# ANNUAL REPORT 2019

**WAVES SINGER PAKISTAN LIMITED**

Registered Office:
9 km Multan Road, Lahore - 54790, Pakistan
Ph: 042-35415421-5, 042-35421502-4

UAN: 042-111-31-32-33

**http://www.wavessinger.com/**

CROSSMEDIA | 042-36686606

WAVES
Naam Hi Kafi Hai

SINGER
EVOLVING LIVES

# ANNUAL REPORT 2019

CORPORATE INFORMATION



Governance and Management



CORPORATE VALUE STATEMENTS



HISTORY of WAVES SINGER



PRODUCTS QUALITY MANAGEMENT & DISTRIBUTION



FINANCIAL ANALYSIS







DIRECTORS' REPORT TO THE SHAREHOLDERS



STATUTORY NOTICES & Financial Statements

# CORPORATE INFORMATION

**Registered Office:** **Lahore:** 9 KM Multan road, Hanjerwal Lahore
**Plant Locations:** **Lahore:** 9 KM Multan road, Hanjerwal Lahore
Factory Premises 9-KM Multan Road, Lahore
Ph. No. 042-35415421-5, 35421502-4 UAN: 042-111-21-32-33
www.wavessinger.com

**Company Registration No.:** CUIN 0001286

**Bankers:**
Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Al Falah Limited
Bank of Khyber Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan Limited
Pak Brunei Investment Company Limited
Pak Libya Holding Company Limited
Pak Oman Investment Company Limited
Silk Bank Limited
Soneri Bank Limited
Sindh Bank Limited
The Bank of Punjab Limited
United Bank Limited

**Contact Information**
**Registered Office:**
Ph: 042-35415421-5, 042-35421502-4

**http://www.wavessinger.com/**





# GOVERNANCE AND MANAGEMENT

**Board of Directors**

| | |
|---|---|
| •Mr. Umair Khan | Chairman/Independent Director |
| •Mr. Haroon Ahmad Khan | Chief Executive Officer |
| •Mr. Moazzam Ahmad Khan | Non-Executive Director |
| •Mrs. Nighat Haroon Khan | Non-Executive Director |
| •Brig Mukhtar Ahmed, (Retd.) | Non-Executive Director |
| •Mr. Yousuf Muhammad Farooq | Independent Director |
| •Mr. Mohammad Zafar-Ud-Din | Independent Director |

**Audit Committee**

| | |
|---|---|
| •.Mr. Zafar-ud-Din Mahmood | Chairman/Independent Director |
| •.Mr. Umair Khan | Member/Independent Director |
| •Mrs. Nighat Haroon Khan | Member/Non-Executive Director |
| •.Rana Shakeel Shaukat | Secretary of Audit Committee |

**Human Resources & Remuneration Committee**

| | |
|---|---|
| •Mr. Umair Khan | Chairman/Independent Director |
| •Mrs. Nighat Haroon Khan | Member/Non-Executive Director |
| •Brig. Mukhtar Ahmad (Retd.) | Member/Non-Executive Director |
| •Rana Shakeel Shaukat | Secretary of HR & R Committee |

**Director Finance/CFO**

Mr. Nadeem Mahmood Butt

**Company Secretary**

Rana Shakeel Shaukat

**Head of Internal Auditor**

Mr. Usman Khalid

**Legal Advisor**

Law Wings Advocates & Solicitors

**External Auditors**

KPMG Taseer Hadi & Co.
Chartered Accountants

**Share Registrar**

Corplink (Private) Limited

# MESSAGE FROM THE CHAIRMAN

2019 turned out to be a difficult year due to challenging economic and business conditions which prevailed throughout. Despite various challenges, the company managed to post Gross Sales of Rs. 11,660 Million and Net Profit of Rs. 378 Million during. FY19 was characterized by rising interest rates, inflation and raw material costs coupled with a depreciating rupee. At the same time, the government took courageous but much needed decisions in order to document the economy.

The continued guidance and support by our Board of Directors is a key element of our success. I am thankful for the same and look forward to this positive relationship. As always, I would like to thank our stakeholders; customers, consumers, suppliers and channel partners, whose support has helped us in achieving these results. Most of all I wish to acknowledge the hard work of our employees and wish to extend my gratitude to them and their families for their support. The results are a testament to their belief in the company and their relentless hard work.

**Umair Khan**
Chairman





# MESSAGE FROM THE CEO

I am pleased to present our annual report for the year ended December 31, 2019. It was a challenging year for both Pakistan's economy and the company due to significant rupee devaluation, unprecedented increase in interest rates and by declining GDP growth rates. Despite these formidable challenges, the company posted profits of PKR 378 million (2018: PKR 382 million). This was possible with careful operational management, cost rationalization, volumetric sale and through appropriate sale price adjustments for our products.

For our sector, the introduction and enforcement of CNIC requirement for purchases above a threshold and inclusion of Home Appliances in the 3rd schedule of Sales Tax Act had the biggest impact. We believe that these are positive steps for our sector and the overall economy for the long term.

However, they have had a short-term negative impact on our sector, resulting in reduction of pipeline stocks and a general dampening of trade sentiment. Fortunately, Waves Singer Pakistan was able to weather this storm due to the transformation started last year. The two main legs of this transformation, structured pricing initiative and robust cost discipline, continued to bear fruit in the current year with amplified results.

We also constantly reviewed aspects of our financial reporting framework, in order to ensure that the company remained in line with both the latest regulatory requirements and best practices in the industry. A thorough review of the Board and its committees was also conducted through our internal Board Evaluation Process, developed in line with accepted global practices for evaluating Board performance. As a result of this evaluation, an action plan is now underway.

I would like to thank all Waves Singer Pakistan Limited employees and our business partners for their hard work throughout 2019, as well as extending our appreciation to our shareholders and customers for their continued support.

Looking ahead, we remain optimistic and confident about the future of the Company. We have people, brand name, excellent product line and unparalleled distribution network, which allows us to reach customers and provide them service both in urban and rural areas at the best possible price and terms. We look forward to delivering for our shareholders again in 2020, despite the challenges presented by a macro-economic environment which is likely to provide limited purchasing power to our customers.

**Haroon Ahmad Khan**
Chief Executive Officer

# BOARD OF DIRECTORS

**Mr. Umair Khan**
Chairman

Mr. Umair Khan is from Civil Superior Services of Pakistan and has worked in a number of senior management positions representing Government of Pakistan, within and outside the Country. In the Corporate sector, he has been the Chief Executive Officer and Managing Director of Sui Southern Gas Pipelines Limited and Alpha Insurance Company Limited. He has also served and is continuing to be on the Boards of various Government and Semi-Government Organizations.

**Mr. Haroon Ahmad Khan**
CEO

Mr. Haroon has an extensive experience in managing appliances businesses and had previously been working as Managing Director of one of the most renowned appliances companies of Pakistan. Mr. Khan's expertise include financial management and business structuring of a number of technology transfer and Joint Venture agreements. He is also a fellow member of the Institute of Chartered Accountants of Pakistan.

**Mr. Moazzam Ahmad Khan**

Mr. Moazzam Ahmad Khan is a Fellow Member of the Institute of Chartered Accountants of Pakistan (FCA) and has worked for a number of Pakistani and Saudi Organizations in Senior Management positions for the last two decades.

**Mrs. Nighat Haroon Khan**

Dr. Nighat Haroon Khan is a member of the teaching faculty of the Radiology dept. at Post Graduate Medical Institute, Lahore General Hospital, Lahore. She holds MBBS, MCPS and FCPS degrees and is pursuing her fellowship from Royal College of Radiology, London along with years of experience in her profession.





**Mr. Mukhtar Ahmed, Brig (Retd)**

Brig. (Retd.) Mukhtar Ahmed is serving as Director Administration and HR at Waves Singer Pakistan Limited. Brig. Mukhtar has a comprehensive experience in Administration and has served in Government sector as Chairman of Anti-Corruption Sindh, Home Secretary Sindh and Director of Anti-Narcotics in Sindh and as Brigadier in Pakistan Army. Brig. (Retd.) Mukhtar is a member of BOD of Cadet College Larkana and New Port University. He is also chairman of Pakistan Employees Cooperative Housing Society of Karachi.

**Mr. Yousuf Muhammad Farooq**

Mr. Yousuf has over 6 years of experience in Pakistan's capital markets. Previously, he served as the Head of Research at JS Investments Limited and Fortune Securities (Pvt) Ltd. Mr. Yousuf is also serving as a Director on the boards of Capital Asset Leasing Corporation and The Resource Linked (Pvt) Ltd, a private FMCG distribution company based in Karachi. Yousuf has a Bachelor's Degree in Business Administration from SZABIST, and is currently pursuing the CFA Charter.

**Mr. Zafar-ud-din Mahmood**

Dr. Zafaruddin Mahmood after completing his education as a Doctor from China, started his career as a Banker. In his last position, he was Head of Business Operations of BCCI in Hong Kong up to early 1990s. From then onwards, he has played a major role in different positions to build and strengthen the relations of Pakistani and Chinese Governments. He has introduced a number of Chinese Organizations to Pakistan and has arranged development of dozens of Joint Ventures between Chinese and Pakistani business groups in the fields of Textile, Banking, Manufacturing and numerous infrastructure projects in Pakistan.

# VISION STATEMENTS

## VISION

"To be an innovative company that is driven by modern ideas, committed to constantly strive for surpassing customer expectations in Quality and Value for Money and to be a leading home appliances company in Pakistan".





# MISSION STATEMENTS

## MISSION

"To inspire the Consumer with our innovative products & designs through R&D, improve the standard of life by offering high-quality products and services at affordable prices and create the Future".

# CORE VALUES

### Customer-Centricity

The core focus of our business is to make our customers' lives better.

### Innovative Mindset

Our Company always works to improve the quality of our products through smart and simplified solutions.

### Social Responsibility

We embody strong ethical and cultural values befitting our status as a responsible corporate citizen by protecting the environment and investing in our communities.

### Internal Synergy

Our entire human and financial capital is deployed to create a pro-growth and high moral business environment.

### Honesty and Integrity

Our people adhere to the codes of honest, moral and responsible behavior.

### Innovation through R&D

The company has high emphasis on research and development.





# CODE OF CONDUCT


Waves Singer Pakistan Limited has committed itself to conduct its business in an honest, ethical and legal manner. The Company wants to be seen as a role model in the community by its conduct and business practices. All this depends on the Company's personnel, as they are the ones who are at the forefront of Company's affairs with the outside world. Every member of the Company has to be familiar with his/her obligations in this regard and has to conduct him/her accordingly. This statement in general is in accordance with Company goals and principles that must be interpreted and applied within the framework of laws and customs in which the Company operates. This code will be obligatory for each director and employee to adhere to.

**RESPECT, HONESTY AND INTEGRITY**

Directors and employees are expected to exercise honesty, objectivity and due diligence in the performance of their duties and responsibilities. They are also directed to perform their work with due professionalism.

**COMPLIANCE WITH LAWS, RULES AND REGULATIONS**

The Company is committed to comply and take all reasonable actions for compliance with all applicable laws, rules and regulations of state or local jurisdiction in which the Company conducts business. Every director and employee, no matter what position he or she holds, is responsible for ensuring compliance with applicable laws.

**FULL AND FAIR DISCLOSURE**

Directors and employees are expected to help the Company in making full, fair, accurate, timely and understandable disclosure, in compliance with all applicable laws and regulations, in all reports and documents that the Company files with, furnishes to or otherwise submits to, any governmental authorities in the applicable jurisdiction and in all other public communications made by the Company. Employees or directors who have complaints or concerns regarding accounting, financial reporting, internal accounting control or auditing matters are expected to report such complaints or concerns in accordance with the procedures established by the Company's Board of Directors.

**PREVENT CONFLICT OF INTEREST**

Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company. Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board and will be disclosed to the shareholders.

**TRADING IN COMPANY SHARES**

Trading by directors and employees in the Company shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws.

**INSIDE INFORMATION**

Directors and employees may become aware of information about Company that has not been made public. The use of such non-public or "inside" Directors and employees becoming aware of information which might be price sensitive with respect to the Company's shares have to make sure that such information is treated strictly confidential and not disclosed to any colleagues or to third parties other than on a strict need-to know basis. Potentially price sensitive information pertaining to shares must be brought promptly to the attention of the Management, who will deliberate on the need for public disclosure. Only the Management will decide on such disclosure. In case of doubt, seek contact with the CFO.

**MEDIA RELATIONS AND DISCLOSURES**

To protect commercially sensitive information, financial details released to the media should never exceed the level of detail provided in **Quarterly And Annual Reports** or official statements issued at the presentation of these figures. As regards topics such as financial performance, acquisitions, divestments, joint ventures and major investments, no information should be released to the press without prior consultation with the Management. Employees should not make statements that might make third parties capable of "insider trading" on the stock market.

**COMPETITION AND FAIR DEALING**

The Company seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee is expected to deal fairly with Company's customers, suppliers, competitors and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information or any other unfair practice. The Company is committed to selling its products and services honestly and will not pursue any activity that requires to act unlawfully or in violation of this Code. Bribes, kickbacks and other improper payments shall not be made on behalf of the Company in connection with any of its businesses. However, tip, gratuity or hospitality may be offered if such act is customary and is not illegal under applicable law. Any commission payment should be justified by a clear and traceable service rendered to the Company. The remuneration of agents, distributors and commissioners cannot exceed normal business rates and practices. All such expenses should be reported and recorded in the Company's books of accounts.

**EQUAL EMPLOYMENT OPPORTUNITY**

The Company believes in providing equal opportunity to everyone around. The Company laws in this regard have to be complied with and no discrimination upon race, religion, age, national origin, gender or disability is acceptable. No harassment or discrimination of any kind will be tolerated; directors and employees need to adhere standards with regard to child labor and forced labor.

**WORK ENVIRONMENT**

All employees are to be treated with respect. The Company is highly committed to providing its employees and directors with a safe, healthy and open work environment, free from harassment, intimidation or personal behavior not conducive to a productive work climate. In response the Company expects consummate employee allegiance to the Company and due diligence in his job. The Company also encourages constructive reasonable criticism by the employees of the management and its policies. Such an atmosphere can only be encouraged in an environment free from any prospects of retaliation due to the expression of honest opinion.

**PROTECT HEALTH, SAFETY AND SECURITY**

The Company intends to provide each director and employee with a safe work environment and comply with all applicable health and safety laws. Employees and directors should avoid violence and threatening behavior and report to work in fair condition to perform their duties.



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**RECORD KEEPING**

The Company is committed to compliance with all applicable laws and regulations that require the Company to maintain proper records and accounts which accurately and fairly reflect the Company's transactions. It is essential that all transactions be recorded and described truthfully, timely and accurately on the Company's books. No false, artificial or misleading transactions or entries shall be reflected or made in the books or records of the Company for any reason. Records must always be retained or destroyed according to the Company's record retention policies.

**PROTECTION OF PRIVACY AND CONFIDENTIALITY**

All directors and employees, both during and after their employment, must respect the exclusivity and trade secrets of the Company, its customers, suppliers and other colleagues and may not disclose any such information unless the individual or firm owning the information properly authorizes the release or disclosure. All the Company's assets (processes, data, designs, etc.) are considered as certified information of the Company. Any disclosure will be considered as grounds, not only for termination of services/employment, but also for criminal prosecution, legal action or other legal remedies available during or after employment with the Company to recover the damages and losses sustained.

**PROTECTION & PROPER USE OF COMPANY ASSETS / DATA**

Each director and employee is expected to be the guardian of the Company's assets and should ensure its efficient use. Theft, carelessness and waste have a direct and negative impact on the Company's profitability. All the Company assets should be used for legitimate business purposes only. The use, directly or indirectly, of Company funds for political contributions to any organization or to any candidate for public office is strictly prohibited. Corporate funds and assets will be utilized solely for lawful and proper purposes in line with the Company's objectives.

**GIFT RECEIVING**

Directors and employees will not accept gifts or favors from existing or potential customers, vendors or anyone doing or seeking to do business with the Company. However, this does not preclude giving or receiving gifts or entertainment, which are customary and proper in the circumstances, provided that no obligation could be or be perceived to be, expected in connection with the gifts or entertainment.

**COMMUNICATION**

All communications, whether internal or external, should be accurate, forthright and where ever required, confidential. The Company is committed to conduct business in an open and honest manner and provide open communication channels that encourage candid dialogue relative to employee concerns. The Company strongly believes in a clean desk policy and expects its employees to adhere to it not only for neatness but also security purposes.

**EMPLOYEE RETENTION**

High quality employee's attraction and retention is very important. The Company will offer competitive packages to the deserving candidates. The Company strongly believes in personnel development and employee training programs are arranged regularly.

**INTERNET USE / INFORMATION TECHNOLOGY**

As a general rule, all Information Technology related resources and facilities are provided only for internal use and/or business-related matters. Information Technology facilities which have been provided to employees should never be used for personal gain or profit, should not be misused during work time and remain the property of the Company. Disclosure or dissemination of confidential or proprietary information regarding the Company, its products or its customers outside the official communication structures is strictly prohibited.

**COMPLIANCE WITH BUSINESS TRAVEL POLICIES**

The safety of employees while on a business trip is of vital importance to the Company. The Company encourages the traveler and his/her supervisor to exercise good judgment when determining whether travel to a high-risk area is necessary and is for the Company's business purposes. It is not permitted to combine business trips with a vacation or to take along spouse, relative or friend without the prior written authorization from Management.

**COMPLIANCE**

It is the responsibility of each director and employee to comply with this code. Failure to do so will result in appropriate disciplinary action, including possible warning issuance, suspension and termination of employment, legal action and reimbursement to the Company for any losses or damages resulting from such violation. Compliance also includes the responsibility to promptly report any apparent violation of the provisions of this code. Any person meeting with difficulties in the application of this code should refer to the Management.

# CORPORATE OBJECTIVES & STRATEGIES

| Objectives | Strategies |
|---|---|
| Enhance Shareholders' Returns | To manage business in an efficient manner with a constant focus on the topline and bottom-line performance of the Company |
| Become Price-Competitive | Improve production efficiency through both technological upgrades and optimal resource utilization |
| Broaden The Product Portfolio | Enter into strategic trading relationships with global brands to improve standing in segments where product standing is weak |
| Exceed Customer Expectations | Invest in customer-centric initiatives to improve geographical touch-points and after-sales services |
| Create a Pro-Growth, Learning Organization | Promote employee training & development and ethical business |



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# Brief History of Waves Singer Pakistan Limited (WSPL)

Singer's history dates back to 1850, when Isaac Merritt Singer manufactured the first ever sewing machine in Boston, USA. I. M Singer & Company was duly incorporated during the same year. The name of the company was changed to Singer Manufacturing Company during 1853 when the factory of the Company was also relocated to New York, USA. Singer established its presence in the Indian sub-continent during 1877. Over the years, and after the independence of Pakistan, Singer continued its business of sewing machines in the country, but also started dealing in domestic consumer appliances, besides manufacturing and assembling light engineering products. In 1985, the Company became a public listed company. Singer Pakistan's retail network has 140 shops in Pakistan alone, and covers every small town and metropolitan city of the country. Under the Singer brand, the Company produces a variety of consumer appliances-including refrigerators, air conditioners, LED TVs, washing machines, microwave ovens, in addition to its more traditional offerings of sewing machines, water heaters and gas ovens etc.

Cool Industries (Pvt) Limited, the owner of the WAVES brand of consumer appliances, was established in 1971 by a family of entrepreneurs from Lahore. Within a span of four decades, the Company became a household brand in the country. The Company's history is filled with many milestones. Back in 1976, it started the production of refrigerators. By 2002, the Company had become the sole producer of Split Air Conditioners in Pakistan. The Company started producing Microwaves in 2003, under an agreement with GALANZ, a Chinese company. The product take-off was impressive, thanks to product durability. The production of Washing Machines started in 2004, when Waves pioneered single-tub and double-tub washing machines in this market. The Company continued its growth path until 2015, when a tough competitive landscape and succession issues within the sponsors family created many bottlenecks in the smooth operations of the Company. Subsequently, the Company was acquired by the sponsors of Singer Pakistan Limited.

Upon approval of the regulatory and legal formalities, both Companies have been merged into a single company, with the surviving Company being named as **Waves Singer Pakistan Limited**.



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# TIMELINE

## 1877
First Singer sewing machine goes into sale in the Indian subcontinent

## 1985
Singer gets listed on the Karachi Stock Exchange (Now Pakistan Stock Exchange)

## 2006
Singer broadens its product portfolio and launches retail stores with brand name 'Singer Plus'

## 2007
Singer Retail Academy was launched for human resource development

## 2009
LCD Television product is launched

## 2010
A new assembly line for split ACs is launched and Silar water geysers go on sale

## 2011
The Company introduces its Refrigerator products to the market

## 2013
"Singer Furniture" is launched. Room cooler products are introduced

## 2014
The Company started focusing more on cash sales, impacting its popular credit-based sales system

## 2015
The company's geographical footprint had reached 139 retail shops (Singer Plus outlets), 6 service centers, and 8 warehouses across Pakistan

## 2016
Singer (Pakistan) B.V. Netherlands divests its entire shareholding in Singer Pakistan Limited

## 2016
A wholly owned subsidiary Electronics Management Company (Pvt) Limited incorporated to deal in distribution and wholesale business of electronic appliances and its components

## 2017
Glass door refrigerators and Inverter ACs launched in the market

## 2018
Retail business of Singer demerged and merged into its wholly owned subsidiary EMCPL. Singer merged with Cool Industries Limited (Waves), creating Waves – Singer Pakistan Limited. Karachi factory closed, its plant and machinery has been shifted and installed at Lahore factory.

## 2019
Launched Glass Door Alpha Deep Freezer - a first of its kind state of the art Deep Freezer in Pakistan.

# PRODUCTS, QUALITY MANAGEMENT & DISTRIBUTION

## TYPES OF PRODUCTS

Waves Singer Pakistan Limited manufacture and markets the following types of household consumer appliances:




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# MULTI BRAND PRODUCTS

The Company through its subsidiary Electronics Marketing Company Pvt Limited (EMCPL) also deals in buying and selling multi brand products including LED/TVs, Refrigerators, Deep Freezers, Motor Bikes, Generators, Air Conditioners, Mobile Phones and other related products of renowned brands in order to generate retailer's margins through its nationwide network of 140 stores with the option "Buy now and pay later" under Hire Purchase Terms.

# QUALITY MANAGEMENT

At Waves Singer, standardized manufacturing processes and rigorous quality control management procedures are followed to achieve consistency in product performance and enhance customer satisfaction. Waves Singer Pakistan recognizes the importance of Quality Management System as an integrated function; combined with Innovation, Research & Development and Information Technology. The Company complies with the International Standard ISO 9001:2015 accredited by IAF & UKAS. The Company has developed extensive In-house Quality Checks and Controls to assure complete risk coverage from the Designing to the Customer usage. The controls encompass the processes of Design & Development, Material Ordering & Receiving, Initial Material Inspection, Manufacturing and Product Testing to End User.

## Our Philosophy

Our Quality Management system is multidimensional, emphasizing more than just verification that a finished product meets certain expectations. Our rigorous and focused QM system believes in highly effective implementation of proven quality principles and techniques by controlling, monitoring, and verifying any activity or process that could affect product conformance and aims for virtually error free products.

## Research and Development

The Company's budget for research and development exceeds over marketing and other strategic functions. We allocate a dedicated professional team of engineers continuously transform our products according to the evolving lifestyles of our customers. Our in-house R&D Engineers also work in conjunction with the local and international market agents to incorporate market feedback in designing of a new product. Broadly, the R&D entails the use of the following:

- Sophisticated designing tools & software
- State of the art testing facilities
- Product development tools

## Quality Control & Assurance

Our significant quality control measures include:

- Incoming Material Inspection
- In-Process Inspection with state of the art equipment
  - Halogen Leak detection
  - Electrical Safety Testing
  - Performance Testing
  - Bar coding for Product Traceability
- Outgoing Quality Control
- Process Audit
- Laboratory Testing
- Staff Training & Development

## Form Fit Function and Setting the Standard

The standard global best practice to achieve seamless design clearance is our holistic approach.

- Form: The feel and the look of the design
- Fitment: The tolerances and the clearances of the tools in the overall design.
- Function: Intended use of the product according to its purpose and functionality.
- Standards specification development: After the successful completion of our new design, the R & D specialists develop the specifications and standards documentation as a guide and a testing tool to assist the quality inspection team deployed throughout the manufacturing chain check compliance with the set standards of the design's feel, look, form, tolerance, clearance and most importantly, its functionality.





At Waves Singer, standardized manufacturing processes and rigorous quality control management procedures are followed to achieve consistency in product performance and enhance customer satisfaction.

## Health, Safety & Environment Management

At Waves Singer, a dedicated Health, Safety and Environment management system is in place to assure the well-being of employees, assets as well as stake-holders. This year WSPL continual Improvement approach has resulted in a big milestone in achieving National Award in Safety, ISO 9001:2015 QMS Certification.

Following are the last year highlights which resulted in improved KPI's and resulted in **Zero Accident**:

- WSPL has won 9th **Annual Fire Safety Award 2019** organized by **FPAP** (Fire Protection Association of Pakistan) & **NFEH** (National Forum for Environment & Health) by conducting site survey, QHSE Audits, review of HSE KPI's and arrangements of Fire safety at Factory premises.
- In-house & 3rd Party Training of employees on ISO Certification of Quality, Environment & Safety.
- Successful completion of 1000+ Training hours for Engineers & Executives having in-house pool of lead Auditors on ISO 9001:2015 QMS, ISO 14001:2015 EMS & ISO 45001:2018 OHSMS.
- Initiation of Kaizens, 5 S and Operational Excellence projects to improve QHSE, Efficiency and Process Improvements.
- Continuation of Environmental Emission testing's of Generators, Fork lifters and ambient air as per Local Environmental law from EPA Approved Lab.
- QHSE audits, survey of all Pakistan WSPL Warehouses to improve fire Safety Standards/SOPs at warehouses.

The company is aiming to achieve operational Excellence to streamline its operations & processes as per International best Industrial Practices.

WAVES

نام ہی کافی ہے

Spreading Happiness

**Since 1973**





# GEOGRAPHICAL PRESENCE/ DISTRIBUTION NETWORK


**Waves Singer's Nationwide Network**

| Zone | Dealers | Warehouse | Service Center | Total |
|---|---|---|---|---|
| South | 467 | 6 | 50 | 523 |
| North | 1,400 | 14 | 461 | 1,875 |
| Total | 1,867 | 20 | 511 | 2,398 |

# KEY FINANCIAL PERFORMANCE

**Gross Sales**
2019:Rs. 11,660 Mn
2018:Rs. 10,269 Mn

**Gross Profit**
2019:Rs. 2,629 Mn
2018:Rs. 2,278 Mn

**Operating Profit**
2019:Rs. 1,298 Mn
2018:Rs. 783 Mn

**Net Finance Cost**
2019:Rs. 677 Mn
2018:Rs. 273 Mn

**Net Profit**
2019:Rs. 378 Mn
2018:Rs. 382 Mn

**Fixed Assets**
2019:Rs. 8,694 Mn
2018:Rs. 7,754 Mn



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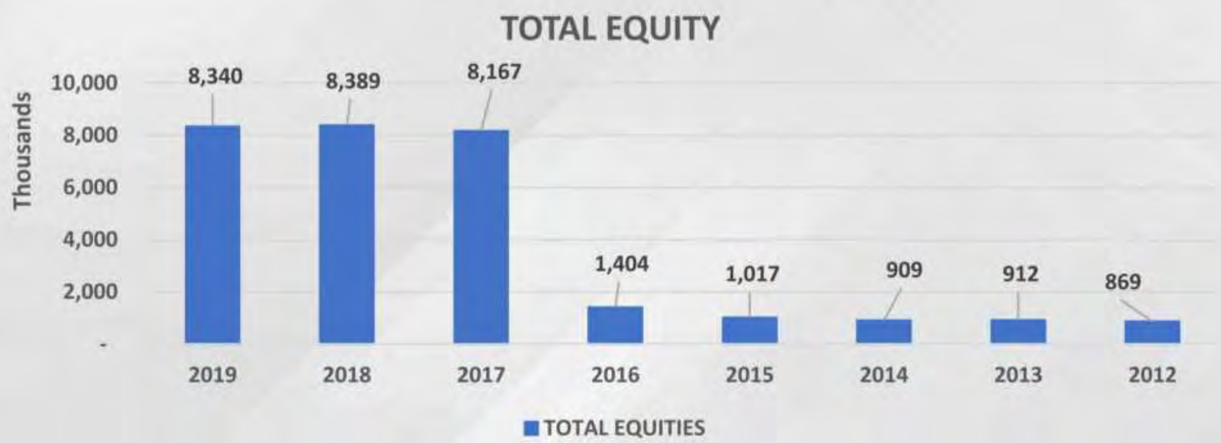
# KEY HIGHLIGHTS



# FINANCIAL TRENDS



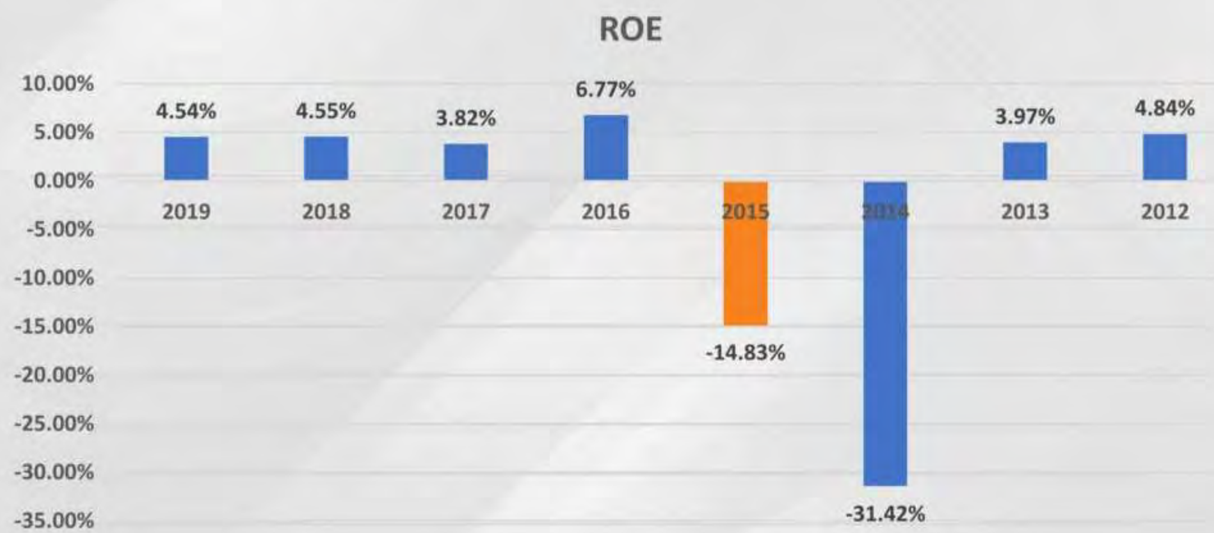







# FINANCIAL TRENDS





# FINANCIAL TRENDS








# KEY OPERATING FINANCIAL DATA

| Rs. In 000 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Net Sales | 9,483,974 | 8,516,016 | 3,685,623 | 1,399,606 | 1,487,934 | 1,414,903 | 1,847,807 | 1,946,581 |
| Gross Profit | 2,629,372 | 2,277,906 | 1,097,284 | 489,289 | 298,573 | 142,041 | 188,322 | 211,967 |
| Profit After Tax | 378,300 | 382,075 | 312,132 | 95,122 | -150,766 | -285,719 | 36,259 | 42,079 |
| Total Equity | 8,340,054 | 8,389,125 | 8,166,642 | 1,404,404 | 1,016,925 | 909,217 | 912,317 | 868,626 |
| Current Assets | 8,483,007 | 6,958,685 | 5,516,459 | 1,917,541 | 1,783,205 | 2,035,523 | 2,383,136 | 2,216,944 |
| Fixed Assets | 8,693,208 | 7,753,985 | 7,686,631 | 2,015,791 | 1,359,453 | 1,088,998 | 711,424 | 693,736 |
| Total Assets | 17,176,215 | 14,712,670 | 13,203,090 | 3,933,332 | 3,142,658 | 3,124,521 | 3,094,560 | 2,910,680 |
| Current Liability | 6,644,271 | 5,196,532 | 4,116,560 | 1,719,347 | 1,836,344 | 1,944,960 | 1,905,696 | 1,673,872 |
| Fixed Liability | 2,191,890 | 1,127,013 | 919,888 | 809,581 | 289,389 | 270,344 | 276,547 | 368,182 |
| Total Liability | 8,836,161 | 6,323,545 | 5,036,448 | 2,528,928 | 2,125,733 | 2,215,304 | 2,182,243 | 2,042,054 |
| Paid Up Capital (Nos.) | 1,876,041 | 1,631,340 | 1,418,556 | 454,056 | 454,056 | 454,056 | 454,056 | 412,778 |

# ANALYSIS OF FINANCIAL POSITION & PERFORMANCE

## EQUITY AND LIABILITIES

### Shareholders' Equity
Shareholders equity has increased during the last few years due to merger of Cool Industries with Singer Pakistan. During FY 19 there has been no significant change from last year. Net profits, of 2019, stood at Rs. 378 million.

### Non-Current Liabilities
Total non-current liabilities comprising of long term debt, deferred taxation and deferred income has increased during FY 19. Company has obtained long term lending to finance the working capital to required to complement growth in business. Additionally, lease liabilities have also increased due to capitalization of rented premises as required by IFRS 16.

### Current Liabilities
Current liabilities of the Company, over the last year have increased from Rs. 5.1 billion to Rs. 6.6 billion from FY 18 to FY 19 respectively. Short Term Borrowings have increased to sustain future growth requirements of the business.

## ASSETS

### Non-Current Assets
Non-current assets of the Company including property, plant and equipment, Right to use assets under IFRS 16, intangible assets, long term investments and other long-term assets increased by 12% over the last year. Property, plant and equipment increased by Rs. 939 million which else includes the effect of revaluation during FY19.

### Current Assets
Current assets include inventories, trade debts short term advances, deposits, prepayments and other receivables, short term investments, current tax assets and cash and bank balances. With an aggregate balance of Rs. 8,483 million at the close of 2019, the current assets recorded an increase by 22% mainly on account of increase in trade debts complementing increased revenue. current assets recorded an increase by 22% mainly on account of increase in trade debts complementing increased revenue.

## PROFIT AND LOSS

### Revenue and Cost of Sales
Sales revenue registered increase by 11% over the last year mainly due to volumetric increase. Cost of sales increased by 10%. Despite of sharp devaluation in exchange rate, company has been able to sustain its margins owing to careful cost rationalization, continuous research and development activities and systematic price increases throughout FY19.

### Operating Costs
The management has kept a control on administrative and selling expenses which collectively decreased by 3% despite higher inflation rates during the year under review. The company continued to focus on internal cost saving and operational efficiency across the organization to mitigate the inflationary impact.





# RATIO ANALYSIS

### Profitability Ratios
The gross profit for the year has been reported at 28% of net sales. Net profit margin for the year has been reported at 4% of 2019 as compared to 4.5% for 2018. Consequently, returns on equity and returns on asset stood at 4.5% and 2.2% respectively.

### Operating Performance / Liquidity
Current ratio for 2019 ha been recorded at 1.28 times against 1.34 times for the year 2018 which reflects robust and sustainable liquidity position of the company.

### Activity / Turnover Ratios
Inventories and Receivable turnover days are 179 days and 96 days. Total asset turnover ratio recorded slight decrease at 0.02 times in year 2019 against 0.61 times for the year 2018.

### Investment / Market Ratios
The Company's earnings per share - EPS for the year 2019, is Rs. 2.02 per share as compared to EPS 2.04 for 2018. Price to earnings ratio has been recorded at 12.19 at 31st Dec 2019 times as compared to 11.49 as at 31st Dec 2018 reflecting enhanced shareholders confidence in the future potential of the company.

### Capital Structure Ratios
A debt to equity ratio of 1 would mean that investors and creditors have an equal stake in the business assets. At the end of FY 2019, the ratio stood at 0.8 times in comparison to 0.5 times for the year 2018 reflecting strong long term solvency position of the company.

# RATIO ANALYSIS

| Liquidity Ratio | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Current Ratio | 1.28 | 1.34 | 1.34 | 1.12 | 0.97 | 1.05 | 1.25 | 1.32 |
| Quick/Acid Test Ratio | 0.73 | 0.74 | 0.71 | 0.82 | 0.81 | 0.83 | 0.92 | 0.90 |
| Cash to Current Liability | 0.02 | 0.02 | 0.07 | 0.09 | 0.04 | 0.04 | 0.07 | 0.08 |

| Solvency Ratio | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Debt to Equity Ratio | 0.80 | 0.50 | 0.43 | 1.27 | 1.46 | 1.69 | 1.66 | 1.66 |
| Debt to Asset Ratio | 0.39 | 0.28 | 0.27 | 0.45 | 0.47 | 0.49 | 0.49 | 0.49 |
| Equity to Asset Ratio | 0.49 | 0.57 | 0.62 | 0.36 | 0.32 | 0.29 | 0.29 | 0.30 |

| Profitability Ratio | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Gross Profit Margin | 27.72% | 26.75% | 29.77% | 34.96% | 20.07% | 10.04% | 10.19% | 10.89% |
| Net Profit Margin | 3.99% | 4.49% | 8.47% | 6.80% | -10.13% | -20.19% | 1.96% | 2.16% |
| EBIT Margin | 13.69% | 9.20% | 14.99% | 11.06% | -17.47% | -32.53% | -7.30% | -5.78% |
| Return on Assets | 2.20% | 2.60% | 2.36% | 2.42% | -4.80% | -9.14% | 1.17% | 1.45% |
| Return on Equity | 4.54% | 4.55% | 3.82% | 6.77% | -14.83% | -31.42% | 3.97% | 4.84% |

| Turnover Ratio | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Total Assets Turnover Ratio | 0.59 | 0.61 | 0.43 | 0.40 | 0.47 | 0.46 | 0.62 | 0.67 |
| Fixed Assets Turnover Ratio | 1.15 | 1.10 | 0.76 | 0.83 | 1.22 | 1.57 | 2.63 | 2.81 |
| Inventory Turnover Ratio | 2.03 | 2.19 | 1.67 | 2.28 | 3.31 | 2.40 | 2.47 | 2.44 |
| No. of Days in Inventory | 179.59 | 166.29 | 218.67 | 160.43 | 110.38 | 151.91 | 147.58 | 149.53 |
| Debtor Turnover Ratio | 3.79 | 3.15 | 2.29 | 1.25 | 1.19 | 1.04 | 1.44 | 1.67 |
| No. of Days in Debtor | 96.29 | 115.79 | 159.45 | 292.85 | 306.68 | 350.06 | 252.73 | 218.03 |

| Market Ratios | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Price To Earning Ratio | 12.19 | 11.49 | 19.37 | 25.27 | -8.55 | -4.08 | 30.05 | 20.97 |
| Book Value Per Share | 44.46 | 51.42 | 50.06 | 30.93 | 22.40 | 20.02 | 20.09 | 21.04 |





# HORIZONTAL AND VERTICAL ANALYSIS

| Horizontal Analysis % | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| **EQUITIES AND LIABILITIES** | | | | | | | | |
| SHARE CAPITAL AND RESERVES | | | | | | | | |
| Issued, Subscribe and Paid-Up Capital | 15.0% | 259.3% | 0.0% | 0.0% | 0.0% | 0.0% | 10.0% | 10.0% |
| Share to be Issued Amalgamation | 0.0% | -100.0% | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Share Premium Reserve | -5.1% | -4.2% | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Capital Reserve | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Revenue Reserve | 0.0% | 0.0% | 0.0% | -100.0% | 0.0% | 0.0% | 0.0% | -2.1% |
| Surplus on Revaluation of PPE | 208.8% | -0.6% | -89.2% | 33.7% | 43.7% | 92.2% | 1.8% | -3.3% |
| Unappropriated profit / Loss | -16.3% | 14.1% | -1154.1% | -60.3% | 59.5% | -712.5% | -6.8% | 18.5% |
| **TOTAL EQUITIES** | **-0.6%** | **2.7%** | **481.5%** | **38.1%** | **11.8%** | **-0.3%** | **5.0%** | **23.1%** |
| **LAIBILITIES** | | | | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | | | | |
| Long Term Loans-Secured | 93.5% | 28.9% | 7.6% | 1026.7% | -42.7% | 11.0% | -49.4% | 26.6% |
| Lese Liability | 930.9% | 11.0% | 249.5% | -36.9% | 101.2% | -42.0% | 1.7% | 100.0% |
| Long Term Deposits | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | -100.0% | 14.8% |
| Employee Retirement Benefits-Obligation | -33.3% | 13.4% | 5.6% | 8.0% | 139.8% | 2.8% | 17.6% | 105.9% |
| Deferred Taxation-Net | 3.7% | 9.8% | 13.7% | 25.1% | 8.3% | -4.9% | 9.8% | 3.6% |
| Deferred Income | -23.0% | 59.4% | 441.8% | -44.4% | 100.0% | -100.0% | -66.7% | -57.1% |
| **Total Non-Current Liabilities** | **94.5%** | **22.5%** | **13.6%** | **179.8%** | **7.0%** | **-2.2%** | **-24.9%** | **9.9%** |
| **CURRENT LAIBILITIES** | | | | | | | | |
| Trade and Other Payables | 4.2% | 50% | 151% | 15% | -18% | 3% | 22% | 11% |
| Accrued Interest/Mark-Up | 122.5% | 32% | 84% | 20% | -28% | 11% | -12% | -6% |
| Short Term Running Finances-Secured | 37.3% | 9% | 133% | -11% | 1% | 1% | 13% | 11% |
| Unclaimed Dividend | -100.0% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| Unpaid Dividend | -3.9% | 100% | 0% | 0% | 0% | 0% | 0% | 0% |
| Current Portion of Non-Current Liabilities | 43.9% | 284% | 333% | -69% | -31% | 3% | 4% | 13% |
| Current Portion of Finance Lease | 0.0% | -100% | 167% | -20% | 20% | 4% | -29% | -51% |
| Current Portion of Deferred Income | 0.0% | -100% | 62% | 0% | 303% | -50% | 0% | 0% |
| **Total current liabilities** | **28%** | **26%** | **139%** | **-6%** | **-6%** | **2%** | **14%** | **10%** |
| **TOTAL LAIBILITIES** | **39.7%** | **26%** | **99%** | **19%** | **-4%** | **2%** | **7%** | **18%** |
| **TOTAL EQUITIES AND LIABILITIES** | **17%** | **11%** | **236%** | **25%** | **1%** | **1%** | **6%** | **5%** |

# HORIZONTAL AND VERTICAL ANALYSIS

| ASSETS | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | | | | | | | |
| Property, Plant and Equipment | 20.0% | 1.6% | 182.4% | 26.5% | 26.9% | 60.7% | -1.5% | 0.6% |
| Intangible Assets | -0.7% | -0.4% | 13,229.4% | -14.3% | -12.6% | -11.2% | 1816.5% | -0.3% |
| Employee Retirement Benefits-Prepayments | -66.0% | 100.0% | 0.0% | 0.0% | 0.0% | -100.0% | -60.6% | -34.4% |
| Long term Investment (Property) | 0.0% | 0.0% | -100.0% | 100.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Trade debts | 100.0% | | | | | | | |
| Long Term Deposits | 11.6% | -13.0% | 46.7% | -20.8% | -12.8% | -16.1% | 4.6% | -4.8% |
| **Total Non-Current Assets** | **12.1%** | **0.9%** | **281.3%** | **48.3%** | **24.8%** | **53.1%** | **2.5%** | **-1.4%** |
| **CURRENT ASSETS** | | | | | | | | |
| Stores, Spares and Loose Tools | 21.5% | 35.4% | 348.3% | -53.0% | 64.6% | 8.0% | -15.7% | -4.0% |
| Stock In Trade | 18.2% | 19.3% | 409.3% | 74.8% | -32.0% | -32.2% | -11.2% | 24.5% |
| Trade Debts | 30.8% | 50.5% | 102.8% | -10.1% | -10.3% | -5.6% | 20.1% | 1.1% |
| Short term Advances, Deposit & Others | -2.8% | 40.1% | 225.1% | 17.3% | 5.4% | -38.0% | -35.3% | 26.2% |
| Taxation-Net | -29.4% | -3.3% | 120.2% | -0.8% | 27.4% | 9.6% | 36.8% | 34.7% |
| Investments | 0.0% | 0.0% | 0.0% | -100.0% | -30.1% | -11.1% | 28.7% | 34.6% |
| Cash and Bank Balances | 55.4% | -63.9% | 94.3% | 96.9% | -5.3% | -40.5% | -4.7% | -22.6% |
| **Total Current Assets** | **21.9%** | **26.1%** | **187.7%** | **7.5%** | **-12.4%** | **-14.6%** | **7.5%** | **7.2%** |
| **TOTAL ASSETS** | **16.7%** | **11.4%** | **235.7%** | **25.2%** | **0.6%** | **1.0%** | **6.3%** | **5.0%** |

| Horizontal Analysis % | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Gross Sales | 13.5% | 115.2% | 197.2% | -4.9% | -6.1% | -21.6% | -4.1% | -0.6% |
| Sales Tax & Trade Discount | 24.2% | 61.2% | 426.6% | 2.6% | -47.6% | -13.9% | 0.4% | -2.5% |
| **Net sales** | **11.4%** | **131.1%** | **163.3%** | **-5.9%** | **5.2%** | **-23.4%** | **-5.1%** | **-0.1%** |
| Cost of Sales | 9.9% | 141.0% | 184.3% | -23.5% | -6.6% | -23.3% | -4.3% | -1.6% |
| **Gross Profit** | **15.4%** | **107.6%** | **124.3%** | **63.9%** | **110.2%** | **-24.6%** | **-11.2%** | **14.1%** |
| Marketing, Selling and Distribution Cost | -11.3% | 43.6% | 67.0% | -1.3% | 42.0% | 22.0% | -4.7% | 15.0% |
| Administrative and General Expenses | 25.8% | 92.4% | 188.7% | -1.3% | 17.2% | 7.7% | 14.7% | 5.8% |
| Other Expenses | -21.6% | -8.4% | 823.9% | -79.6% | -74.7% | 809.2% | 47.3% | 13.7% |
| Other Income | 321.0% | -92.5% | 173.4% | 1105.6% | -7.4% | 20.1% | 47.9% | 9.8% |
| **Total Operating Expenses** | **-10.9%** | **174.3%** | **62.9%** | **-40.1%** | **-7.3%** | **86.3%** | **-0.4%** | **13.6%** |
| **Operating Profit** | **65.8%** | **41.8%** | **256.8%** | **-159.6%** | **-43.5%** | **241.1%** | **20.0%** | **12.6%** |
| Earned Carrying Cost | 21.2% | 98.7% | -28.7% | -50.8% | -10.7% | -32.4% | -2.7% | 12.3% |
| Finance Cost | 101.6% | 45.3% | 108.9% | -10.4% | -20.7% | 8.2% | -13.2% | 7.3% |
| | **148.1%** | **25.8%** | **612.5%** | **-144.7%** | **26.7%** | **-71.8%** | **10.1%** | **19.2%** |
| **Profit Before Taxation** | **21.8%** | **52.2%** | **169.8%** | **-164.8%** | **-52.8%** | **-836.5%** | **-8.5%** | **33.9%** |
| Taxation | 89.4% | 449.3% | -20.1% | -171.2% | -66.0% | -737.9% | 4.0% | 26.4% |
| **Profit After Taxation** | **-1.0%** | **22.4%** | **228.1%** | **-163.1%** | **-47.2%** | **-888.0%** | **-13.8%** | **37.4%** |
| Other Comprehensive Income | 1560.4% | -83.1% | 4589.9% | -116.5% | 483.8% | 100.0% | 0.0% | 0.0% |
| **Total Comprehensive Income** | **58.7%** | **-1.2%** | **314.5%** | **-159.7%** | **-43.5%** | **-893.5%** | **-13.8%** | **37.4%** |





# VERTICAL ANALYSIS - BALANCE SHEET


| Horizontal Analysis % | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Gross Sales | 13.5% | 115.2% | 197.2% | -4.9% | -6.1% | -21.6% | -4.1% | -0.6% |
| Sales Tax & Trade Discount | 24.2% | 61.2% | 426.6% | 2.6% | -47.6% | -13.9% | 0.4% | -2.5% |
| **Net sales** | **11.4%** | **131.1%** | **163.3%** | **-5.9%** | **5.2%** | **-23.4%** | **-5.1%** | **-0.1%** |
| Cost of Sales | 9.9% | 141.0% | 184.3% | -23.5% | -6.6% | -23.3% | -4.3% | -1.6% |
| **Gross Profit** | **15.4%** | **107.6%** | **124.3%** | **63.9%** | **110.2%** | **-24.6%** | **-11.2%** | **14.1%** |
| Marketing, Selling and Distribution Cost | -11.3% | 43.6% | 67.0% | -1.3% | 42.0% | 22.0% | -4.7% | 15.0% |
| Administrative and General Expenses | 25.8% | 92.4% | 188.7% | -1.3% | 17.2% | 7.7% | 14.7% | 5.8% |
| Other Expenses | -21.6% | -8.4% | 823.9% | -79.6% | -74.7% | 809.2% | 47.3% | 13.7% |
| Other Income | 321.0% | -92.5% | 173.4% | 1105.6% | -7.4% | 20.1% | 47.9% | 9.8% |
| **Total Operating Expenses** | **-10.9%** | **174.3%** | **62.9%** | **-40.1%** | **-7.3%** | **86.3%** | **-0.4%** | **13.6%** |
| **Operating Profit** | **65.8%** | **41.8%** | **256.8%** | **-159.6%** | **-43.5%** | **241.1%** | **20.0%** | **12.6%** |
| Earned Carrying Cost | 21.2% | 98.7% | -28.7% | -50.8% | -10.7% | -32.4% | -2.7% | 12.3% |
| Finance Cost | 101.6% | 45.3% | 108.9% | -10.4% | -20.7% | 8.2% | -13.2% | 7.3% |
| | **148.1%** | **25.8%** | **612.5%** | **-144.7%** | **26.7%** | **-71.8%** | **10.1%** | **19.2%** |
| **Profit Before Taxation** | **21.8%** | **52.2%** | **169.8%** | **-164.8%** | **-52.8%** | **-836.5%** | **-8.5%** | **33.9%** |
| Taxation | 89.4% | 449.3% | -20.1% | -171.2% | -66.0% | -737.9% | 4.0% | 26.4% |
| **Profit After Taxation** | **-1.0%** | **22.4%** | **228.1%** | **-163.1%** | **-47.2%** | **-888.0%** | **-13.8%** | **37.4%** |
| Other Comprehensive Income | 1560.4% | -83.1% | 4589.9% | -116.5% | 483.8% | 100.0% | 0.0% | 0.0% |
| **Total Comprehensive Income** | **58.7%** | **-1.2%** | **314.5%** | **-159.7%** | **-43.5%** | **-893.5%** | **-13.8%** | **37.4%** |


| Vertical Analysis % | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| **EQUITIES AND LIABILITIES** | | | | | | | | |
| **SHARE CAPITAL AND RESERVES** | | | | | | | | |
| Issued, Subscribe and Paid-Up Capital | 10.9% | 11.1% | 3.4% | 11.5% | 14.4% | 14.5% | 14.7% | 14.2% |
| Share to be Issued Pursuant to Amalgamation | 0.0% | 0.0% | 7.3% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Share Premium Reserve | 26.7% | 32.8% | 38.2% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Capital Reserve | 0.0% | 0.0% | 0.0% | 0.1% | 0.2% | 0.2% | 0.2% | 0.2% |
| Revenue Reserve | 0.0% | 0.0% | 0.0% | 0.0% | 3.7% | 3.8% | 3.8% | 4.0% |
| Surplus on Revaluation of PPE | 2.1% | 0.8% | 0.9% | 27.9% | 26.1% | 18.2% | 9.6% | 10.0% |
| Unappropriated profit / Loss | 8.8% | 12.3% | 12.0% | -3.8% | -12.1% | -7.6% | 1.3% | 1.4% |
| **TOTAL EQUITIES** | **48.6%** | **57.0%** | **61.9%** | **35.7%** | **32.4%** | **29.1%** | **29.5%** | **29.8%** |
| **LAIBILITIES** | | | | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | | | | |
| Long Term Loans-Secured | 8.3% | 5.0% | 4.3% | 13.4% | 1.5% | 2.6% | 2.4% | 5.0% |
| Liabilities Against Assets Subject to Finance Lease | 2.5% | 0.3% | 0.3% | 0.3% | 0.6% | 0.3% | 0.5% | 0.5% |
| Long Term Deposits | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 1.3% |
| Employee Retirement Benefits-Obligation | 0.2% | 0.4% | 0.4% | 1.3% | 1.5% | 0.6% | 0.6% | 0.6% |
| Deferred Taxation-Net | 1.6% | 1.8% | 1.9% | 5.5% | 5.5% | 5.1% | 5.4% | 5.3% |
| Deferred Income | 0.1% | 0.1% | 0.1% | 0.1% | 0.1% | 0.0% | 0.0% | 0.0% |
| **Total Non-Current Liabilities** | **12.8%** | **7.7%** | **7.0%** | **20.6%** | **9.2%** | **8.7%** | **8.9%** | **12.6%** |

# HORIZONTAL AND VERTICAL ANALYSIS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Total Non Current Liabilities** | **12.8%** | **7.7%** | **7.0%** | **20.6%** | **9.2%** | **8.7%** | **8.9%** | **12.6%** |
| **CURRENT LAIBILITIES** | | | | | | | | |
| Trade and Other Payables | 10.9% | 12% | 9% | 12% | 13% | 16% | 16% | 14% |
| Accrued Interest/Mark-Up | 1.3% | 1% | 1% | 1% | 1% | 1% | 1% | 2% |
| Short Term Running Finances-Secured | 23.9% | 20% | 21% | 30% | 42% | 42% | 42% | 39% |
| Unclaimed Dividend | 0.0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Unpaid Dividend | 0.0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Current Portion of Non-Current Liabilities | 2.6% | 2% | 1% | 0% | 2% | 3% | 3% | 3% |
| Current Portion of Finance Lease | 0.0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Current Portion of Deferred Income | 0.0% | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| **Total current liabilities** | **39%** | **35%** | **31%** | **44%** | **58%** | **62%** | **62%** | **58%** |
| **TOTAL LAIBILITIES** | **51%** | **43%** | **38%** | **64%** | **68%** | **71%** | **71%** | **70%** |
| **TOTAL EQUITIES AND LIABILITIES** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** | **100%** |
| **ASSETS** | | | | | | | | |
| **NON-CURRENT ASSETS** | | | | | | | | |
| Property, Plant and Equipment | 33.2% | 32.3% | 35.5% | 42.1% | 41.7% | 33.0% | 20.8% | 22.4% |
| Intangible Assets | 17.2% | 20.2% | 22.6% | 0.6% | 0.8% | 1.0% | 1.1% | 0.1% |
| Employee Retirement Benefits-Prepayments | 0.0% | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.1% | 0.3% |
| Long term Investment (Property) | 0.0% | 0.0% | 0.0% | 8.1% | 0.0% | 0.0% | 0.0% | 0.0% |
| Trade debts | 0.1% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Long Term Deposits | 0.2% | 0.2% | 0.2% | 0.5% | 0.7% | 0.9% | 1.0% | 1.1% |
| **Total Non-Current Assets** | **50.6%** | **52.7%** | **58.2%** | **51.2%** | **43.3%** | **34.9%** | **23.0%** | **23.8%** |
| **CURRENT ASSETS** | | | | | | | | |
| Stores, Spares and Loose Tools | 0.2% | 0.2% | 0.2% | 0.1% | 0.3% | 0.2% | 0.2% | 0.2% |
| Stock In Trade | 21.3% | 21.0% | 19.6% | 12.9% | 9.3% | 13.7% | 20.4% | 24.4% |
| Trade Debts | 24.7% | 22.1% | 16.3% | 27.0% | 37.6% | 42.2% | 45.1% | 39.9% |
| Short term Advances, Deposit & Others | 0.8% | 1.0% | 0.8% | 0.8% | 0.9% | 0.9% | 1.4% | 2.3% |
| Taxation-Net | 1.4% | 2.3% | 2.6% | 4.0% | 5.0% | 4.0% | 3.7% | 2.8% |
| Investments | 0.0% | 0.0% | 0.0% | 0.0% | 1.1% | 1.6% | 1.9% | 1.5% |
| Cash and Bank Balances | 1.0% | 0.7% | 2.2% | 3.8% | 2.4% | 2.6% | 4.4% | 4.9% |
| **Total Current Assets** | **49.4%** | **47.3%** | **41.8%** | **48.8%** | **56.7%** | **65.1%** | **77.0%** | **76.2%** |
| **TOTAL ASSETS** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** | **100.0%** |





# VERTICAL ANALYSIS - PROFIT & LOSS

| Vertical Analysis % | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Gross Sales | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Sales Tax & Trade Discount | -18.7% | -17.1% | -22.8% | -12.9% | -11.9% | -21.3% | -19.4% | -18.6% |
| **Net sales** | **81.3%** | **82.9%** | **77.2%** | **87.1%** | **88.1%** | **78.7%** | **80.6%** | **81.4%** |
| Cost of Sales | -58.8% | -60.7% | -54.2% | -56.7% | -70.4% | -70.8% | -72.4% | -72.6% |
| **Gross Profit** | **22.5%** | **22.2%** | **23.0%** | **30.5%** | **17.7%** | **7.9%** | **8.2%** | **8.9%** |
| Marketing, Selling and Distribution Cost | -8.0% | -10.2% | -15.3% | -27.1% | -26.1% | -17.3% | -11.1% | -11.2% |
| Administrative and General Expenses | -4.1% | -3.7% | -4.1% | -4.2% | -4.1% | -3.3% | -2.4% | -2.0% |
| Other Expenses | -0.7% | -1.1% | -2.5% | -0.8% | -3.7% | -13.8% | -1.2% | -0.8% |
| Other Income | 1.3% | 0.4% | 10.4% | 11.3% | 0.9% | 0.9% | 0.6% | 0.4% |
| **Total Operating Expenses** | **-11.4%** | **-14.6%** | **-11.4%** | **-20.8%** | **-33.1%** | **-33.5%** | **-14.1%** | **-13.6%** |
| **Operating Profit** | **11.1%** | **7.6%** | **11.6%** | **9.6%** | **-15.4%** | **-25.6%** | **-5.9%** | **-4.7%** |
| Earned Carrying Cost | 1.6% | 1.5% | 1.7% | 6.9% | 13.4% | 14.1% | 16.3% | 16.1% |
| Finance Cost | -7.4% | -4.2% | -6.2% | -8.8% | -9.4% | -11.1% | -8.0% | -8.9% |
| | **-5.8%** | **-2.7%** | **-4.5%** | **-1.9%** | **4.0%** | **3.0%** | **8.3%** | **7.2%** |
| **Profit Before Taxation** | **5.3%** | **5.0%** | **7.0%** | **7.7%** | **-11.4%** | **-22.6%** | **2.4%** | **2.5%** |
| Taxation | -2.1% | -1.3% | -0.5% | -1.8% | 2.4% | 6.7% | -0.8% | -0.8% |
| **Profit After Taxation** | **3.2%** | **3.7%** | **6.5%** | **5.9%** | **-8.9%** | **-15.9%** | **1.6%** | **1.8%** |

# DIRECTORS' REPORT TO THE SHAREHOLDERS

We are pleased to present the Directors' report and audited financial statements of your Company for the year ended December 31, 2019 together with the auditors' report thereon. Summary of operating results of your Company is presented as hereunder:

| | FY19 | FY18 |
|---|---|---|
| **OPERATING RESULTS** | **Rs. in '000** | **Rs. in '000** |
| Gross Sales | 11,660,266 | 10,268,910 |
| Gross Profit | **2,629,372** | **2,277,906** |
| Admin, Marketing, selling and distribution Expenses | (1,403,016) | (1,423,163) |
| Other Expenses | (85,248) | (108,768) |
| Operating Profit | **1,141,108** | **745,975** |
| Finance Costs (net) | (676,794) | (272,827) |
| Other Income | 157,295 | 37,359 |
| Profit for the year before taxation | **621,609** | **510,507** |
| Taxation | (243,309) | (128,432) |
| **Profit after taxation** | **378,300** | **382,075** |
| **Earnings Per Share** | 2.02 | 2.04 |

## Business Overview

### Company's Principle Activities

WSPL is a public listed company principally engaged in manufacturing and assembling of domestic consumer appliances and other light engineering products under two leading brands, Singer and Waves which are sold through dealer's network as well as through retail outlets owned and operated by Company's wholly owned subsidiary. Company's product line includes:

- Waves Brand; Deep Freezers, Refrigerators, Air Conditioners, Washing Machines, Microwaves, & Water Dispensers
- Singer Brand; Refrigerators, Air Conditioners, Washing Machines, Microwaves, Water Dispensers, Sewing Machines, Water Heaters and Cooking Ranges.

