%
Inventory turnover ratio (in times)	3.49	2.95	3.53	3.60	2.52	1.82
Inventory turnover ratio (no. of days)	105	124	104	101	145	200
Debtor turnover ratio (in times)	1.49	1.97	3.04	3.24	2.42	2.16
Debtor turnover ratio (no. of days)	244	186	120	113	151	169
Creditor turnover ratio (in times)	1.92	2.09	2.20	1.58	1.22	1.30
Creditor turnover ratio (no. of days)	190	175	166	231	299	281
Operating cycle (no. of days)	159	135	57	(17)	(3)	88
Total assets turnover ratio (in times)	0.85	0.97	1.20	1.00	0.75	0.70
Fixed assets turnover ratio (in times)	38.92	43.52	55.72	52.59	53.67	26.43
Current ratio	1.42	1.41	1.36	1.39	1.38	1.22
Quick / acid test ratio	1.32	1.29	1.25	1.22	1.17	0.74
Cash dividend per share (Rs)	10	46	75	75	120	10
Dividend yield ratio	0.02	0.07	0.08	0.10	0.13	0.01
Interest cover ratio	(0.27)	6.01	28.98	89.49	109.20	(1.28)
Breakup value per share (Rs)	602.48	726.01	700.64	645.88	634.34	388.44
Market value per share (Rs)	585	645	902	757	906	1,096
<b>Share price during the year</b>						
High (Rs)	865	992	1,154	1,570	1,100	1,360
Low (Rs)	455	515	708	650	717	838
(Loss) / earnings per share (Rs)	(60.14)	86.03	140.56	133.79	255.12	(64.05)
(Loss) / profit before tax in percent to sales	-1.77%	7.19%	11.44%	9.98%	25.65%	-3.62%
(Loss) / profit after tax in percent of sales	-3.87%	4.26%	5.94%	7.58%	20.68%	-5.70%
<b>Cash Flows</b>						
Net cash flow from operating activities	888,604	942,633	(3,195,999)	(624,268)	754,812	1,430,752
Net cash flow from investing activities	(68,550)	(140,220)	(197,888)	(28,645)	4,078,840	252,432
Net cash flow from financing activities	(143,448)	(616,239)	(613,325)	(984,662)	(82,470)	(1,508,950)
Net change in cash and cash equivalents	676,606	186,174	(4,007,212)	(1,637,575)	4,751,182	174,234

# Our Company

## Company Information

### Registered Office

Siemens (Pakistan) Engineering Co. Ltd.  
B-72 Estate Avenue, S.I.T.E, Karachi-75700

Phone: +92 (0)21 32574910-19

UAN: +92 (0)21 111-077-088

### Board of Directors

#### Chairman of the Board

Manuel Kuehn

#### Non-Executive Directors

Oliver Spierling

Manzoor Ahmed

Tim Dawidowsky

#### Independent Director

Qazi Sajid Ali

#### Executive Director

Markus-Erich Strohmeier

#### Female Director (Independent Director)

Ayla Majid

### Committees of the Board

#### Audit Committee

Ayla Majid (Chairwoman)

Manuel Kuehn

Manzoor Ahmed

Tim Dawidowsky

#### Human Resource and Remuneration Committee

Qazi Sajid Ali (Chairman)

Oliver Spierling

Markus-Erich Strohmeier

#### Nomination Committee

Oliver Spierling (Chairman)

Markus-Erich Strohmeier

### Management

#### Managing Director

Markus-Erich Strohmeier

#### Chief Financial Officer

Umer Jalil Anwer

### Other Information

#### Company Secretary

Muhammad Usman Ansari

#### Auditors

EY Ford Rhodes, Chartered Accountants

### Bankers

Bank Alfalah Limited

BNP Paribas (Dubai)

Citibank N.A.

Deutsche Bank AG

Bank Alfalah Limited

Habib Bank Limited

Standard Chartered Bank, UAE

Standard Chartered Bank (Pakistan) Limited

### Tax Advisor

KPMG Taseer Hadi & Co.

### Legal Advisor

Jillani & Co. Advocates and Legal Consultants

### Registrar and Share Transfer Agent

THK Associates (Pvt.) Limited

### Trading Symbol

SIEM

## Chairman's / Directors' Profile



**Manuel Kuehn**  
Chairman

Born in 1980 in Giessen, Germany, Mr. Manuel Kuehn obtained his education at the Technical University Ilmenau and the Federal University of Santa Catharina (UFSC), Brazil. He holds a diploma in Industrial Engineering and a post-graduate diploma in Advanced Management from the European School of Management and Technology (ESMT) in Berlin.

Since mid-2014, Mr. Kuehn took on the position of Senior Vice President of Business Development at the company's Middle East headquarters in Masdar City, Abu Dhabi, UAE. He is the designated Sustainability Manager for Siemens in the Middle East and was from 2017 to 2019 member of the global Siemens Sales Excellence Advisory Board. Mr. Kuehn has been driving key strategic initiatives in the Middle East, such as the partnership between Siemens and Dubai Expo 2020, the first industrial scale green hydrogen generation project and transformational projects in the power sector e.g. in Egypt. Most recently, Mr. Kuehn is also leading activities regarding the Siemens Roadmap for the re-electrification of Iraq.

His prior career at Siemens spans over a decade from 2005 until 2014, where Mr. Kuehn worked across different functions with Siemens Management Consulting (SMC). As Vice President, Mr. Kuehn worked on auditing and stabilization of project business in the power generation and transmission businesses as well as reorganization, restructuring and M&A activities. His project experience extended to localization projects in the UAE's power generation sector, establishing a factory for Medium Voltage Equipment in India, as well as developing strategies how to excel growth in emerging economies. Mr. Kuehn was also responsible for recruiting, people development, training and staff disposition, for the consulting business with roughly 200 employees.



**Markus Strohmeier**  
Managing Director

Mr. Markus Strohmeier is the Managing Director of Siemens Pakistan. Mr. Strohmeier assumed his current role on July 1, 2020. Before that he was Senior Executive Vice President, Regional Solutions and Services, Smart Infrastructure, Siemens Middle East. Based in Dubai, UAE, Mr. Strohmeier was instrumental in supporting customers in the region to build increasingly digitalized infrastructure for smarter, safer and more energy efficient buildings. Between 2009 and 2017, Strohmeier was the CEO of Siemens LLC in the Sultanate of Oman, responsible for developing some of the company's most significant projects in the country.

Mr. Strohmeier began his career with Siemens in Germany in 1990 for Public Communication Networks, and his assignments have led him to Libya, Indonesia, Saudi Arabia and China. He went on to head the Mobility and Energy Management Divisions in Siemens Indonesia, in addition to his role as Board Member of the same organization. During his tenure as CEO of Siemens LLC in the Sultanate of Oman, he was directly heading the Divisions Power and Gas, Building Technologies, Digital Factory and Process Industries and Drives.

Mr. Strohmeier is an Electrical Engineer and graduated from Höhere Technische Bundeslehranstalt in Klagenfurt, Austria.



**Tim Dawidowsky**  
Director

Mr. Tim Dawidowsky, born on August 3, 1966 in Husum, Germany, studied Industrial Engineering and Business Administration with a main focus on Mechanical Engineering at the Technical University Berlin and graduated with an Engineering degree. In 1993, he took on his first job at Siemens AG with the division, Power Generation (PG), in Berlin as a System Analyst. There he continued two years later as a Group Leader for the Gas Turbine service business.

Mr. Dawidowsky moved to Mülheim a.d.R. in 1997, where he held positions as Project Leader in a Customer Documentation Project, as Director of Data Management and as Director of Supply Management. In 2003, he became Vice President of Procurement for the Industrial Solutions and Services (I&S) division in Erlangen. Within the same division he moved three years later to Beijing where he took over as a General Manager in the marketing of Oil & Gas, Marine and Postal Automation and at the same time as a General Manager in Business Development of I&S China. Also in Beijing in 2008, he was named CEO of the Industrial Solution (IS) division China and the IS division cluster North East Asia. Then in 2009, Mr. Dawidowsky became the Senior Vice President of Casting & Rolling for the Siemens VAI Metals Technologies GmbH in Austria. In 2012, he became CEO of the business unit Transmission Solutions in the Energy Management division. In October 2015, Mr. Dawidowsky became the CEO of the business unit Large Drives in the Process Industries and Drives division.

Since April 2019 he has been the CEO of the business unit Gas and Power EPC Projects in the Operational Company Gas and Power.



**Oliver Spierling**  
Director

Mr. Oliver Spierling is the Lead Country General Counsel for UAE. Mr. Spierling joined Siemens to set up the Legal Department in UAE in 2007. Currently, he and his team focus on the Middle East countries covering all legal topics pertaining to the business and the corporate functions. Additionally, his close interaction with the Compliance function safeguards adherence to all applicable laws, Siemens values, and ethics.

Prior to joining Siemens, Mr. Spierling worked for a German law firm in the UAE and has over 20 years of experience in the region. He has a corporate commercial background with extensive experience in M&A, Agency, and Corporate Governance.

Mr. Spierling has a master of law, and graduated from Universität Hamburg in Hamburg, Germany.



## Manzoor Ahmed

### Director

Mr. Manzoor Ahmed is Chief Operating Officer (COO) of National Investment Trust Limited (NIT). As COO, since 9 years, he has been successfully managing the operations and investment portfolio worth Rs.70 billion approximately. He has experience of over 30 years of the Mutual Fund industry and has been placed at many key positions within NIT that includes capital market operations, investments, research and liaising with the regulatory authorities. He is an M.B.A. and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III.

Mr. Ahmed has also attended various training courses organized by locally and internationally reputed institutions like London Business School (LBS) UK, Institute of Directors, London and Financial Markets World, New York (USA).

He represents NIT as Nominee Director on the Board of Directors of many leading national and multinational companies of Pakistan. Mr. Ahmed is also a Certified Director from Pakistan Institute of Corporate Governance.

### Other directorships and offices

- Director of Askari Bank Limited
- Director of Lucky Cement Limited
- Director of General Tyre & Rubber Co. Limited
- Director of Hub Power Company Limited
- Director of Soneri Bank Limited
- Director of Sui Northern Gas Pipelines Limited



## Qazi Sajid Ali

### Independent Director

Mr. Qazi Sajid Ali worked with BASF for 29 years, which includes 8 years as Director Finance and 12 years as Managing Director and Country Head. He retired from BASF in March 2014. His educational qualification is M.A., LLB. He joined Dadex Eternit Limited as Chief Executive Officer in May 2014 and has served on the Board of Dadex for 15 years, including 8 years as Chairman Audit Committee of Dadex.

Mr. Ali has attended several training seminars / workshops / courses from renowned national and international institutes and universities which includes Advance Management from University of Connecticut, USA, M-21 (Management-21st Century) from Michigan Business School, Michigan, USA, BMP (Basic Management Program) from Singapore, AMP (Advance Management Program) from Singapore Executive Development Centre, USA and Hong Kong, LS Seminars, Germany. He has represented Pakistan at the I.L.O. & United Nation's Conferences at New Delhi and Manila, International Personnel Management Conference, Washington D.C. USA & Bangkok, American Society for Training & Development (ASTD), Boston, USA, International Eye Bank Conference, Colombo, International Eye Bank Association, Washington and New York, USA.

Mr. Ali is President and Founder Member of Pakistan Eye Bank Society, which has established eye banks all over the country and now constructed Eye and General Hospital in North Karachi. He was elected twice as President of Pak German Business Forum. He also held the position of President IMPA (International Personnel Management Association, Pakistan Chapter).

### Other directorships and offices

- Chief Executive Officer of Dadex Eternit Limited



## Ayla Majid

### Director

Ms. Ayla Majid is Managing Director Financial Advisory Services at Khalid Majid Rehman Chartered Accountants. She has 20 years of experience in financial advisory, mergers & acquisitions, and corporate governance.

Ms. Majid represents Pakistan at various international forums, taking part in shaping discourses of evolving themes including Digital Transformation, Belt & Road Initiative, Future of Work, Future of Energy and Sustainable Infrastructure.

Ms. Majid is a member of the Global Future Council of Energy of the World Economic Forum where she is contributing to the sustainable energy transition policy and advocacy realms. In addition, she is also a Young Global Leader of the World Economic Forum.

Ms. Majid is at the forefront of creating agile governance platforms while serving as board member for local and international organizations. She is the first Pakistani serving on the global board and the Council of Association of Chartered Certified Accountants.

Academically, Ms. Majid holds MBA from Lahore University of Management Sciences, LLB from University of London, and ACCA qualification. She is also alumnus of Harvard Kennedy School; University of Oxford, Nanyang Technological University (Singapore) and National Defence University, Pakistan. Ms. Majid has attended the “Enhancing Board Effectiveness, Directors Training Programme” at the Lahore University of Management Sciences.

### Other directorships and offices

- Director of Mari Petroleum Company Limited
- Director of Abbott Laboratories (Pakistan) Limited
- Director of Government Holdings (Pvt) Limited
- Director of CPPA Guarantee Limited
- Global Council Member of Association of Chartered Certified Accountants – UK
- Member Board of Governors of The Helpline Society (a non-profit running “Teach a Child Schools” for under privileged children)

# Chairman's Review Report



It gives me pleasure to present the FY 2020 Annual Report to the stakeholders of Siemens Pakistan Engineering Company Limited and to comment on the Board's effectiveness in guiding the Company towards achievement of its aims and objectives.

FY 2020 was overshadowed by the Covid-19 pandemic, an event that has not been witnessed in recent times. As the world struggled to cope with its impacts, the resulting closure of international borders and relative halt of all economic and social activities has posed tremendous challenges to the management and the employees of our company – to all of us. Nevertheless, based on its strong governance framework, the company remained resilient and under the stewardship of the Board, the Company ensured

business continuity and first and foremost the health safety of our employees, while working to avail the limited opportunities present during the year.

During the year under review, the Board performed its duties diligently to uphold the best interests of the shareholders' of the Company in these challenging times. The Board continued to guide the affairs of the Company in an effective and efficient manner, despite undergoing several changes during the year. Subsequent to the exit of Mr. Helmut von Struve, we were pleased to appoint Mr. Markus Strohmeier as Chief Executive of the Company. Mr. Strohmeier brings with him a fresh perspective and deep expertise in sales, which will continue to allow the Company to be agile in response to the market's challenges. We also welcomed Mr. Oliver Spierling and Ms. Ayla Majid as members of the Board, respectively replacing Dr. Sebastian Brachert and Ms. Sadia Khan after their departures. Collectively, these new members bring extensive experience and diverse skill sets, and have added substantial value to the overall decision-making process of the Board.

I can also confirm that the current members of the Board have extensive expertise in the areas of business management, strategy, finance, corporate governance, legal and administration. Further, all members of the Board are cognizant of their fiduciary duty to the Company and its shareholders and have ensured that this obligation is always kept top of mind. As Chairman of the Board, I affirm that all directors are encouraged to contribute and deliberate on strategic and governance-related topics, and that inputs from the independent directors, the director representing minority shareholders, and the directors having relevant experience on such topics are consulted and given due consideration before taking any decision. The Board has ensured the hiring, evaluation and compensation of the Chief Executive as well as other key executives including Chief Financial Officer and Company Secretary.

The Board has clearly defined the terms of reference of its committees, and the members are appointed after considering their requisite skills and experience. Further, the Board and its committees meet regularly during the year and exercise their governance roles after due deliberation on each matter placed before them. The Board and its committees have in place a formal process for annual self-evaluation, to ensure that the performance of the directors, collectively and individually, remains highly satisfactory and the Board can continue to play an effective role in the Company's governance.

On behalf of the Board, I take this opportunity to thank our employees, shareholders, customers, and other stakeholders for their utmost dedication, sustained support, and trust in the Company.

Sincerely,

A handwritten signature in blue ink, appearing to read 'M. Kuehn', with a long horizontal flourish extending to the right.

**Manuel Kuehn**  
Chairman of the Board

## Dear Shareholders,

We, the undersigned, for and on behalf of the Board of Directors are pleased to present the Siemens (Pakistan) Engineering Co. Ltd. ("Company") annual report and the audited financial statements for the financial year ended September 30, 2020 ("FY 2020"), together with auditors' report thereon.

During the year on comparable basis with FY 2019:

- Sales decreased by 23% which was almost Rs. 3.87 billion as compared to FY 2019 mainly due to the impact of Covid-19 which resulted in a complete halt of economic activities for almost 3 months and led to unfavorable economic conditions in the country for the remainder of the year. The Company still managed to secure a respectable share of the few opportunities that remained available.
- During the year, the Company incurred an overall loss before tax mainly due to lower sales, which was partially offset by reduced cost of sales (decrease of 16%) and reduced marketing and selling expenses (decreased by 9%).

An overview of the key indicators are presented here:

Key Performance Indicators	FY 2020	FY 2019
	(Rupees in millions)	
Net sales and services	12,805	16,673
Operating (loss) / profit	(55)	1,431
(Loss) / Profit before income tax	(227)	1,198
Net (loss) / profit for the year	(496)	709
(Loss) / Earnings per share (Rupees)	(60.14)	86.03

### Appropriations

Following is the summary of appropriations made during FY 2020.

	(Rupees in million)
Accumulated profit as at October 1, 2019	964
Net loss after taxation for FY 2020	(496)
Final dividend of Rs 46 (460%) per share for FY 2019	(379)
Accumulated profit as at September 30, 2020	89

For details of movement in other reserves please refer to Statement of Changes in Equity in the financial statements.

## Dividend

Keeping in view the Company's financial performance and future cash flow requirements, the Board is pleased to recommend a final cash dividend of Rs. 10 per ordinary share.

## Company Principle Activities and Business Segments

The Company is operating through the business portfolios Gas and Power, Smart Infrastructure and Digital Industries focusing on the areas of power generation and distribution, intelligent infrastructure for buildings and distributed energy systems, and automation and digitalization in the process and manufacturing landscape.

## Risks, Uncertainties and Mitigations

The Company is exposed, inter alia, to the following general risks which are mitigated through specific response plans:

### A) Operational risks

The operational risks are related to project management (such as timely completion of the projects and change in estimates/plan costs), EHS, and supply chain management.

The Company addresses these risks in the course of its business by dedicating resources with requisite skills and expertise. The management determines risk response strategies for such risks, which include an “avoid, transfer, reduce, or accept” strategy.

### B) Financial risks

Financial risk has been described in detail in note 49 of the attached financial statements that include market, credit, and liquidity risks.

### C) Compliance risk

The Company has a zero-tolerance policy for non-compliant activities and behaviors. The Company further understands that non-compliance with laws and regulations may result in imposition of penalties, debarment, black-listing, license cancellation, etc. To mitigate such risks, the Company has implemented a very comprehensive and effective compliance function.

Further, the Business Conduct Guidelines (BCG) clearly define the Company’s expectations from all directors, executives and employees of the Company and from those with whom it conducts business. The Company encourages employees and business partners to report compliance violations that they encounter with confidence that there will be no adverse consequences for doing so. To facilitate the process, various reporting channels, such as the compliance helpdesk “Tell Us”, have been established on the Company’s website.

## Environment, Health and Safety (EHS)

“New Normal” is the Company’s strategy to manage the personnel challenges posed by the pandemic. This new style of working employs distributed and remote working to the extent possible, through effective management of change and stakeholder engagement. EHS processes, continuous risk assessments on ever changing situations, awareness and motivating our employees to adopt the new norm as the future are a key element that will become one of the sustainable pillars of our company.

The importance of Siemens Safety Essentials such as electrical safety and driving safety topics remained crucial EHS aspects. We are refocusing our efforts on Zero Harm Culture and Siemens safety essentials to reduce the risk level and frequency of accidents via combined efforts of all stakeholders. We firmly believe that ensuring and behaving in a safe manner demonstrates discipline, which in turn leads to sustainable development.

## Corporate Social Responsibility

Good corporate citizenship has been an integral component of the Company philosophy since Werner von Siemens founded the company in 1847. We have three focus areas for our corporate citizenship work: Access to Technology, Access to Education and Sustaining Communities. They emerged from our business strategy, core competencies, global targets for the betterment of society, global megatrends (demographics, urbanization, climate change, globalization and digitalization), and stakeholder dialogue. Our activities in Corporate Citizenship also contribute to advances in the SDGs across the board. Siemens attaches great importance on environmental and climate protection undertaking an ongoing program to encourage its employees to be more responsible in using resources.

In FY 2020 the Company has worked closely with the following organizations for fulfilling its Social responsibility:

- Family Educational Services Foundation (FESF)
- The Citizens Foundation (TCF)

For details please refer to the Sustainability and Corporate Citizenship section of the Annual Report.

### Adherence to best practices of Corporate Governance

The Company is determined to meet and, wherever possible, exceed all legal and ethical requirements and to conduct all business according to the highest standards and practices. The Board defines a path of continuous improvement by constantly challenging existing processes. It also requires the Company to embrace change so that the Company is well-positioned when new opportunities arise. This also means attracting the best talent in the marketplace and providing them with the skills and opportunities required to achieve.

### Composition of the Board and its Committees and number of Meetings and attendance during the Financial Year

Composition of the Board and its committees, number of meetings of the Board and its committees, and attendance therein, is as follows:

Composition		Board Meeting held/ Attended	Audit Meeting held/ Attended	Human Resource and Remuneration Meeting held/ Attended	Nomination Meeting held/ Attended
Mr. Manuel Kuehn	Non-Executive Director	5/5* (Chairman)	4/4	N/a	N/A
Mr. Markus-Erich Strohmeier	MD - Executive Director	2/5**	N/A	N/A**	N/A
Mr. Qazi Sajid Ali	Independent Director	5/5	1/4***	2/2 (Chairman)	N/A
Mr. Manzoor Ahmed	Non-Executive Director	4/4	4/4	N/A	N/A
Mr. Oliver Spierling	Non-Executive Director	4/5****	NA	1/2****	N/A
Ms. Ayla Majid	Non-Executive Director	2/5	1/4	N/A	N/A
Mr. Tim Dawidowsky*****	Non-Executive Director	5/5	4/4	N/A	N/A
Ms. Sadia Khan	Independent Director	2/4***	2/4***	N/A	N/A
Mr. Helmut von Struve	MD - Executive Director	3/4**	NA	2/2**	N/A
Sebastian Andreas Brachert	Non-Executive Director	1/4*	NA	1/2*	N/A

\* Mr. Sebastian Andreas Brachert (Chairman of the Board) resigned w.e.f December 31, 2019. Mr. Manuel Kuehn, already a member of the Board, was appointed as Chairman of the Board w.e.f January 28, 2020.  
 \*\* Mr. Markus-Erich Strohmeier was appointed as MD on July 1, 2020 in place of Mr. Helmut von Struve.  
 \*\*\* Ms. Sadia Khan resigned w.e.f. March 3, 2020 and Mr. Qazi Sajid Ali was appointed as Chair of Audit Committee on the same day. Ms. Ayla Majid was appointed as Chair of Audit Committee in place of Mr. Qazi Sajid Ali on June 18, 2020.  
 \*\*\*\* Mr. Oliver Spierling was appointed to the Board on January 16, 2020.  
 \*\*\*\*\* Mr. Tim Dawidowsky has resigned w.e.f October 14, 2020

### Directors' Statements

We are pleased to state that:

- a) The financial statements, prepared by the management of the Company, fairly represent its state of affairs, including the result of its operations, cash flows and changes in equity;

- b) Proper books of account have been maintained by the Company;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements;
- d) The accounting estimates are based on reasonable and prudent judgment;
- e) International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements;
- f) The system of internal control, including internal controls over financial reporting, is sound in design and has been effectively implemented and monitored;
- g) There are no significant doubts upon the Company's ability to continue as a going concern; and
- h) There has been no material departure from the best practices of corporate governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

### Statement of Compliance

The Company strictly adheres to the principles of corporate governance and has implemented all prescribed stipulations. The same have been summarized in the enclosed statement of compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 duly reviewed by the external auditors.

