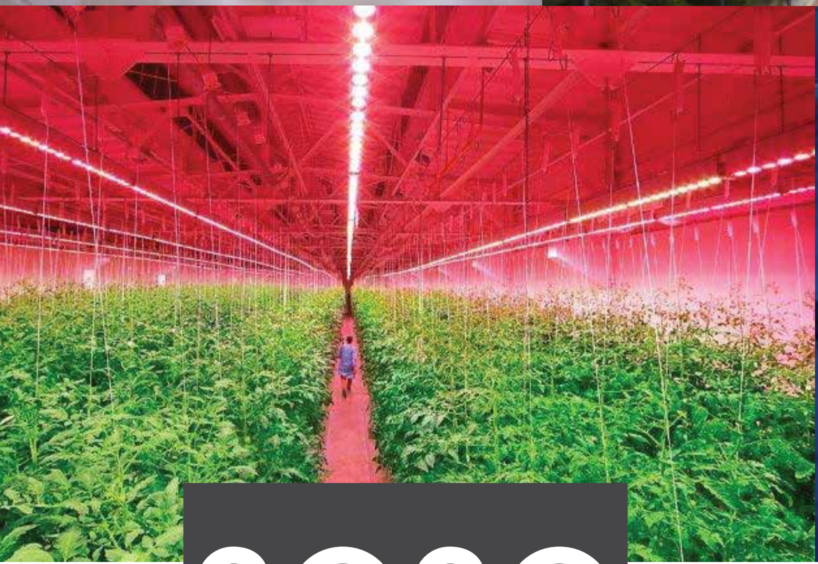

2020 Annual Report

Signify Pakistan Limited

Our global brands are

PHILIPS interact

signify

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Company Information

Board of Directors
Asad S. Jafar
Chairman & CEO

Aamir Jan Muhammad
Director & Chief Financial Officer

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

Company Secretary
Syed Wajahat Ali

Senior Management Team
Asad S. Jafar
Chairman & CEO

Aamir Jan Muhammad
Director & Chief Financial Officer

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

Directors' Report

The Directors have pleasure in presenting a review on the financial results of the Company for the year ended December 31, 2020.

Economic Review

The year 2020 was kicked off with uncertainty due to the unprecedented emergence of the contagious COVID 19 virus, which spread like wildfire across the world and impacted economic and physical wellbeing of people. Due to this uncertainty it was impossible to be in a position to devise a perfect strategy to tackle this challenge of balancing the economy &livelihood of people on the one hand and protect life and control the spread of this contagious virus on the other. As a result to this, the Government could not meet the GDP target (of 3.9% growth) for the year and closed fiscal year 2020-2021 with a marginal GDP growth of 0.5%.

Inflation touched its peak in 2020 at 9.5% and KIBOR/ interest rate increased to 13.5% during the year under review. Business interruptions due to constant lockdowns of markets put business continuity threats to certain industries and we witnessed mounting pressure on cost controls and tapering of Government spending on development projects leading to unemployment and economic degrowth.

Free floating of forex rates aligning with market based policy led to Forex rate hike which added another level of challenge for import based industries and as they saw massive negative impact to their financial statements. Interest rate hike, high inflation, reduction in Government spending, uncertainty due to Covid 19 and meeting IMF stringent conditions impacted confidence of business and consequently led to a massive slowdown of economic growth during the year.

In the year 2021, we see recovery of business after the largely successful roll out of the mass vaccination drive across the globe to mitigate the spread of this virus. Markets have started re-opening and things are getting back to higher degree of normality. However, this rebound of global economic activity has put pressure on the supply chain and resulted in a sharp price hike of essential commodities as well as the oil and energy segments.

We still foresee that it will take some time for the economy to completely recover to pre Covid levels. Higher commodity prices, higher interest rates coupled with volatile Forex market is hampering business momentum. To wade through these troubled times and to survive the storm of unprecedented challenges, drastic economic measures and timely policy decisions will be require by government. Based on the aforementioned scenario the GDP target of 3.9% set for 2021 seems optimistic and on the way, we foresee downward revision and mini budgets during the year.

Industry Review

During the year 2020, most of the industry players shifted to localization of their lighting products portfolio to enjoy the benefit of recued duties and taxes. The localization of LED based products has led to a further speeding up the process of transformation from conventional lighting products to LED based products, both, in the consumer trade and professional lighting segments. This transformation has now stabilized and LED based lighting products are now estimated to be the major part of the lighting industry.

Signify (with the Philips brand) being the lighting market leader and pioneer in the introduction of advanced lighting technologies is driving this transformation in the lighting industry globally as well as locally with a purpose to "make light for brighter lives and a better world". Leading the change to more advanced technologies, Signify has ventured into world of internet of things (IOT) and connected lighting solutions , both, both for the home segment and professional applications in public, office, industry, retail & hospitality segments.

Higher duties and sales tax on the import of LED based lighting products coupled with increase in forex rates, resulted in an increase in the cost of products. Keeping pace with the local market dynamics and to remain price competitive in the market, we have successfully moved to local assembly for some key lighting products and continue to provide our customers high quality products at competitive rates during the year. Going forward, we foresee more localization of LED based lighting products and a 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 the high cost of doing business, our market share in the lighting market continue to increase. However, we foresee that the impact of Covid 19 leading to economic slowdown and low GDP growth will also impact our business in 2021.

Financial Performance

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

Key Financial Highlights:

Particulars	2020	2019	*Increase/(Decrease) percentage*
Sales (PKR million)	3,772	4,265	-11.5%
Gross Profit	795	995	-20%
GP Percentage to Sales	21%	23.3%	-2.3%
EBIT (PKR million)	120	327	63.3%
Profit before tax (PKR million)	74	244	-69.7%
Profit / (loss) after tax (PKR million)	(130)	(6)	

During the year under review, the Company sales declined by 11.5%% with sales value of PKR 3.77 Billion against PKR 4.26 Billion achieved in the corresponding period last year. This decrease in sales was mainly due to the abrupt lockdown of markets in Quarter 2 of the year which especially impacted the company's consumer channel sales. However, if we compare the performance of our company with the lighting industry during the year, we note that the industry de-grew by 13% and the Company managed to keep the impact on sales de-growth of 11.5%. In Quarter 4, our sales came back on to the growth trajectory and this partly compensated the negative sales impact of Q2.

Gross Profit decreased by PKR 200 M (20%) against last year (2019) mainly on account of higher forex rates and increase in prices of finished products and components. Due to lower sales during the year, the fixed cost of organization was not able to be fully absorbed and this resulted in a lower profit before tax. Profit before tax decreased by PKR 170 million mainly on account of lower sales and gross margins, fixed cost of organization expenses, provision and write-off of non-recoverable receivables partly compensated by lower finance cost and liabilities no longer payable that were written back during the year. However, despite of this the Company posted a profit before tax of PKR 74 M, for the year and a loss of PKR 130 M, mainly due to higher tax paid at import stage under the final tax regime.

Contribution to National Exchequer

Being a responsible taxpayer of the country, the Company's contribution to the National Exchequer/Federal Board of Revenue (FBR) during the year was PKR 1,033 million (2019: PKR 1,424 million on account of direct and indirect taxes.

Board of Directors:

At any time during the period 2020 following were the Directors of the Company:

1. Mr. Asad S. Jafar
2. Mr. Goktug Gur
3. Mr. Aamir Jan Muhammad

PATTERN OF SHAREHOLDING

PART-I

1.1 Name of the Company — **SIGNIFY PAKISTAN LIMITED** (formerly: Philips Pakistan Limited)

PART-II

2.1. Pattern of holding of the shares held by the shareholders as at 31 12 2020

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	Shareholders 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 2021. 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 Signify 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 and their resilience in these difficult times because of the Covid-19 pandemic. We treasure their dedication and feel highly obliged

.

We acknowledge the valuable business support of our loyal Customers and suppliers, channel partners, bankers and all other stakeholders who have shown continuous trust in our Company for the past 71 years.

On behalf of the Board of Directors

Asad Said Jafar
Chairman & CEO

Aamir Jan Muhammad
Director & Chief Financial Officer

December 2, 2021

EY
Building a better working world

EY Ford Rhodes
Chartered Accountants
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Pakistani

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INDEPENDENT AUDITOR'S 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 2020**, and the statement of profit or loss, the statement of 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, the statement of profit or loss , the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting stan dards 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 t rue and fair view of the state of the Company's affairs as at 31 December 2020 and of the loss, its other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards o n Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's 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 Auditor's 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 auditor's report thereon.

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

In connection with our audit of the 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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working world

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Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in interna l 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, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

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

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

The engagement partner on the audit resulting in this independent auditor 's report is Arif Nazeer.

