

signify

Annual Report 2023



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

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

Customer first

Greater **together**

Game **changer**

Passion for results

Always act with integrity

Company Information

Board of Directors
Gregory Lefebvre
CEO & Commercial Channel Leader - Professional

Hamid Farhan Bhutta
Commercial Channel Leader - Consumer

Syed Wajahat Ali
CFO, Company Secretary & Compliance Officer

Company Secretary
Syed Wajahat Ali

Senior Management Team
Gregory Lefebvre
CEO & Commercial Channel Leader - Professional
Signify Pakistan Limited

Hamid Farhan Bhutta
Commercial Channel Leader - Consumer

Yasir Riaz
Head of Supply Chain

Syed Wajahat Ali
CFO, Company Secretary & Compliance Officer

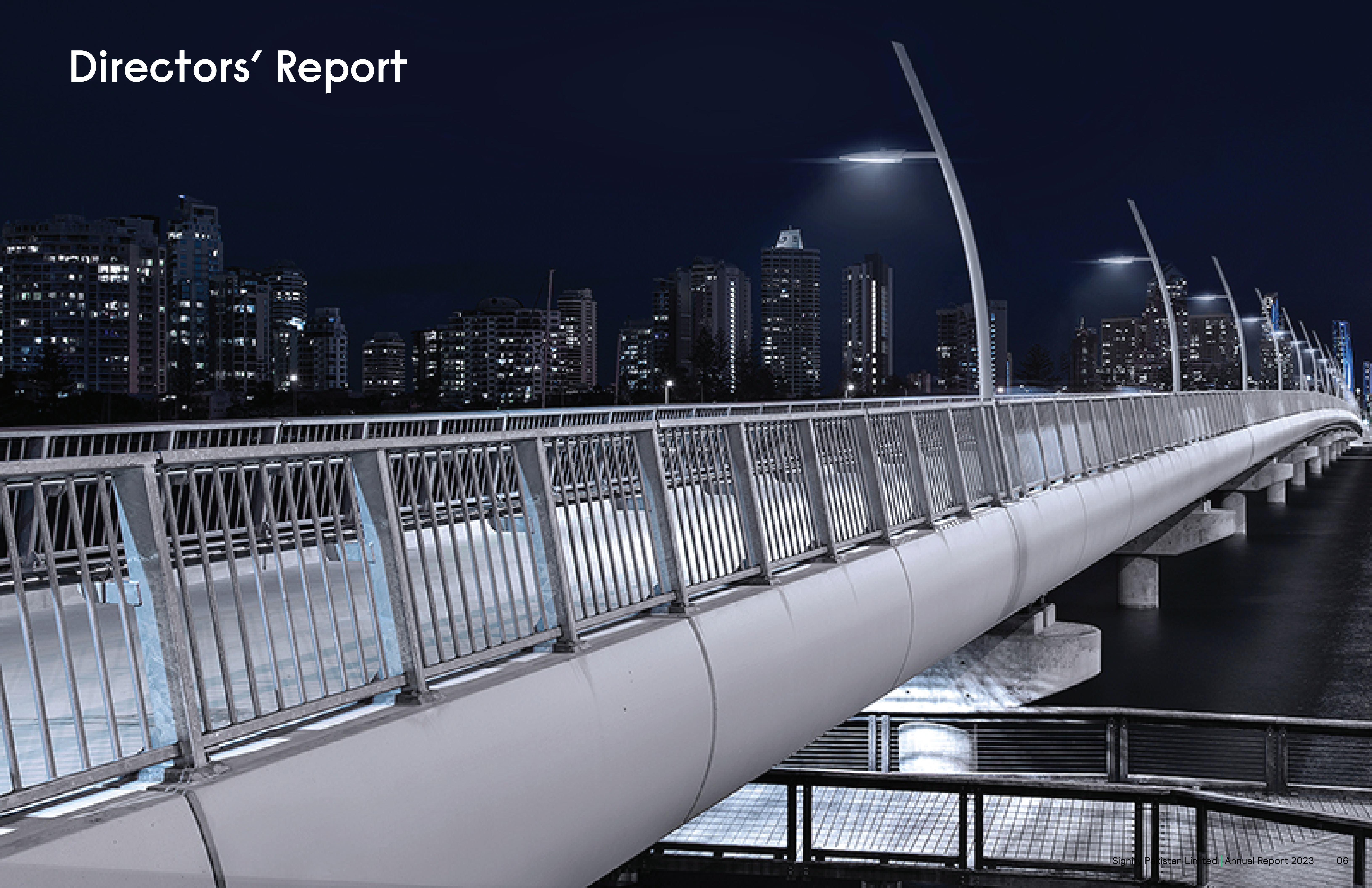
Auditors
EY Ford Rhodes
Chartered Accountants

Banks
Standard Chartered Bank (Pakistan) Limited
Deutsche Bank AG
MCB Bank Limited
Dubai Islamic Bank Pakistan Limited

Legal Advisor
Abrar Hasan & Company

Registered Office
The Hive at Nishat
3rd Floor, Building no 19C, Khayaban-e-Ittehad,
Phase 6, DHA, Karachi.

Directors' Report



Directors' Report

The Directors of Signify Pakistan Limited have pleasure in presenting a review of the financial results of the Company for the year ended December 31, 2023.

Economic Review

The year 2023 started with when a coalition set up of government was there who took charge after ousting an elected government in March 2022 and remained in rule till August 2023 when as per law an interim government was setup to prepare for next general elections which were held in February 2024. Hence, the year was full of political changes/uncertainty which in result impacted the economy of the country. The GDP recorded for the year 2022-2023 was 4% as against 6.2% in June 2022 and 5.8% in June 2021 CPI during the year increased to 29% as against 12.7% in March 2022 and 9.7% in June 2021. USD parity which was PKR.182 in March 2022 moved to PKR.226 by January 2023 and kept on rising due to economic deterioration linked to the political uncertainty and reached to PKR.278 as on December 2023 and is around PKR.280 on current date. Hence, economy was performing well when there was political stability and got deteriorating when political uncertainty started.

After general elections in February 2024, economy is again getting momentum, a Stand-By Arrangement (SBA) was approved by the IMF, with staff level agreement reached on its final review. Under the SBA, exchange rate flexibility was restored, import controls were eased with recovery in foreign exchange reserves and economic growth, and new measures were introduced to contain the FY24 fiscal deficit. Robust economic recovery over the medium term will require the steadfast implementation of much broader fiscal and economic reforms. The government's current announcement that it will privatize all state-owned enterprises, with the exception of strategic entities will further boost economy. The Pakistani bourse has recently been trading at record highs of 75,000 points amid positive sentiment prevailing among investors. As per six monthly State Bank of Pakistan report, it forecasts GDP growth at 2-3pc and inflation to ease further.

Industry Review

During the year 2023, industry continued localization of lighting products portfolio to gain benefit of reduced duties and taxes. Signify Pakistan continued to increase localization of its products with a sizable portfolio of its sales being derived from the same. This move has surely lessened the burden on foreign exchange, benefiting local labor and promotion of other related industrial materials. Going forward, further inroads are being planned towards this endeavor to lessen the reliance on imports so that the company can be better insulated from external foreign exchange shocks.

Financial Performance

Following is the comparative summary of our financial performance for the year 2023:

Key Financial Highlights

Particulars	*2023*	*2022*	*Increase / (decrease) Percentage*
Sales (PKR million)	2,508	4,967	(50%)
Gross Profit (PKR million)	623	1,388	(55%)
GP Percentage to Sales	24.85%	27.9%	(3.05%)
EBIT (PKR million)	697	750	(7.06%)
Profit before tax (PKR million)	675	730	(7.53%)
Profit after tax (PKR million)	476	215	121.39%

During the year under review, the company sales decreased by 50% with sales value of PKR 2.508 billion as against PKR 4.967 billion achieved in the corresponding year which was in view of persistent unfavorable economic conditions in the country during the year, there was significant depletion of foreign exchange reserves which resulted in import restrictions in Pakistan which caused significant sales reduction of the company. Hence, and unfortunately, massive restructuring in terms of employees was implemented and on the same line, relocated our offices to better and efficient spaces to generate savings for the operation.

Gross profit decreased by PKR 765 million (3.05%). This huge decrease was mainly due to fifty percent sales achieved during the year due to factors stated above.

However, there was improvement in EBIT mainly due to reduction in administrative and distribution expenses by around 25%, significant reversal of Expected Credit Losses mainly related to Trade Debts linked to prior year adjustments, significant increase in profit on saving account due to improved cash flow position, better foreign exchange results. And profit after tax improved mainly due to some significant prior year tax adjustment.

Dividend :

In view of good net profit for the year, the Directors are pleased to recommend a cash dividend @ 2.74 per ordinary share of the company.

Holding company :

The name of holding company is Signify Holding BV and it is based in the Netherlands.

Contribution to National Exchequer

Being a responsible taxpayer of the country, the company's contribution to the National Exchequer/Federal Board of Revenue during the year was PKR 725 million (2022: PKR 777 million) on account of direct and indirect taxes.

Board of Directors :

Following are the names of directors of the company who were directors during the year:

1. Mr. Asad S. Jafar
2. Mr. Goktug Gur
3. Mr. Kamran Mirza

However, there was casual vacancy of directors subsequent to the year end when Mr. Asad S. Jafar retired on March 31, 2024, and Mr. Kamran Mirza and Mr. Goktug Gur left the company on March 15, 2024, and May 7, 2024, respectively. Hence, below persons were appointed as directors of the company to fill in casual vacancy:

1. Mr. Gregory Lefebvre
2. Syed Wajahat Ali
3. Mr. Hamid Farhan Bhutta

Mr. Gregory Lefebvre was appointed as CEO of the company on April 15, 2024.

PATTERN OF SHAREHOLDING

PART-I

1.1 Name of the Company: **SIGNIFY PAKISTAN LIMITED**

PART-II

2.1. Pattern of holding of the shares held by the shareholders as at 31 12 2023

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, EY Ford Rhodes, Chartered Accountants will retire at the end of the Annual General Meeting of the company and being eligible, have offered themselves for re-appointment for the year 2024. 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.

Change of Registered Office

As stated, the reasons above for change of registered office, the new registered is located at The Hive at Nishat, 3rd Floor, Building no 19C, Khayaban-e-Ittehad, Phase 6, DHA, Karachi.

Acknowledgment

The Board would like to convey its earnest gratitude to all the people engaged 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 shown their potential by overcoming challenges posed by the operating environment and their resilience in these tough times. We treasure their dedication and feel highly obliged.

We acknowledge the valuable business support of our loyal customers, suppliers, channel partners, bankers and all other stakeholders who have shown continuous trust in our company for the past decades.