### Directors' Remuneration Policy

The Board has approved a Directors' Remuneration Policy, which describes in detail the policy's objectives and a transparent procedure for determination of the remuneration packages of individual directors for attending meetings of the Board and its Committees. Salient features, amongst others, of the Directors' Remuneration Policy are as follows:

- Level of remuneration shall be commensurate with the needs of the business, strategic alignment and the best interests of the Company and its shareholders.
- Level of remuneration shall be as per market practice of comparable companies/industry.
- While determining remuneration, no discrimination shall be made based on gender.
- Remuneration shall be sufficient to attract and retain qualified and skilled individuals on the Board to govern the Company successfully.
- Remuneration shall justify the time and expertise that is required to be spent by the directors to fulfil their responsibilities.
- Remuneration shall be sufficient to encourage value addition.
- Remuneration shall not be at a level that could be perceived to compromise the independence of the directors.
- Managing Director/Chief Executive Officer, Executive Director and Directors representing the majority shareholder will not be entitled to any remuneration in accordance with the Articles of Association of the Company.
- Remuneration will be fixed for the entire term of the Board prior to each election of the directors (once every three years).
- Recommendation from Independent Consultant on level of remuneration to be fixed should be obtained for benchmarking.

## Directors' Remuneration

Details of aggregate amount of remuneration separately of executive and non-executive directors are disclosed in note 45 to the financial statements.

## Evaluation of the Board's Performance

The Board has approved a formal policy and a process has been put in place for conducting annual performance evaluation of the Board and its committees. The purpose of the evaluation is to ensure that the Board's performance is measured with reference to overall corporate objectives, governance structure of the Company, statutory and regulatory compliance, effectiveness, collaboration and value addition. Performance evaluation was conducted as per the process approved by the Board for FY 2020, and overall performance and effectiveness of the Board is categorized as "strong". All members of the Board participated in performance evaluation and provided their feedback.

## Directors' Training Program

For details on the director's training program, please refer to serial no. 9 of the Statement of Compliance.

The total number of directors is seven (7) as per the following:

- Male: Six (6)
- Female: One (1)

The composition of the Board is as follows:

Category	Name
Independent Director	Mr. Qazi Sajid Ali
Non-Executive Directors	Ms. Ayla Majid (Independent) Mr. Manzoor Ahmed Mr. Oliver Spierling Mr. Manuel Kuehn
Executive Director	Mr. Tim Dawidowsky*
Female Director	Ms. Ayla Majid (Independent)

\*Mr. Tim Dawidowsky has resigned w.e.f. October 14, 2020. The arising casual vacancy will be filled within 90 days in compliance with S.155 (3) of the Companies Act, 2017.

## External Auditors

The current auditors, EY Ford Rhodes, Chartered Accountants (a member firm of Ernst & Young Global Limited) retire at the conclusion of the upcoming Annual General Meeting, and being eligible, offer themselves for reappointment.

As recommended by the Audit Committee, the Board recommends their reappointment at a remuneration of Rs. 4.84 million (exclusive of sales tax) for FY 2021.

## Corporate Status

The Company is a subsidiary of Siemens Aktiengesellschaft, Germany (Siemens AG), which is incorporated under the laws of the Republic of Germany and holds 74.6% shares of the Company as at September 30, 2020.

## Pattern of Shareholding

The Company is listed on Pakistan Stock Exchange Limited. The detailed pattern and categories of its shareholding including shares held by directors and executives, if any, are annexed to the Annual Report.

## Investments in retirement benefits

The Company maintains provident and gratuity funds for its permanent employees, which are regulated through the respective board of trustees. The value of investments of these funds as per their respective audited financial statements, are as follows:

	June 30, 2019	June 30, 2018	June 30, 2017
	(Rupees in million)		
<b>Provident Fund</b>	<b>499.715</b>	441.027	427.438

	September 30, 2019	September 30, 2018	September 30, 2017
	(Rupees in million)		
<b>Gratuity Fund</b>	<b>201.108</b>	176.958	146.109

## Post Balance Sheet Event and Significant Developments during FY 2020

There have been no material changes or events from September 30, 2020, to the date of this report, which have an impact on the financial statements, except for the declaration of final dividend, which is subject to the approval of the Members of the Company at the forthcoming Annual General Meeting, the effect of which will be reflected in the FY 2021 financial statements.

## The Company's Future Outlook

The Company is committed to creating value for its stakeholders. The Company has adopted a consistent strategy to position itself along the electrification, automation and digitization value chain. We have the know-how and expertise that extends from power generation to power transmission, power distribution, and smart grid for the efficient application of electrical energy.

The key factor affecting the business environment this year remained Covid-19, which led to delays in realizing revenue and receiving of new orders. Despite expected challenges, the company remains committed to driving the business forward. Having booked quick orders in the last month of FY 2020 and first two months of FY 2021 and with a good pipeline for future, the Company is cautiously optimistic for the upcoming year.

The Company is positioned to realize the opportunities with the understanding that the economic conditions of Pakistan continue to stabilize, and no further impact of the Covid-19 situation takes place.

## Acknowledgement

We take this opportunity to thank our valued customers who have continued to place trust in our products and services, and have provided sustained support in ensuring the progress of the Company. The Company is very proud of, and thankful to, its employees for their committed and passionate efforts, loyalty and dedication. We also greatly value the support and cooperation of all stakeholders who are helping and contributing towards the growth of our Company.

We would also like to extend our sincerest gratitude to our shareholders for the confidence and trust they have placed in us, and for their unwavering support.

### On behalf of the Board

  
**Ayla Majid**  
 Director

  
**Qazi Sajid Ali**  
 Director

Karachi, November 26, 2020

## Notes and Forward Looking Statement

This document contains statements related to our future business and financial performance and future events or developments that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders. Such statements are based on the current expectations and certain assumptions of management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in this report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens' neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Board Committees

## Terms of Reference of Audit Committee

The Terms of Reference for the Audit Committee shall be as follows:

1. Determination of appropriate measures to safeguard the company's assets;
2. Review of annual and interim financial statements of the company, prior to their approval by the Board of Directors, focusing on:
  - (i) major judgmental areas;
  - (ii) significant adjustments resulting from the audit;
  - (iii) going concern assumption;
  - (iv) any changes in accounting policies and practices;
  - (v) compliance with applicable accounting standards;
  - (vi) compliance with these regulations and other statutory and regulatory requirements; and
  - (vii) all related party transactions.
3. Review of preliminary announcements of results prior to external communication and publication;
4. Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
5. Review of management letter issued by external auditors and management's response thereto;
6. Ensuring coordination between the internal and external auditors of the company;
7. Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
8. Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
9. Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
10. Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
11. Instituting special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
12. Determination of compliance with relevant statutory requirements;
13. Monitoring compliance with these regulations and identification of significant violations thereof;
14. Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
15. Recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof; and
16. Consideration of any other issue or matter as may be assigned by the board of directors.

## Terms of Reference of Human Resources and Remuneration Committee

The Terms of Reference for the Human Resource and Remuneration Committee shall be as follows:

1. Recommend to the board for consideration and approval of a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
2. Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
3. Recommending human resource management policies to the board;
4. Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
5. Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
6. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.

## Terms of Reference of the Nomination Committee

The Terms of Reference for the Nomination Committee shall be as follows:

1. Responsible for considering and making recommendations to the Board in respect of the Board committees and the chairmanship of the Board committees.
2. Responsible for keeping the structure, size and composition of the Board under regular review and for making recommendations to the Board with regard to any changes necessary.
3. Any other matter which is ancillary to the TOR mentioned above.

In case of any conflict in the Terms of Reference of the Nomination Committee with the terms of the Human Resource and Remuneration Committee, the matter shall be referred to the Board of Directors for decision.

# Sustainability and Corporate Citizenship at Siemens

# Sustainability and Corporate Citizenship at Siemens

Siemens is a technology company centered on the industries that form the backbone of economies: manufacturing, infrastructure, and transport. Our technology empowers our customers to transform their industries – to create more agile and productive factories, more intelligent and efficient buildings and grids, more sustainable transit. We develop innovations to create impact for our customers. We make real-world technology that works for everyone.

**“We use our digital portfolio to help our customers shift to more efficient, less resource-intensive production practices and use environmentally friendly materials.”**

## Sustainability at Siemens follows our company values

In light of the greatest challenges facing the world today – globalization, urbanization, demographic change, climate change, and digital transformation – sustainability is an integral part of our mission at Siemens. Our sustainability initiatives are therefore an essential aspect of successfully implementing Siemens strategy “Vision 2020+”.

Our understanding of sustainability is based on our company values: responsible, excellent, innovative. At Siemens, we define sustainable development as the means to achieve profitable and long-term growth. As a result, we are committed to thinking and acting in the interest of future generations by striking a balance between people, planet, and profit. In doing so, we align ourselves with the goals of the UN’s 2030 Agenda for Sustainable Development while striving to balance people, the environment, and profit.

## Corporate Citizenship at Siemens

Corporate citizenship is Siemens’ voluntary commitment with the aim of bringing about a benefit for society in every country in which we operate. As defined by Werner von Siemens over 170 years ago, the company’s mission is to provide technologies that improve quality of life and create lasting value for society. Based on SDGs, we identify topics that are relevant for the development of a country and illustrate how we are making a positive contribution to achieving them.

The approach does not pursue the goal of reducing risks arising from the company’s business activities, but instead contributes to giving something back to the societies in which the company is active. As a result, corporate citizenship is an important element of the company’s sustainability strategy.

Based on our core business and our competencies, Siemens has defined three strategic focus areas for its corporate citizenship: **access to technology, access to education, and sustaining communities.**

The goal of our corporate citizenship activities is to create a benefit for society. However, the COVID-19 pandemic, which has fundamentally changed the lives of billions of people, presents this mission with a new challenge. Worldwide, Siemens has been able to provide more than €15 million for non-profit aid projects to contain the spread of the virus, alleviate the impact of the pandemic, and support the return to a “new normal.”

About €8 million of that total have been funded by the company itself. More than €7 million come from a COVID-19 aid fund, which was set up by Siemens in March 2020. Every donation made by employees was matched by Siemens. The fund is operated by the non-profit association Siemens Caring Hands e.V. and provides fast, efficient, and uncomplicated support to aid organizations and medical facilities around the world.

The fund has been a success thanks to the extraordinary dedication of our employees, who have made generous donations and volunteered their time (digitally), as well as our close collaboration with local social aid organizations and health authorities. As a result, the Siemens Caring Hands Initiative has already been able to support more than 40 effective, sustainable projects worldwide in the shortest possible time.

## Corporate Citizenship at Siemens Pakistan

In accordance with the Vision2020+ corporate strategy we make sure that we provide support and create value where it is needed most. In the process, we combine deep local knowledge with the need for a long-term commitment to overcome social challenges. Our goal is to help improve general living and healthcare conditions (access to technology), enhance educational and training opportunities for the labor market (access to education), and strengthen social cohesion and cultural identification (sustaining communities).

## Response to the COVID crisis in Pakistan

The COVID-19 pandemic presented an unprecedented situation throwing up challenges that the world had never witnessed before. As the pandemic spread into Pakistan it became clear that an exceptional effort would be required to ensure the health and safety of various segments of society especially the underprivileged. Healthcare facilities were under serious stress and frontline workers needed support to effectively manage those affected by the virus.

To assist frontline workers in combating the pandemic Siemens employees decide to make personal donations to a Siemens fund especially set up for the purpose. Siemens matched every donation made by employees allowing the fund to provide much needed PPEs to frontline workers through The Citizens Foundation.

## Family Educational Services Foundation (FESF)

Siemens has continued its support for Deaf Reach, a program of the Family Educational Services Foundation, that was established in 1995 to provide academic and vocational education to deaf children and youth, particularly in rural areas, with little access to formal education or vocational training.

Less than 5% of over 1 million deaf children in Pakistan have access to education. It is vital that programs with an integrated approach to developing literacy and technical and vocational skills be available to deaf youth, to prepare them to enter the workforce and/or to initiate microenterprise livelihood projects. Siemens' partnership with FESF in reaching the Deaf children of Pakistan, is helping provide academic and vocational training to over 1000 deaf children and adolescents, 43% of who are females.

Less than 5% of over 1 million deaf children in Pakistan have access to education. Over 65% of Pakistan's population lives in rural areas, where there currently exists no access to basic education for the Deaf, let alone technical and vocational programs. It is vital that programs with an integrated approach to developing literacy and technical and vocational skills be available to deaf youth, to prepare them to enter the workforce and/or to initiate microenterprise livelihood projects.

Siemens' partnership with FESF in reaching the Deaf children of Pakistan, is helping provide academic and vocational training to over 1000 deaf children and adolescents, 43% of who are females.

## The Citizens Foundation

Siemens continues to support the initiative 'Educate a Child – Transform a Life' through TCF's 'Sponsor-a-Classroom' program. The Citizens Foundation endeavors to bring about positive social change by providing quality education to children who would otherwise not be able to attend school due to financial constraints. Every child deserves an education and a better chance in life, and we are happy to provide the required support to make it happen.

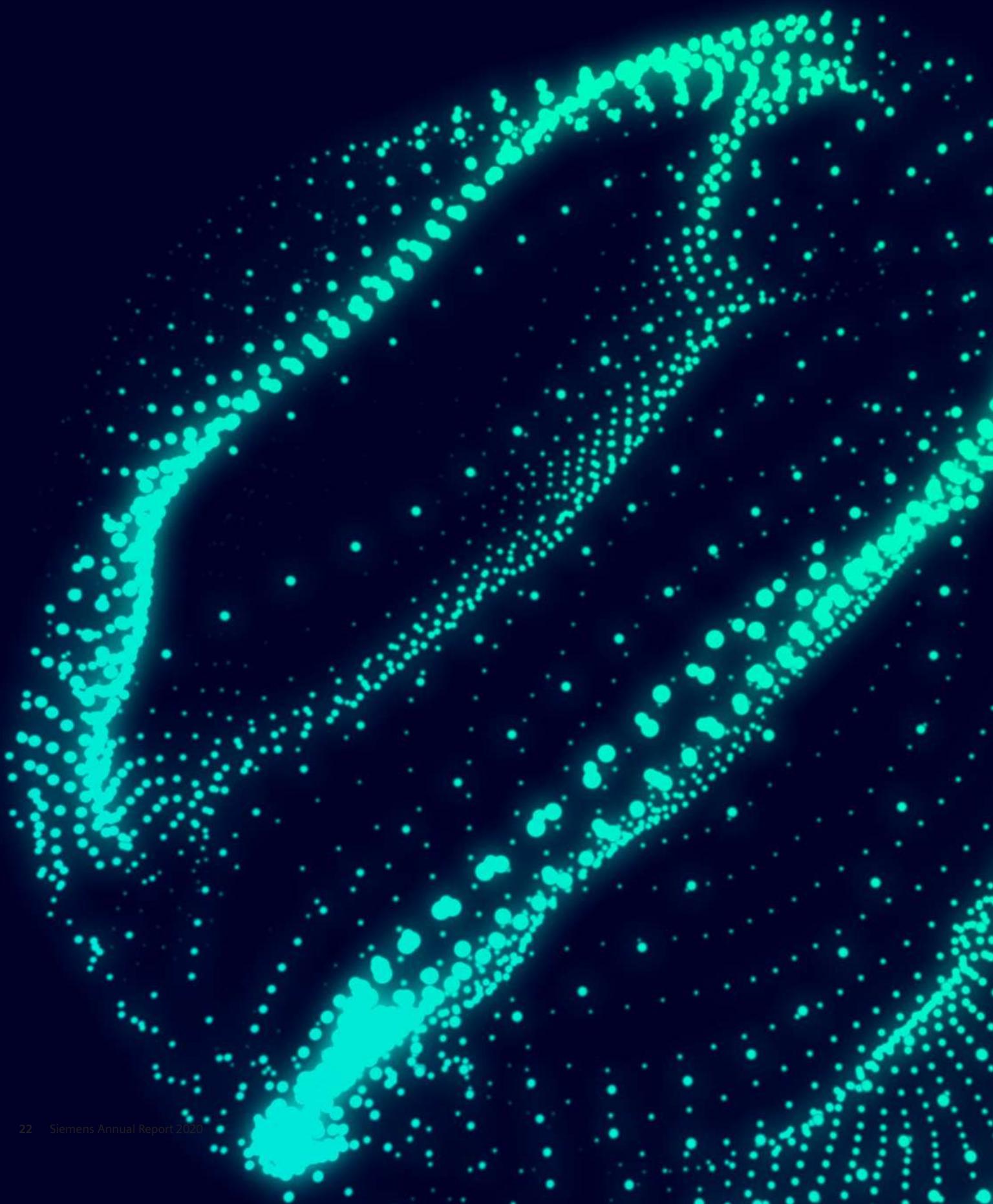
## Green Office Initiative in collaboration with WWF

Siemens continues its partnership with WWF Pakistan for its Green Office programme to address the environmental challenges and learn ways to be instrumental in improving our environment. Green Office Program is a practical and simple Environmental Management System specifically for office conditions to reduce overall carbon emissions. Green Office is a programme that will help us reduce our environmental footprint and in educating employees to be better and responsible citizens and understand their civic and environmental responsibilities.

The implementation of a Green Office will help Siemens cut down on energy costs, reduce waste and make better procurement choices.

**“For 173 years Siemens has been driven by one idea: to improve the lives of people all over the world through our technologies.”**

# Financial Report 2020



## INDEPENDENT AUDITORS' REVIEW REPORT

**To the members of Siemens (Pakistan) Engineering Co. Ltd.**

### **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 Siemens (Pakistan) Engineering Co. Ltd. (the Company) for the year ended 30 September 2020 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 Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 September 2020.



Chartered Accountants  
Place: Karachi  
Date: 22 December 2020

# Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

## Siemens (Pakistan) Engineering Company Limited

For the year ended September 30, 2020

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance Regulations, 2019 (the 'Regulations') in the following manner:

1. The total number of directors is seven (7) as per the following:

- Male: Six (6)
- Female: One (1)

2. The composition of Board is as follows:

Category	Names
Independent Director	Mr. Qazi Sajid Ali
Non-executive Directors	Mr. Manzoor Ahmed Mr. Oliver Spierling Mr. Manuel Kuehn Mr. Tim Dawidowsky (Resigned W.e.f. October 14, 2020)
Executive Director	Mr. Markus-Erich Strohmeier
Female Director	Ms. Ayla Majid (Independent Director)

NOTE: For the purpose of the rounding up of the fraction, the Company has not rounded up the fraction as one since as it currently stands, the Board has adequate independent directors i.e. six (06) Non-Executive Directors as compared to one (01) Executive Director.

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 called "Business Conduct Guidelines" 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 Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 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 Companies Act, 2017 and these Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has duly complied with the Directors' Training Program requirements and the criteria as prescribed in the Regulations.

10. The Board has approved appointment of Chief Financial Officer, 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.
12. The Board has formed following Committees comprising of members given below:

Members of Audit Committee	Designation
Ms. Ayla Majid Mr. Manzoor Ahmed Mr. Manuel Kuehn Mr. Tim Dawidowsky	Chairwoman (Independent Director) Non-Executive Director Non-Executive Director Non-Executive Director
Members of Human Resource and Remuneration Committee	Designation
Mr. Qazi Sajid Ali Mr. Oliver Spierling Mr. Markus-Erich Strohmeier	Chairman (Independent Director) Non-Executive Director Executive Director
Members of Nomination Committee	Designation
Mr. Oliver Spierling Mr. Markus-Erich Strohmeier	Chairman (Non-Executive Director) Executive Director

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings of the Committees were as per following:
- a. a. Audit Committee: Four quarterly meetings during FY 2020 ended 30 September 2020
  - b. b. Human Resource and Remuneration Committee: Two half yearly meetings during FY 2020 ended 30 September 2020
15. The Board has outsourced the internal audit function to Siemens AG who are considered suitably qualified and experienced for the purpose and are 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 Directors 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 Companies Act, 2017, the 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 the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 have been complied with.



**Mr. Manuel Kuehn**  
Chairman of the Board



**Markus-Erich Strohmeier**  
Managing Director

## INDEPENDENT AUDITORS' REPORT

To the members of Siemens (Pakistan) Engineering Co. Ltd.