Chartered Accountants
Place: Karachi
Date: December 13, 2021

Signify Pakistan Limited
Statement of Financial Position
As at 31 December 2020

	Note	2020	2019
		(Rupees in '000)	
Non-current assets			
Property and equipment	4	**29,870**	48,636
Right-of-use assets	5	**10,335**	31,846
Long term deposits		**975**	2,714
Total non-current assets		**41,180**	83,196
Current assets			
Stock-in-trade	6	**515,356**	583,741
Trade debts	7	**801,426**	725,274
Advances	8	**39,532**	68,658
Trade deposits and short-term prepayments	9	**25,844**	30,268
Other receivables	10	**207,925**	140,740
Taxation - net	11	**197,948**	284,084
Cash and bank balances	12	**1,361**	318,761
Total current assets		**1,780,473**	2,151,526
Total assets		**1,830,572**	2,234,722

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 2020

	Note	2020	2019
		(Rupees in '000)	
Share capital and reserves			
Authorized capital			
180,000,000 (2019: 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	**(952,509)**	(830,656)
Total equity		**785,102**	906,955
Non-current liabilities			
Staff retirement benefits	15	**91,592**	124,016
Lease liabilities	16	**3,587**	7,650
		95,179	131,666
Current liabilities			
Trade and other payables	17	**814,882**	1,055,189
Contract liabilities - advance from customers		**13,688**	19,335
Accrued mark-up		**5,723**	19,525
Provisions	18	**9,674**	14,609
Current portion of lease liabilities	16	**4,542**	23,024
Short-term running finances	19	**100,735**	63,372
Unclaimed dividend		**1,047**	1,047
Deferred taxation - net	29	**-**	-
		950,291	1,196,101
Total equity and liabilities		**1,830,572**	2,234,722
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 2020

	Note	2020	2019
		(Rupees in '000)	
Turnover - net	21	**3,771,929**	4,264,634
Cost of sales	22	**(2,977,389)**	(3,269,717)
Gross profit		**794,540**	994,917
Administrative and distribution expenses	23	**(533,488)**	(564,783)
Allowance for expected credit losses	24	**(69,178)**	(13,040)
Other income	25	**140,297**	5,796
Finance costs	26	**(46,373)**	(83,068)
Other operating expenses	27	**(211,780)**	(95,682)
Profit before tax		**74,018**	244,140
Taxation	28	**(204,311)**	(250,483)
Loss for the year		**(130,293)**	(6,343)

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 Other Comprehensive Income
For the year ended 31 December 2020

	Note	2020	2019
		(Rupees in '000)	
Loss for the year		**(130,293)**	(6,343)
Other comprehensive income, net of tax			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains on staff retirement benefits		**8,440**	7,713
Total comprehensive (loss) / income for the year		**(121,853)**	1,370

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 2020

	Issued, subscribed and paid-up capital	Capital reserve	Revenue reserves				
		Share premium	General reserves	Accumulated losses	Total	Total reserves	Total equity
	(Rupees in '000)						
Balance as on 01 January 2019	1,737,611	12,419	47,289	(891,734)	(844,445)	(832,026)	905,585
Loss for the year	-	-	-	(6,343)	(6,343)	(6,343)	(6,343)
Other comprehensive income: net of tax	-	-	-	7,713	7,713	7,713	7,713
Total comprehensive income for the year	-	-	-	1,370	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	5,315
Share based payment transactions (reversal of contribution from ultimate Parent Company)	-	-	-	(5,315)	(5,315)	(5,315)	(5,315)
	-	-	-	-	-	-	-
Balance as on 01 January 2020	**1,737,611**	**12,419**	**47,289**	**(890,364)**	**(843,075)**	**(830,656)**	**906,955**
Loss for the year	-	-	-	**(130,293)**	**(130,293)**	**(130,293)**	**(130,293)**
Other comprehensive income: net of tax	-	-	-	**8,440**	**8,440**	**8,440**	**8,440**
Total comprehensive loss for the year	-	-	-	**(121,853)**	**(121,853)**	**(121,853)**	**(121,853)**
Transactions with owners, recorded directly in equity							
Share based payment transactions (contribution from ultimate Parent Company)	-	-	-	**5,928**	**5,928**	**5,928**	**5,928**
Share based payment transactions (reversal of contribution from ultimate Parent Company)	-	-	-	**(5,928)**	**(5,928)**	**(5,928)**	**(5,928)**
	-	-	-	-	-	-	-
Balance as on 31 December 2020	**1,737,611**	**12,419**	**47,289**	**(1,012,217)**	**(964,928)**	**(952,509)**	**785,102**

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 2020

	Note	2020	2019
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	31	**(117,599)**	753,261
Staff retirement benefits (paid) / refunded		**(42,317)**	8,854
Long term deposits refunded / (paid)		**1,739**	(2,714)
Finance costs paid		**(60,175)**	(69,333)
Taxes paid		**(121,623)**	(339,133)
Net cash (outflows) / inflow from operating activities		**(339,975)**	350,935
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating fixed assets	4.1	**(9,564)**	(18,446)
Proceeds from disposal of operating fixed assets		**16,250**	5,903
Interest income on saving accounts	25	**1,071**	46
Net cash inflow / (outflows) from investing activities		**7,757**	(12,497)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of principal portion of lease liabilities		**(22,545)**	(18,530)
Net cash outflows from financing activities		**(22,545)**	(18,530)
Net (decrease) / increase in cash and cash equivalents		**(354,763)**	319,908
Cash and cash equivalents at beginning of the year	30	**255,389**	(64,519)
Cash and cash equivalents at end of the year	30	**(99,374)**	255,389

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

Chairman & CEO

Director & Chief Financial Officer

Signify Pakistan Limited
Notes to the Financial Statements
For the year ended 31 December 2020

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.

1.4 The outbreak of the Novel Coronavirus (COVID-19) still continues to progress and evolve, therefore, it is challenging to predict the full extent and duration of its impact on the business. The management is taking all the required actions and will continue to monitor the potential impact and take all steps possible to mitigate any effects.

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 New standards, amendments to approved accounting standards and new interpretations

3.4.1 Adoption of standards and amendments effective during the year

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

New / amended standards and

IFRS 3 - Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7 - Interest Rate Benchmark Reform (Amendments)
IFRS 14 - Regulatory Deferral Accounts
IAS 1 / IAS 8 - Definition of Material (Amendments)
IFRS 16 - COVID 19 Related Rent Concessions (Amendments)
The Conceptual Framework for Financial Reporting

The adoption of the above standards, amendments, interpretations and improvements to the accounting standards did not have any material effect on the Company's financial statements.

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

The following standards, amendments of IFRSs and improvements to accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards, amedements or improvements:

Standard or amendments	Effective date (annual periods beginning on or after)
IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform – Phase 2	January 01, 2021
IFRS 3 - Reference to the Conceptual Framework (Amendments)	January 01, 2022
IAS 16 - Property, Plant and Equipment: Proceeds before Intended use	January 01, 2022
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)	January 01, 2022
IAS 1 - Classification of Liabilities as Current or Non-Current (Amendments)	January 01, 2023
IFRS 10 / IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)	Not yet finalised

3.4.3 Improvements to accounting standards issued by IASB (2018-2020 Cycle)

IFRS 9 - Financial Instruments - Fees in the '10 percent' test for the derecognition of financial liabilities	January 01, 2022
IAS 41 - Agriculture - Taxation in fair value measurement	January 01, 2022

Further, the following new standard has been issued by IASB which is yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard		IASB effective date (annual periods beginning on 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.

3.5 Property and equipment

Owned

Items of property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

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. 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.

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.

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 straight-line 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 low-value 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-in-process and manufactured goods includes direct material, wages and applicable manufacturing overheads. Items in transit are stated at invoice price plus other charges incurred thereon up to the reporting date.

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 (cash-generating 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 designate 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 i f 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 classifie 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 yea and as of reporting date.

3.9.1.3 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.

c) 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 31 December 2020.

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.

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, if any, 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 has not been recognised in these financial statements in accordance with the accounting policy of the Company.

3.13 Employee benefits

3.13.1 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.

3.13.2 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 pension:
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

3.13.3 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.

3.14 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.

3.15 Revenue recognition

3.15.1 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.

For provision of services to the customers, revenue is recognized over time when the performance obligation is satisfied, which in most cases is proportionally over the duration of the service period.

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).

3.15.2 Other income

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

3.16 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.

3.17 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.

3.18 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.

	Note	2020	2019
		(Rupees in '000)	

4 PROPERTY AND EQUIPMENT

	Note	2020	2019
Operating fixed assets	4.1	29,870	48,636
		29,870	48,636

4.1 Operating fixed assets

The following is a statement of operating fixed assets:

	COST			ACCUMULATED DEPRECIATION				BOOK	
	As at 01 January 2020	Additions / (deletions)	As at 31 December 2020	As at 01 January 2020	Depreciation charge for the year	On deletion	As at 31 December 2020	As at 31 December 2020	Annual rate of depre-ciation
	(Rupees in '000)								%
Office hut	**571**	**-**	**571**	**571**	**-**	**-**	**571**	**-**	**10**
Structural improvements	**12,844**	**-**	**12,844**	**12,844**	**-**	**-**	**12,844**	**-**	**50**
Factory equipment	**733**	**-**	**733**	**733**	**-**	**-**	**733**	**-**	**20**
Office equipment	**58,085**	**1,635 (539)**	**59,181**	**46,046**	**5,577**	**(377)**	**51,246**	**7,935**	**10-50**
Vehicles	**66,995**	**7,929 (36,008)**	**38,916**	**30,398**	**8,669**	**(22,086)**	**16,981**	**21,935**	**14-25**
2020	**139,228**	**9,564 (36,547)**	**112,245**	**90,592**	**14,246**	**(22,463)**	**82,375**	**29,870**	

	COST			ACCUMULATED DEPRECIATION				BOOK VALUE	
	As at 01 January 2019	Additions / *transfers/ (deletions)	As at 31 December 2019	As at 01 January 2019	Depreciation charge for the year	On deletion	As at 31 December 2019	As at 31 December 2019	Annual rate of depre-ciation
	(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	

* Represents assets transferred from capital work-in-progress

4.1.1 ItemshavinganaggregatecostofRs.53.794million(2020:Rs.67.767million)attheendoftheyearhavebeenfullydepreciated and are still in use of the Company.

