



ANNUAL
REPORT

2020

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Corporate Information

BOARD OF DIRECTORS

1.	Mr. Muhammad Adnan Afaq	Chairman/Independent Director
2.	Mr. Shoaib Dastgir	Independent Director
3.	Mr. Muhammad Zafar Hussain	Independent Director
4.	Mrs. Nighat Haroon Khan	Non-Executive Director
5.	Mr. Moazzam Ahmad Khan	Non-Executive Director
6.	Mr. Nadeem Mehmood Butt	Executive Director
7.	Mr. Haroon Ahmad Khan	Chief Executive Officer

AUDIT COMMITTEE

1.	Mr. Muhammad Zafar Hussain	Chairman/Independent Director
2.	Mr. Moazzam Ahmad Khan	Member/Non-Executive Director
3.	Mrs. Nighat Haroon Khan	Member/Non-Executive Director
4.	Mr. Nadeem Mehmood Butt	Member/Executive Director
5.	Mr. Wasif Ali Rana	Secretary of Audit Committee

HR & REMUNERATION COMMITTEE

1.	Mr. Shoaib Dastgir	Chairman/Independent Director
2.	Mr. Muhammad Zafar Hussain	Member/ Independent Director
3.	Mr. Moazzam Ahmad Khan	Member/Non-Executive Director
4.	Mr. Nadeem Mehmood Butt	Member/Executive Director
5.	Mr. Haroon Ahmad Khan	Member/ Executive Director
6.	Mr. Wasif Ali Rana	Secretary of HR & R Committee

CHIEF FINANCIAL OFFICER

Mr. Arslan Shahid Butt

COMPANY SECRETARY

Mr. Wasif Ali Rana

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

REGISTERED OFFICE/PLANT

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
The Bank of Khyber
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Pak Oman Investment Company

Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Pak Brunei Investment Company Ltd.
Sindh Bank Limited
Pak Libya Holding Company
The Bank of Punjab
Silk Bank Limited

Contact Information:

Registered Office: 042-35415421-5, 042-35421502-4
Web Site: <http://www.wavessinger.com/>

Message from the Chairman

Financial Year 2020 was one of the toughest years in the history of Pakistan, challenging economic business conditions coupled with COVID 19 pandemic outbreak which has brought down economic activity and lead to a crunching halted the whole industry for more than 3 months. As a result of this, our peak summer season was compromised due to the Covid-19 induced nationwide lockdown.

However, very timely measures taken by the Government including permission for sustained operations of essential industries, smart lockdowns, and industry stimulus packages amongst other timely interventions enabled an economic recovery as evident through improved fiscal and external indicators. We would like to take this opportunity to commend the Government's efforts during the year and are looking forward to improved economic conditions in the coming year.



To ensure the safety of our employees, strict adherence to SOPs was implemented at our offices and plant sites to prevent the spread of the virus. With the health and safety of our employees being our utmost priority, the Company continues to operate a special medical help desk facility.

We are also very proud and congratulate the management team for their efforts in securing Corporate Order from Coca-Cola international worth approximately Rs. 975 Million. This has been achieved after a rigorous 3rd party supplier audit wherein the company has been granted green (best) status. This positions the Company to receive additional orders from other corporate customers.

We look forward to a brighter prospects as the company plans to relocate its existing factory at a larger new location which has already been acquired. This will enable the company to pursue volumetric growth, achieve economies of scale as well as manufacturing efficiencies. More significantly, it will allow the Company to pursue the envisioned real estate development project at the current site.

We would like to conclude by extending my gratitude and thanks to the Directors, for their energy, knowledge, advice, and earnest contributions towards the advancement of the Company. We would also like to take this opportunity to express my gratitude to our esteemed investors and bankers for their continued trust in the Company which has allowed the Company to achieve new heights in a socially responsible and ethical manner.

Muhammad Adnan Afaq

Chairman

Message from the CEO

Our vision is to make a difference by produce high quality, market oriented and innovative products through our two reputable brands, Waves and Singer. The size of the Home appliance consumer market has reduced in 2020 with the onset of the COVID-19 pandemic amongst other factors like inflation, increasing raw material costs and depreciating rupee. Despite these challenges, the Company posted a profit of Rs. 127 million (2019: 378 million). This was achieved in a difficult business environment with continued improvement in operational management, cost rationalization, process re-engineering and strategical measures taken during the whole year.



Government of Pakistan played a vital role by appreciating the difficulties faced by the industry and promptly introducing working capital support loans, lowering interest rates, and restructuring custom duties on specific imported items. The Company has also successfully received a substantial corporate order from Coca-International after a detailed third-party supplier audit having been awarded the best status. This is expected to trigger the company to purse and receive order from other corporate customers as well.

Company is currently carrying out its manufacturing operations in a thickly populated and relatively expensive land area. Due to space constraint in the current location, some of manufacturing activities have been outsourced to external vendors whereas Finished Goods are being stored in third party rented warehouses. Accordingly, the management had been looking to relocate the facility to city surroundings for which acquisition of new and larger property has recently been completed and relocation is expected to take place in phases. Once the factory is relocated, the Company plans to develop a Real Estate Apartment Development Project at the vacated land, discussions regarding the same are already underway.

Looking ahead we remain optimistic and confident about the future of the Company. We have a coherent team of management, staff & workforce, brand name, excellent product line, and a nationwide distribution and after sales service network which allows us to reach customers and provide them service both in urban & rural areas at the best possible terms.

We would like to thank all our Shareholders and the Board of Directors for their immense support. The Company's accomplishments and present standing could not have been possible without the commitment and efforts of our employees who deserve full compliments. We are confident that the team will continue to grow and constantly deliver on the expectations of all stakeholders. All our bankers, suppliers, vendors, dealers & distributors deserve the best of compliments for whatever the company has achieved.

Haroon Ahmad Khan

Chief Executive Officer

Board of Directors

Mr. Muhammad Adnan Afaq – Chairman

Mr. Adnan Afaq is a Senior Chartered Accountant having with diverse work experience having served as Chief Executive Officer and Managing Director of PACRA. His diverse experience background supplemented by comprehensive interaction with top managements of a multitude of entities has enabled him to play a key role in strategic decision making. He has previously served as Chief Executive Officer of Askari Investment Management Limited. He also worked as Group Head Strategy with Askari Bank Limited and as Chief Financial Officer with Prime Commercial Bank Limited.

Mr. Shoaib Dastgir- Independent Director

Mr. Shoaib Dastgir has retired as the Federal Secretary in end of February 2021, after completing 33 years of distinguished career in Civil Services of Pakistan. He has vast international experience of serving in the United Nations in Africa, Europe and at United Nations Head Quarter for 5 years as director in office of rule of law, department of peace keeping operations. He has also served as Inspector General of police in Azad Jammu & Kashmir and Province of Punjab respectively. He has been a managing director of national police foundation also. He brought together a diverse experience of rule of law, law enforcement & counter narcotics, etc.

Mr. Muhammad Zafar Hussain- Independent Director

Mr. Muhammad Zafar Hussain was elected as Director on August 11, 2020 to serve as the member of the Board of Directors of Waves Singer Pakistan Limited. He is a highly motivated individual and has engaged teams through his inspiring and achievement driven leadership style. High desirability of the company maintaining a reputation for high standard business conduct and need to act fairly as between members of the company. Mr. Muhammad Zafar Hussain effectively leads the board and ensures that the board plays an effective role in fulfilling its responsibilities.

Mrs. Nighat Haroon Khan- Non Executive Director

Dr. Nighat Haroon Khan is a Radiologist practicing in Lahore. She holds MBBS, F.C.P.S, M.C.P.S. degree and has years of experience. Dr. Nighat Haroon Khan currently practices in Lahore General Hospital. She is wife of Mr. Haroon Ahmad Khan who is serving as Chief Executive Officer of Singer Pakistan Limited.

Moazzam Ahmad Khan- Non Executive Director

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

Mr. Nadeem Mahmood Butt- Executive Director

Mr. Nadeem is a Chartered Accountant from ICAP and a graduate of commerce from University of Punjab, Lahore. Mr. Nadeem has an extensive and diverse experience in the area of Finance, Corporate Cash, Budgeting, Audit and Forecasting. Mr. Nadeem has served in various globally renowned organizations in the area of finance. Mr. Nadeem is a talented leader directing skilled financial management teams to support achievement of overall corporate goals and objectives of Singer.

Mr. Haroon Ahmad Khan- Chief Executive Officer (CEO)

Mr. Haroon Ahmad Khan is serving as Chief Executive Officer at Singer Pakistan Limited. 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. Haroon's expertise include financial management and business structuring. Mr. Haroon has played a key role in structuring and setting up of country's first Independent Power Plant and shaped a number of technology transfer and Joint Venture agreements. He is also a fellow of the Institute of Chartered Accountants of Pakistan.

Corporate Value Statements

Vision Statement

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 Statement

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



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.



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.

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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- **Since 1857** -

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.**

Timeline

1877

First Singer sewing machine goes into sales 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 resources development

2009

LCD Television product is launched

2010

A new assembly line for split ACs is launched and solar water geysers go on sale

2011

The company introduces its Refrigerator products to the market

2016

Singer (Pakistan) B.V Netherlands divests its entire shareholding in Singer Pakistan Limited. A wholly owned subsidiary Electronic Marketing Company (Pvt) Limited incorporated to deal in distribution and wholesale business of electronic appliances and its components

2017

Glass door refrigerator and Inverter ACs launched in the market

2018

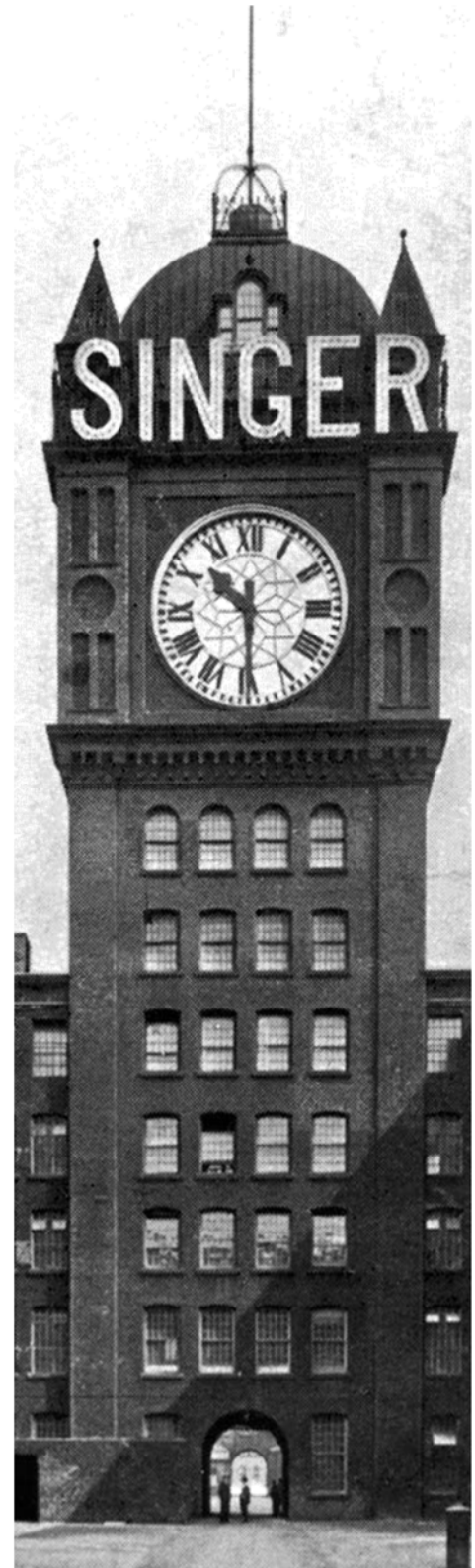
Singer merged with Cool Industries Limited (Waves), creating Waves – Singer Pakistan Limited.

2019

Glass Door Alpha Deep Freezer launched in the market

2020

Singer branded Instant Water Heater developed and Introduced



Waves and Singer Branded Product Range



Waves Brand

- Deep Freezers
- Visi Coolers
- Refrigerators
- Air Conditioners
- Washing Machines
- Microwaves
- Water Dispensers



Singer Brand

- Refrigerators
- Deep Freezers
- Air Conditioners
- Washing Machines
- Microwaves
- Water Dispensers
- Sewing Machines
- Water Heaters
- Instant Geysers
- Cooking Ranges

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. WSPL continual Improvement approach has resulted in a big milestone in achieving National Award in Safety, ISO 9001:2015 QMS Certification.

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 1971

Geographical Presence/Distribution Network



Waves Singer 'Nationwide Network

Zone	Dealers	Warehouse	Service Centre	Total
South	525	6	44	575
North	1,052	10	145	1,207
Total	1,577	16	189	1,782

Key Financial Performance

Gross Sales

2020: Rs. 10,230 Mn

2019: Rs. 11,660 Mn

Operating Profit

2020: Rs. 886 Mn

2019: Rs. 1,298 Mn

Net Profit

2020: Rs. 127 Mn

2019: Rs. 378 Mn

Gross Profits

2020: Rs. 1,844 Mn

2019: Rs. 2,629 Mn

Net Finance Cost

2020: Rs. 617 Mn

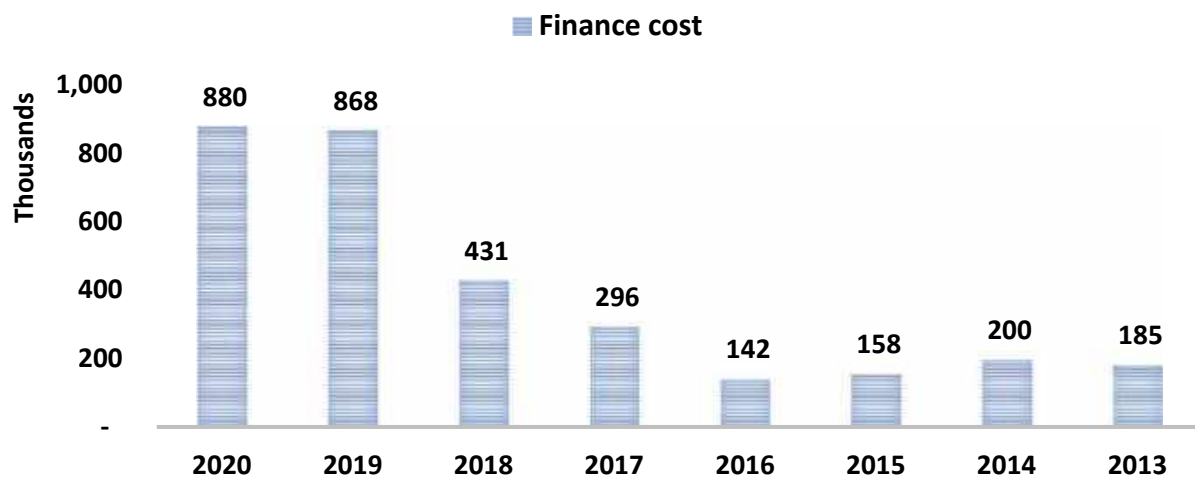
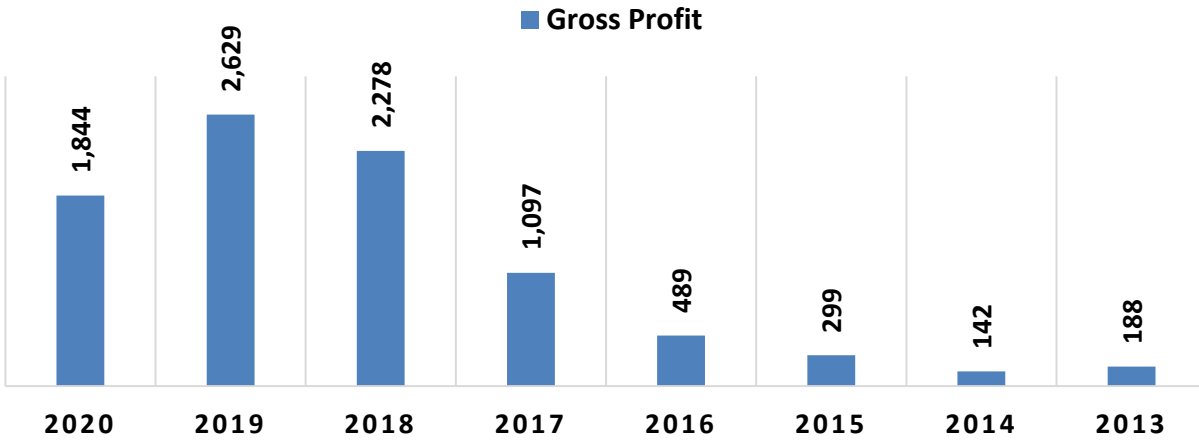
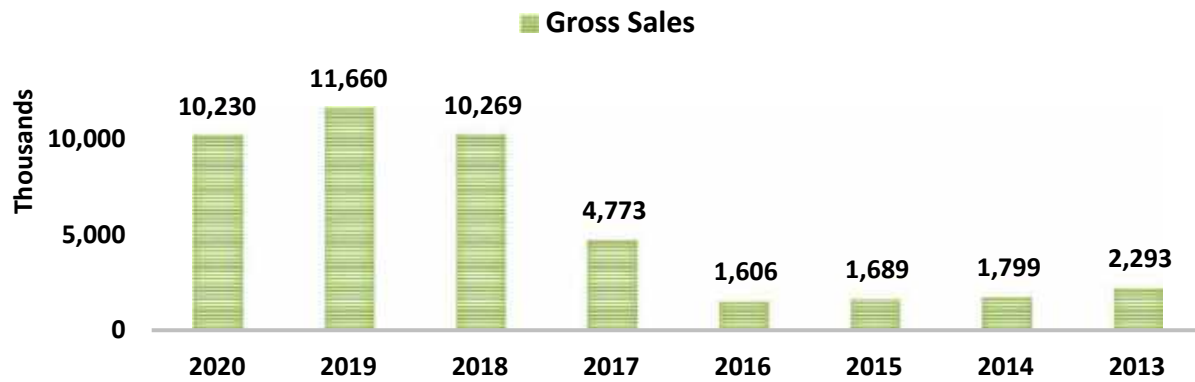
2019: Rs. 677 Mn

Non-Current Assets

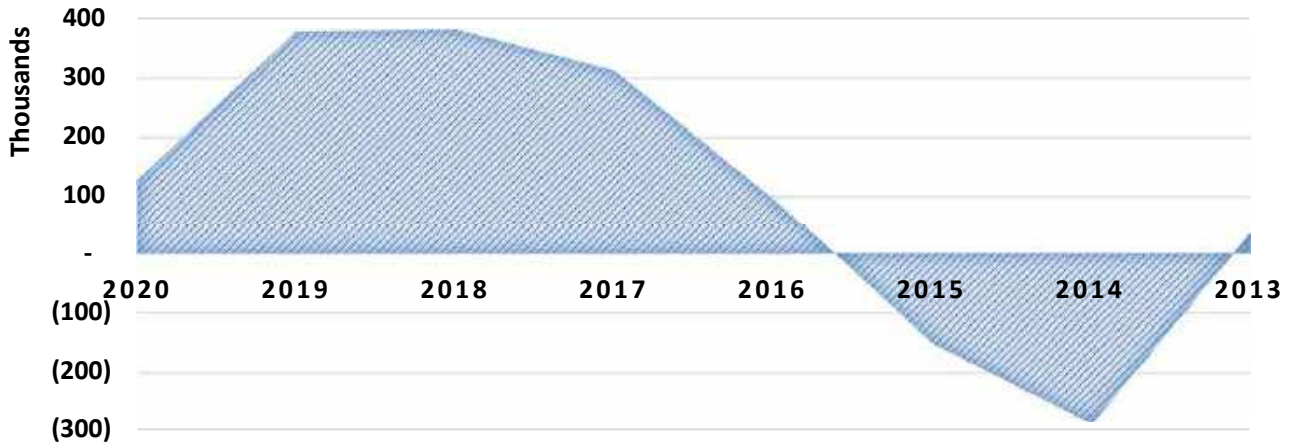
2020: Rs. 8,549 Mn

2019: Rs. 8,694 Mn

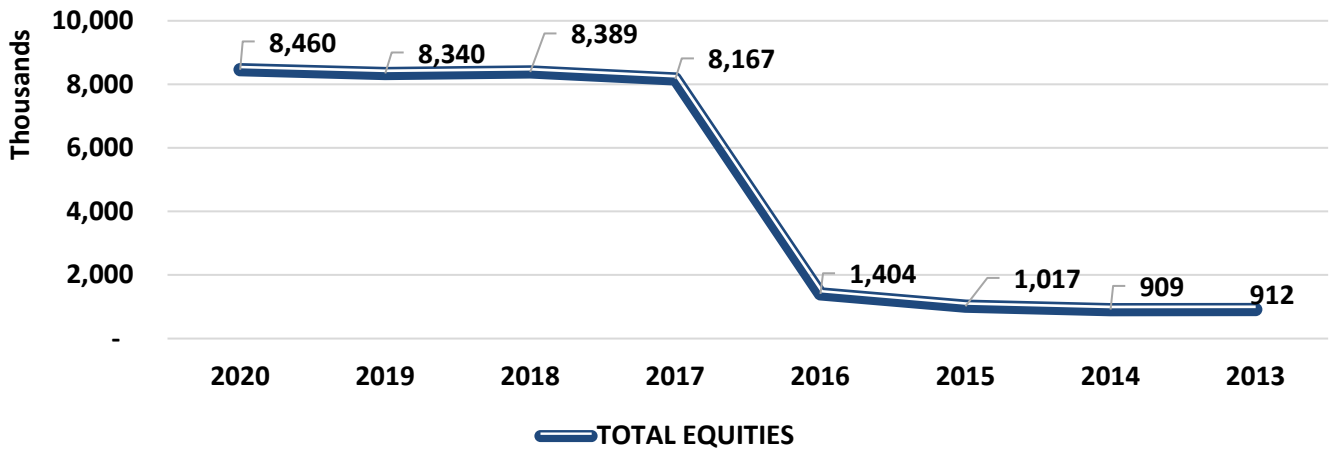
Key Highlights



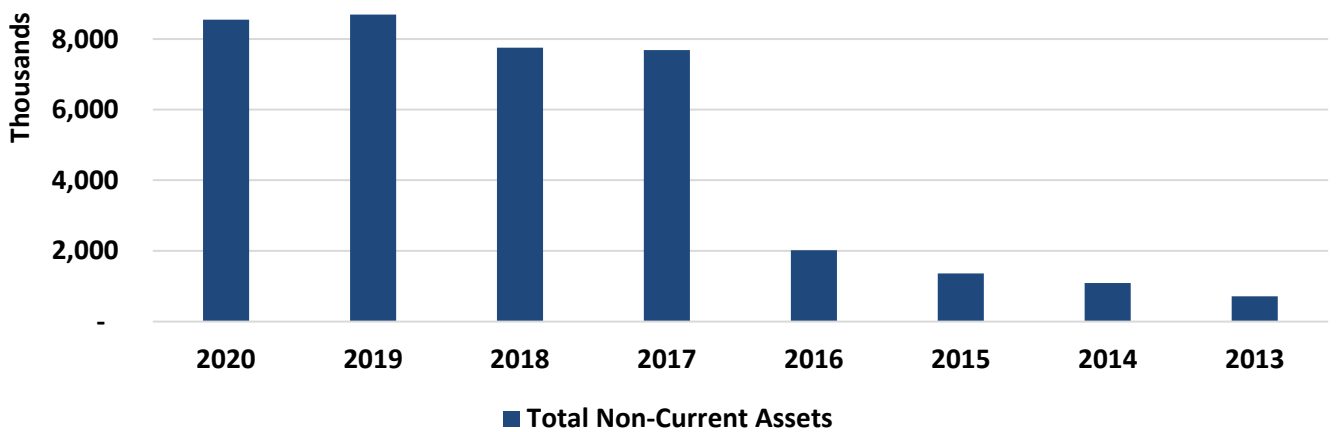
PROFIT AFTER TAX



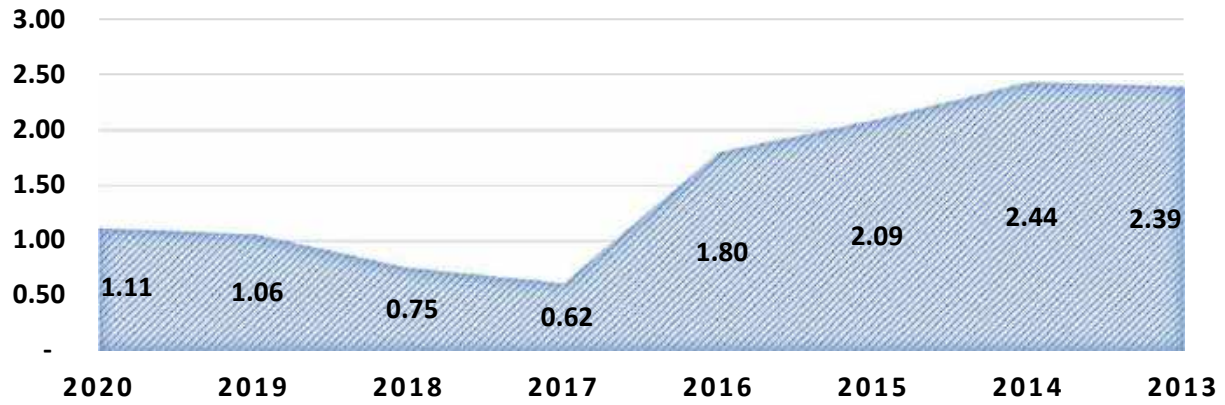
TOTAL EQUITY



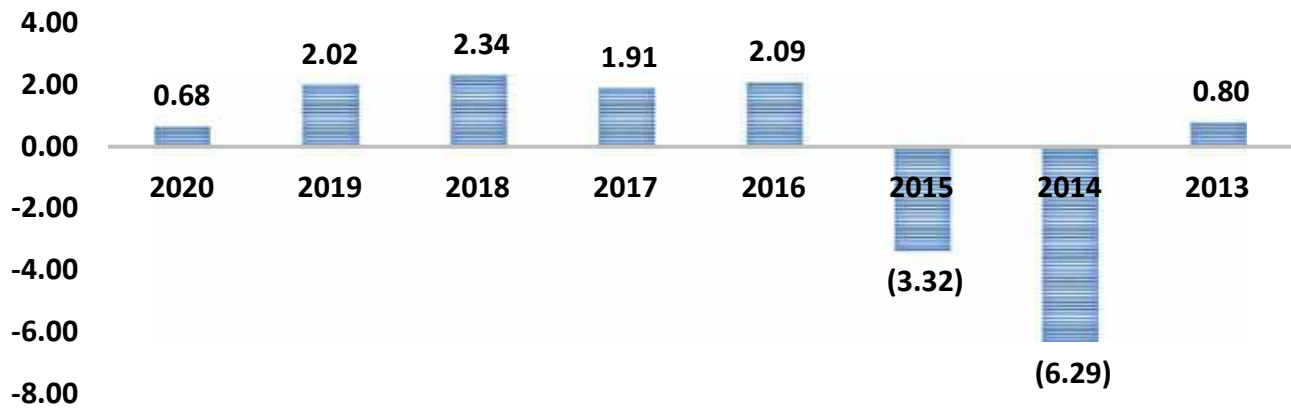
Total Non-Current Assets



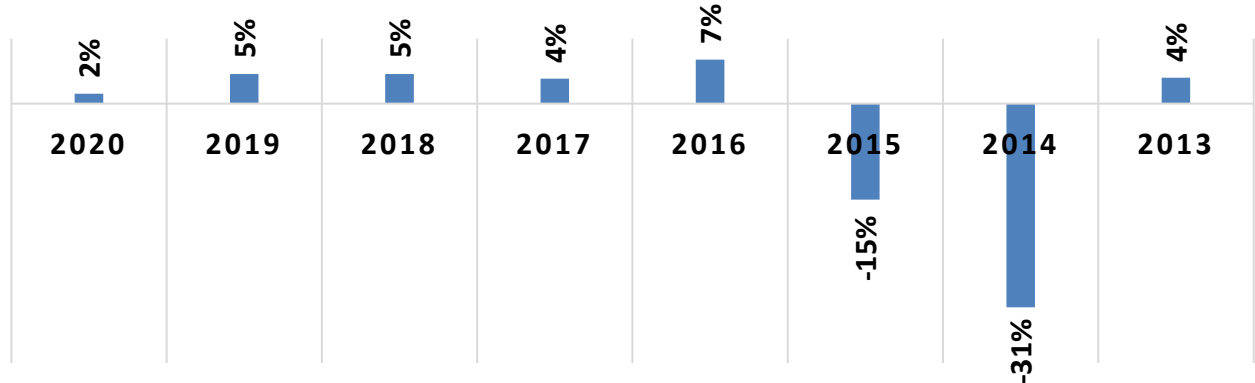
TOTAL LIABILITIES TO EQUITY



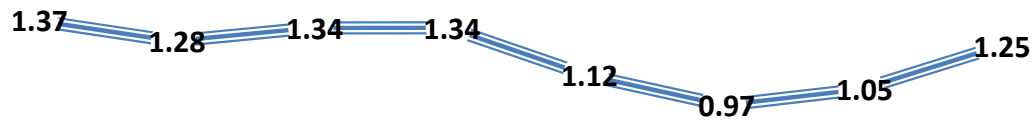
EPS



ROE

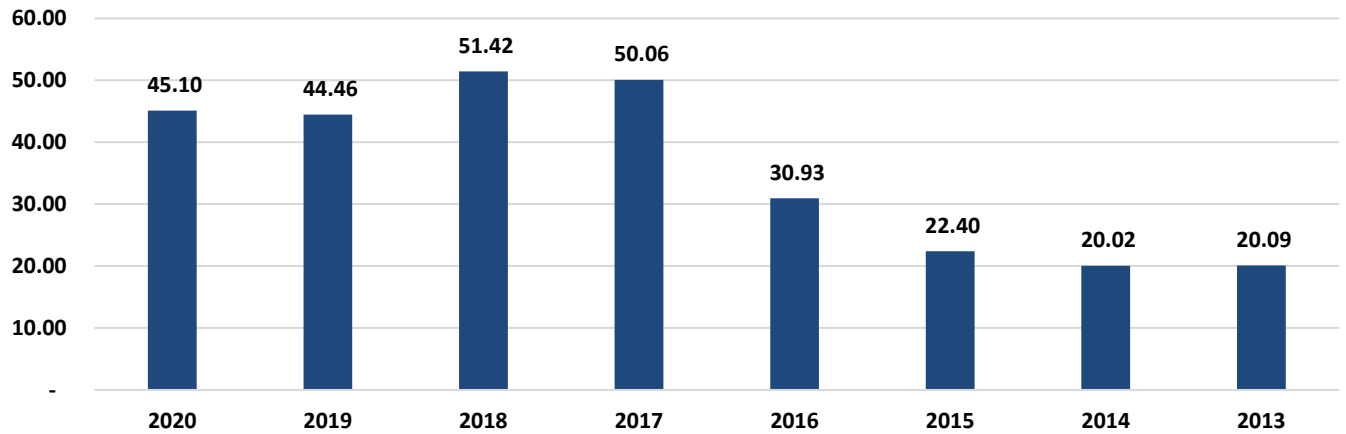


CURRENT RATIO



2020 2019 2018 2017 2016 2015 2014 2013

Book Value Per Share



Rs. In 000	2020	2019	2018	2017	2016	2015	2014	2013
Net Sales	8,525,481	9,483,974	8,516,016	3,685,623	1,399,606	1,487,934	1,414,903	1,847,807
Gross Profit	1,844,377	2,629,372	2,277,906	1,097,284	489,289	298,573	142,041	188,322
Profit After Tax	127,468	378,300	382,075	312,132	95,122	-150,766	-285,719	36,259
Shareholder's Equity + Surplus	8,460,424	8,339,999	8,389,125	8,166,642	1,404,404	1,016,925	909,217	912,317
Current Assets	9,318,211	8,483,013	6,958,685	5,516,459	1,917,541	1,783,205	2,035,523	2,383,136
Fixed Assets	8,549,217	8,693,203	7,753,985	7,686,631	2,015,791	1,359,453	1,088,998	711,424
Total Assets	17,867,428	17,176,216	14,712,670	13,203,090	3,933,332	3,142,658	3,124,521	3,094,560
Current Liability	6,778,440	6,644,328	5,196,532	4,116,560	1,719,347	1,836,344	1,944,960	1,905,696
Fixed Liability	2,628,564	2,191,889	1,127,013	919,888	809,581	289,389	270,344	276,547
Total Liability	9,407,004	8,836,217	6,323,545	5,036,448	2,528,928	2,125,733	2,215,304	2,182,243
Paid Up Capital (Nos.)	1,876,041	1,876,041	1,631,340	1,418,556	454,056	454,056	454,056	454,056

Analysis of Financial Position and Performance

EQUITY AND LIABILITIES

Shareholders' Equity

Shareholders equity has increased during the last few years due to merger of Cool Industries with Singer Pakistan and also due to issuance of Bonus Shares. During FY 20 there has been no significant change from last year.

Non-Current Liabilities

Total non-current liabilities comprising of long term debt, deferred taxation and deferred income has increased during FY 19. During the year company obtained SBP Payroll/Wages Refinance Facility amounting to Rs. 379 Million due to which long term finances obtained have increased.

Current Liabilities

Current liabilities of the Company, over the last year have almost remained the same. Company has been trying to optimize the Short Term Borrowings to sustain increased business 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. During the year, the Company has invested Rs. 380 Mn in PPE.

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. 9,318 million at the close of 2020, the current assets recorded an increase by 9% mainly on account of increase in trade debts.

PROFIT AND LOSS

Revenue and Cost of Sales

Sales revenue decrease by 10% over the last year mainly due to the nationwide lockdown imposed by GoP due to Covid-19 pandemic. Due to exchange rate devaluation and increase in raw material prices Gross Profit Margin has decreased from 28% (FY2019) to 22% (FY2020). Company expects to improve its margin in the coming year due to strengthening of Rupee, careful cost rationalization, continuous research and development activities and systematic price increases.

Operating Costs

The management has kept a control on administrative and selling expenses which collectively decreased by 4% 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 22% of net sales. Net profit margin for the year has been reported at 1.5%.

Operating Performance / Liquidity

Current ratio for 2020 has been recorded at 1.37 times against 1.27 times for the year 2019 which reflects robust and sustainable liquidity position of the company.

Activity / Turnover Ratios

Inventories and Receivable turnover days are 180 days and 109 days. Total asset turnover ratio recorded slight decrease at 0.49 times in year 2020 against 0.59 times for the year 2019.

Investment / Market Ratios

The Company's earnings per share - EPS for the year 2020 is Rs. 0.68 per share as compared to EPS of 2.02 for 2019.

Capital Structure Ratios

A debt to asset ratio of 1 would mean that investors and creditors have an equal stake in the business assets. At the end of FY 2020, the ratio stood at 0.41 times in comparison to 0.39 times for the year 2019 reflecting strong long term solvency position of the company.