### Report on the Audit of Financial Statements

#### Opinion

We have audited the annexed financial statements of **Siemens (Pakistan) Engineering Co. Ltd.** (the Company), which comprise the statement of financial position as at **30 September 2020**, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 September 2020 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

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

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
<b>1. Accounting for construction and engineering contracts and impact of COVID-19</b>	
<p>The Company earns a significant portion of its revenue from construction and engineering contracts which is recognized in accordance with IFRS 15 'Revenue from Contracts with Customers', generally over the time under the percentage-of-completion method.</p> <p>The recognition of revenue on constructions and engineering contracts, therefore, involves significant estimate with respect to stage of completion of contracts and measurement of the amount of revenue considering the scope of deliveries, total estimated contract costs, remaining costs to completion and total estimated contract revenues, as well as contract risks including technical risk, etc. and its allocation to various components of performance obligation. In addition, revenues, total estimated contracts costs and profit recognition may deviate significantly from original estimates based on new knowledge about the cost overruns and changes in project scope over the term of a contract.</p> <p>Further, COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities adheres to the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan. The Company's operations were also disrupted in latter part of the current year due to the circumstances arising from COVID-19 including the delays in contracts completion, revision in cost estimates, etc.</p> <p>The management's assessments significantly impact the determination of the extent of progress towards completion and resultantly the revenue recognized for construction and engineering contracts, therefore we identified this area as a key audit matter.</p> <p>For estimates and accounting policies, refer notes 3 and 4 and for COVID-19 impacts, trade debts, contract assets/liabilities and revenue refer notes 2, 12, 23, 26, 27 and 32 to the financial statements.</p>	<p>Our audit procedures amongst others included obtaining an understanding of the Company's processes and controls for project management in the bid and execution phase of construction contracts including project reviews and controls addressing the timely assessment of changes in cost estimates and complete / timely recognition of such changes in project calculation.</p> <p>We discussed with the senior management about the impacts of COVID-19 related events, on the business operations, contracts progress / delays and related variation in cost estimates / margins for existing / new contracts and their related financial impacts, if any.</p> <p>We evaluated management's estimates and assumptions based on a risk-based selection of a sample of contracts including projects with changes in cost estimates, delays and / or low or negative margins.</p> <p>We inspected the terms and conditions of the sample contracts including contractually agreed milestones, penalties for delay and breach as well as liquidated damages, etc.</p> <p>We also checked whether revenue was recognized in the appropriate period for the selected projects, we analyzed billable revenues and corresponding cost of sales to be recognized considering the extent of progress towards completion and examined the accounting for the associated items in the statement of financial position.</p> <p>We also carried out inquiries of project management with respect to the development and amendments of the projects, reasons for deviations between planned and actual costs, the current estimated costs to complete the contracts, and the management's assessments of probabilities that contract risks will materialize.</p> <p>We have also assessed the adequacy of the Company's disclosures in accordance with applicable financial reporting framework in Pakistan.</p>

Key audit matter	How our audit addressed the key audit matter
<b>2. Recognition and realization of deferred tax asset</b>	
<p>As disclosed in note 24 to the financial statements, the Company has recognized deferred tax asset of Rs. 890.426 million, which constitutes 6% of total assets, as of reporting date.</p> <p>In order to ascertain that sufficient future taxable profit will be available, the management has prepared future projections of taxable profit by taking into account various assumptions mainly comprising of expected future revenues, business and operational assumptions and timing of reversals.</p> <p>The recoverability of deferred tax asset and assumptions used for future taxable income involves significant management judgement about future business and economic factors, therefore, we identified this area as a key audit matter.</p>	<p>Our audit procedures among others, included analyzing the management assumptions with respect to tax planning strategies and projected future taxable income and compared them to budgets/business plans. We also tested key assumptions and estimates used by the management in relation to the likelihood of generating future taxable income.</p> <p>We checked the appropriateness of the components on which the Company has recognized deferred tax asset in light of the requirements of the Income Tax Ordinance, 2001, considering the factors including age and the expiry of the deferred tax asset and tax rates enacted. For this purpose, we involved our internal tax specialist to assist us.</p> <p>We have also assessed the adequacy of the Company's disclosures in accordance with applicable financial reporting framework in Pakistan.</p>
<b>3. Estimates and assumptions involved in staff retirement benefits</b>	
<p>The Company operates a gratuity scheme for all its regular permanent employees with liabilities amounting to Rs. 754.851 million, which were significant in the context of the overall statement of financial position of the Company.</p> <p>In determining the obligation in respect of staff retirement benefits, the Company engaged an actuarial expert to perform the actuarial valuation of the present value of the defined benefit obligation, which involves use of key assumptions including discount rates, expected rate of increase in future salaries, medical costs and mortality rates. Changes in any of these key assumptions can have a material impact on the calculation of the liability. Accordingly, we have identified this area as a key audit matter.</p> <p>Refer notes 3.4, 4.1.1 and 11.2 to the financial statements.</p>	<p>We obtained an understanding of the process for recognition of defined benefit plan and Company's control in this area relevant to our audit.</p> <p>We evaluated the competence and objectivity of the qualified actuary engaged by the Company to value the defined benefit obligation under International Accounting Standard 19 'Employee Benefits'.</p> <p>We engaged our external expert to assess the appropriateness of the methodology and assumptions used to determine the obligation in respect of defined benefit plan.</p> <p>We tested data provided by the Company to actuary for purpose of valuation.</p> <p>We have also assessed the adequacy of the Company's disclosures in accordance with applicable financial reporting framework in Pakistan.</p>

## **Information Other than the Financial Statements and Auditors' Report Thereon**

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Responsibilities of Management and Board of Directors for the Financial Statements**

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

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is **Shariq Ali Zaidi**.



**Chartered Accountants**  
**Place:** Karachi  
**Date:** 22 December 2020

# Siemens (Pakistan) Engineering Co. Ltd.

## Statement of Financial Position

As at September 30, 2020

	Note	2020 (Rupees in '000)	2019
<b>Equity and liabilities</b>			
<b>Share capital and reserves</b>			
<b>Share capital</b>			
- Authorised		200,000	200,000
20,000,000 (2019: 20,000,000) Ordinary shares of Rs 10 each			
- Issued, subscribed and paid-up	6	82,470	82,470
<b>Reserves</b>			
Capital	7	624,192	624,192
Revenue	7	4,261,995	5,280,782
		4,886,187	5,904,974
		4,968,657	5,987,444
<b>Non-current liabilities</b>			
Long-term financing	8	131,366	-
Lease liabilities	9	111,654	-
Retention money		45,343	57,958
Deferred Government grant	10	4,453	-
Others		49,342	32,075
		342,158	90,033
<b>Current liabilities</b>			
Trade and other payables	11	6,188,345	6,244,694
Contract liabilities	12	1,541,341	2,043,467
Current portion of non-current liabilities	13	160,499	-
Short-term running finances	14	1,489	793,642
Provisions	15	542,621	652,033
Taxation - net	16	180,271	495,827
Unclaimed dividend		33,591	32,076
		8,648,157	10,261,739
<b>Total liabilities</b>		<b>8,990,315</b>	<b>10,351,772</b>
<b>Contingencies and commitments</b>			
<b>Total equity and liabilities</b>	17	<b>13,958,972</b>	<b>16,339,216</b>
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Fixed assets</b>			
Property, plant and equipment	18	279,935	378,120
Right-of-use assets	19	131,577	-
Intangible assets	20	389	1,342
		411,901	379,462
Long-term loans and trade receivables	23	396,550	604,139
Long-term deposits and prepayments		-	175
Deferred tax asset - net	24	890,426	861,508
		1,698,877	1,845,284
<b>Current assets</b>			
Inventories	25	807,716	1,305,741
Trade receivables	26	8,096,229	9,040,768
Contract assets	27	2,208,669	2,514,935
Loans and advances	28	182,796	253,478
Deposits and short-term prepayments	29	125,929	111,768
Other receivables	30	398,404	714,038
Cash and bank balances	31	437,657	553,204
		12,257,400	14,493,932
<b>Assets classified as held for sale</b>	22	<b>2,695</b>	<b>-</b>
<b>Total assets</b>		<b>13,958,972</b>	<b>16,339,216</b>

The annexed notes 1 to 55 form an integral part of these financial statements.

  
Qazi Sajid Ali  
Director

  
Umer Jalil Anwer  
Chief Financial Officer

  
Ayla Majid  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Statement of Profit or Loss

For the year ended September 30, 2020

	Note	2020 (Rupees in '000)	2019
<b>Net sales and services</b>	32	12,805,375	16,672,924
Cost of sales and services	33	(11,914,927)	(14,170,266)
<b>Gross profit</b>		890,448	2,502,658
Marketing and selling expenses	34	(671,493)	(737,527)
General administrative expenses	35	(286,405)	(267,103)
		(957,898)	(1,004,630)
Other income	36	12,013	22,449
Other operating expenses	36	-	(89,329)
Net other income / (operating expenses)		12,013	(66,880)
<b>Operating (loss) / profit</b>		(55,437)	1,431,148
Financial income	37	7,324	6,604
Financial expenses	37	(178,571)	(239,265)
Net finance expense		(171,247)	(232,661)
<b>(Loss) / profit before income tax</b>		(226,684)	1,198,487
Income tax	38	(269,331)	(489,019)
<b>Net (loss) / profit for the year</b>		(496,015)	709,468
Basic and diluted (loss) / earnings per share (Rupees)	39	(60.14)	86.03

The annexed notes 1 to 55 form an integral part of these financial statements.



**Qazi Sajid Ali**  
Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Ayla Majid**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Statement of Other Comprehensive Income

For the year ended September 30, 2020

	2020	2019
	(Rupees in '000)	
Net (loss) / profit for the year	(496,015)	709,468
Other comprehensive (loss) / income for the year not to be reclassified to statement of profit or loss in subsequent periods:		
Recognition of remeasurement (loss) / gain on defined benefit plan	(174,027)	146,930
Deferred tax thereon	30,619	(28,595)
Other comprehensive (loss) / income for the year - net of tax	(143,408)	118,335
Total comprehensive (loss) / income for the year	(639,423)	827,803

The annexed notes 1 to 55 form an integral part of these financial statements.



**Qazi Sajid Ali**  
Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Ayla Majid**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Statement of Cash Flows

For the year ended September 30, 2020

	Note	2020 (Rupees in '000)	2019
<b>Cash flows from operating activities</b>			
Cash generated from operations	40	1,697,904	1,843,929
Payment to gratuity fund		(60,700)	(67,607)
Financial expenses paid		(165,414)	(208,116)
Income tax paid		(583,186)	(625,573)
Net cash generated from operating activities		888,604	942,633
<b>Cash flows from investing activities</b>			
Capital expenditure incurred		(71,806)	(151,651)
Proceeds from sale of property, plant and equipment		1,811	9,563
Financial income received		1,445	1,868
Net cash used in investing activities		(68,550)	(140,220)
<b>Cash flows from financing activities</b>			
Dividends paid		(377,849)	(616,239)
Repayment of lease liabilities		(37,237)	-
Proceeds from long-term financing		271,638	-
Net cash used in financing activities		(143,448)	(616,239)
Net increase in cash and cash equivalents		676,606	186,174
Cash and cash equivalents at beginning of the year		(240,438)	(426,612)
Cash and cash equivalents at end of the year	41	436,168	(240,438)

The annexed notes 1 to 55 form an integral part of these financial statements.



**Qazi Sajid Ali**  
Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Ayla Majid**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Statement of Changes in Equity

For the year ended September 30, 2020

	Issued, subscribed and paid-up share capital	Capital reserves			Revenue reserves			Total
		Share premium	Treasury shares reserve	Other capital reserve	General reserves	Remeasurement gain / (loss) on defined benefit plan	Accumulated profits / (loss)	
------(Rupees in '000)-----								
Balance as at September 30, 2018	82,470	619,325	567	4,300	4,523,026	(324,927)	873,408	5,778,169
Final dividend @ Rs 75/- per Ordinary share of Rs 10/- each for the year ended September 30, 2018	-	-	-	-	-	-	(618,528)	(618,528)
Net profit for the year ended September 30, 2019	-	-	-	-	-	-	709,468	709,468
Other comprehensive income for the year	-	-	-	-	-	118,335	-	118,335
Total comprehensive income for the year	-	-	-	-	-	118,335	709,468	827,803
<b>Balance as at September 30, 2019</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>4,523,026</b>	<b>(206,592)</b>	<b>964,348</b>	<b>5,987,444</b>
Final dividend @ Rs 46/- per Ordinary share of Rs 10/- each for the year ended September 30, 2019	-	-	-	-	-	-	(379,364)	(379,364)
Net loss for the year ended September 30, 2020	-	-	-	-	-	-	(496,015)	(496,015)
Other comprehensive loss for the year	-	-	-	-	-	(143,408)	-	(143,408)
Total comprehensive loss for the year	-	-	-	-	-	(143,408)	(496,015)	(639,423)
<b>Balance as at September 30, 2020</b>	<b>82,470</b>	<b>619,325</b>	<b>567</b>	<b>4,300</b>	<b>4,523,026</b>	<b>(350,000)</b>	<b>88,969</b>	<b>4,968,657</b>

The annexed notes 1 to 55 form an integral part of these financial statements.



**Qazi Sajid Ali**  
Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Ayla Majid**  
Director

# Siemens (Pakistan) Engineering Co. Ltd.

## Notes to the Financial Statements

For the year ended September 30, 2020

### 1. LEGAL STATUS AND OPERATIONS

1.1 Siemens (Pakistan) Engineering Co. Ltd. (the Company) was incorporated in Pakistan in the year 1953. The Company is a public limited company and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in the execution of projects under contracts and in manufacturing, sale and installation of electronic and electrical capital goods. The Company's registered office is situated at B-72, Estate Avenue, S.I.T.E., Karachi. The geographical location of other offices and plant is given in note 54 to these financial statements.

1.2 In line with Siemens' global reorganization announced in May 2019, and the recent spinoff of the gas and power business into a separate legal entity on the German Stock Exchange, all business units formerly in the Gas and Power vertical have been moved into the new Siemens Gas and Power GmbH & Co. KG effective April 1, 2020. While the Company is not directly impacted by this reorganization, the Company executed an Agency and Distribution Agreement during the year with the new legal entity to maintain business continuity.

### 2. IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

In March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a global pandemic. Thereafter, COVID-19 emerged to have impacts for Pakistan's economy as the Government decided for a Country wide lockdown. This also had an impact on Company's operations, which mainly resulted in deferral of new business opportunities by Rs 7,740 million, sales of Rs 2,894 million and related margins of Rs 712 million for the year ended September 30, 2020. The Company, however, believes that these events would not fundamentally impact the operations of the Company in ensuing periods.

The Company in general has considered the business risks emanating from COVID-19 and has assessed the possible financial implications on the carrying amounts of assets such as receivables and inventories. In developing the assumptions relating to the possible future uncertainties, the Company, as at the date of approval of these financial statements, has used internal and external sources of information including economic forecast, market and customer sentiments, customer credit ratings and valid orders on hand. Based on current estimates, the Company expects that the carrying amount of these assets will be recovered in full.

However, the management of the Company is closely monitoring the situation, and in response to the developments, taking all possible precaution and measures to safeguard health and safety of employees and other stakeholders.

### 3. BASIS OF PREPARATION

#### 3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017 (the Act);
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Act; and
- Provisions of and directives issued under the Act.

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

#### 3.2 Basis of measurement

These financial statements have been prepared under the 'historical cost' convention except as mentioned in note 4 to these financial statements.

#### 3.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupees (Rs) which is the functional currency of the Company and figures are rounded off to the nearest thousand of rupees, unless otherwise specified.

#### 3.4 Use of estimates, assumptions and judgements

The preparation of financial statements in conformity with accounting standards as applicable in Pakistan requires management to make estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These estimates are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In preparing these financial statements, the significant estimates, assumptions and judgements made by the management in applying accounting policies include:

- Contract liabilities (note 4.2)
- Provision for warranty obligations (note 4.3)
- Method of depreciation and amortisation, residual values, useful lives and impairment on property, plant and equipment and intangible assets (note 4.5 and 4.7)
- Allowance for expected credit losses (loss allowances) on doubtful contract assets, trade and other receivables (note 4.8.1)
- Provision for taxation and deferred taxation (note 4.9)
- Provisions against inventories (note 4.10)
- Actuarial assumptions for the gratuity scheme and provision thereagainst (note 11.2);
- Costs of completion of contracts in progress (note 4.15 and 32.1); and
- Derivative financial instruments (note 4.17)

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below:

### 4.1 Employees' retirement benefits

The Company's retirement benefit plans comprise of a defined benefit plan and a defined contribution plan.

#### 4.1.1 Defined Benefit Plans

The Company operates an approved funded / unfunded gratuity scheme for all its regular permanent employees.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit method. Remeasurement gains / losses are recognised directly to equity through statement of other comprehensive income (OCI) and are not reclassified to statement of profit or loss in subsequent periods.

#### 4.1.2 Defined Contribution Plan

The Company also operates a provident fund scheme for all its regular permanent employees. Equal monthly contributions are made to the fund, both by the Company and the employees at the rate of 10 percent of the aggregate of basic salary and cost of living allowance, wherever applicable.

### 4.2 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements for dealers.

### 4.3 Provisions

A provision is recognised in the statement of financial position when the Company has a present (legal or constructive) obligation as a result of past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

The Company accounts for its warranty obligations when the underlying products or services are sold or rendered. The provision is estimated based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

### 4.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying capital asset under construction are capitalised and added to the project cost until such time the assets are substantially ready for their intended use, i.e., when they are capable of commercial production. All other borrowing costs are recognised as an expense in the statement of profit or loss in the period in which they are incurred.

### 4.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work in progress which are stated at cost less accumulated impairment losses, if any. Cost in relation to self manufactured assets includes direct cost of materials, labour and applicable manufacturing overheads. If the cost of certain components of an item of property, plant and equipment are significant in relation to the total cost of the item, they are accounted for and depreciated separately.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposal of assets are taken to the statement of profit or loss.

Capital work in progress are stated at cost less accumulated impairment losses, if any and consist of expenditure incurred in respect of operating fixed assets in the course of their acquisition, construction and installation. These are transferred to respective items of property, plant and equipment on becoming available for use.

Repairs and maintenance are charged to statement of profit or loss as and when incurred. Major renewals and improvements which increase the asset's remaining useful economic life or the performance beyond the current estimated levels are capitalized and the assets so replaced, if any, are retired.

Depreciation is charged to statement of profit or loss applying the straight line method whereby, the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and on disposals upto the month of deletion, if not already fully depreciated. The residual value, depreciation method and the useful lives of each class of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

#### **4.6 Right-of-use assets**

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

#### **4.7 Intangible assets**

Intangible assets having definite useful lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised using the straight line method over the estimated useful lives. Amortization on additions is charged from the month in which the asset is available for use and on disposals upto the month of deletion, if not already fully amortised.

#### **4.8 Impairment**

##### **4.8.1 Financial assets**

The Company recognises an impairment for lifetime expected credit losses (loss allowance) for all financial assets, other than those held at fair value through profit or loss. The Company applies a simplified approach to assess the loss allowance from trade receivables, contract assets and other receivables by applying their lifetime expected credit losses. Loss allowances are set up for expected credit losses, representing a forward-looking estimate of future credit losses involving significant judgment. Loss allowance is the gross carrying amount less collateral, multiplied by the probability of default derived from internal rating grades and a factor reflecting the loss in the event of default. Loss allowances are not recognized when the gross carrying amount is sufficiently collateralized.

For other assets such as bank balances, deposits, etc. the Company also applies a low credit risk simplification and evaluates whether these assets consider to have low credit risk using all reasonable and supportable information that is available without undue cost and efforts including external credit ratings assessed by reputable agencies, etc. However, in certain cases, the Company has also considered a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

##### **4.8.2 Non-Financial assets**

The carrying values of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which an asset's carrying amount exceeds its recoverable amount.

#### **4.9 Taxation**

##### **4.9.1 Current**

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001.

##### **4.9.2 Deferred**

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the date of statement of financial position.

Deferred tax liability is recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits. A deferred tax asset is recognised only when it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax charged is recognised in statement of profit or loss, however deferred tax relating to items recognised in OCI / Equity is recognised directly in OCI / Equity.

#### **4.10 Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost of finished goods, both manufactured and purchased, raw material and components is determined on weighted average basis. The cost of work-in-process and finished goods includes direct materials, labour and applicable production overheads.

The Company reviews the carrying amount of inventories on an on-going basis and as appropriate, inventory is written down to its net realisable value or provision is made for obsolescence if there is any change in usage pattern and / or physical form of related inventory.

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessarily to be incurred to make the sale.

#### **4.11 Contract assets**

Contract assets arise on long term construction contracts when the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due. It is measured at cost plus profit recognised to date less progress billing and recognised losses; and any related loss allowance thereagainst. Cost includes all expenditures related directly to specific projects and an allocation of fixed and variable overheads incurred.

The Company generally becomes entitled to invoice customers for execution of construction contract based on achieving a series of performance-related milestones as per the respective contracts.

#### **4.12 Cash and cash equivalents**

Cash and cash equivalents are stated at cost and comprise of cash in hand, cheques in hand, deposits held with banks and highly liquid investments with less than three months maturity from the date of acquisition. Running finance facilities availed by the Company, which are repayable on demand and form an integral part of the Company's cash management are considered as part of cash and cash equivalents for the purpose of statement of cash flows.

#### **4.13 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the management. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly loans and borrowings and related expenses, cash and bank balances and related income, corporate assets and tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

#### **4.14 Foreign currencies**

Foreign currency transactions are translated into Pakistani Rupees at exchange rates prevailing on the date of transaction. All monetary assets and liabilities in foreign currencies are re-translated at the rates of exchange prevailing at the reporting date. Exchange gains and losses are included in the statement of profit or loss. Non monetary items that are measured in terms of a historical cost in a foreign currency are not re-translated.

#### **4.15 Revenue recognition**

##### **(a) Revenue from contract with customers**

Revenue from sale of goods is recognised at a point in time when the customer obtains control of the goods or services.

Service revenue is recognised over the contractual period or as and when services are rendered to customers.

The Contract revenue generated from execution of long term construction-type contracts is accounted for under the percentage-of-completion method as the customer obtains control of the goods or services over the time. Contract revenue and contract costs relating to such contracts are recognised as revenue and expenses respectively by reference to stage of completion of contract activity at the reporting date. Stage of completion of a contract is determined by applying 'cost-to-cost method' by reference to the proportion that contract cost incurred to date bears to the total estimated contract cost. Contract revenue on construction contracts valuing less than Rs 10 million and / or duration upto six months is recognised using completed contract method.

When it is probable that contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

Contract modifications which may be a change in the scope or price (or both) are included in contract revenue to the extent that they have been agreed with the customer and create enforceable rights and obligations.

##### **(b) Other revenues**

Commission income is recognised on receipt / acknowledged basis. Financial income is recognised as it accrues, using the effective mark-up rates.

#### 4.16 Financial assets and liabilities

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets are classified, at initial recognition and subsequently measured at amortised cost, fair value through OCI or fair value through statement of profit or loss. This classification depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures all financial assets at cost, which is the fair value of consideration given. Trade receivables are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost, the financial asset gives rise on specified dates to cash flows that are 'solely payments of principal and interest' (SPPI) on the principal amount outstanding and the Company holds such financial assets with an objective to collect contractual cash flows. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss (FVTPL) include financial assets held for trading (including derivatives unless they are designated as effective hedging instruments), financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. These are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. These are subsequently measured at fair value or amortised cost as the case may be. Gains or losses are recognised in statement of profit or loss.

The Company derecognises the financial assets and financial liabilities when it ceases to be a party to contractual provisions of such instruments.

