Dawood Lawrencepur Limited

Annual Report 2020

A Year of Resilience

Dawood
Lawrencepur
Limited

In 2008, Dawood Lawrencepur Limited pledged to make sustainable energy mainstream. The TGL wind farm was our first initiative in the sector. This paved the way for the

inception

of Reon Energy Limited in 2014. Over the years, Reon has achieved leadership in industrial solar energy and storage solutions and transformed the nation's energy infrastructure.

Reon is a next generation energy company leading the energy

transition

We are experts in energy generation and storage across its various uses and digitalization of energy assets across regions.

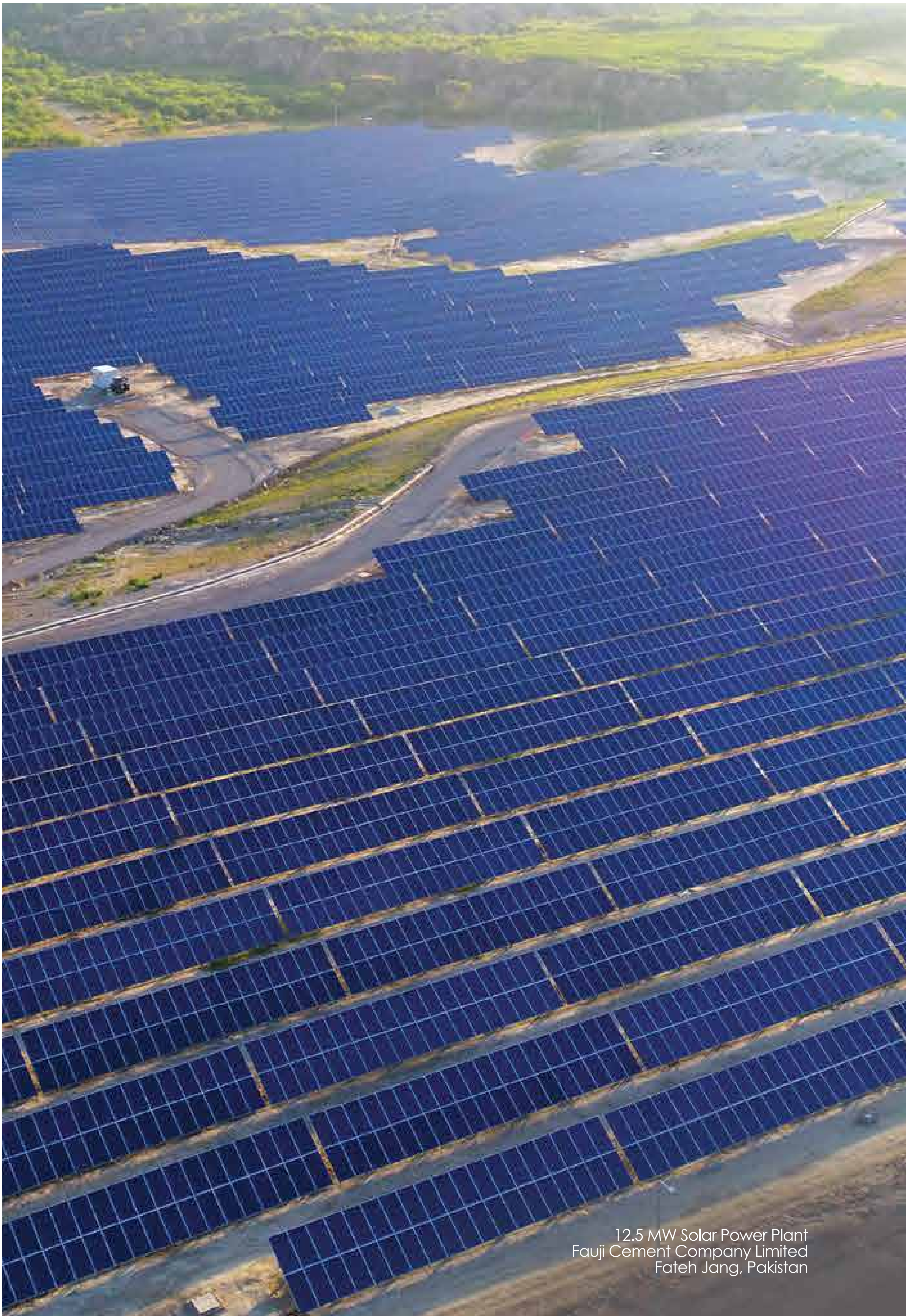
50 MW Wind Farm
Tenaga Generasi Limited
Gharo, Pakistan

TENAGA
TENAGA GENERASI LIMITED

Tenaga is creating an energy abundant future by harnessing the potential of the

environment

in a safe and sustainable manner.



12.5 MW Solar Power Plant
Fauji Cement Company Limited
Fateh Jang, Pakistan

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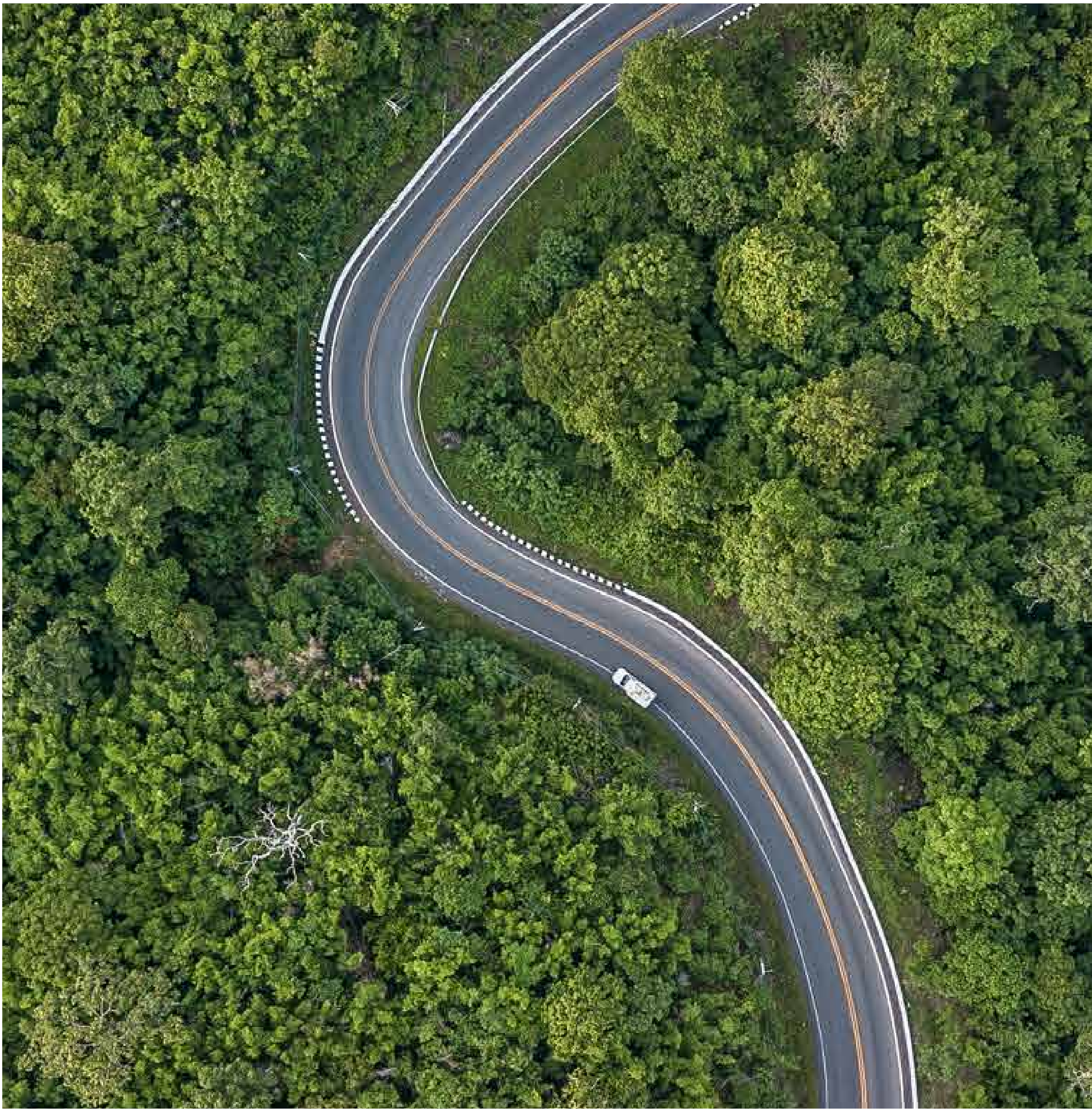
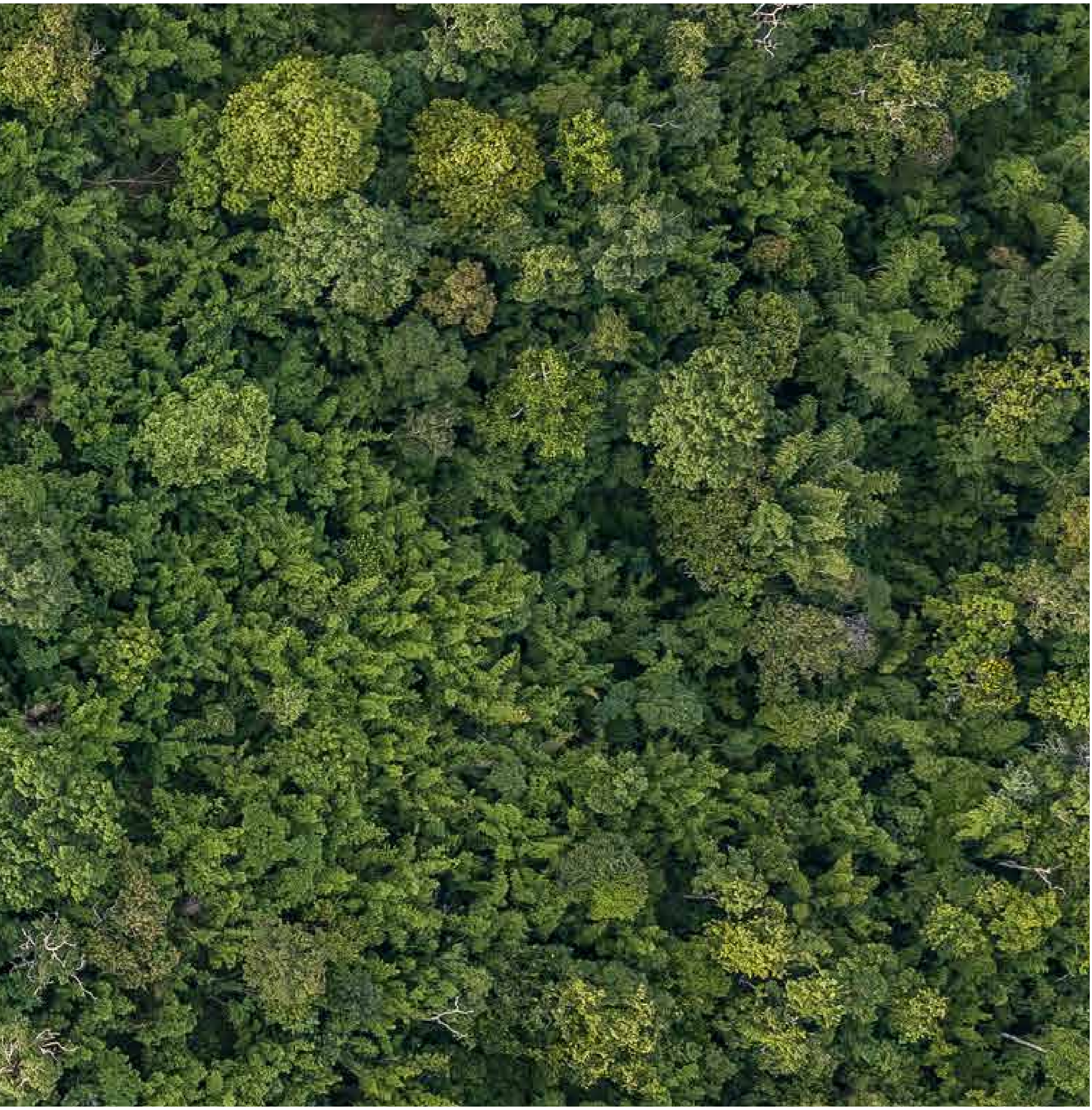