On behalf of the Board of Directors,

Gregory Lefebvre
Chairman & CEO

Syed Wajahat Ali
Director & CFO

June 13, 2024

EY Ford Rhodes
Chartered Accountants
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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 thestatement of financial position as at 31 December 2023 , and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material 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 comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2023 and of the profit, its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 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.

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

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

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

Auditor's Responsibilities for the Audit of the 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 conditions may cause the Company to cease to continue as a going concern.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Shaikh Ahmed Salman.

Chartered Accountants

Place: Karachi
Date: June 21, 2024
UDIN Number: AR202310076Z4GB3TVSN

Signify Pakistan Limited
Statement of Financial Position
As at 31 December 2023

	Note	2023	2022
		(Rupees in '000)	
Non-current assets			
Property and equipment	5	**8,055**	18,579
Right-of-use assets	6	**28,943**	54,871
Long term deposits		**6,694**	3,550
Total non-current assets		**43,692**	77,000
Current assets			
Stock-in-trade	7	**216,233**	689,104
Trade debts	8	**162,006**	527,969
Advances	9	**11,532**	46,540
Trade deposits and short-term prepayments	10	**381**	1,031
Other receivables	11	**68,000**	5,888
Cash and bank balances	12	**2,444,416**	1,660,260
Total current assets		**2,902,568**	2,930,792
Total assets		**2,946,260**	3,007,792

The annexed notes 1 to 42 form an integral part of these financial statements..

Chairman & CEO **Director**

Signify Pakistan Limited
Statement of Financial Position
As at 31 December 2023

	Note	2023	2022
		(Rupees in '000)	
Share capital and reserves			
Authorized capital			
180,000,000 (2022: 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	**(196,928)**	(698,949)
Total equity		**1,540,683**	1,038,662
Non-current liabilities			
Staff retirement benefits	15	**41,637**	102,818
Lease liabilities	16	**14,199**	33,644
		55,836	136,462
Current liabilities			
Trade and other payables	17	**1,283,680**	1,373,172
Contract liabilities - advance from customers		**22,052**	87,721
Provisions	18	**12,668**	13,223
Current portion of lease liabilities	16	**15,078**	18,904
Unclaimed / unpaid dividend		**1,101**	299,075
Taxation - net	20	**15,162**	40,573
		1,349,741	1,832,668
Contingencies and commitments	21		
Total equity and liabilities		**2,946,260**	3,007,792

The annexed notes 1 to 42 form an integral part of these financial statements..

Chairman & CEO **Director**

Signify Pakistan Limited
Statement of Profit or Loss
For the year ended 31 December 2023

	Note	2023	2022
		(Rupees in '000)	
Turnover - net	22	**2,507,826**	4,966,681
Cost of sales	23	**(1,884,692)**	(3,578,479)
Gross profit		**623,134**	1,388,202
Administrative and distribution expenses	24	**(428,824)**	(569,822)
Restructuring expenses	25	**(36,297)**	-
Reversal / (allowance) for expected credit losses	26	**165,397**	(249,619)
Other income	27	**442,365**	358,798
Finance costs	28	**(22,531)**	(20,024)
Other operating expenses	29	**(68,729)**	(177,948)
Profit before tax		**674,515**	729,587
Taxation	30	**(198,201)**	(514,653)
Profit for the year		**476,314**	214,934

The annexed notes 1 to 42 form an integral part of these financial statements..

Chairman & CEO

Director

Signify Pakistan Limited
Statement of Comprehensive Income
For the year ended 31 December 2023

	Note	2023	2022
		(Rupees in '000)	
Profit for the year		**476,314**	214,934
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains on staff retirement benefits		**25,707**	9,701
Total comprehensive income for the year		**502,021**	224,635

The annexed notes 1 to 42 form an integral part of these financial statements..

Chairman & CEO **Director**

Signify Pakistan Limited
Statement of Changes in Equity
For the year ended 31 December 2023

	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 2022	1,737,611	12,419	47,289	(652,103)	(604,814)	(592,395)	1,145,216
Final dividend @ Rs. 1.906/- per ordinary share for the year ended 31 December 2021	-	-	-	(331,189)	(331,189)	(331,189)	(331,189)
Profit for the year	-	-	-	214,934	214,934	214,934	214,934
Other comprehensive income	-	-	-	9,701	9,701	9,701	9,701
Total comprehensive income for the year	-	-	-	224,635	224,635	224,635	224,635
Transactions with owners, recorded directly in equity							
Share based payment transactions (contribution from Ultimate Parent Company)	-	-	-	1,262	1,262	1,262	1,262
Share based payment transactions (reversal of contribution from Ultimate Parent Company)	-	-	-	(1,262)	(1,262)	(1,262)	(1,262)
	-	-	-	-	-	-	-
Balance as on 01 January 2023	**1,737,611**	**12,419**	**47,289**	**(758,657)**	**(711,368)**	**(698,949)**	**1,038,662**
Profit for the year	-	-	-	**476,314**	**476,314**	**476,314**	**476,314**
Other comprehensive income	-	-	-	**25,707**	**25,707**	**25,707**	**25,707**
Total comprehensive income for the year	-	-	-	**502,021**	**502,021**	**502,021**	**502,021**
Transactions with owners, recorded directly in equity							
Share based payment transactions (contribution from Ultimate Parent Company)	-	-	-	**705**	**705**	**705**	**705**
Share based payment transactions (reversal of contribution from Ultimate Parent Company)	-	-	-	**(705)**	**(705)**	**(705)**	**(705)**
	-	-	-	-	-	-	-
Balance as on 31 December 2023	**1,737,611**	**12,419**	**47,289**	**(256,636)**	**(209,347)**	**(196,928)**	**1,540,683**

The annexed notes 1 to 42 form an integral part of these financial statements..

Chairman & CEO **Director**

Signify Pakistan Limited
Statement of Cash Flows
For the year ended 31 December 2023

	Note	2023	2022
		(Rupees in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	**1,059,470**	1,102,099
Staff retirement benefits paid		**(52,174)**	-
Long term deposits refunded		**(3,144)**	(2,702)
Finance costs paid		**(22,531)**	(20,034)
		(225,140)	(252,872)
Net cash inflows from operating activities		**756,481**	826,491
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to operating fixed assets	4.1	**-**	(7,789)
Proceeds from disposal of operating fixed assets		**11,962**	3,693
Interest income on saving accounts	27	**326,092**	121,910
Net cash inflow from investing activities		**338,054**	117,814
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		**(297,974)**	(107)
Payment of principal portion of lease liabilities		**(12,405)**	(21,798)
Net cash outflows from financing activities		**(310,379)**	(21,905)
Net increase in cash and cash equivalents		**784,156**	922,400
Cash and cash equivalents at beginning of the year	31	**1,660,260**	737,860
Cash and cash equivalents at end of the year	31	**2,444,416**	1,660,260

The annexed notes 1 to 42 form an integral part of these financial statements..

Chairman & CEO

Director

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 The Hive at Nishat, 3rd Floor, Building no 19C, Khayaban-e-Ittehad, Phase 6, DHA, 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	The Hive at Nishat, 3rd Floor, Building no 19C, Khayaban-e-Ittehad, Phase 6, DHA, Karachi.

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 as applicable in Pakistan comprise of International Financial Reporting Standards (IFRSs), issued by International Accounting Standard Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), 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 BASIS OF PREPARATION

3.1 Accounting convention

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

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.

(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

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.

3.4 New standards, amendments, improvements to approved accounting standards and the framework for financial reporting

3.4.1 Adoption of amendments to approved accounting standards effective during the year

The Company has adopted the following amendments and improvements to International Financial Reporting Standards (IFRSs) which became effective for the current year:

The amendments had no impact on the Company's financial statements.

IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies (Amendments)

The amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their ‘significant’ accounting policies with a requirement to disclose their ‘material’ accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Company's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Company's financial statements.

IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments to IAS 12 Income Tax narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences i.e. leases and decommissioning liabilities.

The amendments had no impact on the Company's financial statements.

IAS 12 International Tax Reform—Pillar Two Model Rules (Amendments)

The amendments to IAS 12 have been introduced in response to the OECD's BEPS Pillar Two rules and include:

• A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and

• Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The amendments had no impact on the Company's financial statements.

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

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

Amendments		Effective date (annual periods beginning on or after)
IAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants - Amendments to IAS 1	January 01, 2024
IAS 7 and IFRS 7	Disclosures: Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7	January 01, 2024 January 01, 2024
IFRS 16	Lease Liability in a Sale and Leaseback - Amendments to IFRS 16	January 01, 2024

IFRS 17	Insurance Contracts	January 01, 2026
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalised

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

	Amendments	IASB effective date (annual periods beginning on or after)
IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2004

The Company expects that above standards and amendments to the approved accounting standards will not have any material impact on the Company's financial statements in the period of initial application.

4 MATERIAL ACCOUNTING POLICY INFORMATION

4.1 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 month the asset is available for use. Rates of depreciation are disclosed in note 5.1 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.

4.2 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 6.2 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.

4.3 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.

4.4 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.

4.5 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 120 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.

4.6 Cash and cash equivalents

Cash and cash equivalents comprise of cash 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.

4.7 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.

4.8 Employee benefits

4.8.1 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.

4.8.2 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

4.8.3 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.

4.9 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.

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.

4.10 Revenue recognition

4.10.1 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 established 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).

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).

4.10.2 Other income

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

4.11 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.

4.12 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.

4.13 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	Note	2023	2022
			(Rupees in '000)	

5 PROPERTY AND EQUIPMENT

	Note	2023	2022
Operating fixed assets	5.1	**8,055**	18,579
		8,055	18,579

5.1 Operating fixed assets

	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at 01 January 2023	Additions / (deletions)	As at 31 December 2023	As at 01 January 2023	Depreciation charge for the year	On deletions	As at 31 December 2023	As at 31 December 2023	Annual rate of depreciation
	(Rupees in '000)								%
Office hut	**571**	**-**	**571**	**571**	**-**	**-**	**571**	**-**	**10**
Structural improvements	**12,844**	**(12,844)**	**-**	**12,844**	**-**	**(12,844)**	**-**	**-**	**50**
Factory equipment	**733**	**(47)**	**686**	**733**	**-**	**(47)**	**686**	**-**	**20**
Office equipment	**57,589**	**(31,981)**	**25,608**	**43,609**	**5,036**	**(31,064)**	**17,581**	**8,027**	**10-50**
Vehicles	**13,644**	**(13,536)**	**108**	**9,045**	**1,369**	**(10,334)**	**80**	**28**	**14-25**
2023	**85,381**	**(58,408)**	**26,973**	**66,802**	**6,405**	**(54,289)**	**18,918**	**8,055**	

	COST			ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	As at 01 January 2022	Additions / (deletions)	As at 31 December 2022	As at 01 January 2022	Depreciation charge for the year	On deletions	As at 31 December 2022	As at 31 December 2022	Annual rate of depreciation
	(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	68,705	7,789 (18,905)	57,589	56,412	6,015	(18,818)	43,609	13,980	10-50
Vehicles	27,275	- (13,631)	13,644	15,295	3,810	(10,060)	9,045	4,599	14-25
2022	110,128	7,789 (32,536)	85,381	85,855	9,825	(28,878)	66,802	18,579	

5.1.1 Items having an aggregate cost of Rs. 8.986 million (2022: Rs. 51.191 million) at the end of the year have been fully depreciated and are still in use of the Company.