Ratio Analysis

Liquidity Ratio	2020	2019	2018	2017	2016	2015	2014	2013	2012
Current Ratio	1.37	1.28	1.34	1.34	1.12	0.97	1.05	1.25	1.32
Quick/Acid Test Ratio	0.94	0.73	0.74	0.71	0.82	0.81	0.83	0.92	0.90
Cash to Current Liabilities	0.02	0.02	0.02	0.07	0.09	0.04	0.04	0.07	0.08

Solvency Ratio	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt to Equity Ratio	0.83	0.80	0.50	0.43	1.27	1.46	1.69	1.66	1.66
Debt to Asset Ratio	0.41	0.39	0.28	0.27	0.45	0.47	0.49	0.49	0.49
Equity to Asset Ratio	0.47	0.49	0.57	0.62	0.36	0.32	0.29	0.29	0.30

Profitability Ratio	2020	2019	2018	2017	2016	2015	2014	2013	2012
Gross Profit Margin	21.6%	27.7%	26.7%	29.7%	34.9%	20.0%	10.0%	10.1%	10.9%
Net Profit Margin	1.50%	3.9%	4.4%	8.5%	6.8%	-10.1%	-20.2%	1.9%	2.2%
EBIT Margin	10.3%	13.6%	9.2%	14.9%	11.0%	-17.4%	-32.5%	-7.3%	-5.7%
Return on Assets	0.71%	2.20%	2.60%	2.36%	2.42%	-4.80%	-9.14%	1.17%	1.45%
Return on Equity	1.51%	4.54%	4.55%	3.82%	6.77%	-14.83%	-31.42%	3.97%	4.84%

Turnover Ratio	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total Assets Turnover Ratio	0.49	0.59	0.61	0.43	0.40	0.47	0.46	0.62	0.67
Fixed Assets Turnover Ratio	0.99	1.15	1.10	0.76	0.83	1.22	1.57	2.63	2.81
Inventory Turnover Ratio	2.02	2.03	2.19	1.67	2.28	3.31	2.40	2.47	2.44
No. of Days in Inventory	180.74	179.59	166.29	218.67	160.43	110.38	151.91	147.58	149.53
Debtor Turnover Ratio	3.35	3.79	3.15	2.29	1.25	1.19	1.04	1.44	1.67
No. of Days in Debtor	109.00	96.29	115.79	159.45	292.85	306.68	350.06	252.73	218.03

Market Ratios	2020	2019	2018	2017	2016	2015	2014	2013	2012
Earning Per Share	0.68	2.02	2.34	1.91	2.09	-3.32	-6.29	0.80	0.93
Price To Earning Ratio	41.49	12.19	11.49	19.37	25.27	-8.55	-4.08	30.05	20.97
Book Value Per Share	45.10	44.46	51.42	50.06	30.93	22.40	20.02	20.09	21.04

Dupont Analysis	2020	2019	2018	2017	2016	2015	2014	2013	2012
Tax Burden	47.3%	60.9%	74.8%	93.0%	76.5%	78.6%	70.3%	65.7%	69.8%
Interest Burden	30.4%	47.9%	65.2%	60.7%	80.3%	73.8%	88.3%	-40.9%	-53.6%
EBIT Margin	10.4%	13.7%	9.2%	15.0%	11.1%	-17.5%	-32.5%	-7.3%	-5.8%
Assets Turnover	0.49	0.59	0.61	0.43	0.40	0.47	0.46	0.62	0.67
FL Ratio	207.1%	191.2%	166.4%	104.9%	251.9%	308.1%	342.0%	329.1%	335.1%
Return on Equity (ROE)	1.51%	4.54%	4.55%	3.82%	6.77%	-14.83%	-31.42%	3.97%	4.84%

Horizontal Analysis- Balance Sheet

Horizontal Analysis BS %	2020	2019	2018	2017	2016	2015	2014	2013
EQUITIES AND LIABILITIES								
SHARE CAPITAL AND RESERVES								
Issued, Subscribe and Paid-Up Capital	0.0%	15.0%	259.3%	0.0%	0.0%	0.0%	0.0%	10.0%
Share to be Issued Pursuant to Amalgamation	0.0%	0.0%	-100.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Share Premium Reserve	0.0%	-5.1%	-4.2%	100.0%	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%	0.0%	-100.0%	0.0%	0.0%	0.0%
Surplus on Revaluation of PPE	-6.7%	208.8%	-0.6%	-89.2%	33.7%	43.7%	92.2%	1.8%
Un-appropriate profit / Loss	9.6%	-16.3%	14.1%	-1154.1%	-60.3%	59.5%	-712.5%	-6.8%
TOTAL EQUITIES	1.4%	-0.6%	2.7%	481.5%	38.1%	11.8%	-0.3%	5.0%
LAIBILITIES								
NON-CURRENT LAIBILITIES								
Long Term Loans-Secured	41.6%	93.5%	28.9%	7.6%	1026.7%	-42.7%	11.0%	-49.4%
Liabilities Against Assets Subject to Finance Lease	-39.3%	930.9%	11.0%	249.5%	-36.9%	101.2%	-42.0%	1.7%
Long Term Deposits	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-100.0%
Employee Retirement Benefits-Obligation	-6.3%	-33.3%	13.4%	5.6%	8.0%	139.8%	2.8%	17.6%
Deferred Taxation-Net	6.0%	3.7%	9.8%	13.7%	25.1%	8.3%	-4.9%	9.8%
Deferred Income	34.0%	-23.0%	59.4%	441.8%	-44.4%	100.0%	-100.0%	-66.7%
Total Non-Current Liabilities	19.9%	94.5%	22.5%	13.6%	179.8%	7.0%	-2.2%	-24.9%
CURRENT LAIBILITIES								
Trade and Other Payables	-9.6%	4.2%	50%	151%	15%	-18%	3%	22%
Accrued Interest/Mark-Up	-17.6%	122.5%	32%	84%	20%	-28%	11%	-12%
Short Term Running Finances-Secured	-3.9%	37.3%	9%	133%	-11%	1%	1%	13%
Unclaimed Dividend	0.0%	-100.0%	100%	0%	0%	0%	0%	0%
Unpaid Dividend	-12.4%	-3.9%	100%	0%	0%	0%	0%	0%
Current Portion of Non-Current Liabilities	28.9%	43.9%	284%	333%	-69%	-31%	3%	4%
Current Portion of Finance Lease	0.0%	0.0%	-100%	167%	-20%	20%	4%	-29%
Current Portion of Deferred Income	0.0%	0.0%	-100%	62%	0%	303%	-50%	0%
Total current liabilities	2%	28%	26%	139%	-6%	-6%	2%	14%
TOTAL LAIBILITIES	6.5%	39.7%	26%	99%	19%	-4%	2%	7%
TOTAL EQUITIES AND LIABILITIES	4%	17%	11%	236%	25%	1%	1%	6%

Horizontal Analysis- Balance Sheet

Horizontal Analysis BS %	2020	2019	2018	2017	2016	2015	2014	2013
ASSETS								
NON-CURRENT ASSETS								
Property, Plant and Equipment	-2.3%	20.0%	1.6%	182.4%	26.5%	26.9%	60.7%	-1.5%
Intangible Assets	-1.0%	-0.7%	-0.4%	13229.4%	-14.3%	-12.6%	-11.2%	1816.5%
Employee Retirement Benefits-Prepayments	-100.0%	-66.0%	100.0%	0.0%	0.0%	0.0%	-100.0%	-60.6%
Long term Investment (Property)	0.0%	0.0%	0.0%	-100.0%	100.0%	0.0%	0.0%	0.0%
Trade debts	100.0%	100.0%						
Long Term Deposits	-21.0%	11.6%	-13.0%	46.7%	-20.8%	-12.8%	-16.1%	4.6%
Total Non-Current Assets	-1.7%	12.1%	0.9%	281.3%	48.3%	24.8%	53.1%	2.5%
CURRENT ASSETS								
Stores, Spares and Loose Tools	-10.5%	21.5%	35.4%	348.3%	-53.0%	64.6%	8.0%	-15.7%
Stock In Trade	-18.9%	18.2%	19.3%	409.3%	74.8%	-32.0%	-32.2%	-11.2%
Trade Debts	38.6%	30.8%	50.5%	102.8%	-10.1%	-10.3%	-5.6%	20.1%
Short term Advances, Deposit & Others	-27.3%	-2.8%	40.1%	225.1%	17.3%	5.4%	-38.0%	-35.3%
Taxation-Net	-20.5%	-29.4%	-3.3%	120.2%	-0.8%	27.4%	9.6%	36.8%
Investments	0.0%	0.0%	0.0%	0.0%	-100.0%	-30.1%	-11.1%	28.7%
Cash and Bank Balances	-12.5%	55.4%	-63.9%	94.3%	96.9%	-5.3%	-40.5%	-4.7%
Total Current Assets	9.8%	21.9%	26.1%	187.7%	7.5%	-12.4%	-14.6%	7.5%
TOTAL ASSETS	4.0%	16.7%	11.4%	235.7%	25.2%	0.6%	1.0%	6.3%

Horizontal Analysis- Profit/Loss Account

Horizontal Analysis PL %	2020	2019	2018	2017	2016	2015	2014	2013
Gross Sales	-12.3%	13.5%	115.2%	197.2%	-4.9%	-6.1%	-21.6%	-4.1%
Sales Tax & Trade Discount	-21.7%	24.2%	61.2%	426.6%	2.6%	-47.6%	-13.9%	0.4%
Net sales	-10.1%	11.4%	131.1%	163.3%	-5.9%	5.2%	-23.4%	-5.1%
Cost of Sales	-2.5%	9.9%	141.0%	184.3%	-23.5%	-6.6%	-23.3%	-4.3%
Gross Profit	-29.9%	15.4%	107.6%	124.3%	63.9%	110.2%	-24.6%	-11.2%
Marketing, Selling and Distribution Cost	-0.8%	-11.3%	43.6%	67.0%	-1.3%	42.0%	22.0%	-4.7%
Administrative and General Expenses	-3.0%	25.8%	92.4%	188.7%	-1.3%	17.2%	7.7%	14.7%
Other Expenses	-49.9%	-21.6%	-8.4%	823.9%	-79.6%	-74.7%	809.2%	47.3%
Other Income	196.2%	321.0%	-92.5%	173.4%	1105.6%	-7.4%	20.1%	47.9%
Total Operating Expenses	-28.0%	-10.9%	174.3%	62.9%	-40.1%	-7.3%	86.3%	-0.4%
Operating Profit	-31.8%	65.8%	41.8%	256.8%	-159.6%	-43.5%	241.1%	20.0%
Earned Carrying Cost	37.6%	21.2%	98.7%	-28.7%	-50.8%	-10.7%	-32.4%	-2.7%
Finance Cost	1.4%	101.6%	45.3%	108.9%	-10.4%	-20.7%	8.2%	-13.2%
	-8.9%	148.1%	25.8%	612.5%	-144.7%	26.7%	-71.8%	10.1%
Profit Before Taxation	-56.7%	21.8%	52.2%	169.8%	-164.8%	-52.8%	-836.5%	-8.5%
Taxation	-41.7%	89.4%	449.3%	-20.1%	-171.2%	-66.0%	-737.9%	4.0%
Profit After Taxation	-66.3%	-1.0%	22.4%	228.1%	-163.1%	-47.2%	-888.0%	-13.8%
Other Comprehensive Income	-102.8%	1560.4%	-83.1%	4589.9%	-116.5%	483.8%	100.0%	0.0%
Total Comprehensive Income	-80.9%	58.7%	-1.2%	314.5%	-159.7%	-43.5%	-893.5%	-13.8%

Vertical Analysis- Balance Sheet

Vertical Analysis %	2020	2019	2018	2017	2016	2015	2014	2013
EQUITIES AND LIABILITIES								
SHARE CAPITAL AND RESERVES								
Issued, Subscribe and Paid-Up Capital	10.5%	10.9%	11.1%	3.4%	11.5%	14.4%	14.5%	14.7%
Share to be Issued Pursuant to Amalgamation	0.0%	0.0%	0.0%	7.3%	0.0%	0.0%	0.0%	0.0%
Share Premium Reserve	25.6%	26.7%	32.8%	38.2%	0.0%	0.0%	0.0%	0.0%
Capital Reserve	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.2%	0.2%
Revenue Reserve	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	3.8%	3.8%
Surplus on Revaluation of PPE	1.9%	2.1%	0.8%	0.9%	27.9%	26.1%	18.2%	9.6%
Un-appropriate profit / Loss	9.3%	8.8%	12.3%	12.0%	-3.8%	-12.1%	-7.6%	1.3%
TOTAL EQUITIES	47.4%	48.6%	57.0%	61.9%	35.7%	32.4%	29.1%	29.5%
LAIBILITIES								
NON-CURRENT LAIBILITIES								
Long Term Loans-Secured	11.2%	8.3%	5.0%	4.3%	13.4%	1.5%	2.6%	2.4%
Liabilities Against Assets Subject to Finance Lease	1.5%	2.5%	0.3%	0.3%	0.3%	0.6%	0.3%	0.5%
Long Term Deposits	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee Retirement Benefits-Obligation	0.2%	0.2%	0.4%	0.4%	1.3%	1.5%	0.6%	0.6%
Deferred Taxation-Net	1.7%	1.6%	1.8%	1.9%	5.5%	5.5%	5.1%	5.4%
Deferred Income	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Total Non-Current Liabilities	14.7%	12.8%	7.7%	7.0%	20.6%	9.2%	8.7%	8.9%
CURRENT LAIBILITIES								
Trade and Other Payables	9.4%	10.9%	12%	9%	12%	13%	16%	16%
Accrued Interest/Mark-Up	1.0%	1.3%	1%	1%	1%	1%	1%	1%
Short-Term Running Finances	22.1%	23.9%	20%	21%	30%	42%	42%	42%
Unclaimed Dividend	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Unpaid Dividend	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Current Portion of Non-Current Liabilities	3.2%	2.6%	2%	1%	0%	2%	3%	3%
Current Portion of Finance Lease	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Current Portion of Deferred Income	0.0%	0.0%	0%	0%	0%	0%	0%	0%
Total current liabilities	38%	39%	35%	31%	44%	58%	62%	62%
TOTAL LAIBILITIES	53%	51%	43%	38%	64%	68%	71%	71%
TOTAL EQUITIES AND LIABILITIES	100%	100%	100%	100%	100%	100%	100%	100%

Vertical Analysis- Balance Sheet

Vertical Analysis %	2020	2019	2018	2017	2016	2015	2014	2013
ASSETS								
NON-CURRENT ASSETS								
Property, Plant and Equipment	31.2%	33.2%	32.3%	35.5%	42.1%	41.7%	33.0%	20.8%
Intangible Assets	16.3%	17.2%	20.2%	22.6%	0.6%	0.8%	1.0%	1.1%
Employee Retirement Benefits-Prepayments	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%
Long term Investment (Property)	0.0%	0.0%	0.0%	0.0%	8.1%	0.0%	0.0%	0.0%
Trade debts	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Long Term Deposits	0.1%	0.2%	0.2%	0.2%	0.5%	0.7%	0.9%	1.0%
Total Non-Current Assets	47.8%	50.6%	52.7%	58.2%	51.2%	43.3%	34.9%	23.0%
CURRENT ASSETS								
Stores, Spares and Loose Tools	0.2%	0.2%	0.2%	0.2%	0.1%	0.3%	0.2%	0.2%
Stock In Trade	16.6%	21.3%	21.0%	19.6%	12.9%	9.3%	13.7%	20.4%
Trade Debts	32.9%	24.7%	22.1%	16.3%	27.0%	37.6%	42.2%	45.1%
Short term Advances, Deposit & Others	0.6%	0.8%	1.0%	0.8%	0.8%	0.9%	0.9%	1.4%
Taxation-Net	1.1%	1.4%	2.3%	2.6%	4.0%	5.0%	4.0%	3.7%
Investments	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.6%	1.9%
Cash and Bank Balances	0.8%	1.0%	0.7%	2.2%	3.8%	2.4%	2.6%	4.4%
Total Current Assets	52.2%	49.4%	47.3%	41.8%	48.8%	56.7%	65.1%	77.0%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Vertical Analysis- Profit/Loss Account

Vertical Analysis %	2020	2019	2018	2017	2016	2015	2014	2013
Gross Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sales Tax & Trade Discount	-16.7%	-18.7%	-17.1%	-22.8%	-12.9%	-11.9%	-21.3%	-19.4%
Net sales	83.3%	81.3%	82.9%	77.2%	87.1%	88.1%	78.7%	80.6%
Cost of Sales	-65.3%	-58.8%	-60.7%	-54.2%	-56.7%	-70.4%	-70.8%	-72.4%
Gross Profit	18.0%	22.5%	22.2%	23.0%	30.5%	17.7%	7.9%	8.2%
Marketing, Selling and Distribution Cost	-9.0%	-8.0%	-10.2%	-15.3%	-27.1%	-26.1%	-17.3%	-11.1%
Administrative and General Expenses	-4.5%	-4.1%	-3.7%	-4.1%	-4.2%	-4.1%	-3.3%	-2.4%
Other Expenses	-0.4%	-0.7%	-1.1%	-2.5%	-0.8%	-3.7%	-13.8%	-1.2%
Other Income	4.6%	1.3%	0.4%	10.4%	11.3%	0.9%	0.9%	0.6%
Total Operating Expenses	-9.4%	-11.4%	-14.6%	-11.4%	-20.8%	-33.1%	-33.5%	-14.1%
Operating Profit	8.7%	11.1%	7.6%	11.6%	9.6%	-15.4%	-25.6%	-5.9%
Earned Carrying Cost	2.6%	1.6%	1.5%	1.7%	6.9%	13.4%	14.1%	16.3%
Finance Cost	-8.6%	-7.4%	-4.2%	-6.2%	-8.8%	-9.4%	-11.1%	-8.0%
	-6.0%	-5.8%	-2.7%	-4.5%	-1.9%	4.0%	3.0%	8.3%
Profit Before Taxation	2.6%	5.3%	5.0%	7.0%	7.7%	-11.4%	-22.6%	2.4%
Taxation	-1.4%	-2.1%	-1.3%	-0.5%	-1.8%	2.4%	6.7%	-0.8%
Profit After Taxation	1.2%	3.2%	3.7%	6.5%	5.9%	-8.9%	-15.9%	1.6%
Other Comprehensive Income	-0.1%	2.2%	0.1%	1.9%	0.1%	-0.7%	-0.1%	0.0%
Total Comprehensive Income	1.2%	5.4%	3.9%	8.4%	6.0%	-9.6%	-16.0%	1.6%

Waves Singer Pakistan Limited Directors' Report to the Shareholders

On behalf of the Board of Directors of Waves Singer Pakistan Limited, we are obliged to submit the Directors' report and audited financial statements of your Company for the year ended December 31, 2020, together with the auditors' report thereon. Financial highlights are presented as hereunder:

	FY20	FY19
	<u>Rs. in '000</u>	<u>Rs. in '000</u>
<u>OPERATING RESULTS</u>		
Gross Sales	10,230,068	11,660,266
Gross Profit	1,844,377	2,629,372
Admin, Marketing, selling and distribution Expenses	(1,381,499)	(1,403,016)
Other Expenses	(42,671)	(85,248)
Operating Profit	420,407	1,141,108
Finance Costs (net)	(616,832)	(676,794)
Other Income	465,831	157,295
Profit for the year before taxation	269,206	621,609
Taxation	(141,738)	(243,309)
Profit after taxation	127,468	378,300
Earnings Per Share	<u>0.68</u>	<u>2.02</u>

Business Overview

Company's Principle Activities

WSPL is a company listed on Pakistan Stock Exchange. The Company is predominantly involved in manufacturing, assembling, and distributing a variety of home appliances and other light engineering products. WSPL has a vast range of product lines which are sold under two well-known brands, Waves and Singer through dealer networks spread all over Pakistan and also via retail outlets owned and operated by the Company. The Company's product line includes:



Waves Brand

- Deep Freezers
- Visi Coolers
- Refrigerators
- Air Conditioners
- Washing Machines
- Microwaves
- Water Dispensers



Singer Brand

- Deep Freezers
- Refrigerators
- Air Conditioners
- Washing Machines
- Microwaves
- Water Dispensers
- Sewing Machines
- Water Heaters
- Instant Geysers
- Cooking Ranges

WSPL is operating a nationwide set-up of 15 warehouses in cities such as Karachi, Lahore, Gujranwala, Peshawar, Multan, etc., a network of around 1,500 + dealers, approx. 16 after-sales service centers and 509 service workshops spread nationwide. The Company's sales infrastructure is comparable to any other leading Home Appliance Company operating within Pakistan.

Operating Performance Analysis

The macroeconomic stability of the country during FY 20 was challenged by the COVID-19 pandemic. A nationwide lockdown for almost 2 months was imposed starting from 24th March 2020 – 9th May 2020 after which it was systematically lifted in phases. As a result of which the company along with its factory and operations were completely closed during the lockdown time period. Business and economic conditions during 1st Half FY 2020 was also very challenging due to increase in input costs as a result of sharp Exchange Rate depreciation, rise in petroleum products prices, and sustained inflation.

However, after lifting of the lockdown, during 2nd Half FY2020, the Company experienced significant increase in sales compared the corresponding period last year (2nd Half FY 2020 Gross Sales 5,452 million: 2nd Half FY19 Gross Sales 4,508 million- increase of 21%) because of clearance of the backlog generated during the lockdown coupled with extended summer season. Fiscal and Monetary initiatives undertaken by GoP to combat Covid-19 also proved beneficial and economy started to witness a turnaround.

As a result of this the company was able to generate Sales Revenue of Rs. 10,230 million, Gross profit of Rs. 1,844 million, Operating profit of Rs. 420 million and Profit before tax amounting to Rs. 269 million for FY 2020. The company continued to focus on internal cost savings, operational excellence, efficient utilization of resources, and effective material planning management to mitigate the inflationary impact. The

management has kept control on directly variable cost and administrative and selling expenses which collectively decreased despite higher inflation rates during the year under review.

There has been a strong focus on monitoring cash flow, working capital, supply chain management, process reengineering, and effective utilization of resources by the company.

Economic Analysis

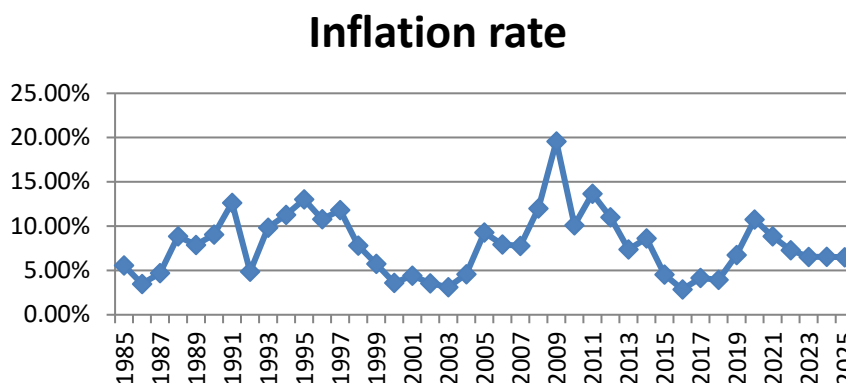
The macro-economic conditions have been challenging since 2019 due to sustained inflation, exchange rate devaluation and twin account deficits etc. In order to control the same, various policy initiatives were undertaken by the Government during 2020 through its policy of adjustments and structural reforms as a result of which economic situation started to improve.

However, as the economy was transitioning from stabilization to growth, the outbreak of Coronavirus (COVID-19) during the second half of current fiscal year brought multifaceted challenges for Pakistan. It resulted in nationwide closures of markets, offices and factories, decline in domestic as well as global demand, downturn in tourism and business travel, Trade and production linkages and supply chain disruptions etc.

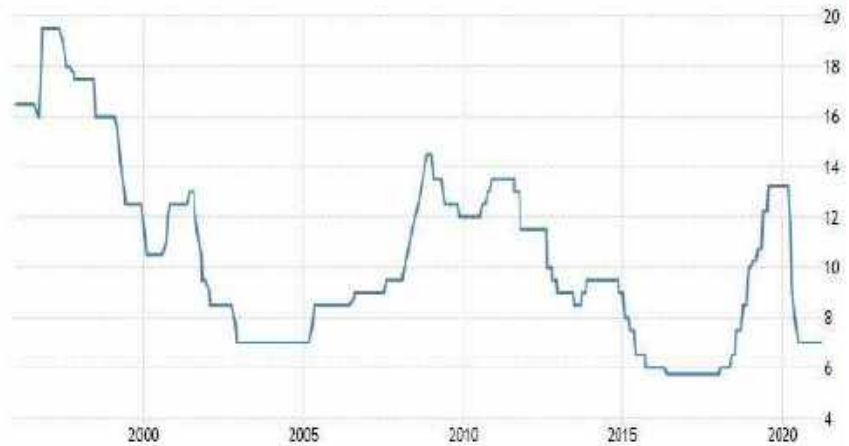
In order to combat the adverse impact of Covid-19, GoP undertook various structural reforms and announced Rs 1.24 trillion relief package. In addition, SBP introduced number of measures including reducing the policy rate from 13% to 7% and some concessional refinance schemes to address both the demand and supply side conditions for businesses such as Temporary Economic Refinance Facility and Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns. These measures facilitated the businesses to remain afloat during the challenging times.

These stabilization efforts paid off in terms of sustained adjustment in current account deficit. For the first time in many years, the current account deficit posted a surplus. In addition stable exchange rate, healthy growth in FDI (126.8 percent), improved ranking in World Bank's ease of doing business index, and 'Stable' credit outlook to B3 from 'Negative' B (-B) Moody's, stabilized the economy and is Inshallah laying a foundation for robust growth in the coming years.

The inflation clocked in at 10.7% for FY20 as compared to 6.8% in the preceding year. The uptick in the average inflation rate is attributed to inflationary pressures resulting from local currency depreciation against the greenback, rise in utility prices, higher taxes, and interim supply disruption due to Covid-19.



On the external front, the Current Account Deficit (CAD) improved massively to clock in at USD 3.0 billion against the deficit of USD 13.4 in FY19. As a result, the CAD balance fell to its 5-year low. Similarly, the CAD as a % of GDP clocked in at 1.1% in FY20 against 4.8% posted in FY19. The major reasons for the decline in CAD are the contraction of the trade balance and high remittances. The trade deficit balance declined by 30.2%



YoY as the devaluation of PKR against the greenback encouraged investors toward import substitution within the country. Further, the country witnessed record high remittance inflows where it clocked in at USD 23.1 billion in FY20 compared to USD 21.7 billion in the same period last year.

Industry Overview

The challenging socio-economic conditions during the past few years are expected to ease off by 2021. Pakistan's economy has performed well despite Covid-19 situation. As per Moody's research the Pakistan's economy is expected to grow by an average of 4% p.a over the next 5 years. This steady economic growth should continue to provide consumers with higher disposable income and benefit those seeking to upgrade their lifestyles.

A robust and growing middle class with growing disposable incomes has been instrumental in driving demand of various consumer electronic devices. Price pressures due to high inflation, fuel costs, a weakening rupee and rising input prices will remain major concerns for manufacturers.

Low household penetration (well below world average) of appliances in Pakistan will provide opportunities for companies to expand their reach. Expansion of modern retail and exclusive company outlets across regions is expected to increase the penetration of Home Appliances. Appliances are expected to post strong growth even in non-metro cities (tier two & three cities & rural areas).

Other factors fuelling double digit growth of consumer appliances are rise in double-income nuclear families, easy availability of credit, changing lifestyles, introduction of new models, and increasing consumer awareness. Rapidly shrinking replacement cycle for consumer durables is also expected to continue and therefore fuel demand for consumer electronics.

Ministry of Finance contribution to facilitate home appliance industry:

Timely actions were also undertaken by the government to facilitate home appliance industry by reducing custom duties on high value imported raw materials. Ministry of Finance reduced the custom duty slabs spread over fifteen years via continuous reduction of custom duties starting from day first of the year 2020. This includes imported raw materials like PP Copolymer, SS Sheet, Copper Tube, Fan Blade & Power Manager etc. By S.R.O. 572(1)/2020 dated 30 June 2020, the Ministry of Finance further facilitated the home appliance industry by reducing levied additional custom duty slabs on specific imported items.

Company's Future Outlook/Forward Looking Statements

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

The economic recovery on the back of pent-up demand after easing in lockdown has exceeded expectations. There has been a stark improvement in the external sector where the country managed to post a Current Account surplus of USD 1.1 billion during 2nd Half FY2020 against the deficit balance of USD 2.0 billion in the corresponding period last year. The fruit of accommodative monetary policy stance has begun to offer its benefits. The large-scale manufacturing has increased by 8.16% during Half FY2020 as compared to the corresponding period last year. The uplift in economic activities in all the major sectors is started to surface and is expected to continue in the foreseeable future.

The company has received order confirmation from Coca-Cola Corporation for supply of Coca-Cola branded Deep Freezers and Visi Coolers worth Rs. 975 million during FY 21. The order has been awarded to WSPL after approval of the Waves Factory consequent to detailed third party supplier audits wherein the Company has been awarded green (best) status. Traditionally, about a little less than Rs1 billion of the Company's topline came from the corporate segment which we expect will increase to over Rs 2 billion during FY21 as approval of the factory has enabled the company to secure additional orders from other corporate clients.

Company's existing factory at Multan Road in Lahore is situated in a thickly populated and relatively expensive area and space is also not enough to cater for future growth requirements of the company. Due to this, the management started exploring options to relocate it outside the city for which a larger piece of land has been purchased. An international firm was hired for this purpose to figure out the best use for the current premises and they have recommended to develop a real estate apartment project keeping in mind the prime location and the government's support for construction activity.

The company has announced a Right Issue of Rs. 1.4 Billion which will be utilized to finance the said relocation along with injection of permanent working capital to support higher business requirements going forward.

Risks, Uncertainties and Mitigations

Your Company recognizes that risk is an integral part of business and is committed to managing the risks proactively and efficiently. 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
<p>Operational excellence – These are risks associated with internal factors, administrative and operational procedures like employee turnover, supply chain disruption, IT system shutdowns or control failures.</p>	<ul style="list-style-type: none"> • Your Company has initiated vendor rationalization, emphasis on in-house manufacturing and scorecard evaluation of vendors has been put in place. • 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.
<p>Branding/Innovation Risk – Risk that applies to innovative areas of your business such as product research and to cope up with latest market trends and product innovation.</p>	<ul style="list-style-type: none"> • 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. • Company's research and development department has been strengthened and is continuously looking into and implementing product innovation strategies.
<p>Organization Excellence – Ability to attract and retain the right talent may lead to your Company's inability to achieve organization's goals.</p>	<ul style="list-style-type: none"> • Your Company has put in place Succession Planning framework mapping career development and progression opportunities for suitable employees and thereby ensuring talent retention
<p>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</p>	<ul style="list-style-type: none"> • Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The

	Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans
Credit Risk- Credit risk represents the risk of a loss if the counterparties fail to perform as contracted.	<ul style="list-style-type: none"> The risk is mitigated by applying individual credit limits and by securing the majority of trade debts against bank guarantees and inland letter of credit. The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the Board of Directors.
Price Risk- with new entrants in the market, there is a likelihood of price competition which might squeeze margins.	<ul style="list-style-type: none"> The Company is constantly sourcing competitive suppliers, improving its technology, efficiency and productivity. Also, since WSPL has in-house capability to develop products with fast turnaround time, that by itself obviates possibilities of competition affecting WSPL.
Competitive Risk- Increasing entrants making their way into the plastic industry.	<ul style="list-style-type: none"> 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.	<ul style="list-style-type: none"> New levies go across the board, so we stay competitive

Environment, Health & Safety (EHS)

We are committed to achieve excellence in health, safety, and the environment across our business. We prioritize the safety of our employees and work hard to provide a positive environment, good health, and safety culture, particularly at our manufacturing facilities while vigilantly fulfilling our environmental duties and responsibilities. Our company gives importance to the occupational safety and health of our workers. We maintain a safe working environment and takes responsibility for the health and wellbeing of our staff and stakeholders. 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

We believe in collective effort and therefore, have created a strong organizational culture that extends benefits to all employees and stakeholders. We embrace social responsibility as one of our core values and it is shared by every member of the group.

Sustainable and responsible development is not only binding by local laws on corporate entities, but it is more about moral obligation which needs to be followed and practiced with the best spirit. We strongly believe that improving its environmental and social performance is inevitable for its financial success. The Company always emphasizes a culture of excellence, good governance, transparency, integrity, and accountability.

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 for 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.

Learning & Organizational Development

Our workforce regularly undergoes training 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.

Adequacy of Internal Financial Controls

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

Adherence to the Best Practices of Corporate Governance

Our Code of Conduct lists Ethics as one of our core values, therefore Waves Singer Pakistan Limited has a zero-tolerance policy towards any form of discrimination and harassment. Similarly, honesty and open communication is also expected on the reporting front, we care how we get results.

We believe it is essential for everyone associated with Waves Singer Pakistan Limited to embrace this culture and live by the highest standards of integrity and accountability. The board of directors adopted the Code of Conduct for Directors and employees and the same has been circulated to board members and employees in terms of requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The code of conduct is also placed on the Company's website.

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 the 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 the 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.

Statement of Compliance

The Company adheres to the best practices of governance. The Company has issued a “Statement of Compliance with the Code of Corporate Governance” as stipulated in listed Companies (Code of Corporate Governance) Regulations 2019, which has also been reviewed and certified by the Auditors of the Company

Meetings and Activities during the Financial Year

Meetings of Board of Directors

During the year under review, six (6) meetings of the Board of Directors were held, which were presided over by the Chairman. The Chief Financial Officer and Company Secretary also attended the meetings required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. Attendance by each director was as follows:

Board of Directors

Name of the Member	Meetings Held	Meetings Attended
Mr. Umair Khan	2	2
Mr. Muhammad Adnan Afaq	3	3
Mr. Haroon Ahmad Khan	6	6
Mrs. Nighat Haroon Khan	6	5
Mr. Moazzam Ahmad Khan	6	6
Brig. Mukhtar Ahmed (Retd.)	2	2
Mr. Nadeem Mehmood Butt	3	3
Mr. Zafar Ud Din Mehmood	2	2
Mr. Yousuf Muhammad Farooq	6	5
Mr. Muhammad Zafar Hussain	3	3

Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. It comprises of four (4) members. The Chairman is an Independent Director. Other members include one (1) Executive Director and two (2) Non-Executive Directors. Four (4) 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	1	1
Mr. Umair Khan- Member	1	1
Mrs. Nighat Haroon Khan- Member	4	4
Mr. Muhammad Zafar Hussain- Chairman	2	2
Mr. Moazzam Ahmad Khan – Member	4	4
Mr. Nadeem Mehmood Butt – Member	3	3

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

Human Resource and Remuneration Committee

The Human Resource and Remuneration Committee comprises of Five (5) members, One (1) member of the Committee is Non-Executive Director. Two (2) members are independent Directors including the Chairman and there are two (2) Executive Directors. 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. Yausuf Muhammad Farooq	1	1
Mr. Haroon Ahmad Khan	1	1
Mr. Moazzam Ahmad Khan	1	1
Mr. Nadeem Mehmood Butt	1	1
Mr. Muhammad Zafar Hussain	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 Listed Companies (Code of Corporate Governance) Regulations, 2019, a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board, and of its committees against pre-determined operational and strategic goals. Effective boards make sound collective decisions to meet the company's strategic objectives and provide oversight and support on key matters to management for optimal operational performance. A well-conducted evaluation

helps the board and its committees to perform to their maximum capabilities, crucial for the continuing success and growth in the long-term sustainable value of the Company.

Pattern of Shareholding

The total number of the Company's shareholders as of December 31, 2020, was 2,972. The pattern of Shareholding of the Company as of December 31, 2020, along with a pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework as well as the statement of purchase and sale of shares by Directors, executives, and their spouses including minor children during 2020 is shown in the shareholding section of this report.

Directors' Remuneration

The Board of Directors has duly approved the policy and procedure for remuneration of the Directors for attendance of Board and Committee meetings in compliance with the requirements of the Company's Article of Association, Companies Act, 2017 and the listed companies (Code of Corporate Governance) Regulations, 2019. The remuneration is determined by the level of responsibility and expertise, to attract and retain the best talent while ensuring that their independence is not compromised in any manner. Its main features include that Independent Directors are entitled to meeting fees as remuneration for attending meetings of the Board of Directors and other committees of the Board.

Details of the remuneration paid to Directors during the year is given in Note 37 of the Consolidated Financial Statements.

Investor Relations & Website

We want our investors, shareholders, and customers to be well informed about us and our operations so we can continue to build lasting and mutually beneficial relationships. We are determined to service our Shareholders and Stakeholders by delivering material information as soon as the same are available for circulation. As a practice, we will regularly publish all material communiqués on the official website of the company (www.wavessinger.com) such as the Company's financial, operational performance, a pattern of shareholding, material disclosures, and any other information deemed essential for the investors. Our investor complaint section also covers detail of the person to contact in case of investor grievances so that your concerns may be duly addressed.

External Auditors

The present auditors M/s. KPMG Taseer Hadi & Co. (Chartered Accountants) retire and being eligible, have offered their consent for reappointment at the 365th annual general meeting. The Audit Committee has recommended the reappointment of M/s. KPMG Taseer Hadi & Co. as Statutory Auditors of the company for the year ending December 31, 2021, at a fee to be mutually agreed upon. The Board has endorsed this recommendation.

Acknowledgement

We would like to thank all our stakeholders, especially our valued customers, suppliers, business partners, financial institutions, regulators, who have positioned their trust in us. The Company's accomplishments and present standing could not have been possible without the unswerving commitment, hard work, immense support, and efforts of our management team and other employees who deserve a full compliment. We are confident that the team will continue to grow and constantly deliver on the expectations of all stakeholders. The Board would also like to place its appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan, and the management of the Pakistan Stock Exchange for their continued support and cooperation.

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 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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 2020.

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:

Reference	Description
i. Paragraph 2	The process of selection of independent directors as required under section 166 of the Companies Act 2017 has not been complied with.
ii. 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 one director have acquired prescribed certification till now.
iii. Paragraph 12	As required under clause 27 (1)(i) of the Regulations, the Board shall establish an audit committee of at least three members comprising of non-executive directors and at least one independent director, however, Company's Audit Committee has one executive director as its member.
iv. Paragraph 19	As required under clause 10 (3)(v) of the Regulations, the Board shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees. The Board has devised the mechanism however annual evaluation has not been carried out during the year.

Lahore
Date: 30 March 2021

KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED 31 DECEMBER 2020

Name of the Company: Waves Singer Pakistan Limited

Year ended: 31 December 2020

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 the Board is as follows:

Category	Names
Independent Director(s)	<ol style="list-style-type: none">i. Mr. Muhammad Adnan Afaqii. Mr. Yousuf Muhammad Farooq *iii. Mr. Muhammad Zaffar Hussain
Executive Directors	<ol style="list-style-type: none">i. Mr. Haroon Ahmad Khanii. Mr. Nadeem Mehmood Butt
Non-Executive Directors	<ol style="list-style-type: none">i. Mr. Moazzam Ahmad Khan
Female director (Non-executive)	<ol style="list-style-type: none">i. Mrs. Nighat Haroon Khan

* Mr. Yousuf Muhammad Farooq, Director has ceased to be the Director of the Company w.e.f. 19 March 2021 and Mr. Shoaib Dastgir has been appointed as Director.