Our Vision

To give our customers an energy abundant future by harnessing the potential of the environment in a safe and sustainable manner.

9.29 MW Solar Power Plant
Unilever Pakistan Limited
Rahim Yar Khan, Pakistan

Our Mission

We aim to be the leading renewable energy solutions company of Pakistan, with a turnover exceeding Rs.10 billion by 2020*. We will achieve this by resolutely following our Core Values and by:

- Anticipating customer needs & consistently optimizing our products and services.
- Building strategic partnerships with technology suppliers, vendors and financial institutions.
- Becoming the employer of choice and developing a culture that inspires performance, excellence and teamwork.

* The given statement is under review.

111.92 kW Solar Power Plant
The Citizen Foundation (TCF) School Project
Karachi, Pakistan

Our Values

- Customer Obsession
- Health, Safety & Environment Stewardship
- Empathy
- Implicit Trust
- Drive & Ownership
- Problem Solving
- Growth Mindset

The first connected village
22.46 MWh Storage & 327 KW Solar
Telecom Energy Infrastructure Project
Makran Coast, Pakistan

We spread

smiles

through compassion.

Company Information

Board of Directors
- Mr. Shahid Hamid Pracha (Chairman)
- Mr. Shahzada Dawood
- Ms. Sabrina Dawood
- Mr. Shafiq Ahmed
- Mr. Hasan Reza Ur Rahim
- Mr. Shabbir Hussain Hashmi
- Mr. Zamin Zaidi
- Mr. Mujtaba Haider Khan (Chief Executive Officer)

Board Audit Committee
- Mr. Shabbir Hussain Hashmi (Chairman)
- Mr. Shahzada Dawood
- Mr. Hasan Reza Ur Rahim

Human Resource and Remuneration Committee
- Mr. Hasan Reza Ur Rahim (Chairman)
- Mr. Shahid Hamid Pracha
- Mr. Shabbir Hussain Hashmi

Chief Financial Officer
- Mr. Saad Faridi

Company Secretary
- Mr. Imran Chagani

Head of Internal Audit
- Mr. Amjad Ali

Auditors
- A. F. Ferguson & Co.
  (Chartered Accountants)

Bankers
- Bank Al-Habib Limited
- Standard Chartered Bank (Pakistan) Limited
- Habib Bank Limited
- National Bank of Pakistan
- Habib Metropolitan Bank Limited
- MCB Bank Limited

Legal Advisor
- Zia Law Associates
  I7, Second Floor
  Shah Chiragh Chambers
  The Mall, Lahore

Share Registrar
- CDC Share Registrar Services Limited
  CDC House, 99-B, Block B, S.M.C.H.S
  Main Shahra-e-Faisal
  Karachi- 74400
  Tel.: 021-111-111-500

Registered / Head Office
- 3rd Floor, Dawood Centre
  M.T. Khan Road
  Karachi-75530
  Tel.: 021-35632200 -9
  Fax:021-35633970
  E-mail: info.reon@dawoodhercules.com
  Website: www.dawoodlawrencepur.com

Lahore Office
- Regus 9th Floor Tricon Corporate Center,
  73-E Jail Road Lahore -54660.
  Tel.: 042-32301579

Mills
- Dawoodabad
  Railway Station Road and
  Luddan Road, Chak 439, E.B, Tehsil
  Burewala, District Vehari.
  Tel.: 067-3353347, 3353145, 3353246
  Fax: 067-3354679

- DawoodPur
  G.T. Road, Faqirabad,
  District Attock.
  Tel.: 057-2641074 -6
  Fax: 057-2641073

Business Code of Conduct

The Company strongly believes in conducting and growing its business on the principles of integrity, fairness and high ethical standards. The Company takes pride in adhering to its principles and shall continue to serve its customers, stakeholders and society on the basis of the following Business Code of Conduct. The Company believes in the standards of business conduct defined in this policy and expects all Associates (employees, trainees, interns, and contractors), directors, consultants, customers, suppliers and vendors of all its divisions, subsidiaries and associated companies to abide by the same standards as mentioned herein below,

a. Ethical and fair business practices and open competitive markets. Developing any association within the segment, industry or with competitors to distort pricing and availability is contradictory to our business code of conduct.

b. The Company's financial policies for conducting business shall be based on transparency and integrity, and will follow the principles of accounting and finance as approved by regulations and contemporary accounting codes.

c. Ensure compliance with the laws of Pakistan.

d. Ensure protection of Intellectual Property rights and comply with related legislation regarding protection of copyright, trade secrets, patents, and other information, and neither solicit Confidential Information from others nor disclose the Company's Confidential Information that may come into their knowledge, during their association with the Company, to any unauthorized person or party. Understand, sign and comply with the Confidentiality Agreement (Confidential Information Protection/Non-disclosure Agreement).

e. As a responsible corporate citizen strongly adhere to the principles of corporate governance and comply with regulatory obligations enforced by regulatory bodies for improving corporate performance.

f. Demonstrate integrity and honesty in doing business for the Company and dealing with people. Any unfair or corrupt practices either to solicit business for the Company or for personal gain is fundamentally inconsistent with the Company's Business Code of Conduct and Conflict of Interest Policy. Avoid situations in which personal interest, relationships and activities conflict with or interfere with your duty to be loyal to the Company and prevents you from acting in the best interest of the Company at any time.

g. The Company's funds shall not be used, directly or indirectly, for the purpose of any unlawful payments. This includes, but is not limited to, not participating in, nor supporting, any activities that are, or relate to money laundering and terrorism financing.

h. The Company believes in making charitable contributions and community development without political and religious affiliations and without demand or expectation of any business return. The Company shall contribute its resources with an unprejudiced approach for the betterment of society and the environment.

i. The Company does not encourage giving or receiving Gifts and Entertainment. However, where required for sound business reasons, any Gifts or Entertainment exchanged shall be in accordance with the Company's Gift and Entertainment Policy.

