signify







2019
Annual Report
Signify Pakistan Limited

Our global brands are

PHILIPS interact

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Our purpose is to unlock the extraordinary potential of light for brighter lives and a better world

Signify is the world leader in lighting. We provide our customers with high-quality, energy-efficient lighting products, systems and services.
By turning light sources into data collection points, we can connect more devices, places and people through light, contributing to a safer, more productive and smarter world.

Customer first

Greater **together**

Game **changer**

Passion for results

Always act with integrity

Company Information

Board of Directors

Asad S. Jafar
Chairman & CEO

Aamir Jan Muhammad
Head of Finance & Business Partner

Goktug Gur
President & CEO Signify Middle East, Turkey and Pakistan

Company Secretary

Zareen Intezar

Senior Management Team

Asad S. Jafar
Chairman & CEO
Signify Pakistan Limited

Aamir Jan Muhammad
Head of Finance & Business Partner

Auditors

EY Ford Rhodes
Chartered Accountants

Banks

Standard Chartered Bank (Pakistan) Limited
Deutsche Bank AG
MCB Bank Limited

Legal Advisor

Abrar Hasan & Company

Registered Office

Bahria Complex-I, 6th Floor, Plot No. 23/A & 24/A,
Lalazar, M.T. Khan Road, Karachi

Regional Sales Offices

Lahore:

Ground floor, Trafco House, IC/I, Canal Bank Road,
Canal Park, Gulberg-II, Lahore

Rawalpindi:

112-B, 2nd Floor, Mallhi Plaza, Murree Road, Rawalpindi

Chairman & CEO message

"I'm very proud of our employees and the progress we made in 2019 in improving our business, in developing new innovations and in making our business even more sustainable. We further increased our leadership in LED lighting, made some key moves in strengthening the offerings of our growth platforms and boosted our sustainability profile, all while lowering our costs."

–Asad S. Jafar, Chairman& CEO Signify Pakistan

2019 was a year of rapid change and global uncertainty, due to political volatility, market instability and technological advancements. Against this backdrop we adapted effectively, making necessary adjustments, seizing ambitious growth opportunities, and defining new possibilities for lighting through our technology.

A spirit of change and development runs through our organization, powering our industry leadership and resilience. And with programs such as Horizon, we're speeding up our transformation, bringing us closer to where we need to be to achieve our business ambition.

Thanks to our continued dedication to simplification and cost reduction measures, our operational profitability continues to improve, and free cash flow is strong.

We continue to execute against our strategic priorities, transforming our industry and building on our heritage.

In 2019, we witnessed increased duty and sales tax statutory rates, in addition to exchange rate volatility, all these trends reflected in the surge of prices for importing lighting products to local market. Keeping pace with the local market dynamics, we successfully partnered with a local comaker to assemble high runner lighting products at competitive rates. Going forward, we foresee more localization of LED based lighting products and further increase of LED share in the lighting industry. We are confident that being the market leader of lighting products and technologies in Pakistan, despite high cost of doing business, our foothold in LED and Professional lighting segment will improve over the current year.

During the year 2019, the Company achieved sales growth of 7.3% with sales value of PKR 4.27 Billion against PKR 3.97 Billion achieved in the corresponding period last year. This increase in sales largely came from 24.5% growth in LED business segment (locally assembled LED downlighters played pivotal role). Professional Lighting segment grew by 4% and Conventional Lighting sales declined by 14.4% against last year 2018. Hence, transformation of lighting industry from conventional lighting to LED was truly reflected in the sales of Signify Pakistan during the year.

Gross Profit remained in line with expectation, slightly lower than last year as last year there was a release of old provision. Better control over selling and administration expenses and decrease in forex losses against last year, company manages to improve EBIT by 57.2% over last year 2018. However, despite good profit margin before tax of PKR 244M, company end the year at a loss of PKR 6M mainly due to higher tax paid at import stage in correlation to higher import statutory rates during the year.

Our commitment to sustainability

Thanks to the efforts and collaborations of our teams around the world, we're on track to achieve our Brighter Lives, Better World commitments and are taking urgent action to contribute to the United Nations Sustainable Development Goals. For the third year in a row, we've been recognized as the Industry Leader in the Electrical Components and Equipment category of the Dow Jones Sustainability Index. And we continue to push for more ambitious action.

Our commitment to our customers

Customer satisfaction is one of our four company values, and at the core of our Road to Excellence, a company-wide journey to streamline our business processes and allow for better cooperation.

The use of digital tools will allow us to anticipate future needs, giving us a competitive advantage by adjusting our business processes. This focus on prevention was the key success factor in 2019 and a major part of our Quality Culture.

Our commitment to people development

In 2019 we rolled out Learning@Signify as our new global learning platform, as part of our commitment to foster a learning culture and help our employees skill up and reskill.

We continued with our quarterly employee survey to measure employee engagement.

Our thanks

On behalf of our Board of Management and our leadership team I extend my sincere gratitude to our employees, who show unwavering dedication to transforming our business and unlocking the extraordinary potential of light for brighter lives and a better world.

I also thank our customers for their trust and loyalty, which motivates us to do our best work every day. And finally, I thank our shareholders for their confidence in us and in our strategy. We're currently leading the next wave of lighting transformation, turning connected light sources into data collection points, and continuing to shape the future of our industry.

Asad Said Jafar
Chairman & CEO
Signify Pakistan Limited

Creating Value

Our strategic focus

Signify, headquatered in Eindhoven, the Netherlands, is the world market leader with recognized experties in the development, manufacture and sale of innovative, energy-effecient lighting systems and services. We have poineered many key breakthrough in lighting over the past 128 years and have been a driving force behind several leading technological innovations. We employ 32,000 people in 74 countries.

We have been in a leading position as the lighting industry transitions from conventional to LED lighting and we're now leading the next transition, as the industry moves towards connected lighting. Our track record in innovation is strong and we invest heavily in R&D to stay at the forefront of technologicaly developments. Our size and position across the value chain provide significant economies of sacles, allowing us to leverage the development of innovative technologies, products and services.

Strategic priorities 2019

Create segmented and differentiated LED offers to increase our share – Our global reach and client proximity allow us to deliver a product portfolio that addresses local market needs with high-volume products and differentiating propositions addressing customer needs across all product segments.

Drive system growth to increase our connected installed base – Connected lighting is becoming increasingly important in the general and speciality ligthing markets. We're actively shaping the industry migration to lighting system in both the professional and consumer markets.

Develop recurring data-enabled services revenues – We're realizing revenues from our installed base by offering new value-added services. In doing so, we make people's lives safer, more productive and more comfortable: business and cities more efficient and liveable: and the world more sustainable.

Invest in growth, organically and in organically – We invest to help define what's next in lighting and remain a head of the industry. From 3D liminaries to LiFi, we're redefining the capabilities of lighting to help our customers solve more complex problems. Our investments can also include the acquisition of (stakes in a) business complementing our portfolio.

Growth a leading market shear in conventional – While the overall conventional market continues to decline, we exxpect to decrease less than the market, capture market share and optimize our free cash flow. Our manufacturing footprint rationalization and product portfolio simplification brings additional efficiency gains and cost reduction.

Digitalize and improve our commercial and supply chain processes for our customers – We continuously strengthen our commercial excellence capabilities across all channels. By investing in digitalization, we aim to further improve our longstanding local customers relations and global distribution network.

Achieve world-class operational excellence – We aim to leverage operational capabilities across the organization by implementing programs that focus on minimizing waste, reducing defects and increasing the efficiency of our entire value chain while reducing our fixed costs.

The lighting company for the Internet of Things

Our position as an industry leader in connected lighting for the Home and professional segments makes Signify the lighting company for the Internet of Things (IoT). By extending our industry leadership into the IoT, we're unlocking addditional value by offering our customers new apps and services.

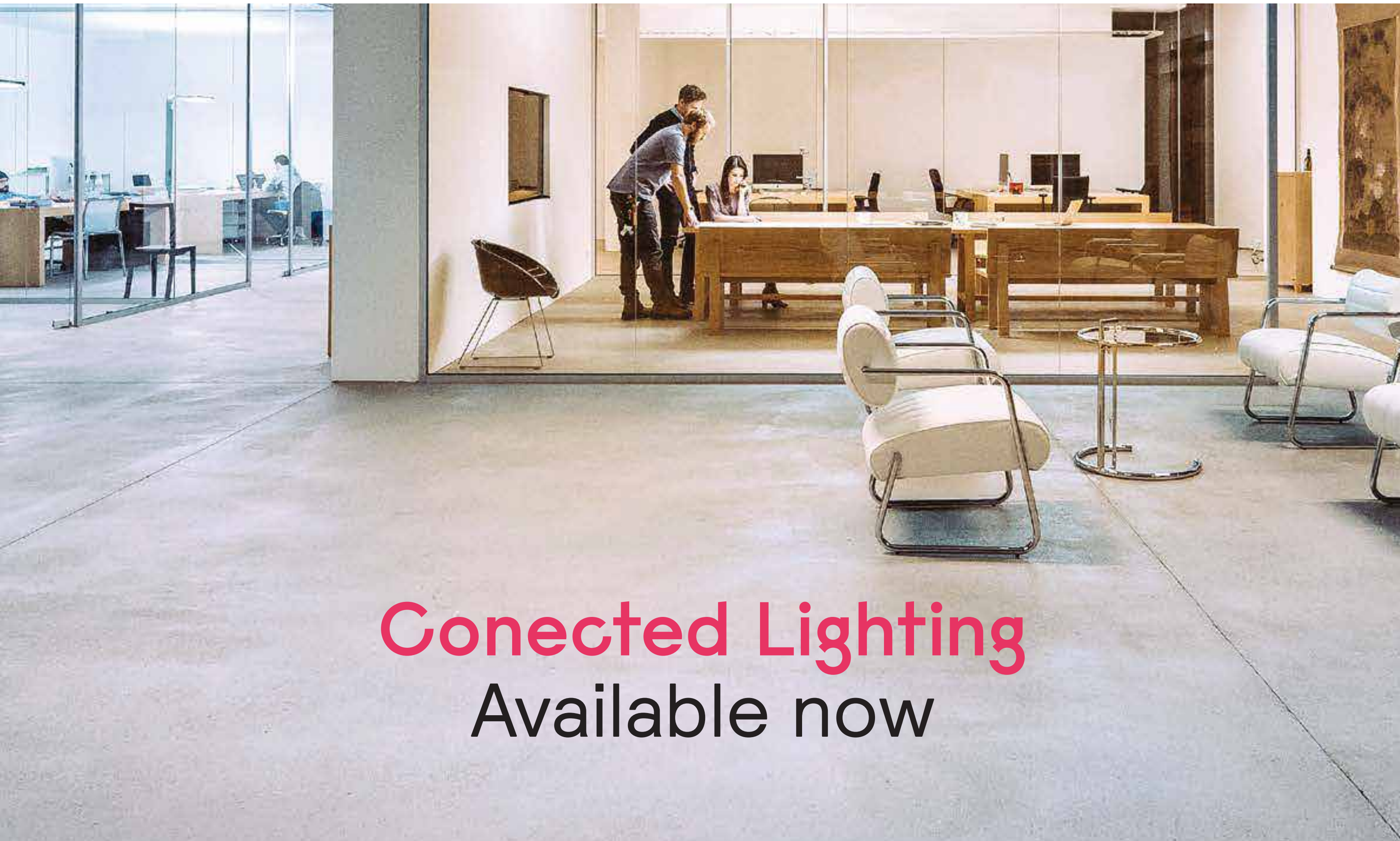
Today's lighting technology can do much more than simply provide illumination. At Signify, we're turning light sources into data collection points, connecting devices, places and people through light. In doing so, we make people safer, more productive and comfortable: businesses and city more energy efficient and livable: and the world more sustainable.

And in a networed layer of intelligence, in both proffessional spaces and at home and it's clear that we're harnessing data to unlock new applications and create additional value from light and light sources.

In 2019 we: made agreements to put Trulifi, our own highly stable and energy-efficient alternative to WiF, in planes and

on buses: launched Brightsites by Signify, smart utility poles that accommodate a wide varitey of IoT sensors and cameras, offering enviromental monitoring and enhanced security options such as incident detection: and we hosted a Hackathon to leverage the rich set of interact APIs to facilitate Innovative, scaleable and integrated implementations into the interact IoT platform.

These are just a selection of the projects we‘re undertaking and products we're taking to market in order to create new value for our customers. Innovation like these are possible because we brings over a century of lightin industry knowledge to visionary R&D.



Brighter Lives, Better World

Our world is increasingly feeling the pressures of population growth, resource scarcity and climate change. At the same time, our stakeholders pay increasing attention to the circular economy, food availability and health & well-being. As a purpose driven organization, we understand the importance of taking urgent action and this is why we align our business strategies with the UN Sustainable Development Goals (UN SDGs).

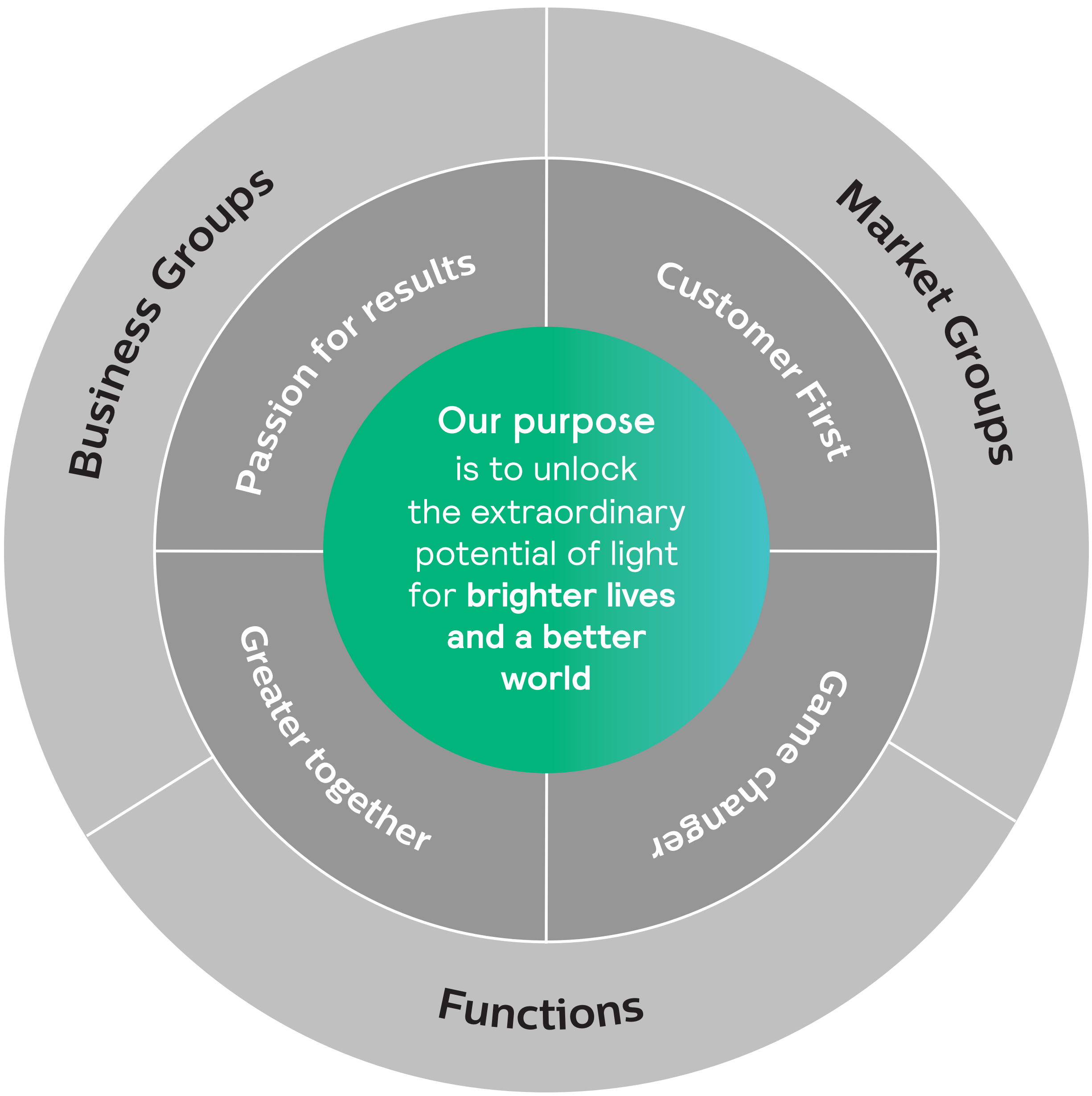
As part of our Brighter Lives, Better World program, we have defined commitments for 2020 which are aligned with the UN SDGs: 80% Sustainable revenues; Deliver >2 billion LED lamps and luminaires (cumulative from 2015); 100% carbon neutral and 100% renewable electricity; Zero waste to landfill; Safe and healthy workplace with a TRC of < 0.35; Sustainable supply chain with a 90% performance rate. Furthermore, we have committed to reaching 5 millionlives with renewably powered lighting and supporting 10,000 people with technical and business skills development (cumulative from 2017). By the end of 2019, we were well on track achieving all of these commitments. Additionally, and for the third consecutive year, Signify achieved the status of Industry Leader in the Electrical Components and Equipment category of the 2019 Dow Jones Sustainability Index (DJSI), with top scores (100/100) obtained in Materiality, Innovation Management, Environmental Reporting, Operational Eco-Efficiency and Labor Practices Indicators.

We contribute directly or indirectly to all SDGs, but there are six SDGs where we can make the biggest impact through our business activities and sustainability programs: SDGs 3, 7, 8, 11, 12 and 13. Partnerships play a strong role in helping us to accelerate our progress: these include GOGLA, South Pole, RE100, the Carbon Disclosure Project, The Climate Group, the World Green Building Council, the Responsible Business Alliance, the UN Environment Program and the World Economic Forum.