The election of Board of the Directors of the Company was held on 11 August 2020. However, the independent directors have not been appointed in accordance with the requirements of section 166 of Companies Act 2017.

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 were approved in Board Meeting held on 25 August 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 the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations approved in meeting dated 25 August 2020;
9. One director has obtained the directors' training program certification in prior years. Further, the Company is in process to arrange Director Training Program for remaining directors to comply with the requirements of the regulations;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment are 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. Muhammad Zafar Hussain	Chairman/Independent Director
ii. Mrs. Nighat Haroon Khan	Member/Non-Executive Director
iii. Mr. Moaazam Ahmad Khan	Member/Non-Executive Director
iv. Mr. Nadeem Mehmood Butt	Member/Executive Director

The Company's Audit Committee has an executive director as its member. The Company is in process of removing such director in their upcoming meeting of Q1 2021.

Audit Committee has executive director as its member resulting in non-compliance.

b) HR and Remuneration Committee

Names	Designation
i. Mr. Yousuf Muhammad Farooq *	Chairman/Independent Director
ii. Mr. Muhammad Zafar Hussain	Member/Independent Director
iii. Mr. Moazzam Ahmad Khan	Member/Non-Executive Director
iv. Mr. Nadeem Mehmood Butt	Member/Executive Director
v. Mr. Haroon Ahmad Khan	Member/Executive Director

* Mr. Yousuf Muhammad Farooq, Director has ceased to be the Director of the Company w.e.f. 19 March 2021 and Mr. Shoaib Dastgir has been appointed as Director.

The Board has not formed the ‘Nomination Committee’ and ‘Risk Management Committee’ as responsibilities of these committees are being taken care of at the Board level as and when required. Therefore, a need for the separate formation of these committees does not exist;

13. The updated terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance in the meeting held on 25 August 2020;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

Meetings	Frequency
Audit Committee	Four quarterly meetings were held during the financial year ended December 31, 2020.
HR & Remuneration Committee	One meeting was held during the financial year ended December 31, 2020

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;
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is below:

As required under clause 10 (3)(v) of the Regulations, the Board shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees. The Board has devised the mechanism however annual evaluation has not been carried out during the year.

On behalf of the Board of Directors

MUHAMMAD ADNAN AFAQ
CHAIRMAN

Lahore: 19 March 2021

**THE COMPANIES ACT, 2017
(Section 227(2)(f))
PATTERN OF SHAREHOLDING**

1.1 Name of the Company **WAVES SINGER PAKISTAN LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at

31-12-2020

-----Shareholdings-----			
2.2 No. of Shareholders	From	To	Total Shares Held
406	1	100	10,697
472	101	500	164,258
420	501	1,000	338,023
989	1,001	5,000	2,543,103
259	5,001	10,000	2,040,277
94	10,001	15,000	1,198,840
52	15,001	20,000	951,959
48	20,001	25,000	1,114,184
24	25,001	30,000	679,186
22	30,001	35,000	729,559
15	35,001	40,000	560,569
8	40,001	45,000	334,183
23	45,001	50,000	1,142,380
3	50,001	55,000	164,000
4	55,001	60,000	232,500
4	60,001	65,000	251,028
4	65,001	70,000	271,552
7	70,001	75,000	513,390
1	75,001	80,000	80,000
2	80,001	85,000	161,443
2	85,001	90,000	177,500
2	90,001	95,000	186,875
14	95,001	100,000	1,396,367
5	100,001	105,000	507,286
3	105,001	110,000	327,500
3	110,001	115,000	341,500
3	115,001	120,000	355,500
1	120,001	125,000	122,187
1	130,001	135,000	135,000
3	135,001	140,000	415,500
1	140,001	145,000	142,000
2	145,001	150,000	290,975
1	150,001	155,000	152,000
1	155,001	160,000	155,365
1	165,001	170,000	168,000
1	175,001	180,000	175,250
1	190,001	195,000	195,000
2	195,001	200,000	398,375

2	200,001	205,000	400,977
1	205,001	210,000	205,286
1	215,001	220,000	218,000
1	220,001	225,000	225,000
2	245,001	250,000	500,000
1	260,001	265,000	261,500
2	265,001	270,000	537,000
1	270,001	275,000	275,000
1	275,001	280,000	276,000
1	280,001	285,000	280,500
1	290,001	295,000	293,000
1	295,001	300,000	300,000
1	305,001	310,000	309,500
1	320,001	325,000	322,000
1	340,001	345,000	341,500
1	345,001	350,000	350,000
1	350,001	355,000	352,500
1	370,001	375,000	371,500
1	375,001	380,000	377,519
3	395,001	400,000	1,200,000
1	415,001	420,000	415,500
1	420,001	425,000	421,000
1	430,001	435,000	431,796
1	495,001	500,000	500,000
1	520,001	525,000	525,000
2	535,001	540,000	1,078,827
1	545,001	550,000	548,190
1	580,001	585,000	582,500
1	650,001	655,000	652,000
1	655,001	660,000	660,000
1	660,001	665,000	662,000
1	710,001	715,000	715,000
1	745,001	750,000	750,000
1	920,001	925,000	923,500
1	995,001	1,000,000	1,000,000
1	1,000,001	1,005,000	1,001,012
1	1,025,001	1,030,000	1,028,600
1	1,100,001	1,105,000	1,101,000
1	1,115,001	1,120,000	1,120,000
1	1,120,001	1,125,000	1,124,000
1	1,150,001	1,155,000	1,150,375
1	1,320,001	1,325,000	1,322,500
1	1,380,001	1,385,000	1,380,275
1	1,385,001	1,390,000	1,386,468
1	1,560,001	1,565,000	1,565,000
3	1,590,001	1,595,000	4,783,314
1	1,595,001	1,600,000	1,600,000
1	2,165,001	2,170,000	2,169,000
1	2,215,001	2,220,000	2,218,308
1	2,770,001	2,775,000	2,772,937
1	3,185,001	3,190,000	3,188,877

1	3,270,001	3,275,000	3,271,000
1	3,390,001	3,395,000	3,394,773
1	3,835,001	3,840,000	3,835,250
1	6,120,001	6,125,000	6,121,000
1	10,000,001	10,005,000	10,000,392
1	10,280,001	10,285,000	10,280,024
1	13,510,001	13,515,000	13,511,024
1	31,640,001	31,645,000	31,643,524
1	40,245,001	40,250,000	40,250,000
2,972			187,604,059

WAVES SINGER PAKISTAN LIMITED
Categories of Shareholding required under Code of Corporate Governance (CCG)
As on December 31, 2020

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise):			
1	-	-	-
Mutual Funds (Name Wise Detail)			
1	FIRST EQUITY MODARABA (CDC)	352,500	0.1879
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	MR. HAROON AHMAD KHAN (CDC)	71,893,524	38.3219
2	MRS. NIGHAT HAROON KHAN	20,617,274	10.9898
3	MR. MOAZZAM AHMAD KHAN (CDC)	1,217	0.0006
4	MR. MUHAMMAD ZAFAR HUSSAIN	1,137	0.0006
5	MR. NADEEM MAHMOOD BUTT (CDC)	1,322	0.0007
6	MR. YOUSUF MUHAMMAD FAROOQ (CDC)	1,322	0.0007
7	MR. ADNAN AFAQ (CDC)	500	0.0003
Executives:		8,500	0.0045
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		7,481,000	3.9877
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)	20,617,274	10.9898
3	MR. JAVAID AKTAR BUTT (CDC)	10,000,392	5.3306
4	POSEIDON SYNERGIES (PVT) LTD. (CDC)	10,680,183	5.6929

All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children during FY 2020:

Sr. No.	Name	Designation	Opening Balance	Sale	Purchase	Closing Balance
1	Mr. Adnan Afaq	Chairman/Independent Director	-	-	500	500
2	Mr. Yousuf Muhammad Farooq *	Independent Director	1,322	-	-	1,322
3	Mrs. Nighat Haroon Khan	Independent Director	29,346,274	8,729,000	-	20,617,274
4	Mr. Moazzam Ahmad Khan	Non- Executive Director	1,731,877	1,730,660	-	1,217
5	Mr. Nadeem Mahmood Butt	Executive Director	1,322	-	-	1,322
6	Mr. Haroon Ahmad Khan	Chief Executive Officer	71,893,524	-	-	71,893,524
7	Mr. Arslan Shahid	Chief Financial Officer	-	-	5,000	5,000
8	Mr. Wasif Ali Rana	Company Secretary	-	-	3,500	3,500

* Mr. Yousuf Muhammad Farooq, Director has ceased to be the Director of the Company w.e.f. 19 March 2021 and Mr. Shoaib Dastgir has been appointed as Director.

WAVES SINGER PAKISTAN LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting (AGM) of the shareholders of Waves Singer Pakistan Limited (the “Company”) will be held on Monday, April 23, 2021 at 11:00 A.M. physically at Factory Premises, 9 KM Multan Road, Lahore, being the Registered Office of the Company, as well electronically to transact the following businesses:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Annual Audited Accounts of the Company for the Year Ended December 31, 2020, together with the Chairman’s Review, Directors’ and Auditors’ Reports.
2. To appoint Statutory Auditors of the Company for the year ending December 31, 2021 and to fix their remuneration. The Board and Audit Committee have recommended the name of M/s KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors, for appointment as Auditors of the Company.

By Order of the Board

Lahore: April 02, 2021

(Wasif Ali Rana)
Company Secretary

Notes:

Due to current COVID-19 situation, the Company has decided that it will be advisable and appropriate for the Company to hold Annual to hold its AGM physically as well as electronically for the safety and well-being of shareholders and the public at large. The shareholders of the Company interested to participate in the AGM through video link are requested to send their particulars (as given below) along with a valid copy of their CNIC (both sides)/passport, attested copy of the board resolution / power of attorney (in case of corporate shareholders) through email at cs@waves.net.pk (or through post/courier) with the subject similar to “Registration for AGM December 2020 of Waves Singer Pakistan Limited” at least 48 hours before the holding of the AGM. The original signed documents are required to be sent to the Company separately through courier or post, for record purposes.

Name of Shareholder	CNIC No.	Folio No.	Cell No.	Email Address

The video link and login credential will be shared with only those members whose emails, containing all the required particulars are received well within time.

1. The share transfer Books of the Company will remain closed from April 17, 2021 to April 23, 2021 (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 April 16, 2021 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. However, in case of electronic attendance, the relevant procedure given in the precedent paragraph may be followed.
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 _____.

5. The Company can Transmit Annual Financial Statements through email for which shareholders may provide their relevant information to share registrar.

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 Friday April 23, 2021 at 11:00 AM and at any adjournment thereof.

As witness my / our hand this _____ day of _____ 2021.

Rs. 5/-
Revenue
Stamp

Witness No.1

Name : _____

Address : _____

CNIC No.: _____

Signature of Member(s)

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/sent at the Company's Registered Office not less than 48 hours before the time for holding the meeting or may be sent through the email as given in this notice followed by courier/post to the Company's registered office. .

WSPL Consolidated FS 2020

Auditors' Report to the Members



KPMG Taseer Hadi & Co.
Chartered Accountants
351 Shadman-1, Jail Road,
Lahore 54000 Pakistan
+92 (42) 111-KPMGTH (576484), Fax +92 (42) 3742 9907

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 2020, 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 2020, 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.

KPMG



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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Impairment of intangible assets</p> <p>Refer to note 4.2 and 20 to the consolidated financial statements.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • 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; • discussing with the Group's management key assumptions used in valuation model and testing the mathematical accuracy of the model; • 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; • comparing the recoverable amount with the goodwill and intangible assets recognized to identify impairment, if any; and • assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.
2.	<p>Sales</p> <p>Refer to note 4.12 and 26 to the consolidated financial statements.</p> <p>The Group principally generates sales from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same.</p> <p>We identified sales as a key audit matter because it is one of the key performance indicator of the Group and gives rise to a risk that sale may be recognized without transferring of control.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls; • assessing the appropriateness of the Group's accounting policy for recording of sales and compliance of the policy with applicable accounting and reporting standards; • comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents; • 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;

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S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • 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 • 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.

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 2020, 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



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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.

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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: 30 March 2021

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

Waves Singer Pakistan Limited
Consolidated Statement of Financial Position
As at 31 December 2020

EQUITY AND LIABILITIES

Share Capital and Reserves

Authorised capital 300,000,000 (2019: 200,000,000)
ordinary shares of Rs. 10 each

Issued, subscribed and paid-up capital
Share premium reserve
Capital reserve
Revenue reserve - unappropriated profit
Surplus on revaluation of property,
plant and equipment - *net of tax*.

Non-current liabilities

Long term loans - *secured*
Lease liabilities
-Building under right of use - unsecured
-Other assets under right of use - secured
Employee retirement benefits
Deferred income
Deferred tax liability - *net*

Current liabilities

Trade and other payables
Mark-up accrued on borrowings
Short term borrowings - *secured*
Loan from sponsors - *unsecured*
Unpaid dividend
Current portion of long term liabilities

Contingencies and commitments

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

Kamran

Labore

Director

2020
— (Rupees in '000) —

ASSETS

Non-current assets

Property, plant and equipment
Intangible assets and goodwill
Employee retirement benefits
Trade debts
Long term deposits

Current assets

Stores, spares and loose tools
Stock-in-trade
Trade debts
- Retail
- Wholesale
Advances, deposits, prepayments
and other receivables
Taxation - *net*
Cash and bank balances

2019
— (Rupees in '000) —

Note

19	5,571,260	5,704,666
20	2,917,290	2,946,268
10	-	3,388
23	39,813	12,493
21	20,854	26,388
	8,549,217	8,693,203

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22	33,763	37,708
23	2,963,048	3,653,464
	1,163,221	902,072
	4,721,495	3,344,553
24	105,841	145,552
	187,643	236,095
25	143,203	163,569
	9,318,211	8,483,013

17,867,428

17,176,216

Chief Executive Officer
Chief Executive Officer

Director
Director

Waves Singer Pakistan Limited
Consolidated Statement of Profit or Loss
For the year ended 31 December 2020

	<i>Note</i>	2020 (Rupees in '000)	2019
Revenue - net of sales return		10,230,068	11,660,266
Sales tax and trade discount on invoices		(1,704,587)	(2,176,292)
Revenue - net	26	<u>8,525,481</u>	<u>9,483,974</u>
Cost of sales	27	<u>(6,681,104)</u>	<u>(6,854,602)</u>
Gross profit		1,844,377	2,629,372
Marketing, selling and distribution costs	28	(920,483)	(927,606)
Administrative expenses	29	(461,016)	(475,410)
Other expenses	30	(42,671)	(85,248)
Other income	31	465,831	157,295
		<u>(958,339)</u>	<u>(1,330,969)</u>
		886,038	1,298,403
Earned carrying charges		262,863	191,056
Finance costs	32	(879,695)	(867,850)
		<u>(616,832)</u>	<u>(676,794)</u>
Profit before taxation		269,206	621,609
Taxation	33	(141,738)	(243,309)
Profit for the year		<u>127,468</u>	<u>378,300</u>
Earnings per share - basic and diluted (<i>Rupees</i>)	34	<u>0.68</u>	<u>2.02</u>

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

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Lahore **Director** **Chief Executive Officer** **Chief Financial Officer**

Waves Singer Pakistan Limited
 Consolidated Statement of Comprehensive Income
 For the year ended 31 December 2020

	2020	2019
	(Rupees in '000)	
Profit for the year	127,468	378,300
<u>Other comprehensive (loss) / income</u>		
<i>Item that will not be reclassified to profit and loss:</i>		
- Surplus on revaluation of property, plant and equipment	-	355,409
- Related deferred tax on surplus	-	(101,012)
- Actuarial loss on employee retirement benefits	(7,143)	(2,070)
	(7,143)	252,327
Total comprehensive income for the year	<u>120,325</u>	<u>630,627</u>

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

KPMG

Lahore


 Director


 Chief Executive Officer


 Chief Financial Officer

Waves Singer Pakistan Limited
 Consolidated Statement of Changes in Equity
 For the year ended 31 December 2020

	Issued, subscribed and paid-up capital	Share premium reserve	Other capital reserve	Surplus on revaluation of land and building	Revenue Reserve	
					Unappropriated profit	Total
(Rupees in '000)						
Balance as at 01 January 2019	1,631,340	4,825,764	5,000	117,395	1,334,423	7,913,922
<i>Total comprehensive income for the year</i>						
Profit after taxation	-	-	-	-	378,300	378,300
<i>Other comprehensive income for the year</i>						
Remeasurement of defined benefit obligation	-	-	-	-	(2,070)	(2,070)
Surplus on revaluation of property plant and equipment	-	-	-	355,409	-	355,409
Related deferred tax on revaluation surplus	-	-	-	(101,012)	-	(101,012)
	-	-	-	254,397	376,230	630,627
<i>Surplus transferred to accumulated profits</i>						
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)
<i>Transactions with owners of the Holding Company recognized directly in equity</i>						
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	362,544	1,515,351	8,339,999
<i>Total comprehensive income for the year</i>						
Profit after taxation	-	-	-	-	127,468	127,468
<i>Other comprehensive loss for the year</i>						
Remeasurement of defined benefit obligation	-	-	-	-	(7,143)	(7,143)
	-	-	-	-	120,325	120,325
<i>Surplus transferred to accumulated profits</i>						
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(24,473)	24,473	-
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	-	100	-	100
	-	-	-	(24,373)	24,473	100
Balance as at 31 December 2020	1,876,041	4,581,063	5,000	338,171	1,660,149	8,460,424

The annexed notes 1 to 45 form an integral part of these consolidated financial statements.

reconciliation

Lahore

Director

Chief Executive Officer

Chief Financial Officer

Waves Singer Pakistan Limited
Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	Note	2020	2019
		(Rupees in '000)	
<u>Cash flows from operating activities</u>			
Profit before taxation		269,206	621,609
Adjustments for non-cash items:			
Depreciation on property, plant and equipment	19.1.4	387,733	329,126
Amortisation of intangible asset	20.3	45,130	40,427
Finance costs	32	879,695	867,850
Gain on sale of property, plant and equipment	31	(7,853)	(1,940)
Liabilities no longer payable written back	31	(61,512)	-
Workers' Profit Participation Fund		14,530	32,313
Amortisation of deferred income	31	(15,533)	(6,117)
Loss allowance trade debts		4,216	-
Provision for slow moving and damaged stock		20,000	42,000
Workers Welfare Fund		5,522	9,243
Loss allowance against trade debts		(355,178)	(133,065)
Provision for employee retirement benefits- net		5,677	(24,352)
Profit before working capital changes		1,191,633	1,777,094
<u>Effect on cash flows due to working capital changes</u>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		3,945	(6,673)
Stock-in-trade		670,419	(603,763)
Trade debts		(1,326,942)	(1,324,856)
Advances, deposits, prepayments and other receivables		39,711	4,213
(Decrease) / increase in trade and other payables		(96,095)	71,726
		(708,962)	(1,859,353)
Cash used in operations		482,671	(82,259)
Income tax - net		(76,482)	(135,080)
Workers' Profit Participation Fund paid		(32,313)	(27,331)
Workers' Welfare Fund paid		(9,243)	(9,118)
Employee retirement benefits (refund) / paid		(12,033)	6,305
Long term deposits - net		5,534	(2,751)
Net cash used in operating activities		358,134	(250,234)
<u>Cash flows from investing activities</u>			
Capital expenditure		(378,839)	(471,057)
Proceeds from disposal of property, plant and equipment		25,606	26,067
Net cash flows from investing activities		(353,233)	(444,990)
<u>Cash flows from financing activities</u>			
Lease rentals paid		(103,672)	(130,900)
Loan from sponsors		380,500	-
Finance costs paid		(917,845)	(748,622)
Dividend paid		(181)	(203,977)
Short term finances availed - net		122,934	1,151,801
Long term loans received		774,560	1,000,000
Long term loans repaid		-	(281,250)
Net cash flows from financing activities		256,296	787,052
Net increase in cash and cash equivalents		261,197	91,828
Cash and cash equivalents at beginning of the year		(1,332,791)	(1,424,619)
Cash and cash equivalents at end of the year		(1,071,594)	(1,332,791)

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The annexed notes 1 to 45 form an integral part of these consolidated financial statements.



Lahore


Director


Chief Executive Officer


Chief Financial Officer

Waves Singer Pakistan Limited
Notes to the Consolidated Financial Statements
For the year ended 31 December 2020

1 Status and nature of business

1.1 The Group comprises of:

Holding Company

- Waves Singer Pakistan Limited

2020	2019
(Holding percentage)	

Subsidiary Companies

- Waves Marketing (Private) Limited

100	100
-----	-----

- Electronics Marketing Company (Private) Limited

100	100
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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 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 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. The subsidiary was established to avail the fiscal benefit available to the Holding Company under sales tax special procedures, 2007. The subsidiary was established to avail the fiscal benefits available to the Holding Company under Sales Tax Special Procedures, 2007 whereby the Holding Company supplied electronic products to the Company by charging applicable sales tax and extra tax. 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 year and it is not expected to make any significant sales in the foreseeable future. The business during the year represented revenue earned from sale of products that was in stock since last year. 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.

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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.

- 1.2 On 11 March 2020, Covid-19 (Coronavirus) was declared a pandemic by the World Health Organization. The spread of coronavirus as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the production and sale volumes of the Group during the lock down period. However, as per relaxation given by Authorities, the Group resumed its operations on 11 May 2020 with all precautionary measures to prevent the pandemic spread. There is no material financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses except for the decrease in sales volume in the months of April and May 2020.
- 1.3 Previously, the Holding 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 Holding Company has started to transact directly with the dealers in light of new dealership agreements signed by the Holding Company and the channel of subsidiary company has been eliminated.

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 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.

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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 2020. 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 2020 and the audited financial statements of the subsidiaries for the year ended 31 December 2020.

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.

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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

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:

	<i>Note</i>
- Residual value, market values and useful lives of property, plant and equipment	4.1
- Estimates of Useful lives and recoverable amount of intangible assets and goodwill	4.2
- Provision for employee retirement benefit plans	4.5
- Stock in trade and stores and spares and loose tools at net realizable value / net of impairment losses	4.6 & 4.7
- Provisions	4.11
- Taxation	4.13
- Impairment of financial and non-financial assets	4.16

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 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.

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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 19.1 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 Group's estimate of the residual value of its property, plant and equipment as at reporting date has not required any adjustment 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.

4.2 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 acquire. 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 20.1 to these consolidated financial statements.

kelvin

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.

The Group assesses at each reporting date whether there are any indications that the intangible assets may be impaired. If such indications exist then the recoverable amount is determined. (Refer note 4.16 for impairment of non-financial assets).

4.3 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.

4.4 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.

4.5 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.

4.6 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.

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4.7 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.

4.8 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.

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

4.12 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.

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

4.13 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.

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.

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.

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.

4.14 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.

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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.

4.15 Financial instruments

Recognition and initial measurement

All financial assets and financial liabilities are initially recognized when the Group 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.

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

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.

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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.

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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

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, loan from sponsors, accrued markup and dividend payable.

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.

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.

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4.16 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.

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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.

4.17 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.

4.18 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.

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4.19 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.

4.20 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.

4.21 Deferred income

Grant in aid

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.

Government grant

The Group recognizes the benefit of a government loan at a below-market rate of interest as Government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received and is presented as deferred grant. The recognition of government grants in profit or loss is done on a systematic basis over the periods in which the expenses for which the grants are intended to compensate.

4.22 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.

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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 its 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 amortized over the lease term. However, sale proceeds less than the carrying value is immediately recognised in the consolidated statement of profit or

4.23 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 Group's operations as one reportable segment.

4.24 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 2021:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their

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financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 01 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf, when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 01 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 01 January 2023, aligned with the effective date of IFRS 17.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 January 2021 and are not likely to have an impact on Group's consolidated financial statements.

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	Note	2020 (Number of shares)	2019	2020 (Rupees in '000)	2019
5 Share capital					
5.1 Authorized share capital	5.1.1	<u>300,000,000</u>	<u>200,000,000</u>	<u>3,000,000</u>	<u>2,000,000</u>
5.1.1	During the year, the Holding Company has increased its authorized share capital by 100,000,000 shares. The authorized share capital thus stands enhanced at Rs. 3,000 million, divided into 300,000,000 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					
		2020 (Number of shares)	2019	2020 (Rupees in '000)	2019
<u>Fully paid-up ordinary shares of</u>					
<u>Rs. 10 each</u>					
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	78,988,759	789,888	789,888
Issued under scheme of amalgamation		96,450,000	96,450,000	964,500	964,500
		<u>187,604,060</u>	<u>187,604,060</u>	<u>1,876,041</u>	<u>1,876,041</u>
5.3 Reconciliation of ordinary shares					
Balance as at 01 January		187,604,060	163,133,965	1,876,041	1,631,340
Ordinary shares issued as fully paid bonus shares		-	24,470,095	-	244,701
Balance as at 31 December		<u>187,604,060</u>	<u>187,604,060</u>	<u>1,876,041</u>	<u>1,876,041</u>
5.4 Ordinary shares of the Holding Company held by associated persons and undertaking at year end are as follows:					
		2020 (Percentage held)	2019	2020 (Number of shares)	2019
*Poseidon Synergies (Private) Limited		5.69%	6.00%	10,680,183	11,253,183
<i>Chief Executive Officer and his spouse and minor children</i>					
- Haroon Ahmad Khan (CEO)		38.32%	38.32%	71,893,524	71,893,524
- Nighat Haroon Khan (Wife of CEO)		10.99%	15.64%	20,617,274	29,346,274
- Dependent children of CEO		0.00%	1.66%	-	3,107,875
		<u>55.00%</u>	<u>61.62%</u>	<u>103,190,981</u>	<u>115,600,856</u>

* Owned by Chief Executive Officer and his wife.

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5.5 Pursuant to Scheme of Arrangement, approved by Honorable 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 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.

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

<i>Note</i>	2020 (Rupees in '000)	2019
Revaluation Surplus - as on 01 January	507,382	163,083
Surplus on revaluation arisen during the year	-	355,409
Surplus on sale of buildings on freehold land transferred to retained earnings	-	(6,441)
Incremental depreciation transferred to equity	<u>(34,241)</u>	<u>(4,669)</u>
	473,141	507,382
Deferred tax liability - as on 01 January	<u>(144,838)</u>	(45,688)
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
Tax effect on transfer of incremental depreciation to retained earnings	9,768	1,064
Adjustment resulting from change of tax rate	100	(633)
Deferred tax liability	<u>(134,970)</u>	<u>(144,838)</u>
<i>7.1 & 7.2</i>	<u>338,171</u>	<u>362,544</u>

7.1 Balance as at 31 December includes surplus on land of Rs. nil (2019: Nil), building on freehold land of Rs. 103.62 million (2019: Rs. 107.47 million) and plant and machinery of Rs. 234.55 million (2019: Rs. 255.71 million).

7.2 The Group revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017 and 2019. The 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.

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	2020	2019
	(Rupees in '000)	
8.1	1,397,897	805,708
8.2	1,108,934	926,563
8.3	(36,227)	-
17	(464,130)	(315,000)
	<u>2,006,474</u>	<u>1,417,271</u>

Note

8 Long term loans - Secured

Long term loans - Banking Company
 Long term loans - Non-banking Company
 Less: Deferred grant
 Current maturity presented under current liabilities

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

Bank Name	Facility	2020 Rupees	2019 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Sindh Bank Limited	Term Finance	405,708	405,708	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in 5 semi-annually instalments ending on 16 September 2023 after availing deferment of 18 months as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 1,267 million on present and future fixed assets of the Holding Company, exclusive charge of Rs. 300 million on owned shops 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 Holding Company.
The Bank of Punjab	Term Finance	394,723	-	3 Months KIBOR plus 2.75% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 8 quarterly instalments ending on 27 August 2023.	This facility is secured by way of joint pari passu charge of Rs 527 million on present and future fixed assets of the Holding Company. This facility has been obtained to meet long term working capital requirements of the Holding Company.
The Bank of Khyber - note 8.3	SBP Salary Refinance Scheme	197,466	-	SBP rate plus 3% per annum, payable quarterly.	Balance payable after expiry of 6 months grace period in 8 quarterly instalments ending on 31 December 2022.	This facility is secured by way of ranking charge of Rs. 264 million over present and future fixed assets of the Holding Company.
Dubai Islamic Bank Limited	Term Finance	409,000	400,000	3 Months KIBOR plus 2% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 16 quarterly instalments ending on 08 October 2025 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 534 million on present and future fixed assets of the Holding Company and Cross corporate guarantees of group concerns 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.
		<u>1,397,897</u>	<u>805,708</u>			

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

Bank Name	Facility	2020 Rupees	2019 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Pak Brunei Investment Company Limited	Term Finance	326,563	326,563	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in 11 quarterly instalments ending on 30 August 2023 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 475 million on present and future fixed assets of the Holding Company, ranking charge of Rs. 475 million on current 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.
Pak Oman Investment Company Limited	Term Finance	300,000	300,000	3 Months KIBOR plus 2.5% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 16 quarterly instalments ending on 06 September 2025 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 400 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 CAPEX for shifting of existing manufacturing unit to new place.
Pak Libya Investment Company Limited - <i>note 8.3</i>	SBP Salary Refinance Scheme	182,371	-	SBP rate plus 1% per annum, payable quarterly.	Balance payable after expiry of 6 months grace period in 8 quarterly instalments ending on 01 October 2022.	This facility is secured by way of joint pari passu charge of Rs. 264 million on present and future fixed assets of the Holding Company.
Pak Libya Investment Company Limited	Term Finance	300,000	300,000	6 Months KIBOR plus 2.5% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 20 quarterly instalments ending on 05 July 2026 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 400 million on present and future fixed assets of the Holding Company and personal guarantees of the sponsor of the Holding Company. This facility has been obtained to finance the expansion of production facility.
		1,108,934	926,563			

8.3 State Bank of Pakistan introduced a 'Refinance Scheme for payment of wages and salaries (RFWS Scheme)' to support the companies in payment of salaries during COVID-19 pandemic. Under this scheme, the Holding Company has availed financing of Rs. 197.46 million and Rs. 182.37 million from Bank of Khyber and Pak Libya Holding Company (Private) Limited respectively. Loans obtained were utilized against salaries for the months from April 2020 to September 2020. These facilities have been recognized at fair value under IFRS-9 using an effective rate of interest of 9.76%, difference being recorded as deferred grant in accordance with IAS 20.

8.4 State Bank of Pakistan introduced a 'Regulation R-8, Rescheduling / Restructuring of Financing Facilities' to relieve the stress on the corporate / commercial sector arises due to COVID-19 pandemic situation. Under this scheme, the financial institutions have deferred repayment of principal loan amounting to Rs. 1,732 million by 12 to 18 months, provided that the Holding Company will continue to service the mark-up amount as per agreed terms and conditions. As a result of this, these loans are repayable starting from 28 February 2021.

8.5 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.

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9 Lease liabilities	Note	2020	2019
		(Rupees in '000)	
Building under right of use - <i>unsecured</i>	9.1	271,820	498,425
Other assets under right of use - <i>secured</i>	9.2	86,634	66,800
		358,454	565,225
Current maturity		(92,720)	(127,562)
		265,734	437,663

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

9.1 Building under right of use - <i>unsecured</i>	2020			2019		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	99,634	29,744	69,890	154,368	55,351	99,017
Later than one year and not later than five years	288,234	86,304	201,930	521,155	121,747	399,408
	387,868	116,048	271,820	675,523	177,098	498,425

The Group has recognized lease buildings on account of shops and warehouses rented out. The remaining tenure of contracts ranges from 23 to 120 month payable monthly, quarterly and annually. Lease liability is calculated at discount rate ranging from 12.01% to 15.36%.

9.2 Other assets under right of use - <i>secured</i>	2020			2019		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	29,848	7,018	22,830	37,737	9,192	28,545
Later than one year and not later than five years	73,312	9,508	63,804	44,548	6,693	38,255
	103,160	16,526	86,634	82,685	15,885	66,800

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 3% per annum (2019: 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 9.17% to 16.50% (2019: 8.43% to 14.09%) per annum.

During the current year, the Holding Company entered into lease arrangements of assets amounting to Rs. 4.76 million. These obligations are payable in monthly installments Rs 0.03 million to Rs 0.08 million and carry a mark up rate at 3 month KIBOR + 2.5% per annum.

10 Employee retirement benefits	Note	2020	2019
		(Rupees in '000)	
<i>Classified under non-current assets</i>			
<i>Employee retirement benefits</i>			
- Pension fund	10.2	-	(3,388)
<i>Classified under non-current liabilities</i>			
<i>Employee retirement benefits</i>			
- Pension fund	10.2	3,355	-
- Gratuity fund - permanent employees	10.2	16,311	23,088
- Gratuity - field staff	10.2	18,944	18,123
		38,610	41,211

10.1 Pension scheme is available to 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 Group. 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 freeze at the level that existed as at 31 May 2019. Employees who have not completed the term, their related charge was reversed. On freeze date 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 2020 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 (funded)		Field staff (unfunded)	
	2020	2019	2020	2019	2020	2019
1) Discount rate per annum	9.75	11.25	9.75	11.25	11.25	11.25
2) Expected per annum rate of increase in future salaries / commission	Nil	Nil	-	-	6.75	8.25
3) Expected rate of increase in pension	Nil	Nil	-	-	-	-
4) Mortality rates	SLIC	SLIC	SLIC	SLIC	SLIC	SLIC
	(2001-05)-1	(2001-05)-1	(2001-05)-1	(2001-05)-1	(2001-05)-1	(2001-05)-1

	Pension Fund		Gratuity					
			Permanent employees		Field staff (unfunded)		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
10.2	Amounts recognised in consolidated statement of financial position							
	Present value of defined benefit obligation	63,394	16,757	25,043	18,123	18,123	35,701	43,166
	Fair value of plan assets	(65,173)	(66,782)	(446)	(1,955)	-	(446)	(1,955)
	Liability / (asset) on the reporting date	3,355	(3,388)	16,311	23,088	18,944	35,255	41,211
10.3	Movement in net defined benefit liability recognised in consolidated statement of financial position							
	Net (asset) / liability as at 01 January	(3,388)	(9,960)	23,088	42,480	18,123	19,343	61,823
	(Income) / cost recognised in profit or loss for the year	(361)	(13,109)	2,519	(11,741)	3,519	498	(11,243)
	Refund / (contribution) during the year	-	9,960	(9,335)	-	(2,698)	(1,717)	(1,717)
	Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss / (gain)	7,104	9,721	39	(7,651)	-	39	(7,651)
	Net liability / (asset) as at 31 December	3,355	(3,388)	16,311	23,088	18,944	35,255	41,212
10.4	Movement in present value of defined benefit obligations							
	Liability for defined benefit obligation at 01 January	63,394	69,324	25,043	47,178	18,123	19,342	66,520
	Benefits paid	(7,331)	(6,933)	(10,892)	(3,181)	(2,698)	(1,717)	(4,898)
	Current service cost	-	3,184	-	3,912	3,519	498	4,410
	Past service cost	-	(15,053)	-	(21,032)	-	-	(21,032)
	Interest cost	6,536	9,144	2,714	6,011	-	2,714	6,011
	Re-measurements - actuarial loss / (gain) on obligation	6,508	9,932	966	1,525	-	966	1,525
	- Change in financial assumptions	(579)	(6,204)	(1,074)	(9,370)	-	(1,074)	(9,370)
	- Change in experience adjustments	-	-	-	-	-	-	-
	Liability for defined benefit obligation at 31 December	68,528	63,394	16,757	25,043	18,944	35,701	43,165
10.4.1	Analysis of present value of defined benefit obligation							
	Vested / non-vested	-	-	16,757	25,043	-	-	25,043
	- Vested Benefits	-	-	-	-	-	-	-
	- Non Vested Benefits	-	-	16,757	25,043	-	16,757	25,043
	Benefit obligation by participant status/ cadre	14,086	16,768	-	-	-	-	-
	- Active / Management	54,442	46,626	-	-	-	-	-
	- Retirees / Union	68,528	63,394	-	-	-	-	-
	Type of benefits earned to date	68,528	63,394	16,757	25,043	-	16,757	25,043
	- Accumulated benefit obligation	-	-	-	-	-	-	-
	- Amounts attributed to future salary increase	68,528	63,394	16,757	25,043	-	16,757	25,043

10.2 Amounts recognised in consolidated statement of financial position

Present value of defined benefit obligation
Fair value of plan assets
Liability / (asset) on the reporting date

10.3 Movement in net defined benefit liability recognised in consolidated statement of financial position

Net (asset) / liability as at 01 January
(Income) / cost recognised in profit or loss for the year
Refund / (contribution) during the year
Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss / (gain)
Net liability / (asset) as at 31 December

10.4 Movement in present value of defined benefit obligations

Liability for defined benefit obligation at 01 January
Benefits paid
Current service cost
Past service cost
Interest cost
Re-measurements - actuarial loss / (gain) on obligation
- Change in financial assumptions
- Change in experience adjustments
Liability for defined benefit obligation at 31 December

10.4.1 Analysis of present value of defined benefit obligation

Vested / non-vested
- Vested Benefits
- Non Vested Benefits

Benefit obligation by participant status/ cadre
- Active / Management
- Retirees / Union

Type of benefits earned to date
- Accumulated benefit obligation
- Amounts attributed to future salary increase

	Pension Fund		Gratuity			
	Permanent employees		Field staff (unfunded)		Total	
	2020	2019	2020	2019	2020	2019

(Rupees in '000)

66,782	79,284	1,955	4,698	-	1,955	4,698
-	(9,960)	9,335	-	-	9,335	-
(7,331)	(6,933)	(10,892)	(3,181)	-	(10,892)	(3,181)
6,897	10,384	195	632	-	195	632
(1,175)	(5,993)	(147)	(194)	-	(147)	(194)
65,173	66,782	446	1,955	-	446	1,955

10.9

10.5 Movements in the fair value of plan assets

Fair value of plan assets - at 01 January
(Refund) / contribution during the year
Benefits paid
Expected return on plan assets
Re-measurements on assets - actuarial loss
- Change in experience adjustments
Fair value of plan assets - at 31 December

10.6 Expense recognised in consolidated statement of profit or loss

Current service cost
Past service cost
Interest cost net of expected return on plan assets

-	3,184	-	3,912	3,519	498	4,410
-	(15,053)	-	(21,032)	-	-	(21,032)
(361)	(1,240)	2,519	5,379	-	2,519	5,379
(361)	(13,109)	2,519	(11,741)	3,519	498	(11,243)

The expense is recognised in the following line items in the statement of profit or loss:

Cost of sales
Marketing, selling and distribution costs
Administrative expenses

(235)	(8,521)	1,637	(7,632)	-	1,637	(7,632)
(90)	(3,277)	252	(2,935)	3,519	498	(2,437)
(36)	(1,311)	630	(1,174)	-	630	(1,174)
(361)	(13,109)	2,519	(11,741)	3,519	498	(11,243)

10.7 Actuarial loss / (gain) recognised in other comprehensive income during the year

Actuarial loss / (gain) on obligation
Actuarial loss on plan assets
Total actuarial loss / (gain) recognised in OCI

5,929	3,728	(108)	(7,845)	-	(108)	(7,845)
1,175	5,993	147	194	-	147	194
7,104	9,721	39	(7,651)	-	39	(7,651)

Net actuarial gain on pension fund and funded gratuity amounts to Rs. 7.14 million (2019: Rs. 2.07 million) which has been taken to other comprehensive income.