j. Agreements with agents or consultants must be in writing and must clearly and accurately set forth the services to be performed, the basis for earning the commission or fee involved, and the applicable rate or fee. Any such payments must be reasonable in amount, not excessive in light of the practice in the trade, and commensurate with the value of the services rendered. The agent, or consultant must be advised that the agreement may be publicly disclosed and must agree to such public disclosure.

k. All assets of the Company must be accounted for properly and accurately.

l. Falsification of records for any reason shall not be tolerated. Do not make false or fraudulent entries in records, expense statements, invoices or any other documents nor alter them.

m. The Company's internal and external auditors shall be given access to information necessary for them to conduct audits properly and accurately.

n. Treat everyone with respect and fairness, including subordinates, peers, juniors, seniors and all others. Report incidents of violence and/or aggressive behavior. Management is expected to investigate so that such incidents are not repeated.

o. Comply with local legislation and Company policy on preventing harassment and strive to create a respectful work environment. The Company will not tolerate harassment of any sort.

p. The Company will support diversity and inclusiveness and will continuously strive to improve the work environment and prevent discrimination.

q. The Company will ensure its recruitment and selection process is of a high standard, based on merit and free from discrimination. If men and women both apply for any job vacancy, they will be given an equal opportunity to participate in a fair evaluation process.

r. Only an authorized spokes person shall be entitled to speak on behalf of the Company in front of public gatherings and media.

s. The Company does not allow improper use of email and internet. All Associates are expected to comply with the Company policy on email and computer network use.

t. Comply with Health, Safety and Environment (HSE) policies, procedures and cardinal rules. Demonstrate safe behavior, prevent incidents and help others learn to act safely.

u. All Associates must manage their time and resources efficiently and effectively and keep the tools and equipment provided to them by the Company in safe and good working condition.

v. Soliciting the Company's employees for employment and customers for similar business is not allowed for a period of at least one year after Separation from the Company.

w. Our behavior reflects the image of the Company. Everyone associated with the Company is expected to act professionally and abide by the Company's Business Code of Conduct, policies, rules and regulations.

NOTICE OF 71st ANNUAL GENERAL MEETING

Notice is hereby given that 71st Annual General Meeting of the shareholders of Dawood Lawrencepur Limited (the "Company") will be held on Thursday, April 29, 2021 at 11:00 AM via video link facility to transact the following business:

A) ORDINARY BUSINESS:

1. To receive, consider and adopt the audited unconsolidated and consolidated financial statements of the Company for the year ended December 31, 2020 together with the Auditors' and Directors' Reports thereon and the Review Report of the Chairman.

2. To appoint auditors and to fix their remuneration. The members are hereby notified that the Board of Directors and the Board Audit Committee have recommended reappointment of Messrs. A. F. Ferguson & Co. (Chartered Accountants), as auditors of the Company.

B) SPECIAL BUSINESS:

3. To consider and if deemed fit, to pass the following resolutions as special resolutions for renewal of Subordinated Loan Facility of up to PKR 300 million provided to Messrs. Tenaga Generasi Limited (TGL), a subsidiary of the Company:

   "RESOLVED that, the approval of the members of Dawood Lawrencepur Limited (the **Company**) be and is hereby granted in terms of Section 199 of the Companies Act, 2017 and all other applicable laws, for the renewal of Subordinated Loan Facility of up to PKR 300 million provided by the Company to its subsidiary, Messrs. Tenaga Generasi Limited (TGL) for a period of further one year, as per the terms and conditions disclosed to the members.

   FURTHER RESOLVED that, for the purpose of giving effect to this special resolution, any two of the Chief Executive Officer, the Chief Financial Officer, and the Company Secretary of the Company be and are hereby authorized jointly to take all necessary actions and do all acts, deeds and things including execution of documents and agreements for the purposes of implementing the aforesaid resolution."

4. To consider and approve the Employees Stock Option Scheme, 2020 of Reon Energy Limited, wholly owned subsidiary of the Company, by passing the resolution as a special resolution, proposed in the statement of material facts.

Statements of material facts pursuant to Section 134 (3) of the Companies Act, 2017 are annexed to the notice of meeting sent to the members.

By Order of the Board

Imran Chagani
Company Secretary

Karachi,
Dated: March 3, 2021

Notes:

1. Coronavirus contingency planning for Annual General Meeting of shareholders:

In pursuance of SECP's Circular No. 5 dated March 17, 2020, Circular No. 10 dated April 1, 2020, Circular No.33 dated November 05, 2020, Circular No. 4 of 2021 dated February 15, 2021 and Circular No. 6 of 2021 dated March 04, 2021 respectively pertaining to Regulatory Relief to dilute the impact of Corona Virus (COVID 19) for the Corporate Sector, Companies have been advised to modify their usual planning for annual general meetings for the well-being of the shareholders and avoid large gatherings by provision of video link facilities.

Considering the restriction imposed by the Government on public gatherings and SECP's directives, the Company intends to convene this AGM virtually via video link facilities managed from the Registered Office of the Company, Dawood Centre, M.T. Khan Road, Karachi for the safety and well-being of the shareholders of the Company. The general meeting can be attended using smart phones/tablets/computers while ensuring compliance with the quorum requirements and requests the Members to consolidate their virtual attendance and voting at the AGM through proxies. We recognize that our shareholders value the AGM as an opportunity to engage with the Board; however, the Company must ensure to put safety first and protect all stakeholders in these exceptional circumstances.

Furthermore, the Members who are willing to attend and participate in the AGM can do so through video-link. To attend the AGM through video-link, Members are required to register their particulars by sending an email at mustaqeem.javed@dawoodhercules.com. The Members registering to connect through video-link facility are required to mention their Name, Folio Number and Number of Shares held in their name in the email with subject 'Registration for DLL's AGM. Video link and login credentials will be shared with the Members whose emails, containing all the required particulars, are received at the given email address at least 48 hours before the time of the AGM. The Members can also send their comments and questions for the agenda items of the AGM on the email address mentioned above.

2. Placement of Financial Statements

The Company has placed the Annual Report which includes inter alia notice of meeting, audited annual financial statements together with the Chairman's Review Report, the Directors' and the Auditors' Report thereon for the year ended December 31, 2020 on its website: www.dawoodlawrencepur.com.

3. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from April 23, 2021 to April 29, 2021 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, by close of business on April 22, 2021, will be considered in time to attend and vote at the AGM.

4. Participation in the Annual General Meeting:

All members, entitled to attend and vote at the meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A corporate entity, being member, may appoint any person, regardless of whether they are a member or not, through resolution of its Board of Directors. In case of corporate entities, a resolution of the board of directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form. The proxy holders are required to produce their original valid CNICs or original passports at the time of the meeting.

In order to be effective, duly completed, and signed proxy forms must be received at the Company's Registered Office at least 48 hours before the time of the meeting. A blank proxy form is attached at the end of the report.

CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. For Attending the Meeting

a. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid CNIC or the original passport at the above mentioned email address at least 48 hours before the AGM.

b. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the nominee shall be shared on the above mentioned email address at least 48 hours before the AGM (unless it has been provided earlier).

B. For Appointing Proxies

a. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per above requirements.

b. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

c. The proxy shall produce original valid CNIC or original passport at the above mentioned email address at least 48 hours before the meeting.

d. In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted on the email address mentioned above at least 48 hours before the meeting (unless it has been provided earlier) along with proxy form to the Company.

e. Proxy form will be witnessed by two persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

5. Computerized National Identity Card (CNIC) / National Tax Number (NTN):

All those individual members holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to Company's Share Registrar, Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400. Members while sending CNIC must quote their respective folio numbers. The corporate members having CDC accounts are required to have their NTN updated with their respective participants, whereas corporate entities having physical shares should send a copy of their NTN certificates to the Company's Share Registrar. The corporate members while sending NTN or NTN certificates, as the case may be, must quote the company name and their respective folio numbers.

6. Withholding Tax on Dividend

Pursuant to the Finance Act, 2020, effective July 01, 2020, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 30% and for FILER of tax returns as 15%. List of filer is available at Federal Board of Revenue's (FBR) website: http://www.fbr.gov.pk. Members are therefore advised to update their tax FILER status latest by April 22, 2021.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

		Principal Shareholder		Joint Holder(s)	
Folio/CDC A/c No.	Total Number of Shares	Name and CNIC No.	Shareholding Proportion (No. of Shares)	Name and CNIC No.	Shareholding Proportion (No. of Shares)

The required information must reach our Share Registrar by the close of business on April 22, 2021, otherwise it will be assumed that the shares are equally held by the principal shareholder and the joint holder(s).

The Corporate shareholders having CDC accounts are required to have their National Tax Numbers (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the Company or Share Registrar. The shareholders while sending NTN or NTN Certificates, as the case may be, must quote company name and their respective folio numbers.

The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company.

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by April 22, 2021.

For any query/problem/information, the investors may contact the Share Registrar at info@cdcsrsl.com.

7. Payment of Cash Dividend Electronically

Under second proviso to Section 242 of the Companies Act, 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders.

Accordingly, the shareholders of the Company are requested to provide the following information for payment of cash dividend to be declared by the Company through electronic mode directly in the bank account designated by you.

Name of Shareholder	
Folio Number	
CNIC Number	
Title of Bank Account	
Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	
Signature of Member	

Note: Signature must match specimen signature registered with the Company

The shareholders are also required to intimate the changes in the above-mentioned information, if any, to the Company and the Share Registrar as soon as these occur. In case of shares held electronically, then the above electronic credit mandate form must be submitted directly to shareholder(s)' broker/participant/CDC account services.