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

5.1.3 In the current and previous year, there were no disposals of operating fixed assets, with an aggregate book value exceeding amount of Rs.5 million.

6 RIGHT-OF-USE ASSETS

6.1 Net carrying value basis

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Opening balance		**54,871**	15,887
Additions during the year		**33,999**	60,957
Termination during the year		**(39,598)**	-
Depreciation charged during the year	6.3	**(20,329)**	(21,973)
Closing Balance		**28,943**	54,871

6.2 Gross carrying value basis

	2023	2022
Cost	**33,999**	142,771
Accumulated depreciation	**(5,056)**	(87,900)
Net book value	**28,943**	54,871
Depreciation % per annum	**26% - 46%**	26% - 46%

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

7 STOCK-IN-TRADE

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Raw material including material-in-transit Rs. Nil million (2022: Rs.0.011 million)		**15,649**	28,345
Material advanced to vendors - third party		**10,613**	11,023
		26,262	39,368
Finished goods including goods-in-transit Rs. 4.372 million (2022: Rs.161.394 million)	7.1	**412,497**	717,999
Finished goods held with vendors - third party		**2,393**	2,169
		414,890	720,168
Provision for obsolete stock-in-trade	7.2	**(224,919)**	(70,432)
		189,971	649,736
		216,233	689,104

7.1 Stock-in-trade of Rs. 197.17 million (2022: Rs. 73.91 million) is measured at net realizable value and has been written down to Rs. 122.403 million (2022: Rs. 63.268 million).

7.2 Provision for obselete stock-in-trade

	2023 (Rupees in '000)	2022 (Rupees in '000)
Opening balance	**70,432**	31,981
Charge for the year	**154,487**	44,110
Written off during the year	**-**	(5,659)
Closing balance	**224,919**	70,432

8 TRADE DEBTS - unsecured

	Note	2023	2022
		(Rupees in '000)	
Considered good	8.1	**162,006**	527,969
Considered doubtful		**319,869**	484,632
		481,875	1,012,601
Less: Allowance for expected credit losses	8.2	**319,869**	484,632
		162,006	527,969

8.1 Includes Rs. 45,574 (2022 : Rs. 42,974) as maximum aggregate amount outstanding at any time during the year by reference to month end balances and receivables from Stitching Signify Foundation (related party).

8.1.1 The ageing of related party balance is as follows:

	2023	2022
Neither past due nor impaired		
Stitching Signify Foundation	**45,574**	42,974
	45,574	42,974

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

	2023	2022
Opening balance	**484,632**	235,679
(Release) / charge for the year	**(164,763)**	248,953
Closing balance	**319,869**	484,632

8.3 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.

9 ADVANCES - unsecured, considered good

	2023	2022
	(Rupees in '000)	
- Executives	**2,083**	276
- Shipping companies	**2,189**	19,959
- Custom authorities	**7,260**	26,439
	11,532	46,674
Less: Allowance for expected credit losses - shipping companies	**-**	(134)
	11,532	46,540

10 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2023	2022
Trade deposits - unsecured, considered doubtful		**25,649**	27,641
Less: Allowance for expected credit losses	10.1	**(25,649)**	(27,641)
		-	-
Short-term prepayments		**381**	1,031
		381	1,031

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

	2023	2022
Opening balance	**27,641**	29,840
Reversal for the year	**(500)**	-
Written off during the year	**(1,492)**	(2,199)
Closing balance	**25,649**	27,641

	Note	2023	2022
		(Rupees in '000)	
11 OTHER RECEIVABLES			
Unsecured, considered good			
- Retention money		**-**	761
- Sales tax refundable	11.1 - 11.6	**39,870**	-
- Cash margins		**3,545**	4,835
- Receivable from provident fund		**874**	-
- Receivable from pension fund		**1,611**	-
- Accrued markup		**22,040**	-
- Others		**60**	292
		68,000	5,888
Unsecured, considered doubtful			
- Retention money		**2,967**	2,967
Less: Allowance for expected credit losses	11.5	**(2,967)**	(2,967)
		68,000	5,888

11.1 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.

11.2 In 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 explanation 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 through its order no. 118/2020.

Through the aforesaid appellate order, the tax demand to the extent of Rs. 55.265 million on account of non - Punjab goods and services, and penalty amounting to Rs. 174.186 million imposed under section 48(2) of Punjab Sales Tax on Services Act, 2012 had been deleted. Consequently, the aggregate demand which stood at Rs. 348.373 million was reduced by Rs. 229.451 million and was finally confirmed at Rs. 118.921 million.

Being aggrieved by the above appellate order, the Company proceeded to file the appeal before the Appellate Tribunal, Punjab Revenue Authority (PRA), Lahore. During the pendency of main appeal and stay application before the Tribunal, PRA, the Company approached Lahore High Court and obtained stay order whereby the stay had been granted till the hearing of the main appeal before the Tribunal, PRA. The said stay order became infructuous after the Tribunal, PRA, had subsequently granted stay. Tribunal, PRA has further granted stay and the hearing of the main appeal before the Tribunal, PRA is still pending.

11.3 The Company received show-cause notice under section 11(2) of Sales Tax Act, 1990 (STA) whereby the Deputy Commissioner Inland Revenue (DCIR) alleged non-withholding of sales tax amounting to Rs. 7.310 million from payments made to advertisement service providers. In this respect, the DCIR wrongfully assumed publicity expenses recognized in the return of income at Rs. 35.268 million (tax year 2020) and Rs. 10.419 million (tax year 2021) as payments made to advertisement service providers. Through the letter dated 18 October 2022, breakup and reconciliation of payments in respect of tax year 2020 were submitted while extension had been sought for submission of details in respect of tax year 2021. However, despite the said request for extension the DCIR, proceeded to pass the order dated 21 October 2022 without allowing any further opportunity to make the remaining compliance, raising aggregate demand of Rs. 7.675 million, including penalty of Rs. 0.365 million.

Being aggrieved by the above order, the Company filed an appeal with the Commissioner (Appeals). CIR vide its orders dated 22 February 2023 and 6 March 2023 passed orders and annulled the impugned demand of Rs. 7.3 million and directing the assessing officer to properly identity the nature of transaction after obtaining the details.

11.4 The Company received show-cause notices under section 11(2) of STA separately for the periods as below whereby the Deputy Commissioner Inland Revenue (DCIR) contended that the Company has not properly apportioned the input tax against exempt supplies resulting in claim of inadmissible input tax.

Periods	Input tax (Rupees. In 000)
July 2019 to June 2020	73,973
July 2020 to June 2021	51,134
July 2021 to May 2021	342

The Company responded to the show cause notices by recalculating the said non-apportionment which was Rs. Nil. However, DCIR rejected the response and maintained the above mentioned amounts. Being aggrieved by the above orders, the Company filed appeals with the Commissioner (Appeals). Further stay against recovery of demand was granted by the Commissioner (Appeals). The hearings were fixed in respect of the above proceedings by the Commissioner (Appeals) dated April 27, 2023 and orders were passed on May 22, 2023. Through the said orders, the Commissioner (Appeals) vide appellate orders No. STA/271/LTO/2023/08 (for the periods July 2019 to June 2020), order No. STA/273/LTO/2023/09 (for the periods July 2020 to June 2021) and order No. STA/273/LTO/2023/10 (for the periods July 2021 to May 2022) have deleted impugned demands along with default surcharge and penalty raised by the Deputy Commissioner through orders passed on February 22, 2023.

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.

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

	Note	2023	2022
		(Rupees in '000)	
Opening balance		**2,967**	2,301
Charge for the year		**-**	666
Closing balance		**2,967**	2,967

12 CASH AND BANK BALANCES

	Note	2023	2022
Cheques in hand		**239,266**	-
Balance with banks:			
- in current accounts		**79,931**	445,811
- in saving accounts	12.1	**2,125,220**	1,214,450
		2,205,151	1,660,261
Less: Allowance for expected credit losses		**1**	1
		2,444,416	1,660,260

12.1 It carries mark-up rate ranging from 14.5% to 20.5% (2022: 8.25% to 14%) per annum.

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

	Note	2023	2022
		(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 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 2023, 99.97% shares (2022: 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

	2023	2022
	(Rupees in '000)	
Capital reserve - share premium	12,419	12,419
Revenue reserve - general reserve	47,289	47,289
Revenue reserve - accumulated losses	(256,636)	(758,657)
	(196,928)	

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 2023 using Projected Unit Credit Method and the principal assumptions used are as follows:

Significant actuarial assumptions	**2023**	**2022**
Financial assumptions		
Discount rate	**15.50%**	14.50%
Salary increase rate - first year	**10.00%**	10.00%
Salary increase rate	**14.00%**	14.50%
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	2023	2022
		(Rupees in '000)	
Present value of defined benefit obligation	15.1.3	**74,407**	123,022
Fair value of plan assets	15.1.4	**(32,770)**	(20,204)
Liability recognized in statement of financial position		**41,637**	102,818

15.1.2 Movement in the net defined benefit liability:

	Note	2023	2022
Opening balance		**102,818**	94,541
Charge for the year	15.1.5		17,978
Actual benefit paid by the company during the year			-
Remeasurement gains	15.1.6		(9,701)
Closing balance		**41,637**	102,818

15.1.3 Movement in the present value of defined benefit obligations:

	2023	2022
Opening balance	**123,022**	115,319
Charge for the year	**17,536**	20,649
Benefits paid / payable	**(52,174)**	(6,680)
Remeasurement gains	**(13,977)**	(6,266)
Closing balance	**74,407**	123,022

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

	2023	2022
Opening balance	**20,204**	20,778
Expected return on plan assets	**836**	2,671
Remeasurement gains / (losses)	**11,730**	3,435
Benefits paid / payable	**-**	(6,680)
Closing balance	**32,770**	20,204