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

#### 4.17 Derivative financial instruments

The Company uses derivative financial instruments to cover its exposure to foreign exchange arising from operational activities, if possible. Any gain or loss from re-measuring the derivative financial instrument at fair value is recognised in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through statement of profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in statement of profit or loss.

#### 4.18 Dividends

Dividend is recognised as a liability in the period in which it is approved.

#### 4.19 Share based payment transactions

The fair value of the amount payable in cash to employees in respect of share based schemes is recognised as an expense, with a corresponding increase in liabilities, over the period that the employees become entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as salaries, wages and employee welfare expense in the statement of profit or loss.

#### 4.20 Government grants

Government grant is recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant related to an expense item, it is recognised in the statement of profit or loss on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

#### 4.21 Non-current assets classified as held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets are measured at the lower of their carrying amount and fair value less costs to sell. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

## 4.22 Ijarah contracts

Arrangements in which a significant portion of the risks and rewards of ownership is retained by the Muj'ir (lessor) and Ijarah agreements have been entered into, are classified as Ijarah. Ijarah rentals paid under Ijarah agreements are charged to statement of profit or loss on a straight-line basis over the period of Ijarah.

## 4.23 Lease liabilities

The Company assess at contract inception whether a contract is, or contain a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets. The Company recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

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

The Company determines the lease term as the non-cancellable term of the lease, together with any periods affected by an option to extend or terminate the lease. After the commencement date, the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew the lease. Any change is accounted for as a change in estimate and applied prospectively with corresponding change in ROU assets and lease liabilities.

## 4.24 Standards, amendments, interpretations and improvements adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year ended, except as described below:

### New / amended standards, interpretations and improvements

IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 14	Regulatory Deferral Accounts
IFRS 16	Leases
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over Income Tax Treatments

### Improvements to IFRS (2018-2020 cycle)

IFRS 3	Business Combinations - Previously held Interests in a joint operation
IFRS 11	Joint Arrangements - Previously held Interests in a joint operation
IAS 12	Income Taxes: Income tax consequences of payments on financial instruments classified as equity
IAS 23	Borrowing Costs - Borrowing costs eligible for capitalisation

The adoption of the above standards, amendments and improvements to accounting standards did not have any material effect on these financial statements in the period of initial application except for the adoption of IFRS 16 'Leases' as discussed below:

### IFRS 16 - Leases

- a) IFRS 16 supersedes IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in IAS 17. Therefore, IFRS 16 does not have an impact for leases where the Company is lessor. Whereas, for lessee all leases will be classified as finance leases only.

The Company adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying standard recognised at the date of initial application, that is in case of the Company is October 01, 2019. The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 as of October 01, 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

- b) The Company has lease contract for properties on rental arrangement. Before the adoption of IFRS 16, the Company classified these lease rental arrangements (as lessee) at the inception date as an operating lease, i.e. the leased property was not capitalised and the prepaid lease rental payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Prepaid rent was recognised as pre-payments under non-current / current assets accordingly and accrued rent was recognised as accruals under non-current / current liabilities accordingly. Further, vehicles obtained under Ijarah arrangements were accounted for under Islamic Financial Accounting Standards (IFAS) - 2 as issued by ICAP. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company. However, vehicles under Ijarah arrangement continues to be recorded under IFAS 2, as per local law requirements.

**i) Leases previously accounted for as operating leases**

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets, if any. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

**ii) Leases previously classified as finance leases**

The Company does not have any assets / liabilities at the date of initial application of IFRS 16 that were previously classified as finance leases under IAS 17.

**iii)** The Company also applied the available practical expedients wherein, it has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease and applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application. Based on the foregoing, as at October 01, 2019, right-of-use assets and lease liabilities of Rs 123.359 million each, were recognised and presented separately in the statement of financial position.

**iv)** The effect of adoption of IFRS 16 and related adjustments did not have any impact on revenue reserves as of October 01, 2019 and accordingly, there is no effect on basic / diluted earning per share.

**v)** The lease liabilities as at October 01, 2019 can be reconciled to the operating lease commitments as of September 30, 2019 as follows:

	(Rupees in '000)
Operating lease commitments as at September 30, 2019	176,442
Incremental borrowing rate as at October 01, 2019	11.20%
Discounted operating lease commitments as at October 01, 2019	133,412
Less: Commitments relating to short-term leases	(10,053)
Lease liabilities October 01, 2019	123,359

- c) The accounting policy in respect of right-of-use assets and lease liabilities is stated in notes 4.6 and 4.23 to these financial statements.

**4.25 Standards, interpretations and amendments to approved accounting standards that are not yet effective**

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standard or Interpretation	Effective date (annual periods beginning on or after)	
IFRS 3	Definition of a Business (Amendments)	January 01, 2020
IFRS 3	Reference to the Conceptual Framework (Amendments)	January 01, 2022
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)	January 01, 2020
IFRS 9 / IAS 39 / IFRS 7	Prepayment Features with Negative Compensation (Amendments)	January 01, 2020
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IAS 1 / IAS 8	Definition of Material (Amendments)	January 01, 2020
IAS 1	Classification of Liabilities as Current or Non-current (Amendments)	January 01, 2022
IAS 16	Proceeds before Intended Use (Amendments)	January 01, 2022
IAS 37	Onerous Contracts - Costs of Fulfilling a Contract (Amendments)	January 01, 2022

**Improvements to Accounting Standards Issued by the IASB (2018-2020 cycle)**

IFRS 9	Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
IAS 43	Agriculture - Taxation in fair value measurements	January 01, 2022

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after January 01, 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standard have been issued by IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan. The management of the Company expects that below new standard will not have any material impact on the Company's financial statements in the period of initial application.

Standard		Effective date (annual periods beginning on or after)
IFRS 1	First time adoption of IFRSs	January 01, 2004
IFRS 17	Insurance Contracts	January 01, 2023

## 5. OPERATIONS IN AFGHANISTAN

Effective December 31, 2015, the Company ceased to participate in further business in Afghanistan due to withdrawal of sales rights by Siemens AG for the Afghanistan territory. However, the Company will continue to execute the orders in hand as at September 30, 2020 amounting to Rs 202.723 million (2019: Rs 965.264 million). Information relating to Afghanistan operations is presented in note 53 to these financial statements.

## 6. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL

Ordinary shares of Rs 10/- each			2020	2019
			(No. of shares)	(Rupees in '000)
			2020	2019
6,217,780	6,217,780	Issued for cash	62,178	62,178
81,700	81,700	Issued for consideration other than cash	817	817
1,526,800	1,526,800	Issued as bonus shares	15,268	15,268
(56,683)	(56,683)	Treasury shares	(567)	(567)
477,440	477,440	Issued under a scheme of amalgamation	4,774	4,774
<b>8,247,037</b>	<b>8,247,037</b>		<b>82,470</b>	<b>82,470</b>

6.1 Siemens Aktiengesellschaft (Siemens AG, the parent company) held 6,156,782 Ordinary shares (2019: 6,156,782 Ordinary shares) of Rs 10/- each of the Company as at September 30, 2020.

6.2 Voting rights, board selection, right of first refusal and block voting are in proportion to the respective shareholding.

### 6.3 Dividends and other appropriations

The Board of Directors have, in their meeting held on November 26, 2020 proposed a final cash dividend of Rs 10/- per Ordinary share of Rs 10/- each (2019: Rs 46/- per share), amounting to Rs 82.470 million (2019: Rs 379.364 million).

7. RESERVES	Note	2020	2019
		(Rupees in '000)	
<b>Capital</b>			
Share premium	7.1	619,325	619,325
Treasury shares reserve	7.2	567	567
Other capital reserve		4,300	4,300
		<b>624,192</b>	<b>624,192</b>
<b>Revenue</b>			
General reserves		4,523,026	4,523,026
Remeasurement loss on defined benefit plan		(350,000)	(206,592)
Accumulated profit		88,969	964,348
		<b>4,261,995</b>	<b>5,280,782</b>

7.1 This represents premium of Rs 50/- per share on the issue of 186,340 Ordinary shares of Rs 10/- each and Rs 70/- per share on the issue of 223,608 Ordinary shares of Rs 10/- each during the years ended September 30, 1988 and 1990, respectively, and premium of Rs 1,277/- per share on the issue of 477,440 Ordinary shares of Rs 10/- each under the scheme of amalgamation during the year ended September 30, 2007. This amount was reduced by Rs 15.334 million on account of 56,683 Ordinary shares of Rs 10/- each bought back by the Company during the year ended September 30, 2003.

7.2 This represents the amount by which the share capital of the Company was reduced on the buy back of 56,683 Ordinary shares of Rs 10/- each and transferred from the distributable profits of the Company to treasury shares during the year ended September 30, 2003. This reserve was created to comply with the requirements of Section 95A of the repealed Companies Ordinance, 1984.

8. LONG-TERM FINANCING	Note	2020 (Rupees in '000)	2019
SBP re-finance loan	8.1	255,853	-
Less: Current maturity of long-term financing	13	(124,487)	-
		<u>131,366</u>	<u>-</u>

8.1 During the year, the Company has availed a re-finance loan at subsidised interest rate under the State Bank of Pakistan (SBP) refinance scheme to support payment of salaries and wages (the scheme) in ongoing pandemic. Under this scheme, the Company has obtained loan of Rs 271.638 million from Standard Chartered Bank of (Pakistan) Limited at a subsidised interest rate of 3.00% per annum, repayable in eight equal quarterly installments commencing from January 2021.

9. LEASE LIABILITIES	Note	2020 (Rupees in '000)	2019
Initial application of IFRS 16 on October 01, 2019		123,359	-
New leases during the year		36,215	-
Accretion of interest during the year		13,997	-
Payments during the year		(37,237)	-
Balance at end of the year		<u>136,334</u>	<u>-</u>
Less: Current maturity of lease liabilities	13	(24,680)	-
		<u>111,654</u>	<u>-</u>

10. DEFERRED GOVERNMENT GRANT	Note	2020 (Rupees in '000)	2019
Fair value differential of loan at subsidised rate as Government grant	10.1	19,654	-
Less: Government grant amortised during the year		(3,869)	-
		<u>15,785</u>	<u>-</u>
Less: Current portion of deferred Government grant	13	(11,332)	-
		<u>4,453</u>	<u>-</u>

10.1 Deferred Government grant relates to the difference between the fair value and actual amount of financing obtained under SBP refinance scheme for payment of salaries and wages during the current year. The grant is amortised over the period of loan and presented as reduction of related interest expense.

11. TRADE AND OTHER PAYABLES	Note	2020 (Rupees in '000)	2019
Trade creditors [including retention money of Rs 663.558 million (2019: Rs 644.263 million)]	11.1	3,961,979	4,511,442
Accrued liabilities		1,147,037	963,466
Defined benefit plan - Gratuity Fund	11.2	515,993	293,328
Defined contribution plan - Provident Fund		11,597	-
Accrued interest		179,780	180,620
Workers' Welfare Fund (WWF)		170,140	174,520
Derivative financial instruments		21,371	-
Withholding tax payable		19,232	20,409
Sales tax payable		66,557	-
Other liabilities		94,659	100,909
		<u>6,188,345</u>	<u>6,244,694</u>

11.1 These include sums aggregating to Rs 1,461.779 million (2019: Rs 1,694.349 million) due to related parties.

## 11.2 Defined benefit plan - gratuity

As stated in note 4.1.1 to these financial statements, the Company operates two retirement benefit plans (the Plans) namely approved funded gratuity scheme for all its permanent employees in Pakistan and an unfunded gratuity scheme for all its permanent employees in Afghanistan (see note 5).

Plan assets held in trust are governed by local regulations which mainly includes Trust Act, 1882, Companies Act, 2017, Income Tax Rules, 2002 and Rules under the Trust deed of the Plan. Responsibility for governance of the Plans, including investment and funding decisions and contribution schedules lies with the Board of Trustees. The Company appoints the trustees and all trustees are employees of the Company.

The latest actuarial valuation was carried out on September 30, 2020 using the Projected Unit Credit Method, using the following significant financial assumptions:

- Discount rate 9.8% per annum compound (2019: 12.7%).
- Expected rate of increase in salaries 11.5% per annum (2019: 11.5%).
- For Pakistan SLIC (2001-15) mortality table was considered whereas, for Afghanistan because of the nature of the benefit which is a lump sum payable on exit due to any cause, a combined single decrement rate has been used.

The amounts recognised in the statement of financial position are as follows:

Note	2020			2019		
	Pakistan	Afghanistan	Total	Pakistan	Afghanistan	Total
	Funded	Unfunded		Funded	Unfunded	
	----- (Rupees in '000) -----					
Fair value of plan assets	238,858	-	238,858	235,184	-	235,184
Present value of defined benefit obligation	(738,750)	(16,101)	(754,851)	(528,512)	-	(528,512)
Deficit - recognised as liability in the statement of financial position	(499,892)	(16,101)	(515,993)	(293,328)	-	(293,328)

### 11.2.1 Movement in the fair value of plan assets

Opening balance	235,184	-	235,184	210,032	-	210,032
Interest income	29,316	-	29,316	21,142	-	21,142
Contributions made by the Company	51,607	-	51,607	67,607	-	67,607
Benefits paid	(54,251)	-	(54,251)	(79,284)	-	(79,284)
Remeasurement (loss) / gain	(22,998)	-	(22,998)	15,687	-	15,687
	238,858	-	238,858	235,184	-	235,184

### 11.2.2 Movement in the present value of defined benefit obligation

Opening balance	528,512	-	528,512	613,340	-	613,340
Current service cost	51,607	25,005	76,612	67,607	-	67,607
Interest expense	62,042	-	62,042	58,092	-	58,092
Benefits paid	(54,251)	(9,093)	(63,344)	(79,284)	-	(79,284)
Remeasurement (loss) / gain	150,840	189	151,029	(131,243)	-	(131,243)
	738,750	16,101	754,851	528,512	-	528,512

### 11.2.3 Movement in net liability in the statement of financial position is as follows:

Opening balance of liability	293,328	-	293,328	403,308	-	403,308
Expense recognised for the year	84,333	25,005	109,338	104,557	-	104,557
Contributions made by the Company	(51,607)	-	(51,607)	(67,607)	-	(67,607)
Benefits paid	-	(9,093)	(9,093)	-	-	-
Net remeasurement gain / (loss) for the year recognised in OCI	173,838	189	174,027	(146,930)	-	(146,930)
	499,892	16,101	515,993	293,328	-	(293,328)

	2020			2019		
	Pakistan	Afghanistan	Total	Pakistan	Afghanistan	Total
	Funded	Unfunded		Funded	Unfunded	
----- (Rupees in '000) -----						
<b>11.2.4 Remeasurement loss / (gain) recognised in statement of other comprehensive income:</b>						
Remeasurement of present value of defined benefit obligation	135,623	-	135,623	(106,508)	-	(106,508)
Financial assumptions	15,217	189	15,406	(15,100)	-	(15,100)
Experience adjustments	-	-	-	(9,635)	-	(9,635)
Demographic assumptions	150,840	189	151,029	(131,243)	-	(131,243)
	22,998	-	22,998	(15,687)	-	(15,687)
Remeasurement of fair value of plan assets	173,838	189	174,027	(146,930)	-	(146,930)

**11.2.5 The following amounts have been charged in the statement of profit or loss in respect of these benefits:**

Current service cost	51,607	25,005	76,612	67,607	-	67,607
Interest expense	62,042	-	62,042	58,092	-	58,092
Interest income on plan assets	(29,316)	-	(29,316)	(21,142)	-	(21,142)
	84,333	25,005	109,338	104,557	-	104,557

**11.2.6 Major categories / composition of plan assets are as follows:**

	Pakistan - Funded		Afghanistan - Unfunded	
	2020	2019	2020	2019
Treasury bills	86	90	-	-
Cash and cash equivalents	14	10	-	-
	100	100	-	-

**11.2.7 Sensitivity analysis for actuarial assumptions**

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Assumptions	Impact on defined benefit obligation			
	Pakistan		Afghanistan	
	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Effect of change in discount rate	(27,059)	28,894	(797)	869
Effect of change in future salary increases	28,308	(26,776)	851	(789)

----- (Rupees in '000) -----

**11.2.8** The expected interest income on plan assets is taken as weighted average of expected investment return on different assets of the gratuity fund.

**11.2.9** During the year ending September 30, 2021, the Company plans to contribute to the defined benefit plan of Pakistan as per the recommendation of the actuary amounting to Rs 73.365 million.

**11.2.10** The defined benefit plans expose the Company to the actuarial risks such as:

**Withdrawal and mortality risks** - Withdrawal risk is the risk of higher or lower withdrawal experience than assumed. Mortality risk is the risk that the actual mortality experience is different. Both risks depend on the beneficiaries' service / age distribution and the benefit.

**Investment risk** - The risk of the investment underperforming and not being sufficient to meet the liabilities. The risk is mitigated by closely monitoring the performance of investments.

**Longevity risk** - The risk arises when the actual lifetime of retirees is longer than expectation. The risk is measured at the plan level over the entire retiree population.

**11.2.11** The weighted average duration of the defined benefit obligations is 7 years.

12. CONTRACT LIABILITIES	Note	2020 (Rupees in '000)	2019
Advances from customers			
- Secured		299,454	520,333
- Unsecured	12.1	800,834	1,103,937
	12.2	1,100,288	1,624,270
Unearned portion of revenue		224,161	151,828
Refund liabilities		216,892	267,369
		<u>1,541,341</u>	<u>2,043,467</u>

12.1 This includes advance of Rs 209.705 million (2019: Rs 194.312 million) from Rousch (Pakistan) Power Limited (a related party) as per the contractual payment terms.

12.2 This includes billings in excess of Rs 448.863 million (2019: Rs 578.676 million) as per the contractual milestones.

13. CURRENT PORTION OF NON-CURRENT LIABILITIES	Note	2020 (Rupees in '000)	2019
Current maturity of long-term financing	8	124,487	-
Current maturity of lease liabilities	9	24,680	-
Current portion of deferred Government grant	10	11,332	-
		<u>160,499</u>	<u>-</u>

#### 14. SHORT-TERM RUNNING FINANCE

Unsecured - from a related party	14.1	-	198,791
Secured - from others	14.2	1,489	594,851
		<u>1,489</u>	<u>793,642</u>

14.1 This facility is available from Siemens Financial Services (SFS) of Siemens AG, in respect of the projects in the United Arab Emirates (UAE). The mark-up on this facility ranges between 1.07% and 3.27% per annum (2019: 3.07% and 4.21% per annum).

14.2 These facilities arranged with commercial banks in Pakistan aggregated to Rs 4,900 million (2019: Rs 4,900 million) while interest rate ranges between 7.51% to 14.35% per annum (2019: 8.72% to 14.21% per annum). These are secured against the joint hypothecation charges over inventories and trade receivables of the Company.

14.3 The Company also has unsecured bank overdraft facilities arranged with commercial banks in the United Arab Emirates (UAE) aggregated to Rs 113.250 million (2019: Rs 106.800 million) which were not utilised during the current year and at year end.

15. PROVISIONS	Warranties	Losses on sales contracts	Total
	----- (Rupees in '000) -----		
Balance at beginning of the year	610,151	41,882	652,033
Additional provision	233,437	15,238	248,675
Cost incurred	(218,139)	(17,412)	(235,551)
Reversal of unutilised amounts	(116,131)	(6,405)	(122,536)
Balance at end of the year	<u>509,318</u>	<u>33,303</u>	<u>542,621</u>

16. TAXATION - net	2020 (Rupees in '000)	2019
Provision for taxation	1,697,635	1,917,520
Advance tax	(1,517,364)	(1,421,693)
	<u>180,271</u>	<u>495,827</u>

## 17. CONTINGENCIES AND COMMITMENTS

### 17.1 Contingencies

17.1.1 The Company is defending various suits filed against it in various courts in Pakistan for sums aggregating to Rs 102.198 million (2019: Rs 142.603 million) related to its business operations. The Company's management is confident, based on the advice of its legal advisors, that these suits will be decided in Company's favour and, accordingly, no provision has been made for any liability against these law suits in these financial statements.

	2020	2019
	(Rupees in '000)	
17.1.2 Guarantees		
- limit	14,411,361	13,179,902
- utilised portion	11,134,784	9,862,522
- unutilised portion	3,276,577	3,317,380

### 17.2 Commitments

17.2.1 As at September 30, 2020, capital expenditure contracted for but not incurred amounted to Rs 23.525 million (2019: Rs 27.523 million).

17.2.2 Post dated cheques issued to the Collector of Customs against import duty aggregate to Rs 27.715 million (2019: Rs 24.424 million).

	2020	2019
	(Rupees in '000)	
17.2.3 Letters of credit		
- limit	1,200,000	1,200,000
- utilised portion	111,014	399,418
- unutilised portion	1,088,986	800,582

17.2.4 The Company has entered into various Ijarah arrangements for vehicles with a commercial bank. The aggregate amount of commitments against these arrangements are as follows:

	2020	2019
	(Rupees in '000)	
- Not later than one year	349	3,550
- Later than one year but not later than five years	-	380
	349	3,930

17.2.5 The aggregate amount of commitments against various lease arrangements for rental premises arrangements are as follows:

	2020	2019
	(Rupees in '000)	
	<b>Note</b>	
- Not later than one year	1,806	37,911
- Later than one year but not later than five years	-	117,309
- Later than five years	-	21,222
	1,806	176,442

## 18. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	18.1	259,028	371,413
Capital work in progress		20,907	6,707
		279,935	378,120

### 18.1 Operating assets

	As at October 1, 2019		During the year ended September 30, 2020		As at September 30, 2020		Depreciation rates			
	Cost	Accumulated depreciation	Net book value	Additions / (deletions) / (transfer)	Depreciation / (on deletions) / (on transfer)	Net book value / of disposals / transfer* (note 22)		Cost	Accumulated depreciation	Net book value
Leasehold land	2,016	-	2,016	(2,016)	-	2,016 *	-	-	-	-
Building	2,469	1,728	741	(2,469)	62 (1,790)	679 *	-	-	-	2.5
Leasehold improvements	31,227	16,520	14,707	-	4,787	-	31,227	21,307	9,920	20
Plant and machinery	314,400	201,053	113,347	3,250 (894)	15,772 (841)	53	316,756	215,984	100,772	10 & 100
Furniture and fixtures	154,893	100,717	54,176	8,473 (2,290)	23,237 (1,807)	483	161,076	122,147	38,929	20, 25 & 100
Office equipment	220,627	152,482	68,145	17,552 (13,566)	35,727 (12,864)	702	224,613	175,345	49,268	20 & 33.33
Vehicles	177,409	152,362	25,047	5,552	13,180	-	182,961	165,542	17,419	25
Tools and patterns	361,824	268,590	93,234	22,779 (1,554)	73,293 (1,554)	-	383,049	340,329	42,720	20, 50 & 100
2020	1,264,865	893,452	371,413	57,606 (22,789)	166,058 (18,856)	3,933	1,299,682	1,040,654	259,028	

\*Net book value of Rs 2.695 million relating to properties located at A3 Link Street, 7th Central Avenue, Phase 2, DHA, Karachi comprising leasehold land (measured area 1,672 Sq.m) and building on leasehold land (measured area 250 Sq.m) has been transferred to assets classified as held for sale (note 22).