8. Unclaimed Dividend

Shareholders, who by any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar, Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi-74400, to collect / enquire about their unclaimed dividend/shares.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

9. Deposit of Physical Shares into CDC Accounts

As per Section 72 of the Companies Act, 2017 every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e., May 31, 2017.

The shareholder having physical shareholding may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange limited.

10. Transmission of Annual Accounts, Notices of Meetings, Auditor's Report and Directors' Report through CD, DVD or USB

Pursuant to S.R.O 470(I)/2016 dated May 31, 2016, the shareholders of the Company have accorded approval in general meeting for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.dawoodlawrencepur.com.

Statements of Material Facts under Section 134(3) of the Companies Act, 2017 relating to the Special Business referred to the Notice above

This Statement sets out the material facts concerning the following Special Business to be transacted at the Annual General Meeting of Shareholders of Dawood Lawrencepur Limited to be held on April 29, 2021.

Agenda Item No. 3

Renewal of Subordinated Loan Facility of up to PKR 300 million for a period of further one year provided to Messrs. Tenaga Generasi Limited (TGL), a subsidiary of the Company.

The Company is seeking approval from its Members by passing special resolutions proposed herein for the renewal of the subordinated loan facility of up to PKR 300 million provided to Messrs. Tenaga Generasi Limited (TGL), a subsidiary of the Company.

The Directors have certified that they have carried out necessary due diligence for the proposed investment before making recommendation for approval of the Members, that the investment is being made on the basis of financial health of the associated company that it has the ability to repay the loan as per the Agreement. A duly signed recommendation of the due diligence report shall be made available for inspection of the Members in the general meeting along with latest audit annual financial statements of the associated company.

Sr. No.	Nature of information required to be disclosed pursuant to the Companies (investments in associated companies or undertakings) Regulations, 2017	Relevant Information
(a)	**Disclosure for all types of investments**	
	(A) Regarding associated company or associated undertaking: -	
	(i) Name of associated company or associated undertaking	Tenaga Generasi Limited (TGL).
	(ii) Basis of relationship	Subsidiary Company
	(iii) Earnings per share for the last three years (PKR)	**2018**: 1.61 **2019**: 3.57 **2020**: 3.73
	(iv) Break-up value per share, based on the latest audited financial statements	PKR 19.44
	(v) Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and	Financial Position as of and for the year ended December 31, 2020. Main items of Balance Sheet: (Rs. in million) Non-current Assets: 12,051 Current Assets: 3,719 Total Equity: 5,886 Non-current Liabilities: 7,555 Current Liabilities: 2,330

		Main items of Profit and Loss Account: | | (Rs. in million) | | Sales-net | 2,969 | | Profit from operations | 1,735 | | Profit before taxation | 1,130 | | Profit for the year | 1,128 |
	(vi) In case of investment in relation to a project of associated company or associated undertaking that has not commenced operations, following further information, namely: (I) description of the project and its history since conceptualization; (II) starting date and expected date of completion of work; (III) time by which such project shall become commercially operational; (IV) expected time by which the project shall start paying return on investment; and (V) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.	Not applicable
	(B) General Disclosure: -	
	(I) maximum amount of investment to be made; (II) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment; (III) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:	Subordinated Loan not exceeding PKR 300 million. The Company has also provided a second subordinated loan facility amounting to PKR 1.0 billion to TGL. To assist TGL for meeting its working capital requirements. The Company will earn markup income from TGL on the subordinated loan. The income will increase the profitability of the Company. The loan is being renewed for further one year.

	(I) justification for investment through borrowings;	TGL has commenced its operations in October 2016 and is not seized with sufficient free cash to meet its working capital requirements. Being the sponsor, the Company has an obligation to support TGL for its working capital funding requirements.
	(II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and	The funds to be borrowed shall be secured against a Corporate Guarantee or pledge of shares of Dawood Hercules Corporation Limited held by the Company or any other security as per the requirement of the lender.
	(III) cost benefit analysis;	Subordinated Loan will be provided from the borrowed fund for which markup shall be charged at 3 month KIBOR + 2% (being 1% above average borrowing cost of the Company) which will improve the profitability of the company.
	(IV) salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	The Sub-ordinated loan will be unsecured.
	(V) direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	None of the directors, sponsors, majority shareholders and their relatives have any interest in the associated company or proposed transaction, except to the extent of their shareholding in the associated company or associated undertaking or the transaction under consideration. Further, TGL is a subsidiary of the Company and 4 out of 6 directors of TGL are shareholders of the Company as follows: Mr. Shahid Hamid Pracha: 1,000 shares Mr. Shafiq Ahmed: 1,154 shares Mr. Mujtaba Haider Khan: 1,150 shares Mr. Inam ur Rahman: 12,234 shares

	(VI) in case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification any impairment or write offs; and	DLL currently holds 75% of shareholding in TGL and during FY 2020, profit attributable to DLL amounted to PKR 846 million. No impairment on investment in TGL has been recognized by the Company. The Company has also provided another subordinated loan facility of PKR 1 billion to TGL.
	(VII) any other important details necessary for the members to understand the transaction;	None
(b)	**In case of investments in the form of loans, advances and guarantees, following disclosures in addition to those provided under clause (a) of sub-regulation (1) of regulation 3 shall be made: -**	
	(I) category-wise amount of investment;	Subordinated Loan not exceeding PKR 300 million. The Company has also provided a second subordinated loan facility amounting to PKR 1.0 billion to TGL.
	(II) average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah compliant products and	The current borrowings of the Company are at the rates up to 3 month KIBOR + 1%.
	(III) rate of return for unfunded facilities, as the case may be, for the relevant period;	Not applicable
	(IV) rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Relevant Period KIBOR + 2% or maximum borrowing rate of the Company + 1%, whichever is higher.
	(V) particulars of collateral or security to be obtained in relation to the proposed investment;	The facility is unsecured as the Company has full oversight and is very well versed with the operations and plans of the borrowing company.
	(VI) if the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable; and	No conversion features.
	(VII) repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	TGL to repay the loan with the accrued profits from time to time (in full or parts) therefore within thirty (30) days of it receiving money in its Rupee Distribution Account in accordance with its Financing Agreements.

Agenda Item No. 4

Employees Stock Option Scheme, 2020 of Reon Energy Limited, a wholly owned subsidiary of the Company.

Reon Energy Limited, a wholly owned subsidiary of the Company (the **'Subsidiary'**) has decided to set up **Employees Stock Option Scheme, 2020** (ESOS2020) for its employees and Directors/CEO as provided under the Companies Act, 2017 (hereinafter referred to as the **"Act"**). The Scheme is approved by the Securities and Exchange Commission of Pakistan (the **'SECP'**).

The core objective of the Scheme is to reward such Eligible Persons, as defined the Scheme who have contributed substantial efforts towards the establishment and running of the business of the Company and to motivate and reward those Eligible Persons who have a critical role of contribution / oversight towards betterment of long term interest of all stakeholders of the Company, to reward the abilities and efforts of all such Eligible Persons as considered fit in accordance with the Scheme, to render them a sense of ownership of the Company resulting in motivation towards better performance and growth of the Company; to attract and retain such Eligible Persons and to align their interest with the interest of the Company and its shareholders.

The maximum number of shares to be issued by the Subsidiary under the Scheme is 18,150,000 shares which is 17.69% of the current paid up share capital of the Subsidiary (PKR 1,026,000,000). Out of this, 7,260,000 shares will be issued to the Directors, Executives and Non-Executives of the Company and the Subsidiary. Further, the SECP has also required that the Company shall obtain approval of its shareholders through special resolution for the Employees Stock Option Scheme, 2020 of Reon Energy Limited. The vesting period of Options granted shall be one and half year from the date of grant while exercise period shall be two (2) years after completion of vesting period, however, 25% of the First Options must be exercised within three (3) months of vesting period. The Exercise Price per shares for Exercise Period 2022, 2023, and 2024 shall be PKR 16, PKR 18, and PKR 20, respectively.

Interest of Directors:

The Directors, Executive or Non-Executive, of the Company and Subsidiary are interested in their capacities as Directors / shareholders of the Company and Stock Options to be granted/shares to be issued under Employees Stock Option Scheme.

Proposed Special Resolution:

"RESOLVED that approval of the members of Dawood Lawrencepur Limited (the "Company") be and is hereby accorded to the Employees Stock Option Scheme, 2020 (ESOS2020) of its Subsidiary, Reon Energy Limited (the 'Subsidiary) approved by the Securities and Exchange Commission of Pakistan and as may be amended from time to time, placed before the meeting and initialed by the Company Secretary for identification purposes and the Board of Directors of the Subsidiary be and is hereby authorized to grant options to the directors / chief executive of the Company, issue and allot from time to time such number of its ordinary shares not exceeding 7,260,000 ordinary shares of the Subsidiary in accordance with the Scheme ESOS2020.

FURTHER RESOLVED that for the purpose of giving effect to this special resolution, the Chief Executive and the Company Secretary be and are hereby authorized, jointly or severally, on behalf of the Company to do all such acts, deeds, matters and things as may be necessary or desirable for such purpose and with power on behalf of the Company to settle any questions, difficulties or doubts that may arise in this regard without requiring the Board to secure any further consent or approval of the members of the Company".