WSPL, presently has 16 warehouses in cities such as Lahore, Gujranwala, Multan, Peshawar, Karachi etc., a network of around 1,400 + dealers, approx. 15 after sales service centers and 400 service workshops spread nationwide. Company's sales infrastructure is comparable to any other leading Home Appliance Company operating within Pakistan.

### Operating Performance Analysis

The macroeconomic environment remained challenged during 2019 as the country suffered from twin deficit concerns and inflationary pressures. To address these issues, the government turned towards tightening of monetary and fiscal policies as well as a market-based exchange rate mechanism resulting in devaluation of the Pak Rupee and resulting in sizeable increase in cost of doing business. PKR slide is making imports of appliance components costlier, raising the cost of production; the rising inflation is stoking higher operating expenditures; and financing costs are getting higher as the policy rate has gone up to 13.25 percent.





# DIRECTORS' REPORT TO THE SHAREHOLDERS

Against this backdrop and despite difficult economic conditions and tougher business environment, your Company has performed reasonably well mainly due to rigorous management efforts towards operational management, improved efficiency, stringent cash flow controls and focused marketing strategies,. The Company's consolidated revenue grew by 14% from Rs. 10,269 million during 2018 to Rs. 11,660 million mainly driven by volumetric growth while also being complemented by systematic price increases throughout the year.

Your company achieved Gross profit of Rs. 2,629 million for the year, an increase of 14% compared to Gross Profit of Rs. 2,277 Million achieved during FY18. The management has kept a control on administrative and selling expenses which collectively decreased by 3% despite higher inflation rates during the year under review. The company continued to focus on internal cost saving and operational efficiency across the organization to mitigate the inflationary impact. Operating profit witnessed an increase of Rs. 515 million compared to last year on account of higher sales, better margins and cost savings.

Net finance cost increased by Rs. 404 million compared to last year on account of increase in policy rate by State Bank and due to higher borrowings availed by the company to complement increased operations. Resultantly your Company was able to achieve net profit of Rs. 378 Million and EPS of Rs. 2.02 during FY19 compared to net profit of Rs. 382 Million and EPS of 2.04 during FY18.

Due to economic volatility this year, there has been a strong focus on monitoring cash flow, working capital and supply chain management by the company.

### Economic Analysis

Pakistan's economic performance remained subdued in FY19 as the country posted a real GDP growth rate of 3.3%, as compared to 5.5% in FY18. The growth is mainly attributable to agricultural sector growth of 0.8%, industrial sector growth of 1.4% and services sector growth of 4.7%.

Economic challenges and uncertainty also continued in 2019 due to currency depreciation, high inflation, and rising interest rates. Currency depreciated from PKR 139 to PKR 164 by July 2019, before settling at PKR 155 by year end, resulting in net depreciation of 11%. Policy rates increased by 325 bps in first half of the year from 10% to 13.25% in July 2019 and these continued for the rest of the year. Inflation rate, which was at 5.6% in December 2018, soared to 12.6% in December 2019. These were a consequence of measures taken by the government as a part of its economic stabilization program, prepared together with IMF. The government also took measures to stabilize its fiscal deficit which resulted in a decline in the Public Sector Development Program (PSDP).

The macroeconomic slowdown is depicted by the Large-Scale Manufacturing (LSM) growth that clocked in at -3.4% YoY in FY19. The sector has suffered due to unfavorable interest rates leading to increased cost of debt and exchange rate devaluation leading to significantly high raw material's prices. However, electricity generation and electricity & gas distribution contributed positively towards industrial growth that clocked in at 1.4%.

The mounting pressure on the external front led by balance of payment crisis started to subside during FY19. The Current Account Deficit (CAD) as a % of GDP clocked in at 4.9% in FY19 against 6.3% posted in FY18. CAD shrunk to USD 13.8 billion in FY19 compared to USD 19.9 billion in FY18. This was mainly on account of 13.5% decline in trade deficit due to effective import compression policies and currency devaluation. On the other hand, remittances witnessed an increase of 9.7% during the year to clock-in at USD 21.8 billion.

Going forward, some gradual recovery in economic activity is expected on the back of improved market sentiment in the context of the IMF supported program. The rebound in the manufacturing based industries as well as government incentives for import oriented industries will improve labor productivity by enabling technology which will help in reviving consumer durable industry.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## Industry Overview

Over the past few years, the home appliance market had experienced steady growth whereas the growth momentum halted in 2019 as consumers are now using discretion while buying home appliance products due to the ongoing economic slowdown. With declining disposable incomes, the middle class is expected to become more price-conscious. Other factors that are potentially weighing on consumer propensity to purchase durables include a major hike in power tariffs, listless construction activities, and a squeeze in farming incomes.

In addition to this, the government took initiatives to document the economy. One step was making it compulsory for CNIC of buyer to be printed on sales tax invoices along with inclusion of Home Appliances in the 3rd schedule of Sales Tax Act. This impacted retailer profitability and cumulatively affected consumer demand and pricing. However, the Company continued to take internal measures for safeguarding its revenue and profitability through margins management actions.

However, there still is a silver lining; in the hierarchy of households' appliance-related needs, refrigerators and deep freezers occupy the primary ladders of importance; and these are also the 2 major revenue drivers of your company. Government surveys also indicate that a majority of households in Pakistan, mostly those residing in rural areas, do not own these now-indispensable products. Coupled with this, increasing urbanization, the growing middle-class and changing lifestyles and access to easy financing schemes is expected to lead to shortened product replacement cycles and increased product demand in the coming period despite major challenges ahead.

Going forward the E-Commerce segment is expected to witness rapid growth during the forecast period owing to high penetration of internet and smartphone, along with technological advancements. Accordingly, your company has also implemented a state-of-the-art e-commerce platform and online sales have begun. However, the specialty store segment dominates the market as consumer prefers to analyze and evaluate the product before purchase, since the product is associated with high stack (especially financial, & safety). Your company remains poised to reap the benefits of both sales' platform has it has the unique infrastructure of online sales as well has a network of 140 shops across spread across Pakistan along with nation wide dealership network.

## Company's Future Outlook/Forward Looking Statements

Our primary objective is to provide high quality and effective home appliance products. We remain committed towards enhancing shareholder value while balancing profitability and investments into projects of long-term significance.

This year has been marred by a challenging regulatory and economic environment, which saw multiple policy changes relating to policy rate, exchange rate, taxation reforms, custom duties etc., all of which contributed towards the slow-down of economic growth. Despite it, your company was able to achieve double digit growth in sales. Going forward, our margins have been continued to be adversely impacted by Rupee devaluation and inflation, though your Company is actively striving to improve its operational efficiencies and optimize the use of available resources.

Towards the end of March 2020, Company's operations were disrupted by country wide lockdowns & supply chain disruptions due to the COVID-19 outbreak in Pakistan. This not only led to the temporary shutdown of our manufacturing facilities, but also added multiple challenges to our supply chain & sales activities. Subsequently, after detailed formulation of Standard Operating Procedures Government of Pakistan eased the lockdown and has allowed your Company to resume its production, operations and sales activities.

Therefore, due to the partial lockdown imposed across Pakistan to combat COVID-19 and completed by already prevailing tough economic and business conditions, overall the business is expected to progress albeit at a slower pace versus previous years. We hope that the policy reforms introduced by the Government yield economic stability in the future.

After easing of lockdown, robust demand has been witnessed due to high temperatures coupled with a backlog of sales during the lockdown. Resultantly, growth in sales during the remaining part of the year is expected to compensate greatly if not fully, the loss of sales during lockdown. Your Company remains committed in making all efforts to improve





DIRECTORS' REPORT TO THE SHAREHOLDERS

After easing of lockdown, robust demand has been witnessed due to high temperatures coupled with a backlog of sales during the lockdown. Resultantly, growth in sales during the remaining part of the year is expected to compensate greatly if not fully, the loss of sales during lockdown. Your Company remains committed in making all efforts to improve profitability through innovation, improving efficiency and effective cost-containment initiatives.

## Risks, Uncertainties and Mitigations

Your Company recognizes that risk is an integral part of business and is committed to managing the risks in a proactive and efficient manner. Your Company periodically assesses risks, in the internal and external environment and incorporates risk mitigation plans in its strategy and business/operational plans. Every risk is carefully looked into, as in some of the cases post-analysis it may lead to a new business opportunity.

Your Company has a well-defined risk management framework in place. The risk management framework works at various levels from top to bottom across the enterprise. These levels form the strategic defense cover of the Company's risk management. Your Company's Risk Management Committee monitors and reviews the risk mitigation plan.

| Key Business Risks | Mitigants |
|---|---|
| **Operational excellence** – The ability to improve and sustain quality and drive down costs at the same time | • Your Company has initiated vendor rationalization, emphasis on in-house manufacturing and scorecard evaluation of vendors has been put in place.<br>• Your Company has put in place a quality and process improvement program across the Company, including strategic vendors, during the year with progress being tracked at regular Management reviews. |
| **Branding/Innovation** – The ability to cope up with latest market trends and product innovation | • Your Company has put in place a Centralized Marketing structure during the year, thereby strengthening its consumer insight process and filling up competency gaps in the concerned function.<br>• Company's research and development department has been strengthened and is continuously looking into and implementing product innovation strategies. |
| **Organization Excellence** – Ability to attract and retain the right talent may lead to your Company's inability to achieve organization's goals. | • Your Company has put in place Succession Planning framework mapping career development and progression opportunities for suitable employees and thereby ensuring talent retention |

# DIRECTORS' REPORT TO THE SHAREHOLDERS

| | |
|---|---|
| **Liquidity Risk-** is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset | • The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions. The Company finances its operations through equity, long term and short term borrowings to maintain adequate working capital. With a view to maintaining an appropriate mix between various sources of finance to minimize risks. The management aims to maintain flexibility in funding by keeping regular committed credit lines with reputed banks |
| **Credit Risk-** is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. | • Company maintains procedures covering the application for credit approvals, and monitoring of exposures against credit limits. As part of these processes the financial viability of all counterparties is regularly monitored and assessed. |
| **Price Risk-** with new entrants in the market, there is a likelihood of price competition which might squeeze margins. | • The Company is constantly sourcing competitive suppliers, improving its technology, efficiency and productivity. Also, since WSPL has inhouse capability to develop products with fast turn around time, that by itself obviates possibilities of competition affecting WSPL. |
| **Competition Risk-** Increasing entrants making their way into the plastic industry. | • WSPL's diversified product line and unique dealer plus retail sale structure and technical expertise makes it adequately prepared to face these challenges. |
| **Regulatory Risk-** Imposition/enhancement of duties, taxes, levies and other conditions may adversely affect the operations. | • New levies go across the board, so we stay competitive |





DIRECTORS' REPORT TO THE SHAREHOLDERS

### Adequacy of Internal Financial Controls

The Board of Directors have set up effective internal financial controls across all functions. The independent Internal Audit function of the Company regularly monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework.

### Environment, Health & Safety (EHS)

The Company ensures that the EHS commitments are understood and prevention drills/measures are adopted at all levels, from senior management to workers so as to reduce work related risks across all operations of the Company. The company actively trains all employees to ensure their safety at both the workplace and beyond. Besides, our manufacturing, distribution and retail operations have developed SOPs that seek to reduce the risk of accidents.

### Corporate Social Responsibility

WSPL takes pride in aligning its business strategy to meet the Company's societal needs. Our CSR policy aims to enhance the quality of environment, communities and above all to promote the welfare of *our* people. We believe in giving something back to the society because we care. For us it's about more than just aligning our activities with our stakeholder's expectations whether it's our clients, suppliers, the community, our employees and society as a whole.

WSPL has been consistently running the following diverse CSR initiatives each fulfilling in achieving our goals towards our CSR vision.

### Sewing/Stitching Classes

Globally and locally, Singer sewing machines have been assisting in honing stitching and sewing talent to its customers since decades. Tailoring is a vital source of income for many households in Pakistan. Through regular stitching classes, Waves Singer Pakistan aims to provide earning prospects to low income women to overcome their financial dependence. As a result, thousands of females have not only benefitted but have also achieved successful placements in various apparel companies across Pakistan.

### Investment in Human Capital

At Waves Singer Pakistan, we believe in attracting the best talent in the marketplace and giving them the skills and opportunities they need to become high-achievers.

### Human Assets

The Company treats its people as its most important asset. We are always on the lookout to recruit, train and promote the best human resource talent available. Besides attractive remuneration packages, our corporate culture is designed to boost employee performance. Our succession planning framework proactively guides our recruitment and promotion activities.

WSPL has been consistently running the following diverse CSR initiatives each fulfilling in achieving our goals towards our CSR vision.

### Learning & Organizational Development

Our workforce regularly undergoes trainings in their respective functional areas. The Singer Retail Academy is instrumental in taking the employees through a comprehensive workforce training calendar. We also conduct workshops to make our employees aware of new developments in the field to remain abreast of the changing market landscape.

### Adherence to the Best Practices of Corporate Governance

The Company is determined to meet and wherever possible, exceed in all legal and ethical requirements and to conduct all business according to the highest professional and ethical standards and practices. The Board defines a path of continuous improvement constantly challenging existing processes. It also requires the Company to embrace change so that the Company is in the right place when new opportunities open up.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

## Statement of Compliance

The Company strictly adheres to the principles of Corporate Governance mandated by the Securities and Exchange Commission of Pakistan (SECP) and has implemented the prescribed stipulations. The same has been duly summarized in the enclosed Statement of Compliance with the best practices of the Code of Corporate Governance duly reviewed by the external auditors.

## Directors' Statement

As required by the Code, we, the Directors of the Company, are pleased to state that:

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, 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 IFRS, as applicable in Pakistan, have been followed in preparation of financial statements;
f) The system of internal control 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 listing regulations.

**Meetings and Activities during the Financial Year**

## MEETINGS OF BOARD OF DIRECTORS

During the year 2019, six (5) Board meetings were held and the number of meetings attended by each Director is given hereunder: -

**Board of Directors**

| Name of the Member | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Umair Khan | 5 | 4 |
| Mr. Haroon Ahmad Khan | 5 | 5 |
| Mrs. Nighat Haroon Khan | 5 | 5 |
| Mr. Moazzam Ahmad Khan | 5 | 5 |
| Brig. Mukhtar Ahmed (Retd.) | 5 | 5 |
| Mr. Zafar Ud Din Mehmood | 5 | 5 |
| Mr. Yousuf Muhammad Farooq | 5 | 4 |

## Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. It comprises of three members (3) Non-Executive Directors, including the Chairman who is an independent Director. Five (5) meetings of the Audit Committee were held during the year. Attendance of each Member is given hereunder:–

| Name of the Member | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Zafar Ud Din Mehmood- Chairman | 5 | 4 |
| Mr. Umair Khan- Member | 5 | 4 |
| Mrs. Nighat Haroon Khan- Member | 5 | 5 |

The Audit Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019.





# DIRECTORS' REPORT TO THE SHAREHOLDERS

## Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee comprises of Three (3) members, all members of the Committee are Non-Executive Directors, Chairman who is an Independent Director. One meeting of the Human Resource and Remuneration Committee was held during the year. Attendance of each Member is given hereunder –

| Name of the Member | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Umair Khan- Chairman | 1 | 1 |
| Mrs. Nighat Haroon Khan- Member | 1 | 1 |
| Mr. Zafar Ud Din Mehmood | 1 | 1 |

The Human Resource and Remuneration Committee has adopted its terms of reference as provided in the Listed Companies (Code of Corporate Governance) Regulations, 2019

## Evaluation of the Board's Performance and Directors' Training Program

As required under the Code, the directors have developed a mechanism for the annual performance evaluation of the Board. Every member of the Board ensures his participation in the meetings of the Board. Detailed discussions are held on strategic matters and clear directions are provided to the management, which are regularly monitored by the Board and its committees. The Board ensures that the Company adopts the best practices of corporate governance. The Board also reviews performance of business segments during each quarter with the aim to advance the opportunities of growth in all segments. For details on the Director's Training Program, please refer to the Statement of Compliance.

## Pattern of Shareholding

The total number of Company's shareholders as December 31, 2019 was 2,854. The pattern of shareholding as at December 31, 2019 is included in this Annual Report. All trades in the shares of the Company, if any, carried out by the Directors, CEO, CFO and Company Secretary and their spouses and minor children are disclosed and annexed.

## Directors' Remuneration

The Board of Directors have formulated a Directors' Remuneration Policy its main features include that Non-Executive Director including Independent Directors are entitled to meeting fee as remuneration for attending meetings of the Board of Directors and other Committees of the Board. No remuneration shall be paid for attending General Meeting(s).

## Bonus/Dividend Announcement

The Board of Directors of the Company announced 15% Interim Bonus Shares in the proportion of 15 Ordinary shares for every 100 Ordinary shares during HY19.

## Investor Relations & Website

Waves Singer Pakistan is committed to providing full information and disclosures to all of its shareholders. We follow the relevant statutory requirements of timely informing and facilitating both the current and potential investors about any price-sensitive or material information about the Company's business. This is done through the timely hoisting of all relevant information on the Company's web site (www.wavessinger.com) such as the Company's financial, operational performance, pattern of shareholding, material disclosures and any other information deemed essential for the investors.

# DIRECTORS' REPORT TO THE SHAREHOLDERS

### External Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants retire at the conclusion of the upcoming Annual General Meeting and being eligible, offer themselves for reappointment. As suggested by the Audit Committee, the Board recommends this reappointment for FY 2020 to the shareholders.

### Post Balance Sheet Event or Significant Developments

Subsequent to the year end, on 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. Government of Pakistan imposed lockdown effective 24 March 2020 to slow down the spread of virus that has been continuously reviewed based on economic conditions. However, later after formulating detailed SOP's the lockdown was partially lifted and your company resumed operations under strict standard operating procedures with effect from 11 May 2020.

The extent of the impact of COVID-19 on the operational and financial performance of the Group will depend on certain future developments, including, among others, the duration and severity of the COVID-19 pandemic, public health developments, lockdown measures taken by Federal and Provincial Governments in response to the pandemic and its impacts on economic and business activity.

### Acknowledgement

We take this opportunity to thank our valued customers who have continued to place trust in our products and services and provided sustained support in ensuring the progress of the Company. The Company is also immensely proud of and thankful to its employees for their committed and passionate efforts, loyalty, and dedication. We also greatly value the support and cooperation received from our suppliers, business partners, financial institutions, regulators, and all other 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 reposed in us and for their unwavering support.

For and on behalf of the Board:

**Haroon Ahmad Khan**
Chief Executive Officer





# INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of Waves Singer Pakistan Limited**
**Review report on the Statement of Compliance contained in 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 Waves Singer Pakistan Limited ("the Company") for the year ended 31 December 2019 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 part of our audit of 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, of its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2019.

Further, we highlight below instances of non-compliances with the requirements of the Regulations as reflected in the paragraphs where these are stated in the Statement of Compliance:

# INDEPENDENT AUDITOR'S REVIEW REPORT

| Reference | | Description |
|---|---|---|
| I. | Paragraph 5 | As required under clause 10 (4) of the regulations, the board shall ensure that complete record of particulars of the significant policies along with their dates of approval or updating is maintained by the company, however, complete record of particulars of the significant policies were approved in subsequent meeting of the Board held on 30 May 2020. |
| ii. | Paragraph 8 | As required under chapter V of the Regulations, the Board of Directors shall have in place a formal policy and transparent procedures for fixing the remuneration of individual directors, however, formal policy and procedures for fixing remuneration of individual directors were approved in subsequent meeting of the Board held on 30 May 2020. |
| iii. | Paragraph 9 | As required under clause 19 (1)(i) of the regulations, it is encouraged that by 30 June 2020 at least half of the directors on their boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the commission and approved by it, however, only two directors have acquired prescribed certification till now. |
| iv. | Paragraph 13 | As required under clause 27 (3) and 28 (6) of the Regulations, the Board of directors of every company shall determine the terms of reference of the audit committee and human resource and remuneration committee. Updated terms of references as per these regulations have not been formally determined and advised to relevant committees. |

**KPMG Taseer Hadi & Co.**
**Chartered Accountants**

**Lahore**

**Date: 08 June 2020**





# STATEMENT OF COMPLIANCE

**For the year ended 31 December 2019**

**Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017**

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

1. The total number of directors are Seven (7) as per the following:
   a. Male: Seven (6)
   b. Female: One (1)

2. The composition of board is as follows:

| Category | Names |
|---|---|
| Independent Director(s) | i. Mr. Umair Khan<br>ii. Mr. Yousaf Muhammad Farooq<br>iii. Mr. Zafar Ud Din Mahmood |
| Executive Directors | i. Mr. Haroon Ahmad Khan |
| Non-Executive Directors | i. Mrs. Nighat Haroon Khan<br>ii. Mr. Moazzam Ahmad Khan<br>iii. Brig. Mukhtar Ahmed (Retd.) |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company. A complete record of particulars of significant policies approved in Board Meeting held on May 30, 2020.

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 Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

# STATEMENT OF COMPLIANCE

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations and approved in the Board of Directors meeting held on May 30, 2020.

9. Two directors have obtained the directors' training program certification in prior years. Further, the Company is in process to arrange Director Training Program for remaining directors and be complied as required CCG 2019.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

a) **Audit Committee**

| Names | Designation |
|---|---|
| i. Mr. Zafar Ud Din Mahmood | Chairman/Independent Director |
| ii. Mrs. Nighat Haroon Khan | Member/Non-Executive Director |
| iii. Mr. Umair Khan | Member/Independent Director |
| iv. Rana Shakeel Shaukat | Secretary of Audit Committee |

b) **HR and Remuneration Committee**

| Names | Designation |
|---|---|
| i. Mr. Umair Khan | Chairman/Independent Director |
| ii. Mrs. Nighat Haroon Khan | Member/Non-Executive Director |
| iii. Brig. Mukhtar Ahmed (Retd.) | Member/Non-Executive Director |
| iv. Rana Shakeel Shaukat | Secretary of HR & R Committee |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance. These terms of reference published in Annual Report 2019 and upload on Company's website accordingly.

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:





# STATEMENT OF COMPLIANCE

| Meetings | Frequency |
|---|---|
| Audit Committee | Four quarterly meetings were held during the financial year ended December 31, 2019. |
| HR & Remuneration Committee | One meeting was held during the financial year ended December 31, 2019 |

15. The board has set up an effective internal audit function which is 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 (spouses, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.

**(MR. UMAIR KHAN)**
Chairman

# PATTERN OF SHAREHOLDING

**Waves Singer Pakistan Limited**
**Pattern of Shareholding dated 31st December 2019**

| No. of Shareholders | ------Shareholdings------ From | To | Total Shares Held |
|---|---|---|---|
| 407 | 1 | 100 | 10,627 |
| 371 | 101 | 500 | 111,840 |
| 430 | 501 | 1,000 | 308,688 |
| 1,000 | 1,001 | 5,000 | 2,327,949 |
| 240 | 5,001 | 10,000 | 1,747,144 |
| 110 | 10,001 | 15,000 | 1,365,838 |
| 50 | 15,001 | 20,000 | 893,019 |
| 39 | 20,001 | 25,000 | 888,517 |
| 23 | 25,001 | 30,000 | 633,641 |
| 20 | 30,001 | 35,000 | 666,096 |
| 15 | 35,001 | 40,000 | 578,251 |
| 11 | 40,001 | 45,000 | 461,966 |
| 14 | 45,001 | 50,000 | 690,287 |
| 5 | 50,001 | 55,000 | 261,308 |
| 7 | 55,001 | 60,000 | 409,512 |
| 7 | 60,001 | 65,000 | 438,177 |
| 4 | 65,001 | 70,000 | 267,856 |
| 6 | 70,001 | 75,000 | 437,241 |
| 6 | 75,001 | 80,000 | 465,392 |
| 2 | 80,001 | 85,000 | 163,699 |
| 1 | 85,001 | 90,000 | 87,500 |
| 1 | 90,001 | 95,000 | 94,875 |
| 6 | 95,001 | 100,000 | 598,367 |
| 4 | 100,001 | 105,000 | 408,625 |
| 3 | 105,001 | 110,000 | 318,596 |
| 3 | 110,001 | 115,000 | 340,100 |
| 2 | 115,001 | 120,000 | 230,672 |
| 1 | 120,001 | 125,000 | 122,187 |
| 2 | 130,001 | 135,000 | 267,250 |
| 2 | 135,001 | 140,000 | 277,075 |
| 2 | 140,001 | 145,000 | 283,628 |
| 3 | 145,001 | 150,000 | 442,933 |
| 1 | 155,001 | 160,000 | 155,365 |
| 1 | 170,001 | 175,000 | 170,500 |
| 3 | 195,001 | 200,000 | 593,650 |
| 1 | 200,001 | 205,000 | 200,933 |
| 1 | 205,001 | 210,000 | 207,970 |
| 1 | 210,001 | 215,000 | 210,938 |
| 1 | 225,001 | 230,000 | 226,250 |





# PATTERN OF SHAREHOLDING

| No. of Shareholders | ------Shareholdings------ From | To | Total Shares Held |
|---|---|---|---|
| 1 | 430,001 | 435,000 | 431,796 |
| 4 | 440,001 | 445,000 | 1,766,972 |
| 1 | 445,001 | 450,000 | 446,343 |
| 1 | 455,001 | 460,000 | 458,618 |
| 1 | 495,001 | 500,000 | 500,000 |
| 1 | 520,001 | 525,000 | 521,495 |
| 1 | 535,001 | 540,000 | 539,327 |
| 1 | 545,001 | 550,000 | 548,190 |
| 1 | 650,001 | 655,000 | 654,637 |
| 1 | 660,001 | 665,000 | 661,250 |
| 1 | 695,001 | 700,000 | 697,288 |
| 1 | 810,001 | 815,000 | 813,000 |
| 1 | 885,001 | 890,000 | 886,075 |
| 1 | 1,000,001 | 1,005,000 | 1,001,012 |
| 1 | 1,005,001 | 1,010,000 | 1,006,467 |
| 2 | 1,015,001 | 1,020,000 | 2,034,528 |
| 1 | 1,080,001 | 1,085,000 | 1,083,300 |
| 1 | 1,170,001 | 1,175,000 | 1,172,500 |
| 1 | 1,180,001 | 1,185,000 | 1,183,637 |
| 1 | 1,215,001 | 1,220,000 | 1,215,550 |
| 1 | 1,340,001 | 1,345,000 | 1,341,500 |
| 1 | 1,385,001 | 1,390,000 | 1,386,468 |
| 1 | 1,480,001 | 1,485,000 | 1,481,200 |
| 1 | 1,495,001 | 1,500,000 | 1,500,000 |
| 1 | 1,520,001 | 1,525,000 | 1,520,875 |
| 1 | 1,585,001 | 1,590,000 | 1,587,000 |
| 3 | 1,590,001 | 1,595,000 | 4,783,314 |
| 1 | 1,730,001 | 1,735,000 | 1,731,660 |
| | 2,135,001 | 2,140,000 | 2,135,508 |
| 1 | 2,770,001 | 2,775,000 | 2,772,937 |
| 1 | 3,185,001 | 3,190,000 | 3,188,877 |
| 1 | 3,835,001 | 3,840,000 | 3,835,250 |
| 1 | 4,390,001 | 4,395,000 | 4,394,773 |
| 1 | 10,350,001 | 10,355,000 | 10,350,392 |
| 1 | 11,250,001 | 11,255,000 | 11,253,183 |
| 1 | 24,855,001 | 24,860,000 | 24,856,387 |
| 1 | 31,640,001 | 31,645,000 | 31,643,524 |
| 1 | 40,245,001 | 40,250,000 | 40,250,000 |
| **2,854** | | | **187,604,059** |

**WAVES SINGER PAKISTAN LIMITED**
**Categories of Shareholding required under Code of Corporate Governance (CCG)**
**As on December 31, 2019**

| Sr. No. | Name | No. of Shares Held | Percentage |
|---|---|---|---|
| | **Associated Companies, Undertakings and Related Parties (Name Wise):** | | |
| 1 | POSEIDON SYNERGIES (PVT) LTD. (CDC) | 11,253,183 | 5.9984 |
| | **Mutual Funds (Name Wise Detail)** | - | - |
| 1 | CDC - TRUSTEE ABL STOCK FUND (CDC) | 4,000 | 0.0021 |
| | **Directors, CEO and their Spouse and Minor Children (Name Wise):** | | |
| 1 | MR. UMAIR KHAN (CDC) | 1,322 | 0.0007 |
| 2 | MR. HAROON AHMAD KHAN (CDC) | 71,893,524 | 38.3219 |
| 3 | MRS. NIGHAT HAROON KHAN | 29,346,274 | 15.6427 |
| 4 | MR. MOAZZAM AHMAD KHAN | 1,731,877 | 0.9232 |
| 5 | MR. MUKHTAR AHMED (CDC) | 1,322 | 0.0007 |
| 6 | MR. ZAFAR UDDIN MEHMOOD (CDC) | 575 | 0.0003 |
| 7 | MR. YOUSUF MUHAMMAD FAROOQ (CDC) | 1,322 | 0.0007 |
| | **Executives:** | 1,322 | 0.0007 |
| | **Public Sector Companies & Corporations:** | - | - |
| | **Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:** | 1,526,000 | 0.8134 |
| | **Shareholders holding five percent or more voting interest in the listed company (Name Wise)** | | |
| 1 | MR. HAROON AHMAD KHAN (CDC) | 71,893,524 | 38.3219 |
| 2 | MRS. NIGHAT HAROON KHAN (CDC) | 29,346,274 | 15.6427 |
| 3 | MR. JAVAID AKTAR BUTT (CDC) | 10,350,392 | 5.5171 |
| 4 | POSEIDON SYNERGIES (PVT) LTD. (CDC) | 11,253,183 | 5.9984 |

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

| S. No. | Name | Designation | Opening Balance | Sale | Purchase | 15 % Bonus | Closing Balance |
|---|---|---|---|---|---|---|---|
| 1 | MR. UMAIR KHAN (CDC) | Chairman | 1,150 | - | - | 172 | 1,322 |
| 2 | MR. HAROON AHMAD KHAN | Chief Executive Officer | 61,916,108 | - | 600,000 | 9,377,416 | 71,893,524 |
| 3 | MRS. NIGHAT HAROON KHAN | Director | 25,518,500 | - | - | 3,827,774 | 29,346,274 |
| 4 | MR. MOAZZAM AHMAD KHAN | Director | 1,505,981 | - | - | 225,896 | 1,731,877 |
| 5 | MR. MUKHTAR AHMED (CDC) | Director | 1,150 | - | - | 172 | 1,322 |
| 6 | MR. ZAFAR UDDIN MEHMOOD (CDC) | Director | 500 | - | - | 75 | 575 |
| 7 | MR. YOUSUF MUHAMMAD FAROOQ (CDC) | Director | 1,150 | - | - | 172 | 1,322 |
| 8 | MR. NADEEM MAHMOOD BUTT | Director Finance | 1,150 | - | - | 172 | 1,322 |
| 9 | MR. TAUSEEF AHMAD ZAKAI | CFO/Company Secretary | - | - | - | - | - |





# STATUTORY NOTICES

## WAVES SINGER PAKISTAN LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of the shareholders of the Company will be held on Monday, June 29, 2020 at 11:00 A.M. at Factory Premises, 9 KM Multan Road, Lahore the Registered Office of the Company to transact the following business:-

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the Year Ended December 31, 2019, together with the Directors' and Auditors' Reports thereon.
2. To appoint External Auditors of the Company for the year ending December 31, 2020 and to fix their remuneration. The retiring Auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

**OTHER BUSINESS:**

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

**Lahore: June 08, 2020**

**By order of the Board**
**(Rana Shakeel Shaukat)**
**Company Secretary**

**Notes:**

1. The share transfer Books of the Company will remain closed from June 22, 2020 to June 29, 2020 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore at the close of business on June 20, 2020 will be treated in time for the purposes of entitlement to the transferees.
2. A Member entitled to attend and vote at the Meeting may appoint another Member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Office of the Company not less than 48 hours before the time of holding the meeting. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e.www.wavessinger.com
3. Shareholders are requested to notify the Company's Share Registrar if there is any change in their registered postal addresses.
4. Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the meeting, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit to registered address of the Company at least 10 days before the date of AGM.

I/We ________________ of ________________, being member(s) of Waves Singer Pakistan Limited holder ________________ Ordinary share(s) as per Register Folio No. ________________ hereby opt for video conference facility at ________________.

# STATUTORY NOTICES

## Notes:

1. The share transfer Books of the Company will remain closed from June 22, 2020 to June 29, 2020 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore at the close of business on June 20, 2020 will be treated in time for the purposes of entitlement to the transferees.

2. A Member entitled to attend and vote at the Meeting may appoint another Member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Office of the Company not less than 48 hours before the time of holding the meeting. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. Proxy form is available at the Company's website i.e. www.wavessinger.com.

3. Shareholders are requested to notify the Company's Share Registrar if there is any change in their registered postal addresses.

4. Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard please fill the following and submit to registered address of the Company at least 10 days before the date of AGM.

   I/We _____________ of _____________, being member(s) of Waves Singer Pakistan Limited holder _____________ Ordinary share(s) as per Register Folio No. _____________ hereby opt for video conference facility at _____________.



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# WAVES SINGER PAKISTAN LIMITED

## FORM OF PROXY

The Company Secretary
Waves Singer Pakistan Limited
9 KM, Multan Road, Hanjarwal,
Lahore

I/ We ______________________________

of ______________________________

being a member of **Waves Singer Pakistan Limited** hereby appoint ______________

______________________________

of ______________________________

or failing him ______________________________

of ______________________________

as my proxy in my absence to attend, speak and vote for me on my behalf at the Annual General Meeting of the Company to be held on Monday June 29, 2020 at 11:00 AM and at any adjournment thereof.

As witness my / our hand this ______day of ________ 2020.

Rs. 5/-
Revenue
Stamp

**Witness No.1**
Name: ______________
Address: ______________
______________
CNIC No.: ______________

Signature of Member(s)



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**Witness No. 2**
Name : ______________
Address : ______________
______________
CNIC No.: ______________

(Name in Block letters)

Folio No.
Participant ID No. __________
Account No. in CDC ________

Important:

1. CDC Account Holders are requested to strictly follow the guidelines mentioned in the Notice of Meeting.
2. A Member entitled to attend a General Meeting is entitled to appoint a proxy to attend and vote instead of him/her.
3. Members are requested:
   (a) To affix Revenue Stamp of Rs. 5/- at the place indicated above.
   (b) To sign across the Revenue Stamp in the same style of signature as is registered with the Company.
   (c) To write down their Folio Numbers.
4. This form of proxy, duly completed and signed across a Rs. 5/- revenue stamp, must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the meeting.

# WSPL Consolidated FS 2019

## Auditors' Report to the Members

# AUDITORS' REPORT TO THE MEMBERS

## INDEPENDENT AUDITOR'S REPORT

**To the members of Waves Singer Pakistan Limited**

**Report on the Audit of the Consolidated Financial Statements**

***Opinion***

We have audited the annexed Consolidated financial statements of **Waves Singer Pakistan Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and *of* its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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:

| S. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Impairment of intangible assets**<br>Refer to note 4.3, 19 and 44 to the consolidated financial statements.<br>The Group annually tests the carrying value of goodwill and intangible assets. The testing is subject to estimates and judgments made by the management of the Group with respect to future sales growth and profitability, cash flow projection and selection of appropriate discount rate.<br>We identified the impairment testing of separately identifiable intangible assets and goodwill as a key audit matter because significant degree of management judgement is involved in making the above assessment and in forecasting the future cash flows which are inherently uncertain. | Our audit procedures, amongst others, included the following:<br>• Assessing the appropriateness of the Group's accounting policy for impairment testing of intangible assets and goodwill and compliance of the policy with applicable accounting and reporting standards;<br>• discussing with the Group's management key assumptions used in valuation model and testing the mathematical accuracy of the model;<br>• involving our internal valuation specialists to assist us in assessing the significant estimates, assumptions and judgements applied in the valuation of intangible assets and goodwill, including discount rate, growth rate, terminal value and attrition rate, with reference to available market information;<br>• comparing the recoverable amount with the goodwill and intangible assets recognized to identify impairment, if any; and<br>• assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards. |
| 2. | **Sales**<br>Refer to note 4.1.1, 4.13 and 25 to the consolidated financial statements.<br>The Group principally generates revenue from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same.<br>We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Group and gives rise to a risk that revenue is recognized without transferring of control. | Our audit procedures, amongst others, included the following:<br>• obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls;<br>• assessing the appropriateness of the Group's accounting policy for recording of sales and compliance of the policy with applicable accounting and reporting standards;<br>• comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;<br>• comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period; |
| | | • inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and<br>• scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation. |

| S. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 3. | **Revaluation of property, plant and equipment**<br><br>Refer notes 4.2, 7, 18 and 44 to the consolidated financial statements.<br><br>The Group follows the revaluation model for subsequent measurement of land, buildings and plant and machinery.<br><br>Latest revaluation was carried out on 31 December 2019. The valuation was performed by an external professional valuer engaged by the Company.<br><br>We identified the revaluation of the Group's property, plant and equipment as a key audit matter because the valuation involves a significant degree of judgment and estimation. | Our audit procedures, amongst others, included the following:<br><br>• obtaining and inspecting the valuation reports prepared by the external expert engaged by the Company and on which the management's assessment of the valuation of property, plant and equipment was based;<br><br>• evaluating the information provided by the Company to the external professional valuer by inspecting the relevant underlying documentation;<br><br>• involving property, plant and equipment valuation expert engaged by us to assist in evaluating the appropriateness of valuation methodology and assessing the reasonableness of key estimates and assumptions adopted in the valuations report by the valuer engaged by the Group; and<br><br>• assessing the adequacy of the disclosures made in consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards. |
| 4. | **Valuation of trade debts**<br><br>Refer notes 4.1.2, 4.16, 22 and 44 to the consolidated financial statements.<br><br>As at 31 December 2019, the Company's gross trade debts amount to Rs. ---- million. Pursuant to adoption of IFRS 9 'Financial Instruments' and using the modified retrospective approach, the Group has recognized Expected Credit Loss ("ECL") of Rs. --- million in opening retained earnings as at 01 January 2019 and reversal of Rs. --- million for the year ended 31 December 2019. | Our audit procedures, amongst others, included the following:<br><br>• reviewing the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by re-performing calculations on test basis;<br><br>• involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL;<br><br>• assessing, on a sample basis, the accuracy of the data used for ECL computation; and |
| | IFRS 9 requires the Group to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Group. The Group has applied the ECL model for determination of trade debts as explained in note 4.1.2.<br><br>Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macroeconomic information.<br><br>We have considered this as a key audit matter due to significance of the change in accounting methodology and involvement of estimates and judgements in this regard. | • assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards. |





***Information Other than the Financial Statements and Auditor's Report Thereon***

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2019, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated 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 Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Bilal Ali.

**Lahore**

**Date: 08 June 2020**

**KPMG Taseer Hadi & Co.**
**Chartered Accountants**





# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Consolidated Statement of Financial Position

***As at 31 December 2019***

| | Note | 2019 | 2018 |
|---|---|---|---|
| **ASSETS** | *Note* | ------ (Rupees in '000) ------ | |
| ***Non-current assets*** | | | |
| Property, plant and equipment | 18 | **5,704,666** | 4,754,698 |
| Intangible assets and goodwill | 19 | **2,946,274** | 2,965,690 |
| Employee retirement benefits | 10 | **3,388** | 9,960 |
| Trade debts | 22 | **12,493** | - |
| Long term deposits | 20 | **26,388** | 23,637 |
| | | **8,693,209** | 7,753,985 |
| ***Current assets*** | | | |
| Stores, spares and loose tools | | **37,708** | 31,035 |
| Stock-in-trade | 21 | **3,653,464** | 3,091,701 |
| Trade debts | 22 | | |
| - Retail | | **902,072** | 860,125 |
| - Wholesale | | **3,344,553** | 2,386,358 |
| Advances, deposits, prepayments and other receivables | 23 | **145,546** | 149,759 |
| Taxation - net | | **236,095** | 334,460 |
| Cash and bank balances | 24 | **163,569** | 105,247 |
| | | **8,483,007** | 6,958,685 |
| | | **17,176,216** | 14,712,670 |
| **EQUITY AND LIABILITIES** | | | |
| ***Share Capital and Reserves*** | | | |
| Authorised capital 200,000,000 (2018: 175,000,000) ordinary shares of Rs. 10 each | 5 | **2,000,000** | 1,750,000 |
| Issued, subscribed and paid-up capital | 5 | **1,876,041** | 1,631,340 |
| Share premium reserve | 6 | **4,581,063** | 4,825,764 |
| Capital reserve | | **5,000** | 5,000 |
| Revenue reserve - unappropriated profit | | **1,515,351** | 1,809,626 |
| Surplus on revaluation of property, plant and equipment - net of tax | 7 | **362,544** | 117,395 |
| | | **8,339,999** | 8,389,125 |
| ***Non-current liabilities*** | | | |
| Long term loans - secured | 8 | **1,417,271** | 732,271 |
| Lease liabilities | 9 | **437,663** | 42,454 |
| Employee retirement benefits | 10 | **41,211** | 61,823 |
| Deferred tax liability - net | 11 | **280,170** | 270,251 |
| Deferred income | 12 | **15,574** | 20,214 |
| | | **2,191,889** | 1,127,013 |
| ***Current liabilities*** | | | |
| Trade and other payables | 13 | **1,864,513** | 1,789,617 |
| Mark-up accrued on borrowings | 14 | **216,566** | 97,338 |
| Short term borrowings - secured and unsecured | 15 | **4,113,581** | 2,995,286 |
| Unclaimed dividend | | **-** | 1,325 |
| Unpaid dividend | | **1,457** | 1,517 |
| Current portion of long term liabilities | 16 | **448,211** | 311,449 |
| | | **6,644,328** | 5,196,532 |
| **Contingencies and commitments** | 17 | | |
| | | **17,176,216** | 14,712,670 |

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| Director | Chief Executive | Director Finance |

# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Consolidated Statement of Profit or Loss

*For the year ended 31 December 2019*

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Sales - net of sales return | | **11,660,266** | 10,268,910 |
| Sales tax and trade discount on invoices | | **(2,176,292)** | (1,752,894) |
| Sales - net | 25 | **9,483,974** | 8,516,016 |
| Cost of sales | 26 | **(6,854,602)** | (6,238,110) |
| **Gross profit** | | **2,629,372** | 2,277,906 |
| Marketing, selling and distribution costs | 27 | **(927,606)** | (1,045,245) |
| Administrative expenses | 28 | **(475,410)** | (377,918) |
| Other expenses | 29 | **(85,248)** | (108,768) |
| Other income | 30 | **157,295** | 37,359 |
| | | **(1,330,969)** | (1,494,572) |
| | | **1,298,403** | 783,334 |
| Earned carrying charges | | **191,056** | 157,676 |
| Finance costs | 31 | **(867,850)** | (430,503) |
| | | **(676,794)** | (272,827) |
| **Profit before taxation** | | **621,609** | 510,507 |
| Taxation | 32 | **(243,309)** | (128,432) |
| **Profit for the year** | | **378,300** | 382,075 |
| | | | *(Restated)* |
| Earnings per share - basic and diluted *(Rupees)* | 33 | **2.02** | 2.04 |

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

| **Moazzam A. Khan** | **Haroon A. Khan** | **Nadeem M. Butt** |
|---|---|---|
| Director | Chief Executive | Director Finance |





# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Consolidated Statement of Comprehensive Income

*For the year ended 31 December 2019*

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Profit for the year | **378,300** | 382,075 |
| ***Other comprehensive income*** | | |
| *Item that will not be reclassified to profit and loss:* | | |
| - Surplus on revaluation of property, plant and equipment | **355,409** | - |
| - Related deferred tax on surplus | **(101,012)** | - |
| - Actuarial (loss) / gain on employee retirement benefits | **(2,070)** | 15,197 |
| | **252,327** | 15,197 |
| Total comprehensive income for the year | **630,627** | 397,272 |

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

| **Moazzam A. Khan** | **Haroon A. Khan** | **Nadeem M. Butt** |
|---|---|---|
| Director | Chief Executive | Director Finance |

# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Consolidated Statement of Cash Flows

*For the year ended 31 December 2019*

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| ***Cash flows from operating activities*** | | | |
| Profit before taxation | | **621,609** | 510,507 |
| *Adjustments for non-cash items:* | | | |
| Depreciation on property, plant and equipment | 18.1.4 | **329,126** | 193,829 |
| Amortisation of intangible asset | 19.3 | **40,427** | 40,185 |
| Finance costs | 31 | **867,850** | 430,503 |
| Net loss on insurance claim of fixed assets written off due to fire | | **-** | 6,838 |
| Loss of inventory due to fire | | **-** | (186,098) |
| (Gain) / loss on sale of property, plant and equipment | | **(1,940)** | 5,550 |
| Liabilities no longer payable written back | | **-** | (21,134) |
| Workers' Profit Participation Fund | | **32,313** | 27,331 |
| Amortisation of deferred income | | **(6,117)** | (6,322) |
| Provision against trade debts and other receivables | | **-** | 10,388 |
| Workers Welfare Fund | | **9,243** | 9,118 |
| Reversal of loss allowance against trade debts | | **(133,065)** | - |
| Provision for employee retirement benefits- net | | **(24,352)** | 13,113 |
| **Profit before working capital changes** | | **1,735,094** | 1,033,808 |
| ***Effect on cash flows due to working capital changes*** | | | |
| *(Increase) / decrease in current assets* | | | |
| Stores, spares and loose tools | | **(6,673)** | (8,117) |
| Stock-in-trade | | **(561,763)** | (499,371) |
| Trade debts | | **(1,324,856)** | (1,100,080) |
| Advances, deposits, prepayments and other receivables | | **4,213** | (42,864) |
| Increase in trade and other payables | | **71,726** | 607,647 |
| | | **(1,817,353)** | (1,042,785) |
| **Cash used in operations** | | **(82,259)** | (8,977) |
| Income tax - net | | **(135,080)** | (90,385) |
| Workers' Profit Participation Fund paid | | **(27,331)** | (12,248) |
| Workers' Welfare Fund paid | | **(9,118)** | (6,071) |
| Employee retirement benefits (refund) / paid | | **6,305** | (6,543) |
| Long term deposits - net | | **(2,751)** | 3,528 |
| **Net cash used in operating activities** | | **(250,234)** | (120,696) |
| ***Cash flows from investing activities*** | | | |
| Capital expenditure | | **(471,057)** | (521,401) |
| Net proceeds against insurance claim against assets written off due to fire | | **-** | 429,037 |
| Proceeds from disposal of property, plant and equipment | | **26,067** | 12,600 |
| **Net cash flows from investing activities** | | **(444,990)** | (79,764) |
| ***Cash flows from financing activities*** | | | |
| Lease rentals paid | | **(130,900)** | (13,639) |
| Finance costs paid | | **(748,622)** | (406,931) |
| Dividend paid | | **(203,977)** | (175,803) |
| Short term finances availed - net | | **1,151,801** | (414,989) |
| Long term loans received | | **1,000,000** | 445,312 |
| Long term loans repaid | | **(281,250)** | (81,249) |
| **Net cash flows from financing activities** | | **787,052** | (647,299) |
| **Net (decrease) / increase in cash and cash equivalents** | | **91,828** | (847,759) |
| **Cash and cash equivalents at beginning of the year** | | **(1,424,619)** | (576,860) |
| **Cash and cash equivalents at end of the year** | 34 | **(1,332,791)** | (1,424,619) |

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| **Director** | **Chief Executive** | **Director Finance** |





# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Consolidated Statement of Changes in Equity

*For the year ended 31 December 2019*

| | Issued, subscribed and paid-up capital | Capital Reserves: Shares to be issued pursuant to amalgamation | Capital Reserves: Share premium reserve | Capital Reserves: Other capital reserve | Capital Reserves: Surplus on revaluation of land and building | Revenue Reserve: Unappropriated profit | Total |
|---|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | | |
| **As at 01 January 2018** | **454,056** | **964,500** | **5,038,548** | **5,000** | **118,100** | **1,586,439** | **8,166,643** |
| ***Total comprehensive income for the year*** | | | | | | | |
| Profit after taxation | - | - | - | - | - | 382,075 | 382,075 |
| ***Other comprehensive income for the year*** | | | | | | | |
| Remeasurement of defined benefit obligation | - | - | - | - | - | 15,197 | 15,197 |
| | - | - | - | - | - | 397,272 | 397,272 |
| ***Surplus transferred to accumulated profits*** | | | | | | | |
| Transfer against sale of land and building - net of tax | - | - | - | - | (967) | 967 | - |
| Incremental depreciation relating to surplus on revaluation - net of tax | - | - | - | - | (2,268) | 2,268 | - |
| Effect of change in tax rate on account of surplus on property, plant and equipment | - | - | - | - | 2,530 | - | 2,530 |
| | - | - | - | - | (705) | 3,235 | 2,530 |
| ***Transactions with owners of the Company recognized directly in equity*** | | | | | | | |
| Shares issued under scheme of amalgamation | 964,500 | (964,500) | - | - | - | - | - |
| Shares issued as fully paid bonus shares @ 15% | 212,784 | - | (212,784) | - | - | - | - |
| Final dividend for the year ended 31 December 2018 @ Rs. 1.25 per share | - | - | - | - | - | (177,320) | (177,320) |
| | 1,177,284 | (964,500) | (212,784) | - | - | (177,320) | (177,320) |
| **Balance as at 31 December 2018** | **1,631,340** | **-** | **4,825,764** | **5,000** | **117,395** | **1,809,626** | **8,389,125** |
| Balance at 01 January 2019, as previously reported | 1,631,340 | - | 4,825,764 | 5,000 | 117,395 | 1,809,626 | 8,389,125 |
| Impact of change in accounting policy as explained in note 4.1.2 | - | - | - | - | - | (475,203) | (475,203) |
| Adjusted Balance as at 01 January 2019 | 1,631,340 | - | 4,825,764 | 5,000 | 117,395 | 1,334,423 | 7,913,922 |
| ***Total comprehensive income for the year*** | | | | | | | |
| Profit after taxation | - | - | - | - | - | 378,300 | 378,300 |
| ***Other comprehensive income for the year*** | | | | | | | |
| Remeasurement of defined benefit obligation | - | - | - | - | - | (2,070) | (2,070) |
| Surplus on revaluation of property plant and and equipment | - | - | - | - | 355,409 | - | 355,409 |
| Related deferred tax on revaluation surplus | - | - | - | - | (101,012) | - | (101,012) |
| | - | - | - | - | 254,397 | 376,230 | **630,627** |
| ***Surplus transferred to accumulated profits*** | | | | | | | |
| Transfer against sale of building - net of tax | - | - | - | - | (5,010) | 5,010 | - |
| Incremental depreciation relating to surplus on revaluation - net of tax | - | - | - | - | (3,605) | 3,605 | - |
| Effect of change in tax rate on account of surplus on property, plant and equipment | - | - | - | - | (633) | - | **(633)** |
| | - | - | - | - | **(9,248)** | **8,615** | **(633)** |
| ***Transactions with owners of the Company recognized directly in equity*** | | | | | | | |
| Shares issued as fully paid bonus shares @ 15% | 244,701 | - | (244,701) | - | - | - | - |
| Final dividend for the year ended 31 December 2019 @ Rs. 1.25 per share | - | - | - | - | - | (203,917) | (203,917) |
| | **244,701** | **-** | **(244,701)** | **-** | **-** | **(203,917)** | **(203,917)** |
| **Balance as at 31 December 2019** | **1,876,041** | **-** | **4,581,063** | **5,000** | **362,544** | **1,515,351** | **8,339,999** |

The annexed notes 1 to 44 form an integral part of these consolidated financial statements.