	As at October 1, 2018		During the year ended September 30, 2019			As at September 30, 2019		Depreciation rates		
	Cost	Accumulated depreciation	Net book value	Additions / (deletions)	Depreciation / (on deletions) / (on transfer)	Net book value of disposals / transfer	Cost		Accumulated depreciation	Net book value
Leasehold land	2,016	-	2,016	-	-	-	2,016	-	2,016	-
Building	2,469	1,666	803	-	62	-	2,469	1,728	741	2.5
Leasehold improvements	21,374	9,760	11,614	9,853	6,760	-	31,227	16,520	14,707	20
Plant and machinery	311,975	186,886	125,089	5,675 (3,250)	17,417 (3,250)	-	314,400	201,053	113,347	10 & 100
Furniture and fixtures	136,528	82,511	54,017	21,961 (3,596)	21,467 (3,261)	335	154,893	100,717	54,176	20, 25 & 100
Office equipment	205,974	140,650	65,324	44,488 (29,835)	40,986 (29,154)	681	220,627	152,482	68,145	20 & 33.33
Vehicles	172,750	150,495	22,255	18,779 (14,120)	15,987 (14,120)	-	177,409	152,362	25,047	25
Tools and patterns	298,876	212,724	86,152	65,013 (2,065)	57,931 (2,065)	-	361,824	268,590	93,234	20, 50 & 100
2019	1,151,962	784,692	367,270	165,769 (52,866)	160,610 (51,850)	1,016	1,264,865	893,452	371,413	

(Rupees in '000)

**18.1.1** Operating fixed assets include items having an aggregate cost of Rs 803.101 million (2019: Rs 627.500 million) which have been fully depreciated and are still in use of the Company.

19. RIGHT-OF-USE ASSETS	Note	2020		2019
		(Rupees in '000)		
Right-of-use assets recognised on initial application of IFRS 16	4.24	123,359	-	-
Right-of-use assets recognised during the year		36,215	-	-
Depreciation for the year		(27,997)	-	-
Closing net book value	19.2	131,577	-	-
<b>19.1 Gross carrying</b>				
Cost		159,574	-	-
Accumulated depreciation		(27,997)	-	-
Net book value		131,577	-	-
Depreciation rates % per annum		16% - 31%	-	-

19.2 The right-of-use assets held by the Company comprise of properties including land and building, on rental arrangement basis for its operations.

## 20. INTANGIBLE ASSETS

	As at October 1, 2019			During the year			As at September 30, 2020			Amortisation rate
	Cost	Accumulated amortisation	Net book value	Additions / (deletions)	Amortisation / on (deletions)	Net book value of deletion	Cost	Accumulated amortisation	Net book value	
	(Rupees in '000)									%
2020 Software	86,679	85,337	1,342	- (464)	953 (464)	-	86,215	85,826	389	33.33
2019 Software	86,679	82,837	3,842	-	2,500	-	86,679	85,337	1,342	33.33

20.1 Intangible assets include items having an aggregate cost of Rs 84.217 million (2019: Rs 83.739 million) which have been fully amortised and are still in use of the Company.

21. Depreciation and amortisation have been allocated as follows:

Note	2020			2019
	Depreciation	Amortisation	Total	Total
	(Rupees in '000)			
Cost of sales	162,348	798	163,146	134,787
Marketing and selling expenses	26,093	128	26,221	20,407
General administrative expenses	5,614	27	5,641	7,916
	194,055	953	195,008	163,110

## 22. ASSETS CLASSIFIED AS HELD FOR SALE

In accordance with resolution passed by the Board of Directors of the Company in their meeting held on July 28, 2020, it was resolved to sell Company's property comprising leasehold land and building on leasehold land located at A/3 Link Street, Phase 2, DHA, Karachi. The process to execute this transaction has been initiated via bid invites and is expected to be concluded before September 30, 2021.

Furthermore, as per the requirements of IFRS 5 'Non-current assets held for sale', the Company has transferred the said assets from property, plant and equipment and classified them under assets classified as held for sale.

	Note	2020		2019
		(Rupees in '000)		
Leasehold land - at cost	18.1	2,016	-	-
Building on leasehold land - at book value	18.1	679	-	-
		2,695	-	-

23. LONG-TERM LOANS AND TRADE RECEIVABLES	Note	2020 (Rupees in '000)	2019
<b>Loans</b>			
Due from non-executive employees	23.1	3,523	5,351
Receivable within one year shown under current assets	28	(2,058)	(2,017)
Long term portion		1,465	3,334
Discounting to present value		(272)	(222)
		1,193	3,112
<b>Trade receivables</b>			
Considered good		420,229	670,832
Considered doubtful		53,493	80,156
		473,722	750,988
Loss allowance		(53,493)	(80,156)
Discounting to present value		(24,872)	(69,805)
		395,357	601,027
		396,550	604,139

**23.1** These represent interest free loans to non-executive employees, salary advances to executive and non-executive employees and advances for purchase of vehicles for official use as per Company's policy. These are payable over a period of one to four years. Any outstanding amount due from an employee at the time of leaving the service of the Company is adjustable against the final dues including the retirement benefits.

24. DEFERRED TAX ASSET - NET	Note	2020 (Rupees in '000)	2019
Debit balances arising in respect of:			
Unadjusted tax credits / tax losses		268,647	209,723
Provisions		492,154	549,365
Remeasurement loss on defined benefit plan		89,866	59,247
Discounting of long-term receivables		5,140	15,609
Accelerated tax depreciation and amortisation		34,619	27,564
		890,426	861,508

## 25. INVENTORIES

Raw materials and components		314,885	457,089
Work-in-process		327,244	664,179
Finished goods		212,438	313,793
		854,567	1,435,061
Provision for slow moving and obsolete items		(219,636)	(228,994)
		634,931	1,206,067
Goods-in-transit		172,785	99,674
		807,716	1,305,741

## 26. TRADE RECEIVABLES

Considered good			
Due from related parties	26.1	21,534	6,224
Due from others		8,074,695	9,034,544
		8,096,229	9,040,768
Considered doubtful		1,008,636	999,594
		9,104,865	10,040,362
Loss allowance		(1,008,636)	(999,594)
	26.2	8,096,229	9,040,768

**26.1** Represents amounts due from Rousch (Pakistan) Power Limited and Mentor Graphics Pakistan Development (Private) Limited having maximum aggregate amounts due of Rs 10.201 million (2019: Rs 47.145 million) and Rs 6.430 million (2019: Rs 1.715 million) respectively.

**26.2** Information relating to trade receivable ageing is presented in note 49.2 to these financial statements.

		2020	2019
	Note	(Rupees in '000)	
<b>27. CONTRACT ASSETS</b>			
Considered good		2,208,669	2,514,935
Considered doubtful		247,304	252,326
		<u>2,455,973</u>	<u>2,767,261</u>
Loss allowance		(247,304)	(252,326)
		<u>2,208,669</u>	<u>2,514,935</u>
<b>28. LOANS AND ADVANCES</b>			
Current portion of loans due from non-executive employees	23	2,058	2,017
Advances to:			
Suppliers		149,172	210,941
Executive employees	28.1	22,842	29,116
Non-executive employees		8,724	11,404
		<u>180,738</u>	<u>251,461</u>
		<u>182,796</u>	<u>253,478</u>
<b>28.1</b>	This includes advance to key management personnel of Rs 4.108 million (2019: Rs 8.567 million). Further, the maximum amount of advance to key management personnel outstanding at the end of any month during the year ended September 30, 2020 was Rs 8.301 million (2019: Rs 11.608 million).		
<b>29. DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
		2020	2019
		(Rupees in '000)	
<b>Deposits</b>			
Considered good		111,796	100,189
Considered doubtful		39,353	38,839
		<u>151,149</u>	<u>139,028</u>
Loss allowance		(39,353)	(38,839)
		<u>111,796</u>	<u>100,189</u>
<b>Prepayments</b>		14,133	11,579
		<u>125,929</u>	<u>111,768</u>
<b>30. OTHER RECEIVABLES</b>			
Considered good			
Costs reimbursable from customers		151,960	258,494
Sales tax refundable		-	79,039
Interest accrued		41,715	35,836
Derivative financial instruments		176,550	308,743
Workers' Profit Participation Fund (WPPF)		-	5,571
Others	30.1	28,179	26,355
		<u>398,404</u>	<u>714,038</u>
Considered doubtful			
Costs reimbursable from customers		13,396	16,612
Sales tax refundable		54,373	54,373
Others		84,190	89,413
		<u>151,959</u>	<u>160,398</u>
		<u>550,363</u>	<u>874,436</u>
Loss allowance		(151,959)	(160,398)
		<u>398,404</u>	<u>714,038</u>
<b>30.1</b>	This include Rs 1.387 million (2019: nil) receivable from Siemens Gamesa Renewable Engery (Private) Limited, a related party.		
<b>31. CASH AND BANK BALANCES</b>			
		2020	2019
		(Rupees in '000)	
With banks in			
Current accounts	31.1	290,893	102,974
Deposit accounts		146,549	409,480
		<u>437,442</u>	<u>512,454</u>
Cheques in hand		-	39,928
Cash in hand		215	822
		<u>437,657</u>	<u>553,204</u>
<b>31.1</b>	Includes security deposits of Rs 5.066 million (2019: Rs 5.066 million) from vendors kept in a special account maintained by the Company with a scheduled bank.		

32. NET SALES AND SERVICES	Note	2020 (Rupees in '000)	2019
<b>Sales disaggregation by type of contracts</b>			
Execution of contracts		5,686,705	9,509,014
Sale of goods		4,005,440	3,598,950
Rendering of services		3,113,230	3,564,960
	32.1	<u>12,805,375</u>	<u>16,672,924</u>
Sales tax		1,822,894	2,670,792
Gross sales and services		<u>14,628,269</u>	<u>19,343,716</u>
Sales tax		<u>(1,822,894)</u>	<u>(2,670,792)</u>
		<u>12,805,375</u>	<u>16,672,924</u>

**32.1** The transaction price are generally fixed as per the contract with customers. Any variable consideration is estimated by using the most likely amount which is the single most likely amount in a range of possible consideration amounts.

In some cases, the transaction price needs to be allocated on the basis of relative stand-alone selling prices among the distinct performance obligations. The best evidence of a stand-alone selling price is the observable price of goods or services when the Company sells those goods or services separately in similar circumstances and to similar customers.

The revenue generated from execution of contracts is accounted for under the percentage-of-completion method wherein, the plan costs are estimated. These estimates are based on the prices of materials and services applicable at that time, forecasted increases and expected completion date at the time of such estimation. Such estimates are reviewed at regular intervals. Any subsequent changes in the prices of materials and services compared to forecasted prices and changes in the time of completion affect the results of the subsequent periods.

The payment terms are governed by the contractual rights and obligations as defined in the contracts with customers. Generally, in case of sales of goods and rendering of services, the Company has the present right to payment when the same has been delivered, rendered or accepted. Whereas, in case of execution of contracts, the right to payment is established on achieving performance-related milestones.

**32.2** Revenue recognised during the year that was included in the contract liability balance at the beginning of year is Rs 768.035 million (2019: Rs 864.461 million).

**32.3** The following shows the most appropriate maturity time bands of transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting year:

	Note	2020 (Rupees in '000)	2019
Subsequent 1st year		10,668,908	11,681,030
Subsequent 2nd year		1,478,233	741,806
Beyond 2nd year		9,199,220	9,514,109
		<u>21,346,361</u>	<u>21,936,945</u>

### 33. COST OF SALES AND SERVICES

Opening inventory of finished goods	25	313,793	323,543
Cost of goods manufactured and services rendered	33.1	10,721,317	13,282,192
Finished goods purchased		1,092,255	878,324
		<u>12,127,365</u>	<u>14,484,059</u>
Closing inventory of finished goods	25	<u>(212,438)</u>	<u>(313,793)</u>
		<u>11,914,927</u>	<u>14,170,266</u>

33.1 Cost of goods manufactured and services rendered	Note	2020 (Rupees in '000)	2019
Opening inventories			
Raw materials and components	25	457,089	417,521
Work-in-process	25	664,179	438,543
Goods-in-transit	25	99,674	281,671
		<b>1,220,942</b>	1,137,735
Purchase of goods and services		7,368,298	10,983,074
Salaries, wages and employees welfare		1,328,948	1,440,033
Gratuity		66,570	62,422
Provident fund contribution		35,693	31,575
Royalty	33.1.1	16,941	12,820
Research and development		49,602	-
Commission		27,561	20,670
Fuel, power and water		69,208	70,719
Repairs and maintenance		60,771	77,340
Rent, rates and taxes		80,720	156,574
Vehicle /jarah rentals		3,602	1,732
Provision for penalty on account of contractual delays		39,929	70,680
(Reversal of provision) / provision for warranty		(100,833)	6,346
Provision for losses on sales contracts		8,833	19,223
Insurance		73,230	47,531
(Reversal of provision) / provision for slow moving and obsolete items of inventories - net		(9,358)	82,147
Inventories written off		36,422	-
IT, networking and data communication		211,510	192,334
Depreciation and amortisation	21	163,146	134,787
Travelling and conveyance		150,482	231,572
Transportation		251,726	267,722
Stationery, telex and telephone		17,479	22,713
Security		39,698	77,515
Exchange loss / (gain) - net		284,246	(707,791)
Legal and professional		12,024	783
Bank charges		56,549	76,605
Others		2,476	7,465
		<b>11,566,415</b>	14,524,326
Closing inventories			
Raw materials and components	25	(314,885)	(457,089)
Work-in-process	25	(327,244)	(664,179)
Goods-in-transit	25	(172,785)	(99,674)
		<b>(814,914)</b>	(1,220,942)
		<b>10,751,501</b>	13,303,384
Sale of scrap		(30,184)	(21,192)
		<b>10,721,317</b>	13,282,192

**33.1.1** Represents royalty paid to the parent Company, Siemens AG, having registered office in Wittlesbacherplatz 2, 80333 Munich, Germany.

34. <b>MARKETING AND SELLING EXPENSES</b>	Note	2020 (Rupees in '000)	2019
Salaries and employees welfare		455,152	426,835
Gratuity		39,798	37,318
Provident fund contribution		25,426	21,810
Business support services		80,448	76,739
Fuel, power and water		17,297	14,240
Repairs and maintenance		13,406	16,841
Rent, rates and taxes		17,457	36,400
Vehicle ljarah rentals		1,276	3,733
Advertising and sales promotion		9,299	12,340
Insurance		8,708	10,621
(Reversal of loss allowance) / loss allowance on trade receivables - net		(1,643)	207,452
Trade, other receivables and deposits written off		5,190	19,506
Reversal of loss allowance on contract assets - net		(5,022)	(21,200)
Loss allowance on long term deposit		-	2,887
Reversal of loss allowance on deposits and other receivables - net		(7,322)	(94,191)
Discounting of long-term loans and trade receivables - net		(44,882)	21,696
IT, networking and data communication		71,638	50,420
Depreciation and amortisation	15	26,221	20,407
Travelling and conveyance		25,367	48,702
Transportation		4,381	6,837
Stationery, telex and telephone		8,898	10,893
Security		5,950	4,995
Legal and professional		4,069	6,971
Bank charges		18,433	21,080
Others		9,987	13,240
		<b>789,532</b>	<b>976,572</b>
Commission income		(117,457)	(238,840)
Sale of scrap		(582)	(205)
		<b>671,493</b>	<b>737,527</b>
<b>35. GENERAL ADMINISTRATIVE EXPENSES</b>			
Salaries and employees welfare		204,246	155,177
Gratuity		2,970	4,817
Provident fund contribution		899	770
Fuel, power and water		5,439	8,241
Repairs and maintenance		5,129	10,386
Rent, rates and taxes		13,058	16,915
Insurance		1,966	2,309
IT, networking and data communication		7,215	2,217
Auditors' remuneration	42	7,734	6,301
Depreciation and amortisation	21	5,641	7,916
Travelling and conveyance		7,944	13,536
Stationery, telex and telephone		1,892	2,259
Security		7,944	9,411
Legal and professional		375	11,048
Donations	35.1	950	1,052
Others		13,003	14,748
		<b>286,405</b>	<b>267,103</b>

**35.1** Recipients of donations do not include any donee in which a director or their spouse had any interest.

	2020	2019
	(Rupees in '000)	
<b>36. OTHER INCOME AND OTHER OPERATING EXPENSES</b>		
Gain on sale of property, plant and equipment	573	8,547
Insurance claim	-	4,364
Liabilities no longer payable written back	11,440	9,538
<b>Other income</b>	<b>12,013</b>	<b>22,449</b>
WPPF	-	64,429
WWF	-	24,900
<b>Other operating expenses</b>	<b>-</b>	<b>89,329</b>
Net other income / (operating expenses)	<b>12,013</b>	<b>(66,880)</b>
<b>37. FINANCIAL INCOME AND EXPENSES</b>		
Interest on other receivables	5,879	4,736
Income on amounts placed with banks under deposit accounts	1,445	1,868
<b>Financial income</b>	<b>7,324</b>	<b>6,604</b>
Interest on long-term financing	2,293	-
Interest on lease liabilities	13,997	-
Interest on short-term running finances	148,485	224,740
Interest on other payables	13,796	14,525
<b>Financial expenses</b>	<b>178,571</b>	<b>239,265</b>
Net finance expense	<b>(171,247)</b>	<b>(232,661)</b>
<b>38. INCOME TAX</b>		
Current		
For the year	361,200	505,932
For prior years	(93,569)	-
	267,631	505,932
Deferred	1,700	(16,913)
	<b>269,331</b>	<b>489,019</b>
<b>38.1 Reconciliation of income tax</b>		
Accounting (loss) / profit	(226,684)	1,198,487
Enacted tax rate (%)	29%	29%
Tax on accounting profit at enacted rate	-	347,561
Tax effect of income subject to lower tax rate	327,535	24,380
Prior year tax - net	(93,569)	-
Foreign tax	35,365	117,078
	<b>269,331</b>	<b>489,019</b>
<b>39. BASIC AND DILUTED (LOSS) / EARNINGS PER SHARE</b>		
	2020	2019
	(Rupees in '000)	
There is no dilutive effect on the basic (loss) / earnings per share of the Company, which is based on:		
Net (loss) / profit for the year	(496,015)	709,468
	(No. of shares)	
Weighted average number of Ordinary shares	8,247,037	8,247,037
	(Rupees)	
Basic and diluted (loss) / earnings per share	(60.14)	86.03

40. CASH GENERATED FROM OPERATIONS	Note	2020 (Rupees in '000)	2019
(Loss) / profit before tax		(226,684)	1,198,487
<b>Adjustment for non-cash items:</b>			
Depreciation and amortisation	21	195,008	163,110
(Reversal of provision) / provision for slow moving and obsolete items of inventories - net		(9,358)	82,147
(Reversal of loss allowance) / loss allowance on trade receivables - net		(17,621)	17,749
Trade and other receivables written off		5,190	19,506
Inventories written off		36,422	-
Reversal of loss allowance on contract assets		(5,022)	(21,200)
Reversal of loss allowance on deposits and other receivables - net		(7,925)	(111,266)
Discounting of long-term loans and trade receivables - net		(44,882)	21,696
Gain on sale of property, plant and equipment - net		(573)	(8,547)
Liabilities no longer payable written back		(11,440)	(9,538)
Gratuity		109,338	104,557
Financial expenses		178,571	239,265
Financial income		(7,324)	(6,604)
<b>Adjustment for other items:</b>			
Long-term loans and trade receivables		279,134	(346,217)
Long-term deposits and prepayments		175	3,618
Retention money payable		(12,615)	(85,740)
Other non-current liabilities		17,267	4,869
Working capital changes	40.1	1,220,243	578,037
		<u>1,697,904</u>	<u>1,843,929</u>
<b>40.1 Working capital changes</b>			
<b>(Increase) / decrease in current assets</b>			
Inventories		470,961	(73,457)
Trade receivables		930,307	(1,097,443)
Contract assets		311,288	1,985,492
Loans and advances		70,682	(25,737)
Deposits and short-term prepayments		(14,675)	23,197
Other receivables		329,952	276,603
		<u>2,098,515</u>	<u>1,088,655</u>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		(266,734)	(997,346)
Contract liabilities		(502,126)	469,111
Provisions		(109,412)	17,617
		<u>(878,272)</u>	<u>(510,618)</u>
		<u>1,220,243</u>	<u>578,037</u>
<b>41. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	31	437,657	553,204
Short-term running finances	14	(1,489)	(793,642)
		<u>436,168</u>	<u>(240,438)</u>
<b>42. AUDITORS' REMUNERATION</b>			
Audit fee		5,229	3,863
Fee for certifications, review of half yearly interim financial information, code of corporate governance and audits of retirement funds		1,555	1,610
Out of pocket expenses		950	828
		<u>7,734</u>	<u>6,301</u>
<b>43. PROVIDENT FUND</b>			

Investments out of provident fund have been made in accordance with the provisions of the Section 218 of the Act and the rules formulated for this purpose.

#### 44. EMPLOYEES

	2020	2019
Total number of employees as of reporting date	539	602
Average during the year	572	633

#### 45. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration and benefits of the chief executive, directors and executives of the Company are as follows:

	Chief Executive		Executives	
	2020 (note 45.1)	2019	2020	2019
	----- (Rupees in '000) -----			
Salaries and allowances - fixed	53,481	54,188	955,247	906,204
Salaries and allowances - bonus	18,632	11,502	227,623	233,706
Compensation for loss of office	-	-	-	1,581
Retirement benefits and Company's contribution to provident fund	960	707	72,579	75,190
Perquisites and benefits:				
- Medical / social security	-	-	11,358	13,292
- Share based benefits	19,490	4,855	21,755	7,965
- Education fees (children)	-	-	3,054	2,709
- Club membership	147	162	144	136
	<u>92,710</u>	<u>71,414</u>	<u>1,291,760</u>	<u>1,240,783</u>
Number of persons	<u>2</u>	<u>1</u>	<u>202</u>	<u>183</u>

45.1 This includes remuneration and benefits of ex-Chief Executive amounting to Rs 80.407 million and those pertaining to new Chief Executive appointed during the year effective July 01, 2020 amounting to Rs 12.303 million.