We increase food availability and quality through horticulture and animal lighting and increase wellbeing through human centric lighting	• 80% Sustainable revenues • 5 million lives lit	• 82.5% Sustainable revenues • +3.8 million lives lit
We deliver cleaner solutions through energy efficient and solar lighting and are committed to 100% renewable electricity in our operations	• 80% Sustainable revenues • 2 billion LED lamps & luminaires delivered • 100% Renewable electricity	• 82.5% Sustainable revenues • 2.3 billion LED lamps & luminaires delivered • 94% Renewable electricity
We foster decent work and economic growth by improving the safety & wellbeing of employees and suppliers and training lighting entrepreneurs	• TRC rate of < 0.35 • Sustainability supplier performance rate of 90% • 10,000 people with technical and business skills	• 0.32 TRC rate • 99% supplier performance rate •+8,000 people supported with technical and business skills
We enable smart cities, increase the safety & security of roads and urban areas, enable safe & sustainable workplaces in offices and industry, and light lives in off-grid areas	• 80% Sustainable revenues • 5 million lives lit	• 82.5% Sustainable revenues • +3.8 million lives lit
We are transitioning to a circular economy through circular products and services, responsible packaging, zero waste to landfill and increased recycling	• Zero Waste sent to landfill	• 2% waste sent to landfill, a 70% reduction compared to 2018 • 90% of all manufacturing waste recycled
We drive climate action by going beyond carbon neutral operations to also reduce the carbon footprint of our products, logistics and suppliers	• Carbon Neutrality • 250 suppliers reporting on scope 1 and 2 emissions • 200 suppliers reporting on emission reduction	• 82% carbon neutral • 15 markets carbon neutral • 157 suppliers reporting scope 1 and 2 emissions and 160 suppliers reporting emission-reduction activities

Value Creation Model

At Signify, our strategic priorities aim to address global trends and our stakeholders' expectations, while contributing to the achievement of the UN SDGs. With our purpose to unlock the extraordinary potential of light for brighter lives and a better world, we create long-term value beyond financial performance. Our approach is to optimize value through financial, environmental and social resources. Our activities and our way of doing business impact customers, employees, investors and society at large. By expressing these impacts in monetary terms, stakeholders can consider the indirect economic, social, and environmental effects of our business more effectively. For a trend analysis of our impact, please refer to our Methodology for calculating societal impact on our Sustainability downloads webpage: https://www.signify.com/global/sustainability/downloads.



General Business Principles

Acting with integrity is the cornerstone for the success of our business and key to achieving our purpose. It is integral to the values that define us as a company. Acting with integrity means making the right choices when faced with ethical dilemmas and holding ourselves and each other to high standards of behavior.

We define integrity through our general business principles. They apply to each of us as individuals wherever we are in the company. They define our commitment to act with integrity with each other, with our customers, business partners, shareholders and the wider community in which we operate.

The general business principles have been adopted by the Board of Management. They are reviewed on a regular basis and revised where necessary. They apply to all employees of Signify N.V. and its controlled subsidiaries. The general business principles are not all-encompassing but formulate minimum standards of behavior.

The company has underlying policies that form an integral part of the GBP.

In order to increase the level of awareness and to create global engagement, the company has established a network of Compliance Officers in each market and country where the company has a presence, and on each significant site. Compliance Officers have also been appointed at Business Group and Functional level. The activities and responsibilities of this network are focused on providing expertise and support on GBP-related matters to managers and employees.

The GBP are supported by mechanisms that ensure standardized reporting, escalation and investigation of concerns. These mechanisms are based on the GBP Reporting Policy that urges employees and third parties to report any concerns they may have regarding business conduct in relation to the GBP, either through a Compliance Officer or through the Signify ethics line. The Signify ethics line enables employees and third parties to report a concern either by telephone or online via a web intake form. All concerns raised are registered consistently in a single database and are investigated in accordance with standardized investigation procedures.

Doing the right thing

Starts with reading the right thing

Our purpose is to unlock the extraordinary potential of light for brighter lives and a better world

Our Business System is how we work as a company

Our Quality System sets out how we do things to satisfy our customers

Our values:
Customer first, Greater together, Game changer, and Passion for results

General Business Principles always guide us on how to act with integrity

Directors' Profile

Asad S. Jafar

Chairman & CEO
Signify Pakistan Limited
(formerly Philips Pakistan Limited)
Joined Board on September 01, 2008

Member of Board of Trustees of Staff Provident Fund,
Staff Gratuity Fund & Staff Pension Fund

Asad Said Jafar, is the Chairman & CEO of Signify Pakistan Limited (formerly known as Philips Pakistan), a role he was appointed to in 2009, has been a part of the company for the past two decades. Over the course of his professional career, Asad has held senior leadership positions across the Philips world, in Pakistan, Indonesia, Thailand and Singapore.

Asad is responsible for managing the company, formulating, executing long-term strategies, and ensuring emergence of the company as a robust market leading solutions provider. He brought to the forefront, the company's global mission of creating meaningful innovations for people which served as a driver of success in business.

A veteran supply chain professional, Asad was serving as Director, Supply Chain Management (SCM) for the ASEAN region for Philips before he took on the role of CEO for Philips Pakistan. As the Supply Chain Director, he implemented various modern SCM strategies that streamlined cumbersome business processes. He was responsible for the setting up of the ASEAN Luminaries Supply Group in Bangkok, Thailand which propelled a massive turnaround in the business. During his expatriate postings, he was also the Head of Supply Chain Management at Philips Indonesia.

In addition to his responsibility as the Country Leader for Signify Pakistan, Asad is associated with various prestigious external organizations. He was the president of Overseas Investors Chamber of Commerce and Industry (OICCI) for the year 2014. He serves on the Board of Directors of Engro Fertilizer.

He formerly also served on the Board of Directors of Pakistan Institute of Corporate Governance (PICG) and Engro Polymer & Chemicals Limited. He is a member of the Institute of Business Administration (IBA) Corporate Leaders Advisory Board (ICLAB) and also mentors MBA students as part of the Karachi School of Business & Leadership (KSBL) CEO Mentorship programme. Moreover, he also serves as the member of International Advisory Board at NED University of Engineering and Technology.

Asad's career began as a Management Trainee at ICI Pakistan Limited in 1988. His eight years at ICI allowed him to work in diverse engineering, manufacturing, project management and planning related roles. He holds a bachelor's degree in Electrical Engineering from NED University, Karachi and an MBA degree from Imperial College Business School, London, UK where he studied as a Britannia Chevening scholar.

Asad continues to consider learning a priority and has completed many management development programmes including the Leading a Business' program of Ashrides Business School, UK. He attended the 'Philips Simplicity Brand 1000'programme at Chicago Graduates School of Business as well as a Business Marketing Strategy program at Kellogg School of Management, Northwestern University, USA. He is often invited to address business professionals and student audiences at corporate and academic events.

Aamir Jan Muhammad

Head of Finance & Business Partner
Signify Pakistan Limited
(formerly Philips Pakistan Limited)
Joined Board on July 1, 2014

Member of Board of Trustees of
Staff Provident Fund,

Goktug Gur

President & CEO
Signify Middle East,
Turkey and Pakistan.
Joined Board on May 01, 2018

Aamir started his career with Philips Pakistan in July 1998 as Manager Accounts in our lighting division and worked with the company till August 2003.

He rejoined Philips in April 28, 2014 as the Head of Finance and Financial Controller Lighting Pakistan. Additionally, he also oversees the Compliance portfolio as a Country Compliance Officer, ensuring compliance with the General Business Principles (GBP), advising the management on GBP related matters, handling complaints and coordinating with regional team in investigations.

He has more than twenty-three years post qualification experience in the field of Finance, Accounts and General Management. Besides Philips, he has held senior positions in diversified industries in Pakistan and abroad such as General Motors – Saudi Arabia, Attock Cement Pakistan Limited, Pakistan Telecommunication Company Limited (PTCL), Group 4 Securicor (G4S) and Pathfinder Group of companies.

He played significant role in acquisition of G4S share in Pakistan as the Financial Advisor for Pathfinder Group of Companies and in arrangement of project financing for new cement production line of Attock Cement Pakistan limited.

Aamir was born in Karachi, Pakistan and is a Chartered Accountant from Institute of Chartered Accountant of Pakistan, with four years of Audit Training with A.F Ferguson & Co Chartered Accountants member firm of PwC network in Pakistan.

Goktug Gur is the President & CEO of Signify Middle East, Turkey and Pakistan.

He graduated from Yıldız Technical University, Department of Electrical Engineering in Turkey before obtaining his MBA at Marmara University, Turkey and the University of Maine, USA. In his 23-year career, he has delivered marketing and solution-oriented projects in the energy sector working across the Mediterranean, Central Asia and Middle East regions including Turkey.

Gur started his career at a foreign trade company and served at various executive positions in a globally specialized company between 1996 and 2013. He then served as the CEO of Philips Turkey from 2013 to 2016.

Goktug Gur was appointed as CEO, Philips Lighting Turkey on February 1, 2016. In March 2017 he has moved to Dubai-United Arab Emirates where he was appointed as Managing Director Turkey and Middle East (excluding KSA) at Philips Lighting. As of June 15, 2017 Gur leads the Middle East and Turkey operations and as Pakistan has been added in early 2018, he is now the President & CEO Signify Middle East, Turkey and Pakistan.

Directors' Report

The Directors have pleasure in presenting a review on the financial results of the Company for the year ended December 31, 2019.

Economic Review

The year 2019 under review was full of events and depicted rollercoaster impact of volatile economic changes in global market mainly due to trade war between USA and China and fiscal policy decisions by Government of Pakistan throughout the year. Government could not meet the GDP target of 3.5% for the year and we forecast that fiscal year 2019-20 will end at GDP at below 2%.

Inflation touched its peak in 2019 at 13.5% and State Bank of Pakistan (SBP) maintained its interest policy rate at 13.25% at December year end 2019. Due to high interest rates and volatile forex market, economy suffers badly which was consequently witnessed in the declining trend in GDP during the year.

Free floating of forex rates aligning with market policy created havoc in the currency rates during the year under review and a lot of import-based industries suffered huge losses. Interest rate hike, high inflation, reduction in Government spending, uncertainty in government policies and meeting IMF stringent conditions impacted confidence of business and consequently impacted economic growth during the year.

Going forward in 2020, we see challenging times for country and global economy due to outbreak of Covid 19 and its impact all across the world. Degrowth of economy coupled with health and food security challenges will impact all sectors of the economy. To Sail through this trouble times and to survive the storm of unprecedented challenges, drastic economic measures and timely policy decisions will require by government for damage control. Based on the aforementioned scenario, GDP target of 2.1% set for 2020 is very optimistic and on the way we foresee downward revision and mini budgets during the year.

Industry Review

During the year 2019, the transformation from conventional lighting products to LED based products continued sprint both in trade and professional lighting segment. This transformation is now stabilized in Pakistan and LED based products are now estimated that representing approximately 80% of the lighting industry.

Philips being the lighting market leader and pioneer in the introduction of advanced lighting technologies is driving this transformation in the lighting industry globally and locally with a purpose to "make light for brighter lives and a better world". Keeping pace with the changing and more advanced technologies, Signify has ventured into robust internet of things (IOT) and connected lighting solutions for industry and home segment, which will pave its way in the high-end customers' areas in the near future.

Higher duties and sales tax on import of LED based lighting products coupled with increase in forex rates, resulted in an increase in the cost of products. Due to higher duties and taxes and uncertainty in forex currency rates, we witnessed a shift of businesses to local assembly of lighting products during the year. Keeping pace with the local market dynamics and to remain price competitive, we successfully local assembled some key lighting products and supplied to market high quality products at competitive rates during the year. Going forward, we foresee more localization of LED based lighting products and further increase of LED share in the Lighting industry. We are confident that being the market leader of lighting products and technologies in Pakistan, despite high cost of doing business, our foothold in LED and Professional lighting segment will improve over the current year. However, we foresee that impact of Covid 19 to economic slowdown and GDP degrowth will also impact our business in 2020.

Financial Performance

Following is the comparative summary of our financial performance for the year 2019:

Key Financial Highlights:

Particulars	2018	2019	*Increase/(Decrease) percentage*
Sales (PKR million)	3,973	4,265	7.3%
Gross Profit	975	995	2.1%
GP Percentage to Sales	24.5%	23.3%	-1.2%
EBIT (PKR million)	208	327	57.2
Profit before tax (PKR million)	190	244	28.4%
Profit / (loss) after tax (PKR million)	14	-6	142.8%
Earnings / (loss) per share	0.08	-0.04	150%

During the year under review, the Company achieved sales growth of 7.3% with sales value of PKR 4.27 Billion against PKR 3.97 Billion achieved in the corresponding period last year. This increase in sales was largely came from 24.5% growth in LED business segment in which Locally assembled LED downlighters played pivotal role. Professional Lighting segment grew by 4% and Conventional Lighting sales declined by 14.4% against last year 2018. Hence, transformation of lighting industry from conventional lighting to LED was truly reflected in the sales of Signify Pakistan during the year.

Gross Profit remained in line with expectation, slightly lower than last year mainly due to during last year there was a release of old provision. Without this extraordinary provision release impact, gross profit for the year has been improved by 1.8% to sales against last year mainly due to localization of certain products with better margins. Better control over selling and administration expenses and decrease in forex losses against last year, company manages to improve EBIT by 57.2% over last year 2018. However, despite of handsome profit before tax of PKR 244M, company end the year at a loss of PKR 6M mainly due to higher tax paid at import stage in correlation to higher import during the year.

Contribution to National Exchequer

Being a responsible taxpayer of the country, Company contributed to the National Exchequer during the year around PKR 1,424 million (2018: PKR 1,694 million) to the Federal Board of Revenue (FBR) on account of direct and indirect taxes.

Board of Directors:

At any time during the period 2019 following were directors of the Company:

1. Mr. Goktug Gur
2. Mr. Asad S. Jafar
3. Mr. Aamir Jan Muhammad
4. Mr. Israel Louis Ismail

Other Information:

As part of global change name, local Legal entity name of Company has changed from “Philips Pakistan Limited” to Signify Pakistan Limited on 25th January 2019.

With effect from 1st February 2019, the name of the Company’s parent company has also changed from “Philips Lighting Holding BV’ to “Signify Holding BV’.

PATTERN OF SHAREHOLDING

PART-I

1.1 Name of the Company: SIGNIFY PAKISTAN LIMITED

PART-II

2.1. Pattern of holding of the shares held by the shareholders as at 31 12 2019

2.2. No of shareholders	Shareholdings	Total shares held
250	shareholding from 1 to 100 shares	6,121
103	shareholding from 101 to 500 shares	21,093
14	shareholding from 501 to 1000 shares	8,936
11	shareholding from 1001 to 5000	19,947
1	shareholding from 5001 to 173,800,000	173,705,045
	(Add appropriate slabs of shareholdings)	
379	Total	173,761,142

2.3	Categories of shareholders	share held	Percentage
2.3.1	Directors, Chief Executive Officer, and their spouse and minor children.	----	-----
2.3.2	Associated Companies, undertakings and related parties.	173,705,085	99.9677%
2.3.3	NIT and ICP	----	----

2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	------	------
2.3.5 Insurance Companies	------	------
2.3.6 Modarabas and Mutual Funds	------	------
2.3.7 Share holders holding 10%	------	------
2.3.8 General Public		
a. Local	54,757	0.0315%
b. Foreign	------	------
2.3.9 Others (to be specified) - Joint Companies	1,300	0.0007%

Compliance Statement:

The directors confirm compliance with corporate and Financial Reporting Framework of the SECP code of governance for the following.

i) 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.

ii) Proper books of accounts of the company have been maintained.

iii Appropriate Accounting policies have been consistently applied in preparation of the financial statements.

iv) International Accounting Standards as applicable in Pakistan, have been followed in preparation of the financial statements and any departures there from have been adequately disclosed.

v) The system of internal control is sound in design and has been effectively implemented and monitored.

vi) There are no significant doubts upon the company's ability to continue as a going concern.

vii) There is no material departure from the best practices.

Auditors

The Auditors, M/s EY Ford Rhodes, Chartered Accountants will retire at the end of the Annual General Meeting and being eligible, have offered themselves for re-appointment for the year 2020. The Board has recommended their appointment as the Auditors for the ensuing year, subject to the approval of the members in the forthcoming Annual General Meeting.

Acknowledgment

The Board would like to convey its earnest gratitude to all the people involved with Philips Pakistan for enabling it to flourish and deliver a consistent performance over the years. Our people are entrusted to the welfare of the Company and have showed their potential by overcoming challenges posed by the operating environment. We treasure their dedication and feel highly obliged.

We also acknowledge the valuable business support of our customers, suppliers, bankers and all other stakeholders who have shown continuous trust in our Company in the past 70 years.
On behalf of the Board of Directors

Asad Said Jafar
Chairman & CEO

Amir Jan Muhammad
Director

July, 20, 2020

Building a better working world

EY Ford Rhodes
Chartered Accountants
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Pakistani

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Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

INDEPENDENT AUDITORS' REPORT

To the members of Signify Pakistan Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Signify Pakistan Limited** (the Company), which comprise of the statement of financial position as at **31 December 2019**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the profit and other 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Building a better
working world

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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.

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

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

d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

Chartered Accountants

Place: Karachi
Date: July 29, 2020

Signify Pakistan Limited
Statement of Financial Position
As at 31 December 2019

	Note	2019	2018
Non-current assets		(Rupees in '000)	
Property and equipment	4	48,636	52,661
Right-of-use assets	5	31,846	-
Long term deposits		2,714	-
Total non-current assets		83,196	52,661
Current assets			
	6	583,741	628,860
Stock-in-trade	7	725,274	697,991
Trade debts	8	68,658	151,664
Advances	9	30268	61,492
Trade deposits and short-term prepayments	10	140740	352,602
Other receivables	11	284,084	195,434
Taxation - net	12	318,761	321,283
Cash and bank balances		2,151,526	2,409,326
Total current assets			
		2,234,722	2,461,987
Total assets			

The annexed notes 1 to 41 form an integral part of these financial statements.

Chairman & CEO

Director & Chief Financial Officer

Signify Pakistan Limited
Statement of Financial Position
As at 31 December 2019

	Note	2019	2018
Share capital and reserves		(Rupees in '000)	
Authorized capital			
180,000,000 (2017: 180,000,000) ordinary shares			
of Rs. 10 each		1,800,000	1,800,000
Issued, subscribed and paid-up capital	13	1,737,611	1,737,611
Reserves	14	(830,656)	(832,026)
Total equity		906,955	905,585
Non-current liabilities			
Staff retirement benefits	15	124,016	102,311
lease liabilities	16	7,650	-
		131,666	102,311
Current liabilities			
Trade and other paybles	17	1,055,189	1,026,862
Contra liabilities - advance from customers		19,335	12,618
Accrued mark-up		19,525	5,790
Provisions	18	14,609	21,972
Current portion of lease liabilities	16	23,024	-
Short-term running finances	19	63,372	385,802
Unclaimed dividend		1,047	1,047
		1,196,101	1,454,091
Total equity and liabilities		2,234,722	2,461,987
Contingencies and commitments	20		

The annexed notes 1 to 41 form an integral part of these financial statements.