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

4.2 Disposals of operating fixed assets

Description	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain on disposal	Relationship of purchaser with the	Particulars of buyers
		(Rupees in '000)						
Aggregate amount of asset disposed off having NBV exceeeding Rs. 5 million								
Motor vehicle - Assets having NBV exceeding Rs. 500,000								
- Mercedez benz	Company's policy	12,898	9,674	3,224	3,224	-	Employee	Asad Said Jafar
- Toyota Corolla	Company's policy	2,156	1,617	539	539	-	Employee	Abad Fazli
- Honda BRV	Company's policy	1,537	769	768	768	-	Employee	Sohail Hanif
- Honda City	Company's policy	1,250	664	586	586	-	Employee	Zareen Intezar
- Honda Civic	Company's policy	2,613	939	1,674	1,674	-	Employee	Kamran Mirza
- Honda City	Company's policy	1,467	298	1,169	1,169	-	Employee	Sher Zaman
Aggregate assets having NBV less than Rs. 500,000		14,087	8,126	5,961	8,116	2,155		
		36,008	22,087	13,921	16,076	2,155		
Aggregate amount of asset disposed off having NBV not exceeeding Rs. 5 million		539	376	163	174	11		
2020		**36,547**	**22,463**	**14,084**	**16,250**	**2,166**		
2019		12,702	8,239	4,463	5,903	1,440		

5 RIGHT-OF-USE ASSETS

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

5.1 Net carrying value basis

	Note	2020	2019
		(Rupees in '000)	
Opening balance		**31,846**	-
Impact of initial application of IFRS 16 as at January 01, 2019		-	53,296
Depreciation charged during the year	5.3	**(21,511)**	(21,450)
Closing Balance		**10,335**	31,846

5.2 Gross carrying value basis

		2020	2019
Cost		**53,296**	53,296
Accumulated depreciation		**(42,961)**	(21,450)
Net book value		**10,335**	31,846
Depreciation % per annum		**26% - 46%**	26% - 46%

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

6 STOCK-IN-TRADE

	Note	2020	2019
Raw material including material-in-transit Rs.0.067 million (2019: Rs.0.667million)		**43,865**	43,712
Material advanced to vendors		**15,954**	13,887
		59,819	57,599
Finished goods including goods-in-transit Rs.43.832 million (2019: Rs.78.511 million)	6.1	**472,179**	542,982
Finished goods held with vendors		**6,152**	2,772
		478,331	545,754
Provision for obsolete stock-in-trade	6.2	**(22,794)**	(19,612)
		455,537	526,142
		515,356	583,741

6.1 Stock-in-trade of Rs. 98.989 million (2019: Rs. 190.403 million) is measured at net realizable value and has been written down to Rs. 70.887 million (2019: Rs. 142.623 million).

6.2 Movement of provision for obselete stock-in-trade is as follows:

	Note	2020	2019
		(Rupees in '000)	
Opening balance		**19,612**	23,058
Provision / (reversal) for the year - net		**3,182**	(3,446)
Closing balance		**22,794**	19,612

7 TRADE DEBTS - unsecured

	Note	2020	2019
Considered good	7.2	**801,426**	725,274
Considered doubtful		**239,684**	87,892
		1,041,110	813,166
Less: Allowance for expected credit losses	7.3	**154,009**	87,892
Less: Directly written off		**85,675**	-
		801,426	725,274

7.1 This includes maximum aggregate amount outstanding at any time during the year by reference to month end balances and receivables from following related parties:

	2020	2019
	(Rupees in '000)	
Signify Netherland B.V.	**4,258**	-
	4,258	-

7.1.1 The maximum aggregate amount outstanding during the year is as follows:

Signify Netherland B.V.	**4,258**	-
	4,258	-

7.1.2 The ageing of related parties balances is as follows:

Niether past due nor impaired

Signify Netherland B.V.	**4,258**	-
	4,258	-

7.2 Movement of allowance for expected credit losses on trade debts is as follows:

Opening balance	**87,892**	79,443
Allowance for expected credit losses for the year	**66,117**	13,703
Written off during the year	**-**	(5,254)
Closing balance	**154,009**	87,892

7.3 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.

		Note	2020	2019
			(Rupees in '000)	
8	**ADVANCES - unsecured, considered good**			
	- Suppliers		**782**	-
	- Executives		**504**	1,371
	- Shipping companies		**25,638**	14,180
	- Custom authorities		**12,742**	53,241
			39,666	68,792
	Less: Allowance for expected credit losses	8.1	**134**	134
			39,532	68,658
8.1	Movement of allowance for expected credit losses on advances is as follows:			
	Opening balance		**134**	38
	Allowance for expected credit losses for the year		**-**	96
	Closing balance		**134**	134
9	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Trade deposits - unsecured, considered good		**25,014**	25,014
	Current portion of long term deposit		**1,739**	-
			26,753	25,014
	Less: Allowance for expected credit losses	9.1	**3,297**	236
			23,456	24,778
	Short-term prepayments		**2,388**	5,490
			25,844	30,268
9.1	Movement of allowance for expected credit losses on trade deposits is as follows:			
	Opening balance		**236**	495
	Allowance for expected credit losses for the year		**3,061**	-
	Reversals for the year		**-**	(259)
	Closing balance		**3,297**	236
10	**OTHER RECEIVABLES**			
	Unsecured, considered good			
	- Retention money		**33,240**	33,240
	- Sales tax refundable	10.1 & 10.2	**20,964**	31,550
	- Receivable from provident fund		**1,127**	-
	- Receivable from related parties	10.3	**121,181**	-
	- Cash margins		**31,697**	63,860
	- Others		**633**	13,007
			208,842	141,657
	Less: Allowance for expected credit losses	10.4	**917**	917
			207,925	140,740

10.1 In year 2018, 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.

10.2 In previous year 2019, the tax officer issued a notice dated 05 November 2019 under the Punjab Sales Tax on Services Act, 2012 whereby it was alleged that the Company had not levied and paid Punjab Sales Tax on services rendered for years 2013 to 2016. In response to said notice, the Company submitted the necessary explaination and admitted a tax liability of Rs. 14.109 million, has made payment of Rs. 10 million to the tax authorities against the order and accordingly has made provision of Rs. 4.109 million. The proceedings were concluded by the ACIR by passing an order dated 29 April 2020 in which the ACIR had raised a tax demand of Rs. 174.187 million and had levied penalty at the rate of hundred percent of tax demanded i.e. Rs. 174.187 million. Being aggrieved, the Company filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] which marked the inquiry to the concerned ACIR and has required it to evaluate the submitted information after hearing the appeal. The ACIR considering the above instructions of CIR(A) evaluated the submitted information and highlighted certain observations which were rebutted by the Company, subsequent to which the ACIR issued an inquiry report dated 24 November 2020 and the case was fixed for hearing before the CIR(A) on 01 June 2021 and then was finally heard on 13 July 2021 upon which case was reserved for order which is pending.

In respect of tax matters disclosed above, 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 they feel 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 except as otherwise stated.

10.3 Represent receivable from the following group company on account of services rendered by the Company:

	2020	2019
	(Rupees in '000)	
Signify Hong Kong Limited	**121,181**	-
	121,181	-

10.3.1 The maximum aggregate amount outstanding during the year is as follows:

Signify Hong Kong Limited	**121,181**	-
	121,181	-

10.3.2 The ageing of related parties balances is as follows:

Niether past due nor impaired		
Signify Hong Kong Limited	**121,181**	-
	121,181	-

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

	Note	2020	2019
		(Rupees in '000)	
Opening balance		**917**	1,417
Reversals for the year		**-**	(500)
Closing balance		**917**	917

11 TAXATION - net

	Note	2020	2019
Opening Balance		**284,084**	195,434
Provision for taxation	28	**(207,759)**	250,483
Tax paid / deducted at source		**121,623**	339,133
Closing Balance		**197,948**	284,084

12 CASH AND BANK BALANCES

	Note	2020	2019
In hand:			
- cash		**1,317**	395
- cheques		**-**	313,586
		1,317	313,981
Balance with banks:			
- in current accounts		**45**	4,781
- in saving accounts	12.1	**-**	-
		45	4,781
Less: Allowance for expected credit losses		**1**	
		1,361	318,761

12.1 It carries mark-up rate ranging from 5.5% to 11.25% (2019: 8.0% to 11.25%) per annum.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2020	2019
		(Rupees in '000)	
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		**21**	21
	13.1	**1,737,611**	1,737,611

13.1 As at 31 December 2020, 99.97% shares (2019: 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

	2020	2019
	(Rupees in '000)	
Capital reserve - share premium	**12,419**	12,419
Revenue reserve - general reserve	**47,289**	47,289
Revenue reserve - accumulated losses	**(1,012,217)**	(890,364)
	(952,509)	(830,656)

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 2020 using Projected Unit Credit Method and the principal assumptions used are as follows:

Significant actuarial assumptions	2020	2019
Financial assumptions		
Discount rate	**9.75%**	11.25%
Salary increase rate	**9.75%**	11.25%
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	2020	2019
		(Rupees in '000)	
Present value of defined benefit obligation	15.1.3	**107,594**	125,126
Fair value of plan assets	15.1.4	**(16,002)**	(1,110)
Liability recognized in statement of financial position		**91,592**	124,016

15.1.2 Movement in the net defined benefit liability:

	Note	2020	2019
Opening balance		**124,016**	102,311
Charge for the year	15.1.5	**21,781**	20,564
Remeasurement gains	15.1.6	**(11,888)**	(7,713)
(Contribution) / refund during the year		**(14,791)**	12,000
Benefits paid / payable		**(27,526)**	(3,146)
Closing balance		**91,592**	124,016

15.1.3 Movement in the present value of defined benefit obligations:

	2020	2019
Opening balance	**125,126**	114,949
Charge for the year	**22,152**	22,481
Benefits paid / payable	**(21,555)**	(3,146)
Remeasurement gains	**(18,129)**	(9,158)
Closing balance	**107,594**	125,126

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

	2020	2019
Opening balance	**1,110**	12,638
Expected return on plan assets	**371**	1,917
Remeasurement losses	**(270)**	(1,445)
Refunds during the year	**14,791**	(12,000)
Closing balance	**16,002**	1,110

15.1.5 Amounts recognised in the statement of profit or loss

	Note	2020 (Rupees in '000)	2019 (Rupees in '000)
Current service cost		**7,861**	7,037
Interest cost		**14,291**	15,444
Expected return on plan assets		**(371)**	(1,917)
		21,781	20,564

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

	2020	2019
Remeasurement gains on obligation		
Gains due to change in experience adjustments	**(12,158)**	(9,158)
Total remeasurement gains on obligation	**(12,158)**	(9,158)
Remeasurement losses on plan assets		
Losses on plan assets	**270**	1,445
Total remeasurement gains during the year	**(11,888)**	(7,713)
Total defined benefit cost recognized in statement of profit or loss statement of other comprehensive income	**9,893**	12,851

15.1.7 Analysis of present value of defined benefit obligation

	2020	2019
Vested / non - vested		
Vested benefits	**104,412**	122,761
Non-vested benefits	**3,182**	2,365
	107,594	125,126
Type of benefits earned to date		
Accumulated benefit obligation	**57,902**	56,984
Amount attributed to future salary increases	**49,692**	68,142
	107,594	125,126

15.1.8 Composition of fair value of plan assets

	2020 Fair value (Rupees)	2020 %	2019 Fair value (Rupees)	2019 %
Cash at banks	**16,002**	**100%**	1,110	100%
Fair value of plan net assets	**16,002**	**100%**	1,110	100%

	2021 (Rupees in '000)
15.1.9 Expected contributions to funds in the following year	**15,712**
The components of expected contribution for the next year:	
Current service cost	**6,803**
Interest expense on defined benefit obligation	**10,659**
Interest on plan assets	**(1,750)**
Net interest cost	**8,909**
	15,712

15.1.10 Maturity profile of the defined benefit obligation

Distribution of timing of benefit payments (time in years)	2021 (Rupees in '000)
1	**3,272**
2	**3,560**
3	**44,148**
4	**3,475**
5	**4,910**
6-10	**87,012**

15.1.11 Sensitivity analysis on significant actuarial assumptions:

	2020	2019
	(Rupees in '000)	
Discount rate + 50 basis points	**104,008**	120,537
Discount rate - 50 basis points	**111,385**	129,982
Salary increases + 50 basis points	**111,494**	130,106
Salary increases - 50 basis points	**103,873**	120,382
	(Number)	
Weighted average duration of the Projected Benefit Obligation	**6.85**	7.54

15.2 Provident fund - defined contribution plan

15.2.1 Salaries, wages and benefits include Rs.8.667 million (2019: Rs.8.80 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.8.128 million (2019: Rs.8.106 million) in respect of pension fund contribution.

