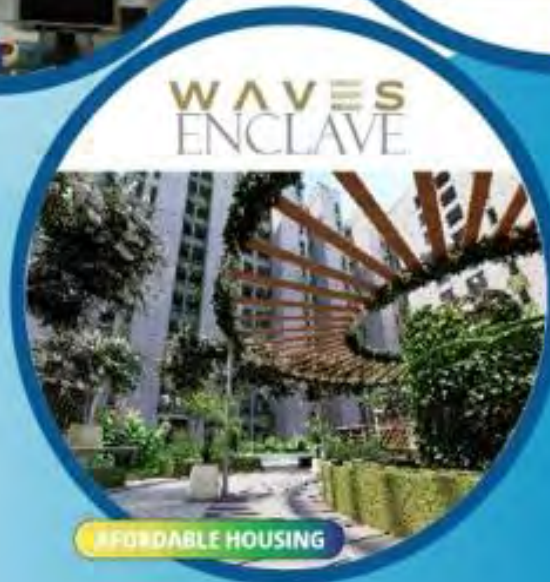
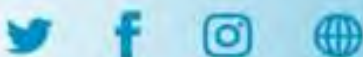


# WAVES CORPORATION LIMITED

FORMLY WAVES SINGER PAKISTAN LIMITED



# ANNUAL REPORT 2021



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- Standalone Annual Accounts 2021

## **CORPORATION INFORMATION**

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### **BOARD OF DIRECTORS**

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

### **AUDIT COMMITTEE**

1.	Mr. Shoaib Dastgir	Chairman/Independent Director
2.	Mr. Moazzam Ahmad Khan	Member/Non-Executive Director
3.	Mrs. Nighat Haroon Khan	Member/Non-Executive Director
4.	Mr. Ahmad Bilal Zulfiqar	Secretary

### **HR & REMUNERATION COMMITTEE**

1.	Mr. Shoaib Dastgir	Chairman/Independent Director
2.	Mr. Muhammad Zafar Hussain	Member/Non-Executive Director
3.	Mr. Moazzam Ahmad Khan	Member/Non-Executive Director
4.	Mr. Haroon Ahmad Khan	Member/ Executive Director
5.	Mr. Ahmad Bilal Zulfiqar	Secretary

### **CHIEF FINANCIAL OFFICER**

Mr. Arslan Shahid Butt

### **COMPANY SECRETARY**

Mr. Ahmad Bilal Zulfiqar

### **HEAD OF INTERNAL AUDITOR**

Mr. Usman Khalid

### **LEGAL ADVISOR**

Law Wings Advocates & Solicitors

### **EXTERNAL AUDITORS**

KPMG Taseer Hadi & Co.  
Chartered Accountants

### **SHARE REGISTRAR**

Corplink (Private) Limited

### **RESISTERED OFFICE/PLANT**

Factory: 9-KM Multan Road, Lahore  
PH. No. 042-35415421-5, 35421502-4  
UAN: 042-111-31-32-33

### **COMPANY REGISTRATION NO.**

CUIN 0001286  
Email: cs@waves.net.pk  
Website: www.wavessinger.com

**WAVES CORPORATION LIMITED (Formerly Waves Singer Pakistan Limited)**

**BANKERS**

Al Baraka Bank (Pakistan) Limited  
Askari Bank Limited  
Bank Al Falah Limited  
Dubai Islamic Bank Pakistan Limited  
Faysal Bank Limited  
First Prudential Modaraba  
Habib Bank Limited  
Habib Metropolitan Bank Limited  
Industrial & Commercial Bank of China

National Bank of Pakistan  
Pak Brunei Investment Company Limited  
Pak Libya Holding Company Limited  
Pak Oman Investment Company Limited  
Samba Bank Limited  
Silk Bank Limited  
Sindh Bank Limited  
The Bank of Khyber  
The Bank of Punjab

**Contact Information:**

Registered Office:

Email:

Web Site:

042-35415421-5, 042-35421502-4

[cs@waves.net.pk](mailto:cs@waves.net.pk)

[www.waves.net.pk](http://www.waves.net.pk)

## Message from the Chairman

On behalf of the Board of Directors of Waves Corporation Limited, formerly Waves Singer Pakistan Limited (WAVES), Annual Report for the year ended 31 December 2021 (Consolidated and Standalone) is presented to our stakeholders.

We extend our appreciation to our partners, bankers, shareholders, strategic alliances, human capital and other stakeholders in our business who have shown continued trust in our Company. WAVES has a well-diversified and experienced Board members that have core competencies, knowledge, skills and experience relevant to the Company's businesses, that follows best practices relating to corporate governance and other related regulatory requirements. The Board held meetings during the year to review and approve periodic financial statements, rights issue, annual business plan, demerger of home appliances business and other matters requiring Board attention. The committees also held regular sessions to perform their duties assigned under their respective terms of references by the Board. The detail of these meetings is the Annual Report. The performance of the outgoing and incoming Board members has been commendable and together we steered the Company towards another year of success and good governance, despite the challenging pandemic and economic environment.

During the financial year the Board successfully achieved its targets and objectives set for the growth. The Company during the year successfully completed its 50% rights issue, whereas carving out of home appliances business into a separate entity has been recently sanctioned by the honorable Lahore High Court, Lahore. The subsidiary Electronic Marketing Company Limited (EMCL) has shown robust growth, resultantly the Board has in-principle approved listing of EMCL at a conducive market timing. The development phase of Real Estate Project is satisfactory and its soft launch coincides with the shifting of the existing factory operations to new premises.

Over the years, WAVES leadership has strived to adapt a transparent and conducive business environment, by demonstrating respect and fairness in all our efforts. As we reflect, it is admirable the agility with which WAVES has adapted to the macro-economic challenges during the year 2021. We expect this trend to continue in the years to come.

We would like to conclude by extending our gratitude and thanks to the Directors for their energy, knowledge, advice, and earnest contributions towards the advancement of the Company to achieve new heights in a socially responsible and ethical manner.

**Muhammad Adnan Afaq**  
**Chairman**

## Message from the Chief Executive Officer

Alhamdulillah, demand for WAVES branded products continues to be strong as our vision is to make a difference by producing high quality, market oriented and innovative products. During the year the multiple waves of COVID-19 pandemic, inflationary pressures, rising interest rates, supply chain disruption and strengthening of USD against Pakistan Rupee created some challenges for the Company. With the appropriate timely strategy and team work, we were successful in raising PKR 1.4 billion through rights issue that will facilitate the Company to shift its manufacturing facility to a state-of-the-art purpose-built owned factory, while creating a new opportunity for development of real estate businesses.

The Company is on a growth trajectory while posing consolidated revenues of PKR 12,321 million, whereas net profit of PKR 327 million. This was achieved in a challenging business environment with continued improvement in knowledge management, operational management, cost rationalization, process re-engineering and strategic measures taken during the whole year.

Our strategy to carve out home appliances business to Waves Home Appliances Limited (WHALE) under the sanction of honorable Lahore High Court, Lahore will provide several benefits including unique identities of individual companies, more focused business, customer base, supervision and controlling the business/direction of WHALE, while the management of WHALE can operate and manage the business of WHALE on a regular day-to-day basis.

While the countries came out of COVID-19 during FY21, the economic pitfalls in beginning of FY22 owing especially due to Russia-Ukraine war has raised macro-economic uncertainty in many countries, particularly those dependent upon imported commodities. Economic activity across the world has slowed as a result of supply-chain disruptions. Furthermore, inflationary pressure has surged in many economics as commodity prices escalated, resulting in tightened monetary policies by many central banks.

The global macro-economic instability has impacted on the Country's economy resulting in high inflation and also increase in the current account deficit of the Country. With the increase in inflation, the Government has opted tight fiscal and monetary policies, in order to secure IMF deal, which will help the Country in over the next few quarters in the form of stabilized reserves, controlled fiscal balance and sustainable economic growth. However, while the current political temperature is increasing, the fast-paced implementation of energy pass-through and tight fiscal/monetary policy will have its impact in the short term.

However, important developments have happened recently that will address the challenging economy. On July 13, the critical milestone of a staff-level agreement on completing the next IMF review was reached. As of today, all prior actions for completing the review have been met and the formal Board meeting to disburse the next tranche of \$1.2 billion is expected soon. At the same time, macroeconomic policies both fiscal policy and monetary policy have been appropriately tightened to reduce demand-led pressures and rein in the current account deficit. Finally, the government has clearly announced that it intends to serve out the rest of its term until October 2023 and is ready to implement all the conditions agreed with the Fund over the remaining 12 months of the IMF program.

Going forward, as the current account deficit is curtailed and sentiment improves, we fully expect the Rupee to appreciate. Indeed, this was the experience during the beginning of the IMF program in 2019, when the Rupee strengthened considerably after a period of

weakness in the lead-up to the program. Clearly, the Rupee can overshoot temporarily as it has done recently. However, it moves both ways over time. We expect this pattern to re-assert itself in the coming period. As a result, the Rupee should strengthen in line with improved fundamentals in the form of a smaller current account deficit as well as stronger sentiment.

In view of current economic conditions of the country and restrictions on import of materials/components, WHALE is adequately placed with inventory levels maintained by it, whereby no interruption is foreseen during the whole of ongoing third quarter of the year. Progress on construction of the new factory premises and shifting of manufacturing operations in the last quarter of this calendar year goes well with ongoing situation. With State Bank of Pakistan expected to allow LCs opening from end August 2022, arrival of fresh materials and commissioning of new factory in the last quarter, Insha Allah, will ensure continuity of operations during ongoing difficult times.

The retail business of Electronic Marketing Company Limited (EMCL) is showing robust growth and in order to fund its expansion plans, the Board in principle decided that it may be listed on PSX at an appropriate time when market is conducive for listing.

The development plans of real estate apartments project (WAVES Enclave) including architectural and construction designs, engaging one of the leading marketing agencies, obtaining required NOCs and approvals and hiring of construction contractors, are all on track. Soft launch and ground breaking are expected around end of fourth quarter of current calendar year to coincide with shifting of manufacturing operations to the new site.

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

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

**Haroon Ahmad Khan**  
**Chief Executive Officer**

## Corporate Value Statements

<b>Vision Statement</b>	To be an innovative company that is driven by modern ideas, committed to constantly strive for surpassing customer expectations in Quality and Value for Money and to be a leading Group engaged in home appliances, real estate and retail business in Pakistan.
<b>Mission Statement</b>	To inspire the Consumer with our innovative products & designs through R&D, improve the standard of life by offering high-quality products and services at affordable prices and create the Future.

## Core Values





complaints or concerns in accordance with the procedures established by the Company's Board of Directors.

## **PREVENT CONFLICT OF INTEREST**

Directors and employees, irrespective of their function, grade or standing, must avoid conflict of interest situations between their direct or indirect (including members of immediate family) personal interests and the interest of the Company.

Employees must notify their direct supervisor of any actual or potential conflict of interest situation and obtain a written ruling as to their individual case. In case of directors, such ruling can only be given by the Board and will be disclosed to the shareholders.

## **TRADING IN COMPANY SHARES**

Trading by directors and employees in the Company shares is possible only in accordance with the more detailed guidelines issued from time to time by corporate management in accordance with applicable laws. This also includes shares of the companies that are directly/indirectly controlled by the Company.

## **INSIDE INFORMATION**

Directors and employees may become aware of information about Company that has not been made public. The use of such non-public or "inside" Directors and employees becoming aware of information which might be price sensitive with respect to the Company's shares have to make sure that such information is treated strictly confidential and not disclosed to any colleagues or to third parties other than on a strict need-to know basis.

Potentially price sensitive information pertaining to shares must be brought promptly to the attention of the Management, who will deliberate on the need for public disclosure.

Only the Management will decide on such disclosure. In case of doubt, seek contact with the Company Secretary and/or the Chief Financial Officer.

## **MEDIA RELATIONS AND DISCLOSURES**

To protect commercially sensitive information, financial details released to the media should never exceed the level of detail provided in Quarterly and Annual Reports or official statements issued at the presentation of these figures.

As regards topics such as financial performance, acquisitions, divestments, joint ventures and major investments, no information should be released to the press without prior consultation with the Management.

Employees should not make statements that might make third parties capable of "insider trading" on the stock market.

## **COMPETITION AND FAIR DEALING**

The Company seeks to outperform its competition fairly and honestly. Stealing proprietary information, possessing trade secret information that was obtained without the owner's consent or inducing such disclosures by past or present employees of other companies is prohibited. Each director and employee are expected to deal fairly with Company's customers, suppliers, competitors and other employees. No one is to take unfair advantage of anyone through manipulation, abuse of privileged information or any other unfair practice.

The Company is committed to selling its products and services honestly and will not pursue any activity that requires to act unlawfully or in violation of this Code. Bribes, kickbacks and other improper payments shall not be made on behalf of the Company in connection with any of its businesses. However, tip, gratuity or hospitality may be offered if such act is customary and is not illegal under applicable law.

Any commission payment should be justified by a clear and traceable service rendered to the Company. The remuneration of agents, distributors and commissioners cannot exceed normal business rates and practices. All such expenses should be reported and recorded in the Company's books of accounts.

## **EQUAL EMPLOYMENT OPPORTUNITY**

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

## **WORK ENVIRONMENT**

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

## **PROTECT HEALTH, SAFETY AND SECURITY**

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

## **RECORD KEEPING**

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

## **PROTECTION OF PRIVACY AND CONFIDENTIALITY**

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

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

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

## **GIFT RECEIVING**

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

## **COMMUNICATION**

All communications, whether internal or external, should be accurate, forthright and where ever required, confidential. The Company is committed to conduct business in an open and honest manner and provide open communication channels that encourage candid dialogue relative to employee concerns. The Company strongly believes in a clean desk

policy and expects its employees to adhere to it not only for neatness but also security purposes.

### **EMPLOYEE RETENTION**

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

### **INTERNET USE / INFORMATION TECHNOLOGY**

As a general rule, all Information Technology related resources and facilities are provided only for internal use and/or business-related matters. Information Technology facilities which have been provided to employees should never be used for personal gain or profit, should not be misused during work time and remain the property of the Company.

Disclosure or dissemination of confidential or proprietary information regarding the Company, its products or its customers outside the official communication structures is strictly prohibited.

### **COMPLIANCE WITH BUSINESS TRAVEL POLICIES**

The safety of employees while on a business trip is of vital importance to the Company. The Company encourages the traveler and his/her supervisor to exercise good judgment when determining whether travel to a high-risk area is necessary and is for the Company's business purposes.

It is not permitted to combine business trips with a vacation or to take along spouse, relative or friend without the prior written authorization from Management.

### **COMPLIANCE**

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

Any person meeting with difficulties in the application of this code should refer to the Management.

## CORPORATE OBJECTIVES AND STRATEGIES

Objectives	Strategies
<b>Enhance shareholders' Returns</b>	To manage business in an efficient manner with a constant focus on the topline and bottom-line performance of the Company
<b>Become Price-Competitive</b>	Improve production efficiency through both technological upgrades and optimal resource utilization
<b>Broaden the Product Portfolio</b>	Enter into strategic trading relationships with global brands to improve standing in segments where product standing is weak
<b>Exceed Customer Expectations</b>	Invest in customer-centric initiatives to improve geographical touch-points and after-sales services
<b>Create a Pro-Growth, Learning Organization</b>	Promote employee training & development and ethical business
<b>Knowledge Management</b>	Promote tacit and explicit knowledge within the Group to effectively create, gather, store and re-use knowledge as an asset for ultimate Group benefits

## Brief History and Subsidiary Information

Waves Corporation history has its legacy from the Singer's brand where Singer's history dates back to 1850, when Isaac Merritt Singer manufactured the first ever sewing machine in Boston, USA. I. M Singer & Company was duly incorporated during the same year. The name changed to Singer Manufacturing Company during 1853 when the factory of the Company was also relocated to New York, USA. Singer established its presence in the Indian sub-continent during 1877. Over the years, and after the independence of Pakistan, Singer continued its business of sewing machines in the country, but also started dealing in domestic consumer appliances, besides manufacturing and assembling light engineering products. In 1985, the Company became a public listed company. Later with global restructuring of Singer, the local Singer company was sold out to professional team having expertise in home appliances and light engineering businesses. Under Singer brand, the Company manufactured variety of consumer appliances including refrigerators, air conditioners, LED TVs, washing machines, microwave ovens, in addition to its more traditional offerings of sewing machines, water heaters and gas ovens etc. In addition, it had an extensive retail network in Pakistan that covered mostly small towns and metropolitan cities of the country.



Later the Company acquired WAVES brand through a merger sanctioned by the honorable high court, wherein Cool Industries (Private) Limited (owner of Waves brand) and Link Wel (Private) Limited were merged with and into the Company and the name of the Company was changed from Singer Pakistan Limited to Waves Singer Pakistan Limited. With the growth in business, the management felt prudent to demerge home appliances business into a separate entity Waves Home Appliances Limited, formerly Samin Textiles Limited (WHALE), while retaining the real estate development business and retail shop network for consumer appliances and other consumer goods. Accordingly, with the sanction of honorable Lahore High Court, pursuant to a scheme of arrangement (the Scheme) between the Company and WHALE, the home appliances business was demerged into WHALE and the name of the Company was changed to Waves Corporation Limited (WAVES) to act as a holding company of WHALE. The retail business is currently undertaken by the Company's wholly owned subsidiary Electronic Marketing Company Limited (EMCL), whose name is being changed to Waves Marketplace Limited, whereas a project company Waves Builders & Developers (Private) Limited is incorporated to undertake the real estate project.


The Company was in discussion with Singer International since year 2021 in respect of relinquishment of Singer brand used by the Company. During the first quarter of year 2022, the deal with the Singer International was not conclusive. Efforts are still in pipeline for re-negotiation of royalty to Singer International. However, in order to avoid legal complication, the Company halted the use of Singer brand and its related production. Accordingly, the name of the Company was also changed to exclude the word "Singer" from the name of the Company.

WAVES brand of consumer appliances was established by Cool Industries (Private) Limited in 1971 by a family of entrepreneurs from Lahore. Within a span of four decades, the Company became a household brand in the country. The history of the



## WAVES CORPORATION LIMITED (Formerly Waves Singer Pakistan Limited)

company is filled with many milestones. Back in 1976, it started the production of refrigerators. By 2002, the company had become the sole producer of Split Air Conditioners in Pakistan. The company started producing Microwaves in 2003, under an agreement with GALANZ, a Chinese company. The product take-off was impressive, thanks to product durability. The production of Washing Machines started in 2004, when Waves pioneered single-tub and double-tub washing machines in this market. The company continued its growth path until 2015, when a tough competitive landscape and succession issues within the sponsors family created many bottlenecks in the smooth operations of the company. Subsequently, WAVES was acquired by the sponsors of Waves Corporation Limited (formerly Waves Singer Pakistan Limited).

Electronic Marketing Company Limited (EMCL), a  subsidiary of the Company is a pioneer of retail sales of home appliances, offering cash and installment sales to our treasured customers to shop with convenience at our 141 nationwide spread outlets in rural and urban areas of Pakistan. EMCL's customers base is around 400,000 which is categorized into individual walk-in customers, welfare / institutional customers deduction at source, welfare / institutional customers not deduction at source and online channel. EMCL's substantial sales constitute on hire purchase basis and rest on cash. EMCL's recovery rate is very high due to well defined credit procedures, documents and strong follow up with the customer by the recovery/field teams. EMCL' deals in different brands of home appliances like, Waves, Haier, Dawlance, Changhong Ruba, TCL, Oppo Mobiles, United Bikes, Kenwood, Orient, etc.

EMCL has shown robust growth and in order to fund its expansion plans, the Board in principle decided that it may be listed on Pakistan Stock Exchange Limited (PSX) at an appropriate time when market is conducive for listing. In line with the EMCL's growth plans focusing on product diversification, cash sales and delivery arrangements using modern ways of e-commerce/online sales from its 141-country wide diversified and already operational locations, the Board decided inter alia that name of EMCL be changed to Waves Marketplace Limited, increase its directors and increase in the authorized capital as per EMCL's business plan and listing requirements.

The Company is undertaking an affordable housing apartment project under the brand name of WAVES ENCLAVE. The Project is located at the existing factor premises on Multan Road, Lahore. The progress on construction of the new factory premises and shifting of manufacturing operations is expected in the last quarter of this calendar year which will coincide with the soft launch and ground breaking activities. The development plans of real estate apartments project including architectural and construction designs, engaging one of the leading marketing agencies, obtaining required NOCs and approvals and hiring of construction contractors are all under satisfactory progress.



## Timeline

**1877**

First Singer sewing machine goes into sales in the Indian subcontinent

**1985**

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

**2006**

Singer broadens its product portfolio and launches retail stores with brand name “ Singer Plus “

**2007**

Singer Retail Academy was launched for human resources development

**2009**

LCD Television product is launched

**2010**

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

**2011**

The company introduces its Refrigerator products to the market

**2016**

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

**2017**

Glass door refrigerator and Inverter ACs launched in the market

**2018**

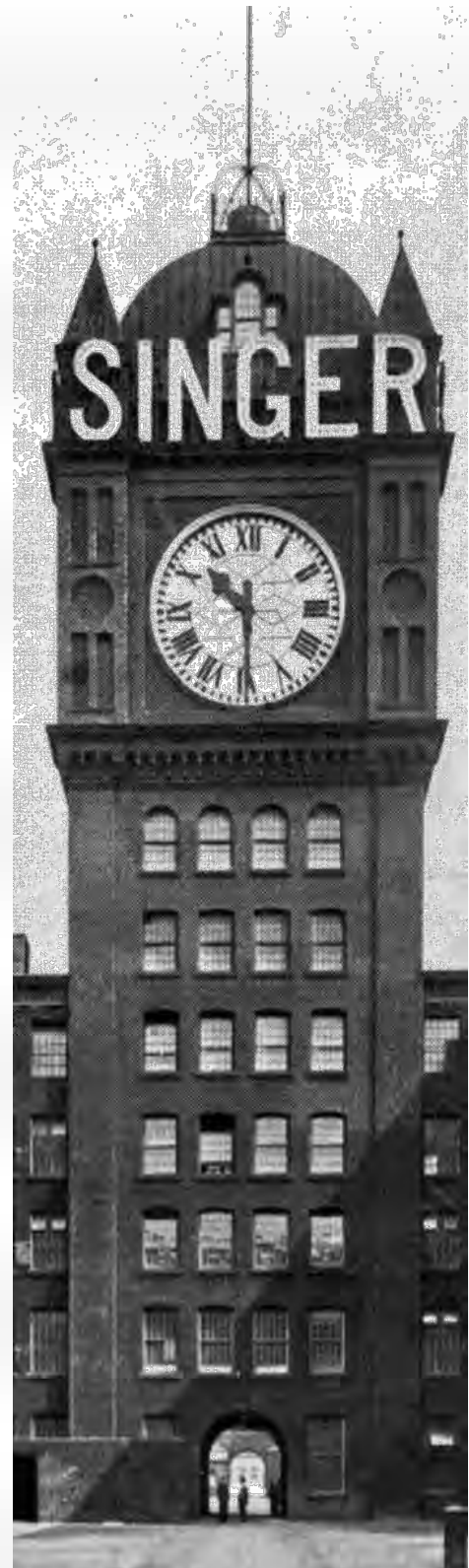
Singer merged with Cool Industries Limited ( Waves ), creating Waves – Singer Pakistan Limited.

**2019**

Glass Door Alpha Deep Freezer launched in the market

**2020**

Singer branded Instant Water Heater developed and Introduced



## Products, Quality Management & Distribution

### Waves Branded Product Range



**Waves Brand**

Deep Freezers

Visi Coolers

Refrigerators

Air Conditioners

Washing Machines

Microwaves

Water Dispensers

Water Heaters

Instant Geysers

Cooking Ranges

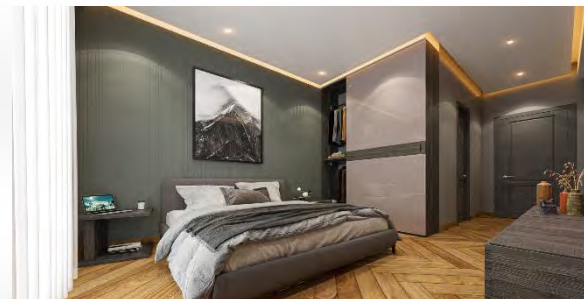
## Multi Brand Products:

The Company through its subsidiary Electronics Marketing Company Limited (EMCL) also deals in buying and selling multi brand products including LED/TVs, Refrigerators, Deep Freezers, Motor Bikes, Generators, Air Conditioners, Mobile Phones and other related products of renowned brands in order to generate retailer's margins through its nationwide network of 141 stores with the option "Buy now and pay later" under Hire Purchase Terms.



## Affordable Housing Apartment Project

The Company is undertaking an affordable housing apartment project at the existing factory premises (the Project) once the manufacturing plant is shifted to the new factory premises. The site is well connected with different parts of the city as the area is easily accessible via public and private transport. The Project is in the close proximity of Thokar Niaz Baig, which is considered to be one of the major entry / exit points of the Lahore city for commuters traveling by road. The site can be accessed through three points from Lahore: From Canal Road to Thokar Niaz Baig, from Wahdat Road to Multan Chungi, and from Central Lahore to Multan Road which adds to its value. Coupled with that, a stop for new Orange Line train station is also located at walking distance from the Project. Multiple residential societies, educational institutions, hospitals and other allied facilities are located in close proximity of the project, thus making it a livable community.



## Quality Management

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

### Our Philosophy

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

### Research and Development

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

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

### Quality Control & Assurance

Our significant quality control measures include:

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

## Form Fit Function and Setting the Standard

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

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

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

## Health, Safety & Environment Management

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

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



## Geographical Presence/Distribution Network



### Nationwide Network of WAVES

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

## **Key Financial Performance – Consolidated**

---

### **Gross Sales**

2021: Rs. 12,321 Mn

2020: Rs. 10,230 Mn

### **Operating Profit**

2021: Rs. 832 Mn

2020: Rs. 886 Mn

### **Net Profit**

2021: Rs. 328 Mn

2020: Rs. 127 Mn

### **Gross Profits**

2021: Rs. 2,282 Mn

2020: Rs. 1,844 Mn

### **Net Finance Cost**

2021: Rs. 317 Mn

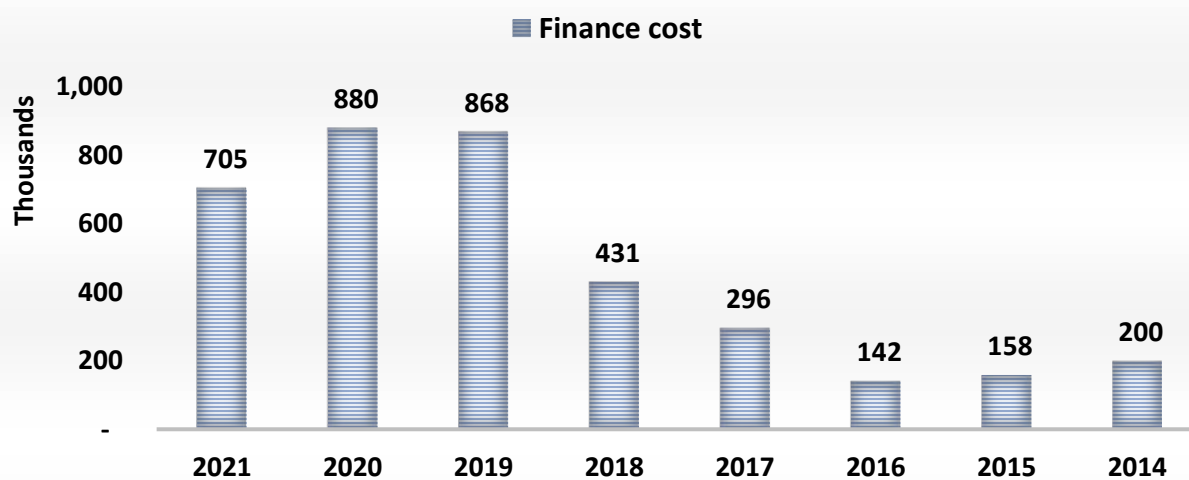
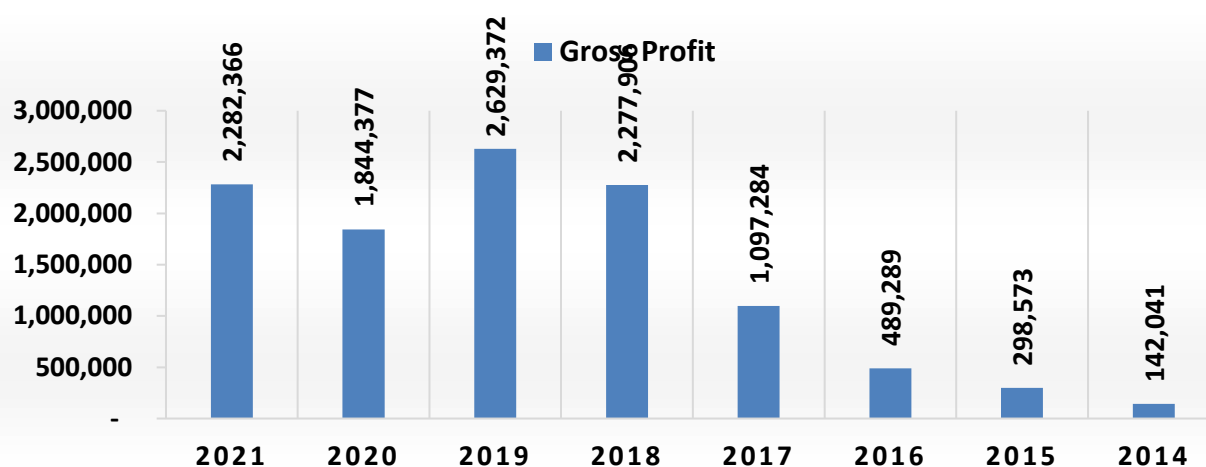
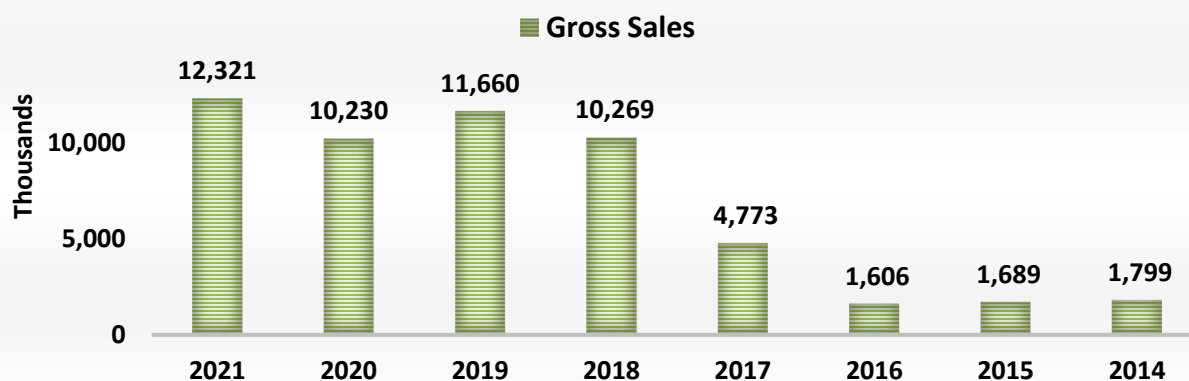
2020: Rs. 617 Mn

### **Non-Current Assets**

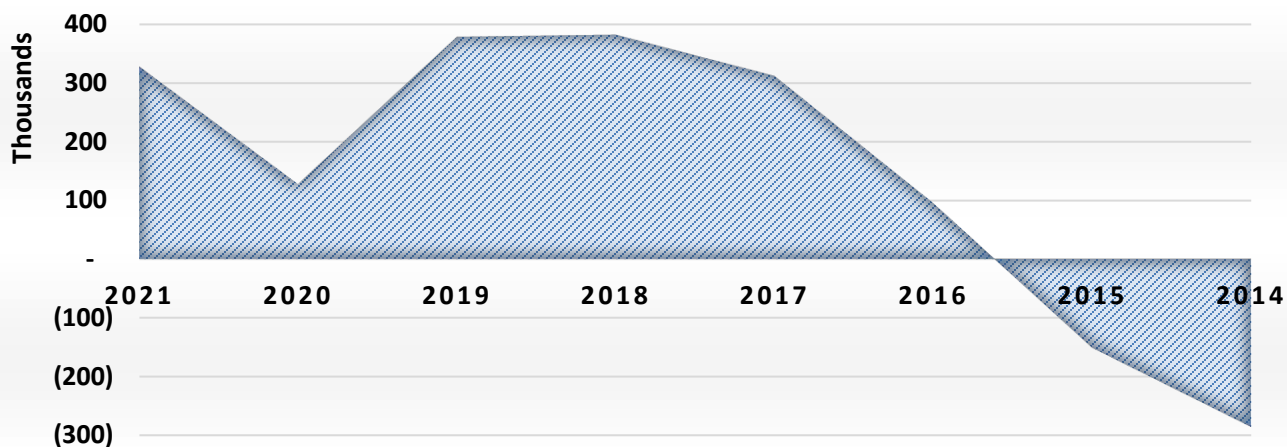
2021: Rs. 9,201 Mn

2020: Rs. 8,549 Mn

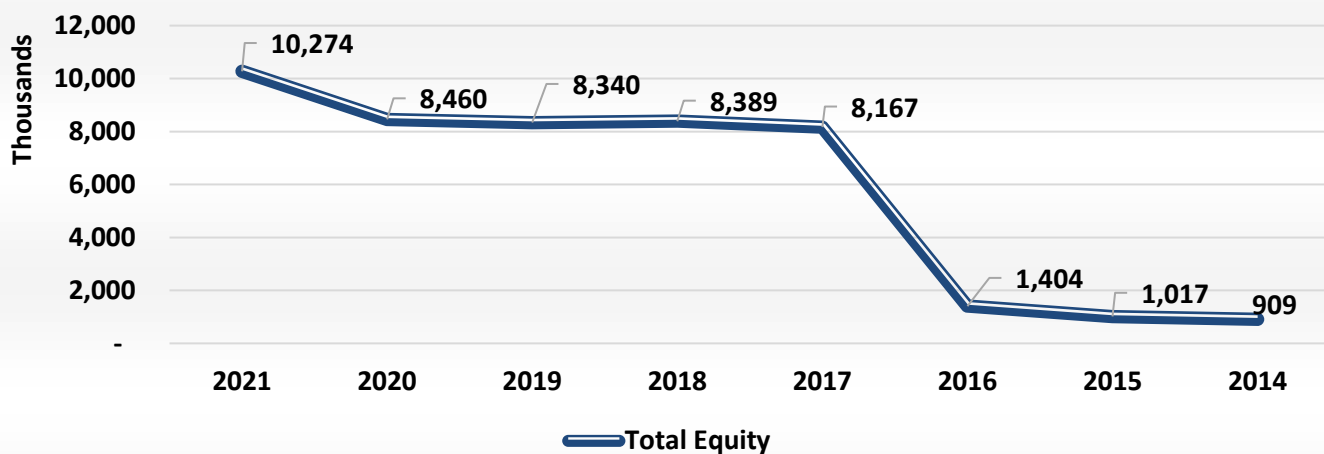
## Key Highlights



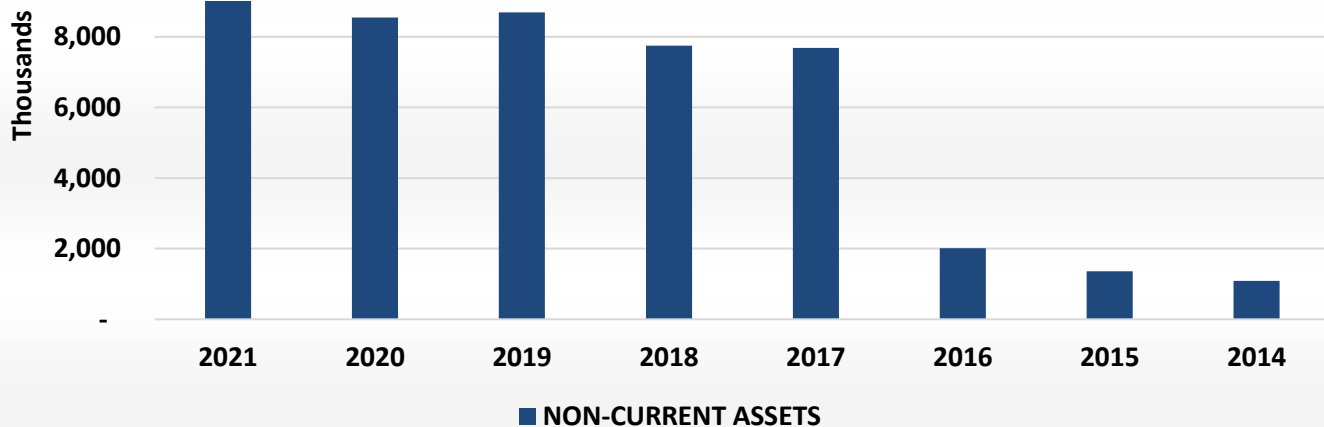
**PROFIT AFTER TAX**



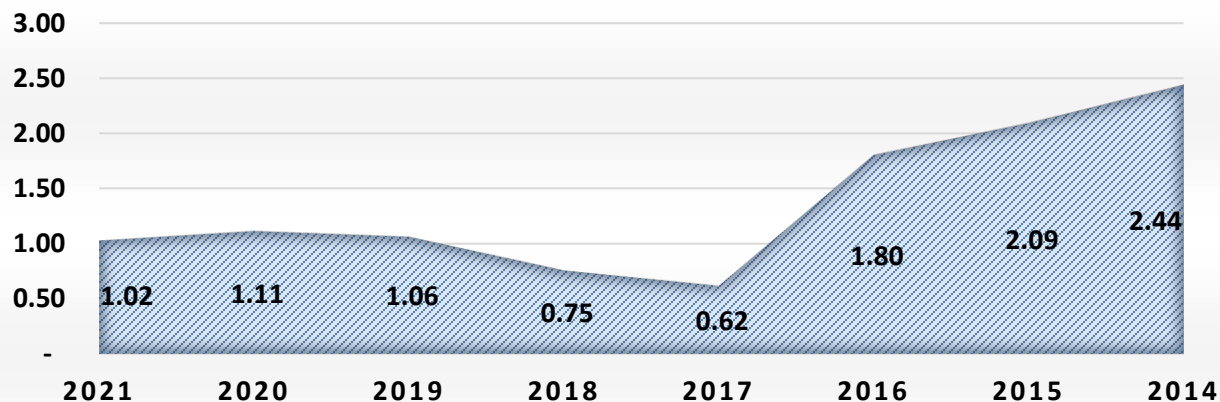
**TOTAL EQUITY**



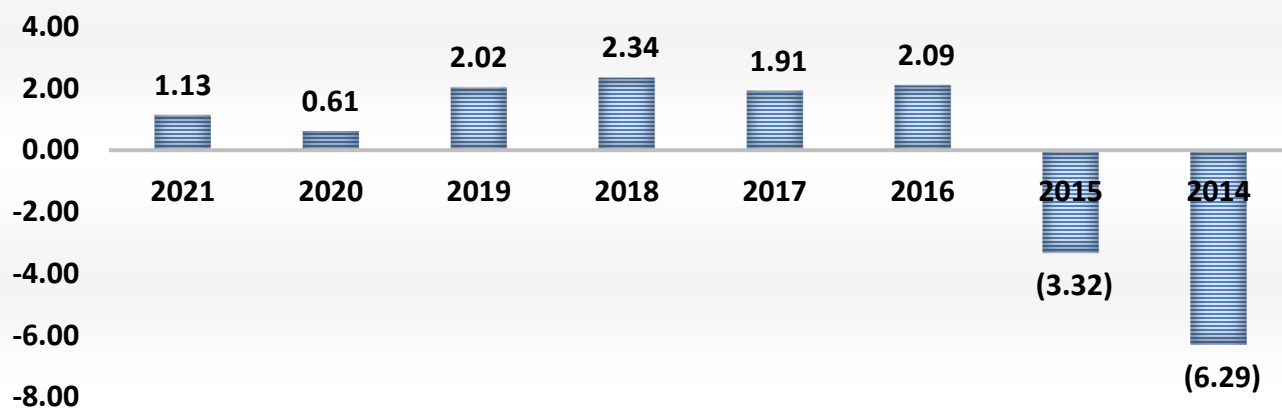
**NON-CURRENT ASSETS**



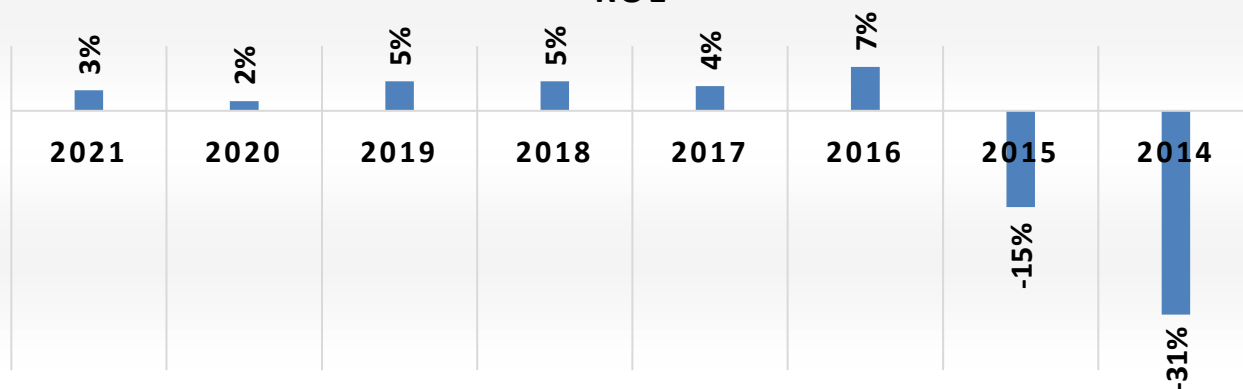
### TOTAL LIABILITIES TO EQUITY



### EPS



### ROE



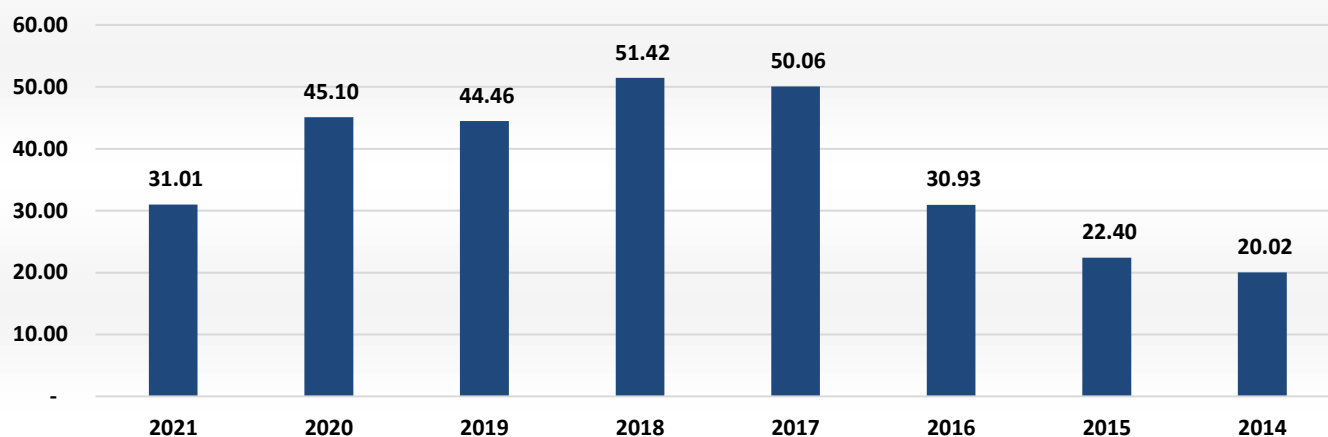
WAVES CORPORATION LIMITED (Formerly Waves Singer Pakistan Limited)

**CURRENT RATIO**



2021 2020 2019 2018 2017 2016 2015 2014

**Book Value Per Share**



Rs. In 000	2021	2020	2019	2018	2017	2016	2015
Net Sales	10,439,010	8,525,481	9,483,974	8,516,016	3,685,623	1,399,606	1,487,934
Gross Profit	2,282,366	1,844,377	2,629,372	2,277,906	1,097,284	489,289	298,573
Profit After Tax	327,887	127,468	378,300	382,075	312,132	95,122	-150,766
Shareholder's Equity	8,725,001	8,460,424	8,339,999	8,389,125	8,166,642	1,404,404	1,016,925
Current Assets	11,598,598	9,318,211	8,483,013	6,958,685	5,516,459	1,917,541	1,783,205
Fixed Assets	9,201,065	8,549,217	8,693,203	7,753,985	7,686,631	2,015,791	1,359,453
Total Assets	20,799,663	17,867,428	17,176,216	14,712,670	13,203,090	3,933,332	3,142,658
Current Liability	8,776,273	6,778,440	6,644,328	5,196,532	4,116,560	1,719,347	1,836,344
Non-Current Liability	1,750,564	2,628,564	2,191,889	1,127,013	919,888	809,581	289,389
Total Liability	10,526,837	9,407,004	8,836,217	6,323,545	5,036,448	2,528,928	2,125,733
Paid Up Capital (Nos.)	2,814,062	1,876,041	1,876,041	1,631,340	1,418,556	454,056	454,056

## **Analysis of Financial Position & Performance (Consolidated)**

### **EQUITY AND LIABILITIES**

#### **Shareholders' Equity**

Shareholders equity has increased during the year on account of issue of right shares to the shareholders of the Company.

#### **Non-Current Liabilities**

Total non-current liabilities comprising of long-term debt, deferred taxation and deferred income. During the year deferred taxation increased during the year. The overall reduction is on account of transfer of current portion of long-term debt to current liabilities.

#### **Current Liabilities**

Current liabilities of the Company increased, on account of transfer of current portion of long-term liability and increase in short term financing during the year. The Company has been trying to optimize the Short-Term Borrowings to sustain increased business requirements of the business.

### **ASSETS**

#### **Non-Current Assets**

Non-current assets of the Company including property, plant and equipment and right to use assets under IFRS 16, intangible assets, long term investments and other long-term assets. During the year, the Company has invested Rs. 801 Mn in PPE.

#### **Current Assets**

Current assets include inventories, trade debts short term advances, deposits, prepayments and other receivables, short term investments, current tax assets and cash and bank balances. With an aggregate balance of Rs. 11,600 million at the close of 2021, the current assets recorded an increase by 24% mainly on account of increase in stocks and trade debts due to growth in sales.

## **PROFIT AND LOSS**

### **Revenue and Cost of Sales**

Net Revenues increased by 22% over the last year mainly due to increased sales despite of the tough conditions following COVID-19 pandemic. The gross margins have increased by 24%. The Company expects to experience some pressure on the margins in the coming year due to weakening of Rupee, tough economic conditions, cost rationalization, continuous research and development activities and systematic price increases.

### **Operating Costs**

The administrative and selling expenses collectively have increase due to high inflation rates during the year under review and increase in sales. The Company continued to focus on internal cost saving and operational efficiency across the organization to mitigate the inflationary impact.

## **RATIO ANALYSIS**

### **Profitability Ratios**

The gross profit for the year has been reported at 22% of net sales. Net profit margin for the year has been reported around 3.1%.

### **Operating Performance / Liquidity**

Current ratio for 2021 has been recorded at 1.32 times against 1.37 times for the year 2021. The slight reduction is on account of increased current liability due to transfer of current portion of long-term loan and increased short term debt financing.

### **Activity / Turnover Ratios**

Inventories and Receivable turnover days are 160 days and 111 days. Total asset turnover ratio recorded slight increase as compared to previous year.

### **Investment / Market Ratios**

The Company's earnings per share - EPS for the year 2021 is Rs. 1.13 per share as compared to EPS of 0.61 (restated) for previous year

### **Capital Structure Ratios**

A debt to asset ratio of 1 would mean that investors and creditors have an equal stake in the business assets. At the end of FY 2021, the ratio stood at 0.37 times in comparison to 0.41 times for the previous year.