Chairman & CEO

Director & Chief Financial Officer

Signify Pakistan Limited
Statement of Profit or Loss
For the year ended 31 December 2019

	Note	2019	2018
		(Rupees in '000)	
Turnover - net	21	4,264,634	3,972,838
Cost of sales	22	(3,269,717)	(2,997,584)
Gross profit		994,917	975,254
Administrative and distribution expenses	23	(564,783)	(588,686)
Allowance for expected credit losses	24	(13,040)	(11,506)
Other income	25	5,796	9,373
Finance costs	26	(83,068)	(17,469)
Other operating expenses	27	(95,682)	(177,483)
Profit before tax		244,140	189,483
Taxation	28	(250,482)	(175,350)
(Loss) / profit for the year		(6,343)	(14,133)
		(Rupee)	(Rupee)
(Loss) / earnings per share - basic and diluted		(0.04)	(0.08)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chairman & CEO

Director & Chief Financial Officer

Signify Pakistan Limited
Statement of Comprehensive Income
For the year ended 31 December 2019

	Note	2019	2018
		(Rupees in '000)	
(Loss) / profit for the year		**(6,343)**	14,133
Other comprehensive income / (loss), net of tax			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains on staff retirement benefits	15.1.2	**7,713**	7,285
Total comprehensive income for the year		**1,370**	21,418

The annexed notes 1 to 41 form an integral part of these financial statements.

Chairman & CEO

Director & Chief Financial Officer

Signify Pakistan Limited
Statement of Changes in Equity
For the year ended 31 December 2019

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserve			Total equity
		Share premium	General reserves	Accumulated losses	Total	
	(Rupees in '000)					
Balance as on 01 January 2018 (Restated)	1,737,611	12,419	47,289	(913,152)	(865,863)	884,167
Profit for the year	-	-	-	14,133	14,133	14,133
Other comprehensive income, net of tax	-	-	-	7,285	7,285	7,285
Total comprehensive income for the year	-	-	-	21,418	21,418	21,418
Transactions with owners, recorded directly in equity						
Share based payment transactions (contribution from ultimate parent company)	-	-	-	5,554	5,554	5,554
Share based payment transactions (reversal of contribution from ultimate parent company)	-	-	-	(5,554)	(5,554)	(5,554)
	-	-	-	-	-	-
Balance as on 01 January 2019	1,737,611	12,419	47,289	(891,734)	(844,445)	905,585
Loss for the year	-	-	-	(6,343)	(6,343)	(6,343)
Other comprehensive income, net of tax	-	-	-	7,713	7,713	7,713
Total comprehensive income for the year	-	-	-	1,370	1,370	1,370
Transactions with owners, recorded directly in equity						
Share based payment transactions (contribution from ultimate parent company)	-	-	-	5,315	5,315	5,315
Share based payment transactions (reversal of contribution from ultimate parent company)	-	-	-	(5,315)	(5,315)	(5,315)
	-	-	-	-	-	-
Balance as on 31 December 2019	1,737,611	12,419	47,289	(890,364)	843,075	906,955

The annexed notes 1 to 41 form an integral part of these financial statements.

Chairman & CEO

Director & Chief Financial Officer

Signify Pakistan Limited
Statement of Cash Flows
For the year ended 31 December 2019

	Note	2019	2018
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	31	753,261	(231,859)
Staff retirement benefits refunded / (paid)		8,854	(24,510)
Long term deposits paid		(2,714)	-
Finance costs paid		(69,333)	(11,679)
Taxes paid	11	(339,133)	(261,263)
Net cash inflow / (outflows) from operating activities		350,935	(529,311)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
- operating fixed assets	4.1	(18,446)	(1,222)
- capital work-in-progress	4.2	-	(17,662)
Proceeds from disposal of operating fixed assets		5,903	14,550
Interest income on saving accounts	25	46	4,108
Net cash outflows from investing activities		(12,497)	(226)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		(18,530)	-
Net cash outflows from financing activities		(18,530)	-
Net increase / (decrease) in cash and cash equivalents		319,908	(529,537)
Cash and cash equivalents at beginning of the year	30	(64,519)	465,018
Cash and cash equivalents at end of the year	30	255,389	(64,519)

The annexed notes 1 to 41 form an integral part of these financial statements.

Chairman & CEO

Director & Chief Financial Officer

1. LEGAL STATUS AND ACTIVITIES

1.1 Signify Pakistan Limited ("the Company") was incorporated in 1954 in Pakistan under the Companies Act, 1913 (now Companies Act, 2017) as a public limited company. Due to global change of name in year 2018, on 25 January 2019, the Company has also changed its name from 'Philips Pakistan Limited' to 'Signify Pakistan Limited'. The new name is not incommensurate with the principle line of business of the Company but it reaffirms the powerful purpose of the Company to unlock the extraordinary potential of light for brighter lives and a better world. The Company is principally engaged in trading of electrical goods and will continue to use 'Philips brand', being the most trusted lighting brand in the world. The registered office of the Company is situated at 6th floor, Bahria Complex 1, M. T. Khan Road, Karachi.

1.2 The Company was a subsidiary of Koninklijke Philips N.V. (Royal Philips), who had announced in September 2014 to separate Lighting and Health Tech/Consumer Lifestyle businesses into two standalone market-leading legal entities. The separation occurred on 01 February 2016 and following this global change, the shares of the Company owned by Royal Philips have been transferred to a Philips Lighting Holding B.V. (PLH) [subsequently changed to Signify Holding B.V. (SH)]. Consequently, effective from 01 February 2016, SH becomes the parent company of Signify Pakistan Limited. SH is incorporated and organized under the laws of the Netherlands, having its registered office in Eindhoven, the Netherlands, with address at High Tech Campus 48, 5656 AE Eindhoven, the Netherlands.The name of CEO of SH is Eric Edouard Rondolat. The ultimate parent of the Company is Signify N.V., having its registered office in Eindhoven, the Netherlands, with address at High Tech Campus 48, 5656 AE Eindhoven, the Netherlands.

1.3 The geographical locations and address of Company's business units are as under:

Location	Addresses
Registered office, Karachi.	6th floor, Bahria Complex 1, M. T. Khan Road.
Regional sales offices: Lahore	Ground floor, Trafco House, IC/1, Canal Bank Road, Canal Park, Gulberg-II.
Rawalpindi	112-B. 2nd floor. Malhi Plaza. Murree Road.

2 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the Act) and, provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ from the IFRSs, the provisions of and directives issued under the Act have been followed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

These financial statements have been prepared under the historical cost convention except for:

- leasehold land and buildings on leasehold land that are stated at revalued amounts.
- staff retirement benefit obligations, which have been measured at the present value.

3.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded to the nearest thousand, unless otherwise stated.

3.3 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements is in conformity with approved accounting and reporting standards, which required management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from period of revision.

In particular, information about judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on these financial statements, and estimates that results in material adjustment in the subsequent years are as follows:

(a) Property and equipment

The Company reviews the useful lives, methods of depreciation and residual values of operating fixed assets on the reporting date. Useful life is determined by the management based on expected usage of the assets, expected physical wear and tear, technical and commercial obsolescence and other similar factors. Any change in the estimates in future years might affect the carrying amounts of the respective items of operating fixed assets with a corresponding effect on the depreciation charge and impairment. The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) Stock-in-trade

The Company reviews the net realisable value of stock-in-trade to assess any diminution in the respective carrying values. Net realisable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

(c) Allowance for expected credit losses of trade debts and other receivables

The Company recognizes an allowance for expected credit losses (ECLs) for trade debts and other receivables carried at amortized cost at each reporting date. 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, discounted at an approximation of the original effective interest rate. The Company uses a provision matrix to measure ECLs and the provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The calculation reflects the probability-weighted outcome based on the information that is available at the reporting date about past events and current conditions which may not be representative of customer's actual default in the future.

ECLs are recognized in two stages. For credit risk exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12-month ECLs). The Company considers a financial asset to be in default when the counterparty is unlikely to pay its credit obligations to the Company in full or when the financial asset is past due. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (lifetime ECLs). When determining whether the credit risk of a financial asset has increased significantly since initial recognition, 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. Allowances for expected credit losses are charged to statement of profit or loss, when determined.

(d) Provision for tax and deferred tax

The provision for taxation is accounted for by the Company after taking into account the relevant laws and decisions taken by appellate authorities. Instances, where the Company's view differs from the view taken by the tax authorities at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities / assets. With regard to deferred taxation, the Company applies various assumptions on future projections and applicability of different tax regime, as well as recoverability of various deferred tax assets.

(e) Staff retirement benefits

The Company has adopted certain actuarial assumptions as disclosed in note 15 to these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets, based on actuarial advice.

(f) Provision for warranty and restructuring

The Company accounts for its warranty obligations when the underlying products are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities. A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly.

3.4 Changes in accounting standards, interpretations and pronouncements

3.4.1 Standards, amendments, interpretations and improvement adopted during the year

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year, except that the Company has adopted the following new/amended standards, interpretations and improvements to IFRSs which became effective for the current year.

IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
IFRIC 23	Uncertainty over Income Tax Treatments

Improvements to accounting standards issued by IASB (Annual improvment 2015-2017 cycle)

IFRS 3	Definition of Business (Amendments)
IFRS 11	Joint Arrangement previously held interest in a joint operation
IAS 12	Income Taxes - Income Taxes consequences of payment on financial instruments classified as equity
IAS 23	Borrowing costs - Borrowing costs eligible for capitalisation

The adoption of above standards, amendments, interpretations and improvement to standards did not have any material effect on the financial statements of the Company, except for the changes related to adoption of IFRS 15 'Revenue From Contracts with Customers' and IFRS 16 'Leases' as explained in notes 3.4.1.1 and 3.4.1.2 to these financial statements.

3.4.1.1 IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It has replaced IAS 18 'Revenue Recognition', IAS 11 'Construction Contracts' and related interpretations for annual periods beginning on or after July 01, 2018. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when a customer obtains control of the goods or services and the determination of timing of the transfer of control - at a point in time or over the time requires judgement. Further, revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

The Company enters into contracts with customers for sale of goods, service agreements and variable consideration (i.e. discounts) and has concluded that the first-time application of IFRS 15 by the Company does not have any significant effect with regard to the amount of revenue and variable consideration (i.e. discounts) recognised and when it is recognised. Accordingly, opening revenue reserves as at 01 January 2019 is not required to restated as of 01 January 2019 and there is no effect on basic / diluted earning per share. As allowed under IFRS 15, the Company has adopted the new standard on the required effective date using a modified retrospective method, therefore the information presented for prior periods has not been restated. i.e. it is presented, as previously reported, under IAS 18 and related interpretations and additional disclosure requirements in IFRS 15 have not been applied to comparative information.

The accounting policy in respect of revenue recognition is stated in note 3.16 to these financial statements.

3.4.1.2 IFRS 16 - Leases

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

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

The effect [i.e.increase / (decrease)] of adoption of IFRS 16 as at January 01, 2019 is as follows:

	(Rupees in '000)
Assets - increase / (decrease)	
Right-of-use assets	53,296
Short-term prepayments	(4,092)
Total assets	49,204
Liabilities - (increase)	
Lease liabilities	(49,204)
Total liabilities	(49,204)

The Company has lease contracts for its office premises under rental agreement. Before the adoption of IFRS 16, the Company classified this lease arrangement (as lessee) at the inception date as under rental arrangement an operating lease, i.e. the leased property was not capitalised and the prepaid lease rental payments were recognised as rent expense in statement of profit or loss on a straight-line basis over the lease term. Prepaid rent was recognised as pre-payments under non-current / current assets accordingly. Upon adoption of IFRS 16, the Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Company.

a) Leases previously accounted for as operating leases

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

b) Leases previously classified as finance leases

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

c)The Company also applied the available practical expedients wherein it has used hindsight in determining the lease term where the contract contains options to extend or terminate the lease and applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application.

Based on the foregoing, as at January 01, 2019:

- Right-of-use assets and lease liabilities of Rs. 53.296 million and Rs. 49.204 million respectively, were recognised and presented separately in the statement of financial position.

- Short-term prepayments of Rs. 4.092 millions related to previous operating leases were derecognised.

The effect of adoption of IFRS 16 and related adjustments did not have any impact on revenue reserves as of January 01, 2019 and accordingly, there is no effect on basic and diluted earnings per share. The lease liabilities as at January 01, 2019 can be reconciled to the operating lease commitments as of December 31, 2018, as follows:

	(Rupees in '000)
Operating lease commitment as at December 31, 2018	3,628
Reassessment of lease life under IFRS 16 not previously disclosed at year end 2018	52,310
Impact of discounting	(6,734)
Total lease liability as at January 01, 2019	49,204
Weighted average incremental borrowing rate as at January 01, 2019	11%

The accounting policy in respect of right-of-use assets and lease liabilities is stated in note 3.6 to these financial statements.

3.5 Property and equipment

Owned

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any) except for leasehold land and buildings on leasehold land which are stated at revalued amounts, which are the fair value at the date of revaluation less accumulated depreciation, if any, recognised subsequent to the date of revaluation.

Depreciation is charged to statement of profit or loss by applying the straight-line method, whereby the asset is written off over its estimated useful life, from the date the asset is available for use. Incremental depreciation charged for the year on revalued assets is transferred from surplus on revaluation reserve. Rates of depreciation are disclosed in note 4.1 to these financial statements.

Maintenance and repairs are charged to statement of profit or loss, as and when incurred. Renewals and improvements are capitalised when it is probable that respective future economic benefits will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to statement of profit or loss, as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Useful life is determined by the management based on expected usage of the assets, expected physical wear and tear, technical and commercial obsolescence and other similar factors. Useful lives, method of depreciation and residual values are reviewed, at each reporting date, and adjusted if expectations differ significantly from previous estimates. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains or losses on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is charged to statement of profit or loss. When revalued assets are sold, the relevant remaining surplus is transferred directly by the Company to its retained earnings.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount at the reporting date. A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in statement of profit or loss, the increase is recognised in statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus. An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

Capital work-in-progress

Capital work-in-progress is stated at cost less accumulated impairment losses, if any. It consists of expenditure incurred and advances made in respect of operating fixed assets and intangible assets in the course of their acquisition, erection, construction and installation. The assets are transferred to relevant category of operating fixed assets when they are available for use.

3.6 Right-of-use assets and lease liabilities

The Company assess at contract inception whether a contract is, or contain a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company acts as a lessee and applies a single recognition and measurement approach for all the leases except for short-term leases and leases of low value assets (if any). The Company recognises lease liability to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets (ROU assets) at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities, if any. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, if any, and lease payments made at or before the commencement date less any lease incentives received. Unless the Company is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised ROU assets are depreciated on a straightline basis over the shorter of its estimated useful life and the lease term, on the rates as disclosed in the note 5.2 to the financial statements. ROU assets are subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option (if any) reasonably certain to be exercised by the Company and payments of penalties for terminating a lease, if the lease term reflects the Company exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

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

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has the option, under its lease arrangements to lease the assets for additional terms. The Company applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy). Any change is accounted for change in estimate and applied prospectively with corresponding change in ROU assets and lease liabilities.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term leases and leases of lowvalue assets are recognised as expense on a straight-line basis over the lease term.

3.7 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value less provision for impairment, if any. The cost is based on first-in-first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of work-inprocess and manufactured goods includes direct material, wages and applicable manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. The management reviews the net realizable value of stock-in-trade to assess any diminution in the respective carrying values.

Provision for impairment is made against the cost of items which are likely to become obsolete. The evaluation is based on comparison of historical and forecasted sales.

3.8 Impairment of non-financial assets

The carrying amounts of non-financial assets (other than stock-in-trade) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment testing for an asset is required, then an asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss is recognised as an expense in the statement of profit or loss account for the amount by which the asset's carrying amount exceeds its recoverable amount. Value in use is ascertained through discounting of the estimated future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the assets. The fair value less costs to sell calculation is based on the available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs to sell of the asset. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cashgenerating units).

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 the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

3.9 Financial instruments

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

3.9.1 Financial assets

3.9.1.1 Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade debts, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade debts are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

3.9.1.2 Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into following categories:

(a) Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets designated at fair value through OCI with recycling of cumulative gains and losses (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

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

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company does not have any debt instruments at fair value through OCI investments during the current and past year and as of reporting date.

(c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32, 'Financial Instruments: Presentation' and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to statement of profit or loss. Dividends are recognised as dividend income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company does not have any equity investments during the current and last year and as of reporting date.

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. This category includes listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as dividend income in the statement of profit or loss when the right of payment has been established.

The Company does not have any listed equity investments during the current and last year and as of reporting date.

3.9.13 Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  a) the Company has transferred substantially all the risks and rewards of the asset; or
  b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

3.9.1.4 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. 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, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade debts and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience and current conditions.

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off, when there is no reasonable expectation of recovering the contractual cash flows.

3.9.2 Financial liabilities

3.9.2.1 Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

3.9.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through statement of profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

b) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derivatives

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives that do not qualify for hedge accounting are recognized in the statement of financial position at estimated fair value with corresponding effect to statement of profit or loss.The Company did not hold any derivative financial instruments during the year ended and as at 31 December 2019 and 2018.

3.9.2.3 Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.
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3.9.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.10 Cash and cash equivalents

Cash and cash equivalents comprise of cash and cheques in hand, bank balances net of bank overdraft, call deposits and investments with maturities of less than three months or less from acquisition date that are subject to insignificant risk of changes in fair value. Short-term borrowings availed by the Company, which are payable on demand and form an integral part of the Company's cash management, are included as part of cash and cash equivalents for the purpose of statement of cash flows

3.11 Borrowing costs

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

3.12 Taxation

Income tax expenses comprise 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 other comprehensive income in which case it is recognized in statement of comprehensive income.

Current

Provision for current taxation is computed on taxable income at the current rates of taxation, after taking into account tax credits and rebates available, if any, in accordance with the provision of the Income Tax Ordinance, 2001. It also includes any adjustment to tax payable in respect of prior years. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided by using the liability method, on all temporary differences arising at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, while deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forwards of unused tax losses and unused tax credits can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Deferred tax relating to items recognised directly in the other comprehensive income or equity is recognised in the statement of comprehensive income or equity and not in statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if there is a legally enforceable right to offset current tax assets and liabilities and they relate to the income tax levied by the same tax authority.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date. In this regard, the effects on deferred taxation of the portion of income expected to be subject to final tax regime is adjusted in accordance with the requirement of Accounting Technical Release - 27 of the Institute of Chartered Accountants of Pakistan. Deferred tax asset in excess of deferred tax liability amounting to Rs. 24.302 million (2018: Nil) has not been recognised in the financial statements in accordance with the accounting policy of the Company

3.13 Surplus on revaluation of property, and equipment

A revaluation surplus is recorded in statement of comprehensive income and credited to the asset revaluation surplus in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in the statement of profit or loss, the increase is recognised in the statement of profit or loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

An annual transfer from the asset revaluation surplus to retained earnings is made for the difference between depreciation based on the revalued carrying amount of asset and depreciation based on the asset's original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation surplus relating to the particular asset being sold is transferred to retained earnings.