15.1.5 Amounts recognised in the statement of profit or loss

	2023	2022
Current service cost	**1,844**	6,896
Interest cost	**15,692**	13,753
Expected return on plan assets	**(836)**	(2,671)
	16,700	17,978

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

	2023	2022
	(Rupees in '000)	
Remeasurement gains on obligation		
gains due to change in financial assumptions	**5,416**	2,987
gains due to change in experience adjustments	**8,561**	3,279
Total remeasurement gains on obligation	**13,977**	6,266
Remeasurement gains on plan assets		
gains on plan assets	**11,730**	3,435
Total remeasurement gains during the year	**25,707**	9,701
Total defined benefit cost recognized in statement of profit or loss and other comprehensive income	**(9,007)**	8,277

15.1.7 Analysis of present value of defined benefit obligation

	2023	2022
Vested / non - vested		
Vested benefits	**73,692**	119,298
Non-vested benefits	**715**	3,724
	74,407	123,022
Type of benefits earned to date		
Accumulated benefit obligation	**42,650**	64,453
Amount attributed to future salary increases	**31,757**	58,569
	74,407	123,022

15.1.8 Composition of fair value of plan assets

	2023		2022	
	Fair value (Rupees)	%	Fair value (Rupees)	%
Cash at banks	**32,770**	**100%**	20,204	100%
Fair value of plan net assets	**32,770**	**100%**	26,884	100%

	2023
	(Rupees in '000)
15.1.9 Expected contributions to funds in the following year	**10,290**
The components of expected contribution for the next year:	
Current service cost	**3,888**
Interest expense on defined benefit obligation	**11,656**
Interest on plan assets	**(5,254)**
Net interest cost	**6,402**
	10,290

15.1.10 Maturity profile of the defined benefit obligation

	2023	2022
	(Rupees in '000)	
Distribution of timing of benefit payments (time in years)		
1	**2,240**	38,057
2	**44,819**	3,395
3	**1,987**	4,964
4	**2,158**	16,491
5	**2,289**	18,777
6-10	**102,902**	144,372

	2023	2022
15.1.11 Sensitivity analysis on significant actuarial assumptions:	(Rupees in '000)	
Discount rate + 50 basis points	**72,711**	119,688
Discount rate - 50 basis points	**76,183**	126,536
Salary increases + 50 basis points	**76,032**	126,245
Salary increases - 50 basis points	**72,842**	119,936
	(Number)	
Weighted average duration of the Projected Benefit Obligation	**4.66**	5.56

15.2 Provident fund - defined contribution plan

15.2.1 Salaries, wages and benefits include Rs. 6.981 million (2022: Rs. 8.661 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. 7.033 million (2022: Rs. 8.845 million) in respect of pension fund contribution.

16 LEASE LIABILITIES

16.1 The Company has lease contract for its office premises under rental agreement.

	2023	2022
	(Rupees in '000)	
Opening balance	**52,548**	13,389
Addition	**32,471**	60,957
Termination	**(43,337)**	-
Interest expense on lease liabilities	**6,347**	3,427
Payments made during the year	**(18,752)**	(25,225)
Closing balance	**29,277**	52,548
Less: current portion of lease liabilities	**(15,078)**	(18,904)
Long-term lease liabilities	**14,199**	33,644

The following are the amounts recognised in the statement of profit or loss:	Note	2023	2022
		(Rupees in '000)	
Depreciation expense of right-of-use assets	6.1	**20,329**	21,973
Interest expense on lease liabilities	28	**6,347**	3,427
Gain on termination of lease	27	**3,739**	-
Total amount recognised in statement of profit or loss		**30,415**	25,400

17 TRADE AND OTHER PAYABLES

	Note	2023	2022
		(Rupees in '000)	
Creditors	17.1	**663,600**	647,091
Advance received from SSF against CSR activity	17.4	**10,284**	10,284
Accrued liabilities	17.2	**565,782**	665,886
Payable to provident fund		**-**	549
Workers' welfare fund		**15,600**	23,343
Sales tax payable		**-**	13,717
Withholding tax payable		**28,414**	12,302
		1,283,680	1,373,172

17.1 Included herein Rs. 578.375 million (2022: Rs. 512.120 million) due to the following group companies on account of purchases of goods, receiving services, etc.

	Note	2023	2022
		(Rupees in '000)	
Group companies:			
Signify Netherlands B.V.	17.1.1	**518,851**	419,051
Signify Canada Ltd.		**10**	9
Signify Egypt LLC		**31**	25
Genlyte Thomas Group LLC		**23,760**	10,124
Signify Luminaires (Shanghai) Co., Ltd.		**470**	244
Signify Luminaires (Chengdu) Co.,Ltd.		**2,161**	1,355
Signify Hungary Kft.		**3,240**	1,532
PT. Signify Commercial Indonesia		**165**	88
Signify International B.V. Dubai		**-**	429
Signify Poland Sp. Z.O.O.		**26,417**	30,313
Signify Aydinlatma Ticaret A.S.		**-**	295
Signify Singapore Pte. Ltd.		**2,493**	48,074
Signify Argentina S.A.		**232**	263
Signify Hong Kong Limited		**61**	39
Signify Maroc SARL		**484**	279
		578,375	512,120

17.1.1 Includes an amount of Rs. 213.392 million (2022: Rs.176.376 million) in respect of royalty payable in accordance with the Technical License agreement (TLA). The Company entered into Technical License Agreement (TLA) with Signify Netherlands B.V. ("Licensor") effective as of 1st January 2021 for localization of Phillips Brand. Accordingly, during the year 2023, the Company had charged royalty expense of Rs. 37.016 million based on actual net sales of FY 2023 in these financial statements as per arrangement between the parties.

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

	Note	2023	2022
		(Rupees in '000)	
Salaries and wages		**19,997**	27,254
Warranty provision	17.3	**86,029**	37,766
Distributors incentives		**371,159**	488,461
Marketing accruals		**-**	10,897
Freight accruals		**20,060**	40,382
Stamp duty accruals		**1,500**	4,648
Others		**67,037**	56,478
		565,782	665,886

17.3 The movement of warranty provision is as follows:

	Note	2023	2022
Opening balance		**37,766**	45,671
Provision made during the year		**122,612**	51,048
Replacement made during the year	17.3.1	**(74,349)**	(58,953)
Closing balance		**86,029**	37,766

17.3.1 Replacement of warranty provision have been made to customers against inventory and cash amounting to Rs. 47.244 (2022: Rs. 58.953) million and Rs. 27.105 (2022: Rs. Nil) million respectively.

17.4 Includes amount received from Stitching Signify Foundation on March 15, 2021 for CSR activities amounting to Rs. 24 million. Rs.14 million have been utilized in exercising CSR services till October 31, 2021, out of which Rs. 10 million is still remaining to be spent on CSR activities.

18 PROVISIONS

18.1 Represents provisions against legal cases contested by the Company.

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

		2023	2022
		(Rupees in '000)	
Opening balance		**13,223**	18,220
Reversal / charge during the year - net		**(555)**	(4,997)
Closing balance		**12,668**	13,223

19 SHORT-TERM RUNNING FINANCES

The Company has various running finance facilities from commercial banks Rs.980 million (2022: Rs. 980 million) carrying mark-up rate ranging from 16.93% to 23.53% per annum (2022: 10.85% to 17.08% per annum). These facilities had been of varying tenures and were secured by stand-by letter of credits aggregating to Rs.1,100 million. The unutilized amount of these facilities were Rs. 980 million in 2023.

20 TAXATION - net

		2023	2022
		(Rupees in '000)	
Opening Balance		**40,573**	(254,346)
Provision for taxation	30	**198,201**	514,653
Tax paid / deducted at source		**(223,612)**	(219,734)
Closing Balance		**15,162**	40,573

21 CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 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 (2022: 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 (2022: Rs.3 million) for encashment of insurance guarantee
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 (2022: 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.

	2023	2022
	(Rupees in '000)	
21.1.2 Letter of guarantees issued by banks on behalf of the Company	**3,400**	16,051

21.1.3 Sales tax and income tax matters, are more fully explained in notes 11.1 to 11.4 and 30.5 to 30.14 to these financial statements.

21.2 Commitments

	2023	2022
	(Rupees in '000)	
Letters of credit	**91,540**	10,484
Bank Contract	**255,742**	-

As of 31 December 2023, the Company has the facility limit for opening letters of credit and guarantees of Rs.1,200 million (2022: Rs.1,200 million).

22 TURNOVER - net

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Turnover - gross		**3,117,754**	6,271,034
Trade discount		**(108,466)**	(357,505)
Sales tax		**(501,462)**	(946,848)
	22.1	**2,507,826**	4,966,681

22.1 Included herein are toll manufacturing sales of Rs. 82.035 million (2022: Rs. 515.836 million).

22.2 Revenue recognised during the year that was included in the advance from customers balance at the beginning of year is Rs. 67.113 million (2022: Rs. 117.748 million).

23 COST OF SALES

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Opening finished goods		**558,774**	454,885
Purchase of goods	23.1	**1,342,587**	3,014,127
Cost of goods manufactured	23.2	**46,079**	351,729
		1,947,440	3,820,741
Closing finished goods	7	**(414,890)**	(558,774)
linked		**1,532,550**	3,261,967
Direct expenses:			
Warranty provisions	17.3	**122,612**	51,048
Royalty on localization of brand	23.3	**37,016**	94,316
Provision for obsolete stock-in-trade - charge made during the year - net	7.2	**154,487**	44,110
Outward freight		**38,027**	127,038
		352,142	316,512
		1,884,692	3,578,479

23.1 This includes purchases made from group entities amounting to Rs.597.212 million (2022: Rs. 2,048.198 million).

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

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Sales		**85,583**	515,836
Opening material:			
Raw material	7	**28,345**	36,673
Material advanced to vendors	7	**11,023**	21,365
		39,368	58,038
Purchase of raw material		**14,876**	148,391
Vendors value addition		**18,097**	184,657
		32,973	333,048
Closing material:			
Raw material	7	**(15,649)**	(28,334)
Material advanced to vendors	7	**(10,613)**	(11,023)
		(26,262)	(39,357)
Cost of goods manufactured		**46,079**	351,729
Gross profit		**39,504**	164,107

23.3

Party Name	Registered Address	Relationship	2023	2022
Signify Netherlands B.V.	High Tech Campus 48, 5656AE EINDHOVEN, The Netherlands	Group Company	**37,016**	94,316

24 ADMINISTRATIVE AND DISTRIBUTION EXPENSES

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Salaries, wages and other benefits	24.1	**200,185**	278,869
General Service Unit Agreement ("GSUA")	24.2	**82,321**	54,038
Outsourcing expense		**27,783**	44,392
Publicity		**1,023**	32,417
Security		**2,608**	3,305
Advances - Directly written off		**4,629**	-
Depreciation on operating fixed assets	5.1	**6,404**	9,826
Depreciation on right-of-use assets	6.1	**20,329**	21,973
Utilities		**1,259**	2,851
Repairs and maintenance		**6,816**	15,873
Rates and taxes		**1,789**	4,411
Travelling		**22,507**	40,867
Postage and stationary		**6,069**	3,712
Telephone and communication		**1,249**	9,014
Insurance		**15,929**	18,098
Auditors' remuneration	24.3	**4,285**	2,434
Legal and professional		**21,749**	20,864
Others		**1,890**	6,878
		428,824	569,822

24.1 Salaries, wages and other benefits includes bonus to employees of Rs. 3.847 million (2022: Rs. 27.622 million) and incentive given to Chief Executive Officer amounting to Rs. Rs. 0.705 million (2022: Rs. 1.262 million) by the Parent Company, which is recoverable from the Company.