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| **Director** | **Chief Executive** | **Director Finance** |

# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)
# Notes to the Consolidated Financial Statements
# For the year ended 31 December 2019

**1 Status and nature of business**

The Group comprises of:

***Holding Company***

- Waves Singer Pakistan Limited

| | 2019 | 2018 |
|---|---|---|
| ***Subsidiary Companies*** | **(Holding percentage)** | |
| - Waves Marketing (Private) Limited | **100** | 100 |
| - Electronics Marketing Company (Private) Limited | **100** | 100 |

Waves Singer Pakistan Limited (the Holding Company) was incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public company limited by shares and is quoted on the Pakistan Stock Exchange. The Holding Company is principally engaged in the manufacturing and assembly of domestic consumer appliances alongwith retailing and trading of the same and other light engineering products. The registered office of the company is located at 9-K.M, Hanjarwal, Multan Road, Lahore.

Geographical locations of the manufacturing facilities of the Group are located at:

- 9-K.M, Hanjarwal, Multan Road, Lahore.
- Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.

***Waves Marketing (Private) Limited - Subsidiary Company***

Waves Marketing (Private) Limited (WMPL) is a private limited company which was incorporated on 10 April 2017 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the company is located at 15/3 A Model Town, Lahore. The principal activity of the company is the sale, distribution and marketing of consumer appliances being a trading concern. Subsequent to 01 July 2019, due to change in taxation regime whereby electronic products are charged to sales tax on retail price under third schedule, sales are being made by the Holding Company directly to the customers/dealers. The subsidiary company has not made any significant sales during the second half of this year and it is not expected to make any significant sales in the foreseeable future. The Board of Directors of the Holding Company are evaluating viable business options to continue the subsidiary company as a going concern and is committed to provide full financial support as and when required.

***Electronics Marketing Company (Private) Limited - Subsidiary Company***

Electronics Marketing Company (Private) Limited (EMCPL) is a private limited company which was incorporated on 09 September 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The principal activity of the the company is to carry out distribution / wholesales / retail business of all kinds of electronic appliances, its components and accessories, etc.

**2 Basis of preparation**

**2.1 Statement of compliance**

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

– International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

– Provisions of and directives issued under the Companies Act, 2017; and





– Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

**2.2 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except for land, buildings (including the investment property) and plant and machinery which are stated at revalued amounts less subsequent depreciation and impairment losses as referred to in note 18, recognition of lease liability and certain employee retirement benefits as referred to in note 9 and 10 at present value respectively.

**2.3 Functional and presentation currency**

These consolidated financial statements are presented in Pakistani Rupee which is also the Group's functional and presentation currency and have been rounded off to the nearest thousand.

**2.4 Basis of consolidation**

These consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary companies as at 31 December 2019. These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 31 December 2019 and the audited financial statements of the subsidiaries for the year ended 31 December 2019.

***Subsidiaries***

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholders' equity in the subsidiary companies. The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

Intra - Group balances and transactions, and any unrealized income and expenses arising from intra - group transactions, are eliminated in full.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. Any goodwill that arises is tested annually for impairment.

***Non-controlling interest***

Non-controlling interest is that part of net results of operations and of net assets of the subsidiaries which are not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements. The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transaction.

***Loss of control***

On the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated statement of profit or loss. In addition, any amounts previously recognized in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as an available for sale financial asset depending on the level of influence retained.

**3 Use of estimates and judgments**

The preparation of these consolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Group's financial statements or where judgment was exercised in application of accounting policies are as follows:

| | | *Note* |
|---|---|---|
| - | Residual value, market values and useful lives of property, plant and equipment | *4.2* |
| - | Useful lives of intangible assets | *4.3* |
| - | Investment property | *4.5* |
| - | Provision for employee retirement benefit plans | *4.6* |
| - | Stock in trade and stores and spares and loose tools at net realizable value / net of impairment losses | *4.7 & 4.8* |
| - | Provisions | *4.11* |
| - | Provision for warranty obligation | *4.12* |
| - | Taxation | *4.14* |
| - | Impairment of financial and non-financial assets | *4.17* |

**4 Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, except as disclosed in note 4.1.





**4.1 Change in accounting policies**

The Group has adopted IFRS 15 'Revenue from Contracts with Customers', IFRS 9 'Financial Instruments' and IFRS 16 'Leases' from 01 January 2019 which are effective from the periods beginning on or after 01 July 2018, periods ending on or after 30 June 2019 and periods beginning on or after 01 January 2019 respectively. Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these consolidated financial statements has not been restated to reflect the requirements of the new standards. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

**4.1.1 IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgment. The Group is engaged in the sale of domestic consumer appliances. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Group recognized in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 January 2019, did not have a material impact on the amounts of revenue recognized in the consolidated financial statements.

Upon adoption of IFRS 15 amounts received for future sale of goods were reclassified to 'contract liabilities'. Previously, these amounts were classified as "advances from customers"

***Impact on financial statements***

As at 01 January 2019, contract liabilities were increased by Rs. 11.37 million and advance from dealers decreased by the same amount.

**4.1.2 IFRS 9 Financial Instruments**

IFRS 9 replaced the provisions of IAS 39 ' Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and the effect of the changes to the previous accounting policies are set out below:

***4.1.2.1 Classification and measurement of financial assets and financial liabilities***

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for the financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through consolidated Other Comprehensive Income ("FVOCI") or through consolidated statement of profit or loss ("FVTPL"); and
- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or consolidated other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. Dividend income is recognized in the consolidated statement of profit or loss. However, the above had no effect on the financial statements as the Group has no investments at the reporting date. The Group's accounting policy relating to financial instruments is explained in note 4.16 of these consolidated financial statements.

### 4.1.2.2 *Impact of change in classification and measurement of financial assets due to adoption of IFRS 9*

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets at 01 January 2019:

| Financial Assets | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 |
|---|---|---|---|---|
| | | | Rupees | Rupees |
| Security deposits | Loans and receivable | Amortized cost | 47,949 | 47,949 |
| Trade debts - unsecured, considered | Loans and receivable | Amortized cost | 3,246,483 | 2,582,595 |
| Other receivables | Loans and receivable | Amortized cost | 18,728 | 18,728 |
| Cash and bank balances | Loans and receivable | Amortized cost | 105,247 | 105,247 |

### 4.1.2.3 *Impairment*

The adoption of IFRS 9 has changed the Group's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. Financial Instruments: Recognition and Measurement'. IFRS 9 requires the Group to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, security deposits and other receivables are subject to ECLs model but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases:

- 12 months ECLs, these are the ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs, these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances and other receivables is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.





***Impact of ECL***

The Company has applied IFRS 9 using the modified retrospective approach. Under this approach, comparative information is not restated and the cumulative effect of initially applying IFRS 9 is recognized in retained earnings at the date of initial application. Considering the quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information, the Company has recognized loss allowance amounting to Rs. 663.89 million against trade debts upon transition to IFRS 9 as of 01 January 2019 with a corresponding effect in opening retained earnings and deferred taxation amounting to Rs. 475.15 million and Rs. 188.69 million respectively.

### 4.1.3 IFRS 16 - Leases

The Group has initially applied IFRS 16 from 01 January 2019. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Group elected to apply practical expedient to grandfather the assessment of which transactions are leases. The Group applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 01 January 2019.

***As a lessee***

As a lessee, the Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Group recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Group presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

The Group has presented non-current and current portion of related lease liabilities in the consolidated statement of financial position considering their due dates for payment.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative value. The Group's accounting policy relating to leases is explained in notes of these consolidated financial statements.

***Transition***

The Group used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

– did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;

- did not recognize right-of-use assets and liabilities for leases of low value items;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term.

The Group leases a number of vehicles and machinery. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right of use asset and the lease liability at 01 January 2019 were determined at the carrying of the lease asset and lease liability under IAS 17 immediately before that date.

The Group has elected not to recognize right of use assets and liabilities for some leases of low value assets and leases of short term (warehouses). The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

***Impact of financial statements***

The Group has applied IFRS 16 using the modified retrospective approach. On transition to IFRS 16, the Group recognized additional Rs. 447.77 million of lease liabilities and Rs. 447.77 million right of use assets equivalent to lease liability. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate applicable at the time of initial application of standard. However, there are some warehouse leases prior to 01 January 2019 that have not been considered as significant for the purpose of application of IFRS 16 and accordingly has no impact on the opening retained earnings as at 01 January 2019.

The result of initial application of IFRS 16 has been disclosed in note 18 to these consolidated financial statements respectively.

Also in relation to those leases under IFRS 16, the Group has recognized depreciation and interest costs, instead of operating lease expense. During the year ended 31 December 2019, the Group recognized Rs. 112.4 million of depreciation charges and Rs. 54.79 million of interest costs from these leases.

**4.2 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for the land which is stated at revalued amount less impairment loss, if any, and buildings and plant and machinery which are stated at the revalued amounts less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset.

Land, Buildings and Plant and Machinery are revalued by professionally qualified valuer with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset.

Increase in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.





Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation is charged to the consolidated statement of profit or loss applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. The rates of depreciation are stated in note 18.1 to these consolidated financial statements.

The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at reporting date has not required any adjustmnet as its impact is considered insignificant.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property, plant and equipment. Normal repairs and maintenance are charged to the consolidated statement of profit or loss as and when incurred. Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss.

***Capital work in progress***

It is stated at cost less impairment losses, if any. It includes expenditure incurred and advances made in respect of assets in the course of their construction and installation. These cost are transferred to relevant assets category as and when assets are available for intended use.

**4.3 Intangible assets and goodwill**

***Goodwill***

Goodwill arising on the acquisition of business represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is annually tested for impairment.

***Other Intangible asset***

Other intangible assets, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses. Intangible assets such as brand value that have infinite lives are measured at cost less accumulated impairment losses, if any.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The rates of amortization are stated in note 19.1 to these consolidated financial statements.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gain or loss from derecognition of intangible assets is recognized in the consolidated statement of profit or loss.

**4.4 Business combination**

As per the requirement of International Financial Reporting Standards 3, business combinations are accounted for by applying the acquisition method (other than those of the businesses / entities under common control unless it is transitory in nature). The cost of acquisition is measured at the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement, if any.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of profit or loss.

**4.5 Investment property**

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Group's business model i.e. the Group's intentions regarding the use of property is the primary criterion for classification as an investment property.

Investment property is initially measured at cost (including the transaction costs). However when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipment. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings / accumulated losses and the transfer is not made through the statement of profit or loss. However any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in the consolidated statement of profit or loss.

The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately under finance lease.

Subsequent to initial recognition, the Group measures the investment property at fair value at each reporting date and any subsequent change in fair value is recognized in the statement of profit or loss (i.e. in case where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognized in the statement of profit or loss would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent remeasurement). The revaluation of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.





**4.6 Employee retirement and other service benefits**

***Defined benefit plans***

The Group operates a funded defined benefit pension scheme for the eligible executives and managers (old Singer Pakistan Limited employees) and a funded gratuity scheme for all of its eligible employees (old Singer Pakistan Limited's employees). The Group also operates an unfunded gratuity scheme for its eligible field staff. Benefits under the scheme are payable to staff on the completion of prescribed qualifying period of service. Provisions / contributions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

Amount recognized in statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets, if any. All actuarial gains and losses are recognized in 'Other Comprehensive Income' as they occur. Past service cost resulting from the changes to defined benefit plan is immediately recognized in the consolidated statement of profit or loss. Current service cost together with net interest cost are also charged to the consolidated statement of profit or loss.

Calculation of gratuity and pension require assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

***Defined contribution plan***

The Group operates a recognized provident fund scheme covering all eligible employees. The Group and employees make equal monthly contributions to the fund.

***Staff Compensated absences***

The Group recognizes the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date on the basis of un-availed earned leaves balance at the end of the year.

**4.7 Stores, spares and loose tools**

These are valued at lower of cost determined on first-in-first-out basis and impairment losses if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date less any impairment losses.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimates. These are based on their future usability. Provision is made for any excess of carrying value over the estimated net realizable value and is recognized in the consolidated statement of profit or loss.

**4.8 Stock-in-trade**

Stock-in-trade is valued at the lower of cost determined on first-in-first-out basis and net realizable value except for stock in transit which is stated at invoice value plus other charges incurred thereon up to the reporting date. Cost in relation to work in process and manufactured finished goods represent direct cost of materials, direct wages and appropriate allocation of manufacturing overheads. Cost of goods purchased for resale comprises of purchase price, import duties, taxes (other than those subsequently recoverable by the entity from tax authorities) and other directly attributable cost wherever applicable.

Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to be incurred to make the sale.

The management continuously reviews its inventory for existence of any items which may have become obsolete. Provision is made for slow moving inventory based on management's estimation. These are based on historical experience and are continuously reviewed.

**4.9 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, and deposits held with banks with original maturities of three months or less and where these are held for the purpose of meeting short term cash commitments rather than for investments or other purposes. Short term running finance facilities availed by the Group are also included as part of cash and cash equivalents for the purpose of consolidated statement of cash flows.

**4.10 Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account balances are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of business if longer). If not, they are classified as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

**4.11 Provisions**

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, 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 the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

**4.12 Warranty obligations**

The Group accounts for its warranty obligations based on historical trends when the underlying products or services are sold.





**4.13 Revenue Recognition**

- Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

- Earned carrying charges representing the difference between the cash sale price and hire purchase price are recognized in the consolidated statement of profit or loss using the effective interest rate method over the period of the sale under the hire purchase arrangement.

- Income on profit and loss sharing bank accounts are recognized on accrual basis using the effective interest rate method.

**4.14 Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity / surplus on revaluation of fixed assets or in other comprehensive income.

***Current***

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

The Holding Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. Under this approach, the Group is accounting for the related taxes under standalone taxpayer approach. Under this approach, current and deferred taxes are recognized as if the entity was taxable in its own right.

***Deferred***

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is charged or credited in the consolidated statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.

### 4.15 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method. Borrowings are classified as current liabilities unless the Group has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the reporting date.

Finance cost are accounted for on an accrual basis and are included in accrued finance cost to the extent of the remaining amount unpaid.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in the consolidated statement of profit or loss in the period in which they are incurred.

### 4.16 Financial instruments

### 4.16.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### 4.16.2 Classification and subsequent measurement

***Financial assets***

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through consolidated other comprehensive income (FVOCI), fair value through consolidated statement of profit or loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

***Amortized cost***

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is recognized in the consolidated statement of profit or loss.





Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

***Debt Instrument - FVOCI***

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the consolidated statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to consolidated statement of profit or loss. However, the Group has no such instrument at the reporting date.

***Equity Instrument - FVOCI***

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in the consolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to statement of profit or loss. However, the Group has no such instrument at the reporting date.

***Fair value through statement of profit or loss (FVTPL)***

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in statement of profit or loss. The Group has no such investments at the reporting date.

***Financial assets – Business model assessment***

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

***Financial liabilities***

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the consolidated statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in the consolidated statement of profit or loss.

The Group's financial liabilities comprise trade and other payables, long and short term borrowings, lease liabilities accrued markup and dividend payable.

**4.16.3 Derecognition**

***Financial assets***

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group might enter into transactions whereby it transfers assets recognized in its consolidated statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

***Financial liabilities***

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in the consolidated statement of profit or loss.

**4.16.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is presented in the consolidated financial statements only when the Group has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.





**4.17 Impairment**

***Financial assets***

The Group recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

The Group has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowance required on an annual basis. Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

***Non - Financial assets***

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

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

**4.18 Foreign currency transactions and translation**

***Transactions and balances***

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences are generally included in the consolidated statement of profit or loss.

**4.19 Dividends and appropriations to reserves**

Dividend and appropriation to reserves are recognized in the consolidated financial statements in the period in which these are approved. Transfer between reserves approved subsequent to the reporting date is considered as non-adjusting event and is recognized in the consolidated financial statements in the period in which such transfers are made.





**4.20 Earnings per share**

As required under International Accounting Standard 33 Earnings Per Share, basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. The Group is not exposed to the dilutive effect on EPS.

**4.21 Common control transactions**

A business combination (or a demerger for that purpose) involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination. Such common control transactions have been excluded from the scope of International Financial Reporting Standards 3 dealing with Business Combinations. Accordingly, as an accounting policy choice, the assets acquired and liabilities assumed / assets and liabilities transferred are recognized under the book value basis (carry-over basis) of accounting.

**4.22 Grant in aid (deferred income)**

Grant in aid represents the amount received from the World Bank under a project to phase out the Ozone Depleting Substances (ODS) by acquiring asset (production facility) which manufactures such products which are free from such substances. This grant is classified as deferred income and is being amortized over the useful life of such asset.

**4.23 Leases**

At the inception of a contract, the Group assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in 18.1 of the consolidated financial statements.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group has used it incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 9 to these financial statements for disclosure of lease liability.

***Short term leases and leases of low value assets***

The Group has elected not to recognize right of use assets and liabilities for some leases of low value assets. The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

***Sale and lease back***

Where the sale and lease back transactions result in a lease liability, any excess of sale proceeds over the carrying amount is deferred and amortised over the lease term. However, sale proceeds less than the carrying value is immediately recognised in the consolidated statement of profit or loss.

**4.24 Operating segments**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Holding Company that makes the strategic decisions. These consolidated financial statements are prepared on the basis of single reportable segment as the Board of Directors views the Company's operations as one repotable segment.

**4.25 Standards, interpretations and amendments to published approved International Financial Reporting Standards**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.





- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 01 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. The Group shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Group.

- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 01 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Group's financial statements.

The above amendments are effective from annual period beginning on or after 01 January 2020 and are not likely to have an impact on Group's financial statements.

| | | Note | **2019** | 2018 | **2019** | 2018 |
|---|---|---|---|---|---|---|
| | | | **(Number of shares)** | | **(Rupees in '000)** | |
| **5** | **Share capital** | | | | | |
| **5.1** | **Authorized share capital** | *5.1.1* | **200,000,000** | 175,000,000 | **2,000,000** | 1,750,000 |

**5.1.1** During the year, the Holding Company has increased its authorized share capital by 25,000,000 shares. The authorized share capital thus stands enhanced at Rs. 2,000 million, divided into 200,000,000 shares of Rs. 10 each, and accordingly the Memorandum and Articles of Association of the Holding Company have been amended.

### 5.2 Issued, subscribed and paid-up capital

| *Fully paid-up ordinary shares of Rs. 10 each* | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|
| | (Number of shares) | | (Rupees in '000) | |
| Issued for cash | **11,461,568** | 11,461,568 | **114,616** | 114,616 |
| Issued for consideration other than cash | **703,733** | 703,733 | **7,037** | 7,037 |
| Issued as paid bonus shares | **78,988,759** | 54,518,664 | **789,888** | 545,187 |
| Issued under scheme of amalgamation | **96,450,000** | 96,450,000 | **964,500** | 964,500 |
| | **187,604,060** | 163,133,965 | **1,876,041** | 1,631,340 |

### 5.3 Reconciliation of ordinary shares

| | Note | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|---|
| Balance as at 01 January | | **163,133,965** | 45,405,622 | **1,631,340** | 454,056 |
| Ordinary shares issued under scheme of arrangement | 5.5 | **-** | 96,450,000 | **-** | 964,500 |
| Ordinary shares issued as fully paid bonus shares | 5.6 | **24,470,095** | 21,278,343 | **244,701** | 212,784 |
| **Balance as at 31 December** | | **187,604,060** | 163,133,965 | **1,876,041** | 1,631,340 |

**5.4** Ordinary shares of the Holding Company held by associated persons and undertaking at year end are as follows:

| | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|
| | (Percentage held) | | (Number of shares) | |
| *Poseidon Synergies (Private) Limited | **6.00%** | 6.00% | **11,253,183** | 9,785,377 |
| *Chief Executive Officer and his spouse and minor children* | | | | |
| - Haroon Ahmad Khan (CEO) | **38.32%** | 37.95% | **71,893,524** | 61,916,108 |
| - Nighat Haroon Khan (Wife of CEO) | **15.64%** | 15.64% | **29,346,274** | 25,518,500 |
| - Dependent children of CEO | **1.66%** | 1.66% | **3,107,875** | 2,702,500 |
| | **61.62%** | 61.25% | **115,600,856** | 99,922,485 |

* Owned by Chief Executive Officer and his wife.

**5.5** Pursuant to Scheme of Arrangement, approved by Honourable Sindh High Court through its Order dated 22 May 2018, Singer Pakistan Limited was merged and combined with Cool Industries (Private) Limited and Link Wel (Private) Limited. The Holding Company issued 96,450,000 shares to the shareholders of Cool Industries (Private) Limited and Link Wel (Private) Limited pursuant to the same scheme.

**5.6** During the year, the Holding Company has announced 15% (2018: 15%) bonus shares in lieu of dividend to its existing shareholders, in proportion of their shareholding.

**5.7** The holders of ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Holding Company.

**5.8** 13,509,024 shares having face value of Rs. 10 each are pledged as security with a financial institution.

## 6 Share premium

This represents excess of market value over the face value of shares issued under the scheme of arrangement. This reserve can only be utilized by the Group for the purpose specified in Section 81(2) of the Companies Act, 2017.





## 7 Surplus on revaluation of property, plant and equipment - net of tax

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Revaluation Surplus - as on 01 January | | **163,083** | 169,129 |
| Surplus on revaluation arisen during the year | | **355,409** | - |
| Surplus on sale of buildings on freehold land transferred to retained earnings | | **(6,441)** | (1,248) |
| Incremental depreciation transferred to equity | | **(4,669)** | (4,798) |
| | | **507,382** | 163,083 |
| Deferred tax liability - as on 01 January | | **(45,688)** | (49,890) |
| Deferred tax on revaluation arisen during the year | | **(101,012)** | - |
| Tax effect on sale of buildings on freehold land transferred to retained earnings | | **1,431** | 281 |
| Tax effect on transfer of incremental depreciation to retained earnings | | **1,064** | 1,391 |
| Adjustment resulting from change of tax rate | | **(633)** | 2,530 |
| Deferred tax liability | | **(144,838)** | (45,688) |
| | 7.1 & 7.2 | **362,544** | 117,395 |

**7.1** Balance as at 31 December includes surplus on land of Rs. nil (2018: 1 million), building on freehold land of Rs. 107.47 million (2018: Rs. 116.39 million) and plant and machinery of Rs. 255.71 million (2018: Rs. nil).

**7.2** The Group revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017 and 2019. Latest revaluation was carried out on 31 December 2019. This was conducted by M/s Asif Associates (Private) Limited. Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per kanal for land, price per square foot for buildings and present operational condition and age of plant and machinery.

## 8 Long term loans - Secured

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Long term loans - Banking Company | 8.1 | **805,708** | 568,209 |
| Long term loans - Non-banking Company | 8.1 | **926,563** | 445,312 |
| Current maturity presented under current liabilities | 16 | **(315,000)** | (281,250) |
| | | **1,417,271** | 732,271 |

**8.1** Long term finances utilized under mark-up arrangements from banking and non banking companies are composed of:

| Note | Bank Name | Facility | 2019 Rupees | 2018 Rupees | Mark-up as per Agreement | Tenure and basis of principal repayment |
|---|---|---|---|---|---|---|
| **8.1.1** | Sindh Bank Limited | Term Finance | **405,708** | 568,209 | 3 Months KIBOR plus 3% per annum, payable quarterly. | Balance payable in 5 semi-annually instalments ending on 16 March 2022. |
| **8.1.2** | Dubai Islamic Bank Limited | Term Finance | **400,000** | - | 3 Months KIBOR plus 2% per annum, payable quarterly. | Balance payable after expiry of 15 month grace period in 16 quarterly instalments beginning from 08 January 2021. |
| | | | **805,708** | 568,209 | | |
| **8.1.3** | Pak Brunei Investment Company Limited | Term Finance | **326,563** | 445,312 | 3 Months KIBOR plus 3% per annum, payable quarterly. | Balance payable in 11 quarterly instalments ending on 30 August 2022. |
| **8.1.4** | Pak Oman Investment Company Limited | Term Finance | **300,000** | - | 3 Months KIBOR plus 2.5% per annum, payable quarterly. | Balance payable after expiry of 12 month grace period in 16 quarterly instalments beginning from 06 December 2020. |
| **8.1.5** | Pak Libya Investment Company Limited | Term Finance | **300,000** | - | 6 Months KIBOR plus 2.5% per annum, payable quarterly. | Balance payable after expiry of 12 month grace period in 20 quarterly instalments beginning from 05 October 2020. |
| | | | **926,563** | 445,312 | | |

**8.1.1** This facility is secured by way of first parri passu charge of Rs 1,267 million on present and future fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company. This facility has been obtained to meet long term working capital requirements of the Group.

**8.1.2** This facility is secured by way of first pari passu charge of Rs. 534 million on present and future fixed assets of the Holding Company and Cross corporate guarantees of group concerns.This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Group.

**8.1.3** This facility is secured by way of first parri passu charge of Rs. 967 million on present and future fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Holding Company.

**8.1.4** This facility is secured by way of 25% margin over financing amount related to present and future fixed assets of the Holding Compnay and personal guarantees of the directors of the Holding Company. This facility has been obtained to meet long term working capital requirements and CAPEX for shifting of existing manufacturing facility.

**8.1.5** This facility is secured by way of first pari passu charge of Rs. 400 million on present and future fixed assets of the Holding Company. This facility has been obtained to acquire land to shift the production facilities to a large new premises.

**8.1.6** Subsequent to the year end, the Holding Company has availed the regulatory relief given by State Bank of Pakistan through its circular letter No. 13 of 2020 deferring the the due payments installments of long term loans by 360 days with a restriction imposed by financial institutions on companies availing relief for not making dividend payment during the period of relief.

**8.1.7** As per the financing arrangements, the Holding Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.

| | Note | 2019 | 2018 |
|---|---|---|---|
| **9 Lease liabilities** | | **(Rupees in '000)** | |
| Leased assets - secured | *9.1* | **66,800** | 65,528 |
| Leased building - unsecured | *9.2* | **498,425** | - |
| | | **565,225** | 65,528 |
| Current maturity | | **(127,562)** | (23,074) |
| | | **437,663** | 42,454 |

The future minimum lease payments and their present values to which the Group is committed under various lease arrangements are as follows:

| **9.1** Leased assets - secured | 2019 Minimum lease payments | 2019 Finance charge | 2019 Present value of minimum lease payments | 2018 Minimum lease payments | 2018 Finance charge | 2018 Present value of minimum lease payments |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| Not later than one year | **37,737** | **9,192** | **28,545** | 28,885 | 5,811 | 23,074 |
| Later than one year and not later than five years | **44,948** | **6,693** | **38,255** | 46,950 | 4,496 | 42,454 |
| | **82,685** | **15,885** | **66,800** | 75,835 | 10,307 | 65,528 |

The above represents finance leases entered into with certain financial institution for plant and machinery and vehicles. Monthly payments of leases carry mark-up rates at KIBOR plus 1.5% to 5% per annum (2018: KIBOR plus 1.5 % to 5% per annum). KIBOR is one, three and six months average ask side. At the year-end the applicable rates ranged between 8.43% to 14.09% (2018: 8.43% to 14.09%) per annum.

During the current year, the Holding Company entered into lease arrangements of assets amounting to Rs. 24.1 million. These obligations are payable in monthly installments Rs 0.0453 million to Rs 0.083 million and carry a mark up rate at 3 month KIBOR + 2.5% per annum.

| **9.2 Leased building - unsecured** | 2019 Minimum lease payments | 2019 Finance charge | 2019 Present value of minimum lease payments | 2018 Minimum lease payments | 2018 Finance charge | 2018 Present value of minimum lease payments |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| Not later than one year | **154,368** | **55,351** | **99,017** | - | - | - |
| Later than one year and not later than five years | **521,155** | **121,747** | **399,408** | - | - | - |
| | **675,523** | **177,098** | **498,425** | - | - | - |

As explained in note 4.1.3 to the financial statements, the Group has recognized lease buildings during the year on account of shops and warehouses rented out. The remaining tenure of contracts ranges from 18 to 120 month payable monthly, quarterly and annually. Lease liability is calculated at discount rate ranging from 12.01% to 16.37%.





| | Note | 2019 | 2018 |
|---|---|---|---|
| **10 Employee retirement benefits** | | **(Rupees in '000)** | |
| ***Classified under non-current assets*** | | | |
| *Employee retirement benefits* | | | |
| - Pension fund | *10.2* | **(3,388)** | (9,960) |
| ***Classified under non-current liabilities*** | | | |
| *Employee retirement benefits* | | | |
| - Gratuity fund - permanent employees | *10.2* | **23,088** | 42,480 |
| - Gratuity - field staff | *10.2* | **18,123** | 19,343 |
| | | **41,211** | 61,823 |

**10.1** Pension scheme is available to all permanent whole-time employees in the executive and manager grades including the whole-time working directors but excluding persons working as temporary, trainees or apprentice employees. Minimum years of service for qualifying to pension is 15 years. Employees are entitled to Pension on retirement at 57 years of age. Gratuity to the permanent employees is payable on normal retirement at the age of 57 years, natural death, etc. and is payable only on the minimum completion of 5 years of service with the Group. Both of these benefits relate only to old employees of former Singer Pakistan Limited (before the effective date of amalgamation) and this has been freezed on 31 May 2019. Employees who have not completed the terms, their related charge has been reversed.Gratuity is payable to field staff only on completion of minimum 5 years of service with the Group.

The details of employee retirement benefits based on actuarial valuations carried out by an independent actuary as at 31 December 2019 under the Projected Unit Credit method are given below.

The principal assumptions used in the actuarial valuation are as follows:

| | Pension Fund | | Gratuity | | | |
|---|---|---|---|---|---|---|
| | | | Permanent employees | | Field staff (unfunded) | |
| | **2019 (%)** | 2018 (%) | **2019 (%)** | 2018 (%) | **2019 (%)** | 2018 (%) |
| 1) Discount rate per annum | **11.25** | 13.25 | **11.25** | 13.25 | **11.25** | 13.25 |
| 2) Expected per annum rate of increase in future salaries / commission | **Nil** | 11.25 | **-** | 11.25 | **8.25** | 10.25 |
| 3) Expected rate of increase in pension | **Nil** | Nil | | | | |
| 4) Mortality rates | **SLIC (2001-05)-1** | SLIC (2001-05)-1 | **SLIC (2001-05)-1** | SLIC (2001-05)-1 | **SLIC (2001-05)-1** | SLIC (2001-05)-1 |

| | Note | Pension Fund 2019 | Pension Fund 2018 | Gratuity Permanent employees 2019 | Gratuity Permanent employees 2018 | Gratuity Field staff (unfunded) 2019 | Gratuity Field staff (unfunded) 2018 | Gratuity Total 2019 | Gratuity Total 2018 |
|---|---|---|---|---|---|---|---|---|---|
| | | (Rupees in '000) | | | | | | | |
| **10.2 Amounts recognised in consolidated statement of financial position** | | | | | | | | | |
| Present value of defined benefit obligation | *10.4* | **63,394** | 69,324 | **25,043** | 47,178 | **18,123** | 19,342 | **43,166** | 66,520 |
| Fair value of plan assets | *10.5* | **(66,782)** | (79,284) | **(1,955)** | (4,698) | **-** | - | **(1,955)** | (4,698) |
| (Asset) / liability on the reporting date | *10.3* | **(3,388)** | (9,960) | **23,088** | 42,480 | **18,123** | 19,342 | **41,211** | 61,822 |
| **10.3 Movement in net defined benefit liability recognised in consolidated statement of financial position** | | | | | | | | | |
| Net liability as at 01 January | | **(9,960)** | 5,713 | **42,480** | 31,723 | **19,342** | 17,091 | **61,822** | 48,814 |
| (Income) / cost recognised in profit or loss for the year | *10.6* | **(13,109)** | 4,039 | **(11,741)** | 6,242 | **498** | 2,832 | **(11,243)** | 9,074 |
| Refund / (contribution) during the year | | **9,960** | - | **-** | - | **(1,717)** | (580) | **(1,717)** | (580) |
| Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss / (gain) | *10.7* | **9,721** | (19,712) | **(7,651)** | 4,515 | **-** | - | **(7,651)** | 4,515 |
| Net (asset) / liability as at 31 December | | **(3,388)** | (9,960) | **23,088** | 42,480 | **18,123** | 19,343 | **41,211** | 61,823 |
| **10.4 Movement in present value of defined benefit obligations** | | | | | | | | | |
| Liability for defined benefit obligation at 01 January | | **69,324** | 90,115 | **47,178** | 45,865 | **19,342** | 17,091 | **66,520** | 62,956 |
| Benefits paid | | **(6,933)** | (7,661) | **(3,181)** | (9,394) | **(1,717)** | (581) | **(4,898)** | (9,975) |
| Current service cost | | **3,184** | 3,586 | **3,912** | 3,727 | **498** | 2,832 | **4,410** | 6,559 |
| Past service cost | | **(15,053)** | - | **(21,032)** | - | **-** | - | **(21,032)** | - |
| Interest cost | | **9,144** | 7,433 | **6,011** | 3,824 | **-** | - | **6,011** | 3,824 |
| *Re-measurements - actuarial loss / (gain) on obligation* | | | | | | | | | |
| - Change in financial assumptions | | **9,932** | (23,496) | **1,525** | 1,301 | **-** | - | **1,525** | 1,301 |
| - Change in experience adjustments | | **(6,204)** | (653) | **(9,370)** | 1,855 | **-** | - | **(9,370)** | 1,855 |
| Liability for defined benefit obligation at 31 December | | **63,394** | 69,324 | **25,043** | 47,178 | **18,123** | 19,342 | **43,166** | 66,520 |
| **10.4.1 Analysis of present value of defined benefit obligation** | | | | | | | | | |
| *Vested / non-vested* | | | | | | | | | |
| - Vested Benefits | | - | - | **25,043** | 43,770 | - | - | **25,043** | 43,770 |
| - Non Vested Benefits | | - | - | **-** | 3,408 | - | - | **-** | 3,408 |
| | | - | - | **25,043** | 47,178 | - | - | **25,043** | 47,178 |
| *Benefit obligation by participant status/ cadre* | | | | | | | | | |
| - Active / Management | | **16,768** | 26,123 | **-** | 47,178 | - | - | **-** | 47,178 |
| - Retirees / Union | | **46,626** | 43,201 | **-** | - | - | - | **-** | - |
| | | **63,394** | 69,324 | **-** | 47,178 | - | - | **-** | 47,178 |
| *Type of benefits earned to date* | | | | | | | | | |
| - Accumulated benefit obligation | | **63,394** | 58,078 | **25,043** | 26,716 | - | - | **25,043** | 26,716 |
| - Amounts attributed to future salary increase | | **-** | 11,246 | **-** | 20,462 | - | - | **-** | 20,462 |
| | | **63,394** | 69,324 | **25,043** | 47,178 | - | - | **25,043** | 47,178 |

| | Note | Pension Fund 2019 | Pension Fund 2018 | Gratuity – Permanent employees 2019 | Gratuity – Permanent employees 2018 | Gratuity – Field staff (unfunded) 2019 | Gratuity – Field staff (unfunded) 2018 | Gratuity – Total 2019 | Gratuity – Total 2018 |
|---|---|---|---|---|---|---|---|---|---|
| | | (Rupees in '000) | | | | | | | |
| **10.5 Movements in the fair value of plan assets** | | | | | | | | | |
| Fair value of plan assets - at 01 January | | **79,284** | 84,402 | **4,698** | 14,142 | - | - | **4,698** | 14,142 |
| (Refund) / contribution during the year | | **(9,960)** | - | **-** | - | - | - | **-** | - |
| Benefits paid | | **(6,933)** | (7,661) | **(3,181)** | (9,394) | - | - | **(3,181)** | (9,394) |
| Expected return on plan assets | | **10,384** | 6,980 | **632** | 1,309 | - | - | **632** | 1,309 |
| *Re-measurements on assets - actuarial loss* | | | | | | | | | |
| - Change in experience adjustments | | **(5,993)** | (4,437) | **(194)** | (1,359) | - | - | **(194)** | (1,359) |
| Fair value of plan assets - at 31 December | *10.9* | **66,782** | 79,284 | **1,955** | 4,698 | - | - | **1,955** | 4,698 |
| **10.6 Expense recognised in consolidated statement of profit or loss** | | | | | | | | | |
| Current service cost | | **3,184** | 3,586 | **3,912** | 3,727 | 498 | 2,832 | **4,410** | 6,559 |
| Past service cost | | **(15,053)** | - | **(21,032)** | - | - | - | **(21,032)** | - |
| Interest cost net of expected return on plan assets | | **(1,240)** | 453 | **5,379** | 2,515 | - | - | **5,379** | 2,515 |
| | | **(13,109)** | 4,039 | **(11,741)** | 6,242 | **498** | 2,832 | **(11,243)** | 9,074 |
| The expense is recognised in the following line items in the statement of profit or loss: | | | | | | | | | |
| Cost of sales | | **(8,521)** | 2,651 | **(7,632)** | 4,066 | **-** | - | **(7,632)** | 4,066 |
| Marketing, selling and distribution costs | | **(3,277)** | 967 | **(2,935)** | 1,531 | **498** | 2,832 | **(2,437)** | 4,363 |
| Administrative expenses | | **(1,311)** | 421 | **(1,174)** | 645 | **-** | - | **(1,174)** | 645 |
| | | **(13,109)** | 4,039 | **(11,741)** | 6,242 | **498** | 2,832 | **(11,243)** | 9,074 |
| **10.7 Actuarial (gain) / loss recognised in other comprehensive income during the year** | | | | | | | | | |
| Actuarial (gain) / loss on obligation | | **3,728** | (24,149) | **(7,845)** | 3,156 | **-** | - | **(7,845)** | 3,156 |
| Actuarial loss on plan assets | | **5,993** | 4,437 | **194** | 1,359 | **-** | - | **194** | 1,359 |
| Total actuarial (gain) / loss recognised in OCI | | **9,721** | (19,712) | **(7,651)** | 4,515 | **-** | - | **(7,651)** | 4,515 |

Net actuarial gain on pension fund and funded gratuity amounts to Rs. 2.07 million (2018: Rs. 15.2 million) which has been taken to other comprehensive income.

| | Pension Fund 2019 | Pension Fund 2018 | Gratuity – Permanent employees 2019 | Gratuity – Permanent employees 2018 | Gratuity – Field staff (unfunded) 2019 | Gratuity – Field staff (unfunded) 2018 | Gratuity – Total 2019 | Gratuity – Total 2018 |
|---|---|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | | | |
| **10.8 Return on plan assets** | | | | | | | | |
| Actual return on plan assets | **4,391** | 2,543 | **438** | (50) | - | - | **438** | (50) |

| | Pension Fund 2019 | Pension Fund 2018 | Gratuity – Permanent employees 2019 | Gratuity – Permanent employees 2018 | Gratuity – Field staff (unfunded) 2019 | Gratuity – Field staff (unfunded) 2018 |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| **10.9 Composition of plan assets** | | | | | | |
| Cash and cash equivalents | **22,656** | 11,754 | **1,955** | 4,698 | - | - |
| Debt instruments - Government Bonds / Securities | | | | | | |
| i) Pakistan Investment Bonds | **23,797** | 24,352 | - | - | - | - |
| ii) Special Savings Certificates | **-** | 23,498 | - | - | - | - |
| iii) Treasury bills | **-** | 19,678 | - | - | - | - |
| iv) Current liabilities | **20,329** | - | - | - | - | - |
| Total fair value of plan assets | **66,782** | 79,282 | **1,955** | 4,698 | - | - |

**10.10 Historical information**

| | 31 December 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|
| | (Rupees in '000) | | | | |
| ***Pension fund*** | | | | | |
| Present value of the defined benefit obligation | **63,394** | 69,324 | 90,115 | 80,268 | 75,101 |
| Fair value of plan assets | **(66,782)** | (79,284) | (84,402) | (61,782) | (64,313) |
| (Surplus) / deficit in the plan | **(3,388)** | (9,960) | 5,713 | 18,486 | 10,788 |
| Financial assumptions arising on plan liabilities | **9,932** | (23,496) | (1,602) | 4,257 | 7,284 |
| Experience adjustments arising on plan liabilities | **(6,204)** | (653) | 9,633 | (1,488) | (5,870) |
| Experience adjustments arising on plan assets | **(5,993)** | (4,437) | 256 | 2,102 | 5,192 |
| ***Gratuity - funded*** | | | | | |
| Present value of the defined benefit obligation | **25,043** | 47,178 | 45,865 | 34,166 | 47,564 |
| Fair value of plan assets | **(1,955)** | (4,698) | (14,142) | (14,386) | (25,219) |
| Deficit in the plan | **23,088** | 42,480 | 31,723 | 19,780 | 22,345 |
| Financial assumptions arising on plan liabilities | **1,525** | 1,301 | 67 | (201) | (126) |
| Experience adjustments arising on plan liabilities | **(9,370)** | 1,855 | 7,126 | (8,441) | (2,887) |
| Experience adjustments arising on plan assets | **(194)** | (1,359) | 269 | 1,022 | 13,336 |
| ***Gratuity - unfunded*** | | | | | |
| Present value of the defined benefit obligation | **18,124** | 19,343 | 17,091 | 13,346 | 14,670 |





**10.11 Sensitivity analysis on significant actuarial assumptions**

| *Actuarial liability* | Change in assumption | 31 December 2019 – Pension: Increase in assumption | Pension: Decrease in assumption | Gratuity: Increase in assumption | Gratuity: Decrease in assumption |
|---|---|---|---|---|---|
| Discount rate | 0.5% | 61,389 | 65,532 | **24,642** | **25,459** |
| Salary increases | 0.5% | - | - | - | - |

The weighted average of plan duration for pension is 6.52 years (2018: 7.24 years) while for funded gratuity is 3.26 years (2018: 5.28 years).

**10.12** Maturity profile of the defined benefit obligation - undiscounted payments

| | Time in years 1 | 2 | 3 | 4 | 5 | 6-10 |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| *Distribution of timing of benefit payments* | | | | | | |
| - Pension | 7,194 | 14,560 | 14,751 | 14,598 | 14,373 | 65,508 |
| - Gratuity-funded | 2,817 | 11,986 | 1,829 | 5,662 | 1,198 | 11,186 |
| | **10,011** | **26,546** | **16,580** | **20,260** | **15,571** | **76,694** |

**10.13** Expected charge to the consolidated statement of profit or loss for post employment funded gratuity and pension plans for the year ending 31 December 2020 are Rs. (0.361) million and Rs. 2.52 million respectively.

| | Pension | Gratuity permanent staff | Gratuity field staff |
|---|---|---|---|
| **10.14** Number of employees covered in the scheme | 61 | 63 | 444 |

**11 Deferred tax liability - net**

Deferred tax asset and liability comprise of taxable and deductible temporary differences in respect of the following:

| | Note | Balance as at 01 January 2018 | Recognized in statement of profit or loss | Recognised in equity / OCI | Balance as at 31 December 2018 | Recognized in equity under IFRS 9 | Adjusted balance as at 1 Jan 2019 | Recognized in statement of profit or loss | Recognised in equity | Balance as at 31 December 2019 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | (Rupees in '000) | | | | | | | | |
| ***Taxable temporary difference*** | | | | | | | | | | |
| - accelerated tax depreciation | | 480,684 | (57,386) | - | 423,298 | - | 423,298 | 82,706 | - | **506,004** |
| - surplus on revaluation of property, plant and equipment | 7 | 49,890 | (1,672) | (2,530) | 45,688 | - | 45,688 | (2,495) | 101,645 | **144,838** |
| | | **530,574** | **(59,058)** | **(2,530)** | **468,986** | **-** | **468,986** | **80,211** | **101,645** | **650,842** |
| ***Deductible temporary difference*** | | | | | | | | | | |
| - provision for defined benefit plans | | (5,127) | (364) | - | (5,491) | - | (5,491) | (6) | - | **(5,497)** |
| - other provisions | | (88,554) | (812) | - | (89,366) | (188,686) | (278,052) | 40,109 | - | **(237,943)** |
| - minimum tax | | - | - | - | - | - | - | (17,932) | - | **(17,932)** |
| - tax losses | *11.1* | (190,741) | 86,863 | - | (103,878) | - | (103,878) | (5,422) | - | **(109,300)** |
| | | **(284,422)** | **85,687** | **-** | **(198,735)** | **(188,686)** | **(387,421)** | **16,749** | **-** | **(370,672)** |
| **Deferred tax liability - net** | | **246,152** | **26,629** | **(2,530)** | **270,251** | **(188,686)** | **81,565** | **96,960** | **101,645** | **280,170** |

**11.1** This includes deferred tax of Rs. 13.23 million (2018: Rs. 12.32 million) recorded on unabsorbed tax depreciation and amortisation.

**11.2** Deferred tax has been recognised at rates enacted at the reporting date at which these are expected to be settled / realized.

**11.3** The management has recorded deferred tax asset on tax losses and credits based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

* This includes Rs. 189.32 million directly charged to equity.

| | | Note | 2019 | 2018 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| 12 | **Deferred income** | | | |
| | ***Details of the movement in the balance*** | | | |
| | Balance as at 01 January | | | |
| | Gross balance of deferred income | | **50,529** | 32,580 |
| | Accumulated amortisation | | **(23,190)** | (16,868) |
| | Unamortized balance of deferred income as on 01 January | | **27,339** | 15,712 |
| | ***Transactions during the year*** | | | |
| | Sale and lease back arrangement | 12.1 | **-** | 17,949 |
| | *Amortisation for the year* | | | |
| | - on sale and lease back arrangement | 12.1 | **(4,956)** | (5,236) |
| | - on grant | 12.2 | **(1,161)** | (1,086) |
| | | | **(6,117)** | (6,322) |
| | Unamortized balance of deferred income | | **21,222** | 27,339 |
| | *Current portion of deferred income* | | | |
| | - on sale and lease back arrangement | 12.1 | **(4,487)** | (4,955) |
| | - on grant | 12.2 | **(1,161)** | (2,170) |
| | | | **(5,648)** | (7,125) |
| | Balance as at 31 December | | **15,574** | 20,214 |
| | ***Reconciliation:*** | | | |
| | Gross balance of deferred income | | **50,529** | 50,529 |
| | Accumulated amortisation | | **(29,307)** | (23,190) |
| | Unamortized balance of deferred income | | **21,222** | 27,339 |
| | **Details of the closing balance** | | | |
| | Unamortized balance of the excess of sale proceeds over the carrying value of assets | 12.1 | **11,181** | 16,137 |
| | Unamortized balance of grant | 12.2 | **10,041** | 11,202 |
| | | | **21,222** | 27,339 |

**12.1** The Group had entered in sale and lease back arrangements of specific items of plant and machinery resulting in a deferred income (representing excess of sale proceeds over the carrying amount of respective assets). The deferred income has been amortized and recognised in the consolidated statement of profit or loss over the lease term.

**12.2** Grant in aid represents the amount received from the World Bank under a project to phase out the Ozone Depleting Substances (ODS) by acquiring asset (production facility) which manufactures products that are free from such substances. This grant is classified as deferred income and is being amortized over the useful life of the asset. Amortization for the year is based on 8.33% of the balance in accordance with the depreciation charged on plant and machinery for which the grant was received.





| | | Note | 2019 | 2018 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| 13 | **Trade and other payables** | | | |
| | Trade creditors | | **1,018,712** | 739,901 |
| | Bills payable | | **155,481** | 519,182 |
| | Accrued liabilities | | **224,188** | 223,586 |
| | Advance from dealers | | **-** | 11,371 |
| | Contract liabilities | | **66,789** | - |
| | Security deposits from dealers | 13.1 | **14,838** | 12,815 |
| | Retention from employees | 13.2 | **100,130** | 88,623 |
| | Provisions in respect of warranty obligations | | **18,864** | 12,922 |
| | Workers' profits participation fund | 13.3 | **32,313** | 27,331 |
| | Workers' welfare fund | | **9,243** | 9,118 |
| | Advance from employees against vehicle | | **17,013** | 10,835 |
| | Income tax deducted at source | 13.4 | **126,862** | 55,774 |
| | Payable to the provident fund | 35 | **6,497** | 8,434 |
| | Others | 13.5 | **73,583** | 69,725 |
| | | | **1,864,513** | 1,789,617 |

**13.1** The Group is in the process of transferring this amount to a separate bank account to comply with the requirements of Companies Act, 2017.