45.2 In addition to the above, the new Chief Executive appointed during the year has been provided with two cars along with security. Previously, the ex-Chief Executive was provided with a Company maintained furnished accommodation and two cars along with security.

45.3 The aggregate amount charged in these financial statements in respect of directors' fee paid to four non-executive directors (2019: three) was Rs 3.775 million (2019: Rs 3.830 million).

45.4 Certain executives of the Company are also provided with accommodation, free use of Company's cars, security and generating set in accordance with their entitlements.

45.5 An amount of Rs 168.116 million (2019: Rs 132.607 million) was incurred on account of compensation to key management personnel, the details of which are as follows:

	2020	2019
	----- (Rupees in '000) -----	
Short-term benefits	139,434	122,161
Post-employment benefits	1,679	1,210
Share based benefits	27,003	9,236
	<u>168,116</u>	<u>132,607</u>

Comparative figures have been restated to reflect changes in the definition of key management personnel as per the IAS 24 'Related Party Disclosures'.

#### 46. SHARE BASED BENEFITS

Certain employees are entitled to participate in the share based payment plans of Siemens AG. Siemens AG grants stock awards as a form of share-based payment to the employees. These awards are subject to a restriction period of three to four years. Stock awards forfeit if the employment with the Company terminates prior to the expiration of the restriction period and can not be transferred, sold, pledged or otherwise encumbered.

The allocation of stock awards as a share-based payment has been increasingly tied to corporate performance criteria. The target achievement for the performance criteria ranges between 0% and 200%.

Further, the Share Matching Plan gives employees an opportunity to invest in Siemens AG's shares. After a holding period of three years, the Company will match every three shares bought with one free share.

These stocks are remeasured to their fair value at each reporting date. Details of stock awards are as follows:

	2020	2019
	Number of Awards	
Balance as at beginning of the year	6,353	4,273
Granted during the year	1,506	2,248
Expired / paid during the year	(1,097)	(168)
Balance as at end of the year	6,762	6,353

Total expenses for share based benefits during the year ended September 30, 2020 was Rs 48.346 million (2019: Rs 13.926 million). The liabilities as of September 30, 2020 aggregated to Rs 67.881 million (2019: Rs 28.615 million) and is reported under accrued liabilities and other non-current liabilities.

#### 47. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of Siemens AG (parent company), its subsidiaries and associates and other companies with common directorship with significant influence on other companies, employees retirement benefit funds and key management employees. Transactions with related parties can be summarised as follows:

	Note	2020 (Rupees in '000)	2019
<b>Parent company</b>			
Sales of goods and rendering of services		30,415	151,088
Purchases of goods and receipt of services		1,984,106	3,523,044
Commission and allowances earned		1,268	26,972
Dividends paid		283,212	461,759
<b>Associated companies</b>			
Sales of goods and rendering of services		621,006	367,056
Purchases of goods and receipt of services		2,244,626	1,750,453
Commission and allowances earned		116,189	211,868
Financial expenses		2,991	7,688
<b>Others</b>			
Dividends paid		46	75
Contribution to employees' retirement benefit funds		113,625	121,762
Compensation to key management personnel	45.5	168,116	132,607

47.1 Amounts due from and due to related parties, amounts due from executives and remuneration of the Chief Executive, directors and executives are disclosed in the relevant notes to these financial statements.

- 47.2 During the year, the Company entered into various transactions, arrangements or agreements with related parties, including those incorporated outside Pakistan. The Company has no shareholdings in any of the below mentioned companies.

**Name and Country of Incorporation**

**Parent Company**

Siemens AG, Germany

**Affiliated / Group Companies**

Dressrer Rand Company, USA  
 Dressrer Rand SAS, France  
 ISCOA Industries and Maintenance, Saudi Arabia  
 Mentor Graphics Pakistan Development (Private) Ltd, Pakistan  
 PT. Siemens, Indonesia  
 Rousch (Pakistan) Power Ltd, Pakistan  
 Siemens AG Oesterreich, Austria  
 Siemens Aktiengesellschaft, Austria  
 Siemens Bank GmbH, Germany  
 Siemens Capital Middle East Ltd, UAE  
 Siemens Circuit Protection, China  
 Siemens Electrical Drives Ltd, China  
 Siemens Energy INC., USA  
 Siemens Energy Sdn. Bhd., Malaysia  
 Siemens Gamesa Renewable Energy (Pvt) Ltd, Pakistan  
 Siemens Gas and Power GmbH & Co., Germany  
 Siemens Gas and Power SRL, Italy  
 Siemens Gas Turbine Components, China  
 Siemens Government Technologies, USA  
 Siemens Healthcare (Private) Ltd, Pakistan  
 Siemens High Voltage, China  
 Siemens Industrial, UK  
 Siemens Industry Inc., USA  
 Siemens Industry Software Sdn, Malaysia  
 Siemens LLC, Oman  
 Siemens LLC, UAE  
 Siemens Ltd, China  
 Siemens Ltd, Saudi Arabia  
 Siemens Malaysia Sdn.Bnd., Malaysia  
 Siemens Plc, United Kingdom  
 Siemens Power Automation Ltd, China  
 Siemens Power Generation Services, USA  
 Siemens Pte. Ltd, Singapore  
 Siemens SA DE CV, Mexico  
 Siemens Sanayi Ve Ticaret AS, Turkey  
 Siemens SPA, Italy  
 Siemens Standard Motors Ltd, China  
 Siemens Switchgear Ltd, Shanghai China  
 Siemens Technologies S.A.E., Egypt  
 Siemens Transformer (Guangzhou) Co. Ltd, China  
 Siemens Transformer (Wuhan) Company, China  
 Siemens Transformer Jinan Co., China  
 Siemens Transformer SRL, Italy  
 Siemens WLL, Qatar  
 Siemens, s.r.o., Czech Republic  
 Trench Austria GmbH, Austria  
 Trench Italia SRL, Italy  
 Trench Ltd, Canada

**48. PLANT CAPACITY AND ACTUAL PRODUCTION**

Capacity 2020	Actual Production 2020	Actual Production 2019
2,200	931	1,465

Switchgears (in numbers)

- 48.1 The under utilisation is mainly attributed to reduced demand.

#### 49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's financial liabilities mainly comprise of long-term financing, lease liabilities, trade and other payables and short-term running finances. The main purpose of financial liabilities is to raise finance for the Company's operations. The Company's financial assets comprise deposits, trade and other receivables, contract assets and cash and bank balances. The Company is exposed to market risk, credit risk and liquidity risk. No changes were made to policies, procedures and objectives of the Company during the year ended September 30, 2020.

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

##### 49.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity price risks. The objective of market risk management is to manage and control market risk exposures within an acceptable range.

##### Foreign currency risk

Foreign 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 manages its foreign currency risk by hedging its exposure to fluctuations on the translations into Rupees through derivatives such as forward covers against its foreign currency denominated payables and receivables, where possible in line with the regulations of State Bank of Pakistan. However, as of reporting date there were no such contracts.

The Company's exposure to foreign currency risk in major currencies at their gross values is as follows:

	2020	2019
	----(AED in '000)----	
Trade and other receivables	7,215	13,585
Cash and bank balances	2,498	1,476
Trade and other payables	(4,430)	(10,418)
Short-term running finances	-	(4,658)
	<u>5,283</u>	<u>(15)</u>

	2020	2019
	----(EUR in '000)-----	
Trade and other receivables	6,353	8,132
Trade and other payables	(7,122)	(8,746)
	<u>(769)</u>	<u>(614)</u>

	2020	2019
	----- (USD in '000) -----	
Trade and other receivables	16,884	23,117
Cash and bank balances	1,347	2,726
Trade and other payables	(2,874)	(3,073)
	<u>15,357</u>	<u>22,770</u>

Sensitivity of the Company's (loss) / profit before tax to a reasonably possible change in exchange rate of currencies applied to foreign currency assets and liabilities as at September 30, 2020 keeping all other variables constant is as follows:

		2020	2019
Change in exchange rate	±	1%	1%
Effect on (loss) / profit before tax (Rs '000)	±	23,618	36,611

##### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rate relates primarily to the Company's running finances.

The Company's policy is to keep its short-term running finances at the lowest level by effectively utilising the positive cash and bank balances. Further, the Company also minimises the interest rate risk by investing in fixed rate investments like Term Deposit Receipts and / or bank deposits, where possible.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2020	2019	2020	2019
	Effective rates (%)		(Rupees in '000)	
<b>Financial Assets</b>				
Bank balances (PKR)	8.76	8.75	109	15,745
<b>Financial Liabilities</b>				
Long-term financing (PKR)	3.00	-	255,853	-
Short-term running finances (PKR)	11.70	11.37	1,489	594,851
Short-term running finances (AED)	2.25	3.52	-	198,791

A change of 100 basis points (1%) in interest rates at the reporting date would have changed the Company's (loss) / profit before tax for the year by the amount shown below, with all other variables held constant.

	2020	2019
Effect on (loss) / profit before tax (Rs '000)	± 14,092	22,855

#### Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity investments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

#### 49.2 Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted. It mainly comprise of trade and other receivables, contract assets, advances to suppliers, trade deposits and bank balances. The Company's maximum exposure to credit risk at the reporting date is as follows:

	2020	2019
	(Rupees in '000)	
<b>Category - at amortised costs</b>		
Advances to suppliers	149,172	210,941
Trade deposits	111,796	100,189
Trade receivables	8,491,586	9,641,795
Contract assets	2,208,669	2,514,935
Other receivables	-	320,685
Bank balances	437,442	552,382
	<b>11,398,665</b>	<b>13,340,927</b>

#### Concentration of credit risk

The sector wise analysis of receivables including trade receivables, contract assets, advances to suppliers, trade deposits and other receivables based on their gross values is given below:

	2020		2019	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Government sector</b>				
Energy	3,915,943	31	2,448,525	17
Finance	733,165	6	1,089,281	9
Housing	539,898	4	673,131	5
Aviation	511,279	4	349,726	2
Engineering	261,376	2	210,605	1
Civil works	196,033	2	111,667	1
Petroleum	97,568	1	53,691	0
Health and Education	9,569	0	45,724	0
Others	70,433	0	76,352	1
Sub-total	<b>6,335,264</b>	<b>50</b>	<b>5,058,702</b>	<b>36</b>

	2020		2019	
	(Rupees in '000)	%	(Rupees in '000)	%
<b>Private sector</b>				
Energy	5,062,066	40	6,925,976	48
Civil works	284,856	2	750,731	6
Fertilizer	75,160	1	290,475	2
Housing	147,180	1	198,026	1
Steel	89,082	1	186,447	1
Dealers and agents	69,047	0	172,419	1
Sugar	69,374	1	88,876	1
Cement	44,383	0	66,643	0
Petroleum	45,199	0	52,228	0
Engineering	84,811	1	-	0
Others	350,786	3	547,654	4
Sub-total	6,321,944	50	9,279,475	64
Total	12,657,208	100	14,338,177	100

### Trade receivables

To mitigate the credit risk against trade receivables, the Company has a system of assigning credit limits to its customers based on an extensive credit rating scorecards. Outstanding customer receivables are regularly monitored. The Company endeavors to cover the credit risks on trade receivables, where possible, by restricting credit facility to the projects which are financed by multilateral financial institutions and / or financed by special allocation of funds by the provincial / federal governments. Business with customers is also secured by way of letters of credits, where possible. As at September 30, 2020, trade receivables amounting to Rs 1,356.258 million (2019: Rs 1,522.458 million) were secured through letters of credit and bank guarantees.

The ageing of trade receivables at the reporting date is as follows:

	2020	2019
	(Rupees in '000)	
<b>Related parties</b>		
Not yet due	12,191	6,224
Past due 1-180 days	9,343	-
	21,534	6,224
<b>Others</b>		
Not yet due	5,937,765	7,281,593
Past due 1-180 days	1,318,329	1,459,150
Past due 181-360 days	317,540	524,948
Past due 361-720 days	706,024	450,419
Past due 721-1080 days	265,044	178,851
Over 1080 days	1,012,351	890,165
	9,557,053	10,785,126
Less: Loss allowance	(1,062,129)	(1,079,750)
Less: Discounting on long-term receivables	(24,872)	(69,805)
	(1,087,001)	(1,149,555)
	8,470,052	9,635,571
	8,491,586	9,641,795

The movement in the loss allowance in respect of trade receivables during the year was as follows:

	2020	2019
	(Rupees in '000)	
Balance at beginning of the year	1,079,750	1,062,001
(Reversal of loss allowance) / loss allowance during the year - net	(1,643)	207,452
Write offs	(15,978)	(189,703)
Balance at end of the year	1,062,129	1,079,750

The loss allowance in respect of trade receivables include Rs 0.195 million (2019: Rs 0.004 million) held against trade receivables due from related parties.

### Contract assets

The movement in the loss allowance in respect of contract assets during the year was as follows:

	2020	2019
	(Rupees in '000)	
Balance at beginning of the year	252,326	273,526
Reversal of loss allowance during the year	(5,022)	(21,200)
Balance at end of the year	247,304	252,326

### Trade deposits and other receivables

The movement in the loss allowance in respect of trade deposits and other receivables during the year was as follows:

	2020	2019
	(Rupees in '000)	
Balance at beginning of the year	199,237	310,503
Reversal of loss allowance during the year - net	(7,322)	(94,191)
Write offs	(603)	(17,075)
Balance at end of the year	191,312	199,237

### Cash and bank balances

The Company keeps its surplus funds with Standard Chartered Bank (Pakistan) Limited which currently has long term and short term rating of AAA and A1+ respectively.

## 49.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the Company's business, the treasury maintains flexibility in funding by maintaining availability under control committed credit lines. The facilities available to the Company have been detailed in notes 14.1 to 14.3 to these financial statements.

The table below summarises the maturity profile of the Company's financial liabilities as at the reporting date:

	Carrying amount	Less than 12 months	1 to 2 years	2 to 5 years
	(Rupees in '000)			
<b>Financial liabilities</b>				
<b>2020</b>				
Long-term financing	255,853	124,487	131,366	-
Lease liabilities	136,334	24,680	31,475	80,179
Retention money	45,343	-	43,683	1,660
Trade and other payables	5,932,416	5,932,416	-	-
Short-term running finances	1,489	1,489	-	-
	<u>6,371,435</u>	<u>6,083,072</u>	<u>206,524</u>	<u>81,839</u>
<b>Financial liabilities</b>				
<b>2019</b>				
Retention money	57,958	-	35,429	22,529
Trade and other payables	6,049,765	6,049,765	-	-
Short-term running finances	793,642	793,642	-	-
	<u>6,901,365</u>	<u>6,843,407</u>	<u>35,429</u>	<u>22,529</u>

## 50. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The carrying values of all financial assets and liabilities are estimated to approximate their fair values.

## 51. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base.

The Company manages its capital structure by monitoring return on net assets and makes adjustment to it in the light of changes in economic conditions.

The Company is not subject to externally imposed capital requirements.

As of the date of statement of financial position, the Company's debt comprise of long-term interest bearing re-financing obtained under SBP scheme and short-term running finances. The Company has no material gearing risk in the current year nor any in the prior year.

## 52. INFORMATION ABOUT OPERATING BUSINESS SEGMENTS

The Company is operating through three business portfolios, namely Gas and Power (GP), Smart Infrastructure (SI) and Digital Industries (DI) focusing on the areas of power generation and distribution, intelligent infrastructure for buildings and distributed energy systems, and automation and digitalization in the process and manufacturing.

## 52.1 INFORMATION ABOUT OPERATING BUSINESS SEGMENTS

Segment	(All rupees in '000)											
	Gas and Power			Smart Infrastructure			Digital Industries			Others	Eliminations	Company as a whole
	Engineering, Procurement and Construction	Power Gen. & services	Total	Distribution Systems	Digital Grid	Others	Total	Software	Others			
<b>2020</b>	(Rs in '000)											
<b>REVENUE</b>												
Sales to external customers	4,634,214	1,540,862	6,175,076	1,736,930	1,290,838	102,453	3,130,221	1,865,816	1,125,161	2,990,977	509,101	12,805,375
Inter-segment sales	346	-	346	183,432	357,406	1,494	542,332	-	28,181	28,181	-	(570,859)
Total revenue	4,634,560	1,540,862	6,175,422	1,920,362	1,648,244	103,947	3,672,553	1,865,816	1,153,342	3,019,158	509,101	(570,859)
<b>RESULT</b>												
Segment result	(237,908)	313,526	75,618	(401,116)	105,776	2,139	(293,201)	11,911	72,414	84,325	128,763	(4,495)
Financial expenses												(164,775)
Financial income												1,445
Other operating expenses												(58,859)
Income tax												(269,331)
Net loss for the year												(496,015)
<b>OTHER INFORMATION</b>												
Capital expenditure	11,990	13,020	25,010	4,245	15,707	-	19,952	5,257	2,023	7,280	134	
Depreciation, impairment and amortisation	38,777	56,947	95,724	21,425	9,575	242	31,242	7,657	8,104	15,761	930	
Non-cash expenses other than depreciation and amortisation	(5,614)	(856)	(6,470)	(4,091)	(1,877)	(214)	(6,182)	(2,668)	(3,166)	(5,834)	(305)	
<b>ASSETS AND LIABILITIES</b>												
Segment assets	7,323,836	254,891	7,578,727	1,541,779	1,060,764	38,087	2,640,630	947,040	679,894	1,626,934	527,747	12,374,038
Segment liabilities	3,114,392	658,698	3,773,090	739,610	830,166	101,284	1,671,060	717,293	664,546	1,381,839	512,472	7,338,461
<b>2019</b>												
<b>REVENUE</b>												
Sales to external customers	7,966,476	1,320,180	9,286,656	2,259,349	894,933	137,203	3,291,485	2,169,215	1,130,091	3,299,306	795,477	16,672,924
Inter-segment sales	-	-	-	281,948	1,925,073	38,175	2,245,196	2,002	49,605	51,607	-	(2,296,803)
Total revenue	7,966,476	1,320,180	9,286,656	2,541,297	2,820,006	175,378	5,536,681	2,171,217	1,179,696	3,350,913	795,477	(2,296,803)
<b>RESULT</b>												
Segment result	773,177	367,775	1,140,952	(103,960)	166,951	31,043	94,034	114,465	40,935	155,400	87,747	1,478,133
Financial expense												(225,507)
Financial income												1,868
Other operating expenses												(56,007)
Income tax												(489,019)
Net profit for the period												709,468
<b>OTHER INFORMATION</b>												
Capital expenditure	71,075	7,571	78,646	15,977	3,837	2,668	22,482	3,849	6,286	10,135	812	
Depreciation, impairment and amortisation	65,879	11,317	77,196	23,399	4,611	8,882	36,892	8,120	8,069	16,189	1,644	
Non-cash expenses other than depreciation and amortisation	(763)	313	(450)	(74)	96	(198)	(176)	165	(136)	29	(342)	
<b>ASSETS AND LIABILITIES</b>												
Segment assets	8,708,512	411,090	9,119,602	1,998,073	684,752	56,752	2,739,577	1,673,572	597,296	2,270,868	582,538	14,712,585
Segment liabilities	3,752,690	624,436	4,377,126	925,520	900,054	163,754	1,989,328	881,087	473,353	1,354,440	558,977	8,279,871

## 52.2 Geographical information

	2020	2019
	(Rupees in '000)	
<b>Revenues</b>		
Pakistan	11,829,964	15,011,217
Afghanistan	794,936	1,343,041
United Arab Emirates	2,274	116,218
Saudi Arabia	64,676	93,354
Iraq	56,521	-
Oman	-	35,238
Others	57,004	73,856
	<u>12,805,375</u>	<u>16,672,924</u>

The revenue information above is based on the location of customers. Sales in Afghanistan amounting to Rs 318.332 million (2019: Rs 1,087.252 million) are confirmed against letters of credit and trade receivables against the same as at the year end is Rs 330.839 million (2019: Rs 402.445 million).

	2020	2019
	(Rupees in '000)	
<b>Non-current assets</b>		
Pakistan	807,547	981,978
United Arab Emirates	155	244
Afghanistan	749	1,554
	<u>808,451</u>	<u>983,776</u>

Non-current assets for this purpose consist of property, plant and equipment, intangible assets, right-of-use assets and other long-term assets except for deferred tax asset (net).

52.3 Transfer prices between operating segments are on commercial terms and conditions.

## 52.4 Segment assets and liabilities

Reportable segments' assets are reconciled to total assets as follows:

	2020	2019
	(Rupees in '000)	
Assets for reportable segments	12,374,038	14,712,585
Corporate assets	256,851	211,919
<b>Unallocated</b>		
Deferred tax asset - net	890,426	861,508
Cash and bank balances	437,657	553,204
Total assets as per statement of financial position	<u>13,958,972</u>	<u>16,339,216</u>

Reportable segments' assets are reconciled to total assets as follows:

	2020	2019
Liabilities for reportable segments	7,338,461	8,279,871
Corporate liabilities	362,297	128,467
<b>Unallocated</b>		
Long-term financing	255,853	-
Deferred Government grant	15,785	-
Trade and other payables	836,159	852,756
Short-term running finances	1,489	594,851
Taxation - net	180,271	495,827
Total liabilities as per statement of financial position	<u>8,990,315</u>	<u>10,351,772</u>

Segment assets include all operating assets used by a segment and consist principally of receivables, inventories and property, plant and equipment, net of impairment and provisions but do not include deferred taxes. Segment liabilities include all operating liabilities and consist principally of accounts payable, advances, lease liabilities, accrued and other liabilities.

52.5 Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, marketing and selling expenses, profit from operations and free cash flows.

52.6 Financial income and expense (other than directly attributable to a contract) are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Company.

52.7 Two (2019: one) of the Company's customers contributed Rs 4,230.678 million (2019: Rs 5,067.423 million) and each customer individually exceeded 10% of the revenue.

### 53. OPERATIONS IN AFGHANISTAN

	2020	2019
	(Rupees in '000)	
<b>53.1 Results of the Afghanistan Operations</b>		
Net sales and services	794,936	1,343,041
Cost of sales and services	(605,760)	(1,086,604)
Gross profit	189,176	256,437
Marketing and selling expenses	(69,539)	30,518
General administrative expenses	(19,504)	(15,364)
	(89,043)	15,154
Other operating expenses - net	(18)	(19,654)
Profit before tax	100,115	251,937
Income tax	(48,271)	(156,920)
Current	93,569	-
Prior year	45,298	(156,920)
Net profit for the year	145,413	95,017
<b>53.2 Cash flows from the Afghanistan Operations</b>		
Net cash generated from operating activities	21,592	842,832
Net cash generated from / (used in) investing activities	6	(168)
Net cash flows from Afghanistan Operations	21,598	842,664
<b>53.3 Assets of the Afghanistan Operations</b>		
Property, plant and equipment	749	1,554
Trade receivables	777,360	836,098
Contract assets	167,756	28,031
Inventories	1,408	1,306
Other receivables	648	1,165
Cash	122	311
	948,043	868,465
<b>53.4 Liabilities of the Afghanistan Operations</b>		
Other non-current liabilities	153	177
Trade and other payables	783,435	694,188
Provisions	81,502	19,683
	865,090	714,048

53.5 For segment reporting, operations in Afghanistan have been classified in Engineering, Procurement and Construction (EPC) under Gas and Power business segment (note 52).