## Ratio Analysis

<b>Liquidity Ratio</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Current Ratio	1.32	1.37	1.28	1.34	1.34	1.12	0.97	1.05
Quick/Acid Test Ratio	0.85	0.94	0.73	0.74	0.71	0.82	0.81	0.83
Cash to Current Liabilities	0.02	0.02	0.02	0.02	0.07	0.09	0.04	0.04

<b>Solvency Ratio</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Debt to Equity Ratio	0.87	0.83	0.80	0.50	0.43	1.27	1.46	1.69
Debt to Asset Ratio	0.37	0.41	0.39	0.28	0.27	0.45	0.47	0.49
Equity to Asset Ratio	0.42	0.47	0.49	0.57	0.62	0.36	0.32	0.29

<b>Profitability Ratio</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Gross Profit Margin	21.86%	21.6%	27.7%	26.7%	29.7%	34.9%	20.0%	10.0%
Net Profit Margin	3.14%	1.50%	3.9%	4.4%	8.5%	6.8%	-10.1%	-20.2%
EBIT Margin	7.97%	10.3%	13.6%	9.2%	14.9%	11.0%	-17.4%	-32.5%
Return on Assets	1.58%	0.71%	2.20%	2.60%	2.36%	2.42%	-4.80%	-9.14%
Return on Equity	3.76%	1.51%	4.54%	4.55%	3.82%	6.77%	-14.83%	-31.42%

<b>Turnover Ratio</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Total Assets Turnover Ratio	0.54	0.49	0.59	0.61	0.43	0.40	0.47	0.46
Fixed Assets Turnover Ratio	1.18	0.99	1.15	1.10	0.76	0.83	1.22	1.57
Inventory Turnover Ratio	2.29	2.02	2.03	2.19	1.67	2.28	3.31	2.40
No. of Days in Inventory	159.55	180.74	179.59	166.29	218.67	160.43	110.38	151.91
Debtor Turnover Ratio	3.26	3.35	3.79	3.15	2.29	1.25	1.19	1.04
No. of Days in Debtor	111.88	109.00	96.29	115.79	159.45	292.85	306.68	350.06

<b>Market Ratios</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Earning Per Share	1.13	0.68	2.02	2.34	1.91	2.09	-3.32	-6.29
Price To Earning Ratio	13.77	41.49	12.19	11.49	19.37	25.27	-8.55	-4.08
Book Value Per Share	31.01	45.10	44.46	51.42	50.06	30.93	22.40	20.02

<b>Dupont Analysis</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Tax Burden	63.7%	47.3%	60.9%	74.8%	93.0%	76.5%	78.6%	70.3%
Interest Burden	61.9%	30.4%	47.9%	65.2%	60.7%	80.3%	73.8%	88.3%
EBIT Margin	8.0%	10.4%	13.7%	9.2%	15.0%	11.1%	-17.5%	-32.5%
Assets Turnover	0.54	0.49	0.59	0.61	0.43	0.40	0.47	0.46
FL Ratio	221.6%	207.1%	191.2%	166.4%	104.9%	251.9%	308.1%	342.0%
<b>Return on Equity (ROE)</b>	<b>3.76%</b>	<b>1.51%</b>	<b>4.54%</b>	<b>4.55%</b>	<b>3.82%</b>	<b>6.77%</b>	<b>-14.83%</b>	<b>-31.42%</b>

## Horizontal Analysis- Balance Sheet

Horizontal Analysis BS %	2021	2020	2019	2018	2017	2016	2015	2014
<b>EQUITIES AND LIABILITIES</b>								
<b>SHARE CAPITAL AND RESERVES</b>								
Issued, Subscribe and Paid-Up Capital	50.0%	0.0%	15.0%	259.3%	0.0%	0.0%	0.0%	0.0%
Share to be Issued Pursuant to Amalgamation	0.0%	0.0%	0.0%	-100.0%	100.0%	0.0%	0.0%	0.0%
Share Premium Reserve	9.7%	0.0%	-5.1%	-4.2%	100.0%	0.0%	0.0%	0.0%
Capital Reserve	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Revenue Reserve	0.0%	0.0%	0.0%	0.0%	0.0%	-100.0%	0.0%	0.0%
Surplus on Revaluation of PPE	66.1%	-6.7%	208.8%	-0.6%	-89.2%	33.7%	43.7%	92.2%
Un-appropriate profit / Loss	-80.8%	9.6%	-16.3%	14.1%	-1154.1%	-60.3%	59.5%	-712.5%
<b>TOTAL EQUITIES</b>	<b>3.1%</b>	<b>1.4%</b>	<b>-0.6%</b>	<b>2.7%</b>	<b>481.5%</b>	<b>38.1%</b>	<b>11.8%</b>	<b>-0.3%</b>
<b>LAIBILITIES</b>								
<b>NON-CURRENT LAIBILITIES</b>								
Long Term Loans-Secured	-45.0%	41.6%	93.5%	28.9%	7.6%	1026.7%	-42.7%	11.0%
Liabilities Against Assets Subject to Finance Lease	-48.9%	-39.3%	930.9%	11.0%	249.5%	-36.9%	101.2%	-42.0%
Long Term Deposits	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee Retirement Benefits-Obligation	-5.2%	-6.3%	-33.3%	13.4%	5.6%	8.0%	139.8%	2.8%
Deferred Taxation-Net	57.4%	6.0%	3.7%	9.8%	13.7%	25.1%	8.3%	-4.9%
Deferred Income	-62.7%	34.0%	-23.0%	59.4%	441.8%	-44.4%	100.0%	-100.0%
<b>Total Non-Current Liabilities</b>	<b>-33.4%</b>	<b>19.9%</b>	<b>94.5%</b>	<b>22.5%</b>	<b>13.6%</b>	<b>179.8%</b>	<b>7.0%</b>	<b>-2.2%</b>
<b>CURRENT LAIBILITIES</b>								
Trade and Other Payables	36.3%	-9.6%	4.2%	50%	151%	15%	-18%	3%
Accrued Interest/Mark-Up	3.3%	-17.6%	122.5%	32%	84%	20%	-28%	11%
Short-Term Running Finances-Secured	31.2%	-3.9%	37.3%	9%	133%	-11%	1%	1%
Unclaimed Dividend	0.0%	0.0%	-100.0%	100%	0%	0%	0%	0%
Unpaid Dividend	-7.6%	-12.4%	-3.9%	100%	0%	0%	0%	0%
Current Portion of Non-Current Liabilities	-100.0%	28.9%	43.9%	284%	333%	-69%	-31%	3%
Current Portion of Finance Lease	0.0%	0.0%	0.0%	-100%	167%	-20%	20%	4%
Current Portion of Deferred Income	0.0%	0.0%	0.0%	-100%	62%	0%	303%	-50%
<b>Total current liabilities</b>	<b>29%</b>	<b>2%</b>	<b>28%</b>	<b>26%</b>	<b>139%</b>	<b>-6%</b>	<b>-6%</b>	<b>2%</b>
<b>TOTAL LAIBILITIES</b>	<b>11.9%</b>	<b>6.5%</b>	<b>39.7%</b>	<b>26%</b>	<b>99%</b>	<b>19%</b>	<b>-4%</b>	<b>2%</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>16%</b>	<b>4%</b>	<b>17%</b>	<b>11%</b>	<b>236%</b>	<b>25%</b>	<b>1%</b>	<b>1%</b>

## Horizontal Analysis- Balance Sheet

Horizontal Analysis BS %	2021	2020	2019	2018	2017	2016	2015	2014
<b>ASSETS</b>								
<b>NON-CURRENT ASSETS</b>								
Property, Plant and Equipment	12.9%	-2.3%	20.0%	1.6%	182.4%	26.5%	26.9%	60.7%
Intangible Assets	-1.3%	-1.0%	-0.7%	-0.4%	13229.4%	-14.3%	-12.6%	-11.2%
Employee Retirement Benefits-Prepayments	0.0%	-	-66.0%	100.0%	0.0%	0.0%	0.0%	-100.0%
Long term Investment (Property)	0.0%	0.0%	0.0%	0.0%	-100.0%	100.0%	0.0%	0.0%
Trade debts	100.0%	100.0%	100.0%					
Long Term Deposits	-33.4%	-21.0%	11.6%	-13.0%	46.7%	-20.8%	-12.8%	-16.1%
<b>Total Non-Current Assets</b>	<b>7.6%</b>	<b>-1.7%</b>	<b>12.1%</b>	<b>0.9%</b>	<b>281.3%</b>	<b>48.3%</b>	<b>24.8%</b>	<b>53.1%</b>
<b>CURRENT ASSETS</b>								
Stores, Spares and Loose Tools	35.4%	-10.5%	21.5%	35.4%	348.3%	-53.0%	64.6%	8.0%
Stock In Trade	40.7%	-18.9%	18.2%	19.3%	409.3%	74.8%	-32.0%	-32.2%
Trade Debts	16.5%	38.6%	30.8%	50.5%	102.8%	-10.1%	-10.3%	-5.6%
Short term Advances, Deposit & Others	25.4%	-27.3%	-2.8%	40.1%	225.1%	17.3%	5.4%	-38.0%
Taxation-Net	29.8%	-20.5%	-29.4%	-3.3%	120.2%	-0.8%	27.4%	9.6%
Investments	0.0%	0.0%	0.0%	0.0%	0.0%	-100.0%	-30.1%	-11.1%
Cash and Bank Balances	6.7%	-12.5%	55.4%	-63.9%	94.3%	96.9%	-5.3%	-40.5%
<b>Total Current Assets</b>	<b>24.5%</b>	<b>9.8%</b>	<b>21.9%</b>	<b>26.1%</b>	<b>187.7%</b>	<b>7.5%</b>	<b>-12.4%</b>	<b>-14.6%</b>
<b>TOTAL ASSETS</b>	<b>16.4%</b>	<b>4.0%</b>	<b>16.7%</b>	<b>11.4%</b>	<b>235.7%</b>	<b>25.2%</b>	<b>0.6%</b>	<b>1.0%</b>

## Horizontal Analysis- Profit/Loss Account

Horizontal Analysis PL %	2021	2020	2019	2018	2017	2016	2015	2014
Gross Sales	20.4%	-12.3%	13.5%	115.2%	197.2%	-4.9%	-6.1%	-21.6%
Sales Tax & Trade Discount	10.4%	-21.7%	24.2%	61.2%	426.6%	2.6%	-47.6%	-13.9%
<b>Net sales</b>	<b>22.4%</b>	<b>-10.1%</b>	<b>11.4%</b>	<b>131.1%</b>	<b>163.3%</b>	<b>-5.9%</b>	<b>5.2%</b>	<b>-23.4%</b>
Cost of Sales	22.1%	-2.5%	9.9%	141.0%	184.3%	-23.5%	-6.6%	-23.3%
<b>Gross Profit</b>	<b>23.7%</b>	<b>-29.9%</b>	<b>15.4%</b>	<b>107.6%</b>	<b>124.3%</b>	<b>63.9%</b>	<b>110.2%</b>	<b>-24.6%</b>
Marketing, Selling and Distribution Cost	10.8%	-0.8%	-11.3%	43.6%	67.0%	-1.3%	42.0%	22.0%
Administrative and General Expenses	21.0%	-3.0%	25.8%	92.4%	188.7%	-1.3%	17.2%	7.7%
Other Expenses	186.9%	-49.9%	-21.6%	-8.4%	823.9%	-79.6%	-74.7%	809.2%
Other Income	-46.3%	196.2%	321.0%	-92.5%	173.4%	1105.6%	-7.4%	20.1%
<b>Total Operating Expenses</b>	<b>51.3%</b>	<b>-28.0%</b>	<b>-10.9%</b>	<b>174.3%</b>	<b>62.9%</b>	<b>-40.1%</b>	<b>-7.3%</b>	<b>86.3%</b>
<b>Operating Profit</b>	<b>-6.1%</b>	<b>-31.8%</b>	<b>65.8%</b>	<b>41.8%</b>	<b>256.8%</b>	<b>-159.6%</b>	<b>-43.5%</b>	<b>241.1%</b>
Earned Carrying Cost	47.7%	37.6%	21.2%	98.7%	-28.7%	-50.8%	-10.7%	-32.4%
Finance Cost	-19.9%	1.4%	101.6%	45.3%	108.9%	-10.4%	-20.7%	8.2%
	<b>-48.6%</b>	<b>-8.9%</b>	<b>148.1%</b>	<b>25.8%</b>	<b>612.5%</b>	<b>-144.7%</b>	<b>26.7%</b>	<b>-71.8%</b>
<b>Profit Before Taxation</b>	<b>91.4%</b>	<b>-56.7%</b>	<b>21.8%</b>	<b>52.2%</b>	<b>169.8%</b>	<b>-164.8%</b>	<b>-52.8%</b>	<b>-836.5%</b>
Taxation	32.1%	-41.7%	89.4%	449.3%	-20.1%	-171.2%	-66.0%	-737.9%
<b>Profit After Taxation</b>	<b>157.2%</b>	<b>-66.3%</b>	<b>-1.0%</b>	<b>22.4%</b>	<b>228.1%</b>	<b>-163.1%</b>	<b>-47.2%</b>	<b>-888.0%</b>
Other Comprehensive Income	-3689.0%	-102.8%	1560.4%	-83.1%	4589.9%	-116.5%	483.8%	100.0%
<b>Total Comprehensive Income</b>	<b>385.6%</b>	<b>-80.9%</b>	<b>58.7%</b>	<b>-1.2%</b>	<b>314.5%</b>	<b>-159.7%</b>	<b>-43.5%</b>	<b>-893.5%</b>

## Vertical Analysis- Balance Sheet

Vertical Analysis %	2021	2020	2019	2018	2017	2016	2015	2014
<b>EQUITIES AND LIABILITIES</b>								
<b>SHARE CAPITAL AND RESERVES</b>								
Issued, Subscribe and Paid-Up Capital	13.5%	10.5%	10.9%	11.1%	3.4%	11.5%	14.4%	14.5%
Share to be Issued Pursuant to Amalgamation	0.0%	0.0%	0.0%	0.0%	7.3%	0.0%	0.0%	0.0%
Share Premium Reserve	24.2%	25.6%	26.7%	32.8%	38.2%	0.0%	0.0%	0.0%
Capital Reserve	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%	0.2%
Revenue Reserve	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	3.7%	3.8%
Surplus on Revaluation of PPE	2.7%	1.9%	2.1%	0.8%	0.9%	27.9%	26.1%	18.2%
Un-appropriate profit / Loss	1.5%	9.3%	8.8%	12.3%	12.0%	-3.8%	-12.1%	-7.6%
<b>TOTAL EQUITIES</b>	<b>41.9%</b>	<b>47.4%</b>	<b>48.6%</b>	<b>57.0%</b>	<b>61.9%</b>	<b>35.7%</b>	<b>32.4%</b>	<b>29.1%</b>
<b>LAIBILITIES</b>								
<b>NON-CURRENT LIABILITIES</b>								
Long Term Loans-Secured	5.3%	11.2%	8.3%	5.0%	4.3%	13.4%	1.5%	2.6%
Liabilities Against Assets Subject to Finance Lease	0.7%	1.5%	2.5%	0.3%	0.3%	0.3%	0.6%	0.3%
Long Term Deposits	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Employee Retirement Benefits-Obligation	0.2%	0.2%	0.2%	0.4%	0.4%	1.3%	1.5%	0.6%
Deferred Taxation-Net	2.2%	1.7%	1.6%	1.8%	1.9%	5.5%	5.5%	5.1%
Deferred Income	0.0%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%
<b>Total Non-Current Liabilities</b>	<b>8.4%</b>	<b>14.7%</b>	<b>12.8%</b>	<b>7.7%</b>	<b>7.0%</b>	<b>20.6%</b>	<b>9.2%</b>	<b>8.7%</b>
<b>CURRENT LAIBILITIES</b>								
Trade and Other Payables	11.0%	9.4%	10.9%	12%	9%	12%	13%	16%
Accrued Interest/Mark-Up	0.9%	1.0%	1.3%	1%	1%	1%	1%	1%
Short-Term Running Finances	24.9%	22.1%	23.9%	20%	21%	30%	42%	42%
Unclaimed Dividend	0.0%	0.0%	0.0%	0%	0%	0%	0%	0%
Unpaid Dividend	0.0%	0.0%	0.0%	0%	0%	0%	0%	0%
Current Portion of Non-Current Liabilities	0.0%	3.2%	2.6%	2%	1%	0%	2%	3%
Current Portion of Finance Lease	4.8%	0.0%	0.0%	0%	0%	0%	0%	0%
Current Portion of Deferred Income	0.0%	0.0%	0.0%	0%	0%	0%	0%	0%
<b>Total current liabilities</b>	<b>42%</b>	<b>38%</b>	<b>39%</b>	<b>35%</b>	<b>31%</b>	<b>44%</b>	<b>58%</b>	<b>62%</b>
<b>TOTAL LAIBILITIES</b>	<b>51%</b>	<b>53%</b>	<b>51%</b>	<b>43%</b>	<b>38%</b>	<b>64%</b>	<b>68%</b>	<b>71%</b>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## Vertical Analysis- Balance Sheet

Vertical Analysis %	2021	2020	2019	2018	2017	2016	2015	2014
<b>ASSETS</b>								
<b>NON-CURRENT ASSETS</b>								
Property, Plant and Equipment	30.2%	31.2%	33.2%	32.3%	35.5%	42.1%	41.7%	33.0%
Intangible Assets	13.8%	16.3%	17.2%	20.2%	22.6%	0.6%	0.8%	1.0%
Employee Retirement Benefits-Prepayments	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Long term Investment (Property)	0.0%	0.0%	0.0%	0.0%	0.0%	8.1%	0.0%	0.0%
Trade debts	0.1%	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%
Long Term Deposits	0.1%	0.1%	0.2%	0.2%	0.2%	0.5%	0.7%	0.9%
<b>Total Non-Current Assets</b>	<b>44.2%</b>	<b>47.8%</b>	<b>50.6%</b>	<b>52.7%</b>	<b>58.2%</b>	<b>51.2%</b>	<b>43.3%</b>	<b>34.9%</b>
<b>CURRENT ASSETS</b>								
Stores, Spares and Loose Tools	0.2%	0.2%	0.2%	0.2%	0.2%	0.1%	0.3%	0.2%
Stock In Trade	20.0%	16.6%	21.3%	21.0%	19.6%	12.9%	9.3%	13.7%
Trade Debts	33.0%	32.9%	24.7%	22.1%	16.3%	27.0%	37.6%	42.2%
Short term Advances, Deposit & Others	0.6%	0.6%	0.8%	1.0%	0.8%	0.8%	0.9%	0.9%
Taxation-Net	1.2%	1.1%	1.4%	2.3%	2.6%	4.0%	5.0%	4.0%
Investments	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	1.6%
Cash and Bank Balances	0.7%	0.8%	1.0%	0.7%	2.2%	3.8%	2.4%	2.6%
<b>Total Current Assets</b>	<b>55.8%</b>	<b>52.2%</b>	<b>49.4%</b>	<b>47.3%</b>	<b>41.8%</b>	<b>48.8%</b>	<b>56.7%</b>	<b>65.1%</b>
<b>TOTAL ASSETS</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

## Vertical Analysis- Profit/Loss Account

Vertical Analysis %	2021	2020	2019	2018	2017	2016	2015	2014
Gross Sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sales Tax & Trade Discount	-15.3%	-16.7%	-18.7%	-17.1%	-22.8%	-12.9%	-11.9%	-21.3%
<b>Net sales</b>	<b>84.7%</b>	<b>83.3%</b>	<b>81.3%</b>	<b>82.9%</b>	<b>77.2%</b>	<b>87.1%</b>	<b>88.1%</b>	<b>78.7%</b>
Cost of Sales	-66.2%	-65.3%	-58.8%	-60.7%	-54.2%	-56.7%	-70.4%	-70.8%
<b>Gross Profit</b>	<b>18.5%</b>	<b>18.0%</b>	<b>22.5%</b>	<b>22.2%</b>	<b>23.0%</b>	<b>30.5%</b>	<b>17.7%</b>	<b>7.9%</b>
Marketing, Selling and Distribution Cost	-8.3%	-9.0%	-8.0%	-10.2%	-15.3%	-27.1%	-26.1%	-17.3%
Administrative and General Expenses	-4.5%	-4.5%	-4.1%	-3.7%	-4.1%	-4.2%	-4.1%	-3.3%
Other Expenses	-1.0%	-0.4%	-0.7%	-1.1%	-2.5%	-0.8%	-3.7%	-13.8%
Other Income	2.0%	4.6%	1.3%	0.4%	10.4%	11.3%	0.9%	0.9%
<b>Total Operating Expenses</b>	<b>-11.8%</b>	<b>-9.4%</b>	<b>-11.4%</b>	<b>-14.6%</b>	<b>-11.4%</b>	<b>-20.8%</b>	<b>-33.1%</b>	<b>-33.5%</b>
<b>Operating Profit</b>	<b>6.8%</b>	<b>8.7%</b>	<b>11.1%</b>	<b>7.6%</b>	<b>11.6%</b>	<b>9.6%</b>	<b>-15.4%</b>	<b>-25.6%</b>
Earned Carrying Cost	3.2%	2.6%	1.6%	1.5%	1.7%	6.9%	13.4%	14.1%
Finance Cost	-5.7%	-8.6%	-7.4%	-4.2%	-6.2%	-8.8%	-9.4%	-11.1%
	<b>-2.6%</b>	<b>-6.0%</b>	<b>-5.8%</b>	<b>-2.7%</b>	<b>-4.5%</b>	<b>-1.9%</b>	<b>4.0%</b>	<b>3.0%</b>
<b>Profit Before Taxation</b>	<b>4.2%</b>	<b>2.6%</b>	<b>5.3%</b>	<b>5.0%</b>	<b>7.0%</b>	<b>7.7%</b>	<b>-11.4%</b>	<b>-22.6%</b>
Taxation	-1.5%	-1.4%	-2.1%	-1.3%	-0.5%	-1.8%	2.4%	6.7%
<b>Profit After Taxation</b>	<b>2.7%</b>	<b>1.2%</b>	<b>3.2%</b>	<b>3.7%</b>	<b>6.5%</b>	<b>5.9%</b>	<b>-8.9%</b>	<b>-15.9%</b>
Other Comprehensive Income	2.1%	-0.1%	2.2%	0.1%	1.9%	0.1%	-0.7%	-0.1%
<b>Total Comprehensive Income</b>	<b>4.7%</b>	<b>1.2%</b>	<b>5.4%</b>	<b>3.9%</b>	<b>8.4%</b>	<b>6.0%</b>	<b>-9.6%</b>	<b>-16.0%</b>

**Waves Corporation Limited**  
(Formerly Waves Singer Pakistan Limited)

## Directors' Report to the Shareholders

On behalf of the Board of Directors of Waves Corporation Limited, formerly Waves Singer Pakistan Limited (WAVES or the Company), we are obliged to submit the Directors' report and audited financial statements of your Company for the year ended December 31, 2021, together with the auditors' report thereon. Financial highlights are presented as hereunder for consolidated financial statements, wherein financial results of standalone financial statements are also provided in this report:

### OPERATING RESULTS

#### Consolidated Operating Results

	FY21	FY20
	<u>Rs. in '000</u>	<u>Rs. in '000</u>
Gross Sales	12,321,443	10,230,068
<b>Gross Profit</b>	<b>2,282,366</b>	<b>1,844,377</b>
Admin, Marketing, selling and distribution Expenses	(1,578,121)	(1,381,499)
Other Expenses	(122,423)	(42,671)
<b>Operating Profit</b>	<b>581,822</b>	<b>420,407</b>
Finance Costs (net)	(316,650)	(616,832)
Other Income	465,831	465,831
<b>Profit for the year before taxation</b>	<b>249,967</b>	<b>269,206</b>
Taxation	(187,252)	(141,738)
<b>Profit after taxation</b>	<b>327,887</b>	<b>127,468</b>
		Restated
<b>Earnings Per Share</b>	1.13	0.61

The Board has considered and is providing operating results and business performance for consolidated financial results as well as it better reflects the performance of the Company as a holding entity. The individual standalone operating results (post demerger of the home appliances business to WHALE) are also given.

## Consolidated Operating Performance

During the year the Company on consolidated basis achieved revenues of PKR 12,321 million with a 20.4 % growth over PKR 10,230 million last year. Gross Profit stood at 2,282 million with 23.7% growth over PKR 1,844 million last year. The profit grew by 157% to PKR 327 million as compared to last year of PKR 127 million. The earning per share for the year is PKR 1.13 as compared to PKR 0.61 (restated) of previous year. The local sales grew from PKR 8,481 million to PKR 10,178 million showing a 20% growth, whereas the retail business grew from 1,846 million to PKR 2,245 million with 21.6% increase year on year basis. The exports declined due to challenged economic conditions, whereas sales returns showed a positive result by declining 2.3%

With the increase in urbanization and growing metropolitan areas on the back of rural population migrating towards the cities for employment, better life style and economic revival during the year resulted in an increased overall growth in the Company's businesses.

## Rights Issue of the Company

During the year the Company successfully completed its right issue of PKR 1.4 billion which was fully subscribed. The proceeds of the rights issue have been utilized in the purchase of land for relocation of the Company's existing factory whereas construction of the building is underway. It is envisaged that the construction and relocation shall be completed by the end of 3<sup>rd</sup> quarter FY22. In addition, the rights issue funds have been injected as permanent working capital in the Company's operations. The paid-up capital of the Company now stands at PKR 2,814,060,880 divided into 281,406,088 ordinary shares of PKR 10/- each.

## Restructuring of the Company

During the year, effective from 01 September 2021 Waves Corporation Pakistan Limited, formerly Waves Singer Pakistan Limited (WAVES or the Company) completed a Scheme of Arrangement as follows:

1. Carving out / separation of home appliances business from the Company by transferring certain assets, liabilities, obligations, contracts and undertakings and amalgamating the same with and into Waves Home Appliance Limited (WHALE) (formerly Samin Textiles Limited) as of the effective date 01 September 2021 against allotment and issue of WHALE shares.
2. The Honorable Lahore High Court (the Court) through its Order dated 22 June 2022, has approved the Scheme of Arrangement as proposed and granted sanction order for the carving out of home appliances business from the WAVES and amalgamation of the same into the subsidiary WHALE.

As consideration for the transfer of the home appliances business, WHALE shall issue a total of 256,006,196 shares as follows:

1. 199,724,956 shares shall be issued and allotted to the Company.

2. Remaining 56,281,240 shares of WHALE shall to be issued and allotted to shareholders of the Company in the ratio of 20 shares for every 100 shares of the Company. Subsequent to the year end the shares of WHALE are already consolidated.
3. Rs. 2 billion in cash is payable to the Company by WHALE; no additional compensation shall be applicable against this amount if the said amount is settled by the WHALE within 2 years of sanction of this scheme. However, if the said amount is still wholly or partially outstanding at the end of 2 years of the sanction of scheme, then a profit/mark-up shall be payable on outstanding amount on a quarterly basis in arrears at such profit/mark-up rate as determined by the Board(s) of Directors of each of the Company at the relevant time, provided such profit/mark-up rate shall not be less than the rate prescribed under applicable laws

As part of the arrangement hereunder, subsequent to the Scheme completion date, but prior to the issuance/allotment of WHALE Shares to the Company and its shareholders, share capital of WHALE is reduced from every 225 shares to 100 shares i-e total paid up capital from 26,728,000 to 11,879,111 shares. The WAVES Group expects several benefits after this scheme of arrangement including the synergies of operations, allowing them to become leading suppliers / service providers, resulting in greater revenue. Furthermore, by separating the business segments (as contemplated in this Scheme), the individual companies shall have unique identities and a more focused business and customer base. At the same time, as a consequence of the arrangement, WHALE has become a subsidiary of the Company and this will allow the management of each Company to focus on the business segment, resulting in better performance of the same. Further, this will enable the Company to oversee, supervise and control the business / direction of WHALE, while the management of WHALE can operate and manage the business of WHALE on a regular /day-to-day basis. Through the scheme of arrangement, the Company shall reduce the risk of diseconomies of scale associated with the Company's growth.

Waves Home Appliances Limited (formerly Samin Textiles Limited) was incorporated in Pakistan on 27 November, 1989 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 15/3 Block A, Model Town, Lahore, which is now being shifted to 9-KM, Multan Road, at the same premises where the existing Registered office of the Company exists. WHALE is currently listed on Pakistan Stock Exchange. The principal business of the Company was trading, import and export of appliances and other textile related products. Consequent to approval of scheme of arrangement, the principal line of business has been amended to include manufacturing, assembly and wholesale of domestic consumer appliances and other light engineering products. The **standalone** financial statements of the Company in which investments in subsidiaries are accounted for on the basis of direct equity interest rather than on the basis of reported results and net assets of the investees. The Consolidated financial statements of the Company are prepared and presented separately. The Company has the following investments in the subsidiary companies:

	FY 2021	FY 2022
Waves Home Appliances Limited (formerly Samin Textiles Limited)	74.56%*	-
Electronic Marketing (Private) Limited	100.00%	100.00%
Waves Builders & Developers (Private) Limited	100.00%	100.00%

\* Percentage based on approved Scheme of Arrangement; however, shares are yet to be issued for which book closure notice is already intimated

## Standalone Results of the Company

The standalone results of the Company are given hereunder:

	FY21	FY20
	<u>Rs. in '000</u>	<u>Rs. in '000</u>
<b>CONTINUING OPERATIONS</b>		
Operating Profit	63,052	237,594
Finance Cost	(152,333)	(642,221)
<b>Profit/(Loss) before Taxation</b>	<b>(89,281)</b>	<b>(404,627)</b>
Taxation – continued operations	-	-
<b>Profit for the Year – Continuing Operations*</b>	<b>(89,281)</b>	<b>(404,627)</b>
<b>DISCONTINUED OPERATIONS</b>		
Profit before Tax	373,419	581,723
Taxation – discontinued operations	(110,186)	(67,259)
<b>Profit for the Year – Discontinued Operations**</b>	<b>263,233</b>	<b>514,464</b>
<b>Profit for the Year – Continued &amp; Discontinued Operations</b>	<b>173,952</b>	<b>109,837</b>
<b>Earnings Per Share – Continued &amp; Discontinued Operations***</b>	0.62	Restated 0.53

\* The continued operations consist of fair value gain on investment property, interest on loan to subsidiary, markup on receivables from subsidiary, rental income and amortization of deferred income

\*\* The discontinued operations represent operations for eight months period ended 31 August 2021, thereafter, the operations are transferred to WHALE. During the 8 months period, the Company contributed revenue of Rs. 6,028.95 million and profit (net of tax) of Rs. 263.23 million.

\*\*\* Further details on EPS are given in the notes of the audited financial statements

Based on the financial results in view of the tough current economic conditions the Board of Directors do not recommend any pay-out to the shareholders of the Company. The brief information on the subsidiary companies is given in the section History of this Annual Report.

# BUSINESS OVERVIEW

## Principle Activities and Development

WAVES or the Company is listed on Pakistan Stock Exchange Limited (PSX). The Company has recently gone under a Scheme of Arrangement (the Scheme) wherein the home appliances business is demerged and merged into Waves Home Appliances Limited, formerly Samin Textiles Limited (WHALE), while retaining the real estate development business and retail shop network for consumer appliances and other consumer goods. The Scheme was sanctioned by the honorable Lahore High Court, Lahore on 27 May 2022. The effective date of Scheme is 31 August 2021. WHALE is now a subsidiary company of the Company. The retail business is currently undertaken by the Company's wholly owned subsidiary Electronic Marketing Company Limited (EMCL), whose name is being changed to Waves Market Place Limited, whereas a project company Waves Builders & Developers (Private) Limited is incorporated to undertake the real estate project. WHALE is predominantly involved in manufacturing, assembling, and distributing a variety of home appliances and other light engineering products. WAVES has a vast range of product lines which were sold under two well-known brands, Waves and Singer through dealer networks spread all over Pakistan and also via retail outlets owned and operated by the Company. WHALE's product line includes:



### Waves Brand

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



### Singer Brand

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

The appliances' manufacturing plant is being moved to a new purpose-built larger factory for which land has already been purchased and construction is already underway. Progress on construction of the new factory premises is expected to be completed in the last quarter of calendar year 2022.

WAVES is operating a nationwide set-up of 15 warehouses in cities such as Karachi, Lahore, Gujranwala, Peshawar, Multan, etc., a network of around 1,500 + dealers, approx. 16 after-sales

service centers and 509 service workshops spread nationwide. The Company's sales infrastructure is comparable to any other leading Home Appliance Company operating within Pakistan.

#### **Waves Home Appliances Limited<sup>1</sup>**

	<b>FY21</b>	<b>FY20</b>
	<b><u>Rs. in '000</u></b>	<b><u>Rs. in '000</u></b>
Net Revenues	2,083,523	-
Gross Profit	501,633	-
Net Profit	36,496	(18,694)

<sup>1</sup>Represents mainly four months operations from 31 August 2021 to 31 December 2021 (post demerger)

Electronic Marketing Company Limited (EMCL), a wholly owned subsidiary of the Company is a pioneer of retail sales of home appliances, offering cash and installment sales to our treasured customers to shop with convenience at our 141 nationwide spread outlets in rural and urban areas of Pakistan. EMCL has shown robust growth and in order to fund its expansion plans, the Board in principle decided that it may be listed on Pakistan Stock Exchange Limited (PSX) at an appropriate time when market is conducive for listing. In line with the EMCL's growth plans focusing on product diversification, cash sales and delivery arrangements using modern ways of e-commerce/online sales from its 141-country wide diversified and already operational locations, the Board decided inter alia that name of EMCL be changed to "Waves Marketplace Limited", increase its directors and increase in the authorized capital as per EMCL's business plan and listing requirements.

#### **Electronic Marketing Company Limited**

	<b>FY21</b>	<b>FY20</b>
	<b><u>Rs. in '000</u></b>	<b><u>Rs. in '000</u></b>
Net Revenues	2,607,815	2,146,222
Gross Profit	491,330	337,107
Net Profit	65,379	47,655

The Company is undertaking an affordable housing apartment project at the existing factory premises. The project company shall be Waves Builders and Developers (Private Limited) which is currently a wholly owned subsidiary of the Company. The development plans of real estate apartments project including architectural and construction designs, engaging one of the leading marketing agencies, obtaining required NOCs and approvals and hiring of construction contractors are all at an advanced stage. Soft launch and ground breaking are expected around end of fourth quarter of current calendar year to coincide with shifting of manufacturing operations to the new site.

#### **Waves Builders and Developers (Private) Limited**

	<b>FY21</b>	<b>FY20</b>
	<b><u>Rs. in '000</u></b>	<b><u>Rs. in '000</u></b>
Net Revenues	69,022	67,148
Gross Profit	7,444	6,908
Net Profit	34,235	72,905

## **Economic Analysis**

During the financial year 31 December 2021, despite an increase in inflation, the Pakistani economy entered onto a strong and sustained recovery. The COVID-19 vaccination gave a hope for global

economic recovery. During the period domestic home appliances business showed recovery. With investment in new technologies, diversification and enlarging customer base and improving manufacturing efficiency the Company will continue to improve its shareholders values.

The global GDP during the FY21 is estimated to have grown to 5.8% compared to negative estimated in year 2020. In the 2nd half of FY21, the economy of the Country gauged sizable momentum as compared to previous half year. The global increase in commodity prices with pressure on USD/PKR parity has caused increase in local inflation. During the year high level of imports exerted significant pressure on the balance of trade resulting in high current account deficit, which was significant increase from the previous period. However, the Country's exports recorded high growth of around 24% mainly due to the value-added textiles. In respect of inflation the consumer price index was one of the highest in the recent past, which resulted in increase in the policy rate by the SBP to counter inflation. The Country's foreign exchange market remained volatile during the year as the parity rate reached to PKR 176/USD. The PSX 100 index, recorded highest at 48,776 points at end of half year, closed at 44,596 at the end of the FY21.

While the countries came out of COVID-19 during FY21, the economic pitfalls in beginning of FY22 owing especially due to Russia-Ukraine war has raised macro-economic uncertainty in many countries, particularly those dependent upon imported commodities. Economic activity across the world has slowed as a result of supply-chain disruptions. Furthermore, inflationary pressure has surged in many economics as commodity prices escalated, resulting in tightened monetary policies by many central banks. The global macro-economic instability has impacted on the Country's economy resulting in high inflation and also increase in the current account deficit of the Country. With the increase in inflation, the Government has opted tight fiscal and monetary policies, in order to secure IMF deal, which will help the Country in over the next few quarters in the form of stabilized reserves, controlled fiscal balance and sustainable economic growth. However, while the current political temperature is increasing, the fast-paced implementation of energy pass-through and tight fiscal/monetary policy will have its impact in the short term.

The continued surge in the global food prices, PKR devaluation and energy pass through resulted in the national Consumer Price Index (CPI) reaching to 21.3% in June 2022. This was similar to what the Country faced in year 2008, thereafter, it settled to a normal expected level. Inflation is expected to continue with the impact of high energy rates and is expected to reduce in the latter half of financial year 2022. The new government is working hard for economic reformation and to improve Pakistan's credibility in the international market, which remains imperative. The country needs to scale back both its imports and expenditures to manage the economic situation. Efforts are underway and will hopefully soon bear fruit. Short-term measures can be helpful for Pakistan, but it's time to look for long-term solutions too.

## Industry Overview

During the year Large Scale Manufacturing registered moderate growth whereas the demand indicators such as electricity generation, cement dispatches, sales of consumer goods and petroleum products also showed positivity. This is reflected in the strength of imports and tax collection of the Government. However, energy tariff increases, raw material costs escalation, global supply chain disruptions and gas shortages have affected production costs. During the FY21, the growth is backed

by overall economic growth and high foreign remittances. The electrical home appliances demand surged with growing disposable incomes and restoration of consumer confidence. With growth in the new housing under the Government policy also brought a significant increase in the consumer goods. The Pakistan Bureau of Statistics (PBS) has reported around 90% increase in the refrigerators production, air conditioners around 140% and deep freezers around 45%. With the changes in the overall weather conditions surges in refrigeration and air conditioning is experienced.

Pakistan's economy has performed well despite COVID-19 situation that resulted steady growth which in turn provided consumers with higher disposable income and benefit those seeking to upgrade their lifestyles.

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

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

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

## **FUTURE OUTLOOK / FORWARD LOOKING STATEMENTS**

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

Pakistan's foreign exchange reserves have fallen since February 2022 as foreign exchange inflows have been outpaced by outflows. The inflows mainly comprise of multilateral loans from the IMF, World Bank and ADB; bilateral assistance in the form of deposits and loans from friendly countries like China, Saudi Arabia, and the UAE; and commercial borrowing from foreign banks and through the issuance of Eurobonds and Sukuks. The paucity of inflows has happened in large part due to the delay in completing the next review of the IMF program, which has lingered since February due to policy slippages. Meanwhile, on the outflows side, debt servicing on foreign borrowing has continued as repayments on these debts have been coming due over this period. At the same time, the exchange rate has come under significant pressure, especially since mid-June. It has been driven by general US dollar tightening, a rise in the current account deficit (exacerbated by a heavy energy import bill in June), the decline in foreign exchange reserves, and worsening sentiment due to uncertainty about the IMF program and domestic politics

However, important developments have happened recently that will address both of these temporary issues. On July 13, the critical milestone of a staff-level agreement on completing the next IMF review was reached. As of today, all prior actions for completing the review have been met and the formal Board meeting to disburse the next tranche of \$1.2 billion is expected soon. At the same time, macroeconomic policies both fiscal policy and monetary policy have been appropriately tightened to reduce demand-led pressures and rein in the current account deficit. Finally, the government has clearly announced that it intends to serve out the rest of its term until October 2023 and is ready to implement all the conditions agreed with the Fund over the remaining 12 months of the IMF program.

Looking ahead, a considerable slowdown has been witnessed in LC opening in recent weeks, again for both oil as well as non-oil commodities. Based on market reports, there was an 11% month-on-month decline in Oil Marketing Companies sales volume in June 2022. With the recent rains and storage of water in the dams, hydroelectricity is also likely to increase and need to generate electricity on imported fuel is expected to decline going forward. As a result of these trends, the import bill is likely to shrink going forward and should begin to manifest itself more forcefully in lower FX payments over the next few months

Overall, imports are expected to decline in coming months due to a decline in global commodity prices, the higher oil stock, the unfolding impact of higher domestic prices of petroleum products, adjustments in electricity and gas tariffs, the removal of tax exemptions under the FY23 budget, administrative measures taken to curtail imports, and the lagged impact of the monetary and fiscal tightening that has been undertaken.

Going forward, as the current account deficit is curtailed and sentiment improves, we fully expect the Rupee to appreciate. Indeed, this was the experience during the beginning of the IMF program in 2019, when the Rupee strengthened considerably after a period of weakness in the lead-up to the program. Clearly, the Rupee can overshoot temporarily as it has done recently. However, it moves both ways over time. We expect this pattern to re-assert itself in the coming period. As a result, the Rupee should strengthen in line with improved fundamentals in the form of a smaller current account deficit as well as stronger sentiment.

In view of current economic conditions of the country and restrictions on import of materials/components, the Board expressed its satisfaction on the inventory levels maintained by WHALE whereby no interruption is foreseen during the whole of ongoing third quarter of the year. Progress on construction of the new factory premises and shifting of manufacturing operations in the last quarter of this calendar year goes well with ongoing situation. With State Bank of Pakistan expected to allow LCs opening from end August 2022, arrival of fresh materials and commissioning of new factory in the last quarter, Insha Allah, will ensure continuity of operations during ongoing difficult times. Alhamdulillah, demand for WAVES branded products continues to be strong and impact of increase in costs mainly due to devaluation of Pak Rupee is being passed on in the selling prices, almost maintaining net margins with modest growth in volumes.

The retail business of Electronic Marketing Company Limited (EMCL) is showing robust growth and in order to fund its expansion plans, the Board in principle decided that it may be listed on PSX at an appropriate time when market is conducive for listing. In line with the EMCL's growth plans focusing on product diversification, cash sales and delivery arrangements using modern ways of e-

commerce/online sales from its 141-country wide diversified and already operational locations, the Board decided inter alia that name of EMCL be changed to Waves Marketplace Limited, increase its directors and increase in the authorized capital as per EMCL's business plan and listing requirements.

The Board expressed its satisfaction on the development plans of real estate apartments project including architectural and construction designs, engaging one of the leading marketing agencies, obtaining required NOCs and approvals and hiring of construction contractors. Soft launch and ground breaking are expected around end of fourth quarter of current calendar year to coincide with shifting of manufacturing operations to the new site.

## RISKS, UNCERTAINTIES AND MITIGATIONS

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

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

Key Business Risks	Mitigants
<p><b>Operational excellence</b> – These are risks associated with internal factors, administrative and operational procedures like employee turnover, supply chain disruption, IT system shutdowns or control failures.</p>	<ul style="list-style-type: none"> <li>• Your Company has initiated vendor rationalization, emphasis on in-house manufacturing and scorecard evaluation of vendors has been put in place.</li> <li>• Your Company has put in place a quality and process improvement program across the Company, including strategic vendors, during the year with progress being tracked at regular Management reviews.</li> </ul>
<p><b>Branding/Innovation Risk</b> – Risk that applies to innovative areas of your business such as product research and to cope up with latest market trends and product innovation.</p>	<ul style="list-style-type: none"> <li>• Your Company has put in place a centralized marketing structure during the year, thereby strengthening its consumer insight process and filling up competency gaps in the concerned function.</li> <li>• Company's research and development department has been strengthened and is continuously looking into and implementing product innovation strategies.</li> </ul>

<p><b>Organization Excellence</b> – Ability to attract and retain the right talent may lead to your Company’s inability to achieve organization’s goals.</p>	<ul style="list-style-type: none"> <li>Your Company has put in place Succession Planning framework mapping career development and progression opportunities for suitable employees and thereby ensuring talent retention</li> </ul>
<p><b>Liquidity Risk-</b> is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset</p>	<ul style="list-style-type: none"> <li>Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available. The Company's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans</li> </ul>
<p><b>Credit Risk-</b> Credit risk represents the risk of a loss if the counterparties fail to perform as contracted.</p>	<ul style="list-style-type: none"> <li>The risk is mitigated by applying individual credit limits and by securing the majority of trade debts against bank guarantees and inland letter of credit. The credit risk arising on account of acceptance of these bank guarantees is managed by ensuring that the bank guarantees are issued by banks of reasonably high credit ratings as approved by the Board of Directors.</li> </ul>
<p><b>Price Risk-</b> with new entrants in the market, there is a likelihood of price competition which might squeeze margins.</p>	<ul style="list-style-type: none"> <li>The Company is constantly sourcing competitive suppliers, improving its technology, efficiency and productivity. Also, since WAVES has in-house capability to develop products with fast turnaround time, that by itself obviates possibilities of competition affecting WAVES.</li> </ul>
<p><b>Competitive Risk-</b> Increasing entrants making their way into the plastic industry.</p>	<ul style="list-style-type: none"> <li>WAVES’s diversified product line and unique dealer plus retail sale structure and technical expertise makes it adequately prepared to face these challenges.</li> </ul>
<p><b>Regulatory Risk-</b> Imposition/enhancement of duties, taxes, levies and other conditions may adversely affect the operations.</p>	<ul style="list-style-type: none"> <li>New levies go across the board, so we stay competitive</li> </ul>

## ENVIRONMENT, HEALTH & SAFETY

We are committed to achieve excellence in health, safety, and the environment across our business. We prioritize the safety of our employees and work hard to provide a positive environment, good health, and safety culture, particularly at our manufacturing facilities while vigilantly fulfilling our environmental duties and responsibilities.

Our company gives importance to the occupational safety and health of our workers. We maintain a safe working environment and takes responsibility for the health and wellbeing of our staff and stakeholders. The company actively trains all employees to ensure their safety at both the workplace and beyond. Besides, our manufacturing, distribution, and retail operations have developed SOPs that seek to reduce the risk of accidents.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Sustainable and responsible development is not only binding by local laws on corporate entities, but it is more about moral obligation which needs to be followed and practiced with the best spirit. We strongly believe that improving its environmental and social performance is inevitable for its financial success. The Company always emphasizes a culture of excellence, good governance, transparency, integrity, and accountability. WAVES has been consistently running the following diverse CSR initiatives each fulfilling in achieving our goals towards our CSR vision.

## INVESTMENT IN HUMAN CAPITAL

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

### Human Assets

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

### Learning & Organizational Development

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

## Adequacy of Internal Financial Controls

The internal control framework has been effectively implemented through an in-house Internal Audit function established by the Board which is independent of the External Audit function. The Company's system of internal control is sound in design and has been continually evaluated for effectiveness and adequacy. The Audit Committee has ensured the achievement of operational, compliance, risk management, financial reporting and control objectives, safeguarding of the assets of the Company, and the shareholders' wealth at all levels within the Company.

The Internal Audit function has carried out its duties under the charter defined by the Audit Committee. The Audit Committee has reviewed material Internal Audit findings, took appropriate action or brought the matters to the Board's attention where required. Coordination between the External and Internal Auditors was facilitated to ensure efficiency and contribution to the Company's objectives, including a reliable financial reporting system and compliance with laws and regulations.

## BEST PRACTICES OF CORPORATE GOVERNANCE

Our Code of Conduct lists Ethics as one of our core values, therefore Waves Corporation Limited has a zero-tolerance policy towards any form of discrimination and harassment. Similarly, honesty and open communication is also expected on the reporting front, we care how we get results. We believe it is essential for everyone associated with Waves Corporation Limited to embrace this culture and live by the highest standards of integrity and accountability.

The Board of directors adopted the Code of Conduct for Directors and employees and the same has been circulated to board members and employees in terms of requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019. The code of conduct is also placed on the Company's website.

## Directors' Statement

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

- a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows, and changes in equity;
- b) Proper books of account have been maintained by the Company;
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements;
- d) The accounting estimates are based on reasonable and prudent judgment;
- e) International Accounting Standards (IAS) and IFRS, as applicable in Pakistan, have been followed in the preparation of financial statements;
- f) The system of internal control is sound in design and has been effectively implemented and monitored;
- g) There are no significant doubts upon the Company's ability to continue as a going concern; and
- h) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

## Statement of Compliance

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

## Meetings and Activities during the Financial Year

During the year under review, seven (7) meetings of the Board of Directors were held, which were presided over by the Chairman. The Chief Financial Officer and Company Secretary also attended the meetings to the extent required.

## Board of Directors:

No.	Name of the Director	Designation	Meeting held	Attended
1	Mr. Adnan Afaq	Chairman/Independent	7	7
2	Mr. Shoaib Dastgir*	Independent Director	7	7
3	Mrs. Nighat Haroon Khan	Non-Executive Director	7	7
4	Mr. Moazzam Ahmad Khan	Non-Executive Director	7	7
5	Mr. Nadeem Mahmood Butt **	Executive Director	7	7
6	Mr. Haroon Ahmad Khan	Chief Executive Officer	7	7
7	Mr. Muhammad Zafar Hussain	Non-Executive Director	7	7

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

\*\* Mr. Nadeem Mahmood Butt, Director has ceased to be the Director of the Company w.e.f. 24 March 2022 and Mr. Tajammal Hussain Bukharee has been appointed as Director.

## Audit Committee

An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance. It comprises of three (3) members. The Chairman is an Independent Director. Other members include two (2) Non-Executive Directors. Four (4) meetings of the Audit Committee were held during the year. Attendance of each Member is given hereunder:–

No.	Name of the Director	Designation in the Company	Meeting Available During Tenure	Meetings Attended
1	Mr. Muhammad Zafar Hussain*	Independent Director	4	4
2	Mrs. Nighat Haroon Khan	Non-Executive Director	4	4
3	Mr. Moazzam Ahmad Khan	Non-Executive Director	4	4

\* Mr. Muhammad Zafar Hussain status of Independent Director changed to Non-Executive Director and accordingly Mr. Shoaib Dastgir an independent director was appointed as a Chairman of Audit Committee.

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

### Human Resource and Remuneration Committee

The Human Resource & Remuneration Committee comprises of Five (5) members out of which one (1) member is independent and there are two (2) Executive Directors and two (2) Non-Executive Directors. One meeting of the Human Resource and Remuneration Committee was held during the year. Attendance of each Member is given hereunder –

No.	Name of the Director	Designation	Meeting Held	Attended
1	Mr. Shoaib Dastgir	Chairman/Independent	1	1
2	Mr. Moazzam Ahmad Khan	Non-Executive Director	1	1
3	Mr. Muhammad Zafar Hussain*	Non-Executive Director	1	1
4	Mr. Nadeem Mehmood Butt	Executive Director	1	1
5	Mr. Haroon Ahmad Khan	Executive Director	1	1

\* Mr. Muhammad Zafar Hussain status of Independent Director changed to Non-Executive Director and Mr. Nadeem Mehmood Butt resigned on 24 March 2022.

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

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

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board, and of its committees against pre-determined operational and strategic goals. Effective boards make sound collective decisions to meet the company's strategic objectives and provide oversight and support on key matters to management for optimal operational performance. A well-conducted evaluation helps the board and its committees to perform to their maximum capabilities, crucial for the continuing success and growth in the long-term sustainable value of the Company.

### Pattern of Shareholding

The total number of the Company's shareholders as of 31 December 2021 were 7,322 in numbers. The pattern of Shareholding of the Company as of 31 December 2021, along with a pattern of shareholding of certain classes of shareholders whose disclosure is required under the reporting framework as well as the statement of purchase and sale of shares by Directors, executives, and their spouses including minor children during 2021 is shown in the shareholding section of this report.

## Directors' Remuneration

The Board of Directors has duly approved the policy and procedure for remuneration of the Directors for attendance of Board and Committee meetings in compliance with the requirements of the Company's Article of Association, Companies Act, 2017 and the listed companies (Code of Corporate Governance) Regulations, 2019.

The remuneration is determined by the level of responsibility and expertise, to attract and retain the best talent while ensuring that their independence is not compromised in any manner. Its main features include that Independent Directors are entitled to meeting fees as remuneration for attending meetings of the Board of Directors and other committees of the Board. Details of the remuneration paid to Directors during the year is given in Note 38 of the Consolidated Financial Statements.

## Investor Relations & Website

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

## EXTERNAL AUDITORS

The present auditors M/s. KPMG Taseer Hadi & Co. (Chartered Accountants) retire and being eligible for reappointment at the Annual General Meeting. The Audit Committee has recommended the reappointment of M/s. KPMG Taseer Hadi & Co. as Statutory Auditors of the company for the year ending 31 December 2022, at a fee to be mutually agreed upon. The Board has endorsed this recommendation.

## ACKNOWLEDGEMENTS

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

appreciation for the Securities & Exchange Commission of Pakistan, State Bank of Pakistan, and the management of the Pakistan Stock Exchange for their continued support and cooperation.

We would also like to extend our sincerest gratitude to our shareholders for the confidence and trust they have reposed in us and for their unwavering support.

For and on behalf of the Board:

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**Haroon Ahmad Khan**  
Chief Executive Officer

Lahore

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**Moazzam Ahmad Khan**  
Director

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Waves Corporation Limited**

**Review report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Waves Corporation Limited ("the Company") for the year ended 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, of its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2021.

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

Reference	Description
i. Paragraph 9	As required under clause 19 (1)(i) of the regulations, it is encouraged that by 30 June 2021 at least 5 directors (75%) of the directors on their boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the commission and approved by it, however, only three out of seven directors have acquired prescribed certification till now.
ii. Paragraph 19	As required under clause 10 (3)(v) of the Regulations, the Board shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees. The Board has devised the mechanism however annual evaluation has not been carried out during the year

Lahore  
18 August 2022

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

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

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Name of the Company: Waves Corporation Limited (Formerly Waves Singer Pakistan Limited)  
Year ended: 31 December 2021

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

1. The total number of directors are Seven (7) as per the following:
  - a. a. Male: Seven (6)
  - b. b. Female: One (1)
2. The composition of the Board is as follows:

Category	Names
Independent Director(s)	Mr. Muhammad Adnan Afaq (Chairman) Mr. Shoaib Dastgir <sup>1</sup>
Executive Director	Mr. Haroon Ahmad Khan (CEO) Mr. Nadeem Mehmood Butt <sup>2</sup>
Non-Executive Directors	Mr. Moazzam Ahmad Khan Mr. Muhammad Zafar Hussain
Female director (Non-Executive)	Mrs. Nighat Haroon Khan

<sup>1</sup> Mr. Yousuf Muhammad Farooq resigned as Independent Director and Mr. Shoaib Dastgir was appointed in his place.

<sup>2</sup> Subsequent to the year end, Mr. Nadeem Mehmood Butt resigned as Executive Director and Mr. Tajammal Hussain Bokharee was appointed as Independent Director in his place

The current Board of Directors of the Company was elected on 11 August 2020. The requirement of independent directors is higher of two (2) or one third of the Board. The fraction of 0.33 for independent directors has not been rounded up as one (1), due to the reason that the existing independent directors have requisite skills and knowledge to take up independent decision.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company. A complete updated record of particulars of significant policies was approved in the Board meeting held on 25 August 2020 and subsequent to the year end on 02 August 2022.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations approved.
9. The Board has arranged Director Training Program (DTP) for one director. Total 3 directors out of 7 directors have their DTP training. Further, the Company is in process to arrange a formal DTP for remaining directors, if so required. However, the directors are provided with periodic in-house training to apprise them with the changes in laws, rules & regulations along with their duties and responsibilities etc., to keep them updated.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment are complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

#### **Audit Committee**

No.	Name of the Director	Designation in the Company
1	Mr. Muhammad Zafar Hussain/Mr. Shoaib Dastgir*	Chairman/Independent Director
2	Mrs. Nighat Haroon Khan	Non-Executive Director
3	Mr. Moazzam Ahmad Khan	Non-Executive Director

\* Mr. Muhammad Zafar Hussain status of Independent Director changed to Non-Executive Director and accordingly Mr. Shoaib Dastgir being an independent director of the Board was appointed as a Chairman of Audit Committee with effect from 29 October 2021.

### HR and Remuneration Committee

No.	Name of the Director	Designation
1	Mr. Shoaib Dastgir	Chairman/Independent
2	Mr. Moazzam Ahmad Khan	Non-Executive Director
3	Mr. Muhammad Zafar Hussain*	Non-Executive Director
4	Mr. Nadeem Mehmood Butt**	Executive Director
5	Mr. Haroon Ahmad Khan	Executive Director

\* Mr. Muhammad Zafar Hussain status of Independent Director was changed to Non-Executive Director

\*\* Mr. Nadeem Mehmood Butt resigned on 24 March 2022.

13. The Board has not formed the 'Nomination Committee' and 'Risk Management Committee' as responsibilities of these committees are being taken care of at the Board level as and when required. Therefore, a need for the separate formation of these committees is not required at current stage. The updated terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

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

Meetings	Frequency
Audit Committee	4
HR & Remuneration Committee	1

15. The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouses, parent, dependent and

non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the regulations have been complied with.

As required under clause 10 (3)(v) of the Regulations, the Board shall ensure that a formal and effective mechanism is put in place for an annual evaluation of the Board's own performance, members of the Board and of its committees. The Board has devised the mechanism however annual evaluation has not been carried out during the year due to the delay in the issuance of sanction order from the Court and finalization of the audited accounts for the year ended 31 December 2021.