16 LEASE LIABILITIES

16.1 The Company has lease contracts for its office premises under rental agreement. The remaining balance of liability is payable latest by October 2022 in monthly and bi-annual installments.

	2020	2019
	(Rupees in '000)	
Opening balance	**30,674**	-
Impact of initial application of IFRS 16 as at January 01, 2019	**-**	49,204
Interest expense on lease liabilities	**2,139**	3,985
Payments made during the year	**(24,684)**	(22,515)
Closing balance	**8,129**	30,674
Less: current portion of lease liabilities	**(4,542)**	(23,024)
Long-term lease liabilities	**3,587**	7,650

The following are the amounts recognised in statement of profit or loss:	Note	2020	2019
		(Rupees in '000)	
Depreciation expense of right-of-use assets	5.1	**21,511**	21,450
Interest expense on lease liabilities	26	**2,139**	3,985
Total amount recognised in statement of profit or loss		**23,650**	25,435

17 TRADE AND OTHER PAYABLES

	Note	2020	2019
		(Rupees in '000)	
Creditors	17.1	**393,216**	715,657
Accrued liabilities	17.2	**417,784**	333,961
Payable to provident fund		**-**	3,512
Withholding tax payable		**2,682**	2,059
		813,682	1,055,189

17.1 Included herein Rs. 271.424 million (2019: Rs. 642.733 million) due to the following group companies on account of purchases of goods, receiving services, etc.

Group companies:	Note	2020	2019
		(Rupees in '000)	
Signify Netherlands B.V.		**80,185**	253,717
Genlyte Thomas Group LLC		**8,930**	13,196
Signify Luminaires (Shanghai) Co., Ltd.		**32,599**	16,759
Signify Korea, Inc.		**-**	340
Signify Luminaires (Chengdu) Co.,Ltd.		**5,552**	18,760
Signify International B.V.		**-**	73,106
Signify Hungary Kft.		**1,352**	2,129
PT. Signify Commercial Indonesia		**78**	67
ILTI LUCE S.R.L.		**-**	1,590
Signify Italy S.P.A.		**-**	19
Signify Phillipines Inc.		**-**	12
Signify Poland Sp. Z.O.O.		**38,401**	18,722
Signify Aydinlatma Ticaret A.S.		**1,586**	2,138
Philips International B.V		**-**	963
Phillips Electronics Singapore		**-**	7,607
Signify Singapore Pte. Ltd.		**100,184**	206,907
Signify Argentina S.A.		**232**	257
Signify Hong Kong Limited		**2,079**	26,175
Signify Maroc SARL		**246**	269
		271,424	642,733

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

	Note	2020	2019
Salaries and wages		**27,054**	35,464
Warranty provision	17.3	**57,583**	52,821
Distributors incentives		**193,682**	60,846
Marketing accruals		**63,786**	79,327
Freight accruals		**5,521**	9,060
Project related accruals	17.4	**41,709**	50,890
Others		**29,649**	45,553
		418,984	333,961

17.3 The movement of warranty provision is as follows:

	2020	2019
Opening balance	**52,442**	52,442
Provision made during the year	**97,326**	121,885
Replacement made during the year	**(92,185)**	(121,506)
Closing balance	**57,583**	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 consultancy cost and legal cases contested by the Company.

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

	2020	2019
	(Rupees in '000)	
Opening balance	**14,609**	21,972
Reversals during the year	**(4,935)**	(7,363)
Closing balance	**9,674**	14,609

19 SHORT-TERM RUNNING FINANCES

The Company had obtained various running finance facilities from commercial banks aggregating to Rs.1,140 million (2019: Rs. 940 million) carrying mark-up rate ranging from 7.81% to 14.91% per annum (2019: 11.01% to 15.06% 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.1,313.5 million. The unutilized amount of these facilities are Rs.1,039.27 million (2019: 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 (2019: 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 (2019: Rs.3 million) for encashment of insurance gurantee
Hight Court of Sindh	Case filed by ex-employee against the Company on dispute over the final settlement	September 2009	Fayaz Ahmed (Ex-Employee)	Recovery of Rs. 2.2 million (2019: Rs. 2.2 million) for recovery of final settlement

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.

	2020	2019
	(Rupees in '000)	
20.1.2 Letter of guarantees issued by banks on behalf of the Company	**44,723**	44,374

20.1.3 Sales tax and income tax matters, are more fully explained in notes 10.1 to 10.2 and 28.3 to 28.11 to these financial statements.

20.2 Commitments

	2020	2019
	(Rupees in '000)	
Letters of credit	**1,124**	145,207

As of 31 December 2020, the Company has the facility limit for opening letters of credit and guarantees of Rs.1,400 million (2019: Rs.1,200 million).

21 TURNOVER - net

	Note	2020	2019
		(Rupees in '000)	
Turnover - gross		**4,110,532**	4,562,964
Trade discount		**(210,328)**	(60,335)
Sales tax		**(128,275)**	(147,652)
	21.1	**3,771,929**	4,354,977

21.1 Included herein are toll manufacturing sales of Rs. 387.467 million (2019: Rs.334.678 million) and long-term supply and installation contracts recognised to date - net of Rs. nil (2019: Rs.19.908 million).

21.2 Revenue recognised during the year that was included in the advance from customers balance at the beginning of year is Rs 19.335 million (2019: Rs. 12.618 million).

22 COST OF SALES

	Note	2020	2019
		(Rupees in '000)	
Opening finished goods		**545,754**	597,891
Purchase of goods	22.1	**2,518,172**	2,832,961
Cost of goods manufactured	22.2	**209,185**	180,864
		3,273,111	3,611,716
Closing finished goods	6	**(478,331)**	(545,754)
		2,794,780	3,065,962
Direct expenses:			
Warranty provisions	17.3	**97,326**	121,885
Provision for obsolete stock-in-trade - reversals made during the year - net		**6,193**	(3,446)
Outward freight		**79,090**	85,316
		182,609	203,755
		2,977,389	3,269,717

22.1 This includes purchases made from group entities amounting to Rs. 1,990.652 million (2019: Rs. 2,616.881 million).

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

	Note	2020	2019
		(Rupees in '000)	
Sales		**387,467**	334,678
Opening material:			
Raw material	6	**43,712**	34,965
Material advanced to vendors	6	**13,887**	19,062
		57,599	54,027
Purchase of raw material		**168,554**	122,731
Vendors value addition		**42,851**	61,705
		211,405	184,436
Closing material:			
Raw material	6	**(43,865)**	(43,712)
Material advanced to vendors	6	**(15,954)**	(13,887)
		(59,819)	(57,599)
Cost of goods manufactured		**209,185**	180,864
Gross profit		**178,282**	153,814

23 ADMINISTRATIVE AND DISTRIBUTION EXPENSES

	Note	2020	2019
		(Rupees in '000)	
Salaries, wages and other benefits	23.1	**228,377**	229,012
General Service Unit Agreement ("GSUA")	23.2	**79,868**	70,760
Outsourcing expense		**47,803**	49,815
Publicity		**10,419**	35,268
Security		**3,055**	1,665
Depreciation on operating fixed assets	4.1	**14,246**	18,008
Depreciation on right-of-use assets	5	**21,511**	21,450
Fuel and power		**4,173**	4,764
Repairs and maintenance		**1,978**	6,588
Regional costs	23.3	**50,060**	47,359
Rent, rates and taxes		**1,096**	589
Travelling		**25,518**	28,866
Postage and stationary		**4,269**	7,315
Telephone and communication		**8,575**	10,928
Insurance		**16,636**	15,087
Auditors' remuneration	23.4	**4,137**	2,295
Legal and professional		**6,591**	9,248
Others		**5,176**	5,766
		533,488	564,783

23.1 Salaries, wages and other benefits includes bonus to employees of Rs. 20.455 million (2019: Rs. 24.072 million) and incentive given to Chief Executive Officer by the Parent Company, which is recoverable from the Company of Rs. 5.928 million (2019: Rs.5.315 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 Auditors' remuneration

	Note	2020	2019
		(Rupees in '000)	
Audit fees - statutory		**2,237**	1,650
Fee for special certifications		**75**	75
Others		**1200**	-
Sindh sales tax		**185**	170
Out-of-pocket expenses		**440**	400
		4,137	2,295

24 ALLOWANCE FOR EXPECTED CREDIT LOSSES (ECL)

	Note	2020	2019
Charge / (Reversal) for the year on:			
- Trade debts	7.2	**66,117**	13,703
- Advances	8.1	**-**	96
- Trade deposits	9.1	**3,061**	(259)
- Other receivables	10.4	**-**	(500)
		69,178	13,040

		Note	2020	2019
			(Rupees in '000)	
25	**OTHER INCOME**			
	Income from financial assets:			
	Interest income on saving accounts		**1,071**	46
	Income from non-financial assets:			
	Scrap sales		**129**	401
	Gain on disposal of operating fixed assets		**2,166**	1,440
	Reversal of excess accruals		**9,050**	3,215
	Liabilities no longer payable written back	25.1	**126,701**	-
	Others		**1,180**	694
			139,226	5,750
			140,297	5,796

25.1 Represents waiver of outstanding liability by Signify International B.V. Dubai - a related party in respect of cross charges.