Availability of Relevant Documents

A copy of Employees Stock Option Scheme, 2020 of the Subsidiary bearing the initial of the Company Secretary for identification purposes along with all other relevant documents is available for inspection at the registered office of the Company from 9:00 AM to 5:00 PM on any working day, up to the last working day before the date of the AGM. The same shall also be available for inspection by the members in the AGM.

UPDATE UNDER CLAUSE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017, WITH RESPECT TO THE SPECIAL RESOLUTION PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON JULY 13, 2020

1. A second unsecured Subordinated Loan Facility of up to PKR 1 billion for Tenaga Generasi Limited.

Total investment approved	PKR 1 billion.
Amount of investment made to date	PKR 137 million
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and	There is no deviation as the investment can be made in one year time from July 13, 2020.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment	No material change as the investment was approved on July 13, 2020.

2. Issuance of a Corporate Guarantee in favour of Allied Bank Limited, as a security against Running Finance (RF) / Money Market Loan (MML) of Rs. 500,000,000 to be obtained by Tenaga Generasi Limited.

Total investment approved	Corporate Guarantee of PKR 500 million.
Amount of investment made to date	Nil.
Reasons for deviations from the approved timeline of investment, where investment decision was to be implemented in specified time; and	There is no deviation as the Corporate Guarantee can be issued in one year time from July 13, 2020.
Material change in financial statements of associated company or associated undertaking since date of the resolution passed for approval of investment	No material change as the issuance of the Corporate Guarantee was approved on July 13, 2020.

These are unprecedented times but we are

driven

Directors' Report

For the year ended December 31, 2020

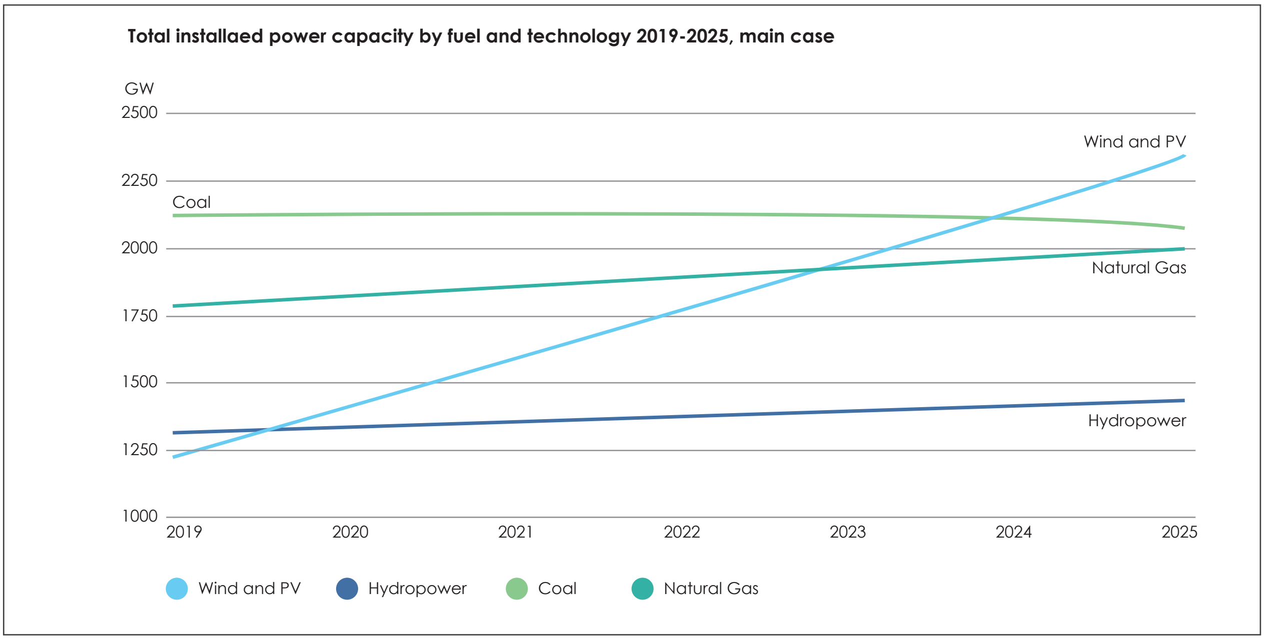
The Directors of Dawood Lawrencepur Limited (the Company) are pleased to present the Annual Report and the Audited Financial Statements for the year ended December 31, 2020.

A. PRINCIPAL ACTIVITY

The principal activity of the Company is to manage investment in its subsidiaries and associated companies engaged in the business of trading and marketing of renewable energy solutions, mainly wind and solar, to commercial and industrial customers, along with the legacy textile business.

B. BUSINESS REPORT

Covid 19 has resulted in a sharp drop in global energy demand. This has wrought a crisis in the energy industry which has hit the fossil fuel industries particularly hard. In contrast, renewable energy sources have continued to grow globally and continue to command a higher percentage share of new energy and primary energy in many countries that caught the trend early and have been investing consistently as a strategy over the last many years. We expect this trend to accelerate in the coming years.



Source: IEA Renewables 2020, Analysis and Forecast to 2025

This is primarily because renewable sources have now become cheaper than all other sources in most countries as evidenced by the cost of solar having fallen by 82% over the last 10 years. As a result, solar is now the new favorite for developers and utilities around the world accounting for 60% of all new investments in power projects during 2020.

In Pakistan the ballooning circular debt at PKR 2.1 trillion and the supply glut at the grid level have caused a lot of distress in the wider power sector. Whilst Covid related lock downs were naturally a factor during the past year, the ever increasing cost of electricity stemming from the devaluation of the Rupee, unplanned expansion of generation capacity and inefficiencies of transmission and distribution sector remain at the root of suppressed demand being experienced in the country. The price of power should logically become the most potent determinant shaping future policy and actions to resolve the supply glut and burgeoning capacity payments. Hitherto, the Government has focused exclusively on negotiating lower power rates from the private sector generators. Whilst the industry has cooperated in the national interest, such an approach has very limited potential to yield the desired consumer end reductions unless the burden is shared equitably across all participants and long avoided structural reforms are initiated to address the inefficiencies of the government controlled power sector.

During the year, the existing utility scale renewable energy plants had to grapple with the difficult implications of suffering curtailment on top of the tariff renegotiation drive by the Government. This led to a stalemate in development of further renewable power at the grid level.

Post relaxation of lockdowns across the country in late summer, industrial and residential demand for solar PV behind the meter has picked up significantly with a record 130 MW of new projects in the Commercial & Industrial (C&I) space kicking off between July - Dec 2020. SBP's green financing policy continued to be the main driver and source of funds for these projects.

On the other hand, SBP lowered interest rates by 600 bps lowering the arbitrage between green financing and commercial finance. However, the fixed rate for 10 year tenor is a big advantage of the scheme resulting in high demand for the facility.

Solar PV costs continued to drop during the first half of 2020 due to serious demand compression globally. However, supply bottlenecks in China resulted in an unprecedented spike in price of Solar PV panels and of other BOP items causing widespread losses to both developers and manufacturers. However, on an annualised basis prices have declined by 5-6% between 2019-20. There is now a clearly emerging positive arbitrage between renewables and the fossil fuel based power generation in the country which should provide a good fillip to the adoption for renewable technologies. Moreover, transport sector through the emergence of Electric Vehicles is also undergoing transformation that could boost demand for technologies such as Solar PV and Storage. However, this will come about in case of a clear strategic commitment that is backed by policy actions by the Government.

C. BUSINESS OVERVIEW

Renewable Energy Business

Reon had a strong start to 2020 and was looking to close a large deal pipeline by March, however with the onset of COVID 19 pandemic and the consequential lockdown, things changed drastically. The market went into a freeze as customers waited for more certainty. Following the lifting of the lock down post summer, the company managed to significantly grow its order book in the captive industrial and commercial domain. In the latter half year, the Company was able to secure 70 MW of deals including the largest solar deal in the country at 60MW. In addition, the company was also able to secure its largest multi-site order of telecom towers at 1200 sites and managed to deliver 900 sites during the year, another record for the industry. The distributed solutions business was also able to add significant new customers including the largest bank in the country HBL, as well as ATL towerco to its portfolio. These wins during Q3/Q4 2020 have resulted in a large spillover business coming into 2021 for Reon to deliver and to build on. However, the business inevitably suffered a severe revenue shortfall from expectations at the beginning of the year and whilst every effort was made to cut down on fixed costs, the bottom line suffered an erosion resulting in a loss for the year. As noted, it is hoped this will be a temporary setback assuming the Covid situation remains contained in 2021.

Despite plummeting oil prices, energy prices have increased in the country both for utility and captive customers. Grid prices have increased by 17% and 15% respectively however govt has started a drive to bring customers back to the grid by offering a discounted rate on additional demand. Moreover since 50% of the industry is running on Captive power plants (CPPs) using inefficient gas engines, the govt has indicated it wants to cut gas use for CPPs and has banned new gas connections for captive power.

The company continued be vigilant with regards to the threat from Covid 19 during the year and took several steps to ensure the safety and health of its employees, suppliers and its customers. Necessary steps were taken inside offices and in the field. Later on, work-from-home for all office-based staff was made mandatory, while employees were demobilized from sites.