**On behalf of the Board of Directors**

02 August 2022  
Lahore

**Muhammad Adnan Afaq**  
Chairman

**THE COMPANIES ACT, 2017**  
**Form 34**  
**Section 227(2)(f)**  
**PATTERN OF SHAREHOLDING**

1.1 Name of the Company: Waves Corporation Limited, formerly Waves Singer Pakistan Limited

2.1 Pattern of holding of shares held by the shareholders as at: 31 December 2021

2.2	No. of Shareholders	-----Shareholdings-----		Total Shares Held
		From	To	
	433	1	100	11,184
	990	101	500	415,647
	1,132	501	1,000	1,069,550
	2,578	1,001	5,000	7,382,177
	886	5,001	10,000	7,177,873
	357	10,001	15,000	4,668,752
	214	15,001	20,000	4,011,294
	136	20,001	25,000	3,174,484
	89	25,001	30,000	2,530,610
	48	30,001	35,000	1,601,088
	46	35,001	40,000	1,769,599
	31	40,001	45,000	1,335,218
	71	45,001	50,000	3,502,972
	23	50,001	55,000	1,210,577
	25	55,001	60,000	1,457,170
	18	60,001	65,000	1,124,031
	5	65,001	70,000	342,000
	13	70,001	75,000	960,490
	8	75,001	80,000	631,000
	8	80,001	85,000	667,250
	4	85,001	90,000	350,617
	8	90,001	95,000	749,167
	31	95,001	100,000	3,094,054
	9	100,001	105,000	924,000
	7	105,001	110,000	762,500
	4	110,001	115,000	448,640
	6	115,001	120,000	714,965
	5	120,001	125,000	614,164
	3	130,001	135,000	396,500
	6	135,001	140,000	833,000
	3	140,001	145,000	430,250
	3	145,001	150,000	450,000
	6	150,001	155,000	916,860
	4	155,001	160,000	631,250

3	160,001	165,000	491,500
1	165,001	170,000	170,000
2	170,001	175,000	346,500
2	175,001	180,000	358,500
1	180,001	185,000	183,280
3	185,001	190,000	565,750
1	190,001	195,000	191,000
6	195,001	200,000	1,195,500
4	200,001	205,000	808,500
1	205,001	210,000	209,000
3	210,001	215,000	635,175
3	220,001	225,000	672,300
1	235,001	240,000	240,000
2	240,001	245,000	487,134
2	245,001	250,000	500,000
1	250,001	255,000	250,500
1	255,001	260,000	260,000
2	260,001	265,000	525,500
1	265,001	270,000	268,000
2	270,001	275,000	548,000
1	275,001	280,000	275,500
2	280,001	285,000	567,000
1	285,001	290,000	289,500
5	295,001	300,000	1,498,500
1	300,001	305,000	300,697
2	305,001	310,000	617,500
1	325,001	330,000	326,000
1	340,001	345,000	341,500
2	345,001	350,000	700,000
1	350,001	355,000	353,000
1	370,001	375,000	375,000
2	375,001	380,000	756,750
1	395,001	400,000	399,500
1	400,001	405,000	405,000
2	415,001	420,000	832,918
2	420,001	425,000	844,500
1	455,001	460,000	459,750
1	490,001	495,000	493,512
4	495,001	500,000	2,000,000
1	510,001	515,000	512,000
1	535,001	540,000	539,327
1	545,001	550,000	550,000
1	595,001	600,000	600,000
1	605,001	610,000	607,000
1	645,001	650,000	647,694
1	685,001	690,000	688,000
2	705,001	710,000	1,416,750
1	720,001	725,000	724,000
1	745,001	750,000	750,000
1	755,001	760,000	759,000
1	845,001	850,000	849,500

1	1,000,001	1,005,000	1,001,012
1	1,045,001	1,050,000	1,050,000
1	1,115,001	1,120,000	1,120,000
1	1,245,001	1,250,000	1,248,500
1	1,320,001	1,325,000	1,322,500
1	1,390,001	1,395,000	1,394,500
1	1,495,001	1,500,000	1,500,000
	1,590,001	1,595,000	1,594,438
1	1,610,001	1,615,000	1,613,877
1	1,690,001	1,695,000	1,690,361
1	1,710,001	1,715,000	1,711,657
1	1,760,001	1,765,000	1,763,500
1	1,795,001	1,800,000	1,799,803
1	2,065,001	2,070,000	2,069,000
1	2,295,001	2,300,000	2,296,500
1	2,390,001	2,395,000	2,391,657
1	3,170,001	3,175,000	3,173,190
1	3,790,001	3,795,000	3,792,159
1	4,325,001	4,330,000	4,326,500
1	5,740,001	5,745,000	5,744,953
1	7,120,001	7,125,000	7,121,040
1	7,510,001	7,515,000	7,511,024
1	10,170,001	10,175,000	10,170,274
1	20,410,001	20,415,000	20,414,887
1	40,245,001	40,250,000	40,250,000
1	67,590,001	67,595,000	67,590,286
<b>7,322</b>			<b>281,406,088</b>

**WAVES CORPORATION LIMITED**  
**(Formerly Waves Singer Pakistan Limited)**  
**Categories of Shareholding required under Code of Corporate Governance (CCG)**  
**As at 31 December 2021**

S. No.	NAME	Shares	% AGE
<b>A</b>	<b>Directors, CEO, their Spouse and Minor Children</b>		
1	Mr. Haroon Ahmad Khan	107,840,286	38.3219
2	Mrs. Nighat Haroon Khan	27,925,911	9.9237
3	Mr. Moazzam Ahmad Khan	1,825	0.0006
4	Mr. Muhammad Zafar Hussain	1,705	0.0006
5	Mr. Nadeem Mahmood Butt	1,983	0.0007
6	Mr. Shoaib Dastgir	50,750	0.0180
7	Mr. Adnan Afaq (cdc)	50,750	0.0180
	<b>Sub-Total</b>	<b>135,873,210</b>	<b>48.2837</b>
<b>B</b>	<b>Associated Companies</b>	-	0.0000
<b>C</b>	<b>Executives</b>	8,500	0.0030
<b>D</b>	<b>NIT &amp; ICP</b>	52	0.0000
<b>E</b>	<b>Financial Institutions</b>	1,907,000	0.6777
<b>F</b>	<b>Insurance Companies</b>	2,509,175	0.8917
<b>G</b>	<b>Pension Funds</b>	48,750	0.0173
<b>H</b>	<b>Leasing Companies</b>	25,500	0.0091
<b>I</b>	<b>Modaraba and Mutual Funds</b>	5,638,250	2.0036
<b>J</b>	<b>Joint Stock Companies</b>	29,470,753	10.4727
<b>K</b>	<b>Other Companies</b>	379,727	0.1349
<b>L</b>	<b>General Public</b>	105,545,171	37.5064
	<b>Sub-Total</b>	<b>145,532,878</b>	<b>51.7163</b>
	<b>Total</b>	<b>281,406,088</b>	<b>100.0000</b>
	<b>Shareholders holding more than 5% of the capital</b>		
1	Mr. Haroon Ahmad Khan	107,840,286	38.3219
2	Mrs. Nighat Haroon Khan	27,925,911	9.9237
	<b>Total</b>	<b>135,766,197</b>	<b>48.2457</b>

**WAVES CORPORATION LIMITED**

**All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their Spouses and minor children during FY 2021**

No.	Name	Designation	Opening Balance	Purchase <sup>1</sup>	Sale	Closing Balance
1	Mr. Adnan Afaq	Director	500	50,250	-	50,750
2	Mr. Shoaib Dastgir <sup>2</sup>	Director	500	50,250	-	50,750
3	Mrs. Nighat Haroon Khan	Director	20,617,274	9,308,637	(2,000,000)	27,925,911
4	Mr. Moazzam Ahmad Khan	Director	1,217	608	-	1,825
5	Mr. Nadeem Mahmood <sup>3</sup>	Director	1,322	661	-	1,983
6	Mr. Haroon Ahmad Khan	CEO	71,893,524	35,946,762	-	107,840,286
7	Mr. Muhammad Zafar	Director	-	1,705	-	1,705
8	Mr. Arslan Shahid	CFO	5,000	-	-	5,000
9	Mr. Wasif Ali Rana <sup>4</sup>	CS	3,500	-	-	3,500

<sup>1</sup> The above-mentioned purchases include 50% right shares subscribed by the Directors during the year

<sup>2</sup> Mr. Yousuf Muhammad Farooq, Director has ceased to be the Director of the Company w.e.f. 19 March 2021 and Mr. Shoaib Dastgir has been appointed as Director.

<sup>3</sup> Mr. Nadeem Mahmood Butt, Director has ceased to be the Director of the Company w.e.f. 24 March 2022 and Mr. Tajammal Hussain Bukharee has been appointed as Director.

<sup>4</sup> Mr. Wasif Ali Rana resigned as Company Secretary on 02 August 2022 and Mr. Ahmad Bilal Zulfiqar was appointed in his place on 02 August 2022

**WAVES CORPORATION LIMITED**  
**(Formerly Waves Singer Pakistan Limited)**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that Annual General Meeting (AGM) of the shareholders of Waves Corporation Limited (WAVES or the Company) will be held on Monday 29 August 2022 at 12:30 P.M. at the Registered Office, 9. Km Multan Road, Lahore physically as well electronically to transact the following businesses:

**Ordinary Businesses**

1. To receive, consider and adopt audited consolidated and standalone financial statements of the Company for the year ended 31 December 2021, together with the Directors' Report and Chairman's Review thereon.
2. To appoint Statutory Auditors of the Company for the year ending 31 December 2022 and to fix their remuneration. The Board and Audit Committee have recommended the name of M/s KPMG Taseer Hadi & Co., Chartered Accountants, the retiring auditors, for appointment as Auditors of the Company.

**Special Businesses**

3. To consider and if deemed fit pass the following ordinary resolution with or without modification for getting shareholders' approval for circulation of Annual Report (Consolidated and Standalone) through CD/DVD/USB:

**"Resolved** that approval be and is hereby granted to allow the Company to transmit its Annual Financial Statements (Consolidated and Standalone) together with Directors' Report and Chairman's Review thereon along with the notice of Annual General Meeting to its members through CD/DVD/USB instead of hard copy at the registered addresses of the shareholders".

4. To consider and if deemed fit pass the following special resolutions with or without modifications:

**"Resolved that** the transactions carried out by the Company with Waves Home Appliances Limited, formerly Samin Textiles Limited, Electronic Marketing Company Limited, Waves Builders and Developers (Private) Limited and Employees' Pension/Gratuity/Provident Fund, during the financial year 31 December 2021 as given in the related party note 41 of the Annual Audited Financial Statements of the Company for the year ended 31 December 2021, be and hereby are approved."

**"Resolved further that** the Board of Directors of the Company is authorized to approve all related party transactions to be carried out on case-to-case basis during the financial year 31 December 2022. These transactions shall be deemed to be approved by the shareholders and shall be placed before the shareholders in the next AGM for their formal ratification/approval"

By the order of the Board

Ahmad Bilal Zulfiqar  
Company Secretary

06 August 2022  
Lahore

## **Notes:**

1. The shareholders of the Company interested to participate in the general meeting through video link are requested to send their particulars (as given below) along with a valid copy of their CNIC (both sides)/passport, attested copy of the board resolution / power of attorney (in case of corporate shareholders) through email at [cs@waves.net.pk](mailto:cs@waves.net.pk) (or through post/courier) with the subject similar to “Registration for AGM 31 December 2021 of WAVES” at least 48 hours before the holding of the general meeting. The original signed documents are required to be sent to the Company separately through courier or post, for record purposes.

Name of Shareholder	CNIC No.	Folio No.	Cell/WhatsApp No.	Email Address
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*\* Where applicable, please also give the above particulars of proxy-holder or nominee of shareholder*

The video link and login credential will be shared with only those members whose emails, containing all the required particulars are received well within time. This notice of video link shall also cover providing vide link facility to the members holding 10% or more shareholding (in aggregate) in the Company, residing at a geographical location.

2. The share transfer Books of the Company will remain closed from 22 August 2022 to 29 August 2022 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s Corplink (Private) Limited, Wings Arcade, 1-K, Commercial Model Town, Lahore at the close of business on 21 August 2022 will be treated in time for the purposes of entitlement to the transferees.
3. The above-mentioned book closure dates are also used for determination of entitlement of shares of Waves Home Appliances Limited, formerly Samin Textiles Limited (WHALE) to the shareholders of Waves and Waves itself, pursuant to the Scheme of Arrangement sanction by the honorable Lahore High Court, Lahore between WAVES and WHALE on 27 May 2022. A formal notice has been sent in this respect to Pakistan Stock Exchange on 04 August 2022 and also published in newspapers (Nation and Nawa-e-Waqt) on 06 August 2022. WHALE is a listed company its related information can be seen PSX’s website and is also available on its website [www.samintextile.com](http://www.samintextile.com).
4. A Member entitled to attend and vote at the Meeting may appoint another Member as his/her Proxy to attend, speak and vote at the Meeting on his/her behalf. Instrument appointing Proxy must be deposited at the Head Office of the Company not less than 48 hours before the time of holding the meeting. Proxy form is available at the Company’s website i.e., [www.waves.net.pk](http://www.waves.net.pk) However, in case of electronic attendance, the relevant procedure given in the precedent paragraph may be followed.
5. CDC Accounts Holders will further have to follow the guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan:

### **a. For attending the meeting:**

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the

Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting

- ii. In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless provided earlier) at the time of the meeting.

**b. For appointment proxies:**

- i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
  - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC Numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC/Passport of beneficial owners and proxy be furnished with proxy form.
  - iv. The proxy shall produce his / her original CNIC or original Passport at the time of the meeting.
  - v. In case of corporate entity, Board of Directors' resolution / power of attorney with specimen signature shall be submitted (unless provided earlier) along with proxy form to the Company
6. Shareholders are requested to notify the Company's Share Registrar if there is any change in their registered postal addresses.
7. Pursuant to SECP's Circular No 10 dated 21 May 2014, if the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location other than the city of the Meeting, to participate in the meeting through video conference at least 07 (seven) days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city. In this regard, please fill the following and submit to Head Office address of the Company at least 07 (seven) days before the date of general meeting.

<p><i>I/We _____ of _____, being member(s) of Waves Corporation Limited holder of _____ Ordinary share(s) as per Register Folio No. _____ hereby opt for video conference facility at _____.</i></p>
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8. The Company can transmit annual financial statements through email for which shareholders may provide their relevant information to Share Registrar or the Company Secretary by filling the Standard Request Form available on the Company's website. The shareholders can submit their request for minutes of the previous general meetings at the Registered Office of the Company.
9. All material information in respect of the special business including certificate change of name, MOA/AOA, financial statements, related party transactions and record, scheme of arrangement, statement of material fact and other necessary documents in respect of the notice of AGM are kept at the registered office of the Company and shall be available for inspection from the date of this notice till the conclusion of the AGM.
10. The Annual Audited Consolidated and Standalone Financial Statements along with relevant Reports/Reviews shall also be available at Company's website at [www.waves.net.pk](http://www.waves.net.pk). These accounts shall also be available for inspection during the office hours at the registered office of Company.
11. In compliance with the requirements of Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace his/her physical shares with book entry form in a manner as

may be specified and from the date notified by the SECP, within a period not exceeding four years from the commencement of the Companies Act, that is, 30 May 2017. Members having physical share certificates are requested to convert their shares from physical form into book entry form as early as possible. It would facilitate the Members in many ways including safe custody of shares, no loss of shares, avoidance of formalities required for issuance of duplicate shares and readily available for sale and purchase in open market at better rates.

12. For any query / clarification / information, the shareholders may contact the Company at email [cs@waves.net.pk](mailto:cs@waves.net.pk) and/or the Share Registrar of the Company at email [akbar@corplink.com.pk](mailto:akbar@corplink.com.pk).

## **Statement of Material Facts in respect of the Special Businesses**

### **Agenda Item No. 3 – Transmission of Annual Accounts through CD/DVD/USB:**

The Securities & Exchange Commission of Pakistan (SECP) vide its SRO No. 470(1)/2016 has allowed the companies to circulate Annual Balance Sheet, Profit & Loss account, Auditors' Report and Directors' Report etc., along with the Notice of AGM to its members through CD/DVD/USB instead of hard copy at their registered addresses. The Company shall however, shall place on its website a standard request form for the shareholders to demand hard copies of Financial Statements, which includes Urdu translated version to the extent required. In case, any member requests for the hard copy of the Financial Statements, the same shall be provided free of cost.

### **Agenda Item No. 4 – Approval of Related Party Transactions during the Financial Year ended 31 December 2021 and to authorize the Board to approve Related Party Transactions during the Financial Year 31 December 2022**

The Company has undertaken related party transactions with the following entities which included subsidiaries, wholly owned subsidiaries and associated companies/undertakings.

- a. Waves Home Appliances Limited, formerly Samin Textiles Limited (WHALE), a subsidiary of the Company w.e.f. 31 August 2021 pursuant to the Scheme of Arrangement between the Company and WHALE sanctioned by the honorable Lahore High Court on 27 May 2022. Before that WHALE was a related party.
- b. Electronic Marketing Company Limited (EMCL), a wholly owned subsidiary
- c. Waves Builders and Developers (Private) Limited (WBDPL), a wholly owned subsidiary
- d. Employee's Provident Fund
- e. Employees' Pension Fund
- f. Employees' Gratuity Fund

All the transactions with the related parties during the financial year are entered into by the Company in the ordinary course of business and at Arm's Length Basis under Related Party Transactions Policy of the Company. All transactions entered into with related parties require the approval of the Board Audit Committee. Upon recommendation of the Audit Committee, such transactions are placed before the Board of Directors for approval. All transactions with the related parties are disclosed in the note 40 of the audited financial statements for the year ended 31 December 2021. The nature of these relationships is also disclosed in the note 41 of the audited financial statements of the Company for the year ended 31 December 2021. The transactions with WHALE include transactions which are arising out of the

implementation process of the Scheme and results in inter-company balances appearing in the financial statements, till such time the implementation process pursuant to the Scheme is fully complete.

The Company shall be conducting transactions with the related parties during the year ending 31 December 2022 in the ordinary course of business and at arm's length basis under the policy of the Company for related party transactions. All transactions entered into with related parties require the approval of the Audit Committee of the Board. Upon recommendation of the Audit Committee, such transactions shall be placed before the Board of Directors for approval. The transactions with WHALE may include transactions which are arising out of the implementation process of the Scheme and results in inter-company balances appearing in the financial statements, till such time the implementation process pursuant to the Scheme is fully complete. In order to promote transparent business practices, the shareholders are recommended to authorize the Board of Directors of the Company to approve transactions with the related parties from time-to-time on case-to-case basis for the year ending 31 December 2022, which transactions shall be deemed to be approved by the shareholders. These transactions shall be placed before the shareholders in the next AGM for their formal ratification/approval. The Directors are interested in the resolutions only to the extent of their common directorship in such related parties.

### **Interest of Directors**

The Company has only one class of members. The effect of resolutions on the interests of directors of the Company does not differ from the effect of interest of other members except stated herein and the Directors are interested in the resolution only to the extent of their common directorship in such related parties and that the directors of the Company and the related parties performing full time executive functions are also interested to the extent of remunerations, benefits and allowances as per the respective policies of the Company and the related parties, therefore may be regarded as interested to that extent in the resolutions.

### **Material Information**

All material information in respect of the special business including certificate change of name, MOA/AOA, financial statements, related party transactions and record, minutes of the previous general meetings, shareholding of directors of Company and related parties, Scheme of Arrangement sanctioned by honorable Lahore High Court, Lahore, Statement of Material Facts and other necessary documents in respect of the notice of AGM are kept at the registered office of the Company and shall be available for inspection from the date of this notice till the conclusion of the AGM and also placed to the extent required on the Company's website [www.waves.net.pk](http://www.waves.net.pk).

**WAVES CORPORATION LIMITED**  
**Formerly Waves Singer Pakistan Limited**  
**FORM OF PROXY**

The Company Secretary  
Waves Corporation Limited  
9 KM, Multan Road, Lahore

I/ We \_\_\_\_\_  
of \_\_\_\_\_  
being a member of **Waves Corporation Limited** hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ or  
failing him \_\_\_\_\_  
of \_\_\_\_\_  
as my proxy in my absence to attend, speak and vote for me on my behalf at the Annual General Meeting of the Company to be held on Monday, 29 August 2022 at 12:30 PM and at any adjournment thereof.

As witness my / our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2022.

**Rs. 5/-  
Revenue  
Stamp**

**Witness No.1**

Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No.: \_\_\_\_\_

\_\_\_\_\_  
Signature of Member(s)

**Witness No. 2**

Name : \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC No.: \_\_\_\_\_

(Name in Block letters)

Folio No. \_\_\_\_\_  
Participant ID No. \_\_\_\_\_  
No. of shares \_\_\_\_\_  
Account No. in CDC \_\_\_\_\_

**Important:**

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

# **WAVES Consolidated FS 2021**

## **Auditors' Report to the Members**

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

## INDEPENDENT AUDITOR'S REPORT

To the members of Waves Corporation Limited (formerly, Waves Singer Pakistan Limited)

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

#### Opinion

We have audited the annexed Consolidated financial statements of **Waves Corporation Limited** ("the Company") and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<b>Impairment of intangible assets</b> Refer to note 4.2 and 20 to the consolidated financial statements. The Group annually tests the carrying value of goodwill and intangible assets. The testing is subject to estimates and judgments made by the management of the Group with respect to future sales growth and profitability, cash flow projection and selection of appropriate discount rate.	Our audit procedures, amongst others, included the following: <ul style="list-style-type: none"><li>Assessing the appropriateness of the Group's accounting policy for impairment testing of intangible assets and goodwill and compliance of the relevant accounting policy as referred to in the consolidated financial statements;</li></ul>



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S. No.	Key audit matters	How the matter was addressed in our audit
	<p>We identified the impairment testing of separately identifiable intangible assets and goodwill as a key audit matter because significant degree of management judgement is involved in making the above assessment and in forecasting the future cash flows which are inherently uncertain.</p>	<ul style="list-style-type: none"> <li>• discussing with the Group's management key assumptions used in valuation model and testing the mathematical accuracy of the model;</li> <li>• involving our internal valuation specialists to assist us in assessing the significant estimates, assumptions and judgements applied in the valuation of intangible assets and goodwill, including discount rate, growth rate, terminal value and attrition rate, with reference to available market information;</li> <li>• assessing the ability of the Group to accurately forecast through comparison of previous forecasts with actual results;</li> <li>• comparing the recoverable amount with the goodwill and intangible assets recognized to identify impairment, if any; and</li> <li>• assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.</li> </ul>
2.	<p><b>Revenue</b></p> <p>Refer to note 4.11 and 27 to the consolidated financial statements.</p> <p>The Group principally generates revenue from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same.</p> <p>We identified revenue as a key audit matter because it is one of the key performance indicators of the Group and gives rise to a risk that sale may be recognized without transferring of control.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls;</li> <li>• assessing the appropriateness of the Group's accounting policy for recording of sales and compliance of the relevant accounting policy as referred to in the consolidated financial statements;</li> <li>• comparing a sample of sales transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents to assess whether the related revenue was recorded in accordance with the Group's accounting policy;</li> <li>• comparing a sample of sale transactions recorded before and after year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period;</li> <li>• inspecting on a sample basis, credit notes issued near to and subsequent to period end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and</li> </ul>



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S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.</li> </ul>
3.	<p><b>Revaluation of property, plant and equipment</b></p> <p>Refer notes 4.1, 7 and 19 to the consolidated financial statements.</p> <p>The Group follows the revaluation model for subsequent measurement of land, buildings and plant and machinery.</p> <p>Latest revaluation was carried out on 31 August 2021. The valuation was performed by an external professional valuer engaged by the Group.</p> <p>We identified the revaluation of the Group's property, plant and equipment as a key audit matter because the valuation involves a significant degree of judgment and estimation.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>obtaining and inspecting the valuation reports prepared by the external expert engaged by the Group and on which the Group management's assessment of the valuation of property, plant and equipment was based;</li> <li>evaluating the information provided by the Group to the external professional valuer by inspecting the relevant underlying documentation;</li> <li>involving property, plant and equipment valuation expert engaged by us to assist in evaluating the appropriateness of valuation methodology and assessing the reasonableness of key estimates and assumptions adopted in the valuations report by the valuer engaged by the Group;</li> <li>checking that the revaluation surplus has been recorded in the consolidated financial statements as per applicable accounting policy; and</li> <li>assessing the adequacy of the disclosures made in consolidated financial statements in accordance with the relevant accounting policy.</li> </ul>

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2021, but does not include the consolidated and unconsolidated financial statements and our auditor's report thereon.

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

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

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**Responsibilities of Management and Board of Directors for the Consolidated Financial Statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Lahore

Date: 18 August 2022

UDIN: AR20211011411D0iK5tV

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

**Waves Corporation Limited**  
**(formerly Waves Singer Pakistan Limited)**

Audit of consolidated financial statements  
for the year ended 31 December 2021

Waves Corporation Limited (formerly, Waves Singer Pakistan Limited)

Consolidated Statement of Financial Position

As at 31 December 2021

**EQUITY AND LIABILITIES**

Share Capital and Reserves

Authorised capital 300,000,000 (2020: 300,000,000)  
ordinary shares of Rs. 10 each

Issued, subscribed and paid-up capital  
Share premium reserve  
Capital reserve  
Revenue reserve - unappropriated profit  
Surplus on revaluation of property,  
plant and equipment - *net of tax*  
Equity attributable to owners of the Company

Non-controlling interests

Non-current liabilities

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

Current liabilities

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

Contingencies and commitments

Note

2021  
----- (Rupees in '000) -----

2020  
----- (Rupees in '000) -----

5	3,000,000	3,000,000
5	2,814,062	1,876,041
6	5,025,661	4,581,063
	5,000	5,000
	318,580	1,660,149
7	561,698	338,171
	8,725,001	8,460,424
	1,549,295	-
	10,274,296	8,460,424

8	1,103,098	2,006,474
9	51,041	201,930
9	84,794	63,804
10	36,586	38,610
11	7,779	20,872
12	467,266	296,874
	1,750,564	2,628,564

13	2,297,179	1,685,402
14	184,229	178,416
15	5,188,205	3,954,952
16	115,300	380,500
	1,179	1,276
17	990,181	577,894
	8,776,273	6,778,440

18	20,801,133	17,867,428
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**ASSETS**

Non-current assets

Property, plant and equipment  
Intangible assets and goodwill  
Trade debts - long term  
Long term deposits

19	6,289,556	5,571,260
20	2,878,385	2,917,290
23	19,230	39,813
21	13,894	20,854
	9,201,065	8,549,217

Current assets

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

22	45,723	35,763
23	4,167,736	2,963,045
	1,344,456	1,165,221
	5,351,398	4,657,081
	160,038	64,414
24	132,750	105,841
	243,643	187,643
25	152,854	143,203
	11,598,598	9,318,211
26	1,470	-
	11,600,068	9,318,211

Non current assets held for sale

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

Waves

Lahore



Director



Chief Executive Officer



Chief Financial Officer

Waves Corporation Limited (formerly, Waves Singer Pakistan Limited)  
 Consolidated Statement of Profit or Loss  
 For the year ended 31 December 2021

	Note	2021 (Rupees in '000)	2020
Revenue - net of sales return		12,321,443	10,230,068
Sales tax and trade discount on invoices		(1,882,433)	(1,704,587)
Revenue - net	27	10,439,010	8,525,481
Cost of sales	28	(8,156,644)	(6,681,104)
<b>Gross profit</b>		<b>2,282,366</b>	<b>1,844,377</b>
Marketing, selling and distribution costs	29	(1,020,257)	(920,483)
Administrative expenses	30	(557,701)	(461,016)
Other expenses	31	(122,423)	(42,671)
Other income	32	249,967	465,831
		(1,450,414)	(958,339)
		831,952	886,038
Earned carrying charges		388,202	262,863
Finance costs	33	(705,015)	(879,695)
		(316,813)	(616,832)
<b>Profit before taxation</b>		<b>515,139</b>	<b>269,206</b>
Taxation	34	(187,252)	(141,738)
<b>Profit for the year</b>		<b>327,887</b>	<b>127,468</b>
<b>Attributable to:</b>			
Owners of the Group		318,620	127,468
Non-controlling interests		9,267	-
		327,887	127,468
Earnings per share - basic and diluted (Rupees)	35	1.13	(Restated) 0.61

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

KPMG

Lahore

  
 Director

  
 Chief Executive Officer

  
 Chief Financial Officer

Waves Corporation Limited (formerly, Waves Singer Pakistan Limited)  
 Consolidated Statement of Comprehensive Income  
 For the year ended 31 December 2021

	2021 (Rupees in '000)	2020
Profit for the year	327,887	127,468
<b><u>Other comprehensive (loss) / income</u></b>		
<i>Item that will not be reclassified to profit and loss:</i>		
- Surplus on revaluation of property, plant and equipment	326,976	-
- Related deferred tax on surplus	(77,287)	-
- Actuarial gain/(loss) on employee retirement benefits	6,674	(7,143)
	256,363	(7,143)
<b>Total comprehensive income for the year</b>	<b>584,250</b>	<b>120,325</b>

*Attributable to:*

Owners of the Group	573,970	-
Non-controlling interests	10,280	-
	<b>584,250</b>	<b>-</b>

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

KPACG

Lahore

  
 Director

  
 Chief Executive Officer

  
 Chief Financial Officer

Waves Corporation Limited (formerly, Waves Singer Pakistan Limited)  
Consolidated Statement of Changes in Equity  
For the year ended 31 December 2021

	Attributable to Owners of the Company							Non-controlling interest	Total
	Capital reserve			Revenue Reserve					
	Issued, subscribed and paid-up capital	Share premium reserve	Other capital reserve	Surplus on revaluation of land, building and Plant and machinery	Unappropriated profit	Total			
	(Rupees in '000)								
Balance as at 01 January 2020	1,876,041	4,581,063	5,000	362,544	1,515,351	8,339,999	-	8,339,999	
<i>Total comprehensive income for the year</i>									
Profit after taxation	-	-	-	-	127,468	127,468	-	127,468	
<i>Other comprehensive income for the year</i>									
Remeasurement of defined benefit obligation	-	-	-	-	(7,143)	(7,143)	-	(7,143)	
<i>Surplus transferred to accumulated profits</i>									
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(24,473)	24,473	-	-	-	
Effect of change in tax rate on account of surplus on property, plant and equipment	-	-	-	100	-	100	-	100	
	-	-	-	(24,373)	24,473	100	-	100	
Balance as at 31 December 2020	1,876,041	4,581,063	5,000	338,171	1,660,149	8,460,424	-	8,460,424	
<i>Total comprehensive income for the year</i>									
Profit after taxation	-	-	-	-	318,620	318,620	9,267	327,887	
<i>Other comprehensive loss for the year</i>									
Surplus on revaluation of property plant and equipment	-	-	-	326,976	-	326,976	-	326,976	
Related deferred tax on revaluation surplus	-	-	-	(77,287)	-	(77,287)	-	(77,287)	
Remeasurement of defined benefit obligation	-	-	-	-	6,674	6,674	-	6,674	
<i>Surplus transferred to accumulated profits</i>									
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(26,162)	26,162	-	-	-	
<i>Transactions with owners of the Company</i>									
Issue of ordinary shares	938,021	468,914	-	-	-	1,406,935	-	1,406,935	
Incremental cost of issuance of shares	-	(24,316)	-	-	-	(24,316)	-	(24,316)	
	938,021	444,598	-	-	-	1,382,619	-	1,382,619	
	-	-	-	-	(1,364,472)	(1,364,472)	-	(1,364,472)	
<i>Change in ownership interest</i>									
NCI of subsidiary	-	-	-	-	-	-	1,540,028	1,540,028	
Difference arising on the consideration paid and the capital of the subsidiary	-	-	-	-	(328,553)	(328,553)	-	(328,553)	
Balance as at 31 December 2021	2,814,062	5,025,661	5,000	561,698	318,580	8,725,001	1,549,295	10,274,296	

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

Waves

Lahore

Director

Chief Executive Officer

Chief Financial Officer

Waves Corporation Limited (formerly, Waves Singer Pakistan Limited)  
Consolidated Statement of Cash Flows  
For the year ended 31 December 2021

	Note	2021 (Rupees in '000)	2020
<b><u>Cash flows from operating activities</u></b>			
Profit before taxation		515,139	269,206
<i>Adjustments for non-cash items:</i>			
Depreciation on property, plant and equipment	19.1.4	374,204	387,733
Amortisation of intangible asset	20.3	47,015	45,130
Finance costs	33	705,015	879,695
Gain on sale of property, plant and equipment	32	(2,047)	(7,853)
Liabilities no longer payable written back	32	(121,669)	(61,512)
Workers' Profit Participation Fund		21,791	14,530
Amortisation of deferred income	32	(24,010)	(15,533)
Provision for slow moving and damaged stock		(5,504)	20,000
Workers Welfare Fund		8,889	5,522
Reversal of loss allowance against trade debts		(35,465)	(350,962)
Unrealised exchange loss		56,576	
Provision for employee retirement benefits- net		8,747	5,677
<b>Profit before working capital changes</b>		<b>1,548,681</b>	<b>1,191,633</b>
<b><u>Effect on cash flows due to working capital changes</u></b>			
<i>(Increase) / decrease in current assets</i>			
Stores, spares and loose tools		(11,960)	3,945
Stock-in-trade		(1,199,187)	670,419
Trade debts		(859,317)	(1,326,942)
Advances, deposits, prepayments and other receivables		(26,909)	39,711
<i>(Decrease) / increase in trade and other payables</i>		666,079	(96,095)
		(1,431,294)	(708,962)
<b>Cash used in operations</b>		<b>117,387</b>	<b>482,671</b>
Income tax - net		(150,147)	(76,482)
Workers' Profit Participation Fund paid		(14,367)	(32,313)
Workers' Welfare Fund paid		(5,522)	(9,243)
Employee retirement benefits (refund) / paid		(4,097)	(12,033)
Long term deposits - net		6,960	5,534
<b>Net cash used in operating activities</b>		<b>(49,786)</b>	<b>358,134</b>
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure		(815,924)	(378,839)
Proceeds from disposal of property, plant and equipment		14,021	25,606
<b>Net cash flows used in investing activities</b>		<b>(801,903)</b>	<b>(353,233)</b>
<b><u>Cash flows from financing activities</u></b>			
Lease rentals paid		(114,978)	(103,672)
Loan from Directors		-	380,500
Proceeds from the issue of right shares - net off transaction cost and adjustment of loan from Directors		1,002,119	
Finance costs paid		(699,202)	(917,845)
Dividend paid		(97)	(181)
Short term finances availed - net		1,104,510	122,934
Long term loans received		-	774,560
Long term loans repaid		(464,131)	-
<b>Net cash flows generated from financing activities</b>		<b>828,221</b>	<b>256,296</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(23,468)</b>	<b>261,197</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(1,071,594)</b>	<b>(1,332,791)</b>
<b>Cash and cash equivalents at end of the year</b>	36	<b>(1,095,062)</b>	<b>(1,071,594)</b>

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

KPMG

Lahore

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

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

## Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

### 1 Status and nature of business

#### 1.1 The Group comprises of:

##### Holding Company

- Waves Corporation Limited (formerly, Waves Singer Pakistan Limited)

2021	2020

(Holding percentage)

##### Subsidiary Companies

- Waves Builders and Developers (Private) Limited (formerly as Waves Marketing (Private) Limited)	100	100
- Electronics Marketing Company (Private) Limited	100	100
- Waves Home Appliances Limited (formerly Samin Textile Limited)	74.56	-

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

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

- 9-K.M, Hanjarwal, Multan Road, Lahore.
- Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.
- Mouza Mustafabad, 41-KM Ferozepur Road, Off 2-KM Rohi Nala Road, Tehsil & District Kasur

##### Waves Builders and Developers (Private) Limited (formerly Waves Marketing (Private) Limited)- Subsidiary Company

Waves Builders and Developers (Private) Limited (formerly Waves Marketing (Private) Limited) which was incorporated on 10 April 2017 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the company is located at 15/3 A Model Town, Lahore. The principal activity of the company previously was sale, distribution and marketing of consumer appliances being a trading concern, however during the year the principal line of business had been changed to carry on business of any or all type of real estate. In-line with these plans, during the Board meeting held on 19 March 2021, the name of the subsidiary company was changed from Waves Marketing (Private) Limited to Waves Builders and Developers (Private) Limited. The company is currently in process of undertaking a real estate development project.

The subsidiary company has not made any significant sales during the year. The business during the year represented revenue earned from sale of products that was in stock since last year. The management currently is in the process of envisaging a mega real estate project but financial arrangement and regulatory approvals for the same are pending.

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

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

**Waves Home Appliances Limited (formerly Samin Textiles Limited)- Subsidiary Company**

Waves Home Appliances Limited (WHAL) (formerly as Samin Textiles Limited) was incorporated in Pakistan on November 27, 1989 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 15/3 Block A, Model Town, Lahore. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company previously was trading, import and export of textile products. Consequent to approval of scheme of arrangement, the principal line of business shall be amended to include manufacturing, assembly and wholesale of domestic consumer appliances and other light engineering products.

- 1.2 On 11 March 2020, Covid-19 (Coronavirus) was declared a pandemic by the World Health Organization. The spread of coronavirus as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the production and sale volumes of the Group during the lock down period. However, as per relaxation given by Authorities, the Group continued its operations during the with all precautionary measures to prevent the pandemic spread. While no material effects on the Company's business and measurement of assets and liabilities have yet been identified at the date of these financial statements, the management will continue to monitor and evaluate them including effects of new variants.
- 1.3 During the year ended 31 December 2021, the Holding Company, Waves Corporation Limited (WCL), acquired WHAL (formerly Samin Textiles Limited) as a subsidiary Company through a scheme of arrangement. As per the term of the scheme, WCL 'Carved out / seperated home appliances business by transferring certain assets, liabilities, obligations, contracts and undertakings to the subsidiary Company as of the effective date of 01 September 2021.

The Honourable Lahore High Court (the Court) through its Order dated 22 June 2022, has approved the Scheme of Arrangement as proposed and granted sanction order for the carving out of home appliances business from the Holding Company and amalgamation of the same into the subsidiary Company, WHAL.

The Board of Directors of the Holding Company and subsidiary Company, in their meetings held on 23 December 2021, approved and resolved to present the Scheme of Arrangement before the shareholders of the Company for their approval.

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After approval by the BOD, the said scheme was submitted to Court for approval. As per requirements, the Holding Company subsequently obtained approval of the Scheme of Arrangement from its shareholders and secured creditors of the Holding Company.

On account of consideration under the scheme of arrangement, 56,281,240 shares of the subsidiary company were issued and allotted to shareholders of Holding Company in the swap ratio of 20 shares for every 100 shares held in parent company at the date of acquisition. The consideration also included issue of 199,724,956 shares to WCL and Rs. 2 billion in cash (interest free) payable over the period of 2 years but these have no impact on these consolidated financial statements.

The Group expects several benefits after this merger including the synergies of operations, allowing them to become leading suppliers / service providers, resulting in greater revenue. Furthermore, by separating the business segments (as contemplated in this Scheme), the individual companies shall have unique identities, a more focussed business and customer base.

If the acquisition of WHAL had occurred on 01 January 2021, the management estimates that there would not have been any material changes to the revenue and profits of the Group as WHAL was a dormant entity.

However, this scheme of arrangement/group restructuring does not have any material impact on these consolidated financial statements.

## **2 Basis of preparation**

### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017.

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

### **2.2 Basis of measurement**

These consolidated financial statements have been prepared under the historical cost convention except for land, buildings and plant and machinery which are stated at revalued amounts less subsequent depreciation and impairment losses as referred to in note 19, recognition of lease liability and certain employee retirement benefits as referred to in note 9 and 10 at present value respectively.

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### 2.3 Functional and presentation currency

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

### 2.4 Basis of consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and its subsidiary companies as at 31 December 2021. These consolidated financial statements have been prepared from the information available in the audited separate financial statements of the Holding Company for the year ended 31 December 2021 and the audited financial statements of the subsidiaries for the year ended 31 December 2021.

#### Subsidiaries

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

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

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

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

#### Non-controlling interest

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

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

### Loss of control

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

### **3 Use of estimates and judgments**

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

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

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

	<i>Note</i>
- Residual value, market values and useful lives of property, plant and equipment	4.1
- Estimates of Useful lives and recoverable amount of intangible assets and goodwill	4.2
- Provision for employee retirement benefit plans	4.5
- Stock in trade and stores and spares and loose tools at net realizable value / net of impairment losses	4.6 & 4.7
- Provisions	4.10
- Taxation	4.12
- Impairment of financial and non-financial assets	4.15

### **4 Significant Accounting Policies**

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

#### **4.1 Property, plant and equipment**

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

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

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

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

Depreciation is charged to the consolidated statement of profit or loss applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. The rates of depreciation are stated in note 19.1 to these consolidated financial statements.

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

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

#### Capital work in progress

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

#### Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

## 4.2 Intangible assets and goodwill

### Goodwill

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

### Other Intangible asset

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

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The rates of amortization are stated in note 20.1 to these consolidated financial statements.

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

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

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

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

## 4.3 Business combination

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

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

#### 4.4 Investment property

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

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

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

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

#### 4.5 Employee retirement and other service benefits

##### Defined benefit plans

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

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

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

#### Defined contribution plan

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

#### Staff Compensated absences

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

#### **4.6 Stores, spares and loose tools**

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

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

#### **4.7 Stock-in-trade**

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

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

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

#### **4.8 Cash and cash equivalents**

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

#### **4.9 Trade and other payables**

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

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

#### 4.10 Provisions

A provision is recognized in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

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

#### 4.11 Revenue Recognition

- Revenue represents the fair value of consideration received or receivable for sale of goods, net of sales tax, sales returns and related discounts. Revenue is recognized when or as performance obligation is satisfied by transferring control of promised goods or services to a customer and control either transfers overtime or point in time.
- Earned carrying charges representing the difference between the cash sale price and hire purchase price are recognized in the consolidated statement of profit or loss using the effective interest rate method over the period of the sale under the hire purchase arrangement.
- Income on profit and loss sharing bank accounts are recognized on accrual basis using the effective interest rate method.

#### 4.12 Taxation

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

The Holding Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, contingent liabilities and contingent assets.

The Holding Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Group and two subsidiaries Waves Builders and Developers (Private) Limited and Electronics Marketing Company (Private) Limited are part of the Group Taxation Under this approach, the Group is accounting for the related taxes under standalone taxpayer approach. Under this approach, current and deferred taxes are recognized as if the entity was taxable in its own right. Following companies are part of group taxation:

- Waves Builders and Developers (Private) Limited
- Electronics Marketing Company (Private) Limited
- Waves Corporation Limited

Waves Home Appliances Limited is not part of group taxation.

### Current

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

### Deferred

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

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

#### **4.13 Borrowings**

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

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

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

#### **4.14 Financial instruments**

##### **Recognition and initial measurement**

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

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

### **Classification and subsequent measurement**

#### **Financial assets**

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

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

#### **Amortized cost**

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

#### **Debt Instrument - FVOCI**

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

### Equity Instrument - FVOCI

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

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

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

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

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

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

### Financial assets – Business model assessment

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

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

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

### Financial liabilities

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

Other financial liabilities are subsequently measured at amortized cost using the effective interest method, while the interest expense and foreign exchange gains and losses are recognized in the consolidated statement of profit or loss. Any gain or loss on derecognition is also recognized in the consolidated statement of profit or loss.

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

#### **Derecognition**

##### **Financial assets**

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

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

##### **Financial liabilities**

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

##### **Offsetting of financial assets and financial liabilities**

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

#### **4.15 Impairment**

##### **Financial assets**

The Group recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

#### Non - Financial assets

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

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

#### **4.16 Foreign currency transactions and translation**

##### **Transactions and balances**

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

#### **4.17 Dividends and appropriations to reserves**

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

#### **4.18 Earnings per share**

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

#### **4.19 Common control transactions**

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

#### **4.20 Deferred income**

##### **Grant in aid**

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

### Government grant

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

#### 4.21 Leases

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

The Group recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received. The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or cost of the right of use asset reflects that the Group will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in 19.1 of the consolidated financial statements.

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

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

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

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

### Sale and lease back

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

#### 4.22 Operating segments

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

#### 4.23 Standards, interpretations and amendments to published approved International Financial Reporting Standards

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous.

An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Annual Improvements to IFRS standards 2018-2020:

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

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 01 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

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

- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current.

The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 01 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 January 2022 and the management is in the process of determining the impact of these on the Group's consolidated financial statements.

	Note	2021 (Number of shares)	2020	2021 (Rupees in '000)	2020
<b>5 Share capital</b>					
5.1 Authorized share capital	5.1.1	<u>300,000,000</u>	<u>300,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>
5.1.1		The authorized share capital stands at Rs. 3,000 million, divided into 300,000,000 shares of Rs. 10 each, according to the Memorandum and Articles of Association the Company.			
<b>5.2 Issued, subscribed and paid-up capital</b>					
<b><u>Fully paid-up ordinary shares of</u></b>		2021	2020	2021	2020
<b><u>Rs. 10 each</u></b>		(Number of shares)		(Rupees in '000)	
Issued for cash		105,263,597	11,461,568	1,052,637	114,616
Issued for consideration other than cash		703,733	703,733	7,037	7,037
Issued as paid bonus shares		78,988,759	78,988,759	789,888	789,888
Issued under scheme of amalgamation		<u>96,450,000</u>	<u>96,450,000</u>	<u>964,500</u>	<u>964,500</u>
		<u>281,406,089</u>	<u>187,604,060</u>	<u>2,814,062</u>	<u>1,876,041</u>
<b>5.3 Reconciliation of ordinary shares</b>					
Balance as at 01 January		187,604,060	163,133,965	1,876,041	1,631,340
Ordinary shares issued as fully paid bonus shares		<u>93,802,029</u>	<u>24,470,095</u>	<u>938,020</u>	<u>244,701</u>
<b>Balance as at 31 December</b>		<u>281,406,089</u>	<u>187,604,060</u>	<u>2,814,061</u>	<u>1,876,041</u>
5.4		During the year, the Holding Company has issued 93,802,029 ordinary shares in the ratio of 1 right share for every 2 ordinary shares at the rate of Rs. 15 per share (including share premium of Rs. 5 per share). The same has been approved by Board of Directors ("the Board") in their meeting held on 19 March 2021.			

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The primary purpose of the right issue was to finance the purchase of new property, construction of buildings at the said property and meeting the working capital requirements of the Holding Company's operations and activities for effectively implementing its business plan to enhance the profitability of the Holding Company.

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

	2021 (Percentage held)	2020	2021 (Number of shares)	2020
*Poseidon Synergies (Private) Limited	4.27%	5.69%	12,020,274	10,680,183
<i>Chief Executive Officer and his spouse and minor children</i>				
- Haroon Ahmad Khan (CEO)	38.32%	38.32%	107,840,286	71,893,524
- Nighat Haroon Khan (Wife of CEO)	9.92%	10.99%	27,925,911	20,617,274
	<u>52.52%</u>	<u>55.00%</u>	<u>147,786,471</u>	<u>103,190,981</u>

\* Owned by Chief Executive Officer and his wife.

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

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

## 6 Share premium

This includes excess of market value over the face value of shares issued under the scheme of arrangement amounting to Rs. 4.581 million. This reserve can only be utilized by the Group for the purpose specified in Section 81(2) of the Companies Act, 2017.

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

	Note	2021 (Rupees in '000)	2020
Revaluation Surplus - as on 01 January		473,141	507,382
Surplus on revaluation arisen during the year		326,976	-
Incremental depreciation transferred to equity		(36,664)	(34,241)
		<u>763,453</u>	<u>473,141</u>
Deferred tax liability - as on 01 January		(134,970)	(144,838)
Deferred tax on revaluation arisen during the year		(77,287)	-
Tax effect on transfer of incremental depreciation to retained earnings		10,502	9,768
Adjustment resulting from change of tax rate		-	100
Deferred tax liability		<u>(201,756)</u>	<u>(134,970)</u>
	7.1 & 7.2	<u>561,698</u>	<u>338,171</u>

- 7.1 Balance as at 31 December includes surplus on land of Rs. 57.152 million (2020: Nil), building on freehold land of Rs. 225.17 million (2020: Rs. 103.62 million) and plant and machinery of Rs. 306.31 million (2020: Rs. 234.55 million).

- 7.2 The Group revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017, 2019 and 2021. The latest revaluation was carried out on 31 August 2021. This was conducted by M/s Asif Associates (Private) Limited. Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per kanal for land, price per square foot for buildings and present operational condition and age of plant and machinery.

2021 2020  
(Rupees in '000)

Note

8.1	1,168,574	1,397,897
8.2	874,127	1,108,934
8.3	(36,228)	(36,227)
17	(903,375)	(464,130)
	<u>1,103,098</u>	<u>2,006,474</u>

8 Long term loans - Secured

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

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

Bank Name	Facility	2021 Rupees	2020 Rupees	Mark-up as per Agreement	Tenure and basis of principal repayment	Security
Sindh Bank Limited	Term Finance	324,458	405,708	3 Months KIBOR plus 3% per annum, payable quarterly.	Balance payable in 4 semi-annually instalments ending on 16 September 2023 after availing deferment of 18 months as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 1,267 million on present and future fixed assets of the Holding Company, exclusive charge of Rs. 300 million on owned shops of the Holding Company and personal guarantees of the directors of the Holding Company. This facility has been obtained to meet long term working capital requirements of the Holding Company.
The Bank of Punjab	Term Finance	345,383	394,723	3 Months KIBOR plus 2.75% per annum, payable quarterly.	Balance payable in 7 quarterly instalments starting from Feb-2022 and ending on Aug-2023.	This facility is secured by way of joint pari passu charge of Rs 527 million on present and future fixed assets of the Holding Company. This facility has been obtained to meet long term working capital requirements of the Holding Company.
The Bank of Khyber - note 8.3	SBP Salary Refinance Scheme	98,733	197,466	SBP rate plus 3% per annum, payable quarterly.	Balance payable after expiry of 4 months grace period in 8 quarterly instalments ending on 31 December 2022.	This facility is secured by way of ranking charge of Rs. 264 million over present and future fixed assets of the Holding Company.
Dubai Islamic Bank Limited	Term Finance	400,000	400,000	3 Months KIBOR plus 2% per annum, payable quarterly.	Balance payable after expiry of 12 month grace period in 16 quarterly instalments ending on 08 October 2025 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 534 million on present and future fixed assets of the Holding Company and Cross corporate guarantees of group concerns of the Holding Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Holding Company.
		<u>1,168,574</u>	<u>1,397,897</u>			

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

Bank Name	Facility	2021		2020		Mark-up as per Agreement	Tenure and basis of principal repayment	Security
		Rupees	Rupees	Rupees	Rupees			
Pak Brunei Investment Company Limited	Term Finance	207,813	326,563	3 Months KIBOR plus 3% per annum, payable quarterly.		Balance payable in 7 quarterly instalments ending on 30 August 2023 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 475 million on present and future fixed assets of the Holding Company, ranking charge of Rs. 475 million on current assets of the Holding Company and personal guarantees of the directors of the Holding Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Holding Company.	
Pak Oman Investment Company Limited	Term Finance	281,250	300,000	3 Months KIBOR plus 2.5% per annum, payable quarterly.		Balance payable after expiry of 12 months grace period in 15 quarterly instalments ending on 06 September 2025 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 400 million on present and future fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company. This facility has been obtained to meet long term working capital requirements and CAPEX for shifting of existing manufacturing unit to new place.	
Pak Libya Investment Company Limited - note 8.3	SBP Salary Refinance Scheme	100,064	182,371	SBP rate plus 3% per annum, payable quarterly.		Balance payable after expiry of 6 months grace period in 8 quarterly instalments ending on 01 October 2022.	This facility is secured by way of joint pari passu charge of Rs. 264 million on present and future fixed assets of the Holding Company.	
Pak Libya Investment Company Limited	Term Finance	285,000	300,000	6 Months KIBOR plus 2.5% per annum, payable quarterly.		Balance payable after expiry of 12 months grace period in 20 quarterly instalments ending on 05 July 2026 after availing deferment of one year as allowed by SBP during March 2020.	This facility is secured by way of joint pari passu charge of Rs. 353 million on present and future fixed assets of the Holding Company and personal guarantees of the sponsor of the Holding Company. This facility has been obtained to finance the expansion of production facility.	
		874,127	1,108,934					

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

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

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

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9 Lease liabilities	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
Building under right of use - <i>unsecured</i>	9.1	89,714	271,820
Other assets under right of use - <i>secured</i>	9.2	122,798	86,634
		212,512	358,454
Current maturity		<u>(76,678)</u>	<u>(92,720)</u>
		<u>135,835</u>	<u>265,734</u>

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

9.1 Building under right of use - <i>unsecured</i>	2021			2020		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	45,264	6,591	38,673	99,634	29,744	69,890
Later than one year and not later than five years	56,290	5,249	51,041	288,234	86,304	201,930
	<u>101,554</u>	<u>11,840</u>	<u>89,714</u>	<u>387,868</u>	<u>116,048</u>	<u>271,820</u>

The Group has recognized lease buildings on account of shops and warehouses rented out. The remaining tenure of contracts ranges from 01 to 120 month payable monthly, quarterly and annually. Lease liability is calculated at discount rate ranging from 8.93% to 15.16%.

9.2 Other assets under right of use - <i>secured</i>	2021			2020		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	49,303	11,299	38,004	29,848	7,018	22,830
Later than one year and not later than five years	103,708	18,914	84,794	73,312	9,508	63,804
	<u>153,011</u>	<u>30,213</u>	<u>122,798</u>	<u>103,160</u>	<u>16,526</u>	<u>86,634</u>

The above represents finance leases entered into with certain financial institution for plant and machinery and vehicles. Monthly payments of leases carry mark-up rates at KIBOR plus 2.5% to 3% per annum (2020: KIBOR plus 1.5 % to 3% per annum). KIBOR is one, three and six months average ask side. At the year-end the applicable rates ranged between 10.21% to 10.83% (2020: 9.17% to 16.50%) per annum.

During the current year, the Holding Company entered into lease arrangements of assets amounting to Rs. 60.40 million. These obligations are payable in monthly installments Rs. 0.16 million to Rs. 1.5 million and carry a mark up rate at one month KIBOR + 1.5% per annum.

10 Employee retirement benefits	Note	2021 (Rupees in '000)	2020 (Rupees in '000)
<i><u>Classified under non-current liabilities</u></i>			
<i>Employee retirement benefits</i>			
- Pension fund	10.2	467	3,355
- Gratuity fund - permanent employees	10.2	13,553	16,311
- Gratuity - field staff	10.2	22,566	18,944
		<u>36,586</u>	<u>38,610</u>

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

The details of employee retirement benefits based on actuarial valuations carried out by an independent actuary as at 31 December 2021 under the Projected Unit Credit method are given below.