24.2 Represents expenses 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.

24.3 Auditors' remuneration

	2023 (Rupees in '000)	2022 (Rupees in '000)
Audit fees - statutory	**3,522**	2,228
Fee for special certifications	**120**	-
Sindh sales tax	**291**	178
Out-of-pocket expenses	**352**	28
	4,285	2,434

25 RESTRUCTURING EXPENSE

In view of persistent unfavorable economic conditions in the country during the year 2023, there was significant depletion of foreign exchange reserves which resulted in import restrictions in Pakistan causing significant sales reduction of Signify Pakistan Limited, hence, and unfortunately, massive restructuring in terms of employees was implemented. On the same line, we have relocated our offices to better and efficient spaces to generate savings for the operation. Due to termination of employees, the Company recognized restructuring expenses amounting to Rs. 36 Million during the year which included the severance payments that were required to be made to employees due to termination of their employment.

26 REVERSAL / (ALLOWANCE) FOR EXPECTED CREDIT LOSSES (ECL)

	Note	2023 (Rupees in '000)	2022 (Rupees in '000)
Reversal / (Charge) for the year on:			
- Trade debts	8.2	**164,763**	(248,953)
- Advances	9	**134**	
- Trade deposits	10.1	**500**	-
- Other receivables	11.5	**-**	(666)
		165,397	(249,619)

		Note	2023	2022
			(Rupees in '000)	
27	**OTHER INCOME**			
	Income from financial assets:			
	Interest income on saving accounts		**326,092**	121,910
	Income from non-financial assets:			
	Scrap sales		**339**	311
	Gain on disposal of operating fixed assets		**7,842**	35
	Liabilities no longer payable written off	27.1	**104,319**	234,343
	Gain on termination of lease		**3,739**	-
	Others		**34**	2,199
			116,273	236,888
			442,365	358,798

27.1 Includes waiver of outstanding liabilities amounting to Rs. 41.593 million (2022: Rs.165.962 million) by Signify Singapore Pte. Ltd (a related party) in respect of cross charges.

		Note	2023	2022
			(Rupees in '000)	
28	**FINANCE COSTS**			
	Interest expense on lease liabilities	16.1	**6,347**	3,427
	Markup on short-term running finances		**-**	23
	Bank charges		**16,184**	16,574
			22,531	20,024
29	**OTHER OPERATING EXPENSES**			
	Exchange loss - net		**53,129**	154,605
	Workers' welfare fund		**15,600**	23,343
			68,729	177,948
30	**TAXATION**			
	Current	30.2	**298,114**	502,440
	Prior		**(99,913)**	12,213
		30.4	**198,201**	514,653

30.1 The assessments of the Company for and upto tax year 2023 have been completed or deemed to be assessed under Section 120 of the Income Tax Ordinance, 2001.

30.2 Includes an additional charge of 10% for poverty alleviation tax as per the requirement of section 4C of the Income Tax Ordinance 2001.

30.3 Net unrecognised deferred tax asset amounts to Rs. 267.720 million (2022: Rs. 252.835 million). The management believes that future taxable profits will be lower. Accordingly, deferred tax asset has not been recognised in these financial statements.

		2023	2022
		(Rupees in '000)	
30.4	Accounting profit before tax	**674,515**	729,587
	Tax @ 29% (2022: 29%)	**195,609**	211,580
	Super tax under section 4C @ 10% (2022: 4%)	**76,439**	45,753
	Tax effect of income assessed under minimum tax regime	**-**	97,821
	Prior year tax	**(99,913)**	12,213
	Others	**26,066**	147,286
		198,201	514,653
	Effective tax rate	**29%**	71%

30.5 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.

30.6 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 aggrieved, 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. discounts and expenses incurred fall 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, the Company filled appeal on 25 April 2018 before ATIR against the order of learned CIR (A) which is currently pending for hearing.

30.7 In year 2014, the tax year 2013 was selected for audit by the tax authorities, thereafter a show cause notice dated April 14, 2015 under section 122(9) was received by the Company in which the Deputy Commissioner Inland Revenue (DCIR) proposed to amend the return of income for the tax year 2013. Further, on 23 October 2018 the Company received an addendum to the above show cause notice. The said proceedings were then concluded by the tax department through an order dated 10 June 2019 passed under section 122(1) of the Ordinance by amending the assessment of the Company through disallowance of a number of expenses leading to a reduction in the refund claimed by the Company in the return of income for the above tax year to Rs. 9.763 million. Being aggrieved with the above order the Company has filed an appeal with the CIR(A) which is pending for hearing. The appeal filed before the CIR(A) was decided through appellate order dated 31 December 2021 wherein certain matters were deleted, certain remanded back and one was maintained. Being aggrieved with the above order, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on 18 March 2022 against the order of CIR(A) which is pending for hearing before the ATIR.

30.8 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). The appeal filed before the CIR(A) was decided through appellate order dated 23 November 2021 whereby the order passed by the Taxation Officer has been upheld. The Company had deposited the principal amount under protest. Being aggrieved with the above order, the Company has filed an appeal before ATIR on 13 January 2022 against the order of CIR(A) which is still pending for hearing before the ATIR.

30.9 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 26 June 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). The appeal filed before the CIR(A) was decided through appellate order dated 28 December 2021 whereby the order passed by the Taxation Officer has been upheld. The Company had deposited the principal amount under protest. Being aggrieved with the above order, The Company has filed an appeal before ATIR on 22 February 2022 against the order of CIR(A) which is still pending for hearing before the ATIR.

30.10 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). The appeal filed before the CIR(A) was decided through appellate order dated 29 December 2021 wherein certain matters were deleted, certain remanded back and one was maintained. Being aggrieved with the above order, The Company has filed an appeal before ATIR on 1 April 2022 against the order of CIR(A) which is still pending for hearing before the ATIR.

During the year 2021, a refund order under section 170(4) of the Ordinance dated 11 June 2020 was received by the Company. Through the said order, Company received refund of income tax amounting to Rs.6.042 million against the refund of Rs.15.450 million claimed in the return of income for the tax year 2015. Since the Company did not receive the full amount as claimed in return for the above tax year 2015, it intends to file a rectification application against the refund order for the instant tax year.

30.11 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 2021, the Company received notices dated 5 October 2020, 19 October 2020, 26 October 2020, 3 December 2020 and 29 December 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 tax demand can be adjusted. Thereafter, no further correspondence has been made in this regard.

30.12 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 15 September 2021. Being aggrieved, company filed appeal on 11 November 2021 against the above order to ITAT which is pending for hearing.

30.13 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.

30.14 During the year, the Company received a refund order dated 17 October 2022 under section 170(4) of the Ordinance. Through the said order, the refund of income tax amounting to Rs. 18.659 million was confirmed as against the actual amount of refund of Rs. 31.264 million as claimed in the return of income for the tax year 2021. Furthermore, refund to the extent of Rs. 10.166 million was wrongfully reduced by the OIR by assuming an incorrect amount of minimum tax liability under section 148 of the Ordinance at Rs. 130.637 million instead of the correct amount of Rs. 120.471 million. Being aggrieved with the above order for not allowing the entire refund as claimed in the return of income, the Company filed an appeal before the CIR(A) which has been decided through order dated 6 February 2023. Through the said order CIR(A) remanded back the order passed by OIR with directions to obtain evidences of payments of taxes as claimed in the return of income in order to allow the credit of tax paid / deducted by the Company. Thereafter, no further correspondence has been made by the tax authorities in this regard.

In respect of tax matters disclosed in notes 30.5 to 30.14, 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.

31 CASH AND CASH EQUIVALENTS

	Note	2023	2022
		(Rupees in '000)	
Cash and cash equivalents comprise of:			
Cash and bank balances	12	**2,444,416**	1,660,260
		2,444,416	1,660,260

32 CASH GENERATED FROM OPERATIONS

	Note	2023	2022
Profit before taxation		**674,515**	729,587
Adjustments for non-cash and other items:			
Depreciation on operating fixed assets	24	**6,404**	9,826
Depreciation on right-of-use assets	24	**20,329**	21,973
Allowance for expected credit losses	26	**(165,397)**	249,619
Provision for obsolete stock-in-trade	23	**154,487**	44,110
Provision for staff retirement benefits	15.1.2	**16,700**	17,978
Interest income on saving accounts	27	**(326,092)**	(121,910)
Gain on disposal of operating fixed assets	27	**(7,842)**	(35)
Finance cost	28	**22,531**	20,024
Workers' welfare fund	29	**15,600**	23,343
Gain on termination of lease	27	**(3,739)**	-
Unrealised exchange gain		**(33,249)**	59,352
Working capital changes	32.1	**685,223**	48,232
		1,059,470	1,102,099

32.1 Working capital changes

	2023	2022
Decrease in current assets:		
Stock-in-trade	**318,384**	(98,555)
Trade debts	**530,726**	121,718
Advances	**35,142**	(12,600)
Deposits and short-term prepayments	**1,150**	9,164
Other receivables	**(62,112)**	129,538
	823,290	149,265
Increase in current liabilities:		
Trade and other payables	**(71,843)**	(63,328)
Contract liabilities - advance from customers	**(65,669)**	(32,708)
Provisions	**(555)**	(4,997)
	685,223	48,232

33 NUMBER OF EMPLOYEES

	2023	2022
At the end of the year		
Permanent	**22**	65
Average number of employees:		
Permanent	**44**	63

34 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	
	2023	2022	2023	2022	2023	2022
	----- (Rupees in '000) -----					
Managerial remuneration	**15,507**	14,947	**3,922**	3,922	42,563	53,336
Retirement benefits	**2,842**	2,740	**719**	719	7,802	9,769
Perquisites:						
- medical expenses	**117**	115	**117**	115	**3,747**	3,335
- housing	**8,921**	8,669	**2,157**	2,157	**19,153**	24,001
- conveyance	**780**	1,203	**660**	912	**10,629**	18,506
- bonus	**1,816**	5,438	**313**	984	**6,244**	7,608
- car benefit	**4,200**	4,200	**922**	922	**6,499**	2,586
- others	**2,953**	463	**194**	25	**2,050**	605
Company's contribution to provident fund	**1,551**	1,495	**392**	392	**4,256**	5,334
Group insurance	**142**	123	**36**	123	**390**	3,578
Club subscriptions	**210**	577	**-**	-	**-**	-
Incentive by ultimate parent company (see note 35)	**705**	1,262	**-**	-	**-**	-
	39,744	**41,232**	**9,432**	10,271	**103,333**	128,658
Number of persons	**1**	1	**1**	1	**32**	29

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

35 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 2023 were Rs. 0.705 million (2022: Rs. 1.262 million), which was related to the Signify Long-term Incentive Plan (LTI Plan). The liabilities in respect of intragroup repayments as of 31 December 2023 aggregated to Rs.19.09 million (2022: Rs. 18.385 million).