	Pension Fund		Gratuity			
	Permanent employees		Field staff (unfunded)		Total	
	2020	2019	2020	2019	2020	2019

(Rupees in '000)

5,722	4,391	48	438	-	48	438
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10.8 Return on plan assets

Actual return on plan assets

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10.9 Composition of plan assets	Pension Fund		Gratuity			
	2020	2019	Permanent employees		Field staff (unfunded)	
			2020	2019	2020	2019
	(Rupees in '000)					
Cash and cash equivalents	24,703	22,656	446	1,955	-	-
Debt instruments - Government Bonds / Securities						
i) Pakistan Investment Bonds	-	23,797	-	-	-	-
ii) Special Savings Certificates	-	-	-	-	-	-
iii) Treasury bills	-	-	-	-	-	-
iv) Current liabilities	40,470	20,329	-	-	-	-
Total fair value of plan assets	65,173	66,782	446	1,955	-	-

10.10 Historical information

	31 December				
	2020	2019	2018	2017	2016
	(Rupees in '000)				
<i>Pension fund</i>					
Present value of the defined benefit obligation	68,528	63,394	69,324	90,115	80,268
Fair value of plan assets	(65,173)	(66,782)	(79,284)	(84,402)	(61,782)
(Surplus) / deficit in the plan	3,355	(3,388)	(9,960)	5,713	18,486
Financial assumptions arising on plan liabilities	6,508	9,932	(23,496)	(1,602)	4,257
Experience adjustments arising on plan liabilities	(579)	(6,204)	(653)	9,633	(1,488)
Experience adjustments arising on plan assets	(1,175)	(5,993)	(4,437)	256	2,102
<i>Gratuity - funded</i>					
Present value of the defined benefit obligation	16,757	25,043	47,178	45,865	34,166
Fair value of plan assets	(446)	(1,955)	(4,698)	(14,142)	(14,386)
Deficit in the plan	16,311	23,088	42,480	31,723	19,780
Financial assumptions arising on plan liabilities	966	1,525	1,301	67	(201)
Experience adjustments arising on plan liabilities	(1,074)	(9,370)	1,855	7,126	(8,441)
Experience adjustments arising on plan assets	(147)	(194)	(1,359)	269	1,022
<i>Gratuity - unfunded</i>					
Present value of the defined benefit obligation	18,945	18,124	19,343	17,091	13,346

10.11 Sensitivity analysis on significant actuarial assumptions

<i>Actuarial liability</i>	31 December 2020				
	Change in assumption	Pension		Gratuity	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	66,215	71,004	16,422	17,105
Salary increases	0.5%	-	-	-	-

The weighted average of plan duration for pension is 6.98 years (2019: 6.52 years) while for funded gratuity is 4.08 years (2019: 3.26 years).

10.12 Maturity profile of the defined benefit obligation - undiscounted payments

<i>Distribution of timing of benefit payments</i>	Time in years					
	1	2	3	4	5	6-10
	(Rupees in '000)					
- Pension	3,846	7,846	8,067	7,944	7,808	36,866
- Gratuity-funded	4,114	2,411	2,896	1,024	2,232	10,294
	7,960	10,257	10,963	8,968	10,040	47,160

10.13 Expected charge to statement of profit or loss for post employment funded gratuity and pension plans for the year ending 31 December 2021 are Rs. 0.31 million and Rs. 1.55 million respectively.

	Pension	Gratuity permanent staff	Gratuity field staff
10.14 Number of employees covered in the scheme	34	37	494

11	Deferred income	Note	2020 (Rupees in '000)	2019
	Sale and lease back	11.1	2,304	5,610
	Grant in aid	11.3	8,368	9,964
	Government grant	11.3	10,200	-
			<u>20,872</u>	<u>15,574</u>
11.1	Sale and lease back			
	<i>Details of the movement in the balance</i>			
	<i>Gross balance:</i>			
	Balance as at 01 January		36,576	36,576
	Balance at 31 December		<u>36,576</u>	<u>36,576</u>
	<i>Accumulated amortization:</i>			
	Balance as at 01 January		(26,479)	(21,523)
	Amortization for the year	31	(4,487)	(4,956)
	Balance at 31 December		<u>(30,966)</u>	<u>(26,479)</u>
	<i>Carrying amount:</i>			
	Balance at 31 December		<u>5,610</u>	<u>10,097</u>
	Current portion of deferred income	17	(3,306)	(4,487)
	Balance as at 31 December	11.2.1	<u>2,304</u>	<u>5,610</u>
11.1.1	The Holding 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 consolidated statement of profit or loss over the lease term.			
11.2	Grant in aid	Note	2020 (Rupees in '000)	2019
	<i>Gross balance:</i>			
	Balance as at 01 January		13,953	13,953
	Balance at 31 December		<u>13,953</u>	<u>13,953</u>
	<i>Accumulated amortization:</i>			
	Balance as at 01 January		(2,827)	(1,666)
	Amortization for the year	31	(1,379)	(1,161)
	Balance at 31 December		<u>(4,206)</u>	<u>(2,827)</u>
	<i>Carrying amount:</i>			
	Balance at 31 December		<u>9,747</u>	<u>11,126</u>
	Current portion	17	(1,379)	(1,161)
	Balance as at 31 December	11.2.1	<u>8,368</u>	<u>9,964</u>
11.2.1	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.			
11.3	Government grant	Note	2020 (Rupees in '000)	2019
	Balance as at 01 January		-	-
	Recognized during the year	8	36,227	-
	Amortization during the year	31	(9,667)	-
	Unamortized balance of deferred grant		26,560	-
	Current maturity	17	(16,360)	-
	Balance as at 31 December 2020	11.3.1	<u>10,200</u>	<u>-</u>
11.3.1	State Bank of Pakistan introduced a 'Refinance Scheme for payment of wages and salaries (RFWS Scheme)' to support the companies in payment of salaries during COVID-19 pandemic. Under this scheme, the Holding Company has availed financing of Rs. 197.46 million and Rs. 182.37 million from Bank of Khyber and Pak Libya Holding Company (Private) Limited respectively. Loans obtained were utilized against salaries for the months from April 2020 to September 2020. These facilities have been recognized at fair value under IFRS-9 using an effective rate of interest of 9.76%, difference being recorded as deferred grant in accordance with IAS 20.			

12 Deferred tax liability - net

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

	Balance as at 01 January 2019	Recognized in statement of profit or loss	Recognized in equity / OCI	Balance as at 31 December 2019	Recognized in statement of profit or loss	Recognized in equity	Balance as at 31 December 2020
<i>Note</i> ----- (Rupees in '000) -----							
<i>Taxable temporary difference</i>							
- accelerated tax depreciation	423,298	82,706	-	506,004	18,246	-	524,250
- surplus on revaluation of property, plant and equipment	45,688	(2,495)	101,645	144,838	(9,768)	(100)	134,970
	468,986	80,211	101,645	650,842	8,478	(100)	659,220
<i>Deductible temporary difference</i>							
- provision for defined benefit plans	(5,491)	(6)	-	(5,497)	(113)	-	(5,610)
- other provisions	(278,052)	40,109	-	(237,943)	81,567	-	(156,376)
- minimum tax	-	(17,932)	-	(17,932)	(161,337)	-	(179,269)
- tax losses	(103,878)	(5,422)	-	(109,300)	88,209	-	(21,091)
	(387,421)	16,749	-	(370,672)	8,326	-	(362,346)
Deferred tax liability - net	81,565	96,960	101,645	280,170	16,804	(100)	296,874

12.1 This includes deferred tax of Rs. 21.09 million (2019: Rs. 13.23 million) recorded on unabsorbed tax depreciation and amortisation.

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

12.3 The Holding Company has recorded deferred tax asset on used tax credits based on financial projections indicating the absorption of deferred tax asset over a 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 Group is confident of the achievement of its targeted results.

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		2020	2019
	Note	(Rupees in '000)	
13 Trade and other payables			
Trade creditors		817,189	1,018,712
Bills payable		164,735	155,481
Accrued liabilities		224,786	224,188
Contract liabilities		17,458	66,789
Security deposits from dealers		15,312	14,838
Provisions in respect of warranty obligations	13.1	6,705	18,864
Sales tax and excise duty - net		136,680	-
Retention from employees	13.2	111,901	100,130
Workers' profits participation fund	13.3	14,530	32,313
Workers' welfare fund		5,522	9,243
Advance from employees against vehicle		19,925	17,013
Income tax deducted at source	13.4	89,570	126,862
Payable to the provident fund	36	4,621	6,497
Others	13.5	56,468	73,583
		<u>1,685,402</u>	<u>1,864,513</u>

13.1 These amounts are not kept in a separate bank account as required by section 217 of the Companies Act, 2017.

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

		2020	2019
	Note	(Rupees in '000)	
13.3 Workers' profits participation fund			
Balance as at 01 January		32,313	27,331
Add: Allocation for the year	30	14,530	32,313
		<u>46,843</u>	<u>59,644</u>
Less: Payment made during the year		(32,313)	(27,331)
Balance as at 31 December		<u>14,530</u>	<u>32,313</u>

13.4 Amount of Rs. Nil (2019: Nil) has been paid subsequent to year end.

13.5 Included in other liabilities are provisions aggregating to Rs. 27.89 million (2019: Rs 61.74 million) in respect of probable loss from pending litigation of the Group 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 18.

KPMG

		2020	2019
		(Rupees in '000)	
14	Mark-up accrued on borrowings		
	<i>Mark-up based borrowings from banking companies</i>		
	- Long term loans - secured	21,265	30,937
	- Short term borrowings - secured	122,257	147,197
	<i>Mark-up based borrowings from non-banking companies</i>		
	- Long term loan from financial institution	22,454	21,796
	<i>Islamic mode of borrowings</i>		
	- Short term borrowings - secured	12,440	16,636
		<u>178,416</u>	<u>216,566</u>
15	Short term borrowings - secured		
	From banking companies		
	Running finance under mark-up arrangements	15.2 1,214,797	1,496,360
	Finance against trust receipt	15.3 2,388,632	1,873,765
	Cash finance	15.4 -	463,455
	Short term borrowings under Murahaba arrangement	15.5 351,523	280,001
		<u>3,954,952</u>	<u>4,113,581</u>
15.1	Particulars of borrowings		
	Interest / mark-up based borrowings	3,603,429	3,833,580
	Islamic mode of borrowings	351,523	280,001
		<u>3,954,952</u>	<u>4,113,581</u>
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. 1,466.56 million (2019: Rs. 1,506.72 million). These facilities are secured by way of equitable mortgage charge on 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 8.81% to 17.55% (2019: 12.05% to 16.86%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates between March 2021 by December 2021.		
15.3	Finance against trust receipt		
	This represents Finance Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 2,729.10 million (2019: 2,763.95 million). These facilities are secured against charge over current assets of the Holding Company and personal guarantees of the directors of the Holding Company and carries mark-up rate ranging between 9.09% to 16.83% (2019: 10.56% to 17.01%) per annum payable on maturity, monthly and quarterly in arrears. These borrowings are repayable on different dates between March 2021 and August 2021.		
15.4	Cash finance		
	This represents utilized amount of cash finance facilities under mark-up arrangements availed from commercial banks aggregating to Rs. Nil (2019: Rs. 475 million). These facilities are secured by way of charge joint parri passu charge over current assets of the Holding Company and personal guarantees of the directors of the Holding Company and carry mark-up ranging from 9.99% to 18.55% (2019: 16.36% to 18.54%) per annum, payable quarterly in arrears.		

KRM/AM

15.5 Islamic mode of borrowings

This represents utilized amount of Murabaha / Istisna borrowings available from banks aggregating to Rs. 352 million (2019: Rs. 280 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 9.06% to 15.41% (2019: 12.30% to 16.65%) 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 2020 amounted to Rs. 824 million of which remaining unutilized amount was Rs. 506 million.

15.7 During the year ending 31 December 2020, 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 principal payments due under facilities by 360 days with a restriction imposed by financial institutions on Holding Company for not making dividend payment during the period of relief.

15.8 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 Loan from sponsors - unsecured

This represents an interest free loan obtained from Directors of the Holding Company i.e. Mr. Haroon Ahmad Khan and Mrs Nighat Haroon amounting to Rs. 294 million and Rs 86.5 million respectively. Both the directors have agreed to provide and bridge the working capital support required by the Holding Company as and when the need arises. The limit of loan is Rs. 750 million and will be repayable on demand.

	Note	2020 (Rupees in '000)	2019	
17	Current portion of long term liabilities			
	Long term loans - secured	8	464,130	315,000
	Lease liabilities	9	92,719	127,563
	Deferred income	11	21,045	5,648
			<u>577,894</u>	<u>448,211</u>

18 Contingencies and commitments

18.1 Contingencies - Holding Company

18.1.1 The Holding 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 Holding Company. The case is pending before the Honorable 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 2020 against which no provision has been made as the Holding Company, based on the opinion of legal advisor's advice, is confident of a favourable decision.

KAM/2020

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 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.

- 18.1.2** Income tax assessments of the Holding Company have been finalized 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.

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- 18.1.3** The Finance Act, 2017 introduced a tax under section 5A of the Income Tax ordinance, 2001 on every public Company other than a scheduled bank or Modaraba, 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 the 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 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 Holding Company under the newly inserted Section 5A.
- 18.1.4** 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.
- 18.1.5** 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 Honorable 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 filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A), who vide his order no. 9 dated 04 April 2019 deleted certain additions. Being aggrieved with the order of CIR-A the Holding Company filed an appeal before the honorable Appellate Tribunal Inland Revenue, which is pending adjudication.
- 18.1.6** 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 Holding 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.

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- 18.1.7** 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.
- 18.1.8** 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). The CIR-A vide order no. 19 dated 21 September 2020 decided the appeal partially in favor of the Holding Company by deleting the additions amounting to Rs. 4.62 million under the head financial charges and directed the ACIR to verify the said contention and adjust the refund of Rs. 1.02 million if still available to the Holding Company for adjustment in the current year. Being aggrieved with of the CIR-A order, the Holding Company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore, which is still pending for adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.
- 18.1.9** 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.
- 18.1.10** 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). CIR-A 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 Income Tax Appellate Tribunal (ITAT) which is pending for adjudication and a favorable outcome is expected.

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18.1.11 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. The Holding 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.

18.1.12 During the financial year 2019, 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. 24.12 million for the consignment of Polymethylene polyphenylene isocyanate which was cleared through erroneous application of SRO 659/2007 dated 30 June 2007. The Holding Company has filed an appeal against the order which is in progress.

18.1.13 During the financial year 2019, a special customs reference was filed by the 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. 30.85 million and penalty of Rs. 1.00 million alleging that from July 2013 to June 2016 the Holding Company imported four consignments of Polyethylene Isocyanates under PCT heading 3824.9091 wherein custom duty charged @ 0% instead of 20%. The reference of the Holding Company is under adjudication.

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.

18.2 Commitments - Holding Company

18.2.1 Commitments, for the import of stock in trade, outstanding at year end were for Rs. 185.47 million (2019: Rs. 319.39 million).

18.2.2 Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. 2.16 million (2019: Rs. 1.09 million).

	Note	2020 (Rupees in '000)	2019
19 Property, plant and equipment			
Operating fixed assets	19.1	5,136,719	5,084,453
Right of use assets	19.1	351,546	574,009
Capital work-in-progress	19.2	82,995	46,204
		<u>5,571,260</u>	<u>5,704,666</u>

WSP

19.1 Operating fixed assets / Right of use assets

	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
At 01 January 2020												
Cost / revaluation	2,364,500	204,278	402,500	1,714,488	101,798	145,472	67,486	408,266	569,899	1,360	48,500	3,917
Accumulated depreciation	-	-	-	(52,466)	(53,295)	(55,791)	(53,295)	(222,683)	(112,297)	(1,201)	(7,966)	(2,815)
Net book value	2,364,500	204,278	402,500	1,714,488	49,332	89,681	14,091	245,583	456,702	159	40,534	1,102
Transactions during the year												
Additions	-	-	8,106	196,932	9,188	18,650	3,866	89,154	18,868	-	36,174	-
Transfers	-	-	-	-	-	2,330	-	-	-	-	(2,330)	-
Cost*	-	-	-	-	-	(412)	-	-	-	-	412	-
Depreciation*	-	-	-	-	-	1,918	-	-	-	-	(1,918)	-
Disposals	-	-	-	-	(50)	(28,191)	(28)	(478)	(16,444)	-	-	-
Cost	-	-	-	-	5	10,837	9	143	18,855	-	-	-
Depreciation	-	-	-	-	(45)	(17,354)	(19)	(335)	(145,589)	-	-	-
Depreciation charge for the year	-	(6,128)	(12,177)	(146,379)	(10,593)	(25,759)	(13,890)	(42,869)	(109,889)	(6,290)	(136)	(782)
Closing net book value	2,364,500	198,150	398,429	1,765,041	47,882	67,136	4,048	291,533	220,032	69,222	23	320
As at 31 December 2020												
Cost / revalued amount	2,364,500	204,278	410,606	1,911,410	110,936	138,261	71,324	556,942	423,463	75,512	82,344	3,917
Accumulated depreciation	-	(6,128)	(12,177)	(146,379)	(63,054)	(71,125)	(67,276)	(265,409)	(203,431)	(6,290)	(20,395)	(3,597)
Net book value	2,364,500	198,150	398,429	1,765,041	47,882	67,136	4,048	291,533	220,032	69,222	23	320
Depreciation rate (% per annum)	NH	3	3	8.33	10.20	20	20	10 - 33.33	10	8.33	10	20

Note

19.3

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	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		
At 01 January 2019	2,365,500	173,501	410,684	1,424,745	89,308	138,884	61,624	460,692	-	56,367	1,360	25,748	3,917	3,252,330	
Cost / revaluation:	-	-	-	-	-	-	-	-	447,767	-	-	-	-	447,767	
Effect of initial application of IFRS-16	-	(5,205)	(10,725)	(164,500)	(46,756)	(38,586)	(48,771)	(190,329)	-	(18,927)	(1,065)	(3,562)	(2,712)	(531,138)	
Accumulated depreciation	-	163,296	399,959	1,260,245	42,552	100,298	12,853	270,363	447,767	77,440	295	22,186	1,205	3,168,959	
Net book value	2,365,500	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transactions during the year	-	-	63,958	229,999	12,490	14,175	5,862	7,374	121,332	-	-	24,840	-	480,230	
Additions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cost*	-	50,000	(50,000)	18,535	-	2,088	-	-	-	(18,535)	-	(2,088)	-	-	
Depreciation*	-	-	-	(7,977)	-	(1,055)	-	-	-	7,977	-	1,055	-	-	
Disposals	-	50,000	(50,000)	10,558	-	1,033	-	-	-	(10,558)	-	(1,033)	-	-	
Cost	-	(7,800)	-	(5,139)	-	(9,675)	-	-	-	-	-	-	-	(22,634)	
Depreciation	-	683	-	1,003	-	3,938	-	-	-	-	-	-	-	5,624	
Depreciation charge for the year	-	(7,117)	-	(4,156)	-	(5,737)	-	-	-	-	-	-	-	(17,010)	
Effect of revaluation	-	(1,000)	(11,423)	(22,142)	46,368	-	-	-	(112,397)	(6,432)	(136)	(5,459)	(193)	(529,126)	
Elimination of gross carrying value against accumulated depreciation	-	11,423	21,705	295,416	-	-	-	-	-	17,382	-	-	-	245,926	
Closing net book value	2,364,500	204,278	402,500	1,714,488	49,332	80,681	14,091	245,583	456,702	75,512	159	40,534	1,102	3,658,362	
As at 31 December 2019	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	
Cost / revaluated amount	-	-	-	-	(52,466)	(55,791)	(53,365)	(222,683)	(112,397)	-	(1,201)	(7,866)	(2,815)	(508,714)	
Accumulated depreciation	-	204,278	402,500	1,714,488	49,332	89,681	14,091	245,583	456,702	75,512	159	40,534	1,102	3,658,362	
Net book value	2,364,500	-	-	-	-	-	-	-	-	-	-	-	-	-	
Depreciation rate (% per annum)	Nil	3	3	8.33	10-20	20	20	10	10	8.33	10	20	20	20	

Note

19.3

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- 19.1.1 Had there been no revaluation of the freehold land, buildings thereon and plant and machinery therein, the net book value as of 31 December 2020 would have been as follows:

	2020	2019
	(Rupees in '000)	
Land	2,364,500	2,364,500
Buildings	456,559	456,243
Plant and Machinery	1,507,142	1,433,154
	<u>4,328,201</u>	<u>4,253,897</u>

- 19.1.2 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 and plant and machinery was Rs. 2,128 million, Rs. 344.70 and Rs. 1,433.95 million respectively.

- 19.1.3 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	2020	2019
		(Rupees in '000)	
19.1.4 Depreciation for the year has been allocated as follows:			
Cost of sales	27.1	158,758	134,887
Marketing, selling and distribution costs	28	158,885	144,737
Administrative expenses	29	70,090	49,502
		<u>387,733</u>	<u>329,126</u>

19.2 Capital work-in-progress

Balance as at 01 January	46,204	33,507
Additions during the year	97,291	266,959
Transfers during the year	(60,500)	(254,262)
Balance as at 31 December	<u>82,995</u>	<u>46,204</u>

Breakup of capital work in progress is as follows:

- Building	26,019	4,851
- Plant and machinery	15,012	35,845
- Electric installation	6,964	5,508
- Advance against purchase of land	35,000	-
	<u>82,995</u>	<u>46,204</u>

- 19.2.1 These represents work in process for development, improvement and installation.

19.3 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
Building	19.3.1	N/A	164,444	145,589	N/A	N/A	N/A
----- (Rupees in '000) -----							
Vehicles							
Toyota Corolla GLI	Waheed Rashid	Employee	2,025	945	864	(81)	Company Policy
Toyota Fortuner	Adnan Aftab	- do -	6,178	3,905	5,931	2,026	- do -
Suzuki Cultus VXR	Shahbaz	- do -	990	330	725	395	- do -
Suzuki Cultus VXL	Tahir Aziz	- do -	694	231	518	287	- do -
Suzuki Liana	Muhammad Sehzad	Third Party	1,115	372	621	249	Negotiation
Suzuki Cultus VXR	Muhammad Sehzad	- do -	500	217	621	404	- do -
Honda City	Muhammad Sehzad	- do -	1,500	650	1,330	680	- do -
Suzuki Cultus VXL	Muhammad Sehzad	- do -	694	208	518	310	- do -
Toyota Land Cruiser Prado	Muhammad Sehzad	- do -	8,182	6,409	9,241	2,832	- do -
Honda City	Muhammad Sehzad	- do -	1,678	979	477	(502)	- do -
Suzuki Swift	Hamid Raza Ali	- do -	1,736	1,182	1,605	423	- do -
Suzuki Swift	Hamid Raza Ali	- do -	529	498	829	331	- do -
Suzuki Cultus Vxl	Insurance Claim	- do -	1,391	927	927	-	Insurance Claim
Various assets having net book value up to Rs 500,000 each			27,212	16,853	24,207	7,354	
			1,535	900	1,399	499	
			28,747	17,753	25,606	7,853	
			193,191	163,342	25,606	7,853	
			22,634	17,010	18,950	1,940	

19.3.1 These building were recognised under right of use. The contracts against the right of use have been expired / terminated / modified during the year.

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20 Intangible assets and goodwill	Note	2020 (Rupees in '000)	2019
Software		49,758	47,996
Goodwill		1,070,206	1,070,206
Brand value		1,582,147	1,582,147
Customer relationships		215,179	245,919
	20.1	<u>2,917,290</u>	<u>2,946,268</u>

20.1 Reconciliation of carrying amounts

Description	Software	Goodwill	Brand value	Customer relationships	Total
	(Rupees in '000)				
<u>Cost</u>					
Balance at 01 January 2019	78,187	1,070,206	1,582,147	322,769	3,053,309
Additions during the year	21,011	-	-	-	21,011
Balance as at 31 December 2019	99,198	1,070,206	1,582,147	322,769	3,074,320
Additions during the year	16,152	-	-	-	16,152
Balance at 31 December 2020	115,350	1,070,206	1,582,147	322,769	3,090,472
<u>Accumulated amortisation and impairment losses</u>					
Balance at 01 January 2019	(41,509)	-	-	(46,110)	(87,619)
Amortisation for the year	(9,693)	-	-	(30,740)	(40,433)
Balance at 31 December 2019	(51,202)	-	-	(76,850)	(128,052)
Amortisation for the year	(14,390)	-	-	(30,740)	(45,130)
Balance at 31 December 2020	(65,592)	-	-	(107,590)	(173,182)
Carrying amounts:					
At 31 December 2019	47,996	1,070,206	1,582,147	245,919	2,946,268
At 31 December 2020	49,758	1,070,206	1,582,147	215,179	2,917,290
Rates of amortization	5-10 years	Nil	Nil	10.5 years	

20.2 Goodwill and other intangible assets acquired in business combination

Effective 01 July 2017, Waves Singer Pakistan Limited ("the Holding 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 2020, 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 11.21% (goodwill) and 14.50% (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.

20.3 Amortisation for the year has been allocated as follows:	Note	2020 (Rupees in '000)	2019
Marketing, selling and distribution costs	28	30,740	30,740
Administrative expenses	29	14,390	9,693
		<u>45,130</u>	<u>40,433</u>

		2020	2019
		(Rupees in '000)	
21 Long term deposits	<i>Note</i>		
<i>Deposits</i>			
- leases		5,526	5,373
- other long term deposits		15,328	21,015
		<u>20,854</u>	<u>26,388</u>
22 Stock-in-trade			
<i>Raw and packing materials</i>			
- in stores (in hand)		686,022	771,111
- in bonded warehouse	22.1	450,740	648,357
- in transit		242,078	285,283
		<u>1,378,840</u>	<u>1,704,751</u>
Work in process		204,180	212,851
<i>Finished goods</i>			
- own manufactured		879,061	1,028,119
- purchased for resale		592,832	779,611
		<u>1,471,893</u>	<u>1,807,730</u>
Provision for slow moving and damaged stock	22.2	(91,868)	(71,868)
	22.3	<u>2,963,045</u>	<u>3,653,464</u>
22.1	Stock amounting to Rs. 378.50 million (2019: Rs. 224.91 million) was cleared subsequent to the year end.		
		2020	2019
		(Rupees in '000)	
22.2	Movement in provision for slow moving and damaged stock		
	Balance as at 01 January	71,868	29,868
	Provision during the year	20,000	42,000
	Balance as at 31 December	<u>91,868</u>	<u>71,868</u>
22.3	Finished goods having cost of Rs. Nil (2019: Rs. 498.28 million) were pledged against financial facility obtained as referred in note 15.4.		
23 Trade debts	<i>Note</i>	2020	2019
		(Rupees in '000)	
23.1	Retail network - unsecured		
	<u>Considered good</u>		
	Hire purchase		
	- Retail	1,205,963	871,960
	- Institutional (employees of the corporate entities)	173,885	146,639
	Others	295	24,090
		<u>1,380,143</u>	<u>1,042,689</u>
	Unearned carrying charges	(177,109)	(128,124)
		<u>1,203,034</u>	<u>914,565</u>
	Considered doubtful	388,159	457,451
		<u>1,591,193</u>	<u>1,372,016</u>
	Loss allowance against trade debts	(388,159)	(457,451)
		<u>1,203,034</u>	<u>914,565</u>
	Less : Long term portion of trade debts	(39,813)	(12,493)
	Current portion of trade debts	<u>1,163,221</u>	<u>902,072</u>
23.2	Wholesale - unsecured		
	<u>Dealers</u>		
	Considered good	4,721,495	3,344,553
	Considered doubtful	66,147	347,817
		<u>4,787,642</u>	<u>3,692,370</u>
	Loss allowance against trade debts	(66,147)	(347,817)
		<u>4,721,495</u>	<u>3,344,553</u>

23.3 Movement in loss allowance against trade debts

Balance as at 01 January	805,268	274,365
Effect of initial application of IFRS-9	-	663,968
Loss allowance during the year	4,216	-
Reversal of loss allowance	(355,178)	(133,065)
Balance as at 31 December	<u>454,306</u>	<u>805,268</u>

23.4 Represents unearned carrying charges on the outstanding balance of sales under the hire purchase arrangements. Earned carrying charges for the year amounted to Rs. 262.86 million (2019: Rs. 191.60 million).

23.5 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 0% to 64%.

24 Advances, deposits, prepayments and other receivables

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
<i>Advances - considered good</i>			
- Employees and executives	24.1	4,660	12,330
- Suppliers		9,678	9,966
- Expense to store		4,346	-
- Against letter of credit		37,825	52,180
		56,509	74,476
Short term deposits		36,763	29,026
Prepayments		5,891	8,159
<i>Other receivables</i>			
- Claims	24.2	9,020	2,648
- Sales tax refundable		-	33,585
		9,020	36,233
Loss allowances against other receivables	24.3	(2,342)	(2,342)
	24.4	<u>105,841</u>	<u>145,552</u>

24.1 At 31 December 2020, the advances due from executives amounted to Rs. Nil (2019: Rs.0.57 million). The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs.0.74 million (2019: Rs. 0.57 million).

24.2 This represents claims receivable from insurance companies, suppliers and product claims amounting to Rs. 3.57 million (2019: Rs. 2.64 million) against which provision of Rs. 2.34 million (2019: Rs. 2.34 million) is held.

	2020 (Rupees in '000)	2019 (Rupees in '000)
24.3 Movement in loss allowance against other receivables		
Balance as at 01 January	2,342	11,572
Reversal of loss allowance	-	(9,230)
Balance as at 31 December	<u>2,342</u>	<u>2,342</u>

24.4 All the above balances are interest free and unsecured.

25	Cash and bank balances	Note	2020 (Rupees in '000)	2019
	<i>Balances with banks</i>			
	- in current accounts	25.1	104,081	137,823
	Cash in hand		39,122	25,746
			<u>143,203</u>	<u>163,569</u>

25.1 These include bank account of Rs. 0.64 million (2019: Rs. 0.31) maintained under Shariah compliant arrangement.

26	Revenue - net		2020 (Rupees in '000)	2019
	<i>Sales</i>			
	- local		8,481,510	10,147,805
	- Hire purchase		1,846,461	1,647,813
	- export		24,075	18,160
	Sales return		(121,978)	(153,512)
			<u>10,230,068</u>	<u>11,660,266</u>
	Sales tax		(1,442,749)	(1,190,362)
	Trade discount		(261,838)	(985,930)
			<u>(1,704,587)</u>	<u>(2,176,292)</u>
	Revenue from contracts with customers		<u>8,525,481</u>	<u>9,483,974</u>

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

27	Cost of sales	Note	2020 (Rupees in '000)	2019
	<i>Opening stock - finished goods</i>			
	- own manufactured		1,028,119	1,076,713
	- purchased for resale		779,611	262,004
			<u>1,807,730</u>	<u>1,338,717</u>
	Purchases for resale		1,528,599	1,658,031
	Cost of goods manufactured	27.1	4,816,668	5,665,584
			<u>8,152,997</u>	<u>8,662,332</u>
	<i>Closing stock - finished goods</i>			
	- own manufactured		(879,061)	(1,028,119)
	- purchased for resale		(592,832)	(779,611)
			<u>(1,471,893)</u>	<u>(1,807,730)</u>
			<u>6,681,104</u>	<u>6,854,602</u>

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	Note	2020 (Rupees in '000)	2019
27.1 Cost of goods manufactured			
Raw and packing materials and stores consumed		4,139,758	5,018,674
Salaries, wages and other benefits	27.1.1	367,333	371,963
Depreciation on property, plant and equipment	19.1.4	158,758	134,887
Fuel and power		80,085	88,223
Freight charges		8,041	49,197
Insurance expense		10,966	7,636
Repairs and maintenance		21,539	22,740
Printing and stationery		17,801	15,248
Travelling and conveyance		1,241	3,562
Rent, rates and taxes		1,817	-
Communication		437	946
Entertainment		221	518
		4,807,997	5,713,594
Work-in-process			
Opening stock		212,851	164,841
Closing stock		(204,180)	(212,851)
		8,671	(48,010)
Cost of goods manufactured		4,816,668	5,665,584

27.1.1 These include provision / (reversal) of Rs. 1.64 million (2019: Rs. (7.63) million), Rs. (0.24) million (2019: Rs. (8.52) million) and Rs. 9.20 million (2019: Rs. 10.26 million) in respect of gratuity, pension and provident funds respectively.

	Note	2020 (Rupees in '000)	2019
28 Marketing, selling and distribution costs			
Salaries and benefits	28.1	445,181	405,919
Rent, rates and taxes		51,328	52,740
Publicity and sales promotion		87,660	120,651
Depreciation on property, plant and equipment	19.1.4	158,885	144,737
Warranty obligations		61,000	67,964
Utilities		19,365	27,678
Printing and stationery		4,866	8,154
Travelling and conveyance		36,337	48,313
Amortisation of intangible assets	20.3	30,740	30,740
Communication		6,003	5,835
Repair and maintenance		10,949	8,174
Insurance expense		6,107	4,037
Others		2,062	2,664
		920,483	927,606

28.1 These include provision / (reversal) of Rs. 3.77 million (2019: Rs. (2.44) million), Rs. (0.09) million (2019: Rs. (3.28) million) and Rs. 6.48 million (2019: Rs. 4.95 million) in respect of gratuity, pension and provident funds respectively.

	<i>Note</i>	2020 (Rupees in '000)	2019
29 Administrative expenses			
Salaries and benefits	29.1	278,454	280,766
Legal and professional charges		14,589	31,848
Auditors' remuneration	29.3	5,212	5,104
Depreciation on property, plant and equipment	19.1.4	70,090	49,502
Communication		15,593	16,345
Travelling and conveyance		15,604	17,889
Repair and maintenance		3,914	4,782
Utilities		9,945	13,607
Printing and stationery		5,768	9,209
Rent, rates and taxes		1,767	8,285
Insurance expense		9,378	13,953
Entertainment expense		3,719	3,670
Fees and subscription		10,967	5,693
Amortisation of intangible assets	20.3	14,390	9,693
Charity and donations	29.2	50	561
Others		1,576	4,503
		<u>461,016</u>	<u>475,410</u>

29.1 These include provision / (reversal) of Rs. 0.63 million (2019: Rs. (1.17) million), Rs. (0.36) million (2019: Rs. (1.31) million) and Rs. 6.91 million (2019: Rs. 3.53 million) in respect of gratuity, pension and provident funds respectively.