**13.2** This represents deposits of employees held by the Group and is paid at the time of final settlement.

| | | Note | 2019 | 2018 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| 13.3 | **Workers' profits participation fund** | | | |
| | Balance as at 01 January | | **27,331** | 12,248 |
| | Add: Allocation for the year | 29 | **32,313** | 27,331 |
| | Interest on WPPF accrued during the year | | **-** | 498 |
| | | | **59,644** | 40,077 |
| | Less: Payment made during the year | | **(27,331)** | (12,746) |
| | Balance as at 31 December | | **32,313** | 27,331 |

**13.4** Amount of Rs. Nil million (2018: 25.31 million) has been paid subsequent to year end.

**13.5** Included in other liabilities are provisions aggregating to Rs. 61.74 million (2018: Rs 61.74 million) in respect of probable loss from pending litigation of the Holding Company against Income Tax, Sales Tax and Custom Authorities (the authorities). The above provisions have been made as per the management's best estimate against various demands raised by the authorities that are being contested by the Holding Company at various forums as explained in note 17.

| | | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| 14 | **Mark-up accrued on borrowings** | | |
| | *Mark-up based borrowings from banking companies* | | |
| | - Long term loans - secured | **30,937** | 19,655 |
| | - Short term borrowings - secured | **147,197** | 62,837 |
| | *Mark-up based borrowings from non-banking companies* | | |
| | - Long term loan from financial institution | **21,796** | 5,101 |
| | *Islamic mode of borrowings* | | |
| | - Short term borrowings - secured | **16,636** | 9,745 |
| | | **216,566** | 97,338 |

| 15 Short term borrowings | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **From banking companies - secured** | | | |
| Running finance under mark-up arrangements | 15.2 | 1,496,360 | 1,529,866 |
| Finance against trust receipt | 15.3 | 1,873,765 | 1,032,528 |
| Cash finance | 15.4 | 463,455 | - |
| Short term borrowings under Murahaba arrangement | 15.5 | 280,001 | 397,892 |
| | | 4,113,581 | 2,960,286 |
| **From non banking companies** | | | |
| Short term borrowings from associated undertaking - *unsecured* | 15.7 | - | 35,000 |
| | | 4,113,581 | 2,995,286 |

**15.1 Particulars of borrowings**

| | 2019 | 2018 |
|---|---|---|
| Interest / mark-up based borrowings | 3,833,580 | 2,597,394 |
| Islamic mode of borrowings | 280,001 | 397,892 |
| | 4,113,581 | 2,995,286 |

**15.2 Short term running finance**

This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. 1,506.72 million (2018: Rs. 1,536 million). These facilities are secured by way of equitable mortgage charge on owned shops, freehold land and building on freehold land of the Holding Company, charge over all current assets and fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company and carry mark-up ranging from 12.05% to 16.86% (2018: 8.91% to 11.88%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates (Latest by January 2020 and maximum by September 2020).

**15.3 Finance against trust receipt**

This represents Finance Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 2,763.95 million (2018: 1,854 million). These facilities are secured against charge over all current assets and fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company and carries mark-up rate ranging between 10.56% to 17.01% (2018: 8.66% to 12.94%) per annum payable on maturity, monthly and quarterly in arrears. These borrowings are repayable on different dates starting from January 2020 to June 2020.

**15.4 Cash finance**

This represents utilized amount of cash finance facilities under mark-up arrangements availed from commercial banks aggregating to Rs. 475 million (2018: Rs. Nil million). These facilities are secured by way of pledge of Holding Company stock with 25% of margin, charge over all current assets of the Holding Company and personal guarantees of the directors of the Holding Company and carry mark-up ranging from 16.36% to 18.54% (2018: Nil) per annum, payable quarterly in arrears. These facilities are expiring on various dates (Latest by June 2020 and maximum December 2020).

**15.5 Islamic mode of borrowings**

This represents utilized amount of Murabaha / Istisna borrowings available from banks aggregating to Rs. 280 million (2018: Rs. 417 million). These facilities are secured against charge over all current assets and fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company and carrying mark-up rates ranging from 12.30% to 16.65% (2018: 7.66% to 12.41%) per annum payable quarterly in arrears. These borrowings are repayable between April 2020 to June 2020.

**15.6 Unavailed credit facilities**

The facilities for opening of letter of credits and guarantees as at 31 December 2019 amounted to Rs. 1,526.43 million of which remaining unutilized amount was Rs. 890.18 million.





**15.7 Short term borrowings from associated undertaking**

This represents an interest free loan obtained from Poseidon Synergies (Private) Limited, an associated undertaking, for working capital requirement and is repaid during the year.

**15.8** Subsequent to the year end, the Holding Company has availed the regulatory relief given by State Bank of Pakistan through its BPRD circular letter no. 13 of 2020 deferring the the principal payments due under facilities by 360 days with a resitriction imposed by finanical institutions for not making dividend payment during the period of relief.

**15.9** As per the financing arrangements, the Holding Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.

| 16 Current portion of long term liabilities | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Long term loans - *secured* | 8 | 315,000 | 281,250 |
| Lease liabilities | 9 | 127,563 | 23,074 |
| Deferred income | 12 | 5,648 | 7,125 |
| | | 448,211 | 311,449 |

**17 Contingencies and commitments**

**17.1 Contingencies - Holding Company**

**17.1.1** The Holding Company has filed a Constitutional petition before the Honourable Sindh High Court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2% extra sales tax on certain home appliances. This is based on the view that the said vires are not applicable on the Holding Company. The case is pending before the Honourable Sindh High Court. An interim order was received in favour of the Holding Company. The Holding Company is confident that no liability is expected to occur. Amount involved is Rs. 84.80 million as of 31 December 2019 against which no provision has been made as the Holding Company, based on the legal advisor's advice, is confident of a favourable decision.

During the financial year 2014, the Holding Company received a show cause notice from the Federal Board of Revenue (FBR) in respect of short payment of 2% extra sales tax under the Sales Tax Procedures Rules, 2007 as amended by SRO. 896(I)/2013 dated 4 October 2013 and deduction of input tax more than the limit defined under section 8 read with chapter IV of Sales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and Rs. 11.15 million respectively for the period from 1 January 2014 to 30 September 2014. The Holding Company after consultation with its tax advisors has replied and submitted explanation with the tax authorities along with revised workings for the apportionment of input tax which in the case of the Holding Company for the above period was Rs. 0.52 million (regarding the 2% extra sales tax matter, please refer the above paragraph). Since then, no further action has been initiated by the tax authorities

The Holding Company had earlier received a sales tax recovery order from the sales tax authorities amounting to Rs. 195.63 million, for the financial year ended 31 December 2010 against which the Holding Company had filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A). CIR-A had deleted one item while the remaining matters were set aside. Moreover, the management, based on consultation with its tax advisor, is of the view that matter would be decided in favour of the Holding Company. However, CIR has filed an appeal against Holding Company on the matters of SRO 647/2007 regarding input tax adjustments against 90% output tax and payment of sales tax on instalment sales at the time of receipt of instalment instead at the time when instalment sales are actually being made for which no hearing has yet taken place. Amount involved is Rs. 171.71 million. However, based on advice of legal consultant, management is of the view that that no potential liability is expected to occur.

**17.1.2** Income tax assessments of the Holding Company have been finalised up to and including the tax year 2007. The Holding Company had applied for Income tax refund for the tax years from 2006 to 2011. Income tax refund orders were earlier determined for the tax years 2009, 2010 and 2011. Income tax refund was released for the tax year 2009. However, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed orders under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Holding Company had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the adjustment of the refund of related years) under section 221 of the Income Tax Ordinance, 2001. Appeals have been filed to Commissioner Inland Revenue - Appeals (CIR-A) against these orders.

The Holding Company has received appellate orders for the tax years from 2009 to 2012, dated 29 June 2015, where the CIR-A has set aside certain issues for reassessment, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 43.72 million. Appeal has been filed with Appellate Tribunal Inland Revenue (ATIR) against these issues. The Holding Company based on the merits of matters is of the view that ultimate decisions are expected in its favour. However, adequate provision is held in the consolidated financial statements in respect of the above balance.

**17.1.3** The Finance Act, 2017 introduced a tax under section 5A of the Income Tax ordinance, 2001 on every pubic Holding Company other than a scheduled bank or Modarba, that derives profit for the tax year and does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus issue. Under the earlier section tax was not mandatorily leviable in case the Holding Company's reserves were not in excess of the paid up capital (which was the case with the Holding Company as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.35 million has not been paid as the Holding Company's management is of the view that the amendment was made after the closure of Holding Company's financial year ended 31 December 2016 and for certain other legal reasons. The Holding Company has filed a Constitutional petition before the Honourable Sindh High Court at Karachi challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and a stay order has been granted against any coercive action against the Holding Company under the newly inserted Section 5A.

**17.1.4** The Deputy Commissioner Inland Revenue (DCIR), via order dated 30 April 2014, under section 161(1) and 205(3) of the Income Tax Ordinance, 2001 for the tax year 2014 raised a tax demand of Rs. 0.83 million for non deduction of advance income tax for the period from 01 November 2013 to 30 April 2014 under section 236(G) and 236(H) of the aforesaid Ordinance. The Holding Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was remanded back to DCIR. The Holding Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.

**17.1.5** During the financial year 2014, the Holding Company received a notice by Commissioner Inland Revenue - Zone I for selection of audit under section 214C for the tax year 2012. The Holding Company filed an appeal against the said notice before Honourable Lahore High Court which was decided against the Holding Company and audit proceedings were initiated. The Deputy Commissioner Inland Revenue issued an amended assessment order under section 122(1) and 122(5) through which certain additions were made and demand order was raised amounting to Rs. 48.10 million. Being aggrieved, the Holding Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order which is pending adjudication.

**17.1.6** During the financial year 2014, the Assistant Commissioner Inland Revenue imposed penalty vide order dated 27 April 2014 under section 182(1) of the Income Tax Ordinance, 2001 amounting Rs. 0.91 million for the tax year 2013 for the late filling of income tax return under section 114 of the Income Tax Ordinance, 2001. The Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order. The CIR-A decided the matter against the Company vide order dated 25 March 2014.The Holding Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.





**17.1.7** During the financial year 2015, the Additional Commissioner Inland Revenue (ACIR), vide order dated 30 April 2015, under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010, raised an amended demand of Rs. 7.85 million after disallowing certain expenses amounting to Rs. 29.15 million. The Holding Company filed an appeal for the rectification of order before Commissioner Inland Revenue - Appeals (CIR-A) who vide its order dated 30 December 2015 deleted certain items amounting to Rs. 19.94 million. ACIR has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.

**17.1.8** During the financial year 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide its order dated 19 June 2017 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The ACIR disallowed certain expenses amounting to Rs. 9.58 million and raised the additional income tax demand of Rs. 1.02 million. The Holding Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which is pending for adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.

**17.1.9** During the financial year 2017, Deputy Commissioner Inland Revenue (DCIR) issued an amended assessment order under section 161/205 of the Income Tax Ordinance, 2001 and certain additions were made due to non-deduction of withholding tax amounting Rs 122.54 million for tax year 2015. The Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the order where the Company was granted stay of tax demand. The CIR-A passed an order in which demand against purchases and discounts have been deleted and amended demand of Rs. 33.85 million has been raised. The Holding Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order which is pending adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.

**17.1.10** During the financial year 2018, the Deputy Commissioner Inland Revenue (DCIR) issued an amended assessment order under section 122(1) of the Income Tax Ordinance, 2001 raising a tax demand of Rs. 30.41 million for the tax year 2015. Being aggrieved, the Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the order. The CIR-A, via order dated 27 July 2018, directed DCIR to apply minimum tax under section 113 at the rate of 0.2% instead of 1% and remanded back the case to DCIR. The Holding Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order which is pending adjudication.

**17.1.11** During the financial year 2018, the Holding Company received a show cause notice issued by Deputy Commissioner Inland Revenue under section 161 for the tax year 2017 on non deduction of withholding tax amounting to Rs. 6.03 million on payments against purchase of plant and machinery, packing material and other miscellaneous payments. The Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) where the case was remanded back to the Department. Being aggrieved, the Holding Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

**17.1.12** During the financial year 2018, the Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2014, passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 25.29 million alleging that the Holding Company suppressed its sales and adjusted inadmissible expenses. Being aggrieved, the Holding Company has filed appeal before Commissioner Inland Revenue - Appeals (CIR-A). CIT Appeal vide order, deleted certain additions amounting to Rs. 80 million and the rest of the additions amounting to Rs. 26 million were confirmed. Hence nothing is outstanding or payable against the Holding Company. The department filed an appeal before ITAT which is pending for adjudication and a favorable outcome is expected.

**17.1.13** During the financial year 2016, the Deputy Commissioner Inland Revenue raised an order under section 161/205 of the Income Tax Ordinance, 2001 for non-deduction of tax amounting Rs. 6.45 million and Rs. 3.76 million for tax years 2009 and 2010 respectively. Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was decided against the Holding Company. The Holding Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.

**17.1.14** During the year, the Holding Company received a show cause notice from Collector of Customs dated 05 April 2019 and respective order dated 17 October 2019 in which the Holding Company was directed to deposit an amount of Rs. 14.70 million for the consignment of Polymethylene polyphenylene isocynate which was cleared through erroneous applicaion of SRO 659/2007 dated 30 June 2007. The Holding Company has filed an appeal against the order which is in progress.

**17.1.15** During the year, a special customs reference was filed by before the Honorable Sindh High Court Karachi against order dated 14 May 2019 passed by Customs Appellate Tribunal, Karachi where in the Holding Company was directed to deposit an amount of Rs. 8.32 million and penalty of Rs. 0.50 million alleging that from July 2013 to June 2016 the Holding Company imported two consignments of Polyethylene Isocynates under PCT heading 3824.9091 wherein custom duty charged @ 0% instead of 20%. The reference is under adjudication.

**17.1.16** During the year, a special customs reference was filed before the Honorable Sindh High Court Karachi against order dated 14 May 2019 passed by Customs Appellate Tribunal, Karachi where in Company was directed to deposit an amount of Rs. 22.52 million and penalty of Rs. 0.50 million alleging that from July 2013 to June 2016 the Company imported two consignments of Polyethylene Isocynates under PCT heading 3824.9091 wherein custom duty charged @ 0% instead of 20%. The reference is under adjudication.

**17.1.17** During the year, the Holding Company received a show cause notice from Collector of Customs dated 05 April 2019 and respective order dated 17 October 2019 in which the Holding Company was directed to deposit an amount of Rs. 9.42 million for the consignment of Polymethylene polyphenylene isocynate which was cleared through erroneous applicaion of SRO 659/2007 dated 30 June 2007. The Holding Company has filed an appeal against the order which is progress.

Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that the Holding Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision (in addition to already held in respect of certain cases of the Holding Company) has been made in these consolidated financial statements.

### 17.2 Commitments - Holding Company

**17.2.1** Commitments, for the import of stock in trade, outstanding at year end were for Rs. 319.39 million (2018: Rs. 247.88 million).

**17.2.2** Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. 1.09 million (2018: Rs. 14.33 million).

## 18 Property, plant and equipment

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Operating fixed assets | 18.1 | 5,084,452 | 4,721,191 |
| Right of use assets | 18.1 | 574,009 | - |
| Capital work-in-progress | 18.2 | 46,204 | 33,507 |
| | | 5,704,666 | 4,754,698 |





**18.1 Operating fixed assets / Right of use assets**

| | Note | Operating fixed assets | | | | | | | | Right of use assets | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Freehold Land | Buildings On leasehold land | Buildings On freehold land | Plant and machinery | Furniture and equipment | Vehicles | Computers | Leasehold improvements | Buildings | Plant and machinery | Furniture and equipment | Vehicles | Computers | |
| | | Rupees (000) | | | | | | | | | | | | | |
| **At 1 January 2019** | | | | | | | | | | | | | | | |
| Cost / revaluation | | 2,365,500 | 173,501 | 410,684 | 1,424,745 | 89,308 | 138,884 | 61,624 | 460,692 | - | 96,367 | 1,360 | 25,748 | 3,917 | 5,252,330 |
| Effect of initial application of IFRS-16 | 4.1.3 | - | - | - | - | - | - | - | - | 447,767 | - | - | - | - | 447,767 |
| Accumulated depreciation | | - | (5,205) | (10,725) | (164,500) | (46,756) | (38,586) | (48,771) | (190,329) | - | (18,927) | (1,065) | (3,562) | (2,712) | (531,139) |
| Net book value | | 2,365,500 | 168,296 | 399,959 | 1,260,245 | 42,552 | 100,298 | 12,853 | 270,363 | 447,767 | 77,440 | 295 | 22,186 | 1,205 | 5,168,958 |
| **Transactions during the year** | | | | | | | | | | | | | | | |
| **Additions** | | - | - | 63,958 | 229,999 | 12,490 | 14,175 | 5,862 | 7,574 | 121,332 | - | - | 24,840 | - | 480,230 |
| **Transfers** | | | | | | | | | | | | | | | |
| Cost* | | - | 50,000 | (50,000) | 18,535 | - | 2,088 | - | - | - | (18,535) | - | (2,088) | - | - |
| Depreciation* | | - | - | - | (7,977) | - | (1,055) | - | - | - | 7,977 | - | 1,055 | - | - |
| | | - | 50,000 | (50,000) | 10,558 | - | 1,033 | - | - | - | (10,558) | - | (1,033) | - | - |
| **Disposals** | 18.3 | | | | | | | | | | | | | | |
| Cost | | - | (7,800) | - | (5,159) | - | (9,675) | - | - | - | - | - | - | - | (22,634) |
| Depreciation | | - | 683 | - | 1,003 | - | 3,938 | - | - | - | - | - | - | - | 5,624 |
| | | - | (7,117) | - | (4,156) | - | (5,737) | - | - | - | - | - | - | - | (17,010) |
| **Depreciation charge for the year** | | - | (6,901) | (10,980) | (123,942) | (5,710) | (20,088) | (4,624) | (32,354) | (112,397) | (6,432) | (136) | (5,459) | (103) | (329,126) |
| **Effect of revaluation** | | (1,000) | (11,423) | (22,142) | 46,368 | - | - | - | - | - | (2,320) | - | - | - | 9,483 |
| **Elimination of gross carrying value against accumulated depreciation** | | - | 11,423 | 21,705 | 295,416 | - | - | - | - | - | 17,382 | - | - | - | 345,926 |
| **Closing net book value** | | 2,364,500 | 204,278 | 402,500 | 1,714,488 | 49,332 | 89,681 | 14,091 | 245,583 | 456,702 | 75,512 | 159 | 40,534 | 1,102 | 5,658,461 |
| **As at 31 December 2019** | | | | | | | | | | | | | | | |
| Cost / revaluated amount | | 2,364,500 | 204,278 | 402,500 | 1,714,488 | 101,798 | 145,472 | 67,486 | 468,266 | 569,099 | 75,512 | 1,360 | 48,500 | 3,917 | 6,167,176 |
| Accumulated depreciation | | - | - | - | - | (52,466) | (55,791) | (53,395) | (222,683) | (112,397) | - | (1,201) | (7,966) | (2,815) | (508,715) |
| **Net book value** | | 2,364,500 | 204,278 | 402,500 | 1,714,488 | 49,332 | 89,681 | 14,091 | 245,583 | 456,702 | 75,512 | 159 | 40,534 | 1,102 | 5,658,462 |
| **Depreciation rate (% per annum)** | | Nil | 3 | 3 | 8.33 | 10-20 | 20 | 20 | 10 | 10 | 8.33 | 10 | 20 | 20 | |

18.1 Operating fixed assets

| | | Owned asssets | | | | | | | | Lease assets | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Freehold Land | Buildings On leasehold land | Buildings On freehold land | Plant and machinery | Furniture and equipment | Vehicles | Computers | Leasehold improvements | Buildings | Plant and machinery | Furniture and equipment | Vehicles | Computers | |
| | Note | Rupees (000) | | | | | | | | | | | | | |
| At 1 January 2018 | | | | | | | | | | | | | | | |
| Cost / revaluation | | 2,365,500 | 173,501 | 439,000 | 1,243,161 | 87,720 | 94,472 | 53,158 | 437,616 | - | 73,251 | 1,360 | 27,398 | 3,917 | 5,000,054 |
| Accumulated depreciation | | - | - | - | (122,183) | (40,076) | (11,865) | (45,812) | (159,456) | - | (12,506) | (929) | (10,285) | (2,301) | (405,413) |
| Net book value | | 2,365,500 | 173,501 | 439,000 | 1,120,978 | 47,644 | 82,607 | 7,346 | 278,160 | - | 60,745 | 431 | 17,113 | 1,616 | 4,594,641 |
| Transactions during the year | | | | | | | | | | | | | | | |
| Additions | | - | - | 33,239 | 436,254 | 15,497 | 34,116 | 10,268 | 23,076 | - | - | - | 17,906 | - | 570,356 |
| Transfers | | | | | | | | | | | | | | | |
| Cost** | | - | - | - | (26,854) | - | 19,556 | - | - | - | 23,556 | - | (19,556) | - | (3,298) |
| Depreciation** | | - | - | - | 21,248 | - | (9,778) | - | - | - | | - | 9,778 | - | 21,248 |
| | | - | - | - | (5,606) | - | 9,778 | - | - | - | 23,556 | - | (9,778) | - | 17,950 |
| Disposals | 18.3 | | | | | | | | | | | | | | |
| Cost | | - | - | (61,555) | (227,816) | (13,909) | (9,260) | (1,802) | - | - | (440) | - | - | - | (314,782) |
| Depreciation | | - | - | 1,539 | 39,520 | 1,647 | 2,122 | 1,802 | - | - | 225 | - | - | - | 46,855 |
| | | - | - | (60,016) | (188,296) | (12,262) | (7,138) | - | - | - | (215) | - | - | - | (267,927) |
| Depreciation charge for the year | | - | (5,205) | (12,264) | (103,085) | (8,327) | (19,065) | (4,761) | (30,873) | - | (6,646) | (136) | (3,055) | (411) | (193,829) |
| Closing net book value | | 2,365,500 | 168,296 | 399,959 | 1,260,245 | 42,552 | 100,298 | 12,853 | 270,363 | - | 77,440 | 295 | 22,186 | 1,205 | 4,721,191 |
| As at 31 December 2018 | | | | | | | | | | | | | | | |
| Cost / revaluated amount | | 2,365,500 | 173,501 | 410,684 | 1,424,745 | 89,308 | 138,884 | 61,624 | 460,692 | - | 96,367 | 1,360 | 25,748 | 3,917 | 5,252,330 |
| Accumulated depreciation | | - | (5,205) | (10,725) | (164,500) | (46,756) | (38,586) | (48,771) | (190,329) | - | (18,927) | (1,065) | (3,562) | (2,712) | (531,139) |
| Net book value | | 2,365,500 | 168,296 | 399,959 | 1,260,245 | 42,552 | 100,298 | 12,853 | 270,363 | - | 77,440 | 295 | 22,186 | 1,205 | 4,721,191 |
| Depreciation rate (% per annum) | | Nil | 3 | 3 | 8.33 | 10-20 | 20 | 20 | 10 | 10 | 8.33 | 10 | 20 | 20 | |

* Represents adjustment for sale and lease back arrangements and transferred to owned assets on the maturity of lease.





**18.1.1** Had there been no revaluation of the freehold land, buildings thereon and plant and machinery therin, the net book value as of 31 December 2019 would have been as follows:

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Land | **2,364,500** | 2,364,500 |
| Buildings | **456,243** | 507,357 |
| Plant and Machinery | **1,433,154** | - |
| | **4,253,897** | 2,871,857 |

**18.1.2** The latest revaluation was carried on 31 December 2019 by Asif Associates (Private) Limited. As per the revaluation report, forced sale value of freehold land, buildings on free hold land and plant and machinery was Rs. 2,128 million, Rs. 344.70 and Rs. 1,433.95 million respectively.

**18.1.3** Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location | Usage of immovable property | Total area (Kanals) | Covered area (Square Feet) |
|---|---|---|---|
| 9-K.M, Hanjarwal, Multan Road, Lahore. | Head Office and manufacturing facility | 61.90 | 340,134 |
| Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur. | Manufacturing facility | 8.45 | 18,069 |
| 35- Shahrah-e-Fatima Jinnah Lahore | Shop | 0.14 | 754 |
| Ground floor, Marhaba Center Opposite Muhammad bin Qasim Park, Taluka and district Sukkar | Shop | 0.36 | 1,983 |
| Ground floor, AL- AMNA Complex, Civil Lines Hyderabad | Shop | 0.17 | 915 |
| Land no 23A, Block-6, P.E.C.H.S Karachi | Shop | 0.32 | 1,717 |
| Plot No 34 and 35,Sadar Bazar Karachi | Shop | 0.064 | 350 |
| Shop Bearing survey no 13, Sadar Bazar quarters Karachi | Shop | 0.47 | 2,575 |

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **18.1.4** Depreciation for the year has been allocated as follows: | | | |
| Cost of sales | *26.1* | **134,887** | 108,080 |
| Marketing, selling and distribution costs | *27* | **144,737** | 47,217 |
| Administrative expenses | *28* | **49,502** | 38,532 |
| | | **329,126** | 193,829 |

**18.2 Capital work-in-progress**

| | 2019 | 2018 |
|---|---|---|
| Balance as at 01 January | **33,507** | 86,363 |
| Additions during the year | **266,959** | 128,853 |
| Transfers during the year | **(254,262)** | (181,709) |
| Balance as at 31 December | **46,204** | 33,507 |
| Breakup of capital work in progress is as follows: | | |
| - Building | **4,851** | 3,770 |
| - Plant and machinery | **35,845** | 18,400 |
| - Electric installation | **5,508** | 1,155 |
| - Advance against purchase of land | **-** | 10,182 |
| | **46,204** | 33,507 |

**18.3 Disposal of operating fixed assets**

| Particulars of assets | Particulars of purchaser | Relationship with Company | Cost / Revalued amount | Net book value | Net sale proceeds | Gain / (loss) on disposal | Mode of disposal |
|---|---|---|---|---|---|---|---|
| | | | ---------- (Rupees in '000) ---------- | | | | |
| **Building on leasehold land** | | | | | | | |
| Sale of shop | Sajid | Third Party Sale | 7,800 | 7,117 | 9,317 | 2,200 | Negotiation |
| **Plant and machinery** | | | | | | | |
| Powder Plant Machine Parts Nordson | Mian Saeed | Third Party Sale | 3,397 | 2,737 | 1,317 | (1,420) | Negotiation |
| Powder Mechanical 2Hp 165Mm Lower Strip New Model | Mian Saeed | Third Party Sale | 17 | 14 | 7 | (7) | - do - |
| Machine parts for Powder Plant | Mian Saeed | Third Party Sale | 1,745 | 1405 | 676 | (729) | - do - |
| | | | 5,159 | 4,156 | 2,000 | (2,156) | |
| **Vehicles** | | | | | | | |
| Suzuki Cultus VXL | Arshad Mehmood | - do - | 1,391 | 1,229 | 1,013 | (216) | Negotiation |
| Toyota Corolla-GLI | Arshad Mehmood | - do - | 1,426 | 713 | 1,115 | 402 | - do - |
| Toyota Corolla | Yasin Amin Sundal | - do - | 900 | 555 | 850 | 295 | - do - |
| | | | 3,717 | 2,497 | 2,978 | 481 | |
| Various assets having net book value up to Rs 500,000 each | | | 5,958 | 3,240 | 4,655 | 1,415 | |
| | | | 9,675 | 5,737 | 7,633 | 1,896 | |
| | **2019** | | **22,634** | **17,010** | **18,950** | **1,940** | |
| | 2018 | | 314,782 | 267,927 | 255,540 | (12,388) | |





| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **19 Intangible assets and goodwill** | | | |
| Software | | **47,996** | 36,678 |
| Goodwill | | **1,070,206** | 1,070,206 |
| Brand value | | **1,582,147** | 1,582,147 |
| Customer relationships | | **245,925** | 276,659 |
| | 19.1 | **2,946,274** | 2,965,690 |

**19.1 Reconciliation of carrying amounts**

| Description | Software | Goodwill | Brand value | Customer relationships | Total |
|---|---|---|---|---|---|
| | ---------- | ---------- | (Rupees in '000) | ---------- | ---------- |
| ***Cost*** | | | | | |
| Balance at 01 January 2018 | 49,761 | 1,070,206 | 1,582,147 | 322,769 | 3,024,883 |
| Additions during the year | 28,426 | - | - | - | 28,426 |
| Balance as at 31 December 2018 | 78,187 | 1,070,206 | 1,582,147 | 322,769 | 3,053,309 |
| Additions during the year | 21,011 | - | - | - | 21,011 |
| **Balance at 31 December 2019** | **99,198** | **1,070,206** | **1,582,147** | **322,769** | **3,074,320** |
| ***Accumulated amortisation and impairment losses*** | | | | | |
| Balance at 01 January 2018 | (31,045) | - | - | (15,376) | (46,421) |
| Amortisation for the year | (10,464) | - | - | (30,734) | (41,198) |
| Balance at 31 December 2018 | (41,509) | - | - | (46,110) | (87,619) |
| Amortisation for the year | (9,693) | - | - | (30,734) | (40,427) |
| **Balance at 31 December 2019** | **(51,202)** | **-** | **-** | **(76,844)** | **(128,046)** |
| **Carrying amounts:** | | | | | |
| At 31 December 2018 | 36,678 | 1,070,206 | 1,582,147 | 276,659 | 2,965,690 |
| **At 31 December 2019** | **47,996** | **1,070,206** | **1,582,147** | **245,925** | **2,946,274** |
| **Rates of amortization** | **5-10 years** | **Nil** | **Nil** | **10.5 years** | |

**19.2 Goodwill and other intangible assets acquired in business combination**

Effective 01 July 2017, Waves Singer Pakistan Limited ("the Company") completed a 'Scheme of Arrangement' as approved by the Honorable Sindh High Court through its Order dated 22 May 2018 for the amalgamation of Cool Industries (Private) Limited [CIPL] and Link Wel (Private) Limited [LWPL] with and into the Company and demerger of retail business from the Company and amalgamate the same into the subsidiary. The excess amount paid over the fair value of the net assets of CIPL and LWPL on its acquisition as of the start of business on 01 July 2017 represents goodwill. The fair valuation exercise of the recorded tangible assets and liabilities was completed at the time of acquisition resulting in recognition of provisional goodwill amounting to Rs. 2,975.12 million which, after completion of exercise for determination of separately identifiable assets, has been allocated to 'Goodwill' amounting to Rs.1,070.21 million, 'Brand value' amounting to Rs. 1,582.15 million and 'Customers relations' amounting to Rs. 322.77 million inline with the requirements of International Accounting Standard 38, (IAS-38) 'Intangible Assets'.

***Impairment testing***

The recoverable amount of goodwill including intangible assets (brand value and customer relationships) acquired through a business combination has been tested for impairment as at 31 December 2019, by allocating the amount of goodwill and intangible assets to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board of Directors which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a steady 3.00% growth rate. The cash flows are discounted using a discount rate of 13.31% (goodwill) and 15.20% (intangibles) for use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill and other intangible assets.

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **19.3** Amortisation for the year has been allocated as follows: | | | |
| Marketing, selling and distribution costs | 27 | **30,734** | 38,276 |
| Administrative expenses | 28 | **9,693** | 1,909 |
| | | **40,427** | 40,185 |

## 20 Long term deposits

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| *Deposits* | | | |
| - leases | | **5,373** | 2,752 |
| - other long term deposits | | **21,015** | 20,885 |
| | | **26,388** | 23,637 |

## 21 Stock-in-trade

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| *Raw and packing materials* | | | |
| - in stores (in hand) | | **771,111** | 637,537 |
| - in bonded warehouse | *21.1* | **648,357** | 341,054 |
| - in transit | | **285,283** | 639,419 |
| | | **1,704,751** | 1,618,010 |
| Work in process | | **212,851** | 164,841 |
| *Finished goods* | | | |
| - own manufactured | *21.2* | **1,028,119** | 1,076,713 |
| - purchased for resale | | **737,611** | 262,005 |
| | | **1,765,730** | 1,338,718 |
| Provision for slow moving and damaged stock | | **(29,868)** | (29,868) |
| | *21.3* | **3,653,464** | 3,091,701 |

**21.1** Stock amounting to Rs. 224.91 million (2018: Rs. 65.63 million) was cleared subsequent to the year end.

**21.2** Finished goods having cost of Rs. Nil million (2018: Rs. 424.16 million) have been written down by Rs. Nil million (2018: Rs. 5.34 million) to its net realizable value.

**21.3** Finished goods having cost of Rs. 498.28 million (2018: Rs. Nil million) were pledged against financial facility obtained as referred in note 15.4.

## 22 Trade debts

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| **22.1 Retail network - unsecured** | | | |
| ***Considered good*** | | | |
| Hire purchase | | | |
| - Retail | | **871,960** | 789,756 |
| - Institutional (employees of the corporate entities) | | **146,639** | 124,007 |
| Others | | **24,090** | - |
| | | **1,042,689** | 913,763 |
| Unearned carrying charges | *22.4* | **(128,124)** | (53,638) |
| | *22.5* | **914,565** | 860,125 |
| Considered doubtful | | **457,451** | 240,544 |
| | | **1,372,016** | 1,100,669 |
| Loss allowance against trade debts | *22.3* | **(457,451)** | (240,544) |
| | | **914,565** | 860,125 |
| Less : Long term portion of trade debts | *22.5* | **(12,493)** | - |
| **Current portion of trade debts** | | **902,072** | 860,125 |
| **22.2 Wholesale - unsecured** | | | |
| ***Dealers*** | | | |
| Considered good | | **3,344,553** | 2,386,358 |
| Considered doubtful | | **347,817** | 33,821 |
| | | **3,692,370** | 2,420,179 |
| Loss allowance against trade debts | *22.3* | **(347,817)** | (33,821) |
| | | **3,344,553** | 2,386,358 |
| **22.3 Movement in loss allowance against trade debts** | | | |
| Balance as at 01 January | | **274,365** | 263,977 |
| Effect of initial application of IFRS-9 | *4.1.2* | **663,888** | - |
| Loss allowance for the year | | **-** | 10,388 |
| Loss allowance reversed during the year | *30* | **(133,065)** | - |
| Balance as at 31 December | | **805,188** | 274,365 |

**22.4** Represents unearned carrying charges on the outstanding balance of sales under the hire purchase arrangements. Earned carrying charges for the year amounted to Rs. 191.06 million (2018: Rs. 157.68 million).

**22.5** The remaining instalment period of above trade debts are generally for a period ranging from three months to twenty four months carrying interest rates ranging between 6% to 32%.





## 23 Advances, deposits, prepayments and other receivables

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| *Advances - considered good* | | | |
| - Employees and executives | *23.1* | **12,330** | 6,527 |
| - Suppliers | | **9,966** | 5,054 |
| - Expense to store | | **-** | 5,977 |
| - Against letter of credit | | **52,180** | 4,107 |
| | | **74,476** | 21,665 |
| *Deposits* | | | |
| - Shops and leases | | **29,026** | 24,312 |
| - Customs | | **-** | 5,761 |
| - Others | | **-** | 621 |
| | | **29,026** | 30,694 |
| Prepayments | | **8,159** | 9,711 |
| *Other receivables* | | | |
| - Claims | *23.2* | **2,642** | 12,201 |
| - Sales tax refundable | | **33,585** | 87,060 |
| | | **36,227** | 99,261 |
| Loss allowances against other receivables | *23.3* | **(2,342)** | (11,572) |
| | *23.4* | **145,546** | 149,759 |

**23.1** At 31 December 2019, the advances due from executives amounted to Rs. 0.57 million (2018: Rs.0.12 million). The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs.0.57 million (2018: Rs. 0.29 million).

**23.2** This represents claims receivable from insurance companies, suppliers and product claims amounting to Rs. 2.64 million (2018: Rs. 12.20 million) against which provision of Rs. 2.34 million (2018: Rs. 11.57 million) is held.

| | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|
| **23.3 Movement in loss allowance against other receivables** | | |
| Balance as at 01 January | **11,572** | 11,572 |
| Loss allowance for the year | **-** | - |
| Reversal of loss allowance | **(9,230)** | - |
| Balance as at 31 December | **2,342** | 11,572 |

**23.4** All the above balances are interest free and unsecured.

## 24 Cash and bank balances

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| *Balances with banks* | | | |
| - in current accounts | 24.1 | **137,823** | 47,808 |
| - in profit and loss sharing account | 24.2 | **-** | 40,349 |
| | | **137,823** | 88,157 |
| Cash in hand | 24.3 | **25,746** | 17,090 |
| | | **163,569** | 105,247 |

**24.1** These include bank account of Rs. 0.31 million (2018: Rs. 0.31) maintained under Shariah compliant arrangement.

**24.2** Rate of return on saving accounts is Nil (2018: ranged from 3.5% to 5%) per annum.

**24.3** This includes cash in transit of Rs. Nil million (2018: Rs. 9.25 million).

## 25 Net revenue

| | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|
| *Sales* | | |
| - local | **11,795,618** | 10,284,933 |
| - export | **18,160** | 14,186 |
| Sales return | **(153,512)** | (30,209) |
| | **11,660,266** | 10,268,910 |
| Sales tax | **(1,190,362)** | (972,008) |
| Trade discount | **(985,930)** | (780,886) |
| | **(2,176,292)** | (1,752,894) |
| | **9,483,974** | 8,516,016 |

**25.1** Revenue from contracts with customers relates to both local (Pakistan) and foreign (Afghanistan) markets and represents sale of domestic consumer products.

## 26 Cost of sales

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| *Opening stock - finished goods* | | | |
| - own manufactured | | **1,076,713** | 1,058,505 |
| - purchased for resale | | **262,004** | 192,055 |
| | | **1,338,717** | 1,250,560 |
| Purchases | | **1,616,031** | 1,425,517 |
| Cost of goods manufactured | 26.1 | **5,665,584** | 4,900,804 |
| | | **8,620,332** | 7,576,881 |
| *Closing stock - finished goods* | | | |
| - own manufactured | | **(1,028,119)** | (1,076,713) |
| - purchased for resale | | **(737,611)** | (262,004) |
| | | **(1,765,730)** | (1,338,717) |
| Less: Export rebate | | **-** | (54) |
| | | **6,854,602** | 6,238,110 |





### 26.1 Cost of goods manufactured

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| Raw and packing materials and stores consumed | | **5,018,674** | 4,110,226 |
| Salaries, wages and other benefits | 26.1.1 | **371,963** | 383,298 |
| Depreciation on property, plant and equipment | 18.1.4 | **134,887** | 108,080 |
| Fuel and power | | **88,223** | 67,215 |
| Freight charges | | **49,197** | 116,299 |
| Insurance expense | | **7,636** | 18,433 |
| Repairs and maintenance | | **22,740** | 32,117 |
| Printing and stationery | | **15,248** | 16,183 |
| Travelling and conveyance | | **3,562** | 3,498 |
| Rent, rates and taxes | | **-** | 46,736 |
| Communication | | **946** | 886 |
| Entertainment | | **518** | 728 |
| | | **5,713,594** | 4,903,699 |
| Work-in-process | | | |
| Opening stock | | **164,841** | 161,946 |
| Closing stock | | **(212,851)** | (164,841) |
| | | **(48,010)** | (2,895) |
| Cost of goods manufactured | | **5,665,584** | 4,900,804 |

**26.1.1** These include reversal / provision of Rs. (7.63) million (2018: Rs. 2.84 million), Rs. (8.52) million (2018: Rs. 1.84 million) and Rs. 10.26 million (2018: Rs. 9.51 million) in respect of gratuity, pension and provident funds respectively.

## 27 Marketing, selling and distribution costs

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| Salaries and benefits | 27.1 | **405,919** | 447,070 |
| Rent, rates and taxes | | **52,740** | 156,396 |
| Publicity and sales promotion | | **120,651** | 191,442 |
| Depreciation on property, plant and equipment | 18.1.4 | **144,737** | 47,217 |
| Warranty obligations | | **67,964** | 67,949 |
| Freight charges | | **-** | - |
| Utilities | | **27,678** | 30,128 |
| Printing and stationery | | **8,154** | 10,949 |
| Travelling and conveyance | | **48,313** | 37,374 |
| Amortisation of intangible assets | 19.3 | **30,734** | 38,276 |
| Communication | | **5,835** | 9,824 |
| Repair and maintenance | | **8,174** | 1,145 |
| Training and sundries | | **-** | 2,994 |
| Insurance expense | | **4,037** | 2,547 |
| Others | | **2,670** | 1,934 |
| | | **927,606** | 1,045,245 |

**27.1** These include reversal / provision of Rs. (2.94) million (2018: Rs. 5.23 million), Rs. (3.28) million (2018: Rs. 1.55 million) and Rs. 4.95 million (2018: Rs. 4.47 million) in respect of gratuity, pension and provident funds respectively.

## 28 Administrative expenses

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Salaries and benefits | 28.1 | **280,766** | 214,385 |
| Legal and professional charges | | **31,848** | 46,827 |
| Auditors' remuneration | 28.3 | **5,104** | 4,590 |
| Depreciation on property, plant and equipment | 18.1.4 | **49,502** | 38,532 |
| Communication | | **16,345** | 10,464 |
| Travelling and conveyance | | **17,889** | 14,012 |
| Repair and maintenance | | **4,782** | 5,987 |
| Utilities | | **13,607** | 8,819 |
| Printing and stationery | | **9,209** | 8,076 |
| Rent, rates and taxes | | **8,285** | 7,441 |
| Insurance expense | | **13,953** | 9,711 |
| Entertainment expense | | **3,670** | 3,147 |
| Fees and subscription | | **5,693** | 906 |
| Amortisation of intangible assets | 19.3 | **9,693** | 1,909 |
| Charity and donations | 28.2 | **561** | 470 |
| Others | | **4,503** | 2,642 |
| | | **475,410** | 377,918 |

**28.1** These include reversal / provision of Rs. (1.17) million (2018: Rs. 2.4 million), Rs. (1.31) million (2018: Rs. 1.55 million) and Rs. 3.53 million (2018: Rs. 1.87 million) in respect of gratuity, pension and provident funds respectively.

**28.2** None of the donations were made to an entity in which any director or his / her spouse had an interest.

### 28.3 Auditors' remuneration

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Audit fee | **2,750** | 2,500 |
| Audit fee for the financial statements of subsidiary companies | **840** | 800 |
| Fee for the review of interim financial information | **424** | 385 |
| Fee for the review of code of corporate governance and other certifications/ reports under agreed upon procedures | **352** | 320 |
| Out of pocket expenses | **738** | 585 |
| | **5,104** | 4,590 |

## 29 Other expenses

| | Note | 2019 | 2018 |
|---|---|---|---|
| Provision for doubtful debts and others assets - net | 22.3 & 23.3 | **-** | 10,388 |
| Workers' profits participation fund (WPPF) | 13.3 | **32,313** | 27,331 |
| Exchange loss - net | | **33,796** | 44,459 |
| Research and development expenditure | | **4,097** | 3,637 |
| Ijarah rentals | | **-** | 1,447 |
| Workers' welfare fund | | **9,243** | 9,118 |
| Loss on property, plant and equipment and equipment | | | |
| - due to fire | | **-** | 6,838 |
| - due to disposal | | **-** | 5,550 |
| Other expenses | | **5,799** | - |
| | | **85,248** | 108,768 |





## 30 Other income

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| ***Income from financial assets*** | | | |
| Profit on a profit and loss sharing bank balance | | **4** | 46 |
| ***Income from non-financial instruments*** | | | |
| Gain on disposal of property, plant and equipment- net | | **1,940** | - |
| Service income and others | | **-** | 6,379 |
| Reversal of loss allowance against trade debts | | **133,065** | - |
| Liabilities no longer payable written back | | **9,062** | 21,134 |
| Scrap sales | | **7,107** | 3,408 |
| Amortisation of deferred income | 12 | **6,117** | 6,322 |
| Others | | **-** | 70 |
| | | **157,291** | 37,313 |
| | | **157,295** | 37,359 |

## 31 Finance costs

| | 2019 | 2018 |
|---|---|---|
| *Islamic mode of financing* | | |
| - Short term borrowings | **49,507** | 25,420 |
| *Interest / mark-up on interest / mark-up based loans* | | |
| - Long term loans | **183,524** | 83,865 |
| - Short term borrowings | **546,091** | 273,932 |
| - Lease liabilities | **62,229** | 6,825 |
| Interest on employee retention money | **-** | 4,260 |
| Interest on workers' profits participation fund | **-** | 498 |
| Bank charges | **26,499** | 35,703 |
| | **867,850** | 430,503 |

## 32 Taxation

| | Note | 2019 | 2018 |
|---|---|---|---|
| Current: | | | |
| *- for the year* | 32.1 | **146,349** | 107,452 |
| *- prior year* | | **-** | (5,649) |
| Deferred for the year | 11 | **96,960** | 26,629 |
| | | **243,309** | 128,432 |

**32.1** Represents the tax charge under the final tax regime and 'Minimum Tax on Turnover' under section 113 of the Income Tax Ordinance, 2001 (2018: normal tax regime) under Group taxation as the Holding Company has opted for Group taxation.

**32.2 Tax charge reconciliation**

Numerical reconciliation between tax expense and accounting profit:

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Profit before tax | **621,609** | 510,507 |
| Tax at the applicable tax rate of 29% (2018: 29%) | **180,267** | 148,047 |
| Tax effect of permanent differences: | | |
| - In respect of differential under normal tax and final tax regime | **(17,604)** | 1,040 |
| - Other permanent differences | **(163)** | (136) |
| Tax credit | **-** | (41,742) |
| Change in tax rate | **55,188** | (56,519) |
| Prior year tax charge | **-** | 60,662 |
| Super tax | **-** | 11,493 |
| Others | **25,621** | 5,587 |
| | **243,309** | 128,432 |

**32.3** In prior years, the Company has not recorded provision for minimum tax under the Income Tax Ordinance, 2001 (Ordinance) amounting to Rs. 44.60 million and Rs. 15.10 million in respect of year ended 31 December 2017 and 31 December 2015 respectively as the management expects to adjust the same against its future tax liability under the normal tax regime within the time limit as specified for adjustments of minimum tax in the Ordinance. Similarly for the year ended 31 December 2016, provision for Alternate Corporate Tax (ACT) (being higher than the minimum tax) amounting to Rs. 23.07 has also not been recorded on the same basis.

## 33 Earnings per share - basic and diluted

The calculation of earnings per share (basic and diluted) is based on earnings attributable to the owners of ordinary shares of the Group.

No figure for diluted earnings per share has been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Group's earnings per share have been calculated as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| | | | *(Restated)* |
| Profit for the year | *Rupees in '000* | **378,300** | 382,075 |
| Weighted average number of ordinary shares | *Shares* | **187,604** | 187,604 |
| Earnings per share - basic and diluted | *Rupees* | **2.02** | 2.04 |





## 34 Cash and cash equivalents

**34.1 Cash and cash equivalents as at 31 December**

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Cash and bank balances | **163,569** | 105,247 |
| Short term running finances under mark-up arrangements from Banks - secured | **(1,496,360)** | (1,529,866) |
| | **(1,332,791)** | (1,424,619) |

**34.2 Reconciliation of movements of liabilities to cash flows arising from financing activities**

| | 2019 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Liabilities | | | | Equity | | | | | |
| | Short term borrowings | Long term loans | Lease liability | Mark-up accrued on borrowings | Unpaid dividend | Share capital | Shares to be issued pursuant to amalgamation | Share premium reserve | Capital reserve | Total |
| | Rupees in '000 | | | | | | | | | |
| **Balance as at 01 January 2019** | 2,995,286 | 1,013,521 | 65,528 | 97,338 | 1,517 | 1,631,340 | - | 4,825,764 | 5,000 | 10,635,294 |
| ***Cash flows*** | | | | | | | | | | |
| Short term borrowings repaid net of receipts | 1,151,801 | - | - | - | - | - | - | - | - | 1,151,801 |
| Shares issued under scheme of amalgamation | - | - | - | - | - | - | - | - | - | - |
| Shares issued as fully paid bonus shares @ 15% | - | - | - | - | - | 244,701 | - | (244,701) | - | - |
| Dividend paid | - | - | - | - | (203,977) | - | - | - | - | (203,977) |
| Long term loans repaid | - | (281,250) | - | - | - | - | - | - | - | (281,250) |
| Long term loans received | - | 1,000,000 | - | - | - | - | - | - | - | 1,000,000 |
| Finance cost paid | - | - | - | (748,622) | - | - | - | - | - | (748,622) |
| Repayment of lease rentals | - | - | (130,900) | - | - | - | - | - | - | (130,900) |
| | 1,151,801 | 718,750 | (130,900) | (748,622) | (203,977) | 244,701 | - | (244,701) | - | 787,052 |
| ***Non-cash changes*** | | | | | | | | | | |
| Changes in running finance | (33,506) | - | - | - | - | - | - | - | - | (33,506) |
| Dividend approved | - | - | - | - | 203,917 | - | - | - | - | 203,917 |
| Assets acquired on finance lease | - | - | 593,939 | - | - | - | - | - | - | 593,939 |
| Finance cost | - | - | - | 867,850 | - | - | - | - | - | 867,850 |
| | (33,506) | - | 593,939 | 867,850 | 203,917 | - | - | - | - | 1,632,200 |
| **Balance as at 31 December 2019** | 4,113,581 | 1,732,271 | 528,567 | 216,566 | 1,457 | 1,876,041 | - | 4,581,063 | 5,000 | 13,054,546 |

| | Short term borrowings | Long term finances | Lease liability | Mark-up accrued on borrowings | Unpaid dividend | Share capital | Shares to be issued pursuant to amalgamation | Share premium reserve | Capital reserve | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2018 | | | | | | | | | |
| | Liabilities | | | | | Equity | | | | |
| | Rupees in '000 | | | | | | | | | |
| Balance as at 01 January 2018 | 2,748,916 | 649,458 | 55,654 | 73,766 | - | 454,056 | 964,500 | 5,038,548 | 5,000 | 9,989,898 |
| ***Cash flows*** | | | | | | | | | | |
| Short term borrowings repaid net of receipts | (414,989) | - | - | - | - | - | - | - | - | (414,989) |
| Shares issued under scheme of amalgamation | - | - | - | - | - | 964,500 | (964,500) | - | - | - |
| Shares issued as fully paid bonus shares @ 15% | - | - | - | - | - | 212,784 | - | (212,784) | - | - |
| Dividend paid | - | - | - | - | (175,803) | - | - | - | - | (175,803) |
| Long term loans repaid | - | (81,249) | - | - | - | - | - | - | - | (81,249) |
| Long term loans received | - | 445,312 | - | - | - | - | - | - | - | 445,312 |
| Finance cost paid | - | - | - | (406,931) | - | - | - | - | - | (406,931) |
| Repayment of lease rentals | - | - | (13,639) | - | - | - | - | - | - | (13,639) |
| | (414,989) | 364,063 | (13,639) | (406,931) | (175,803) | 1,177,284 | (964,500) | (212,784) | - | (647,299) |
| ***Non-cash changes*** | | | | | | | | | | |
| Changes in running finance | 661,359 | - | - | - | - | - | - | - | - | 661,359 |
| Dividend approved | - | - | - | - | 177,320 | - | - | - | - | 177,320 |
| Assets acquired on lease | - | - | 23,513 | - | - | - | - | - | - | 23,513 |
| Finance cost | - | - | - | 430,503 | - | - | - | - | - | 430,503 |
| | 661,359 | - | 23,513 | 430,503 | 177,320 | - | - | - | - | 1,292,695 |
| Balance as at 31 December 2018 | 2,995,286 | 1,013,521 | 65,528 | 97,338 | 1,517 | 1,631,340 | - | 4,825,764 | 5,000 | 10,635,294 |

**35 Provident fund related disclosure**

The Group operates approved contributory provident fund for all the employees eligible under the scheme. Till 2018, the Holding Company was operating two separate provident funds in the name of SPL and CIPL but with effect from 01 January 2019, the Holding Company has merged its funds. The management is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.





## 36 Remuneration of Chief Executive, Directors And Executives

The aggregate amounts charged in the unconsolidated financial statements in respect of remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Group are as follows:

| | Chief Executive | | Directors | | Executives | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | (Rupees in '000) | | | | | | | |
| Managerial remuneration | **20,175** | 14,327 | **18,549** | 7,745 | **79,269** | 90,646 | **117,993** | 112,718 |
| Contribution to provident fund | **991** | 1,373 | **1,769** | 591 | **5,807** | 6,152 | **8,567** | 8,116 |
| Fuel reimbursable expenditure | **-** | - | **-** | 188 | **240** | 2,404 | **240** | 2,592 |
| Housing allowance | **4,759** | 6,873 | **2,605** | 3,880 | **19,795** | 33,433 | **27,159** | 44,186 |
| Medical Allowance | **-** | - | **518** | - | **1,363** | - | **1,881** | - |
| Leave fare assistance and others | **-** | - | **-** | 126 | **-** | 2,096 | **-** | 2,222 |
| | **25,925** | 22,573 | **23,441** | 12,530 | **106,474** | 134,731 | **155,840** | 169,834 |
| Number of persons | **1** | 1 | **1 *** | 2 | **34** | 53 | **36** | 56 |

* During the year, one director has resigned from the Group.

**36.1** In addition to the above, Directors and certain Executives are provided with free use of the Group maintained vehicles, club facility and certain items of furniture and fixtures in accordance with their entitlement. The Group also makes contributions based on actuarial calculations to gratuity and pension funds.

**36.2** In addition, aggregate amount charged in the consolidated financial statements for payments on account of the meeting fee to two (2018: two) non-executive directors was Rs. 0.43 million (2018: Rs. 0.36 million).

37 Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel (note 36). Significant transactions with related parties are as follows:

| Name of the Company | Relationship | Nature of transactions | 2019 | 2018 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| **Associated Undertakings** | | | | |
| Poseidon Synergies (Private) Limited | Shareholding and common directorship | Loan received during the year | - | 40,000 |
| | | Repayment of loan during the year | **35,000** | 5,000 |
| Employee's Provident Fund | Post employee contribution plan | Contribution for the year | **27,392** | 29,235 |
| Employee's Gratuity Fund | Post employee benefit plan | Contribution for the year | **9,291** | 6,242 |
| Employee's Pension Fund | Post employee benefit plan | Contribution for the year | **1,944** | 4,039 |
| Directors | Employees | Fee for meetings | **280** | 819 |
| | | Car purchased from CEO | **9,500** | - |

38 **Plant capacity and actual production**

| | Capacity 2019 | Capacity 2018 | Production 2019 | Production 2018 |
|---|---|---|---|---|
| | ---- (Units) ---- | | ---- (Units) ---- | |
| Refrigerators | **125,000** | 125,000 | **109,387** | 114,377 |
| Deep Freezer | **115,000** | 115,000 | **104,628** | 84,664 |
| Microwave ovens | **60,000** | 60,000 | **132** | 12,670 |
| Air conditioners | **60,000** | 60,000 | **6,522** | 5,558 |
| Washing Machines | **40,000** | 40,000 | **9,722** | 5,762 |
| Gas appliances (water heater and cooking range excluding microwave ovens) | **25,000** | 25,000 | **11,198** | 9,717 |
| Televisions | **22,500** | 22,500 | - | - |
| Water dispenser | **20,000** | 20,000 | - | 800 |

Capacity reflects units expected to be produced on the basis of normal production hours (one shift of 8 hours). The production / capacity utilization is according to market demand.