Signify Long-term Incentive Plan

Under the Signify 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 guarantee 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 %	2023
Risk-free interest rate	**2.5%**
Expected share price volatility	**37%**

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:

	2023		2022	
	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	**124**	**35.24**	808	24.51
Granted during the year	**-**	**-**	248	35.24
Vested during the year	**-**	**-**	(808)	24.51
Performance adjustment	**(52)**	**25.06**	(124)	31.22
Balance as at end of the year	**72**	**29.68**	124	35.24

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:

	2023		2022	
	Shares Numbers	Weighted average grant-date fair value EUR-denominated	Shares Numbers	Weighted average grant-date fair value
Balance as at beginning of the year	**123**	**32.97**	404	25.96
Granted during the year	**-**	**-**	123	32.97
Vested during the year	**-**	**-**	(404)	25.96
Balance as at end of the year	**123**	**32.97**	123	32.97

36 TRANSACTIONS WITH RELATED PARTIES

36.1 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	2023	2022
		(Rupees in '000)	
Transactions during the year:			
Ultimate parent company			
Share based payment transactions	35	**705**	1,262
Group companies			
Purchases of goods	36.2	**597,212**	1,841,218
General Services Unit Agreement (GSUA)	36.2	**82,321**	54,038
Staff retirement benefits fund			
Contribution to employees provident fund		**6,981**	8,661
Contribution to employees pension fund		**7,033**	8,845
Key management personnel			
Salaries and other short-term benefits		**47,365**	51,921
Post employment benefits		**6,300**	6,580
Balances with related parties at year end:			
Ultimate parent company			
Payable against long-term incentive plans		**19,090**	18,385
Group companies			
Trade debts		**45,574**	42,974
Total creditors	17.1	**578,375**	512,120
Staff retirement benefits balances			
Receivable from / (payable to) provident fund		**874**	(549)
Receivable from / (payable to) provident fund		**1,611**	(790)
Payable to staff retirement benefits - gratuity		**(41,637)**	(102,818)

36.2 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	2023	2022
					(Rupees in '000)	
Group companies:						
Signify Netherlands B.V.	-	High Tech Campus 48 5656 AE Eindhoven, Netherlands	Netherlands	GSUA (IT charges)	**82,321**	54,038
				*Purchase of goods	**346,757**	806,360
Signify Electronics (Xiamen) Co., Ltd.	-	2000 North YunDing Road, Xiamen, China	China	*Purchase of goods	**14,865**	64,880
Signify Canada Ltd.	-	281 hillmount road, markham ON L6C 2S3	Canada	*Purchase of goods	**-**	6
Signify Egypt LLC	-	City Star, Star Capital F2, 11th and 12th floor, Nasr City, Cairo	Egypt	*Purchase of goods	**-**	40
Signify Aydinlatma Ticaret A.S.	-	Saray Mah. Dr. Adnan Buyukdeniz Cd. No:13, 34768 Umraniye, Istanbul, Turkey	Turkey	*Purchase of goods	**-**	245
Signify Belgium N.V.	-	Steenweg op Gierle 417 2300 Turnhout, Belgium	Belgium	*Purchase of goods	**-**	1,160
Signify Hungary Kft.	-	Szabadsag ut 107. 7090 Tamasi, Hungri	Hungary	*Purchase of goods	**8,902**	21,270
Signify Poland Sp. Z.O.O.	-	Pila, ul. Kossaka 150 O/Ketrzyn ul. Chrobrego 8	Poland	*Purchase of goods	**25,266**	35,509
Signify Luminaires (Shanghai) Co., Ltd.	-	2nd floor, Building 1805 HUYI Highway, MALU town Jiading District, Shanghai	China	*Purchase of goods	**78,609**	412,743
Signify Luminaires Chengdu Co. Ltd.	-	No.91 Tianyan Road Hi-Tech West District CHENGDU, China	China	*Purchase of goods	**111,712**	425,543
Dynalite Pty Ltd.	-	Unit 6, 691 Gardeners Road Mascot NSW 2020, Australia	Australia	*Purchase of goods	**-**	1,075
Signify Industry Signify Industry		8 Mintai Road Yizheng	Yizheng	*Purchase of goods	**11,101**	72,393
					679,533	1,895,262

* These are net off adjustment of credit notes received.

36.3 The details of key management personnel are as follows:

Name of the key management personnel	Role / designation
Asad Said Jafar	Chief Executive Officer & Director
Kamran Mirza	Director
Syed Wajahat Ali	Financial Controller & Company Secretary

37 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 2023. The policies for managing each of these risks are summarised below.

37.1 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	-	-	-	**162,006**	-	**162,006**	**162,006**
Deposits	-	-	-	**381**	**6,694**	**7,075**	**7,075**
Other receivables	-	-	-	**3,605**	-	**3,605**	**3,605**
Cash and bank balances	-	-	-	**2,444,416**	-	**2,444,416**	**2,444,416**
December 31, 2023	-	-	-	**2,610,408**	**6,694**	**2,617,102**	**2,617,102**
Financial liabilities (At amortised cost)							
Trade and other payables	-	-	-	**1,229,382**	-	**1,229,382**	**1,229,382**
Accrued Markup	-	-	-	-	-	-	-
Short-term running finances	-	-	-	-	-	-	-
Unclaimed / unpaid dividend	-	-	-	**1,101**	-	**1,101**	**1,101**
December 31, 2023	-	-	-	**1,230,483**	-	**1,230,483**	**1,230,483**

	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	-	-	-	527,969	-	527,969	527,969
Deposits	-	-	-	1,031	3,550	4,581	4,581
Other receivables	-	-	-	5,888	-	5,888	5,888
Cash and bank balances	-	-	-	1,660,260	-	1,660,260	1,660,260
December 31, 2022	-	-	-	2,195,148	3,550	2,198,698	2,198,698

Financial liabilities (At amortised cost)							
Trade and other payables	-	-	-	1,323,261	-	1,323,261	1,323,261
Accrued Markup	-	-	-	-	-	-	-
Short-term running finances	-	-	-	-	-	-	-
Unclaimed dividend	-	-	-	299,075	-	299,075	299,075
December 31, 2022	-	-	-	1,622,336	-	1,622,336	1,622,336

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

37.2 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.

37.2.1 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.

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

	Note	2023	2022
		(Rupees in '000)	
Financial assets			
Long term deposits		**6,694**	3,550
Trade debts - net	8	**481,875**	527,969
Deposits	10	**25,649**	27,641
Other receivables	11	**6,572**	40,711
Bank balances	12	**2,205,151**	1,660,261
		2,725,941	2,260,132
Financial assets			
Not past due		**2,377,457**	1,869,822
Past due		**348,484**	390,310
		2,725,941	2,260,132

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

	2023				2022			
	Gross	Excepted credit loss rate	Allowance for ECL / Write off	Net	Gross	Excepted credit loss rate	Allowance for ECL	Net
	-- (Rupees in '000) --							
Not past due	**155,680**	**1.12%**	**1,745**	**153,935**	693,154	37.46%	259,681	433,473
Past due								
Not more than 03 months	**4,939**	**18.36%**	**907**	**4,032**	157,117	55.27%	86,831	70,286
More than 03 months but							-	
less than 06 months	**6,557**	**64.04%**	**4,199**	**2,358**	46,652	60.24%	28,105	18,547
More than 06 months but							-	
less than 01 year	**12,377**	**86.42%**	**10,696**	**1,681**	17,537	67.71%	11,874	5,663
More than 01 year	**302,322**	**100%**	**302,322**	**-**	98,141	100%	98,141	-
	326,195		**318,124**	**8,071**	319,447		224,951	94,496
	481,875	**66.38%**	**319,869**	**162,006**	1,012,601	47.86%	484,632	527,969

37.2.4 The Company has no exposure to credit risk by geographic region wise for trade debts as at 31 December 2023, as the Company sells its goods only in Pakistan.

37.2.5 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		2023	2022
	2023	2022	2023	2022	(Rupees in '000)	
Standard Chartered Bank (Pakistan) Limited	**PACRA**	PACRA	**A1+ / AAA**	A1+ / AAA	**44,543**	613,283
MCB Bank Limited	**PACRA**	PACRA	**A1+ / AAA**	A1+ / AAA	**35,388**	447,061
Dubai Islamic Bank	**VIS Credit rating Company**	VIS Credit rating Company	**A1+ / AA**	A1+ / AA	**1,423,763**	-
Deutsche Bank Limited	**Moody's Investors Service**	Moody's Investors Service	**A1 / P-1**	A2 / P-1	**701,457**	599,917
					2,205,151	1,660,261

37.2.6 Concentration of credit risk

The sector wise analysis of gross trade debts is as follows:		
Distributors	**281,908**	737,737
Automaker	**917**	6,898
Government authorities	**89,686**	59,234
Modern retail	**1,778**	6,651
Hospital	**47,085**	3,808
Chemical	**3,557**	4,638
Education	**294**	294
Food	**7,632**	1,664
Construction	**26,411**	40,455
Petroleum industry	**13,304**	19,417
Pharmaceutical	**-**	93
Banking	**316**	316
Hotel industry	**937**	605
Textile	**7,846**	98,735
Cement industry	**204**	199
	481,875	980,744

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.