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

	2020 (Rupees in '000)	2019
29.3 Auditors' remuneration		
Audit fee	3,025	2,750
Audit fee for the financial statements of subsidiary companies	884	840
Fee for the review of interim financial information	466	424
Fee for the review of code of corporate governance and other certifications/ reports under agreed upon procedures	390	352
Out of pocket expenses	447	738
	<u>5,212</u>	<u>5,104</u>

	<i>Note</i>	2020	2019
30 Other expenses			
Loss allowance against debts	23.3	4,216	-
Workers' profits participation fund (WPPF)	13.3	14,530	32,313
Exchange loss - net		-	33,796
Research and development expenditure		5,613	4,097
Workers' welfare fund		5,522	9,243
Other expenses		12,790	5,799
		<u>42,671</u>	<u>85,248</u>

	Note	2020 (Rupees in '000)	2019
31 Other income			
<i><u>Income from financial assets</u></i>			
Profit on a profit and loss sharing bank balance		163	4
<i><u>Income from non-financial instruments</u></i>			
Gain on disposal of property, plant and equipment- net		7,853	1,940
Exchange gain - net		2,909	-
Reversal of loss allowance against trade debts	23.3	355,178	133,065
Liabilities no longer payable written back		61,512	9,062
Scrap sales		5,733	7,107
Amortisation of deferred income	11	15,533	6,117
Others		16,950	-
		465,668	157,291
		<u>465,831</u>	<u>157,295</u>
32 Finance costs			
<i>Islamic mode of financing</i>			
- Short term borrowings		33,794	49,507
<i>Interest / mark-up on interest / mark-up based loans</i>			
- Long term loans		236,632	183,524
- Short term borrowings		531,796	546,091
- Lease liabilities		56,469	62,229
Bank charges		21,004	26,499
		<u>879,695</u>	<u>867,850</u>
33 Taxation			
Current:			
- for the year	33.1	130,274	146,349
- prior year		(5,340)	-
		124,934	146,349
Deferred tax			
- for the year	12	(45,621)	96,960
- prior year		62,425	-
		16,804	96,960
		<u>141,738</u>	<u>243,309</u>

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33.1 Represents the tax charge under the final tax regime and 'Minimum Tax on Turnover' under section 113 of the Income Tax Ordinance, 2001 (2019: normal tax regime) under Group taxation as the Holding Company has opted for Group taxation.

33.2 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2020 (Rupees in '000)	2019
Profit before tax	<u>269,206</u>	<u>621,609</u>
Tax at the applicable tax rate of 29% (2019: 29%)	78,070	180,267
Tax effect of permanent differences:		
- Differential under normal tax and final / minimum tax regime	9,456	(17,604)
- Other permanent differences	15	(163)
Change in tax rate	-	55,188
Prior year tax charge	57,085	-
Others	<u>(2,888)</u>	<u>25,621</u>
	<u>141,738</u>	<u>243,309</u>

33.3 In prior years, the Group 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.

34 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:

		2020	2019
Profit for the year	<i>Rupees in '000</i>	<u>127,468</u>	<u>378,300</u>
Weighted average number of ordinary shares	<i>Shares</i>	<u>187,604</u>	<u>187,604</u>
Earnings per share - basic and diluted	<i>Rupees</i>	<u>0.68</u>	<u>2.02</u>

2020 2019
(Rupees in '000)

143,203 163,569
(1,214,797) (1,496,360)
(1,071,594) (1,332,791)

35 Cash and cash equivalents

35.1 Cash and cash equivalents as at 31 December

Cash and bank balances
Short term running finances under mark-up arrangements
- secured

35.2 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2020									
	Liabilities					Equity				
	Short term borrowings	Loan from sponsors	Long term loans	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total
Balance as at 01 January 2020	4,113,581	-	1,732,271	528,567	216,566	1,457	1,876,041	4,581,063	5,000	13,054,546
Cash flows										
Short term borrowings repaid net of receipts	122,934	-	-	-	-	-	-	-	-	122,934
Loan obtained from Directors	-	380,500	-	-	-	-	-	-	-	380,500
Dividend paid	-	-	-	-	-	(181)	-	-	-	(181)
Long term loans received	-	-	774,560	-	-	-	-	-	-	774,560
Finance cost paid	-	-	-	-	(917,845)	-	-	-	-	(917,845)
Repayment of lease rentals	-	-	-	(103,672)	-	-	-	-	-	(103,672)
	122,934	380,500	774,560	(103,672)	(917,845)	(181)	-	-	-	256,296
Non-cash changes										
Changes in running finance	(281,563)	-	-	-	-	-	-	-	-	(281,563)
Movement in lease liabilities	-	-	-	(66,441)	-	-	-	-	-	(66,441)
Finance cost	-	-	-	-	879,695	-	-	-	-	879,695
	(281,563)	-	-	(66,441)	879,695	-	-	-	-	531,691
Balance as at 31 December 2020	3,954,952	380,500	2,506,831	358,454	176,416	1,276	1,876,041	4,581,063	5,000	13,842,533

18/12/20

		2019									
		Liabilities					Equity				
		Short term borrowings	Long term finances	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total	
	Balance as at 01 January 2029	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 as fully paid bonus shares @ 15%	-	-	-	-	-	244,701	(244,701)	-	-	
	Dividend paid	-	(281,250)	-	-	(203,977)	-	-	-	(203,977)	
	Long term loans repaid	-	1,000,000	-	(748,622)	-	-	-	-	(281,250)	
	Long term loans received	-	-	-	-	-	-	-	-	1,000,000	
	Finance cost paid	-	-	(130,900)	-	-	-	-	-	(748,622)	
	Repayment of lease rentals	1,151,801	718,750	(130,900)	(748,622)	(203,977)	244,701	(244,701)	-	(130,900)	
										787,052	
	Non-cash changes										
	Changes in running finance	(33,506)	-	-	-	-	-	-	-	(33,506)	
	Dividend approved	-	-	-	-	203,917	-	-	-	203,917	
	Movement in lease liabilities	-	-	593,939	867,850	-	-	-	-	593,939	
	Finance cost	(33,506)	-	593,939	867,850	203,917	-	-	-	867,850	
										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	

36 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.

12/11/2019

37 Remuneration of Chief Executive, Directors And Executives

The aggregate amounts charged in the consolidated 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	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Managerial remuneration	16,036	20,175	13,100	18,549	92,638	79,269	121,774	117,993
Contribution to provident fund	1,908	991	1,052	1,769	6,816	5,807	9,776	8,567
Fuel reimbursable expenditure	-	-	-	-	-	240	-	240
Housing allowance	9,164	4,759	1,884	2,605	35,499	19,795	46,547	27,159
Medical Allowance	-	-	792	518	2,656	1,363	3,448	1,881
	27,108	25,925	16,828	23,441	137,609	106,474	181,545	155,840
Number of persons	1	1	2	2	45	53	48	56

37.1 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.

37.2 In addition, aggregate amount charged in the consolidated financial statements for payments on account of the meeting fee to two (2019: two) non-executive directors was Rs. 0.48 million (2019: Rs. 0.43 million).

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38 Related party transactions and balances

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	2020	2019
			(Rupees in '000)	
Associated Undertakings				
Poseidon Synergies (Private) Limited	Shareholding and common directorship	Repayment of loan during the year	-	35,000
Employee's Provident Fund	Post employee contribution plan	Contribution for the year	53,822	54,784
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the year	9,335	-
Employee's Pension Fund	Post employee benefit plan	Contribution for the year	-	(9,960)
Directors	Employees	Fee for meetings	840	280
		Car purchased from CEO	-	9,500
		Loan from sponsors	380,500	-

39 Plant capacity and actual production

	Capacity		Production	
	2020	2019	2020	2019
	----- (Units) -----		----- (Units) -----	
Refrigerators	125,000	125,000	93,559	109,387
Deep Freezer	115,000	115,000	71,949	104,628
Microwave ovens	60,000	60,000	5,128	132
Air conditioners	60,000	60,000	-	6,522
Washing Machines	40,000	40,000	13,937	9,722
Gas appliances (water heater and cooking range excluding microwave ovens)	20,000	25,000	9,544	11,198
Televisions	22,500	22,500	-	-
Water dispenser	20,000	20,000	-	-

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.

	Total employees	
	2020	2019
	(Number of persons)	
40 Number of employees		
Total number of employees as at 31 December	2,461	2,472
Average number of employees	2,525	2,668

Kaplan

41 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 of Directors is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of the risks.

Audit committee oversees how management monitors compliance with the Group's risk management policies and procedures. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. 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.

41.1 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.

41.1.1 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	
	2020	2019
	(Rupees in '000)	
Security deposits	57,617	55,414
Trade debts	5,884,716	4,246,625
Other receivables	6,678	300
Balances with banks	104,081	137,823
	<u>6,053,092</u>	<u>4,440,162</u>

41.1.2 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)	
	2020	2019
	(Rupees in '000)	
<i>Trade debts</i>		
- Retail	1,163,221	902,072
- Wholesale	4,721,495	3,344,553
<i>Security deposits</i>		
- individuals	52,091	50,041
- lease	5,526	5,373
Insurance company (claims)	6,678	300
Banks	104,081	137,823
	<u>6,053,092</u>	<u>4,440,162</u>

41.1.3 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.

41.1.3(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	2020 (Rupees in '000)	2019
AlBaraka Bank (Pakistan) Limited	PACRA	A1	A	1,144	3,121
Allied Bank Limited	PACRA	A1+	AAA	4,626	10,299
Askari Bank Limited	PACRA	A1+	AA+	2,487	2,394
Bank Alfalah Limited	PACRA	A1+	AA+	11,005	4,068
Bank Islami Pakistan Limited	PACRA	A1	A+	1	1
The Bank of Khyber	PACRA	A1	A	790	13,525
The Bank of Punjab	PACRA	A1+	AA	5,531	4,894
Dubai Islamic Bank Limited	R-VIS	A1+	AA	635	53
Faysal Bank Limited	JCR-VIS	A1+	AA	936	1,295
Finea Microfinance Bank Limited	JCR-VIS	A1	A	13,436	3,990
Habib Bank Limited	JCR-VIS	A1+	AAA	49,110	43,046
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	236	236
JS Bank Limited	PACRA	A1+	AA-	4	4
MCB Bank Limited	PACRA	A1+	AAA	4,642	4,028
Meezan Bank	JCR-VIS	A1+	AA+	5,627	918
National Bank Of Pakistan	PACRA	A1+	AAA	611	42,459
Silk Bank Limited	JCR-VIS	A2	A-	393	393
Soneri Bank Limited	PACRA	A1+	AA-	687	688
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	1,110	1,111
United Bank Limited	JCR-VIS	A1+	AAA	1,070	1,300
				104,081	137,823
Security Deposits					
The Bank of Punjab	PACRA	A1+	AA	209	209
Askari Bank Limited	PACRA	A1+	AA+	2,412	2,412
Sindh Leasing Company Limited	JCR-VIS	A+	A-1	2,905	2,752
				5,526	5,373
				109,607	143,196

41.1.3(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. 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:

	2020		2019	
	Gross ----- (Rupees in '000) -----	Impairment loss	Gross ----- (Rupees in '000) -----	Impairment loss
Not yet due	3,135,139	7,099	1,787,451	12,673
Past due 1 - 30 days	491,860	4,935	321,065	13,272
Past due 31 days - 90 days	1,223,150	15,955	651,433	25,166
Past due 91 - 180 days	989,483	29,356	1,307,694	88,249
Past due 181 - 360 days	329,056	12,014	555,384	89,086
Past due by more than 1 year	387,256	384,947	569,483	576,822
Total	6,555,944	454,306	5,192,510	805,268

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.

41.3 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.

41.3.1 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.

41.3.1(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:

		2020	2019	2020	2019
				(Rupees in '000)	
Trade creditors	(USD in '000)	<u>6,144</u>	<u>859</u>	<u>981,996</u>	<u>133,274</u>
Trade creditors	(Euro in '000)	<u>42</u>	<u>-</u>	<u>8,259</u>	<u>-</u>

Following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2020	2019	2020	2019
USD to PKR	<u>161.62</u>	<u>150.00</u>	<u>159.83</u>	<u>155.15</u>
EUR to PKR	<u>184.39</u>	<u>168.02</u>	<u>196.64</u>	<u>174.00</u>

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.

	2020	2019
	(Rupees in '000)	
Effect on statement of profit or loss	<u>99,025</u>	<u>13,327</u>

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.

41.3.2 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.

41.3.2(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.

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

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

	2020		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing / fixed rate financial instruments
	(Rupees in '000)		
<u>Financial assets</u>			
Security deposits	57,617	-	57,617
Trade debts	5,884,716	-	5,884,716
Other receivables	6,678	-	6,678
Cash and bank balances	143,203	-	143,203
	6,092,214	-	6,092,214
<u>Financial liabilities</u>			
Long term loans - secured	(2,506,831)	(2,506,831)	-
Lease liabilities	(358,454)	(358,454)	-
Employee retirement benefit	(38,610)	-	(38,610)
Trade and other payables	(1,269,883)	-	(1,269,883)
Mark-up accrued on borrowings	(178,416)	-	(178,416)
Short term borrowings - secured and unsecured	(3,954,952)	(3,954,952)	-
Loan from sponsors	(380,500)	-	(380,500)
	(8,687,646)	(6,820,237)	(1,867,409)
	<u>(2,595,432)</u>	<u>(6,820,237)</u>	<u>4,224,805</u>
2019			
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing financial instruments
	(Rupees in '000)		
<u>Financial assets</u>			
Security deposits	55,414	-	55,414
Trade debts	4,246,625	-	4,246,625
Other receivables	300	-	300
Cash and bank balance	163,569	-	163,569
	4,465,908	-	4,465,908
<u>Financial liabilities</u>			
Long term loans - secured	(1,732,271)	(1,732,271)	-
Lease liabilities	(127,563)	(127,563)	-
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)	-
	(7,722,020)	(5,973,415)	(1,748,605)
	<u>(3,256,112)</u>	<u>(5,973,415)</u>	<u>2,717,303</u>

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

	2020	2019
	Percentage	
<u>Financial liabilities</u>		
Long term loans - secured	3% to 16.75%	12.60% to 16.86%
Lease liabilities	9.17% to 16.50%	11.00% to 17.09%
Short term borrowings - secured and unsecured	8.81% to 18.55%	10.56% to 18.54%

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 68.20 million (2019: Rs. 59.73 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

41.3.3 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.

41.4 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).

41.4.1 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 2020					
	Carrying Amount		Fair value			
	Financial assets at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)					
<u>Financial assets - amortised cost</u>						
Security deposits	57,617	-	57,617	-	-	-
Trade debts	5,884,716	-	5,884,716	-	-	-
Other receivables	6,678	-	6,678	-	-	-
Cash and Bank balances	143,203	-	143,203	-	-	-
	6,092,214	-	6,092,214	-	-	-
<u>Financial liabilities - amortised cost</u>						
Long term loans - secured	-	2,506,831	2,506,831	-	-	-
Lease liabilities	-	358,454	358,454	-	-	-
Employee retirement benefit	-	38,610	38,610	-	-	-
Trade and other payables	-	1,269,883	1,269,883	-	-	-
Mark-up accrued on borrowings	-	178,416	178,416	-	-	-
Short term borrowings - secured and unsecured	-	3,954,952	3,954,952	-	-	-
Loan from sponsors	-	380,500	380,500	-	-	-
	-	8,687,646	8,687,646	-	-	-

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42 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:

	2020	2019
	(Rupees in '000)	
Total debt	6,928,917	5,912,652
Total equity and debt	15,389,341	14,252,651
Debt to equity ratio	45%	41%

The Group is not subject to externally imposed capital requirements.

43 Events after the reporting date

The Board of Directors in their meeting held on 19 March 2021 have proposed a final cash dividend for the year ended 31 December 2020 of Rs. NIL per share (2019: Rs. NIL per share), amounting to Rs. NIL million (2019: NIL) for approval of the members at the Annual General Meeting to be held on 23 APR 2021.

44 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.

45 Date of authorization of issue

These consolidated financial statements were authorized for issue by the Board of Directors in their meeting held on 19 MAR 2021.

Handwritten signature

Lahore


Director


Chief Executive Officer


Chief Financial Officer

WSPL Standalone FS 2020

Auditors' Report to the Members



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Chartered Accountants
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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 2020, 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 2020 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.

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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Impairment of intangible assets</p> <p>Refer to note 4.2 and 20 to the unconsolidated financial statements.</p> <p>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.</p> <p>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.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> 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; discussing with the Company's management key assumptions used in valuation model and testing the mathematical accuracy of the model; 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; comparing the recoverable amount with the goodwill and intangible assets recognized to identify impairment, if any; and assessing the adequacy of disclosure made in the unconsolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.
2.	<p>Sales</p> <p>Refer to note 4.12 and 28 to the unconsolidated financial statements.</p> <p>The Company principally generates sales from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same.</p> <p>We identified sales as a key audit matter because it is one of the key performance indicator of the Company and gives rise to a risk that sale may be recognized without transferring of control.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls; assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the policy with applicable accounting and reporting standards; comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery challans and other relevant underlying documents;

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S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> • 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 • 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.

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 2020, 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.

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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.

KPMG



KPMG Taseer Hadi & Co.

Report on Other Legal and Regulatory Requirements

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

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

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

Lahore

Date: 30 March 2021

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

Waves Singer Pakistan Limited
Unconsolidated Statement of Financial Position
As at 31 December 2020

ASSETS	Note	2020		2019	
		— (Rupees in '000) —		— (Rupees in '000) —	
EQUITY AND LIABILITIES					
Share Capital and Reserves					
Authorised capital 300,000,000 (2019: 200,000,000) ordinary shares of Rs. 10 each	5	3,000,000	2,000,000		
Issued, subscribed and paid-up capital	5	1,876,041	1,876,041		4,969,474
Share premium reserve	6	4,581,063	4,581,063		2,937,561
Capital reserve		5,000	5,000		220,500
Revenue reserve - <i>unappropriated profit</i>		1,939,444	1,815,124		501,000
Surplus on revaluation of property, plant and equipment - <i>net of tax</i>	7	385,086	406,712		3,388
		8,786,634	8,683,940		8,561
					8,585,382
					8,640,484
Non-current liabilities					
Long term loans - <i>secured</i>	8	2,006,474	1,417,271		33,763
Lease liabilities	9	25,885	141,565		2,432,213
- <i>Building under right of use - unsecured</i>	9	41,377	38,255		5,482,315
- <i>Other assets under right of use - secured</i>	10	19,666	23,088		
Employee retirement benefits	11	20,872	15,575		576,274
Deferred income	12	233,915	247,943		187,395
Deferred tax liability - <i>net</i>					94,219
		2,338,189	1,883,697		8,806,179
					8,066,936
Current liabilities					
Trade and other payables	13	1,210,835	1,404,203		37,708
Mark-up accrued on borrowings	14	178,416	216,566		2,940,985
Short term borrowings - <i>secured</i>	15	3,954,952	4,113,581		7,239,794
Loan from sponsors - <i>unsecured</i>	16	380,500	-		1,280,558
Unpaid dividend		1,276	1,457		451,547
Current portion of long term liabilities	17	540,759	403,976		116,344
		6,266,738	6,139,783		
Contingencies and commitments	18				
		17,391,561	16,707,420		

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

WSP

Lahore


Chief Executive Officer


Chief Financial Officer

Waves Singer Pakistan Limited
 Unconsolidated Statement of Profit or Loss
 For the year ended 31 December 2020

	Note	2020 ---- (Rupees in '000) ----	2019
Revenue		8,189,451	10,069,010
Sales tax and trade discount on invoices		(1,484,654)	(3,250,604)
Revenue - net	28	6,704,797	6,818,406
Cost of sales	29	(5,243,327)	(5,953,268)
Gross profit		1,461,470	865,138
Marketing, selling and distribution costs	30	(461,750)	(288,824)
Administrative expenses	31	(306,901)	(195,144)
Other expenses	32	(42,671)	(146,728)
Other income	33	375,678	953,190
		(435,644)	322,494
Profit from operations		1,025,826	1,187,632
Finance cost	34	(848,730)	(826,298)
Profit before taxation		177,096	361,334
Taxation	35	(67,259)	(101,249)
Profit for the year		109,837	260,085
Earnings per share - basic and diluted (Rupees)	36	0.59	1.39

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

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Lahore


 Director


 Chief Executive Officer


 Chief Financial Officer

Waves Singer Pakistan Limited
 Unconsolidated Statement of Comprehensive Income
 For the year ended 31 December 2020

	2020 (Rupees in '000)	2019
Profit for the year	109,837	260,085
<u>Other comprehensive (loss) / income</u>		
<i>Items that will not be reclassified to profit or loss:</i>		
- Surplus on revaluation of property, plant and equipment	-	355,409
- Related deferred tax on surplus	-	(100,866)
- Actuarial loss on employee retirement benefits	(7,143)	(2,070)
	(7,143)	252,473
Total comprehensive income for the year	102,694	512,558

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

KPMG

Lahore


 Director


 Chief Executive Officer


 Chief Financial Officer

Waves Singer Pakistan Limited
 Unconsolidated Statement of Changes in Equity
 For the year ended 31 December 2020

	Capital reserves			Revenue Reserve	Total	
	Issued, subscribed and paid-up capital	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 2019	1,631,340	4,825,764	5,000	158,525	1,754,670	8,375,299
<u>Total comprehensive income for the year</u>						
Profit after taxation	-	-	-	-	260,085	260,085
<u>Other comprehensive income for the year</u>						
Remeasurement of defined benefit obligation	-	-	-	-	(2,070)	(2,070)
Surplus on revaluation of property plant and equipment	-	-	-	355,409	-	355,409
Related deferred tax on revaluation surplus	-	-	-	(100,866)	-	(100,866)
	-	-	-	254,543	258,015	512,558
<u>Surplus transferred to accumulated profits</u>						
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	-
<u>Transactions with owners of the Company</u>						
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
<u>Total comprehensive income for the year</u>						
Profit after taxation	-	-	-	-	109,837	109,837
<u>Other comprehensive loss for the year</u>						
Remeasurement of defined benefit obligation	-	-	-	-	(7,143)	(7,143)
	-	-	-	-	102,694	102,694
<u>Surplus transferred to accumulated profits</u>						
Incremental depreciation relating to surplus on revaluation - not of tax	-	-	-	(21,626)	21,626	-
Balance as at 31 December 2020	1,876,041	4,581,063	5,000	385,086	1,939,444	8,786,634

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

WSP

Lahore


 Director


 Chief Executive Officer


 Chief Financial Officer

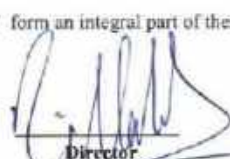
Waves Singer Pakistan Limited
Unconsolidated Statement of Cash Flows
For the year ended 31 December 2020

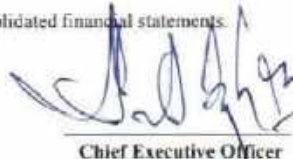
	Note	2020 (Rupees in '000)	2019
<u>Cash flows from operating activities</u>			
Profit before taxation		177,096	361,334
<u>Adjustments for non-cash items:</u>			
Depreciation on property, plant and equipment	19.1.4	290,578	227,191
Fair value gain on investment property		(82,980)	-
Amortisation of intangible asset	20.3	43,836	24,441
Finance costs	34	848,730	826,298
Gain on sale of property, plant and equipment		(19,113)	(1,940)
Workers' Profit Participation Fund		14,530	32,313
Amortisation of deferred income		(15,533)	(6,117)
Liabilities no longer payable written back		(55,167)	(9,062)
Impairment of investment in subsidiary		-	61,480
Loss allowance against trade debts		4,216	-
Provision for employee retirement benefits - net		2,158	(24,850)
Dividend income from subsidiary Company		-	(660,000)
Profit before working capital changes		1,208,351	831,088
<u>Effect on cash flows due to working capital changes</u>			
<u>(Increase) / decrease in current assets</u>			
Stores, spares and loose tools		3,945	(6,673)
Stock-in-trade		508,772	50,325
Trade debts		(2,246,737)	(1,257,023)
Advances, deposits, prepayments and other receivables		404,284	81,587
(Decrease) / increase in trade and other payables		(120,418)	(276,981)
		(1,450,154)	(1,408,765)
Cash generated used in operations		(241,803)	(577,677)
Income tax - net		172,865	(31,346)
Workers' Profit Participation Fund paid		(32,313)	(27,331)
Employee retirement benefits paid		(9,335)	9,960
Long term deposits - net		(153)	(4,382)
Net cash used in operating activities		(110,739)	(630,776)
<u>Cash flows from investing activities</u>			
Capital expenditure		(279,487)	(343,934)
Proceeds from disposal of property, plant and equipment		24,423	24,023
Investment in subsidiary company		-	(250,000)
Dividend received from subsidiary Company		300,000	360,000
Net cash generated from / (used in) investing activities		44,936	(209,911)
<u>Cash flows from financing activities</u>			
Long term loans received		774,560	1,000,000
Long term loans repaid		-	(281,250)
Loan from sponsors - unsecured		380,500	-
Lease rentals paid		(65,692)	(59,627)
Finance costs paid		(886,880)	(707,070)
Dividend paid		(181)	(203,977)
Short term finances availed - net		122,934	1,151,801
Net cash generated from financing activities		325,241	899,877
Net increase in cash and cash equivalents		259,438	59,190
Cash and cash equivalents at beginning of the year		(1,380,016)	(1,439,206)
Cash and cash equivalents at end of the year		(1,120,578)	(1,380,016)

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

KHML

Lahore


Director


Chief Executive Officer


Chief Financial Officer

Waves Singer Pakistan Limited
Notes to the Unconsolidated Financial Statements
For the year ended 31 December 2020

1 Status and nature of business

1.1 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.

1.2 On 11 March 2020, Covid-19 (Coronavirus) was declared a pandemic by the World Health Organization. The spread of coronavirus as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the production and sale volumes of the Company during the lock down period. However, as per relaxation given by Authorities, the Company resumed its operations on 11 May 2020 with all precautionary measures to prevent the pandemic spread. There is no material financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses except for the decrease in sales volume in the months of April and May 2020.

1.3 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.

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:

	2020	2019
	(Direct holding percentage)	
Name of subsidiary companies		
- Waves Marketing (Private) Limited	100	100
- Electronics Marketing Company (Private) Limited	100	100

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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 employee retirement benefits and lease liabilities as referred to in note 10 and 9 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

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:

	<i>Note</i>
- Residual value, market values and useful lives of property, plant and equipment	4.1
- Estimate of useful lives and recoverable amount of intangible assets and goodwill	4.2
- Investment property	4.4
- Provision for employee retirement benefit plans	4.5
- Stock in trade and stores and spares and loose tools at net realisable value / net of impairment losses	4.6 & 4.7
- Provisions	4.11
- Taxation	4.15
- Impairment of financial and non-financial assets	4.19

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4 Significant Accounting Policies

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

4.1 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 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

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 19.1 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.

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4.2 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 acquire. 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 20.1 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

The Company assesses at each reporting date whether there are any indications that the intangible assets may be impaired. If such indications exists then the recoverable amount is determined. (Refer note 4.19 for impairment of non-financial assets).

4.3 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.

4.4 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.

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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.

4.5 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 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.

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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.

4.6 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.

4.7 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.

4.8 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'.

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4.9 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, and deposits held with banks having 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.

4.10 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 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.

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

4.12 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.

4.13 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

4.14 Contract liabilities

A contract liability is the obligation of the Company to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract. It also includes refund liabilities arising out of customers' right to claim amounts from the Company on account of contractual delays in delivery of performance obligations and incentive on target achievements.

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4.15 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.

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.

Current taxation

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.

Deferred taxation

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.

4.16 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.

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4.17 Financial instruments

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.

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 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 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.

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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 features).

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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, loan from sponsors, lease liabilities, accrued markup and dividend payable.

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 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.

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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.

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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.

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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 Deferred income

Grant in aid

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.

Government grant

The Group recognizes the benefit of a government loan at a below-market rate of interest as Government grant. The benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received and is presented as deferred grant. The recognition of government grants in profit or loss is done on a systematic basis over the periods in which the expenses for which the grants are intended to compensate.

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 note 19.1 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 its 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.

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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 Company and its subsidiaries.

4.27 Standards, interpretations and amendments to published approved International Financial Reporting Standards that are not yet effective

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 2021:

- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 01 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

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- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 01 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
 - Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
 - Annual Improvements to IFRS standards 2018-2020:

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf, when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

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- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 01 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 01 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.

- Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) - In response to concerns regarding temporary accounting mismatches and volatility, and increased costs and complexity, the Board issued amendments to IFRS 4 Insurance Contracts in 2017. The two optional solutions raised some considerations which required detailed analysis and management judgement. On the issue of IFRS 17 (Revised) Insurance Contracts in June 2020, the end date for applying the two options under the IFRS 4 amendments was extended to 01 January 2023, aligned with the effective date of IFRS 17.

- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 01 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 January 2021 and are not likely to have an impact on Company's financial statements.

12/11/21

5	Share capital	Note	2020	2019	2020	2019
			(Number of shares)		(Rupees in '000)	

5.1	Authorized share capital	5.1.1	<u>300,000,000</u>	<u>200,000,000</u>	<u>3,000,000</u>	<u>2,000,000</u>
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5.1.1 During the year, the Company has increased its authorized share capital by 100,000,000 shares. The authorized share capital thus stands enhanced at Rs. 3,000 million, divided into 300,000,000 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

	Note	2020	2019	2020	2019
		(Number of shares)		(Rupees in '000)	

Fully paid-up ordinary shares of Rs. 10 each

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	78,988,759	789,888	789,888
Issued under scheme of amalgamation	5.5	<u>96,450,000</u>	<u>96,450,000</u>	<u>964,500</u>	<u>964,500</u>
		<u>187,604,060</u>	<u>187,604,060</u>	<u>1,876,041</u>	<u>1,876,041</u>

5.3 Reconciliation of ordinary shares

Balance as at 01 January		187,604,060	163,133,965	1,876,041	1,631,340
Ordinary shares issued as fully paid bonus shares		-	24,470,095	-	244,701
Balance as at 31 December		<u>187,604,060</u>	<u>187,604,060</u>	<u>1,876,041</u>	<u>1,876,041</u>

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

	2020	2019	2020	2019
	(Percentage held)		(Number of shares)	
*Poseidon Synergies (Private) Limited	5.69%	6.00%	10,680,183	11,253,183

Chief Executive Officer and his spouse and dependent children

- Haroon Ahmad Khan (CEO)	38.32%	38.32%	71,893,524	71,893,524
- Nighat Haroon Khan (Wife of CEO)	10.99%	15.64%	20,617,274	29,346,274
- Dependent children of CEO	0.00%	1.66%	-	3,107,875
	<u>55.00%</u>	<u>61.62%</u>	<u>103,190,981</u>	<u>115,600,856</u>

* 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 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.

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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.

	<i>Note</i>	2020 (Rupees in '000)	2019
7 Surplus on revaluation of property, plant and equipment - net of tax			
Revaluation surplus - as on 01 January		508,942	160,123
Surplus on revaluation arisen during the year		-	355,409
Surplus on sale of investment property transferred to retained earnings		-	(6,441)
Incremental depreciation transferred to equity		<u>(29,789)</u>	<u>(149)</u>
		479,153	508,942
Deferred tax liability - as on 01 January		(102,230)	(1,598)
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
Tax effect on transfer of incremental depreciation to retained earnings		8,163	42
Deferred tax liability		(94,067)	(102,230)
	<i>7.1 & 7.2</i>	<u>385,086</u>	<u>406,712</u>

7.1 This includes balance of Rs. 149.97 million (2019: 149.97 million) representing surplus on revaluation of buildings prior to their classification as investment property. Balance as at 31 December includes surplus related to building on freehold land of Rs. 151.45 million (2019: Rs. 151.49 million) and plant and machinery of Rs. 234.11 million (2019: Rs. 255.22).

7.2 The Company revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017 and 2019. The 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.

WSPN

2020
(Rupees in '000)

2019
(Rupees in '000)

8 Long term loans - Secured

Long term loans - Banking Companies
Long term loans - Non-banking Companies
Less: Deferred grant
Less: Current maturity presented under current liabilities

8.1	1,397,897	805,708
8.2	1,108,934	926,563
8.3	(36,227)	-
17	(464,130)	(315,000)
	<u>2,086,474</u>	<u>1,417,271</u>

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

Bank Name	Facility	2020 Rupees	2019 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Sindh Bank Limited	Term Finance	405,708	405,708	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in 5 semi-annually instalments ending on 16 September 2023 after availing deferment of 18 months as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 1,267 million on present and future fixed assets of the Company, exclusive charge of Rs. 300 million on owned shops 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.
The Bank of Punjab	Term Finance	394,723	-	3 Months KIBOR plus 2.75% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 8 quarterly instalments ending on 27 August 2023.	This facility is secured by way of joint pari passu charge of Rs. 527 million on present and future fixed assets of the Company. This facility has been obtained to meet long term working capital requirements of the Company.
The Bank of Khyber - note 8.3	SBP Salary Refinance Scheme	197,466	-	SBP rate plus 3% per annum, payable quarterly.	Balance payable after expiry of 6 months grace period in 8 quarterly instalments ending on 31 December 2022.	This facility is secured by way of ranking charge of Rs. 264 million over present and future fixed assets of the Company.
Dubai Islamic Bank Limited	Term Finance	400,000	400,000	3 Months KIBOR plus 2% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 16 quarterly instalments ending on 08 October 2025 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint 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.

1,397,897

805,708

Khush

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

Bank Name	Facility	2020 Rupees	2019 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Pak Brunei Investment Company Limited	Term Finance	326,563	326,563	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in 11 quarterly instalments ending on 30 August 2023 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 475 million on present and future fixed assets of the Company, ranking charge of Rs. 475 million on current 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.
Pak Oman Investment Company Limited	Term Finance	300,000	300,000	3 Months KIBOR plus 2.5% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 16 quarterly instalments ending on 06 September 2025 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 400 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 CAPEX for shifting of existing manufacturing unit to new place.
Pak Libya Investment Company Limited - note 8.3	SBP Salary Refinance Scheme	182,371	-	SBP rate plus 3% per annum, payable quarterly.	Balance payable after expiry of 6 months grace period in 8 quarterly instalments ending on 01 October 2022.	This facility is secured by way of joint pari passu charge of Rs. 264 million on present and future fixed assets of the Company.
Pak Libya Investment Company Limited	Term Finance	300,000	300,000	6 Months KIBOR plus 2.5% per annum, payable quarterly.	Balance payable after expiry of 12 months grace period in 20 quarterly instalments ending on 05 July 2026 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 400 million on present and future fixed assets of the Company and personal guarantees of the sponsor of the Company. This facility has been obtained to finance the expansion of production facility.
		1,108,934	926,563			

8.3 State Bank of Pakistan introduced a 'Refinance Scheme for payment of wages and salaries (RFWS Scheme)' to support the companies in payment of salaries during COVID-19 pandemic. Under this scheme, the Company has availed financing of Rs. 197.46 million and Rs. 182.37 million from Bank of Khyber and Pak Libya Holding Company (Private) Limited respectively. Loans obtained were utilized against salaries for the months from April 2020 to September 2020. These facilities have been recognized at fair value under IFRS-9 using an effective rate of interest of 9.76%, difference being recorded as deferred grant in accordance with IAS 20.

8.4 State Bank of Pakistan introduced a 'Regulation R-8, Rescheduling / Restructuring of Financing Facilities' to relieve the stress on the corporate / commercial sector arising due to COVID-19 pandemic situation. Under this scheme, the financial institutions have deferred repayment of principal loan amounting to Rs. 1,732 million by 12 to 18 month, provided that the Company will continue to service the mark-up amount as per agreed terms and conditions. As a result of this, these loans are repayable starting latest from 28 February 2021.

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

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9 Lease liabilities	Note	2020	2019
		(Rupees in '000)	
Building under right of use - <i>unsecured</i>	9.1	61,495	196,348
Other assets under right of use - <i>secured</i>	9.2	61,351	66,800
		122,846	263,148
Current maturity		(55,584)	(83,328)
		<u>67,262</u>	<u>179,820</u>

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

9.1 Building under right of use - *unsecured*

	2020			2019		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	41,462	5,852	35,610	75,633	20,850	54,783
Later than one year and not later than five years	28,978	3,093	25,885	194,582	53,017	141,565
	<u>70,440</u>	<u>8,945</u>	<u>61,495</u>	<u>270,215</u>	<u>73,867</u>	<u>196,348</u>

The Company has recognized lease buildings on account of warehouses rented out to the Company. The remaining tenure of contracts ranges from 23 to 120 month payable monthly, quarterly and annually. Lease liability is calculated at discount rate ranging from 12.01% to 15.36%.

9.2 Other assets under right of use - *secured*

	2020			2019		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	24,801	4,827	19,974	37,737	9,192	28,545
Later than one year and not later than five years	46,160	4,783	41,377	44,948	6,693	38,255
	<u>70,961</u>	<u>9,610</u>	<u>61,351</u>	<u>82,685</u>	<u>15,885</u>	<u>66,800</u>

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 3% per annum (2019: 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 9.17% to 16.50% (2019: 8.43% to 14.09%) per annum.

During the current year, the Company entered into lease arrangements of assets amounting to Rs. 4.75 million. These obligations are payable in monthly installments Rs. 0.03 million to Rs. 0.08 million and carry a mark up rate at 3 month KIBOR + 2.5% per annum.