39 **Number of employees**

| | Total employees 2019 | Total employees 2018 |
|---|---|---|
| | (Number of persons) | |
| Total number of employees as at 31 December | **2,472** | 3,045 |
| Average number of employees | **2,668** | 3,136 |





## 40 Financial instruments

The Group's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Group's risk management framework. The Board has developed a risk policy that sets out fundamentals of risk management framework. The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

### 40.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation.

### 40.1.1 Exposure to credit risk

Credit risk of the Group arises principally from trade debts, advances, deposits, other receivables and bank balances.

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

| | Carrying amount 2019 | Carrying amount 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Security deposits | **55,414** | 48,570 |
| Trade debts | **4,246,625** | 3,246,483 |
| Other receivables | **300** | 629 |
| Balances with banks | **137,823** | 88,157 |
| | **4,440,162** | 3,383,839 |

### 40.1.2 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Group's performance for developments affecting a particular industry. Maximum exposure to credit risk by type of counterparty is as follows:

| | Net receivable (net of provisions) 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| *Trade debts* | | |
| - Retail | **902,072** | 860,125 |
| - Wholesale | **3,344,553** | 2,386,358 |
| *Security deposits* | | |
| - individuals | **50,041** | 45,536 |
| - lease | **5,373** | 3,034 |
| Insurance company (claims) | **2,642** | 12,201 |
| Banks | **137,823** | 88,157 |
| | **4,442,504** | 3,395,411 |

**40.1.3 Credit quality and impairment**

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

***40.1.3(a) Counterparties with external credit ratings***

These include banking companies and financial institutions, which are counterparties to bank balances and deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Group. Following are the credit ratings of counterparties with external credit ratings:

| Banks | Rating Agency | Short term | Long term | 2019 | 2018 |
|---|---|---|---|---|---|
| | | | | (Rupees in '000) | |
| AlBaraka Bank (Pakistan) Limited | PACRA | A1 | A | **3,121** | 52 |
| Allied Bank Limited | PACRA | A1+ | AAA | **10,299** | 5,625 |
| Askari Bank Limited | PACRA | A1+ | AA+ | **2,394** | 2,969 |
| Bank Alfalah Limited | PACRA | A1+ | AA+ | **4,068** | 3,611 |
| Bank Islami Pakistan Limited | PACRA | A1 | A+ | **1** | 22 |
| The Bank of Khyber | PACRA | A1 | A | **13,525** | 214 |
| The Bank of Punjab | PACRA | A1+ | AA | **4,894** | 1,815 |
| Dubai Islamic Bank Limited | R-VIS | A1+ | AA | **53** | 165 |
| Faysal Bank Limited | JCR-VIS | A1+ | AA | **1,295** | 1,328 |
| Finca Microfinance Bank Limited | JCR-VIS | A1 | A | **3,990** | - |
| Habib Bank Limited | JCR-VIS | A1+ | AAA | **43,046** | 49,452 |
| Habib Metropolitan Bank Limited | PACRA | A1+ | AA+ | **236** | 288 |
| JS Bank Limited | PACRA | A1+ | AA- | **4** | 4 |
| MCB Bank Limited | PACRA | A1+ | AAA | **4,028** | 9,981 |
| Meezan Bank | JCR-VIS | A1+ | AA+ | **918** | 294 |
| National Bank Of Pakistan | PACRA | A1+ | AAA | **42,459** | 1,921 |
| Silk Bank Limited | JCR-VIS | A2 | A- | **393** | 393 |
| Soneri Bank Limited | PACRA | A1+ | AA- | **688** | 1,046 |
| Standard Chartered Bank (Pakistan) Limited | PACRA | A1+ | AAA | **1,111** | 1,211 |
| United Bank Limited | JCR-VIS | A1+ | AAA | **1,300** | 7,766 |
| | | | | **137,823** | 88,157 |
| ***Security Deposits*** | | | | | |
| The Bank of Punjab | PACRA | A1+ | AA | **209** | 282 |
| Askari Bank Limited | PACRA | A1+ | AA+ | **2,412** | - |
| Sindh Leasing Company Limited | JCR-VIS | A+ | A-1 | **2,752** | 2,752 |
| | | | | **5,373** | 3,034 |
| | | | | **143,196** | 91,191 |

***40.1.3(b) Counterparties without external credit ratings***

These include customers which are counter parties to trade debts. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer / dealers. As explained in note 4.1.2.3 and 4.16, the Group applies the IFRS 9 simplified approach to measure expected credit losses. The analysis of ages of trade debts and loss allowance using the aforementioned approach was determined as follows:

| | 2019 Gross | 2019 Impairment loss | 2018 Gross | 2018 Impairment loss |
|---|---|---|---|---|
| | (Rupees in '000) | | (Rupees in '000) | |
| Not yet due | **1,897,638** | **14,888** | 1,811,673 | 2,997 |
| Past due 1 - 30 days | **797,199** | **14,276** | 815,354 | 2,671 |
| Past due 31 days - 90 days | **720,393** | **26,854** | 1,101,118 | 8,634 |
| Past due 91 - 180 days | **2,037,541** | **90,138** | 336,304 | 14,321 |
| Past due 181 - 360 days | **758,292** | **91,288** | 210,880 | 13,927 |
| Past due by more than 1 year | **577,880** | **567,745** | 668,753 | 488,155 |
| Total | **6,788,943** | **805,188** | 4,944,082 | 530,705 |

The management has established a credit policy under which each new customer is analysed individually for credit worthiness.

None of the financial assets of the Group are secured or impaired except as those mentioned in these consolidated financial statements. Deposits and other receivables are mostly due from banks and individuals. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.





**40.2 Liquidity risk**

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Group maintains committed lines of credit as disclosed in note 15 to ensure flexibility in funding. In addition, the Group has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

Following are the contractual maturities of the financial liabilities (based on the remaining period as of the period-end), including interest obligations:

| | | 2019 | | | | |
|---|---|---|---|---|---|---|
| | | **Carrying amount** | **Contractual cash flows** | **One year or less** | **One to two years** | **More the two years** |
| ***Financial liabilities*** | *Note* | | | **(Rupees in '000)** | | |
| Long term loans - secured | *8* | **1,732,271** | **2,312,930** | **528,356** | **707,116** | **1,077,458** |
| Lease liabilities | *9* | **565,226** | **655,123** | **157,606** | **139,008** | **358,509** |
| Employee retirement benefit | *10* | **41,211** | **41,211** | **-** | **-** | **41,211** |
| Trade and other payables | *13* | **1,490,828** | **1,490,828** | **1,490,828** | **-** | **-** |
| Mark-up accrued on borrowings | *14* | **216,566** | **216,566** | **216,566** | **-** | **-** |
| Short term borrowings - secured and unsecured | *15* | **4,113,581** | **4,510,701** | **4,510,701** | **-** | **-** |
| | | **8,159,683** | **9,227,359** | **6,904,057** | **846,124** | **1,477,178** |

| | | 2018 | | | | |
|---|---|---|---|---|---|---|
| | | Carrying amount | Contractual cash flows | One year or less | One to two years | Two to five years |
| ***Financial liabilities*** | | | | (Rupees in '000) | | |
| Long term loans - secured | *8* | 1,013,521 | 1,242,862 | 372,408 | 362,470 | 507,984 |
| Lease liabilities | *9* | 65,528 | 75,835 | 28,885 | 19,285 | 27,665 |
| Employee retirement benefit | *10* | 61,823 | 61,823 | - | - | 61,823 |
| Trade and other payables | *13* | 1,577,876 | 1,577,876 | 1,577,876 | - | - |
| Mark-up accrued on borrowings | *14* | 97,338 | 97,338 | 97,338 | - | - |
| Short term borrowings - secured and unsecured | *15* | 2,995,286 | 3,067,868 | 3,067,868 | - | - |
| | | 5,811,372 | 6,123,602 | 5,144,375 | 381,755 | 597,472 |

**40.3 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Group's income or the value of its holdings of financial instruments. The Group is exposed to currency risk and interest rate risk.

**40.3.1 Currency risk**

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Group. The functional currency of the Group is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

***40.3.1(a) Exposure to currency risk***

The Group is mainly exposed to currency risk on import of raw materials and merchandise denominated in US dollars. The Group's exposure to foreign currency risk at the reporting date is as follows:

| | | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|---|
| | | | | (Rupees in '000) | |
| Trade creditors | (USD in '000) | 859 | 2,180 | 133,274 | 303,238 |
| Trade creditors | (Euro in '000) | - | 14 | - | 2,227 |
| *Off statement of finncial position* | | | | | |
| Outstanding letters of credit | (USD in '000) | 2,056 | 1,782 | 318,974 | 247,876 |
| Outstanding letters of credit | (Euro in '000) | 6 | - | 1,088 | - |

Following significant exchange rates have been applied:

| | Average rate | | Reporting date Spot rate | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| USD to PKR | 150.00 | 121.62 | 155.15 | 139.10 |
| EUR to PKR | 168.02 | 143.35 | 174.00 | 159.10 |

**Sensitivity analysis**

At reporting date, if the PKR had strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit for the year would have been lower by the amount shown below, as a result of net foreign exchange gain on translation of foreign currency bills payables.

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Effect on statement of profit or loss | 13,327 | 30,547 |

The weakening of the PKR by 10% against US Dollar would have had an equal but opposite impact on the profit for the year.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Group.

**40.3.2 Interest rate risk**

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.





***40.3.2(a) Fair value sensitivity analysis for fixed rate instruments***

The Group does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore a change in interest rate at the reporting date would not affect statement of profit or loss.

***40.3.2(b) Mismatch of interest rate sensitive financial assets and financial liabilities***

The Group's interest / mark-up and non-interest / mark-up bearing bearing financial instruments as at the reporting date are as follows:

| | 2019 | | |
|---|---|---|---|
| | Carrying amount | Interest bearing / variable rate financial instruments | Non-interest bearing / fixed rate financial instruments |
| | | (Rupees in '000) | |
| *Financial assets* | | | |
| Security deposits | 55,414 | - | 55,414 |
| Trade debts | 4,246,625 | - | 4,246,625 |
| Other receivables | 300 | - | 300 |
| Cash and bank balances | 163,569 | - | 163,569 |
| | 4,465,908 | - | 4,465,908 |
| *Financial liabilities* | | | |
| Long term loans - secured | (1,732,271) | (1,732,271) | - |
| Lease liabilities | (565,226) | (565,226) | - |
| Employee retirement benefit | (41,211) | - | (41,211) |
| Trade and other payables | (1,490,828) | - | (1,490,828) |
| Mark-up accrued on borrowings | (216,566) | - | (216,566) |
| Short term borrowings - secured and unsecured | (4,113,581) | (4,113,581) | - |
| | (8,159,683) | (6,411,078) | (1,748,605) |
| | (3,693,775) | (6,411,078) | 2,717,303 |

| | 2018 | | |
|---|---|---|---|
| | Carrying amount | Interest bearing / variable rate financial instruments | Non-interest bearing financial instruments |
| | | (Rupees in '000) | |
| *Financial assets* | | | |
| Security deposits | 48,570 | - | 48,570 |
| Trade debts | 3,246,483 | - | 3,246,483 |
| Other receivables | 629 | - | 629 |
| Cash and bank balance | 105,247 | 40,349 | 64,898 |
| | 3,400,929 | 40,349 | 3,360,580 |
| *Financial liabilities* | | | |
| Long term loans - secured | (1,013,521) | (1,013,521) | - |
| Lease liabilities | (65,528) | (65,528) | - |
| Employee retirement benefit | (61,823) | - | (61,823) |
| Trade and other payables | (1,577,876) | (88,623) | (1,489,253) |
| Mark-up accrued on borrowings | (97,338) | - | (97,338) |
| Short term borrowings - secured and unsecured | (2,995,286) | (2,995,286) | - |
| | (5,811,372) | (4,162,958) | (1,648,414) |
| | (2,410,443) | (4,122,609) | 1,712,166 |

40.3.2.1 Effective interest / mark-up rates for the financial assets and financial liabilities are as follows:

| | 2019 | 2018 |
|---|---|---|
| | Percentage | |
| ***Financial liabilities*** | | |
| Long term loans - secured | **12.60% to 16.86%** | 9.16% to 13.40% |
| Lease liabilities | **11.00% to 17.09%** | 8.43% to 14.07% |
| Short term borrowings - secured and unsecured | **10.56% to 18.54%** | 7.66% to 12.94% |

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 61.33 million (2017: Rs. 40.34 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

**40.3.3 Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). At reporting date the Group did not have financial instruments exposed to other price risk.

**40.4 Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Group is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).





40.4.1 The following table shows the carrying amounts and fair values of financial instruments and non- financial instruments including their levels in the fair value hierarchy:

**On statement of financial position financial instruments**

| | 31 December 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | | | Fair value | | |
| | Financial assets at amortised cost | Other financial assets / liabilities | Total | Level 1 | Level 2 | Level 3 |
| | (Rupees in '000) | | | | | |
| ***Financial assets - amortised cost*** | | | | | | |
| Security deposits | 55,414 | - | 55,414 | - | - | - |
| Trade debts | 4,246,625 | - | 4,246,625 | - | - | - |
| Other receivables | 300 | - | 300 | - | - | - |
| Cash and Bank balances | 163,569 | - | 163,569 | - | - | - |
| | 4,465,908 | - | 4,465,908 | - | - | - |
| ***Financial liabilities - amortised cost*** | | | | | | |
| Long term loans - secured | - | 1,732,271 | 1,732,271 | - | - | - |
| Lease liabilities | - | 565,226 | 565,226 | - | - | - |
| Employee retirement benefit | - | 41,211 | 41,211 | - | - | - |
| Trade and other payables | - | 1,490,828 | 1,490,828 | - | - | - |
| Mark-up accrued on borrowings | - | 216,566 | 216,566 | - | - | - |
| Short term borrowings - secured and unsecured | - | 4,113,581 | 4,113,581 | - | - | - |
| | - | 8,159,683 | 8,159,683 | - | - | - |

**On statement of financial position financial instruments**

| | 31 December 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | | | Fair value | | |
| | Loans and receivables | Other financial assets / liabilities | Total | Level 1 | Level 2 | Level 3 |
| ***Financial assets not measured at fair value*** | (Rupees in '000) | | | | | |
| Security deposits | 48,570 | - | 48,570 | - | - | - |
| Trade debts | 3,246,483 | - | 3,246,483 | - | - | - |
| Other receivables | 629 | - | 629 | - | - | - |
| Cash and bank balances | 88,157 | 17,090 | 105,247 | - | - | - |
| | 3,383,839 | 17,090 | 3,400,929 | - | - | - |
| ***Financial liabilities not measured at fair value*** | | | | | | |
| Long term loans - secured | - | 1,013,521 | 1,013,521 | - | - | - |
| Lease liabilities | - | 65,528 | 65,528 | - | - | - |
| Employee retirement benefit | - | 61,823 | 61,823 | - | - | - |
| Trade and other payables | - | 1,577,876 | 1,577,876 | - | - | - |
| Mark-up accrued on short term running | - | 97,338 | 97,338 | - | - | - |
| Short term borrowing | - | 2,995,286 | 2,995,286 | - | - | - |
| | - | 5,811,372 | 5,811,372 | - | - | - |

The Group has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair values.

***Non-financial assets measured at fair value***

Land, building and plant and machinery

| | | |
|---|---|---|
| *Revalued Property, plant and equipment* | Date of valuation | 31 December 2019 |

***Valuation approach and inputs used***

The valuation model for land and building is based on price per square metre. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. Tha valuation for plant and machinery is based on present operational condition and age of plant and machinery. The fair valuation of land, building and plant and machinery are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.

The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs.





**41 Capital risk management**

The Group's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Group manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Group monitors capital on the basis of the gearing ratio calculated as total debt (current and non-current borrowings) to debt plus equity.

| The debt to equity ratios were as follows: | **2019** | 2018 |
|---|---|---|
| | **(Rupees in '000)** | |
| Total debt | **5,845,852** | 4,008,807 |
| Total equity and debt | **14,185,851** | 12,397,932 |
| Debt to equity ratio | **41%** | 32% |

The Group is not subject to externally imposed capital requirements.

**42 Subsequent event - Impact of COVID-19**

Subsequent to the year end, on 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus including orders to close all businesses not deemed essential, lockdowns, travel restrictions and practice social distancing when engaging in essential activities. Like other countries, the Government of Pakistan also imposed lockdown effective 24 March 2020 to slow the spread of virus that has been continuously reviewed based on economic conditions. The Group has been allowed to resume operations under strict standard operating procedures with effect from 11 May 2020.

Governments and regulators in Pakistan have taken different operational and financial measures so that the temporary lockdowns required to slow the spread of the virus does not disrupt the economy permanently. In context of financial reporting and areas which may impact the financial statements and offer businesses to manage operational liquidity, the Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP) have provided guidance and offered companies regulatory reliefs. SECP, among other measures related to financial reporting, through circular 6 and 10 of 2020, provided relaxation from certain provisions of Companies Act including but not limited to general relaxation in holding of annual general meeting and filling of statutory returns for Companies having year end of 31 December 2019. SBP, among other measures, through BPRD circular letter no 13 of 2020 provided common relief to borrowers and allowed banks/financial institutions to defer the repayment of principal loan on financing facilities availed for one year on written request. The Holding Company has obtained this regulatory relief on its financing facilities (both long and short term) to manage its operational liquidity. Similarly the Holding Company has also obtained financing for payments of salaries to employees in respect of relief granted by SBP

Due to lockdown, the Group anticipates slower consumer demand, constrained supply and reduced economic activity and consequently have taken various financial measures (as referred to above) to manage operational liquidity as a result of business disruption caused. However, the extent of the impact of COVID-19 on the operational and financial performance of the Group will depend on certain future developments, including, among others, the duration and severity of the COVID-19 pandemic, public health developments, lockdown measures taken by Federal and Provincial Governments in response to the pandemic and its impacts on economic and business activity, all of which are uncertain. The Group could experience material impacts due to COVID-19 on the carrying value of its assets and liabilities, including, but not limited to, valuation of intangibles, trade debtors, retirement plans and deferred taxation but for the Group's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events including the duration and impact, the Group cannot reasonably estimate the impact these events will have on the Group's financial position, results of operations or cash flows in the future.

**43 Corresponding figures**

Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of comparison and better presentation as per reporting framework. However, no significant reclassification has been made.

**44 Date of authorization of issue**

These consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on ________________.

| | | |
|---|---|---|
| **Moazzam A. Khan** | **Haroon A. Khan** | **Nadeem M. Butt** |
| **Director** | **Chief Executive** | **Chief Financial Officer** |

# WSPL Standalone FS 2019

## Auditors' Report to the Members

# INDEPENDENT AUDITOR'S REPORT

**To the members of Waves Singer Pakistan Limited**

**Report on the Audit of the Unconsolidated Financial Statements**

***Opinion***

We have audited the annexed unconsolidated financial statements of **Waves Singer Pakistan Limited** ("the Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the unconsolidated 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated 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 unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated 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:

| S. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| 1. | **Impairment of intangible assets**<br><br>Refer to note 4.3, 19 and 44 to the unconsolidated financial statements.<br><br>The Company annually tests the carrying value of goodwill and intangible assets. The testing is subject to estimates and judgments made by the management of the Company with respect to future sales growth and profitability, cash flow projection and selection of appropriate discount rate.<br><br>We identified the impairment testing of separately identifiable intangible assets and goodwill as a key audit matter because significant degree of management judgement is involved in making the above assessment and in forecasting the future cash flows of the Company which are inherently uncertain. | Our audit procedures, amongst others, included the following:<br>• Assessing the appropriateness of the Company's accounting policy for impairment testing of intangible assets and goodwill and compliance of the policy with applicable accounting and reporting standards;<br>• discussing with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model;<br>• involving our internal valuation specialists to assist us in assessing the significant estimates, assumptions and judgements applied in the valuation of intangible assets and goodwill, including discount rate, growth rate, terminal value and attrition rate, with reference to available market information;<br>• comparing the recoverable amount with the goodwill and intangible assets recognized to identify impairment, if any; and<br>• assessing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards. |
| 2. | **Sales**<br><br>Refer to note 4.1.1, 4.14 and 27 to the unconsolidated financial statements.<br><br>The Company principally generates revenue from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same.<br><br>We identified revenue recognition as a key audit matter because it is one of the key performance indicator of the Company and gives rise to a risk that revenue is recognized without transferring of control. | Our audit procedures, amongst others, included the following:<br>• obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls;<br>• assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the policy with applicable accounting and reporting standards;<br>• comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;<br>• comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period;<br>• inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and |

| S. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | | • scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation. |
| 3. | **Revaluation of property, plant and equipment**<br>Refer notes 4.2, 7, 18 and 44 to the unconsolidated financial statements.<br>The Company follows the revaluation model for subsequent measurement of land, buildings and plant and machinery.<br>Latest revaluation was carried out on 31 December 2019. The valuation was performed by an external professional valuer engaged by the Company.<br>We identified the revaluation of the Company's property, plant and equipment as a key audit matter because the valuation involves a significant degree of judgment and estimation | Our audit procedures, amongst others, included the following:<br>• obtaining and inspecting the valuation reports prepared by the external expert engaged by the Company and on which the management's assessment of the valuation of property, plant and equipment was based;<br>• evaluating the information provided by the Company to the external professional valuer by inspecting the relevant underlying documentation;<br>• involving property, plant and equipment valuation expert engaged by us to assist in evaluating the appropriateness of valuation methodology and assessing the reasonableness of key estimates and assumptions adopted in the valuations report by the valuer engaged by the Company; and<br>• assessing the adequacy of the disclosures made in unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards. |
| 4. | **Valuation of trade debts**<br>Refer notes 4.1.2, 4.18, 24 and 44 to the unconsolidated financial statements.<br>As at 31 December 2019, the Company's gross trade debts amount to Rs. 3,406.79 million. The Company has adopted 'IFRS-9 Financial Instruments' effective 01 January 2019 and has elected to measure loss allowance for trade debts using the simplified approach.<br>IFRS 9 requires the Company to make provision for financial assets (trade debts) using Expected Credit Loss (ECL) approach as against the Incurred Loss Model previously applied by the Company.<br>Determination of ECL provision for trade debts requires significant judgement and assumptions including consideration of factors such as historical credit loss experience and forward-looking macroeconomic information. | Our audit procedures, amongst others, included the following:<br>• reviewing the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by re-performing calculations on test basis;<br>• involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL;<br>• assessing, on a sample basis, the accuracy of the data used for ECL computation; and<br>• assessing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards. |

***Information Other than the Financial Statements and Auditor's Report Thereon***

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2019, but does not include the unconsolidated and consolidated financial statements and our auditor's report thereon.





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

In connection with our audit of the unconsolidated 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 Unconsolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the unconsolidated 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 the unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated 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 are responsible for overseeing the Company's financial reporting process.

***Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated 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 unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated 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 unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017(XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the Company and deposited subsequent to the year end in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Bilal Ali.

**Lahore**

**KPMG Taseer Hadi & Co.**
**Chartered Accountants**

**Date: 08 June 2020**

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| Director | Chief Executive | Director Finance |





## Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

### Unconsolidated Statement of Financial Position

*As at 31 December 2019*

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | ------ (Rupees in '000) ------ | |
| **ASSETS** | | | |
| ***Non-current assets*** | | | |
| Property, plant and equipment | 18 | **4,969,474** | 4,316,040 |
| Intangible assets and goodwill | 19 | **2,937,561** | 2,689,031 |
| Investment property | 20 | **220,500** | 178,300 |
| Investment in subsidiaries | 21 | **501,000** | 573,769 |
| Employee retirement benefits | 10 | **3,388** | 9,960 |
| Long term deposits | 22 | **8,561** | 4,179 |
| | | **8,640,484** | 7,771,279 |
| ***Current assets*** | | | |
| Stores, spares and loose tools | | **37,708** | 31,035 |
| Stock-in-trade | 23 | **2,940,985** | 2,991,310 |
| Trade debts | 24 | **3,239,794** | 1,982,771 |
| Advances, deposits, prepayments and other receivables | 25 | **1,280,558** | 1,062,145 |
| Taxation - net | | **451,547** | 450,001 |
| Cash and bank balances | 26 | **116,344** | 90,660 |
| | | **8,066,936** | 6,607,922 |
| | | **16,707,420** | 14,379,201 |
| **EQUITY AND LIABILITIES** | | | |
| ***Share Capital and Reserves*** | | | |
| Authorised capital 200,000,000 (2018: 175,000,000) ordinary shares of Rs. 10 each | 5 | **2,000,000** | 1,750,000 |
| Issued, subscribed and paid-up capital | 5 | **1,876,041** | 1,631,340 |
| Share premium reserve | 6 | **4,581,063** | 4,825,764 |
| Capital reserve | | **5,000** | 5,000 |
| Revenue reserve - unappropriated profit | | **1,815,124** | 1,754,670 |
| Surplus on revaluation of property, plant and equipment - net of tax | 7 | **406,712** | 158,525 |
| | | **8,683,940** | 8,375,299 |
| ***Non-current liabilities*** | | | |
| Long term loans - secured | 8 | **1,417,271** | 732,271 |
| Lease liabilities | 9 | **179,820** | 42,454 |
| Employee retirement benefits | 10 | **23,088** | 42,480 |
| Deferred tax liability - net | 11 | **247,943** | 75,628 |
| Deferred income | 12 | **15,575** | 21,224 |
| | | **1,883,697** | 914,057 |
| ***Current liabilities*** | | | |
| Trade and other payables | 13 | **1,404,203** | 1,683,939 |
| Mark-up accrued on borrowings | 14 | **216,566** | 97,338 |
| Short term borrowings - secured and unsecured | 15 | **4,113,581** | 2,995,286 |
| Unclaimed dividend | | **-** | 1,325 |
| Unpaid dividend | | **1,457** | 1,517 |
| Current portion of long term liabilities | 16 | **403,976** | 310,440 |
| | | **6,139,783** | 5,089,845 |
| **Contingencies and commitments** | 17 | | |
| | | **16,707,420** | 14,379,201 |

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| Director | Chief Executive | Director Finance |

# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Unconsolidated Statement of Profit or Loss

*For the year ended 31 December 2019*

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | ----- (Rupees in '000) ----- | |
| Sales - net of sales return | | **10,069,010** | 8,835,894 |
| Sales tax and trade discount on invoices | | **(3,250,604)** | (2,846,284) |
| Sales - net | 27 | **6,818,406** | 5,989,610 |
| Cost of sales | 28 | **(5,953,268)** | (5,438,753) |
| **Gross profit** | | **865,138** | 550,857 |
| Marketing, selling and distribution costs | 29 | **(288,824)** | (169,438) |
| Administrative expenses | 30 | **(195,144)** | (125,613) |
| Other expenses | 31 | **(146,728)** | (108,768) |
| Other income | 32 | **953,190** | 666,013 |
| | | **322,494** | 262,194 |
| **Profit from operations** | | **1,187,632** | 813,051 |
| Finance cost | 33 | **(826,298)** | (423,474) |
| **Profit before taxation** | | **361,334** | 389,577 |
| Taxation | 34 | **(101,249)** | 63,092 |
| **Profit for the year** | | **260,085** | 452,669 |
| | | | *(Restated)* |
| Earnings per share - basic and diluted *(Rupees)* | 35 | **1.39** | 2.41 |

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.





# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Unconsolidated Statement of Comprehensive Income

*For the year ended 31 December 2019*

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Profit for the year | **260,085** | 452,669 |
| ***Other comprehensive income*** | | |
| *Items that will not be reclassified to profit or loss:* | | |
| - Surplus on revaluation of property, plant and equipment | 355,409 | - |
| - Related deferred tax on surplus | (100,866) | - |
| - Actuarial (loss) / gain on employee retirement benefits | (2,070) | 15,197 |
| | **252,473** | 15,197 |
| Total comprehensive income for the year | **512,558** | 467,866 |

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| Director | Chief Executive | Director Finance |

# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Unconsolidated Statement of Cash Flows

*For the year ended 31 December 2019*

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| ***Cash flows from operating activities*** | | | |
| Profit before taxation | | 361,334 | 389,577 |
| *Adjustments for non-cash items:* | | | |
| Depreciation on property, plant and equipment | 18.1.4 | 227,191 | 157,750 |
| Amortisation of intangible asset | 19.3 | 24,441 | 9,445 |
| Finance costs | 33 | 826,298 | 423,972 |
| Net loss on insurance claim of fixed assets written off due to fire | | - | 6,838 |
| Loss of inventory due to fire | | - | (186,098) |
| (Gain) / loss on sale of property, plant and equipment | | (1,940) | 5,550 |
| Unrealised gain on investment property at fair value | | - | (4,799) |
| Workers' Profit Participation Fund | | 32,313 | 27,331 |
| Interest on Workers' Profit Participation Fund | | - | 498 |
| Amortisation of deferred income | | (6,117) | (6,321) |
| Liabilities no longer payable written back | | (9,062) | (21,134) |
| Impairment of investment in subsidiary | | 61,480 | - |
| Provision against trade debts and other receivables | | - | 10,388 |
| Provision for employee retirement benefits - *net* | | (24,850) | 10,281 |
| Dividend income from subsidiary Company | | (660,000) | (540,000) |
| **Profit before working capital changes** | | 831,088 | 283,278 |
| ***Effect on cash flows due to working capital changes*** | | | |
| *(Increase) / decrease in current assets* | | | |
| Stores, spares and loose tools | | (6,673) | (8,117) |
| Stock-in-trade | | 50,325 | (431,771) |
| Trade debts | | (1,257,023) | (722,228) |
| Advances, deposits, prepayments and other receivables | | 81,587 | (303,715) |
| (Decrease) / increase in trade and other payables | | (276,981) | 524,664 |
| | | (1,408,765) | (941,167) |
| **Cash used in operations** | | (577,677) | (657,889) |
| Income tax - net | | (31,346) | 7,392 |
| Workers' Profit Participation Fund paid | | (27,331) | (12,746) |
| Employee retirement benefits refund | | 9,960 | - |
| Long term deposits - net | | (4,382) | 6,820 |
| **Net cash used in operating activities** | | (630,776) | (656,423) |
| ***Cash flows from investing activities*** | | | |
| Capital expenditure | | (343,934) | (498,319) |
| Net proceeds against insurance claim against assets written off due to fire | | - | 429,037 |
| Proceeds from disposal of property, plant and equipment | | 24,023 | 12,601 |
| Investment in subsidiary company | | (250,000) | - |
| Dividend received from subsidiary Company | | 360,000 | 540,000 |
| **Net cash (used in) / generated from investing activities** | | (209,911) | 483,319 |
| ***Cash flows from financing activities*** | | | |
| Lease rentals paid | | (59,627) | (13,639) |
| Finance costs paid | | (707,070) | (400,400) |
| Dividend paid | | (203,977) | (175,803) |
| Short term finances availed - net | | 1,151,801 | (414,989) |
| Long term loans received | | 1,000,000 | 445,312 |
| Long term loans repaid | | (281,250) | (81,249) |
| **Net cash generated from / (used in) financing activities** | | 899,877 | (640,768) |
| **Net increase / (decrease) in cash and cash equivalents** | | 59,190 | (813,872) |
| **Cash and cash equivalents at beginning of the year** | | (1,439,206) | (625,334) |
| **Cash and cash equivalents at end of the year** | 36 | (1,380,016) | (1,439,206) |

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| Director | Chief Executive | Director Finance |





# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Unconsolidated Statement of Changes in Equity

*For the year ended 31 December 2019*

| | Issued, subscribed and paid-up capital | Capital Reserves | | | | Revenue Reserve | Total |
|---|---|---|---|---|---|---|---|
| | | Shares to be issued pursuant to amalgamation | Share premium reserve | Other capital reserve | Surplus on revaluation of land, building and plant and machinery | Unappropriated profits | |
| | (Rupees in '000) | | | | | | |
| **As at 01 January 2018** | 454,056 | 964,500 | 5,038,548 | 5,000 | 159,500 | 1,463,020 | 8,084,624 |
| ***Total comprehensive income for the year*** | | | | | | | |
| Profit after taxation | - | - | - | - | - | 452,669 | 452,669 |
| ***Other comprehensive income for the year*** | | | | | | | |
| Remeasurement of defined benefit obligation | - | - | - | - | - | 15,197 | 15,197 |
| | - | - | - | - | - | 467,866 | 467,866 |
| ***Surplus transferred to accumulated profits*** | | | | | | | |
| Transfer against sale of land and building - net of tax | - | - | - | - | (967) | 967 | - |
| Incremental depreciation relating to surplus on revaluation - net of tax | - | - | - | - | (137) | 137 | - |
| Effect of change in tax rate on account of surplus on property, plant and equipment | | | | | 129 | - | 129 |
| | - | - | - | - | (975) | 1,104 | 129 |
| ***Transactions with owners of the Company*** | | | | | | | |
| Shares to be issued pursuant to amalgamation | 964,500 | (964,500) | - | - | - | - | - |
| Shares issued as fully paid bonus shares @ 15% | 212,784 | - | (212,784) | - | - | - | - |
| Final dividend for the year ended 31 December 2017 @ Rs. 1.25 per share | - | - | - | - | - | (177,320) | (177,320) |
| | 1,177,284 | (964,500) | (212,784) | - | - | (177,320) | (177,320) |
| **Balance as at 31 December 2018** | 1,631,340 | - | 4,825,764 | 5,000 | 158,525 | 1,754,670 | 8,375,299 |
| ***Total comprehensive income for the year*** | | | | | | | |
| Profit after taxation | - | - | - | - | - | 260,085 | 260,085 |
| ***Other comprehensive income for the year*** | | | | | | | |
| Remeasurement of defined benefit obligation | - | - | - | - | - | (2,070) | (2,070) |
| Surplus on revaluation of property plant and and equipment | - | - | - | - | 355,409 | - | 355,409 |
| Related deferred tax on revaluation surplus | - | - | - | - | (100,866) | - | (100,866) |
| | - | - | - | - | 254,543 | 258,015 | 512,558 |
| ***Surplus transferred to accumulated profits*** | | | | | | | |
| Transfer against sale of building - net of tax | - | - | - | - | (6,249) | 6,249 | - |
| Incremental depreciation relating to surplus on revaluation - net of tax | - | - | - | - | (107) | 107 | - |
| | - | - | - | - | (6,356) | 6,356 | - |
| ***Transactions with owners of the Company*** | | | | | | | |
| Shares issued as fully paid bonus shares @ 15% | 244,701 | - | (244,701) | - | - | - | - |
| Final dividend for the year ended 31 December 2018 @ Rs. 1.25 per share | - | - | - | - | - | (203,917) | (203,917) |
| | 244,701 | - | (244,701) | - | - | (203,917) | (203,917) |
| **Balance as at 31 December 2019** | 1,876,041 | - | 4,581,063 | 5,000 | 406,712 | 1,815,124 | 8,683,940 |

The annexed notes 1 to 47 form an integral part of these unconsolidated financial statements.

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| Director | Chief Executive | Director Finance |

# Waves Singer Pakistan Limited (formerly Singer Pakistan Limited)

## Notes to the Unconsolidated Financial Statements

*For the year ended 31 December 2019*

**1 Status and nature of business**

Waves Singer Pakistan Limited ("the Company") is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public Company limited by shares and is quoted on the Pakistan Stock Exchange. The Company is principally engaged in the manufacturing and assembly of domestic consumer appliances along with retailing and trading of the same and other light engineering products. The registered office of the Company is located at 9-K.M, Hanjarwal, Multan Road, Lahore.

Geographical locations of the manufacturing facilities of the Company are located at:

- 9-K.M, Hanjarwal, Multan Road, Lahore.
- Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.

**2 Basis of preparation**

**2.1 Separate financial statements**

These financial statements are the separate financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. Consolidated financial statements of the Company are prepared and presented separately.

The Company has the following long term investments:

| | 2019 | 2018 |
|---|---|---|
| | (Direct holding percentage) | |
| **Name of subsidiary companies** | | |
| - Waves Marketing (Private) Limited | **100** | 100 |
| - Electronics Marketing Company (Private) Limited | **100** | 100 |

**2.2 Statement of compliance**

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

– International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

– Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

– Provisions of and directives issued under the Companies Act, 2017; and

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.





**2.3 Basis of measurement**

These unconsolidated financial statements have been prepared under the historical cost convention except for land, buildings (including the investment property) and plant and machinery which are stated at revalued amounts less subsequent depreciation and impairment losses as referred to in note 18, recognition of lease liability and employee retirement benefits as referred to in note 19 and 10 at present value respectively.

**2.4 Functional and presentation currency**

These unconsolidated financial statements are presented in Pakistani Rupee which is also the Company's functional and presentation currency and have been rounded off to the nearest thousand.

**3 Use of estimates and judgments**

The preparation of these unconsolidated financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, and the results of which form the basis for making judgment about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

| | | *Note* |
|---|---|---|
| - | Residual value, market values and useful lives of property, plant and equipment | *4.2* |
| - | Useful lives of intangible assets | *4.3* |
| - | Investment property | *4.5* |
| - | Provision for employee retirement benefit plans | *4.6* |
| - | Stock in trade and stores and spares and loose tools at net realisable value / net of impairment losses | *4.7 & 4.8* |
| - | Valuation of investment in subsidiary Company | *4.9* |
| - | Provisions | *4.12* |
| - | Provision for warranty obligation | *4.13* |
| - | Taxation | *4.16* |
| - | Impairment of financial and non-financial assets | *4.19* |

**4 Significant Accounting Policies**

The accounting policies set out below have been applied consistently to all periods presented in these unconsolidated financial statements, except as disclosed in note 5.1.

**4.1 Change in accounting policies**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers', IFRS 9 'Financial Instruments' and IFRS 16 'Leases' from 01 January 2019 which are effective from the periods beginning on or after 01 July 2018, periods ending on or after 30 June 2019 and periods beginning on or after 01 January 2019 respectively. Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these unconsolidated financial statements has not been restated to reflect the requirements of the new standards. The details of new significant accounting policies adopted and the nature and effect of the changes from previous accounting policies are set out below:

**4.1.1 IFRS 15 'Revenue from Contracts with Customers'**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognized when a customer obtains control of the goods or services. Determining the timing of the transfer of control at a point in time or over time requires judgment. The Company is engaged in the sale of domestic consumer appliances. The contracts with customers for the sale of goods generally includes single performance obligation. Management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer. The above is generally consistent with the timing and amounts of revenue the Company recognized in accordance with the previous standard, IAS 18. Therefore, the adoption of IFRS 15 which has replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations at 01 July 2018, did not have a material impact on the amounts of revenue recognized in the unconsolidated financial statements.

Upon adoption of IFRS 15 amounts received for future sale of goods were reclassified to 'contract liabilities'. Previously, these amounts were classified as "advances from customers"

***Impact on financial statements***

As at 01 January 2019, contract liabilities were increased by Rs. 11.37 million and advance from dealers decreased by the same amount.

**4.1.2 IFRS 9 Financial Instruments**

IFRS 9 replaced the provisions of IAS 39 ' Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. The details of new significant accounting policies adopted and the nature and the effect of the changes to the previous accounting policies are set out below:

***4.1.2.1 Classification and measurement of financial assets and financial liabilities***

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for the financial assets of held to maturity, loans and receivables and available for sale. Under IFRS 9, on initial recognition, the Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value either through Other Comprehensive Income ("FVOCI") or through statement of profit or loss ("FVTPL"); and

- Those to be measured at amortized cost.

The classification depends upon entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the unconsolidated statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI. Dividend income is recognized in the unconsolidated statement of profit or loss. However, the above had no effect on the unconsolidated financial statements as the Company has no investments at the reporting date. The Company's accounting policy relating to financial instruments is explained in notes to these unconsolidated financial statements.





***4.1.2.2 Impact of change in classification and measurement of financial assets due to adoption of IFRS 9***

The following table explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets at 01 January 2019:

| Financial Assets | Original classification under IAS 39 | New classification under IFRS 9 | Original carrying amount under IAS 39 | New carrying amount under IFRS 9 |
|---|---|---|---|---|
| | | | Rupees (000) | Rupees (000) |
| Security deposits | Loans and receivable | Amortized cost | 33,012 | 33,012 |
| Trade debts - unsecured, considered | Loans and receivable | Amortized cost | 1,982,771 | 1,982,771 |
| Other receivables | Loans and receivable | Amortized cost | 18,728 | 18,728 |
| Cash and bank balances | Loans and receivable | Amortized cost | 90,660 | 90,660 |

There is no change in the carrying amount of financial assets and financial liabilities at the initial recognition date of IFRS-9 except for change in accounting classifications under IFRS-9 from category under IAS-39 as disclosed in above table.

***4.1.2.3 Impairment***

The adoption of IFRS 9 has changed the Company's impairment model by replacing the IAS 39 'incurred loss model' with a forward looking 'expected credit loss' (ECL) model when assessing the impairment of financial assets in the scope of IFRS 9. Financial Instruments: Recognition and Measurement'. IFRS 9 requires the Company to recognize ECLs for trade debts earlier than IAS 39. Cash and bank balances, security deposits and other receivables are subject to ECLs model but there is no or immaterial impairment for the current year.

Under IFRS 9, the losses allowances are measured on either of the following bases:

- 12 months ECLs, these are the ECLs that result from possible default events within the 12 months after the reporting date; and

- Lifetime ECLs, these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Trade and other receivables are written off when there is no reasonable expectation of recovery.

Loss allowance on bank balances and other receivables is measured at 12 months expected credit losses. Since they are short term in nature and there is no adverse change in credit rating of the banks where the balances are maintained, therefore no credit loss is expected on these balances.

***Impact of ECL***

Considering the quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information, no loss allowance has been recorded against trade debts upon transition to IFRS 9 as of 01 January 2019 and during the year ended 31 December 2019.

### 4.1.3 IFRS 16 - Leases

The Company has initially applied IFRS 16 from 01 January 2019. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

On transition to IFRS 16, the Company elected to apply practical expedient to grandfather the assessment of which transactions are leases. The Company applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed for whether there is a lease under IFRS 16. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or changed on or after 01 January 2019.

***As a lessee***

As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognizes right of use assets and lease liabilities for material leases i.e. these leases are on balance sheet.

The Company presents right-of-use assets in 'property, plant and equipment', the same line item as it presents underlying assets of the same nature that it owns.

The Company has presented non-current and current portion of related lease liabilities in the statement of financial position considering their due dates for payment.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative value. The Company's accounting policy relating to leases is explained in notes of these unconsolidated financial statements.

***Transition***

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- did not recognize right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognize right-of-use assets and liabilities for leases of low value items;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial
- Used hindsight when determining the lease term.

The Company leases a number of vehicles and machinery. These leases were classified as finance leases under IAS 17. For these finance leases, the carrying amount of the right of use asset and the lease liability at 01 January 2019 were determined at the carrying of the lease asset and lease liability under IAS 17 immediately before that date.





The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets and leases of short term (warehouses). The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

***Impact of financial statements***

The Company has applied IFRS 16 using the modified retrospective approach. On transition to IFRS 16, the Company recognized additional Rs. 151.76 million of lease liabilities and Rs. 151.76 million right of use assets equivalent to lease liability. When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate applicable at the time of initial application of standard. However, there are some warehouse leases prior to 01 January 2019 that have not been considered as significant for the purpose of application of IFRS 16 and accordingly has no impact on the opening retained earnings as at 01 January 2019.

The result of initial application of IFRS 16 has been disclosed in note 18 to these unconsolidated financial statements respectively.

Also in relation to those leases under IFRS 16, the Company has recognised depreciation and interest costs, instead of operating lease expense. During the period ended 31 December 2019, the Company recognised Rs. 50.32 million of depreciation charges and Rs. 18.13 million of interest costs from these leases.

### 4.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for the land which is stated at revalued amount less impairment loss, if any, and buildings and plant and machinery which are stated at the revalued amounts less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the

Land, Buildings and Plant and Machinery are revalued by professionally qualified valuer with sufficient regularity to ensure that the net carrying amount does not differ materially from the fair value (market value). In case of revalued assets, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount restated at the revalued amount of the asset.

Increase in the carrying amount arising on revaluation of property, plant and equipment is recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss, and depreciation based on the asset's original cost is transferred to retained earnings. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings. All transfers to / from surplus on revaluation of property, plant and equipment are net of applicable deferred tax.

Useful lives are determined by the management based on expected usage of assets, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

Depreciation is charged to the statement of profit or loss applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. The rates of depreciation are stated in note 18.1 to these unconsolidated financial statements.

The assets' residual values and useful lives are reviewed at each financial year-end and adjusted if impact on depreciation is significant. The Company's estimate of the residual value of its property, plant and equipment as at balance sheet date has not required any adjustment as its impact is considered insignificant.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the item of property, plant and equipment. Normal repairs and maintenance are charged to the unconsolidated statement of profit or loss as and when incurred. Gains and losses on disposal of assets are taken to the statement of profit or loss.

***Capital work in progress***

It is stated at cost less impairment losses, if any. It includes expenditure incurred and advances made in respect of assets in the course of their construction and installation. These cost are transferred to relevant assets category as and when assets are available for intended use.

**4.3 Intangible assets and goodwill**

***Goodwill***

Goodwill arising on the acquisition of business represents future economic benefits arising from assets that are not capable of being individually identified and separately recognized. Goodwill is initially recognized at cost which is determined as the excess of the cost of business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is annually tested for impairment.

***Other Intangible asset***

Other intangible assets, including customer relationship, that are acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets such as brand value that have infinite lives are measured at cost less accumulated impairment losses, if any.

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives and is generally recognised in profit or loss. The rates of amortization are stated in note 19.1 to these unconsolidated financial statements.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation method, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Gain or loss from derecognition of intangible assets is recognised in the statement of profit or loss.

**4.4 Business combination**

As per the requirement of International Financial Reporting Standards 3, business combinations are accounted for by applying the acquisition method (other than those of the businesses / entities under common control unless it is transitory in nature). The cost of acquisition is measured at the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any liability resulting from a contingent consideration arrangement, if any.





Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognized directly in the statement of profit or loss.

**4.5 Investment property**

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Company's business model i.e. the Company's intentions regarding the use of property is the primary criterion for classification as an investment property.

Investment property is initially measured at cost (including the transaction costs). However when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipment. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings and the transfer is not made through the statement of profit or loss. However any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the unconsolidated statement of profit or loss.

The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately under finance lease.
Subsequent to initial recognition, the Company measures the investment property at fair value at each reporting date and any subsequent change in fair value is recognised in the statement of profit or loss (i.e. in case where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognised in the statement of profit or loss would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent remeasurement). The revaluation of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.

**4.6 Employee retirement and other service benefits**

***Defined benefit plans***

The Company operates a funded defined benefit pension scheme for the eligible executives and managers (old Singer Pakistan Limited's employees) and a funded gratuity scheme for all of its eligible employees (old Singer Pakistan Limited's employees) other than field staff. Provisions / contributions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the Projected Unit Credit Method.

Amount recognised in statement of financial position represents the present value of defined benefit obligations as reduced by the fair value of the plan assets, if any. All actuarial gains and losses are recognised in 'Other Comprehensive Income' as they occur. Past service cost resulting from the changes to defined benefit plan is immediately recognised in the statement of profit or loss. Current service cost together with net interest cost are also charged to the statement of profit or loss.

Calculation of gratuity and pension require assumptions to be made of future outcomes which mainly includes increase in remuneration, expected long term return on plan assets and the discount rate used to convert future cash flows to current values. Calculations are sensitive to changes in the underlying assumptions.

***Defined contribution plan***

The Company operates a recognised provident fund scheme covering all eligible employees. The Company and employees make equal monthly contributions to the fund.

***Staff Compensated absences***

The Company recognises the liability for compensated absences in respect of employees in the period in which they are earned up to the reporting date on the basis of un-availed earned leaves balance at the end of the year.

**4.7 Stores, spares and loose tools**

These are valued at lower of cost determined on first-in-first-out basis and impairment losses if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon up to the reporting date less any impairment losses.

Provision for obsolete and slow moving stores, spares and loose tools is determined based on management's estimates. These are based on their future usability. Provision is made for any excess of carrying value over the estimated net realizable value and is recognised in the unconsolidated statement of profit or loss.

**4.8 Stock-in-trade**

Stock-in-trade is valued at the lower of cost determined on first-in-first-out basis and net realisable value except for stock in transit which is stated at invoice value plus other charges incurred thereon up to the reporting date. Cost in relation to work in process and manufactured finished goods represent direct cost of materials, direct wages and appropriate allocation of manufacturing overheads. Cost of goods purchased for resale comprises of purchase price, import duties, taxes (other than those subsequently recoverable by the entity from tax authorities) and other directly attributable cost wherever applicable.

Cost comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost of completion and the estimated cost necessary to be incurred to make the sale.

The management continuously reviews its inventory for existence of any items which may have become obsolete. Provision is made for slow moving inventory based on management's estimation. These are based on historical experience and are continuously reviewed.





**4.9 Investment in Subsidiaries**

Investments in subsidiaries are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as an expense in the statement of profit or loss. Investments in subsidiaries that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses are subsequently reversed, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognised in the statement of profit or loss on investments in subsidiaries are reversed through the statement of profit or loss.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, 'Separate Financial Statements'.

**4.10 Cash and cash equivalents**

Cash and cash equivalents comprise of cash in hand, and deposits held with banks with original maturities of three months or less and where these are held for the purpose of meeting short term cash commitments rather than for investments or other purposes. Short term running finance facilities availed by the Company are also included as part of cash and cash equivalents for the purpose of cash flow statement.

**4.11 Trade and other payables**

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Account balances are classified as current liabilities if payment is due within one year or less (or in the normal operating cycles of business if longer). If not, they are classified as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Exchange gains and losses arising on translation in respect of liabilities in foreign currency are added to the carrying amount of the respective

**4.12 Provisions**

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, 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 the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

**4.13 Warranty obligations**

The Company accounts for its warranty obligations based on historical trends when the underlying products or services are sold.

**4.14 Revenue Recognition**

- Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.

### 4.15 Other Incomes

- Income on investments and profit and loss sharing bank accounts are recognised on accrual basis using the effective interest rate method.
- Rental income from investment property is recognised as other income on a straight-line basis over the term of lease.
- Dividend income and entitlement of bonus shares are recognised when the right to receive is established

### 4.16 Taxation

Income tax expense comprises of current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognized directly in equity / surplus on revaluation of fixed assets or in other comprehensive income.

***Current***

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

The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. Under this approach, the Company is accounting for the related taxes under standalone taxpayer approach. Under this approach, current and deferred taxes are recognised as if the entity was taxable in its own right.

***Deferred***

Deferred tax is accounted for using the balance sheet method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the unconsolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. However, deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction neither affects accounting nor taxable profit or loss. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The carrying amount of all deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax is charged or credited in the statement of profit or loss, except in the case of items credited or charged to other comprehensive income or equity in which case it is included in other comprehensive income or equity.





### 4.17 Borrowing Cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognized in unconsolidated statement of profit or loss in the period in which they are incurred.

### 4.18 Financial instruments

#### 4.18.1 Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### 4.18.2 Classification and subsequent measurement

***Financial assets***

On initial recognition, a financial asset is classified as measured at amortized cost, fair value through other comprehensive income (FVOCI), fair value through statement of profit or loss (FVTPL) and in case of an equity instrument it is classified as FVOCI or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business

***Amortized cost***

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is recognized in unconsolidated statement of profit or loss.

Financial assets measured at amortized cost comprise of cash and bank balances, deposits, trade debts and other receivables.

***Debt Instrument - FVOCI***

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in statement of profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to unconsolidated statement of profit or loss. However, the Company has no such instrument at the reporting date.

***Equity Instrument - FVOCI***

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

These assets are subsequently measured at fair value. Dividends are recognized as income in unconsolidated statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and these investments are never reclassified to unconsolidated statement of profit or loss. However, the Company has no such instrument at the reporting date.

***Fair value through statement of profit or loss (FVTPL)***

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in unconsolidated statement of profit or loss. The Company has no such investments at the reporting date.

***Financial assets – Business model assessment***

For the purposes of the assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.





In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse

***Financial liabilities***

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in unconsolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in statement of profit or loss.

The Company's financial liabilities comprise trade and other payables, long and short term borrowings, lease liabilities, accrued markup and dividend payable.

**4.18.3 Derecognition**

***Financial assets***

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company might enter into transactions whereby it transfers assets recognized in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

***Financial liabilities***

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in unconsolidated statement of profit or loss.

**4.18.4 Offsetting of financial assets and financial liabilities**

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

**4.19 Impairment**

***Financial assets***

The Company recognizes loss allowances for ECLs on:

- financial assets measured at amortized cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, bank balances and other receivables for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery





from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company reviews the recoverability of its trade debts, deposits, advances and other receivables to assess amount of loss allowance required on an annual basis. Impairment of cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

***Non - Financial assets***

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

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

**4.20 Foreign currency transactions and translation**

***Transactions and balances***

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the reporting date. Exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit or loss. Non-monetary assets and liabilities denominated in foreign currency that are measured in terms of historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary assets and liabilities denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. Exchange differences are generally included in the unconsolidated statement of profit or loss.

**4.21 Dividends and appropriations to reserves**

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved. Transfer between reserves approved subsequent to the reporting date is considered as non-adjusting event and is recognised in the unconsolidated financial statements in the period in which such transfers are made.

**4.22 Earnings per share**

As required under International Accounting Standard 33 Earnings Per Share, basic EPS is calculated by dividing the profit after tax attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The Company is not exposed to the dilutive effect on EPS.