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

37.3 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	Maturity after one year to five year	Maturity after five year
	(Rupees in '000)			
31 December 2023				
Trade and other payables	**1,242,050**	**1,242,050**	-	-
Accrued markup	-	-	-	-
Lease liabilities	**29,277**	**15,078**	**14,199**	-
Short-term running finances	-	-	-	-
Unclaimed / unpaid dividend	**1,101**	**1,101**	-	-
	1,272,428	**1,258,229**	**14,199**	-
31 December 2022				
Trade and other payables	1,336,484	1,336,484	-	-
Accrued markup	-	-	-	-
Lease liabilities	18,904	18,904		-
Short-term running finances	-	-	-	-
Unpaid dividend	299,075	299,075	-	-
	1,654,463	1,654,463	-	-

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

37.4 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.

37.4.1 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's significant exposure to currency risk in Pakistan Rupees at the year end are as follows:

	2023				2022			
	EURO	USD	SGD	AED	EURO	USD	SGD	AED
	(in '000)							
Financial assets								
Trade debts	**187**	-	-	-	-	-	-	-
Other receivables	-	-	-	-	-	-	-	-
	187	-	-	-	-	-	-	-
Financial liabilities								
Trade and other payables	**21**	**1,463**	-	-	1,615	39	251	7

	Average rate for the year		Spot rate at year end	
	2023	2022	2023	2022
Exchange rates applied during the year and at year end are as follows:				
EURO 1	**304.68**	216.86	**308.58**	241.39
USD 1	**280.28**	207.22	**278.88**	226.70
SGD 1	**211.52**	150.15	**211.52**	168.72
AED 1	**75.93**	56.42	**75.93**	61.73

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. 20.274 million (2022: Rs. 22.197 million).

37.4.2 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. The Company is not exposed to any interest rate risk, as the Company does not have any outstanding short-term running finances as of statement of financial position date.

37.4.3 Equity price risk

Equity price risk is the risk of loss arising from uncertainties 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.

38 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.

39 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 2023.

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. As at the reporting date, the Company does not have any gearing to report.

40 DATE OF AUTHORISATION

These financial statements were approved and authorised by the Board of Directors of the Company in their meeting held on June 13, 2024.

41 NON ADJUSTING EVENTS AFTER THE REPORTING DATE

Subsequent to the year end, the Board of Directors of the Company in their meeting held on June 13, 2024 have proposed a final cash dividend of Rs. 2.74 (2022: Rs. Nil) per ordinary share.

The approval of the members for the proposed final cash dividend will be obtained at the Annual General Meeting of the Company to be held on July 12, 2024. These financial statements for the year ended 31 December 2023 do not include the effect of the final cash dividend which will be accounted for in the financial statements for the year ending 31 December 2024.

42 GENERAL

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

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

CEO & Director **Director**

NOTICE OF 70 th ANNUAL GENERAL MEETING

NOTICE is hereby given that the seventieth Annual General Meeting of Signify Pakistan Limited will be held on Thursday, July 12, 2024, at 03:00 p.m., at its registered office at The Hive at Nishat 3rd Floor, Building no 19C, Khayaban-e-Ittehad, Phase 6, DHA, Karachi and can also be attended through below website link to transact the following business: http://www.signify.com/en-pk/contact: Notice/link of the meeting in given therein.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited accounts of the company for the year ended December 31, 2023, together with the Directors' and Auditors' reports thereon.
2. To appoint the Auditors of the Company and to fix their remuneration.
3. To consider, approve and declare and authorize the payment of dividend for the year ended December 31, 2023. The Directors have recommended the payment of a dividend 2.74 per ordinary share for the year ended December 31, 2023.

By the order of the Board
Syed Wajahat Ali
Company Secretary

Karachi, June 22, 2024

NOTES: -

(1) Share Transfer Books of the Company will remain closed from July 6th to July 12 2024 (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.

(3) Reference is made to the SECP notification SRO 831(1) of 2012 dated July 05, 2012 that the individual members, who have not submitted copies of their valid CNIC to the Company are requested to send their CNIC copy with folio number mentioned thereon at the earliest the Company's office registered address at The Hive at Nishat, 3rd Floor, Building no 19C, Khayaban-e-Ittehad, Phase 6, DHA, Karachi. Corporate entities are also requested to provide their NTN (copy) with Folio number mentioned thereon to the Company's registered office at as mentioned above. In case on non-receipt of valid CNICs/NTN, the Company will be constrained to withhold dispatch of dividend warrants/online transfer to such shareholders.

(4) Payment of Cash Dividend Electronically (Optional): The company wishes to inform its shareholders that under that law they are also entitled to receive their cash dividend directly in their bank account instead of receiving it through dividend warrants. Accordingly, shareholders wishing to exercise this option may send a signed dividend mandate document with their complete banking details, full name, folio number, mailing address and copy of CNIC to the Company's office at The Hive at Nishat, 3rd Floor, Building no 19C, Khayaban-e-Ittehad Phase 6, DHA, Karachi.

(5) As regard deduction of withholding tax on the amount of dividend, as per tax laws, currently below rates apply: a). For filers of Income tax return 15%; For non-filers of Income tax return 30% as per applicable law. To enable the Company to make tax deduction on the amount of dividend @15% instead of 30%, all the shareholders whose names are not entered into the Active Tax-payer List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised to make sure that their names are entered into ATL before the date for payment of the cash dividend otherwise tax on their cash dividend will be deducted @30% instead of 15% as per applicable law.

(6) Members are requested to promptly communicate any change in their mailing address or bank mandate to the registered office of the company at The Hive at Nishat, 3rd Floor, Building no 19C, Khayaban-e-Ittehad, Phase 6, DHA, Karachi.

70th 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 July, 12th 2024 and/or any adjournment thereof.

As witness my / our hand(s) this ____________ day of ____________ 2024.

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.

70واں 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 سے کمپنی کے سالانہ اجلاس / یا اس کے التواء میں شرکت کریں گے اور ووٹ کے حق کا استعمال کریں گے ،

جو جمعہ مورخہ 12 جولائی ، 2024 کو منعقد کی جا رہی ہے۔

بطور گواہ بدست از خود ______ 2024

دستخط: ________________

نام: ________________

پتہ: ________________

شیئر ہولڈر نمبر:

نوٹ:

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

2) 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 اس کی نوٹری تصدیق شدہ کاپی) کمپنی کو اجلاس کی مقررہ تاریخ سے 48 گھنٹے قبل تک موصول ہو جانا چاہیئے۔

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

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

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

6) نامزد کردہ پراکسی شخص کے لیے کمپنی کا رکن ہونا ضروری نہیں ہے۔

اعتراف

بورڈSignify پاکستان سے منسلک تمام افراد کا تہہ دل سے شکریہ ادا کرتا ہے جنہوں نے برسوں اپنی بہترین صلاحیتوں سے اس کمپنی کو پروان چڑھایا۔ ہمارے لوگوں کو کمپنی کے فلاح و بہبود کی ذمہ داری دی گئی ہے اور بلاشبہ انہوں نے اپنی صلاحیتوں سے آپریٹنگ کے ماحول اوران کی لچک کی وجہ سے درپیش چیلنجوں کا بڑی مہارت سے مقابلہ کیا ہے۔ان مشکل لمحات میں ہم ان کی لچک اورلگن کوانتہائی قدر کی نگاہ سے دیکھتے ہیں اورانتہائی پابند محسوس کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

گریگری لیف بیویر	سید وجاہت علی
چیئرمین اینڈ سی ای او	ڈائریکٹر اینڈ سی ایف او

13 جون 2024

2.3.9 دیگر (جس کی وضاحت کی گئی ہے)۔ جوائنٹ کمپنیز 1300 0.0007فی صد

عمل درآمد کا بیان

ڈائریکٹر صاحبان درج ذیل نکات کے لیےایس ای سی کوڈ آف گورننس کے کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک پرتعمیل کی تصدیق کرتے ہیں:

i) کمپنی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے اس کے آپریشن کیش فلو اور ایکوئٹی میں ہونے والی تبدیلیوں کو کافی حد تک واضح کرتے ہیں۔

ii) کمپنی کی اکاؤنٹس بک کو موثر طریقے سے برقرار / مینٹین رکھا گیا ہے۔

iii) مالیاتی گوشوارے کی تیاری میں مسلسل مناسب اکاؤنٹنگ پالیسیوں کو لاگو کیا گیا ہے۔

iv) مالیاتی گوشوارے تیار کرتے وقت پاکستان میں نافذالعمل بین الاقوامی اکاؤنٹنگ کے معیار کی تقلید کی گئی ہے اوکوئی بھی عدم پیروی واضح طور پر دکھائی گئی ہے۔

v) اندرونی کنٹرول کا طریقہ کار درست سمت میں گامزن ہے۔ اسے موثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی بھی کی جارہی ہے۔

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 آڈیٹر فورڈ روڈز کمپنی کے سالانہ اجلاس کے بعد ریٹائر ہو جائیں گے۔ انہوں نے اہلیت کی بنیاد پر خود کو سال 2024 کے لیے دوبارہ تقرری کے لیے پیش کیا ہے۔ بورڈ نے ان آئندہ سال تقرری کے لیے سفارش کی ہے، تاہم یہ منظوری کمپنی کی آئندہ سالانہ جنرل میٹنگ میں اراکین کی منظوری سے مشروط ہے۔

رجسٹرڈ آفس کے پتے میں تبدیلی

کمپنی کے رجسٹرڈ آفس کے پتے میں تبدیلی کی وجوہات درج بالا بیان کی گئی ہیں۔ اب ہمارے جسٹرڈ آفس کا پتہ یہ ہے۔

The Hive at Nishat، تیسری منزل، بلڈنگ نمبر19C، خیابانِ اتحاد، فیز-6، DHA، کراچی۔

پہلا حصہ

1.1 کمپنی کا نام Signify پاکستان لمیٹڈ

دوسرا حصہ

2.1 حصص یافتگان کے پاس موجود حصص کا نمونہ بتاریخ 31-12-2023

2.2	حصص یافتگان کی تعداد	شیئر ہولڈنگز	موجود حصص کی کل تعداد
	250 شیئر ہولڈنگز	1 سے 100 شیئرز	6,121
	103 شیئر ہولڈنگز	101 سے 500 شیئرز	21,093
	14 شیئر ہولڈنگز	501 سے 1000 شیئرز	8,936
	11 شیئر ہولڈنگز	1001 سے 5000 شیئرز	19,947
	1 شیئر ہولڈنگز	5001 سے 173,800,000 شیئرز	173,705,045
	حصص یافتگان کے مناسب سلیب شامل کریں		
	379 ٹوٹل		173,761,142