54. The geographical location of Company's offices and plant are given below:

#### Karachi

Head Office & Plant  
B-72 Estate Avenue, S.I.T.E

#### Lahore

15-A, 2nd floor, State Life  
Building  
Davis Road

#### Dubai

Office No. 2006, 2nd floor  
Al Waha Community Building  
Nad Al Hamar Road

#### City Office

Office Wing Suite No. 209(b)  
2nd floor, Park Towers, Clifton

#### Islamabad

10th floor, UBL Building  
Jinnah Avenue, Blue Area

#### Afghanistan

House No. 635, Street No. 11  
Dar-ul-Aman Road, District 6  
Kartahe Seeh  
Kabul

**55. GENERAL**

**55.1** Previous year's figures have been reclassified wherever necessary for the purposes of better presentation and comparison of transactions in the financial statements of the Company. However, there are no material reclassifications to report.

**55.2** These financial statements were authorised for issue by the Board of Directors of the Company in the meeting held on November 26, 2020.



**Qazi Sajid Ali**  
Director



**Umer Jalil Anwer**  
Chief Financial Officer



**Ayla Majid**  
Director

## Siemens (Pakistan) Engineering Co. Ltd.

Incorporation Number: CUIIN 0000617

### Pattern of holding of the Shares held by the Shareholders

As at September 30, 2020

Number of Shareholders	Shareholding		Total Shares held
	From	To	
911	1	100 shares	26,407
481	101	500 shares	115,165
97	501	1,000 shares	73,591
71	1,001	5,000 shares	145,269
8	5,001	10,000 shares	58,980
3	10,001	15,000 shares	38,110
1	15,001	20,000 shares	19,900
2	20,001	25,000 shares	46,312
1	25,001	30,000 shares	25,850
1	30,001	35,000 shares	32,700
1	50,001	55,000 shares	50,430
1	70,001	75,000 shares	70,031
1	85,001	90,000 shares	86,308
1	130,001	135,000 shares	134,700
1	145,001	150,000 shares	148,131
1	705,001	710,000 shares	705,662
1	1,015,001	1,020,000 shares	1,018,371
1	5,450,001	5,455,000 shares	5,451,120
<b>1584</b>			<b>8,247,037</b>

# Siemens (Pakistan) Engineering Co. Ltd.

## Categories of Shareholders

As on September 30, 2020

Particulars	No of Folio	Balance Share	Percentage
<b>DIRECTOR</b>		1,050	0.01%
Mr. Qazi Sajid Ali	500		
Ayla Majid	550		
<b>Associated companies, undertakings and related parties</b>			
Siemens AG, Germany		6,156,782	74.65%
<b>NIT and ICP</b>			
National Investment Trust		1,042,683	12.64%
<b>Banks</b>		146,509	1.78%
The Bank of Punjab	134,700		
MCB Bank Ltd	11,280		
National Bank of Pakistan	529		
<b>Insurance Companies</b>			
Adamjee Insurance Co. Ltd		148,131	1.80%
<b>Modarabas and Mutual Funds</b>			
CDC-Trustees NIT-Equity Market Opportunity Fund		50,430	0.61%
<b>Public Sector Companies</b>			
Pakistan National Shipping Corporation		6,930	0.08%
<b>General Public</b>		444,536	5.39%
<b>Others</b>		249,986	3.03%
Trustee National Bank of Pakistan Employees Pension Fund	86,308		
IGI Investments (Pvt) Ltd.	70,031		
Acacia Partners LP	32,700		
Noman Abid Holdings Ltd	25,850		
Acacia Conservation Master Fund-Offshore Ltd	13,500		
Premier Fashion (Pvt) Ltd.	4,050		
Acacia Institutional Partners LP	3,400		
Trustee National Bank of Pakistan Employees Benevolent Fund Trust	3,029		
Sherman Securities (Pvt) Ltd	3,000		
Pak Ping Carpets (Pvt) Ltd.	1,600		
United Trading and Manufacturing Pvt Ltd	1,500		
Siza (Pvt) Ltd.	1,440		
AKIK Capital (Private) Limited	1,000		
Trustees Al-Badar Welfare Trust	864		
FDM Capital Securities (Pvt) Ltd	500		
Acacia II Partners LLP	500		
Fikree's (Pvt) Ltd.	250		
Dossa Cotton & General Trading (Pvt) Ltd	200		
NCC Pre Settlement Delivery Account	250		
JS Global Capital Limited	7		
NH Capital (Pvt) Ltd.	5		
Maple Leaf Capital Ltd	1		
IGI Finex Securities Ltd	1		
<b>TOTAL</b>		<b>8,247,037</b>	<b>100.00%</b>

# Notice of Annual General Meeting

Notice is hereby given that the Sixty Eighth (68th) Annual General Meeting ("Meeting") of the Members of Siemens (Pakistan) Engineering Company Limited (the "Company") will be held on January 14, 2021, at 11:30 a.m. virtually to transact the following business:

## Ordinary business

1. To confirm the minutes of the annual general meeting held on January 20, 2020.
2. To receive, consider and adopt the audited financial statements for the financial year ended September 30, 2020, and reports of the auditors and directors thereon.
3. To consider and declare cash dividend of Rs. 10 per share (100%) for the financial year ended September 30, 2020.
4. To appoint EY Ford Rhodes, Chartered Accountants, as Auditors of the Company till conclusion of next annual general meeting and to fix their remuneration for the financial year ending September 30, 2021. The present auditors EY Ford Rhodes, Chartered Accountants, being eligible, have offered themselves for reappointment.
5. To transact such other ordinary business as may be placed before the meeting with the permission of the Chair.

By order of the Board of Directors

**M. Usman Ansari**  
Company Secretary

Karachi: December 23, 2020

## Notes:

### Participation in the AGM Proceeding via Video Conference Facility

In light of the Covid-19 situation, the Securities and Exchange Commission of Pakistan, in terms of its Circular No. 5 dated March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through its notice Ref: PSX/N-372 dated 19 March 2020, have advised the companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and to avoid large gatherings by provision of video link facilities. Through Circular No. 33 dated November 5, 2020, the SECP has extended the applicability of Circular 05 of 2020 to AGM to be held up till January 31, 2021.

Accordingly, considering any threat of COVID-19 in large public gatherings and SECP's directives, the AGM proceedings shall be held via video conference facility only.

To attend the meeting, members are requested to register themselves on [aqib.khan@thk.com.pk](mailto:aqib.khan@thk.com.pk) by providing following information along with valid copy of CNIC (both sides).

Name of Shareholder	CNIC Number	CDC Account No. / Folio No.	Cell Number	Email Address

Video-link and complete information necessary to access the facility will be shared with the Members/Proxies whose email containing all the above particulars are received at the given email address by the close of business on January 12, 2021.

Members who are registered, after necessary verification, will be provided with the link on the same email address with which they email the Company.

The members can also provide their comments and questions for the agenda items of the AGM on email [aqib.khan@thk.com.pk](mailto:aqib.khan@thk.com.pk) on or before January 12, 2021.

### Share Transfer Book Closure:

The Share Transfer Books of the Company shall remain closed from January 6, 2021, to January 14, 2021 (both days inclusive). Transfers received by Company's Share Registrar by the close of business on January 5, 2021, will be considered in time for the purpose of Annual General Meeting. Final cash dividend, if any approved in the Meeting, will be paid to Members whose name appears in the register of the Members on January 5, 2021.

### Procedure and requirement for attending the Meeting and Appointing Proxies

Central Depository Company ("CDC") account holders are required to follow the guidelines as laid down in Circular No.1 dated January 26, 2000, issued by the Securities and Exchange Commission of Pakistan ("SECP") and shall comply with requirements to the extent applicable.

A Member entitled to attend, and vote may appoint another Member as his/her proxy to attend and vote on his/her behalf. A Member shall not be entitled to appoint more than one proxy. Duly completed Proxy forms in order to be valid must be received by the Share Registrar or at the Registered Office of the Company not less than 48 hours before the time of Meeting.

A blank instrument of proxy (in English and Urdu) is attached in the Annual Report. The form of proxy is also available at the Company's website.

CDC account holders are also required to follow the guidelines as laid down in Circular No.1 dated January 26, 2000, issued by the SECP and shall comply with following requirements to the extent applicable:

- i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall submit the proxy form as per requirement notified by the Company.
- ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iv) The proxy shall produce his/her original CNIC or original passport at the time of meeting.
- v) Corporate entities shall submit the Board of Directors' resolution/Power of Attorney with specimen signature along with proxy form.

#### Change of Address and Zakat Status

Members with physical shareholding are requested to promptly notify the Company's Registrar of any change in their addresses and also submit Non-deduction of Zakat form if applicable to them. Further, Members holding their shares through CDC are requested to update their address and zakat status with their participants.

#### Submission of CNIC, Dividend Bank Mandate and Payment of Cash Dividend (e-dividend)

In accordance with the requirement of the Companies Act, 2017, and Companies (Distribution of Dividends) Regulations, 2017, Members are requested to provide their CNIC and Bank Account details including name of the bank, address of bank branch and International Bank Account Number (IBAN) to receive their cash dividend directly into their bank account.

Therefore, all Members who have not yet provided their CNIC and Bank Account details are once again reminded to immediately submit a copy of their CNIC and duly filled Dividend Bank Mandate form to the Share Registrar or to the Company. In the absence of valid bank account details and CNIC, dividend amount will be withheld in compliance with the afore-referred provisions of the Act and the Regulations.

The dividend mandate form has been attached in the Annual Report and also uploaded on the Company's website - [www.siemens.com.pk/investor.html](http://www.siemens.com.pk/investor.html)

The Members who hold shares in dematerialized form are requested to submit the dividend bank mandate form duly filled to their participant/investor account services in the CDC.

The corporate Members having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate Members having physical shares should send a copy of their NTN certificate to the Share Registrar. The Members while sending NTN or NTN certificates, as the case may be, must quote the Company name and their respective folio numbers.

#### Withholding Tax on Dividend

The rates for deduction of withholding tax on the amount of dividend paid by the companies are @ 15% for filers of income tax returns and @ 30% for non-filers of income tax returns. All Members are advised to ensure their names are on Active Tax-payers list (ATL) provided on the website of Federal Board of Revenue (FBR) otherwise tax on dividend will be deducted @ 30% instead of 15%.

In order to comply with directive of FBR for determining the shareholding ratio of the joint account holders for deduction of withholding tax on dividend, Members are requested to provide shareholding proportions of principal shareholder and joint holder(s) in respect of shares held by them to the Share Registrar in the following format:

		Principal Shareholder			Joint Shareholder(s)		
Folio / CDC Account No.	Total Shares	Name	CNIC	Shareholding Proportion (No. of Shares)	Name	CNIC	Shareholding Proportion (No. of Shares)

#### Annual Accounts of the Company

Annual accounts of the company for the financial year ended September 30, 2020 can be downloaded from the Company's website- [www.siemens.com.pk/annual\\_report.html](http://www.siemens.com.pk/annual_report.html)

Members are hereby informed that for electronic transmission of Annual Report, request form is provided in the Annual Report and also uploaded on the Company's website-[www.siemens.com.pk/investor.html](http://www.siemens.com.pk/investor.html). Members who wish to avail this facility are requested to submit the request form duly filled to the Share Registrar.

#### Voting through Postal Ballot

Members may exercise their right to vote as per provision of the Companies (Postal Ballot) Regulations, 2018, subject to the requirements of Section 143 and 144 of the Companies Act, 2017. Further details in this regard will be communicated to the shareholders within legal time frame as stipulated under these said regulations, if required.

#### Miscellaneous

This notice has been sent to all Members of the Company in accordance with Section 134(1)(a) of the Companies Act, 2017.

For any query/problem/information, Members may contact the Share Registrar at the following address:

**THK Associates (Pvt) Ltd**  
1st Floor, 40-C, Block-6, P.E.C.H.S.,  
Karachi-75400

**Telephone No:** 021-111-000-322, 021-34168267  
**E-Mail:** [aqib.khan@thk.com.pk](mailto:aqib.khan@thk.com.pk)  
**Contact Person:** Mr. Aqib Khan

## کمپنی کا مستقبل کا منظر نامہ

کمپنی اپنے اسٹیک ہولڈرز کیلئے اقدار تخلیق کرنے کیلئے پرعزم ہے۔ کمپنی نے الیکٹریکلیشن، آٹومیشن اور ڈیجیٹلایزیشن میں اپنی حیثیت مضبوط کرنے کے لئے مستقل حکمت عملی اپنائی ہے۔ ہمیں پاور جنریشن سے لے کر پاور ڈسٹری بیوشن اور اسٹارٹ گزڈ تک برقی توانائی کے متعدد استعمال کے بارے میں مکمل معلومات اور مہارت حاصل ہے۔

اس سال کاروباری ماحول بنیادی طور پر Covid 19 سے متاثر ہوا جس سے آمدنی کے حصول اور نئے آرڈرز کی وصولی میں تاخیر ہوئی۔ متوقع چیلنجز کے باوجود کمپنی بزنس کو آگے بڑھانے میں کوشاں رہی۔ FY 2020 کے آخری مہینے اور FY 2021 کے پہلے دو ماہ میں فوری آرڈرز کی ہنگام اور اچھی پائپ لائن کے ساتھ کمپنی آنے والے سال میں محتاط طور پر بہتری کیلئے پرامید ہے۔

کمپنی دستیاب مواقع حاصل کرنے لئے تیار ہے بشرطیکہ معاشی حالات مستحکم رہینگے اور Covid 19 کے مزید منفی اثرات مرتب نہیں ہوں گے۔

## اظہار تشکر

ہم اس موقع پر اپنے پرانے معزز صارفین کا شکریہ ادا کرتے ہیں جنہوں نے ہمیشہ ہماری مصنوعات اور خدمت پر اپنا اعتماد کیا اور کمپنی مسلسل تعاون کیا۔ کمپنی کو اپنے ملازمین پر فخر ہے اور وہ ان کے عزم اور سخت محنت، وفاداری اور خلوص کیلئے شکرگزار ہے۔ ہم اپنے تمام اسٹیک ہولڈرز کے تعاون اور حمایت کی قدر کرتے ہیں جنہوں نے کمپنی کی ترقی میں مدد دی اور تعاون کیا۔

ہم اپنے شیئر ہولڈرز کے دل کی گہرائیوں سے شکرگزار ہیں خصوصاً ان کے اعتماد اور یقین اور غیر متزلزل حمایت کے بھی۔

منجانب بورڈ



قاسم ساجد علی  
ڈائریکٹر



عالمہ ماجد  
ڈائریکٹر

## بیرونی آڈیٹرز

موجودہ آڈیٹرز ای وائی فور ڈی رھوڈس، چارٹرڈ اکاؤنٹنٹس (ارٹس اینڈ اینڈنگ گلوبل لمیٹڈ کی ممبر فرم) آنے والے سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور اہل ہونے کی بنیاد پر انہوں نے خود کو دوبارہ مقرر کیلئے پیش کیا ہے۔

آڈٹ کمیٹی کی سفارشات کے مطابق بورڈ 4.84 ملین روپے (علاوہ سیکورٹیز) مشاہرے پر برائے FY 2021 ان کے دوبارہ تفریحی سفارش کرتا ہے۔

## کارپوریٹ چیئٹ

کمپنی Siemens Aktiengesellschaft, Germany (میس اے جی) کا ذیلی ادارہ ہے جو ریپبلک آف جرمنی کے قوانین کے تحت قائم کیا گیا ہے اور 30 ستمبر 2020 کے مطابق کمپنی کے 74.6% شیئرز کی حامل ہے۔

## شیئر ہولڈنگ کا طرز

کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ میں لسٹڈ ہے۔ تفصیلی طرز اور اس کے شیئر ہولڈنگ کی کنگڈم یز بشمول ڈائریکٹرز اور ایگزیکٹوز کے پاس موجود شیئرز، اگر کوئی ہے، سالانہ رپورٹ کے ساتھ منسلک ہے۔

ریٹائرمنٹ کے فوائد میں سرمایہ کاری

## ریٹائرمنٹ کے فوائد میں سرمایہ کاری

کمپنی نے اپنے مستقل ملازمین کیلئے پراویڈنٹ اور گریجویٹ فنڈز قائم کیا ہے جو متعلقہ بورڈ آف ڈائریکٹرز کے زیر انتظام ہے۔ ان فنڈز کی سرمایہ کاری کی اقدار متعلقہ آڈٹ شدہ مالیاتی اسٹیٹمنٹس درج ذیل ہے:

30 جون 2017	30 جون 2018	30 جون 2019	
روپے ملین میں			
427.438	441.077	449.715	پروویڈنٹ فنڈ
روپے ملین میں			
30 ستمبر 2017	30 ستمبر 2018	30 ستمبر 2019	
146.109	176.958	201.108	گریجویٹ فنڈ

## پوسٹ بیلنس شیٹ ایونٹ اور FY2020 میں نمایاں ڈیولپمنٹس

30 ستمبر 2020 سے اس رپورٹ کی تاریخ تک کوئی مادی تبدیلی یا ایونٹ نہیں ہے جو مالیاتی اسٹیٹمنٹس پر اثر انداز ہو، سوائے حتمی منافع منقسمہ کے جو آنے والے سالانہ اجلاس عام میں کمپنی کے ممبران کی منظوری سے مشروط ہے جس کا اثر FY2021 کے مالیاتی اسٹیٹمنٹس میں نظر آئے گا۔

## کمپلائنس کا بیانیہ

کمپنی نہایت سختی سے کارپوریٹ گورننس کے اصولوں کی پابندی کرتی ہے اور تمام مجوزہ شرائط نافذ کی گئی ہیں۔ اس کا خلاصہ منسلک لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے ساتھ منسلک اسٹیٹمنٹ آف کمپلائنس میں موجود ہے جس کا بیرونی آڈیٹرز نے باقاعدہ جائزہ لیا ہے۔

## ڈائریکٹرز کے مشاہرے کی پالیسی

بورڈ نے ڈائریکٹرز کے مشاہرے کی منظوری دے دی ہے جس میں پالیسی کے مقاصد اور انفرادی طور پر ڈائریکٹرز کے بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت کیلئے مشاہرے کے نتیجے کے تعین کیلئے شفاف طریقہ بیان کیا گیا ہے۔ ڈائریکٹرز کے مشاہرے کی پالیسی کی دیگر تفصیلات کے علاوہ خاص نکات درج ذیل ہیں:

- مشاہرے کی سطح کاروباری ضروریات کے مطابق، حکمت عملی کی سمت میں اور کمپنی اور اس کے شیئر ہولڈرز کے بہترین مفاد میں ہوگی۔
- مشاہرے کی سطح مسابقتی کمپنیز/صنعت کی مارکیٹ کے معمولات کے مطابق ہوگی۔
- مشاہرے کا تعین کرتے وقت جنس کے لحاظ سے کوئی ایسا نہیں برتا جائے گا۔
- مشاہرہ اس سطح کا ہو جو افرادی کمپنی کو کامیابی کے ساتھ چلانے کی اہلیت اور قابلیت کے پیش نظر ان کیلئے پرکشش اور ان کو کمپنی کے ساتھ جڑا رکھنے کیلئے کافی ہو۔
- مشاہرہ اس وقت اور مہارت کے لحاظ سے منصفانہ ہو جو ڈائریکٹرز اپنی ذمہ داریاں پوری کرنے کیلئے صرف کرتے ہیں۔
- مشاہرہ واقعات میں اضافے کی حوصلہ افزائی کیلئے کافی ہو۔
- مشاہرہ اس سطح کا ہو جو ڈائریکٹرز کو خود مختاری سے سمجھوتہ کرنے کا احساس دلائے۔
- بیجنگ ڈائریکٹرز چیف ایگزیکٹو آفسر، ایگزیکٹو ڈائریکٹرز اور شیئر ہولڈرز کی اکثریت کی نمائندگی کرنے والے ڈائریکٹرز کمپنی کے آرٹیکلز آف ایسوسی ایشن کے مطابق کسی مشاہرے کے اہل نہیں ہیں۔
- مشاہرہ بورڈ کی عمل مدت تک کیلئے مقرر ہوگا جو ڈائریکٹرز کے ہر انتخاب سے پہلے تک ہوگا (ہر تین سال میں ایک بار)۔
- مشاہرے کی سطح مقرر کرنے کیلئے حد کے تعین کے سلسلے میں خود مختار مشیروں کی -خارشات حاصل کرنی جائیں۔

## ڈائریکٹرز کے مشاہرے

ایگزیکٹو اور نان ایگزیکٹو ڈائریکٹرز کے مشاہروں کی مجموعی رقم کی تفصیلات مالیاتی اسٹیٹمنٹس، نوٹ 45 میں علیحدہ علیحدہ درج کی گئی ہیں۔

## بورڈ کی کارکردگی کی جانچ

بورڈ نے بورڈ اور اس کی کمیٹیوں کی سالانہ کارکردگی کی جانچ کیلئے زمی پالیسی کی منظوری دے دی ہے اور جانچ کے عمل کا طریقہ طے کر دیا ہے۔ اس جانچ کا مقصد اس بات کو یقینی بنانا ہے کہ بورڈ کی کارکردگی مجموعی کارپوریٹ مقاصد، کمپنی کی گورننس کے اسٹریٹجی، قانون اور ضابطوں پر عمل درآمد موثر ہونے، اشتراک اور اقتدار میں اضافے کے حوالے سے ناپی جائے۔ کارکردگی کی جانچ برائے FY2020 کے منظور شدہ طریقے کے مطابق انجام دی گئی اور مجموعی طور پر بورڈ کی کارکردگی اور اس کے موثر ہونے کو مضبوط اور بے کاہلیا گیا۔ بورڈ کے تمام ممبران نے کارکردگی کی جانچ میں شرکت کی اور اپنا فیڈ بیک فراہم کیا۔

## ڈائریکٹرز کا تربیتی پروگرام

ڈائریکٹرز کے تربیتی پروگرام کی تفصیلات کیلئے اسٹیٹمنٹ آف کمپلائنس کے سیریل نمبر 9 ملاحظہ کیجئے۔