Solar Energy Plant

The plant at District Thar, in the province of Sindh, has achieved its Final Acceptance Certificate on April 22, 2020 and is providing clean electricity to the customer.

Wind Energy Project

The Plant is operating satisfactorily and meeting the expected targets for availability and BOP loss. The BOP Loss for the period was 1.23 % against a target of 2.5 %, whilst the Availability was 98.93 % against a target of 98.0 %. Health Safety and the Environment (HSE) remained the priority and 431,087 safe man-hours have been clocked since COD with zero injury rate and TRIR. The plant has been operating safely, without injury, for 1,556 days.

The plant, together with Dawood HydroChina and Zephyr, is now supplying power to K Electric. This arrangement is providing stable operations and both grid outage and curtailment has substantially reduced. The total NPMV claimed for 2020 was 0.35 GWh as compared to 1.94 GWh for 2019. The total energy billed during the current quarter (18.79 GWh) is higher than the P75 level (15.6 GWh). However, the Plant experienced unusually low winds during 2020, particularly during the high wind months, and this trend is likely to continue in early 2021. This low wind during 2020 resulted in a total energy year end billing of 112.6 GWh against the P90 level of 126.3 GWh and also represented a reduction of 11.27 % in comparison to the previous year.

The pattern of wind speeds remains a concern going forward and are likely to be influenced by outside of control factors like climate change but cannot be predicted either way. During Q4 2020 the average wind speed observed was 5.60 m/sec, which is higher than the P75 wind speed of 5.38 m/sec. However, for the full year the average wind speed was 6.2 m/sec against the P90 average of 6.6 m/sec. The trend of the wind speed has altered appreciably, with lower wind during the summer months and substantially higher winds during the winter months. This trend was observed in January and February, but the March wind speeds were at the P90 value. This downward trend continued in the period April to September 2020.

D. FINANCIAL REPORT

Financial performance

The consolidated revenue of the Group was PKR 5,626.73 million as compared to PKR 7,267.77 million for the similar period last year. The consolidated gross profit of the Group for 2020 was PKR 2,058.63 million as against PKR 2,623.41 million last year. The share of profit from associated company was PKR 1,227.62 million registering an increase of PKR 312.38 million in comparison to the prior year. After accounting for tax charge of PKR 188.64 million, the profit after tax from continuing operations at PKR 1,813.18 million declined by PKR 63.35 million over 2020.

On a standalone basis, revenue of the Company was PKR 1.96 million as against PKR 6.01 million for the similar period last year i.e. lower by PKR 4.05 million mainly on account of transfer of renewable energy business to a wholly owned subsidiary.

Earnings per share

The unconsolidated earnings per share for the year 2020 was PKR 8.28 as compared to PKR 17.95 for the year 2019, mainly attributable to reduced dividend income received from shareholding in associated company. Consolidated earnings per share attributable to owners of the Holding Company for the year were PKR 25.44 (2019: PKR 26.61).

Auditors

The present auditors, Messrs. A.F. Ferguson & Co., Chartered Accountants are retiring at the conclusion of the forthcoming annual general meeting and offer themselves for reappointment. The Audit Committee has recommended the re-appointment of A.F. Ferguson & Co., Chartered Accountants as auditors of the Company for the year ending December 31, 2021 and the Board has endorsed this recommendation.

Shares traded, average prices and PSX

During the year 0.74 million shares of the Company were traded on the Pakistan Stock Exchange. The average price of the Company's share based on the daily closing rate was PKR 193.60 while the 52 weeks low-high during 2020 was PKR 143.84 to PKR 240.77 per share respectively.

Pattern of shareholding

The pattern of shareholding of the Company as at December 31, 2020, together with other necessary information, is available at the end of this report along with the proxy form.

Market capitalization and book value

At the close of the year, the market capitalization of the Company was Rs. 13.9 billion (2019: 12.6 billion) with a market value of Rs. 234.77 per share (2019: Rs. 214.16) and the breakup value of Rs. 63.4 per share (2019: Rs. 59.4 per share).

Appropriation

Total dividend attributable to this year is Rs. 4 per share i.e. 40%, declared and paid as interim cash dividends.

Key Operating and Financial Data

Summary of key operating and financial data for the last six financial years is attached to this Report.

Gratuity fund

The funded retirement benefits of the employees of the Company are audited once a year and are adequately covered by appropriate investments. Fair value of the assets of the funded defined benefit gratuity plan was PKR 3.586 million as at December 31, 2020 (2019: PKR 3.366 million).

Risk Management

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 adherence to limits. Risk management policies and systems are reviewed regularly to react to change in market conditions and the Company's activities.

Corporate Governance

The management of the Company is committed to good corporate governance and compliance with best practices. The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Rule Book and Listing Regulations have been duly complied with. A Statement to this effect is annexed with the Report.

Code of Conduct

The Board has adopted a Business Code of Conduct and all employees are aware of and have signed off on this Statement. The Code of Conduct is rigorously followed throughout the organization as all employees observe the rules of business conduct laid down therein.

Vision and Mission

The statement reflecting the Vision and Mission of the Company is annexed to the report.

Corporate Social Responsibility

As part of the wider commitment by Dawood Group / Engro Corp to help the nation respond to Covid 19, Dawood Lawrencepur Limited and its various subsidiaries actively participated in the relief effort under The Rs 1bn Hussain Dawood Pledge. Work under the pledge was divided into four workstreams i.e. Testing and Diagnostics, PPEs provision, livelihood Support and Patient Care. A small, dedicated team from Reon Energy led the patient care workstream. The team helped build new Covid HDU / ICU facilities in Nishter Hospital Multan and in Indus Hospital Karachi, helped getting funds for 15000 online consultations through telehealth provider Sehat Kahani and also supported 26000 mental health consultations during the pandemic for Covid patients, healthcare professionals and general public in partnership with British Asian Trust and IRD. To build the capacity in health care sector, it partnered with AKUH for the training of 5500 Physicians, Nurses, and Paramedical staff in critical care patient management.

Board of Directors

The Total number of directors include the following:
Male Directors: 7
Female Directors: 1

The composition of the board members is as follows:
Independent Directors: 2
Non-Executive Directors: 4
Executive Directors: 1
Female Directors (Non-Executive): 1

Board of Directors meetings

During the year ended December 31, 2020, a total of seven meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings Held	Meetings Attended
Mr. Shahid Hamid Pracha	7	7
Mr. Shahzada Dawood	7	6
Ms. Sabrina Dawood	7	6
Mr. Shafiq Ahmed	7	6
Mr. Hasan Reza Ur Rahim	7	7
Mr. Shabbir Hussain Hashmi	7	7
Mr. Zamin Zaidi	6*	6
Mr. Mujtaba Haider Khan	7	7

*Mr. Zamin Zaidi was appointed as a Director on April 2, 2020.

Board Audit Committee meetings

The Board of Directors has established an Audit Committee, in compliance with the Code of Corporate Governance, which oversees internal controls and compliance and has been working efficiently since its inception. The Audit Committee reviewed the quarterly, half-yearly, and annual financial statements before submission to the Board and their publication. The Audit Committee had detailed discussions with the external auditors on various issues, including their letter to the management. The Audit Committee also reviewed internal auditors' findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

During the year ended December 31, 2020, a total of four meetings of the Board Audit Committee were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings Held	Meetings Attended
Mr. Shabbir Hussain Hashmi	4	4
Mr. Hasan Reza Ur Rahim	4	4
Mr. Shahzada Dawood	4	4

Human Resource and Remuneration Committee meetings

During the year ended December 31, 2020, a total of five meetings of the Human Resource and Remuneration Committee (HR&RC) were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings Held	Meetings Attended
Mr. Hasan Reza Ur Rahim	5	5
Mr. Shahid Hamid Pracha	5	5
Mr. Shabbir Hussain Hashmi	5	5

Statement of Directors responsibility

The Directors confirm compliance with Corporate and Financial Reporting Framework as per the Listing Regulations of the Stock Exchange in Pakistan as follows:

a. The financial statements prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and change in equity.
b. Proper books of accounts of the Company have been maintained.
c. Appropriate accounting policies have been consistently applied in preparation of the financial statements. Accounting estimates are based on reasonable prudent judgment.
d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements and any departures therefrom have been adequately disclosed.
e. The system of internal controls is sound in design and has been effectively implemented and monitored.
f. There are no significant doubts upon the Company's ability to continue as a going concern.
g. There is no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
h. Key operating and financial data for the last six years in summarized form are annexed to the report.

Directors' remuneration

The Board of Directors has approved a 'POLICY FOR DETERMINING THE REMUNERATION OF BOARD OF DIRECTORS AND BOARD APPOINTEES', salient features of which are:

a. Board of Directors remuneration shall be competitive and appropriate to the financial size and operational complexity of the Company, and shall be aimed at attracting and retaining the members needed to govern the Company successfully and to encourage value addition. The remuneration shall not compromise nor influence in any way the independence of the director.
b. The Board, if deems appropriate, may use the services of an independent consultant to determine the appropriate level of remuneration of its directors.
c. No remuneration shall be paid to Executive Directors and any Non-Executive Directors who are employees in other DH Group entities, for attending meetings of the Board and its committees.
d. Any travel and other necessary expenses incurred by the directors for attending meetings of the Board and its committees shall be reimbursed at actual.