		Note	2020	2019
			(Rupees in '000)	
26	**FINANCE COSTS**			
	Interest expense on lease liabilities	16	**2,139**	3,985
	Markup on short-term running finances		**26,743**	65,819
	Bank charges		**17,491**	13,264
			46,373	83,068
27	**OTHER OPERATING EXPENSES**			
	Exchange loss - net		**37,621**	71,847
	Receivables written off		**-**	23,835
	Loss due to irregularities:			
	- Receivables written off		**85,675**	-
	- Incentives		**87,250**	90,343
		27.1	**172,925**	90,343
	Others		**1,234**	-
			211,780	186,025

27.1 During the year ended 31 December 2020, the management initiated its internal review exercise of its customers due to identification of some irregularities and lapses in the internal controls. The Company is in the process of evaluating legal action and seeking legal advice from its legal counsel to initiate legal proceedings in accordance with the findings in the internal review exercise.

		Note	2020	2019
28	**TAXATION**		(Rupees in '000)	
	Current		**222,307**	240,169
	Prior		**(14,548)**	10,314
	Deferred		**(3,448)**	-
		28.2	**204,311**	250,483

28.1 The assessments of the Company for and upto tax year 2020 have been completed or deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

		2020	2019
		(Rupees in '000)	
28.2	Accounting profit before tax	74,018	244,140
	Tax @ 29% (2019: 29%)	21,465	70,801
	Tax effect of income assessed under minimum tax regime	119,817	154,858
	Prior year tax charge	(14,548)	10,314
	Others	77,577	14,510
		204,311	250,483

28.3 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 06 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 was 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 filed 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 also filed an appeal before the ATIR on matters that were either decided in favour of the Company or that had 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 non-deduction 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 were 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 filed 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) held in respect of invoice trade discount, the CIR(A) agreeing with our arguments 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 had 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. iscounts and expenses incurred dfall under the scope of Section 156 of the Ordinance as “prizes”. Further, 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 was also confirmed. Later, he Company filled appeal on 25 April 2018 before ATIR tagainst 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 he 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 year 2019, 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 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 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). Later, the Company received notices for liquidation of Rs. 8.562 million demand and therefore the Company has submitted to the tax authority that sufficient refunds are available from which the above tax demand can be adjusted. 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 year 2019, 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 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 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). Later, the Company received notices for liquidation of Rs. 8.549 million demand in response to which detailed response has been submitted and thereafter no further correspondence has been made in this regard. 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 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 was 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 treated the above discounts as "prizes" and levied tax at the rate of 20% under Section 156 of the Ordinance. The Company under protest 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 was also confirmed.

The Company filed 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 made in this regard.

During the year, the Company received notices dated October 5 2020, October 19 2020, October 26 2020, December 3 2020 and December 29 2020 issued under section 138(1) of the Ordinance, requiring the Company to liquidate the tax demand of Rs.3.556 million in respect of tax year 2016. The Company has submitted to the tax authority that sufficient income tax refunds are available from which the above atax demand can be adjusted. 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 2019, 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 non-deduction 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 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 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 deposited Rs. 31.461 million to obtain stay from the recovery of the above tax demand till the decision of CIR(A) which was decided against the company vide order passed under section 161 of Income Tax Ordinance 2001 dated September 15, 2021. Being aggrieved, company filed appeal against the above order to ITAT 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 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 passed an order dated 21 December 2018 and a penalty of Rs. 0.755 million was imposed. Subsequently on 07 January 2019, the Company filed an appeal before CIR(A) to contest the above imposed penalty, which is currently pending for hearing. The Company also received notices dated 11 September 2019 and 28 July 2020 under section 138(1) of the Ordinance to liquidate the tax demand of Rs. 0.755 million, in response to which the Company has intimated the OIR that the above tax demand has been adjusted against the tax refunds for tax year 2019 by the tax department and therefore the Company can no longer be required to liquidate the same. Thereafter, no further correspondence has been made in this regard.

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 were 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.

29 DEFERRED TAXATION

	Note	2020	2019
		(Rupees in '000)	
Deductible temporary difference arising in respect of:			
Accelerated tax depreciation		**2,916**	3,213
Provisions		**72,038**	51,104
Lease liabilities		**2,357**	8,896
Staff retirement benefits		**26,562**	35,965
Unrealised exchange loss		**14,019**	30,622
		117,892	129,800
Taxable temporary difference arising in respect of:			
Right-of-use assets		**(2,997)**	(9,235)
		114,895	120,565
Deferred tax asset not recognised	29.1	**(114,895)**	(120,565)
		-	-

29.1 The Company has not accounted for deferred tax asset in accordance with accounting policy as stated in note 3.12 to these financial statements.

30 CASH AND CASH EQUIVALENTS

	Note	2020	2019
		(Rupees in '000)	
Cash and cash equivalents comprise of:			
Cash and bank balances	12	**1,361**	318,761
Short-term running finances	19	**(100,735)**	(63,372)
		(99,374)	255,389

31 CASH (USED IN) / GENERATED FROM OPERATIONS

	Note	2020	2019
Profit before taxation		**74,018**	244,143
Adjustments for non-cash and other items:			
Depreciation on operating fixed assets	23	**14,246**	18,008
Depreciation on right-of-use assets	23	**21,511**	21,450
Allowance for expected credit losses	24	**69,178**	13,040
Reversal of provision for obsolete stock-in-trade - net	6.2	**3,182**	(3,446)
Provision for staff retirement benefits	15.1.2	**21,781**	20,564
Interest income on saving accounts	25	**(1,071)**	(46)
Gain on disposal of operating fixed assets	25	**(2,166)**	(1,440)
Finance cost	26	**46,373**	83,069
Unrealised exchange loss		**48,342**	(71,847)
Working capital changes	31.1	**(412,993)**	429,770
		(117,599)	753,265

31.1 Working capital changes

		2020	2019
(Increase) / decrease in current assets:			
Stock-in-trade		**65,203**	48,565
Trade debts		**(142,269)**	(40,986)
Advances		**29,126**	82,910
Deposits and short-term prepayments		**1,363**	27,391
Other receivables		**(67,185)**	212,362
		(113,762)	330,242
(Decrease)/Increase in current liabilities:			
Trade and other payables		**(288,649)**	100,174
Contract liabilities - advance from customers		**(5,647)**	6,717
Provisions		**(4,935)**	(7,363)
		(412,993)	429,770

32 NUMBER OF EMPLOYEES

	2020	2019
At the end of the year		
Permanent	**54**	64
Average number of employees:		
Permanent	**58**	64

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	
	2020	2019	**2020**	2019	**2020**	2019
	---- (Rupees in '000) ----					
Managerial remuneration	**14,947**	14,873	**6,030**	6,000	**34,458**	34,407
Retirement benefits	**2,740**	2,733	**1,105**	1,103	**6,316**	6,596
Perquisites:						
- medical expenses	**150**	87	**150**	87	**2,395**	1,298
- housing	**8,669**	8,627	**3,317**	3,300	**17,723**	17,017
- conveyance	**-**	687	**569**	612	**6,325**	6,923
- bonus	**4,781**	4,781	**1,447**	1,447	**8,033**	11,786
- car benefit	**4,200**	-	**-**	-	**839**	-
- others	**507**	-	**371**	-	**2,036**	-
Company's contribution to provident fund	**1,495**	1,487	**603**	600	**3,446**	3,441
Group insurance	**245**	257	**99**	104	**565**	595
Club subscriptions	**376**	203	**-**	-	**-**	-
Incentive by ultimate parent company (see note 34)	**5,928**	5,315	**-**	-	**-**	-
	44,038	39,050	**13,691**	13,253	**82,136**	82,063
Number of persons	**1**	1	**1**	1	**16**	15

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

34 SHARE BASED COMPENSATION

Certain eligible 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 2020 were Rs 5.928 million (2019: Rs. 5.315 million), which was related to the Signify LTI Plan. The liabilities in respect of intragroup repayments as of 31 December 2020 aggregated to Rs.13.903 million (2019: Rs. 10.515 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 four measures, Relative Total Shareholder Return (TSR) (25% of the shares), Free Cash Flow (FCF) (25% of the shares), Sustainability (25% of the shares) and Return on Capital Employed (ROCE) (25% 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 %	**2020**
Risk-free interest rate	**(0.7)%**
Expected share price volatility	**38%**

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 ROCE related measurements are non-market performance conditions. Fair value of shares granted under FCF, Sustainability and ROCE 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:

	2020		**2019**	
	Shares	**Weighted average grant-date fair value**	**Shares**	**Weighted average grant-date fair value**
	Numbers	**EUR-denominated**	**Numbers**	**EUR-denominated**
Balance as at beginning of the year	**2,029**	**25.98**	1,303	26.73
Granted during the year	**-**	**-**	808	24.67
Performance adjustment	**775**	**23.08**	(82)	25.04
Balance as at end of the year	**2,804**	**25.18**	2,029	25.98

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:

	2020		2019	
	Shares Numbers	Weighted average grant-date fair value EUR-denominated	Shares Numbers	Weighted average grant-date fair value EUR-denominated
Balance as at beginning of the year	**1,054**	**24.08**	650	25.46
Granted during the year	**-**	**-**	404	21.85
Balance as at end of the year	**1,054**	**24.08**	1,054	24.08