## بورڈ آف ڈائریکٹرز کی تشکیل

ڈائریکٹرز کی کل تعداد درج ذیل کے مطابق سات (7) ہے:

مرد: چھ (6)  
خاتون: ایک (1)

بورڈ کی تشکیل درج ذیل کے مطابق ہے:

نام	کیٹگری
جناب قاضی ساجد علی	خود مختار ڈائریکٹر
مس عائشہ ساجد (خود مختار ڈائریکٹر)	خاتون ڈائریکٹر
جناب منظور احمد جناب ایوریو پیئر لنگ جناب مینوئل کیوبن جناب محمد یوسف وحی *	نان ایگزیکٹو ڈائریکٹر
جناب مارکس ایرک اسٹروہمیر	ایگزیکٹو ڈائریکٹر

\* جناب محمد یوسف وحی نے 14 اکتوبر 2020 کو استعفیٰ دیدیا۔ خالی ہونے والی عارضی اسامی کمپنیز ایکٹ 2017 کے سیکشن (3) 155 کی بیرونی میں 90 دن کے اندر پرکردی جائے گی۔

## کارپوریٹ گورننس کے بہترین معمولات کی پابندی

کئی تمام قانونی اور اخلاقی شرائط کی پابندی کرنے اور جہاں ممکن ہو اس سے بڑھ کر اعلیٰ ترین معیارات اور معمولات کے مطابق تمام کاروباری انجام دہی کرتی ہے۔ بورڈ مستقل طور پر موجودہ چیلنجز سے نمٹ کر مسلسل بہتری کی راہ کا تعین کرتا ہے۔ اس کے لیے کئی کو تبدیلی سے بھی ہم آہنگ ہونا پڑتا ہے تاکہ نئے مواقع سامنے آنے پر ان کا فائدہ اٹھائیں۔ اس کا یہ بھی مطلب ہے کہ مارکیٹ میں بہترین ٹیلنٹ کو متوجہ کرنا اور ان کو حدف کے حصول کیلئے صلاحیتوں کے استعمال اور مواقع فراہم کرنا۔

بورڈ اور اس کی کمیٹیوں کی تفصیل، بورڈ اور اس کی کمیٹیوں کی میٹنگز کی تعداد اور ان میں حاضری کی تفصیل درج ذیل ہے:

تفصیل	بورڈ میٹنگ منعقدہ حاضری	آڈٹ میٹنگ منعقدہ حاضری	ہیڈن ریسورس اینڈ ریسورسشن میٹنگ منعقدہ حاضری	نامزدگی میٹنگ منعقدہ حاضری
جناب میٹنگل کوہین	5/5* چیئر مین	4/4	N/A	N/A
جناب مارکس اسٹروہمیر	2/2**	N/A	N/A**	N/A
جناب قاضی ساجد علی	5/5	1/4***	2/2 چیئر مین	N/A
جناب منظور احمد	4/4	4/4	N/A	N/A
جناب اولیور پیٹر لنگ	4/4****	N/A	1/2***	N/A
مس عائشہ ماجد	2/5	1/4	N/A	N/A
جناب ٹم یوڈسکی ****	5/5	4/4	N/A	N/A
مس سعدیہ خان	2/4***	2/4***	N/A	N/A
جناب ہلٹ وون اسٹرو	3/4**	N/A	2/2**	N/A
سٹیٹین اینڈرسن بریچرٹ	1/4**	N/A	1/2*	N/A

\* جناب سٹیٹین اینڈرسن بریچرٹ (چیئر مین آف دی بورڈ) نے 31 دسمبر 2019 کو استعفیٰ دیدیا۔ جناب میٹنگل کوہین کو، جو پہلے ہی بورڈ کے ممبر تھے، 28 جنوری 2020 سے چیئر مین آف دی بورڈ مقرر کر دیا گیا۔

\*\* جناب مارکس اسٹروہمیر کو یکم جولائی 2020 سے جناب ہلٹ وون اسٹرو کی جگہ ایم ڈی مقرر کیا گیا۔

\*\*\* مس سعدیہ خان نے 3 مارچ 2020 کو استعفیٰ دے دیا اور قاضی ساجد علی کو اسی روز چیئر مین آڈٹ کمیٹی مقرر کیا گیا۔

\*\*\*\* جناب اولیور پیٹر لنگ 16 جنوری 2020 کو بورڈ میں تقرر کیا گیا۔

\*\*\*\*\* جناب ٹم یوڈسکی نے 14 اکتوبر 2020 کو استعفیٰ دے دیا۔

## ڈائریکٹرز کا اسٹیٹمنٹ

ہم بحسرت بیان کرتے ہیں کہ:

- (الف) کئی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی تفصیلات (Financial Statements) میں کئی کی معاملات، آپریشنز کے نتائج، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- (ب) کئی کی جانب سے حساب کتاب اور رکھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- (ج) مالیاتی اسٹیٹمنٹ کی تیاری میں درست اکاؤنٹنگ پالیسیوں کا مروجہ طور پر اطلاق کیا گیا ہے۔
- (د) اکاؤنٹس کے تخمینے معقولیت اور دانائی کے فیصلوں پر مبنی ہیں۔
- (ه) مالیاتی اسٹیٹمنٹس، پاکستان میں لاگو بین الاقوامی اکاؤنٹس کے معیارات (IAS) اور بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IFRS) کی بنیاد پر تیار کئے گئے ہیں۔
- (و) داخلی کنٹرول کا نظام مع مالیاتی رپورٹنگ پر اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور موثر طور پر نافذ اور مانیٹر کیا جاتا ہے۔
- (ز) کئی کی موجودہ صورت حال کے مطابق کام جاری رکھنے میں کسی رکاوٹ کا کوئی شائبہ نہیں ہے۔
- (س) لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں درج تفصیل کے مطابق کارپوریٹ گورننس کے بہترین معمولات سے کوئی مادی انحراف نہیں کیا گیا ہے۔

## خدشات، غیر یقینی کیفیت اور تحفظ

کپنی کو درج ذیل عمومی خدشات کا سامنا رہتا ہے جن کو خصوصی انسدادی پروگرام کے ذریعہ کم کیا جاتا ہے:

### (الف) آپریٹل خدشات

آپریٹل خدشات منصوبوں کے انتظامات سے متعلق ہیں۔ (مثلاً منصوبہ جات کی مقررہ وقت پر تکمیل، اخراجات/منصوبہ کی لاگت میں تبدیلی، ماحول، صحت، تحفظ اور چھوٹی چین مینجمنٹ وغیرہ۔)

کپنی اپنے کاروباری عمل کے دوران میں خصوصی وسائل اور مصلحت اور مہارت کے ساتھ قابو پانے کیلئے کارروائی کرتی ہے۔ انتظامیہ نے ایسے خدشات پر کنٹرول کرنے کی حکمت عملی تیار کی ہے جیسے "گر بڑ کرنا، منتقل کرنا، کم یا قبول کرنا"۔

### (ب) مالیاتی خدشات

مالیاتی خدشات کی تفصیل منسلک مالیاتی اسٹیٹمنٹس میں نوٹ 42 میں درج ہے جو مارکیٹ، کریڈٹ اور لیویڈٹی کے خدشات پر مشتمل ہے۔

### (ج) (ضوابطی) بیرونی خدشات

کپنی نے سرگرمیوں اور رویوں میں (ضوابطی) بیرونی نہ کرنے پر صفر عدم برداشت کی پالیسی اپنائی ہے کیونکہ کپنی بخوبی آگاہ ہے کہ قوانین و ضوابط کی بیرونی

موثر پروگرام کا نفاذ کیا ہے۔ اس کے علاوہ بزنس کنڈکٹ گائیڈ لائنز (BCG) میں کپنی کی اپنے تمام ڈائریکٹرز، ایگزیکٹو اور ملازمین اور اپنے کاروباری ساتھیوں سے ان پر عمل کی توقعات کو واضح طور پر بیان کیا گیا ہے۔

کپنی اپنے ملازمین اور کاروباری ساتھیوں کو کبھی خلاف ضابطہ عمل کے بارے میں اطلاع دینے کی حوصلہ افزائی کرتی ہے اور ان کو یقین دلاتی ہے کہ ایسا کرنے سے ان کو کسی قسم کا نقصان نہیں ہوگا۔ اس طریقہ کار کو مزید آسان بنانے کیلئے مختلف رپورٹنگ چینل قائم کئے گئے ہیں جیسے عمل درآمد ہیپ ڈیسک "Tell US"، جو کپنی کی ویب سائٹ پر موجود ہیں۔

## ماحولیات، صحت اور تحفظ (EHS)

وہا کی وجہ سے ملازمین کو درپیش مسائل سے نمٹنے کے لئے کپنی نے "نیو نارل" کی حکمت عملی ترتیب دی ہے۔ موثر نفاذ تبدیلی اور اسٹیک ہولڈرز کے ساتھ مصروفیت کے ذریعے یہ حکمت عملی ہمہ جہت ملازمین کے کام کی تقسیم اور ریویو ورکنگ پر مشتمل ہے۔ EHS کے طریقہ کار، ہر جہتی صورتحال پر مستقل خدشات کی جانچ، ملازمین کو آگاہی دینے اور نئے طریقہ اختیار کرنے کی ترغیب دینے کا عمل جاری ہے کیونکہ یہ مستقبل کے بنیادی عناصر ہیں جو ہماری کپنی کے پائیدار ستون ثابت ہوں گے۔

سینس کے تحفظ کے اہم اوزام جیسے بجلی، تحفظ، ڈرائیونگ میں تحفظ وغیرہ EHS میں نہایت اہمیت کے حامل ہیں۔ ہم صفر ضرر کے کلچر اور سینس تحفظ کے لوازم پر دوبارہ توجہ مرکوز کر رہے ہیں تاکہ تمام اسٹیک ہولڈرز کی مشترکہ کوششوں سے حادثات کی تعداد اور خدشات کو کم سے کم کر لیا جاسکے۔ ہمارا پینڈیٹین ہے کہ محفوظ رو یا اختیار کرنے سے لقمہ وضبط کا مظاہرہ ہوتا ہے جس کے نتیجے میں پائیدار ترقی کی راہ ہموار ہوتی ہے۔

## اجتماعی سماجی ذمہ داری

اجتماعی سماجی ذمہ داری کپنی کی فلاحی کا اس وقت سے لازمی عنصر ہے جب 1847 میں ورزوں سینس نے اس کپنی کی بنیاد رکھی تھی۔ ہماری سماجی ذمہ داریوں کے کاموں میں تین مرکزی توجہ کے شعبے ہیں: بیکنا لوجی، سماجی تعلیم تک رسائی اور پائیدار کمیونیز۔ یہ ہماری کاروباری حکمت عملی، بنیادی اہمیت، معاشرے کی فلاح کیلئے عالمی اہداف، عالمی سطح کے بڑے درجہ نامت (ڈیوگر انٹرنیشنل، پھر کاری، ماحولیاتی تبدیلی، عالمگیریت اور ڈیجیٹلائزیشن) اور اسٹیک ہولڈرز کے ساتھ ڈائیلاگ سے لہجے ہوئے۔ ہم SDGs کی پیش رفت میں سماجی شہری ذمہ داری کی سرگرمیوں کے ذریعے شریک ہو رہے ہیں۔ سینس ماحولیاتی اور ذمہ داریوں کو انتہائی اہمیت دیتا ہے اور اپنے ملازمین کی جانب سے مسائل کی زیادہ ذمہ داری کے ساتھ استعمال کیلئے حوصلہ افزائی کی جاتی ہے۔

FY 2020 میں کپنی نے سماجی ذمہ داری کی ادا ہنگی کے سلسلے میں درج ذیل اداروں کے ساتھ قریبی تعلق سے کام کیا:

- فیلی ایجوکیشنل سروسز فاؤنڈیشن (FESF)
- ڈی سٹیون فاؤنڈیشن (TCF)

مزید تفصیلات کیلئے سالانہ رپورٹ کا Sustainability and Corporate Citizenship سیکشن ملاحظہ فرمائیں۔



## چیئر مین کی جائزہ رپورٹ

مجھے سہنسن پاکستان انجینئرنگ کمپنی کے اسٹیک ہولڈرز کو مالی سال 2020 کی سالانہ رپورٹ پیش کرتے ہوئے اور کمپنی کے مقاصد اور اہداف کے حصول میں بورڈ کی کاوشوں پر تبصرہ کرتے ہوئے خوشی محسوس ہو رہی ہے۔

مالی سال 2020، Covid 19 کی عالمی وبا کے زیر اثر رہا اور ایسے حالات پیدا ہوئے جو اس سے پہلے کبھی نہ دیکھے گئے۔ دنیا نے اس کا مقابلہ کرنے کیلئے بین الاقوامی سرحدیں بند کر دیں جس کے نتیجے میں تقریباً تمام معاشی اور سماجی سرگرمیاں معطل ہو گئیں جو ہماری کمپنی کی انتظامیہ اور اس کے ملازمین، یعنی ہم سب کیلئے بہت بڑا چیلنج تھا۔ بہر حال مضبوط گورننس فریم ورک کی بناء پر کمپنی کی کیفیت یکدل رہی اور اپنے بورڈ کی رہنمائی میں کمپنی نے نہ صرف کاروباری سرگرمیاں جاری رکھیں بلکہ اپنے ملازمین کی صحت کو اولین ترجیح دی اور ساتھ ہی جو محدود مواقع سامنے آئے ان سے فائدہ اٹھایا۔

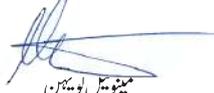
زیر جائزہ سال کے دوران میں چیلنجز کے درمیان، بورڈ نے کمپنی کے شیئرز ہولڈرز کے بہترین مفاد میں اپنے فرائض تندی سے انجام دیئے۔ سال کے دوران کی تبدیلیوں کے باوجود بورڈ نے کمپنی کے امور کو موثر اور مستعد طور پر انجام دینے کیلئے رہنمائی کا سلسلہ جاری رکھا۔ جناب ہلمٹ وون اسٹرو (Helmut von Struve) کے چھوڑ جانے کے بعد ہمیں جناب مارکس اسٹروہمیر (Markus Strohmeyer) کو کمپنی کا چیف ایگزیکٹو مقرر کرنے پر خوشی ہے۔ جناب اسٹروہمیر نہ صرف تازہ نقطہ نظر رکھتے ہیں بلکہ سیلز کے گہرے تجربے کے حامل ہیں جس سے کمپنی کو مارکیٹ کے چیلنجز سے تیزی کے ساتھ نمٹنے میں مدد ملے گی۔ ہم جناب اولیور ہینرلنگ اور مس عائلہ باحد کو بھی کمپنی کے بورڈ میں خوش آمدید کہتے ہیں جو بائزٹیبل ڈائریکٹرز، ایگزیکٹو ایڈوائزرز اور مس سیدہ خان کے جانے پر ان کی جگہ مقرر ہوئے ہیں۔ مجموعی طور پر یہ ممبران وسیع تجربہ رکھتے ہیں اور مختلف مہارتوں کے حامل ہیں اور بورڈ کی اجتماعی فیصلہ سازی میں قابل قدر آراء شامل کرنے کے اہل ہیں۔

میں بلاشبہ تصدیق کر سکتا ہوں کہ بورڈ کے موجودہ ممبران کاروباری انتظامیہ، حکمت عملی، مالیاتی امور، کارپوریٹ گورننس، قانونی اور انتظامی امور میں خاطر خواہ مہارت رکھتے ہیں۔ اس کے علاوہ بورڈ کے تمام ممبران کمپنی اور اس کے شیئرز ہولڈرز کے ساتھ وفاداری اور سمجھداری سے فرائض کی انجام دہی کے قابل ہیں اور اپنی ذمہ داریوں کو ہمیشہ پیش نظر رکھتے ہیں۔ بورڈ کے چیئر مین کی حیثیت سے میں تصدیق کرتا ہوں کہ تمام ڈائریکٹرز کی جانب سے حکمت عملی اور گورننس سے متعلق تمام موضوعات پر اپنی رائے اور خیالات کے اظہار کی حوصلہ افزائی کی جاتی ہے۔ کسی بھی فیصلے کی منظوری سے پہلے خود مختار ڈائریکٹرز، اقلیتی شیئرز ہولڈرز کے نمائندہ ڈائریکٹرز اور ایسے موضوعات پر متعلقہ تجربہ رکھنے والے ڈائریکٹرز کی رائے اور مشوروں کو بھی شامل کیا جاتا ہے۔

بورڈ نے چیف ایگزیکٹو اور دیگر اہم ایگزیکٹوز بشمول چیف فنانس آفیسر اور کمپنی سیکرٹری کی خدمات کے حصول، جانچ اور ان کے مشاہرے کے تعین کو بھی یقینی بنا دیا ہے۔ بورڈ نے اپنی کمیٹی کی رٹرنس واضح طور پر بیان کر دی ہیں اور ممبران کا تقرر ان کی مطلوبہ مہارت اور تجربے کی بناء پر کیا گیا ہے۔ اس کے علاوہ سال کے دوران بورڈ اور اس کی کمیٹیوں کی باقاعدہ ملاقات ہوتی ہے اور ان کے سامنے پیش کئے گئے ہر معاملے پر ضروری غور و خوض کے بعد اپنی گورننس کے کردار کی ادائیگی کرتی ہیں۔ بورڈ اور اس کی کمیٹیوں کیلئے سالانہ جانچ کا اپنا ایک طریقہ موجود ہے جس کے ذریعے یہ اطمینان کیا جائے کہ ڈائریکٹرز کی مجموعی اور انفرادی کارکردگی انتہائی تسلی بخش ہے اور یہ کہ بورڈ کمپنی کی گورننس میں اپنا موثر کردار ادا کرنا جاری رکھ سکتا ہے۔

بورڈ کی جانب سے میں اس موقع پر اپنے ملازمین، شیئرز ہولڈرز، صارفین اور دیگر اسٹیک ہولڈرز کا ان کے انتہائی پر خلوص، پائیدار تعاون اور کمپنی پر ان کے اعتماد کی دلچسپی اور شکر ادا کرتا ہوں۔

خلوص کے ساتھ



میدنیوئیل لویہن  
چیئر مین آف دی بورڈ



# سیمنس (پاکستان) انجینئرنگ کمپنی لمیٹڈ پراکسی فارم

میں / ہم

ضلع

متعلقہ

سیمنس (پاکستان) انجینئرنگ کمپنی لمیٹڈ کے ممبر ہونے کی حیثیت سے

متعلقہ

متعلقہ

کو یا

کو اپنا متبادل مقرر کرتا ہوں / کرتے ہیں جو کراچی میں مورخہ 14 جنوری 2021ء کو یا کسی تبدیلی کے ساتھ منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں میری / ہماری جگہ ووٹ دیں گے۔

متعلقہ دن

آج بتاریخ

دستخط شینئر ہولڈرز

فولیو نمبر:

CDS اکاؤنٹ نمبر:

گواہان:

۱- دستخط

نام:

پتہ:

قومی شناختی کارڈ نمبر:

ریونیو اسٹپ

۲- دستخط

نام:

پتہ:

قومی شناختی کارڈ نمبر:

نوٹس:

- ۱- یہ پراکسی فارم مکمل طور سے پُر کر کے پانچ روپے کی رسیدی ٹکٹ پر دستخط کے ساتھ کمپنی کے رجسٹرڈ دفتر میں اجلاس کے شروع ہونے کے وقت سے کم از کم 48 گھنٹے قبل لازمی طور پر جمع کرایا جائے۔
- ۲- صرف CDS اکاؤنٹ ہولڈرز کے لئے دو افراد کے بحیثیت گواہ دستخط ہونا ضروری ہے۔
- ۳- CDS اکاؤنٹ ہولڈرز کو اپنے اور اپنے پراکسی کے قومی شناختی کارڈ / پاسپورٹ کی فوٹوکاپی بھی جمع کرانی ہوگی۔
- ۴- CDC اکاؤنٹ ہولڈرز کے پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ / پاسپورٹ پیش کرنا ہوگا۔
- ۵- کارپوریٹ اداارے ہونے کی صورت میں بورڈ کی قرارداد / پاور آف اٹارنی مع پراکسی کے دستخط کا نمونہ اس فارم کے ہمراہ جمع کرانے ہوں گے۔

# Dividend Mandate Form

THK Associates (Pvt.) Limited

1st Floor, 40-C, Block-6,

P.E.C.H.S.,

Karachi- 75400.

E-Mail: [sfc@thk.com.pk](mailto:sfc@thk.com.pk)

I, Mr./Mrs./Ms. \_\_\_\_\_ S/O,W/O,D/O \_\_\_\_\_

hereby authorize **Siemens (Pakistan) Engineering Company Limited** to directly credit cash dividend declared by it, if any, in the below mentioned bank account:

<b>i) Personal Information</b>	
Name of shareholder	
Folio No. /CDC Participant ID A/C No.	
CNIC No*	
Passport No, (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	
E mail address	

<b>ii) Bank Details</b>	
Title of Bank Account	
Name of Bank	
Branch Name and Address	
IBAN	
ISO Country code	
IBAN Check Digits	
BBAN	
Bank Identifier	
Account Number	
SEPA Member	

\_\_\_\_\_  
Signature of the Shareholder

Date: \_\_\_\_\_

# Request Form for Annual Report and Notices through E-mail

THK Associates (Pvt.) Limited

1st Floor, 40-C, Block-6,

P.E.C.H.S.,

Karachi- 75400.

E-Mail: [sfc@thk.com.pk](mailto:sfc@thk.com.pk)

Date: \_\_\_\_\_

Dear Sirs

I hereby instruct you to send from now onwards the Annual Report of **Siemens (Pakistan) Engineering Company Limited** and all notices under Companies Act, 2017 at my E-mail address given below:

\_\_\_\_\_  
(E-mail address of the shareholder)

The above E-mail address will be recorded in the members register maintained under section 119 of the Companies Act, 2017. I will inform the Company and the Registrar about any change in my E-mail address immediately. Henceforth, I will receive the Accounts and Notices only on the above E-mail address, unless a hard copy has been specifically requested by me.

\_\_\_\_\_  
(Signature)

Name of the shareholder:

Folio No: \_\_\_\_\_

(In case of physical shareholding)

CDC Account No.: \_\_\_\_\_

**Note:** Individual CDC Account holders should submit copy of their Computerized National Identity Card (CNIC) along with this request form.



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(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event  
notifications, corporate and  
regulatory actions)
-  Jamapunji application for  
mobile device
-  Online Quizzes

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Fax: +9251-2812162  
+9251-2812163

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Fax: +93 20 2500641  
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Phone: +971 4 2898071-75