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

	Pension Fund		Gratuity			
			Permanent employees (funded)		Field staff (unfunded)	
	2021 (%)	2020 (%)	2021 (%)	2020 (%)	2021 (%)	2020 (%)
1) Discount rate per annum	10.5	9.75	10.5	9.75	11.75	11.25
2) Expected per annum rate of increase in future salaries / commission	Nil	Nil	-	-	8.75	6.75
3) Expected rate of increase in pension	Nil	Nil				
4) Mortality rates	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1	SLIC (2001-05)-1
5) Rate of employee turnover	Heavy	Heavy	Heavy	Heavy	Heavy	Heavy

	Pension Fund		Gratuity				
	2021	2020	Permanent employees		Field staff (unfunded)		Total
			2021	2020	2021	2020	
			(Rupees in '000)				
<b>10.2</b>	<b>Amounts recognised in consolidated statement of financial position</b>						
	64,191	68,528	13,996	16,757	22,566	18,944	35,701
	(63,724)	(65,173)	(443)	(446)	-	-	(446)
	467	3,355	13,553	16,311	22,566	18,944	35,255
<b>10.3</b>	<b>Movement in net defined benefit liability recognised in consolidated statement of financial position</b>						
	3,355	(3,388)	16,311	23,088	18,944	18,123	41,211
	312	(361)	1,547	2,519	6,888	3,519	6,038
	-	-	(831)	(9,335)	(3,266)	(2,698)	(12,033)
	(3,200)	7,104	(3,474)	39	-	-	39
	467	3,355	13,553	16,311	22,566	18,944	35,255
<b>10.4</b>	<b>Movement in present value of defined benefit obligations</b>						
	68,528	63,394	16,757	25,043	18,944	18,123	43,166
	(4,811)	(7,331)	(846)	(10,892)	(3,266)	(2,698)	(13,590)
	-	-	-	-	6,888	3,519	3,519
	6,498	6,536	1,465	2,714	-	-	2,714
	(3,312)	6,508	(415)	966	-	-	966
	(540)	-	113	-	-	-	113
	(2,172)	(579)	(3,078)	(1,074)	-	-	(1,074)
	64,191	68,528	13,996	16,757	22,566	18,944	35,701
<b>10.4.1</b>	<b>Analysis of present value of defined benefit obligation</b>						
	<i>Vested / non-vested</i>						
	-	-	13,996	16,757	-	-	16,757
	-	-	-	-	-	-	-
	-	-	13,996	16,757	-	-	16,757
	<i>Benefit obligation by participant status/ cadre</i>						
	13,104	14,086	-	-	-	-	-
	51,087	54,442	-	-	-	-	-
	64,191	68,528	-	-	-	-	-
	64,191	68,528	13,996	16,757	-	-	16,757
	-	-	-	-	-	-	-
	64,191	68,528	13,996	16,757	-	-	16,757

**10.2** Amounts recognised in consolidated statement of financial position

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

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

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

**10.4** Movement in present value of defined benefit obligations

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

**10.4.1** Analysis of present value of defined benefit obligation

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

*Benefit obligation by participant status/ cadre*

- Active / Management  
- Retirees / Union

*Type of benefits earned to date*

- Accumulated benefit obligation  
- Amounts attributed to future salary increase



10.9 Composition of plan assets	Pension Fund		Gratuity			
	2021	2020	Permanent employees		Field staff (unfunded)	
			2021	2020	2021	2020
(Rupees in '000)						
Cash and cash equivalents	1,397	24,703	443	446	-	-
Debt instruments - Government Bonds / Securities						
i) Pakistan Investment Bonds	-	-	-	-	-	-
ii) Special Savings Certificates	-	-	-	-	-	-
iii) Treasury bills	-	-	-	-	-	-
iv) Current liabilities	62,327	40,470	-	-	-	-
Total fair value of plan assets	63,724	65,173	443	446	-	-

10.10 Historical information	31 December				
	2021	2020	2019	2018	2017
(Rupees in '000)					
<b><u>Pension fund</u></b>					
Present value of the defined benefit obligation	64,191	68,528	63,394	69,324	90,115
Fair value of plan assets	(63,724)	(65,173)	(66,782)	(79,284)	(84,402)
(Surplus) / deficit in the plan	467	3,355	(3,388)	(9,960)	5,713
Financial assumptions arising on plan liabilities	(3,312)	6,508	9,932	(23,496)	(1,602)
Demographic assumptions arising on plan liabilities	(540)	-	-	-	-
Experience adjustments arising on plan liabilities	(2,172)	(579)	(6,204)	(653)	9,633
Experience adjustments arising on plan assets	(2,824)	(1,175)	(5,993)	(4,437)	256
<b><u>Gratuity - funded</u></b>					
Present value of the defined benefit obligation	13,996	16,757	25,043	47,178	45,865
Fair value of plan assets	(443)	(446)	(1,955)	(4,698)	(14,142)
Deficit in the plan	13,553	16,311	23,088	42,480	31,723
Financial assumptions arising on plan liabilities	(415)	966	1,525	1,301	67
Experience adjustments arising on plan liabilities	(3,078)	(1,074)	(9,370)	1,855	7,126
Experience adjustments arising on plan assets	94	(147)	(194)	(1,359)	269
<b><u>Gratuity - unfunded</u></b>					
Present value of the defined benefit obligation	22,566	18,945	18,124	19,343	17,091

10.11 Sensitivity analysis on significant actuarial assumptions	31 December 2021				
	Change in assumption	Pension		Gratuity	
		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.5%	62,155	66,362	13,733	14,270
Salary increases	0.5%	-	-	-	-

The weighted average of plan duration for pension is 6.54 years (2020: 6.98 years) while for funded gratuity is 3.84 years (2020: 4.08 years).

10.12 Maturity profile of the defined benefit obligation - undiscounted payments

Distribution of timing of benefit payments	Time in years					
	1	2	3	4	5	6-10
	(Rupees in '000)					
- Pension	3,777	7,824	8,087	7,946	7,787	36,676
- Gratuity-funded	1,203	6,001	901	2,200	658	8,372
	4,980	13,825	8,988	10,146	8,445	45,048

10.13 Expected charge to statement of profit or loss for post employment funded gratuity and pension plans for the year ending 31 December 2022 are Rs. 0.05 million and Rs. 1.38 million respectively.

Pension	Gratuity permanent staff	Gratuity field staff
29	28	557

10.14 Number of employees covered in the scheme

11	Deferred income	Note	2021 (Rupees in '000)	2020
	Sale and lease back	11.1	-	2,304
	Grant in aid	11.2	7,639	8,368
	Government grant	11.3	140	10,200
			<u>7,779</u>	<u>20,872</u>
11.1	Sale and lease back			
	<i><u>Details of the movement in the balance</u></i>			
	<i>Gross balance:</i>			
	Balance as at 01 January		36,576	36,576
	Balance at 31 December		36,576	36,576
	<i>Accumulated amortization:</i>			
	Balance as at 01 January		(30,966)	(26,479)
	Amortization for the year	32	(4,488)	(4,487)
	Balance at 31 December		(35,454)	(30,966)
	<i>Carrying amount:</i>			
	Balance at 31 December		1,122	5,610
	Current portion of deferred income	17	(1,122)	(3,306)
	Balance as at 31 December	11.2.1	-	2,304
11.1.1	The Holding Company had entered in sale and lease back arrangements of specific items of plant and machinery resulting in a deferred income (representing excess of sale proceeds over the carrying amount of respective assets). The deferred income has been amortized and recognized in the consolidated statement of profit or loss over the lease term.			
11.2	Grant in aid	Note	2021 (Rupees in '000)	2020
	<i>Gross balance:</i>			
	Balance as at 01 January		13,953	13,953
	Balance at 31 December		13,953	13,953
	<i>Accumulated amortization:</i>			
	Balance as at 01 January		(4,206)	(2,827)
	Amortization for the year	32	(946)	(1,379)
	Balance at 31 December		(5,152)	(4,206)
	<i>Carrying amount:</i>			
	Balance at 31 December		8,801	9,747
	Current portion	17	(1,162)	(1,379)
	Balance as at 31 December	11.2.1	7,639	8,368
11.2.1	Grant in aid represents the amount received from the World Bank under a project to phase out the Ozone Depleting Substances (ODS) by acquiring asset (production facility) which manufactures products that are free from such substances. This grant is classified as deferred income and is being amortized over the useful life of the asset. Amortization for the year is based on 8.33% of the balance in accordance with the depreciation charged on plant and machinery for which the grant was received.			
11.3	Government grant	Note	2021 (Rupees in '000)	2020
	Balance as at 01 January		26,560	-
	Recognized during the year	8	-	36,227
	Amortization during the year	32	(18,576)	(9,667)
	Unamortized balance of deferred grant		7,984	26,560
	Current maturity	17	(7,844)	(16,360)
	Balance as at 31 December 2021	8.3	140	10,200

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12 Deferred tax liability - net

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

	Balance as at 01 January 2020	Recognized in statement of profit or loss	Recognised in equity / OCI	Balance as at 31 December 2020	Recognized in statement of profit or loss	Recognised in equity	Balance as at 31 December 2021
Note ----- (Rupees in '000) -----							
<u>Taxable temporary difference</u>							
- accelerated tax depreciation	506,004	18,246	-	524,250	5,346	-	529,596
- surplus on revaluation of property, plant and equipment	144,838	(9,768)	(100)	134,970	(10,502)	77,287	201,755
	650,842	8,478	(100)	659,220	(5,156)	77,287	731,351
<u>Deductible temporary difference</u>							
- provision for defined benefit plans	(5,497)	(113)	-	(5,610)	(841)	-	(6,451)
- other provisions	(237,943)	81,567	-	(156,376)	10,675	-	(145,701)
- minimum tax	(17,932)	(161,337)	-	(179,269)	67,336	-	(111,933)
- tax losses	(109,300)	88,209	-	(21,091)	21,091	-	-
	(370,672)	8,326	-	(362,346)	98,261	-	(264,085)
<b>Deferred tax liability - net</b>	<b>280,170</b>	<b>16,804</b>	<b>(100)</b>	<b>296,874</b>	<b>93,105</b>	<b>77,287</b>	<b>467,266</b>

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

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

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13	Trade and other payables	Note	2021 (Rupees in '000)	2020
	Trade creditors		1,207,083	817,189
	Bills payable		336,871	164,735
	Accrued liabilities		233,962	224,786
	Contract liabilities		10,275	17,458
	Security deposits from dealers		14,836	15,312
	Provisions in respect of warranty obligations	13.1	8,118	6,705
	Sales tax and excise duty - net		41,071	136,680
	Retention from employees	13.2	127,428	111,901
	Workers' profits participation fund	13.3	21,954	14,530
	Workers' welfare fund		8,889	5,522
	Advance from employees against vehicle		25,329	19,925
	Income tax deducted at source	13.4	142,845	89,570
	Payable to the provident fund	37	5,532	4,621
	Payable to ex-employees	13.5	3,634	-
	Others	13.6	109,352	56,468
			<u>2,297,179</u>	<u>1,685,402</u>

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

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

13.3	Workers' profits participation fund	Note	2021 (Rupees in '000)	2020
	Balance as at 01 January		14,530	32,313
	Add: Allocation for the year	31	21,791	14,530
	Add: Interest on funds utilized by Group	33	163	
			<u>36,484</u>	<u>46,843</u>
	Less: Payment made during the year		<u>(14,530)</u>	<u>(32,313)</u>
	Balance as at 31 December		<u>21,954</u>	<u>14,530</u>

13.4 Amount of Rs. Nil (2020: Nil) has been paid subsequent to year end.

13.5 It includes bonus payable to ex-directors and ex-executives of Waves Home Appliances Limited (formerly Samin Textile Limited) amounting to Rs. 1.21 million.

13.6 Included in other liabilities are provisions aggregating to Rs. 27.87 million (2020: Rs 27.89 million) in respect of probable loss from pending litigation of the Group against Income tax, Sales tax and Custom Authorities (the authorities). The above provisions have been made as per the management's best estimate against various demands raised by the authorities that are being contested by the Holding Company at various forums as explained in note 18.

14	Mark-up accrued on borrowings	2021 (Rupees in '000)	2020
	<i>Mark-up based borrowings from banking companies</i>		
	- Long term loans - <i>secured</i>	20,602	21,265
	- Short term borrowings - <i>secured</i>	120,169	122,257
	<i>Mark-up based borrowings from non-banking companies</i>		
	- Long term loan from financial institution	22,239	22,454
	<i>Islamic mode of borrowings</i>		
	- Short term borrowings - <i>secured</i>	21,219	12,440
		<u>184,229</u>	<u>178,416</u>

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15	Short term borrowings - secured	Note	2021 (Rupees in '000)	2020
	<b>From banking companies</b>			
	Running finance under mark-up arrangements	15.2	1,343,540	1,214,797
	Finance against trust receipt	15.3	2,568,459	2,388,632
	Short term borrowings under Murahaba arrangement	15.5	351,523	351,523
			<b>4,263,522</b>	<b>3,954,952</b>
	<b>From non banking companies - unsecured</b>			
	Commercial Papers	15.4	924,683	-
			<b>5,188,205</b>	<b>3,954,952</b>
<b>15.1</b>	<b>Particulars of borrowings</b>			
	Interest / mark-up based borrowings		4,836,682	3,603,429
	Islamic mode of borrowings		351,523	351,523
			<b>5,188,205</b>	<b>3,954,952</b>
<b>15.2</b>	<b>Short term running finance</b>			
	This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. 1,343.35 million (2020: Rs. 1,466.56 million). These facilities are secured by way of equitable mortgage charge on building on freehold land of the Holding Company, charge over all current assets and fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company and carry mark-up ranging from 9.01% to 10.45% (2020: 8.81% to 17.55%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates between Dec 2021 and maximum by July 2022.			
<b>15.3</b>	<b>Finance against trust receipt</b>			
	This represents Finance Against Trust Receipt (FATR) available from commercial banks aggregating to Rs. 2,568.46 million (2020: 2,729.10 million). These facilities are secured against charge over current assets of the Holding Company and personal guarantees of the directors of the Holding Company and carries mark-up rate ranging between 9.09% to 13.25% (2020: 9.09% to 16.83%) per annum payable on maturity, monthly and quarterly in arrears. These borrowings are repayable on different dates between March 2021 and August 2021.			
<b>15.5</b>	<b>Islamic mode of borrowings</b>			
	This represents utilized amount of Murahaba / Istisna borrowings available from banks aggregating to Rs. 352 million (2020: Rs. 352 million). These facilities are secured against charge over all current assets and fixed assets of the Holding Company and personal guarantees of the directors of the Holding Company and carrying mark-up rates ranging from 9.06% to 10.09% (2020: 9.06% to 15.41%) per annum payable quarterly in arrears. These borrowings are repayable between Jan 2022 to Feb 2022.			
<b>15.4</b>	<b>Commercial Paper Loan</b>			
	Commercial Paper Loan has been issued to finance the working capital requirements of the Holding Company. The total issue comprises of 10000 certificates of Rs. 100,000 each. The issue was made at discount at the start November 2021 subject to following conditions:			

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**Principal Redemption:**

The principal will be redeemed after expiry of 270 days following receipt of principal i.e start of month of August 2022.

**Call Option:**

The Issuer has the option to call and redeem the Notes in full ("Call Option") at any time prior to the Maturity Date by giving at least 30 days prior notice in writing. In case, Call Option is exercised the issuer will have to pay interest at Kibor+2.75%.

**Return of Commercial Paper Loan:**

The issue carries return at 9 months Kibor plus 2% per annum, payable along with principal at maturity. The issuing and Paying Agent for commercial paper loan is Pak Oman Investment company with major purpose to protect the interest of investors.

**Security:**

The commercial paper loan are unsecured by nature.

**15.6 Unavailed credit facilities**

The facilities for opening of letter of credits and guarantees as at 31 December 2021 amounted to Rs. 6,757.10 million of which remaining unutilized amount was Rs. 2,176.97 million.

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

**16 Loan from Directors - unsecured**

	Note	2021 (Rupees in '000)	2020
Loan 1	16.1	-	380,500
Loan 2	16.2	115,300	-
		<u>115,300</u>	<u>380,500</u>

16.1 Loan obtained from Directors of the Holding Company, Mr. Haroon Ahmad Khan and Mrs. Nighat Haroon amounting to Rs. 539.20 million and Rs. 139.63 million respectively has been adjusted to the extent of their proportionate entitlement in the ordinary shares issued as right shares as mentioned in note 5.4.

16.2 These represent interest free loans from ex-members of the Waves Home Appliances Limited (formerly, Samin Textiles Limited) novated to major shareholder and CEO of the Group to meet financing requirements. These loan are designated interest free and are repayable at the discretion of the Company.

	Note	(Rupees in '000)	
<b>17 Current portion of long term liabilities</b>			
Long term loans - secured	8	903,375	464,130
Lease liabilities	9	76,678	92,719
Deferred income	11	10,128	21,045
		<u>990,181</u>	<u>577,894</u>

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## 18 Contingencies and commitments

### 18.1 Contingencies - Holding Company

18.1.1 The Holding Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2% extra sales tax on certain home appliances. This is based on the view that the said vires are not applicable on the Holding Company. The case is pending before the Honorable Sindh High Court. An interim order was received in favour of the Holding Company. The Holding Company is confident that no liability is expected to occur. Amount involved is Rs. 84.80 million as of 31 December 2020 against which no provision has been made as the Holding Company, based on the opinion of legal advisor's advice, is confident of a favourable decision.

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

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

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

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

- 18.1.3** The Finance Act, 2017 introduced a tax under section 5A of the Income Tax ordinance, 2001 on every public Company other than a scheduled bank or Modaraba, that derives profit for the tax year and does not distribute at least 40% of the after tax profit within six months of the end of said tax year through cash or bonus issue. Under the earlier section tax was not mandatorily leviable in case the Holding Company's reserves were not in excess of the paid up capital (which was the case with the Holding Company as it had accumulated losses). Provision for the above referred tax amounting to Rs. 9.35 million has not been paid as the Holding Company's management is of the view that the amendment was made after the closure of the Holding Company's financial year ended 31 December 2016 and for certain other legal reasons. The Holding Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi challenging the vires of Section 5A of the Income Tax Ordinance, 2001 and a stay order has been granted against any coercive action against the Holding Company under the newly inserted Section 5A.
- 18.1.4** The Deputy Commissioner Inland Revenue (DCIR), via order dated 30 April 2014, under section 161(1) and 205(3) of the Income Tax Ordinance, 2001 for the tax year 2014 raised a tax demand of Rs. 0.83 million for non deduction of advance income tax for the period from 01 November 2013 to 30 April 2014 under section 236(G) and 236(H) of the aforesaid Ordinance. The Holding Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was remanded back to DCIR. The Holding Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.
- 18.1.5** During the financial year 2014, the Holding Company received a notice by Commissioner Inland Revenue - Zone I for selection of audit under section 214C for the tax year 2012. The Holding Company filed an appeal against the said notice before Honorable Lahore High Court which was decided against the Holding Company and audit proceedings were initiated. The Deputy Commissioner Inland Revenue issued an amended assessment order under section 122(1) and 122(5) through which certain additions were made and demand order was raised amounting to Rs. 48.10 million. Being aggrieved, the Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A), who vide his order no. 9 dated 04 April 2019 deleted certain additions. Being aggrieved with the order of CIR-A the Holding Company filed an appeal before the honorable Appellate Tribunal Inland Revenue, which is pending adjudication.
- 18.1.6** During the financial year 2014, the Assistant Commissioner Inland Revenue imposed penalty vide order dated 27 April 2014 under section 182(1) of the Income Tax Ordinance, 2001 amounting Rs. 0.91 million for the tax year 2013 for the late filling of income tax return under section 114 of the Income Tax Ordinance, 2001. The Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order.

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The CIR-A decided the matter against the Holding Company vide order dated 25 March 2014. The Holding Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.

- 18.1.7 During the financial year 2015, the Additional Commissioner Inland Revenue (ACIR), vide order dated 30 April 2015, under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010, raised an amended demand of Rs. 7.85 million after disallowing certain expenses amounting to Rs. 29.15 million. The Holding Company filed an appeal for the rectification of order before Commissioner Inland Revenue - Appeals (CIR-A) who vide its order dated 30 December 2015 deleted certain items amounting to Rs. 19.94 million. ACIR has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.
- 18.1.8 During the financial year 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide its order dated 19 June 2017 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The ACIR disallowed certain expenses amounting to Rs. 9.58 million and raised the additional income tax demand of Rs. 1.02 million. The Holding Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A vide order no. 19 dated 21 September 2020 decided the appeal partially in favor of the Holding Company by deleting the additions amounting to Rs. 4.62 million under the head financial charges and directed the ACIR to verify the said contention and adjust the refund of Rs. 1.02 million if still available to the Holding Company for adjustment in the current year. Being aggrieved with of the CIR-A order, the Holding Company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore, which is still pending for adjudication. However, adequate provision is held in the consolidated financial statements in respect of the above balance.
- 18.1.9 During the financial year 2018, the Holding Company received a show cause notice issued by Deputy Commissioner Inland Revenue under section 161 for the tax year 2017 on non deduction of withholding tax amounting to Rs. 6.03 million on payments against purchase of plant and machinery, packing material and other miscellaneous payments. The Holding Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) where the case was remanded back to the Department. Being aggrieved, the Holding Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.
- 18.1.10 During the financial year 2018, the Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2014, passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 25.29 million alleging that the Holding Company suppressed its sales and adjusted inadmissible expenses. Being aggrieved, the Holding Company has filed appeal before Commissioner Inland Revenue - Appeals (CIR-A). CIR-A vide order, deleted certain additions amounting to Rs. 80 million and the rest of the additions amounting to Rs. 26 million were confirmed. Hence there is no outstanding amount payable against the Holding Company. The department filed an appeal before Income Tax Appellate Tribunal (ITAT) which is pending for adjudication and a favorable outcome is expected.

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

## **18.2 Contingencies - Subsidiary Company**

### **18.2.1 Contingencies arising after scheme of arrangement**

**18.2.1.1** During the financial year 2019, the Subsidiary Company received a show cause notice from Collector of Customs dated 05 April 2019 and respective order dated 17 October 2019 in which the Company was directed to deposit an amount of Rs. 24.12 million for the consignment of Polymethylene polyphenylene isocyanate which was cleared through erroneous application of SRO 659/2007 dated 30 June 2007. The Company filed an appeal against the order which is in progress. There is likelihood that matter will be resolved in favour of the Subsidiary Company. Accordingly, no provision/liability is required in these consolidated financial statements.

**18.2.1.2** During the financial year 2019, a special customs reference was filed by the before the Honorable Sindh High Court Karachi against order dated 14 May 2019 passed by Customs Appellate Tribunal, Karachi where in the Subsidiary Company was directed to deposit an amount of Rs. 30.85 million and penalty of Rs. 1.00 million alleging that from July 2013 to June 2016 the Company imported four consignments of Polyethylene Isocyanates under PCT heading 3824.9091 wherein custom duty charged @ 0% instead of 20%. The reference of the Subsidiary Company is under adjudication. There is likelihood that matter will be resolved in favour of the Subsidiary Company. Accordingly, no provision/liability is required in these consolidated financial statements.

### **18.2.2 Contingencies related to Samin Textile Limited before scheme of arrangement**

**18.2.2.1** A petition for execution of decree of the Civil Court relating to land of the Subsidiary Company situated in village Rousa, Kasur which has been sold last year is pending before Civil Judge, Kasur.

**18.2.2.2** An appeal effect order u/s 124 for Tax Year 2008 in the light of direction given in the CIR(A)-II dated 16 April 2014 where total losses amounting to Rs. 128.90 million has been determined and a demand of Rs. 28.50 million has been vacated. However, the Subsidiary Company and tax department have approached ATIR against the order of CIR(A)-II, which is pending adjudication till date. There is likelihood that matter will be resolved in favour of the Subsidiary Company. Accordingly, no provision/liability is required in these consolidated financial statements.

**18.2.2.3** An order u/s 122(5A) for Tax Year 2009 on 27 October 2014 has been passed by Additional Commissioner Inland Revenue (Add. CIR) raising demand of Rs. 4.8 million. Appeal was filed before CIR-Appeals, who provided partial relief whereas interest on WPPF & on short term borrowings was disallowed against export sale, whereas, the Subsidiary Company has approached ATIR on 17 May 2015 against the order of CIR-Appeals which is pending adjudication till date.

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There is likelihood that matter will be resolved in favour of the Subsidiary Company. Accordingly, no provision/liability is required in these consolidated financial statements.

- 18.2.2.4 An order u/s 122(5A) for Tax Year 2010 on 31 October 2012 has been passed by Add. CIR reducing the Income Tax Refunds to Rs. 0.52 million by imposing minimum tax u/s 113 @ 0.5% on local sales amounting to Rs. 4.40 million. Appeal was filed before CIR Appeals who upheld the stance of Add. CIR. Appeal against the Order of CIR Appeals has been filed on 04 July 2013 before the Appellate Tribunal Inland Revenue (ATIR), Appeal was heard on 11 April 2019 where the ATIR upheld the decision of CIR. The Subsidiary Company has approached Honorable High Court, Lahore against such order.
- 18.2.2.5 Orders for Tax Year 2010 u/s 122(5A) dated 16 September 2015 and 26 November 2015, had also been passed by CIR which had reduced brought forward losses and created a liability amounting to Rs. 1.60 million and 1.80 million respectively. Appeal against orders of CIR was filed before CIR Appeals-II who annulled the aforesaid order and remanded back the case to Department for re-examination through an order dated 06 February 2019.
- 18.2.2.6 An appeal has been filed by tax Department before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication till date. There is likelihood that matter will be resolved in favour of the Subsidiary Company. Accordingly, no provision/liability is required in these consolidated financial statements.
- 18.2.2.7 An order u/s 122(5A) for Tax Year 2011 has been passed on 02 February 2016 by CIR reducing the Income Tax Refunds from Rs. 8.94 million to Rs. 2.93 million . Appeal against order of CIR was filed before CIR Appeals-II, Lahore who after considering arguments, deleted the additions made u/s 158(a) of the Ordinance by the CIR along with direction to re-examine the issue of refunds to the department through an order dated 06 February 2019. However, appeal was filed by tax department before higher appellate forum i.e. ATIR dated 22 March 2019, which is pending adjudication till date. There is likelihood that matter will be resolved in favour of the Subsidiary Company. Accordingly, no provision/liability is required in these consolidated financial statements.
- 18.2.2.8 In respect of the Audit proceedings for the Tax Year 2012 of the Subsidiary Company. The Add. CIR (ACIR) passed an Order on 23 June 2018 u/s 122(5A) of the Ordinance along with notice of demand u/s 137 of the Ordinance whereby the tax demand of Rs. 3.97 million was raised and made impugned addition/disallowance of Rs. 22.80 million.
- 18.2.2.9 The Subsidiary Company has filed an Appeal before the first Appellate Forum i.e. Commissioner Appeals-II, that passed the Appellate Order no. 18/A-V dated 26 July 2021 wherein addition made on account of 'Markup' amounting to Rs. 22.5 million has been deleted and remaining additions have been remanded back to the ACIR for reexamination. The department has not been challenged this order of CIR-A so far.
- 18.2.2.10 An order u/s 122(1)(5) for Tax Year 2014 was passed on 29-0-2017 by ACIR, Unit-02, Zone-VII, whereby addition of Rs. 23.5 million were made and the tax demand of Rs. 1.30 million was raised. Appeal against order of ACIR has been filed before CIR Appeals-II, that passed the appellate order no. 33/A-V dated 25-06-2021 wherein additions made on account of salaries amounting to Rs. 0.90 million were reduced by 50% and disallowance of 'power and fuel charges' amounting to Rs. 1.50 million has been deleted and remaining additions have been remanded back to the ACIR for reexamination. The department has not been challenged this order of CIR-A so far.

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- 18.2.2.11** A suit has been filed by Dynamic Equipment & Control (Pvt.) Limited on 12 October, 2018 seeking recovery of Rs. 8.40 million from the Subsidiary Company. Notices have been issued and the Company is defending its rights in the suit. The Company has already recorded payable amounting to Rs. 7.10 million and is confident that no additional liability is required in these financial statements.
- 18.2.2.12** An order u/s 122(1) for Tax Year 2015 was passed by ACIR whereby addition of Rs. 18.90 million was made and the tax refund claimed demand was reduced from Rs. 17.50 million to Rs. 17.10 million. Appeal against order of ACIR has been filed before Commissioner Inland Revenue Appeal (CIR-A) who passed the appellate order no. 19/A-V dated 26 July 2021 wherein additions made on account of donations amounting to Rs. 0.30 million has been deleted and remaining additions have been remanded back to the ACIR for reexamination. The department has not been challenged this order of CIR-A so far.
- 18.2.2.13** An appeal has been preferred against the Subsidiary Company in a recovery suit instituted against it by a customer of the Subsidiary Company on account of supply of defective cloth for a sum of Rs. 11.30 million along with damages of Rs. 5 million. The matter is subjudice before the Lahore High Court, Lahore. There is likelihood that the matter will be resolved in favour of the Subsidiary Company. Accordingly, no provision/liability is required in these consolidated financial statements.

According to clause 4 of the Share purchase agreement dated 22 January 2021 between Ex-sponsors, New sponsors and the Subsidiary Company, all liabilities whether disclosed or undisclosed including but not limited to direct or indirect liabilities, indebtedness, claim including demand, suit, litigation, arbitration, assessment or proceeding made or brought against the Subsidiary Company and the Purchaser and loss, damage, taxes ( direct or indirect), settlement agreements, secured or unsecured related to the Subsidiary Company and pertaining to the period up-to consummation of transfer to new sponsor shall be responsibility and liability of the Sellers. Accordingly no further providing is required in respect of contingencies disclosed 18.2.2.

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

### 18.3 Commitments - Subsidiary Company

- 18.3.1** Commitments, for the import of stock in trade, outstanding at year end were for Rs. 592.64 million (2020: Rs. 185.47 million).
- 18.3.2** Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. Nil (2020: Rs. 2.16 million).

19	Property, plant and equipment	Note	2021	2020
			(Rupees in '000)	
	Operating fixed assets	19.1	5,760,285	5,136,719
	Right of use assets	19.1	231,931	351,546
	Capital work-in-progress	19.2	297,340	82,995
			<u>6,289,556</u>	<u>5,571,260</u>

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19.1 Operating fixed assets / Right of use assets

	Operating fixed assets					Right of use assets					Total		
	Freehold Land	Buildings On leasehold land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Leasehold improvements	Buildings	Plant and machinery		Furniture and equipment	Vehicles
At 01 January 2021													
Cost / revaluation	2,364,500	204,278	410,606	1,911,420	110,936	138,261	71,324	556,942	423,463	75,512	1,360	82,344	3,917
Accumulated depreciation	-	(6,128)	(12,177)	(146,379)	(63,054)	(71,125)	(67,276)	(265,409)	(203,431)	(6,290)	(1,337)	(20,395)	(3,597)
Net book value	2,364,500	198,150	398,429	1,765,041	47,882	67,136	4,048	291,533	220,032	69,222	23	61,949	320
Transactions during the year													
Additions	472,513	-	31,133	14,131	20,887	17,074	8,074	29,657	60,389	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-
Cost*	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation*	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	(5,392)	(5,195)	(7,333)	-	(325)	(132,284)	-	-	-	-
Cost	-	-	-	760	3,578	1,873	60	60	41,580	-	-	-	-
Depreciation	-	-	-	(4,632)	(1,617)	(5,460)	-	(265)	(90,704)	-	-	-	-
Depreciation charge for the year	-	(7,320)	(12,903)	(156,285)	(12,310)	(18,102)	(9,886)	(58,695)	(67,935)	(20,467)	(23)	(9,958)	(320)
Effect of revaluation	57,152	119,202	(11,832)	(130,611)	-	-	-	-	-	(1,080)	-	-	-
Elimination of gross carrying value against accumulated depreciation	-	10,214	20,781	252,666	-	-	-	-	-	10,483	-	-	-
Closing net book value	2,894,165	320,246	425,608	1,740,310	54,842	60,648	2,236	262,230	121,782	58,158	-	51,991	-
As at 31 December 2021													
Cost / revaluation amount	2,894,165	323,480	429,907	1,789,548	126,628	148,002	79,398	586,274	351,568	74,432	1,360	82,344	3,917
Accumulated depreciation	-	(3,234)	(4,299)	(49,238)	(71,786)	(87,354)	(77,162)	(324,044)	(229,787)	(16,274)	(1,360)	(30,353)	(3,917)
Net book value	2,894,165	320,246	425,608	1,740,310	54,842	60,648	2,236	262,230	121,782	58,158	-	51,991	-
Depreciation rate (% per annum)	Nil	3	3	8.33	10-20	20	20	10-33.33	10	8.33	10	20	20

Note

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	Operating fixed assets						Right of use assets						Total		
	Freehold Land	Buildings On leasehold land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Leasehold improvements	Buildings	Plant and machinery	Furniture and equipment	Vehicles		Computers	
At 01 January 2020															
Cost / revaluation	2,364,500	204,278	402,500	1,714,488	101,798	145,472	67,486	468,266	569,099	75,512	1,360	48,500	3,917	6,167,176	
Accumulated depreciation	-	-	-	-	(52,466)	(55,791)	(51,395)	(222,683)	(112,397)	-	(1,201)	(7,966)	(2,815)	(508,714)	
Net book value	2,364,500	204,278	402,500	1,714,488	49,332	89,681	14,091	245,583	456,702	75,512	159	40,534	1,102	5,658,462	
Transactions during the year															
Additions	-	-	8,106	196,932	9,188	18,650	3,866	89,154	18,808	-	-	36,174	-	380,878	
Transfers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Cost*	-	-	-	-	-	2,330	-	-	-	-	-	(2,330)	-	-	
Depreciation*	-	-	-	-	-	(412)	-	-	-	-	-	412	-	-	
Disposals	-	-	-	-	-	1,918	-	-	-	-	-	(1,918)	-	-	
Cost	-	-	-	-	(50)	(28,191)	(28)	(478)	(164,444)	-	-	-	-	(193,191)	
Depreciation	-	-	-	-	5	10,837	9	143	18,855	-	-	-	-	29,849	
Depreciation charge for the year	-	(6,128)	(12,177)	(146,379)	(10,593)	(25,759)	(13,890)	(42,869)	(109,889)	(6,290)	(136)	(12,841)	(782)	(387,733)	
Closing net book value	2,364,500	198,150	398,429	1,765,041	47,882	78,753	4,048	291,533	220,032	69,222	23	61,949	320	5,488,265	
As at 31 December 2020															
Cost / revalued amount	2,364,500	204,278	410,606	1,911,420	110,936	138,261	71,324	556,942	423,463	75,512	1,360	82,344	3,917	6,354,863	
Accumulated depreciation	-	(6,128)	(12,177)	(146,379)	(63,054)	(71,125)	(67,276)	(265,409)	(203,431)	(6,290)	(1,337)	(20,395)	(3,597)	(866,598)	
Net book value	2,364,500	198,150	398,429	1,765,041	47,882	67,136	4,048	291,533	220,032	69,222	23	61,949	320	5,488,265	
Depreciation rate (% per annum)	Nil	3	3	8.33	10-20	20	20	10-33.33	10	8.33	10	20	20	20	

Note

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19.1.1 Had there been no revaluation of the freehold land, buildings thereon and plant and machinery therein, the net book value as of 31 December 2021 would have been as follows:

	2021	2020
	(Rupees in '000)	
Land	2,837,012	2,364,500
Buildings	473,233	456,559
Plant and Machinery	1,370,789	1,507,142
	<u>4,681,034</u>	<u>4,328,201</u>

19.1.2 The latest revaluation was carried on 31 August 2021 by Asif Associates (Private) Limited. As per the revaluation report, forced sale value of freehold land, buildings and plant and machinery was Rs. 2,578.34 million, Rs. 390.60 and Rs. 1,488.75 million respectively.

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

Location	Usage of immovable property	Total area (Kanals)	Covered area (Square Feet)
9-K.M, Hanjarwal, Multan Road, Lahore.	Head Office and manufacturing facility	61.90	340,134
Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.	Manufacturing facility	8.45	18,069
Muaza Mustafabad, 41 KM Ferozepur Road, Off 2-KM Rohi Nala Road, Tehsil & District Kasur	Manufacturing facility (In the process of construction)	267.55	-
35- Shahrah-e-Fatima Jinnah Lahore	Shop	0.14	754
Ground floor, Marhaba Center Opposite Muhammad bin Qasim Park, Taluka and district Sukkar	Shop	0.36	1,983
Ground floor, AL- AMNA Complex, Civil Lines Hyderabad	Shop	0.17	915
Land no 23A, Block-6, P.E.C.H.S Karachi	Shop	0.32	1,717
Plot No 34 and 35, Sadar Bazar Karachi	Shop	0.064	350
Shop Bearing survey no 13, Sadar Bazar quarters Karachi	Shop	0.47	2,575

		2021	2020
	Note	(Rupees in '000)	
19.1.4 Depreciation for the year has been allocated as follows:			
Cost of sales	28.1	168,991	158,758
Marketing, selling and distribution costs	29	142,813	158,885
Administrative expenses	30	62,400	70,090
		<u>374,204</u>	<u>387,733</u>

## 19.2 Capital work-in-progress

Balance as at 01 January	82,995	46,204
Additions during the year	286,838	97,291
Transfers during the year	(72,493)	(60,500)
Balance as at 31 December	<u>297,340</u>	<u>82,995</u>
Breakup of capital work in progress is as follows:		
- Building	27	26,019
- Plant and machinery	95,838	15,012
- Electric installation	1,208	6,964
- Project development expenditure	31,758	-
- New land development expenditure	168,509	35,000
	<u>297,340</u>	<u>82,995</u>

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

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19.3 Disposal of operating fixed assets

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / Revalued amount	Net book value	Net sale proceeds	Gain / (loss) on disposal	Mode of disposal
----- (Rupees in '000) -----							
<b><u>Building</u></b>	19.3.1	N/A	132,284	90,704	N/A	N/A	N/A
<b><u>Vehicles</u></b>							
Suzuki Mehran	Muhammad Kashif	Employee	752	201	529	328	Company Policy
Honda Vezel Hybrid	Zia ul Haq	- do -	3,300	832	586	(246)	- do -
Toyota Corolla	Employee Transferred	- do -	1,700	227	872	645	- do -
Hyundai Tuson	Employee Transferred	- do -	5,633	5,233	5,850	617	- do -
Insurance claim adjustment	Jubilee General Insurance	Third Party	-	-	464	464	Insurance Claim
<b><u>Plant and machinery</u></b>							
Cummins Generator 125Kva	M/s Tahir Generators Hou:	Third Party	1,321	1,127	1,278	151	Negotiation
Dorman Generator 600 Kva	M/s Tahir Generators Hou:	- do -	4,071	3,505	3,322	(183)	- do -
Various assets having net book value up to Rs 500,000 each			16,777	11,125	12,901	1,776	
			1,468	849	1,120	271	
			18,245	11,974	14,021	2,047	
			<b>150,528</b>	<b>102,678</b>	<b>14,021</b>	<b>2,047</b>	
			193,191	163,342	25,606	7,853	

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

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20	Intangible assets and goodwill	Note	2021 (Rupees in '000)	2020
	Software		41,550	49,758
	Goodwill		1,070,206	1,070,206
	Brand value		1,582,147	1,582,147
	Customer relationships		184,482	215,179
		20.1	<u>2,878,385</u>	<u>2,917,290</u>

#### 20.1 Reconciliation of carrying amounts

Description	Software	Goodwill	Brand value	Customer relationships	Total
(Rupees in '000)					
<u>Cost</u>					
Balance at 01 January 2020	99,198	1,070,206	1,582,147	322,769	3,074,320
Additions during the year	16,152	-	-	-	16,152
Balance as at 31 December 2020	<u>115,350</u>	<u>1,070,206</u>	<u>1,582,147</u>	<u>322,769</u>	<u>3,090,472</u>
Additions during the year	8,110	-	-	-	8,110
Balance at 31 December 2021	<u>123,460</u>	<u>1,070,206</u>	<u>1,582,147</u>	<u>322,769</u>	<u>3,098,582</u>
<u>Accumulated amortisation and impairment losses</u>					
Balance at 01 January 2020	(51,202)	-	-	(76,850)	(128,052)
Amortisation for the year	(14,390)	-	-	(30,740)	(45,130)
Balance at 31 December 2020	<u>(65,592)</u>	<u>-</u>	<u>-</u>	<u>(107,590)</u>	<u>(173,182)</u>
Amortisation for the year	(16,318)	-	-	(30,697)	(47,015)
Balance at 31 December 2021	<u>(81,910)</u>	<u>-</u>	<u>-</u>	<u>(138,287)</u>	<u>(220,197)</u>
<u>Carrying amounts:</u>					
At 31 December 2020	<u>49,758</u>	<u>1,070,206</u>	<u>1,582,147</u>	<u>215,179</u>	<u>2,917,290</u>
At 31 December 2021	<u>41,550</u>	<u>1,070,206</u>	<u>1,582,147</u>	<u>184,482</u>	<u>2,878,385</u>
<u>Rates of amortization</u>					
	<u>5-10 years</u>	<u>Nil</u>	<u>Nil</u>	<u>10.5 years</u>	

#### 20.2 Goodwill and other intangible assets acquired in business combination

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

#### Impairment testing

The recoverable amount of goodwill including intangible assets (brand value and customer relationships) acquired through a business combination has been tested for impairment as at 31 December 2021, by allocating the amount of goodwill and intangible assets to respective assets on which it arose, based on value in use in accordance with IAS 36 "Impairment of Assets". The recoverable amount was calculated on the basis of five years business plan approved by the Board of Directors which includes a comprehensive analysis of existing operational deployments of the Company along with strategic business plans and business growth. The value in use calculations are based on cash flow projections derived from aforesaid business plan, which have been extrapolated beyond five years, by using a steady 4.00% growth rate. The cash flows are discounted using a discount rate of 21.29% (goodwill) and 20.02% (intangibles) for use in calculation of value in use which is sensitive to discount rate and local inflation rates. The values assigned to the key assumptions represent management's assessment of future business trends and have been based on historical data from both external and internal sources. Based on this calculation no impairment is required to be accounted for against the carrying amount of goodwill and other intangible assets.

20.3	Amortisation for the year has been allocated as follows:	Note	2021 (Rupees in '000)	2020
	Marketing, selling and distribution costs	29	30,728	30,740
	Administrative expenses	30	16,287	14,390
			<u>47,015</u>	<u>45,130</u>

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		2021	2020
		(Rupees in '000)	
<b>21 Long term deposits</b>	<i>Note</i>		
<i>Deposits</i>			
- leases		5,357	5,526
- other long term deposits		8,537	15,328
		<u>13,894</u>	<u>20,854</u>
<b>22 Stock-in-trade</b>			
<i>Raw and packing materials</i>			
- in stores (in hand)		779,670	686,022
- in bonded warehouse	22.1	1,169,535	450,740
- in transit		465,777	242,078
		<u>2,414,982</u>	<u>1,378,840</u>
Work in process		239,286	204,180
<i>Finished goods</i>			
- own manufactured		1,002,138	879,061
- purchased for resale		597,694	592,832
		<u>1,599,832</u>	<u>1,471,893</u>
Provision for slow moving and damaged stock	22.2	<u>(86,364)</u>	<u>(91,868)</u>
		<u>4,167,736</u>	<u>2,963,045</u>

22.1 Stock amounting to Rs. 121.71 million (2020: Rs. 378.50 million) was cleared subsequent to the year end.

		2021	2020
		(Rupees in '000)	
<b>22.2 Movement in provision for slow moving and damaged stock</b>	<i>Note</i>		
Balance as at 01 January		91,868	71,868
(Reversal) / provision during the year		(5,504)	20,000
Balance as at 31 December		<u>86,364</u>	<u>91,868</u>
<b>23 Trade debts</b>			
<b>23.1 Retail network - unsecured</b>			
<i>Considered good</i>			
Hire purchase			
- Retail		1,291,286	1,205,963
- Institutional (employees of the corporate entities)		264,753	173,885
Others		2,496	295
		<u>1,558,535</u>	<u>1,380,143</u>
Unearned carrying charges	23.4	<u>(194,849)</u>	<u>(177,109)</u>
	23.5	<u>1,363,686</u>	<u>1,203,034</u>
Considered doubtful		<u>410,090</u>	<u>388,159</u>
		<u>1,773,776</u>	<u>1,591,193</u>
Loss allowance against trade debts	23.3	<u>(410,090)</u>	<u>(388,159)</u>
		<u>1,363,686</u>	<u>1,203,034</u>
Less : Long term portion of trade debts	23.5	<u>(19,230)</u>	<u>(39,813)</u>
<b>Current portion of trade debts</b>		<u>1,344,456</u>	<u>1,163,221</u>
<b>23.2 Corporate and Wholesale - unsecured</b>			
<b>Corporate</b>		<u>160,038</u>	<u>64,414</u>
<b>Wholesale</b>			
- Wholesale		5,351,398	4,657,081
Wholesale - Considered doubtful		8,752	66,147
		<u>5,360,150</u>	<u>4,723,228</u>
Loss allowance against trade debts	23.3	<u>(8,752)</u>	<u>(66,147)</u>
		<u>5,351,398</u>	<u>4,657,081</u>

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	2021	2020
	(Rupees in '000)	
<b>23.3 Movement in loss allowance against trade debts</b>		
Balance as at 01 January	454,306	805,268
Loss allowance during the year	21,931	4,216
Reversal of loss allowance	(57,395)	(355,178)
Balance as at 31 December	<u>418,842</u>	<u>454,306</u>
<b>23.4</b>	Represents unearned carrying charges on the outstanding balance of sales under the hire purchase arrangements. Earned carrying charges for the year amounted to Rs. 388.20 million (2020: Rs. 262.86 million).	
<b>23.5</b>	The remaining instalment period of above trade debts are generally for a period ranging from three months to twenty four months carrying interest rates ranging between 0% to 64%.	

#### 24 Advances, deposits, prepayments and other receivables

	Note	2021	2020
		(Rupees in '000)	
<i>Advances - considered good</i>			
- Employees and executives	24.1	7,279	4,660
- Suppliers		22,744	9,678
- Expense to store		4,599	4,346
- Against letter of credit		42,396	37,825
		<u>77,018</u>	<u>56,509</u>
Short term deposits		44,176	36,763
Prepayments		5,662	5,891
<i>Other receivables</i>			
- Claims	24.2	8,236	9,020
		<u>8,236</u>	<u>9,020</u>
Loss allowances against other receivables	24.3	(2,342)	(2,342)
	24.4	<u>132,750</u>	<u>105,841</u>

**24.1** At 31 December 2021, the advances due from executives amounted to Rs. Nil (2020: Nil). The maximum aggregate amount of advances due from executives at the end of any month during the year was Rs. Nil (2020: Rs. 0.74 million).

**24.2** This includes claims receivable from insurance companies, suppliers and product claims against which provision of Rs. 2.34 million (2020: Rs. 2.34 million) is held.

	2021	2020
	(Rupees in '000)	
<b>24.3 Movement in loss allowance against other receivables</b>		
Balance as at 01 January	2,342	2,342
Reversal of loss allowance	-	-
Balance as at 31 December	<u>2,342</u>	<u>2,342</u>

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

		2021	2020
		(Rupees in '000)	
<b>25</b>	<b>Cash and bank balances</b>	<i>Note</i>	
	<i>Balances with banks</i>		
	- in current accounts	25.1	85,558
	Cash in hand		39,122
			<u>143,203</u>
			<u>152,854</u>
25.1	These include bank account of Rs. 2.21 million (2020: Rs. 0.64) maintained under Shariah compliant arrangement.		
<b>26</b>	<b>Non current assets held for sale</b>	<i>Note</i>	
	Non-current assets held for sale	26.1	1,470
26.1	This includes office equipment and vehicles amounting to Rs. 1.47 million. The estimated realizable value of these non-current assets exceeds their carrying value by approximately Rs. 5.54 million. This amount has not been incorporated in these financial statements and will be recognized at the time of actual sale. The Group management is committed to sale of these assets within a period of one year.		
<b>27</b>	<b>Revenue - net</b>		
	<i>Sales</i>		
	- local		10,178,866
	- Hire purchase		2,245,733
	- export		15,996
	Sales return		(119,152)
			<u>12,321,443</u>
			<u>10,230,068</u>
	Sales tax		(1,595,314)
	Trade discount		(287,119)
			<u>(1,882,433)</u>
			<u>(1,704,587)</u>
	<b>Revenue from contracts with customers</b>		<u>10,439,010</u>
			<u>8,525,481</u>
27.1	Revenue from contracts with customers relates to both local (Pakistan) and foreign (Afghanistan) markets and represents sale of domestic consumer products.		
<b>28</b>	<b>Cost of sales</b>	<i>Note</i>	
	<i>Opening stock - finished goods</i>		
	- own manufactured		879,061
	- purchased for resale		592,832
			<u>1,471,893</u>
	Purchases for resale		2,093,668
	Cost of goods manufactured	28.1	6,190,915
			<u>9,756,476</u>
	<i>Closing stock - finished goods</i>		
	- own manufactured		(1,002,138)
	- purchased for resale		(597,694)
			<u>(1,599,832)</u>
			<u>(1,471,893)</u>
			<u>8,156,644</u>
			<u>6,681,104</u>

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	Note	2021 (Rupees in '000)	2020
<b>28.1 Cost of goods manufactured</b>			
Raw and packing materials and stores consumed		5,413,517	4,139,758
Salaries, wages and other benefits	28.1.1	435,349	367,333
Depreciation on property, plant and equipment	19.1.4	168,991	158,758
Fuel and power		87,533	80,085
Freight charges		55,582	8,041
Insurance expense		10,889	10,966
Repairs and maintenance		22,574	21,539
Printing and stationery		25,184	17,801
Travelling and conveyance		268	1,241
Rent, rates and taxes		4,249	1,817
Communication		819	437
Entertainment		1,065	221
		<b>6,226,021</b>	<b>4,807,997</b>
Work-in-process			
Opening stock		204,180	212,851
Closing stock		(239,286)	(204,180)
		<b>(35,106)</b>	<b>8,671</b>
Cost of goods manufactured		<b>6,190,915</b>	<b>4,816,668</b>

28.1.1 These include provision / (reversal) of Rs. 0.98 million (2020: Rs. (1.64) million), Rs. 0.21 million (2020: Rs. (0.24) million) and Rs. 10.54 million (2020: Rs. 9.20 million) in respect of gratuity, pension and provident funds respectively.

	Note	2021 (Rupees in '000)	2020
<b>29 Marketing, selling and distribution costs</b>			
Salaries and benefits	29.1	527,664	445,181
Rent, rates and taxes		93,584	51,328
Publicity and sales promotion		63,448	87,660
Depreciation on property, plant and equipment	19.1.4	142,813	158,885
Warranty obligations		61,642	61,000
Utilities		30,037	19,365
Printing and stationery		6,333	4,866
Travelling and conveyance		43,025	36,337
Amortisation of intangible assets	20.3	30,728	30,740
Communication		6,118	6,003
Repair and maintenance		8,979	10,949
Insurance expense		3,330	6,107
Others		2,556	2,062
		<b>1,020,257</b>	<b>920,483</b>

29.1 These include provision / (reversal) of Rs. 7.07 million (2020: Rs. (3.77) million), Rs. 0.08 million (2020: Rs. (0.09) million) and Rs. 8.65 million (2020: Rs. 6.48 million) in respect of gratuity, pension and provident funds respectively.

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	Note	2021 (Rupees in '000)	2020
<b>30 Administrative expenses</b>			
Salaries and benefits	30.1	321,476	278,454
Legal and professional charges		31,742	14,589
Auditors' remuneration	30.3	9,288	5,212
Depreciation on property, plant and equipment	19.1.4	62,400	70,090
Communication		15,797	15,593
Travelling and conveyance		26,371	15,604
Repair and maintenance		3,714	3,914
Utilities		11,561	9,945
Printing and stationery		7,527	5,768
Rent, rates and taxes		7,318	1,767
Insurance expense		13,069	9,378
Entertainment expense		4,235	3,719
Fees and subscription		17,831	10,967
Amortisation of intangible assets	20.3	16,287	14,390
Charity and donations	30.2	40	50
Others		9,045	1,576
		<u>557,701</u>	<u>461,016</u>

30.1 These include provision / (reversal) of Rs. 0.38 million (2020: Rs. 0.63 million), Rs. 0.03 million (2020: Rs. (0.36) million) and Rs. 6.68 million (2020: Rs. 6.91 million) in respect of gratuity, pension and provident funds respectively.

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

	2021 (Rupees in '000)	2020
<b>30.3 Auditors' remuneration</b>		
Audit fee	3,328	3,025
Special audit	2,315	-
Audit fee for the financial statements of subsidiary companies	1,982	884
Fee for the review of interim financial information of subsidiary company	105	-
Fee for the review of interim financial information	513	466
Fee for other certifications/ reports under agreed upon procedures	758	390
Out of pocket expenses	873	447
	<u>9,874</u>	<u>5,212</u>

	Note	2021	2020
<b>31 Other expenses</b>			
Loss allowance against debts	23.3	21,931	4,216
Workers' profits participation fund (WPPF)	13.3	21,791	14,530
Exchange loss - net		56,576	-
Research and development expenditure		7,802	5,613
Workers' welfare fund		8,889	5,522
Other expenses		5,434	12,790
		<u>122,423</u>	<u>42,671</u>

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	Note	2021 (Rupees in '000)	2020
<b>32 Other income</b>			
<b><u>Income from financial assets</u></b>			
Profit on a profit and loss sharing bank balance		165	163
<b><u>Income from non-financial instruments</u></b>			
Gain on disposal of property, plant and equipment- net		2,047	7,853
Exchange gain - net		-	2,909
Reversal of loss allowance against trade debts	23.3	57,396	355,178
Liabilities no longer payable written back		121,669	61,512
Scrap sales		11,827	5,733
Amortisation of deferred income	11	24,010	15,533
Gain on derecognition of lease		21,186	4,778
Others		11,667	12,172
		249,802	465,668
		249,967	465,831
<b>33 Finance costs</b>			
<i>Islamic mode of financing</i>			
- Short term borrowings		19,538	33,794
<i>Interest / mark-up on interest / mark-up based loans</i>			
- Long term loans		218,433	236,632
- Short term borrowings		418,303	531,796
- Lease liabilities		26,055	56,469
- Interest on Workers' Profit Participation Fund	13.3	163	-
Bank charges		22,523	21,004
		705,015	879,695
<b>34 Taxation</b>			
Current:			
- for the year	34.1	86,828	130,274
- poverty alleviation tax		15,073	-
- prior year		(7,754)	(5,340)
		94,147	124,934
Deferred tax			
- for the year	12	93,105	(45,621)
- prior year		-	62,425
		93,105	16,804
		187,252	141,738

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34.1 Represents the tax charge under the Final Tax Regime and Normal Tax Regime @ 29% and Minimum Tax on Turnover (2020: Minimum Tax on Turnover') under section 113 of the Income Tax Ordinance, 2001 under Group taxation (other than WHAL which is not part of Group and whose taxation represents minimum tax on turnover) as the Holding Company has opted for Group taxation. The provision of current tax also include poverty alleviation tax @ 4% on taxable income.