	حصص یافتگان کی کیٹیگریز	موجود شیئر	شرح
2.3			
2.3.1	ڈائریکٹر، چیف ایگزیکٹو آفیسر اور ان کی اہلیہ اور نابالغ بچے		--------------
2.3.2	ملحقہ کمپنیاں Undertkings اور متعلقہ پارٹیاں	173,705,085	% 99.9677
2.3.3	این آئی ٹی اور آئی سی پی		
2.3.4.	غیر بینکنگ مالیاتی ادارے		
2.3.5	انشورنس کمپنیاں		
2.3.6	مضاربہ اور میچوئل فنڈز		
2.3.7	شیئر ہولڈرز ہولڈنگز 10 فی صد		
2.3.8	عام افراد		
	الف) مقامی	54,757	0.0315فی صد
	ب) بین الاقوامی		

تاہم۔31مارچ 2024 کوکمپنی کےڈائریکٹر جناب اسدالیس جعفرریٹائرڈ ہوئے، جناب کامران مرزااور جناب گوتھک نے بالترتیب15مارچ2024اور7مئی2024 نے کمپنی کوخیر باد کہا۔لہذادرج ذیل افراد کی بطورڈائریکٹران کمپنی میں تقرری عمل میں لائی گئی

1- جناب گریگری لیف بیویر

2- جناب سیدوجاہت علی

3- جناب حامدفرحان بھٹہ

جناب گریگری لیف بیویرکو 15اپریل 2024 کوکمپنی کاسی ای اومقررکیاگیا۔

کمپنی کے مجموعی منافع میں 765 ملین (3.05%) کمی ہوئی۔اس کمی کی بڑی وجہ درج بالا حقائق ہیں۔ نیز اس سال کمپنی کے سیلز میں 50فی صد کمی ہونا بھی اسی سلسلے کی ایک کڑی ہے۔

البتہ انتظامی اور تقسیم کے اخراجات میں 25فی صد تک کمی لائی گئی جس کی وجہ سے EBTI میں کافی بہتری ہوئی۔متوقع کریڈٹ نقصانات میں نمایاں تبدیلی کی بنیادی وجہ تجارتی قرضے ہیں جو گذشتہ سال کی ایڈجسٹمنٹ سے منسلک ہیں۔کیش فلو میں بہتری کی ایک بڑی وجہ بچت کھاتوں کے منافع میں نمایاں اضافہ اور زرمبادلہ میں بہتری ہے۔ٹیکس کے بعد منافع میں بہتری آئی جس کی وجہ بنیادی طور پر گذشتہ سال کی کچھ اہم ٹیکس ایڈجسٹمنٹ ہیں۔

ڈیویڈنڈ:

اس سال ہونے والے بہتر خالص منافع کے پیش نظر، کمپنی کے ڈائریکٹران انتہائی مسرت کے ساتھ نقد منافع منقسمہ 2.741 روپے فی عمومی حصص کی منظوری دی ہے۔

ہولڈنگ کمپنی:

ہولڈنگ کمپنی کا نام Signify Holding BV ہے اور جس کا مرکزی دفتر ہالینڈ میں واقع ہے۔

قومی خزانے میں کمپنی کا حصہ:

ملک کے ایک ذمہ دار ٹیکس دہندہ ہونے کے ناطے قومی خزانے / فیڈرل بورڈ آف ریونیو میں کمپنی نے رواں مالی سال کے دوران بالواسطہ اور بلاواسطہ 725 ملین روپے ٹیکسوں کی مد میں (777 ملین پاکستانی روپے:2022) جمع کرائے۔

بورڈ آف ڈائریکٹرز:

رواں سال کمپنی کے بورڈ آف ڈائریکٹرز میں شامل شخصیات کے نام درج ذیل ہیں:

1- جناب اسد الیس جعفر

2- جناب گوتھک گر

3- جناب کامران مرزا

صنعت کا جائزہ:

سال 2023 کے دوران صنعت نے لائٹنگ پروڈکٹس پورٹ فولیو کی مقامی طور پر تیاری کو جاری رکھا تا کہ ڈیوٹی اور ٹیکسوں میں کمی کا فائدہ اٹھایا جا سکے۔ Signify پاکستان اپنی مصنوعات کی فروخت اور ایک بڑے پورٹ فولیو کے ساتھ مقامی طور پر تیاری کے عمل اور اضافے کو جاری رکھا۔

اس اقدام سے یقیناً زرمبادلہ پر بوجھ کم ہوا ہے، مزدور طبقے کو فائدہ اور صنعت سے متعلق میٹریل کو فروغ ملا ہے۔ درآمدت پر انحصار کو کم کرنے اور آگے بڑھنے کی منصوبہ بندی بھی کی جا رہی ہے تا کہ کمپنی نہ صرف مزید بہتری کی جانب رواں دواں ہو سکے بلکہ بیرونی زرمبادلہ کے جھٹکوں سے بھی محفوظ رہ سکے۔

مالیاتی کارکردگی

سال 2023 کے لیے ہماری مالیاتی کارکردگی کا تقابلی خلاصہ درج ذیل ہے:

تفصیلات	2023	2022	اضافہ / کمی کا تناسب
سیلز (پاکستانی روپے ملین)	2,508	4,967	(50 فی صد)
کل منافع (پاکستانی روپے ملین)	623	1388	(55 فی صد)
سیلز کے کل منافع کی شرح	24.85%	27.9%	(3.05 فی صد)
EBIT (پاکستانی روپے ملین)	697	750	(7.06 فی صد)
قبل از ٹیکس منافع (پاکستانی روپے ملین)	675	730	(7.53 فی صد)
بعد از ٹیکس منافع (پاکستانی روپے ملین)	476	215	121.39 فی صد

زیر غور سال کے دوران کمپنی کی فروخت میں نصف یعنی 50 فی صد تک کمی ہوئی۔ سیلز ویلیو 4.967 بلین پاکستانی روپے کے مقابلے میں 2.508 بلین پاکستانی روپے رہی۔ اس کی بنیادی وجہ ملک میں مسلسل سیاسی اور معاشی عدم استحکام اور زرمبادلہ کے ذخائر میں کمی تھی جس کی وجہ سے پاکستان میں درآمدات پر پابندی لگا دی گئی۔ یہ تمام وجوہات کمپنی کی سیلز میں نمایاں کمی کا بھی سبب بنی۔ اس ناسازگار حالات میں بدقسمتی سے کمپنی کو مجبوراً تنظیم نو کے عمل سے بھی گزرنا پڑا جس کے لیے ملازمین کی فہرست سازی اور دفاتر کی ایسی جگہوں پر منتقلی تھی جو موثر مقامات پر ہونے کے ساتھ ساتھ بچت کے حوالے سے بھی موزوں ہوں۔

ڈائریکٹرز رپورٹ:

Signify پاکستان لمیٹڈ کمپنی کے ڈائریکٹرز 31 دسمبر 2023 کو ختم ہونے والے مالی سال کی جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

اقتصادی جائزہ

سال 2023 کا آغاز ایک ایسی مخلوط حکومت کے اشتراک سے ہوا جس نے مارچ 2022 کو ایک منتخب حکومت کو ہٹائے کے بعد چارج سنبھالا اور یہ اتحادی حکومت اگست 2023 تک اقتدار میں رہی۔ مدت پوری ہونے کے بعد قانون کے مطابق ایک عبوری حکومت کا قیام عمل میں آیا تاکہ وہ اگلے جنرل الیکشن کے انعقاد کی تیاری کر سکیں جو کہ فروری 2024 میں منعقد ہوئے۔ اس وجہ سے یہ پورا سال سیاسی اتار چڑھاو اور تبدیلیوں کے ساتھ گزرا، جس کا ملکی معیشت پر بہت گہرا اثر پڑا۔ سال 2022-2023 کے لیے GDP کی شرح 4 فی صد ریکارڈ کی گئی جو کہ جون 2022 میں 6.2 فی صد اور جون 2021 میں 5.8 فی صد تھی۔ CPI کی شرح میں اضافہ 29 فی صد رہا جبکہ گذشتہ سالوں میں مارچ 2022 تک یہ شرح 12.7 فی صد اور جون 2021 میں 9.7 فی صد تھی۔ امریکی ڈالر جو مارچ 2022 میں پاکستانی 182 روپے کے مساوی تھا جنوری 2023 میں بڑھ کر 226 روپے کا ہو گیا۔ سیاسی تناو اور معاشی عدم استحکام کی وجہ سے ڈالر کی قدر میں اضافہ ہوتا چلا گیا اور دسمبر 2023 تک اس کا ریٹ 280 پاکستانی روپے ہو گیا۔ جب سیاسی صورت حال مستحکم تھی تو معیشت اچھی کارکردگی کا مظاہرہ کر رہی تھی جب سیاسی بے یقینی شروع ہوئی تو معاشی فروغ عدم توازن کا شکار ہوتا چلا گیا۔

فروری 2024 کے عام انتخابات کے بعد معیشت ایک بار پھر بہتری کی جانب ہے اور IMF نے عملے کی سطح پر اس کا حتمی جائزہ لیتے ہوئے اس کی منظوری دی تھی۔ اب Stand by Arrangement (SBA) کے ساتھ اس معاہدے پر عمل ہو رہا ہے۔ ایس بی اے کے تحت زرمبادلہ کی شرح کو اعداد و شمار کی درستگی کے ساتھ بحال کیا گیا اور زرمبادلہ کے ذخائر میں بحالی اور اقتصادی ترقی کے ساتھ اس کی درآمدی کنٹرول میں نرمی کی گئی۔ مالیاتی سال 2024 کے خسارے پر قابو پانے کے لیے نئے اقدامات کا جائزہ لیا گیا اور انہیں متعارف کرایا گیا۔ تاہم درمیانی مدت کے لیے ایک مظبوط معاشی بحالی کے لیے وسیع تر مالیاتی اور اقتصادی اصلاحات پر مبنی اقدامات کے مستقل نفاذ کی ضرورت ہے۔ حکومت کا یہ اعلان بھی خوش آئند ہے کہ وہ اسٹریٹیجک اداروں کے علاوہ تمام اداروں کی نج کاری کرے گی جس سے معیشت مزید ترقی کرے گی۔ فی الوقت پاکستانی مارکیٹ میں ٹریڈنگ کا ریٹ 750000 پوائنٹس کی بلند ترین سطح پر ہے جس سے سرمایہ کاروں کی حوصلہ افزائی ہوئی ہے۔ اسٹیٹ بنک آف پاکستان کی ششماہی رپورٹ میں جی ڈی پی کی شرح نمو دو سے تین فی صد اور مہنگائی کم ہونے کی پیش گوئی کی گئی ہے۔

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