10 Employee retirement benefits	Note	2020	2019
		(Rupees in '000)	
<i>Classified under non-current assets</i>			
<i>Employee retirement benefits</i>			
- Pension fund	10.2	-	(3,388)
<i>Classified under non-current liabilities</i>			
<i>Employee retirement benefits - obligation</i>			
- Gratuity fund - permanent employees	10.2	16,311	23,088
- Pension fund	10.2	3,355	-
		<u>19,666</u>	<u>23,088</u>

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- 10.1 Pension scheme is available to 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 frozen at the level that existed as at 31 May 2019.

The details of employee retirement benefits based on actuarial valuations carried out by an independent actuary as at 31 December 2020 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	
	2020	2019	2020	2019
Note	(%)	(%)	(%)	(%)
1) Discount rate per annum	9.75	11.25	9.75	11.25
2) Expected per annum rate of increase in future salaries	Nil	Nil	-	-
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

Present value of defined benefit obligation	10.4	68,528	63,394	16,757	25,043
Fair value of plan assets	10.5	(65,173)	(66,782)	(446)	(1,955)
Liability / (asset) on the reporting date	10.3	3,355	(3,388)	16,311	23,088

10.3 Movement in net defined benefit liability recognised in statement of financial position

Net (asset) / liability as at 01 January		(3,388)	(9,960)	23,088	42,480
Income / cost recognised in profit or loss for the year	10.6	(361)	(13,109)	2,519	(11,741)
Refund / (contribution) during the year		-	9,960	(9,335)	-
Total amount of remeasurements recognised in other comprehensive income (OCI) - actuarial loss / (gain)	10.7	7,104	9,721	39	(7,651)
Net liability / (asset) as at 31 December		3,355	(3,388)	16,311	23,088

10.4 Movement in present value of defined benefit obligations

Liability for defined benefit obligation at 01 January		63,394	69,324	25,043	47,178
Benefits paid		(7,331)	(6,933)	(10,892)	(3,181)
Current service cost		-	3,184	-	3,912
Past service cost		-	(15,053)	-	(21,032)
Interest cost		6,536	9,144	2,714	6,011
Re-measurements - actuarial loss / (gain) on obligation					
- Change in financial assumptions		6,508	9,932	966	1,525
- Change in experience adjustments		(579)	(6,204)	(1,074)	(9,370)
Liability for defined benefit obligation at 31 December		68,528	63,394	16,757	25,043

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	Pension Fund		Gratuity	
	2020	2019	Permanent employees	
	2020	2019	2020	2019
<i>Note</i> ----- (Rupees in '000) -----				
10.4.1 Analysis of present value of defined benefit obligation				
<i>Vested / non-vested</i>				
- Vested Benefits	-	-	16,757	25,043
- Non Vested Benefits	-	-	-	-
	-	-	16,757	25,043
<i>Benefit obligation by participant status/ cadre</i>				
- Active / Management	14,086	16,768	-	-
- Retirees / Union	54,442	46,626	-	-
	68,528	63,394	-	-
<i>Type of benefits earned to date</i>				
- Accumulated benefit obligation	68,528	63,394	16,757	25,043
- Amounts attributed to future salary increase	-	-	-	-
	68,528	63,394	16,757	25,043
10.5 Movements in the fair value of plan assets				
Fair value of plan assets - at 01 January	66,782	79,284	1,955	4,698
(Refund) / contribution during the year	-	(9,960)	9,335	-
Benefits paid	(7,331)	(6,933)	(10,892)	(3,181)
Expected return on plan assets	6,897	10,384	195	632
<i>Re-measurements on assets - actuarial loss</i>				
- Change in experience adjustments	(1,175)	(5,993)	(147)	(194)
Fair value of plan assets - at 31 December	65,173	66,782	446	1,955
10.6 Expense recognised in statement of profit or loss				
Current service cost	-	3,184	-	3,912
Past service cost	-	(15,053)	-	(21,032)
Interest cost net of expected return on plan assets	(361)	(1,240)	2,519	5,379
	(361)	(13,109)	2,519	(11,741)
The expense is recognised in the following line items in the statement of profit or loss:				
Cost of sales	(235)	(8,521)	1,637	(7,632)
Marketing, selling and distribution costs	(90)	(3,277)	252	(2,935)
Administrative expenses	(36)	(1,311)	630	(1,174)
	(361)	(13,109)	2,519	(11,741)
10.7 Actuarial loss / (gain) recognised in other comprehensive income during the year				
Actuarial loss / (gain) on obligation	5,929	3,728	(108)	(7,845)
Actuarial loss on plan assets	1,175	5,993	147	194
Total actuarial loss / (gain) recognised in OCI	7,104	9,721	39	(7,651)
Net actuarial loss on pension fund and funded gratuity amounts to Rs. 7.14 million (2019: Rs. 2.07) million) which has been taken to other comprehensive income.				
10.8 Return on plan assets				
Actual return on plan assets	5,722	4,391	48	438

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	Pension Fund		Gratuity	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
	24,703	22,656	446	1,955
	-	23,797	-	-
	-	-	-	-
	-	-	-	-
	40,470	20,329	-	-
	65,173	66,782	446	1,955

10.9 Composition of plan assets

Cash and cash equivalents
Debt instruments - Government Bonds / Securities
i) Pakistan Investment Bonds
ii) Special Savings Certificates
iii) Treasury Bills
v) Term Deposit Receipts
Total fair value of plan assets

10.10 Historical information

	31 December			
	2020	2019	2018	2017
	----- (Rupees in '000) -----			
	68,528	63,394	69,324	90,115
	(65,173)	(66,782)	(79,284)	(84,402)
	3,355	(3,388)	(9,960)	5,713
	6,508	9,932	(23,496)	(1,602)
	(579)	(6,204)	(653)	9,633
	(1,175)	(5,993)	(4,437)	256
				4,257
				(1,488)
				2,102
				80,268
				(61,782)
				18,486

Pension Fund

Present value of the defined benefit obligation
Fair value of plan assets
(Surplus) / deficit in the plan
Financial assumptions arising on plan liabilities
Experience adjustments arising on plan liabilities
Experience adjustments arising on plan assets

Gratuity - fund

Present value of the defined benefit obligation
Fair value of plan assets
Deficit in the plan
Financial assumptions arising on plan liabilities
Experience adjustments arising on plan liabilities
Experience adjustments arising on plan assets

10/10/20

10.11 Sensitivity analysis on significant actuarial assumptions

	31 December 2020			
	Change in assumption	Pension		Gratuity
		Increase in assumption	Decrease in assumption	Increase in assumption
Discount rate	0.5%	71,004	16,422	17,105
Salary increases	0.5%	-	-	-

The weighted average of plan duration for pension is 6.98 years (2019: 6.52 years) while for funded gratuity is 4.08 years (2019: 3.26 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) -----					
	3,846	7,846	8,067	7,944	7,808	36,866
	4,114	2,411	2,896	1,024	2,232	10,294
	7,960	10,257	10,963	8,968	10,040	47,160

Distribution of timing of benefit payments

- Pension	7,808
- Gratuity-fund	10,040
	17,848

10.13 Expected charge to statement of profit or loss for post employment funded gratuity and pension plans for the year ending 31 December 2021 are Rs. 0.31 million and Rs. 1.55 million respectively.

	Pension	Gratuity permanent staff
	34	37

10.14 Number of employees covered in the scheme

16/11/21

11	Deferred income	Note	2020 (Rupees in '000)	2019
	Sale and lease back	11.1	2,304	5,610
	Grant in aid	11.2	8,368	9,965
	Government grant	11.3	10,200	-
			<u>20,872</u>	<u>15,575</u>

11.1 Sale and lease back

Details of the movement in the balance

Gross balance:

Balance as at 01 January		36,576	36,576
Balance at 31 December		36,576	36,576

Accumulated amortization:

Balance as at 01 January		(26,479)	(21,523)
Amortization for the year	33	(4,487)	(4,956)
Balance at 31 December		(30,966)	(26,479)

Carrying amount:

Balance at 31 December		5,610	10,097
Current portion of deferred income	17	(3,306)	(4,487)
Balance as at 31 December	11.1.1	<u>2,304</u>	<u>5,610</u>

- 11.1.1 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.

11.2	Grant in aid	Note	2020 (Rupees in '000)	2019
	Gross balance:			
	Balance as at 01 January		13,953	13,953
	Balance at 31 December		13,953	13,953
	Accumulated amortization:			
	Balance as at 01 January		(2,827)	(1,666)
	Amortization for the year	33	(1,379)	(1,161)
	Balance at 31 December		(4,206)	(2,827)
	Carrying amount:			
	Balance at 31 December		9,747	11,126
	Current portion	17	(1,379)	(1,161)
	Balance as at 31 December	11.2.1	<u>8,368</u>	<u>9,965</u>

- 11.2.1 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.

11.3	Government grant	Note	2020 (Rupees in '000)	2019
	Balance as at 01 January		-	-
	Recognized during the year	8	36,227	-
	Amortization during the year	33	(9,667)	-
	Unamortized balance of deferred grant		26,560	-
	Current maturity	17	(16,360)	-
	Balance as at 31 December 2020	11.3.1	<u>10,200</u>	<u>-</u>

- 11.3.1 State Bank of Pakistan introduced a 'Refinance Scheme for payment of wages and salaries (RFWS Scheme)' to support the companies in payment of salaries during COVID-19 pandemic. Under this scheme, the Company has availed financing of Rs. 197.46 million and Rs. 182.37 million from Bank of Khyber and Pak Libya Holding Company (Private) Limited respectively. Loans obtained were utilized against salaries for the months from April 2020 to September 2020. These facilities have been recognized at fair value under IFRS-9 using an effective rate of interest of 9.76%, difference being recorded as deferred grant in accordance with IAS 20.

12 Deferred tax liability - net

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

	Balance as at 01 January 2019	Recognized in statement of profit or loss	Recognised in equity / OCI	Balance as at 31 December 2019	Recognized in statement of profit or loss	Transfers	Balance as at 31 December 2020
Note ----- (Rupees in '000) -----							
<u>Taxable temporary difference</u>							
- accelerated tax depreciation	359,221	74,721	-	433,942	32,083	-	466,025
- surplus on revaluation of property, plant and equipment	1,598	(234)	100,866	102,230	(8,163)	-	94,067
	360,819	74,487	100,866	536,172	23,920	-	560,092
<u>Deductible temporary difference</u>							
- other provisions	(68,681)	20,317	-	(48,364)	(1,241)	-	(49,605)
- effect of "Group Taxation"	(112,633)	-	-	(112,633)	90,822	(93,999)	(115,810)
- effect of minimum tax	-	(17,932)	-	(17,932)	(131,504)	-	(149,436)
- tax losses	(103,877)	(5,423)	-	(109,300)	(6,025)	93,999	(21,326)
	(285,191)	(3,038)	-	(288,229)	(47,948)	-	(336,177)
	75,628	71,449	100,866	247,943	(24,028)	-	223,915

12.1 This includes deferred tax of Rs. 21.33 million (2019: Rs. 12.32 million) recorded on unabsorbed tax depreciation and amortisation.

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

12.3 The Company has recorded deferred tax asset on unused tax losses and credits based on financial projections indicating the absorption of deferred tax asset over 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 Company is confident of the achievement of its targeted results.

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13 Trade and other payables	Note	2020 (Rupees in '000)	2019
Trade creditors		484,505	744,446
Bills payable		164,735	155,481
Accrued liabilities		192,778	207,793
Contract liabilities		17,458	47,142
Security deposits from dealers	13.1	10,904	11,052
Provisions in respect of warranty obligations		6,705	6,825
Sales tax and excise duty - net		189,227	-
Workers' profits participation fund	13.2	14,530	32,313
Workers' welfare fund		5,522	9,243
Advance from employees against vehicle		19,925	17,013
Income tax deducted at source	13.3	48,110	84,813
Payable to the provident fund	38	4,621	6,497
Others	13.4	51,815	81,585
		<u>1,210,835</u>	<u>1,404,203</u>

13.1 These amounts are not kept in a separate bank account as required by section 217 of the Companies Act, 2017.

13.2 Workers' profits participation fund	Note	2020 (Rupees in '000)	2019
Balance as at 01 January		32,313	27,331
Add: Allocation for the year	32	<u>14,530</u>	<u>32,313</u>
		46,843	59,644
Less: Payment made during the year		<u>(32,313)</u>	<u>(27,331)</u>
Balance as at 31 December		<u>14,530</u>	<u>32,313</u>

13.3 Amount of Rs. Nil (2019: Nil) has been paid subsequent to year end.

13.4 Included in other liabilities are provisions aggregating to Rs. 27.87 million (2019: 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 18.

14 Mark-up accrued on borrowings	2020 (Rupees in '000)	2019
<i>Mark-up based borrowings from banking companies</i>		
- Long term loans - secured	21,265	30,937
- Short term borrowings - secured	122,257	147,197
<i>Mark-up based borrowings from non-banking companies</i>		
- Long term loan from financial institution - secured	22,454	21,796
<i>Islamic mode of borrowings</i>		
- Short term borrowings - secured	12,440	16,636
	<u>178,416</u>	<u>216,566</u>

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15 Short term borrowings - secured	Note	2020 (Rupees in '000)	2019
From banking companies			
Running finance under mark-up arrangements	15.2	1,214,797	1,496,360
Finance against trust receipt	15.3	2,388,632	1,873,765
Cash finance	15.4	-	463,455
Short term borrowings under Murahaba arrangement	15.5	351,523	280,001
		<u>3,954,952</u>	<u>4,113,581</u>

15.1 Particulars of borrowings

Interest / mark-up based borrowings	3,577,566	3,786,491
Islamic mode of borrowings	377,386	327,090
	<u>3,954,952</u>	<u>4,113,581</u>

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. 1,466.56 million (2019: Rs. 1,506.72 million). These facilities are secured by way of equitable mortgage charge on 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 8.81% to 17.55% (2019: 12.05% to 16.86%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates between March 2021 and December 2021.

15.3 Finance against trust receipt

This represents Finance Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 2,729.10 million (2019: 2,763.95 million). These facilities are secured against charge over current assets of the Company and personal guarantees of the directors of the Company and carries mark-up rate ranging between 9.09% to 16.83% (2019: 10.56% to 17.01%) per annum payable on maturity, monthly and quarterly in arrears. These borrowings are repayable on different dates between March 2021 and August 2021.

15.4 Cash finance

This represents utilized amount of cash finance facilities under mark-up arrangements availed from commercial banks aggregating to Rs. Nil (2019: Rs. 475 million). These facilities are secured by way of charge joint parri passu charge over current assets of the Company and personal guarantees of the directors of the Company and carry mark-up ranging from 9.99% to 18.55% (2019: 16.36% to 18.54%) per annum, payable quarterly in arrears.

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15.5 Islamic mode of borrowings

This represents utilized amount of Murabaha / Istisna borrowings available from banks aggregating to Rs. 352 million (2019: Rs. 280 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 9.06% to 15.41% (2019: 12.30% to 16.65%) 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 2020 amounted to Rs. 824 million of which remaining unutilized amount was Rs. 506 million.

15.7 During the year ending 31 December 2020, 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.

15.8 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 Loan from sponsors - *unsecured*

This represents an interest free loan obtained from Directors of the Company i.e. Mr. Haroon Ahmad Khan and Mrs Nighat Haroon amounting to Rs 294 million and Rs 86.5 million respectively. Both the directors have agreed to provide and bridge the working capital support required by the Company as and when the need arises. The limit of loan is Rs 750 million and is repayable on demand.

17	Current portion of long term liabilities	Note	2020 (Rupees in '000)	2019
	Long term loans - <i>secured</i>	8	464,130	315,000
	Lease liabilities	9	55,584	83,328
	Deferred income	11	21,045	5,648
			<u>540,759</u>	<u>403,976</u>

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18 Contingencies and commitments

18.1 Contingencies

- 18.1.1** 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 2020 against which no provision has been made as the Company, based on the opinion of legal advisor's advice, is confident of a favourable 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(T)/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.

- 18.1.2** Income tax assessments of the Company have been finalized 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.

18.1.1.1

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.

- 18.1.3** The Finance Act, 2017 introduced a tax under section 5A of the Income Tax ordinance, 2001 on every public Company other than a scheduled bank or Modaraba, 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.
- 18.1.4** 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.
- 18.1.5** 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 Honorable 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 filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A), who vide his order no. 9 dated 04 April 2019 deleted certain additions. Being aggrieved with the order of CIR-A the Company filed an appeal before the honorable Appellate Tribunal Inland Revenue, which is pending adjudication.

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- 18.1.6** 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 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 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.
- 18.1.7** 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 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.
- 18.1.8** 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). The CIR-A vide order no. 19 dated 21 September 2020 decided the appeal partially in favour of the Company by deleting the additions amounting to Rs. 4.62 million under the head financial charges and directed the ACIR to verify the said contention and adjust the refund of Rs. 1.02 million if still available to the Company for adjustment in the current year. Being aggrieved with of the CIR-A order, the Company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore, which is still pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.
- 18.1.9** 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.
- 18.1.10** 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). CIR-A 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 Income Tax Appellate Tribunal (ITAT) which is pending for adjudication and a favourable outcome is expected.

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- 18.1.11** 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. The 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.
- 18.1.12** During the financial year 2019, the Company received a show cause notice from Collector of Customs dated 05 April 2019 and respective order dated 17 October 2019 in which the Company was directed to deposit an amount of Rs. 24.12 million for the consignment of Polymethylene polyphenylene isocyanate 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.
- 18.1.13** During the financial year 2019, a special customs reference was filed by the before the Honorable Sindh High Court Karachi against order dated 14 May 2019 passed by Customs Appellate Tribunal, Karachi where in the Company was directed to deposit an amount of Rs. 30.85 million and penalty of Rs. 1.00 million alleging that from July 2013 to June 2016 the Company imported four consignments of Polyethylene Isocyanates under PCT heading 3824.9091 wherein custom duty charged @ 0% instead of 20%. The reference of the Company is under adjudication.

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.

18.2 Commitments

- 18.2.1** Commitments, for the import of stock in trade, outstanding at year end were for Rs. 185.47 million (2019: Rs. 319.39 million).
- 18.2.2** Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. 2.16 million (2019: Rs. 1.09 million).

19	Property, plant and equipment	Note	2020	2019
			(Rupees in '000)	
	Operating fixed assets	19.1	4,634,915	4,623,877
	Right of use assets	19.1	151,122	299,393
	Capital work-in-progress	19.2	82,995	46,204
			<u>4,869,032</u>	<u>4,969,474</u>

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19.1 Operating fixed assets / Right of use assets

	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	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	
At 01 January 2020													
Cost / revaluation	2,364,500	-	402,500	1,714,488	101,316	132,830	64,901	232,407	75,512	1,360	48,400	3,917	5,142,231
Accumulated depreciation	-	-	-	-	(52,459)	(51,004)	(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	40,434	1,102	4,923,270
Transactions during the year													
Additions	-	-	8,106	196,932	9,106	17,178	1,943	18,808	-	-	5,538	-	257,611
Transfers													
Cost	-	-	-	-	-	3,330	-	-	-	-	(2,330)	-	-
Depreciation	-	-	-	-	-	(412)	-	-	-	-	412	-	-
Disposals													
Cost	-	-	-	-	(50)	(27,662)	-	(100,899)	-	-	-	-	(128,611)
Depreciation	-	-	-	-	\$	10,207	-	13,533	-	-	-	-	24,345
Depreciation charge for the year	-	-	-	-	(45)	(16,855)	-	(87,365)	-	-	-	-	(104,266)
Depreciation charge for the year	-	-	(12,177)	(146,379)	(10,540)	(24,952)	(13,197)	(65,374)	(6,290)	(136)	(10,749)	(784)	(290,579)
Closing net book value	2,364,500	-	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,036
As at 31 December 2020													
Cost / revalued amount	2,364,500	-	410,606	1,911,420	110,372	124,676	66,844	150,316	75,512	1,360	51,708	3,917	5,271,231
Accumulated depreciation	-	-	(12,177)	(146,379)	(62,994)	(65,641)	(66,312)	(102,162)	(6,290)	(1,337)	(18,303)	(3,599)	(485,195)
Net book value	2,364,500	-	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,036
Depreciation rate (% per annum)	Nil	3	3	8.33	10.20	2.0	2.0	1.0	8.33	1.0	2.0	2.0	

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19.1 Operating fixed assets / Right of use assets

	Operating fixed assets						Right of use assets						
	Freehold Land	Buildings On leasehold land	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	Buildings	Plant and machinery	Furniture and equipment	Vehicles	Computers	Total
At 01 January 2019													
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	
Cost / revaluation	-	-	-	-	-	-	151,761	-	-	-	-	151,761	
Effect of initial application of IFRS-16	(125)	(10,725)	(164,500)	(46,756)	(38,586)	(48,771)	-	(18,927)	(1,065)	(3,562)	(2,712)	(335,720)	
Accumulated depreciation	-	399,059	1,260,245	42,552	100,298	12,853	151,761	77,440	295	22,186	1,205	4,434,294	
Net book value	2,365,500	-	250,159	1,257,493	42,552	138,588	-	77,440	1,360	22,186	2,712	4,282,572	
Transactions during the year													
Additions	-	-	63,958	229,999	12,008	19,313	3,277	80,646	-	-	34,840	-	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	-	
Disposals													
Cost	-	-	-	10,538	-	1,033	-	(10,538)	-	-	(1,033)	-	
Depreciation	-	-	-	(5,159)	-	(18,455)	-	-	-	-	-	-	
Depreciation change for the year	-	-	(10,980)	1,003	8,328	-	(4,344)	(50,321)	(6,432)	(136)	(5,459)	(103)	
Effect of revaluation	(1,000)	(125)	(22,142)	46,368	-	-	-	(3,320)	-	-	-	-	20,781
Elimination of gross carrying value against accumulated depreciation	-	125	21,705	293,416	-	-	-	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)	N/A	3	3	8.33	10-20	20	20	10	8.33	10	20	20	

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19.1.1 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:

	2020	2019
Land	2,364,500	2,364,500
Buildings	396,364	400,371
Plant and Machinery	1,507,142	1,433,154
	<u>4,268,006</u>	<u>4,198,025</u>

19.1.2 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.

19.1.3 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

19.1.4 Depreciation for the year has been allocated as follows:

	Note	2020 (Rupees in '000)	2019
Cost of sales	29.1	158,758	134,887
Marketing, selling and distribution costs	30	65,374	50,321
Administrative expenses	31	66,446	41,983
		<u>290,578</u>	<u>227,191</u>

19.2 Capital work-in-progress

Balance as at 01 January		46,204	33,507
Additions during the year		97,291	266,959
Transfers during the year		(60,500)	(254,262)
Balance as at 31 December	19.2.1	<u>82,995</u>	<u>46,204</u>

Breakup of capital work in progress is as follows:

- Building	26,019	4,851
- Plant and machinery	15,012	35,845
- Electric installation	6,964	5,508
- Advance against purchase of land	35,000	-
	<u>82,995</u>	<u>46,204</u>

19.2.1 This represents work-in-progress for development, improvement and installation.

19.3 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
Buildings - right of use asset			100,899	87,366	N/A	N/A	N/A
----- (Rupees in '000) -----							
Vehicles							
Toyota Corolla GLI	Waheed Rashid	Employee	2,025	945	864	(81)	Company Policy
Toyota Fortuner	Adnan Aftab	- do -	6,178	3,905	5,931	2,026	- do -
Suzuki Cultus VXR	Shahbaz	- do -	990	330	725	395	- do -
Suzuki Cultus VXL	Tahir Aziz	- do -	694	231	518	287	- do -
Suzuki Liana	Muhammad Sehzad	Third Party	1,115	372	621	249	Negotiation
Suzuki Cultus VXR	Muhammad Sehzad	- do -	500	217	621	404	- do -
Honda City	Muhammad Sehzad	- do -	1,500	650	1,330	680	- do -
Suzuki Cultus VXL	Muhammad Sehzad	- do -	694	208	518	310	- do -
Toyota Land Cruiser Prado	Muhammad Sehzad	- do -	8,182	6,409	9,241	2,832	- do -
Honda City	Muhammad Sehzad	- do -	1,678	979	477	(502)	- do -
Suzuki Swift	Hamid Raza Ali	- do -	1,736	1,182	1,605	423	- do -
Suzuki Cultus VXL	Insurance Claim	- do -	1,391	927	927	-	Insurance Claim
			26,683	16,355	23,378	7,023	
Various assets having net book value up to Rs 500,000 each			1,029	545	1,045	500	
			128,611	104,266	24,423	7,523	
			23,614	14,283	14,023	(260)	

19.3.1 These buildings were recognized under right of use. The contracts against this right of use have been expired / terminated / modified during the year.

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20 Intangible assets and goodwill	Note	2020	2019
		(Rupees in '000)	
Software		35,623	39,289
Goodwill		1,070,207	1,070,206
Brand value		1,582,147	1,582,147
Customer relationships		215,179	245,919
	20.1	<u>2,903,156</u>	<u>2,937,561</u>

20.1 Reconciliation of carrying amounts

Description	Software	Goodwill	Brand value	Customer relationships	Total
(Rupees in '000)					
Cost					
Balance at 01 January 2019	77,167	1,070,207	1,582,147	-	2,729,521
Additions during the year	11,682	-	-	-	11,682
Transfer from investment in subsidiary - note 22.3.1	-	-	-	261,289	261,289
Balance as at 31 December 2019	88,849	1,070,207	1,582,147	261,289	3,002,492
Additions during the year	9,430	-	-	-	9,430
Balance at 31 December 2020	98,279	1,070,207	1,582,147	261,289	3,011,922
Accumulated amortization and impairment losses					
Balance at 01 January 2019	(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)
Amortization for the year	(13,096)	-	-	(30,740)	(43,836)
Balance at 31 December 2020	(62,656)	-	-	(46,110)	(108,766)
Carrying amounts:					
At 31 December 2019	39,289	1,070,207	1,582,147	245,919	2,937,562
At 31 December 2020	35,623	1,070,207	1,582,147	215,179	2,903,156
Rates of amortization/useful life					
	5-10 years	Nil	Nil	10.5 years	

20.2 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 (transferred from subsidiary at Rs. 261.29 million and amortized value of Rs. 215.18 million) inline with the requirements of International Accounting Standard 38, (IAS-38) 'Intangible Assets'.

20.2.1 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 2020, 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 11.21% (goodwill) and 14.50% (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.

20.3 Amortisation for the year has been allocated as follows:	Note	2020	2019
		(Rupees in '000)	
Marketing, selling and distribution costs	30	30,740	15,370
Administrative expenses	31	13,096	9,071
		<u>43,836</u>	<u>24,441</u>

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	2020	2019
	(Rupees in '000)	
21 Investment property		
Balance as at 01 January	220,500	178,300
Additions during the year	-	50,000
Disposals during the year	-	(7,800)
Fair value gain	82,980	-
Balance as at 31 December	<u>303,480</u>	<u>220,500</u>

The Company has rented out the owned shops to its subsidiary Company {Electronic Marketing Company (Private) Limited}. Balance as of 31 December 2020 comprised of shops of Rs. 303.48 million (2019: Rs 220.50 million) and revaluation gain of Rs. 82.98 million (2019: Rs Nil) based on the revaluation / fair value of the owned shops determined on 31 December 2020. The fair value gain have been recognized in the unconsolidated statement of profit or loss as 'Other income' as referred to in note 33.

Rent income of Rs. 5.54 million (2019: Rs 5.96 million) has been recognized on the above property during the year ended 31 December 2020. 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 2020 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 2020 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.

	Note	2020	2019
		(Rupees in '000)	
22 Investment in subsidiaries			
Electronics Marketing Company (Private) Limited - at cost			
50,000,000 (2019: 50,000,000) fully paid ordinary shares of Rs. 10 each	22.1	500,000	500,000
Equity held: 100% (2019: 100%)			
Chief Executive Officer - Moazzam Ahmad Khan			
Waves Marketing (Private) Limited			
100,000 (2019: 100,000) fully paid ordinary shares of Rs. 10 each	22.2 & 22.3	1,000	1,000
Equity held: 100% (2019: 100%)			
Chief Executive Officer - Moazzam Ahmad Khan			
		<u>501,000</u>	<u>501,000</u>

22.1 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.

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22.2 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.

	<i>Note</i>	2020 (Rupees in '000)	2019
22.3 Movement of investment in WMPL			
Balance as at 01 January		1,000	323,769
Impairment charge during the year	32	-	(61,480)
Transfer of customer relations to intangibles assets	22.3.1	-	(261,289)
Balance as at 31 December		<u>1,000</u>	<u>1,000</u>

22.3.1 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.

	<i>Note</i>	2020 (Rupees in '000)	2019
23 Long term deposits			
<i>Deposits</i>			
- leases		5,526	5,373
- other long term deposits		3,188	3,188
		<u>8,714</u>	<u>8,561</u>

24 Stock-in-trade			
<i>Raw and packing materials</i>			
- in stores (in hand)		686,022	771,111
- in bonded warehouse	24.1	450,740	648,357
- in transit		242,078	285,283
		<u>1,378,840</u>	<u>1,704,751</u>
Work in process		204,180	212,851
<i>Finished goods</i>			
- own manufactured	24.2	879,061	1,053,251
- purchased for resale		-	-
		879,061	1,053,251
Provision for slow moving and damaged stock		<u>(29,868)</u>	<u>(29,868)</u>
		<u>2,432,213</u>	<u>2,940,985</u>

24.1 Stock amounting to Rs. 378.50 million (2019: Rs. 224.91 million) was cleared subsequent to the year end.

24.2 Finished goods having cost of Rs. Nil (2019: Rs. 498.28 million) were pledged against financial facility obtained as referred in note 15.4.

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25 Trade debts	Note	2020 (Rupees in '000)	2019
25.1 Retail network - unsecured			
Considered doubtful		166,993	166,993
Loss allowance against trade debts	25.5	(166,993)	(166,993)
		-	-
25.2 Wholesale - unsecured			
<u>Dealers</u>			
Considered good	25.3	5,482,315	3,239,794
Considered doubtful		4,216	-
		<u>5,486,531</u>	<u>3,239,794</u>
Loss allowance against trade debts	25.5	(4,216)	-
		<u>5,482,315</u>	<u>3,239,794</u>

25.3 This includes related parties from whom the debts are due and their ageing is as under:

	Less than 6 months	Greater than 6 months	2020	2019
	----- Rupees '000 -----			
Waves Marketing (Private) Limited (WMPL)	-	-	-	932,440
Electronics Marketing Company (Private) Limited (EMCPL)	277,936	482,884	760,820	663,992
	<u>277,936</u>	<u>482,884</u>	<u>760,820</u>	<u>1,596,432</u>

25.4 Maximum outstanding balance with reference to month end balances:

	2020		2019	
	In the month of	Rupees in '000	In the month of	Rupees in '000
Waves Marketing (Private) Limited (WMPL)	Jan-20	932,441	Jun-19	2,149,341
Electronics Marketing Company (Private) Limited (EMCPL)	May-20	785,343	Jun-19	1,395,702

	2020 (Rupees in '000)	2019
25.5 Movement in loss allowance against trade debts		
Balance as at 01 January	166,993	200,814
Effect of initial application of IFRS-9	-	-
Loss allowance for the year	4,216	-
Reversal of loss allowance	-	(33,821)
Balance as at 31 December	<u>171,209</u>	<u>166,993</u>

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26 Advances, deposits, prepayments and other receivables	Note	2020	2019
		(Rupees in '000)	
<i>Advances - considered good</i>			
- Employees and executives	26.1	4,290	4,748
- Suppliers		9,678	9,966
- Against letter of credit		37,825	52,180
		51,793	66,894
Short term deposits		21,652	18,974
Prepayments		5,891	7,232
<i>Other receivables</i>			
- Claims	26.2	9,020	2,642
- Sales tax refundable		-	16,031
- Receivable from subsidiary companies	26.3	490,260	871,127
- Dividend income receivable		-	300,000
		499,280	1,189,800
Loss allowances against other receivables	26.4	(2,342)	(2,342)
	26.5	576,274	1,280,558

26.1 At 31 December 2020, the advances due from executives amounted to Rs. Nil (2019: Rs. 0.57 million). The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. 0.74 million (2019: Rs. 0.57 million).

26.2 This includes claims receivable from insurance companies, suppliers and product claims amounting to Rs. 3.57 million (2019: Rs. 2.64 million) against which provision of Rs. 2.34 million (2019: Rs. 2.34 million) is held.

26.3 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. Mark-up is charged at average quarterly borrowing rate of the Company.

26.3.1 Ageing of the receivable is as under:

	Less than 6 months	Greater than 6 months	2020	2019
	Rupees '000			
Waves Marketing (Private) Limited (WMPL)	-	157,885	157,885	559,722
Electronics Marketing Company (Private) Limited (EMCPL)	-	332,375	332,375	311,405
	-	490,260	490,260	871,127

26.3.2 Maximum outstanding balance with reference to month end balances:

	2020		2019	
	In the month	Rupees in '000	In the month of	Rupees in '000
Waves Marketing (Private) Limited (WMPL)	Dec-20	157,885	Dec-19	559,722
Electronics Marketing Company (Private) Limited (EMCPL)	Dec-20	332,375	Dec-19	311,405

26.4 Movement in loss allowance against other receivables	2020	2019
	(Rupees in '000)	
Balance as at 01 January	2,342	11,572
Loss allowance for the year	-	-
Reversal of loss allowance	-	(9,230)
Balance as at 31 December	2,342	2,342

26.5 All the above balances other than amount referred in note 26.3 are interest free and unsecured.

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	<i>Note</i>	2020 (Rupees in '000)	2019
27 Cash and bank balances			
<i>Balances with banks</i>			
- in current accounts	27.1	89,222	111,524
Cash in hand		4,997	4,820
		<u>94,219</u>	<u>116,344</u>

27.1 These include bank account of Rs. 0.64 million (2019: Rs. 0.31) maintained under Shariah compliant arrangement.

		2020 (Rupees in '000)	2019
28 Revenue - net			
<i>Sales</i>			
- local		8,263,813	10,093,816
- export		24,075	18,160
Sales return		(98,437)	(42,966)
		<u>8,189,451</u>	<u>10,069,010</u>
Sales tax		(1,174,492)	(1,126,652)
Trade discount		(310,162)	(2,123,952)
		<u>(1,484,654)</u>	<u>(3,250,604)</u>
Revenue from contracts with customers		<u>6,704,797</u>	<u>6,818,406</u>

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

	<i>Note</i>	2020 (Rupees in '000)	2019
29 Cost of sales			
<i>Opening stock - finished goods</i>			
- own manufactured		1,053,251	950,659
- purchased for resale		-	287,668
		<u>1,053,251</u>	<u>1,238,327</u>
Purchases		252,514	102,608
Cost of goods manufactured	29.1	4,816,623	5,665,584
		<u>6,122,388</u>	<u>7,006,519</u>
<i>Closing stock - finished goods</i>			
- own manufactured		(879,061)	(1,053,251)
		<u>(879,061)</u>	<u>(1,053,251)</u>
		<u>5,243,327</u>	<u>5,953,268</u>

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29.1 Cost of goods manufactured	Note	2020 (Rupees in '000)	2019
Raw and packing materials and stores consumed		4,139,758	5,018,674
Salaries, wages and other benefits	29.1.1	367,288	371,963
Depreciation on property, plant and equipment	19.1.4	158,758	134,887
Fuel and power		80,085	88,223
Freight charges		8,041	49,197
Insurance expense		10,966	7,636
Repairs and maintenance		21,539	22,740
Printing and stationery		17,801	15,248
Travelling and conveyance		1,241	3,562
Rent, rates and taxes		1,817	-
Communication		437	946
Miscellaneous expenses		221	518
		4,807,952	5,713,594
Work-in-process			
Opening stock		212,851	164,841
Closing stock		(204,180)	(212,851)
		8,671	(48,010)
Cost of goods manufactured		<u>4,816,623</u>	<u>5,665,584</u>

29.1.1 These include provision / reversal of Rs. 1.64 million (2019: Rs. (7.63) million), Rs. (0.24) million (2019: Rs. (8.52) million) and Rs. 9.20 million (2019: Rs. 10.26 million) in respect of gratuity, pension and provident funds respectively.

30 Marketing, selling and distribution costs	Note	2020 (Rupees in '000)	2019
Salaries and benefits	30.1	179,533	99,141
Rent, rates and taxes		6,594	17,291
Publicity and sales promotion		80,717	36,020
Depreciation on property, plant and equipment	19.1.4	65,374	50,321
Warranty obligations		61,000	44,586
Utilities		6,950	6,040
Printing and stationery		902	979
Travelling and conveyance		21,135	14,729
Amortisation of intangible assets	20.3	30,740	15,370
Communication		784	360
Repair and maintenance		1,293	1,148
Insurance expense		6,107	2,247
Others		621	592
		<u>461,750</u>	<u>288,824</u>

30.1 These include provision / reversal of Rs. 0.25 million (2019: Rs. (2.94) million), Rs. (0.09) million (2019: Rs. (3.28) million) and Rs. 6.48 million (2019: Rs. 4.95 million) in respect of gratuity, pension and provident funds respectively.