34.2 **Tax charge reconciliation**

Numerical reconciliation between tax expense and accounting profit:

	2021	2020
	(Rupees in '000)	
Profit before taxation	<u>515,139</u>	<u>269,206</u>
Tax at the applicable tax rate of 29% (2020: 29%)	149,390	78,070
Tax effect of permanent differences:		
- Differential under normal tax and final / minimum tax regime	10,964	9,456
- Other permanent differences	721	15
Effect of proration	7,004	-
Effect of poverty alleviation tax	15,073	-
Prior year tax charge	(7,754)	57,085
Others	11,854	(2,888)
	<u>187,252</u>	<u>141,738</u>

35 **Earnings per share - basic and diluted**

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

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

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

		2021	2020
			(Restated)
Profit for the year after taxation attributable to equity holders of the Holding Company	<i>Rupees in '000</i>	<u>318,620</u>	<u>127,468</u>
Weighted average number of ordinary shares - Note 35.1	<i>Shares</i>	<u>281,406</u>	<u>207,659</u>
Earnings per share - basic and diluted	<i>Rupees</i>	<u>1.13</u>	<u>0.61</u>

35.1 **Weighted-average number of ordinary shares (basic and diluted)**

Issued ordinary shares at 1 January	187,604	187,604
Effect of right issue	93,802	20,055
Weighted-average number of ordinary shares at 31 December	<u>281,406</u>	<u>207,659</u>

2021 2020  
(Rupees in '000)

152,854 143,203  
(1,343,540) (1,214,797)  
(1,190,686) (1,071,594)

36 Cash and cash equivalents

36.1 Cash and cash equivalents as at 31 December

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

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

	2021									
	Liabilities				Equity					
	Short term borrowings	Loan from Directors	Long term loans	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	Total
Balance as at 01 January 2020	3,954,952	380,500	2,506,831	358,454	178,416	1,276	1,876,041	4,581,063	5,000	13,842,533
<i>Cash flows</i>										
Short term borrowings repaid net of receipts	1,104,510	-	-	-	-	-	-	-	-	1,104,510
Proceeds from issuance of ordinary shares	-	(380,500)	-	-	-	-	938,021	444,598	-	1,002,119
Dividend paid	-	-	-	-	-	(97)	-	-	-	(97)
Long term loans repaid	-	-	(464,131)	-	-	-	-	-	-	(464,131)
Finance cost paid	-	-	-	-	(699,202)	-	-	-	-	(699,202)
Repayment of lease rentals	-	-	-	(114,978)	-	-	-	-	-	(114,978)
	1,104,510	(380,500)	(464,131)	(114,978)	(699,202)	(97)	938,021	444,598	-	828,221
<i>Non-cash changes</i>										
Changes in running finance	128,743	-	-	-	-	-	-	-	-	128,743
Movement in lease liabilities	-	-	-	(30,964)	-	-	-	-	-	(30,964)
Finance cost	-	-	-	-	705,015	-	-	-	-	705,015
	128,743	-	-	(30,964)	705,015	-	-	-	-	802,794
Balance as at 31 December 2021	5,188,205	-	2,042,700	212,512	184,229	1,179	2,814,062	5,025,661	5,000	15,473,548

Rupees in '000

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	Liabilities					Equity					Total
	Short term borrowings	Long term finances	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve			
Balance as at 01 January 2020	4,113,581	-	1,732,271	528,567	216,566	1,457	1,876,041	4,581,063	5,000	13,054,546	
Rupees in '000											
<b>Cash flows</b>											
Short term borrowings repaid net of receipts	122,934	-	-	-	-	-	-	-	-	122,934	
Loan obtained from Directors	-	380,500	-	-	-	-	-	-	-	380,500	
Dividend paid	-	-	-	-	(181)	-	-	-	-	(181)	
Long term loans received	-	-	774,560	-	-	-	-	-	-	774,560	
Finance cost paid	-	-	-	(917,845)	-	-	-	-	-	(917,845)	
Repayment of lease rentals	-	-	(103,672)	-	-	-	-	-	-	(103,672)	
	122,934	380,500	774,560	(917,845)	(181)	-	-	-	-	256,296	
<b>Non-cash changes</b>											
Changes in running finance	(281,563)	-	-	-	-	-	-	-	-	(281,563)	
Movement in lease liabilities	-	-	(66,441)	-	-	-	-	-	-	(66,441)	
Finance cost	-	-	-	879,695	-	-	-	-	-	879,695	
	(281,563)	-	(66,441)	879,695	-	-	-	-	-	531,691	
Balance as at 31 December 2020	3,954,952	380,500	2,506,831	358,454	178,416	1,276	1,876,041	4,581,063	5,000	13,842,533	

37 **Provident fund related disclosure**

The Group operates approved contributory provident fund for all the employees eligible under the scheme. Till 2018, the Holding Company was operating two separate provident funds in the name of SPL and CIPL but with effect from 01 January 2019, the Holding Company has merged its funds. The management is of the view that the investments out of provident fund have not been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated thereunder.

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### 38 Remuneration of Chief Executive, Directors And Executives

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

	Chief Executive		Directors		Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	----- (Rupees in '000) -----							
Managerial remuneration	16,036	16,036	14,083	13,100	103,926	92,638	134,045	121,774
Contribution to provident fund	1,908	1,908	1,131	1,052	8,081	6,816	11,120	9,776
Fuel reimbursable expenditure	-	-	-	-	410	-	410	-
Housing allowance	9,164	9,164	2,025	1,884	43,274	35,499	54,463	46,547
Medical Allowance	-	-	851	792	2,940	2,656	3,791	3,448
	<u>27,108</u>	<u>27,108</u>	<u>18,090</u>	<u>16,828</u>	<u>158,631</u>	<u>137,609</u>	<u>203,830</u>	<u>181,545</u>
Number of persons	1	1	2	2	51	45	54	48

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

38.2 In addition, aggregate amount charged in the consolidated financial statements for payments on account of the meeting fee to two (2020: two) non-executive directors was Rs. Nil (2020: Rs. 0.48 million).

10/11/20

39 **Related party transactions and balances**

Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel (note 38). Significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	2021		2020	
			(Rupees in '000)		(Rupees in '000)	
<b>Associated Undertakings</b>						
Employee's Provident Fund	Post employee contribution plan	Contribution for the year	20,645		53,822	
Employee's Gratuity Fund	Post employee benefit plan	Contribution for the year	831		9,335	
Directors	Employees	Fee for meetings	-		840	
		Loan from Directors received during the year	245,201		380,500	
		Loan from Directors adjusted against right issue	678,831		-	

40 **Plant capacity and actual production**

	Capacity		Production	
	2021	2020	2021	2020
	----- (Units) -----			
Refrigerators	125,000		132,114	93,559
Deep Freezer	115,000		218,797	71,949
Microwave ovens	60,000		7,771	5,128
Air conditioners	60,000		-	-
Washing Machines	40,000		8,538	13,937
Gas appliances (water heater and cooking range excluding microwave ovens)	25,000		9,370	9,544
Televisions	22,500		-	-
Water dispenser	20,000		-	-

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

41 **Number of employees**

Total number of employees as at 31 December

Average number of employees

Total employees	
2021	2020
(Number of persons)	
2,500	2,461
2,594	2,525

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## 42 Financial instruments

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

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

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

- Credit risk
- Liquidity risk
- Market risk

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

### 42.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Group by failing to discharge an obligation. Credit risk of the Group arises principally from trade debts, advances, deposits, other receivables and bank balances.

#### 42.1.1 Exposure to credit risk

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

	Carrying amount	
	2021	2020
	(Rupees in '000)	
Security deposits	58,070	57,617
Trade debts	6,855,892	5,884,716
Other receivables	5,894	6,678
Balances with banks	85,558	104,081
	<u>7,005,414</u>	<u>6,053,092</u>

#### 42.1.2 Concentration of credit risk

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

	Net receivable (net of provisions)	
	2021	2020
	(Rupees in '000)	
<i>Trade debts</i>		
- Retail	1,344,456	1,163,221
- Wholesale	5,511,436	4,721,495
<i>Security deposits</i>		
- individuals	52,713	52,091
- lease	5,357	5,526
Insurance company (claims)	5,894	6,678
Banks	85,558	104,081
	<u>7,005,414</u>	<u>6,053,092</u>

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#### 42.1.3 Credit quality and impairment

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

##### 42.1.3(a) Counterparties with external credit ratings

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

Banks	Rating Agency	Short term	Long term	2021 (Rupees in '000)	2020
AlBaraka Bank (Pakistan) Limited	PACRA	A1	A	4,720	1,144
Allied Bank Limited	PACRA	A-1+	AAA	5,482	4,626
Askari Bank Limited	PACRA	A-1+	AA+	635	2,487
Bank Alfalah Limited	PACRA	A-1+	AA+	8,178	11,005
Bank Islami Pakistan Limited	PACRA	A-1	A+	1	1
The Bank of Khyber	PACRA	A-1	A	2	790
The Bank of Punjab	PACRA	A-1+	AA	15,098	5,531
Dubai Islamic Bank Limited	R-VIS	A-1+	AA	-	635
Faysal Bank Limited	JCR-VIS	A-1+	AA	1,642	936
Finca Microfinance Bank Limited	JCR-VIS	A-1	A	348	13,436
Habib Bank Limited	JCR-VIS	A-1+	AAA	28,172	49,110
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	236	236
JS Bank Limited	PACRA	A1+	AA-	4	4
MCB Bank Limited	PACRA	A1+	AAA	1,665	4,642
Meezan Bank	JCR-VIS	A1+	AA+	15,002	5,627
National Bank Of Pakistan	PACRA	A1+	AAA	296	611
Silk Bank Limited	JCR-VIS	A2	A-	-	393
Soneri Bank Limited	PACRA	A1+	AA-	-	687
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	1,090	1,110
United Bank Limited	JCR-VIS	A1+	AAA	1,880	1,070
Telenor Microfinance Bank Limited	JCR-VIS	A-1	A	750	-
U Microfinance Bank Limited	JCR-VIS	A-1	A+	75	-
Industrial Commercial Bank of China	SBP	P-1	A-1	262	-
Samba Bank Limited	VIS	A-1	AA	20	-
				<b>85,558</b>	<b>104,081</b>
<b>Security Deposits</b>					
The Bank of Punjab	PACRA	A-1+	AA	-	209
Askari Bank Limited	PACRA	A1+	AA+	2,772	2,412
Sindh Leasing Company Limited	JCR-VIS	A+	A-1	2,585	2,905
				<b>5,357</b>	<b>5,526</b>
				<b>90,915</b>	<b>109,607</b>

##### 42.1.3(b) Counterparties without external credit ratings

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

	2021		2020	
	Gross ----- (Rupees in '000) -----	Impairment loss	Gross ----- (Rupees in '000) -----	Impairment loss
Not yet due	1,886,462	-	3,135,139	7,099
Past due 1 - 30 days	439,388	-	491,860	4,935
Past due 31 days - 90 days	769,613	-	1,223,150	15,955
Past due 91 - 180 days	1,103,841	-	989,483	29,356
Past due 181 - 360 days	2,870,666	-	329,056	12,014
Past due by more than 1 year	418,842	418,842	387,256	384,947
Total	<b>7,488,813</b>	<b>418,842</b>	<b>6,555,944</b>	<b>454,306</b>

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

None of the financial assets of the Group are secured or impaired except as those mentioned in these consolidated financial statements. Deposits and other receivables are mostly due from banks and individuals. Impairment on these assets has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

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### 42.3 Market risk

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

#### 42.3.1 Currency risk

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

##### 42.3.1(a) Exposure to currency risk

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

		2021	2020	2021	2020
				(Rupees in '000)	
Trade creditors	(USD in '000)	2,492	6,144	439,778	133,274
Trade creditors	(Euro in '000)	187	42	37,913	-

Following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2021	2020	2021	2020
USD to PKR	168.17	161.62	176.51	159.83
EUR to PKR	199.67	184.39	202.69	196.64

##### Sensitivity analysis

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

	2021	2020
	(Rupees in '000)	
Effect on statement of profit or loss	47,769	13,327

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

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

#### 42.3.2 Interest rate risk

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

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

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

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

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

	2021		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing / fixed rate financial instruments
	(Rupees in '000)		
<b><u>Financial assets</u></b>			
Security deposits	58,070	-	58,070
Trade debts	6,855,892	-	6,855,892
Other receivables	5,894	-	5,894
Cash and bank balances	152,854	-	152,854
	7,072,710	-	7,072,710
<b><u>Financial liabilities</u></b>			
Long term loans - secured	(2,042,701)	(2,042,701)	-
Lease liabilities	(212,512)	(212,512)	-
Trade and other payables	(1,895,386)	-	(1,895,386)
Mark-up accrued on borrowings	(184,229)	-	(184,229)
Short term borrowings - secured and unsecured	(5,188,205)	(5,188,205)	-
Loan from Directors	(115,300)	-	(115,300)
	(9,638,333)	(7,443,418)	(2,194,915)
	<b>(2,565,623)</b>	<b>(7,443,418)</b>	<b>4,877,795</b>
<b><u>2020</u></b>			
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing financial instruments
	(Rupees in '000)		
<b><u>Financial assets</u></b>			
Security deposits	57,617	-	57,617
Trade debts	5,884,716	-	5,884,716
Other receivables	6,678	-	6,678
Cash and bank balance	143,203	-	143,203
	6,092,214	-	6,092,214
<b><u>Financial liabilities</u></b>			
Long term loans - secured	(2,506,831)	(2,506,831)	-
Lease liabilities	(358,454)	(358,454)	-
Trade and other payables	(1,269,883)	-	(1,269,883)
Mark-up accrued on borrowings	(178,416)	-	(178,416)
Short term borrowings - secured and unsecured	(3,954,952)	(3,954,952)	-
Loan from Directors	(380,500)	-	(380,500)
	(8,649,036)	(6,820,237)	(1,828,799)
	<b>(2,556,822)</b>	<b>(6,820,237)</b>	<b>4,263,415</b>

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

	2021	2020
	Percentage	
<b><u>Financial liabilities</u></b>		
Long term loans - secured	3% to 10.58%	3% to 16.75%
Lease liabilities	9.93% to 10.58%	9.17% to 16.50%
Short term borrowings - secured and unsecured	8.95% to 16.30%	8.81% to 18.55%

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 60.29 million (2020: Rs. 68.20 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

#### 42.3.3 Other price risk

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

#### 42.4 Fair value of financial instruments

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

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

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

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

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

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

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

**On statement of financial position financial instruments**

	31 December 2021					
	Carrying Amount		Fair value			
	Financial assets at amortised cost	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees in '000) -----						
<u>Financial assets - amortised cost</u>						
Security deposits	58,070	-	58,070	-	-	-
Trade debts	6,855,892	-	6,855,892	-	-	-
Other receivables	5,894	-	5,894	-	-	-
Cash and Bank balances	152,854	-	152,854	-	-	-
	7,072,710	-	7,072,710	-	-	-
<u>Financial liabilities - amortised cost</u>						
Long term loans - secured	-	2,042,701	2,042,701	-	-	-
Lease liabilities	-	212,512	212,512	-	-	-
Trade and other payables	-	1,895,386	1,895,386	-	-	-
Mark-up accrued on borrowings	-	184,229	184,229	-	-	-
Short term borrowings - secured and unsecured	-	5,188,205	5,188,205	-	-	-
Loan from Directors	-	115,300	115,300	-	-	-
	-	9,638,333	9,638,333	-	-	-

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**On statement of financial position financial instruments**

	31 December 2020				
	Carrying Amount	Fair value			
		Financial assets	Level 1	Level 2	
		Total			
Financial assets	Other financial				
at amortised cost	assets / liabilities				
		----- (Rupees in '000) -----			
Security deposits	-	57,617	-	-	-
Trade debts	-	5,884,716	-	-	-
Other receivables	-	6,678	-	-	-
Cash and bank balances	-	143,203	-	-	-
		6,092,214	-	-	-

**Financial assets not measured at fair value**

Security deposits  
Trade debts  
Other receivables  
Cash and bank balances

**Financial liabilities not measured at fair value**

Long term loans - secured  
Lease liabilities  
Trade and other payables  
Mark-up accrued on short term running  
Short term borrowing  
Loan from Directors

-	2,506,831	2,506,831	-	-
-	358,454	358,454	-	-
-	1,269,883	1,269,883	-	-
-	178,416	178,416	-	-
-	3,954,952	3,954,952	-	-
-	380,500	380,500	-	-
-	8,649,036	8,649,036	-	-

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

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

Land, building and plant and machinery  
Revalued Property, plant and equipment

Date of valuation	31 August 2021
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**Valuation approach and inputs used**

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

The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements. The fair value are subject to change owing to changes in input.

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#### 43 Capital risk management

The Group's objectives when managing capital are:

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

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

The debt to equity ratios were as follows:	2021	2020
	(Rupees in '000')	
Total debt	7,469,004	6,928,917
Total equity and debt	16,194,005	15,389,341
Debt to equity ratio	46%	45%

The Group is not subject to externally imposed capital requirements.

#### 44 Group entities

The following table summarizes the information relating to the Group's subsidiaries that have non controlling interest (NCI).

31 December 2021 (Rupees in '000')	Waves Home Appliances
NCI percentage	<u>25.44%</u>
Non current assets	6,093,036
Current assets	10,138,513
Non-current liabilities	3,068,669
Current liabilities	6,096,624
Net assets	<u>7,066,256</u>
Carrying amount of NCI	<u>1,797,655</u>
Consolidation Adjustment	(248,360)
Non Controlling Interest	<u>1,549,295</u>
Revenue - net	<u>2,072,057</u>
Profit after taxation	36,426
Other comprehensive income	1,013
<b>Total comprehensive income</b>	<u>37,439</u>
Total comprehensive income allocated to NCI	<u>10,280</u>
Cash flows from operating activities	171,597
Cash flows from investing activities	(73,280)
Cash flows from financing activities	(164,596)
<b>Net decrease in cash and cash equivalents</b>	<u>(66,279)</u>

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**45 Events after the reporting date**

There are no events subsequent to the reporting date that could have an impact on these consolidated financial statements other than detailed in note 44. The impact of the Scheme of Arrangement after the Court Order dated 22 June 2022 has been adjusted.

Further, the Group is liable for additional 4% poverty alleviation tax for the tax year 2022 as levied after approval of the Finance Bill 2022 - 2023 on 29 June 2022 by the National Assembly of Pakistan. Being an adjusting event the effect has been taken in these financial statements and consequently the tax charge of the year has been increased by Rs. 15.07 million.

**46 Corresponding figures**

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

**47 Date of authorization of issue**

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

02 AUG 2022

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Lahore



Director



Chief Executive Officer



Chief Financial Officer

# **WAVES Standalone FS 2021**

## **Auditors' Report to the Members**

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## INDEPENDENT AUDITOR'S REPORT

To the members of Waves Corporation Limited (formerly Waves Singer Pakistan Limited)

Report on the Audit of the Unconsolidated Financial Statements

### Opinion

We have audited the annexed unconsolidated financial statements of **Waves Corporation Limited** ("the Company"), which comprise the statement of financial position as at 31 December 2021, and the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the profit, the other comprehensive income, the changes in equity and its cash flows for the year then ended.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p><b>Scheme of arrangement</b></p> <p>Refer note 2 and 47 to the financial statements.</p> <p>Effective 01 September 2021, the Company completed a scheme of arrangement for carving out of home appliances business from the Company and amalgamation of certain assets, liabilities, obligation, contracts (as envisaged in the scheme) with and into Waves Home Appliances Limited (formerly Samin Textiles Limited)(the Subsidiary Company) against allotment and issue of Subsidiary Company's shares as detailed in note 2 and 47 of the these unconsolidated financial statements.</p> <p>We identified this scheme of arrangement as a key audit matter because this transaction is with the related party, involves accounting and reporting complexities and is impacting the overall financial statements.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• assessing the appropriateness of the Company's accounting policy for common control transaction and compliance of the relevant accounting policy as referred to in the financial statements.</li> <li>• obtaining an understanding of key terms and conditions of the scheme, confirming our understanding of transaction with the management.</li> <li>• obtaining a certified copy of the Honorable Lahore High Court's order sanctioning the scheme.</li> <li>• reviewing the minutes of the board and extra ordinary general meetings for the approval of scheme of arrangement.</li> <li>• assessing the adequacy of disclosures in financial statements of the Company in accordance with the accounting policy and financial reporting framework.</li> </ul>
2.	<p><b>Revenue</b></p> <p>Refer to note 5.12 and 30 to the unconsolidated financial statements.</p> <p>The Company principally generates sales from manufacturing and assembly of domestic consumer appliances along-with retailing and trading of the same.</p> <p>We identified sales as a key audit matter because it is one of the key performance indicators of the Company and gives rise to a risk that sale may be recognized without transferring of control.</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtaining an understanding of the process relating to recording of sales and testing the design, implementation and operating effectiveness of relevant key internal controls;</li> <li>• assessing the appropriateness of the Company's accounting policy for recording of sales and compliance of the relevant accounting policy as referred to in the financial statements;</li> <li>• comparing a sample of sale transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents to assess whether the related revenue was recorded in accordance with the Company's accounting policy;</li> <li>• comparing a sample of sale transactions recorded near the year end with the sales orders, sales invoices, delivery challans and other relevant underlying documentation to assess if the sale was recorded in the appropriate accounting period;</li> </ul>



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S. No.	Key audit matters	How the matter was addressed in our audit
		<ul style="list-style-type: none"> <li>• inspecting on a sample basis, credit notes issued near to and subsequent to year end to evaluate whether the adjustments to sales had been accurately recorded in the appropriate accounting period; and</li> <li>• scanning for any manual journal entries relating to sales recorded during and near the year end which were considered to be material or met other specific risk based criteria for inspecting underlying documentation.</li> </ul>
3.	<p><b>Revaluation of property, plant and equipment</b></p> <p>Refer notes 5.1, 8 and 20 to the unconsolidated financial statements.</p> <p>The Company follows the revaluation model for subsequent measurement of land, buildings and plant and machinery.</p> <p>Latest revaluation was carried out on 31 August 2021. The valuation was performed by an external professional valuer engaged by the Company.</p> <p>We identified the revaluation of the Company's property, plant and equipment as a key audit matter because the valuation involves a significant degree of judgment and estimation</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• obtaining and inspecting the valuation reports prepared by the external expert engaged by the Company and on which the management's assessment of the valuation of property, plant and equipment was based;</li> <li>• evaluating the information provided by the Company to the external professional valuer by inspecting the relevant underlying documentation;</li> <li>• involving property, plant and equipment valuation expert engaged by us to assist in evaluating the appropriateness of valuation methodology and assessing the reasonableness of key estimates and assumptions adopted in the valuations report by the valuer engaged by the Company;</li> <li>• checking that the revaluation surplus has been recorded in the financial statements as per applicable accounting policy; and</li> <li>• assessing the adequacy of the disclosures made in unconsolidated financial statements in accordance with the relevant accounting policy.</li> </ul>

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

Management is responsible for the other information. Other information comprises the information included in the annual report for the year ended 31 December 2021, but does not include the unconsolidated and consolidated financial statements and our auditor's report thereon.

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

*KPMG*



## KPMG Taseer Hadi & Co.

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

### **Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements**

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



KPMG Taseer Hadi & Co.

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

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

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

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

**Report on Other Legal and Regulatory Requirements**

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

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

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

Lahore

Date: 18 August 2022

UDIN: AR20211011489XVwC5My

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

**Waves Corporation Limited**  
**(formerly Waves Singer Pakistan Limited)**

Audit of unconsolidated financial statements  
for the year ended 31 December 2021

Waves Corporation Limited (formerly Waves Singer Pakistan Limited)

Unconsolidated Statement of Financial Position

As at 31 December 2021

	2021	2020
	----- (Rupees in '000) -----	
<b>EQUITY AND LIABILITIES</b>		
<b><u>Share Capital and Reserves</u></b>		
Authorised capital 300,000,000 (2020: 300,000,000) ordinary shares of Rs. 10 each	3,000,000	3,000,000
Issued, subscribed and paid-up capital	2,814,062	1,876,041
Share premium reserve	5,025,661	4,581,063
Capital reserve	5,000	5,000
Revenue reserve - <i>unappropriated profit</i>	17,774	1,939,444
Surplus on revaluation of property, plant and equipment - <i>net of tax</i>	151,467	385,086
	8,013,964	8,786,634
<b><u>Non-current liabilities</u></b>		
Long term loans - <i>secured</i>	354,952	2,006,474
Lease liabilities	-	25,885
- <i>Building under right of use - unsecured</i>	-	41,377
- <i>Other assets under right of use - secured</i>	-	19,666
Employee retirement benefits	140	20,872
Deferred income	-	223,915
Deferred tax liability	355,092	2,338,189
<b><u>Current liabilities</u></b>		
Trade and other payables	284,103	1,210,835
Mark-up accrued on borrowings	54,421	178,416
Short term borrowings - <i>secured</i>	1,274,661	3,954,952
Loan from sponsors - <i>unsecured</i>	-	380,500
Unpaid dividend	1,179	1,276
Current portion of long term liabilities	733,683	540,759
	2,348,047	6,266,738
<b>Contingencies and commitments</b>	10,717,103	17,391,561
	10,717,103	17,391,561

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

10/11/21



Director



Chief Executive Officer



Chief Financial Officer

Lahore

# Waves Corporation Limited (formerly Waves Singer Pakistan Limited)

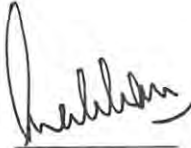
## Unconsolidated Statement of Profit or Loss

For the year ended 31 December 2021

	Note	2021 ----- (Rupees in '000) -----	2020
<b><u>Continuing operations</u></b>			
Admin expenses	33	(62,671)	(43,709)
Other income	35	125,723	281,303
<b>Operating profit</b>		<b>63,052</b>	<b>237,594</b>
Finance cost	36	(152,333)	(642,221)
<b>Loss before taxation - continuing operations</b>		<b>(89,281)</b>	<b>(404,627)</b>
<b><u>Discontinued operations</u></b>			
Profit before taxation - discontinued operations	47.2	373,419	581,723
<b>Profit before tax</b>		<b>284,138</b>	<b>177,096</b>
Taxation			
- continuing operation		-	-
- discontinued operation	37	(110,186)	(67,259)
		<b>(110,186)</b>	<b>(67,259)</b>
<b>Profit for the year</b>			
- continuing		(89,281)	(404,627)
- discontinued		263,233	514,464
<b>Profit for the year</b>		<b>173,952</b>	<b>109,837</b>
<b>Loss per share - Continuing operations</b>			
			<i>Restated</i>
Loss per share - <i>basic and diluted (Rupees)</i>	38	(0.32)	(1.95)
<b>Earnings per share - Discontinued operations</b>			
			<i>Restated</i>
Earnings per share - <i>basic and diluted (Rupees)</i>	38	0.94	2.48

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

KPMG

Lahore  
  
 Director

  
 Chief Executive Officer

  
 Chief Financial Officer

Waves Corporation Limited (formerly Waves Singer Pakistan Limited)  
Unconsolidated Statement of Comprehensive Income  
For the year ended 31 December 2021

	2021 (Rupees in '000)	2020
Profit for the year	173,952	109,837
<b><u>Other comprehensive income / (loss)</u></b>		
<i>Items that will not be reclassified to profit or loss:</i>		
- Surplus on revaluation of property, plant and equipment	197,560	-
- Related deferred tax on surplus	(40,218)	-
- Actuarial gain / (loss) on employee retirement benefits	5,634	(7,143)
	<b>162,976</b>	<b>(7,143)</b>
Total comprehensive income for the year	<b>336,928</b>	<b>102,694</b>

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

16/12/21

Lahore

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

Waves Corporation Limited (formerly Waves Singer Pakistan Limited)

Unconsolidated Statement of Changes in Equity

For the year ended 31 December 2021

	Capital reserves			Revenue Reserve	Total	
	Issued, subscribed and paid-up capital	Share premium reserve	Other capital reserve	Surplus on revaluation of land, building and plant and machinery		Unappropriated profits
(Rupees in '000)						
As at 01 January 2020	1,876,041	4,581,063	5,000	406,712	1,815,124	8,683,940
<b><u>Total comprehensive income for the year</u></b>						
Profit after taxation	-	-	-	-	109,837	109,837
<b><u>Other comprehensive income for the year</u></b>						
Remeasurement of defined benefit obligation	-	-	-	-	(7,143)	(7,143)
	-	-	-	-	102,694	102,694
<b><u>Surplus transferred to accumulated profits</u></b>						
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(21,626)	21,626	-
Balance as at 31 December 2020	1,876,041	4,581,063	5,000	385,086	1,939,444	8,786,634
<b><u>Total comprehensive income for the year</u></b>						
Profit after taxation	-	-	-	-	173,952	173,952
<b><u>Other comprehensive income for the year</u></b>						
Remeasurement of defined benefit obligation	-	-	-	-	5,634	5,634
Surplus on revaluation of property, plant and equipment arisen	-	-	-	197,560	-	197,560
Remeasurement of defined benefit obligation	-	-	-	(40,218)	-	(40,218)
	-	-	-	157,342	179,586	336,928
<b><u>Surplus transferred to accumulated profits</u></b>						
Incremental depreciation relating to surplus on revaluation - net of tax	-	-	-	(13,216)	13,216	-
<b><u>Transactions with owners of the Company</u></b>						
Issue of ordinary shares 6.4	938,021	468,914	-	-	-	1,406,935
Incremental cost of issuance of shares	-	(24,316)	-	-	-	(24,316)
Transferred to Waves Home Appliances Limited - Note 2 and 47	-	-	-	-	(750,000)	(750,000)
- revenue reserve	-	-	-	(377,745)	-	(377,745)
- surplus on revaluation	-	-	-	-	(1,364,472)	(1,364,472)
	938,021	444,598	-	(377,745)	(2,114,472)	(1,109,598)
Balance as at 31 December 2021	2,814,062	5,025,661	5,000	151,467	17,774	8,013,964

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

KPMG

Lahore

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

Waves Corporation Limited (formerly Waves Singer Pakistan Limited)

Unconsolidated Statement of Cash Flows

For the year ended 31 December 2021

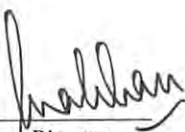
	Note	2021 (Rupees in '000)	2020
<b><u>Cash flows from operating activities</u></b>			
Profit for the year		284,138	177,096
<i>Adjustments for non-cash items:</i>			
Depreciation on property, plant and equipment	20.1.4	183,501	290,578
Fair value gain on investment property		(20,000)	(82,980)
Amortisation of intangible asset	21.3	30,000	43,836
Notional interest income on loan to subsidiary	35	(56,821)	-
Finance costs	36	514,599	848,730
Gain on sale of property, plant and equipment		(584)	(19,113)
Workers' Profit Participation Fund		16,811	14,530
Amortisation of deferred income		(18,280)	(15,533)
Liabilities no longer payable written back		-	(55,167)
Reversal of loss allowance against trade debts		(4,216)	4,216
Provision for employee retirement benefits - net		1,246	2,158
Unrealised exchange gain		(3,458)	-
<b>Profit before working capital changes</b>		<b>926,936</b>	<b>1,208,351</b>
<b><u>Effect on cash flows due to working capital changes</u></b>			
<i>(Increase) / decrease in current assets</i>			
Stores, spares and loose tools		(11,726)	3,945
Stock-in-trade		(327,170)	508,772
Trade debts		307,343	(2,246,737)
Advances, deposits, prepayments and other receivables		(1,631,183)	404,284
<b>(Decrease) / increase in trade and other payables</b>		<b>389,502</b>	<b>(120,418)</b>
		<b>(1,273,234)</b>	<b>(1,450,154)</b>
<b>Cash used in operations</b>		<b>(346,298)</b>	<b>(241,803)</b>
Income tax - net		(153,010)	172,865
Workers' Profit Participation Fund paid		(14,530)	(32,313)
Employee retirement benefits paid		(831)	(9,335)
Long term deposits - net		(169)	(153)
<b>Net cash used in operating activities</b>		<b>(514,838)</b>	<b>(110,739)</b>
<b><u>Cash flows from investing activities</u></b>			
Capital expenditure		(658,412)	(279,487)
Proceeds from disposal of property, plant and equipment		2,131	24,423
Dividend received from subsidiary Company		-	300,000
<b>Net cash (used in) / generated from investing activities</b>		<b>(656,281)</b>	<b>44,936</b>
<b><u>Cash flows from financing activities</u></b>			
Long term loans received		-	774,560
Long term loans repaid		(396,014)	-
Proceed from the issue of right shares - net off transaction cost and adjustment of loan from sponsor		1,002,119	-
Loan from sponsors - unsecured		-	380,500
Lease rentals paid		(48,625)	(65,692)
Finance costs paid		(485,442)	(886,880)
Dividend paid		(97)	(181)
Short term finances availed - net		1,943,332	122,934
<b>Net cash generated from financing activities</b>		<b>2,015,273</b>	<b>325,241</b>
<b>Net increase in cash and cash equivalents</b>		<b>844,154</b>	<b>259,438</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(1,120,578)</b>	<b>(1,380,016)</b>
<b>Cash and cash equivalents at end of the year</b>		<b>(276,424)</b>	<b>(1,120,578)</b>

39

The annexed notes 1 to 50 form an integral part of these unconsolidated financial statements.

Kashif

Lahore

  
Director

  
Chief Executive Officer

  
Chief Financial Officer

# Waves Corporation Limited (formerly Waves Singer Pakistan Limited)

## Notes to the Unconsolidated Financial Statements

For the year ended 31 December 2021

### 1 Status and nature of business

1.1 Waves Corporation Limited (formerly, Waves Singer Pakistan Limited) ("the Company") is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public Company limited by shares and is quoted on the Pakistan Stock Exchange. Consequent to approval of scheme of arrangement as discussed in note 2, the principal line of business has been amended which includes managing its investment in subsidiaries (explained in note 23) which are principally engaged in manufacturing and assembly of domestic consumer appliances along with retailing and trading the same and real estate development. The registered office of the Company is located at 9-K.M, Hanjarwal, Multan Road, Lahore.

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

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

1.2 On 11 March 2020, Covid-19 (Coronavirus) was declared a pandemic by the World Health Organization. The spread of coronavirus as a pandemic and consequently imposition of lock down by Federal and Provincial Governments of Pakistan (Authorities) has effected the overall economic environment of the country and production and sale volumes of the Company during the lock down period. However, as per relaxation given by Authorities, the Company continued its operations during the with all precautionary measures to prevent the pandemic spread. While no material effects on the Company's business and measurement of assets and liabilities have yet been identified at the date of these financial statements, the management will continue to monitor and evaluate them including effects of new variants.

### 2 Separation / Carving out of Home Appliances Business from the Company and Amalgamation with and into Waves Home Appliances Limited (a related entity)

During the year, effective from 01 September 2021 Waves Singer Pakistan Limited now renamed as Waves Corporation Pakistan Limited ("the Company - WCL") completed a Scheme of Arrangement as follows:

- Carving out / separation of home appliances business from the Company by transferring certain assets, liabilities, obligations, contracts and undertakings and amalgamating the same with and into Waves Home Appliance Limited (WHAL) (formerly Samin Textiles Limited) as of the effective date 01 September 2021 against allotment and issue of WHAL shares. WHAL was a related party of the Company by virtue of common shareholding.

The Honourable Lahore High Court (the Court) through its Order dated 22 June 2022, has approved the Scheme of Arrangement as proposed and granted sanction order for the carving out of home appliances business from WCL (the Holding Company) and amalgamation of the same into the subsidiary company WHAL.

The Board of Directors of the Company, in their meeting held on 23 December 2021, approved and resolved to present the Scheme of Arrangement before the shareholders of WCL for their approval. After approval by the BOD, the said scheme was submitted to Court for approval. As per requirements, the Company obtained approval of the Scheme of Arrangement from its shareholders on 15 February 2022, while the secured creditors of the Company approved the Scheme of Arrangement in Extraordinary General Meeting (EOGM) held on 03 March 2022. Further on 15 February 2022, shareholders of the Company also approved the change of name of the Company in accordance with Section 12 of the Companies Act, 2017 from "Waves Singer Pakistan Limited (WSPL)" to "Waves Corporation Limited (WCL)" and "Samin Textile Limited (SMTM)" to "Waves Home Appliance Limited (WHAL)".

KRM

As consideration for the transfer of the home appliances business, WHAL shall issue a total of 256,006,196 shares as follows:

- 199,724,956 shares shall be issued and allotted to the Company.
- Remaining 56,281,240 shares of WHAL shall to be issued and allotted to shareholders of the Company in the swap ratio of 20 shares for every 100 shares of the Company. The 20 shares of WHAL directly issued to the shareholders of the Company are equivalent to presently traded 45 shares of the Company prior to the proposed capital reduction.
- Rs. 2 billion in cash shall be payable to the Company; no additional compensation shall be applicable against this amount if the said amount is settled by the WHAL within 2 years of sanction of this scheme. However, if the said amount is still wholly or partially outstanding at the end of 2 years of the sanction of scheme, then a profit/mark-up shall be payable on outstanding amount on a quarterly basis in arrears at such profit/mark-up rate as determined by the Board(s) of Directors of each of the Company at the relevant time, provided such profit/mark-up rate shall not be less than the rate prescribed under applicable laws

As part of the arrangement hereunder, subsequent to the Scheme completion date, but prior to the issuance / allotment of WHAL Shares to the Company and its shareholders, share capital of WHAL will be reduced from every 225 shares to 100 shares i-e total paid up capital from 26,728,000 to 11,879,111 shares.

The Company expects several benefits after this scheme of arrangement including the synergies of operations, allowing them to become leading suppliers / service providers, resulting in greater revenue. Furthermore, by separating the business segments (as contemplated in this Scheme), the individual companies shall have unique identities and a more focused business and customer base. At the same time, as a consequence of the arrangement, WHAL shall become a subsidiary of the Company and this will allow the management of each Company to focus on the business segment, resulting in better performance of the same.

Further, this will enable the Company to oversee, supervise and control the business / direction of WHAL, while the management of WHAL can operate and manage the business of WHAL on a regular /day-to-day basis. Through the scheme of arrangement, WCL shall reduce the risk of diseconomies of scale associated with WCL's growth.

Waves Home Appliances Limited (formerly Samin Textiles Limited) was incorporated in Pakistan on 27 November, 1989 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 15/3 Block A, Model Town, Lahore. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company is trading, import and export of textile products. Consequent to approval of scheme of arrangement as discussed in note 2, the principal line of business has been amended to include manufacturing, assembly and wholesale of domestic consumer appliances and other light engineering products.

Details of assets and liabilities carved out along with other disclosures are given in note 47 to these unconsolidated financial statements.

### **3 Basis of preparation**

#### **3.1 Separate financial statements**

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

*KPMG*

The Company has the following long term investments:

Name of subsidiary companies	2021 (Direct holding percentage)	2020
- Waves Builders and Developers (Private) Limited (formerly as Waves Marketing (Private) Limited)	100	100
- Electronics Marketing Company (Private) Limited	100	100
- Waves Home Appliances Limited (formerly Samin Textiles Limited)	74.56	-

### 3.2 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

### 3.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for land and investment property which are stated at revalued amounts less subsequent depreciation and impairment losses as referred to in note 5.1 and 5.4.

### 3.4 Functional and presentation currency

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

## 4 Use of estimates and judgments

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

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

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

	<i>Note</i>
- Residual value, market values and useful lives of property, plant and equipment	5.1
- Investment property	5.4

	<i>Note</i>
- Provisions	5.11
- Taxation	5.15
- Impairment of financial and non-financial assets	5.19

## 5 Significant Accounting Policies

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

### 5.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any, except for the land which is stated at revalued amount less impairment loss, if any, and buildings and plant and machinery which are stated at the revalued amounts less accumulated depreciation and impairment losses, if any. Cost includes expenditure directly attributable to the acquisition of an asset. As explained in note 2, as a result of scheme of arrangement, the property, plant and equipment other than freehold land has been transferred to Waves Home Appliances Limited.

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

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

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

Depreciation is charged to the statement of profit or loss applying the straight-line method whereby the depreciable amount of an asset is depreciated over its estimated useful life. Depreciation on additions is charged from the month in which the asset is available for use and up to the month of disposal. The rates of depreciation are stated in note 20.1 to these unconsolidated financial statements.

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

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

#### Capital work in progress

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

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## 5.2 Intangible assets and goodwill

### Goodwill

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

### Other Intangible asset

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

Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortized on a straight-line basis over their estimated useful lives and is generally recognized in profit or loss. The rates of amortization are stated in note 21.1 to these unconsolidated financial statements.

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

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

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

The Company assesses at each reporting date whether there are any indications that the intangible assets may be impaired. If such indications exists then the recoverable amount is determined. As explained in note 2, as per scheme of arrangement, all intangible assets have been transferred to Waves Home Appliances Limited (Refer note 5.19 for impairment of non-financial assets).

## 5.3 Business combination

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

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

#### 5.4 Investment property

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

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

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

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

#### 5.5 Employee retirement and other service benefits

##### Defined benefit plans

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

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

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

##### Defined contribution plan

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

### Staff Compensated absences

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

#### **5.6 Stores, spares and loose tools**

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

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

#### **5.7 Stock-in-trade**

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

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

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

#### **5.8 Investment in subsidiaries**

Investments in subsidiaries are measured at cost less impairment, if any, in the Company's separate financial statements. At subsequent reporting date, the recoverable amounts of investments are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly.

Impairment losses are recognized as an expense in the statement of profit or loss. Investments in subsidiaries that have suffered an impairment are reviewed for possible reversal of impairment at each reporting date. Where impairment losses are subsequently reversed, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Impairment losses recognized in the statement of profit or loss on investments in subsidiaries are reversed through the statement of profit or loss.

The Company is required to issue consolidated financial statements along with its separate financial statements, in accordance with the requirements of IAS 27, 'Separate Financial Statements'.

#### **5.9 Cash and cash equivalents**

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

## **5.10 Trade and other payables**

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

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

## **5.11 Provisions**

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimates.

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

## **5.12 Revenue recognition**

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

## **5.13 Other incomes**

- Income on investments and profit and loss sharing bank accounts are recognized on accrual basis using the effective interest rate method.
- Rental income from investment property is recognized as other income on a straight-line basis over the term of lease.
- Dividend income and entitlement of bonus shares are recognized when the right to receive is established

## **5.14 Contract liabilities**

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

## **5.15 Taxation**

Income tax expense comprises of current and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to items recognized directly in equity / surplus on revaluation of fixed assets or in other comprehensive income. The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under IAS 37 Provisions, contingent liabilities and Contingent assets.

The Company has opted for Group Taxation under section 59AA of the Income Tax Ordinance, 2001. The Company and two subsidiaries Waves Builders and Developers (Private) Limited and Electronics Marketing Company (Private) Limited are part of the Group Taxation. Under Group Taxation, the Company is accounting for the related taxes under standalone taxpayer approach. Under this approach, current and deferred taxes are recognized as if the entity was taxable in its own right.

#### **Current taxation**

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

#### **Deferred taxation**

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

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

### **5.16 Borrowing cost**

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

### **5.17 Financial instruments**

#### **Recognition and initial measurement**

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

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

## **Classification and subsequent measurement**

### **Financial assets**

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

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

### **Amortized cost**

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

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets measured at amortized cost comprise of cash and bank balances and other receivables.

### **Debt Instrument - FVOCI**

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

### **Equity Instrument - FVOCI**

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

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

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

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

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

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

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

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

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

In making this assessment, the Company considers:

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

### **Financial liabilities**

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

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

## **Derecognition**

### **Financial assets**

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

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

### **Financial liabilities**

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in unconsolidated statement of profit or loss.

## **5.18 Offsetting of financial assets and financial liabilities**

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

## **5.19 Impairment**

### **Financial assets**

The Company recognizes loss allowances for ECLs on:

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

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

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

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

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

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

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

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

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

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

### **Non - Financial assets**

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

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in unconsolidated statement of profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

## **5.20 Foreign currency transactions and translation**

### **Transactions and balances**

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

## **5.21 Dividends and appropriations to reserves**

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

## **5.22 Earnings per share**

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

## **5.23 Common control transactions**

A business combination (or a demerger for that purpose) involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the combination and that the control is not transitory. Such common control transactions have been excluded from the scope of International Financial Reporting Standards 3 (IFRS 3) dealing with Business Combinations. Accordingly, as an accounting policy choice, the assets acquired and liabilities assumed / assets and liabilities transferred are recognized under the book value basis (carry-over basis) of accounting.

## **5.24 Deferred income**

### **Grant in aid**

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

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### Government grant

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

#### **5.25 Asset held for sale**

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Company's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

#### **5.26 Leases**

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

The Company recognizes a right of use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct cost incurred less any lease incentive received.

The right of use asset is subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability, if any. The right of use assets is depreciated using the straight line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or cost of the right of use asset reflects that the Company will exercise a purchase option. In that case the right of use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. Right of use asset is disclosed in the property, plant and equipment as referred to in note 20.1 of the unconsolidated financial statements.

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

The lease liability is measured at amortized cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in rate or a change in the terms of the lease arrangement, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in statement of profit or loss if the carrying amount of the right of use asset has been reduced to zero. Refer note 10 to these financial statements for disclosure of lease liability.

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

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

#### **Sale and lease back**

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

### **5.27 Discontinued Operations**

A discontinued operation is a component of company's business, the operations and cash flows of which can be clearly distinguished from rest of the company and which:

- represents a separate major line of business or geographic area of operations.
- is part of a single co-ordinated plan to dispose a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view of resale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is represented as if the operation had been discontinued from the start of the comparative year. The comparative statement of profit or loss and OCI has been re-presented to show the discontinued operations separately from continuing operations.

### **5.28 Allocation of expenses**

Certain expenses are allocated by the Company to its subsidiaries in accordance to a basis approved by the Company and its subsidiaries.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 January 2022:

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 01 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous.

An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

- Annual Improvements to IFRS standards 2018-2020:

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

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 01 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3 . An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 01 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current.

The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
  - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
  - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
  - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 01 January 2023 and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the Company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 01 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

The above amendments are effective from annual period beginning on or after 01 January 2022 and the management has determined that there is no material impact of these on the Company's financial statements.

6	Share capital	Note	2021	2020	2021	2020
			(Number of shares)	(Rupees in '000)	(Number of shares)	(Rupees in '000)
6.1	Authorized share capital	6.1.1	<u>300,000,000</u>	<u>300,000,000</u>	<u>3,000,000</u>	<u>3,000,000</u>

6.1.1 The authorized share capital stands at Rs. 3,000 million, divided into 300,000,000 shares of Rs. 10 each, according to the Memorandum and Articles of Association the Company.

**6.2 Issued, subscribed and paid-up capital**

<u>Fully paid-up ordinary shares of</u> <u>Rs. 10 each</u>	Note	2021	2020	2021	2020
		(Number of shares)	(Rupees in '000)	(Number of shares)	(Rupees in '000)
Issued for cash		105,263,597	11,461,568	1,052,637	114,616
Issued for consideration other than cash		703,733	703,733	7,037	7,037
Issued as paid bonus shares		78,988,759	78,988,759	789,888	789,888
Issued under scheme of amalgamation	6.6	<u>96,450,000</u>	<u>96,450,000</u>	<u>964,500</u>	<u>964,500</u>
		<u>281,406,089</u>	<u>187,604,060</u>	<u>2,814,062</u>	<u>1,876,041</u>

**6.3 Reconciliation of ordinary shares**

Balance as at 01 January	187,604,060	163,133,965	1,876,041	1,631,340
Ordinary shares issued as fully paid right shares	<u>93,802,029</u>	<u>24,470,095</u>	<u>938,020</u>	<u>244,701</u>
<b>Balance as at 31 December</b>	<u>281,406,089</u>	<u>187,604,060</u>	<u>2,814,061</u>	<u>1,876,041</u>

6.4 During the year, the Company has issued 93,802,029 ordinary shares in the ratio of 1 right share for every 2 ordinary shares at the rate of Rs. 15 per share (including share premium of Rs. 5 per share). The same has been approved by Board of Directors ("the Board") in their meeting held on 19 March 2021. The primary purpose of the right issue was to finance the purchase of new property, construction of buildings at the said property and meeting the working capital requirements of the Company's operations and activities for effectively implementing its business plan to enhance the profitability of the Company.

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

	2021	2020	2021	2020
	(Percentage held)	(Percentage held)	(Number of shares)	(Number of shares)
*Poseidon Synergies (Private) Limited	4.27%	5.69%	12,020,274	10,680,183
<i>Chief Executive Officer and his spouse and dependent children</i>				
- Haroon Ahmad Khan (CEO)	38.32%	38.32%	107,840,286	71,893,524
- Nighat Haroon Khan (Wife of CEO)	9.92%	10.99%	27,925,911	20,617,274
	<u>52.51%</u>	<u>55.00%</u>	<u>147,786,471</u>	<u>103,190,981</u>

\* Owned by Chief Executive Officer and his wife.

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

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

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**7 Share premium**

This includes excess of consideration received / market value of share acquired under scheme of arrangement over the face value of shares issued under the scheme of arrangement amounting to Rs. 4,581 million. This reserve can only be utilized by the Company for the purpose specified in Section 81(2) of the Companies Act, 2017.

	<i>Note</i>	2021 (Rupees in '000)	2020
<b>8 Surplus on revaluation of property, plant and equipment - net of tax</b>			
Revaluation surplus - as on 01 January		479,153	508,942
Surplus on revaluation arisen during the year		197,560	-
Incremental depreciation transferred to equity		(18,207)	(29,789)
Transferred to WHAL under scheme of arrangement	2 & 47	(507,039)	-
		<u>151,467</u>	<u>479,153</u>
Deferred tax liability - as on 01 January		(94,067)	(102,230)
Deferred tax on revaluation arisen during the year		(40,218)	-
Tax effect on transfer of incremental depreciation to retained earnings		4,991	8,163
Transferred to WHAL under scheme of arrangement	2 & 47	129,294	-
Deferred tax liability		-	(94,067)
	8.1	<u>151,467</u>	<u>385,086</u>

**8.1** This includes balance of Rs. 149.97 million (2020: 149.97 million) representing surplus on revaluation of buildings prior to their classification as investment property. Balance as at 31 December 2021 includes surplus related to land of Rs. 1.50 million (2020: Nil).

**8.2** The balance (net of related deferred tax) of revaluation surplus of land amounting to Rs. 55.65 million (2020: Nil) and building on freehold land of Rs. 7.84 million (2020: Rs. 1.48 million) and plant and machinery of Rs. 314.48 million (2020: Rs. 234.11 million) has been transferred as per scheme of arrangement as refer to note 2 and 47 of these unconsolidated financial statement.

**8.3** The Company revalued its freehold land, building on freehold land and plant and machinery during the financial year 2017, 2019 and 2021. The latest revaluation was carried out on 31 August 2021. This was conducted by M/s Asif Associates (Private) Limited. Freehold land was revalued on the basis of current market value whereas other assets were revalued on the basis of depreciated market values. The most significant input into this valuation approach is price per kanal for land, price per square foot for buildings and present operational condition and age of plant and machinery.

2021 2020  
(Rupees in '000)

Note

9.2	807,558	1,397,897
9.3	294,430	1,108,934
9.4	(17,394)	(36,227)
1.8	(729,642)	(464,130)
9.1	354,952	2,006,474

	2,506,831	1,732,271
	(396,014)	774,560
	(1,008,829)	-
2 & 4.7	1,101,988	2,506,831
9.2 & 9.3	(729,642)	(464,130)
	(17,394)	(36,227)
	354,952	2,006,474

9 Long term loans - Secured

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

9.1 Movement of Long term loans during the period

Opening Balance  
Add: Addition during the year  
Less: Repayment during the year  
Transferred to WHAL under scheme of arrangement  
Closing Balance  
Less: Current portion  
Less: Deferred grant

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

Bank Name	Facility	2021 Rupees	2020 Rupees	Mark-up as per Agreement	Scheme of Arrangement (Note 2 & 4.7)	Tenure and basis of principal repayment	Security
Sindh Bank Limited	Term Finance	162,175	405,708	3 Months KIBOR plus 3% per annum, payable quarterly.	Loan amount of 162 million was transferred to WHAL on 31st August 2021 in accordance with scheme of arrangement.	Balance payable in 2 semi-annually instalments due on March 2022 and September 2022.	This facility is secured by way of first pari passu charge of on Fixed assets of the Company with 25% margin of Rs. 216.233 million personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements of the Company.
The Bank of Punjab	Term Finance	345,383	394,723	3 Months KIBOR plus 2.75% per annum, payable quarterly.	Loan amount will be retained by Waves Corporation Limited.	Balance payable in 7 quarterly instalments starting from Feb-2022 and ending on Aug-2023.	This facility is secured by way of first pari passu charge of Rs 460.51 million on immovable companies with 25% margin of the Company. This facility has been obtained to meet long term working capital requirements of the Company.
The Bank of Khyber	SBP Salary Refinance Scheme	-	197,466	SBP rate plus 3% per annum, payable quarterly.	Loan amount completely was transferred to WHAL amounting Rs. 148 million to on 31st August 2021 in accordance with scheme of arrangement.	Balance have been fully repaid during the year.	This facility is secured by way of ranking charge of Rs. 264 million over present and future fixed assets of the Company.
Dubai Islamic Bank Limited	Term Finance	300,000	400,000	3 Months KIBOR plus 2% per annum, payable quarterly.	Loan amount of 100 million was transferred to WHAL on 31st August 2021 in accordance with scheme of arrangement.	Balance payable 12 quarterly instalments starting from Jan-2022 ending on October 2023.	This facility is secured by way of First pari passu charge of Rs. 400 million on future and current fixed assets of the Company and Cross corporate guarantees of group concerns of the Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Company.