**4.23 Common control transactions**

A business combination (or a demerger for that purpose) involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination. Such common control transactions have been excluded from the scope of International Financial Reporting Standards 3 dealing with Business Combinations. Accordingly, as an accounting policy choice, the assets acquired and liabilities assumed / assets and liabilities transferred are recognized under the book value basis (carry-over basis) of accounting.

**4.24 Grant in aid (deferred income)**

Grant in aid represents the amount received from the World Bank under a project to phase out the Ozone Depleting Substances (ODS) by acquiring asset (production facility) which manufactures such products which are free from such substances. This grant is classified as deferred income and is being amortized over the useful life of such asset.

**4.25 Leases**

At the inception of a contract, the Company assesses whether a contract is or contains lease. A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in 18.1 of the unconsolidated financial statements.





The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Company's incremental borrowing rate. The Company has used it incremental borrowing rate as the discount rate for leases where rate is not readily available. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made.

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 9 to these financial statements for disclosure of lease liability.

***Short term leases and leases of low value assets***

The Company has elected not to recognize right of use assets and liabilities for some leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

***Sale and lease back***

Where the sale and lease back transactions result in a lease liability, any excess of sale proceeds over the carrying amount is deferred and amortised over the lease term. However, sale proceeds less than the carrying value is immediately recognised in the statement of profit or loss.

**4.26 Allocation of expenses**

Certain expenses are allocated by the Company to its subsidiaries in accordance to a basis approved by the Board of Directors of the Company and the subsidiaries.

**4.27 Standards, interpretations and amendments to published approved International Financial Reporting Standards**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2020:

– Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 01 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future.. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 01 January 2020, unless the new guidance contains specific scope outs.

- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A Company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- IFRS 14 Regulatory Deferral Accounts - (effective for annual periods beginning on or after 01 July 2019) provides interim guidance on accounting for regulatory deferral accounts balances while IASB considers more comprehensive guidance on accounting for the effects of rate regulation. In order to apply the interim standard, an entity has to be rate regulated – i.e. the establishment of prices that can be charged to its customers for goods or services is subject to oversight and/or approved by an authorized body. The term 'regulatory deferral account balance' has been chosen as a neutral descriptor for expense (income) or variance account that is included or is expected to be included by the rate regulator in establishing the rate(s) that can be charged to customers and would not otherwise be recognized as an asset or liability under other IFRSs. The standard is not likely to have any effect on Company's financial statements.

The above amendments are effective from annual period beginning on or after 01 January 2020 and are not likely to have an impact on Company's financial statements.





| | | Note | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| | | | (Number of shares) | | (Rupees in '000) | |
| **5** | **Share capital** | | | | | |
| **5.1** | Authorized share capital | 5.1.1 | **200,000,000** | 175,000,000 | **2,000,000** | 1,750,000 |

**5.1.1** During the year, the Company has increased its authorized share capital by 25,000,000 shares. The authorized share capital thus stands enhanced at Rs. 2,000 million, divided into 200,000,000 shares of Rs. 10 each, and accordingly the Memorandum and Articles of Association of the Company have been amended.

**5.2 Issued, subscribed and paid-up capital**

| *Fully paid-up ordinary shares of Rs. 10 each* | Note | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|---|
| | | (Number of shares) | | (Rupees in '000) | |
| Issued for cash | | **11,461,568** | 11,461,568 | **114,616** | 114,616 |
| Issued for consideration other than cash | | **703,733** | 703,733 | **7,037** | 7,037 |
| Issued as paid bonus shares | | **78,988,759** | 54,518,664 | **789,888** | 545,187 |
| Issued under scheme of amalgamation | | **96,450,000** | 96,450,000 | **964,500** | 964,500 |
| | | **187,604,060** | 163,133,965 | **1,876,041** | 1,631,340 |

**5.3 Reconciliation of ordinary shares**

| | Note | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|---|
| Balance as at 01 January | | **163,133,965** | 45,405,622 | **1,631,340** | 454,056 |
| Ordinary shares issued under scheme of arrangement | 5.5 | **-** | 96,450,000 | **-** | 964,500.00 |
| Ordinary shares issued as fully paid bonus shares | 5.6 | **24,470,095** | 21,278,343 | **244,701** | 212,784.00 |
| **Balance as at 31 December** | | **187,604,060** | 163,133,965 | **1,876,041** | 1,631,340 |

**5.4** Ordinary shares of the Company held by associated persons and undertaking at year end are as follows:

| | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|
| | (Percentage held) | | (Number of shares) | |
| *Poseidon Synergies (Private) Limited | **6.00%** | 6.00% | **11,253,183** | 9,785,377 |
| *Chief Executive Officer and his spouse and minor children* | | | | |
| - Haroon Ahmad Khan (CEO) | **38.32%** | 37.95% | **71,893,524** | 61,916,108 |
| - Nighat Haroon Khan (Wife of CEO) | **15.64%** | 15.64% | **29,346,274** | 25,518,500 |
| - Dependent children of CEO | **1.66%** | 1.66% | **3,107,875** | 2,702,500 |
| | **61.62%** | 61.25% | **115,600,856** | 99,922,485 |

* Owned by Chief Executive Officer and his wife.

**5.5** Pursuant to Scheme of Arrangement, approved by Honourable Sindh High Court through its Order dated 22 May 2018, Singer Pakistan Limited was merged and combined with Cool Industries (Private) Limited and Link Wel (Private) Limited. The Company issued 96,450,000 shares to the shareholders of Cool Industries (Private) Limited and Link Wel (Private) Limited pursuant to the same scheme.

**5.6** During the year, Company has announced 15% (2018: 15%) bonus shares in lieu of dividend to its existing shareholders, in proportion of their shareholding.

**5.7** The holders of ordinary shares are entitled to receive dividends as declared (if any), and are entitled to one vote per share at meetings of the Company.

**5.8** 13,509,024 shares having face value of Rs. 10 each are pledged as security with a financial institution.

**6 Share premium**

This represents excess of market value over the face value of shares issued under the scheme of arrangement. This reserve can only be utilized by the Company for the purpose specified in Section 81(2) of the Companies Act, 2017.

## 7 Surplus on revaluation of property, plant and equipment - net of tax

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| Revaluation surplus - as on 01 January | | **160,123** | 161,564 |
| Surplus on revaluation arisen during the year | | **355,409** | - |
| Surplus on sale of buildings on freehold land transferred to retained earnings | | **-** | (1,248) |
| Surplus on sale of investment property transferred to retained earnings | | **(6,441)** | - |
| Incremental depreciation transferred to equity | | **(149)** | (193) |
| | | **508,942** | 160,123 |
| Deferred tax liability - as on 01 January | | **(1,598)** | (2,064) |
| Deferred tax on revaluation arisen during the year | | **(100,866)** | - |
| Tax effect on transfer / sale of buildings on freehold land transferred to retained earnings | | **192** | 281 |
| Tax effect on transfer of incremental depreciation to retained earnings | | **42** | 56 |
| Adjustment resulting from change of tax rate | | **-** | 129 |
| Deferred tax liability | | **(102,230)** | (1,598) |
| | *7.1 & 7.2* | **406,712** | 158,525 |

**7.1** This includes balance of Rs. 149.97 million (2018: 153.49 million) representing surplus on revaluation of buildings classified as investment property. Balance as at 31 December includes surplus on land of Rs. nil (2018: 1 million), building on freehold land of Rs. 151.49 million (2018: Rs. 157.52 million) and plant and machinery of Rs. 255.22 million (2018: Rs. nil).

**7.2** The Company revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017 and 2019. Latest revaluation was carried out on 31 December 2019. This was conducted by M/s Asif Associates (Private) Limited. Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per kanal for land, price per square foot for buildings and present operational condition and age of plant and machinery.

## 8 Long term loans - Secured

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| Long term loans - Banking Company | *8.1* | **805,708** | 568,209 |
| Long term loans - Non-banking Company | *8.1* | **926,563** | 445,312 |
| Current maturity presented under current liabilities | *16* | **(315,000)** | (281,250) |
| | | **1,417,271** | 732,271 |

**8.1** Long term finances utilized under mark-up arrangements from banking and non banking companies are composed of:

| Note | Bank Name | Facility | 2019 Rupees | 2018 Rupees | Mark-up as per Agreement | Tenure and basis of principal repayment |
|---|---|---|---|---|---|---|
| **8.1.1** | Sindh Bank Limited | Term Finance | **405,708** | 568,209 | 3 Months KIBOR plus 3% per annum, payable quarterly. | Balance payable in 5 semi-annually instalments ending on 16 March 2022. |
| **8.1.2** | Dubai Islamic Bank Limited | Term Finance | **400,000** | - | 3 Months KIBOR plus 2% per annum, payable quarterly. | Balance payable after expiry of 15 month grace period in 16 quarterly instalments beginning from 08 January 2021. |
| | | | **805,708** | 568,209 | | |
| **8.1.3** | Pak Brunei Investment Company Limited | Term Finance | **326,563** | 445,312 | 3 Months KIBOR plus 3% per annum, payable quarterly. | Balance payable in 11 quarterly instalments ending on 30 August 2022. |
| **8.1.4** | Pak Oman Investment Company Limited | Term Finance | **300,000** | - | 3 Months KIBOR plus 2.5% per annum, payable quarterly. | Balance payable after expiry of 12 month grace period in 16 quarterly instalments beginning from 06 December 2020. |
| **8.1.5** | Pak Libya Investment Company Limited | Term Finance | **300,000** | - | 6 Months KIBOR plus 2.5% per annum, payable quarterly. | Balance payable after expiry of 12 month grace period in 20 quarterly instalments beginning from 05 October 2020. |
| | | | **926,563** | 445,312 | | |

**8.1.1** This facility is secured by way of first parri passu charge of Rs 1,267 million on present and future fixed assets of the Company and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements of the Company.

**8.1.2** This facility is secured by way of first pari passu charge of Rs. 534 million on present and future fixed assets of the Company and Cross corporate guarantees of group concerns of the Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Company.

**8.1.3** This facility is secured by way of first parri passu charge of Rs. 967 million on present and future fixed assets of the Company and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Company.

**8.1.4** This facility is secured by way of 25% margin over financing amount related to present and future fixed assets of the Company and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements and CAPEX for shifting of existing manufacturing unit to new place.

**8.1.5** This facility is secured by way of first pari passu charge of Rs. 400 million on present and future fixed assets of the Company. This facility has been obtained to finance the expension of production facility.

**8.1.6** Subsequent to the year end, the Company has availed the regulatory relief given by State Bank of Pakistan through its BPRD circular letter no. 13 of 2020 deferring the principal installments of long term loans by 360 days with a restriction imposed by financial institutions on Company for not making dividend payment during the period of relief.

**8.1.7** As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.





## 9 Lease liabilities

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| Leased assets - secured | *9.1* | **66,800** | 65,528 |
| Leased building - unsecured | *9.2* | **196,348** | - |
| | | **263,148** | 65,528 |
| Current maturity | | **(83,328)** | (23,074) |
| | | **179,820** | 42,454 |

The future minimum lease payments and their present values to which the Company is committed under various lease arrangements are

**9.1** Leased assets - secured

| | 2019 Minimum lease payments | 2019 Finance charge | 2019 Present value of minimum lease payments | 2018 Minimum lease payments | 2018 Finance charge | 2018 Present value of minimum lease payments |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| Not later than one year | **37,738** | **9,192** | **28,545** | 28,885 | 5,811 | 23,074 |
| Later than one year and not later than five years | **44,947** | **6,693** | **38,255** | 46,950 | 4,496 | 42,454 |
| | **82,685** | **15,885** | **66,800** | 75,835 | 10,307 | 65,528 |

The above represents finance leases entered into with certain financial institution for plant and machinery and vehicles. Monthly payments of leases carry mark-up rates at KIBOR plus 1.5% to 5% per annum (2018: KIBOR plus 1.5 % to 5% per annum). KIBOR is one, three and six months average ask side. At the year-end the applicable rates ranged between 8.43% to 14.09% (2018: 8.43% to 14.09%) per annum.

During the current year, the Company entered into lease arrangements of assets amounting to Rs. 24.1 million. These obligations are payable in monthly installments Rs. 0.0453 million to Rs. 0.083 million and carry a mark up rate at 3 month KIBOR + 2.5% per annum.

**9.2** Leased building - unsecured

| | 2019 Minimum lease payments | 2019 Finance charge | 2019 Present value of minimum lease payments | 2018 Minimum lease payments | 2018 Finance charge | 2018 Present value of minimum lease payments |
|---|---|---|---|---|---|---|
| | (Rupees in '000) | | | | | |
| Not later than one year | **75,633** | **20,850** | **54,783** | - | - | - |
| Later than one year and not later than five years | **194,582** | **53,017** | **141,565** | - | - | - |
| | **270,215** | **73,867** | **196,348** | - | - | - |

As explained in note 4.1.3 to the financial statements, the Company has recognized lease buildings during the year on account of warehouses rented out to the Company. The remaining tenure of contracts ranges from 18 to 120 month payable monthly, quarterly and annually. Lease liability is calculated at discount rate ranging from 12.01% to 15.36%.

## 10 Employee retirement benefits

| | Note | 2019 (Rupees in '000) | 2018 (Rupees in '000) |
|---|---|---|---|
| ***Classified under non-current assets*** | | | |
| *Employee retirement benefits* | | | |
| - Pension fund | *10.2* | **(3,388)** | (9,960) |
| ***Classified under non-current liabilities*** | | | |
| *Employee retirement benefits - obligation* | | | |
| - Gratuity fund - permanent employees | *10.2* | **23,088** | 42,480 |

**10.1** Pension scheme is available to all permanent full-time employees in the executive and manager grades including the full-time working directors but excluding persons working as temporary, trainees or apprentice employees. Minimum years of service for qualifying to pension is 15 years. Employees are entitled to Pension on retirement at 57 years of age. Gratuity to the permanent employees is payable on normal retirement at the age of 57 years, natural death, etc. and is payable only on the minimum completion of 5 years of service with the Company. Both of these benefits relate only to old employees of former Singer Pakistan Limited (before the effective date of amalgamation) and this benefit has been freezed at the level existed as at 31 May 2019. Employees who have not completed the terms, their related charge has been reversed.

The details of employee retirement benefits based on actuarial valuations carried out by an independent actuary as at 31 December 2019 under the Projected Unit Credit method are given below.

The principal assumptions used in the actuarial valuation are as follows:

| | | Pension Fund | | Gratuity Permanent employees | |
|---|---|---|---|---|---|
| | Note | **2019 (%)** | 2018 (%) | **2019 (%)** | 2018 (%) |
| 1) Discount rate per annum | | **11.25** | 13.25 | **11.25** | 13.25 |
| 2) Expected per annum rate of increase in future salaries | | **Nil** | 11.25 | **-** | 11.25 |
| 3) Expected rate of increase in pension | | **Nil** | Nil | | |
| 4) Mortality rates | | **SLIC (2001-05)-1** | SLIC (2001-05)-1 | **SLIC (2001-05)-1** | SLIC (2001-05)-1 |

**10.2 Amounts recognised in statement of financial position**

| | | Pension Fund | | Gratuity Permanent employees | |
|---|---|---|---|---|---|
| | | **2019** | 2018 | **2019** | 2018 |
| | | (Rupees in '000) | | | |
| Present value of defined benefit obligation | 10.4 | **63,394** | 69,324 | **25,043** | 47,178 |
| Fair value of plan assets | 10.5 | **(66,782)** | (79,284) | **(1,955)** | (4,698) |
| (Asset) / liability on the reporting date | 10.3 | **(3,388)** | (9,960) | **23,088** | 42,480 |

**10.3 Movement in net defined benefit liability recognised in statement of financial position**

| | Note | **2019** | 2018 | **2019** | 2018 |
|---|---|---|---|---|---|
| Net (asset) / liability as at 01 January | | **(9,960)** | 5,713 | **42,480** | 31,723 |
| Income / cost recognised in profit or loss for the year | 10.6 | **(13,109)** | 4,039 | **(11,741)** | 6,242 |
| Refund during the year | | **9,960** | - | **-** | - |
| Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss / (gain) | 10.7 | **9,721** | (19,712) | **(7,651)** | 4,515 |
| Net (asset) / liability as at 31 December | | **(3,388)** | (9,960) | **23,088** | 42,480 |

**10.4 Movement in present value of defined benefit obligations**

| | **2019** | 2018 | **2019** | 2018 |
|---|---|---|---|---|
| Liability for defined benefit obligation at 01 January | **69,324** | 90,115 | **47,178** | 45,865 |
| Benefits paid | **(6,933)** | (7,661) | **(3,181)** | (9,394) |
| Current service cost | **3,184** | 3,586 | **3,912** | 3,727 |
| Past service cost | **(15,053)** | - | **(21,032)** | - |
| Interest cost | **9,144** | 7,433 | **6,011** | 3,824 |
| *Re-measurements - actuarial loss / (gain) on obligation* | | | | |
| - Change in financial assumptions | **9,932** | (23,496) | **1,525** | 1,301 |
| - Change in experience adjustments | **(6,204)** | (653) | **(9,370)** | 1,855 |
| Liability for defined benefit obligation at 31 December | **63,394** | 69,324 | **25,043** | 47,178 |





| | Note | Pension Fund | | Gratuity Permanent employees | |
|---|---|---|---|---|---|
| | | **2019** | 2018 | **2019** | 2018 |
| | | (Rupees in '000) | | | |
| **10.4.1 Analysis of present value of defined benefit obligation** | | | | | |
| *Vested / non-vested* | | | | | |
| - Vested Benefits | | - | - | **25,043** | 43,770 |
| - Non Vested Benefits | | - | - | **-** | 3,408 |
| | | - | - | **25,043** | 47,178 |
| *Benefit obligation by participant status/ cadre* | | | | | |
| - Active / Management | | **16,768** | 26,123 | **-** | 47,178 |
| - Retirees / Union | | **46,626** | 43,201 | **-** | - |
| | | **63,394** | 69,324 | **-** | 47,178 |
| *Type of benefits earned to date* | | | | | |
| - Accumulated benefit obligation | | **63,394** | 58,078 | **25,043** | 26,716 |
| - Amounts attributed to future salary increase | | **-** | 11,246 | **-** | 20,462 |
| | | **63,394** | 69,324 | **25,043** | 47,178 |
| **10.5 Movements in the fair value of plan assets** | | | | | |
| Fair value of plan assets - at 01 January | | **79,284** | 84,402 | **4,698** | 14,142 |
| (Refund) / contribution during the year | | **(9,960)** | - | **-** | - |
| Benefits paid | | **(6,933)** | (7,661) | **(3,181)** | (9,394) |
| Expected return on plan assets | | **10,384** | 6,980 | **632** | 1,309 |
| *Re-measurements on assets - actuarial loss* | | | | | |
| - Change in experience adjustments | | **(5,993)** | (4,437) | **(194)** | (1,359) |
| Fair value of plan assets - at 31 December | 10.9 | **66,782** | 79,284 | **1,955** | 4,698 |
| **10.6 Expense recognised in statement of profit or loss** | | | | | |
| Current service cost | | **3,184** | 3,586 | **3,912** | 3,727 |
| Past service cost | | **(15,053)** | - | **(21,032)** | - |
| Interest cost net of expected return on plan assets | | **(1,240)** | 453 | **5,379** | 2,515 |
| | | **(13,109)** | 4,039 | **(11,741)** | 6,242 |
| The expense is recognised in the following line items in the statement of profit or loss: | | | | | |
| Cost of sales | | **(8,521)** | 2,651 | **(7,632)** | 4,066 |
| Marketing, selling and distribution costs | | **(3,277)** | 967 | **(2,935)** | 1,531 |
| Administrative expenses | | **(1,311)** | 421 | **(1,174)** | 645 |
| | | **(13,109)** | 4,039 | **(11,741)** | 6,242 |
| **10.7 Actuarial (gain) / loss recognised in other comprehensive income during the year** | | | | | |
| Actuarial (gain) / loss on obligation | | **3,728** | (24,149) | **(7,845)** | 3,156 |
| Actuarial loss on plan assets | | **5,993** | 4,437 | **194** | 1,359 |
| Total actuarial (gain) / loss recognised in OCI | | **9,721** | (19,712) | **(7,651)** | 4,515 |

Net actuarial (gain) / loss on pension fund and funded gratuity amounts to Rs. 2.07 million (2018: Rs. (15.2) million) which has been taken to other comprehensive income.

| | Pension Fund | | Gratuity Permanent employees | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | (Rupees in '000) | | | |
| **10.8 Return on plan assets** | | | | |
| Actual return on plan assets | **4,391** | 2,543 | **438** | (50) |

**10.9 Composition of plan assets**

| | Pension Fund | | Gratuity - Permanent employees | |
|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 |
| | (Rupees in '000) | | | |
| Cash and cash equivalents | 22,656 | 11,754 | 1,955 | 4,698 |
| Debt instruments - Government Bonds / Securities | | | | |
| i) Pakistan Investment Bonds | 23,797 | 24,354 | - | - |
| ii) Special Savings Certificates | - | 23,498 | - | - |
| iii) Treasury Bills | - | 19,678 | - | - |
| v) Term Deposit Receipts | 20,329 | - | - | - |
| Total fair value of plan assets | 66,782 | 79,284 | 1,955 | 4,698 |

**10.10 Historical information**

| | 31 December | | | | |
|---|---|---|---|---|---|
| | 2019 | 2018 | 2017 | 2016 | 2015 |
| | (Rupees in '000) | | | | |
| ***Pension Fund*** | | | | | |
| Present value of the defined benefit obligation | 63,394 | 69,324 | 90,115 | 80,268 | 75,101 |
| Fair value of plan assets | (66,782) | (79,284) | (84,402) | (61,782) | (64,313) |
| (Surplus) / deficit in the plan | (3,388) | (9,960) | 5,713 | 18,486 | 10,788 |
| Financial assumptions arising on plan liabilities | 9,932 | (23,496) | (1,602) | 4,257 | 7,284 |
| Experience adjustments arising on plan liabilities | (6,204) | (653) | 9,633 | (1,488) | (5,870) |
| Experience adjustments arising on plan assets | (5,993) | (4,437) | 256 | 2,102 | 5,192 |
| ***Gratuity - fund*** | | | | | |
| Present value of the defined benefit obligation | 25,043 | 47,178 | 45,865 | 34,166 | 47,564 |
| Fair value of plan assets | (1,955) | (4,698) | (14,142) | (14,386) | (25,219) |
| Deficit in the plan | 23,088 | 42,480 | 31,723 | 19,780 | 22,345 |
| Financial assumptions arising on plan liabilities | 1,525 | 1,301 | 67 | (201) | (126) |
| Experience adjustments arising on plan liabilities | (9,370) | 1,855 | 7,126 | (8,441) | (2,887) |
| Experience adjustments arising on plan assets | (194) | (1,359) | 269 | 1,022 | 13,336 |

**10.11 Sensitivity analysis on significant actuarial assumptions**

| | | 31 December 2019 | | | |
|---|---|---|---|---|---|
| | | Pension | | Gratuity | |
| ***Actuarial liability*** | Change in assumption | Increase in assumption | Decrease in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.5% | 61,389 | 65,532 | 24,642 | 25,459 |
| Salary increases | 0.5% | - | - | - | - |

The weighted average of plan duration for pension is 6.52 years (2018: 7.24 years) while for funded gratuity is 3.26 years (2018: 5.28 years).

**10.12** Maturity profile of the defined benefit obligation - undiscounted payments

| | Time in years | | | | | |
|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6-10 |
| | (Rupees in '000) | | | | | |
| *Distribution of timing of benefit payments* | | | | | | |
| - Pension | 7,194 | 14,560 | 14,751 | 14,598 | 14,373 | 65,508 |
| - Gratuity-fund | 2,817 | 11,986 | 1,829 | 5,662 | 1,198 | 11,186 |
| | 10,011 | 26,546 | 16,580 | 20,260 | 15,571 | 76,694 |

**10.13** Expected charge to statement of profit or loss for post employment funded gratuity and pension plans for the year ending 31 December 2020 are Rs. (0.361) million and Rs. 2.52 million respectively.

| | Pension | Gratuity permanent staff |
|---|---|---|
| **10.14** Number of employees covered in the scheme | 61 | 63 |





**11 Deferred tax liability - net**

Deferred tax asset and liability comprise of taxable and deductible temporary differences in respect of the following:

| | Note | Balance as at 01 January 2018 | Recognized in statement of profit or loss | Recognised in equity / OCI | Transfers | Balance as at 31 December 2018 | Recognized in statement of profit or loss | Recognised in equity / OCI | Balance as at 31 December 2019 |
|---|---|---|---|---|---|---|---|---|---|
| | | (Rupees in '000) | | | | | | | |
| ***Taxable temporary difference*** | | | | | | | | | |
| - accelerated tax depreciation | | 397,236 | (38,015) | - | - | 359,221 | 74,721 | - | 433,942 |
| - surplus on revaluation of property, plant and equipment | 7 | 2,064 | (337) | (129) | - | 1,598 | (234) | 100,866 | 102,230 |
| | | 399,300 | (38,352) | (129) | - | 360,819 | 74,487 | 100,866 | 536,172 |
| ***Deductible temporary difference*** | | | | | | | | | |
| - other provisions | | (69,862) | 1,181 | - | - | (68,681) | 20,317 | - | (48,364) |
| - effect of 'Group Taxation" | | - | (86,430) | - | (26,203) | (112,633) | - | - | (112,633) |
| - effect of minimum tax | | - | - | - | - | - | (17,932) | - | (17,932) |
| - tax losses | 11.1 | (190,741) | 60,661 | - | 26,203 | (103,877) | (5,423) | - | (109,300) |
| | | (260,603) | (24,588) | - | - | (285,191) | (3,038) | - | (288,229) |
| **Deferred tax liability - net** | | 138,697 | (62,940) | (129) | - | 75,628 | 71,449 | 100,866 | 247,943 |

**11.1** This includes deferred tax of Rs. 13.23 million (2018: Rs. 12.32 million) recorded on unabsorbed tax depreciation and amortisation.

**11.2** Deferred tax has been recognised at rates enacted at the reporting date at which these are expected to be settled / realized.

**11.3** The management has recorded deferred tax asset on tax losses and credits based on financial projections indicating the absorption of deferred tax asset over a number of future years against future expected taxable profits. The financial projections involve certain key assumptions such as sales price and composition, raw materials, labour prices and distribution channels etc. Any significant change in the key assumptions may have an effect on the absorption of the deferred tax asset. Nonetheless, the management is confident of the achievement of its targeted results.

| | | Note | 2019 | 2018 |
|---|---|---|---|---|
| 12 | **Deferred income** | | (Rupees in '000) | |
| | ***Details of the movement in the balance*** | | | |
| | Balance as at 01 January | | | |
| | Gross balance of deferred income | | **50,529** | 32,580 |
| | Accumulated amortization | | **(23,189)** | (16,868) |
| | Unamortized balance of deferred income as on 01 January | | **27,340** | 15,712 |
| | ***Transactions during the year*** | | | |
| | Sale and lease back arrangement | 12.1 | **-** | 17,949 |
| | *Amortization for the year* | | | |
| | - on sale and lease back arrangement | 12.1 | **(4,956)** | (5,236) |
| | - on grant | 12.2 | **(1,161)** | (1,085) |
| | | | **(6,117)** | (6,321) |
| | Unamortized balance of deferred income | | **21,223** | 27,340 |
| | *Current portion of deferred income* | | | |
| | - on sale and lease back arrangement | 12.1 | **(4,487)** | (4,955) |
| | - on grant | 12.2 | **(1,161)** | (1,161) |
| | | | **(5,648)** | (6,116) |
| | Balance as at 31 December | | **15,575** | 21,224 |
| | ***Reconciliation:*** | | | |
| | Gross balance of deferred income | | **50,529** | 50,529 |
| | Accumulated amortization | | **(29,306)** | (23,189) |
| | Unamortized balance of deferred income | | **21,223** | 27,340 |
| | **Details of the closing balance** | | | |
| | Unamortized balance of the excess of sale proceeds over the carrying value of assets | 12.1 | **10,097** | 15,053 |
| | Unamortized balance of grant | 12.2 | **11,126** | 12,287 |
| | | | **21,223** | 27,340 |

**12.1** The Company had entered in sale and lease back arrangements of specific items of plant and machinery resulting in a deferred income (representing excess of sale proceeds over the carrying amount of respective assets). The deferred income has been amortized and recognized in the unconsolidated statement of profit or loss over the lease term.

**12.2** Grant in aid represents the amount received from the World Bank under a project to phase out the Ozone Depleting Substances (ODS) by acquiring asset (production facility) which manufactures products that are free from such substances. This grant is classified as deferred income and is being amortized over the useful life of the asset. Amortization for the year is based on 8.33% of the balance in accordance with the depreciation charged on plant and machinery for which the grant was received.





| | | Note | 2019 | 2018 |
|---|---|---|---|---|
| 13 | **Trade and other payables** | | (Rupees in '000) | |
| | Trade creditors | | **744,446** | 739,901 |
| | Bills payable | | **155,481** | 519,182 |
| | Accrued liabilities | | **207,793** | 222,924 |
| | Contract liabilities | | **47,142** | - |
| | Advance from dealers | | **-** | 11,371 |
| | Security deposits from dealers | 13.1 | **11,052** | 9,266 |
| | Provisions in respect of warranty obligations | | **6,825** | 538 |
| | Workers' profits participation fund | 13.2 | **32,313** | 27,331 |
| | Workers' welfare fund | | **9,243** | 9,118 |
| | Advance from employees against vehicle | | **17,013** | 10,835 |
| | Income tax deducted at source | 13.3 | **84,813** | 55,774 |
| | Payable to the provident fund | 37 | **6,497** | 8,434 |
| | Others | 13.4 | **81,585** | 69,265 |
| | | | **1,404,203** | 1,683,939 |

**13.1** The Company is in the process of transferring this amount to separate bank account to comply with the requirements of Companies Act, 2017.

| | | Note | 2019 | 2018 |
|---|---|---|---|---|
| 13.2 | **Workers' profits participation fund** | | (Rupees in '000) | |
| | Balance as at 01 January | | **27,331** | 12,248 |
| | Add: Allocation for the year | 31 | **32,313** | 27,331 |
| | Interest on WPPF accrued during the year | | **-** | 498 |
| | | | **59,644** | 40,077 |
| | Less: Payment made during the year | | **(27,331)** | (12,746) |
| | Balance as at 31 December | | **32,313** | 27,331 |

**13.3** Amount of Rs. Nil (2018: 25.31 million) has been paid subsequent to year end.

**13.4** Included in other liabilities are provisions aggregating to Rs. 61.74 million (2018: Rs 61.74 million) in respect of probable loss from pending litigation of the Company against Income Tax, Sales Tax and Custom Authorities (the authorities). The above provisions have been made as per the management's best estimate against various demands raised by the authorities that are being contested by the Company at various forums as explained in note 17.

| | | 2019 | 2018 |
|---|---|---|---|
| 14 | **Mark-up accrued on borrowings** | (Rupees in '000) | |
| | *Mark-up based borrowings from banking companies* | | |
| | - Long term loans - secured | **30,937** | 19,655 |
| | - Short term borrowings - secured | **147,197** | 62,837 |
| | *Mark-up based borrowings from non-banking companies* | | |
| | - Long term loan from financial institution | **21,796** | 5,101 |
| | *Islamic mode of borrowings* | | |
| | - Short term borrowings - secured | **16,636** | 9,745 |
| | | **216,566** | 97,338 |

| 15 Short term borrowings | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **From banking companies - secured** | | | |
| Running finance under mark-up arrangements | 15.2 | 1,496,360 | 1,529,866 |
| Finance against trust receipt | 15.3 | 1,873,765 | 1,032,528 |
| Cash finance | 15.4 | 463,455 | - |
| Short term borrowings under Murahaba arrangement | 15.5 | 280,001 | 397,892 |
| | | 4,113,581 | 2,960,286 |
| **From non banking companies** | | | |
| Short term borrowings from associated undertaking - *unsecured* | 15.7 | - | 35,000 |
| | | 4,113,581 | 2,995,286 |

**15.1 Particulars of borrowings**

| | 2019 | 2018 |
|---|---|---|
| Interest / mark-up based borrowings | 3,786,491 | 2,597,394 |
| Islamic mode of borrowings | 327,090 | 397,892 |
| | 4,113,581 | 2,995,286 |

**15.2 Short term running finance**

This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. 1,506.72 million (2018: Rs. 1,536 million). These facilities are secured by way of equitable mortgage charge on owned shops, freehold land and building on freehold land of the Company, charge over all current assets and fixed assets of the Company and personal guarantees of the directors of the Company and carry mark-up ranging from 12.05% to 16.86% (2018: 8.91% to 11.88%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates (Latest by January 2020 and maximum by September 2020).

**15.3 Finance against trust receipt**

This represents Finance Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 2,763.95 million (2018: 1,854 million). These facilities are secured against charge over all current assets and fixed assets of the Company and personal guarantees of the directors of the Company and carries mark-up rate ranging between 10.56% to 17.01% (2018: 8.66% to 12.94%) per annum payable on maturity, monthly and quarterly in arrears. These borrowings are repayable on different dates starting from January 2020 to June 2020.

**15.4 Cash finance**

This represents utilized amount of cash finance facilities under mark-up arrangements availed from commercial banks aggregating to Rs. 475 million (2018: Rs. Nil). These facilities are secured by way of Pledge of Company stock with 25% of margin, charge over all current assets of the Company and personal guarantees of the directors of the Company and carry mark-up ranging from 16.36% to 18.54% (2018: Nil) per annum, payable quarterly in arrears. These facilities are expiring on various dates (Latest by June 2020 and maximum by December 2020).





**15.5 Islamic mode of borrowings**

This represents utilized amount of Murabaha / Istisna borrowings available from banks aggregating to Rs. 280 million (2018: Rs. 417 million). These facilities are secured against charge over all current assets and fixed assets of the Company and personal guarantees of the directors of the Company and carrying mark-up rates ranging from 12.30% to 16.65% (2018: 7.66% to 12.41%) per annum payable quarterly in arrears. These borrowings are repayable between April 2020 to June

**15.6 Unavailed credit facilities**

The facilities for opening of letter of credits and guarantees as at 31 December 2019 amounted to Rs. 1,526.43 million of which remaining unutilized amount was Rs. 890.18 million.

**15.7 Short term borrowings from associated undertaking**

This represents an interest free loan obtained from Poseidon Synergies (Private) Limited, an associated undertaking, for working capital requirement and has been fully repaid during the year.

**15.8** Subsequent to the year end, the Company has availed the regulatory relief given by State Bank of Pakistan through its BPRD circular letter no. 13 of 2020 deferring the principal payments due under facilities by 360 days with a restriction imposed by financial institutions on Company for not making dividend payment during the period of relief.

**15.9** As per the financing arrangements, the Company is required to comply with certain financial covenants and other conditions imposed by the providers of finance.

| 16 Current portion of long term liabilities | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Long term loans - *secured* | 8 | 315,000 | 281,250 |
| Liabilities against assets subject to finance lease | 9 | 83,328 | 23,074 |
| Deferred income | 12 | 5,648 | 6,116 |
| | | 403,976 | 310,440 |

**17 Contingencies and commitments**

**17.1 Contingencies**

**17.1.1** The Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2% extra sales tax on certain home appliances. This is based on the view that the said vires are not applicable on the Company. The case is pending before the Honorable Sindh High Court. An interim order was received in favour of the Company. The Company is confident that no liability is expected to occur. Amount involved is Rs. 84.80 million as of 31 December 2019 against which no provision has been made as the Company, based on the legal advisor's advice, is confident of a favorable decision.

During the financial year 2014, the Company received a show cause notice from the Federal Board of Revenue (FBR) in respect of short payment of 2% extra sales tax under the Sales Tax Procedures Rules, 2007 as amended by SRO. 896(I)/2013 dated 4 October 2013 and deduction of input tax more than the limit defined under section 8 read with chapter IV of Sales Tax Rules, 2006. The tax authority in the said notice raised a demand of Rs. 19.91 million and Rs. 11.15 million respectively for the period from 1 January 2014 to 30 September 2014. The Company after consultation with its tax advisors has replied and submitted explanation with the tax authorities along with revised workings for the apportionment of input tax which in the case of the Company for the above period was Rs. 0.52 million (regarding the 2% extra sales tax matter, please refer the above paragraph). Since then, no further action has been initiated by the tax authorities.

The Company had earlier received a sales tax recovery order from the sales tax authorities amounting to Rs. 195.63 million, for the financial year ended 31 December 2010 against which the Company had filed an appeal with the Commissioner Inland Revenue - Appeals (CIR-A). CIR-A had deleted one item while the remaining matters were set aside. Moreover, the management, based on consultation with its tax advisor, is of the view that matter would be decided in favour of the Company. However, CIR has filed an appeal against Company on the matters of SRO 647/2007 regarding input tax adjustments against 90% output tax and payment of sales tax on instalment sales at the time of receipt of instalment instead at the time when instalment sales are actually being made for which no hearing has yet taken place. Amount involved is Rs. 171.71 million. However, based on advice of legal consultant, management is of the view that that no potential liability is expected to occur.

**17.1.2** Income tax assessments of the Company have been finalised up to and including the tax year 2007. The Company had applied for Income tax refund for the tax years from 2006 to 2011. Income tax refund orders were earlier determined for the tax years 2009, 2010 and 2011. Income tax refund was released for the tax year 2009. However, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed orders under section 122 (5A) of the Income Tax Ordinance, 2001 for the tax years from 2009 to 2012 and raised additional income tax demand of Rs. 19.98 million. However, the Company had filed an application for the rectification of orders after which the net tax additional demand was reduced to Rs. 2.02 million (after the adjustment of the refund of related years) under section 221 of the Income Tax Ordinance, 2001. Appeals have been filed to Commissioner Inland Revenue - Appeals (CIR-A) against these orders.

Company has received appellate orders for the tax years from 2009 to 2012, dated 29 June 2015, where the CIR-A has set aside certain issues for reassessment, deleted certain items and maintained certain disallowances. The financial impact of the items set aside for reassessment and continued disallowances amount to Rs. 43.72 million. Appeal has been filed with Appellate Tribunal Inland Revenue (ATIR) against these issues. The Company based on the merits of matters is of the view that ultimate decisions are expected in its favour. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

**17.1.3** The Finance Act, 2017 introduced a tax under section 5A of the Income Tax ordinance, 2001 on every pubic Company other than a scheduled bank or Modarba, that derives profit for the tax year and does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus issue. Under the earlier section tax was not mandatorily leviable in case the Company's reserves were not in excess of the paid up capital (which was the case with the Company as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.35 million has not been paid as the Company's management is of the view that the amendment was made after the closure of Company's financial year ended 31 December 2016 and for certain other legal reasons. The Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and a stay order has been granted against any coercive action against the Company under the newly inserted Section 5A.





**17.1.4** The Deputy Commissioner Inland Revenue (DCIR), via order dated 30 April 2014, under section 161(1) and 205(3) of the Income Tax Ordinance, 2001 for the tax year 2014 raised a tax demand of Rs. 0.83 million for non deduction of advance income tax for the period from 01 November 2013 to 30 April 2014 under section 236(G) and 236(H) of the aforesaid Ordinance. Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was remanded back to DCIR. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

**17.1.5** During the financial year 2014, the Company received a notice by Commissioner Inland Revenue - Zone I for selection of audit under section 214C for the tax year 2012. The Company filed an appeal against the said notice before Honourable Lahore High Court which was decided against the Company and audit proceedings were initiated. The Deputy Commissioner Inland Revenue issued an amended assessment order under section 122(1) and 122(5) through which certain additions were made and demand order was raised amounting to Rs. 48.10 million. Being aggrieved, the Company has filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order which is pending adjudication.

**17.1.6** During the financial year 2014, the Assistant Commissioner Inland Revenue imposed penalty vide order dated 27 April 2014 under section 182(1) of the Income Tax Ordinance, 2001 amounting Rs. 0.91 million for the tax year 2013 for the late filling of income tax return under section 114 of the Income Tax Ordinance, 2001. Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order. The CIR-A decided the matter against Company vide order dated 25 March 2014. Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

**17.1.7** During the financial year 2015, the Additional Commissioner Inland Revenue (ACIR), vide order dated 30 April 2015, under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010, raised an amended demand of Rs. 7.85 million after disallowing certain expenses amounting to Rs. 29.15 million. Company filed an appeal for the rectification of order before Commissioner Inland Revenue - Appeals (CIR-A) who vide its order dated 30 December 2015 deleted certain items amounting to Rs. 19.94 million. ACIR has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

**17.1.8** During the financial year 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide its order dated 19 June 2017 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The ACIR disallowed certain expenses amounting to Rs. 9.58 million and raised the additional income tax demand of Rs. 1.02 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which is pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

**17.1.9** During the financial year 2017, Deputy Commissioner Inland Revenue (DCIR) issued an amended assessment order under section 161/205 of the Income Tax Ordinance, 2001 and certain additions were made due to non-deduction of withholding tax amounting Rs 122.54 million for tax year 2015. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the order where the Company was granted stay of tax demand. The CIR-A passed an order in which demand against purchases and discounts have been deleted and amended demand of Rs. 33.85 million has been raised. Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

**17.1.10** During the financial year 2018, the Deputy Commissioner Inland Revenue (DCIR) issued an amended assessment order under section 122(1) of the Income Tax Ordinance, 2001 raising a tax demand of Rs. 30.41 million for the tax year 2015. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the order. The CIR-A, via order dated 27 July 2018, directed DCIR to apply minimum tax under section 113 at the rate of 0.2% instead of 1% and remanded back the case to DCIR. Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order which is pending adjudication.

**17.1.11** During the financial year 2018, the Company received a show cause notice issued by Deputy Commissioner Inland Revenue under section 161 for the tax year 2017 on non deduction of withholding tax amounting to Rs. 6.03 million on payments against purchase of plant and machinery, packing material and other miscellaneous payments. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) where the case was remanded back to the Department. Being aggrieved, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

**17.1.12** During the financial year 2018, the Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2014, passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 25.29 million alleging that the Company suppressed its sales and adjusted inadmissible expenses. Being aggrieved, the Company has filed appeal before Commissioner Inland Revenue - Appeals (CIR-A). CIT Appeal vide order, deleted certain additions amounting to Rs. 80 million and the rest of the additions amounting to Rs. 26 million were confirmed. Hence nothing is outstanding or payable against the Company. The department filed an appeal before ITAT which is pending for adjudication and a favorable outcome is expected.

**17.1.13** During the financial year 2016, the Deputy Commissioner Inland Revenue raised an order under section 161/205 of the Income Tax Ordinance, 2001 for non-deduction of tax amounting Rs. 6.45 million and Rs. 3.76 million for tax years 2009 and 2010 respectively. Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was decided against the Company. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

**17.1.14** During the year, the Company received a show cause notice from Collector of Customs dated 05 April 2019 and respective order dated 17 October 2019 in which Company was directed to deposit an amount of Rs. 14.70 million for the consignment of Polymethylene polyphenylene isocynate which was cleared through erroneous application of SRO 659/2007 dated 30 June 2007. The Company has filed an appeal against the order which is in progress.

**17.1.15** During the year, a special customs reference was filed by before the Honorable Sindh High Court Karachi against order dated 14 May 2019 passed by Customs Appellate Tribunal, Karachi where in Company was directed to deposit an amount of Rs. 8.32 million and penalty of Rs. 0.50 million alleging that from July 2013 to June 2016 the Company imported two consignments of Polyethylene Isocynates under PCT heading 3824.9091 wherein custom duty charged @ 0% instead of 20%. The reference of the Company is under adjudication.





**17.1.16** During the year, a special customs reference was filed before the Honorable Sindh High Court Karachi against order dated 14 May 2019 passed by Customs Appellate Tribunal, Karachi where in Company was directed to deposit an amount of Rs. 22.52 million and penalty of Rs. 0.50 million alleging that from July 2013 to June 2016 the Company imported two consignments of Polyethylene Isocynates under PCT heading 3824.9091 wherein custom duty charged @ 0% instead of 20%. The reference of the Company is under adjudication.

**17.1.17** During the year, the Company received a show cause notice from Collector of Customs dated 05 April 2019 and respective order dated 17 October 2019 in which Company was directed to deposit an amount of Rs. 9.42 million for the consignment of Polymethylene polyphenylene isocynate which was cleared through erroneous application of SRO 659/2007 dated 30 June 2007. The Company has filed an appeal against the order which is progress.

Based on the opinion of the legal and tax advisors handling the above litigations, the management believes that the Company has strong legal grounds against each case and that no financial liability is expected to accrue. Accordingly, no provision (in addition to already held in respect of certain cases of the Company) has been made in these unconsolidated financial statements.

**17.2 Commitments**

**17.2.1** Commitments, for the import of stock in trade, outstanding at year end were for Rs. 319.39 million (2018: Rs. 247.88 million).

**17.2.2** Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. 1.09 million (2018: Rs. 14.33 million).

**18 Property, plant and equipment**

| | | | |
|---|---|---|---|
| Operating fixed assets | *18.1* | **4,623,877** | 4,282,533 |
| Right of use assets | *18.1* | **299,393** | - |
| Capital work-in-progress | *18.2* | **46,204** | 33,507 |
| | | **4,969,474** | 4,316,040 |

**18.1 Operating fixed assets / Right of use assets**

| | Note | Operating fixed assets | | | | | | | Right of use assets | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Freehold Land | Buildings On leasehold land | Buildings On freehold land | Plant and machinery | Furniture and equipment | Vehicles | Computers | Buildings | Plant and machinery | Furniture and equipment | Vehicles | Computers | Total |
| | | Rupees (000) | | | | | | | | | | | | |
| **At 1 January 2019** | | | | | | | | | | | | | | |
| Cost / revaluation | | 2,365,500 | 125 | 410,684 | 1,424,745 | 89,308 | 138,884 | 61,624 | - | 96,367 | 1,360 | 25,748 | 3,917 | 4,618,262 |
| Effect of initial application of IFRS-16 | 4.1.3 | - | - | - | - | - | - | - | 151,761 | - | - | - | - | 151,761 |
| Accumulated depreciation | | - | (125) | (10,725) | (164,500) | (46,756) | (38,586) | (48,771) | - | (18,927) | (1,065) | (3,562) | (2,712) | (335,729) |
| Net book value | | 2,365,500 | - | 399,959 | 1,260,245 | 42,552 | 100,298 | 12,853 | 151,761 | 77,440 | 295 | 22,186 | 1,205 | 4,434,294 |
| **Transactions during the year** | | | | | | | | | | | | | | |
| **Additions** | | - | - | 63,958 | 229,999 | 12,008 | 10,313 | 3,277 | 80,646 | - | - | 24,840 | - | 425,041 |
| **Transfer to investment property** | | - | - | (50,000) | - | - | - | - | - | - | - | - | - | (50,000) |
| **Transfers** | | | | | | | | | | | | | | |
| Cost* | | - | - | - | 18,535 | - | 2,088 | - | - | (18,535) | - | (2,088) | - | - |
| Depreciation* | | - | - | - | (7,977) | - | (1,055) | - | - | 7,977 | - | 1,055 | - | - |
| | | - | - | - | 10,558 | - | 1,033 | - | - | (10,558) | - | (1,033) | - | - |
| **Disposals** | 18.3 | | | | | | | | | | | | | |
| Cost | | - | - | - | (5,159) | - | (18,455) | - | - | - | - | - | - | (23,614) |
| Depreciation | | - | - | - | 1,003 | - | 8,328 | - | - | - | - | - | - | 9,331 |
| | | - | - | - | (4,156) | - | (10,127) | - | - | - | - | - | - | (14,283) |
| **Depreciation charge for the year** | | - | - | (10,980) | (123,942) | (5,703) | (19,771) | (4,344) | (50,321) | (6,432) | (136) | (5,459) | (103) | (227,191) |
| **Effect of revaluation** | | (1,000) | (125) | (22,142) | 46,368 | - | - | - | - | (2,320) | - | - | - | 20,781 |
| **Elimination of gross carrying value against accumulated depreciation** | | - | 125 | 21,705 | 295,416 | - | - | - | - | 17,382 | - | - | - | 334,628 |
| **Closing net book value** | | 2,364,500 | - | 402,500 | 1,714,488 | 48,857 | 81,746 | 11,786 | 182,086 | 75,512 | 159 | 40,534 | 1,102 | 4,923,270 |
| **As at 31 December 2019** | | | | | | | | | | | | | | |
| Cost / revaluated amount | | 2,364,500 | - | 402,500 | 1,714,488 | 101,316 | 132,830 | 64,901 | 232,407 | 75,512 | 1,360 | 48,500 | 3,917 | 5,142,231 |
| Accumulated depreciation | | - | - | - | - | (52,459) | (51,084) | (53,115) | (50,321) | - | (1,201) | (7,966) | (2,815) | (218,961) |
| **Net book value** | | 2,364,500 | - | 402,500 | 1,714,488 | 48,857 | 81,746 | 11,786 | 182,086 | 75,512 | 159 | 40,534 | 1,102 | 4,923,270 |
| **Depreciation rate (% per annum)** | | Nil | 3 | 3 | 8.33 | 10-20 | 20 | 20 | 10 | 8.33 | 10 | 20 | 20 | |



18.1 Operating fixed assets

| | Note | Owned assets | | | | | | | Lease assets | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Freehold Land | Buildings On leasehold land | Buildings On freehold land | Plant and machinery | Furniture and equipment | Vehicles | Computers | Buildings | Plant and machinery | Furniture and equipment | Vehicles | Computers | Total |
| | | Rupees (000) | | | | | | | | | | | | |
| At 1 January 2018 | | | | | | | | | | | | | | |
| Cost / revaluation | | 2,365,500 | 125 | 439,000 | 1,243,161 | 87,720 | 94,472 | 53,158 | - | 73,251 | 1,360 | 27,398 | 3,917 | 4,389,062 |
| Accumulated depreciation | | - | (125) | - | (122,183) | (40,076) | (11,865) | (45,812) | - | (12,506) | (929) | (10,285) | (2,301) | (246,082) |
| Net book value | | 2,365,500 | - | 439,000 | 1,120,978 | 47,644 | 82,607 | 7,346 | - | 60,745 | 431 | 17,113 | 1,616 | 4,142,980 |
| Transactions during the year | | | | | | | | | | | | | | |
| Additions | | - | - | 33,239 | 436,254 | 15,497 | 34,116 | 10,268 | - | - | - | 17,906 | - | 547,280 |
| Transfers | | | | | | | | | | | | | | |
| Cost* | | - | - | - | (26,854) | - | 19,556 | - | - | 23,556 | - | (19,556) | - | (3,298) |
| Depreciation* | | - | - | - | 21,248 | - | (9,778) | - | - | - | - | 9,778 | - | 21,248 |
| | | - | - | - | (5,606) | - | 9,778 | - | - | 23,556 | - | (9,778) | - | 17,950 |
| Disposals | 18.3 | | | | | | | | | | | | | |
| Cost | | - | - | (61,555) | (227,816) | (13,909) | (9,260) | (1,802) | - | (440) | - | - | - | (314,782) |
| Depreciation | | - | - | 1,539 | 39,520 | 1,647 | 2,122 | 1,802 | - | 225 | - | - | - | 46,855 |
| | | - | - | (60,016) | (188,296) | (12,262) | (7,138) | - | - | (215) | - | - | - | (267,927) |
| Depreciation charge for the year | | - | - | (12,264) | (103,085) | (8,327) | (19,065) | (4,761) | - | (6,646) | (136) | (3,055) | (411) | (157,750) |
| Closing net book value | | 2,365,500 | - | 399,959 | 1,260,245 | 42,552 | 100,298 | 12,853 | - | 77,440 | 295 | 22,186 | 1,205 | 4,282,533 |
| As at 31 December 2018 | | | | | | | | | | | | | | |
| Cost / revaluated amount | | 2,365,500 | 125 | 410,684 | 1,424,745 | 89,308 | 138,884 | 61,624 | - | 96,367 | 1,360 | 25,748 | 3,917 | 4,618,262 |
| Accumulated depreciation | | - | (125) | (10,725) | (164,500) | (46,756) | (38,586) | (48,771) | - | (18,927) | (1,065) | (3,562) | (2,712) | (335,729) |
| Net book value | | 2,365,500 | - | 399,959 | 1,260,245 | 42,552 | 100,298 | 12,853 | - | 77,440 | 295 | 22,186 | 1,205 | 4,282,533 |
| Depreciation rate (% per annum) | | Nil | 3 | 3 | 8.33 | 10-20 | 20 | 20 | 10 | 8.33 | 10 | 20 | 20 | |

* Represents adjustment for sale and lease back arrangements and transferred to owned assets on the maturity of lease.

**18.1.1** Had there been no revaluation of the freehold land, buildings thereon and plant and machinery therein, the net book value as of 31 December 2019 would have been as follows:

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Land | **2,364,500** | 2,364,500 |
| Buildings | **400,371** | 393,326 |
| Plant and Machinery | **1,433,154** | - |
| | **4,198,025** | 2,757,826 |

**18.1.2** The latest revaluation was carried on 31 December 2019 by Asif Associates (Private) Limited. As per the revaluation report, forced sale value of freehold land, buildings on free hold land and plant and machinery was Rs. 2,128 million, Rs. 344.70 and Rs. 1,433.95 million respectively.