3.14 Employee benefits

3.14.1 Defined benefit plan - Funded gratuity scheme

The Company operates an approved funded gratuity scheme for all its permanent employees which provides for a graduated scale of benefits dependent on the length of service of the employee on termination date, subject to a minimum qualifying period for entitlement of three years continuous service with the Company. Under the gratuity scheme, gratuity is payable on retirement, resignation or death and are dealt with in accordance with the Trust Deeds and Rules as follows:

Years of service:	**Entitlement of gratuity:**
In case of resignation or retirement:	
Less than five years	Nil
Five years to less than seven and a half years	75% of basic salary for each completed year of service
Seven and a half years and above	100% of basic salary for each completed year of service
In case of death:	
Less than one year	Nil
One year to less than fifteen years	Fifteen months' basic salary
Fifteen years and above	One month's basic salary for each completed year of service

Contributions are to be made on the basis of actuarial valuation carried out at every year end using the Projected Unit Credit Method. Remeasurements which comprise of actuarial gains and losses and the return on plan assets (excluding interest) are recognized immediately in other comprehensive income and are not reclassified to profit or loss in subsequent periods. The past service costs are recognised at the earlier of when the amendment or curtailment occurs and when the Company has recognised related restructuring or terminations.

The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments. Net interest expense and current service cost are recognized in statement of profit or loss.

3.14.2 Defined contribution plans

The Company operates the following contribution plans for all its permanent employees:

Defined contribution provident fund

The Company operates a defined contribution provident fund. Equal monthly contributions are made, both by the Company and the employees, to a separated fund at the rate of 10% of basic pay, when the entitlement begins i.e. after the probation period.

Defined contribution pension fund

The Company operates a defined contribution pension scheme. Monthly contributions are made at the rate of 10% of basic pay by the Company to the fund. The Company pays pension under the Rules as follows:

Years of service:	**Entitlement of gratuity:**
Less than three years	Nil
Three years to less than five years	50% of the accumulated balance
Five years and above	100% of the accumulated balance

3.14.3 Compensated absences

The Company accounts for liability of employees' compensated absences in the period in which they are earned on the basis of unavailed leave balance of each employee subject to a limit of 28 days leaves at year end that can be carry forward maximum for one year as per the Company's poilicy.

3.15 Provisions

Warranty

A provision for warranty is recognized when the underlying products are sold. The provision is based on historical sales data and a weighting of possible outcomes against their associated probabilities in respect of warranty.

Restructuring

A provision for restructuring is recognized when the Company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating losses are not provided for.

Decommissioning liability

The Company records a provision for decommissioning costs of the structural improvements made by the Company to the property. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the relevant asset.

Others

Provisions are considered where the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

3.16 Revenue recognition

3.16.1 Revenue from contract with customers

a) Sale of goods and services

Revenue from the sale of goods is recognized at the point in time when the performance obligation is satisfied. The performance obligation of the Company in respect of sale of goods is satisfied when the customer obtains control over the goods. Control generally passes to the customer at the time the product is delivered and accepted. Revenue is recognized at the amount to which the Company expects to be entitled. The transaction price excludes amounts collected on behalf of third parties, such as sales taxes. Payments made to customers for distinct goods or services are excluded from revenue. The transaction price may be variable due to discounts, rebates or similar arrangements. Revenue is only recognized for the part of the consideration for which it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Judgment is required in determining the probability and level of discounts and rebates that will be granted. The estimate is updated throughout the term of the contract.

For products for which a right to return exists during a defined period, revenue is recognized by considering the historical pattern of actual returns. Return policies are typically based on customary return arrangements in local markets. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods and services to be rendered before transferring them to the customer.

When a single contract contains multiple deliverables, for example supply of goods and services, these multiple deliverables may be combined in one or more performance obligations. For these transactions, the Company accounts for individual goods and services, including any goods or services provided for free, separately in case they are distinct. Performance obligations may be satisfied over time, typically because the Company is creating or enhancing an asset that the customer controls. In limited cases, the Company may also be creating an asset with no alternative use while having an enforceable right to payment for performance to date. In both instances, revenue is recognized over time. The total consideration of the contract is allocated to all distinct performance obligations in the contract based on their stand-alone selling prices. Stand-alone selling prices are determined based on other stand-alone sales transactions that are directly observable, when possible. However, observable prices are not available for all performance obligations. If no direct observable prices are available, the stand-alone selling price is normally based on the expected cost plus a margin approach.

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

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

Further, the Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated, if any. In determining the transaction price for the sale of goods, services rendered and contract revenue, the Company considers the effects of variable consideration (i.e. discounts), the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

b) Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods transferred to the customer. If the Company performs by transferring goods to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. The contract assets are transferred to trade debts when the rights become unconditional.

Trade debts

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets as detailed in note 3.9.1 to these financial statements.

Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods to the customer).

3.16.2 Other income

Other income is recorded on accrual basis and interest income is accounted for using the effective interest rate (EIR) method.

3.17 Share-based compensation

The ultimate parent company operates share-based compensation plans which are accounted for as equity settled share based payment transactions, regardless of intragroup repayment arrangements. The cost of equity-settled transactions is determined by the fair value at the grant date using an appropriate valuation model.

The grant-date fair value of equity-settled share-based payment awards granted to employees is recognized in statement of profit or loss, with a corresponding increase in equity as a contribution from the ultimate parent company, over the vesting period of the award. The liability for intragroup repayment for these transactions is recognised in the statement of financial position at an amount equal to the cost recognised in the statement of profit or loss with corresponding debit in equity as a return of contribution from the ultimate parent company. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

No expense is recognized for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

3.18 Foreign currency translation

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are re-translated at the rate of exchange ruling at the reporting date. Exchange differences, if any, are taken to statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

3.19 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period, in which these are approved. However, if these are approved after the reporting period but before the financial statements are authorised for issue, they are disclosed in the notes to the financial statements.

3.20 Accounting policies applicable to the Company on and before year ended December 31, 2018

3.20.1 Property and equipment - Leased

The Company accounts for property and equipment acquired under finance lease by recording the asset and related liability. The amounts are determined on the basis of the discounted value of minimum lease payments or fair value whichever is lower. Financial charges are allocated to lease term in the manner so as to provide a constant periodic rate of charge on outstanding liability. Residual values and useful life are determined and reviewed in the same manner as is for owned assets. Depreciation is charged to statement of profit or loss applying the straight line method whereby, the depreciable amount of an asset is written down over its estimated useful life depending upon the class of assets.

3.20.1 Contract work-in-progress

Contract work-in-progress represents the gross unbilled amount / revenue expected to be collected from customers for contract work performed to date less allowances for expected credit losses, if any. It is measured at costs and profit recognized to date less progress billing and recognized losses, if any.

Construction contracts in progress is presented as part of trade debts in the statement of financial position for all contracts in which cost incurred and recognized profits exceed progress billings. Contracts for which progress billings and recognized losses exceed costs incurred and recognized profits are presented as deferred income / revenue. Advances received from customers are presented as a liability in trade and other payables. Retention money received in respect of contracts are presented as other receivables.

3.20.2 Revenue recognition

- Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership have been transferred to the customer recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized. These conditions generally coincide with delivery of products to customers.

- Service revenue is recognized over the contractual period or as services are rendered.

- Contract revenue includes the initial amount agreed in the contract plus any variations in the contract work, claims and incentive payments, if any, to the extent that it is probable that they will result in revenue and can be measured reliably. Revenue from contracts are recognized in accordance with the stage of completion method. The stage of completion is assessed by reference to the proportion that the contract costs incurred for work.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract cost that are likely to be recoverable. An expected loss on a contract is recognized immediately in statement of profit or loss.

- Rental income is recognized in the statement of profit or loss on a straight-line basis over the term of the lease.

- Interest on saving accounts and and term deposits are recognized on a time proportion basis taking into account effective yield on the said assets.

3.21 Standards, amendments and improvemments to IFRSs that are not yet effetive

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

Standards and interpretations		Effective date (annual periods beginning on or after)
IFRS 3	Definition of a Business (Amendments)	January 01, 2020
IFRS 10	Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalised
IFRS 14	Regulatory Deferral Accounts	July 01, 2019
IAS 1/ IAS 8	Definition of Material (Amendments)	January 01, 2020

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

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

Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistans.

Standards		IASB Effective date (annual period beginningon or after)
IFRS 17	Insurance Contracts	January 01, 2023

The Company expects that above new standard will not have any material impact on the Company's financial statements in the period of initial application.

	Note	2019	2018
		(Rupees in '000)	

4. PROPERTY AND EQUIPMENT

	Note	2019	2018
Operating fixed assests	4.1	48,636	49,588
Capital work-in-progress	4.2	-	3,073
		48,636	52,661

4.1 Operating fixed assests

The following is a statement of operating fixed assests:

	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at 01 January 2019	Additions / *transfers / (deletions)	As at 31 December 2019	As at 01 January 2019	Descreption charge for the year	on deletion	As at 31 December 2019	As at 31 December 2019	Annual rate of depreciation %
	(Rupees in '000)								
Office hut	571	-	571	571	-	-	571	-	10
Structural improvements	12,844	-	12,844	11,467	1,377	-	12,844	-	50
Factory equipment	733	-	733	727	6	-	733	-	20
office equipment	48,816	10,493 (1,224)	58,085	41,008	6,224	(1,186)	46,046	12,039	10-50
Vehicles	67,447	7,953 *3,073 (11,478)	66,995	27,050	10,401	(7,053)	30,398	36,597	14-25
2019	130,411	18,446 *3,073 (12,702)	139,228	80,823	18,008	(8,239)	90,592	48,636	

	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at 01 January 2018	Additions / *transfers / (deletions)	As at 31 December 2018	As at 01 January 2018	Descreption charge for the year	on deletion	As at 31 December 2018	As at 31 December 2018	Annual rate of depreciation %
	(Rupees in '000)								
Office hut	571	-	571	571	-	-	571	-	10
Structural improvements	12,844	-	12,844	4,174	7,293	-	11,467	1,377	50
Factory equipment	733	-	733	652	75	-	727	6	20
office equipment	60,197	1,222 (12,603)	48,816	46,349	6,729	(12,070)	41,008	7,808	10-50
Vehicles	77,656	*15,216 (25,425)	67,447	28,719	12,721	(14,390)	27,050	40,397	14-25
2018	152,001	1,222 *15,216 (38,028)	130,411	80,466	26,818	(26,460)	80,823	49,588	

* Represents assets transferred from capital work-in-progress (note 4.2.1)

4.1.1 Included herein fully depreciated assets costing Rs.67.767 million (2018: Rs.32.984 million).

4.1.2 Depreciation for the year has been charged to administrative and distribution expenses.

4.2 Capital work-in-progress

	Note	2019	2018
		(Rupees in '000)	
Advance to suppliers	4.2.1	-	3,073

4.2.1 The movement of capital work-in-progress is as follows:

	Note	2019	2018
Opening balance		3,073	67
Add: Advances given during the year		-	17,662
		3,073	18,289
Less: Transferred to operating fixed assets during the year	4.1	3,073	15,216
Closing balance	4.2.2	-	3,073

4.2.2 Represents advances given to supplier for purchase of vehicles, which were delivered to the Company during the year.

4.3 Disposals of operating fixed assets

Particulars	Cost	Accumulated Depreciation	Net Book Value	Sale proceeds	Gain on disposals -	Particulars of buyers	Mode of disposal
	(Rupees in '000)						
Aggregate amount of assets disposed off having NBV not exceeding Rs. 5 million							
2019	12,702	8,239	4,463	5,903	1,440	Various	Company's policy
2018	38,028	26,460	11,568	14,550	2,982	Various	Company's policy

5. RIGHT-OF-USE ASSETS

The carrying amounts of right-of-use assets recognized and movement during the year is as follows:

5.1 Gross carrying value basis

	Note	2019	2018
		(Rupees in '000)	
Impact of initial application of IFRS 16 as at January 01, 2019	3.4.1.2	**53,296**	-
Depreciation charged during the year	5.3	**(21,450)**	-
Closing net book value		**31,846**	-

5.2 Net carrying value basis

	2019	2018
Cost	**53,296**	-
Accumulated depreciation	**(21,450)**	-
Net book value	**31,846**	-
Depreciation % per annum	**26% - 46%**	-

5.3 Depreciation for the year has been charged to administrative and distribution expenses.

6. STOCK-IN-TRADE

	Note	2019	2018
Raw material including material-in-transit Rs.0.667 million (2018: Rs. Nil)		**43,712**	34,965
Material advanced to vendors		**13,887**	19,062
		57,599	54,027
Finished goods including goods-in-transit Rs.78.511 million (2018: Rs. 104.559 million)	6.1	**542,982**	596,674
Finished goods held with vendors		**2,772**	1,217
Provision for obsolete stock-in-trade	6.2	**(19,612)**	(23,058)
		526,142	574,833
		583,741	628,860

6.1 Stock-in-trade of Rs. 190.403 million (2018: Nil) is measured at net realizable value and has been written down to Rs. 142.623 million (2018: Nil).

		Note	2019	2018
			(Rupees in '000)	
6.2	Movement of provision for obselete stock-in-trade is as follows:			
	Opening balance		23,058	25,191
	Reversals for the year - net		(3,446)	(2,133)
	Closing balance		19,612	23,058

7. TRADE DEBTS - unsecured

		Note	2019	2018
	Considered good		725,274	697,991
	Considered doubtful		87,892	79,,433
			813,166	777,434
	Less: Allowance for expected credit losses	7.1	87,892	79,443
			725,274	697,991
7.1	Movement of allowance for expected credit losses on trade debts is as follows:			
	Opening balance		79,443	64,882
	Allowance for expected credit losses for the year		13,703	9,823
	Impact of initial application of IFRS 9		-	4,738
	Written off during the year		(5,254)	-
	Closing balance		87,892	79,443

7.2 These are interest free and generally on a credit terms of 30 to 90 days except for turnkey project customers for whom credit period varies upto 6 months.

8. ADVANCES - unsecured, considered good

		Note	2019	2018
			(Rupees in '000)	
	- Suppliers		-	5
	- Employees		-	1,411
	- Executives		1,371	1,123
	- Shipping companies		14,180	4,142
	- Custom authorities		53,241	145,021
			68,792	151,702
	Less: Allowance for expected credit losses	8.1	134	38
			68,658	151,664
8.1	Movement of allowance for expected credit losses on advances is as follows:			
	Opening balance		38	-
	Allowance for expected credit losses for the year		96	18
	Impact of initial application of IFRS 9		-	20
	Closing balance		134	38

9 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2019	2018
Trade deposits - unsecured, considered good		25,014	54,551
Less: Allowance for expected credit losses	9.1	236	495
		24,778	54,056
Short-term prepayments		5,490	7,436
		30,268	61,492

9.1 Movement of allowance for expected credit losses on trade deposits is as follows:

	Note	2019	2018
		(Rupees in '000)	
Opening balance		495	-
Allowance for expected credit losses for the year		-	248
Reversals for the year		(259)	-
Impact of initial application of IFRS 9		-	247
Closing balance		236	495

10. OTHER RECEIVABLES

	Note	2019	2018
		(Rupees in '000)	
Unsecured, considered good			
- Retention money		33,240	32,292
- Sales tax refundable	10.1	31,550	52,874
- Receivable from custom authorities	10.2	-	6,607
- Receivable from related parties	10.3	-	191,906
- Cash margins		63,860	66,625
- Others		13,007	3,715
		141,657	354,019
Less: Allowance for expected credit losses	10.4	917	1,417
		140,740	352,602

10.1 In previous year 2018, the Company received a show cause notice dated 27 February 2018 under Sales Tax Act, 1990 (the Act) on various matters for years 2013 to 2016 related to recovery of certain amounts. In response to said notice, the Company submitted partial replies explaining the contentions of the Company for said matters. However, the DCIR proceeded to pass an Order dated 20 August 2018 raising a tax demand aggregating to Rs. 2,806 million under relevant sections 11, 33 and 34 of the Act. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] which was decided through the appellate order dated 12 October 2018 in the manner that certain matters aggregating to Rs. 223 million were deleted, other matters are remanded back aggregating to Rs. 1,840 million and the related default and penalty surcharge was deleted to the extent of relief allowed by the said order. The Company received a copy of appeal filed by the tax authorities to the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR(A). The Company has also filed an appeal before the ATIR against the order of CIR(A) which is still pending for hearing before the ATIR.

The tax advisor of the Company is of the view that the Company has a strong defence and confident that the appeal will be decided in favour of the Company. Accordingly, the Company has not made any provision in respect of the above demand in the financial statements.

10.2 Represents Rs. Nil (2018: Rs.6.607 million) recoverable from custom authorities on account of custom duty and income tax paid on exempt items.

10.3 Included herein receivables from the following group companies on account of services rendered by the Company:

	Note	2019	2018
		(Rupees in '000)	
Signify Hong Kong Limited		-	191,906
		-	191,906
10.3.1 The maximum aggregate amount outstaning during the year is as follows:			
Signify Hong Kong Limited		-	191,906
10.3.2 The ageing of related parties balances is as follows:			
Yet not due but impaired			
Signify Hong Kong Limited		-	1,417

		Note	2019	2018
10.3.3	Related parties balances written off during the year is as follows:		(Rupees in '000)	
	Signify Singapore Pte. Ltd		-	3,074

10.4 Movement of allowance for expected credit losses on other receivables is as follows:

	Note	2019	2018
		(Rupees in '000)	
Opening balance		1,417	-
Allowance for expected credit loss for the year		-	1,417
Reversals for the year		(500)	-
Closing balance		917	1,417

11. TAXATION - net

	Note	2019	2018
Opening tax refundable		195,434	109,521
Less: Provision for taxation	28	250,483	175,350
Add: Tax paid / deducted at source		339,133	261,263
Closing tax refundable		284,084	195,434

12. CASH AND BANK BALANCES

	Note	2019	2018
In hand:			
- cash		395	737
- cheques		313,586	319,955
		313,981	320,692
Balance with banks:			
- in current accounts		4,781	592
- in saving accounts	12.1	-	-
		4,781	592
Less: Allowance for expected credit losses	12.2	1	1
		318,761	321,283

12.1 It carries mark-up rate ranging from 8.0% to 11.25% (2018: 4.0% to 8.0%) per annum.

12.2 Movement of allowance for expected credit loss on bank balances is as follows:

	Note	2019	2018
		(Rupees in '000)	
Opening balance		1	-
Impact of initial application of IFRS 9		-	1
Closing balance		1	1

13. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2019	2018
Ordinary shares of Rs 10/- each			
169,391,009 shares fully paid in cash		1,693,910	1,693,910
4,368,033 shares issued as fully paid bonus shares		43,680	43,680
2,100 shares fully paid for consideration other than cash	13.1	21	21
		1,737,611	1,737,611

13.1 As at 31 December 2019 99.97% shares (2018: 99.97%) are held by Signify Holding B.V, the parent company.

13.2 These are fully paid ordinary shares. Voting rights, board selection, right of first refusal and block voting are in proportion to their shareholding.