807,558 1,397,897

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

Bank Name	Facility	2021 Rupees	2020 Rupees	Mark-up as per Agreement	Scheme of Arrangement (Note 2 & 47)	Tenure and basis of principal repayment	Security
Pak Brunei Investment Company Limited	Term Finance	118,750	326,563	3 Months KIBOR plus 3% per annum, payable quarterly.	Loan amount of 89 million was transferred to WHAL on 31st August 2021 in accordance with scheme of arrangement.	Balance payable in four quarterly instalments starting from February 2022 and ending on November 2022.	This facility is secured by way of First pari passu charge of Rs. 158.33 million on future and fixed assets with 25% margin of the Company. Ranking charge on current assets of Rs. 158.33 Million and personal guarantees of the directors of the Company. This facility has been obtained to meet long term working capital requirements and balance sheet re-profiling of the Company.
Pak Oman Investment Company Limited	Term Finance	-	300,000	3 Months KIBOR plus 2.5% per annum, payable quarterly.	Loan amount of Rs. 300 Million was transferred to WHAL on 31st August 2021.	Balance have been fully repaid during the year.	N/A
Pak Libya Investment Company Limited - note 9.3	SBP Salary Refinance Scheme	100,064	182,371	SBP rate plus 3% per annum, payable quarterly.	All remaining instalments will be paid by WCL.	Balance payable period in 9 quarterly instalments ending on January 2023.	This facility is secured by way of joint pari passu charge of Rs. 264 million on present and future fixed assets of the Company.
Pak Libya Investment Company Limited	Term Finance	75,616	300,000	6 Months KIBOR plus 2.5% per annum, payable quarterly.	Loan amount of 210 million was transferred to WHAL on 31st August 2021 in accordance with scheme of arrangement.	Balance payable in Five quarterly instalments starting from January 2022 and ending on January 2023.	This facility is secured by way of First pari passu charge of Rs. 100.82 million on present and future fixed assets of the Company and personal guarantees of the sponsor of the Company. This facility has been obtained to finance the expansion of production facility.

294,430 1,108,934

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

9.5 As per the financing arrangements, the Company is required to comply with certain financial covenants such as current ratio and debt service coverage ratio and other conditions imposed by the providers of finance.

9.6 As per the Court Order all charges have been transferred in the name of WHAL, alongwith the transfer of relevant collaterals as per the approved scheme of arrangement referred to in note 47. In pursuance of WCL demerger plan, WCL approached and reached an arrangement with banks and lenders. The loans will be split between WCL and WHAL, retained with WCL and transferred to WHAL in conformity with the bank arrangement. The scheme of arrangement is applicable effective from 01 September 2021.

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	Note	2021 (Rupees in '000)	2020
<b>10 Lease liabilities</b>			
Building under right of use - <i>unsecured</i>	10.1	-	61,495
Other assets under right of use - <i>secured</i>	10.2	-	61,351
		-	122,846
Current maturity		-	(55,584)
		-	67,262

**Movement during the year is as follows:**

Balance as at 01 January		122,846	264,871
Additions during the year		60,389	23,574
Finance charge / notional interest		13,032	26,684
Security deposits matured		(745)	-
Termination		-	(98,956)
Lease rentals paid		(87,036)	(93,327)
Transferred to WHAL under scheme of arrangement	2 & 47	(108,486)	-
Balance as at 31 December		-	122,846

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

**10.1 Building under right of use - *unsecured***

	2021			2020		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	-	-	-	41,462	5,852	35,610
Later than one year and not later than five years	-	-	-	28,978	3,093	25,885
	-	-	-	70,440	8,945	61,495

The Company had recognized lease buildings on account of warehouses rented out to the Company. The remaining tenure of contracts ranges from 23 to 120 month payable monthly, quarterly and annually. Lease liability is calculated at discount rate ranging from 8.93% to 15.16%.

During the current period, the Company entered into lease arrangements of assets amounting to Rs. 60.40 million. These obligations are payable in monthly installments Rs. 0.014 million to Rs. 1.50 million and carry a mark up rate at one month KIBOR + 1.5% per annum.

**10.2 Other assets under right of use - *secured***

	2021			2020		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	-	-	-	24,801	4,827	19,974
Later than one year and not later than five years	-	-	-	46,160	4,783	41,377
	-	-	-	70,961	9,610	61,351

The leases were entered into with certain financial institution for plant and machinery and vehicles. Monthly payments of leases carry mark-up rates at KIBOR plus 2.5% to 3% per annum (31 December 2020: KIBOR plus 1.5% to 3% per annum). KIBOR is one, three and six months average ask side. At the year-end the applicable rates ranged between 9.93% to 10.58% (31 December 2020: 9.17% to 16.50%) per annum.

Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of Arrangement as explained in note 2 and 47 of these unconsolidated financial statements.

	2021 (Rupees in '000)	2020
<b>11 Employee retirement benefits</b>		
<b><u>Classified under non-current liabilities</u></b>		
<i>Employee retirement benefits - obligation</i>		
- Pension Fund	1,007	3,355
- Gratuity fund - permanent employees	13,440	16,311
Transferred to WHAL under scheme of arrangement	(14,447)	-
	-	19,666

**11.1** Pension scheme is available to permanent full-time employees in the executive and manager grades including the full-time working directors but excluding persons working as temporary, trainees or apprentice employees. Minimum years of service for qualifying to pension is 15 years. Employees are entitled to Pension on retirement at 57 years of age. Gratuity to the permanent employees is payable on normal retirement at the age of 57 years, natural death, etc. and is payable only on the minimum completion of 5 years of service with the Company. Both of these benefits relate only to old employees of former Singer Pakistan Limited (before the effective date of amalgamation) and this benefit has been frozen at the level that existed as at 31 May 2019. However, effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements

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12	Deferred income	Note	2021 (Rupees in '000)	2020
	Sale and lease back	12.1	-	2,304
	Grant in aid	12.2	-	8,368
	Government grant	12.3	140	10,200
			<u>140</u>	<u>20,872</u>

**12.1 Sale and lease back**

**Details of the movement in the balance**

**Gross balance:**

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

**Accumulated amortization:**

Balance as at 01 January		(30,966)	(26,479)
Amortization till 31 Aug 2021	35	(2,992)	(4,487)
Balance at 31 August		(33,958)	(30,966)

Transferred to WHAL under scheme of arrangement	2 & 47	(2,618)	-
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**Carrying amount:**

Balance at 31 December		-	5,610
Current portion of deferred income	18	-	(3,306)
Balance as at 31 December	12.1.1	-	<u>2,304</u>

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

12.2	Grant in aid	Note	2021 (Rupees in '000)	2020
	<b>Gross balance:</b>			
	Balance as at 01 January		13,953	13,953
	Balance at 31 December		13,953	13,953
	<b>Accumulated amortization:</b>			
	Balance as at 01 January		(4,206)	(2,827)
	Amortization till 31 August 2021	35	(775)	(1,379)
	Balance at 31 August		(4,981)	(4,206)
	Transferred to WHAL under scheme of arrangement	2 & 47	(8,972)	-
	<b>Carrying amount:</b>			
	Balance at 31 December		-	9,747
	Current portion	18	-	(1,379)
	Balance as at 31 December	12.2.1	-	<u>8,368</u>

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

12.3	Government grant	Note	2021 (Rupees in '000)	2020
	Balance as at 01 January		26,560	-
	Recognized during the year	9	-	36,227
	Amortization till 31 August 2021	35	(11,429)	(9,667)
	Unamortized balance of deferred grant		15,131	26,560
	Transferred to WHAL under scheme of arrangement	2 & 47	(7,866)	-
	Amortization from Sept to Dec 2021		(3,084)	
	Current maturity	18	(4,041)	(16,360)
	Balance as at 31 December 2021	9.4	<u>140</u>	<u>10,200</u>

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13 Deferred tax (asset) / liability - net

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

	Balance as at 01 January 2020	Recognized in statement of profit or loss	Recognized in equity / OCI	Balance as at 31 December 2020	Recognized in statement of profit or loss (upto 31 August 2021)	Recognized in equity / OCI (upto 31 August 2021)	Balance as at 31 August 2021	Transferred to WHAL	Recognized in statement of profit or loss (September to December 2021)	Balance as at 31 December 2021
----- (Rupees in '000) -----										
<u>Taxable temporary difference</u>										
- accelerated tax depreciation	433,942	32,083	-	466,025	17,549	-	483,574	(483,574)	-	-
- surplus on revaluation of property, plant and equipment	102,230	(8,163)	-	94,067	(4,991)	40,218	129,294	(129,294)	-	-
	536,172	23,920	-	560,092	12,558	40,218	612,868	(612,868)	-	-
<u>Deductible temporary difference</u>										
- other provisions	(48,364)	(1,241)	-	(49,605)	(107)	-	(49,712)	49,712	-	-
- effect of "Group Taxation"	(112,653)	90,822	(93,999)	(115,810)	-	-	(115,810)	-	-	(115,810)
- effect of minimum tax	(17,932)	(131,504)	-	(149,436)	(30,731)	-	(180,167)	149,436	30,731	-
- tax losses	(109,300)	(6,025)	93,999	(21,326)	21,326	-	-	-	-	-
	(288,229)	(47,948)	-	(336,177)	(9,512)	-	(345,689)	199,148	30,731	(115,810)
<b>Deferred tax (asset) / liability - net</b>	<b>247,943</b>	<b>(24,028)</b>	<b>-</b>	<b>223,915</b>	<b>3,046</b>	<b>40,218</b>	<b>267,179</b>	<b>(413,720)</b>	<b>30,731</b>	<b>(115,810)</b>

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14 Trade and other payables	Note	2021 (Rupees in '000)	2020
Trade creditors		-	484,505
Bills payable		-	164,735
Accrued liabilities		1,747	192,778
Contract liabilities		-	17,458
Security deposits from dealers	14.1	-	10,904
Provisions in respect of warranty obligations		-	6,705
Sales tax and excise duty - net		90,303	189,227
Workers' profits participation fund	14.2	-	14,530
Workers' welfare fund		-	5,522
Advance from employees against vehicle		-	19,925
Income tax deducted at source	14.3	101,213	48,110
Payable to the provident fund	40	948	4,621
Others	14.4	89,892	51,815
		<u>284,103</u>	<u>1,210,835</u>

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

14.2 Workers' profits participation fund	Note	2021 (Rupees in '000)	2020
Balance as at 01 January		14,530	32,313
Add: Allocation for the year	34	16,811	14,530
		<u>31,341</u>	<u>46,843</u>
Less: Payment made during the year		(14,530)	(32,313)
<i>Transferred to WHAL under scheme of arrangement</i>	2 & 47	(16,811)	-
Balance as at 31 December		<u>-</u>	<u>14,530</u>

14.3 Amount of Rs. Nil has been paid subsequent to year end.

14.4 Included in other liabilities are provisions aggregating to Rs. 27.87 million (2020: Rs 27.87 million) in respect of probable loss from pending litigation of the Company against Income Tax and Sales Tax (the authorities). The above provisions have been made as per the management's best estimate against various demands raised by the authorities that are being contested by the Company at various forums as explained in note 19.

15 Mark-up accrued on borrowings	2021 (Rupees in '000)	2020
<i>Mark-up based borrowings from banking companies</i>		
- Long term loans - secured	13,683	21,265
- Short term borrowings - secured	27,101	122,257
<i>Mark-up based borrowings from non-banking companies</i>		
- Long term loan from financial institution - secured	13,637	22,454
<i>Islamic mode of borrowings</i>		
- Short term borrowings - secured	-	12,440
	<u>54,421</u>	<u>178,416</u>

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16 Short term borrowings - secured	Note	2021 (Rupees in '000)	2020
<b>From banking companies</b>			
Running finance under mark-up arrangements	16.2	349,978	1,214,797
Finance against trust receipt	16.3	-	2,388,632
Short term borrowings under Murahaba arrangement	16.4	-	351,523
Commercial Paper	16.5	924,683	-
		<u>1,274,661</u>	<u>3,954,952</u>
<b>16.1 Particulars of borrowings</b>			
Interest / mark-up based borrowings		1,274,661	3,627,862
Islamic mode of borrowings		-	327,090
		<u>1,274,661</u>	<u>3,954,952</u>

#### 16.2 Short term running finance

This represents utilized amount of short term running finance facilities under mark-up arrangements availed from various commercial banks aggregating to Rs. 349.79 million (2020: Rs. 1,466.56 million). The running finance liability amounting to Rs. 1500.77 million was transferred to WHAL as at 31 August 2021 under scheme of arrangement as explained in note 2 and 47. These facilities are secured by way of equitable mortgage charge on building on freehold land of the Company, charge over all current assets and fixed assets of the Company and personal guarantees of the sponsor directors of the Company and carry mark-up ranging from 9.01% to 10.45% (2020: 8.81% to 17.55%) per annum, payable monthly and quarterly in arrears. These facilities are expiring on various dates (Latest by Dec 2021 and maximum by July 2022).

#### 16.3 Finance against trust receipt

The amount of Rs 2,480.67 million outstanding as at 31 August 2021 was transferred to WHAL. Hence, no balance exist as at 31 December 2021.

#### 16.4 Islamic mode of borrowings

The amount of Rs 351.52 million outstanding as at 31 August 2021 was transferred to WHAL. Hence, no balance exist as at 31 December 2021.

#### 16.5 Commercial Paper

Commercial Paper loan has been issued to finance the working capital requirements of the Company. The total issue comprises of 10,000 certificates of Rs. 100,000 each. The issue was made at discount at the start of November 2021 subject to following conditions:

##### Principle Redemption

The principal will be redeemed after expiry of 270 days following receipt of principal i.e start of month of August 2022.

##### Call Option:

The Issuer has the option to call and redeem the Notes in full ("Call Option") at any time prior to the Maturity Date by giving at least 30 days prior notice in writing. In case, Call Option is exercised the issuer will have to pay interest at Kibor +2.75%.

##### Return of Commercial Paper Loan:

The issue carries return at 9 months Kibor plus 2% per annum, payable along with principal at maturity. The issuing and Paying Agent for commercial paper loan is Pak Oman Investment company with major purpose to protect the interest of investors.

## Security:

The commercial paper loan are unsecured by nature.

### 16.6 Unavailed credit facilities

The facilities for opening of letter of credits and guarantees as at 31 December 2021 amounted to Rs. 6,757.10 million of which remaining unutilized amount was Rs. 2,176.97 million.

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

### 17 Loan from sponsors - *unsecured*

Loan obtained from Directors of the Company, Mr. Haroon Ahmad Khan and Mrs. Nighat Haroon amounting to Rs. 539.20 million and Rs. 139.63 million respectively has been adjusted to the extent of their proportionate entitlement in the ordinary shares issued as right shares as mentioned in note 6.4.

18	Current portion of long term liabilities	Note	2021 (Rupees in '000)	2020
	Long term loans - <i>secured</i>	9	729,642	464,130
	Lease liabilities	10	-	55,584
	Deferred income	12	4,041	21,045
			<u>733,683</u>	<u>540,759</u>

### 19 Contingencies and commitments

#### 19.1 Contingencies

19.1.1 The Company has filed a Constitutional petition before the Honorable Sindh High Court at Karachi, challenging the vires of Rule 58T of the Sales Tax Special Procedure Rules relating to 2% extra sales tax on certain home appliances. This is based on the view that the said vires are not applicable on the Company. The case is pending before the Honorable Sindh High Court. An interim order was received in favour of the Company. The Company is confident that no liability is expected to occur. Amount involved is Rs. 84.80 million as of 31 December 2020 against which no provision has been made as the Company, based on the opinion of legal advisor's advice, is confident of a favourable decision.

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

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

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

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

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

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- 19.1.4** The Deputy Commissioner Inland Revenue (DCIR), via order dated 30 April 2014, under section 161(1) and 205(3) of the Income Tax Ordinance, 2001 for the tax year 2014 raised a tax demand of Rs. 0.83 million for non deduction of advance income tax for the period from 01 November 2013 to 30 April 2014 under section 236(G) and 236(H) of the aforesaid Ordinance. Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) which was remanded back to DCIR. The Company filed an appeal against the order of CIR-A in Appellate Tribunal Inland Revenue (ATIR), which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.
- 19.1.5** During the financial year 2014, the Company received a notice by Commissioner Inland Revenue - Zone I for selection of audit under section 214C for the tax year 2012. The Company filed an appeal against the said notice before Honorable Lahore High Court which was decided against the Company and audit proceedings were initiated. The Deputy Commissioner Inland Revenue issued an amended assessment order under section 122(1) and 122(5) through which certain additions were made and demand order was raised amounting to Rs. 48.10 million. Being aggrieved, the Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A), who vide his order no. 9 dated 04 April 2019 deleted certain additions. Being aggrieved with the order of CIR-A the Company filed an appeal before the honorable Appellate Tribunal Inland Revenue, which is pending adjudication.
- 19.1.6** During the financial year 2014, the Assistant Commissioner Inland Revenue imposed penalty vide order dated 27 April 2014 under section 182(1) of the Income Tax Ordinance, 2001 amounting Rs. 0.91 million for the tax year 2013 for the late filing of income tax return under section 114 of the Income Tax Ordinance, 2001. The Company filed an appeal before Commissioner Inland Revenue - Appeals (CIR-A) against the above order. The CIR-A decided the matter against the Company vide order dated 25 March 2014. The Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.
- 19.1.7** During the financial year 2015, the Additional Commissioner Inland Revenue (ACIR), vide order dated 30 April 2015, under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010, raised an amended demand of Rs. 7.85 million after disallowing certain expenses amounting to Rs. 29.15 million. The Company filed an appeal for the rectification of order before Commissioner Inland Revenue - Appeals (CIR-A) who vide its order dated 30 December 2015 deleted certain items amounting to Rs. 19.94 million. ACIR has filed an appeal before Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A which is pending adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.
- 19.1.8** During the financial year 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessed return vide its order dated 19 June 2017 under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2011. The ACIR disallowed certain expenses amounting to Rs. 9.58 million and raised the additional income tax demand of Rs. 1.02 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A). The CIR-A vide order no. 19 dated 21 September 2020 decided the appeal partially in favour of the Company by deleting the additions amounting to Rs. 4.62 million under the head financial charges and directed the ACIR to verify the said contention and adjust the refund of Rs. 1.02 million if still available to the Company for adjustment in the current year. Being aggrieved with of the CIR-A order, the Company preferred an appeal before the Honorable Appellate Tribunal Inland Revenue, Lahore, which is still pending for adjudication. However, adequate provision is held in the unconsolidated financial statements in respect of the above balance.

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

**19.1.10** During the financial year 2018, the Taxation Officer, after conducting audit under section 177 of the Income Tax Ordinance, 2001 (the Ordinance) for the tax year 2014, passed an amended assessment order under section 122 of the Ordinance raising tax demands of Rs. 25.29 million alleging that the Company suppressed its sales and adjusted inadmissible expenses. Being aggrieved, the Company has filed appeal before Commissioner Inland Revenue - Appeals (CIR-A). CIR-A vide order, deleted certain additions amounting to Rs. 80 million and the rest of the additions amounting to Rs. 26 million were confirmed.

Hence there is no outstanding amount payable against the Company. The department filed an appeal before Income Tax Appellate Tribunal (ITAT) which is pending for adjudication and a favourable outcome is expected.

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

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

## **19.2 Commitments**

**19.2.1** Commitments, for the import of stock in trade, outstanding at year end were for Rs. Nil (2020: Rs. 185.47 million).

**19.2.2** Commitments, for capital expenditure, against irrevocable letters of credit outstanding at year end were for Rs. Nil (2020: Rs. 2.16 million).

Effective from 01 September 2021, all commitments have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements.

<b>20</b>	<b>Property, plant and equipment</b>	<i>Note</i>	<b>2021</b>	<b>2020</b>
			<b>(Rupees in '000)</b>	
	Operating fixed assets	<i>20.1</i>	<b>10,000</b>	4,634,915
	Right of use assets	<i>20.1</i>	-	151,122
	Capital work-in-progress	<i>20.2</i>	-	82,995
			<b>10,000</b>	<b>4,869,032</b>

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20.1 Operating fixed assets / Right of use assets

	Operating fixed assets					Right of use assets					Total	
	Freehold Land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Buildings	Plant and machinery	Furniture and equipment	Vehicles		Computers
Rupees (000)												
At 01 January 2021	2,364,500	410,606	1,911,420	110,372	124,676	66,844	150,316	75,512	1,360	51,708	3,917	5,271,231
Cost / revaluation	-	(12,177)	(146,379)	(62,994)	(65,641)	(66,312)	(102,162)	(6,290)	(1,337)	(18,303)	(3,599)	(485,194)
Accumulated depreciation	2,364,500	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,037
Net book value												
Transactions during the year												
Additions	472,513	31,084	5,559	13,492	8,372	2,156	60,389	-	-	-	-	593,565
Transfers	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-
Cost	-	-	-	-	(5,095)	-	-	-	-	-	-	(5,095)
Depreciation	-	-	-	-	3,548	-	-	-	-	-	-	3,548
Net book value	-	-	-	-	(1,547)	-	-	-	-	-	-	(1,547)
Reclassification to asset held for sale	(2,356,000)	-	-	-	-	-	-	-	-	-	-	(2,356,000)
Depreciation charge for the year	-	(8,604)	(106,287)	(7,893)	(17,015)	(691)	(31,583)	(4,193)	(23)	(6,894)	(318)	(183,501)
Effect of revaluation	57,152	(11,832)	(130,611)	-	-	-	-	(1,080)	-	-	-	(86,371)
Elimination of gross carrying value against accumulated depreciation	-	20,781	252,666	-	-	-	-	10,483	-	-	-	283,930
Transferred to WHAL	(528,165)	(429,858)	(1,786,368)	(52,977)	(48,845)	(1,997)	(76,960)	(74,432)	-	(26,511)	-	(3,026,113)
Closing net book value	10,000	-	-	-	-	-	-	-	-	-	-	10,000
As at 31 December 2021												
Cost / revaluated amount	2,894,165	429,858	1,786,368	123,864	127,953	69,000	210,705	74,432	1,360	51,708	3,917	5,773,330
Accumulated depreciation	-	-	-	(70,887)	(79,108)	(67,003)	(133,745)	-	(1,360)	(25,197)	(3,917)	(381,217)
Assets held for sale	(2,356,000)	-	-	-	-	-	-	-	-	-	-	(2,356,000)
Transferred to WHAL	(528,165)	(429,858)	(1,786,368)	(52,977)	(48,845)	(1,997)	(76,960)	(74,432)	-	(26,511)	-	(3,026,113)
Net book value	10,000	-	-	-	-	-	-	-	-	-	-	10,000
Depreciation rate (% per annum)	Nil	3	8.33	10-20	20	20	10	8.33	10	20	20	20

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20.1 Operating fixed assets / Right of use assets

	Operating fixed assets					Right of use assets					Total	
	Freehold Land	Buildings On freehold land	Plant and machinery	Furniture and equipment	Vehicles	Computers	Buildings	Plant and machinery	Furniture and equipment	Vehicles		Computers
----- Rupees (000) -----												
At 01 January 2020												
Cost / revaluation	2,364,500	402,500	1,714,488	101,316	132,830	64,901	232,407	75,512	1,360	48,500	3,917	5,142,231
Accumulated depreciation	-	-	-	(52,459)	(51,084)	(53,115)	(50,321)	-	(1,201)	(7,966)	(2,815)	(218,961)
Net book value	2,364,500	402,500	1,714,488	48,857	81,746	11,786	182,086	75,512	159	40,534	1,102	4,923,270
Transactions during the year												
Additions	-	8,106	196,932	9,106	17,178	1,943	18,808	-	-	5,538	-	257,611
Transfers	-	-	-	-	2,330	-	-	-	-	(2,330)	-	-
Cost	-	-	-	-	(412)	-	-	-	-	412	-	-
Depreciation	-	-	-	-	1,918	-	-	-	-	(1,918)	-	-
Disposals	-	-	-	(50)	(27,662)	-	(100,899)	-	-	-	-	(128,611)
Cost	-	-	-	5	10,807	-	13,533	-	-	-	-	24,345
Depreciation	-	-	-	(45)	(16,855)	-	(87,366)	-	-	-	-	(104,266)
Depreciation charge for the year	-	(12,177)	(146,379)	(10,540)	(24,952)	(13,197)	(65,374)	(6,290)	(136)	(10,749)	(784)	(290,578)
Closing net book value	2,364,500	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,037
As at 31 December 2020												
Cost / revaluated amount	2,364,500	410,606	1,911,420	110,372	124,676	66,844	150,316	75,512	1,360	51,708	3,917	5,271,231
Accumulated depreciation	-	(12,177)	(146,379)	(62,994)	(65,641)	(66,312)	(102,162)	(6,290)	(1,337)	(18,303)	(3,599)	(485,194)
Net book value	2,364,500	398,429	1,765,041	47,378	59,035	532	48,154	69,222	23	33,405	318	4,786,037
Depreciation rate (% per annum)	Nil	3	8.33	10-20	20	20	10	8.33	10	20	20	

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20.1.1 Had there been no revaluation of the freehold land the net book value as of 31 December 2021 would have been as follows:

	2021	2020
	(Rupees in '000)	
Land	10,000	2,364,500
Buildings	-	396,364
Plant and Machinery	-	1,507,142
	<u>10,000</u>	<u>4,268,006</u>

20.1.2 The latest revaluation was carried on 31 August 2021 by Asif Associates (Private) Limited. As per the revaluation report, forced sale value of freehold land was Rs. 9 million.

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

Location	Usage of immovable property	Total area (Kanals)	Covered area (Square Feet)
9-K.M, Hanjarwal, Multan Road, Lahore.	Head Office and manufacturing facility	61.90	340,134
Dina Nath, Mouza Rakh Serai Cheenba, Tehsil Pattoki, District Kasur.	Manufacturing facility	8.45	18,069

20.1.4 Depreciation for the year has been allocated as follows:

	Note	2021	2020
		(Rupees in '000)	
Cost of sales	31.1	114,774	158,758
Marketing, selling and distribution costs	32	31,583	65,374
Administrative expenses	33	37,144	66,446
		<u>183,501</u>	<u>290,578</u>

## 20.2 Capital work-in-progress

Balance as at 01 January		82,995	46,204
Additions during the year		191,805	97,291
Transfers to PPE		(72,493)	(60,500)
Transferred to WHAL under scheme of arrangement		(202,307)	-
Balance as at 31 December	20.2.1	<u>-</u>	<u>82,995</u>

Breakup of capital work in progress is as follows:

- Building	-	26,019
- Plant and machinery	-	15,012
- Electric installation	-	6,964
- Advance against purchase of land	-	35,000
	<u>-</u>	<u>82,995</u>

20.2.1 This represents work-in-progress for development, improvement and installation. Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements.

20.3 Disposal of operating fixed assets

Particulars of assets	Particulars of purchaser	Relationship with Company	Cost / Revalued amount	Net book value	Net sale proceeds	Gain / (loss) on disposal	Mode of disposal
----- (Rupees in '000) -----							
Buildings - right of use asset			-	-	N/A	N/A	N/A
<i>Note - 19.3.1</i>							
<b><u>Vehicles</u></b>							
Suzuki Mehran	Muhammad Kashif	Employee	752	201	529	328	Company Policy - do -
Honda Vezel Hybrid	Zia ul Haq	- do -	3,300	832	586	(246)	
			4,052	1,033	1,115	82	
Various assets having net book value up to Rs 500,000 each			1,043	514	1,016	502	
	<b>2021</b>		<b>5,095</b>	<b>1,547</b>	<b>2,131</b>	<b>584</b>	
	2020		128,611	104,266	24,423	7,523	

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21 Intangible assets and goodwill	Note	2021	2020
		(Rupees in '000)	
Software		-	35,623
Goodwill		-	1,070,207
Brand value		-	1,582,147
Customer relationships		-	215,179
	21.1	<u>-</u>	<u>2,903,156</u>

#### 21.1 Reconciliation of carrying amounts

Description	Software	Goodwill	Brand value	Customer relationships	Total
----- (Rupees in '000) -----					
<b><u>Cost</u></b>					
Balance at 01 January 2020	88,849	1,070,207	1,582,147	261,289	3,002,492
Additions during the year	9,430	-	-	-	9,430
Balance as at 31 December 2020	<u>98,279</u>	<u>1,070,207</u>	<u>1,582,147</u>	<u>261,289</u>	<u>3,011,922</u>
Additions during the year	5,924	-	-	-	5,924
*Transferred to WHAL	<u>(104,203)</u>	<u>(1,070,207)</u>	<u>(1,582,147)</u>	<u>(261,289)</u>	<u>(3,017,846)</u>
Balance at 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b><u>Accumulated amortization and impairment losses</u></b>					
Balance at 01 January 2020	(49,560)	-	-	(15,370)	(64,930)
Amortization for the year	<u>(13,096)</u>	<u>-</u>	<u>-</u>	<u>(30,740)</u>	<u>(43,836)</u>
Balance at 31 December 2020	<u>(62,656)</u>	<u>-</u>	<u>-</u>	<u>(46,110)</u>	<u>(108,766)</u>
Amortization for the year	(9,515)	-	-	(20,485)	(30,000)
*Transferred to WHAL	<u>(72,171)</u>	<u>-</u>	<u>-</u>	<u>(66,595)</u>	<u>(138,766)</u>
Balance at 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Carrying amounts:</b>					
At 31 December 2020	<u>35,623</u>	<u>1,070,207</u>	<u>1,582,147</u>	<u>215,179</u>	<u>2,903,156</u>
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Rates of amortization/useful life	<u>5-10 years</u>	<u>Nil</u>	<u>Nil</u>	<u>10.5 years</u>	

\* Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements

#### 21.2 Goodwill and other intangible assets acquired in business combination

Effective 01 July 2017, Waves Singer Pakistan Limited now renamed as Waves Corporation Limited ("the Company") completed a 'Scheme of Arrangement' as approved by the Honorable Sindh High Court through its Order dated 22 May 2018 for the amalgamation of Cool Industries (Private) Limited [CIPL] and Link Wel (Private) Limited [LWPL] with and into the Company and demerger of retail business from the Company and amalgamate the same into the subsidiary. The excess amount paid over the fair value of the net assets of CIPL and LWPL on its acquisition as of the start of business on 01 July 2017 represents goodwill. The fair valuation exercise of the recorded tangible assets and liabilities was completed at the time of acquisition resulting in recognition of provisional goodwill amounting to Rs. 2,975.12 million which, after completion of exercise for determination of separately identifiable assets, has been allocated to 'Goodwill' amounting to Rs.1,070.21 million, 'Brand value' amounting to Rs. 1,582.15 million and 'Customers relations' amounting to Rs. 322.77 million (transferred to WCL from Waves Builders and Developers (Pvt) Limited at Rs. 261 million) inline with the requirements of International Accounting Standard 38, (IAS-38) 'Intangible Assets'.

21.3 Amortization for the year has been allocated as follows:	Note	2021	2020
		(Rupees in '000)	
Marketing, selling and distribution costs	32	20,485	30,740
Administrative expenses	33	9,515	13,096
		<u>30,000</u>	<u>43,836</u>

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22 Investment property	2021	2020
	(Rupees in '000)	
Balance as at 01 January	303,480	220,500
Additions during the year	-	-
Disposals during the year	-	-
Fair value gain	20,000	82,980
Balance as at 31 December	323,480	303,480

The Company has rented out the owned shops to its subsidiary Company {Electronic Marketing Company (Private) Limited}. Balance as of 31 December 2021 comprised of shops of Rs. 323.48 million (2020: Rs 303.48 million) and revaluation gain of Rs 20 million (2020: Rs. 82.98) based on the revaluation / fair value of the owned shops determined on 31 August 2021. The fair value gain have been recognized in the unconsolidated statement of profit or loss as 'Other income' as referred to in note 34.

Rent income of Rs. 5.67 million (2020: Rs 5.54 million) has been recognized on the above property during the period ended 31 December 2021. Agreements for the rent are valid up to 10 years and are renewable. Surplus on revaluation of the above properties amounting to Rs. 149.97 million as of 31 December 2021 continues to be maintained in the "Surplus on Revaluation of Property, Plant and Equipment" mentioned in note 8 to these unconsolidated financial statements.

The fair value of investment properties as of 31 August 2021 has been determined by an external independent property valuer M/s Asif Associates (Private) Limited based on independent inquiries from active local realtors, recent experience in the location and the records of the valuer. The fair value measurement of the investment property had been categorized as a level 3 fair value based on the input to the valuation technique used.

23 Investment in subsidiaries	Note	2021	2020
		(Rupees in '000)	
<b>Electronics Marketing Company (Private) Limited - at cost</b>			
50,000,000 (2020: 50,000,000) fully paid ordinary shares of Rs. 10 each	23.1	500,000	500,000
Equity held: 100% (2020: 100%)			
Chief Executive Officer - Moazzam Ahmad Khan			
<b>Waves Builders and Developers (Private) Limited (formerly named as Waves Marketing (Private) Limited)</b>			
100,000 (2020: 100,000) fully paid ordinary shares of Rs. 10 each	23.2	1,000	1,000
Equity held: 100% (2020: 100%)			
Chief Executive Officer - Moazzam Ahmad Khan			
<b>Waves Home Appliance Limited (formerly named as Samin Textile Limited)</b>			
199,724,956 (2020: Nil) fully paid ordinary shares of Rs. 10 each			
Equity held: 74.56% (2020: nil)			
Chief Executive Officer - Mustafa Kamal Lodhi	23.3	4,842,093	-
Gain on transfer of home appliances business	47.1	(263,296)	-
		4,578,797	-
		5,079,797	501,000

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- 23.1** Electronics Marketing Company (Private) Limited (EMCPL), a wholly owned subsidiary, was incorporated on 09 September 2016. The principal activity of the subsidiary Company is to carry out distribution / wholesales and retail business of all kinds of electronic appliances, its components and accessories etc. The registered office of the subsidiary Company is located at Shop No. 5, Ganga Ram Mansion Shahrah-e-Quaid-e-Azam (Mall Road), Lahore, Punjab.
- 23.2** Waves Builders and Developers (Private) Limited (WBDL), formerly, Waves Marketing (Private) Limited is a private limited company which was incorporated on 10 April 2017 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the company is located at 15/3 A Model Town, Lahore. The principal activity of the company is real estate development.
- 23.3** Waves Home Appliances Limited (formerly, Samin Textiles Limited) was incorporated in Pakistan on November 27, 1989 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). The registered office of the Company is situated at 15/3 Block A, Model Town, Lahore. The Company is currently listed on Pakistan Stock Exchange. The principal business of the Company is trading, import and export of textile products and electric appliances. The interest in subsidiary has been acquired for the reasons fully explained in note 2 and 47 of the unconsolidated financial statement.

	<i>Note</i>	2021 (Rupees in '000)	2020
<b>24 Long term advances and deposits</b>			
Receivable from a subsidiary company	24.1	1,779,177	-
<i>Deposits</i>			
- leases	24.2	-	5,526
- other long term deposits		-	3,188
		<u>1,779,177</u>	<u>8,714</u>

- 24.1** As per scheme of arrangement described in note 2 and 47, WCL is liable to receive Rs. 2 billion from WHAL within two years of the sanction of the scheme. However, if the said amount is still wholly or partially receivable from WHAL, then WHAL is also subject to pay profit / markup on the outstanding amount on a quarterly basis in arrears and such rate shall be decided by the BOD of each company and should not be less than the prescribed rate as per applicable laws.

	<i>Note</i>	2021 (Rupees in '000)	2020
<b>Movement of long term advance</b>			
Gross consideration receivable from WHAL		2,000,000	
Less: Fair value adjustment		(277,644)	
Fair value of the deferred consideration		<u>1,722,356</u>	
Notional income on amount receivable			
from subsidiary company	35	56,821	-
Carrying value as at 31 December		<u>1,779,177</u>	<u>-</u>

- 24.1.1** This represents notional interest discounted at average borrowing rate (9.87%) of the Company and has been accounted for as part of consideration paid under the scheme of arrangement.

24.2 Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements.

25 Stock-in-trade	Note	2021 (Rupees in '000)	2020
<i>Raw and packing materials</i>			
- in stores (in hand)		-	686,022
- in bonded warehouse		-	450,740
- in transit		-	242,078
		-	<u>1,378,840</u>
Work in process		-	204,180
<i>Finished goods</i>			
- own manufactured		-	832,803
- purchased for resale		-	46,258
		-	879,061
Provision for slow moving and damaged stock		-	(29,868)
	25.1	-	<u>2,432,213</u>

25.1 Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements.

26 Trade debts	Note	2021 (Rupees in '000)	2020
<b>26.1 Retail network - unsecured</b>			
Considered doubtful		-	166,993
Loss allowance against trade debts	26.3	-	(166,993)
		-	-
<b>26.2 Wholesale - unsecured</b>			
<i>Dealers</i>			
Considered good		-	5,482,315
Considered doubtful		-	4,216
		-	<u>5,486,531</u>
Loss allowance against trade debts	26.3	-	(4,216)
		-	<u>5,482,315</u>
<b>26.3 Movement in loss allowance against trade debts</b>			
Balance as at 01 January		171,209	166,993
(Reversal)/Loss allowance for the year		(4,216)	4,216
Transferred to WHAL	26.4	<u>(166,993)</u>	
Balance as at 31 December		-	<u>171,209</u>

26.4 Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements.

27 Advances, deposits, prepayments and other receivables	Note	2021 (Rupees in '000)	2020
<i>Advances - considered good</i>			
- Employees and executives		-	4,290
- Suppliers		-	9,678
- Against letter of credit		-	37,825
		-	51,793
Short term deposits		-	21,652
Prepayments		-	5,891
<i>Other receivables</i>			
- Claims		-	9,020
- Sales tax refundable		-	-
- Receivable from subsidiary companies			
- <i>Electronics Marketing Private Limited</i>	27.1	371,939	332,375
- <i>Waves Builders and Developers Private Limited</i>		44,518	157,885
- <i>Waves Home Appliances Limited</i>	27.2	298,831	-
		715,288	499,280
Loss allowances against other receivables	27.4	-	(2,342)
		<u>715,288</u>	<u>576,274</u>

27.1 This represents amounts due on account of expenses incurred on behalf of subsidiary in accordance to a basis approved by the Board of Directors of the Company. The balance is unsecured and receivable on demand. Mark-up is charged at average quarterly borrowing rate of the Company.

27.2 These represent expenses incurred on behalf of subsidiary in the ordinary course of business and have primarily originated during the process of scheme of arrangement.

27.3 **Maximum outstanding balance with reference to month end balances:**

	2021		2020	
	In the month	Rupees in '000	In the month of	Rupees in '000
Waves Builders and Developers (Private) Limited (WBDPL)	Dec-21	44,518	Dec-20	157,885
Electronics Marketing Company (Private) Limited (EMCPL)	Dec-21	371,939	Dec-20	332,375
Waves Home Appliance Limited (formerly named as Samin Textile Limited)	Dec-21	298,831	Dec-20	-

27.4 Movement in loss allowance against other receivables	2021	2020
	(Rupees in '000)	
Balance as at 01 January	2,342	2,342
Loss allowance for the year	-	-
Transferred to WHAL	(2,342)	-
Balance as at 31 December	<u>-</u>	<u>2,342</u>

27.5 Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements

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28	Cash and bank balances	Note	2021 (Rupees in '000)	2020
	<i>Balances with banks</i>			
	- in current accounts	28.1	68,616	89,222
	Cash in hand		4,938	4,997
			<u>73,554</u>	<u>94,219</u>

28.1 These include bank account of Rs. 2.21 million (2020: Rs. 0.64) maintained under Shariah compliant arrangement.

## 29 Assets held for sale

In November 2021, the Board decided that the land on which existing manufacturing facility of WCL is located shall be sold to its subsidiary for construction of a real estate project/apartment complex through the wholly owned subsidiary. Hence, the land is presented as a non-current asset held for sale. The estimated realizable value of these non-current assets is equal to their carrying value based on valuation conducted on 31 August 2021. Efforts to sell the land has been initiated and the management is committed to sale within a period of one year.

30	Revenue - net	Note	2021 (Rupees in '000)	2020
	Property, plant and equipment	20.1	<u>2,356,000</u>	-
			01 January 2021 to 31 August 2021	01 January 2020 to 31 December 2020
	<i>Discontinued operations</i>			
	<i>Sales</i>			
	- local		7,478,288	8,263,813
	- export		15,996	24,075
	Sales return		<u>(95,753)</u>	<u>(98,437)</u>
			7,398,531	8,189,451
	Sales tax		<u>(1,067,597)</u>	<u>(1,174,492)</u>
	Trade discount		<u>(301,980)</u>	<u>(310,162)</u>
			<u>(1,369,577)</u>	<u>(1,484,654)</u>
	<b>Revenue from contracts with customers</b>		<u>6,028,954</u>	<u>6,704,797</u>

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

31	Cost of sales	Note	01 January 2021 to 31 August 2021	01 January 2020 to 31 December 2020
	<i>Discontinued operations</i>			
	<i>Opening stock - finished goods</i>			
	- own manufactured		832,803	1,053,251
	- purchased for resale		46,258	-
			879,061	1,053,251
	Purchases		95,906	252,514
	Cost of goods manufactured	31.1	4,496,170	4,816,623
			5,471,137	6,122,388
	<i>Closing stock - finished goods as at 31 Aug 2021 / 31 Dec 2020</i>			
	- own manufactured		(659,893)	(879,061)
	- purchased for resale		(64,449)	-
			<u>4,746,795</u>	<u>5,243,327</u>

		01 January 2021 to 31 August 2021	01 January 2020 to 31 December 2020
<b>31.1</b>	<b>Cost of goods manufactured</b>	<b>(Rupees in '000)</b>	
		<i>Note</i>	
		<b>(Rupees in '000)</b>	
	Raw and packing materials and stores consumed	3,967,967	4,139,758
	Salaries, wages and other benefits	302,014	367,288
	Depreciation on property, plant and equipment	114,774	158,758
	Fuel and power	58,505	80,085
	Freight charges	42,067	8,041
	Insurance expense	7,396	10,966
	Repairs and maintenance	15,202	21,539
	Printing and stationery	20,158	17,801
	Travelling and conveyance	146	1,241
	Rent, rates and taxes	1,429	1,817
	Communication	511	437
	Miscellaneous expenses	992	221
		<b>4,531,161</b>	<b>4,807,952</b>
	Work-in-process		
	Opening stock	204,180	212,851
	Closing stock as at 31 Aug 2021	(239,171)	(204,180)
		<b>(34,991)</b>	<b>8,671</b>
	Cost of goods manufactured	<b>4,496,170</b>	<b>4,816,623</b>

**31.1.1** These include provision / reversal of Rs. 0.67 million (2020: Rs. 1.64 million), Rs. 1.36 million (2020: Rs. (0.24) million) and Rs. 6.63 million (2020: Rs. 9.20 million) in respect of gratuity, pension and provident funds respectively.

		01 January 2021 to 31 August 2021	01 January 2020 to 31 December 2020
<b>32</b>	<b>Marketing, selling and distribution costs</b>	<b>(Rupees in '000)</b>	
		<i>Note</i>	
		<b>(Rupees in '000)</b>	
	<b>Discontinued operations</b>		
	Salaries and benefits	169,745	179,533
	Rent, rates and taxes	953	6,594
	Publicity and sales promotion	35,220	80,717
	Depreciation on property, plant and equipment	31,583	65,374
	Warranty obligations	35,725	61,000
	Utilities	4,657	6,950
	Printing and stationery	1,620	902
	Travelling and conveyance	21,097	21,135
	Amortization of intangible assets	20,485	30,740
	Communication	562	784
	Repair and maintenance	812	1,293
	Insurance expense	1,565	6,107
	Others	627	621
		<b>324,651</b>	<b>461,750</b>

**32.1** These include provision / reversal of Rs. 0.10 million (2020: Rs. 0.25 million), Rs. 0.52 million (2020: Rs. (0.90) million) and Rs. 5.77 million (2020: Rs. 6.48 million) in respect of gratuity, pension and provident funds respectively.

33 Administrative expenses	Note	2021 (Rupees in '000)	2020
<b>Continuing operations (1 January to 31 December)</b>			
Salaries and benefits	33.1	45,582	39,479
Legal and professional charges		1,000	-
Fees and subscription		9,274	-
Auditors' remuneration	33.3	<u>6,815</u>	<u>4,230</u>
		<u>62,671</u>	<u>43,709</u>
<b>Discontinued operations (1 January to 31 August)</b>			
Salaries and benefits	33.1	87,812	113,499
Legal and professional charges		11,274	9,143
Depreciation on property, plant and equipment	20.1.4	37,144	66,446
Communication		7,819	12,114
Travelling and conveyance		10,158	9,492
Repair and maintenance		2,011	3,441
Utilities		7,679	9,846
Printing and stationery		3,994	4,889
Rent, rates and taxes		5,453	1,767
Insurance expense		3,946	5,618
Entertainment expense		3,485	3,339
Fees and subscription		4,660	9,116
Amortization of intangible assets	21.3	9,515	13,096
Charity and donations	33.2	25	50
Others		<u>1,780</u>	<u>1,336</u>
		<u>196,755</u>	<u>263,192</u>
		<u>259,426</u>	<u>306,901</u>

33.1 These include provision / reversal of Rs. 0.26 million (2020: Rs. 0.63 million), Rs. 21 million (2020: Rs. (0.04) million) and Rs. 5.87 million (2020: Rs. 6.91 million) in respect of gratuity, pension and provident funds respectively.

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

33.3 Auditors' remuneration	Note	2021 (Rupees in '000)	2020
Audit fee		3,328	3,025
Fee for the review of interim financial information		513	466
Special audit		2,000	-
Fee for the review of code of corporate governance and other certifications / reports under agreed upon procedures		390	390
Out of pocket expenses		<u>584</u>	<u>349</u>
		<u>6,815</u>	<u>4,230</u>

01 January 2021 to 31 August 2021	01 January 2020 to 31 December 2020
(Rupees in '000)	

34 Other expenses		2021 (Rupees in '000)	2020
<b>Discontinued operations</b>			
Workers' profits participation fund (WPPF)	14.2	16,811	14,530
Exchange loss - net		22,734	-
Research and development expenditure		5,261	5,613
Loss allowance against debts	26.3	-	4,216
Workers' welfare fund		6,402	5,522
Other expenses	34.1	<u>5,434</u>	<u>12,790</u>
		<u>56,642</u>	<u>42,671</u>

34.1 These include penalty for late payment of income tax of Rs. 3.9 million

35 Other income	Note	2021 (Rupees in '000)	2020
<i>From continuing operations (1 January to 31 December)</i>			
<u>Income from financial assets</u>			
Profit on a profit and loss sharing bank balance		165	163
<u>Income from non-financial instruments</u>			
Fair value gain on investment property	22	20,000	82,980
Notional interest income on loan to subsidiary	24	56,821	-
Mark-up on receivables from subsidiary company	33.1	33,970	188,509
Rental income	22	5,670	5,535
Amortization of deferred income	12	9,097	4,116
		125,558	281,140
		<u>125,723</u>	<u>281,303</u>
<i>From discontinued operations (1 January to 31 August)</i>			
<u>Income from non-financial instruments</u>			
Gain on disposal of property, plant and equipment and investment property - net		584	7,523
Scrap sales		5,946	5,733
Amortization of deferred income	12	9,183	11,417
Exchange gain - net		-	2,909
Reversal of loss allowance against trade debts		4,216	-
Liabilities no longer payable written back		-	55,167
Others		11,645	11,626
		31,574	94,375
		<u>157,297</u>	<u>375,678</u>
<b>Total Other income</b>			

33.1 This represents mark-up charged from the subsidiary company at an average quarterly borrowing rate of the Company at the outstanding balance receivable.

36 Finance costs	Note	2021 (Rupees in '000)	2020
<i>From continuing operations (1 January to 31 December)</i>			
<i>Interest / mark-up on interest / mark-up based loans</i>			
- Long term loans		123,794	140,503
- Short term borrowings		16,333	482,875
Bank charges		12,206	18,843
		152,333	642,221
<i>From discontinued operations (1 January to 31 August)</i>			
<i>Islamic mode of financing</i>			
- Short term borrowings		19,538	33,794
<i>Interest / mark-up on interest / mark-up based loans</i>			
- Long term loans		63,549	94,622
- Short term borrowings		270,055	50,428
- Finance lease		9,124	27,665
		362,266	206,509
		<u>514,599</u>	<u>848,730</u>
<b>Total Finance cost</b>			
<b>37 Taxation</b>			
<i>Discontinued operations</i>			
<i>Current:</i>			
- for the year	37.1	78,639	96,627
- poverty alleviation tax		5,523	-
- prior year		(7,754)	(5,340)
		76,408	91,287
<i>Deferred:</i>			
- for the year		33,778	(95,274)
- prior year		-	(19,576)
- group taxation	13	-	90,822
		33,778	(24,028)
		<u>110,186</u>	<u>67,259</u>

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37.1 The provision for current taxation has been determined under 'Minimum Tax Turnover' (2020: 'Minimum Tax on Turnover' under section 113) of the Income Tax Ordinance, 2001. The current tax includes tax under the final tax regime amounting to Rs. 0.16 million (2020: Rs. 5.92 million).

### 37.2 Tax charge reconciliation

Numerical reconciliation between tax expense and accounting profit:

	2021	2020
	(Rupees in '000)	
Profit before tax	<u>284,138</u>	<u>177,096</u>
Tax at the applicable tax rate of 29% (2020: 29%)	82,400	51,358
Tax effect of permanent differences:		
- Differential under normal and final / minimum tax regime	5,403	1,783
- Exempt income (exempt due to group taxation)	(15,623)	(78,732)
- Other permanent differences	7	15
Deferred tax asset not recognized on tax losses	30,731	26,311
Prior year tax charge	(7,754)	(24,916)
Poverty Alleviation Tax	5,523	-
Differential in respect to minimum tax and NTR	7,886	-
Effect of group taxation	-	90,822
Others	1,613	618
	<u>110,186</u>	<u>67,259</u>

### 38 Earnings per share - basic and diluted

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

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

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

		2021	2020
			(Restated)
Loss for the year - Continuing operations	<i>Rupees in '000</i>	<u>(89,281)</u>	<u>(404,627)</u>
Profit for the year - Discontinued operations	<i>Rupees in '000</i>	<u>263,233</u>	<u>514,464</u>
Weighted average number of ordinary shares - Note 38.1	<i>Shares</i>	<u>281,406</u>	<u>207,659</u>
Loss per share - <i>basic and diluted</i> from continued operations	<i>Rupees</i>	<u>(0.32)</u>	<u>(1.95)</u>
Earnings per share - <i>basic and diluted</i> from discontinued operations	<i>Rupees</i>	<u>0.94</u>	<u>2.48</u>

### 38.1 Weighted average number of ordinary shares (basic and diluted)

Issued ordinary shares at 01 January	187,604	187,604
Effect of right issue	93,802	20,055
Weighted-average number of ordinary shares at 31 December	<u>281,406</u>	<u>207,659</u>

2021 2020  
(Rupees in '000)

39 Cash and cash equivalents

39.1 Cash and cash equivalents as at 31 December

Cash and bank balances	73,554	94,219
Short term running finances under mark-up arrangements - secured	(349,978)	(1,214,797)
	<u>(276,424)</u>	<u>(1,120,578)</u>

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

	2021							Total		
	Liabilities				Equity					
	Short term borrowings	Loan from sponsors	Long term loans	Lease liability	Mark-up accrued on borrowings	Unpaid dividend	Share capital	Share premium reserve	Capital reserve	
Balance as at 01 January 2021	3,954,952	380,500	2,506,831	122,846	178,416	1,276	1,876,041	4,581,063	5,000	13,606,925
<b>Cash flows</b>										
Short term borrowings repaid net of receipts	1,943,332	-	-	-	-	-	-	-	-	1,943,332
Proceeds from issuance of ordinary shares	-	(380,500)	-	-	-	-	938,021	444,598	-	1,002,119
Dividend paid	-	-	-	-	-	(97)	-	-	-	(97)
Long term loans repaid	-	-	(396,014)	-	-	-	-	-	-	(396,014)
Long term loans received	-	-	-	-	-	-	-	-	-	-
Finance cost paid	-	-	-	-	(485,442)	-	-	-	-	(485,442)
Repayment of lease rentals	-	-	-	(48,625)	-	-	-	-	-	(48,625)
	1,943,332	(380,500)	(396,014)	(48,625)	(485,442)	(97)	938,021	444,598	-	2,015,273
<b>Non-cash changes</b>										
Changes in running finance	(4,623,623)	-	-	-	-	-	-	-	-	(4,623,623)
Transfer to WHAL	-	-	(1,008,829)	(74,221)	(153,152)	-	-	-	-	-
Movement in lease liabilities	-	-	-	-	-	-	-	-	-	-
Finance cost	(4,623,623)	-	(1,008,829)	(74,221)	361,447	-	-	-	-	(4,109,024)
Balance as at 31 December 2021	1,274,661	-	1,101,988	-	54,421	1,179	2,814,062	5,025,661	5,000	11,513,174

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

#### 40 Provident fund related disclosure

The Company operates approved contributory provident fund for all the employees eligible under the scheme. Till 2018, the Company was operating two separate provident funds in the name of SPL and CIPL but with effect from 01 January 2019, the Company has merged its funds. The management is of the view that the investments out of provident fund have not been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated thereunder. The Company has however carved out its home appliances business with effect from 01 September 2021 in which all employees except ten as per scheme of arrangement have been transferred to WHAL as explained in note 2 and 47.

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**41 Remuneration of Chief Executive, Directors And Executives**

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

	Chief Executive		Executive Directors		Executives		Total	
	2021	2020	2021	2020	Upto 31 Aug 21	Sept - Dec 21	2020	2021
	(Rupees in '000)							
Managerial remuneration	16,036	16,036	5,569	5,180	48,114	6,171	57,515	75,890
Contribution to provident fund	1,908	1,908	422	392	3,640	467	4,295	6,437
Housing allowance	9,164	9,164	2,025	1,884	17,496	2,244	20,915	30,929
	27,108	27,108	8,016	7,456	69,250	8,882	82,725	113,256
Number of persons	1	1	1*	1	30	2**	24	4

\* Mr Nadeem Butt (Executive Director) resigned on 31 December 2021.