Directors training program

Six directors have attended Directors' Training Program in prior years.

Related party transactions

In accordance with the requirements of Code of Corporate Governance, the Company presented all related party transactions before the Audit Committee and the Board for their review and approval, respectively.

Subsequent events

The Compensation Committee of Reon Energy Limited (REL) in its meeting held on January 18, 2021 recommended to offer 2,454,730 share options to its 33 eligible employees, which has been approved by the Board of Directors of REL in its meeting held on February 17, 2021.

E. FUTURE OUTLOOK

Solar energy

The solar industry at large has been hit by an unprecedented price increase during Q4 2020 that is predicted to continue well into 2021. Along with a significant increase in price of Solar PV Panels, several items in balance of plant have been impacted by a surge in LME prices and in freight rates. This has resulted in a repricing exercise that has delayed order booking in Q1 2021. However due to rising oil prices, increase in grid tariff and the prospects of PKR depreciation against USD, demand for distributed solar PV is robust and will continue to drive growth in the sector. The record subscription under SBP TERF facility is also expected to lead to a significant expansion of large scale industry in the country in the coming years that will in turn increase energy demand within the Commercial and Industrial segment.

Beginning of 2021 has also seen several utility scale solar project achieving financial close including 100MW Zenfa solar project and 150 MW projects owned by Norwegian firm Scatec. This indicates positive intent on part of the government to support more utility scale solar projects in future.

Wind Energy Project

The wind power sector is still facing the full impact of the circular debt and payments from the Government are severely curtailed, with the outstanding payment at 7 months level.

The wind plants in Jhimpir continue to face severe curtailment as the evacuation priority is for the coal and LNG projects, which have a lower tariff than wind, as these have been classified as must-run plants together with wind. Currently TGL is not being affected as it is being evacuated to K Electric. The Wind Association is following up with the Ministry to have the evacuation priority list amended. However, there are now indications that power evacuation will be done on commercial basis with the low tariff plants given the priority.

The government is now actively pushing for a reduction in the cost of energy. The main emphasis is on elimination / reduction of the capacity payment charges for the thermal plants and a reduction in the applicable tariff for all power plants. The Negotiation Committee initiated the dialogue with the Wind IPPs and are primarily focusing on reduction in ROE and O&M costs, with actualization of insurance costs. The restructuring of the loan is currently on best effort basis. The various IPPs had taken the stance that the MOUs will be translated into contracts after the outstanding payments have been made. The government is not in a position to make these payments in a lumpsum and so the Finance Ministry proposed payment in two tranches, first of 40% and the second of 60% of the total outstanding as on November 30, 2020. This has been accepted by most IPPs and the process of converting the MoU into binding documents is proceeding under the Implementation Committee. The draft of the Master Agreement and the EPA Amendment for the wind IPPs were initialed by February 3, 2021 subject to the approval of the Lenders, Shareholders and sponsors. The government wanted to finalize the documents by February 12, 2021. However, it was not feasible as the approval from the financiers of all IPPs is taking time.

The tariff bidding process has still not fully evolved, and this is a cause of concern for the developers. This process will be clarified once the new renewable energy policy is issued. The government has cancelled the 7 LOI for wind-solar hybrid installations. The tariff will now be covered by the new RE Policy.

F. ACKNOWLEDGEMENT

The Board expresses its gratitude to all the shareholders for their confidence and support. We would like to thank all stakeholders, including but not limited to financial institutions, who have been associated with us for their support and cooperation and assure them of our commitment to look after their respective interests.

We would like to thank the management and employees for their sincere contributions toward the growth and prosperity of the Company.

Mujtaba Haider Khan	Shahid Hamid Pracha
Chief Executive Officer	Chairman

Karachi
Dated: March 3, 2021

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9.29MW Solar Power Plant
Unilever Pakistan Limited
Rahim Yar Khan, Pakistan

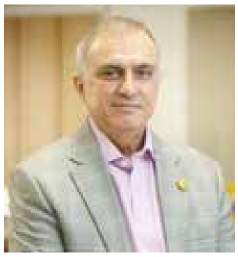
health, safety & environment

remains our biggest priority.

Chairman’s Review Report

For the year ended December 31, 2020

Dear Shareholders,



This report is presented to the Annual General Meeting of Dawood Lawrencepur Limited.

I have pleasure in introducing the Annual Report of Dawood Lawrencepur Limited for the year ended December 31, 2020.

As will become clear in perusing this year’s report, the previous year’s growth momentum could not be sustained in 2020. The global economy was battered by the Pandemic with Europe and the Americas bearing the brunt. Pakistan, which was already trying to correct towards macro-economic stability under an IMF program, was fortunately spared the worst and paradoxically benefitted from a empathic approach by the multilateral donor agencies allowing it to gain time and fiscal space to mitigate the deleterious economic and social effects of its own Covid lock downs. This enabled the State Bank’s emphatic lowering of interest rates and the Government’s generous incentives to reinvigorate a faltering economy along with timely social interventions to help the poor to weather the storm. Nevertheless, uncertainty prevailed for most of the year and the Board was forced to adapt its strategic response after carefully analyzing the unfolding business and economic environment.

Although the pandemic did not operationally impact Tenaga Generasi Limited (TGL) in a material way, the wind industry remained in crisis with no let up in the burgeoning circular debt and this factor continues to stress the financing resources of the company. Nevertheless, TGL was able to honor its debt obligations in a timely manner. However, the increasingly delayed payments by CPPA are an obvious concern and the Board therefore continued to maintain its oversight of forecast cash flows and short-term financing needs. Nature unfortunately also played a role as average wind speeds were lower than previous years resulting in reduced generation and profitability. As regards overdue payments, other than strenuously following this up with the CPPA, Tenaga remains actively engaged with the Government’s Committee charged with renegotiating power contracts with IPPs.

For the solar businesses in Reon Energy Limited (REL), sales revenue plummeted immediately as Covid hit and it was really in the last quarter of the year that we began to experience an uptick in confidence amongst our customer sectors. Last year I had alerted shareholders that Reon will require significant growth capital in order to scaleup its business. Further equity injection of Rs 300m was made by DLL in REL during the year. Inevitably as sales revenue during the year was insufficient to cover our fixed and financing costs, the business returned a loss. A redeeming feature this year has been that the business has exited strongly with a large deal pipeline following which, independent project financing is becoming available to Reon as a result of the increasing confidence and support of local banks. The Board continues to evaluate prudent financing options and the optimal pace at which to grow this exciting business.

Unsurprisingly, dividends from our investment in DH Corporation were also scaled back and consequentially, the Board announced one interim dividend of Rs 4.00 per share during the year in comparison to interim payouts of Rs 7.00 last year.

It is in this over all context that the performance of your company needs to be judged. I may add that it is to the credit to the Board’s and Management’s efforts that we were able to emerge from the crisis relatively unscathed and remain in good form to pursue our strategic goals in the coming year. For the economy, much will depend on how the Government navigates the constraints imposed by the renewed IMF programme. On the positive side, the Government’s vaccine program, if rolled out successfully, should be able to tamp down the infection rate and so enable growth across a broad front. The Board therefore remains confident about the soundness of its investment strategy in the Alternative and Renewable Energy (ARE) especially as it relates to its solar business as it is completely aligned with established global trends, the evolving energy cost dynamics as well as the Government’s policy to promote renewables in Pakistan.

Which brings me to the next point. Dawood Lawrencepur is an investment company and although the subsidiary affairs are closely monitored by the parent board, strategy execution is owned and advanced by very competent industry professionals at the subsidiary board level. During the year, the Board has taken a more differentiated approach on roles and responsibilities of the two tier governance structure and going forward it our intent operate increasingly as an investment company leaving operational oversight to the subsidiary boards.

Strict observance of Government stipulated SOPs was instituted at all our offices and sites and employees were provided information and guidance to avoid Covid and contingency plans made to help deal with any infections. It was a stressful time for our employees and their families, but they adapted very quickly to new ways of working, making very effective use of technology. Whilst cost reduction across the board remained a priority, I am happy to report that no retrenchment took place, and the team remains very much intact.

DLL remains committed to the highest standards of corporate governance. Its unlisted operating subsidiaries, Tenaga Generasi Limited and Reon Energy Limited have incorporated similar compliance criteria with leading industry professionals as members of their boards. The DLL Board was reconstituted after the election of directors in January 2020, in which M/s Sabrina Dawood was elected vice Mr. Abdul Samad Dawood keeping the total number of board members to seven. In the month of April, the CEO Mr. Mujtaba Haider stepped down as an elected director, and the casual vacancy so created was filled by Mr. Zamin Zaidi bringing up the board strength to eight. It is my pleasure to recognize and welcome M/s Sabrina Dawood and Mr. Zamin Zaidi to our Board and to gratefully acknowledge the insightful and wise council of Mr. Abdul Samad Dawood over the years as a Board member.

The Board of Directors met seven times during the year. Four times to examine the interim/quarterly and annual financial statements, once to review Group strategy in relation to the budget and business plan, and twice for miscellaneous business purposes. At each meeting, the Directors also discussed the Group's business performance, updates on major projects undertaken by subsidiary companies and the matters submitted to the Board for a decision.