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	Note	2020 (Rupees in '000)	2019
31 Administrative expenses			
Salaries and benefits	31.1	152,978	76,094
Legal and professional charges		9,143	21,969
Auditors' remuneration	31.3	4,230	4,169
Depreciation on property, plant and equipment	19.1.4	66,446	41,983
Communication		12,114	7,302
Travelling and conveyance		9,492	8,234
Repair and maintenance		3,441	1,440
Utilities		9,846	5,970
Printing and stationery		4,889	3,129
Rent, rates and taxes		1,767	494
Insurance expense		5,618	5,352
Entertainment expense		3,339	2,054
Fees and subscription		9,116	5,693
Amortisation of intangible assets	20.3	13,096	9,071
Charity and donations	31.2	50	561
Others		1,336	1,629
		<u>306,901</u>	<u>195,144</u>

31.1 These include provision / reversal of Rs. 0.63 million (2019: Rs. (1.17) million), Rs. (0.04) million (2019: Rs. (1.31) million) and Rs. 6.91 million (2019: Rs. 3.53 million) in respect of gratuity, pension and provident funds respectively.

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

	Note	2020 (Rupees in '000)	2019
31.3 Auditors' remuneration			
Audit fee		3,025	2,750
Fee for the review of interim financial information		466	424
Fee for the review of code of corporate governance and other certifications / reports under agreed upon procedures		390	352
Out of pocket expenses		349	644
		<u>4,230</u>	<u>4,170</u>

32 Other expenses

Workers' profits participation fund (WPPF)	13.2	14,530	32,313
Exchange loss - net		-	33,796
Research and development expenditure		5,613	4,097
Impairment on investment in subsidiary	22.3	-	61,480
Loss allowance against debts	25	4,216	-
Workers' welfare fund		5,522	9,243
Other expenses		12,790	5,799
		<u>42,671</u>	<u>146,728</u>

33 Other income	Note	2020 (Rupees in '000)	2019
<u>Income from financial assets</u>			
Profit on a profit and loss sharing bank balance		163	4
<u>Income from non-financial instruments</u>			
Gain on disposal of property, plant and equipment and investment property - net		7,523	1,940
Fair value gain on investment property		82,980	-
Exchange gain - net		2,909	-
Reversal of loss allowance against trade debts		-	33,821
Dividend income	33.1	-	660,000
Mark-up on receivables from subsidiary companies	33.2	188,509	229,186
Rental income	21	5,535	5,953
Liabilities no longer payable written back		55,167	9,062
Scrap sales		5,733	7,107
Amortisation of deferred income	11	15,533	6,117
Others		11,626	-
		375,515	953,186
		375,678	953,190

33.1 This represents dividend income from Waves Marketing (Private) Limited, a wholly owned subsidiary.

33.2 This represents mark-up charged against net amount receivable from the subsidiary companies at an average quarterly borrowing rate of the Company at the outstanding balance receivable.

34 Finance costs	Note	2020 (Rupees in '000)	2019
<i>Islamic mode of financing</i>			
- Short term borrowings		33,794	49,507
<i>Interest / mark-up on interest / mark-up based loans</i>			
- Long term loans		236,632	183,524
- Short term borrowings		531,796	546,091
- Finance lease		27,665	25,570
Bank charges		18,843	21,606
		848,730	826,298
35 Taxation			
Current:			
- for the year	35.1	96,627	29,800
- prior year		(5,340)	-
		91,287	29,800
Deferred:			
- for the year		(95,274)	71,449
- prior year		(19,576)	-
- group taxation	12	90,822	-
		(24,028)	71,449
		67,259	101,249

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35.1 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 (2019: Rs. 5.50 million).

35.2 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2020	2019
	(Rupees in '000)	
Profit before tax	<u>177,096</u>	<u>361,334</u>
Tax at the applicable tax rate of 29% (2019: 29%)	51,358	104,787
Tax effect of permanent differences:		
- Differential under normal and final / minimum tax regime	1,783	115,416
- Exempt income (exempt due to group taxation)	(78,732)	(191,400)
- Other permanent differences	15	(163)
Change in tax rate	-	43,103
Deferred tax asset not recognized on tax losses	26,311	-
Prior year tax charge	(24,916)	-
Effect of group taxation	90,822	-
Others	618	29,506
	<u>67,259</u>	<u>101,249</u>

35.3 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.

36 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:

		2020	2019
Profit for the year	<i>Rupees in '000</i>	<u>109,837</u>	<u>260,085</u>
Weighted average number of ordinary shares	<i>Shares</i>	<u>187,604</u>	<u>187,604</u>
Earnings per share - <i>basic and diluted</i>	<i>Rupees</i>	<u>0.59</u>	<u>1.39</u>

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2020 2019
(Rupees in '000)

94,219	116,344
(1,214,797)	(1,496,360)
<u>(1,120,578)</u>	<u>(1,380,016)</u>

37 Cash and cash equivalents

37.1 Cash and cash equivalents as at 31 December

Cash and bank balances
Short term running finances under mark-up arrangements - secured

37.2 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2020							Total		
	Liabilities				Equity					
	Short term borrowings	Loan from sponsors	Long term loans	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	
Balance as at 01 January 2020	4,113,581	-	1,732,271	263,148	216,566	1,457	1,876,041	4,581,063	5,000	12,789,127
Cash flows										
Short term borrowings repaid net of receipts	122,934	-	-	-	-	-	-	-	-	122,934
Loan from sponsors - unsecured	-	380,500	-	-	-	-	-	-	-	380,500
Dividend paid	-	-	-	-	-	(181)	-	-	-	(181)
Long term loans repaid	-	-	-	-	-	-	-	-	-	-
Long term loans received	-	-	774,560	-	-	-	-	-	-	774,560
Finance cost paid	-	-	-	-	(886,880)	-	-	-	-	(886,880)
Repayment of lease rentals	-	-	-	(65,692)	-	-	-	-	-	(65,692)
	122,934	380,500	774,560	(65,692)	(886,880)	(181)	-	-	-	325,241
Non-cash changes										
Changes in running finance	(281,563)	-	-	-	-	-	-	-	-	(281,563)
Movement in lease liabilities	-	-	-	(74,610)	-	-	-	-	-	(74,610)
Finance cost	-	-	-	-	848,730	-	-	-	-	848,730
	(281,563)	-	-	(74,610)	848,730	-	-	-	-	492,557
Balance as at 31 December 2020	3,954,952	380,500	2,506,831	122,846	178,416	1,276	1,876,041	4,581,063	5,000	13,606,925

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		2019							Total		
		Liabilities				Equity					
		Short term borrowings	Loan from Sponsors	Long term finances	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	
	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 as fully paid bonus shares @ 15%	-	-	-	-	-	-	244,701	(244,701)	-	-
	Dividend paid	-	-	(281,250)	-	-	(203,977)	-	-	-	(203,977)
	Long term loans repaid	-	-	1,000,000	-	-	-	-	-	-	1,000,000
	Long term loans received	-	-	-	-	(707,070)	-	-	-	-	(707,070)
	Finance cost paid	-	-	-	(59,627)	-	-	-	-	-	(59,627)
	Repayment of lease rentals	-	-	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
	Movement in lease liabilities	-	-	-	257,247	-	-	-	-	-	257,247
	Finance cost	(33,506)	-	-	257,247	826,298	-	-	-	-	826,298
	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

Rupees in '000

38 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 not been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

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39 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	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in '000)							
Managerial remuneration	16,036	20,175	5,180	2,642	57,515	33,821	78,732	56,638
Contribution to provident fund	1,908	991	392	175	4,295	2,524	6,595	3,690
Housing allowance	9,164	4,759	1,884	839	20,915	12,299	31,962	17,897
	<u>27,108</u>	<u>25,925</u>	<u>7,456</u>	<u>3,656</u>	<u>82,725</u>	<u>48,644</u>	<u>117,289</u>	<u>78,225</u>
Number of persons	1	1	1	1	24	27	26	29

39.1 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.

39.2 In addition, aggregate amount charged in the unconsolidated financial statements for payments on account of the meeting fee to two (2019: two) non-executive directors was Rs. 0.84 million (2019: Rs. 0.28 million).

40 Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Amounts due from related parties are shown under trade debts note 25, advances, deposits, prepayments and other receivables note 26 and remuneration of directors and key management personnel note 39. Other significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	2020		2019	
			(Rupees in '000)		(Rupees in '000)	
I. Subsidiary Company						
Waves Marketing (Private) Limited	Wholly owned subsidiary	Sale of inventory - gross	-	-	4,530,981	-
		Expenses incurred / paid on behalf of subsidiary	-	-	371,153	-
		Dividend income	-	-	660,000	-
		Mark-up charged on receivable from subsidiary	150,107	150,107	188,569	-
Electronics Marketing (Private) Limited	Wholly owned subsidiary	Sale of inventory - gross	509,177	509,177	797,271	-
		Expenses incurred / paid on behalf of subsidiary	6,745	6,745	-	-
		Mark-up charged on receivable from subsidiary	38,402	38,402	40,617	-

WSP

Name of the Company	Relationship	Nature of transactions	2020	2019
			(Rupees in '000)	
ii. Associated Undertakings				
Poseidon Synergies (Private) Limited	Shareholding and common directorship	Repayment of loan during the year	-	35,000
Employee's Provident Fund	Post employee contribution plan	Contribution for the year	53,982	54,784
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the year	9,335	-
Employee's Pension Fund	Post employee benefit plan	Contribution for the year	-	(9,960)
Directors	Employees	Fee for meetings Car purchased from CEO Loan from sponsors	840 - 380,500	280 9,500 -

	Capacity		Production	
	2020	2019	2020	2019
41 Plant capacity and actual production	(Units)			
Refrigerators	125,000	125,000	93,559	109,387
Deep Freezer	115,000	115,000	71,949	104,628
Microwave ovens	60,000	60,000	5,128	132
Air conditioners	60,000	60,000	-	6,522
Washing Machines	40,000	40,000	13,937	9,722
Gas appliances (water heater and cooking range excluding microwave ovens)	25,000	25,000	9,544	11,198
Televisions	22,500	22,500	-	-
Water dispenser	20,000	20,000	-	-

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.

Total employees	
2020	2019
(Number of persons)	
1,924	1,938
1,976	2,108

42 Number of employees	
Total number of employees as at 31 December - note 39	
Average number of employees	

Remain

43 Financial risk management

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations. The Board of Directors reviews and agrees policies for managing each of the risks.

The Company's audit committee oversees how management monitors compliance with the Company's risk management policies and procedures. Audit committee is assisted in its oversight role by internal audit department. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors. 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.

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

43.1.1 Exposure to credit risk

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	
	2020	2019
	(Rupees in '000)	
Security deposits	30,366	27,535
Trade debts	5,482,315	3,239,794
Other receivables	496,938	1,171,427
Balances with banks	89,222	111,524
	<u>6,098,841</u>	<u>4,550,280</u>

43.1.2 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, 21% (2019: 61%) relates to receivable from subsidiary companies. Maximum exposure to credit risk by type of counterparty is as follows:

	Net receivable (net of provisions)	
	2020	2019
	(Rupees in '000)	
<i>Trade debts</i>		
- others	4,721,495	1,643,362
- subsidiary companies	760,820	1,596,432
<i>Security deposits</i>		
- individuals	24,840	22,162
- lease	5,526	5,373
Other receivable from subsidiary companies	490,260	1,171,127
Insurance Company (claims)	6,678	300
Banks	89,222	111,524
	<u>6,098,841</u>	<u>4,550,280</u>

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43.1.3 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 and utility Companies, 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.

43.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances and deposits. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. 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	2020 (Rupees in '000)	2019
AlBaraka Bank (Pakistan) Limited	PACRA	A1	A	1,144	53
Allied Bank Limited	PACRA	A-1+	AAA	1,083	10,299
Askari Bank Limited	PACRA	A-1+	AA+	2,487	2,394
Bank Alfalah Limited	PACRA	A-1+	AA+	11,005	4,068
Bank Islamic Pakistan Limited	PACRA	A-1	A+	1	1
The Bank of Khyber	PACRA	A-1	A	790	13,525
The Bank of Punjab	PACRA	A-1+	AA	5,531	4,894
Dubai Islamic Bank Limited	R-VIS	A-1+	AA	635	53
Faysal Bank Limited	JCR-VIS	A-1+	AA	936	1,295
Finca Microfinance Bank Limited	JCR-VIS	A-1	A	13,436	3,990
Habib Bank Limited	JCR-VIS	A-1+	AAA	38,016	21,070
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	236	236
JS Bank Limited	PACRA	A1+	AA-	4	4
MCB Bank Limited	PACRA	A1+	AAA	4,419	2,773
Meezan Bank	JCR-VIS	A1+	AA+	5,627	918
National Bank Of Pakistan	PACRA	A1+	AAA	611	42,459
Silk Bank Limited	JCR-VIS	A2	A-	393	393
Soneri Bank Limited	PACRA	A1+	AA-	688	688
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	1,110	1,111
United Bank Limited	JCR-VIS	A1+	AAA	1,070	1,300
				89,222	111,524
Security Deposits					
The Bank of Punjab	PACRA	A-1+	AA	209	209
Askari Bank Limited	PACRA	A1+	AA+	2,412	2,412
Sindh Leasing Company Limited	JCR-VIS	A+	A-1	2,905	2,752
				5,526	5,373
				94,748	116,897

43.1.3(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. As explained in note 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:

	2020		2019	
	Gross	Impairment loss	Gross	Impairment loss
	----- (Rupees in '000) -----		----- (Rupees in '000) -----	
Not yet due	2,432,105	-	773,903	-
Past due 1 - 30 days	404,829	-	695,644	-
Past due 31 days - 90 days	1,078,226	-	547,407	-
Past due 91 - 180 days	1,153,161	-	1,019,931	-
Past due 181 - 360 days	413,994	-	202,909	-
Past due by more than 1 year	171,209	171,209	166,993	166,993
Total	5,653,524	171,209	3,406,787	166,993

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. Impairment on these assets has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. 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.

43.2 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.

Exposure to liquidity risk

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

	Note	2020					
		Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years	More than 5 years
(Rupees in '000)							
<u>Financial liabilities</u>							
Long term loans - secured	8	2,506,831	3,078,430	740,922	1,119,633	1,170,674	47,201
Lease liabilities	9	122,846	141,401	66,263	56,155	18,983	-
Trade and other payables	13	900,538	900,538	900,538	-	-	-
Mark-up accrued on borrowings	14	178,416	178,416	178,416	-	-	-
Short term borrowings - secured	15	3,954,952	4,352,072	4,352,072	-	-	-
Loan from sponsors - secured	16	380,500	380,500	380,500	-	-	-
		8,063,749	9,051,023	6,618,711	1,175,788	1,209,323	47,201

	Note	2019					
		Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years	More than 5 years
(Rupees in '000)							
<u>Financial liabilities</u>							
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	-
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	15	4,113,581	4,510,701	4,510,701	-	-	-
		7,544,784	8,612,315	6,565,124	788,281	1,258,910	-

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43.3 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.

43.3.1 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.

43.3.1(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:

		2020	2019	2020	2019
				(Rupees in '000)	
Trade creditors	(USD in '000)	6,144	859	981,996	133,274
Trade creditors	(Euro in '000)	42	-	8,259	-

Following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2020	2019	2020	2019
USD to PKR	161.62	150.00	159.83	155.15
EUR to PKR	184.39	168.02	196.64	174.00

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.

	2020	2019
	(Rupees in '000)	
Effect on statement of profit or loss	99,026	13,327

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.

43.3.2 Interest rate risk

Interest rate risk is the risk that the 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.

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43.3.2(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.

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

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

	2020		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing / fixed rate financial instruments
	(Rupees in '000)		
<u>Financial assets</u>			
Security deposits	30,366	-	30,366
Trade debts	5,482,315	-	5,482,315
Other receivables	496,938	490,260	6,678
Cash and bank balances	94,219	-	94,219
	6,103,838	490,260	5,613,578
<u>Financial liabilities</u>			
Long term loans - secured	(2,506,831)	(2,506,831)	-
Lease liabilities	(122,846)	(122,846)	-
Employee retirement benefit	(19,666)	-	(19,666)
Trade and other payables	(900,538)	-	(900,538)
Mark-up accrued on borrowings	(178,416)	-	(178,416)
Short term borrowings - secured	(3,954,952)	(3,954,952)	-
Loan from sponsors - unsecured	(380,500)	-	(380,500)
	(8,063,749)	(6,584,629)	(1,098,620)
	(1,959,911)	(6,094,369)	4,514,958
2019			
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing financial instruments
	(Rupees in '000)		
<u>Financial assets</u>			
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 balance	116,344	-	116,344
	4,555,100	871,127	3,683,973
<u>Financial liabilities</u>			
Long term loans - secured	(1,732,271)	(1,732,271)	-
Lease liabilities	(263,148)	(263,148)	-
Employee retirement benefit	(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	(4,113,581)	(4,113,581)	-
	(7,544,784)	(6,109,000)	(1,412,696)
	(2,989,683)	(5,237,873)	2,271,277

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

	2020	2019
	Percentage	
<u>Financial liabilities</u>		
Long term loans - <i>secured</i>	3% to 16.75%	12.60% to 16.86%
Lease liabilities	9.17% to 16.50%	11.00% to 17.09%
Short term borrowings - <i>secured</i>	8.81% to 18.55%	10.56% to 18.54%

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 60.95 million (2019: Rs. 52.38 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2019.

43.3.3 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.

43.4 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).

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43.4.1 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 2020					
	Carrying Amount		Fair value			
	Financial assets at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
	(Rupees in '000)					
<u>Financial assets - amortised cost</u>						
Security deposits	30,366	-	30,366	-	-	-
Trade debts	5,482,315	-	5,482,315	-	-	-
Other receivables	496,938	-	496,938	-	-	-
Cash and bank balances	94,219	-	94,219	-	-	-
	6,103,838	-	6,103,838	-	-	-
<u>Financial liabilities - amortised cost</u>						
Long term loans - secured	-	2,506,831	2,506,831	-	-	-
Lease liabilities	-	122,846	122,846	-	-	-
Employee retirement benefit	-	19,666	19,666	-	-	-
Trade and other payables	-	900,538	900,538	-	-	-
Mark-up accrued on borrowings	-	178,416	178,416	-	-	-
Short term borrowings - secured	-	3,954,952	3,954,952	-	-	-
Loan from sponsors - unsecured	-	380,500	380,500	-	-	-
	-	8,063,749	8,063,749	-	-	-

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44 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:	2020	2019
	(Rupees in '000)	
Total debt	6,888,452	5,918,300
Total equity and debt	15,675,086	14,602,240
Debt to equity ratio	44%	41%

The Company is not subject to externally imposed capital requirements.

45 Events after the reporting date

The Board of Directors in their meeting held on 19 March 2021 have proposed a final cash dividend for the year ended 31 December 2020 of Rs. NIL per share (2019: NIL share), amounting to Rs. NIL million (2019: NIL) for approval of the members at the Annual General Meeting to be held on 23rd April 2021. 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 19 MAR 2021

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Lahore  Director  Chief Executive Officer  Chief Financial Officer

ویوز سیگر پاکستان لمیٹڈ

دی کمپنی سیکریٹری،

ویوز سنکر پاکستان لمیٹڈ

9 کلومیٹر ملتان روڈ، بنجر وال، لاہور۔

پراکسی فارم

میں مسمی/مسماء _____ ضلع _____ بحیثیت ممبر ویوز سنکر پاکستان لمیٹڈ،
مسمی/مسماء _____ ضلع _____ کو بطور مختار [پراکسی] مقرر کرتا/کرتی ہوں
تاکہ وہ میری طرف سے کمپنی کے اجلاس میں شرکت، گفتگو اور ووٹ کا اندراج کر سکے جو بتاریخ _____
بروز _____ منعقد ہو رہا ہے۔
دستخط آج بروز _____ بتاریخ _____

گواہ [الف]

دستخط _____

نام _____

پتہ _____

کمپیوٹرائزڈ شناختی کارڈ نمبر _____

5 روپے کا

ریورینو

اسٹیمپ

دستخط ممبر _____

نام _____

فولیر نمبر _____

پارٹیسپینٹ آئی ڈی نمبر _____

سی ڈی سی ذیلی اکاؤنٹ نمبر _____

گواہ [ب]

دستخط _____

نام _____

پتہ _____

کمپیوٹرائزڈ شناختی کارڈ نمبر _____

اہم نکات

1. سی ڈی سی حصص داران سے گزارش ہے کہ اجلاس کے نوٹس میں درج ہدایات پر عمل درآمد کریں۔
2. جو ممبر اجلاس میں شرکت کا اہل ہے وہ کسی کو اجلاس میں ووٹ کے اندراج کیلئے مختار مقرر کرنے کا اہل ہے۔
3. ممبران سے درخواست ہے کہ:
[الف] 5 روپے کا ریورینو اسٹیمپ مندرجہ بالا بانکس میں چسپاں کریں۔
[ب] ریورینو اسٹیمپ پر اسطرح دستخط کریں جس طرز میں کمپنی کے پاس رجسٹرڈ ہوں۔
[ج] فولیر نمبر / سی ڈی سی اکاؤنٹ نمبر درج کریں
4. مکمل پراکسی فارم بمعہ دستخط اور ریورینو اسٹیمپ کے طے شدہ وقت سے کم از کم ۲۸ گھنٹے قبل موصول ہوجائیں

ویوز سنگر پاکستان لمیٹڈ

نوٹس برائے سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ ویوز سنگر پاکستان لمیٹڈ ("کمپنی") کے حصص داران کا سالانہ اجلاس عام (AGM) بروز سوموار، 23 اپریل، 2021ء کو صبح 11:00 بجے فزیکل اور الیکٹرونک فیکٹری حدود میں، کمپنی کے رجسٹرڈ دفتر 9 کلومیٹر ملتان روڈ، لاہور میں مندرجہ ذیل امور کی انجام دہی کے لئے منعقد ہوگا۔

عمومی امور:

1- 31 دسمبر 2020ء کو ختم ہونے والے مالی سال کیلئے آڈیٹڈ اکاؤنٹس کا حصول اور اس پر غور و خوض اور اس پر چیئر مین ڈائریکٹرز اور آڈیٹرز کی رپورٹ۔

2- 31 دسمبر 2021ء کو ختم ہونے والے سال کیلئے کمپنی کے آڈیٹرز کی تقرری اور ان کا معاوضہ مقرر کرنا، بورڈ اور آڈٹ کمیٹی نے ریٹائر ہونے والے آڈیٹرز، میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، کا نام کمپنی کے آڈیٹرز کی حیثیت سے تقرری کے لئے تجویز کیا ہے۔

بجلم بورڈ

(واصف علی رانا)

کمپنی سیکرٹری

لاہور

02 اپریل، 2021

نوٹ:

COVID-19 کی موجودہ صورتحال کی وجہ سے، کمپنی نے فیصلہ کیا ہے کہ کمپنی کے حصص یافتگان اور عوام الناس کی حفاظت اور فلاح و بہبود کے لئے سالانہ اجلاس عام فزیکل کے ساتھ ساتھ الیکٹرانک طور پر منعقد کرنا موزوں اور مناسب ہوگا۔ ویڈیو لنک کے ذریعے AGM میں شرکت کے خواہشمند کمپنی کے حصص یافتگان سے درخواست ہے کہ وہ اپنے کوائف (حسب ذیل کے مطابق) کے ہمراہ اپنے CNIC (دونوں اطراف) / پاسپورٹ، بورڈ کی قرارداد کی تصدیق شدہ کاپی / مختار نامہ (کارپوریٹ حصص یافتگان کی صورت میں) cs@waves.net.pk پر ای میل کے ذریعے جس کا عنوان (Subject) "رجسٹریشن برائے AGM دسمبر 2020 آف ویوز سنگر پاکستان لمیٹڈ" (یا پوسٹ / کوریئر کے ذریعے) AGM کے انعقاد سے کم از کم 48 گھنٹے پہلے ارسال کرنے چاہئیں۔ دستخط شدہ اصل دستاویزات ریکارڈ کے مقاصد کے لئے کمپنی کو علیحدہ سے کوریئر یا ڈاک کے ذریعے بھیجنا ضروری ہیں۔

نام حصص دار	CNIC نمبر	فولیو	موبائل نمبر	ای میل ایڈریس

ڈیولنک اور لاگ ان کریڈنشل صرف ان ارکان کے ساتھ شیئر کیا جائے گا جن کی ای میلز جس میں تمام مطلوبہ کوائف شامل ہوں مقررہ مدت کے اندر موصول ہو چکی ہوں گی۔

1) کمپنی کی حصص منتقلی کی کتابیں 17 اپریل 2021ء تا 23 اپریل 2021ء (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 1-K، کرسٹل ماڈل ٹاؤن، لاہور میں 16 اپریل 2021ء کو کاروبار کے اختتام پر موصولہ منٹھلیاں، 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 ہیں۔ پراکسیاں تا نکلے 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 سرکل نمبر 1 مورخہ 26 جنوری 2000 میں دی گئی گائیڈ لائنز کی پیروی کرنا ہوگی۔ پراکسی فارم کمپنی کی ویب سائٹ 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 سرکل نمبر 10 بتاریخ 21 مئی 2014ء کے مطابق اگر کمپنی کو کسی جغرافیائی مقام سے جو کہ اجلاس کا مقام نہیں ہے پر مقیم 10% یا اس سے زیادہ 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 پہنچتی ہے تو کمپنی اس شہر میں ویڈیو کانفرنس سہولت کا بندوبست کرے گی جو کہ اس شہر میں ایسی سہولت کی دستیابی سے مشروط ہوگا اس سلسلے میں برائے کرم درج ذیل کو پُر 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 _____ میں ویڈیو کانفرنس سہولت اختیار کرنا چاہتا ہوں۔

5) براہ کرم نوٹ کریں کہ WSPIL AGENCY کے ذریعے گوشوارے بذریعہ ای میل ترسیل کر سکتی ہے جس کے لئے حصص داران اپنی متعلقہ معلومات شیئر رجسٹرار کو فراہم کرتے ہیں۔

ویوز سنگر پاکستان لمیٹڈ
حصص یافتگان کیلئے ڈائریکٹرز کی رپورٹ

ویوز سنگر پاکستان لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے ہم 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے ڈائریکٹرز کی رپورٹ اور آڈٹ شدہ مالی بیانات پیش کرتے ہوئے مسرت محسوس کرتے ہیں: مالی جھلکیاں اس کے تحت پیش کی جاتی ہیں:

	FY20 Rs. in '000	FY19 Rs. in '000
آپریٹنگ نتائج		
مجموعی فروخت	10,230,068	11,660,266
مجموعی منافع	1,844,377	2,629,372
ایڈمن، مارکیٹنگ، فروخت اور تقسیم کے اخراجات	(1,381,499)	(1,403,016)
دیگر اخراجات	(42,671)	(85,248)
اپریٹنگ منافع	420,407	1,141,108
مالی اخراجات [خالص]	(616,832)	(676,794)
دیگر آمدنی	465,831	157,295
ٹیکس سے پہلے سال کے لئے منافع	269,206	621,609
ٹیکسیشن	(141,738)	(243,309)
بعد از ٹیکس منافع	127,468	378,300
فی شیئر آمدنی	0.68	2.02

کاروباری جائزہ

کمپنی کی بنیادی سرگرمیاں

ڈبلیو ایس پی ایل پاکستان اسٹاک ایکسچینج میں درج ایک کمپنی ہے۔ کمپنی بنیادی طور پر مختلف گھریلو آلات اور دیگر لائٹ انجینئرنگ مصنوعات کی تیاری، اسمبلنگ اور تقسیم میں شامل ہے۔ ڈبلیو ایس پی ایل کی مصنوعات کی لائن وسیع رینج پر مبنی ہے جو پورے پاکستان میں پھیلتے ڈیلر نیٹ ورکس اور کمپنی کی اپنی ریٹیل آؤٹ لیٹس کے ذریعے دو معروف برانڈز، ویوز اور سنگر کے تحت فروخت کی جاتی ہیں۔ کمپنی کی پروڈکٹ لائن میں شامل ہیں:



ویوز برانڈ

- ڈیپ فریزرز
- ویزی کولر
- ریفریجریٹرز
- ایئر کنڈیشنرز
- واشنگ مشین
- مائیکروویو اون
- واٹر کولر



سنگر برانڈ

- ڈیپ فریزر
- ریفریجریٹرز
- ایئر کنڈیشنرز
- واشنگ مشین
- مائیکروویو اون
- واٹر کولر
- سلائی مشین
- گیزر
- فوری گیزر
- کوکنگ رینج

بلیو ایس پی ایل کے پاس کراچی، لاہور، گوجرانوالہ، پشاور، ملتان وغیرہ جیسے شہروں میں 15 گوداموں کا ملک گیر سیٹ اپ موجود ہے۔ تقریباً +1500 کا ڈیلرز نیٹ ورک 16 آفٹر سیلز سروس سینٹرز اور 509 سروس ورکشاپس کا جال ملک گیر سطح پر پھیلا ہوا ہے۔ کمپنی کا سیلز انفراسٹرکچر پاکستان کے اندر کام کرنے والی کسی بھی دوسری معروف ہوم اپلائنس کمپنی کے مقابل ہے۔

عملی کارکردگی کا تجزیہ

مالی سال 20 کے دوران ملک کے اقتصادی استحکام کو ویڈی-19 کی وبا نے چیلنج کیا تھا۔ تقریباً 2 ماہ کے لیے ملک بھر میں لاک ڈاؤن 24 مارچ 2020 – 9 مئی 2020 نافذ رہا بعد میں اسے منظم طریقے سے مرحلہ وار اٹھایا گیا۔ جس کے نتیجے میں کمپنی کی فیکٹری اور آپریشنز اس لاک ڈاؤن کے دوران مکمل طور پر بند ہو گئی۔ پہلی نصف مالی سال 2020 کے دوران کاروباری اور معاشی حالات بھی بہت چیلنجنگ تھے جس کی وجہ شرح تبادلہ میں تیزی سے کمی، پٹرولیم مصنوعات کی قیمتوں میں اضافے اور مسلسل مہنگائی کے نتیجے میں ان پٹ اخراجات میں اضافہ ہے۔

تاہم لاک ڈاؤن کے خاتمے کے بعد دوسرے نصف مالی سال 2020 کے دوران کمپنی کو گزشتہ سال کی اسی مدت (دوسری نصف مالی سال 2020 مجموعی فروخت 5,452 ملین: دوسری نصف مالی سال 19 مجموعی فروخت 4,508 ملین۔ اضافے 21 فیصد) کے مقابلے میں فروخت میں نمایاں اضافہ ہوا۔ کیونکہ لاک ڈاؤن کے دوران پیدا ہونے والے بیک لاگ کی وجہ اور گرمیوں کے توسیعی موسم کے ساتھ ساتھ کووڈ-19 سے نمٹنے کے لئے جی او پی کے ذریعہ کئے گئے مالی اور مالیاتی اقدامات بھی فائدہ مند ثابت ہوئے اور معیشت میں تبدیلی دیکھنے میں آئی۔

اس کے نتیجے میں کمپنی مالی سال 2020ء کیلئے سیلز ریونیو 10,230 ملین روپے، مجموعی منافع 1,844 ملین روپے، آپریٹنگ منافع 420 ملین روپے اور 269 ملین روپے ٹیکس قبل از منافع پیدا کرنے میں کامیاب ہو سکی۔ کمپنی مہنگائی کے اثرات کو کم کرنے کے لئے اندرونی لاگت کی بچت، آپریشنل ایکسی لینس، وسائل کے موثر استعمال اور موثر مادی منصوبہ بندی کے انتظام پر توجہ مرکوز کرتی رہی۔ انتظامیہ نے براہ راست متغیر لاگت اور انتظامی اور فروخت کے اخراجات پر کنٹرول رکھا ہے جس کی وجہ سے سال کے دوران افراط زر کی شرح زیادہ ہونے کے باوجود اجتماعی طور پر کمی واقع ہوئی۔

کمپنی کی جانب سے کیش فلو، ورکنگ کیپٹل، سپلائی چین مینجمنٹ، پروسیس ری انجینئرنگ اور وسائل کے موثر استعمال کی نگرانی پر بھرپور توجہ دی گئی ہے۔

معاشی تجزیہ

میکرو اکنامک حالات 2019 سے چیلنجنگ ہیں جس کی وجہ مستقل افراط زر، شرح تبادلہ کی بے قدری اور جڑواں خسارہ کھاتے وغیرہ شامل ہیں۔ اسی پر قابو پانے کے لئے حکومت کی جانب سے 2020ء کے دوران اپنی ایڈجسٹمنٹ اور ساختی اصلاحات کی پالیسی کے ذریعے مختلف پالیسی اقدامات کئے گئے جس کے نتیجے میں معاشی صورتحال بہتر ہونے کا آغاز ہوا۔

تاہم جب معیشت استحکام سے ترقی کی طرف بڑھ رہی تھی تو رواں مالی سال کی دوسری نصف کے دوران کورونا وائرس (کوویڈ-19) پھیلنے سے پاکستان کے لئے کثیر جہتی چیلنجز پیدا ہوئے۔ اس کے نتیجے میں مارکیٹیں، دفاتر اور کارخانے ملک گیر سطح پر بند ہوئے، ملکی کے ساتھ ساتھ عالمی طلب میں کمی، سیاحت اور کاروباری سفر میں مندی، تجارت و پیداوار کے روابط اور سپلائی چین میں تعطل وغیرہ شامل ہیں۔

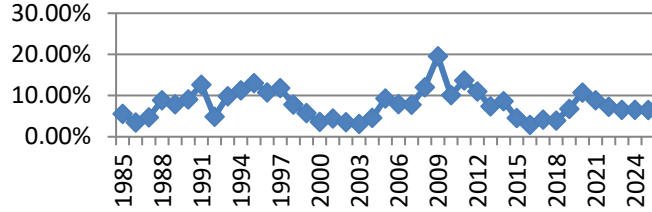
کوویڈ-19 کے برے اثرات سے نمٹنے کے لیے جی او پی نے مختلف ساختی اصلاحات کیے اور 1.24 ٹریلین روپے کے امدادی پیکج کا اعلان کیا۔ اس کے علاوہ اسٹیٹ بینک نے کاروباری خدشات کے مزدوروں اور ملازمین کو اجرتوں اور تنخواہوں کی ادائیگی کے لئے عارضی اقتصادی ری فنانس سہولت اور ری فنانس سکیم جیسے کاروباری اداروں کی طلب اور رسد کی دونوں شرائط کو دور کرنے کے لئے پالیسی کی شرح 13 فیصد سے کم کر کے 7 فیصد کرنے اور کچھ رعایتی ری فنانس سکیموں سمیت متعدد اقدامات متعارف کرائے۔ ان اقدامات سے کاروباری اداروں کو چیلنجنگ اوقات میں تیرنے میں سہولت ملی۔

استحکام کی یہ کوششیں جاری کھاتہ خسارے میں مستقل ایڈجسٹمنٹ کی شرائط میں ادا کی گئی۔ کئی سالوں میں پہلی بار جاری کھاتہ خسارے نے سرپلس پوسٹ کیا۔ اس کے علاوہ مستحکم شرح تبادلہ، ایف ڈی آئی میں صحت مند ترقی (126.8 فیصد)، عالمی بینک کے کاروبار میں آسانی کے انڈیکس میں بہتر درجہ بندی اور 'منفی' بی (بی) موڈیز سے بی تھری تک مستحکم کریڈٹ اوٹ لک نے معیشت کو مستحکم کیا اور وہ آئندہ برسوں میں مضبوط ترقی کی بنیاد رکھیں گے۔

مالی سال 2020 ء میں افراط زر کی شرح 10.7

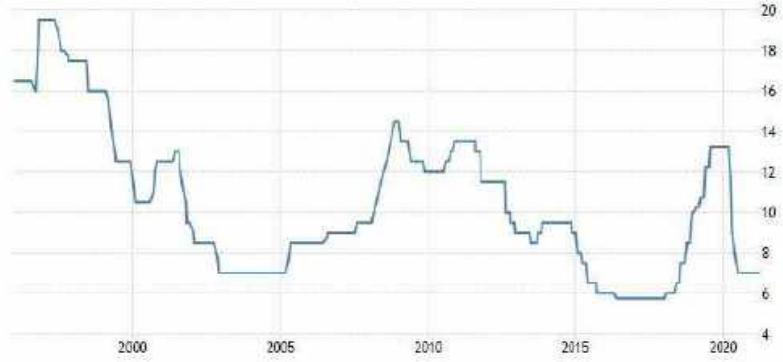
فیصد رہی جبکہ گزشتہ سال میں یہ شرح 6.8 فیصد تھی۔ افراط زر کی اوسط شرح میں اضافے کی وجہ افراط زر کے دباؤ کو کہا جاتا ہے جس کے نتیجے میں مقامی کرنسی کی قدر میں کمی کے نتیجے میں گرینبیک، بوٹیلیٹی قیمتوں میں اضافہ، زیادہ ٹیکس اور کووڈ-19 کی وجہ سے عبوری رسد میں خلل پیدا ہونا ہے۔

Inflation rate



بیرونی محاذ پر مالی سال 19 میں 13.4 امریکی ڈالر کے خسارے کے مقابلے میں جاری کھاتہ خسارہ (سی اے ڈی) بڑے