14. RESERVES

	Note	2019	2018
		(Rupees in '000)	
Capital reserve - share premium		12,419	12,419
Revenue reserve - general reserve		47,289	47,289
Revenue reserve - accumulated losses		(890,364)	(891,734)
		(830,656)	(832,026)

15. STAFF RETIREMENT BENEFITS

15.1 Gratuity fund

The latest actuarial valuation for gratuity fund maintained by the Company for its permanent employees was carried out by the actuary as of 31 December 2019 using Projected Unit Credit Method and the principal assumptions used are as follows:

Significant actuarial assumptions	2019	2018
Financial assumptions		
Discount rate	11.25%	13.25%
Salary increase rate	11.25%	13.25%
Demographic assumptions		
Mortality rates (for death in service)	SLIC (2001-05)-1	SLIC (2001-05)-1
Rates of employee turnover	Moderate	Moderate

15.1.1 The amounts recognized in statement of financial position are as follows:

	Note	2019	2018
		(Rupees in '000)	
Present value of defined benefit obligation	15.1.3	125,126	114,949
Fair value of plan assets	15.1.4	(1,110)	(12,638)
Liability recognized in statement of financial position		124,016	102,311

15.1.2 Movement in the net defined benefit liability:

	Note	2019	2018
Opening balance		102,311	116,627
Charge for the year	15.1.5	20,564	17,479
Remeasurement gains	15.1.6	(7,713)	(7,285)
Refunds during the year		12,000	6,971
Benefits paid / payable		(3,146)	(31,481)
Closing balance		124,016	102,311

15.1.3 Movement in presence value of defined benefit obligations:

	2019	2018
Opening balance	114,949	135,253
Charge for the year	22,481	18,503
Benefits paid / payable	(3,146)	(31,481)
Remeasurement gains	(9,158)	(7,326)
Closing balance	125,126	114,949

15.1.4 Movement in the fair value of plan assets are as follows:

	2019	2018
Opening balance	12,638	18,626
Expected return on plan assets	1,917	1,024
Remeasurement losses	(1,445)	(41)
Refunds during the year	(12,000)	(6,971)
Closing balance	1,110	12,638

15.1.5 Amounts recognised in the statement of profit or loss

	2019	2018
Current service cost	7,037	7,879
Interest cost	15,444	10,624
Expected return on plan assets	(1,917)	(1,024)
	20,564	17,479

15.1.6 Following amounts of remeasurements have been charged in the other comprehensive income in respect of these benefits

	Note	2019	2018
		(Rupees in '000)	
Remeasurement gains on obligation			
Gains due to change in experience adjustments		(9,518)	(7,326)
Total remeasurement gains on obligation		(9,518)	(7,326)
Remeasurement losses on plan assets			
Losses on plan assets		1,445	41
Total remeasurement gains during the year		(7,713)	(7,285)
Total defined benefit cost recognized in statement of profit or loss statement of other comprehensive income		12,851	10,194

15.1.7 Analysis of present value of defined benefit obligation

	2019	2018
Vested / non - vested		
Vested benefits	122,761	114,949
Non-vested benefits	2,365	-
	125,126	114,949
Type of benefits earned to date		
Accumulated benefit obligation	56,984	44,083
Amount attributed to future salary increases	68,142	70,866
	125,126	114,949

15.1.8 Composition of fair value of plan assets

	2019		2018	
	Fair Value (Rupees)	%	Fair Value (Rupees)	%
Cash at banks	1,110	100%	12,638	100%
Fair value of plan net assets	1,110	100%	12,638	100%

15.1.9 Expected contributions to funds in the following year

	2020
	(Rupees in '000)
Expected contributions to funds in the following year	21,781
The components of expected contribution for the next year:	
Current service cost	7,861
Interest expense on defined benefit obligation	14,291
Interest on plan assets	(371)
Net interest cost	13,920
	21,781

15.1.10 Maturity profile of the defined benefit obligation

	2020
	(Rupees in '000)
Distribution of timing of benefit payments (time in years)	
1	3,952
2	4,471
3	4,943
4	51,533
5	12,275
6-10	140,589

15.1.11 Sensitivity analysis on significant actuarial assumptions:

	2019	2018
	(Rupees in '000)	
Discount rate + 50 basis points	120,537	110,565
Discount rate - 50 basis points	129,982	119,589
Salary increases + 50 basis points	130,106	119,700
Salary increases - 50 basis points	120,382	110,424
	(Number)	
Weighted average duration of the Projected Benefit Obligation	7.54	7.84

15.2 Provident fund - defined contribution plan

15.2.1 Salaries, wages and benefits include Rs.8.800 million (2018: Rs.9.322 million) in respect of provident fund contribution.

15.2.2 Investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the conditions specified thereunder.

15.3 Pension fund - defined contribution plan

15.3.1 Salaries, wages and benefits include Rs.8.106 million (2018: Rs.9.385 million) in respect of pension fund contribution.

16. LEASE LIABILITIES

	Note	2019	2018
		(Rupees in '000)	
Impact of initial application of IFRS 16 as at January 01, 2019 3.4.1.2		49,204	-
Interest expense on lease liabilities		3,985	-
Payments made during the year		(22,515)	-
Closing balance as at December 31, 2019		30,674	-
Less: Current maturity of lease liability		(23,024)	-
Long-term lease liability		7,650	-

The following are the amounts recognised in statement of profit or loss:

	Note	2019	2018
Depreciation expense of right-of-use assets	5.3	21,450	-
Interest expense on lease liabilities	26	3,985	-
Total amount recognised in statement of profit or loss		25,435	-

17. TRADE AND OTHER PAYABLES

	Note	2019	2018
		(Rupees in '000)	
Creditors	17.1	715,657	613,645
Accrued liabilities	17.2	333,961	405,956
Payable to provident fund		3,512	2,801
Withholding tax payable		2,059	4,460
		1,055,189	1,026,862

17.1 Included herein Rs.642.733 million (2018: Rs.482.657 million) due to the following group companies on account of purchases of goods, receiving services, etc.

Group companies:	Note	2019	2018
		(Rupees in '000)	
Signify Netherlands B.V.		**253,717**	148,980
Dynalite Pty Ltd.		**-**	204
Signify North American Corporation		**-**	9,759
Signify Belgium N.V		**-**	12,883
Genlyte Thomas Group LLC		**13,196**	8,930
Signify Luminaires (Shanghai) Co., Ltd.		**16,759**	78,972
Signify Electronics Technology (Shanghai) Co., Ltd.		**-**	161
Signify Chilena S.A.		**-**	1,026
Signify Korea, Inc.		**340**	289
Signify Luminaires (Chengdu) Co.,Ltd.		**18,760**	23,674
Signify International B.V.		**73,106**	20,711
Signify Hungary Kft.		**2,129**	1,571
PT. Signify Commercial Indonesia		**67**	956
ILTI LUCE S.R.L.		**1,590**	676
Signify Italy S.P.A.		**19**	16
Signify Phillipines Inc.		**12**	7,252
Signify Poland Sp. Z.O.O.		**18,722**	2,201
Signify Singapore Pte. Ltd.		**206,907**	154,430
Signify Commercial (Thailand) Ltd.		**-**	120
Signify Aydinlatma Ticaret A.S.		**2,138**	353
Signify Vietnam Limited		**-**	88
Philips International B.V		**963**	963
Phillips Electronics Singapore		**7,607**	7,607
Signify Singapore Pte. Ltd.		**-**	709
Signify Argentina S.A. 257		**257**	-
Signify Hong Kong Limited		**26,175**	126
Signify Maroc SARL		**269**	-
		642,733	482,657

17.2 The break-down of accrued liabilities are as follows:

	Note	2019	2018
Salaries and wages		**47,075**	46,786
Warranty provision	17.3	**52,821**	52,442
Distributors incentives		**60,846**	105,399
Marketing accruals		**79,327**	99,919
Utilities accruals		**313**	270
Freight accruals		**9,060**	10,047
Project related accruals	17.4	**50,890**	60,491
Others		**33,629**	30,602
		333,961	405,956

17.3 The movement of warranty provision is as follows:

	Note	2019	2018
		(Rupees in '000)	
Opening balanc		**52,442**	86,721
Provision made during the year		**121,885**	59,171
Replacement made during the yea		**(121,506)**	(93,450)
Closing balance		**52,821**	52,442

17.4 Represents accrued expenses in respect of contracts relating to various supply and installation projects.

18. PROVISIONS

18.1 Represents provisions against custom duty and legal cases contested by the Company.

18.2 The movement in provisions during the year are as follows:

	Note	2019	2018
		(Rupees in '000)	
Opening balance		**21,972**	234,431
Additional provision made during the year		**-**	12,641
Reversals during the year		**(7,363)**	(225,100)
Closing balance		**14,609**	21,972

19. SHORT-TERM RUNNING FINANCES

The Company had obtained various running finance facilities from commercial banks aggregating to Rs.940 million (2018: Rs. 500 million) carrying mark-up rate ranging from 11.01% to 15.06% per annum (2018: 6.8% to 11.4% per annum). These facilities are of varying tenure and are secured by registered ranking hypothecation pari passu charge over the present and future stock-in-trade, book debts of the Company and stand-by letter of credits aggregating to Rs.1,113.5 million. The unutilized amount of these facilities are Rs.876.63 million.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 The details of legal cases filed against the Company are as follows:

Court	Factual description	Date of institution	Party	Relief Sought
Hight Court of Sindh	Counter suit filed by Dreamworld of non-performance of contract terms	August 2001	Dreamworld	Recovery of Rs. 83.472 million (2018: Rs.83.472 million) on non performance of contract terms.
High Court of Lahore	Suit filed by vendor against Company to restrain Company for encashment of insurance guarantee	November 2017	Western Engineering (vendor)	Recovery of Rs. 3 million (2018: Rs.3 million) for encashment of insurance gurantee
Hight Court of Sindh	Case filed by ex-employees against the Company on dispute over the final settlement	September 2009	Fayaz Ahmed (Ex-Employee)	Recovery of Rs. 2.2 million (2017: Rs. 2.2 million) for recovery of final settlement
Civil Court - Lahore	Civil recovery suit in demand of payments against good delivered	May 1991	Syed Ghulam Raza (a customer)	Recovery of Rs. 0.289 million and default surcharge (2018: 0.289 million and default surcharge) for demand of payments

The Company based on the opinion of its legal counsel / advisors believes that either they have no exposure to the Company or would be decided in the Company's favour.

	2019	2018
	(Rupees in '000)	
20.1.2 Letter of guarantees issued by banks on behalf of the Company	**44,374**	56,339

20.1.3 Sales tax and income tax matters, are more fully explained in notes 10.1 and 28.3 to 28.12 to these financial statements.

20.2 Commitments

	2019	2018
	(Rupees in '000)	
Letters of credits	**145,207**	6,109

As of 31 December 2019, the Company has the facility limit for opening letters of credit and guarantees of Rs.1,200 million (2018: Rs.760 million).

21. TURNOVER - net

		2019	2018
		(Rupees in '000)	
Turnover - gross		**4,562,964**	4,777,433
Trade discount		**(150,678)**	(254,899)
Sales Tax		**(147,652)**	(549,696)
	21.1	**4,264,634**	3,972,838

21.1 Included herein are toll manufacturing sales of Rs. 334.678 million (2018: Rs.497.178 million) and longterm supply and installation contracts recognised to date - net of Rs.19.908 million (2018: Rs.18.841 million).

21.2 Revenue recognised during the year that was included in the advance from customers balance at the beginning of year is Rs 12.618 million.

22. COST OF SALES

	Note	2019	2018
		(Rupees in '000)	
Opening finished goods	6	**597,891**	681,780
Purchase of goods	22.1	**2,832,961**	2,416,407
Cost of goods manufactured	22.2	**180,864**	345,450
		3,611,716	3,443,637
Closing finished goods	6	**(545,754)**	(597,891)
		3,065,962	2,845,746
Direct expenses:			
Warranty provisions	17.3	**121,885**	59,171
Provision for obsolete stock-in-trade - reversals made during the year - net	6.2	**(3,446)**	(2,133)
Outward freight		**85,316**	94,800
		203,755	151,838
		3,269,717	2,997,584

22.1 This includes purchases made from group entities amounting to Rs.2,616.881 million (2018: Rs.1,781.284 million).

22.2 Sales and cost of sales of goods manufactured related to vendors manufacturing are as follows

	Note	2019	2018
		(Rupees in '000)	
Sales		**334,678**	497,178
Opening material:			
Raw material	6	**34,965**	31,093
Material advanced to vendors	6	**19,062**	11,072
		54,027	42,165
Purchase of raw material		**122,731**	253,000
Vendors value addition		**61,705**	104,312
		184,436	357,312
Closing material:			
Raw material	6	**(43,712)**	(34,965)
Material advanced to vendors	6	**(13,887)**	(19,062)
		(57,599)	(54,027)
Cost of goods manufactured		**180,864**	345,450
Gross profit		**153,814**	151,728

23. ADMINISTRATIVE AND DISTRIBUTION EXPENSES

	Note	2019	2018
		(Rupees in '000)	
Salaries, wages and other benefits	23.1	229,012	230,066
General Service Unit Agreement ("GSUA")	23.2	70,760	64,483
Outsourcing expense		49,815	54,101
Publicity		35,268	64,667
Security		1,665	1,372
Depreciation	4.1 & 5	39,458	26,818
Fuel and power		4,764	3,841
Repairs and maintenance		6,588	6,344
Regional costs	23.3	47,359	47,906
Rent, rates and taxes		589	19,614
Travelling		28,866	27,781
Postage and stationary		7,315	5,202
Telephone and communication		10,928	10,117
Insurance		15,087	5,562
Auditors' remuneration	23.4	2,295	2,237
Legal and professional		9,248	7,469
Others		5,766	9,106
		564,783	588,686

23.1 Salaries, wages and other benefits includes bonus to employees of Rs. 24.072 million (2018: Rs.14.240 million) and incentive given to Chief Executive by the parent company, which is recoverable from the Company of Rs. 5.315 million (2018: Rs.5.554 million).

23.2 Represents incurred for business support services from Signify Netherlands B.V. (a related party). The objective is to ensure the availability of optimal expertise and capabilities at the right cost level, while providing globally consistent services. In order to ensure continuity of the Company's business operations, the Company is interested to take advantage of and secure access to the aforementioned rights, know-how and experience and acknowledge the necessities of paying an appropriate consideration.

23.3 Represents regional costs charged by Signify International B.V., Dubai (a related party) on account of budgeting, monthly results review services, accounting operations, tax and human resource related services provided to the Company.

23.4 Auditor's remuneration

	Note	2019	2018
		(Rupees in '000)	
Audit fees - statutory		1,650	1,650
Fee for special certifications and other services		75	75
Sindh sales tax		170	138
Out-of-pocket expenses		400	374
		2,295	2,237

24. Allowance for expected credit losses (ECL)

	Note	2019	2018
Allowance for ECL for the year:			
- Trade debts	7.1	13,703	9,823
- Advances	8.1	96	18
- Trade deposits - reversal	9.1	(259)	248
- Other receivables - reversal	10.4	(500)	1,417
		13,040	11,506

25. OTHER INCOME

	Note	2019	2018
		(Rupees in '000)	
Income from financial assests:			
interest income on saving accounts		46	4,108
Income from non-financial assests:			
Scrap sales		401	237
Gain on sale of operating fixed assets		1,440	2,982
Reversal of excess accruals		3,215	-
Others		694	2,046
		5,750	5,265
		5,796	9,373

26. FINANCE COSTS

	Note	2019	2018
Interest expense on lease liabilities	16	3,985	-
Markup on short-term running finances		65,819	9,616
Bank charges		13,264	7,853
		83,068	17,496

27. OTHER OPERATING EXPENSES

	Note	2019	2018
Exchange loss - net		71,847	174,405
Receivables written off		23,835	3,074
Others		-	4
		95,682	177,483

28. TAXATION

	Note	2019	2018
Current		240,169	197,496
Prior		10,314	(22,146)
	28.13	250,483	175,350

28.1 The assessments of the Company for and upto tax year 2019 have been completed or deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

28.2 Included herein super tax of Rs. Nil (2018: Rs.20.388 million) imposed for rehabilitation of temporarily displaced persons under Section 4B of the Income Tax Ordinance, 2001.

28.1 In year 2012, the tax year 2010 was selected for audit by the tax authorities under Section 214C of the Ordinance In the year 2016, the tax authorities concluded the audit for tax year 2010 and issued assessment order dated 22 June 2016 whereby raising a demand of Rs.36.766 million. The Company under protest requested the income tax department to adjust the demand out of refunds available for tax years 2008, 2009 and 2011. The said request was made without prejudice to the appeal filed by the Company before the Commissioner Inland Revenue (Appeals) [CIR(A)] which was heard on 05 September 2016 and later on 6 March 2018, and an order dated 04 April 2018 was passed whereby:

(a) disallowance of trade discounts, provision for retirement benefits and stock write-off has been deleted;

(b) toll manufacturing charges was disallowed to the extent of tax short-deducted;

(c) disallowance of restructuring provision remanded back for re-examination; and

(d) disallowance of lease rental was confirmed.

The Company has filed an appeal on 04 July 2018 before the Appellate Tribunal Inland Revenue (ATIR) in respect of matters not decided in their favour. Similarly, the tax department has also filed an appeal before the ATIR on matters that were either decided in favour of the Company or that has been remanded back by CIR(A). Currently, both the appeals are pending for hearing before the ATIR.

28.4 In year 2016, the tax officer issued a notice under Section 176 of the Ordinance for monitoring of withholding taxes for tax year 2011. The said notice was replied and relevant information were provided. Consequently, a show cause notice was issued in February 2017 by the officer and thereafter an order was passed in March 2017 under Section 161/205 Ordinance in respect of nondeduction of withholding tax on discounts given to distributors/ customers through invoices under Section 156 of the Ordinance.