**18.1.3** Particulars of immovable property (i.e. land and building) in the name of Company are as follows:

| Location | Usage of immovable property | Total area (Kanals) | Covered area (Square Feet) |
|---|---|---|---|
| 9-K.M, Hanjarwal, Multan Road, Lahore. | Head Office and manufacturing facility | 61.90 | 340,134 |
| Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur. | Manufacturing facility | 8.45 | 18,069 |

**18.1.4** Depreciation for the year has been allocated as follows:

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Cost of sales | *28.1* | **134,887** | 108,080 |
| Marketing, selling and distribution costs | *29* | **50,321** | 16,343 |
| Administrative expenses | *30* | **41,983** | 33,327 |
| | | **227,191** | 157,750 |

**18.2 Capital work-in-progress**

| | 2019 | 2018 |
|---|---|---|
| Balance as at 01 January | **33,507** | 86,363 |
| Additions during the year | **266,959** | 128,853 |
| Transfers during the year | **(254,262)** | (181,709) |
| Balance as at 31 December | **46,204** | 33,507 |

Breakup of capital work in progress is as follows:

| | 2019 | 2018 |
|---|---|---|
| - Building | **4,851** | 3,770 |
| - Plant and machinery | **35,845** | 18,400 |
| - Electric installation | **5,508** | 1,155 |
| - Advance against purchase of land | **-** | 10,182 |
| | **46,204** | 33,507 |





**18.3 Disposal of operating fixed assets**

| Particulars of assets | Particulars of purchaser | Relationship with Company | Cost / Revalued amount | Net book value | Net sale proceeds | Gain / (loss) on disposal | Mode of disposal |
|---|---|---|---|---|---|---|---|
| | | | (Rupees in '000) | | | | |
| **Plant and machinery** | | | | | | | |
| Powder Plant Machine Parts Nordson | Mian Saeed | Third Party Sale | 3,397 | 2,737 | 1,317 | (1,420) | Negotiation |
| Powder Mechanical 2Hp 165Mm Lower Strip New Model | Mian Saeed | Third Party Sale | 17 | 14 | 7 | (7) | - do - |
| Machine parts for Powder Plant | Mian Saeed | Third Party Sale | 1,745 | 1405 | 676 | (729) | - do - |
| | | | 5,159 | 4,156 | 2,000 | (2,156) | |
| **Vehicles** | | | | | | | |
| Suzuki Cultus VXL | Arshad Mehmood | - do - | 1,391 | 1,229 | 1,013 | (216) | Negotiation |
| Toyota Corolla-GLI | Arshad Mehmood | - do - | 1,426 | 713 | 1,115 | 402 | - do - |
| Toyota Corolla | Yasin Amin Sundal | - do - | 900 | 555 | 850 | 295 | - do - |
| Toyota Corolla | EMCPL - wholly owned subsidiary | Related Party | 1,865 | 932 | 932 | - | * 'Company Policy |
| Toyota Corolla -Gli | EMCPL - wholly owned subsidiary | Related Party | 1,667 | 833 | 833 | - | - do - |
| Suzuki Cultus | EMCPL - wholly owned subsidiary | Related Party | 1,058 | 529 | 529 | - | - do - |
| Suzuki Swift | EMCPL - wholly owned subsidiary | Related Party | 1,058 | 529 | 529 | - | - do - |
| Suzuki Cultus | EMCPL - wholly owned subsidiary | Related Party | 1,049 | 525 | 525 | - | - do - |
| Suzuki Cultus | EMCPL - wholly owned subsidiary | Related Party | 1,049 | 525 | 525 | - | - do - |
| Suzuki Cultus | EMCPL - wholly owned subsidiary | Related Party | 1,034 | 517 | 517 | - | - do - |
| | | | 12,497 | 6,887 | 7,368 | 481 | |
| Various assets having net book value up to Rs 500,000 each | | | 5,958 | 3,240 | 4,655 | 1,415 | |
| | | | 18,455 | 10,127 | 12,023 | 1,896 | |
| | **2019** | | **23,614** | **14,283** | **14,023** | **(260)** | |
| | 2018 | | 314,782 | 267,927 | 255,540 | (12,388) | |

* These vehicles have been sold to EMCPL, a wholly owned subsidiary, at their respective book values.

## 19 Intangible assets and goodwill

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Software | | 39,289 | 36,678 |
| Goodwill | | 1,070,206 | 1,070,206 |
| Brand value | | 1,582,147 | 1,582,147 |
| Customer relationships | | 245,919 | - |
| | 19.1 | 2,937,561 | 2,689,031 |

### 19.1 Reconciliation of carrying amounts

| Description | Software | Goodwill | Brand value | Customer relationships | Total |
|---|---|---|---|---|---|
| | (Rupees in '000) | | | | |
| *Cost* | | | | | |
| Balance at 01 January 2018 | 49,761 | 1,070,206 | 1,582,147 | - | 2,702,114 |
| Additions during the year | 27,406 | - | - | - | 27,406 |
| Balance as at 31 December 2018 | 77,167 | 1,070,206 | 1,582,147 | - | 2,729,520 |
| Transfer from investment in subsidiary - *note 21.3.1* | - | - | - | 261,289 | 261,289 |
| Additions during the year | 11,682 | - | - | - | 11,682 |
| **Balance at 31 December 2019** | **88,849** | **1,070,206** | **1,582,147** | **261,289** | **3,002,491** |
| ***Accumulated amortization and impairment losses*** | | | | | |
| Balance at 01 January 2018 | (31,045) | - | - | - | (31,045) |
| Amortization for the year | (9,444) | - | - | - | (9,444) |
| Balance at 31 December 2018 | (40,489) | - | - | - | (40,489) |
| Amortization for the year | (9,071) | - | - | (15,370) | (24,441) |
| **Balance at 31 December 2019** | **(49,560)** | **-** | **-** | **(15,370)** | **(64,930)** |
| **Carrying amounts:** | | | | | |
| At 31 December 2018 | 36,678 | 1,070,206 | 1,582,147 | - | 2,689,031 |
| **At 31 December 2019** | **39,289** | **1,070,206** | **1,582,147** | **245,919** | **2,937,561** |
| **Rates of amortization/useful life** | **5-10 years** | **Nil** | **Nil** | **10.5 years** | |

### 19.2 Goodwill and other intangible assets acquired in business combination

Effective 01 July 2017, Waves Singer Pakistan Limited ("the Company") completed a 'Scheme of Arrangement' as approved by the Honorable Sindh High Court through its Order dated 22 May 2018 for the amalgamation of Cool Industries (Private) Limited [CIPL] and Link Wel (Private) Limited [LWPL] with and into the Company and demerger of retail business from the Company and amalgamate the same into the subsidiary. The excess amount paid over the fair value of the net assets of CIPL and LWPL on its acquisition as of the start of business on 01 July 2017 represents goodwill. The fair valuation exercise of the recorded tangible assets and liabilities was completed at the time of acquisition resulting in recognition of provisional goodwill amounting to Rs. 2,975.12 million which, after completion of exercise for determination of separately identifiable assets, has been allocated to 'Goodwill' amounting to Rs.1,070.21 million, 'Brand value' amounting to Rs. 1,582.15 million and 'Customers relations' amounting to Rs. 322.77 million (amortized value: Rs. 245.92 million) inline with the requirements of International Accounting Standard 38, (IAS-38) [illegible]

#### 19.2.1 Impairment testing

The recoverable amount of goodwill including intangible assets (brand value and customer relationships) acquired through a business combination has been tested for impairment as at 31 December 2019, by allocating the amount of goodwill and intangible assets to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board of Directors which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a steady 3.00% growth rate. The cash flows are discounted using a discount rate of 13.31% (goodwill) and 15.20% (intangibles) for use in calculation of value in use which is sensitive to discount rate and local inflation rates. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill and other intangible assets.

### 19.3 Amortisation for the year has been allocated as follows:

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Marketing, selling and distribution costs | 29 | 15,370 | 7,536 |
| Administrative expenses | 30 | 9,071 | 1,909 |
| | | 24,441 | 9,445 |





## 20 Investment property

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Balance as at 01 January | 178,300 | 173,501 |
| Additions during the year | 50,000 | - |
| Disposals during the year | (7,800) | - |
| Fair value gain | - | 4,799 |
| Balance as at 31 December | 220,500 | 178,300 |

The Company has rented out the owned shops to its subsidiary Company {Electronic Marketing Company (Private) Limited}. Balance as of 31 December 2019 comprised of shops of Rs. 220.50 million (2018: Rs 173.50 million) and revaluation gain of Rs. Nil (2018: Rs 4.80 million) based on the revaluation / fair value of the owned shops determined on 31 December 2019. Had there been any fair value change, that would have been recognized in the unconsolidated statement of profit or loss as 'Other income' as referred to in note 32.

Rent income of Rs. 5.96 million (2018: Rs 4.08 million) has been recognized on the above property during the year ended 31 December 2019. Agreements for the rent are valid up to 10 years and are renewable. Surplus on revaluation of the above properties amounting to Rs. 149.97 million as of 31 December 2019 continues to be maintained in the "Surplus on Revaluation of Property, Plant and Equipment" mentioned in note 7 to these unconsolidated financial statements.

The fair value of investment properties as of 31 December 2019 has been determined by an external independent property valuer M/s Asif Associates (Private) Limited based on independent inquiries from active local realtors, recent experience in the location and the records of the valuer. The fair value measurement of the investment property had been categorized as a level 3 fair value based on the input to the valuation technique used.

## 21 Investment In subsidiaries

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **Electronics Marketing Company (Private) Limited - at cost** | | | |
| 50,000,000 (2018: 25,000,000) fully paid ordinary shares of Rs. 10 each | 21.1 | 500,000 | 250,000 |
| Equity held: 100% (2018: 100%) | | | |
| Chief Executive Officer - Nadeem Mahmood Butt | | | |
| **Waves Marketing (Private) Limited** | | | |
| 100,000 (2018: 100,000) fully paid ordinary shares of Rs. 10 each | 21.2 & 21.3 | 1,000 | 323,769 |
| Equity held: 100% (2018: 100%) | | | |
| Chief Executive Officer - Moazzam Ahmad Khan | | | |
| | | 501,000 | 573,769 |

**21.1** Electronics Marketing Company (Private) Limited (EMCPL), a wholly owned subsidiary, was incorporated on 09 September 2016. The principal activity of the subsidiary Company is to carry out distribution / wholesales and retail business of all kinds of electronic appliances, its components and accessories etc. The registered office of the subsidiary Company is located at Shop No. 5, Ganga Ram Mansion Shahrah-e-Quaid-e-Azam (Mall Road), Lahore, Punjab.

**21.2** Waves Marketing (Private) Limited (WMPL), a wholly owned subsidiary, was incorporated on 10 April 2017. The principal activity of the subsidiary Company was to carry out businesses of distributors, marketers, merchants, wholesalers, retailers, traders, indentures, stockiest, suppliers, agent for product of manufacturers of other principals, local or foreign. The registered office of the subsidiary Company is located at 15/3 A, Model Town, Lahore.

**21.3 Movement of investment in WMPL**

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Balance as at 01 January | | **323,769** | 323,769 |
| Impairment charge during the year | 31 | **(61,480)** | - |
| Transfer of customer relations to intangibles assets | 21.3.1 | **(261,289)** | - |
| Balance as at 31 December | | **1,000** | 323,769 |

**21.3.1** Previously, the Company used to sell products through its subsidiary company to avail the benefit of extra tax under Rule 59 of Sales Tax Special Procedures Rule, 2007. Through SRO. 694(I)/2019 the electronic products are now taxable at retail price under third schedule. Resultantly w.e.f. 01 July 2019, the Company has started to transact directly with the dealers in light of new dealership agreements signed by the Company and the channel of subsidiary company has been eliminated. This represents that subsidiary's resources has been transferred to the Company with no consideration and consequently the un-amortized portion of customer relationships which were previously classified under investment in subsidiary have been transferred to intangible assets in standalone financial statements. The remaining amount has been tested for impairment and impairment of Rs. 61.48 million has been charged in these unconsolidated financial statements.

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| **22 Long term deposits** | | | |
| *Deposits* | | | |
| - leases | | **5,373** | 2,752 |
| - other long term deposits | | **3,188** | 1,427 |
| | | **8,561** | 4,179 |
| **23 Stock-in-trade** | | | |
| *Raw and packing materials* | | | |
| - in stores (in hand) | | **771,111** | 637,537 |
| - in bonded warehouse | 23.1 | **648,357** | 341,054 |
| - in transit | | **285,283** | 639,419 |
| | | **1,704,751** | 1,618,010 |
| Work in process | | **212,851** | 164,841 |
| *Finished goods* | | | |
| - own manufactured | 23.2 & 23.3 | **1,053,251** | 950,659 |
| - purchased for resale | | **-** | 287,668 |
| | | **1,053,251** | 1,238,327 |
| Provision for slow moving and damaged stock | 23.3 | **(29,868)** | (29,868) |
| | | **2,940,985** | 2,991,310 |

**23.1** Stock amounting to Rs. 224.91 million (2018: Rs. 65.63 million) was cleared subsequent to the year end.

**23.2** Finished goods having cost of Rs. Nil (2018: Rs. 424.16 million) have been written down by Rs. Nil (2018: Rs. 5.34 million) to its net realizable value.

**23.3** Finished goods having cost of Rs. 498.28 million (2018: Rs. Nil) were pledged against financial facility obtained as referred in note 15.4.



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| | Note | 2019 | 2018 |
|---|---|---|---|
| **24 Trade debts** | | (Rupees in '000) | |
| **24.1 Retail network - unsecured** | | | |
| Considered doubtful | | **166,993** | 166,993 |
| Loss allowance against trade debts | 24.5 | **(166,993)** | (166,993) |
| | | - | - |
| **24.2 Wholesale - unsecured** | | | |
| ***Dealers*** | | | |
| Considered good | 24.3 | **3,239,794** | 1,982,771 |
| Considered doubtful | | **-** | 33,821 |
| | | **3,239,794** | 2,016,592 |
| Loss allowance against trade debts | 24.5 | **-** | (33,821) |
| | | **3,239,794** | **1,982,771** |

**24.3 This includes related parties from whom the debts are due and their ageing is as under:**

| | Less than 6 months | Greater than 6 months | 2019 | 2018 |
|---|---|---|---|---|
| | Rupees '000 | | | |
| Waves Marketing (Private) Limited (WMPL) | **446,534** | **485,906** | **932,440** | 1,101,515 |
| Electronics Marketing Company (Private) Limited (EMCPL) | **321,146** | **342,846** | **663,992** | 633,708 |
| | **767,680** | **828,752** | **1,596,432** | 1,735,223 |

**24.4 Maximum outstanding balance with reference to month end balances:**

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | In the month of | Rupees in '000 | In the month of | Rupees in '000 |
| Waves Marketing (Private) Limited (WMPL) | **Jun-19** | **2,149,341** | May-18 | 2,733,577 |
| Electronics Marketing Company (Private) Limited (EMCPL) | **Jun-19** | **1,395,702** | Dec-18 | 607,321 |

| | 2019 | 2018 |
|---|---|---|
| **24.5 Movement in loss allowance against trade debts** | (Rupees in '000) | |
| Balance as at 01 January | **200,814** | 190,426 |
| Effect of initial application of IFRS-9 | **-** | - |
| Loss allowance for the year | **-** | 10,388 |
| Provision reversed during the year | **(33,821)** | - |
| Balance as at 31 December | **166,993** | 200,814 |

| | | 2019 | 2018 |
|---|---|---|---|
| **25 Advances, deposits, prepayments and other receivables** | *Note* | **(Rupees in '000)** | |
| *Advances - considered good* | | | |
| - Employees and executives | *25.1* | **4,748** | 6,527 |
| - Suppliers | | **9,966** | 5,054 |
| - Against letter of credit | | **52,180** | 4,107 |
| | | **66,894** | 15,688 |
| *Deposits* | | | |
| - Shops and leases | | **18,974** | 18,069 |
| - Customs | | **-** | 5,761 |
| - Others | | **-** | 621 |
| | | **18,974** | 24,451 |
| Prepayments | | **7,232** | 7,311 |
| *Other receivables* | | | |
| - Claims | *25.2* | **2,642** | 12,201 |
| - Sales tax refundable | | **16,031** | 87,928 |
| - Receivable from subsidiary companies | *25.3* | **871,127** | 926,138 |
| - Dividend income receivable | | **300,000** | - |
| | | **1,189,800** | 1,026,267 |
| Loss allowances against other receivables | *25.4* | **(2,342)** | (11,572) |
| | *25.5* | **1,280,558** | 1,062,145 |

**25.1** At 31 December 2019, the advances due from executives amounted to Rs. 0.57 million (2018: Rs.0.12 million). The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs.0.57 million (2018: Rs. 0.29 million).

**25.2** This represents claims receivable from insurance companies, suppliers and product claims amounting to Rs. 2.64 million (2018: Rs. 12.20 million) against which provision of Rs. 2.34 million (2018: Rs. 11.57 million) is held.

**25.3** This represents amounts due from subsidiary companies, on account of expenses allocated to them / incurred on their behalf in accordance to a basis approved by the Board of Directors of the Company. The balance is unsecured and receivable on demand.

**25.3.1 Ageing of the receivable is as under:**

| | Less than 6 months | Greater than 6 months | 2019 | 2018 |
|---|---|---|---|---|
| | | ---------- Rupees '000 ---------- | | |
| Waves Marketing (Private) Limited (WMPL) | - | 559,722 | 559,722 | 353,388 |
| Electronics Marketing Company (Private) Limited (EMCPL) | 40,617 | 270,788 | 311,405 | 572,750 |
| | 40,617 | 830,510 | 871,127 | 926,138 |

**25.3.2 Maximum outstanding balance with reference to month end balances:**

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | In the month of | Rupees in '000 | In the month of | Rupees in '000 |
| Waves Marketing (Private) Limited (WMPL) | Dec-19 | 559,722 | Dec-18 | 353,588 |
| Electronics Marketing Company (Private) Limited (EMCPL) | Dec-19 | 311,405 | Dec-18 | 572,750 |

| | 2019 | 2018 |
|---|---|---|
| **25.4 Movement in loss allowance against other receivables** | **(Rupees in '000)** | |
| Balance as at 01 January | **11,572** | 11,572 |
| Loss allowance for the year | **-** | - |
| Reversal of loss allowance | **(9,230)** | - |
| Balance as at 31 December | **2,342** | 11,572 |

**25.5** All the above balances are interest free and unsecured other than in note 25.3





| | | 2019 | 2018 |
|---|---|---|---|
| **26 Cash and bank balances** | *Note* | **(Rupees in '000)** | |
| *Balances with banks* | | | |
| - in current accounts | *26.1* | **111,524** | 34,221 |
| - in profit and loss sharing account | *26.2* | **-** | 40,349 |
| | | **111,524** | 74,570 |
| Cash in hand | *26.3* | **4,820** | 16,090 |
| | | **116,344** | 90,660 |

**26.1** These include bank account of Rs. 0.31 million (2018: Rs. 0.31) maintained under Shariah compliant arrangement.

**26.2** Rate of return on saving accounts is Nil (2018: ranged from 3.5% to 5%) per annum.

**26.3** This includes cash in transit of Rs. Nil (2018: Rs. 9.25 million).

| | 2019 | 2018 |
|---|---|---|
| **27 Net revenue** | **(Rupees in '000)** | |
| *Sales* | | |
| - local | **10,093,816** | 8,839,696 |
| - export | **18,160** | 14,186 |
| Sales return | **(42,966)** | (17,988) |
| | **10,069,010** | 8,835,894 |
| Sales tax | **(1,126,652)** | (966,824) |
| Trade discount | **(2,123,952)** | (1,879,460) |
| | **(3,250,604)** | (2,846,284) |
| | **6,818,406** | 5,989,610 |

**27.1** Revenue from contracts with customers relates to both local (Pakistan) and foreign (Afghanistan) markets and represents sale of domestic consumer products.

| | | 2019 | 2018 |
|---|---|---|---|
| **28 Cost of sales** | *Note* | **(Rupees in '000)** | |
| *Opening stock - finished goods* | | | |
| - own manufactured | | **950,659** | 1,025,714 |
| - purchased for resale | | **287,668** | 192,055 |
| | | **1,238,327** | 1,217,769 |
| Purchases | | **102,608** | 659,215 |
| Cost of goods manufactured | *28.1* | **5,665,584** | 4,800,150 |
| | | **7,006,519** | 6,677,134 |
| *Closing stock - finished goods* | | | |
| - own manufactured | | **(1,053,251)** | (950,659) |
| - purchased for resale | | **-** | (287,668) |
| | | **(1,053,251)** | (1,238,327) |
| Less: Export rebate | | **-** | (54) |
| | | **5,953,268** | 5,438,753 |

### 28.1 Cost of goods manufactured

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Raw and packing materials and stores consumed | | **5,018,674** | 4,110,226 |
| Salaries, wages and other benefits | *28.1.1* | **371,963** | 383,298 |
| Depreciation on property, plant and equipment | *18.1.4* | **134,887** | 108,080 |
| Fuel and power | | **88,223** | 67,215 |
| Freight charges | | **49,197** | 15,645 |
| Insurance expense | | **7,636** | 18,433 |
| Repairs and maintenance | | **22,740** | 32,117 |
| Printing and stationery | | **15,248** | 16,183 |
| Provision against slow moving and damaged stock | *23.3* | **-** | - |
| Travelling and conveyance | | **3,562** | 3,498 |
| Rent, rates and taxes | | **-** | 46,736 |
| Communication | | **946** | 886 |
| Entertainment | | **518** | 728 |
| | | **5,713,594** | 4,803,045 |
| Work-in-process | | | |
| Opening stock | | **164,841** | 161,946 |
| Closing stock | | **(212,851)** | (164,841) |
| | | **(48,010)** | (2,895) |
| Cost of goods manufactured | | **5,665,584** | **4,800,150** |

**28.1.1** These include reversal / provision of Rs. (7.63) million (2018: Rs. 2.84 million), Rs. (8.52) million (2018: Rs. 1.84 million) and Rs. 10.26 million (2018: Rs. 9.51 million) in respect of gratuity, pension and provident funds respectively.

### 29 Marketing, selling and distribution costs

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Salaries and benefits | *29.1* | **99,141** | 63,891 |
| Rent, rates and taxes | | **17,291** | 24,524 |
| Publicity and sales promotion | | **36,020** | 28,976 |
| Depreciation on property, plant and equipment | *18.1.4* | **50,321** | 16,343 |
| Warranty obligations | | **44,586** | 7,718 |
| Utilities | | **6,040** | 4,875 |
| Printing and stationery | | **979** | 3,071 |
| Travelling and conveyance | | **14,729** | 7,454 |
| Amortisation of intangible assets | *19.3* | **15,370** | 7,536 |
| Communication | | **360** | 3,670 |
| Repair and maintenance | | **1,148** | 154 |
| Training and sundries | | **-** | 621 |
| Insurance expense | | **2,247** | 344 |
| Others | | **592** | 261 |
| | | **288,824** | 169,438 |

**29.1** These include reversal / provision of Rs. (2.94) million (2018: Rs. 2.4 million), Rs. (3.28) million (2018: Rs. 1.55 million) and Rs. 4.95 million (2018: Rs. 2.16 million) in respect of gratuity, pension and provident funds respectively.

### 30 Administrative expenses

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Salaries and benefits | *30.1* | **76,094** | 31,979 |
| Legal and professional charges | | **21,969** | 38,001 |
| Auditors' remuneration | *30.3* | **4,169** | 3,790 |
| Depreciation on property, plant and equipment | *18.1.4* | **41,983** | 33,327 |
| Communication | | **7,302** | 2,537 |
| Travelling and conveyance | | **8,234** | 2,991 |
| Repair and maintenance | | **1,440** | 806 |
| Utilities | | **5,970** | 1,709 |
| Printing and stationery | | **3,129** | 1,876 |
| Rent, rates and taxes | | **494** | 3,227 |
| Insurance expense | | **5,352** | 1,306 |
| Entertainment expense | | **2,054** | 424 |
| Fees and subscription | | **5,693** | 906 |
| Amortisation of intangible assets | *19.3* | **9,071** | 1,909 |
| Charity and donations | *30.2* | **561** | 470 |
| Others | | **1,629** | 355 |
| | | **195,144** | 125,613 |

**30.1** These include reversal / provision of Rs. (1.17) million (2018: Rs. 2.4 million), Rs. (1.31) million (2018: Rs. 1.55 million) and Rs. 3.53 million (2018: Rs. 1.87 million) in respect of gratuity, pension and provident funds respectively.

**30.2** None of the donations were made to an entity in which any director or his / her spouse had an interest.

#### 30.3 Auditors' remuneration

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Audit fee | **2,750** | 2,500 |
| Fee for the review of interim financial information | **424** | 385 |
| Fee for the review of code of corporate governance and other certifications / reports under agreed upon procedures | **352** | 320 |
| Out of pocket expenses | **644** | 585 |
| | **4,169** | 3,790 |

### 31 Other expenses

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| Provision for doubtful debts and others assets - net | | **-** | 10,388 |
| Workers' profits participation fund (WPPF) | *13.2* | **32,313** | 27,331 |
| Exchange loss - net | | **33,796** | 44,459 |
| Research and development expenditure | | **4,097** | 3,637 |
| Impairment on investment in subsidiary | *21.3* | **61,480** | - |
| Ijarah rentals | | **-** | 1,447 |
| Workers' welfare fund | | **9,243** | 9,118 |
| Loss on property, plant and equipment and equipment | | | |
| - due to fire | | **-** | 6,838 |
| - due to disposal | | **-** | 5,550 |
| Other expenses | | **5,799** | - |
| | | **146,728** | 108,768 |

## 32 Other income

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| ***Income from financial assets*** | | | |
| Profit on a profit and loss sharing bank balance | | **4** | 24 |
| ***Income from non-financial instruments*** | | | |
| Gain on disposal of property, plant and equipment and investment property - net | | **1,940** | - |
| Unrealized gain on fair value measurement of investment property | 20 | **-** | 4,799 |
| Reversal of provision against doubtful trade debts | | **33,821** | - |
| Dividend income | 32.1 | **660,000** | 540,000 |
| Mark-up on receivables from subsidiary companies | 32.2 | **229,186** | 79,797 |
| Rental income | 20 | **5,953** | 4,080 |
| Service income and others | | **-** | 6,379 |
| Liabilities no longer payable written back | | **9,062** | 21,134 |
| Scrap sales | | **7,107** | 3,408 |
| Amortisation of deferred income | 12 | **6,117** | 6,322 |
| Others | | **-** | 70 |
| | | **953,186** | 665,989 |
| | | **953,190** | 666,013 |

**32.1** This represents dividend income from Waves Marketing (Private) Limited, a wholly owned subsidiary. Out of this, Rs. 360 million has been received.

**32.2** This represents mark-up charged against net amount receivable from the subsidiary companies. Mark-up is calculated at an average quarterly borrowing rate of the Company. The quarterly borrowing rate is applied on the outstanding balance receivable that exceeds the credit period of 30 days.

## 33 Finance costs

| | Note | 2019 | 2018 |
|---|---|---|---|
| | | (Rupees in '000) | |
| *Islamic mode of financing* | | | |
| - Short term borrowings | | **49,507** | 25,420 |
| *Interest / mark-up on interest / mark-up based loans* | | | |
| - Long term loans | | **183,524** | 83,865 |
| - Short term borrowings | | **546,091** | 273,932 |
| - Finance lease | | **25,570** | 6,825 |
| Interest on workers' profits participation fund | | **-** | 498 |
| Bank charges | | **21,606** | 32,934 |
| | | **826,298** | 423,474 |

## 34 Taxation

| | Note | 2019 | 2018 |
|---|---|---|---|
| Current: | | | |
| *- for the year* | 34.1 | **29,800** | 5,497 |
| *- prior year* | | **-** | (5,649) |
| | | **29,800** | (152) |
| Deferred: | | | |
| *- group taxation* | | **-** | (86,430) |
| *- others* | 11 | **71,449** | 23,490 |
| | | **71,449** | (62,940) |
| | | **101,249** | (63,092) |





**34.1** The Company has opted for Group taxation and the Group taxation has been determined under 'Minimum Tax on Turnover' under section 113 of the Income Tax Ordinance, 2001. The current tax includes tax under the final tax regime amounting to Rs. 5.92 million (2018: Rs. 5.50 million).

**34.2 Tax charge reconciliation**

Numerical reconciliation between tax expense and accounting profit:

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Profit before tax | **361,334** | 389,577 |
| Tax at the applicable tax rate of 29% (2018: 29%) | **104,787** | 112,977 |
| Tax effect of permanent differences: | | |
| - In respect of differential under normal and final / minimum tax regime | **115,416** | (6,845) |
| - Exempt income dividend from subsidiary (exempt due to group taxation) | **(191,400)** | (156,600) |
| - Other permanent differences | **(163)** | (136) |
| Tax credit | **-** | (41,742) |
| Change in tax rate | **43,103** | (48,526) |
| Prior year tax charge | **-** | 55,164 |
| Others | **29,506** | 22,616 |
| | **101,249** | (63,092) |

**34.3** In prior years, the Company has not recorded provision for minimum tax under the Income Tax Ordinance, 2001 (Ordinance) amounting to Rs. 44.60 million and Rs. 15.10 million in respect of year ended 31 December 2017 and 31 December 2015 respectively as the management expects to adjust the same against its future tax liability under the normal tax regime within the time limit as specified for adjustments of minimum tax in the Ordinance. Similarly for the year ended 31 December 2016, provision for Alternate Corporate Tax (ACT) (being higher than the minimum tax) amounting to Rs. 23.07 has also not been recorded on the same basis.

## 35 Earnings per share - basic and diluted

The calculation of earnings per share (basic and diluted) is based on earnings attributable to the owners of ordinary shares of the Company.

No figure for diluted earnings per share has been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

Company's earnings per share have been calculated as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| | | | *(Restated)* |
| Profit for the year | ***Rupees in '000*** | **260,085** | 452,669 |
| Weighted average number of ordinary shares | ***Shares*** | **187,604** | 187,604 |
| Earnings per share - basic and diluted | ***Rupees*** | **1.39** | 2.41 |

| | 2019 | 2018 |
|---|---|---|
| **36 Cash and cash equivalents** | **(Rupees in '000)** | |
| **36.1 Cash and cash equivalents as at 31 December** | | |
| Cash and bank balances | **116,344** | 90,660 |
| Short term running finances under mark-up arrangements from Banks - secured | **(1,496,360)** | (1,529,866) |
| | **(1,380,016)** | (1,439,206) |

**36.2 Reconciliation of movements of liabilities to cash flows arising from financing activities**

| | **2019** | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Liabilities** | | | | **Equity** | | | | | |
| | **Short term borrowings** | **Long term loans** | **Lease liability** | **Mark-up accrued on borrowings** | **Unpaid dividend** | **Share capital** | **Shares to be issued pursuant to amalgamation** | **Share premium reserve** | **Capital reserve** | **Total** |
| | **Rupees in '000** | | | | | | | | | |
| **Balance as at 01 January 2019** | **2,995,286** | **1,013,521** | **65,528** | **97,338** | **1,517** | **1,631,340** | **-** | **4,825,764** | **5,000** | **10,635,294** |
| ***Cash flows*** | | | | | | | | | | |
| Short term borrowings repaid net of receipts | **1,151,801** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,151,801** |
| Shares issued under scheme of amalgamation | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Shares issued as fully paid bonus shares @ 15% | **-** | **-** | **-** | **-** | **-** | **244,701** | **-** | **(244,701)** | **-** | **-** |
| Dividend paid | **-** | **-** | **-** | **-** | **(203,977)** | **-** | **-** | **-** | **-** | **(203,977)** |
| Long term loans repaid | **-** | **(281,250)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(281,250)** |
| Long term loans received | **-** | **1,000,000** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,000,000** |
| Finance cost paid | **-** | **-** | **-** | **(707,070)** | **-** | **-** | **-** | **-** | **-** | **(707,070)** |
| Repayment of lease rentals | **-** | **-** | **(59,627)** | **-** | **-** | **-** | **-** | **-** | **-** | **(59,627)** |
| | **1,151,801** | **718,750** | **(59,627)** | **(707,070)** | **(203,977)** | **244,701** | **-** | **(244,701)** | **-** | **899,877** |
| ***Non-cash changes*** | | | | | | | | | | |
| Changes in running finance | **(33,506)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(33,506)** |
| Dividend approved | **-** | **-** | **-** | **-** | **203,917** | **-** | **-** | **-** | **-** | **203,917** |
| Assets acquired on finance lease | **-** | **-** | **257,247** | **-** | **-** | **-** | **-** | **-** | **-** | **257,247** |
| Finance cost | **-** | **-** | **-** | **826,298** | **-** | **-** | **-** | **-** | **-** | **826,298** |
| | **(33,506)** | **-** | **257,247** | **826,298** | **203,917** | **-** | **-** | **-** | **-** | **1,253,956** |
| **Balance as at 31 December 2019** | **4,113,581** | **1,732,271** | **263,148** | **216,566** | **1,457** | **1,876,041** | **-** | **4,581,063** | **5,000** | **12,789,127** |



| | 2018 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Liabilities | | | | Equity | | | | | |
| | Short term borrowings | Long term finances | Lease liability | Mark-up accrued on borrowings | Unpaid dividend | Share capital | Shares to be issued pursuant to amalgamation | Share premium reserve | Capital reserve | Total |
| | Rupees in '000 | | | | | | | | | |
| Balance as at 01 January 2018 | 2,748,916 | 649,458 | 55,654 | 73,766 | - | 454,056 | 964,500 | 5,038,548 | 5,000 | 9,989,898 |
| ***Cash flows*** | | | | | | | | | | |
| Short term borrowings repaid net of receipts | (414,989) | - | - | - | - | - | - | - | - | (414,989) |
| Shares issued under scheme of amalgamation | - | - | - | - | - | 964,500 | (964,500) | - | - | - |
| Shares issued as fully paid bonus shares @ 15% | - | - | - | - | - | 212,784 | - | (212,784) | - | - |
| Dividend paid | - | - | - | - | (175,803) | - | - | - | - | (175,803) |
| Long term loans repaid | - | (81,249) | - | - | - | - | - | - | - | (81,249) |
| Long term loans received | - | 445,312 | - | - | - | - | - | - | - | 445,312 |
| Finance cost paid | - | - | - | (400,400) | - | - | - | - | - | (400,400) |
| Repayment of lease rentals | - | - | (13,639) | - | - | - | - | - | - | (13,639) |
| | (414,989) | 364,063 | (13,639) | (400,400) | (175,803) | 1,177,284 | (964,500) | (212,784) | - | (640,768) |
| ***Non-cash changes*** | | | | | | | | | | |
| Changes in running finance | 661,359 | - | - | - | - | - | - | - | - | 661,359 |
| Dividend approved | - | - | - | - | 177,320 | - | - | - | - | 177,320 |
| Assets acquired on lease | - | - | 23,513 | - | - | - | - | - | - | 23,513 |
| Finance cost | - | - | - | 423,972 | - | - | - | - | - | 423,972 |
| | 661,359 | - | 23,513 | 423,972 | 177,320 | - | - | - | - | 1,286,164 |
| Balance as at 31 December 2018 | 2,995,286 | 1,013,521 | 65,528 | 97,338 | 1,517 | 1,631,340 | - | 4,825,764 | 5,000 | 10,635,294 |

**37 Provident fund related disclosure**

The Company operates approved contributory provident fund for all the employees eligible under the scheme. Till 2018, the Company was operating two separate provident funds in the name of SPL and CIPL but with effect from 01 January 2019, the Company has merged its funds. The management is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

**38 Remuneration of Chief Executive, Directors And Executives**

The aggregate amounts charged in the unconsolidated financial statements in respect of remuneration, including all benefits, to the Chief Executive, Directors and Executives of the Company are as follows:

| | Chief Executive | | Executive Directors | | Executives | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 | **2019** | 2018 |
| | (Rupees in '000) | | | | | | | |
| Managerial remuneration | **20,175** | 7,718 | **2,642** | 1,892 | **33,821** | 24,756 | **56,637** | 34,366 |
| Contribution to provident fund | **991** | 587 | **175** | 80 | **2,524** | 1,634 | **3,690** | 2,301 |
| Fuel reimbursable expenditure | **-** | - | **-** | 83 | **-** | 1,058 | **-** | 1,141 |
| Housing allowance | **4,759** | 3,096 | **839** | 841 | **12,299** | 9,209 | **17,897** | 13,146 |
| Leave fare assistance and others | **-** | - | **-** | 55 | **-** | 922 | **-** | 977 |
| | **25,925** | 11,401 | **3,656** | 2,951 | **48,644** | 37,579 | **78,225** | 51,931 |
| Number of persons | **1** | 1 | **1 *** | 2 | **27** | 53 | **29** | 56 |

* During the year, the director has resigned from the Company.

**38.1** In addition to the above, Directors and certain Executives are provided with free use of the Company maintained vehicles, club facility and certain items of furniture and fixtures in accordance with their entitlement. The Company also makes contributions based on actuarial calculations to gratuity and pension funds.

**38.2** In addition, aggregate amount charged in the unconsolidated financial statements for payments on account of the meeting fee to two (2018: two) non-executive directors was Rs. 0.28 million (2018: Rs. 0.36 million).

**39** Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Amounts due from and to related parties are shown under trade and other payables note 13, trade debts note 24, advances, deposits, prepayments and other receivables note 25 and remuneration of directors and key management personnel note 38. Other significant transactions with related parties are as follows:

| Name of the Company | Relationship | Nature of transactions | 2019 | 2018 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| **i. Subsidiary Company** | | | | |
| Waves Marketing (Private) Limited | Wholly owned subsidiary | Sale of inventory - gross | **4,530,981** | 4,555,404 |
| | | Purchase of inventory | **-** | 104,440 |
| | | Expenses incurred / paid on behalf of subsidiary | **371,153** | 666,584 |
| | | Dividend income | **660,000** | 540,000 |
| | | Mark-up charged on receivable from subsidiary | **188,569** | 44,210 |
| Electronics Marketing (Private) Limited | Wholly owned subsidiary | Sale of inventory - gross | **797,271** | 1,781,084 |
| | | Purchase of inventory | **-** | 3,090 |
| | | Expenses incurred / paid on behalf of subsidiary | **-** | 535,911 |
| | | Mark-up charged on receivable from subsidiary | **40,617** | 35,587 |



| Name of the Company | Relationship | Nature of transactions | 2019 | 2018 |
|---|---|---|---|---|
| | | | (Rupees in '000) | |
| **ii. Associated Undertakings** | | | | |
| Poseidon Synergies (Private) Limited | Shareholding and common directorship | Loan received during the year | **-** | 40,000 |
| | | Repayment of loan during the year | **35,000** | 5,000 |
| Employee's Provident Fund | Post employee contribution plan | Contribution for the year | **27,392** | 29,235 |
| Employee's Gratuity Fund | Post employee benefit plan | Contribution for the year | **9,291** | 6,242 |
| Employee's Pension Fund | Post employee benefit plan | Contribution for the year | **1,944** | 4,039 |
| Directors | Employees | Fee for meetings | **280** | 819 |
| | | Car purchased from CEO | **9,500** | - |

**40 Plant capacity and actual production**

| | Capacity | | Production | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| | (Units) | | (Units) | |
| Refrigerators | **125,000** | 125,000 | **109,387** | 114,377 |
| Deep Freezer | **115,000** | 115,000 | **104,628** | 84,664 |
| Microwave ovens | **60,000** | 60,000 | **132** | 12,670 |
| Air conditioners | **60,000** | 60,000 | **6,522** | 5,558 |
| Washing Machines | **40,000** | 40,000 | **9,722** | 5,762 |
| Gas appliances (water heater and cooking range excluding microwave ovens) | **25,000** | 25,000 | **11,198** | 9,717 |
| Televisions | **22,500** | 22,500 | **-** | - |
| Water dispenser | **20,000** | 20,000 | **-** | 800 |

Capacity reflects units expected to be produced on the basis of normal production hours (one shift of 8 hours). The production / capacity utilization is according to market demand.

**41 Number of employees**

| | Total employees | |
|---|---|---|
| | **2019** | 2018 |
| | (Number of persons) | |
| Total number of employees as at 31 December | **1,938** | 2,490 |
| Average number of employees | **2,108** | 2,581 |

## 42 Financial instruments

The Company's Board of Directors ("the Board") has overall responsibility for establishment and oversight of the Company's risk management framework. The Board has developed a risk policy that sets out fundamentals of risk management framework. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

### 42.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation.

### 42.1.1 Exposure to credit risk

Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure.

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

| | Carrying amount | |
|---|---|---|
| | 2019 | 2018 |
| | (Rupees in '000) | |
| Security deposits | 27,535 | 22,869 |
| Trade debts | 3,239,794 | 1,982,771 |
| Other receivables | 1,171,427 | 926,767 |
| Balances with banks | 111,524 | 74,570 |
| | 4,550,280 | 3,006,977 |

### 42.1.2 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry. Out of total receivable, 96% (2018: 96%) relates to receivable from subsidiary companies. Maximum exposure to credit risk by type of counterparty is as follows:

| | Net receivable (net of provisions) | |
|---|---|---|
| | 2019 | 2018 |
| | (Rupees in '000) | |
| *Trade debts* | | |
| - others | 1,643,362 | 247,548 |
| - subsidiary companies | 1,596,432 | 1,735,223 |
| *Security deposits* | | |
| - individuals | 22,162 | 19,835 |
| - lease | 5,373 | 3,034 |
| Other receivable from subsidiary Company | 1,171,127 | 926,138 |
| Insurance Company (claims) | 300 | 629 |
| Banks | 111,524 | 74,570 |
| | 4,550,280 | 3,006,977 |





**42.1.3 Credit quality and impairment**

Credit quality of financial assets is assessed by reference to external credit ratings, where available, or historical information about the counterparty default rates. All counterparties, with the exception of customers, have external credit ratings determined by various credit rating agencies and other regulatory authorities. Credit quality of customer is assessed by reference to historical default rates and present ages.

***42.1.3(a) Counterparties with external credit ratings***

These include banking companies and financial institutions, which are counterparties to bank balances and deposits. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

| Banks | Rating Agency | Short term | Long term | 2019 | 2018 |
|---|---|---|---|---|---|
| | | | | (Rupees in '000) | |
| AlBaraka Bank (Pakistan) Limited | PACRA | A1 | A | 53 | 52 |
| Allied Bank Limited | PACRA | A1+ | AAA | 10,299 | 1,313 |
| Askari Bank Limited | PACRA | A1+ | AA+ | 2,394 | 2,969 |
| Bank Alfalah Limited | PACRA | A1+ | AA+ | 4,068 | 3,611 |
| Bank Islami Pakistan Limited | PACRA | A1 | A+ | 1 | 22 |
| The Bank of Khyber | PACRA | A1 | A | 13,525 | 214 |
| The Bank of Punjab | PACRA | A1+ | AA | 4,894 | 1,815 |
| Dubai Islamic Bank Limited | R-VIS | A1+ | AA | 53 | 165 |
| Faysal Bank Limited | JCR-VIS | A1+ | AA | 1,295 | 1,328 |
| Finca Microfinance Bank Limited | JCR-VIS | A1 | A | 3,990 | - |
| Habib Bank Limited | JCR-VIS | A1+ | AAA | 21,070 | 45,618 |
| Habib Metropolitan Bank Limited | PACRA | A1+ | AA+ | 236 | 236 |
| JS Bank Limited | PACRA | A1+ | AA- | 4 | 4 |
| MCB Bank Limited | PACRA | A1+ | AAA | 2,773 | 7,737 |
| Meezan Bank | JCR-VIS | A1+ | AA+ | 918 | 294 |
| National Bank Of Pakistan | PACRA | A1+ | AAA | 42,459 | 1,921 |
| Silk Bank Limited | JCR-VIS | A2 | A- | 393 | 393 |
| Soneri Bank Limited | PACRA | A1+ | AA- | 688 | 1,046 |
| Standard Chartered Bank (Pakistan) Limited | PACRA | A1+ | AAA | 1,111 | 1,211 |
| United Bank Limited | JCR-VIS | A1+ | AAA | 1,300 | 4,621 |
| | | | | 111,524 | 74,570 |
| ***Security Deposits*** | | | | | |
| The Bank of Punjab | PACRA | A1+ | AA | 209 | 282 |
| Askari Bank Limited | PACRA | A1+ | AA+ | 2,412 | - |
| Sindh Leasing Company Limited | JCR-VIS | A+ | A-1 | 2,752 | 2,752 |
| | | | | 5,373 | 3,034 |
| | | | | 116,897 | 77,604 |

***42.1.3(b) Counterparties without external credit ratings***

These include customers which are counter parties to trade debts. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer / dealers. Major portion of sales made to customers are to the subsidiary companies. As explained in note 4.1.2.3 and 4.19, the Company applies the IFRS 9 simplified approach to measure expected credit losses. The analysis of ages of trade debts and loss allowance using the aforementioned approach was determined as follows:

| | 2019 | | 2018 | |
|---|---|---|---|---|
| | Gross | Impairment loss | Gross | Impairment loss |
| | ------- (Rupees in '000) ------- | | ------- (Rupees in '000) ------- | |
| Not yet due | 773,903 | - | 644,714 | - |
| Past due 1 - 30 days | 695,644 | - | 395,873 | - |
| Past due 31 days - 90 days | 547,407 | - | 650,454 | - |
| Past due 91 - 180 days | 1,019,931 | - | 45,166 | - |
| Past due 181 - 360 days | 202,909 | - | 75,407 | |
| Past due by more than 1 year | 166,993 | 166,993 | 371,971 | 200,814 |
| Total | 3,406,787 | 166,993 | 2,183,585 | 200,814 |

The management has established a credit policy under which each new customer is analysed individually for credit worthiness.

None of the financial assets of the Company are secured or impaired except as those mentioned in these unconsolidated financial statements. Deposits and other receivables are mostly due from subsidiary companies, banks and individuals. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

**42.2 Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company maintains committed lines of credit as disclosed in note 15 to ensure flexibility in funding. In addition, the Company has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

Following are the contractual maturities of the financial liabilities (based on the remaining period as of the period-end), including interest obligations:

| | | 2019 | | | | |
|---|---|---|---|---|---|---|
| | | Carrying amount | Contractual cash flows | One year or less | One to two years | More the two years |
| ***Financial liabilities*** | *Note* | (Rupees in '000) | | | | |
| Long term loans - secured | *8* | **1,732,271** | **2,312,930** | **528,356** | **707,116** | **1,077,458** |
| Lease liabilities | *9* | **263,148** | **352,900** | **113,371** | **81,165** | **158,364** |
| Employee retirement benefit | *10* | **23,088** | **23,088** | **-** | **-** | **23,088** |
| Trade and other payables | *13* | **1,196,130** | **1,196,130** | **1,196,130** | **-** | **-** |
| Mark-up accrued on borrowings | *14* | **216,566** | **216,566** | **216,566** | **-** | **-** |
| Short term borrowings - secured and unsecured | *15* | **4,113,581** | **4,510,701** | **4,510,701** | **-** | **-** |
| | | **7,544,784** | **8,612,315** | **6,565,124** | **788,281** | **1,258,910** |

| | | 2018 | | | | |
|---|---|---|---|---|---|---|
| | | Carrying amount | Contractual cash flows | One year or less | One to two years | Two to five years |
| ***Financial liabilities*** | | (Rupees in '000) | | | | |
| Long term loans - secured | *8* | 1,013,521 | 1,242,862 | 372,408 | 362,470 | 507,984 |
| Lease liabilities | *9* | 65,528 | 75,835 | 28,885 | 19,285 | 27,665 |
| Employee retirement benefit | *10* | 42,480 | 42,480 | - | - | 42,480 |
| Trade and other payables | *13* | 1,551,810 | 1,551,810 | 1,551,810 | - | - |
| Mark-up accrued on borrowings | *14* | 97,338 | 97,338 | 97,338 | - | - |
| Short term borrowings - secured and unsecured | *15* | 2,995,286 | 3,067,868 | 3,067,868 | - | - |
| | | 5,765,963 | 6,078,193 | 5,118,309 | 381,755 | 578,129 |





**42.3 Market risk**

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. The Company is exposed to currency risk and interest rate risk.

**42.3.1 Currency risk**

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is Pak Rupee. The currencies in which these transactions are primarily denominated are Euros and US dollars.

***42.3.1(a) Exposure to currency risk***

The Company is mainly exposed to currency risk on import of raw materials and merchandise denominated in US dollars. The Company's exposure to foreign currency risk at the reporting date is as follows:

| | | 2019 | 2018 | 2019 | 2018 |
|---|---|---|---|---|---|
| | | | | (Rupees in '000) | |
| Trade creditors | **(USD in '000)** | **859** | 2,180 | **133,274** | 303,238 |
| Trade creditors | **(Euro in '000)** | **-** | 14 | **-** | 2,227 |
| ***Off balance sheet items*** | | | | | |
| Outstanding letters of credit | **(USD in '000)** | **2,056** | 1,782 | **318,974** | 247,876 |
| Outstanding letters of credit | **(Euro in '000)** | **6** | - | **1,088** | - |

Following significant exchange rates have been applied:

| | Average rate | | Reporting date Spot rate | |
|---|---|---|---|---|
| | **2019** | 2018 | **2019** | 2018 |
| USD to PKR | **150.00** | 121.62 | **155.15** | 139.10 |
| EUR to PKR | **168.02** | 143.35 | **174.00** | 159.10 |

**Sensitivity analysis**

At reporting date, if the PKR had strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit for the year would have been lower by the amount shown below, as a result of net foreign exchange gain on translation of foreign currency bills payables.

| | 2019 | 2018 |
|---|---|---|
| | (Rupees in '000) | |
| Effect on statement of profit or loss | **13,327** | 30,547 |

The weakening of the PKR by 10% against US Dollar would have had an equal but opposite impact on the profit for the year.

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the Company.

**42.3.2 Interest rate risk**

Interest rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in interest rates. Sensitivity to interest rate risk arises from mismatch of financial assets and financial liabilities that mature or re-price in a given period.

*42.3.2(a)* ***Fair value sensitivity analysis for fixed rate instruments***

The Company does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore a change in interest rate at the reporting date would not affect statement of profit or loss.

*42.3.2(b)* ***Mismatch of interest rate sensitive financial assets and financial liabilities***

The Company's interest / mark-up and non-interest / mark-up bearing bearing financial instruments as at the reporting date are as follows:

| | 2019 | | |
|---|---|---|---|
| | **Carrying amount** | **Interest bearing / variable rate financial instruments** | **Non-interest bearing / fixed rate financial instruments** |
| | (Rupees in '000) | | |
| ***Financial assets*** | | | |
| Security deposits | **27,535** | **-** | **27,535** |
| Trade debts | **3,239,794** | **-** | **3,239,794** |
| Other receivables | **1,171,427** | **871,127** | **300,300** |
| Cash and bank balances | **116,344** | **-** | **116,344** |
| | **4,555,100** | **871,127** | **3,683,973** |
| ***Financial liabilities*** | | | |
| Long term loans - secured | **(1,732,271)** | **(1,732,271)** | **-** |
| Lease liabilities | **(263,148)** | **(263,148)** | **-** |
| Employee retirement benefits | **(23,088)** | **-** | **(23,088)** |
| Trade and other payables | **(1,196,130)** | **-** | **(1,196,130)** |
| Mark-up accrued on borrowings | **(216,566)** | | **(216,566)** |
| Short term borrowings - secured and unsecured | **(4,113,581)** | **(4,113,581)** | **-** |
| | **(7,544,784)** | **(6,109,000)** | **(1,435,784)** |
| | **(2,989,684)** | **(5,237,873)** | **2,248,189** |

| | 2018 | | |
|---|---|---|---|
| | Carrying amount | Interest bearing / variable rate financial instruments | Non-interest bearing financial instruments |
| ***Financial assets*** | (Rupees in '000) | | |
| Security deposits | 22,869 | - | 22,869 |
| Trade debts | 1,982,771 | - | 1,982,771 |
| Other receivables | 926,767 | 926,138 | 629 |
| Cash and bank balance | 90,660 | 40,349 | 50,311 |
| | 3,023,067 | 966,487 | 2,056,580 |
| ***Financial liabilities*** | | | |
| Long term loans - secured | (1,013,521) | (1,013,521) | - |
| Liabilities against assets subject to finance lease | (65,528) | (65,528) | - |
| Employee retirement benefit | (42,480) | - | (42,480) |
| Trade and other payables | (1,551,810) | - | (1,551,810) |
| Mark-up accrued on borrowings | (97,338) | - | (97,338) |
| Short term borrowings - secured and unsecured | (2,995,286) | (2,995,286) | - |
| | (5,765,963) | (4,074,335) | (1,691,628) |
| | (2,742,895) | (3,107,848) | 364,952 |





**42.3.2.1** Effective interest / mark-up rates for the financial assets and financial liabilities are as follows:

| | **2019** | 2018 |
|---|---|---|
| | **Percentage** | |
| ***Financial liabilities*** | | |
| Long term loans - secured | **12.60% to 16.86%** | 9.16% to 13.40% |
| Liabilities against assets subject to finance lease | **11.00% to 17.09%** | 8.43% to 14.07% |
| Short term borrowings - secured and unsecured | **10.56% to 18.54%** | 7.66% to 12.94% |

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 61.33 million (2018: Rs. 40.34 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2018.

**42.3.3 Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). At reporting date the Company did not have financial instruments exposed to other price risk.

**42.4 Fair value of financial instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the period end date. The quoted market prices used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (level 2).
- Unobservable inputs for the asset or liability (level 3).