35 TRANSACTIONS WITH RELATED PARTIES

35.1 Related parties comprise of the 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	2020 (Rupees in '000)	2019 (Rupees in '000)
Transactions during the year:			
Ultimate parent company			
Share based payment transactions	34	**5,928**	5,315
Group companies			
Purchases of goods	35.2	**1,990,619**	2,616,881
General Services Unit Agreement (GSUA)	35.2	**79,868**	70,760
Services received - regional cost	35.2	**50,060**	47,359
Staff retirement benefits fund			
(Contribution) / refunds from gratuity fund		**(14,791)**	12,000
Contribution to employees provident fund		**8,667**	8,800
Contribution to employees pension fund		**8,128**	8,108
Key management personnel			
Salaries and other short-term benefits		**56,816**	51,648
Post employement benefits		**4,135**	4,108
Balances with related parties at year end:			
Ultimate parent company			
Payable against long-term incentive plans		**13,903**	10,515
Group companies			
Payable against GSUA charges		**21,623**	233,055
Payable against cross charges		**69,682**	137,752
Trade debts		**4,258**	-
Other receivables	10	**121,181**	-
Total creditors	17.1	**271,424**	642,733
Staff retirement benefits balances			
Receivable / (payable) from provident fund		**1,127**	(3,512)
Receivable from pension fund		**260**	3,268
Payable to staff retirement benefits - gratuity		**91,592**	124,016
Key management personnel			
Advances		**-**	81

35.2 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	2020	2019
					(Rupees in '000)	
Group companies:						
Signify Netherlands B.V.	-	High Tech Campus 48 5656 AE Eindhoven, Netherlands	Netherlands	GSUA (IT charges) *Purchase of goods	79,868 110,075	70,760 96,637
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	40,319	88,275
Signify Electronics Technology (Shanghai) Co., Ltd.	-	1805 Huyi Highway, Malu Town, Shanghai, China	China	*Purchase of goods	24,195	19,162
Signify Industry (China) Co., Ltd.	-	8 Mintai Road, Yizheng, China	China	*Purchase of goods	124,215	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
Signify Aydinlatma Ticaret A.S.	-	Saray Mah. Dr. Adnan Buyukdeniz Cd. No:13, 34768 Umraniye, Istanbul, Turkey	Turkey	*Purchase of goods	-	3,299
Signify Belgium N.V.	-	Steenweg op Gierle 417 2300 Turnhout, Belgium	Belgium	*Purchase of goods	-	289
Signify Netherlands B.V., Dubai	-	Al Sufouth, 2 Knowledge Village Dubai	United Arab Emirates	*Purchase of goods	-	8,093
Signify Hong Kong Limited	-	Enterprise Square, Hong Kong	Hong Kong	*Purchase of goods	1,073,967	1,539,528
Signify Hungary Kft.	-	Szabadsag ut 107. 7090 Tamasi, Hungri	Hungary	*Purchase of goods	1,363	32,926
Signify Korea, Inc.	-	Yongsan-Ku, Seoul , Koria	Republic of Korea	*Purchase of goods	-	276
Signify North America Corporation	-	3 Burlington Woods Drive Burlington, MA, USA	United States of Amercia	*Purchase of goods	-	11,149
Signify Poland Sp. Z.O.O.	-	Pila, ul. Kossaka 150 O/Ketrzyn ul. Chrobrego 8	Poland	*Purchase of goods	**50,723**	40,412
PT. Signify Commercial Indonesia	-	95-100 JL Buncit Raya kav Jakarta	Indonesia	*Purchase of goods	-	915
Signify Luminaires (Shanghai) Co., Ltd.	-	2nd floor, Builiding 1805 HUYI Highway, MALU town Jiading District, Shanghai	China	*Purchase of goods	**282,440**	223,782
Signify Luminaires Chengdu Co. Ltd.	-	No.91 Tianyan Road Hi-Tech West District CHENGDU, China	China	*Purchase of goods	**276,629**	390,418
Signify Philippines, Inc.	-	10th floor sunlife centre	Philippines	*Purchase of goods	-	8
Signify Singapore Pte. Ltd	-	622 Lorong 1 Toa Payoh	Singapore	*Purchase of goods	-	1,238
Dynalite Pty Ltd.	-	Unit 6, 691 Gardeners Road Mascot NSW 2020, Australia	Australia	*Purchase of goods	**6,693**	1,824
Signify International B.V. Dubai	-	301/302 3/F choueiri building, konwlede village	Dubai-UAE	*Services received - regional costs	**50,060**	47,359
					2,120,547	2,735,000

* These are net off adjustment of credit notes received.

35.3 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
Syed Wajahat Ali	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 2020. 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 assets (At amortised cost)							
Trade debts	-	-	-	**801,426**	-	**801,426**	**801,426**
Deposits	-	-	-	**25,844**	975	**26,819**	**26,819**
Other receivables	-	-	-	**186,961**	-	**186,961**	**186,961**
Cash and bank balances	-	-	-	**1,361**	-	**1,361**	**1,361**
December 31, 2020	-	-	-	**1,015,592**	975	**1,016,567**	**1,016,567**
Financial liabilities (At amortised cost)							
Trade and other payables	-	-	-	**812,200**	-	**812,200**	**812,200**
Accrued Markup	-	-	-	**5,723**	-	**5,723**	**5,723**
Short-term running finances	**100,735**	-	**100,735**	-	-	-	**100,735**
Unclaimed dividend	-	-	-	**1,047**	-	**1,047**	**1,047**
December 31, 2020	**100,735**	-	**100,735**	**818,970**	-	**818,970**	**919,705**

	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 assets (At amortised cost)							
Trade debts	-	-	-	725,274	-	725,274	725,274
Deposits	-	-	-	30,268	-	30,268	30,268
Other receivables	-	-	-	109,190	-	109,190	109,190
Cash and bank balances	-	-	-	1,361	-	1,361	1,361
December 31, 2019	-	-	-	866,093	-	866,093	866,093

Financial liabilities (At amortised cost)	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)						
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

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	2020	2019
		(Rupees in '000)	
Financial assets			
Long term deposits		**975**	2,714
Trade debts - net	7	**801,426**	725,274
Deposits	9	**25,014**	24,519
Other receivables	10	**187,878**	110,106
Bank balances	12	**45**	4,781
		1,015,338	867,394
Financial assets			
Not past due		**865,544**	780,790
Past due		**149,794**	86,604
		1,015,338	867,394

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

	2020				2019			
	Gross	**Excpected credit loss rate**	**Allowance for ECL/ Write off**	**Net**	Gross	Excpected credit loss rate	Allowance for ECL	Net
	(Rupees in '000)							
Not past due	**452,749**	0.90%	**4,089**	**448,660**	667,689	0.40%	2,643	665,046
Past due								
Not more than 03 months	**57,089**	11.17%	**6,376**	**50,713**	51,541	7.99%	4,116	47,425
More than 03 months but less than 06 months	**6,697**	35.63%	**2,386**	**4,311**	13,214	20.89%	2,760	10,454
More than 06 months but less than 01 year	**23,945**	49.53%	**11,860**	**12,085**	3,683	36.22%	1,334	2,349
More than 01 year	**214,972**	100.00%	**214,972**	**-**	77,039	100.00%	77,039	-
	302,703		**235,594**	**67,109**	145,477		85,249	60,228
	1,041,110	31.73%	**239,683**	**515,769**	813,166	10.81%	87,892	725,274

36.2.4 The Company has no exposure to credit risk by geographic region wise for trade debts as at 31 December 2020, 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		2020	2019
	2020	2019	**2020**	2019	(Rupees in '000)	
Standard Chartered Bank (Pakistan) Limited	**PACRA**	PACRA	**A1+ / AAA**	A1+ / AAA	**45**	4,781
MCB Bank Limited	**PACRA**	PACRA	**A1+ / AAA**	A1+ / AAA	**-**	-
Deutsche Bank Limited	**S&P's**	S&P's	**A-2 / BBB+**	A-2 / BBB+	**-**	-
					45	4,781

36.2.6 Concentration of credit risk

The sector wise analysis of gross trade debts is as follows:

	2020	2019
	(Rupees in '000)	
Distributors	**943,794**	632,500
Government authorities	**57,913**	99,418
Modern retail	**465**	5,071
Hospital	**812**	7,838
Chemical	**1,608**	5,427
Construction	**1,781**	24,405
Petroleum industry	**10,636**	26,679
Banking	**196**	192
Hotel industry	**14,543**	719
Textile	**361**	10,741
Cement industry	**9,001**	176
	1,041,110	813,166

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 losses.

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 2020				
Trade and other payables	**821,874**	**821,874**	-	-
Accrued markup	**5,723**	**5,723**	-	-
Lease liabilities	**8,924**	**5,183**	**3,741**	-
Short-term running finances	**100,735**	**100,735**	-	-
Unclaimed dividend	**1,047**	**1,047**	-	-
	938,303	**934,562**	**3,741**	-
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	-

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:

	2020				2019			
	EURO	**USD**	**SGD**	**AED**	EURO	USD	SGD	AED
		--------------------------------------			(in '000)	--------------------------------------		
Financial assets								
Trade debts	**22**	-	-	-	-	-	-	-
Other receivables	-	**756**	-	-	-	-	-	-
	22	**756**	-	-	-	-	-	-
Financial liabilities								
Trade and other payables	**(22)**	**(2,783)**	-	**(1)**	(21)	(4,083)	(103)	(1)

	Average rate for the year		Spot rate at year end	
	2020	2019	**2020**	2019
Exchange rates applied during the year and at year end are as follows:				
EURO 1	**185.42**	169.56	**196.92**	173.57
USD 1	**161.86**	151.68	**160.20**	154.89
SGD 1	**117.44**	111.17	**121.12**	115.02
AED 1	**44.07**	41.29	**43.61**	42.17

Sensitivity analysis

Every 5% increase or decrease in exchange rate, with all other variables held constant, will decrease or increase profit before tax for the year by Rs. 16.236 million (2019: Rs. 31.218 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.1.007 million (2019: Rs. 0.634 million) 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 2020.