Further, additional trade discounts given to distributors / customers through credit notes, publicity expense and direct selling expenses have been treated by Officer Inland Revenue (OIR) as “Prize” under Section 156 of the Ordinance and thus subjected to withholding of tax at the rate of 20%. Later, the OIR had created a demand of Rs. 20.792 million under Section 161 and Rs. 22.824 million under Section 205 of the Ordinance respectively. Being aggreived, the Company has filed an appeal against the order of the OIR before CIR(A). The CIR(A) vide combined appellate orders dated 02 October 2017 (received on 01 March 2018) has held in respect of invoice trade discount, the CIR(A) agreeing with our arguments has held that the OIR's action was not sustainable and thus recovery of tax under Section 161 of the Ordinance on trade discount on invoices has been deleted. In respect of additional trade discounts given to distributors / customers through credit notes, publicity expense and direct selling expenses, CIR (A) confirmed action of OIR i.e. discounts and expenses incurred fall under the scope of Section 156 of the Ordinance as “prizes”. Further, in respect of default surcharge CIR(A) has held that since default in withholding of tax is confirmed therefore the levy of default surcharge to such extent is also confirmed. Later, the Company has filled an appeal on 25 April 2018 before ATIR against the order of learned CIR (A) which is currently pending for hearing.

28.5 In year 2014, the tax year 2013 was selected for audit by the tax authorities, thereafter a show cause notice dated April 14, 2015 under section 122(9) was received by the Company in which the Deputy Commissioner Inland Revenue (DCIR) proposed to amend the return of income for the tax year 2013. Further, on 23 October 2018 the Company received an addendum to the above show cause notice. The said proceedings were then concluded by the tax department through an order dated 10 June 2019 passed under section 122(1) of the Ordinance by amending the assessment of the Company through disallowance of a number of expenses leading to a reduction in the refund claimed by the Company in the return of income for the above tax year to Rs. 9.763 million. Being aggrieved with the above order the Company has filed an appeal with the CIR(A) which is pending for hearing.

28.6 In year 2016, the tax officer issued a notice under Section 176 of the Ordinance for monitoring of withholding taxes for tax year 2014. The said monitoring was kept in abeyance on Company's request due to multiple proceedings being conducted by the said office. However, during the year said proceeding was reinitiated through a notice dated 21 June 2019. The said notice was replied and relevant information were provided. Consequently, an order was passed in June 26, 2019 under Section 161 and 205 of the Ordinance in respect of non-deduction of withholding tax on trade discounts given to distributors/customers by the Company amounting to Rs. 111.739 million. In the said order the OIR has treated the above discounts as "prizes offered for promotion of sale by the companies" and levied tax at the rate of 20% under section 156 of the Ordinance. The OIR had created a demand of Rs. 17.961 million under section 161 and Rs. 8.562 million under section 205 of the Ordinance respectively.

The Company under protest had deposited Rs. 17.961 million to obtain stay from the recovery of the above tax demand till the decision of the appellate forum of the CIR(A). Further, appeal against the above order has also been filed with the CIR(A) which is pending for hearing.

28.7 In the year 2016, the tax officer issued a notice under Section 176 of the Ordinance for monitoring of withholding taxes for tax year 2015. The said notice was replied and relevant information were provided. However, during the year said proceeding was reinitiated through a notice dated 21 June 2019. The said notice was replied and relevant information were provided. Consequently, an order was passed in June 26, 2019 under Sections 161 and 205 of the Ordinance for recovery of taxes not withheld on incentives/discounts given by the Company amounting to Rs. 119.830 million. In the said order the OIR has treated the above incentives as "prizes offered for promotion of sale by companies" and levied tax at the rate of 20% under section 156 of the Ordinance. The OIR had created a demand of Rs. 23.966 million under section 161 and Rs. 8.549 million under section 205 of the Ordinance respectively.

The Company under protest has deposited Rs. 23.966 million to obtain stay from the recovery of the above tax demand till the decision of the appellate forum of the CIR(A). Further, appeal against the above order has also been filed with the CIR(A) which is pending for hearing.

28.8 Further in the year 2017, the tax year 2015 was selected for audit by the tax department and information was requested through notice dated 18 August 2017 under section 177 of the Income Tax Ordinance, 2001 by Deputy Commissioner Inland Revenue (DCIR) requiring the Company to provide various details. After provision of the relevant details, a show cause notice under section 122(9) was issued to the Company. Detailed response of the above show cause notice was furnished dated 26 June 2019. The said proceedings were then concluded by the tax department through the order dated 29 June 2019 issued under section 122(1) of the Ordinance by amending the assessment of the Company through disallowance of various expenses. Being aggrieved with the above order the Company has filed an appeal with the CIR(A) which is pending for hearing.

28.9 In year 2017, the Company received notices dated 25 January 2017 and 14 December 2017 for monitoring of withholding taxes for tax year 2016, in response to which detailed response has been submitted. Later, on 29 June 2018 an order was passed by OIR under Sections 161 and 205 of the Ordinance for recovery of taxes not withheld on discounts allowed by the Company amounting to Rs. 33.390 million and Rs. 10.017 million, respectively. In said order, OIR has treated the above discounts as "prizes" and levied tax at the rate of 20% under Section 156 of the Ordinance. The Company under protest had deposited Rs. 33.390 million to obtain stay from the recovery of the above tax demand till the decision of the appellate forum of CIR(A). The appeals filed before the CIR(A) were decided through combined appellate order dated 10 July 2019 in the following manner:

(a) In respect of additional trade discounts given to distributors / customers through credit notes, CIR(A) agreed with the arguments of the OIR and held that the given discounts fall under the scope of section 156 as "prizes". Accordingly, the action of the OIR were confirmed.

(b) In respect of default surcharge, CIR(A) held that since default in withholding of tax is confirmed therefore the levy of default surcharge to such extent is also confirmed.

The Company has filed an appeal before ATIR on 20 September 2019 against the order of CIR(A) which is still pending for hearing before the ATIR. Further, consequent to the passing of the above appellate order in favour of the department, a notice dated 12 September 2019 under section 138(1) of the Ordinance was issued requiring the Company to deposit the remaining amount of Rs. 10.017 million as assessed by the OIR in the above order passed under section 161 and 205. Accordingly, a response to the above notice was submitted dated 19 September 2019. Thereafter no further correspondence has been made in this regard.

28.10 In year 2018, the tax officer issued a show cause notice under section 161(1A) read with section 182 and section 205 of the Ordinance for monitoring of withholding taxes for tax year 2017. The said monitoring was kept in abeyance on Company's request due to multiple proceedings being conducted by the said office. However, during the year said proceeding was reinitiated through a notice dated 21 June 2019, in response to which detailed response was submitted. Consequently, an order was passed on 26 June 2019 under Section 161 and 205 Ordinance in respect of nondeduction of withholding tax on trade discounts given to distributors / customers by the Company amounting to Rs. 232.272 million. In the said order the OIR has treated the above discounts as "prizes offered for promotion of sale by the companies" and levied tax at the rate of 20 percent under section 156 of the Ordinance. The OIR had created a demand of Rs. 31.461 million under Section 161 and Rs. 7.447 million under Section 205 of the Ordinance respectively.

The Company under protest had deposited Rs. 31.461 million to obtain stay from the recovery of the above tax demand till the decision of CIR(A). Further, appeal against the above order has also been filed with the CIR(A) which is pending for hearing.

28.11 In year 2018, a show cause notice dated 14 December 2018 was issued by tax officer under Section 182 of the Ordinance for levying a penalty for non-furnishing of monthly withholding tax statement by the Company for the month of January 2018 related to tax year 2019. Thereafter, the Company has immediately e-filed the statement and submitted an explanation to tax officer and requested for non-imposition of penalty, as e-filing was due to inadvertence and unintentional. However, tax officer has passed an order dated 21 December 2018 and a penalty of Rs. 0.755 million was imposed. Subsequently on 07 January 2019, the Company has filed an appeal before CIR(A) to contest the above imposed penalty, which is currently pending for hearing. During the year Company received a notice dated 11 September 2019 under section 138(1) of the Ordinance requiring the Company to pay the tax demand of Rs. 0.755 million. Accordingly, a response to the above notice dated 19 September 2019 was submitted by the Company. Thereafter, no further correspondence has been made in this regard.

28.12 In respect of tax matters disclosed in notes 28.3 to 28.11, the Company based on the views of its tax advisor believes that sufficient grounds are available on the basis of which appeals have been preferred and also believes that there are reasonable arguments in support of grounds taken before the respective appellate authorities, accordingly, no provision has been made in these financial statements.

		2019	2018
		(Rupees in '000)	
28.13	Accounting profit before tax	**244,140**	189,483
	Tax @ 29% (2018: 29%)	**70,801**	54,950
	Tax effect of income assessed under final tax regime	**-**	175,380
	Tax effect of income assessed under minimum tax regime	**154,858**	-
	Prior year tax charge	**10,314**	(22,146)
	Others	**14,510**	(32,834)
		250,483	175,350
	Effective tax rate	**103%**	93%

29. (LOSS) / EARNINGS PER SHARE – BASIC AND DILUTED

	2019	2018
	(Rupees in '000)	
(loss) / Profit for the year	(6,343)	14,133
	(Number of shares in '000)	
Weighted average number of shares outstanding during the year	173,761	173,761
	(Rupees)	
(loss) / Earnings per share	(0.04)	(0.08)

There is no dilutive effect on basic earnings per share of the company

30. CASH AND CASH EQUIVALENTS

	Note	2019	2018
		(Rupees in '000)	
Cash and cash equivalents comprise of:			
Cash and bank balances	12	318,761	321,283
Short-term running finances	19	(63,372)	(385,802)
		255,389	(64,519)

31. CASH GENERATED FROM / (USED IN) OPERATIONS

	Note	2019	2018
Profit before taxation		244,140	189,483
Adjustments for non-cash and other items:			
Depreciation	23	39,458	26,818
Allowance for expected credit losses	24	13,040	9,823
Reversal of provision for obsolete stock-in-trade - net	6.2	(3,446)	(2,133)
Provision for staff retirement benefits	15.1.2	20,564	17,479
Interest income on saving accounts	25	(46)	(4,108)
Gain on sale of property and equipment	25	(1,440)	(2,982)
Finance cost	26	83,068	17,469
Exchange loss - net	27	(71,847)	(174,405)
Working capital changes	31.1	429,770	(309,303)
		753,261	(231,859)

31.1 WORKING CAPITAL CHANGES

	2019	2018
Decrease / (increase) in current assets:		
Stock-in-trade	48,565	72,027
Trade debts	(40,986)	(160,759)
Advances	82,910	(135,411)
Deposits and short-term prepayments	27,391	(4,892)
Other receivables	212,362	(190,357)
	330,242	(419,392)
Increase / (decrease) in current liabilities:		
Trade and other payables	100,174	321,480
Contract liabilities - advance from customers	6,717	1,068
Provisions	(7,363)	(212,459)
	429,770	(309,303)

32. NUMBER OF EMPLOYEES

	2019	2018
At the end of the year Permanent	64	63
Average number of employees: Permanent	64	66

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND OTHER EXECUTIVES

The aggregate amounts for the year charged in these financial statements for remuneration, including all benefits, to the Chief Executive, Directors and other executives are as follows

	Chief Executive		Directors		Other Executives	
	2019	2018	2019	2018	2019	2018
	(Rupees in '000)					
Managerial remuneration	14,873	14,654	6,000	12,314	34,407	31,084
Retirement benefits	2,733	2,687	1,103	2,535	6,596	6,035
Perquisites:						
- medical expenses	87	9	87	37	1,298	362
- housing	8,627	8,499	3,300	7,576	17,017	15,453
- conveyance	687	350	612	959	6,923	5,548
- bonus	4,781	2,319	1,447	2,238	11,786	4,870
Company's contribution to provident fund	1,487	1,465	600	1,231	3,441	3,108
Group insurance	257	162	104	136	595	598
Club subscriptions	203	136	-	65	-	-
Incentive by ultimate parent company (see note 34)	5,315	5,554	-	-	-	-
	39,050	35,835	13,253	27,091	82,063	67,058
Number of persons	1	1	1	2	15	15

33.1 In addition, the Chief Executive, Directors and Executives are provided with free use of cars and certain household items in accordance with their entitlement. The Chief Executive and Directors have also been provided with telephone facility at their residences

34 SHARE BASED COMPENSATION

Certain employees of the Signify Group (the Group) are entitled to participate in the share based payment plans of the ultimate parent company. The ultimate parent company grants stock awards as a form of share-based payment to the employees. Under these equity settled plans, eligible employees in Pakistan of the Company will be given shares of the ultimate parent company upon meeting the vesting conditions. Total share-based compensation costs for the Company for the year ended 31 December 2019 were Rs 5.315 million (2018: Rs. 5.554 million), of which Rs. 4.093 million was related to the Signify LTI Plan (2018: Rs. 2.604 million), and the remaining was related to the Royal Philips LTI Plan. The liabilities in respect of intragroup repayments as of 31 December 2019 aggregated to Rs. 10.515 million (2018: Rs. 5.199 million).

Signify Long-term Incentive Plan

Under the Signify Long-term Incentive Plan (LTI Plan), which is equity settled, eligible employee is granted both conditional shares and performance shares. Conditional shares have a three-year vesting period and will vest if a grantee is still employed with the Company at the vesting date.

Vesting of performance shares is conditional on the achievement of performance conditions measured over a period of three years. The performance condition measurement is based on three measures, Relative Total Shareholder Return (TSR) (40% of the shares), Free Cash Flow (FCF) (40% of the shares) and Sustainability (20% of the shares). In addition, vesting is conditional to the grantee still being employed with the Company at the vesting date.

Signify performance shares

The fair value of shares granted with the market performance condition of relative TSR is measured based on Monte Carlo simulation. The closing share price at grant date is adjusted for the present value of expected dividends during the vesting period, as participants are not compensated for the ultimate parent company's dividend payouts. Monte Carlo simulation takes into account market conditions expected to impact relative Total Shareholders' Return performance in relation to selected peers and the following weighted-average assumptions:

Assumptions used in Monte-Carlo simulation for valuation in %	2019
Risk-free interest rate (0.7)%	(0.7)%
Expected share price volatility	30%

The assumptions were used for these calculations only and do not necessarily represent an indication of the ultimate parent company's management's expectation of future developments for other purposes. Historic volatility was measured over the same timeframe as the simulation period (weighted average 2.6 years).

The amount calculated as an expense for TSR shares is not adjusted for actual performance. FCF, Sustainability and Profitability related measurements are non-market performance conditions. Fair value of shares granted under FCF, Sustainability and Profitability objective conditions equals the closing share price on the grant date, adjusted for the present value of expected dividends during the vesting period. The amount calculated as an expense for shares granted with a non-market performance condition is adjusted for actual performance.

Movements in the performance shares under LTI Plan held by the Company's employee is as follows:

	2019		2018	
	Shares	Weighted average grant-date fair value	Shares	Weighted average grant-date fair values
	Numbers	EUR denominated	Numbers	EUR denominated
Balance as at beginning of the year	1,303	26.73	860	36.05
Granted during the year	808	24.67	443	21.35
Forfeited	82	25.04	-	-
Balance as at end of the year	2,029	22.15	1,303	26.73

Signify conditional shares

Fair value of conditional shares is determined by subtracting the present value of expected dividends from the closing share price on the grant date as participants are not compensated for the ultimate parent company's dividend payouts.

Movements in the conditional shares under LTI Plan held by the Company's employee is as follows:

	2019		2018	
	Shares	Weighted average grant-date fair value	Shares	Weighted average grant-date fair values
	Numbers	EUR denominated	Numbers	EUR denominated
Balance as at beginning of the year	650	25.46	429	29.21
Granted during the year	404	21.85	221	21.63
Balance as at end of the year	1,054	24.05	650	25.46

Royal Philips Long-term Incentive (RP-LTI) Plan

Until the settlement of the IPO in 2016, eligible employee of the Company participated in grants made under the RP-LTI Plan. The employee remained to participate in the RP-LTI Plan, which was equity settled, until the shares from the last grant in 2016 vested in 2019. The expense for the Company, calculated and accounted for in accordance with IFRS 2, equals the recharge from Royal Philips to the Company. The Company is not charged for any additional costs upon delivery of shares to the employee. At the end of 2019 all expenses related to RP-LTI Plan were fully recognized in statement of profit or loss. After the settlement of the IPO no new grants have been made or will be made by Royal Philips to employees of the Company.

35. TRANSACTIONS WITH RELATED PARTIES

35.1 Related parties comprise of parent company and its affiliates (i.e. related group companies), companies where directors hold common directorship, key management personnel and their close family members and staff retirement benefit funds. All transactions with related parties are entered into agreed terms duly approved by the Board of Directors of the Company including transactions with related parties on account of purchases and general sales agreement charges have been entered into and recorded at amounts agreed with counter parts and transactions with key management personnel were as per the terms of their employment.