42.4.1 The following table shows the carrying amounts and fair values of financial instruments and non- financial instruments including their levels in the fair value hierarchy:

**On-balance sheet financial instruments**

| | 31 December 2019 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | | | Fair value | | |
| | Financial assets at amortised cost | Other financial assets / liabilities | Total | Level 1 | Level 2 | Level 3 |
| | (Rupees in '000) | | | | | |
| ***Financial assets - amortised cost*** | | | | | | |
| Security deposits | 27,535 | - | 27,535 | - | - | - |
| Trade debts | 3,239,794 | - | 3,239,794 | - | - | - |
| Other receivables | 1,171,427 | - | 1,171,427 | - | - | - |
| Cash and Bank balances | 116,344 | - | 116,344 | - | - | - |
| | 4,555,100 | - | 4,555,100 | - | - | - |
| ***Financial liabilities - amortised cost*** | | | | | | |
| Long term loans - secured | - | 1,732,271 | 1,732,271 | - | - | - |
| Liabilities against assets subject to finance lease | - | 263,148 | 263,148 | - | - | - |
| Employee retirement benefit | - | 23,088 | 23,088 | - | - | - |
| Trade and other payables | - | 1,196,130 | 1,196,130 | - | - | - |
| Mark-up accrued on borrowings | - | 216,566 | 216,566 | - | - | - |
| Short term borrowings - secured and unsecured | - | 4,113,581 | 4,113,581 | - | - | - |
| | - | 7,544,784 | 7,544,784 | - | - | - |

**On-balance sheet financial instruments**

| | 31 December 2018 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying Amount | | | Fair value | | |
| | Loans and receivables | Other financial assets / liabilities | Total | Level 1 | Level 2 | Level 3 |
| ***Financial assets not measured at fair value*** | (Rupees in '000) | | | | | |
| Security deposits | 22,869 | - | 22,869 | - | - | - |
| Trade debts | 1,982,771 | - | 1,982,771 | - | - | - |
| Other receivables | 926,767 | - | 926,767 | - | - | - |
| Cash and bank balances | 90,660 | - | 90,660 | - | - | - |
| | 3,023,067 | - | 3,023,067 | - | - | - |
| ***Financial liabilities not measured at fair value*** | | | | | | |
| Long term loans - secured | - | 1,013,521 | 1,013,521 | - | - | - |
| Liabilities against assets subject to finance lease | - | 65,528 | 65,528 | - | - | - |
| Employee retirement benefit | - | 42,480 | 42,480 | - | - | - |
| Trade and other payables | - | 1,551,810 | 1,551,810 | - | - | - |
| Mark-up accrued on short term running | - | 97,338 | 97,338 | - | - | - |
| Short term borrowing | - | 2,995,286 | 2,995,286 | - | - | - |
| | - | 5,765,963 | 5,765,963 | - | - | - |

The Company has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically Therefore, their carrying amounts are reasonable approximation of fair values.

***Non-financial assets measured at fair value***

Land, building and plant and machinery

| | | |
|---|---|---|
| *Revalued Property, plant and equipment* | Date of valuation | 31 December 2019 |
| *Investment property* | Date of valuation | 31 December 2019 |

***Valuation approach and inputs used***

The valuation model for land and building is based on price per square metre. In determining the valuation for land and building the valuer refers to numerous independent market inquiries from local estate agents / realtors in the vicinity to establish the present market value. Tha valuation for plant and machinery is based on present operational condition and age of plant and machinery. The fair valuation of land, building and plant and machinery are considered to represent a level 3 valuation based on significant non-observable inputs being the location and condition of the assets.

The fair value are subject to change owing to changes in input. However, management does not expect there to be a material sensitivity to the fair value arising from the non-observable inputs.





## 43 Capital risk management

The Company's objectives when managing capital are:

a) to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

b) to provide an adequate return to shareholders.

The Company manages the capital structure in the context of economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may, for example, adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio calculated as total debt (current and non-current borrowings) to debt plus equity.

| The debt to equity ratios were as follows: | **2019** | 2018 |
|---|---|---|
| | **(Rupees in '000)** | |
| Total debt | **5,851,500** | 4,014,923 |
| Total equity and debt | **14,535,440** | 12,390,222 |
| Debt to equity ratio | **40%** | 32% |

The Company is not subject to externally imposed capital requirements.

## 44 Subsequent event - Impact of COVID-19

Subsequent to the year end, on 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe. The potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. Many governments are taking increasingly stringent steps to help contain or delay the spread of the virus including orders to close all businesses not deemed essential, lockdowns, travel restrictions and practice social distancing when engaging in essential activities. Like other countries, the Government of Pakistan also imposed lockdown effective 24 March 2020 to slow the spread of virus that has been continuously reviewed based on economic conditions. The Company has been allowed to resume operations under strict standard operating procedures with effect from 11 May 2020.

Governments and regulators in Pakistan have taken different operational and financial measures so that the temporary lockdowns required to slow the spread of the virus does not disrupt the economy permanently. In context of financial reporting and areas which may impact the financial statements and offer businesses to manage operational liquidity, the Securities and Exchange Commission of Pakistan (SECP) and State Bank of Pakistan (SBP) have provided guidance and offered companies regulatory reliefs. SECP, among other measures related to financial reporting, through circular 6 and 10 of 2020, provided relaxation from certain provisions of Companies Act including but not limited to general relaxation in holding of annual general meeting and filling of statutory returns for Companies having year end of 31 December 2019. SBP, among other measures, through BPRD circular letter no 13 of 2020 provided common relief to borrowers and allowed banks/financial institutions to defer the repayment of principal loan on financing facilities availed for one year on written request. The Company has obtained this regulatory relief on its financing facilities (both long and short term) to manage its operational liquidity. Similarly the Company has also obtained financing for payments of salaries to employees in respect of relief granted by SBP

Due to lockdown, the Company anticipates slower consumer demand, constrained supply and reduced economic activity and consequently have taken various financial measures (as referred to above) to manage operational liquidity as a result of business disruption caused. However, the extent of the impact of COVID-19 on the operational and financial performance of the Company will depend on certain future developments, including, among others, the duration and severity of the COVID-19 pandemic, public health developments, lockdown measures taken by Federal and Provincial Governments in response to the pandemic and its impacts on economic and business activity, all of which are uncertain. The Company could experience material impacts due to COVID-19 on the carrying value of its assets and liabilities, including, but not limited to, valuation of intangibles, trade debtors, retirement plans and deferred taxation but for the Company's 31 December 2019 financial statements, the Coronavirus outbreak and the related impacts are considered non-adjusting events. Consequently, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainty of the outcome of the current events including the duration and impact, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, results of operations or cash flows in the future.

### 45 Events after the reporting date

The Board of Directors in their meeting held on ____________________ have proposed a final cash dividend for the year ended 31 December 2019 of Rs. ____________________ per share (2018: Rs. 1.25 per share), amounting to Rs. ____________________ million (2018: Rs. 203.917 million) for approval of the members at the Annual General Meeting to be held on ____________________. These unconsolidated financial statements do not reflect this dividend.

### 46 Corresponding figures

Corresponding figures have been re-arranged and re-classified, where necessary, for the purpose of comparison and better presentation as per reporting framework. However, no significant reclassification has been made.

### 47 Date of authorization of issue

These unconsolidated financial statements were authorised for issue by the Board of Directors in their meeting held on ________________.

| Moazzam A. Khan | Haroon A. Khan | Nadeem M. Butt |
|---|---|---|
| Director | Chief Executive | Chief Financial Officer |





# ویوز سنگر پاکستان لمیٹڈ

## نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس مطلع کیا جاتا ہے کہ ویوز سنگر پاکستان لمیٹڈ کا سالانہ اجلاس عام بمقام 9 کلومیٹر ملتان روڈ، لاہور کمپنی کے رجسٹرڈ آفس 29 جون 2020 بروز پیر صبح 11:00 مندرجہ ذیل امور کی انجام دہی کیلئے منعقد کیا جائے گا:

**عمومی امور:**

1۔ 31 دسمبر 2019ء کو ختم ہونے والے مالی سال کیلئے آڈیٹڈ اکاؤنٹس کا حصول اور اس پر غور وخوض اور اُس پر ڈائیریکٹرز اور آڈیٹرز کی رپورٹ۔

2۔ 31 دسمبر 2020ء کو ختم ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کا معاوضہ مقرر کرنا، ریٹائر ہونے والے آڈیٹز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ اہل ہونے کے بعد دوبارہ تقرری کیلئے خدمات پیش کرتے ہیں۔

**دیگر امور:**

3۔ صاحب صدر کی اجازت سے کسی دیگر امور پر کاروائی کرنا۔

حسب بحکم بورڈ

**رانا شکیل شوکت**

کمپنی سیکریٹری

لاہور

8 جون 2020

نوٹ:

1) کمپنی کی حصص منتقلی کی کتابیں 22 جون 2020ء تا 29 جون 2020ء (بشمول ہر دو ایام) سالانہ اجلاس عام میں شرکت کے مقصد کے لئے بند رہیں گی۔ ہمارے شیئر رجسٹرار کے دفتر میسرز کارپ لنک (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، K-1، کمرشل ماڈل ٹاؤن، لاہور میں 20 جون 2020ء کو کاروبار کے اختتام پر موصولہ منتقلیاں، ٹرانسفریز کے بالا استحقاق کے مقاصد کیلئے بروقت تصور ہوں گی۔

2) اجلاس ہذا میں شرکت اور ووٹ دینے کے مستحق تمام ممبران، شرکت اور ووٹ دینے کیلئے اپنے بجائے کسی دیگر شخص کو اپنا پراکسی مقرر کر سکتے/سکتی ہیں۔ پراکسیاں تا آنکہ موثر ہو سکیں، کمپنی کے رجسٹرڈ دفتر پر اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازماً وصول ہو جانی چاہئیں۔ سی ڈی سی اکاؤنٹ ہولڈرز کو مزید براں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان سے جاری شدہ سرکلر نمبر 1 مورخہ 26 جنوری 2000 میں دی گئی درج ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔ پراکسی فارم کمپنی کی ویب سائیٹ یعنی www.wavessinger.com پر دستیاب ہے۔

3) شیئر ہولڈرز سے درخواست ہے کہ رجسٹرڈ پتہ میں کسی بھی تبدیلی کی صورت میں کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

4) بحوالہ SECP سرکلر نمبر 10 بتاریخ 21 مئی 2014ء کے مطابق اگر کمپنی کسی جغرافیائی مقام پر مقیم 10% یا اس سے زیادہ 21 حصص یافتہ حصص رکھنے والے ممبران سے اجلاس کی تاریخ سے کم از کم 10 دن قبل ویڈیو کانفرنس کے ذریعے اجلاس میں حصہ لینے کیلئے رضامندی پہنچنی چاہئے کمپنی اس شہر میں ویڈیو کانفرنس سہولت کا بندوبست کرے گی اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہوگا اس سلسلے میں برائے کرم درج ذیل کو پر کریں اور AGM کی تاریخ سے کم از کم 10 دن پہلے کمپنی کے رجسٹرڈ ایڈریس پر جمع کروائے

میں /ہم __________ ساکن __________ بحیثیت رکن ویوز سنگر پاکستان لمیٹڈ، مالک __________ عام حصص بمطابق رجسٹرڈ فولیو نمبر __________ بذریعہ ہذا __________ میں ویڈیو کانفرنس سہولت اختیار کرنا چاہتا ہوں۔

## ویوز سیگر پاکستان لیمیٹڈ

دی کمپنی سیکریٹری،
ویوز سنگر پاکستان لیمیٹڈ
9 کلومیٹر ملتان روڈ، ہنجروال، لاہور۔

**<u>پراکسی فارم</u>**

میں مسمی/مسماۃ ____________ ضلع ____________ بحیثیت ممبر ویوز سنگر پاکستان لیمیٹڈ،
مسمی/مسماۃ ____________ ضلع ____________ کو بطور مختار [پراکسی] مقرر کرتا/کرتی ہوں
تاکہ وہ میری طرف سے کمپنی کے اجلاس میں شرکت، گفتگو اور ووٹ کا اندراج کراسکے جو بتاریخ ____________
بروز ____________ منعقد ہورہا ہے۔
دستخط آج بروز ____________ بتاریخ ____________

گواہ [الف]
دستخط____________
نام____________
پتہ____________
کمپیوٹرایزڈ شناختی کارڈ نمبر ____________

۵ روپے کا
ریوینیو
اسٹیمپ

____________
دستخط ممبر

نام ____________
فولیو نمبر ____________
پارٹیسپینٹ آئی ڈی نمبر ____________
سی ڈی سی ذیلی اکاؤنٹ نمبر ____________

گواہ [ب]
دستخط____________
نام____________
پتہ____________
کمپیوٹرایزڈ شناختی کارڈ نمبر ____________

**اہم نکات**

۱۔ سی ڈی سی حصص داران سے گزارش ہے کے اجلاس کے نوٹس میں درج ہدایات پر عمل درآمد کریں۔
۲۔ جو ممبر اجلاس میں شرکت کا اہل ہے وہ کسی کو اجلاس میں ووٹ کے اندراج کیلیئے مختار مقرر کرنے کا اہل ہے۔
۳۔ ممبران سے درخواست ہے کہ:
[الف] ۵ روپے کا ریرینیو اسٹیمپ مندرجہ بالا باکس میں چسپاں کریں۔
[ب] ریرینیو اسٹیمپ پر اسطرح دستخط کریں جس طرز میں کمپنی کے پاس رجسٹرڈ ہوں۔
[پ] فولیو نمبر/ سی ڈی سی اکاؤنٹ نمبر درج کریں
۴۔ مکمل پراکسی فارم بمعہ دستخط اور ریرینیو اسٹیمپ کے طے شدہ وقت سے کم از کم ۴۸ گھنٹے قبل موصول ہوجائیں





**پوسٹ بیلنس شیٹ ایونٹ یا اہم پیش رفت**

سال کے اختتام کے بعد ، 11 مارچ 2020 کو عالمی ادارہ صحت نے کوروناوائرس [کووڈ 19] پھیلنے کا اعلان کیا اور دنیا بھر میں اس کو اس کے تیز رفتار پھیلاؤ کی وجہ سے عالمگیر وبا قرار دیا۔ حکومت پاکستان نے 24 مارچ 2020 سے لاک ڈاون کا اغاز کیا تاکہ اس وائرس کے پھیلاؤ کو سست کیا جاسکے تاہم اقتصادی حالات کی بنیاد پر لاک ڈاون کا مسلسل جائزہ لیا جاتا رہا۔ تاہم معیاری آپریٹنگ کے طریقہ کار کی تیاری کے بعد لاک ڈاون کو جزوی طور پر اٹھایا گیا تھا اور آپ کی کمپنی نے 11 مئی 2020 سے سخت معیاری آپریٹنگ کے طریقہ کار کے تحت آپریشن کو دوبارہ شروع کر دیا تھا.

گروپ کے آپریشنل اور مالی کارکردگی کووڈ-19 کے اثرات مستقبل کی پیش رفت پر انحصار کرے گا، بشمول دوسروں کے عالمگیر وبا ، عوامی صحت کے پیش رفت کی مدت اور شدت ، عالمگیر وبا اور اقتصادی اور کاروباری **COVID**درمیان ، سرگرمیوں پر اس کے اثرات کے جواب میں وفاق اور صوبائی حکومتوں کی طرف سے اٹھائے جانے والے اقدامات .

**اعتراف**

ہم اس موقع پر اپنے قابل قدر گاہکوں کا شکریہ ادا کرتے ہیں جنہوں نے ہمارے مصنوعات اور خدمات میں اعتماد قائم رکھی ہے اور کمپنی کی ترقی کو یقینی بنانے میں مسلسل حمایت فراہم کی ہے. کمپنی اپنے عزم اور پرجوش کوششوں، وفاداری اور وقفے کے لئے اپنے ملازمین کو بہت شکر گزار اور شکر گزار بھی کرتی ہے. ہم اپنے سپلائرز، کاروباری شراکت داروں، مالیاتی اداروں، ریگولیٹرز اور دیگر تمام حصول داروں سے حاصل کردہ معاونت اور تعاون کو بھی بہت اہمیت دیتے ہیں جو ہماری کمپنی کی ترقی کی طرف اشارہ کرتے ہیں.

ہم اپنے حصول داروں کو اعتماد اور اعتماد پر بھروسہ کریں گے جو ہم نے اور ان کی غیر مستحکم حمایت کے لئے ہماری مخلص حمایت کی ہے

بورڈ کے ذریعہ اور کے لئے :

____________
**ہارون احمد خان**
چیف ایگزیکٹو آفیسر

(آی
بین الاقوامی اکاؤنٹنگ کے معیارات (اا) اور افرس ، جیسا کہ پاکستان میں قابل اطلاق ہے ، مالی گوشوارے کی تیاری کے بعد کیا گیا ہے -
(ایف
اندرونی کنٹرول کا نظام ڈیزائن میں آواز ہے اور مؤثر طریقے سے عملدرآمد اور نگرانی کر رہا ہے
جی)
کمپنی کی کسی بھی تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی اہم شکوک و شبہات موجود ہیں; اور
(ایچ
لسٹنگ کے قوانین میں تفصیلی طور پر ، کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہے

مالی سال کے دوران ملاقاتوں کی سرگرمیاں

**بورڈ آف ڈائریکٹرز کے اجلاس**

سال 2019 کے دوران ، پانچ (5) بورڈ کے اجلاس منعقد کئے گئے اور ہر ڈائریکٹر کی طرف سے شرکت کی معرفت ہذا کی تعداد دی گئی ہے-:

**بورڈ آف ڈائریکٹرز**

| اجلاس میں شرکت | اجلاس منعقد | ممبر کا نام |
|---|---|---|
| 4 | 5 | جناب عمیر خان صاحب |
| 5 | 5 | جناب ہارون احمد خان صاحب |
| 5 | 5 | محترمہ نگہت ہارون خان صاحبہ |
| 5 | 5 | جناب معزم احمد خان صاحب |
| 5 | 5 | بریگیڈیر مختار احمد [رٹائرڈ] |
| 5 | 5 | جناب ظفر الدین محمود صاحب |
| 4 | 5 | جناب یوسف محمود فاروق صاحب |

**آڈٹ کمیٹی**

کوڈ آف کارپوریٹ گورننس کے نفاذ سے ایک آڈٹ کمیٹی وجود میں رہی ہے - یہ تین اراکین (3) غیر ایگزیکٹو ڈائریکٹرز پر مشتمل ہے ، بشمول چیئرمین جو ایک آزاد ڈائریکٹر ہے. پانچ (5) آڈٹ کمیٹی کے اجلاس سال کے دوران منعقد کئے گئے - ہر رکن کی حاضری معرفت ہذا دی جاتی ہے :

| اجلاس میں شرکت | اجلاس منعقد | ممبر کا نام |
|---|---|---|
| 4 | 5 | جناب ظفر الدین محمود صاحب- چیرمین |
| 4 | 5 | جناب عمیر خان صاحب- میمبر |
| 5 | 5 | محترمہ نگہت ہارون خان صاحبہ-میمبر |

آڈٹ کمیٹی نے درج کردہ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے قواعد و ضوابط ، 2019 میں فراہم کیے گئے طور پر حوالہ کی شرائط کو اپنایا ہے -

**انسانی وسائل اور معاوضہ کمیٹی**

انسانی وسائل اور معاوضہ کمیٹی تین (3) ارکان پر مشتمل ہے ، کمیٹی کے تمام اراکین غیر ایگزیکٹو ڈائریکٹرز ہیں ، چیئرمین ایک آزاد ڈائریکٹر ہے. اس سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کا ایک اجلاس منعقد ہوا - ہر رکن کی حاضری معرفت ہذا دی جاتی ہے -





| اجلاس میں شرکت | اجلاس منعقد | ممبر کا نام |
|---|---|---|
| 1 | 1 | جناب عمیر خان صاحب- چیرمین |
| 1 | 1 | محترمہ نگہت ہارون خان صاحبہ-میمبر |
| 1 | 1 | جناب ظفر الدین محمود صاحب- میمبر |

انسانی وسائل اور معاوضہ کمیٹی نے درج کردہ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے قواعد و ضوابط 2019 میں فراہم کیے جانے کے حوالے سے اپنی شرائط کو اختیار کیا ہے .

**بورڈ کی کارکردگی اور ڈائریکٹرز کے تربیتی پروگرام کا جائزہ**

کوڈ کے تحت ڈائریکٹرز نے بورڈ کے سالانہ کارکردگی کی تشخیص کے لئے ایک طریقہ کار تیار کیا ہے. بورڈ کا ہر رکن بورڈ کے اجلاسوں میں اپنی شرکت کو یقینی بناتا ہے. تفصیلی مباحث اسٹریٹجک معاملات اور واضح ہدایات پر منعقد کی جاتی ہیں، جن کی باقاعدگی سے بورڈ اور اس کی کمیٹیوں کی طرف سے نگرانی کی جاتی ہیں. بورڈ کمپنی کارپوریٹ گورننس کے بہترین طریقوں کو اپناتا ہے اور اس کو یقینی بناتا ہے. بورڈ کے تمام طبقات میں ترقی کے مواقع کو آگے بڑھانے کے لئے مقصد کے ساتھ ہر سہ ماہی کے دوران کاروباری طبقات کی کارکردگی کا بھی جائزہ لیا جاتا ہے. ڈائریکٹر کے تربیتی پروگرام کے بارے میں تفصیلات کے لئے ، براہ کرم تعمیل کے بیان کا حوالہ دیتے ہیں

**شئیرہولڈنگ کا پیٹرن**

مجموعی طور پر کمپنی کے حصص یافتگان کی تعداد 31 دسمبر 2019 کو 2،854 تھی-شئیرہولڈنگ کا 31 دسمبر 2019 کو پیٹرن اس کی سالانہ رپورٹ میں شامل ہے. کمپنی کے حصص میں تمام ٹریڈز ، اگر کوئی ہے ، ڈائریکٹرز ، سی ای او ، سی ایف او اور کمپنی سیکریٹری اور ان کے میاں بیوی اور چھوٹے بچوں کی تفصیلات درج ہیں جوکہ لف ہے-

**ڈائریکٹرز کے معاوضے**

بورڈ آف ڈائریکٹرز نے ڈائریکٹر کی معاوضہ کی پالیسی تیار کی ہے اس کی اہم خصوصیات میں شامل ہیں کہ آزاد ڈائریکٹرز سمیت غیر ایگزیکٹو ڈائریکٹر کو بورڈ آف ڈائریکٹرز کے اجلاسوں اور بورڈ کے دیگر کمیٹیوں میں شرکت کے لئے معاوضہ کے طور پر فیس کا تلب کرنے کا حق ہے- جنرل میٹنگ (ز) میں شرکت کے لئے کوئی معاوضہ ادا نہیں کیا جائے گا -

**بونس/ڈیویڈنڈ اعلان**

کمپنی کے بورڈ آف ڈائریکٹرز نے اعلان کیا کہ ہر 100 عام حصص کے لیے 15 فی صد عام حصص کے تناسب میں 15 فیصد عبوری بونس دیا جاتا ہے-

**انویسٹر ریلیشنز & ویب سائٹ**

ویوز سنگر پاکستان اس کے تمام حصص یافتگان کو مکمل معلومات اور انکشافات فراہم کرنے کے لئے پرعزم ہے. ہم کسی بھی قیمت پر حساس یا مواد کی معلومات کے بارے میں موجودہ اور ممکنہ سرمایہ کاروں کو بروقت مطلع کرنے کے متعلقہ قانونی تقاضوں کی پیروی کرتے ہیں- کمپنی کی ویب سائٹ پر تمام متعلقہ معلومات کی بروقت ہوسٹنگ کے ذریعے کیا جاتا جیسے کمپنی کی مالی ، آپریشنل کارکردگی ، حصص کے پیٹرن ، مواد انکشافات اور کسی **(www.wavessinger.com)** ہے بھی دوسری معلومات سرمایہ کاروں کے لئے ضروری سمجھا جاتا ہے

**بیرونی آڈیٹر**

موجودہ آڈیٹر، کے پی ایم جی جی تاثیر ہادی اور کمپنی چارٹرڈ اکاؤنٹنٹس آئندہ سالانہ جنرل اجلاس کے اختتام پر ریٹائرمنٹ کرتے ہیں اور اہل ہونے کے لۓ خود بخود دوبارہ پیش کرتے ہیں. آڈٹ کمیشن کی طرف سے تجویز کردہ طور پر، بورڈ نے 2020 مالیاتی حصص کے حصول کے حصول کے لئے اس کی بحالی کی سفارش کی ہے.

| اثرات میں کمی | اہم کاروباری خطرات |
|---|---|
| آپ کی کمپنی نے وینڈر میں کمی کا آغاز کیا ہے اور اپنی فیکٹری میں تیاری پر زور دیا ہے اور وینڈر کی تشخیص کے عمل کو مطارف کرایا ہے۔<br><br>آپ کی کمپنی نے کمپنی بھر میں ایک معیار اور عمل میں بہتری کا پروگرام شروع کر رکھا ہے بشمول اسٹریٹجک وینڈرز جس کی پیشرفت کا باقاعدگی سے سال بھر منیجمینٹ جائزہ لیتی ہے۔ | آپریشنل اتکرجتا – بہتر بنانے اور معیار کو برقرار رکھنے اور ایک ہی وقت میں اخراجات کو چلانے کے لئے کی صلاحیت |
| آپ کی کمپنی نے سال کے دوران مرکزی مارکیٹنگ کی ساخت میں جگہ بنا رکھی ہے، اس طرح اس کے صارفین کی بصیرت کے عمل کو مضبوط بنانے اور متعلقہ فنکشن میں اہلیت کے فرق کو بھرنے میں مدد ملتی ہے۔<br><br>کمپنی کی تحقیق اور ترقی کے محکمہ کو مضبوط کیا گیا ہے اور مسلسل مصنوعات کی جدت کی حکمت عملی کو لاگو اور نافذ کر رہا ہے | برانڈنگ/انوویشن – تازہ ترین مارکیٹ کے رجحانات اور مصنوعات کی جدت کے ساتھ نمٹنے کی صلاحیت |
| آپ کی کمپنی نے مناسب ملازمین کے لئے کیریئر کی ترقی اور ترقی کے مواقع کا نقشہ بنانے کے لئے جانشینی کی منصوبہ بندی میں لوگوں کو ڈال دیا ہے اور اس طرح ٹیلنٹ برقرار رکھنے کا یقین ہے۔ | تنظیم میں جدت – اپنی طرف متوجہ کرنے اور اچھے ٹیلینٹ کو برقرار رکھنے کی صلاحیت آپ کی کمپنی کو اس کے احداف حاصل کرنے میں مشکلات کا سبب بن سکتی ہے |
| لیکویڈیٹی کا انتظام کرنے کے لئے کمپنی کے نقطہ نظر کو یقینی بنانا ہتے ، جہاں تک ممکن ہو ، یہ ہمیشہ اس وقت جب اس کی ذمہ داریوں کو پورا کرنے کے لئے کافی لیکویڈیٹی ہوگی ، عام اور زور دینے والے حالات کے تحت ۔ کمپنی ایکوئٹی ، طویل مدتی اور مختصر مدت کے ذریعے اس کی کارروائیوں کو مالی طور پر کام کرنے کے لئے مناسب سرمایہ کاری کو برقرار رکھنے کے مستعار ہے. مالیاتی طور پر خطرات کو کم کرنے کے لئے مختلف ذرائع کے درمیان مناسب مرکب کو برقرار رکھنے کے لئے ایک نقطہ نظر کے ساتھ. مینجمنٹ کا مقصد معروف بینکوں کے ساتھ باقاعدہ ارتکاب کریڈٹ لائنوں کو برقرار رکھنے کیے لیئے فنڈز میں لچک برقرار رکھنے کے لئے پرجوش ہے۔ | لیکویڈیٹی کا خطرہ- یہ وہ خطرہ ہے جس کی وجہ سے کمپنی اپنی مالی واجبات سے وابستہ ذمہ داریوں کو پورا کرنے میں مشکل کا سامنا کرے گی اور جو نقد فراہمی اور مالی اثاثہ جات کے انتظامات میں مشکلات کا سبب بنے گا۔ |
| کمپنی کریڈٹ منظور کرنے کے لئے درخواست کو جانچنے کے طریقہ کار کو برقرار رکھتا ہے، اور کریڈٹ کی حدود کے خلاف سرمایہ کاری کی نگرانی کرتا ہے. ان عملوں کے ایک حصے کے طور | کریڈٹ رسک-کمپنی کو مالی نقصان کا خطرہ ہے اگر مالیاتی انسٹرومنٹ میں کسی صارف یا انسداد پارٹی اس کے معاہدے کی ذمہ داریوں کو پورا کرنے میں ناکام ہو |





| | |
|---|---|
| پر تمام نتیجہ خیزی جماعتوں کی مالی باقاعدگی سے نگرانی اور تشخیص کی جاتی ہے | |
| کمپنی مسلسل مسابقتی سپلائرز کی سورسنگ کر رہی ہے، اپنی ٹیکنالوجی، کارکردگی اور پیداوری صلاحیت کو بہتر بنانے کے. اس کے علاوہ ، چونکہ ویوز سنگر پاکستان لیمیٹد میں تیز ترین ٹرانسمیشن لائن پر مصنوعات تیار کرنے کے لئے اپنی فیکٹری میں صلاحیت موجود ہے، لہذا مسشکل وقت میں یہ صلاحیت مقابلے میں ویوز سنگر پاکستان لمیٹڈ کو صلاحیت بخشتی ہے۔ | قیمت کا خطرہ-مارکیٹ میں نئے داخلہ کے ساتھ ، قیمت کی مقابلہ کا امکان ہے جو مارجن کو نچوڑ سکتا ہے |
| ویوز سنگر پاکستان لمیٹڈ کی متنوع مصنوعات کی لائن اور منفرد ڈیلرز کے علاوہ خوردہ فروخت کی ساخت اور تکنیکی مہارت یہ ان چیلنجوں کا سامنا کرنے کے لئے مناسب طریقے سے ہمیں تیار کرتا ہے | مقابلہ کا خطرہ- بڑھتے ہوئے نئے آنے والے پلاسٹک کی صنعت میں اپنا راستہ بنا رہے ہیں |
| نئے لیویز وقت کے ساتھ جلتے ہیں، لہذا ہم مسابقتی رہیں گے | ریگولیٹری رسک-نفاذ/فرائض کی افزائش, ٹیکس, لیویز اور دیگر حالات آپریشن پر اثر انداز پر منفی کر سکتے ہیں |

**اندرونی مالیاتی کنٹرولز کی موزونیت**

بورڈ آف ڈائریکٹرز نے تمام افعال میں مؤثر اندرونی مالیاتی کنٹرول قائم کر رکھا ہے۔ کمپنی کی آزاد اندرونی آڈٹ کا تریقہ کار باقاعدگی سے مالیاتی کنٹرول کے نفاذ کی نگرانی کرتا ہے ، جبکہ آڈٹ کمیٹی اندرونی کنٹرول فریم ورک کی تاثیر کا جائزہ لیتی ہے-

**ماحولیات ، صحت اور حفاظت**

کمپنی اس بات کو یقینی بناتی ہے کہ ماحول ، صحت اور حفاظت کے وعدوں کو سمجھا جاتا ہے اور روک تھام کی مشق/اقدامات تمام سطحوں پر کی جاتی ہیں ، تاکہ کمپنی کے تمام آپریشنوں میں کام سے متعلق خطرات کو کم کرنے میں مدد ملے. کمپنی نے کام کی جگہ اور اس سے باہر دونوں میں ان کی حفاظت کو یقینی بنانے کے لئے تمام ملازمین کو فعال طور پر تربیت دی ہے. اس کے علاوہ ، ہماری مینوفیکچرنگ ، تقسیم اور خوردہ آپریشنز نے معیاری آپریٹنگ طریقہ کار کو تیار کیا ہے جو حادثات کے خطرے کو کم کرنے کی کوشش کرتے ہیں

**کارپوریٹ سماجی ذمہ داری**

ویوز سنگر پاکستان لمیٹڈ کمپنی کی معاشرتی ضروریات کو پورا کرنے کے لئے اپنی کاروباری حکمت عملی کو سیدھ میں رکھتا ہے - ہمارے کارپوریٹ سماجی ریسپونسابلٹی پالیسی کا مقصد ہمارے لوگوں کی فلاح و بہبود کو فروغ دینے کے لئے ماحول، کمیونٹیز اور سب سے بڑھ کر معیار کو بڑھانے کے لئے ہے. ہم اس معاشرے کو واپس کچھ دینے پر یقین رکھتے ہیں کیونکہ ہم دیکھ بھال کرتے ہیں. ہمارے لئے یہ صرف ہمارے اسٹیک ہولڈر کی توقعات کے ساتھ ہماری سرگرمیوں کو سیدھ میں کرنے سے کہیں زیادہ ہے کہ آیا یہ ہمارے گاہکوں ، سپلائرز ، کمیونٹی ، ہمارے ملازمین اور معاشرے کو مجموعی طور پر ہے

ویوز سنگر پاکستان لمیٹڈ اپنے کارپوریٹ سماجی ریسپونسابلٹی وژن کی طرف ہمارے مقاصد کو حاصل کرنے میں ہر ایک کو مندرجہ ذیل متنوع کارپوریٹ سماجی ریسپونسابلٹی اقدامات چل رہا ہے

کلیاتی معاشیات کی کم رفتار بڑی مینوفیکچرنگ کی صنٔت کی بڑھوتی سال 2019 میں منفی 4-3 فیصد دکھاتی ہیں۔ اس شعبے میں مساعد کیوجہ سود کی شرح کا غیر مناسب تعین ہے جس میں قرض اور تبادلے کی شرح میں اضافہ ہوا ہے انعقاد نمایاں طور پر اعلی خام مال کی قیمتوں کی وجہ سے ہوا۔ تاہم بجلی کی پیداوار اور بجلی اور گیس کی تقسیم میں مامور کمپنیوں کی صنعتی ترقی نے مثبت کردار ادا کیا ہے جو 1.4 فیصد پر ہے ۔

بیرونی محاذ پر بڑھتے ہوئے دباؤ کی وجہ سے ادائیگی کے بحران کے توازن کی طرف سے فنانشل ائیر 2019 کے دوران کم کرنا شروع کر دیا۔ موجودہ اکاؤنٹ کا خسارہ جی ڈی پی کے تناسب سے فنانشل آئیر 2019 میں 9-4 فیصد رہا جوکہ فنانشل ائیر 2018 میں 3-6فیصد تھا۔ ادائیگی کے بحران کے توازن گر کر فنانشل ائیر 2019 میں یو۔ایس۔ ڈالر 8-13 بلین پر رہا جو کہ فنانشل ائیر 2018 میں یو۔ایس۔ ڈالر 9-19 بلین تھا۔ جس کی بڑی وجہ تجارتی خسارہ میں 5-13 فیصد کمی تھی جو کہ موثر درآمد سمپیڑن کی پالیسیوں اور کرنسی انعقاد۔ دوسری جانب ترسیلات زر کا ایک اضافہ ہوا جو کہ سال کے دوران 7-9 فیصد رہا جو کہ یو۔ایس۔ ڈالر 8-21 بلین رہا۔

آگے بڑھنے کے بعد ، آئی ایم ایف کی تائید شدہ پروگرام کے تناظر میں بہتر مارکیٹ کے جذبات کے پیچھے معاشی سرگرمیوں میں بتدریج بحالی کی توقع کی جاتی ہے ۔ مینوفیکچررز کی بنیاد پر صنعتوں میں بحالی کے ساتھ ساتھ درآمد پر مبنی صنعتوں کے لئے حکومت کی حوصلہ افزائی ٹیکنالوجی کو چالو کرنے سے لیبر پیداوری کو بہتر بنائے گی جو بحالی صارفین میں پائیدار صنعت میں مدد کرے گی۔

**صنعت کا جائزہ**

گزشتہ چند سالوں کے دوران ، گھریلو آلات کی مارکیٹ نے مسلسل ترقی کا تجربہ کیا تھا جبکہ ترقی کی رفتار 2019 میں رک گئی تھی کیونکہ صارفین اب مسلسل اقتصادی رفتار کی وجہ سے گھریلو آلات کی مصنوعات کی خریداری کرتے وقت صوابدید کا استعمال کرتے ہیں۔ ڈسپوزایبل آمدنی کی کمی کی وجہ سے توقع ہے کہ درمیانا طبقہ قیمت پر زیادہ نظر رکھے گا۔ دیگر عوامل جو مسنوعات کے صارفین کع زیادہ متاثر کریں گے اس میں ممکنہ طور پر بجلی کی ٹیرف میں اضافہ ہے، تعمیری سرگرمیوں میں کمی اور فارمنگ آمدنی کا نچڑنا شامل ہیں

تازہ ترین سرکاری عاداد کے مطابق ، ریفریجریٹرز ، ٹی وی سیٹ اور بجلی کے پنکھوں جیسے آلات کی مقامی مینوفیکچرنگ ایک سال سے تنزلی کا شکار ہے ، جبکہ ڈیپ فریزر کی پیداوار بھی کمی کا شکار ہے۔ صرف ائیر کنڈیشنر کی پیداوار میں آضافہ ہوا ہے۔بعدالنظر میں امپورٹڈ ائیر کنڈیشنرز نے مقامی تیار شدہ ائیر کنڈیشنرز کی جگہ لے لی ہے، جس کی وجہ سے ائیر کنڈیشنرز کی سپلائی میں کمی دیکھی گئی ہے۔

اس کے علاوہ حکومت نے معیشت کو دستاویزی کرنے کے لیے اقدامات کیے ہیں۔ ایک اہم قدم قومی شناختی کارڈ نمبر کا انوائس پر اندراج ہے اور ساتھ ساتھ گھریلو اشیاء کا سیلز ٹیکس ایکٹ کے تیسرے شیڈول میں اندراج ہے۔اس کا اثر مل جل کے دکاندار کے منافع، کریدار کی طلب اور قیمت کے تعین پر ہوا ہے۔ تاہم ، کمپنی نے مارجن مینجمنٹ کے عمل کے ذریعے اپنی آمدنی اور منافع کی حفاظت کے لئے اندرونی اقدامات کرنے کے جاری رکھے ہیں۔

تاہم، یہاں اب بھی ایک چاندی کے استر موجود ہے۔ گھریلو آلات سے متعلقہ ضروریات کی درجہ بندی میں ، ریفریجریٹرز اور ڈیپ فریزر کی اہمیت بنیادی ہے۔ اور یہ بھی آپ کی کمپنی کے 2 اہم آمدنی کے زرائع ہیں۔ سرکاری سروے سے یہ بھی ظاہر ہوتا ہے کہ پاکستان میں گھرانوں کی اکثریت زیادہ تر دیہی علاقوں میں مقیم ہے اور وہ ان ناگزیر مصنوعات کے مالک نہیں ہے ۔ اس کے ساتھ مل کر، شہروں کی بڑھتی ہوئی آبادی اور لوگوں کا شہروں کی طرف حجرت کرنا، درمیانے طبقے میں اضافع اور آسان سرمایہ کاری کے منصوبوں کی وجہ سے لوگوں کے طرز زندگی میں تبدیلی، جلد آلات کی تبدیلی کا رجحان اور طلب میں آضافہ اہم چیلنجوں کے باوجود آنے والی مدت میں مصنوعات کے متبادل سائیکلوں کو مختصر کرنے کی قیادت کرنے کی توقع کی جاتی ہے۔

آگے کی طرف پیش قدمی کرتے ہوئے ہم دیکھتے ہیں کہ ای کامرس کا حصہ انٹرنیٹ اور اسمارٹ فون کی اعلی دخول کے لئے کی پیشن گوئی کی مدت کے دوران تیزی سے ترقی کی گواہی دینے کی توقع ہے, تکنیکی ترقی کے ساتھ ساتھ۔ اس کے مطابق ، آپ



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کی کمپنی نے ایک ریاست کے جدید ای کامرس پلیٹ فارم کو بھی لاگو کیا ہے اور آن لائن فروخت شروع کردی ہے۔ تاہم ، خاص اسٹور کے حصے مارکیٹ پر غلبہ کے طور پر صارفین کو خریداری سے پہلے مصنوعات کا تجزیہ کرنے اور تشخیص کرنے کے لئے ترجیح دیتے ہیں ، کیونکہ مصنوعات اعلی استیک (خاص طور پر مال اور حفاظت) کے ساتھ منسلک ہے۔ آپ کی کمپنی دونوں فروخت کے پلیٹ فارم کے فوائد سے فائدہ حاصل کرنے کے لئے تیار ہے، اس کے ساتھ ساتھ آن لائن فروخت کا منفرد بنیادی ڈھانچہ بھی موجود ہے اس کے ساتھ ساتھ پاکستان بھر میں پھیلاؤ میں 140 دکانوں کا ایک نیٹ ورک موجود ہے۔

**کمپنی کے مستقبل کے آؤٹ لک/فارورڈ تلاش کے بیانات**

ہمارا بنیادی مقصد اعلی معیار اور مؤثر ہوم آلات کی مصنوعات فراہم کرنا ہے۔ ہم طویل مدتی اہمیت کے منصوبوں میں منافع بخش اور سرمایہ کاری کو بڑھانے کے دوران حصص ہولڈرز کی قیمت میں بہتری کے لئے پرعزم ہیں

اس سال ایک مشکل ریگولیٹری اور اقتصادی ماحول کی طرف سے بے نقاب کیا گیا ہے ، جس میں پالیسی کی شرح ، تبادلے کی شرح ، ٹیکسیشن اصلاحات ، اپنی مرضی کے مطابق فرائض وغیرہ سے متعلق ایک سے زیادہ پالیسی کی تبدیلیوں کو دیکھا گیا ہے ، جس میں سے سب نے اقتصادی ترقی کی سست رفتار کی طرف سے حصہ لیا۔ اس کے باوجود ، آپ کی کمپنی فروخت میں ڈبل عددی ترقی حاصل کرنے کے قابل تھا۔ آگے بڑھ رہا ہے ، ہمارے مارجن کو روپیہ انعقاد اور افراط زر کی طرف سے متاثر پر منفی ہونے کے لئے جاری کیا گیا ہے ، اگرچہ آپ کی کمپنی اپنی آپریشنل استعداد کار کو بہتر بنانے اور دستیاب وسائل کے استعمال کو بہتر کرنے کے لئے فعال طور پر کوشش کر رہی ہے

مارچ 2020 کے اختتام تک کمپنی کے آپریشنز کو ملک بھر میں وسیع لوکڈووں اور سپلائی چین کی رکاوٹوں نے متاثر کیا جس کی وجہ سے پاکستان میں کووڈ-19 پھوٹ پڑا ۔ یہ نہ صرف ہماری مینوفیکچرنگ کی سہولیات کی عارضی طور پر بند ہونے کی وجہ سے ، بلکہ ہماری سپلائی چین اور سیلز کی سرگرمیوں میں ایک سے زیادہ چیلنجوں کو بھی شامل ہے۔ اس کے بعد ، معیاری آپریٹنگ طریقہ کار کی تفصیلی تشکیل کے بعد پاکستان کی تالا لگا کو آسان بنانا اور اپنی پیداوار ، آپریشن اور فروخت کی سرگرمیوں کو دوبارہ شروع کرنے کے لئے آپ کی کمپنی کی اجازت دی ہے

اس لیے پاکستان بھر میں جزوی طور پر شدید معاشی اور کاروباری حالات سے نمٹنے کے لیے، مجموعی طور پر کاروبار کو گزشتہ سال کے مقابلے میں تھوڑی سی رفتار سے پیش رفت کی توقع ہے ۔ ہم امید کرتے ہیں کہ حکومت کی طرف سے پیش کردہ پالیسی کی اصلاحات مستقبل میں معاشی استحکام کی پیداوار میں ہیں ۔

لاک ڈاوں میں نری کے بعد، طلب میں خاطر خواہ اظافہ دیکھا گیا جس کی وجہ درجہ حرارت میں اظافہ اور لاک ڈاؤن کے دوران سیلز کا کم ہونا تھا۔ جس کی وجہ سے، سال کے بقایا حصہ میں سیلز میں اضافہ متوقع ہے جو اس نقصان کو مکمل طور پر نہ سہی جزوی طور پر پورا کرے گا جو لاک ڈاون کے دوران فروخت میں کمی کی وجہ سے ہوا۔ آپ کی کمپنی جدت طرازی کے ذریعے منافع کو بہتر بنانے کے لئے تمام کوششوں کو بروئے کار لانے میں مصروف ہے, کارکردگی اور مؤثر لاگت میں کمی جیسے اقدامات اس کو بہتر بنائیں گے۔

**خطرات ، ابہام اور اثرات میں کمی**

آپ کی کمپنی تسلیم کرتی ہے کہ خطرہ کاروبار کا ایک لازمی حصہ ہے اور ایک فعال اور موثر انداز میں خطرات کا انتظام کرنے کے لئے مصروف عمل ہے۔ آپ کی کمپنی کو وقتا فوقتا آنے والے خطرات کا اندازہ رہتا ہے، اندرونی اور بیرونی ماحول میں اور اس کی حکمت عملی اور کاروبار/آپریشنل منصوبوں میں خطرے میں کمی کی منصوبہ بندی شامل ہے۔ ہر خطرہ کو احتیاط سے دیکھا جاتا ہے ، جیسا کہ بعض صورتوں میں پوسٹ تجزیہ میں یہ ایک نئے کاروباری موقع کی قیادت کر سکتا ہے

آپ کی کمپنی کا ایک عمدہ رسک منیجیمینٹ کا نظام موجود ہے۔ رسک مینجمنٹ کا فریم ورک اوپر سے نیچے تک مختلف سطحوں پر کام کرتا ہے۔ یہ سطح کمپنی کے خطرے کے انتظام کے سٹریٹجک دفاعی کور کی تشکیل کرتے ہیں۔ آپ کی کمپنی کے رسک مینجمنٹ کمیٹی میں خطرے کی کمی کی منصوبہ بندی پر نظر رکھتا ہے اور جائزہ لیتے رہتے ہیں

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# ویوز سنگرپاکستان لمیٹڈ
# حصص داران کیلیئے ڈائریکٹرز کی رپورٹ

ہم 31 دسمبر،2019 کو ختم ہونے والے سال کے لئے ڈائریکٹرز رپورٹ اور آپ کی کمپنی کے آڈٹ شدہ مالیاتی گوشوارہ باشمول آڈٹرز رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں. آپ کی کمپنی کے آپریٹنگ نتائج کا خلاصہ مندرجہ ذیل پیش کیا جارہا ہے:

| | 2019<br>روپے '000' میں | 2018<br>روپے '000' میں |
|---|---|---|
| آپریٹنگ نتائج | | |
| مجموعی فروخت | 11،660،266 | 10،268،910 |
| مجموعی منافع | 2،629،372 | 2،277،906 |
| ایڈمن ، مارکیٹنگ ، فروخت اور تقسیم کے اخراجات | [1،403،016] | [1،423،163] |
| دیگر اخراجات | [85،248] | [108،768] |
| آپریٹنگ منافع | 1،141،108 | 745،975 |
| مالی اخراجات (خالص) | [676،794] | [272،827] |
| دیگر آمدنی | 157،295 | 37،359 |
| ٹیکس سے پہلے سال کے لئے منافع | 621،609 | 510،507 |
| ٹیکسیشن | [243،309] | [128،432] |
| بعد از ٹیکس منافع | 378،300 | 382،075 |
| فی شیئر آمدنی | 2.02 | 2.04 |

## کاروباری جائزہ

### کمپنی کی بنیادی سرگرمیاں

ڈبلیو۔ ایس۔ پی۔ ایل۔، ایک عوامی فہرست کی کمپنی ہے جس میں دو معروف برانڈز ، سنگر اور ویوز کے تحت گھریلو آلات اور دیگر ہلکی انجینئرنگ کی مصنوعات کی تیاری اور ایسیمبلی میں مصروف ہے ، جو کہ ڈیلر نیٹ ورک اور کمپنی کی مکمل طور پر ملکیت کے ماتحت زیلی کمپنی کے رٹیل نیٹ ورک کے ذریعہ فروخت کی جاتی ہیں کمپنی کی مصنوعات کی لائن میں شامل ہیں:

ویوز برانڈ ؛ ڈیپ فریزر ، ریفریجریٹرز ، ایئر کمڈیشنر ، واشنگ مشینیں ، مائکروویو ، اور پانی کے ڈسپینسر
سنگر برانڈ؛ ریفریجریٹرز ، ایئر کمڈیشنر ، واشنگ مشینیں ، مائکروویو ، پانی کی ڈسپینسر ، سلائی مشینیں ، پانی کے ہیٹر اور کوکنگ رینجز۔

ڈبلیو۔ ایس۔ پی۔ ایل۔ کے اس وقت لاہور ، گوجرانوالہ ، ملتان ، پشاور ، کراچی وغیرہ میں 16 گودام موجود ہی، جبکہ 1,400 + ڈیلرز کا ایک نیٹ ورک ، تقریبا 15 فروخت سروس کے مراکز اور 400 سروس ورکشاپس پورے ملک بھر میں پھیلے ہوئے ہیں. کمپنی کا سیلز کا بنیادی ڈھانچا، پاکستان کے اندر کام کرنے کوالی کسی بھی دوسرے معروف ہوم آلات کمپنی کے مقابل ہے۔

### اپریٹنگ کارکردگی کا تجزیہ

2019 کے دوران کلیاتی معاشیات کو ماحول کے چیلنج کا سامنا تھا کیونکہ ملک کو جڑواں خسارے کے خدشات اور افراط زر کا سامنا کرنا پڑا. ان مسائل کو حل کرنے کے لئے ، حکومت مالی اور مالیاتی پالیسیوں کے ساتھ ساتھ مارکیٹ کی بنیاد پر ایکسچینج کی شرح پر مبنی تبادلے کی شرح کے میکانزم کو سامنے لائی جس کے نتیجے میں پاک روپیہ کی انعقاد اور کاروبار کرنے کی صلاحیت میں نمایا کمی ہوئی۔ روپے کی شرح میں تبدیلی کی وجہ سے آلات کی درآمدگی مہنگی ہوئی، جس کی وجہ سے پروڈکشن کی قیمت میں اصافہ ہوا؛ بڑھتی ہوئی افراط زر کی وجہ سے آپریٹنگ اخراجات میں نمایا اصافہ ہوا؛ اور فنانسنگ کے اخراجات بڑہ کر 13.25 فیصد تک پہنچ گئی ہیں۔

اس پس منظر اور مشکل اقتصادی حالات اور سخت کاروباری ماحول کے باوجود ، آپ کی کمپنی نے سخت انتظامی کوشش کے زریعہ آپریشنل مینجمنٹ ، بہتر کارکردگی ، سخت نقد بہاؤ کے کنٹرول اور مارکیٹنگ پر توجہ مرکوز کرنے کی حکمت عملی کی وجہ سے کمپنی کی خالص امدنی میں 14فیصد اضافہ ہوا جو کہ سال 2018 میں 10،269 ملین سے بڑہ کر 11،660 ملین ہوا جس کی اہم وجہ یونٹ سیل میں اضافہ کو ساتھ ساتھ سال کے دوران قیمت میں بلترتیب اضافہ ہے۔

آپ کی کمپنی نے اس فنانشل ائیر کے دوران 2،629 ملین روپے کی مجموئی آمدنی حاصل کی جو کہ فنانشل ائیر 2018 کے مقابلہ میں 14فیصد زیادہ ہے جو کہ اس وقت 2،277 ملین روپے تھا۔ مینجمنٹ نے انتظامی اور فروخت کے اخراجات پر ایک کنٹرول رکھا ہے جس میں مجموعی طور پر سال کے دوران افراط زر کی شرح میں اصافہ کے باوجود 3 ٪ کی کمی ہوئی ہے. کمپنی افراط زر کے اثرات کو کم کرنے کے لئے اندرونی لاگت میں بچت اور آپریشنل کارکردگی پر توجہ مرکوز کی. آپریٹنگ منافع نے اعلی فروخت ، بہتر مارجن اور لاگت کی بچت کے اکاؤنٹ پر گزشتہ سال کے مقابلے میں 515 ملین روپے کے اضافہ کا مشاہدہ کیا۔

نیٹ فنانس کی قیمت میں پچھلے سال کے مقابلہ میں 404 ملین روپے کا اضافہ دیکھا گیا جس کی وجہ اسٹیٹ بینک کی طرف سے پالیسی ریٹ کی شرح میں اضافہ تھا کمپنی نے باوجود اس اضافہ کے گزشتہ سال کے مقابلے میں اپنی بڑھتی ہوئی کارروائیوں کو مزید بڑھانے کے لیئے رقم حاصل کی۔ نتیجۃ آپ کی کمپنی 378 ملین روپے کا منافع حاصل کرنے میں کامیاب ہوئی جوکہ فنانشل ائیر 19 میں 02۔2روپے آمدنی فی حصص کے حساب سے تھی جبکہ مقابلاتن فنانشل ائیر 18 میں 04۔ 2روپے آمدنی فی حصص کے حساب سے 382 ملین روپے تھی۔

اس سال اقتصادی عدم استحکام کی وجہ سے ، کمپنی نقد بہاؤ ، ورکنگ کیپیٹل اور سپلائی چین پر اپنی توجہ مرکوز کیئے ہوئے ہے۔

### اقتصادی تجزیہ

پاکستان کی اقتصادی ترقی فنانشل ائیر 19 میں تابع رہی کیونکہ ملک نے مجموعی گھریلو مصنوعات میں 3۔3فیصد کی نمایا ترقی کی جوکہ فنانشل ائیر 18 میں 5۔5 فیصد تھی۔ یہ ترقی بنیادی طور پر زرعی شعبے میں 8۔0 فیصد، صنعتی سیکٹر میں 4۔1فیصد اور خدمات کے سیکٹر میں 7۔4 فیصد سے منصوب تھی۔

معاشی مشکلات اور غیر یقینی 2019 میں بھی جاری رہی جسکی وجہ کرنسی تخفیف ، افراط زر میں اضافہ، اور بڑھتی ہوئی سود کی شرح تھی۔ پاکستانی روپے کی قدر میں جولائی تک 139 روپے سے 164 روپےکمی جو کہ سال کے آخر میں 155 پر مسیحکم ہوئی اور جس کے نتیجے میں 11 فیصد کے خالص تخفیف ہوئی۔ پالیسی کی شرح 325 کے پہلے نصف میں 10 ٪ سے 13.25 ٪ جولائی 2019 میں بڑھتی ہوئی اور یہ باقی سال کے لئے جاری ہے. افراط زر کی شرح ، جو دسمبر 2018 میں 5.6 ٪ تھی گر کر دسمبر 2019 میں 12.6 فیصد پر آگئی۔ یہ حکومت نے آئی ایم ایف کے ساتھ مل کر تیار کردہ اقتصادی استحکام پروگرام کے ایک حصے کے طور پر ریاست کی طرف سے اٹھائے گئے اقدامات کا نتیجہ تھے. حکومت نے اپنی مالی خسارے کو مستحکم کرنے کے لئے بھی اقدامات کیے جو پبلک سیکٹر ترقی کے پروگرام (پی۔ ایس۔ ڈی۔ پی) میں کمی کا باعث بنی ۔