\*\* The figure includes remuneration expense of 8 months along with 4 months of only 2 executive employees which were retained by WCL after demerger.

- 41.1** In addition to the above, Directors and certain Executives are provided with free use of the Company maintained vehicles, club facility and certain items of furniture and fixtures in accordance with their entitlement. The Company also makes contributions based on actuarial calculations to gratuity and pension funds.
- 41.2** In addition, aggregate amount charged in the unconsolidated financial statements for payments on account of the meeting fee of two (2020: two) non-executive directors was Rs. Nil (2020: Rs. 0.84 million).
- 41.3** Aggregate amount charged in the unconsolidated financial statements for chief executive, directors and executives are charged till 31 August 2021 and remuneration from 01 September 2021 to 31 December 2021 has been transferred to Waves Home Appliance Limited (WHAL) on account of scheme of arrangement, for details refer to note 2 and 47 of these unconsolidated financial statement except 10 employees who were retained by WCL.

- 42** Related parties comprise of associated undertakings, directors, entities with common directorship, post employment plans and key management personnel. Amounts due from related parties are shown under trade debts note 26, advances, deposits, prepayments and other receivables note 27 and remuneration of directors and key management personnel note 41. Further, transfer of business along with assets and liabilities to WHAL have been explained in note 2 and 47. Other significant transactions with related parties are as follows:

Name of the Company	Relationship	Nature of transactions	2021	2020
<b>i. Subsidiary Company</b>				
Waves Builders and Developers (Private) Limited	Wholly owned subsidiary	Mark-up charged on receivable from subsidiary	-	150,107
Electronics Marketing (Private) Limited	Wholly owned subsidiary	Sale of inventory - gross Expenses incurred / paid on behalf of subsidiary Mark-up charged on receivable from subsidiary	298,102	509,177
			-	6,745
			33,970	38,402

WCL



## 45 Financial risk management

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

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

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

- Credit risk
- Liquidity risk
- Market risk

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

### 45.1 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation. Credit risk of the Company arises principally from trade debts, advances, deposits, other receivables and bank balances.

#### 45.1.1 Exposure to credit risk

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

	Carrying amount	
	2021	2020
	(Rupees in '000)	
Long term advances and deposits	1,779,177	30,366
Trade debts	-	5,482,315
Other receivables	715,288	496,938
Balances with banks	68,616	89,222
	<u>2,563,081</u>	<u>6,098,841</u>

#### 45.1.2 Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly effected by the changes in economic, political or other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance for developments affecting a particular industry. Out of total receivable, 100% (2020: 21%) relates to receivable from subsidiary companies. Maximum exposure to credit risk by type of counterparty is as follows:

	Net receivable (net of provisions)	
	2021	2020
	(Rupees in '000)	
<i>Trade debts</i>		
- others	-	4,721,495
- subsidiary companies	-	760,820
<i>Security deposits</i>		
- individuals	-	24,840
- lease	-	5,526
Other receivable from subsidiary companies	715,288	490,260
Long term advance from subsidiary company	1,779,177	-
Insurance Company (claims)	-	6,678
Banks	68,616	89,222
	<u>2,563,081</u>	<u>6,098,841</u>

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### 45.1.3 Credit quality and impairment

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

#### 45.1.3(a) Counterparties with external credit ratings

These include banking companies and financial institutions, which are counterparties to bank balances and deposits. Impairment on cash and cash equivalents has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. Credit risk is considered minimal as these counterparties have reasonably high credit ratings as determined by various credit rating agencies. Due to long standing business relationships with these counterparties and considering their strong financial standing, management does not expect non-performance by these counterparties on their obligations to the Company. Following are the credit ratings of counterparties with external credit ratings:

Banks	Rating Agency	Short term	Long term	2021 (Rupees in '000)	2020
AlBaraka Bank (Pakistan) Limited	PACRA	A1	A	4,720	1,144
Allied Bank Limited	PACRA	A-1+	AAA	83	1,083
Askari Bank Limited	PACRA	A-1+	AA+	635	2,487
Bank Alfalah Limited	PACRA	A-1+	AA+	7,090	11,005
Bank Islamic Pakistan Limited	PACRA	A-1	A+	1	1
The Bank of Khyber	PACRA	A-1	A	2	790
The Bank of Punjab	PACRA	A-1+	AA	15,098	5,531
Dubai Islamic Bank Limited	R-VIS	A-1+	AA	-	635
Faysal Bank Limited	JCR-VIS	A-1+	AA	1,642	936
Finca Microfinance Bank Limited	JCR-VIS	A-1	A	348	13,436
Habib Bank Limited	JCR-VIS	A-1+	AAA	19,543	38,016
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	236	236
JS Bank Limited	PACRA	A1+	AA-	4	4
MCB Bank Limited	PACRA	A1+	AAA	1,480	4,419
Meezan Bank	JCR-VIS	A1+	AA+	15,002	5,627
National Bank Of Pakistan	PACRA	A1+	AAA	292	611
Samba Bank Limited	VIS	A-1	AA	19	-
Silk Bank Limited	JCR-VIS	A2	A-	-	393
Soneri Bank Limited	PACRA	A1+	AA-	-	688
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA	1,090	1,110
United Bank Limited	JCR-VIS	A1+	AAA	1,069	1,070
Industrial Commercial Bank of China	SBP	P-1	A-1	262	-
				<b>68,616</b>	<b>89,222</b>

#### Security Deposits

The Bank of Punjab	PACRA	A-1+	AA	-	209
Askari Bank Limited	PACRA	A1+	AA+	-	2,412
Sindh Leasing Company Limited	JCR-VIS	A+	A-1	-	2,905
				-	5,526
				<b>68,616</b>	<b>94,748</b>

#### 45.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to trade debts. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer / dealers. As explained in note 5.19, the Company applies the IFRS 9 simplified approach to measure expected credit losses. The analysis of ages of trade debts and loss allowance using the aforementioned approach was determined as follows:

	2021		2020	
	Gross	Impairment loss	Gross	Impairment loss
	----- (Rupees in '000) -----			
Not yet due	-	-	2,432,105	-
Past due 1 - 30 days	-	-	404,829	-
Past due 31 days - 90 days	-	-	1,078,226	-
Past due 91 - 180 days	-	-	1,153,161	-
Past due 181 - 360 days	-	-	413,994	-
Past due by more than 1 year	-	-	171,209	171,209
Total	-	-	<b>5,653,524</b>	<b>171,209</b>

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

None of the financial assets of the Company are secured or impaired except as those mentioned in these unconsolidated financial statements. Other receivables are mostly due from subsidiary companies. The subsidiary companies have viable business operations and earning adequate cashflows to finance operations. Impairment on these assets has been measured on a 12 month expected loss basis and reflects the short maturities of the exposures. Based on past experience the management believes that no impairment allowance is necessary in respect of these financial assets. There are reasonable grounds to believe that these amounts will be recovered in short course of time.

Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements

## 45.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible to always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's liquidity management involves forecasting future cash flow requirements, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans. The Company maintains committed lines of credit as disclosed in note 16 to ensure flexibility in funding. In addition, the Company has unavailed facilities of running finances to meet the deficit, if required to meet the short term liquidity commitment.

### Exposure to liquidity risk

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

	Note	2021					
		Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years	More than 5 years
(Rupees in '000)							
Long term loans - secured	9	1,101,988	1,101,988	730,089	271,899	100,000	-
Trade and other payables	14	91,639	91,639	91,639	-	-	-
Mark-up accrued on borrowings	15	54,421	54,421	54,421	-	-	-
Short term borrowings - secured	16	1,274,661	1,274,661	1,274,661	-	-	-
		<b>2,522,709</b>	<b>2,522,709</b>	<b>2,150,810</b>	<b>271,899</b>	<b>100,000</b>	<b>-</b>
2020							
		Carrying amount	Contractual cash flows	One year or less	One to two years	Two to five years	More than 5 years
(Rupees in '000)							
Long term loans - secured	9	2,506,831	3,078,430	740,922	1,119,633	1,170,674	47,201
Lease liabilities	10	122,846	141,401	66,263	56,155	18,983	-
Trade and other payables	14	900,538	900,538	900,538	-	-	-
Mark-up accrued on borrowings	15	178,416	178,416	178,416	-	-	-
Short term borrowings - secured	16	3,954,952	4,352,072	4,352,072	-	-	-
Loan from sponsors - secured		380,500	380,500	380,500	-	-	-
		<b>8,063,749</b>	<b>9,051,023</b>	<b>6,618,711</b>	<b>1,175,788</b>	<b>1,209,323</b>	<b>47,201</b>

### 45.3 Market risk

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

#### 45.3.1 Currency risk

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

##### 45.3.1(a) Exposure to currency risk

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

		2021	2020	2021	2020
				(Rupees in '000)	
*Trade creditors	(USD in '000)	<u>-</u>	<u>6,144</u>	<u>-</u>	<u>981,996</u>
Trade creditors	(Euro in '000)	<u>-</u>	<u>42</u>	<u>-</u>	<u>8,259</u>

\* Effective from 01 September 2021, all balances have been transferred to Waves Home Appliance Limited (WHAL) under Scheme of arrangement as explained in note 2 and 47 of these unconsolidated financial statements

Following significant exchange rates have been applied:

	Average rate		Reporting date Spot rate	
	2021	2020	2021	2020
USD to PKR	<u>168.17</u>	<u>161.62</u>	<u>176.51</u>	<u>159.83</u>
EUR to PKR	<u>199.67</u>	<u>184.39</u>	<u>202.69</u>	<u>196.64</u>

#### Sensitivity analysis

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

	2021	2020
	(Rupees in '000)	
Effect on statement of profit or loss	<u>-</u>	<u>99,026</u>

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

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

#### 45.3.2 Interest rate risk

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

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

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

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

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

	2021		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing / fixed rate financial instruments
	----- (Rupees in '000) -----		
<b><u>Financial assets</u></b>			
Other receivables	2,494,465	416,457	2,078,008
Cash and bank balances	73,554	-	73,554
	<b>2,568,019</b>	<b>416,457</b>	<b>2,151,562</b>
<b><u>Financial liabilities</u></b>			
Long term loans - <i>secured</i>	(1,101,988)	(1,101,988)	-
Trade and other payables	(91,639)	-	(91,639)
Mark-up accrued on borrowings	(54,421)	(54,421)	-
Short term borrowings - <i>secured</i>	(1,274,661)	(1,274,661)	-
	<b>(2,522,709)</b>	<b>(2,431,070)</b>	<b>(91,639)</b>
	<b>45,310</b>	<b>(2,014,613)</b>	<b>2,059,923</b>
	2020		
	Carrying amount	Interest bearing / variable rate financial instruments	Non-interest bearing financial instruments
	----- (Rupees in '000) -----		
<b><u>Financial assets</u></b>			
Security deposits	30,366	-	30,366
Trade debts	5,482,315	-	5,482,315
Other receivables	496,938	490,260	6,678
Cash and bank balance	94,219	-	94,219
	<b>6,103,838</b>	<b>490,260</b>	<b>5,613,578</b>
<b><u>Financial liabilities</u></b>			
Long term loans - <i>secured</i>	(2,506,831)	(2,506,831)	-
Lease liabilities	(122,846)	(122,846)	-
Employee retirement benefit	(19,666)	-	(19,666)
Trade and other payables	(900,538)	-	(900,538)
Mark-up accrued on borrowings	(178,416)	-	(178,416)
Short term borrowings - <i>secured</i>	(3,954,952)	(3,954,952)	-
Loan from sponsors - <i>unsecured</i>	(380,500)	-	(380,500)
	<b>(8,063,749)</b>	<b>(6,584,629)</b>	<b>(1,479,120)</b>
	<b>(1,959,911)</b>	<b>(6,094,369)</b>	<b>4,134,458</b>

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

	2021	2020
	Percentage	
<b><u>Financial liabilities</u></b>		
Long term loans - <i>secured</i>	3% to 10.58%	3% to 16.75%
Lease liabilities	9.93% to 10.58%	9.17% to 16.50%
Short term borrowings - <i>secured</i>	8.95% to 16.30%	8.81% to 18.55%

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by Rs. 20.15 million (2020: Rs. 60.95 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2020.

### 45.3.3 Other price risk

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

### 45.4 Fair value of financial instruments

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

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

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

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

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

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

45.4.1

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

**On statement of financial position - Financial instruments**

		31 December 2021			
		Carrying Amount		Fair value	
Financial assets	Other financial assets / liabilities	Total	Level 1	Level 2	Level 3
----- (Rupees in '000) -----					
at amortized cost					
2,494,465	-	2,494,465	-	-	1,779,177
73,554	-	73,554	-	-	-
2,568,019	-	2,568,019	-	-	1,779,177
<u>Financial assets - amortized cost</u>					
Other receivables					
Cash and bank balances					
<u>Financial liabilities - amortized cost</u>					
Long term loans - secured	1,101,988	1,101,988	-	-	-
Trade and other payables	91,639	91,639	-	-	-
Mark-up accrued on borrowings	54,421	54,421	-	-	-
Short term borrowings - secured	1,274,661	1,274,661	-	-	-
	2,522,709	2,522,709	-	-	-

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**On statement of financial position - Financial instruments**

	31 December 2020			
	Carrying Amount	Fair value		
		Financial assets	Level 1	Level 2
		Total		
	Other financial			
	at amortized cost			
	assets / liabilities			
		----- (Rupees in '000) -----		
<u>Financial assets - amortized cost</u>				
Security deposits	30,366	30,366	-	-
Trade debts	5,482,315	5,482,315	-	-
Other receivables	496,938	496,938	-	-
Cash and bank balances	94,219	94,219	-	-
	6,103,838	6,103,838	-	-
<u>Financial liabilities - amortized cost</u>				
Long term loans - secured	-	2,506,831	-	-
Lease liabilities	-	122,846	-	-
Trade and other payables	-	900,538	-	-
Mark-up accrued on short term running	-	178,416	-	-
Short term borrowing - secured	-	3,954,952	-	-
Loan from sponsors - unsecured	-	380,500	-	-
	-	8,044,083	-	-

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

Non-financial assets measured at fair value

Land, building and plant and machinery

	Date of valuation	31 August 2021
Revalued Property, plant and equipment	Date of valuation	31 August 2021
Investment property	Date of valuation	31 August 2021

Valuation approach and inputs used

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

The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these financial statements. The fair value are subject to change owing to changes in input.

## 46 Capital risk management

The Company's objectives when managing capital are:

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

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

The debt to equity ratios were as follows:

	2021	2020
	(Rupees in '000)	
Total debt	2,363,296	6,888,452
Total equity and debt	10,377,260	15,675,086
Debt to equity ratio	23%	44%

The Company is not subject to externally imposed capital requirements.

## 47 Demerger and discontinued operations

47.1 As explained in note 2 of these unconsolidated financial statements, the Company under scheme of arrangement transferred its entire home appliance business to Waves Home Appliance Limited (formerly Samin Textile Limited). Details of the assets and liabilities demerged from the Company and transferred to Waves Home Appliances Limited (WHAL) as at 01 September 2021 are as follows:

	Balance as at 31 Aug 2021	Retained by WCL	Transferred to Waves Home Appliances Limited as at 01 Sept 2021
----- (Rupees in '000) -----			
<b>Assets</b>			
Property, plant and equipment	5,594,420	2,364,500	3,229,920
Intangible assets and goodwill	2,879,080	-	2,879,080
Long term deposits	8,545	-	8,545
Stores and spares	45,489	-	45,489
Stock in trade	2,759,383	-	2,759,383
Investment property	323,480	323,480	-
Investment in subsidiaries	501,000	501,000	-
Taxation - net	175,017	175,017	-
Cash and bank	127,162	127,162	-
Trade debts	6,078,825	-	6,078,825
Advances, deposits, prepayments and receivables	557,270	-	557,270
	<b>19,049,671</b>	<b>3,491,159</b>	<b>15,558,512</b>

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	Note	01 January 2021 to 31 August 2021	01 January 2020 to 31 December 2020
		(Rupees in '000)	
<b>47.2 Results of discontinued operations</b>			
External revenue	30	6,028,954	6,704,797
Cost of sales	31	(4,746,795)	(5,243,327)
<b>Gross profit</b>		<b>1,282,159</b>	<b>1,461,470</b>
Marketing, selling and distribution costs	32	(324,651)	(461,750)
Administrative expenses	33	(196,755)	(263,192)
Other expenses	34	(56,642)	(42,671)
Other income	35	31,574	94,375
Finance cost	36	(362,266)	(206,509)
<b>External expenses</b>		<b>(908,740)</b>	<b>(879,747)</b>
<b>Results from operating activities</b>		<b>373,419</b>	<b>581,723</b>
Income tax	37	(110,186)	(67,259)
<b>Profits from discontinued operations, net of tax</b>		<b>263,233</b>	<b>514,464</b>
Earnings per share - <i>basic and diluted</i>	38	<b>0.94</b>	<b>2.48</b>
<b>47.3 Cash flows from discontinued operations</b>			
Net cash generated from / (used in) operating activities		249,152	(110,739)
Net cash used in investing activities		(656,280)	44,936
Net cash generated from financing activities		379,099	325,241
<b>Net cash flow for the year</b>		<b>(28,029)</b>	<b>259,438</b>

#### 48 Events after the reporting date

There are no events subsequent to the reporting date that could have an impact on these unconsolidated financial statements other than detailed in note 2. The impact of the Scheme of Arrangement after the Court Order dated 22 June 2022 has been adjusted.

Further, the Company is liable for additional 4% poverty alleviation tax for the tax year 2022 as levied after approval of the Finance Bill 2022 - 2023 on 29 June 2022 by the National Assembly of Pakistan. Being an adjusting event the effect has been taken in these financial statements and consequently the tax charge of the year has been increased by Rs. 5.52 million on proration of individual taxable income as the Company has opted for Group taxation

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**49 Corresponding figures**

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

**50 Date of authorization of issue**

These unconsolidated financial statements were authorized for issue by the Board of Directors in their meeting held on \_\_\_\_\_.

02 AUG 2022

remains

Lahore

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Chief Financial Officer

ویوزکار پوریشن لمیٹڈ  
(سابقہ ویوزنگر پاکستان لمیٹڈ)

حصص داران کوڈائریکٹرز کی رپورٹ

ویوزکار پوریشن لمیٹڈ، سابقہ ویوزنگر پاکستان لمیٹڈ (ویوزیا کمپنی) کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آپ کی کمپنی کے ڈائریکٹرز کی رپورٹ اور نظر ثانی شدہ مالیاتی گوشوارے مع اس پر آڈیٹرز کی رپورٹ جمع کرانے کے پابند ہیں۔ ذیل میں مجموعی مالی گوشواروں کی مالیاتی جھلکیاں پیش کی گئی ہیں، جس میں واحد مالیاتی گوشواروں کے مالی نتائج بھی اس رپورٹ میں فراہم کیے گئے ہیں:

آپریٹنگ نتائج  
مجموعی آپریٹنگ نتائج

FY20	FY21	
روپے '000'	روپے '000'	
10,230,068	12,321,443	مجموعی فروخت
1,844,377	2,282,366	مجموعی منافع
(1,381,499)	(1,578,121)	انتظامیہ، مارکیٹنگ، فروخت اور تقسیم کے اخراجات
(42,671)	(122,423)	دیگر اخراجات
420,407	581,822	آپریٹنگ منافع
(616,832)	(316,650)	مالیاتی لاگت (خالص)
465,831	465,831	دیگر آمدنی
269,206	249,967	ٹیکس سے قبل سال کا منافع
(141,738)	(187,252)	ٹیکسیشن
127,468	327,887	ٹیکس کے بعد منافع
0.61 (اعادہ)	1.13	نی شیئر آمدنی

بورڈ نے غور و خوض کیا اور مجموعی مالیاتی نتائج کے لیے آپریٹنگ نتائج اور کاروباری کارکردگی فراہم کر رہا ہے جو ایک ہولڈنگ ادارے کے طور پر کمپنی کی بہتر کارکردگی کی عکاسی کرتے ہیں۔ انفرادی طور پر واحد آپریٹنگ نتائج بھی (ہوم اپلائنسز کے کاروبار کو WHALE سے الگ کرنے کے بعد) دیئے گئے ہیں۔

مجموعی آپریٹنگ کارکردگی

سال کے دوران کمپنی نے مستحکم بنیادوں پر 12,321 ملین روپے کی آمدنی حاصل کی جو گزشتہ سال 10,230 ملین روپے کے مقابلے میں 20.5 فیصد زیادہ ہے۔ گزشتہ سال 1,844 ملین روپے کے مقابلے میں 24% اضافہ کے ساتھ مجموعی منافع 2,282 ملین روپے رہا۔ منافع گزشتہ سال 127 ملین روپے کے مقابلے میں 157% بڑھ کر 327 ملین روپے ہو گیا۔ پچھلے سال کے 0.61 روپے (اعادہ) کے مقابلے میں سال کے لیے فی حصص آمدنی 1.13 روپے ہے۔ ہوم اپلائنسز کا کاروبار سالانہ بنیادوں پر 20 فیصد اضافے کے ساتھ 8,481 ملین روپے سے بڑھ کر 10,178 ملین روپے ہو گیا، جبکہ خوردہ کاروبار سالانہ بنیادوں پر 22 فیصد اضافے کے ساتھ 1,846 ملین روپے سے بڑھ کر 2,245 ملین روپے ہو گیا۔ برآمدی کاروبار 24 ملین روپے سے کم ہو کر 16 ملین روپے یعنی 34 فیصد کمی ہوئی۔ سال کے دوران دیہی آبادی کے روزگار، بہتر طرز زندگی اور اقتصادی بحالی کے لیے شہروں کی طرف ہجرت کرنے کی پشت پر شہری آبادی اور میٹرو پولیٹن علاقوں میں اضافہ کے نتیجے میں کمپنی کے کاروبار میں مجموعی طور پر اضافہ ہوا۔

کمپنی کے رائٹس اجراء

سال کے دوران کمپنی نے 1.4 بلین روپے کا اپنا رائٹ اجراء کامیابی سے مکمل کیا جو مکمل طور پر سبسکرائب ہو گیا تھا۔ رائٹس اجراء سے حاصل ہونے والی رقم کمپنی کی موجودہ فیکٹری کی منتقلی کے لیے زمین کی خریداری میں استعمال کیا گیا ہے جبکہ عمارت کی تعمیر جاری ہے۔ یہ خیال کیا جا رہا ہے کہ تعمیر اور منتقلی مالی سال 22 کی تیسری سہ ماہی کے آخر تک مکمل ہو جائے گی۔ اس کے علاوہ، رائٹس اجراء فنڈز کو کمپنی کے

آپریشنز میں مستقل ورکنگ کیپٹل کے طور پر لگایا گیا ہے۔ کمپنی کا ادا شدہ سرمایہ اب 2,814,060,880 روپے ہے جسے ہر ایک -/10 روپے کے 281,406,088 عام حصص میں تقسیم کیا گیا ہے۔

## کمپنی کی تنظیم نو

سال کے دوران، یکم ستمبر 2021 سے مؤثر ہونے والی ویز کارپوریشن پاکستان لمیٹڈ، سابقہ ویزنگس پاکستان لمیٹڈ (ویوز یا کمپنی)، نے مندرجہ ذیل اسکیم آف ارتجمنٹ مکمل کی:

1- مؤرخہ یکم ستمبر 2021 سے مؤثر WHALE کے حصص کی الاٹمنٹ اور اجراء کے عوض کچھ اثاثوں، ذمہ داریوں، فرائض، معاہدوں اور انڈر ٹیکنگ کو کمپنی سے منتقل کر کے ہوم اپلائنسز کے کاروبار کو تیار/علیحدہ کرنا اور اسے ویز ہوم اپلائنس لمیٹڈ (WHALE) (سابقہ سیمین ٹیکسٹائل لمیٹڈ) کے ساتھ اور اس میں یکجا کرنا۔ اہم شیئر ہولڈرز کے مشترکہ ہونے کی وجہ سے WHALE کمپنی کی ایک متعلقہ پارٹی تھی۔ نتیجتاً WHALE کمپنی کی ذیلی کمپنی بن گئی۔

2- معزز لاہور ہائی کورٹ (عدالت) نے اپنے حکم مورخہ 22 جون 2022 کے ذریعے تجویز کے مطابق اسکیم آف ارتجمنٹ کی منظوری دی ہے اور ہوم اپلائنسز کے کاروبار کو WAVES سے علیحدہ کرنے اور اسے ذیلی ادارہ WHALE میں ضم کرنے کی منظوری کا حکم دیا ہے۔

ہوم اپلائنسز کے کاروبار کی منتقلی پر غور کرتے ہوئے، WHALE مندرجہ ذیل کے مطابق کل 256,006,196 حصص جاری کرے گا:

1- 199,724,956 شیئرز جاری اور کمپنی کو الاٹ کیے جائیں گے۔

2- WHALE کے باقی 56,281,240 حصص جاری اور کمپنی کے حصص یافتگان کو کمپنی کے ہر 100 حصص کے بدلے 20 حصص کے سویپ تناسب میں الاٹ کیے جائیں گے۔ WHALE کے

20 حصص جو کمپنی کے شیئر ہولڈرز کو براہ راست جاری کیے گئے ہیں، مجوزہ سرمائے میں کمی سے پہلے کمپنی کے موجودہ تجارتی 45 حصص کے مساوی ہیں۔

3- WHALE کی طرف سے کمپنی کو 2 بلین روپے نقد رقم قابل ادا ہے، اس رقم کے عوض کوئی اضافی معاوضہ لاگو نہیں ہوگا اگر مذکورہ رقم اس اسکیم کی منظوری کے 2 سال کے اندر WHALE کی طرف سے

طے کی جاتی ہے۔ تاہم، اگر مذکورہ رقم اسکیم کی منظوری کے 2 سال کے اختتام پر اب بھی مکمل یا جزوی طور پر بقایا ہے، تو اس طرح کے منافع/مارک اپ پر بقایا جات میں سہ ماہی بنیادوں پر بقایا رقم پر متعلقہ وقت پر کمپنی کے بورڈ آف ڈائریکٹرز کے ذریعہ مقرر کردہ شرح پر منافع/مارک اپ قابل ادا ہوگی۔ بشرطیکہ اس طرح کے منافع/مارک اپ کی شرح قابل اطلاق قوانین کے تحت تجویز کردہ شرح سے کم نہ ہو۔

یہاں انتظامات کے ایک حصے کے طور پر، اسکیم کی تاریخ تکمیل کے بعد، لیکن کمپنی اور اس کے حصص یافتگان کو WHALE کے حصص کے اجراء/الاٹمنٹ سے پہلے، WHALE کے حصص کیپٹل کو ہر 225 حصص سے کم کر کے 100 حصص یعنی کل ادا شدہ سرمایہ 26,728,000 سے کم کر کے 11,879,111 حصص کر دیا گیا ہے۔ WAVES گروپ کو اسکیم آف ارتجمنٹ کے بعد بہت سے فوائد

ہونے کی توقع ہے جس میں آپریٹنگز کی ہم آہنگی بھی شامل ہے، جس سے وہ سرکردہ سپلائرز/خدمات فراہم کرنے والے بن سکتے ہیں، جس کے نتیجے میں آمدنی زیادہ ہوگی۔ مزید برآں، کاروباری شعبوں کو الگ کر کے (جیسا کہ اس اسکیم میں غور کیا گیا ہے)، انفرادی کمپنیوں کی منفرد شناخت اور کاروبار اور کسٹمر بیس پر زیادہ توجہ مرکوز ہوگی۔ اس کے ساتھ ہی، انتظامات کے نتیجے میں، WHALE کمپنی کا ذیلی ادارہ بن

گیا ہے اور اس سے ہر کمپنی کی انتظامیہ کو کاروباری شعبوں پر توجہ مرکوز کرنے کا موقع ملے گا، جس کے نتیجے میں کارکردگی بہتر ہوگی۔ مزید یہ کہ یہ کمپنی کو WHALE کے کاروبار/سمت کی دیکھ بھال، نگرانی اور کنٹرول کرنے کے قابل بنائے گا، جبکہ WHALE کی انتظامیہ WHALE کے کاروبار کو یومیہ بنیاد پر چلا اور اس کا انتظام کر سکتی ہے۔ انتظامات کی اسکیم کے ذریعے، کمپنی کمپنی کی نمونے منسلک اسکیل کی

غیر اقتصادیات کے خطرے کو کم کرے گی۔

ویوز ہوم اپلائنسز لمیٹڈ (سابقہ سیمین ٹیکسٹائل لمیٹڈ) کو پاکستان میں 27 نومبر 1989 کلکتیز آرڈیننس، 1984 (ایب کیو ایکٹ، 2017) کے تحت ایک پبلک لمیٹڈ کمپنی کے طور پر قائم کیا گیا۔ کمپنی کا رجسٹرڈ آفس 15/3 بلاک اے، ماڈل ٹاؤن، لاہور میں واقع ہے، جسے اب 9-KM، ملتان روڈ پر اسی جگہ پر منتقل کیا جا رہا ہے جہاں کمپنی کا موجودہ رجسٹرڈ دفتر موجود ہے۔ WHALE اس وقت پاکستان اسٹاک

ایکسچینج میں مندرج ہے۔ کمپنی کا اصل کاروبار ٹیکسٹائل مصنوعات کی تجارت، درآمد اور برآمد کرنا ہے۔ اسکیم آف ارتجمنٹ کی منظوری کے نتیجے میں، کاروبار کی اصل لائن میں ترمیم کی گئی ہے جس میں گھریلو صارفین کے آلات اور دیگر ہیکلی انجینئرنگ مصنوعات کی مینوفیکچرنگ، اسمبلی اور ہول سیل شامل ہیں۔ کمپنی کے واحد مالیاتی حسابات جن میں ذیلی اداروں میں سرمایہ کاری کو رپورٹ شدہ نتائج اور سرمایہ کاروں کے خالص اثاثوں کی بنیاد پر کرنے کی بجائے براہ راست ایکویٹی انٹریسٹ کی بنیاد پر حساب لگایا گیا ہے۔ کمپنی کے مجموعی مالیاتی گوشواروں کو الگ سے تیار اور پیش کیا گیا ہے۔ کمپنی کی ذیلی کمپنیوں میں مندرجہ

ذیل سرمایہ کاری کی گئی ہے:

FY 2022	FY 2021	
-	74.56%*	ویوز ہوم اپلائنسز لمیٹڈ (سابقہ سیمین ٹیکسٹائل لمیٹڈ)
100.00%	100.00%	ایکسٹرا ایک مارکیٹنگ (پرائیویٹ) لمیٹڈ
100.00%	100.00%	ویوز بلڈرز اینڈ ڈیپلرز (پرائیویٹ) لمیٹڈ

\* حصص کا یہ فیصد منظور شدہ اسکیم آف ارتجمنٹ کی بنیاد پر لیا گیا ہے۔

کمپنی کے واحد نتائج

کمپنی کے الگ الگ نتائج یہاں درج ذیل میں دیئے گئے ہیں:

FY20	FY21	
روپے 000 میں	روپے 000 میں	جاری آپریشنز
237,594	63,052	آپریٹنگ منافع
(642,221)	(152,333)	مالیاتی لاگت
-	-	ٹیکسیشن- جاری آپریشنز
(404,627)	(89,281)	سال کے لیے منافع- جاری آپریشنز*
		منقطع آپریشنز
581.723	373,419	ٹیکس سے پہلے منافع
(514,464)	(263,233)	ٹیکسیشن- منقطع آپریشنز
(404,627)	(89,281)	سال کے لیے منافع- منقطع آپریشنز**
109,837	173,952	سال کے لیے منافع- جاری اور منقطع آپریشنز
0.53	0.62	فی شیئر آمدنی- جاری اور منقطع آپریشن***

\* جاری آپریشنز میں انویسٹمنٹ پر اپریٹنگ فیئر ویلیو گین، ماتحت ادارہ کو قرض پر سود، ماتحت ادارہ سے وصولیوں پر مارک اپ، کرایہ کی آمدنی اور مؤخر آمدنی کی امور ٹرانزیشن شامل ہے۔

\*\* منقطع آپریشنز 31 اگست 2021 کو ختم ہونے والی آٹھ ماہی مدت کے لیے آپریشنز کی نمائندگی کرتے ہیں، اس کے بعد، آپریشنز WHALE کو منتقل کر دیئے گئے۔ 8 ماہی مدت کے دوران، کمپنی نے آمدنی میں 6,028.95 ملین روپے کا حصہ شامل کیا اور 225.45 ملین روپے کا منافع کمایا۔ اگر ڈیبر جریڈیم جنوری 2021 کو ہوا ہوتا، تو مذکورہ بالا بیان کردہ آمدنی اور منافع کو یوز ہوم اپلائنسز لمیٹڈ میں تسلیم کیا جائے گا۔ تاہم، مجموعی نتائج میں کوئی مادی تبدیلی نہیں ہوگی۔

\*\*\* ای بی ایس پر مزید تفصیلات نظر ثانی شدہ مالیاتی حسابات کے نوٹ 37 میں دی گئی ہیں۔

مالیاتی نتائج کی بنیاد پر مشکل موجودہ معاشی حالات کے پیش نظر بورڈ آف ڈائریکٹرز کمپنی کے شیئر ہولڈرز کو کسی قسم کی ادائیگی کی سفارش نہیں کرتا ہے۔

ذیلی کمپنیوں کے بارے میں مختصر معلومات اس سالانہ رپورٹ کی سیکشن ہسٹری اور ذیلی کمپنیوں میں دی گئی ہیں۔

## کاروبار کا جائزہ

### اصل سرگرمیاں اور ترقی

WAVES یا کمپنی پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) پر مندرج ہے۔ کمپنی حال ہی میں ایک سکیم آف اریجنٹ (اسکیم) کے تحت گئی ہے جس میں ہوم اپلائنسز کے کاروبار کو ڈیمرج کر کے ویوز ہوم اپلائنسز لمیٹڈ، سابقہ سینٹریٹڈ اسٹاکس لمیٹڈ (WHALE) میں ضم کر دیا گیا ہے، جبکہ کنزیومر اپلائنسز اور دیگر کنزیومر گڈز کے لیے ریٹیل اسٹیٹ ڈویلپمنٹ برنس اور ریٹیل شاپ نیٹ ورک کو برقرار رکھا گیا ہے۔ اس اسکیم کی منظوری لاہور ہائی کورٹ، لاہور نے 27 مئی 2022 کو دی تھی۔ اسکیم کی موثر تاریخ 31 اگست 2021 ہے۔ WHALE کمپنی کی ایک ذیلی کمپنی ہے۔ ریٹیل برنسٹی الحال کمپنی کی مکمل ملکیتی ذیلی کمپنی ایکسٹرانک مارکیٹنگ کمپنی لمیٹڈ (EMCL) کے ذریعے شروع کیا گیا ہے، جس کا نام بدل کر ویوز مارکیٹ پلیس لمیٹڈ کیا جا رہا ہے، جب کہ ایک پروجیکٹ کمپنی ویوز بلڈرز اینڈ ڈویلپرز (پرائیویٹ) لمیٹڈ کو ریٹیل اسٹیٹ پروجیکٹ کو شروع کرنے کے لیے قائم کیا گیا ہے۔ WHALE بنیادی طور پر گھریلو آلات اور دیگر ہلکی انجینئرنگ مصنوعات کی تیاری، اسمبلنگ اور تقسیم میں مشغول ہے۔ WAVES کے پاس پروڈکٹ لائنز کی ایک وسیع رینج ہے جو دو معروف برانڈز، WAVES اور Singer کے تحت پورے پاکستان میں پھیلے ہوئے ڈیلر نیٹ ورکس کے ذریعے اور کمپنی کے زیر ملکیت اور چلائے جانے والے ریٹیل آؤٹ لیس کے ذریعے فروخت کی جاتی ہیں۔ WHALE کی پروڈکٹ لائن میں شامل ہیں:



## Waves Brand

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

## Singer Brand

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

اپلائنسز کے مینوفیکچرنگ پلانٹ کو ایک نئے مقصد سے تعمیر کی گئی بڑی فیکٹری میں منتقل کیا جا رہا ہے جس کے لیے زمین پہلے ہی خریدی جا چکی ہے اور تعمیراتی کام پہلے ہی سے جاری ہے۔ نئی فیکٹری کے احاطے کی تعمیر پر پیش رفت کیلینڈر سال 2022 کی آخری سہ ماہی میں مکمل ہونے کی توقع ہے۔

WAVES کراچی، لاہور، گوجرانوالہ، پشاور، ملتان وغیرہ جیسے شہروں میں 15 گوداموں کا ملک گیر سیٹ اپ، تقریباً 1,500+ ڈیلرز کا نیٹ ورک چلا رہا ہے۔ 16 بعد از فروخت سروس سینٹر ز اور 509 سروس ورکشاپس ملک بھر میں پھیلی ہوئی ہیں۔ کمپنی کے سیکلز انفراسٹرکچر کا پاکستان کے اندر کام کرنے والی کسی بھی سرکردہ ہوم اپلائنس کمپنی سے موازنہ کیا جاسکتا ہے۔

ویوز ہوم اپلائنسز لمیٹڈ 1	FY21	FY20
	روپے 000 میں	روپے 000 میں
خالص آمدنی	2,083,523	-
مجموعی منافع	501,633	-
خالص منافع	36,496	(18,694)

1 بنیادی طور پر 31 اگست 2021 سے 31 دسمبر 2021 تک چار ماہ کے آپریشنز کی نمائندگی کرتا ہے (انضمام کے بعد)

الیکٹرانک مارکیٹنگ کمپنی لمیٹڈ (EMCL)، کمپنی کا مکمل ملکیتی ذیلی ادارہ گھریلو آلات کی خوردہ فروخت کا علمبردار ہے، جو ہمارے قابل قدر صارفین کو پاکستان کے دیہی اور شہری علاقوں میں ہمارے 141 ملک گیر پھیلے ہوئے آؤٹ لیٹس پر خریداری کرنے کے لیے سہولت کے ساتھ نقد اور اقساط پر فروخت کی پیشکش کرتا ہے۔ EMCL نے مضبوط ترقی کا مظاہرہ کیا ہے اور اپنے توسیعی منصوبوں کو فنڈ دینے کے لیے، بورڈ نے اصولی طور پر فیصلہ کیا ہے کہ اسے پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) میں کسی موزوں وقت پر درج کرایا جائے گا جب مارکیٹ لسٹنگ کے لیے موزوں ہو۔ EMCL کے ترقی کے منصوبوں کے مطابق مصنوعات کی تنوع، نقد فروخت اور ترسیل کے انتظامات پر توجہ مرکوز کرتے ہوئے اس کے 141 ملک کے وسیع متنوع اور پہلے سے کام کرنے والے مقامات سے ای کامرس / آن لائن فروخت کے جدید طریقوں کا استعمال کرتے ہوئے، بورڈ نے فیصلہ کیا کہ EMCL کا نام تبدیل کر کے "ویوز مارکیٹ پلیس لمیٹڈ"، اس کے ڈائریکٹرز میں اضافہ اور EMCL کے کاروباری منصوبوں اور فہرست سازی کی ضروریات کے مطابق مجاز سرمایہ میں اضافہ کیا جائے۔

الیکٹرانک مارکیٹنگ کمپنی لمیٹڈ	FY21	FY20
	روپے 000 میں	روپے 000 میں
خالص آمدنی	2,607,815	2,146,222
مجموعی منافع	491,330	337,107
خالص منافع	65,379	47,655

کمپنی موجودہ فیکٹری کے احاطے میں ایک سستے ہاؤسنگ اپارٹمنٹ کا منصوبہ شروع کر رہی ہے۔ پروجیکٹ کمپنی ویوز بلڈرز اینڈ ویلپرز (پرائیویٹ لمیٹڈ) ہوگی جو اس وقت کمپنی کا مکمل ملکیتی ماتحت ادارہ ہے۔ ریئل اسٹیٹ اپارٹمنٹس پروجیکٹ کے ترقیاتی منصوبے بشمول آرکیٹیکچرل اور کنسٹرکشن ڈیزائنز، ایک سرکردہ مارکیٹنگ ایجنسیوں میں شامل ہونے، مطلوبہ بائین ادسی اور منظوری اور تعمیراتی ٹھیکیداروں کی خدمات حاصل کرنے کے لئے اعلیٰ مرحلے پر ہیں۔ سافٹ لائچ اور گراؤنڈ بریکنگ موجودہ کیلنڈر سال کی چوتھی سہ ماہی کے اختتام تک متوقع ہے تاکہ مینوفیکچرنگ آپریشنز کو نئی سائٹ پر منتقل کیا جاسکے۔

ویوز بلڈرز اینڈ ویلپرز (پرائیویٹ) لمیٹڈ	FY21	FY20
	روپے 000 میں	روپے 000 میں
خالص آمدنی	69,022	67,148
مجموعی منافع	7,444	6,908
خالص منافع	34,235	72,905

### معاشی تجزیہ

مالی سال 31 دسمبر 2021 کے دوران، افراط زر میں اضافے کے باوجود، پاکستانی معیشت مضبوط اور پائیدار بحالی کی طرف داخل ہوئی۔ COVID-19 ویکسینیشن نے عالمی اقتصادی بحالی کی امید پیدا کی۔ اس عرصے کے دوران مقامی ہوم اپلائمنٹس کے کاروبار میں ریکوری دیکھی گئی۔ نئی ٹیکنالوجیز میں سرمایہ کاری، تنوع اور کسٹمرز کو بڑھانے اور مینوفیکچرنگ کی کارکردگی کو بہتر بنانے کے ساتھ کمپنی اپنے شیئر ہولڈرز کے اقدار کو بہتر کرتی رہے گی۔

مالی سال 21 کے دوران عالمی جی ڈی پی سال 2020 میں منفی اندازے کے مقابلے میں 5.8 فیصد تک بڑھنے کا تخمینہ لگایا گیا ہے۔ مالی سال 21 کی دوسری ششماہی میں، ملک کی معیشت نے گزشتہ ششماہی کے مقابلے میں کافی رفتار کا اندازہ لگایا گیا۔ امریکی ڈالر/پاکستانی روپیہ کی برابری پر دباؤ کے ساتھ اشیاء کی قیمتوں میں عالمی اضافہ مقامی افراط زر میں اضافے کا سبب بنا ہے۔ سال کے دوران درآمدات کی اعلیٰ سطح نے تجارتی توازن پر نمایاں دباؤ ڈالا جس کے نتیجے میں کرنٹ اکاؤنٹ خسارہ بڑھ گیا، جو گزشتہ مدت کے مقابلے میں نمایاں زیادہ تھا۔ تاہم، ملکی برآمدات میں تقریباً 24 فیصد کی اعلیٰ نمو ریکارڈ کی گئی جس کی بنیاد وجہ ویلیو ایڈڈ ٹیکسٹائل ہے۔ مہنگائی کے حوالے سے صارفین کی قیمتوں کا اشاریہ ماضی قریب میں سب سے زیادہ تھا، جس کے نتیجے میں اسٹیٹ بینک نے مہنگائی کا مقابلہ کرنے کے لیے پالیسی ریٹ میں اضافہ کر دیا۔ ملک کی زرمبادلہ کی مارکیٹ سال کے دوران اتار چڑھاؤ کا شکار رہی کیونکہ برابری کی شرح 176 روپے/امریکی ڈالر تک پہنچ گئی۔ پی ایس ایکس 100 انڈیکس، ششماہی کے اختتام پر سب سے زیادہ 48,776 پوائنٹس ریکارڈ کیا گیا، جو FY21 کے اختتام پر 44,596 پوائنٹس پر بند ہوا۔

جب کہ ممالک مالی سال 21 کے دوران COVID-19 سے باہر نکل آئے، مالی سال 22 کے آغاز میں خاص طور پر روس۔ یوکرین جنگ کی وجہ سے معاشی نقصانات نے خاص طور پر درآمدی اشیاء پر انحصار کرنے والے بہت سے ممالک میں میکرو اکنامک غیر یقینی صورتحال کو بڑھا دیا ہے۔ سپلائی چین میں رکاوٹوں کے نتیجے میں دنیا بھر میں اقتصادی سرگرمیاں سست پڑ گئی ہیں۔ مزید برآں، اشیاء کی قیمتوں میں اضافے کی وجہ سے، بہت ساری معیشتوں میں افراط زر کا دباؤ بڑھ گیا ہے، جس کے نتیجے میں بہت سے مرکزی بینکوں کی جانب سے مالیاتی پالیسیوں کو سخت کر دیا گیا ہے۔ عالمی میکرو اکنامک عدم استحکام نے ملکی معیشت کو متاثر کیا ہے جس کے نتیجے میں مہنگائی اور ملک کے کرنٹ اکاؤنٹ خسارے میں بھی اضافہ ہوا ہے۔ مہنگائی میں اضافے کے ساتھ، حکومت نے آئی ایم ایف کے معاہدے کو محفوظ بنانے کے لیے سخت مالی اور مالیاتی پالیسیوں کا انتخاب کیا ہے، جو کہ مستحکم ذخائر، کنٹرول شدہ مالیاتی توازن اور پائیدار اقتصادی ترقی کی صورت میں آئندہ چند ماہیوں میں ملک کو مدد فراہم کریں گی۔ تاہم، جب کہ موجودہ سیاسی درجہ حرارت میں اضافہ ہو رہا ہے، توانائی کے پاس تھرو اور سخت مالیاتی/مالی پالیسی کے تیز رفتار نفاذ کا اثر مختصر مدت میں پڑے گا۔

خوراک کی عالمی قیمتوں میں مسلسل اضافے، پاکستانی روپیہ کی قدر میں کمی اور اجرتیں پاس تھرو کے نتیجے میں جون 2022 میں نیشنل کنزیومر پرائس انڈیکس (سی پی آئی) 21.3 فیصد تک پہنچ گیا۔ ملک کو 2008 میں بھی اسی طرح کا سامنا کرنا پڑا تھا، اس کے بعد، یہ ایک عام متوقع سطح پر طے پا گیا۔ توانائی کی بلند شرحوں کے اثرات کے ساتھ افراط زر جاری رہنے کی توقع ہے اور مالی سال 2022 کے آخر میں اس میں کمی متوقع ہے۔ نئی حکومت معاشی اصلاحات اور بین الاقوامی منڈی میں پاکستان کی سہولت کو بہتر بنانے کے لیے سخت محنت کر رہی ہے، جو کہ اب ضروری بھی ہے۔ ملک کو معاشی صورتحال کو سنبھالنے کے لیے اپنی درآمدات اور اخراجات دونوں کو کم کرنے کی ضرورت ہے۔ کوششیں جاری ہیں اور امید ہے کہ نتیجہ جلد ہی نکلے گا۔ قلیل مدتی اقدامات پاکستان کے لیے مددگار ثابت ہو سکتے ہیں، لیکن یہ وقت طویل المدتی حل تلاش کرنے کا ہے۔

### صنعت کا جائزہ

سال کے دوران بڑے پیمانے کی مینوفیکچرنگ نے اعتماد پسند نمودار کی جبکہ طلب کے اشارے جیسے کہ بجلی کی پیداوار، سیمنٹ کی ترسیل، اشیاء صرف کی فروخت اور پیٹرولیم مصنوعات نے بھی مثبت ظاہر کی۔ یہ حکومت کی درآمدات اور ٹیکس وصولی کی طاقت سے ظاہر ہوتا ہے۔ تاہم، توانائی کے نرخوں میں اضافہ، خام مال کی قیمتوں میں اضافہ، عالمی سپلائی چین میں خلل اور گیس کی قلت نے پیداواری لاگت کو متاثر کیا ہے۔ مالی سال 21 کے دوران، نمونہ مجموعی اقتصادی ترقی اور غیر ملکی ترسیلات زر میں اضافہ کی حمایت حاصل ہے۔ بڑھتی ہوئی ڈیسپوزیبل آمدنی اور صارفین کے اعتماد کی بحالی کے ساتھ برقی گھریلو آلات کی طلب میں اضافہ ہوا۔ حکومتی پالیسی کے تحت نئے مکانات میں اضافے کے ساتھ اشیاء صرف میں بھی نمایاں اضافہ ہوا۔ پاکستان بیورو آف شماریات (پی بی ایس) نے ریفریکٹریٹرز کی پیداوار میں

تقریباً 90 فیصد، ایئر کنڈیشنرز کی پیداوار میں 140 فیصد اور ڈیپ فریزر کی پیداوار میں تقریباً 45 فیصد اضافہ بیان کیا ہے۔ مجموعی طور پر موسمی حالات میں تبدیلی کے ساتھ ریفریجیشن اور ایئر کنڈیشننگ میں اضافے کا تجربہ ہوا ہے۔

پاکستان کی معیشت نے COVID-19 کی صورتحال کے باوجود اچھی کارکردگی کا مظاہرہ کیا ہے جس کے نتیجے میں مسلسل ترقی ہوئی جس کے باعث صارفین کو زیادہ ڈسپوزیبل آمدنی فراہم کی گئی اور ان لوگوں کو فائدہ ہوا جو اپنے طرز زندگی کو بہتر کرنا چاہتے ہیں۔

بڑھتی ہوئی ڈسپوزیبل آمدنی کے ساتھ ایک مضبوط اور بڑھتا ہوا متوسط طبقہ مختلف کنزیومر الیکٹرانک آلات کی طلب کو بڑھانے میں اہم کردار ادا کر رہا ہے۔ بلند افراط زر، ایندھن کی قیمتیں، روپے کی قدر میں کمی اور ان پٹ کی زیادہ لاگتوں کی وجہ سے قیمتوں کا ڈاؤنٹینو فیکچرز کے لیے بڑے خدشات رہیں گے۔

پاکستان میں آلات کی کم گھریلو رسائی (عالمی اوسط سے کم) کمپنیوں کو انکی رسائی بڑھانے کے مواقع فراہم کرے گی۔ تمام خطوں میں جدید خوردہ اور خصوصی کمپنی آؤٹ لیس کی توسیع سے گھریلو آلات کی رسائی میں اضافہ متوقع ہے۔ غیر میٹرو شہروں (دوسرے اور تیسرے درجے کے شہروں اور دیہی علاقوں) میں بھی آلات کی مضبوط نمو کی توقع ہے۔

کنزیومر اپلائنسز کے دو ہندسے میں اضافے کے دیگر عوامل دو گنا آمدنی والے نیوکلیئر خاندانوں میں اضافہ، قرض کی آسان دستیابی، طرز زندگی کی تبدیلی، نئے ماڈلز کا تعارف، اور صارفین کی آگاہی میں اضافہ ہیں۔ صارفین کی پائیدار اشیاء کے لیے تیزی سے تبدیلی کا سلسلہ بھی جاری رہنے کی توقع ہے اور اس لیے کنزیومر الیکٹرانکس کے لیے طلب میں اضافہ ہوگا۔

### مستقبل کا نقطہ نظر/آگے بڑھنے کے بیانات

ہمارا بنیادی مقصد اعلیٰ معیار اور موثر گھریلو آلات کی مصنوعات فراہم کرنا ہے۔ ہم طویل مدتی اہمیت کے منصوبوں میں منافع اور سرمایہ کاری میں توازن رکھتے ہوئے شیئر ہولڈرز کی قدر کو بڑھانے کے لیے پُر عزم ہیں۔

فروری 2022 سے پاکستان کے زرمبادلہ کے ذخائر میں کمی واقع ہوئی ہے کیونکہ غیر ملکی زرمبادلہ کی قوم اخراج سے زیادہ ہو گئی ہیں۔ آمدورفت بنیادی طور پر آئی ایم ایف، ورلڈ بینک اور اے ڈی بی کے کثیر جہتی قرضوں، چین، سعودی عرب اور متحدہ عرب امارات جیسے دوست ممالک سے ڈیپازٹس اور قرضوں کی شکل میں دو طرفہ امداد، اور غیر ملکی بینکوں سے اور یورو بانڈز اور سٹاک کے ذریعے تجارتی قرضوں پر مشتمل ہے۔ آمدنی کی کمی بڑی حد تک آئی ایم ایف پروگرام کے اگلے جائزے کو مکمل کرنے میں تاخیر کی وجہ سے ہوئی ہے، جو کہ پالیسی میں تبدیلی کی وجہ سے فروری سے الٹو کا شکار ہے۔ دریں اثناء میں، اخراج کی طرف، غیر ملکی قرضوں پر ڈیٹ سروسنگ جاری ہے کیونکہ اس مدت کے دوران ان قرضوں کی ادائیگیاں ہو رہی ہیں۔ اسی وقت میں، شرح مبادلہ خاص طور پر جون کے وسط سے نمایاں ڈاؤن میں آ گئی ہے۔ اس کی وجہ عام طور پر امریکی ڈالر کی سختی، کرنٹ اکاؤنٹ خسارے میں اضافہ (جون میں توانائی کے بھاری درآمدی بل کی وجہ سے بڑھ گیا)، زرمبادلہ کے ذخائر میں کمی، اور آئی ایم ایف پروگرام اور ملکی سیاست کے بارے میں غیر یقینی صورتحال کی وجہ سے بگڑتے جذبات کی وجہ سے ہوا ہے۔