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 2020 and 31 December 2019 are as follows:

	2020	2019
	(Rupees in '000)	
Accrued markup	5,723	19,525
Lease liabilities	8,129	30,673
Short-term running finances	100,735	63,372
Total debts	114,587	113,570
Less: Cash and bank balances	1,361	318,761
Net debt	113,226	(205,191)
Share capital	1,737,611	1,737,611
Reserves	(952,509)	(830,656)
Total equity	785,102	906,955
Total capital	898,328	701,764
Gearing ratio	-	-

39 DATE OF AUTHORISATION

These financial statements were approved and authorised by the Board of Directors of the Company in their meeting held on **December 2, 2021**.

40 NON ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in their meeting held on **December 2, 2021** 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 **December 23, 2021**.

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 except for incentive provision amounting to Rs. 90.343 million (refer note 27 to these financial statements), which has been reclassified from trade discounts to other operating expenses for better presentation.

Chairman & CEO

Director & Chief Financial Officer

NOTICE OF 67th ANNUAL GENERAL MEETING

NOTICE is hereby given that the sixty seventh (67th) Annual General Meeting of Signify Pakistan Limited will be held on Thursday, December 23, 2021 at 3:00 p.m. at its rigestered office at Bahria Complex 1, 6th Floor, M.T. Khan, Road Karachi and can also be attended through below Microsoft Team meeting link to transact the following business:

For attending proceedings of the AGM, the shareholders can log-on to website https://www.signify.com/en-pk/contact where they can find notice/link of the meeting or can clink to below link:
Microsoft Team Link for meeting:

https://teams.microsoft.com/l/meetup-join/19%3ameeting_YzY1YWE5NjYtYzY4YS00ZGE2LWE3YjEtM2Y2YjY4M2Q5OTg0%40thread.v2/0?context=%7b%22Tid%22%3a%2275b2f54b-feff-400d-8e0b-67102edb9a23%22%2c%22Oid%22%3a%223e14b2f2-6132-4b7e-ae12-41c4a223f131%22%7d

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Accounts of the Company for the year ended December 31, 2020, together with the Directors' and Auditor's reports thereon.

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

By the order of the Board

Syed Wajahat Ali
Company Secretary

Karachi, **December 13**, 2021

NOTES: -

(1) Share Transfer Books of the Company will remain closed from **December 17, 2021 to December 23, 2021** (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.

(vi) کمپنی کے کام جاری رکھنے پر کسی قسم کا شک نہیں ہے۔
(vii) کام کے بہترین طریقوں کو رائج کرنے میں کسی قسم کا میٹریل ڈیپارچر نہیں ہوا۔

آڈیٹرز

کمپنی کی آڈیٹرفورڈ روڈز کمپنی کے سالانہ اجلاس کے بعد ریٹائر ہو جائیں گے، لیکن اپنی اہلیت کی وجہ سے انہوں نے سال 2021 کیلئے دوبارہ تقرری کیلئے خود کو پیش کیا ہے۔ بورڈ نے ان کی آئندہ تقرری کیلئے سفارش کی ہے، جو آئندہ سال کی سالانہ جنرل میٹنگ میں اراکین کی منظوری سے مشروط ہے۔

اعتراف

بورڈ سگنیفائی پاکستان کے ساتھ شامل تمام لوگوں کا شکریہ ادا کرنا چاہتا ہے، جنہوں نے اسے پھلنے پھولنے اور سالوں سے بہترین کارکردگی پیش کرنے کے قابل بنایا۔ ہمارے لوگوں کو کمپنی کی فلاح و بہبود کی ذمے داری سونپی گئی ہے اور انہوں نے کوویڈ 19 کی وجہ سے پیدا ہونے والے چیلنج پر قابو پا کر اپنی صلاحیتوں کا بھرپور مظاہرہ کیا ہے، ہم ان کی لگن کو قدر کی نگاہ سے دیکھتے ہیں۔

ہم اپنے صارفین، سپلائرز، چینل پارٹنرز، بینکرز اور دیگر تمام اسٹیک ہولڈرز کے قابل قدر کاروباری تعاون کو تسلیم کرتے ہیں جنہوں نے گزشتہ 71 سالوں سے ہماری کمپنی پر مسلسل اعتماد کیا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے

اسد ایس جعفر
چیئرمین اور سی ای او

عامر جان محمد
ڈائریکٹر

02 دسمبر 2021

379	ٹوٹل	173,761,142

	شیئر ہولڈرز کی اقسام	شیئرز کی تعداد	شرح
2.3	شیئر ہولڈرز کی اقسام	شیئرز کی تعداد	شرح
2.3.1	ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور ان کی بیویاں اور بچے	----------	--------
2.3.2	اشتراکی کمپنیاں، ضمانت دار اور متعلقہ افراد	173,705,085	99.9677%
2.3.3	این آئی ٹی اور آئی سی پی	---------	------
2.3.4	بینکنگ ترقیاتی مالیاتی ادارے، نان بینکنگ ادارے	---------	-------
2.3.5	بیمہ کمپنیاں	---------	-------
2.3.6	مضاربہ اور میوچؤل فنڈز	----------	------
2.3.7	10% والے شیئر ہولڈرز	---------	-------
2.3.8	عام عوام		
	-مقامی	54,757	0.0315%
	-بین الاقوامی	---------	-------
2.3.9	دیگر	1,300	0.0007%

ڈائریکٹرز درج ذیل نکات کیلئے ایس ای سی پی کوڈ آف گورننس کے کارپوریٹ اور مالیاتی فریم ورک کی تعمیل کی تصدیق کرتے ہیں۔

(i) کمپنی انتظامیہ کے ذریعے تیار کردہ مالیاتی گوشوارے، کمپنی کی حالت، اس کے اقدامات کے نتائج کو کافی حد تک اجاگر کرتے ہیں۔

(ii) کمپنی کے کھاتوں کا درست ریکارڈ رکھا گیا۔

(iii) مالیاتی گوشواروں کی تیاری میں مناسب اکاونٹنگ پالیسیوں کا تسلسل رکھا گیا۔

(iv) مالیاتی گوشواروں کی تیاری میں پاکستان میں رائج کردہ بین الاقوامی اکاونٹنگ کے معیارات کی پیروی کی گئی ہے۔ اور کوئی بھی عدم پیروی واضح طور پر دکھائی گئی ہے۔

(v) کمپنی میں اندرونی کنٹرول کا نظام درست ہے، اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی بھی کی جارہی ہے۔

قومی خزانے میں حصہ

ایک ذمے دار ٹیکس دہندہ ہونے کے ناطے سال کے دوران کمپنی نے قومی خزانے میں ڈائریکٹ /ان ڈائریکٹ ٹیکسز 1,033 ملین روپے(2019:1,424 ملین روپے) کا حصہ ڈالا۔

بورڈ آف ڈائریکٹرز

سال دو ہزار بیس کے عرصے میں کمپنی کے ڈائریکٹرز یہ تھے:

اسد ایس جعفر
گاک ٹنگ گُر
عامر جان محمد

شیئر ہولڈنگ کا طریقہ کار

پہلا حصہ

1.1 کمپنی کا نام
سگنیفائی پاکستان لمیٹڈ (سابقہ:فلپس پاکستان لمیٹڈ)

دوسرا حصہ

2.1 شیئر ہولڈرز کی حصے داری کا طریقہ کار

شیئر ہولڈرز کی تعداد	شیئر ہولڈنگ	شیئرز کی تعداد
250	1 سے 100 تک شیئرز	6,121
103	101 سے 500 تک شیئرز	21,093
14	501 سے 1000 تک شیئرز	8,936
11	1,001 سے 5000 تک شیئرز	19,947
1	5,001 سے 173,800,000 تک شیئرز	173,705,045

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مالیاتی کارکردگی

سال 2020 کیلئے ہماری مالی کارکردگی کا تقابلی خلاصہ درج ذیل ہے۔

(روپے ملین میں)

تفصیلات	2020	2019	منفی(مثبت)شرح
سیلز	3,772	4,265	-11.5%
منافع	795	995	-20%
سیلز کی شرح	21%	23.3%	-2.3%
EBIT	120	327	63.3%
ٹیکس سے پہلے منافع	74	244	-69.7%
ٹیکس کے بعد منافع	-130	-6	

زیر جائزہ سال کے دوران کمپنی کی فروخت میں 11.5% کی کمی واقع ہوئی، جس کی سیلز ویلیو 3.77 بلین روپے تھی جبکہ گزشتہ سال کی اسی مدت میں حاصل کردہ سیلز ویلیو 4.26 بلین روپے تھی۔ فروخت میں یہ کمی بنیادی طور پر سال کی دوسری سہ ماہی میں مارکیٹوں کے اچانک لاک ڈاون کی وجہ سے تھی جس نے خاص طور پر کمپنی کے صارفین کی فروخت کو متاثر کیا، تاہم اگر ہم اپنی کمپنی کی کارکردگی کا موازنہ سال بھر کے دوران لائٹنگ انڈسٹری سے کریں تو ہم دیکھتے ہیں کہ انڈسٹری میں تیرہ فیصد کی کمی ہوئی اور کمپنی سیلز میں کمی کی شرح کو 11.5% رکھنے میں کامیاب رہی۔ چوتھی سہہ ماہی میں ہماری فروخت دوبارہ ترقی کی رفتار پر آ گئی، جس کی وجہ سے دوسری سہ ماہی کی کمی کی تلافی ہوگئی۔

بنیادی طور پر فاریکس کی بلند شرحوں اور تیار مصنوعات اور اجزا کی قیمتوں میں اضافے سے مجموعی منافع میں گزشتہ سال (2019) کے مقابلے میں بیس فیصد کمی ہوئی۔ سال کے دوران کم فروخت کی وجہ سے کمپنی کی مقررہ لاگت پوری طرح استعمال نہیں ہو سکی اور اس کے نتیجے میں ٹیکس سے پہلے منافع میں 170 ملین روپے کی کمی واقع ہوئی جس کی وجہ بنیادی طور پر کم فروخت اور مجموعی مارجن، تنظیمی اخراجات کی مقررہ لاگت، عدم وصولی اور وہ واجبات جو قابل ادئیگی نہیں ہیں، اس کے باوجود کمپنی نے ٹیکس سے پہلے 74 ملین روپے کا منافع کمایا جبکہ درآمدی مرحلہ پر ادا کیے گئے زیادہ ٹیکس کی وجہ سے اسے 130 ملین روپے کا نقصان ہوا۔