The details of transactions with related parties and related balances other than those disclosed elsewhere in the financial statements, are as follows:

Name, relationship, transactions and balances	Note	2019	2018
		(Rupees in '000)	
Transactions during the year:			
Ultimate parent company			
Share based payment transactions	34	5,315	5,554
Group companies (note 35.2)			
Purchases of goods	35.2	2,616,881	1,781,284
General Services Unit Agreement (GSUA)	35.2	70,760	65,483
Services received - regional cost	35.2	47,359	47,906
Staff retirement benefits fund			
Refunds from gratuity fund		12,000	6,971
Contribution to employees provident fund		8,800	9,323
Contribution to employees pension fund		8,108	9,385
Key management personnel			
Salaries and other short-term benefits		51,648	54,551
Post employement benefits		4,108	5,501
Balances with related parties at year end:			
Ultimate parent company			
Payable against long-term incentive plans		10,515	5,199
Group companies			
Payable against GSUA charges		233,055	115,976
Payable against cross charges		183,022	98,000
Other receivables	10	-	191,906
Total creditors	17.1	642,733	482,657
Staff retirement benefits balances			
Payable to provident fund		3,512	2,801
Receivable / (payable) to pension fund		3,268	(118)
Payable to staff retirement benefits - gratuity		124,016	102,311
Key management personnel			
Advances		81	269

35.5 The following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

Name and basis of relationship	Percentage of shareholding	Registered addresses	Country of incorporation	Nature of Transactions	2019	2018
					(Rupees in 1000)	
Group companies: Signify Netherlands B.V	–	High Tech Campus 48 5656 AE Eindhoven Netherlands	Netherlands	GSUA (IT charges) *Purchase of goods	70,760 96,637	65,483 301,572
Signify Argentina S.A	–	Dr. Nicolas Repetto 3656, Buenos Aires, Argentina	Argentina	*Purchase of goods	451	–
Signify Electronics (Xiamen) Co., Ltd	–	2000 North YunDing Road, Xiamen, China	China	*Purchase of goods	88,275	–
Signify Electronics Technology (Shanghai) Co., Ltd.	–	1805 Huyi Highway, Malu Town, Shanghai, China	China	*Purchase of goods	19,162	–
Signify Industry (China) Co., Ltd.	–	8 Mintai Road, Yizheng, China	China	*Purchase of goods	157,043	–
Signify Maroc SARL	–	1 Angle Bd d'Anfa et Rue de L'Eparg, Casablanca, Morocco	Morocco	*Purchase of goods	641	–
ILTI LUCE S.R.L.	–	Lungo Dora P. Colleta 113/9-10153 TORINO, Italia	Italy	*Purchase of goods	515	39
Signify Commercial (Thailand) Ltd.	–	1768, 26th floor, Thai Summit Tower	Thailand	*Purchase of goods	–	345
Signify Vietnam Ltd.	–	Amata Commercial Zone, Long Binh Ward, Bien hoa city, Dong	Vietnam	*Purchase of goods	–	941
Signify Aydinlatma Ticaret A.S.	–	Saray Mah. Dr. Adnan Buyukdeniz Cd. No:13, 34768 Umraniye, Istanbul, Turkey	Turkey	*Purchase of goods	3,299	(4,633)
Signify Belgium N.V.	–	Steenweg op Gierle 417 2300 Turnhout, Belgium	Belgium	*Purchase of goods	289	92,263
Signify Netherlands B.V., Dubai	–	Al Sufouth, 2 Knowledge Village Dubai	United Arab Emirates	*Purchase of goods	8,093	767
Signify Chilena S.A	–	AV. Andres bello 2115 Santiago	Chile	*Purchase of goods	–	1,026
Signify Malaysia Sdn Bhd	–	Level 8, Menara Axis, No. 2 Jalan 51A/223 46100 Petaling Jaya, Selangor D.E	Malaysia	*Purchase of goods	–	1,354
Signify Hong Kong Limited	–	Enterprise Square, Hong Kong	Hong Kong	*Purchase of goods	1,539,528	894,226
Signify Hungary Kft	–	Szabadsag ut 107. 7090 Tamasi, Hungri	Hungary	*Purchase of goods	32,926	(2,047)
Signify Italy SPA	–	Via E. T. Moneta 40 20161 Milano	Italy	*Purchase of goods	–	(167)
Signify Korea, Inc.	–	Yongsan-Ku, Seoul , Koria	Republic of Korea	*Purchase of goods	276	289
Signify North America Corporation	–	3 Burlington Woods Drive Burlington, MA, USA	United States of Amercia	*Purchase of goods	11,149	10,019
Signify Poland Sp. Z.O.O.	–	Pila, ul. Kossaka 150 O/Ketrzyn ul. Chrobrego 8	Poland	*Purchase of goods	40,412	15,068
PLS Operations - San Marcos	–	1611 Clovis R Barker Road San Marcos, TX	United States of Amercia	*Purchase of goods	–	–
PT. Signify Commercial Indonesia	–	95-100 JL Buncit Raya kav Jakarta	Indonesia	*Purchase of goods	915	34,128
Signify Luminaires (Shanghai) Co., Ltd.	–	2nd floor, Builiding 1805 HUYI Highway, MALU town Jiading District, Shanghai	China	*Purchase of goods	223,782	65,294
Signify Luminaires Chengdu Co. Ltd.	–	No.91 Tianyan Road Hi-Tech West District CHENGDU, China	China	*Purchase of goods	390,418	193

Name and basis of relationship	Percentage of shareholding	Registered addresses	Country of incorporation	Nature of Transactions	2019	2018
Signify Philippines, Inc.	–	10th floor sunlife centre	Philippines	*Purchase of goods	8	17
Signify Singapore Pte. Ltd	–	622 Lorong 1 Toa Payoh	Singapore	*Purchase of goods	1,238	369,382
Dynalite Pty Ltd.		Unit 6, 691 Gardeners Road Mascot NSW 2020, Australia	Australia	*Purchase of goods	1,824	471
Genlyte Thomas Group LLC	–	776 S Green St Tupelo, Mississippi, USA	USA	*Purchase of goods	–	1,071
PT. Signify Commercial Indonesia	–	5-19 JL Berbek Industry I Surabaya, Indonesia	Indonesia	*Purchase of goods	–	–
Signify France	–	LE Vivier RN 20 Nord Lamotte-Beubron, France	France	*Purchase of goods	–	(344)
Signify International B.V. Dubai	–	301/302 3/F choueiri building, konwlede village	Dubai-UAE	*Purchase of goods	47,359	47,906
					2,753,000	1,894,673

* These are net off adjustment of credit notes received.

35.5 The details of key management personnal are as follows:

Name of the key management personnel	Role / designation
Asad Said Jafar	Chief Executive Officer
Aamir Jan Mohammad	Chief Financial Officer
Zareen Intezar	Company Secretary

36. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest rate risk and price risk). The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. No changes were made in the objectives, policies or processes and assumptions during the year ended 31 December 2019. The policies for managing each of these risks are summarised below.

36.1 Risk management framework

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

Risk management systems are reviewed regularly by the Board to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Financial assets and liabilities by category and their respective maturities:

	Interest bearing			Non-Interest bearing			Total
	Maturity upto one year	Maturity after one year	Total	Maturity upto one year	Maturity after one year	Total	
	(Rupees in '000)						
Financial Assests (At amortised cost)							
Trade debts	-	-	-	725,274	-	725,274	**725,274**
Advances	-	-	-	68,658	-	68,658	**68,658**
Deposits	-	-	-	24,778	2,714	27,492	**27,492**
Other receivables	-	-	-	109,190	-	109,190	**109,190**
Cash and bank balances	-	-	-	318,761	-	318,761	**318,761**
December 31, 2019	-	-	-	1,246,661	2,714	1,249,375	**1,249,375**
Financial liabilities (At amortised cost)							
Trade and other payables	-	-	-	1,053,130	-	1,053,130	**1,053,130**
Accrued Markup	-	-	-	19,525	-	19,525	**19,525**
Short-term running finances	63,372	-	63,372	-	-	-	**63,372**
Unclaimed dividend	-	-	-	1,047	-	1,047	**1,047**
December 31, 2019	63,372	-	63,372	1,073,702	-	1,073,702	**1,137,074**
Financial Assests (At amortised cost)							
Trade debts	-	-	-	697,991	-	697,991	**697,991**
Advances	-	-	-	151,664	-	151,664	**151,664**
Deposits	-	-	-	54,056	-	54,056	**54,056**
Other receivables	-	-	-	299,728	-	299,728	**299,728**
Cash and bank balances	-	-	-	318,761	-	318,761	**318,761**
December 31, 2018	-	-	-	1,522,200	-	1,522,200	**1,522,200**

Financial liabilities (At amortised cost)	Interest bearing: Maturity upto one year	Interest bearing: Maturity after one year	Interest bearing: Total	Non-Interest bearing: Maturity upto one year	Non-Interest bearing: Maturity after one year	Non-Interest bearing: Total	Total
	(Rupees in '000)						
Trade and other payables	-	-	-	1,022,402	-	1,022,402	1,022,402
Accrued Markup	-	-	-	5,790	-	5,790	5,790
Short-term running finances	385,802	-	385,802	-	-	-	385,802
Unclaimed dividend	-	-	-	1047	-	1,047	1,047
December 31, 2018	385,802	-	385,802	1,029,239	-	1,029,239	1,415,041

The carrying values of all financial assets and liabilities reflected in these financial statements approximate their fair values.

36.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. 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 ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry

36.2.1 Trade debts, deposits and other receivables

The Company's exposure to credit risk is influences mainly by the individual characteristics of each party The management also continuously monitors the credit exposure towards the parties and makes provisions against those balances considered doubtful. To mitigate the risk, the Company has a system of assigning credit limits to its parties based on an extensive evaluation based on party profile and payment history. Outstanding party receivables are regularly monitored.

The Board of Directors has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment, and delivery terms and conditions are offered. The Company's review includes external ratings, when available.

36.2.2 The Company's maximum exposure to credit risk at the reporting date is as follows:

	Note	2019	2018
		(Rupees in '000)	
Financial assets			
Long term deposits		**2,714**	-
Trade debts - net	7	**725,274**	697,991
Advances	8	**68,792**	151,702
Deposits	9	**25,014**	54,551
Other receivables	10	**110,107**	301,145
Bank balances	12	**4,781**	592
		933,968	1,205,981
Financial assets			
Not past due		**847,364**	1,128,489
Past due		**86,604**	77,492
		933,968	1,205,981

36.2.3 The aging of trade debts (on gross basis) at the reporting date was:

	2019				2018			
	Gross	Excpected credit loss rate	Allowance for ECL	Net	Gross	Excpected credit loss rate	Allowance for ECL	Net
	(Rupees in '000)							
Not past due	**667,689**	0.40%	**2,643**	**665,046**	643,367	0.18%	1,188	642,179
Past due								
Not more than 03 months	**51,541**	7.99%	**4,116**	**47,425**	23,178	3.49%	810	22,368
More than 03 months but less than 06 months	**13,214**	20.89%	**2,760**	**10,454**	2,625	21.60%	567	2,058
More than 06 months but less than 01 year	**3,683**	36.22%	**1,334**	**2,349**	-	-	-	-
More than 01 year	**77,039**	100.00%	**77,039**	**-**	108,264	66.63%	72,140	36,124
	145,477		**85,249**	**60,228**	134,067		73,517	60,550
	813,166	10.81%	**87,892**	**725,274**	777,434	9.61%	74,705	702,729

36.2.4 The Company has no exposure to credit risk by geographic region wise for trade debts as at 31 December 2019, as the Company sells its goods only in Pakistan.

36.2.5 The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

	Rating Agency		Rating - short/long term		2019	2018
	2019	2018	2019	2018	(Rupees in 1000)	
Standard Chartered Bank (Pakistan) Limited	**PACRA**	PACRA	**A1+ / AAA**	A1+ / AAA	**4,781**	592
MCB Bank Limited	**PACRA**	PACRA	**A1+ / AAA**	A1+ / AAA	**-**	-
Deutsche Bank Limited	**S&P's**	Moody's	**BBB+ / A-2**	P-2 / A3	**-**	-
					4,781	592

36.2.6 Concerdation of credit risk

	2019	2018
	(Rupees in '000)	
The sector wise analysis of gross trade debts is as follows:	**632,500**	463,231
Distributors	**99,418**	93,823
Government authorities	**5,071**	11,308
Modern retail	**7,838**	2,934
Hospital	**5,427**	9,503
Chemical	**24,405**	9,584
Construction	**26,679**	176,128
Petroleum industry	**192**	6,992
Banking	**719**	3,277
Hotel industry	**10,741**	654
Textile	**176**	-
Cement industry	**813,166**	777,434

36.2.6 The management monitors exposure to credit risk through regular review of credit exposure, assessing credit worthiness of counter parties and prudent estimates of allowance for expected credit loss.

36.2.7 As at reporting date, there are no financial assets that could otherwise be past due or impaired whose terms have been renegotiated.

36.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as and when they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as and when they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressful conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments.

	Carrying amount	Maturity up to one year	after one year to five year	Maturity after five year
	(Rupees in '000)			
31 December 2019				
Trade and other payables	1,064,227	1,064,227	-	-
Accrued markup	19,525	19,525	-	-
Lease liabilities	33,370	24,428	8,942	-
Short-term running finances	63,372	63,372	-	-
Unclaimed dividend	1,047	1,047	-	-
	1,181,541	1,172,599	8,942	-
31 December 2018				
Trade and other payables	1,041,573	1,041,573	-	-
Accrued markup	5,790	5,790	-	-
Short-term running finances	385,802	385,802	-	-
Unclaimed dividend	1,047	1,047	-	-
	1,434,212	1,434,212	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

36.4 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market price. Market risk comprise of three types of risks: currency risk, interest rate risk and equity price risk.

36.4.1 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions based on currencies other than Pakistan Rupees. The Company is exposed to currency risk on purchases and GSUA liability that are in currencies other than Pakistan Rupees. The Company manages currency risk by making timely payments. The Company exposure to currency risk in Pakistan Rupees at the year end are as follows:

	2019				2018		
	EURO	USD	SGD	AED	EURO	USD	SGD
	------------------------- (Rupees in '000) --------------------------						
Financial liabilities – Statement of Financial Position							
Trade and other payable	21	4,083	103	1	10	2,695	5

	Average rate for the year		Spot rate at year end	
	2019	2018	**2019**	2018
Exchange rates applied during the year and at year end are as follows:				
EURO 1	169.56	144.36	173.57	159.74
USD 1	151.68	122.36	154.89	139.80
SGD 1	111.17	93.21	115.02	102.47
AED 1	41.29	36.49	42.17	38.06

Sensitivity analysis

Every 5% increase or decrease in exchange rate, with all other variables held constant, will increase or decrease profit before tax for the year by Rs.31.218 million (2018: Rs.18.946 million).

36.4.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of statement of financial position date, the Company is only exposed to interest rate risk on short-term running finances obtained from banks. The Company manages interest rate risk by maintaining arrangement with number of financial institutions to have access to the best possible rate, if financing from banks is required. Increase / decrease in floating interest rate by 1% will decrease or increase profit before tax for the year by Rs.0.634 million (2018: 3.858) respectively.

36.4.3 Equity price risk

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

37. FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability can be settled, between knowledgeable willing parties in an arm's length transaction. The carrying amounts of all the financial instruments reflected in these financial statements approximate to their fair value as at reporting date.

Fair value hierarchy

Financial Instruments carried at fair value are categorized as follows:

Level 1: Quoted market price.

Level 2: Valuation techniques (market observable)

Level 3: Valuation techniques (non- market observables)

As of statement of financial position date, the Company does not have any financial assets carried at fair value that required categorization in Level 1, Level 2 and Level 3.

38. CAPITAL MANAGEMENT

The Company defines the capital that its manages as the Company's total equity. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company has support from its parent concern to assist it in capturing market share and maintaining its sustainability. The Company is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the year ended 31 December 2019.

The Company manages its capital structure and makes adjustment to it in the light of changes in economic conditions. The Company monitors capital using a debt equity ratio, which is net debt divided by total equity plus net debt. Equity comprises of share capital and reserves. The gearing ratio as at 31 December 2019 and 31 December 2018 are as follows:

	2019	2018
	(Rupees in '000)	
Accrued markup	19,525	5,790
Lease liabilities	30,674	-
Short-term running finances	63,372	385,802
Total debts	113,571	391,592
Less: Cash and bank balances	318,761	321,282
Net debt	(205,190)	70,310
Share capital	1,737,611	1,737,611
Reserves	(830,656)	(832,026)
Total equity	906,955	905,585
Total capital	701,765	975,895
Gearing ratio	-	7%

39. DATE OF AUTHORISATION

These financial statements were approved and authorised by the Board of Directors of the Company in their meeting held on July 20, 2020.

40. NON ADJUSTING EVENTS AFTER THE REPORTING DATE

40.1 On 11 March 2020, the World Health Organization made an assessment that the outbreak of a coronavirus (COVID-19) can be characterized as a pandemic. In addition number of other political and economic factors have negatively affected the economies and the businesses of the regions where the Company operates. To alleviate the negative impact of the COVID-19 pandemic, the various governments including the Pakistani Government, other independent jurisdictions and regulators have taken measures and issued directives to support businesses at large, including extensions of deadlines, facilitating continued business through social-distancing and easing pressure on credit and liquidity.

These conditions are considered subsequent, non-adjusting events, and impacted the economic and risk environment in which the Company operates.

The situation, including the government and public response to the challenges, continue to progress and rapidly evolve. Therefore, the extent and duration of the impact of these conditions remain uncertain and depend on future developments that cannot be accurately predicted at this stage, and a reliable estimate of such an impact cannot be made at the date of authorisation of these financial statements. Notwithstanding, these developments could impact our future financial results, cash flows and financial position.

40.2 The Board of Directors of the Company in their meeting held on ____July 20, 2020____ have recommended cash dividend @ Nil amounting to Rs. Nil on the existing paid-up value of the ordinary share capital for approval of the shareholders in the annual general meeting to be held on ____July 30, 2020____

41. GENERAL

41.1 Figures have been rounded off to the nearest thousand rupees.

41.2 Certain prior period's figures have been rearranged for better presentation, wherever necessary. However, there are no material reclassification to report.

Chairman & CEO

Director & Chief Financial Officer

signify

NOTICE OF 66th ANNUAL GENERAL MEETING

NOTICE is hereby given that the sixty sixth (66th) Annual General Meeting of Signify Pakistan Limited will be held on **Thursday , 30th July 2020 at 04:00 p.m.,** through/via Microsoft Team meeting link at, Karachi to transact the following business:

For attending live proceedings of the AGM, the shareholders are requested to log-on to the website:
https://www.signify.com/en-pk/contact
or via login on the following link

Microsoft Team Link for meeting:
https://teams.microsoft.com/l/meetup-join/19%3ameeting_MDQ4ZDE4NWEtYTk0ZC00ZTRhLWIyNTUtODE5MDBiMTZmMzc4%40thread.v2/0?context=%7b%22Tid%22%3a%2275b2f54b-feff-400d-8e0b-67102edb9a23%22%2c%22Oid%22%3a%228df938ff-7881-4347-bac2-e90500d8f7b4%22%2c%22IsBroadcastMeeting%22%3atrue%7d

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2019 together with the Directors' and Auditors' reports thereon.

2. To appoint the Auditors of the Company and to fix their remuneration.

By the order of the Board.

Zareen Intezar
Company Secretary

Karachi, 8th July 2020

NOTES: -

(1) Share Transfer Books of the Company will remain closed from 23rd July till 30th July 2020 (both days inclusive).
(2) A Member of the Company entitled to attend, and vote may appoint another Member as his/her proxy to attend and vote instead of him/her at the meeting. Proxy Forms in order to be effective must be deposited at the Company's Registered Office not less than 48 hours before the time of the Meeting.

66th ANNUAL GENERAL MEETING

Form of Proxy

I / We ____
of ____
being a member of Signify Pakistan Limited (Formerly Philips Pakistan Limited) hereby appoint
Mr./Ms ____________________ of ____________________
as my proxy to attend and vote for me and on my behalf at the Annual General Meeting of the Company to be held on Thursday, 30th July 2020 and/or any adjournment thereof.

As witness my / our hand(s) this ____________ day of ____________ 2020.

Signed by: ____________________
Name: ____________________
Address: ____________________
____
____

Share holder No.

Note:

1) The Member is requested to write down his / her Name and Address.
2) For the appointment of the above Proxy to be valid this instrument of proxy (and if applicable the power of attorney or other authority under which it is signed or a notarially certified copy thereof) must be received by the Company at least 48 hours before the time fixed for the Meeting.
3) Any alteration made in this instrument of proxy should be initialed by the person who signs it.
4) In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.
5) A Company may execute this instrument of Proxy either under its seal or under the hand of an officer or attorney duly authorized by it.
6) The person to whom this Proxy is given need not be a Member of the Company.