تاہم، حال ہی میں اہم پیش رفت ہوئی ہے جو ان دونوں عارضی مسائل کو حل کرے گی۔ 13 جولائی کو آئی ایم ایف کے اگلے جائزے کو مکمل کرنے کے لیے عملی سطح کے معاہدے کا اہم سنگ میل طے پا گیا ہے۔ آج تک، جائزہ مکمل کرنے کے لیے تمام پیشگی کارروائیاں پوری ہو چکی ہیں اور 1.2 بلین ڈالر کی اگلی قسط کی تقسیم کے لیے بورڈ کا باقاعدہ اجلاس جلد متوقع ہے۔ اس کے ساتھ ہی، میکرو اکنامک پالیسیوں، فیکل پالیسی اور مانیٹری پالیسی دونوں کو مناسب طور پر سخت کیا گیا ہے تاکہ طلب کے زیر اثر ڈاؤن کو کم کیا جاسکے اور کرنٹ اکاؤنٹ خسارے پر کنٹرول کیا جاسکے۔ آخر کار، حکومت نے واضح طور پر اعلان کیا ہے کہ وہ اکتوبر 2023 تک اپنی باقی ماندہ مدت پوری کرنے کا ارادہ رکھتی ہے اور آئی ایم ایف پروگرام کے بقیہ 12 مہینوں میں فنڈ کے ساتھ طے شدہ تمام شرائط پر عمل درآمد کے لیے تیار ہے۔ آگے دیکھتے ہوئے، حالیہ ہفتوں میں ایل سی کھولنے میں، ایک بار پھر تیل کے ساتھ ساتھ غیر تیل کی اشیاء، دونوں کے لیے کافی سست روی دیکھی گئی ہے۔ مارکیٹ کی رپورٹوں کی بنیاد پر، جون 2022 میں آنکل مارکیٹنگ کمپنیوں کی فروخت کے حجم میں ماہانہ 11 فیصد کمی واقع ہوئی ہے۔ حالیہ بارشوں اور ڈیپو میں پانی کے ذخیرہ کے ساتھ، پن بجلی بھی بڑھنے کا امکان ہے اور ایمپورٹنڈ اینڈسٹری پر بجلی پیدا کرنے کی ضرورت میں آئندہ کمی کی توقع ہے۔ ان رجحانات کے نتیجے میں، درآمدی بل آگے بڑھ کر کم ہونے کا امکان ہے اور اگلے چند مہینوں میں FX ادائیگیوں کی کمی میں خود کو زیادہ مضبوطی سے ظاہر کرنا چاہیے۔

مجموعی طور پر، آنے والے مہینوں میں عالمی اجناس کی قیمتوں میں کمی، تیل کا زیادہ ذخیرہ، پیٹرولیم مصنوعات کی مقامی قیمتوں میں اضافے کے اثرات، بجلی اور گیس کے نرخوں میں ایڈجسٹمنٹ، مالی سال 23 بجٹ کے تحت ٹیکس چھوٹ کے خاتمے، درآمدات کو کم کرنے کے لیے اٹھائے گئے انتظامی اقدامات، اور مانیٹری اور مالیاتی سختی کے پڑنے والے اثرات جو شروع کیے گئے ہیں کی وجہ سے درآمدات میں کمی متوقع ہے۔

آگے بڑھتے ہوئے، جیسا کہ کرنٹ اکاؤنٹ خسارہ کم ہو گیا ہے اور جذبات میں بہتری آئی ہے، ہم روپیہ کی قدر کے بڑھنے کی پوری توقع کرتے ہیں۔ درحقیقت، 2019 میں آئی ایم ایف پروگرام کے آغاز کے دوران یہ تجربہ کیا گیا تھا، جب پروگرام کی قیادت میں کمزوری کی مدت کے بعد روپیہ کافی مستحکم ہوا۔ واضح طور پر، روپیہ عارضی طور پر اور شوٹ کر سکتا ہے جیسا کہ اس نے حال ہی میں کیا ہے۔ تاہم، یہ وقت کے ساتھ دونوں طریقوں سے چلتا ہے۔ ہم امید کرتے ہیں کہ آنے والے عرصہ میں یہ پیٹرن اپنے آپ کو دوبارہ دہرائے گا۔ نتیجے کے طور پر، روپیہ کو بہتر بنیادی اصولوں کے مطابق ایک چھوٹے ٹرے کرنٹ اکاؤنٹ خسارے کے ساتھ ساتھ مضبوط جذبات کی صورت میں مستحکم ہونا چاہیے۔

ملک کے موجودہ معاشی حالات اور مواد/اجزاء کی درآمد پر پابندیوں کے پیش نظر، بورڈ نے WHALE کی انویسٹری کی سطح پر اپنے اطمینان کا اظہار کیا جس کے تحت سال کی جاری تیسری سہ ماہی کے دوران کسی رکاوٹ کی توقع نہیں ہے۔ اس کیلنڈر سال کی آخری سہ ماہی میں فیکٹری کے نئے احاطے کی تعمیر اور مینوفیکچرنگ کے کاموں کی منتقلی پر جاری پیشرفت صورتحال کے مطابق ہے۔ اسٹیٹ بینک آف پاکستان کی جانب سے اگست 2022 کے آخر سے ایل سی کھولنے کی اجازت دینے کی توقع کے ساتھ، نئے مواد کی آمد اور چھپلی سہ ماہی میں نئی فیکٹری کا آغاز، انشاء اللہ حالیہ مشکل وقت میں آپریشن کے تسلسل کو یقینی بنائے گا۔ الحمد للہ، WAVES برانڈ ڈ مصنوعات کی طلب بدستور مضبوط ہے اور قیمتوں میں اضافے کا اثر بنیادی طور پر پاکستانی روپے کی قدر میں کمی کی وجہ سے فروخت کی قیمتوں میں گزر رہا ہے، جو حجم میں



<p>• پروڈنٹ لیکویڈیٹی رسک مینجمنٹ کا مطلب کافی نقدی اور قابل فروخت سیکورٹیز کو برقرار رکھنا، قرض کی مناسب سہولتوں کے ذریعے فنڈنگ کی دستیابی ہے۔ کاروبار کی متحرک نوعیت کی وجہ سے، کمپنی پر عزم کریڈٹ لائنوں کو برقرار رکھتے ہوئے فنڈنگ میں چلک برقرار رکھتی ہے۔ کمپنی کے لیکویڈیٹی مینجمنٹ میں کیش فلو کا تخمینہ لگانا اور ان کو پورا کرنے کے لیے ضروری مائع اثاثوں کی سطح پر غور کرنا، اندرونی اور بیرونی ریگولیٹری تقاضوں کے مقابلے میں مالیاتی پوزیشن کے لیکویڈیٹی تناسب کی نگرانی اور قرض کی مالی اعانت کے منصوبوں کو برقرار رکھنا شامل ہے۔</p>	<p>لیکویڈیٹی رسک - وہ خطرہ ہے جس سے کمپنی کو اپنی مالی ذمہ داریوں سے وابستہ ذمہ داریوں کو پورا کرنے میں دشواری کا سامنا کرنا پڑے گا جو نقد یا کسی اور مالیاتی اثاثوں کی فراہمی سے ملے پاتے ہیں۔</p>
<p>• انفرادی کریڈٹ کی حدود کو لاگو اور بینک گارنٹیوں اور اندرون ملک لیٹر آف کریڈٹ کے عوض زیادہ تجارتی قرضے حاصل کر کے اس خطرے کو کم کیا جاتا ہے۔ ان بینک گارنٹیوں کو قبول کرنے کی وجہ سے پیدا ہونے والے کریڈٹ رسک کا انتظام اس بات کو یقینی بنا کر کیا جاتا ہے کہ بینک گارنٹی معقول حد تک اعلیٰ کریڈٹ ریٹنگ والے بینکوں کی طرف سے جاری کی گئی ہیں جیسا کہ بورڈ آف ڈائریکٹرز نے منظور کیا ہے۔</p>	<p>کریڈٹ رسک - کریڈٹ رسک نقصان کے خطرے کی نمائندگی کرتا ہے اگر کاؤنٹرفیٹین معاہدے کے مطابق کارکردگی کا مظاہرہ کرنے میں ناکام رہتے ہیں۔</p>
<p>• کمپنی اپنی ٹیکنالوجی، کارکردگی اور پیداواری صلاحیت کو بہتر بنا کر مسابقتی سپلائرز کو مسلسل سروسنگ کر رہی ہے۔ نیز، چونکہ WAVES میں تیزی سے تبدیلی، وقت کے ساتھ مصنوعات تیار کرنے کی اندرون ملک صلاحیت موجود ہے، جو خود ہی WAVES کو متاثر کرنے والے مسابقت کے امکانات کو ختم کر دیتی ہے۔</p>	<p>قیمت کا خطرہ - مارکیٹ میں نئے آنے والوں کے ساتھ، قیمت کے مقابلے کا امکان ہے جو مارجن کو کم کر سکتا ہے۔</p>
<p>• WAVES کی متنوع مصنوعات کی لائن اور منفرد ڈیلر کے علاوہ خوردہ فروخت کا ڈھانچہ اور تکنیکی مہارت اسے ان چیلنجوں کا سامنا کرنے کے لیے مناسب طریقے سے تیار کرتی ہے۔</p>	<p>مسابقتی خطرہ - پلاسٹک کی صنعت میں داخل ہونے والوں میں اضافہ۔</p>
<p>• نئے لیویز پورے بورڈ میں ہوتے ہیں، اس لیے ہم مسابقتی رہتے ہیں۔</p>	<p>ریگولیٹری رسک - ڈیویڈنڈ، سٹیکس، لیویز اور دیگر شرائط کا نفاذ/ اضافہ آپریشنز کو بری طرح متاثر کر سکتا ہے۔</p>

#### ماحولیات، صحت اور حفاظت

ہم اپنے پورے کاروبار میں صحت، حفاظت اور ماحول میں مددگی حاصل کرنے کے لیے پرعزم ہیں۔ ہم اپنے ملازمین کی حفاظت کو ترجیح دیتے ہیں اور ایک مثبت ماحول، اچھی صحت، اور حفاظتی کلچر فراہم کرنے کے لیے، خاص طور پر اپنی مینوفیکچرنگ سہولیات پر اپنے ماحولیاتی فرائض اور ذمہ داریوں کو چوکس طریقے سے پورا کرتے ہوئے سخت محنت کرتے ہیں۔ ہماری کمپنی اپنے کارکنوں کی پیشہ ورانہ حفاظت اور صحت کو اہمیت دیتی ہے۔ ہم کام کرنے کا ایک محفوظ ماحول برقرار رکھتے ہیں اور اپنے عملے اور اسٹیک ہولڈرز کی صحت اور تندرستی کی ذمہ داری لیتے ہیں۔ کمپنی تمام ملازمین کو کام کی جگہ اور اس سے باہر دونوں جگہوں پر ان کی حفاظت کو یقینی بنانے کے لیے فعال طور پر توجہ دیتی ہے۔ اس کے علاوہ، ہمارے مینوفیکچرنگ، ڈسٹری بیوشن، اور ریٹیل آپریشنز نے SOPs تیار کیے ہیں جو حادثات کے خطرے کو کم کرنے کی کوشش کرتے ہیں۔

#### کارپوریٹ سماجی ذمہ داری (CSR)

ہم اجتماعی کوششوں پر یقین رکھتے ہیں اور اس لیے، ایک مضبوط تنظیمی کلچر بنایا ہے جو تمام ملازمین اور اسٹیک ہولڈرز کو فائدہ فراہم کرتا ہے۔ ہم سماجی ذمہ داری کو اپنی ایک بنیادی اقدار کے طور پر قبول کرتے ہیں اور اسے گروپ کے ہر ممبر کے ساتھ شیئر کیا گیا ہے۔

پائیدار اور ذمہ دارانہ ترقی نہ صرف کارپوریٹ اداروں پر مقامی قوانین کی پابندی ہے، بلکہ یہ اخلاقی ذمہ داری کے بارے میں زیادہ ہے جس پر بہترین جذبے کے ساتھ عمل کرنے کی ضرورت ہے۔ ہمارا پختہ یقین ہے کہ اس کی مالیاتی کامیابی کے لیے اس کی ماحولیاتی اور سماجی کارکردگی کو بہتر بنانا ناگزیر ہے۔ کمپنی ہمیشہ فضیلت، گڈ گورنس، شفافیت، دیانتداری اور جوابدہی کے کلچر پر زور دیتی ہے۔

WAVES مسلسل درج ذیل متنوع CSR اقدامات کر رہی ہے جس میں سے ہر ایک ہمارے CSR وژن کی طرف ہمارے اہداف کو پورا کرتا ہے۔

## انسانی کیمپنل میں سرمایہ کاری

ویوز کارپوریشن میں، ہم مارکیٹ پلیس میں، بہترین ٹیلنٹ کو اپنی طرف متوجہ کرنے اور انہیں مہارت اور مواقع دینے، انہیں اعلیٰ کامیاب بننے کی ضرورت پر یقین رکھتے ہیں۔

## انسانی اثاثے

کمپنی اپنے لوگوں کو اپنا سب سے اہم اثاثہ سمجھتی ہے۔ ہم ہمیشہ دستیاب انسانی وسائل کی بہترین صلاحیتوں کو بھرتی، تربیت اور فروغ دینے کے لیے کوشاں رہتے ہیں۔ پُرکشش معاوضے کے پیکیجوں کے علاوہ، ہمارا کارپوریٹ کلچر ملازمین کی کارکردگی کو بڑھانے کے لیے ڈیزائن کیا گیا ہے۔ ہمارا جانشینی کی منصوبہ بندی کا فریم ورک ہماری بھرتی اور فروغ کی سرگرمیوں کی فعال طور پر رہنمائی کرتا ہے۔

## ریٹنگ اور تنظیمی ترقی

ہماری افرادی قوت باقاعدگی سے اپنے متعلقہ شعبوں میں تربیت حاصل کرتی ہے۔ سٹریٹجیٹک اکیڈمی ملازمین کو ایک جامع ورک فورس ٹریننگ کیلنڈر کے ذریعے لے جانے میں اہم کردار ادا کرتی ہے۔ ہم اپنے ملازمین کو اس شعبے میں ہونے والی نئی پیشرفتوں سے آگاہ کرنے کے لیے ورکشاپس کا انعقاد بھی کرتے ہیں تاکہ مارکیٹ کے بدلتے ہوئے منظر نامے سے باخبر رہیں۔

## کافی داخلی مالیاتی کنٹرول

داخلی کنٹرول کا فریم ورک مؤثر طریقے سے بورڈ کی طرف سے قائم کردہ داخلی آڈٹ فنکشن کے ذریعے نافذ کیا گیا ہے جو بیرونی آڈٹ فنکشن سے آزاد ہے۔ کمپنی کا داخلی کنٹرول کا نظام ڈیزائن کے لحاظ سے مستحکم ہے اور تاشیر اور مناسبت کے لیے اس کا مسلسل جائزہ لیا جاتا ہے۔ آڈٹ کمیٹی نے کمپنی کے اندر تمام سطحوں پر آپریشنل، تعمیل، رسک مینجمنٹ، مالیاتی رپورٹنگ اور کنٹرول کے مقاصد، کمپنی کے اثاثوں کی حفاظت اور شیئر ہولڈرز کی دولت کے حصول کو یقینی بنایا ہے۔

داخلی آڈٹ فنکشن نے آڈٹ کمیٹی کی طرف سے بیان کردہ چارٹر کے تحت اپنے فرائض سرانجام دیئے ہیں۔ آڈٹ کمیٹی نے داخلی آڈٹ کے مواد کا جائزہ لیا، مناسب کارروائی کی ہے یا جہاں ضرورت ہو معاملات بورڈ کی توجہ میں لائے ہیں۔ ایک قابل اعتماد مالیاتی رپورٹنگ سسٹم اور قوانین وضوابط کی تعمیل سمیت کمپنی کے مقاصد میں کارکردگی اور شراکت کو یقینی بنانے کے لیے بیرونی اور اندرونی آڈیٹرز کے درمیان ہم آہنگی کو آسان بنایا گیا ہے۔

## کارپوریٹ گورننس کے بہترین طرز عمل

ہمارے ضابطہ اخلاق کو اخلاقیات کی ہماری بنیادی اقدار میں سے ایک کے طور پر درج کیا گیا ہے، اس لیے ویوز کارپوریشن لمیٹڈ کسی بھی قسم کے امتیازی سلوک اور ایذا رسانی کے خلاف صفر واداری کی پالیسی رکھتی ہے۔ اسی طرح رپورٹنگ کے محاذ پر بھی ایمانداری اور کھلی بات چیت کی توقع کی جاتی ہے، ہمیں اس بات کی پرواہ ہے کہ ہم کیسے نتائج حاصل کرتے ہیں۔ ہمارا ماننا ہے کہ ویوز کارپوریشن لمیٹڈ سے وابستہ ہر فرد کے لیے اس کلچر کو اپنانا اور دیانتداری اور جوابدہی کے اعلیٰ ترین معیارات کے مطابق زندگی گزارنا ضروری ہے۔ بورڈ آف ڈائریکٹرز نے ڈائریکٹرز اور ملازمین کے لیے کوڈ آف کنڈکٹ کو اپنایا اور اسے بورڈ کے ممبران اور ملازمین کو لسنڈ کیمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کی ضرورت کے مطابق ترسیل کیا گیا ہے۔ کوڈ آف کنڈکٹ کمپنی کی ویب سائٹ پر بھی رکھا گیا ہے۔

## ڈائریکٹرز کا بیان

ضابطہ کی ضرورت کے مطابق، ہم، کمپنی کے ڈائریکٹرز، بخوشی بیان کرتے ہیں کہ:

- کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے۔
- اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات (IAS) اور IFRS کی پیروی کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

- (g) کمپنی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- (h) کارپوریٹ گورننس کے لسٹنگ ضابطے میں تفصیلی بہترین طریقوں میں سے کوئی مادی انحراف نہیں ہو رہا ہے۔

## تعمیل کا بیان

کمپنی گورننس کے بہترین طریقوں پر عمل پیرا ہے۔ کمپنی نے مندرجہ ذیل (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے مطابق "کارپوریٹ گورننس کے ضابطے کی تعمیل کا بیان" جاری کیا ہے، جس کا کمپنی کے آڈیٹرز نے بھی جائزہ لیا اور توثیق کی ہے۔

مالی سال کے دوران اجلاس اور سرگرمیاں

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے 07 اجلاس منعقد ہوئے جن کی صدارت چیئر مین نے کی۔ چیف فنانشل آفیسر اور کمپنی سیکرٹری نے بھی اجلاس میں تقاضہ کے مطابق شرکت کی۔

## بورڈ آف ڈائریکٹرز:

نمبر شمار	نام ڈائریکٹر	عہدہ	تعداد اجلاس	تعداد حاضری
1	جناب عدنان آفاق	چیئر مین / آزاد	7	7
2	جناب شعیب دستگیر *	آزاد ڈائریکٹر	7	7
3	محترمہ نگہت ہارون خان	نان ایگزیکٹو ڈائریکٹر	7	7
4	جناب معظم احمد خان	نان ایگزیکٹو ڈائریکٹر	7	7
5	جناب ندیم محمود بٹ **	ایگزیکٹو ڈائریکٹر	7	7
6	جناب ہارون احمد خان	چیف ایگزیکٹو آفیسر	7	7
7	جناب محمد ظفر حسین	نان ایگزیکٹو ڈائریکٹر	7	7

\* جناب یوسف محمد فاروق، ڈائریکٹر نے 19 مارچ 2021 کو کمپنی کے ڈائریکٹر کی حیثیت سے دستبرداری اختیار کر لی اور جناب شعیب دستگیر کو ڈائریکٹر مقرر کیا گیا ہے۔

\*\* جناب ندیم محمود بٹ، ڈائریکٹر نے 24 مارچ 2022 کو کمپنی کے ڈائریکٹر کا عہدہ چھوڑ دیا اور جناب قمل حسین بخاری کو ڈائریکٹر مقرر کیا گیا ہے۔

## آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کے نفاذ کے بعد سے بورڈ کی ایک آڈٹ کمیٹی تشکیل دی گئی ہے۔ یہ تین (3) ارکان پر مشتمل ہے۔ چیئر مین ایک آزاد ڈائریکٹر ہے۔ دیگر اراکین میں دو (2) نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ سال کے دوران آڈٹ کمیٹی کے چار (4) اجلاس منعقد ہوئے۔ ہر ممبر کی حاضری ذیل میں دی گئی ہے:-

نمبر شمار	نام ڈائریکٹر	کمپنی میں عہدہ	مدت کے دوران	اجلاسوں میں شرکت
1	جناب محمد ظفر حسین *	آزاد ڈائریکٹر	4	4
2	محترمہ نگہت ہارون خان	نان ایگزیکٹو ڈائریکٹر	4	4
3	جناب معظم احمد خان	نان ایگزیکٹو ڈائریکٹر	4	4

\* جناب محمد ظفر حسین آزاد ڈائریکٹر کی حیثیت کو تبدیل کر کے نان ایگزیکٹو ڈائریکٹر کر دیا گیا اور اس کے مطابق ایک آزاد ڈائریکٹر جناب شعیب دستگیر کو آڈٹ کمیٹی کا چیئر مین مقرر کیا گیا۔

آڈٹ کمیٹی نے لسٹنگ ریگولیشنز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں فراہم کردہ اپنے ٹرمز آف ریفرنس کو اختیار کیا ہے۔

ہیومن ریسورس اینڈ ریمیزیشن کمیٹی پانچ (5) ممبران پر مشتمل ہے، دو (2) ممبران آزاد ڈائریکٹرز جن میں سے ایک چیئر مین اور دو (2) ایگزیکٹو ڈائریکٹرز اور (1) نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ سال کے دوران ہیومن ریسورس اینڈ ریمیزیشن کمیٹی کا ایک اجلاس منعقد ہوا۔ ہر ممبر کی حاضری ذیل میں دی گئی ہے۔

نمبر شمار	نام ڈائریکٹر	عہدہ	تعداد اجلاس	حاضری
1	جناب شعیب دستگیر	چیئر مین / آزاد	1	1
2	جناب معظم احمد خان	نان ایگزیکٹو ڈائریکٹر	1	1
3	جناب محمد ظفر حسین *	نان ایگزیکٹو ڈائریکٹر	1	1
4	جناب ندیم محمود بٹ	ایگزیکٹو ڈائریکٹر	1	1
5	جناب ہارون احمد خان	ایگزیکٹو ڈائریکٹر	1	1

\* جناب محمد ظفر حسین آزاد ڈائریکٹر کی حیثیت کو تبدیل کر کے نان ایگزیکٹو ڈائریکٹر کر دیا گیا اور جناب ندیم محمود بٹ نے 24 مارچ 2022 کو استعفیٰ دے دیا۔ ہیومن ریسورس اینڈ ریمیزیشن کمیٹی نے لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں فراہم کردہ اپنے ٹرمز آف ریفرنس کو اختیار کیا ہے۔

بورڈ کی کارکردگی اور ڈائریکٹرز کے تربیتی پروگرام کا جائزہ

جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت ضروری ہے، بورڈ کی اپنی کارکردگی، بورڈ کے ممبران اور اس کی کمیٹیوں کے پہلے سے طے شدہ آپریشنل اور سٹریٹجک مقاصد کی خاطر سالانہ جائزہ لینے کے لیے ایک باضابطہ اور موثر طریقہ کار وضع کیا گیا ہے۔ موثر بورڈز کمیٹی کے اسٹریٹجک مقاصد کو پورا کرنے کے لیے اجتماعی فیصلے کرتے ہیں اور بہترین آپریشنل کارکردگی کے لیے انتظامیہ کو کلیدی معاملات پر نگرانی اور مدد فراہم کرتے ہیں۔ اچھی طرح سے کی جانے والی تشخیص سے بورڈ اور اس کی کمیٹیوں کو اپنی زیادہ سے زیادہ صلاحیتوں کے مطابق کارکردگی کا مظاہرہ کرنے میں مدد ملتی ہے، جو کمیٹی کی طویل مدتی پائیدار قدر میں مسلسل کامیابی اور ترقی کے لیے اہم ہے۔

شیر ہولڈنگ کا نمونہ

31 دسمبر 2021 کو کمیٹی کے شیر ہولڈرز کی کل تعداد 7,322 تھی۔ 31 دسمبر 2021 کو کمیٹی کے شیر ہولڈنگ کا نمونہ، حصص یافتگان کے مخصوص طبقے کے شیر ہولڈنگ کے نمونہ جن کا انکشاف رپورٹنگ فریم ورک کے تحت ضروری ہے نیز 2021 کے دوران ڈائریکٹرز، ایگزیکٹوز، اور ان کے شریک حیات بشمول نابالغ بچوں کی طرف سے کی گئی شیرز کی خرید و فروخت کا بیان اس رپورٹ کے شیر ہولڈنگ سیکشن میں ظاہر کیا گیا ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے کمیٹی کے آرٹیکل آف ایسوسی ایشن کمیٹیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضوں کے مطابق بورڈ اور کمیٹی کے اجلاسوں میں شرکت کے لیے ڈائریکٹرز کے معاوضے کی پالیسی اور طریقہ کار کی منظوری دی ہے۔

معاوضے کا تعین ذمہ داری اور مہارت کی سطح سے کیا جاتا ہے، بہترین ٹیلنٹ کو راغب اور برقرار رکھنے کے لیے اس بات کو یقینی بناتے ہوئے کہ ان کی آزادی پر کسی بھی طرح سے سمجھوتہ نہ کیا جائے۔ اس کی اہم خصوصیات میں شامل ہے کہ آزاد ڈائریکٹرز بورڈ آف ڈائریکٹرز اور بورڈ کی دیگر کمیٹیوں کے اجلاسوں میں شرکت کے معاوضے کے طور پر اجلاس کیفیس کے حقدار ہیں۔ سال کے دوران ڈائریکٹرز کو ادا کیے گئے معاوضے کی تفصیلات مجموعی مالیاتی گوشواروں کے نوٹ 38 میں دی گئی ہیں۔

سرمایہ کار سے تعلقات اور ویب سائٹ

ہم چاہتے ہیں کہ ہمارے سرمایہ کاروں، شیر ہولڈرز، اور صارفین کو ہمارے اور ہمارے آپریشنز کے بارے میں اچھی طرح سے آگاہ کیا جائے تاکہ ہم دیرپا اور باہمی طور پر فائدہ مند تعلقات استوار کرنا جاری رکھ سکیں۔ ہم اپنے شیر ہولڈرز اور اسٹیک ہولڈرز کو جیسے ہی دستیاب ہو مواد کی ترسیل کرنے کی خدمت کے لیے پُر عزم ہیں۔ ایک مشق کے طور پر، ہم کمیٹی کی آفیشل ویب سائٹ (www.waves.net.pk) پر سرمایہ کاروں کے لیتیمت مادی ابلاغیات جیسے کہ کمیٹی کی مالی، آپریشنل کارکردگی، شیر ہولڈنگ کا نمونہ، مادی انکشافات، اور ضروری سمجھی جانے والی کوئی دوسری معلومات کو باقاعدگی سے شائع کریں گے۔ ہمارا سرمایہ کاری شکایت سیکشن سرمایہ کاروں کی شکایات کی صورت میں رابطہ فرد کی تفصیل بھی دی گئی ہے تاکہ آپ کے خدشات کو مناسب طریقے سے دور کیا جاسکے۔

موجودہ آڈیٹرز میسرز KPMG تا شیر ہادی اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو گئیں اور سالانہ اجلاس عام میں دوبارہ تقرری کے اہل ہیں۔ آڈٹ کمیٹی نے میسرز KPMG تا شیر ہادی اینڈ کمپنی کی 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کمپنی کے قانونی آڈیٹرز کے طور پر، باہمی متفقہ فیصلے پر دوبارہ تقرری کی سفارش کی ہے۔ بورڈ نے اس سفارش کی توثیق کی ہے۔

#### اظہار تشکر

ہم اپنے تمام اسٹیک ہولڈرز، خاص طور پر اپنے قابل قدر صارفین، سپلائرز، کاروباری شراکت داروں، مالیاتی اداروں، ریگولیٹرز، جنہوں نے ہم پر اپنا اعتماد ظاہر کیا کا شکریہ ادا کرتے ہیں۔ کمپنی کی کامیابیاں اور موجودہ تفصیلات پر متزلزل عزم، سخت محنت، بے پناہ تعاون، اور ہماری انتظامی ٹیم اور دیگر ملازمین کی کوششوں کے بغیر ممکن نہیں تھا جو بھرپور تعریف کے مستحق ہیں۔ ہمیں یقین ہے کہ ٹیم ترقی کرتی رہے گی اور تمام اسٹیک ہولڈرز کی توقعات پر مسلسل پورا اترے گی۔ بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، اور پاکستان اسٹاک ایکسچینج کی انتظامیہ کی مسلسل حمایت اور تعاون کا بھی اعتراف کرتا ہے۔

ہم اپنے شیئرز ہولڈرز اور ان کی غیر متزلزل حمایت کے بھی تہہ دل سے شکرگزار ہیں کہ انہوں نے ہم پر اعتماد اور بھروسہ کا اظہار کیا ہے۔  
منجانب بورڈ:

معظم احمد خان  
ڈائریکٹر

ہارون احمد خان  
چیف ایگزیکٹو آفیسر  
لاہور

#### ویوز کارپوریشن لمیٹڈ

#### (سابقہ ویوز سنگر پاکستان لمیٹڈ)

#### اطلاع سالانہ اجلاس عام

بذریعہ مذکورہ اطلاع کیا جاتا ہے کہ ویوز کارپوریشن لمیٹڈ (ویوز یا کمپنی) کے حصص داران کا سالانہ اجلاس عام، کمپنی کے رجسٹرڈ دفتر 9 کلومیٹر ملتان روڈ، لاہور میں فزیکل اور الیکٹرونکلی بروز سوموار 29 اگست 2022ء کو دوپہر 12:30 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

#### عام امور:

- 1- 31 دسمبر 2021ء تختہ سال کیلئے کمپنی کے نظر ثانی شدہ مالی حسابات مع ڈائریکٹران کی رپورٹس اور چیئرمین کے جائزہ کی وصولی، غور و خوض اور منظوری دینا۔
- 2- 31 دسمبر 2021ء تختہ سال کیلئے کمپنی کے قانونی آڈیٹران کا تقرر اور ان کے صلہء خدمت کا تعین کرنا۔ بورڈ اور آڈٹ کمیٹی نے ریٹائر ہونے والے میسرز KPMG تا شیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کی حیثیت سے مقرر کرنے کی سفارش کی ہے۔

#### خصوصی امور

- 3- سالانہ رپورٹ (مجموعی اور واحد) کی CD/DVD/USB کے ذریعے ترسیل کے لئے حصص داران کی منظوری حاصل کرنے کے لئے درج ذیل قرارداد پر غور و خوض اور اگر بہتر خیال کیا گیا تو منظوری دینا۔

"قراریا یا کہ سالانہ مالی حسابات (مجموعی اور واحد) مع ان پر ڈائریکٹرز کی رپورٹ اور چیئرمین کے جائزہ بمعہ سالانہ اجلاس عام کا نوٹس حصص داران کے رجسٹرڈ پیپر پر ہارڈ کاپی کی بجائے

CD/DVD/USB کے ذریعے ممبران کو ترسیل کرنے کی منظوری اور کمپنی کو اجازت دی جاتی ہے۔"

4۔ غور و خوض اور اگر بہتر خیال کیا گیا تو درج ذیل خصوصی قراردادوں کو اصطلاحات کے ساتھ اور کے بغیر منظور کرنا۔

"قرارداد یا کمپنی کی جانب سے مالی سال 31 دسمبر 2021 کے دوران ویوز ہوم اپلائنسز لمیٹڈ، سابقہ سمین ٹیکسٹائلز لمیٹڈ، الیکٹرانک مارکیٹنگ کمپنی لمیٹڈ، ویوز بلڈرز اینڈ ڈویلپرز (پرائیویٹ) لمیٹڈ اور ایمپلائز پنشن/گریجویٹ/پروویڈنٹ فنڈ کے ساتھ کیے گئے لین دین جیسا کہ 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے سالانہ ڈاٹ شدہ مالیاتی حسابات کے متعلقہ پارٹی نوٹ 41 میں دیا گیا ہے، اس کی منظوری دی جاتی ہے۔"

"مزید قرارداد یا کمپنی کا بورڈ آف ڈائریکٹرز مالی سال 31 دسمبر 2022 کے دوران کیس ٹوکس کی بنیاد پر کیے جانے والے تمام متعلقہ پارٹی ٹرانزیکشنز کو منظور کرنے کا مجاز ہے۔ ان ٹرانزیکشنز کو شیئر ہولڈرز اور اگلے AGM میں حصص یافتگان کے سامنے ان کی باضابطہ توثیق/منظوری کے لیے پیش کیا جائے گا۔"

لاہور

06 اگست 2022ء

بحکم بورڈ

احمد بلال ذوالفقار

(کمپنی سیکرٹری)

**نوٹ:**

1۔ ویڈیولنک کے ذریعے اجلاس عام میں شرکت کرنے میں دلچسپی رکھنے والے کمپنی کے شیئر ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنی تفصیلات (جیسا کہ ذیل میں دیا گیا ہے) اپنے CNIC (دونوں اطراف) / پاسپورٹ کی موثر کاپی، بورڈ کی قرارداد / پاور آف اٹارنی (کارپوریٹ شیئر ہولڈرز کی صورت میں) (cs@waves.net.pk پر ای میل کے ذریعے) (یا پوسٹ / کوریئر کے ذریعے) جس کا عنوان "WAVES کی AGM 31 دسمبر 2022 کے لیے رجسٹریشن" کے ساتھ اجلاس عام کے انعقاد سے کم از کم 48 گھنٹے پہلے ارسال کریں۔ اصل دستخط شدہ دستاویزات کو ریکارڈ کے مقاصد کے لیے الگ سے کوریئر یا ڈاک کے ذریعے کمپنی کو بھیجنا ضروری ہے۔

نام شیئر ہولڈر CNIC نمبر فوٹیو نمبر موبائل / واٹس ای میل ایڈریس ایپ نمبر

\* جہاں قابل اطلاق ہو، براہ مہربانی شیئر ہولڈر کے پراسی ہولڈر یا نامزد کے بالا کو آف بھی دیں۔

وڈیولنک اور لاگ ان کرڈیفنٹیل صرف ان ممبران کے ساتھ شیئر کی جائے گی جن کی ای میلز، بشمول تمام مطلوبہ تفصیلات بروقت موصول ہو گئی ہیں۔ وڈیولنک کا یہ نوٹس جغرافیائی محل وقوع میں سکونتی، کمپنی میں 10% یا زیادہ شیئر ہولڈنگ (مجموعی) کے مالک ارکان کو وڈیولنک سہولت فراہم کرنے کے سلسلے میں کمپنیز ایکٹ 2017 کی دفعہ (b)(1) 134 کے تقاضہ کو بھی پورا کرے گا۔

2۔ حصص منتقلی کتابیں 22 اگست 2022ء تا 29 اگست 2022ء (بشمول ہر دو ایام) بند رہیں گی۔ 21 اگست 2022 کو کاروبار کے اختتام پر ہمارے شیئر رجسٹر اری میسرز کارپوریشن (پرائیویٹ) لمیٹڈ، ونگز آرکیڈ، 1-K، کمرشل ماڈل ٹاؤن، لاہور کے دفتر میں موصول ہونے والی منتقلی ٹرانسفریز کے استحقاق کے مقاصد کے لئے بروقت تصور ہوگی۔

3۔ مذکورہ بالا کتابوں کی بندش کی تاریخیں 27 مئی 2022 کو WAVES اور WHALE کے درمیان لاہور ہائی کورٹ، لاہور کی منظور کردہ اسکیم آف آرٹیمٹ کے مطابق ویوز ہوم اپلائنسز لمیٹڈ، سابقہ سمین ٹیکسٹائلز لمیٹڈ (WHALE) کے حصص کے استحقاق کے تعین کے لیے خود ویوز اور ویوز کے حصص یافتگان کے لیے بھی استعمال کی جاتی ہیں۔ اس سلسلے میں ایک باضابطہ نوٹس پاکستان اسٹاک ایکسچینج کو 04 اگست 2022 کو بھیجا گیا ہے اور 06 اگست 2022 کو اخبارات (نیشن اور نوائے وقت) میں بھی شائع ہوا ہے۔

4۔ اجلاس ہذا میں شرکت اور ووٹ دینے کا مستحق ممبر اپنے بجائے شرکت، تقریر اور ووٹ دینے کیلئے کسی دیگر ممبر کو بطور پراسی مقرر کر سکتا/سکتی ہے۔ پراسی تقرری کے آئٹم کمپنی کے صدر دفتر پر اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے قبل لازمًا جمع کرایا جانا چاہئے۔ پراسی فارم کمپنی کی ویب سائٹ یعنی www.waves.net.pk پر دستیاب ہے۔ تاہم، الیکٹرونک حاضری کی صورت میں متعلقہ طریقہ کار گزشتہ پیرا گراف میں دیا گیا ہے۔

5۔ سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ سرکلر 1 مورخہ 26 جنوری 2000 میں دی گئی گائیڈ لائنز کی پیروی کرنا ہوگی۔

a۔ اجلاس میں شرکت کیلئے:

(i) بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا افراد جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات، ریگولیشنز کے مطابق اپ لوڈ ہیں، کو اجلاس میں شرکت کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) یا اصل پاسپورٹ دکھا کر اپنی شناخت ثابت کرنا ہوگی۔

(ii) بصورت کارپوریٹ اینٹیٹی، بورڈ آف ڈائریکٹرز قرارداد/مختار نامہ مع نامزد کے نمونہ دستخط اجلاس کے وقت مہیا کرنا ہونگے (اگر پہلے فراہم نہیں کئے گئے ہیں)۔

b۔ پراسی کی تقرری کیلئے

i۔ بصورت افراد، اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا شخص جن کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کی رجسٹریشن تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہیں کو مذکورہ بالا ضروریات کے مطابق پراسی فارم جمع کرنا ہوگا۔

ii۔ پراسی فارم دو افراد کا گواہی شدہ ہوگا جن کے نام، پتے اور CNIC نمبرز فارم پر درج ہونگے۔

iii- تینفشل مالکان اور پراکسی کے CNIC/ پاسپورٹ کی مصدقہ نقول پراکسی فارم کے ساتھ جمع کرانا ہوگی۔

iv- پراکسی، اجلاس کے وقت اپنا اصل CNIC یا اصل پاسپورٹ مہیا کرے گا۔

v- کارپوریٹ اینٹیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد پر مبنی معتمدہ دستخط، کمپنی کو پراکسی فارم کے ہمراہ جمع کرانا ہوگا (اگر پہلے فراہم نہیں کیا گیا ہے)۔

6- شیئر ہولڈر سے التماس ہے کہ اپنے رجسٹرڈ ڈاک کے پتوں میں کسی تبدیلی بارے کمپنی کے شیئر رجسٹرار کو مطلع کریں۔

7- SECP کے سرکلر نمبر 10 مورخہ 21 مئی 2014 کی پیروی میں، اگر کمپنی اجلاس کے شہر کے علاوہ جغرافیائی مقام میں رہنے والے اور مجموعی 10% یا زیادہ شیئرز رکھنے والے ارکان سے وڈیو کانفرنس کے ذریعے اجلاس میں شرکت کے لئے رضامندی اجلاس کی تاریخ سے کم از کم 7 (سات) یوم قبل وصول کرتی ہے تو، کمپنی اس شہر میں ایسی سہولت کی دستیابی کے حوالہ سے اس شہر میں وڈیو کانفرنس سہولت کا انتظام کرے گی۔ اس سلسلہ میں، براہ مہربانی درج ذیل فارم کو پُر کریں اور کمپنی کے صدر دفتر کے پتے پر اجلاس عام کی تاریخ سے کم از کم 07 (سات) یوم قبل جمع کروائیں۔

میں/ہم \_\_\_\_\_ و یوزنگ کارپوریشن لمیٹڈ کے ممبر ہونے کی حیثیت سے \_\_\_\_\_ عام حصص بوطابق رجسٹرڈ فونو نمبر \_\_\_\_\_

بذریعہ ہذا \_\_\_\_\_ پروڈیو کانفرنس کی سہولت کا انتخاب کرتے ہیں۔

8- کمپنی، کمپنی کی ویب سائٹ پر دستیاب معیاری درخواست فارم داخل کروا کر شیئر رجسٹرار یا کمپنی سیکرٹری کو اپنی متعلقہ معلومات فراہم کرنے والے حصص داران کو امی میل کے ذریعے سالانہ مالی حسابات ترسیل کرے گی۔

9- خصوصی امور کی بابت تمام مادی معلومات بشمول ٹھیکہ تبدیلی نام، MOA/AOA، مالی حسابات، متعلقہ پارٹی لین دین اور ریکارڈ، اسکیم آف ازیمنٹ، مادی حقائق کا بیان اور AGM نوٹس کی بابت دیگر ضروری دستاویزات کمپنی کے رجسٹرڈ دفتر میں رکھے گئے ہیں اور نوٹس ہذا کی تاریخ سے AGM کے اختتام تک معائنہ کے لئے دستیاب ہیں۔

10- سالانہ نظر ثانی شدہ مجموعی اور واحد مالی حسابات معتمدہ رپورٹس/ اجازت کے کمپنی کی ویب سائٹ [www.waves.net.pk](http://www.waves.net.pk) پر بھی دستیاب ہیں۔ یہ اکاؤنٹس کمپنی کے رجسٹرڈ دفتر میں دفتری اوقات کے دوران معائنہ کے لئے بھی دستیاب ہیں۔

11- کمپنیز ایکٹ، 2017 کے سیکشن 72 کے تقاضوں کی تعمیل میں، ہر موجودہ لسٹڈ کمپنی پر لازم ہوگا کہ وہ اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ SECP کی طرف سے مطلع کردہ تاریخ سے اور اس انداز میں تبدیل کرے جیسا کہ بیان کیا گیا ہو جس کی مدت کمپنیز ایکٹ کے آغاز یعنی 30 مئی 2017 سے چار سال سے زیادہ نہ ہو۔ فزیکل شیئر ٹھیکہ رکھنے والے ممبران سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو فزیکل فارم سے جلد از جلد بک انٹری فارم میں تبدیل کروائیں۔ اس سے اراکین کو کئی طریقوں سے سہولیات فراہم کی جائیں گین جن میں حصص کی محفوظ تحویل، حصص کا گم نہ ہونا، ڈپلیکیٹ حصص کے اجراء کے لیے درکار رسمی کارروائیوں سے گریز اور اوپن مارکیٹ میں بہتر نرخوں پر فروخت اور خریداری کے لیے آسانی سے دستیاب ہے۔

12- کسی استفسار/وضاحت/معلومات کے لئے، حصص یافتگان کمپنی سے امی میل [cs@waves.net.pk](mailto:cs@waves.net.pk) پر اور/یا کمپنی کے شیئر رجسٹرار سے امی میل [akbar@corplink.com.pk](mailto:akbar@corplink.com.pk) پر رابطہ کر سکتے ہیں:

### بیرونی آڈیٹرز کی تقرری

موجودہ آڈیٹرز میسرز KPMG تا شیر ہادی اینڈ کمپنی (چارٹرڈ اکاؤنٹنٹس) ریٹائر ہو گئے اور اہل ہونے کی بناء پر، سالانہ اجلاس عام میں دوبارہ تقرری کے لیے اپنی رضامندی پیش کرتے ہیں۔ آڈٹ کمیٹی نے

میسرز KPMG تا شیر ہادی اینڈ کمپنی کی 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے باہمی متفقہ فیصل پر کمپنی کے قانونی آڈیٹرز کے طور پر دوبارہ تقرری کی سفارش کی ہے۔ بورڈ اور آڈٹ کمیٹی نے اس سفارش کی توثیق کی ہے۔

### خصوصی کاروبار کے سلسلے میں مادی حقائق کا بیان

ایجنڈا آئٹم نمبر 3-USB/ DVD/ CD کے ذریعے سالانہ اکاؤنٹس کی ترسیل:

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے SRO نمبر 470(I)/2016 کے ذریعے کمپنیوں کو سالانہ بیلنس شیٹ، نفع اور نقصان کے اکاؤنٹ، آڈیٹرز کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ (مالی گوشواروں) بعد AGM نوٹس کے ساتھ اپنے ممبروں کو ان کے رجسٹرڈ پتے پر ہارڈ کاپی کے بجائے USB/ DVD/ CD کے ذریعے ترسیل کرنے کی اجازت دی ہے۔ تاہم، کمپنی مالیاتی گوشواروں کی ہارڈ کاپیوں کا مطالبہ کرنے کے لیے اپنی ویب سائٹ پر شیئر ہولڈرز کے لیے ایک معیاری درخواست فارم رکھے گی، اگر کوئی رکن مالیاتی گوشواروں کی ہارڈ کاپی کے لیے درخواست کرتا ہے، تو اسے مفت فراہم کی جائے گی۔

ایجنڈا آئٹم نمبر 4-31 دسمبر 2021 کو ختم ہونے والے مالی سال کے دوران متعلقہ پارٹی ٹرانزیکشنز کی منظوری اور بورڈ کو مالی سال 31 دسمبر 2022 کے دوران متعلقہ پارٹی ٹرانزیکشنز کو منظور کرنے کا اختیار دینا

کمپنی نے درج ذیل اداروں جس میں ذیلی کمپنیاں، مکمل ملکیتی ذیلی کمپنیاں اور شریک کمپنیاں/ انڈر ٹیکنگ شامل ہیں کے ساتھ متعلقہ پارٹی لین دین کیا ہے۔

a- و یوز ہوم اپلائنسز لمیٹڈ، سائٹس ایمین ٹیکسٹائل لمیٹڈ (WHALE)، 27 مئی 2022 کو معزز لاهور ہائی کورٹ کی طرف سے منظور شدہ کمپنی اور WHALE کے درمیان انتظامات کی اسکیم کے مطابق 31

اگست 2021 سے مؤثر، کمپنی کا ایک ذیلی ادارہ۔ اس سے قبل WHALE ایک متعلقہ پارٹی تھی۔

b- الیکٹرا ایک مارکیٹنگ کمپنی لمیٹڈ (EMCL)، ایک مکمل ملکیتی ذیلی ادارہ

c- و یوز بلڈرز اینڈ ڈویلپرز (پرائیویٹ) لمیٹڈ (WBDPL)، ایک مکمل ملکیتی ذیلی ادارہ

d۔ ایپلائمنٹ پروڈکٹ فنڈ

e۔ ایپلائمنٹ پروڈکٹ فنڈ

f۔ ایپلائمنٹ پروڈکٹ فنڈ

مالی سال کے دوران متعلقہ فریقوں کے ساتھ تمام لین دین کمپنی کی طرف سے کمپنی کی متعلقہ پارٹی ٹرانزیکشنز پالیسی کے تحت کاروبار کے عام کورس میں اور قابل رسائی قیمتوں کی بنیاد پر کیا جاتا ہے۔ متعلقہ فریقوں کے ساتھ کیے گئے تمام لین دین کے لیے بورڈ آف ڈائریکٹرز کی منظوری درکار ہوتی ہے۔ آڈٹ کمیٹی کی سفارش پر، اس طرح کے لین دین کو بورڈ آف ڈائریکٹرز کے سامنے منظوری کے لیے رکھا جاتا ہے۔ متعلقہ فریقوں کے ساتھ تمام لین دین کا انکشاف 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 40 میں کیا گیا ہے۔ ان تعلقات کی نوعیت کو بھی 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے کمپنی کے آڈٹ شدہ مالیاتی گوشواروں کے نوٹ 41 میں ظاہر کیا گیا ہے۔ WHALE کے ساتھ لین دین میں وہ لین دین شامل ہیں جو اسکیم کے نفاذ کے عمل سے پیدا ہوتے ہیں اور اس کے نتیجے میں بین کمپنی بیلنس، جب تک کہ اسکیم کے مطابق عمل درآمد کا عمل مکمل طور پر مکمل نہ ہو جائے، مالیاتی گوشواروں میں ظاہر ہوتا ہے۔

کمپنی 31 دسمبر 2022 کو ختم ہونے والے سال کے دوران متعلقہ فریقوں کے ساتھ کمپنی کی متعلقہ پارٹی ٹرانزیکشنز پالیسی کے تحت کاروبار کے عام کورس میں اور قابل رسائی قیمتوں کی بنیاد پر کیا گیا ہے۔ متعلقہ فریقوں کے ساتھ کیے گئے تمام لین دین کے لیے بورڈ آف ڈائریکٹرز کی منظوری درکار ہوتی ہے۔ آڈٹ کمیٹی کی سفارش پر، اس طرح کے لین دین کو بورڈ آف ڈائریکٹرز کے سامنے منظوری کے لیے رکھا جائے گا۔ WHALE کے ساتھ لین دین میں وہ لین دین شامل ہو سکتے ہیں جو اسکیم کے نفاذ کے عمل سے پیدا ہوتے ہیں اور اس کے نتیجے میں مالیاتی گوشواروں میں بین کمپنی بیلنس، جب تک کہ اسکیم کے مطابق عمل درآمد کا عمل مکمل طور پر مکمل نہ ہو جائے، میں ظاہر ہوتا ہے۔ شفاف کاروباری طریقوں کو فروغ دینے کے لیے، شیئر ہولڈرز سے سفارش کی جاتی ہے کہ وہ کمپنی کے بورڈ آف ڈائریکٹرز کو 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے کیس ٹوکس کی بنیاد پر متعلقہ فریقوں کے ساتھ لین دین کی منظوری دینے کا اختیار دیں۔ لین دین کو شیئر ہولڈرز کے ذریعے منظور شدہ سمجھا جائے گا۔ ان ٹرانزیکشنز کو اگلے AGM میں شیئر ہولڈرز کے سامنے ان کی باضابطہ توثیق/منظوری کے لیے رکھا جائے گا۔ ڈائریکٹرز صرف اس حد تک قراردادوں میں دلچسپی رکھتے ہیں جو متعلقہ فریقوں میں ان کی مشترکہ ڈائریکٹرشپ کی حد تک ہو۔

## ڈائریکٹرز کی دلچسپی

کمپنی کے ممبران کی صرف ایک کلاس ہے۔ کمپنی کے ڈائریکٹرز کے مفادات پر قراردادوں کا اثر دوسرے ممبران کی دلچسپی کے اثر سے مختلف نہیں ہے سوائے جو یہاں بیان کیے گئے اور ڈائریکٹرز اس قرارداد میں صرف اس حد تک دلچسپی رکھتے ہیں کہ متعلقہ فریقوں میں ان کی مشترکہ ڈائریکٹرشپ اور ڈائریکٹرز کی مشترکہ ڈائریکٹرشپ اور متعلقہ فریقوں کی متعلقہ پالیسیوں کے مطابق معاوضے، مراعات اور الائنمنٹس کی حد تک بھی دلچسپی رکھتے ہیں، اس لیے قراردادوں میں اس حد تک دلچسپی سمجھی جاسکتی ہے۔

## مادی معلومات

خصوصی امور کے حوالے سے تمام مادی معلومات بشمول نام کی تبدیلی، AOA/MOA، مالیاتی گوشواروں، متعلقہ پارٹی کے لین دین اور ریکارڈ، گزشتہ اجلاس عام کی کارروائی، کمپنی اور متعلقہ فریقوں کے ڈائریکٹرز کی شیئر ہولڈنگ، معزز لاہور ہائی کورٹ، لاہور کی طرف سے منظور شدہ انتظامات کی اسکیم، AGM نوٹس کے سلسلے میں مادی حقائق کا بیان اور دیگر ضروری دستاویزات کمپنی کے رجسٹرڈ آفس میں رکھے گئے ہیں اور نوٹس ہذا کی تاریخ سے AGM کے اختتام تک معائنہ کے لیے دستیاب ہوں گے اور کمپنی کی ویب سائٹ [www.waves.net.pk](http://www.waves.net.pk) پر بھی مطلوبہ حد تک رکھا گیا ہے۔

ویوز کارپوریشن لمیٹڈ

سابقہ ویوزنگر پاکستان لمیٹڈ

پراکسی فارم (مختار نامہ)

کمپنی سیکرٹری

ویوز کارپوریشن لمیٹڈ

9 کلو میٹر، ملتان روڈ، لاہور

میں / ہم

سکنہ

بحیثیت رکن ویوز کارپوریشن لمیٹڈ بذریعہ ہذا

سکنہ

سکنہ

یا اسکی غیر موجودگی میں

کو اپنے/ ہمارے ایما پر بروز سوموار مورخہ 29 اگست 2022ء، دوپہر 13:30 بجے منعقد ہونے والے کمپنی کے سالانہ اجلاس عام میں شرکت، تقریر اور حق رائے دہی استعمال کرنے، یا کسی بھی التواء کی

صورت میں اپنا/ ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/ کرتے ہیں۔  
آج بروز ..... تاریخ ..... 2022ء کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

## گواہان

5/- روپے کار سیدی ٹکٹ یہاں چسپاں کریں
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گواہ نمبر 1۔

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

\_\_\_\_\_

دستخط رکن: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

گواہ نمبر 2۔

نام: \_\_\_\_\_

پتہ: \_\_\_\_\_

\_\_\_\_\_

دستخط رکن: \_\_\_\_\_

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: \_\_\_\_\_

(نام بڑے حروف میں)

فولیو نمبر: \_\_\_\_\_

پارٹنیشن آئی ڈی نمبر: \_\_\_\_\_

سی ڈی سی میں اکاؤنٹ نمبر: \_\_\_\_\_

### اہم نوٹ:

1-CDC اکاؤنٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ نوٹس اجلاس میں بیان کردہ ہدایات پر سختی سے عمل کریں۔

2- اجلاس عام میں شرکت کا اہل رکن اپنی بجائے شرکت کرنے اور ووٹ دینے کے لیے پراکسی مقرر کرنے کا اہل ہے۔

3- اراکین سے درخواست کی جاتی ہے کہ:

(a) مذکورہ بالا جگہ پر -5/ روپے کار یونیوسٹیٹ چسپاں کرنا۔

(b) ریونیوسٹیٹ پر دستخط کے اسی انداز میں دستخط کرنا جس طرح کمپنی کے ہاں رجسٹرڈ ہے۔

(c) نیچے اپنے فولیو نمبر لکھنا۔

4- یہ پراکسی فارم، باقاعدہ مکمل اور -5/ روپے کے ریونیوسٹیٹ پر دستخط شدہ، اجلاس کے انعقاد کے وقت سے کم از کم 48 گھنٹے پہلے کمپنی کے رجسٹرڈ آفس میں جمع/ بھیجا جانا چاہیے یا جیسا کہ نوٹس ہذا میں دیا

گیا ہے ای میل کے ذریعے اور کمپنی کے رجسٹرڈ آفس کو کوریئر/ پوسٹ کے ذریعے بھیجا جاسکتا ہے۔

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