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سے بچنے کیلئے حکومت کو سخت معاشی اقدامات اور بروقت پالیسی فیصلوں کی ضرورت ہوگی۔ مذکورہ بالا منظرنامے کی بنیاد پر 2021 کیلئے 3.9% کا ہدف پورا ہونے کی امید ہے، اور ساتھ ساتھ ہم ایک عمومی نظرثانی بھی کریں گے۔

صنعت کا جائزہ

سال 2020 کے دوران صنعت سے وابستہ زیادہ تر افراد نے اپنی مرکزی پروڈکٹس کو لوکلائیزیشن پے منتقل کیا تاکہ ڈیوٹیز اور ٹیکسوں میں کمی سے مستفید ہوسکیں۔ ایل ای ڈی پر مبنی مصنوعات کی لوکلائیزیشن نے صارفین کی تجارت اور پیشہ ورانہ روشنی کے شعبوں میں روایتی لائٹنگ پروڈکٹس سے ایل ای ڈی پر منتقلی کے عمل کو تیز کیا۔ یہ تبدیلی اب مستحکم ہوگئی ہے اور ایل ای ڈی پر مبنی لائٹنگ پروڈکٹس کو اب لائٹنگ انڈسٹری کا اہم حصہ سمجھا جاتا ہے۔

سگنیفائی (فلپس برانڈ کے ساتھ) لائٹنگ مارکیٹ کا رہنما اور جدید لائٹنگ ٹیکنالوجی متعارف کروانے کا علمبردار ہونے کے ناطے عالمی اور مقامی سطح پر روشنی کی صنعت میں تبدیلی کے عمل کو آگے بڑھا رہا ہے جس کا مقصد روشن زندگیوں اور ایک بہتر دنیا کیلئے روشنی بنانا ہے۔ مزید جدید ٹیکنالوجی کے ذریعے تبدیلی کے عمل میں کردار ادا کرتے ہوئے سگنیفائی نے گھریلو طبقے، دفتر، صنعت اور دیگر کیلئے انٹرنیٹ آف تھنگز (آئی او ٹی) اور کنیکٹڈ لائٹنگ سولوشنز میں قدم رکھا ہے۔

ایل ای ڈی پر مبنی لائٹنگ پروڈکٹس کی درآمد پر زیادہ ڈیوٹیز اور سیلز ٹیکس اور فاریکس ریٹ میں اضافے کے نتیجے میں مصنوعات کی لاگت میں اضافہ ہوا۔ لوکل مارکیٹ کے ساتھ رفتار برقرار رکھنے اور قیمتوں کے معاملے میں مسابقت رکھنے کیلئے ہم نے کچھ اہم لائٹنگ پروڈکٹس کو کامیابی کے ساتھ مقامی اسمبلی پے منتقل کیا اور سال کے دوران صارفین کو مسابقتی نرخوں پر اعلیٰ مصنوعات کی فراہمی جاری رکھی ہے۔ ہم ایل ای ڈی پر مبنی لائٹنگ پروڈکٹس کی مزید لوکلائیزیشن اور لائٹنگ انڈسٹری میں ایل ای ڈی شیئر میں مزید اضافے کی پیشگوئی کرتے ہیں۔ ہمیں یقین ہے کہ پاکستان میں لائٹنگ پروڈکٹس اور ٹیکنالوجیز کی مارکیٹ ہونے کے ناطے کاروبار میں زیادہ لاگت کے باوجود ہمارا مارکیٹ شیئر مسلسل بڑھتا جا رہا ہے۔ تاہم ہم یہ پیشگوئی کرتے ہیں کہ کووِڈ کے اثرات جس سے معاشی سست روی اور کم جی ڈی پی نمو ہمارے کاروبار کو 2021 میں بھی متاثر کرے گی۔

ڈائریکٹرز رپورٹ

ڈائریکٹرز کو 31 دسمبر 2020 کو ختم ہونے والے مالی سال کی جائزہ رپورٹ پیش کرنے میں خوشی ہے۔

اقتصادی جائزہ

دنیا بھر میں کوویڈ ۱۹ وائرس کے یکدم پھیلاو کی وجہ سے سال 2020 کا آغاز غیر یقینی صورت حال سے ہوا، جو پوری دنیا میں جنگل کی آگ کی طرح پھیل گیا اور لوگوں کی ذہنی اور جسمانی صحت کو متاثر کیا، اس غیر یقینی صورت حال میں ایک طرف لوگوں کی روزی روٹی کا بندوبست بہتر انداز میں کرنے اور دوسری طرف اس مہلک وائرس کے پھیلاو کو روکنے کے چیلنج سے نمٹنے کیلیئے ایک بہترین حکمت عملی وضع کرنا ناممکن تھا۔ اس کے نتیجے میں حکومت سال کیلیئے جی ڈی پی کا ہدف (3.9%) پورا نہیں کر سکی اور مالی سال 2020-21 کو 0.5% کی معمولی جی ڈی پی گروتھ کے ساتھ بند کیا۔

سال 2020 میں افراطِ زر 9.5% کے ساتھ اپنے عروج کو چھو گیا اور شرح سود بڑھ کر 13.5% ہو گئی۔ مارکیٹوں کے مسلسل لاک ڈاون کی وجہ سے بعض صنعتوں کیلیئے کاروبار کے تسلسل کو خطرے میں ڈال سکتی ہیں۔ ہم نے لاگت کے کنٹرول پر بڑھتے ہوئے دباو اور ترقیاتی منصوبوں پر حکومتی اخراجات کو کم کرنے کا مشاہدہ کیا جس کی وجہ سے بے روزگاری اور معاشی بگاڑ پیدا ہوتا ہے۔

مارکیٹ پر مبنی پالیسی، غیر ملکی کرنسی کی شرح کے اتار چڑھاو سے فاریکس کی شرح میں اضافہ ہوا، جس نے درآمد پر مبنی صنعتوں کیلیئے ایک اور چیلنج کا اضافہ کیا اور ان کے مالیاتی بیانات پر بہت منفی اثرات مرتب ہوئے۔ شرح سود میں اضافہ، مہنگائی میں اضافہ، حکومتی اخراجات میں کمی، کوویڈ ۱۹ کی وجہ سے غیر یقینی صورت حال اور آئی ایم ایف کی سخت شرائط کو پورا کرنے نے کاروبار کے اعتماد کو متاثر کیا اور نتیجتاً سال کے دوران معاشی ترقی میں بڑے پیمانے پر کمی واقع ہوئی۔

سال 2021 میں وائرس کے پھیلاو کو کم کرنے کیلیئے پوری دنیا میں بڑے پیمانے پر ویکسینیشن مہم کے بعد کاروبار کی بحالی دیکھ رہے ہیں۔ چیزیں معمول پر آرہی ہیں اور بازار دوبارہ کھلنا شروع ہو گئے ہیں، تاہم عالمی اقتصادی سرگرمیوں کی اس بحالی نے سپلائی چین پر دباو ڈالا ہے اور اس کے نتیجے میں ضروری اشیاء کے ساتھ ساتھ تیل اور توانائی کی قیمتوں میں بھی زبردست اضافہ ہوا ہے۔

ہم اب بھی پیش گوئی کر رہے ہیں کہ معیشت کو کوویڈ سے پہلے کی سطح پر بحال ہونے میں کچھ وقت لگے گا۔ اجناس کی بڑھی ہوئی قیمتیں، غیر مستحکم شرح سود اور غیر مستحکم فاریکس مارکیٹ کاروبار کی رفتار میں سُستی کا باعث ہے۔ اس مشکل وقت سے گزرنے اور چیلنجز کے طوفان

signify

67th 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, December 23**, 2021 and/or any adjournment thereof.

As witness my / our hand(s) this ______________ day of ____________ 2021.

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.

Signify

67واں سالانہ جنرل اجلاس

مختار نامہ

میں / ہم ______________________________ کی جانب سے ________________ بطور رکن سگنیفائی پاکستان لمیٹڈ محترم / محترمہ ____________ کی جانب سے ____________ کو اپنا پراکسی نامزد کرتا / کرتی ہوں اور یہ میری طرف کمپنی کے سالانہ اجلاس / یا اس کے التواء میں شرکت کریں گے اور ووٹ کے حق کا استعمال کریں گے جو مورخہ جمعرات 23 دسمبر 2021ء کو منعقد کی جارہی ہے۔

بطور گواہ میرا / ہمارا ہاتھ ______ 2021

دستخط ____________________

نام ____________________

پتہ ______________________________

____

شیئر ہولڈر نمبر:

نوٹ:

۱) ممبر سے درخواست ہے کہ وہ اپنا نام اور مکمل پتہ درج کریں۔

۲) مندرجہ بالا پراکسی کی نامزدگی کو قانونی بنانے کے لیے یہ فارم درست اور مکمل شدہ ہو (اور اگر کہیں ضروری ہوا تو مختار نامہ یا دیگر اختیار نامہ جس پر دستخط ہوں اُسکی نوٹری تصدیق شدہ کاپی) کمپنی کو اجلاس کی مقررہ تاریخ سے 48 گھنٹے قبل تک موصول ہو جانا چاہیے۔

۳) اس پراکسی فارم میں کسی بھی تبدیلی کی صورت میں دستخط کنندہ اپنے دستخط کرے گا۔

۴) مشترکہ ہولڈر ہونے پر مقدم شخص کے ووٹ جو کہ وہ خود دیں گے یا پراکسی اُن کے لئے دے گی، وہ تسلیم کیا جائے گا اور باقی کے ووٹ نہیں۔ اس کے لئے مقدم اشخاص کے ناموں کو اُس فہرست کے حساب سے وضع کیا جائے گا جو کہ ارکان کے رجسٹر میں ہوگی۔

۵) کمپنی اس پراکسی انسٹرومنٹ کو مہر کیساتھ یا وکیل اور افسر کی جانب سے اتھارائزڈ دیکھ کر قبول کرے گی۔

۶) نامزد کردہ پراکسی شخص کے لئے کمپنی کا رکن ہونا ضروری نہیں ہے۔

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