پیمانے پر بہتر ہو کر 3.0 بلین امریکی ڈالر میں پہنچ گیا۔ جس کے نتیجے میں کیڈ بیلنس 5 سال کی کم ترین سطح پر گر گیا۔ اسی طرح مالی سال 20 میں جی ڈی پی کے ایک فیصد کے طور پر کیڈ مالی سال 20 میں 4.8 فیصد کے مقابلے میں 1.1 فیصد پر گھڑی رہی۔ کیڈ میں کمی کی بڑی وجوہات میں تجارتی توازن کا سگڑنا اور زیادہ ترسیلات زر ہیں۔ تجارتی خسارے کے توازن میں 30.2 فیصد یوانی کی کمی واقع ہوئی کیونکہ بیک بیک کے خلاف پی کے آر کی بے قدری نے ملک کے اندر درآمدی متبادل کی طرف سرمایہ کاروں کی حوصلہ افزائی کی۔ مزید برآں ملک میں ترسیلات زر کی ریکارڈ زیادہ آمد ہوئی جہاں مالی سال 20 میں یہ 23.1 بلین امریکی ڈالر کی سطح پر رہی جبکہ گزشتہ سال کے اسی عرصے میں یہ 21.7 بلین امریکی ڈالر تھی۔



صنعت کا جائزہ

توقع ہے کہ پچھلے کچھ سالوں کے دوران مشکل سماجی و اقتصادی حالات 2021 تک کم ہو جائیں گے۔ کووڈ-19 کی صورتحال کے باوجود پاکستان کی معیشت نے اچھی کارکردگی کا مظاہرہ کیا ہے۔ موڈیز کی تحقیق کے مطابق پاکستان کی معیشت میں اگلے 5 سال کے دوران اوسطاً 4 فیصد سالانہ کی ترقی متوقع ہے۔ اس مستحکم معاشی ترقی سے صارفین کو زیادہ ڈسپوزیبل آمدنی فراہم ہوگی اور طرز زندگی کو اپ گریڈ کرنے کے خواہاں افراد کو فائدہ ہوگا۔

بڑھتی ہوئی ڈسپوزیبل آمدنی کی وجہ سے 50 ملین افراد پر مشتمل متوسط طبقے میں الیکٹرانک آلات کی خرید کی جانب رغبت بڑھے گی اور اس میں اہم کردار ادا کرتا رہے گا۔ شدید مہنگائی، ایندھن کے اخراجات، کمزور روپے اور ان پٹ کی قیمتوں میں اضافے کی وجہ سے قیمتوں کے دباؤ مینوفیکچررز کے لئے بڑے خدشات رہیں گے۔

پاکستان میں کم گھریلو دخول (عالمی اوسط سے کافی نیچے) آلات کمپنیوں کو اپنی رسائی بڑھانے کے مواقع فراہم کرے گا۔ توقع ہے کہ علاقوں میں جدید خوردہ اور خصوصی کمپنی کے اداروں کی توسیع سے ہوم آلات کے دخول میں اضافہ ہوگا۔ توقع ہے کہ غیر میٹرو شہروں (درجہ دو اور تین شہروں اور دیہی علاقوں) میں بھی آلات کی فروخت میں مضبوط ترقی کریں گے۔

صارفین کے آلات کی دو عدد ترقی کو ہوا دینے والے دیگر عوامل دوہری آمدنی والے جوہری خاندانوں میں بڑھ رہے ہیں، کریڈٹ کی آسان دستیابی، بدلتے ہوئے طرز زندگی، نئے ماڈلز متعارف کرانے اور صارفین کی آگاہی میں اضافہ ہو رہا ہے۔ صارفین کے پائیداروں کے لئے تیزی سے سیکڑتے ہوئے متبادل چکر کا بھی جاری رہے گا اور اسی وجہ سے صارفین کی الیکٹرانکس کی طلب کو ہوا ملے گی۔

گھریلو آلات کی صنعت کو آسان بنانے کے لئے وزارت خزانہ کا تعاون:

حکومت کی جانب سے زیادہ مالیت کے درآمدی خام مال پر کسٹم ڈیوٹی کم کر کے ہوم اپلائنس انڈسٹری کو آسان بنانے کے لئے بروقت اقدامات بھی کئے گئے۔ وزارت خزانہ نے سال 2020 کے پہلے دن سے شروع ہونے والے کسٹم ڈیوٹی میں مسلسل کمی کے ذریعے پندرہ سال کے دوران پھیلے ہوئے کسٹم ڈیوٹی سلیبس میں کمی کی۔ اس میں درآمد شدہ خام مال جیسے پی پی کوپولیمر، ایس ایس شیٹ، کاپر ٹیوب، فین بلیڈ اینڈ پاور منیجر وغیرہ شامل ہیں۔ 30 جون 2020 کو ایس آر او 2020/(1)572 کے ذریعے وزارت خزانہ نے مخصوص درآمدی اشیاء پر عائد اضافی کسٹم ڈیوٹی سلیبس کم کر کے ہوم اپلائنس انڈسٹری کو مزید سہولیات فراہم کیں۔

کمپنی کا مستقبل کا آؤٹ لک/فارورڈ نظر آنے والے بیانات

ہمارا بنیادی مقصد اعلیٰ معیار اور موثر گھریلو مصنوعات کی فراہمی ہے۔ ہم طویل مدتی اہمیت کے منصوبوں میں منافع اور سرمایہ کاری میں توازن برقرار رکھتے ہوئے شیئر ہولڈر کی قدر بڑھانے کے لئے پرعزم ہیں۔

لاک ڈاؤن میں آسانی ہونے کے بعد پینٹ اپ طلب توقعات سے بڑھ گئی ہے۔ بیرونی شعبے میں واضح بہتری آئی ہے جہاں ملک میں گزشتہ سال کی اسی مدت میں 2.0 ارب امریکی ڈالر کے خسارے کے توازن کے مقابلے میں دوسری نصف مالی سال 2020 کے دوران 1.1 ارب امریکی ڈالر کا جاری کھاتہ سرپلس پوسٹ کرنے میں کامیاب رہا۔ مناسب مالیاتی پالیسی موقف کا پھل اس کے فوائد پیش کرنے شروع ہو گیا ہے۔ گزشتہ سال کی اسی مدت کے مقابلے میں نصف مالی سال 2020ء کے دوران بڑے پیمانے پر مینوفیکچرنگ میں 8.16 فیصد کا اضافہ ہوا ہے۔ تمام بڑے شعبوں میں معاشی سرگرمیوں میں اضافے کا آغاز کیا گیا ہے اور توقع ہے کہ آنے والے مستقبل میں بھی یہ سلسلہ جاری رہے گا۔

کمپنی کو کوکا کولا کارپوریشن کی جانب سے مالی سال 21 کے دوران 975 ملین روپے مالیت کے کوکا کولا برانڈڈ ڈیپ فریزر اور وسی کولر کی فراہمی کے لئے آرڈر کی تصدیق موصول ہوئی ہے۔ یہ حکم ڈبلیو ایس پی ایل کو اس کے نتیجے میں فریق ثالث کے تفصیلی سپلائر آڈٹ کی منظوری کے بعد دیا گیا ہے جس میں کمپنی کو سبز (بہترین) کا درجہ دیا گیا ہے۔ روایتی طور پر کمپنی کی ٹاپ لائن کے تقریباً 1 ارب روپے سے کچھ کم کارپوریٹ سیگمنٹ سے آئے تھے جس کی ہمیں توقع ہے کہ مالی سال 21 کے دوران یہ بڑھ کر 2 ارب روپے سے زیادہ ہو جائے گا کیونکہ فیکٹری کی منظوری سے کمپنی دیگر کارپوریٹ کلائنٹس سے اضافی آرڈر حاصل کرنے کے قابل ہو گئی ہے۔

لاہور کے ملتان روڈ پر کمپنی کی موجودہ فیکٹری گنجان آبادی والے اور نسبتاً مہنگے علاقے میں واقع ہے اور جگہ بھی کمپنی کی مستقبل کی ترقی کی ضروریات کو پورا کرنے کے لئے کافی نہیں ہے۔ اس کی وجہ سے انتظامیہ نے اسے شہر سے باہر منتقل کرنے کے اختیارات کی تلاش شروع کر دی جس کے لئے زمین کا ایک بڑا ٹکڑا خریدا گیا ہے۔ موجودہ احاطے کے لئے بہترین استعمال کا پتہ چلانے کے لئے اس مقصد کے لئے ایک بین الاقوامی فرم کی خدمات حاصل کی گئیں اور انہوں نے پرائم لوکیشن اور تعمیراتی سرگرمیوں کے لئے حکومت کی حمایت کو مدنظر رکھتے ہوئے رئیل اسٹیٹ اپارٹمنٹ پروجیکٹ تیار کرنے کی سفارش کی ہے۔

کمپنی نے 1.4 ارب روپے کے رائٹ اشوز جاری کرنے کا اعلان کیا ہے جسے نی صرف منتقلی کے مد میں کیئے جانے والے اخراجات کی مد میں استعمال کیا جائے گا بلکہ مستقل کے ورکنگ کیپٹل کے لیئے بھی استعمال کیا جائے گا جس سے کاروباری ضروریات پوری کی جاسکیں گی۔ -

خطرات، غیر یقینی صورتحال اور ابہام کا دور کیا جانا

آپ کی کمپنی تسلیم کرتی ہے کہ خطرہ کاروبار کا لازمی حصہ ہے اور خطرات کو فعال اور موثر طریقے سے سنبھالنے کے لئے پرعزم ہے۔ آپ کی کمپنی وقفہ وقفہ سے اندرونی اور بیرونی ماحول میں خطرات کا جائزہ لے رہی ہے اور اپنی حکمت عملی اور کاروباری/ آپریشنل منصوبوں میں خطرات کو کم کرنے کے منصوبوں کو شامل کرتی ہے۔ ہر خطرے کو احتیاط سے دیکھا جاتا ہے، کیونکہ کچھ معاملات میں تجزیہ کے بعد یہ ایک نئے کاروباری موقع کا باعث بن سکتا ہے۔

آپ کی کمپنی کا ایک متعین رسک مینجمنٹ فریم ورک موجود ہے۔ رسک مینجمنٹ فریم ورک انٹریٹرز میں اوپر سے نیچے تک مختلف سطحوں پر کام کرتا ہے۔ یہ سطحیں کمپنی کے رسک مینجمنٹ کا اسٹریٹجک دفاعی کور تشکیل کرتی ہیں۔ آپ کی کمپنی کی رسک مینجمنٹ کمیٹی خطرے میں کمی کے منصوبے پر نظر اور جائزہ لے گی۔

اہام کا دور کیا جانا	ہم کاروباری خطرات
<p>آپ کی کمپنی نے وینڈر معقولیت کا آغاز کیا ہے، دکانداروں کی ان ہاؤس مینوفیکچرنگ اور اسکورکارڈ تشخیص پر زور دیا گیا ہے۔</p> <ul style="list-style-type: none"> آپ کی کمپنی نے سال کے دوران کمپنی بھر میں ایک معیاری اور عمل میں بہتری کا پروگرام بنایا ہے، جس میں باقاعدہ مینجمنٹ جائزے میں پیش رفت کا جائزہ لیا جا رہا ہے۔ 	<p>آپریشنل ایکسی لینس - یہ اندرونی عوامل سے وابستہ خطرات، ملازمین کے کاروبار، سپلائی چین میں خلل، آئی ٹی سسٹم کی بندش یا ناکامی پر قابو پانے جیسے انتظامی اور آپریشنل طریقہ کار ہیں۔</p>
<ul style="list-style-type: none"> آپ کی کمپنی نے سال کے دوران ایک مرکزی مارکیٹنگ ڈھانچہ قائم کیا ہے، جس سے اس کے صارفین کی بصیرت کے عمل کو تقویت ملی ہے اور متعلقہ فنکشن میں اہلیت کے خلا کو پر کیا جائے گا۔ کمپنی کے تحقیق اور ترقی کے محکمے کو تقویت ملی ہے اور وہ مصنوعات کی اختراع کی حکمت عملیوں کو مسلسل دیکھ رہا ہے اور اس پر عمل درآمد کر رہا ہے۔ 	<p>برانڈنگ/ اختراع کا خطرہ - جو آپ کے کاروبار کے اختراعی شعبوں جیسے مصنوعات کی تحقیق اور مارکیٹ کے تازہ ترین رجحانات اور مصنوعات کی اختراع سے نمٹنے کے لئے لاگو ہوتا ہے۔</p>
<ul style="list-style-type: none"> آپ کی کمپنی نے جانیشینی منصوبہ بندی فریم ورک مینجنگ کیریئر کی ترقی اور موزوں ملازمین کے لئے ترقی کے مواقع ترتیب دیا ہے اور اس طرح ٹیلنٹ کی برقراری کو یقینی بنایا ہے۔ 	<p>تنظیم کی فضیلت - صحیح صلاحیتوں کو راغب کرنے اور برقرار رکھنے کی صلاحیت آپ کی کمپنی کی تنظیم کے مقاصد کے حصول میں نا اہلیت کا باعث بن سکتی ہے</p>
<ul style="list-style-type: none"> پر عزم کریڈٹ سہولیات کی مناسب مقدار کے ذریعے مناسب رقم کی دستیابی، مناسب مقدار میں پر عزم کریڈٹ سہولیات کے ذریعے مالی امداد کی دستیابی پر عمل کرنے کا مطلب ہے۔ کاروبار کی متحرک نوعیت کی وجہ سے کمپنی پر عزم کریڈٹ لائٹوں کو دستیاب برقرار رکھتے ہوئے فنڈنگ میں لچک برقرار رکھے گی۔ کمپنی کے لیکویڈٹی مینجمنٹ میں نقد بہاؤ کو پروجیکٹ کرنا اور ان کو پورا کرنے کے لئے ضروری مائع اثاثوں کی سطح پر غور کرنا، اندرونی اور بیرونی ریگولیٹری ضروریات کے خلاف مالی پوزیشن لیکویڈٹی تناسب کے بیان کی نگرانی اور قرضوں کی مالی معاونت کے منصوبوں کو برقرار رکھنا شامل ہے۔ 	<p>لیکویڈٹی رسک۔ یہ خطرہ ہے کہ کمپنی کو اپنی مالی ذمہ داریوں سے وابستہ ذمہ داریوں کو پورا کرنے میں دشواری کا سامنا کرنا ہوگا جو نقد رقم یا کوئی اور مالی اثاثہ پہنچا کر طے کی جاتی ہیں۔</p>
<ul style="list-style-type: none"> انفرادی کریڈٹ کی حدود کا اطلاق کر کے اور بینک گارنٹی اور ان لینڈ لیٹر آف کریڈٹ کے خلاف تجارتی قرضوں کی اکثریت کو محفوظ بنا کر خطرے کو کم کیا جاتا ہے۔ ان بینک گارنٹیوں کی قبولیت کی وجہ سے پیدا ہونے والے کریڈٹ رسک کا انتظام اس بات کو یقینی بنا کر کیا جاتا 	<p>ریڈٹ رسک۔ کریڈٹ رسک نقصان کے خطرے کو ظاہر کرتا ہے اگر ہم منصب معاہدے کے مطابق کارکردگی کا مظاہرہ کرنے میں ناکام رہے۔</p>

	یہ کہ بینک گارنٹی بورڈ آف ڈائریکٹرز کی منظور کردہ مناسب طور پر زیادہ کریڈٹ ریٹنگ کے بینکوں کے ذریعہ جاری کی جائے۔
قیمت کا خطرہ- مارکیٹ میں نئے داخل ہونے والوں کے ساتھ، قیمتوں کے مقابلے کا امکان ہے جو مارجن نچوڑ سکتا ہے۔	<ul style="list-style-type: none"> کمپنی مسلسل مسابقتی سپلائرز کو سورشنگ کر رہی ہے، اپنی ٹیکنالوجی، کارکردگی اور پیداواری صلاحیت کو بہتر بنا رہی ہے۔ اس کے علاوہ چونکہ ڈبلیو ایس پی ایل کے پاس تیزی سے تبدیلی کے وقت کے ساتھ مصنوعات تیار کرنے کی ان ہاؤس صلاحیت ہے، اس لئے خود ہی ڈبلیو ایس پی ایل کو متاثر کرنے والے مقابلے کے امکانات کو ختم کر دیتے ہیں۔
مسابقتی خطرہ- پلاسٹک کی صنعت میں اپنا راستہ بنانے میں اضافہ۔	<ul style="list-style-type: none"> ڈبلیو ایس پی ایل کی متنوع مصنوعات لائن اور منفرد ڈیلر کے علاوہ خوردہ فروخت کا ڈھانچہ اور تکنیکی مہارت اسے ان چیلنجوں کا مقابلہ کرنے کے لئے کافی تیار بناتی ہے۔
ریگولیٹری رسک- ڈیوٹی، ٹیکسوں، لیویز اور دیگر شرائط کے نفاذ/ اضافہ سے کارروائیاں بری طرح متاثر ہو سکتی ہیں۔	<ul style="list-style-type: none"> نئے سطحوں کا اطلاق سب پر ہوتا ہے، اس لئے ہم مسابقت رکھتے ہیں

ماحولیات، صحت اور تحفظ (ای ایچ ایس)

ہم اپنے کاروبار میں صحت، تحفظ اور ماحول میں فضیلت حاصل کرنے کے لئے پرعزم ہیں۔ ہم اپنے ملازمین کے تحفظ کو ترجیح دیتے ہیں اور اپنے ماحولیاتی فرائض اور ذمہ داریوں کو پوری کرتے ہوئے خاص طور پر اپنی مینوفیکچرنگ سہولیات بالخصوص اپنی مینوفیکچرنگ سہولیات کی فراہمی کے لئے سخت محنت کرتے ہیں۔ ہماری کمپنی ہمارے کارکنوں کی پیشہ ورانہ حفاظت اور صحت کو اہمیت دیتی ہے۔ ہم کام کرنے کا محفوظ ماحول برقرار رکھتے ہیں اور اپنے عملے اور اسٹیک ہولڈرز کی صحت اور فلاح و بہبود کی ذمہ داری قبول کرتے ہیں۔ کمپنی تمام ملازمین کو کام کی جگہ اور اس سے آگے دونوں جگہ اپنی حفاظت کو یقینی بنانے کی سرگرمی سے توجہ دیتی ہے۔ اس کے علاوہ ہماری مینوفیکچرنگ، ڈسٹری بیوشن اور ریٹیل آپریشنز نے ایس او پیز تیار کیے ہیں جو حادثات کے خطرے کو کم کرنا چاہتے ہیں۔

کارپوریٹ سماجی ذمہ داری

ہم اجتماعی کوششوں پر یقین رکھتے ہیں اور اس لئے ایک مضبوط تنظیمی کلچر تشکیل دیا ہے جو تمام ملازمین اور اسٹیک ہولڈرز کو فوائد فراہم کرتا ہے۔ ہم سماجی ذمہ داری کو اپنی بنیادی اقدار میں سے ایک کے طور پر قبول کرتے ہیں اور اسے گروپ کا ہر رکن شیئر کرتا ہے۔

پائیدار اور ذمہ دارانہ ترقی نہ صرف کارپوریٹ اداروں سے متعلق مقامی قوانین کی پابندی ہے بلکہ یہ اخلاقی ذمہ داری کے بارے میں زیادہ حساس ہے جس پر بہترین جذبے کے ساتھ عمل کرنے اور اس پر عمل کروانے کی ضرورت ہے۔ ہم اس بات پر پختہ یقین رکھتے ہیں کہ اس کی مالی کامیابی کے لئے ماحولیاتی اور سماجی کارکردگی کو بہتر بنانا ناگزیر ہے۔ کمپنی ہمیشہ فضیلت، اچھی حکمرانی، شفافیت، دیانت داری اور احتساب کے کلچر پر زور دیتی ہے۔

ڈبلیو ایس پی ایل ہمارے سی ایس آر ویژن کے تئیں ہمارے اہداف کے حصول میں ہر ایک کو پورا کرنے میں درج ذیل متنوع سی ایس آر اقدامات کو مسلسل چلا رہا ہے۔

سلائی / کڑھائی کی کلاسیں

عالمی اور مقامی طور پر سنگر سلائی مشینیں کئی دہائیوں سے اپنے صارفین کو باننگ سلائی اور سلائی کے ٹیلنٹ میں مدد کر رہی ہیں۔ پاکستان میں بہت سے گھرانوں کی آمدنی کا ایک اہم ذریعہ ٹیلرنگ ہے۔ باقاعدہ سلائی کلاسز کے ذریعے ویوز سنگر پاکستان کا مقصد کم آمدنی والی خواتین کو مالی انحصار پر قابو پانے کے لیے کمائی کے امکانات فراہم کرنا ہے۔ اس کے

نتیجے میں ہزاروں خواتین نے نہ صرف فائدہ اٹھایا ہے بلکہ پاکستان بھر میں ملبوسات کی مختلف کمپنیوں میں کامیابیا بھی حاصل کی ہیں۔

انسانی سرمائے میں سرمایہ کاری

ویوز سنگر پاکستان میں ہم بازار میں بہترین صلاحیتوں کو راغب کرنے اور انہیں اعلیٰ کامیابی حاصل کرنے والے بننے کے لیے مہارت اور بہترین مواقع فراہم کرنے پر یقین رکھتے ہیں۔

انسانی اثاثے

کمپنی اپنے لوگوں کو اپنا سب سے اہم اثاثہ قرار دیتا ہے۔ ہم دستیاب بہترین انسانی وسائل کے ٹیلنٹ کو بھرتی کرنے، تربیت دینے اور فروغ دینے کی تلاش میں ہمیشہ لگے رہتے ہیں۔ پرکشش معروضوں کے پیکیز کے علاوہ ہمارا کارپوریٹ کلچر ملازمین کی کارکردگی کو فروغ دینے کے لیے تیار کیا گیا ہے۔ ہماری جانشینی کی منصوبہ بندی کا فریم ورک ہماری بھرتی اور فروغ کی سرگرمیوں کی فعال رہنمائی کرتا ہے۔

سیکھنے کے مواقع اور تنظیمی ترقی

ہماری افرادی قوت باقاعدگی سے اپنے اپنے عملی علاقوں میں تربیت حاصل کرتی ہے۔ سنگر ریٹیل اکیڈمی ملازمین کو ایک جامع افرادی قوت کے تربیتی کیلنڈر کے ذریعے آگے بڑھنے میں اہم کردار ادا کرتی ہے۔ ہم مارکیٹ کے بدلتے ہوئے منظر نامے سے باخبر رہنے کے لیے اپنے ملازمین کو میدان میں نئی پیش رفت سے آگاہ کرنے کے لیے ورکشاپس بھی کرتے ہیں۔

اندرونی مالیاتی کنٹرول کی کوتاہی

انٹرنل کنٹرول فریم ورک کو بورڈ کے قائم کردہ اندرونی آڈٹ فنکشن کے ذریعے موثر طریقے سے نافذ کیا گیا ہے جو بیرونی آڈٹ فنکشن سے آزاد ہے۔ کمپنی کا داخلی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور تاثیر اور کوتاہی کے لئے اس کا مسلسل جائزہ لیا جاتا رہا ہے۔ آڈٹ کمیٹی نے کمپنی کے اندر ہر سطح پر آپریشنل، تعمیل، رسک مینجمنٹ، مالیاتی رپورٹنگ اور کنٹرول مقاصد، کمپنی کے اثاثوں کی حفاظت اور حصص یافتگان کی دولت کے حصول کو یقینی بنایا ہے۔ انٹرنل آڈٹ تقریب نے آڈٹ کمیٹی کے ذریعہ متعین کردہ چارٹر کے تحت اپنے فرائض انجام دیا ہے۔ آڈٹ کمیٹی نے مواد انٹرنل آڈٹ نتائج کا جائزہ لیا ہے، مناسب کارروائی کی ہے یا جہاں ضرورت ہو معاملات کو بورڈ کی توجہ میں لا سکتا ہے۔ ایک قابل اعتماد مالیاتی رپورٹنگ نظام اور قوانین و ضوابط کی تعمیل سمیت کمپنی کے مقاصد میں کارکردگی اور تعاون کو یقینی بنانے کے لئے بیرونی اور داخلی آڈیٹرز کے درمیان ہم آہنگی کو آسان بنایا گیا۔

کارپوریٹ حکمرانی کے بہترین طریقوں سے پاسداری

ہمارے ضابطہ اخلاق میں اخلاقیات کو ہماری بنیادی اقدار میں سے ایک کے طور پر درج کیا گیا ہے، اس لئے ویوز سنگر پاکستان لمیٹڈ کسی بھی قسم کے امتیازی سلوک اور ہراسانی کے بارے میں زیرو ٹالرنس کی پالیسی اپناتا ہے۔ اسی طرح رپورٹنگ کے محاذ پر بھی ایمانداری اور کھلے عام مواصلات کی توقع کی جاتی ہے، ہمیں اس بات کا خیال ہے کہ ہمیں نتائج کیسے ملتے ہیں۔

ہم سمجھتے ہیں کہ ویوز سنگر پاکستان لمیٹڈ سے وابستہ ہر شخص کے لئے ضروری ہے کہ وہ اس ثقافت کو اپنائے اور دیانت داری اور احتساب کے اعلیٰ ترین معیار کے مطابق زندگی گزاریں۔ بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور ملازمین کے لئے ضابطہ اخلاق اپنایا اور یہ فہرست شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضرورت کے لحاظ سے بورڈ ممبران اور ملازمین تک بھی گردش کیا گیا ہے۔ ضابطہ اخلاق کمپنی کی ویب سائٹ پر بھی رکھا گیا ہے۔

ڈائریکٹرز کا بیان

کوڈ کی ضرورت کے مطابق، کمپنی کے ڈائریکٹرز، یہ بتا کر خوش ہیں کہ:
الف۔ کمپنی کی انتظامیہ کے تیار کردہ مالی بیانات، اس کی حالت، اس کے کاموں کا نتیجہ، نقد بہاؤ اور مساوات میں تبدیلی کا درست جائزہ پیش کرتی ہے؛

ب) کمپنی کی جانب سے اکاؤنٹ کی مناسب کتابیں برقرار رہی ہیں؛

ج) مالی بیانات کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کا مستقل اطلاق کیا گیا ہے؛

د) اکاؤنٹنگ کے تخمینے معقول اور محتاط فیصلے پر مبنی ہیں؛

ط { پاکستان میں لاگو ہونے والے انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز (آئی اے ایس) اور آئی ایف آر ایس پر مالی بیانات کی تیاری پر عمل کیا گیا ہے؛
 ع { اندرونی کنٹرول کا نظام ڈیزائن میں مضبوط ہے اور اس پر موثر طریقے سے عمل درآمد اور نگرانی کی گئی ہے؛
 ف { کمپنی کی تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی اہم شک نہیں ہے؛ اور
 ق { کارپوریٹ حکمرانی کے بہترین طریقوں سے کوئی مادی انحراف نہیں ہوا ہے، جس کی تفصیل فہرست سازی کے ضوابط میں دی گئی ہے۔

تعمیل کا بیان

کمپنی حکمرانی کے بہترین طریقوں کی پابندی کرتا ہے۔ کمپنی نے درج فہرست کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں طے شدہ "کارپوریٹ گورننس کے ضابطہ کی تعمیل کا بیان" جاری کیا ہے جس کا کمپنی کے آڈیٹرز نے بھی جائزہ لیا ہے اور اس کی تصدیق کی ہے۔

مالی سال کے دوران اجلاس اور سرگرمیاں

بورڈ آف ڈائریکٹرز کی میٹنگز

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چھ (6) اجلاس منعقد ہوئے جن کی صدارت چیئرمین نے کی۔ چیف فنانشل آفیسر اور کمپنی سیکریٹری نے فہرست شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کو درکار اجلاسوں میں بھی شرکت کی۔ ہر ڈائریکٹر کی طرف سے حاضری درج ذیل تھی:

بورڈ آف ڈائریکٹرز

میمبر کا نام	منعقدہ اجلاس	اجلاس میں شمولیت
جناب عمیر خان صاحب	2	2
جناب محمد عدنان افاق صاحب	3	3
جناب ہارون احمد خان صاحب	6	6
محترمہ نگہت پرن خان صاحبہ	6	5
جناب معظم احمد خان صاحب	6	6
بریگیڈیر مختار احمد {رڈائریڈ} صاحب	2	2
جناب ندیم محمود بٹ صاحب	3	3
جناب ظفر الدین محمود صاحب	2	2
جناب یوسف محمد فاروق صاحب	6	5
جناب محمد ظفر حسین صاحب	3	3

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے نفاذ کے بعد سے بورڈ کی ایک آڈٹ کمیٹی قائم ہے۔ اس میں چار (4) ارکان شامل ہیں۔ چیئرمین ایک آزاد ڈائریکٹر ہے۔ دیگر ارکان میں ایک (1) ایگزیکٹو ڈائریکٹر اور دو (2) نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر رکن کی حاضری یہاں دی جاتی ہے

ممبر کا نام	منقده اجلاس	اجلاس میں شمولیت
جناب ظفر الدین محمود صاحب-چیئرمین	1	1
جناب عمیر خان صاحب- ممبر	1	1
محترمہ نگہت ہارن خان صاحبہ- ممبر	4	4
جناب محمد ظفر حسین صاحب- چیئرمین	2	2
جناب معظم احمد خان صاحب-ممبر	4	4
جناب ندیم محمود بٹ صاحب-ممبر	3	3

آڈٹ کمیٹی نے اپنے شرائط حوالہ کو اختیار کیا ہے جیسا کہ فہرست کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں فراہم کیا گیا ہے۔

انسانی وسائل اور معاوضہ کمیٹی

ہیومن ریسورس اینڈ معاوضہ کمیٹی میں پانچ (5) ارکان شامل ہیں، کمیٹی کا ایک (1) رکن نان ایگزیکٹو ڈائریکٹر ہے۔ دو (2) ارکان چیئرمین سمیت آزاد ڈائریکٹرز ہیں اور دو (2) ایگزیکٹو ڈائریکٹرز ہیں۔ سال کے دوران ہیومن ریسورس اور معاوضہ کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر رکن کی حاضری یہاں دی جاتی ہے

ممبر کا نام	منقده اجلاس	اجلاس میں شمولیت
جناب یوصف محمد فاروق صاحب	1	1
جناب ہارون احمد خان صاحب	1	1
جناب معظم احمد خان صاحب	1	1
جناب ندیم محمود بٹ صاحب	1	1
جناب محمد ظفر حسین صاحب	1	1

ہیومن ریسورس اور معاوضہ کمیٹی نے اپنے شرائط حوالہ کو اختیار کیا ہے جیسا کہ درج فہرست کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں فراہم کیا گیا ہے۔

بورڈ کی کارکردگی اور ڈائریکٹرز کے تربیتی پروگرام کی تشخیص

درج فہرست کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت پہلے سے طے شدہ آپریشنل اور اسٹریٹجک اہداف کے خلاف بورڈ کی اپنی کارکردگی، بورڈ کے ارکان اور اس کی کمیٹیوں کی سالانہ تشخیص کے لئے ایک باقاعدہ اور موثر طریقہ کار وضع کیا جاتا ہے۔ موثر بورڈ کمیٹی کے تزویراتی مقاصد کو پورا کرنے اور بہترین آپریشنل کارکردگی کے لئے انتظام کو اہم معاملات پر نگرانی اور مدد فراہم کرنے کے لئے درست اجتماعی فیصلے کرتے ہیں۔ ایک اچھی طرح سے کی گئی تشخیص بورڈ اور اس کی کمیٹیوں کو اپنی زیادہ سے زیادہ صلاحیتوں کو انجام دینے میں مدد کرتی ہے جو کمپنی کی طویل مدتی پائیدار قدر میں مسلسل کامیابی اور ترقی کے لئے انتہائی اہم ہے۔

شیئر ہولڈنگ کا نمونہ

31 دسمبر 2020 تک کمپنی کے حصص یافتگان کی کل تعداد 2972 تھی۔ 31 دسمبر 2020 تک کمپنی کی شیئر ہولڈنگ کا نمونہ شیئر ہولڈروں کی بعض کلاسوں کی شیئر ہولڈنگ کا نمونہ بھی ہے جن کا انکشاف رپورٹنگ فریم ورک کے تحت درکار ہے اور ساتھ ہی 2020 کے دوران ڈائریکٹروں، ایگزیکٹوز اور ان کے میاں بیوی بشمول نابالغ بچوں کی جانب سے حصص کی خرید و فروخت کا بیان اس رپورٹ کے شیئر ہولڈنگ سیکشن میں دکھایا گیا ہے۔

ڈائریکٹران کا معاوضہ

بورڈ آف ڈائریکٹرز نے کمپنی کے آرٹیکل آف ایسوسی ایشن، کمپنیز ایکٹ 2017 اور فہرست شدہ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضروریات کی تعمیل کرتے ہوئے بورڈ اور کمیٹی کے اجلاسوں کی حاضری کے لئے ڈائریکٹرز کے معاوضوں کی پالیسی اور طریقہ کار کو باقاعدہ طور پر منظوری دے دی ہے۔ معاوضہ ذمہ داری اور مہارت کی سطح سے طے کیا جاتا ہے، بہترین صلاحیتوں کو راغب کرنے اور برقرار رکھنے کے لئے جبکہ اس بات کو یقینی بنانا کہ ان کی آزادی پر کسی بھی طرح کا سمجھوتہ نہ کیا جائے۔ اس کی اہم خصوصیات میں یہ بھی شامل ہے کہ انڈینڈنٹ ڈائریکٹرز بورڈ آف ڈائریکٹرز اور بورڈ کی دیگر کمیٹیوں کے اجلاسوں میں شرکت کے معاوضے کے طور پر فیسوں کو مکمل حاصل کرنے کے حقدار ہیں۔

سال کے دوران ڈائریکٹرز کو ادا کیے جانے والے معاوضات کی تفصیلات مستحکم مالیاتی بیانات کے نوٹ 37 میں دی گئی ہیں

سرمایہ کار تعلقات اور ویب سائٹ

ہم چاہتے ہیں کہ ہمارے سرمایہ کاروں، حصص یافتگان اور صارفین کو ہمارے اور ہمارے آپریشنز کے بارے میں اچھی طرح آگاہ کیا جائے تاکہ ہم پائیدار اور باہمی طور پر فائدہ مند تعلقات قائم کر سکتے ہیں۔ ہم نے فیصلہ کیا ہے کہ جیسے ہی گردش کے لئے دستیاب ہیں مادی معلومات پہنچا کر اپنے حصص یافتگان اور اسٹیک ہولڈرز کی خدمت کریں گے۔ ایک communicomms پر تمام مادی (www.wavessinger.com) مشق کے طور پر ہم کمپنی کی سرکاری ویب سائٹ باقاعدگی سے شائع کریں گے جیسے کمپنی کی مالی، آپریشنل کارکردگی، شیئر ہولڈنگ کا نمونہ، مواد کے انکشافات اور سرمایہ کاروں کے لیے ضروری سمجھے جانے والی کوئی اور معلومات۔ ہمارا سرمایہ کار شکایت سیکشن سرمایہ کاروں کی شکایات کی صورت میں رابطہ کرنے کے لئے اس شخص کی تفصیل کا بھی احاطہ کرتا ہے تاکہ آپ کے خدشات کو مناسب طور پر دور کیا جا سکتا ہے۔

بیرونی آڈیٹرز

موجودہ آڈیٹرز کے پی ایم جی تاسیر حیدر اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو رہے ہیں اور اہل ہونے کی وجہ سے 365 ویں سالانہ عام اجلاس میں دوبارہ تقرری کے لئے اپنی رضامندی پیش کر رہے ہیں۔ آڈٹ کمیٹی نے 31 دسمبر 2021 کو ختم ہونے والے سال کے لئے میسرز کے پی ایم جی تاسیر ہادی اینڈ کمپنی کو کمپنی کا اسٹیچوٹی آڈیٹر مقرر کرنے کی سفارش کی ہے جس پر باہمی اتفاق کیا جاتا ہے بورڈ نے اس سفارش کی توثیق کی ہے۔

اعتراف

ہم اپنے تمام اسٹیک ہولڈرز بالخصوص اپنے قابل قدر صارفین، سپلائرز، کاروباری شراکت داروں، مالیاتی اداروں، ریگولیٹرز کا شکریہ ادا کرنا چاہتے ہیں جنہوں نے ہم پر اپنا اعتماد قائم رکھا۔ کمپنی کے کمالات اور موجودہ استحکام کی وجہ سے ہماری انتظامی ٹیم اور دیگر ملازمین کی مکمل اور واضح وابستگی، محنت، بے پناہ حمایت اور کوششوں کے بغیر ممکن نہیں تھا جو بھرپور تعریف کے مستحق ہیں۔ ہمیں یقین ہے کہ ٹیم ترقی کرتی رہے گی اور تمام اسٹیک ہولڈرز کی توقعات پر مسلسل ڈکارتی رہے گی۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان اور پاکستان اسٹاک ایکسچینج کی مسلسل حمایت اور تعاون پر ان کی انتظامیہ کی تعریف کرنا چاہتا ہے۔

ہم اپنے حصص یافتگان کے اس اعتماد اور بھروسے پر بھی اظہار تشکر کرنا چاہتے ہیں جو انہوں نے ہم پر دوبارہ معزول کیا ہے اور ان کی غیر متزلزل حمایت پر۔

بورڈ کے لئے اور اس کی طرف سے

بارون احمد خان

چیف ایگزیکٹو آفیسر