66ویں سالانہ جنرل میٹنگ

پراکسی فارم

میں / ہم ______________________________

سے ______________________________

بحیثیت رکن سگنیفائی پاکستان لمیٹڈ جناب محترم / محترمہ ______________________________

کوبطور پراکسی نامزد کرتے ہیں کہ وہ میری حیثیت میں سالانہ جنرل میٹنگ مورخہ 30 جولائی بروز جمعرات، 2020ء میں موجود ہوں اور میرے ووٹ کا استعمال کریں / یا کوئی التوا کرسکیں۔

بطور گواہ میرے / ہمارے ہاتھ بروز ________ بتاریخ ____________ 2020ء

شیئر ہولڈر

دستخط کنندہ: ______________________________

نام: ______________________________

پتہ: ______________________________

شیئر ہولڈر نمبر :

نوٹ

1: ممبر سے درخواست کی جاتی ہے کہ وہ اپنا نام اور پتہ لکھیں

2: مندرجہ بالا پراکسی کی تقرری کے لئے ضروری ہے کہ یہ انسٹرومنٹ برائے پراکسی درست ہو (اور اگر پاور آف اٹارنی یا کوئی اور اتھارٹی جس پر دستخط ہوں یا نوٹری کی تصدیق شدہ کاپی) سالانہ جنرل میٹنگ سے 48 گھنٹے پہلے تک کمپنی کو موصول ہو جانی چاہیں۔

3: اس انسٹرومنٹ برائے پراکسی میں کسی بھی قسم کی تبدیلی وہی کرسکتا ہے جو دستخط کنندہ ہوگا۔

4: مشترکہ ہولڈرز ہونے پر سینئر کے ووٹ جو وہ خود دیں گے یا پراکسی ان کے لئے دے گی، وہ تسلیم کیا جائے گا اور باقی کے ووٹ نہیں۔ اس کے لیے سنیارٹی ناموں کی اس فہرست کے حساب سے وضع جائے گی جو ممبران کے رجسٹر میں ہوگی۔

5: کمپنی اس انسٹرومنٹ برائے پراکسی کو اپنی مہر، افسر یا اٹارنی کے ذریعے استعمال کرسکتی ہے جس نے اتھارائز ڈ کیا ہو۔

6: جس شخص کو یہ پراکسی دی جاتی ہے یا دی گئی ہے اس کے لئے کمپنی کا ممبر ہونا ضروری نہیں۔

vii) بیسٹ پریکٹسز سے متعلق کسی قسم کا میٹریل انحراف نہیں پایا گیا۔

آڈیٹرز:

آڈیٹرز میسرز EY Ford Rhodes, چارٹرڈ اکاؤنٹنٹس سالانہ اجلاس عام کے بعد ریٹائرڈ ہوجائینگے اور اہلیت کی بناء پر سال 2020 کیلیئے انہیں دوبارہ تقرری کی پیشکش کی گئی ہے۔ بورڈ نے آنے والے سال کیلیئے ان کی بطور آڈیٹر تقرری کی تجویز پیش کی ہے جو کہ آئندہ سالانہ اجلاس عام میں اراکین کی منظوری سے مشروط ہے۔

اعتراف:

بورڈ فلپس پاکستان کے ساتھ جڑے تمام لوگوں کا سالوں سے کمپنی کی ترقی میں کردار ادا کرنے اور مستقل بہتر کارکردگی دکھانے پر تہہ دل سے شکریہ ادا کرتا ہے۔ ہمارے لوگ کمپنی کی فلاح و بہبود کے متمنی ہیں اور انہوں نے آپریٹنگ ماحول میں درپیش چیلنجز پر قابو پا کر اپنی صلاحیتوں کا مظاہرہ کیا ہے۔ ہم ان کی لگن کی قدر کرتے ہیں اور ان کے انتہائی مشکور ہیں۔

ہم اپنے کاروبار کی گرانقدر معاونت پر اپنے صارفین ،سپلائرز، بینکار اور ان تمام شراکت داروں کا بھی شکریہ ادا کرتے ہیں جو گزشتہ 70 برسوں سے ہماری کمپنی پر اپنا اعتماد رکھتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

20 جولائی 2020

اسد، ایس، جعفر

چیئرمین وسی ای او

عامر جان محمد

ڈائریکٹر

20 جولائی 2020

4غیر بینکاری مالیاتی ادارے		
2.3انشورنس کمپنیاں	-------	------
5		
2.3مضاربہ ومیوچل فنڈز	------	-----
6		
2.3دس فیصدشیئرز رکھنے والے	-----	-----
7		
2.3عام عوام		
8		
aمقامی	54,757	0.0315%
bغیرملکی	-----	-----
2.3دیگر(وضاحت درکار ہے)،مشترکہ	1,300	0.0007%
9 کمپنیاں	-------	------

تعمیلی بیان:

ڈائریکٹرز ایس ای سی پی کے مندرجہ ذیل کوڈ آف گورنس کے تحت کمپنی کے کارپوریٹ و مالیاتی رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

i)مالیاتی گوشوارے کمپنی کی انتظامیہ کی جانب سے تیار کئے گئے ہیں،معاملات کو شفاف طریقے سے پیش کیا گیا،اپنے آپریشنز کے نتائج،کیش فلواورایکویٹی میں تبدیلی۔

ii)کمپنی کی بک آف اکاؤنٹس کومناسب انداز میں ترتیب دیا گیا۔

iii)مالیاتی گوشوارے کی تیاری میں مسلسل مناسب اکاؤنٹنگ پالیسیوں کا خیال رکھا گیا۔

i v)مالیاتی گوشوارے کی تیاری میں پاکستان میں رائج اکاؤنٹنگ کے عالمی معیارات کا بھرپور خیال رکھا گیا اور

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v)انٹرنل کنٹرول کا سسٹم ڈیزائن میں مکمل تھا اوراس کا نفاذ ومانیٹرنگ موثر انداز میں کی گئی۔

vi)کمپنی کے آگے بڑھنے کی صلاحیتوں میں کسی قسم کا کوئی شبہ نہیں ہے۔

حصہ اول

1	کمپنی کا نام	سگنفائی پاکستان لمیٹڈ
1		سابقہ: فلپس پاکستان لمیٹڈ

حصہ دوم

2.1 شیئر ہولڈرز کی جانب سے 31-12-2019 تک موجود شیئرز کی تفصیلات

2.2 شیئر ہولڈرز کی تعداد	شیئر ہولڈنگ	شیئرز کی مجموعی تعداد
250	1 تا 100 شیئرز کے حامل	6,121
103	101 تا 500 شیئرز کے حامل	21,093
14	501 تا 1000 شیئرز کے حامل	8,936
11	1001 تا 5000 شیئرز کے حامل	19,947
1	5001 تا 173,800,000 شیئرز کے حامل	173,705,045
مجموعی 379	شیئر ہولڈنگ کی مناسب سلیب شامل کریں	173,761,142

2 شیئر ہولڈرز کی اقسام	موجود حصص	فیصد
3		
2.3 ڈائریکٹرز، چیف ایگزیکٹو افسر اور	-----	-----
1 ان کے شریک حیات اور چھوٹے بچے		
2.3 ایسوسی ایٹڈ کمپنیاں، وظائف	173,705,085	99.9677%
2 اور متعلقہ پارٹیاں		
2.3 این آئی ٹی و آئی سی پی	-----	-----
3		
2.3 بینکس، ترقیاتی مالیاتی ادارے	------	-----

قومی آمدن میں حصہ داری:

ملک کی ایک ذمہ دار ٹیکس ادا کرنے والی کمپنی کی حیثیت سے کمپنی نے مذکورہ برس فیڈرل بورڈ آف ریونیو کو 1,424 ملین روپے اور سال 2018 میں 1,694 ملین روپے بالواسطہ اور بلاواسطہ ٹیکس کی مد میں ادائیگی کے ذریعے قومی آمدن میں اپنا حصہ ڈالا۔

بورڈ آف ڈائریکٹرز:

سال 2019 کے دوران کسی بھی وقت کمپنی کے ڈائریکٹرز درج ذیل تھے۔

1 گوکتک گر

2 اسد۔ ایس۔ جعفر

3 عامر جان محمد

4 اسرائیل لوئیس اسماعیل

دیگر معلومات:

عالمی سطح پر نام کی تبدیلی کے طور پر 25 جنوری 2009 کو کمپنی کا مقامی قانونی نام ''فلپس پاکستان لمیٹڈ'' سے تبدیل کر کے سگنفائی پاکستان لمیٹڈ رکھ دیا گیا۔

یکم فروری 2019 سے کمپنی کی موجودہ کمپنی کا نام بھی ''فلپس لائٹنگ ہولڈنگ بی وی'' سے تبدیل کر کے ''سگنفائی ہولڈنگ بی وی'' رکھ دیا گیا۔

شیئر ہولڈنگ کا نمونہ:

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تفصیلات	2018	2019	اضافہ (کمی) فیصد
سیلز (ملین روپے)	3,973	4,265	7.3%
مجموعی منافع	975	995	2.1%
سیلز کے مطابق مجموعی منافع کی شرح	24.5%	23.3%	-1.2%
آمدن قابل از انکم ٹیکس (ملین روپے	208	327	57.2%
منافع قبل از ٹیکس (ملین روپے)	190	244	28.4%
نفع/نقصان بعد از ٹیکس (ملین روپے)	14	-6%	142.8%
آمدن (نقصان) فی حصص	0.08	-0.04	150%

زیر جائزہ سال کے دوران کمپنی کی سیلز میں 7.3 فیصد کا اضافہ ہوا اور سیلز کا حجم 4.27 ارب روپے رہا جبکہ گزشتہ برس کمپنی کو سیلز کی مد میں 3.97 ارب روپے کی آمدن ہوئی تھی۔ سیلز میں یہ اضافہ ایل ای ڈی بزنس کے شعبے میں 24.5 فیصد کی نمایاں ترقی کے باعث ہوا جس میں مقامی طور پر اسمبل کی گئی ایل ای ڈی ڈاؤن لائٹرز نے اہم کردار ادا کیا۔ پروفیشنل لائٹنگ کے شعبے میں 4 فیصد کا اضافہ ہوا جبکہ روایتی لائٹنگ کی سیلز سال 2018 کے مقابلے میں 14.4 فیصد کمی رہی، لہذا لائٹنگ کی صنعت کی روایتی لائٹنگ سے ایل ای ڈی کی جانب منتقلی کے رجحان نے سال کے دوران Signify پاکستان کی سیلز کو بھی متاثر کیا۔ مجموعی منافع توقع کے مطابق لیکن گزشتہ سال کی نسبت کم رہا کیونکہ گزشتہ برس پرانے provision ریلیز کئے گئے، اس غیر معمولی provision ریلیز کے اثرات کے بغیر گزشتہ برس کی نسبت سیلز کے عوض سالانہ منافع میں 1.8 فیصد کی بہتری دیکھنے میں آئی جس کی وجہ بہتر شرح منافع کے ساتھ کچھ مصنوعات کی لوکلائزیشن بنی۔ فروخت اور انتظامی اخراجات پر بہتر کنٹرول اور گزشت سال کی نسبت فاریکس نقصانات میں کمی کے باعث کمپنی کی سال 2018 میں آمدن قبل از ٹیکس میں 57.2 فیصد کی بہتری دیکھنے میں آئی، البتہ 244 ملین روپے کے دلکش قبل از ٹیکس منافع کے باوجود کمپنی کو سال کے اختتام پر 6 ملین روپے نقصان کا سامنا کرنا پڑا جس کی وجہ مذکورہ برس کے دوران زیادہ درآمدات کے باعث ادر آمدات کی سطح پر زائد ڈیوٹیوں کی ادائیگی بنی۔

صنعتی جائزہ:

سال 2019 کے دوران تجارتی و پروفیشنل لائٹنگ کے شعبے دونوں میں روایتی لائٹنگ مصنوعات سے ایل ای ڈی پر مبنی مصنوعات پر تبدیلی کا سفر جاری رہا، یہ تبدیلی اب پاکستان میں مستحکم شکل اختیار کر چکی ہے اور ایک تخمینے کے مطابق ایل ای ڈی پر مبنی مصنوعات لائٹنگ کی صنعت کی 80 فیصد تک پہنچ چکی ہیں۔

فلپس بطور لائٹنگ مارکیٹ لیڈر اور جدید لائٹنگ ٹیکنالوجیز متعارف کرانے کے پائنیر ہونے کی حیثیت سے مقامی اور عالمی لائٹنگ انڈسٹری میں اس تبدیلی کو ''روشن زندگی اور بہتر دنیا کیلیئے روشنی بنائیں'' کے مقصد کے تحت چلا رہا ہے۔ تبدیلیوں اور زیادہ جدید ٹیکنالوجیز سے ہم آہنگی برقرار رکھنے کیلیئے Signify نے انٹرنیٹ آف تھنگز پر کام کیا ہے اور صنعتوں و گھریلو شعبوں کیلیئے لائٹنگ سالوشنز تیار کیئے جو کہ مستقبل قریب میں ہائی اینڈ کنزیومرز ایریاز میں اپنی راہ ہموار کرے گا۔

ایل ای ڈی پر مبنی لائٹنگ مصنوعات کی درآمد پر عائد بلند ڈیوٹی اور سیلز ٹیکس کے ساتھ غیر ملکی کرنسی کی شرح میں اضافے کے نتیجے میں ان مصنوعات کی درآمدی لاگت میں بہت زیادہ اضافہ ہوگیا ہے۔ ڈیوٹی اور ٹیکسوں کی بلند شرح اور غیر ملکی کرنسی کی شرح میں غیر یقینی صورتحال کے باعث ہم نے مذکورہ سال کے دوران کاروبار کو لائٹنگ مصنوعات کی مقامی اسمبلنگ کی جانب منتقلی کا عمل دیکھا۔ مقامی مارکیٹ کے رجحان کے ساتھ ہم آہنگ رہنے اور مسابقتی قیمتوں کو برقرار رکھنے کیلیئے ہم نے چند نمایاں لائٹنگ مصنوعات کو کامیابی کے ساتھ مقامی طور پر اسمبل کیا اور مقامی مارکیٹ کو انتہائی مسابقتی قیمتوں پر اعلیٰ معیاری مصنوعات فراہم کیں۔ آگے ہم ایل ای ڈی پر مبنی لائٹنگ مصنوعات کی مزید لوکلائزیشن اور لائٹنگ کی صنعت میں ایل ای ڈی کے شیئر میں مزید اضافہ دیکھتے ہیں۔ ہم پر اعتماد ہیں کہ کاروباری لاگت میں اضافے کے باوجود پاکستان میں لائٹنگ مصنوعات و ٹیکنالوجیز میں مارکیٹ لیڈر ہونے کے ناطے سال رواں کے دوران ایل ای ڈی و پروفیشنل لائٹنگ کے شعبے میں ہمارے قدم آگے بڑھتے رہیں گے، البتہ کووڈ 19 کے باعث اقتصادی سست روی اور مجموعی قومی آمدن کی نمو میں منفی اثرات سال 2020 میں ہمارے کاروبار کو بھی متاثر کرینگے۔

مالی کارکردگی:

سال 2019 کیلیئے ہماری مالی کارکردگی کا تقابلی خلاصہ ذیل میں دیا گیا ہے:

اہم مالی جھلکیاں:

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ڈائریکٹرز رپورٹ:

ڈائریکٹرز 31 دسمبر 2019 کو ختم ہونے والے سال کیلئے کمپنی کے مالی نتائج کا جائزہ پیش کرنے پر مسرت محسوس کرتے ہیں۔

معاشی جائزہ:

زیر جائزہ سال 2019 امریکا اور چین کے درمیان تجارتی جنگ کے باعث عالمی منڈی میں غیر مستحکم اقتصادی تبدیلیوں اور حکومت پاکستان کی جانب سے سال بھر مالیاتی پالیسیوں سے متعلق فیصلوں کے اثرات کے نتیجے میں اتار چڑھاؤ اور واقعات سے بھرپور سال رہا۔ حکومت مجموعی قومی آمدن کا 3.5 فیصد کا ہدف حاصل نہ کرسکی اور ہماری پیش گوئی ہے کہ مالی سال 20-2019 کے اختتام پر مجموعی قومی آمدن کی شرح 2 فیصد سے بھی کم رہے گی۔

2019 میں مہنگائی کی شرح 13.5 فیصد کی بلند ترین سطح کو چھو گئی اور مرکزی بینک کو دسمبر 2019 کے اختتام پر شرح سود کو 13.5 فیصد کی شرح پر برقرار رکھنا پڑا۔ بلند شرح سود اور غیر مستحکم فاریکس مارکیٹ کے باعث معیشت کو بری طرح نقصان اٹھانا پڑا جس کے نتیجے میں مذکورہ برس کے دوران مجموعی قومی آمدن میں گراوٹ کا رجحان دیکھا گیا۔

غیر ملکی کرنسی کے نرخوں کو آزادانہ طور پر مارکیٹ پالیسی کے ساتھ منسلک کرنے سے زیر جائزہ سال کے دوران کرنسی کے نرخوں میں زبردست اضافہ دیکھا گیا اور متعدد درآمدی صنعتوں کو بھاری نقصان اٹھانا پڑا۔ شرح سود میں اضافہ، بڑھتی ہوئی مہنگائی، حکومتی اخراجات میں کمی، حکومتی پالیسیوں میں غیر یقینی اور آئی ایم ایف کی سخت شرائط نے کاروبار پر اعتماد کو متاثر کیا اور اس کے نتیجے میں مذکورہ سال کے دوران معاشی نمو پر اثر پڑا۔

سال 2020 میں ہم کوویڈ 19 کے باعث ملک اور عالمی معیشت کیلئے مشکل وقت دیکھ رہے ہیں اور اس کے اثرات پوری دنیا پر پڑے ہیں۔ معاشی گراوٹ سے جڑے صحت اور غذائی تحفظ کے چیلنجز معیشت کے تمام شعبوں کو متاثر کرینگے۔ اس مشکل وقت سے گذرنے اور ناگہانی چیلنجز کے طوفان سے نکلنے کیلئے حکومت کی جانب سے نقصان پر قابو پانے کیلئے سخت معاشی اقدامات اور بروقت پالیسی فیصلوں کی ضرورت ہوگی۔ مذکورہ بالا منظرنامے کی بنیاد پر سال 2020 کیلئے مجموعی قومی آمدن کا طے کردہ 2.1 فیصد کا ہدف حقیقی دکھائی دیتا ہے اور آگے چل کر ہم اس میں کمی اور سال کے دوران منی بجٹ کی توقع کرسکتے ہیں۔

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