The Audit Committee and the HR Committee had 4 and 5 meetings respectively during the year. The Company has taken steps to remain compliant with the requirements of the Code of Corporate Governance, 2019.

During the year, in line with the past practice, self-evaluation of the Board's and Board committees' performance was carried out and it was concluded that the Board operated satisfactorily. Six directors out of eight have attained Directors' Training Program (DTP) certification in prior years.

The stock price of DLL finished the year with a gain of 9.62% over end 2019. However, the COVID-19 virus created turmoil in capital markets all over the world.

I would like to express my gratitude to all the directors for their continued support, for their strategic leadership and their valuable inputs that enabled the Board to effectively discharge its mandate as well as to our employees for their unremitting commitment and efforts above and beyond the call of duty during the year. I also take this opportunity to record my sincere appreciation to all shareholders of the Company for maintaining their trust and support over time.

Shahid Hamid Pracha
Chairman of the Board of Directors

March 3, 2021

Operating Highlights (Six Years Summary)

	PARTICULARS	UNIT	December 2020			December 2019			December 2018		
			Continuing Operations	**Disontinued Operations**	**Total**	Continuing Operations	Disontinued Operations	Total	Continuing Operations	Disontinued Operations	Total
A)	**STATEMENT OF FINANCIAL POSITION**										
1	Total Assets	Rs. In (000)	**29,052,394**	**28,548**	**29,080,942**	28,089,926	68,041	28,157,967	25,577,239	52,268	25,629,507
2	Current Assets	Rs. In (000)	**5,500,215**	**16,691**	**5,516,906**	4,693,642	50,834	4,744,476	2,262,773	33,261	2,296,034
3	Stock	Rs. In (000)	**226,688**	**15,164**	**241,852**	168,312	23,081	191,393	67,904	32,369	100,273
4	Current Liabilities	Rs. In (000)	**3,968,665**	**5,937**	**3,974,602**	3,720,930	3,244	3,724,174	2,328,878	6,199	2,335,077
5	Long-term Borrowing	Rs. In (000)	**7,802,777**	**-**	**7,802,777**	8,700,594	-	8,700,594	8,693,131	-	8,693,131
6	Paid Up Capital	Rs. In (000)	**592,998**	**-**	**592,998**	590,578	-	590,578	590,578	-	590,578
7	Shareholders Equity	Rs. In (000)	**15,651,174**	**-**	**15,651,174**	14,102,954	-	14,102,954	12,958,033	-	12,958,033
8	No. of Ordinary Shares	In (000)	**59,300**	**-**	**59,300**	59,058	-	59,058	59,058	-	59,058
B)	**STATEMENT OF PROFIT OR LOSS**										
1	Sales Value	Rs. In (000)	**5,626,725**	**5,217**	**5,631,942**	7,267,770	7,489	7,275,259	3,079,977	10,453	3,090,430
2	Gross Profit / (Loss)	Rs. In (000)	**2,058,632**	**(2,700)**	**2,055,932**	2,623,410	(1,799)	2,621,611	1,529,190	1,714	1,530,904
3	Finance Cost	Rs. In (000)	**700,058**	**-**	**700,058**	(947,253)	-	(947,253)	(798,779)	-	(798,779)
4	Operating Profit / (Loss)	Rs. In (000)	**1,474,250**	**(22,604)**	**1,451,646**	2,013,560	(34,668)	1,978,892	1,079,997	87,153	1,167,150
5	Profit / (Loss) Before Taxation	Rs. In (000)	**2,001,811**	**(22,604)**	**1,979,207**	1,981,544	(34,668)	1,946,876	2,587,791	87,153	2,674,944
6	Profit / (Loss) After Taxation	Rs. In (000)	**1,813,175**	**(22,604)**	**1,790,571**	1,876,527	(34,668)	1,841,859	2,205,755	87,153	2,292,908
C)	**STATEMENT OF CASH FLOWS**										
1	Net Cash Flow from Operating Activities	Rs. In (000)	**1,456,814**	**(8,009)**	**1,448,805**	1,297,167	(27,422)	1,269,745	1,136,705	12,891	1,149,596
2	Net Cash Flow from Investing Activities	Rs. In (000)	**929,558**	**-**	**929,558**	694,664	-	694,664	437,423	134,715	572,138
3	Net Cash Flow from Financing Activities	Rs. In (000)	**(2,267,603)**	**-**	**(2,267,603)**	(2,421,863)	-	(2,421,863)	(2,033,213)	-	(2,033,213)
D)	**RATIO ANALYSIS**										
	Profitability Ratios:										
1	Gross (Loss) / Profit	%	**36.59**	**(51.75)**	**36.50**	36.10	(24.02)	36.03	49.65	16.40	49.54
2	Net (Loss) / Profit	%	**32.22**	**(433.28)**	**31.79**	25.82	(462.92)	25.32	71.62	833.76	74.19
3	Return on Equity	%	**-**	**-**	**11.44**	-	-	13.06	-	-	17.69
4	Return on Capital Employed	%	**-**	**-**	**6.19**	-	-	8.68	-	-	5.39
	Liquidity Ratios:										
1	Current Ratio	Rs.	**1.39**	**2.81**	**1.39**	1.26	15.67	1.27	0.97	5.37	0.98
2	Quick / Acid Test Ratio	Rs.	**1.33**	**0.26**	**1.33**	1.22	8.56	1.22	0.94	0.14	0.94
	Investment / Market Ratios:										
1	Earning / (Loss) Per Share	Rs.	**25.82**	**(0.38)**	**25.44**	27.20	(0.59)	26.61	35.29	1.48	36.77
2	Price Earning Ratio	Rs.	**-**	**-**	**9.23**	-	-	8.05	-	-	4.46
3	Dividend Yield	%	**-**	**-**	**1.70**	-	-	5.14	-	-	1.83
4	Dividend Payout Ratio	%	**-**	**-**	**15.72**	-	-	41.34	-	-	8.16
5	Dividend Cover Ratio	Rs.	**-**	**-**	**6.36**	-	-	2.42	-	-	12.26
6	Break-up Value of Shares	Rs.	**-**	**-**	**263.93**	-	-	238.80	-	-	219.41
7	Market Value of Shares	Rs.	**-**	**-**	**234.77**	-	-	214.16	-	-	164.05
	Capital Structure Ratios:										
1	Debt to Equity Ratio	Rs.	**0.50**	**-**	**0.50**	0.62	-	0.62	0.67	-	0.67
2	Interest Cover Ratio	Rs.	**(2.11)**	**-**	**(2.07)**	2.13	-	2.09	1.35	-	1.46
E)	**DIVIDEND**										
1	Cash Dividend	%	**40**	**-**	**40**	110	-	110	30	-	30
F)	**OTHERS**										
1	Employees	Nos.	**134**	**4**	**138**	179	4	183	89	5	94
2	Capital Expenditures	Rs. In (000)	**112,987**	**-**	**112,987**	221,290	-	221,290	203,358	-	203,358

December 2017			December 2016			December 2015		
Continuing Operations	Disontinued Operations	Total	Continuing Operations	Disontinued Operations	Total	Continuing Operations	Disontinued Operations	Total
22,070,563	119,141	22,189,704	21,751,690	137,276	21,888,966	10,779,368	179,617	10,958,985
1,933,568	51,621	1,985,189	1,675,736	67,195	1,742,931	1,789,558	97,123	1,886,681
55,070	41,108	96,178	99,221	50,226	149,447	135,318	74,989	210,307
2,042,260	74,622	2,116,882	1,698,909	12,965	1,711,874	216,787	32,146	248,933
8,026,609	-	8,026,609	8,471,798	-	8,471,798	3,198,085	-	3,198,085
590,578	-	590,578	590,578	-	590,578	590,578	-	590,578
10,684,452	-	10,684,452	10,603,431	-	10,603,431	6,830,141	-	6,830,141
59,058	-	59,058	59,058	-	59,058	59,058	-	59,058
2,537,377	12,591	2,549,968	519,639	21,200	540,839	177,368	26,377	203,745
1,275,215	3,409	1,278,624	7,157	(6,299)	858	22,071	3,567	25,638
(736,882)	(4)	(736,886)	(170,004)	(21)	(170,025)	(25,613)	(50)	(25,663)
917,421	(20,671)	896,750	(337,156)	(41,341)	(378,497)	(233,769)	659,621	425,852
740,565	(20,675)	719,890	3,631,741	(41,362)	3,590,379	1,234,453	659,571	1,894,024
422,484	(20,675)	401,809	3,155,273	(41,362)	3,113,911	974,981	659,571	1,634,552
804,285	308	804,593	(254,108)	(16,209)	(270,317)	(423,918)	(22,326)	(446,244)
298,105	-	298,105	(5,215,556)	(1,782)	(5,217,338)	(3,087,093)	772,698	(2,314,395)
(1,055,452)	-	(1,055,452)	5,321,944	-	5,321,944	3,402,161	-	3,402,161
50.26	27.07	50.14	1.38	(29.71)	0.16	12.44	13.52	12.58
16.65	-164.20	15.76	607.20	(195.10)	575.76	549.69	2,500.55	802.25
-	-	3.76	-	-	29.37	-	-	23.93
-	-	4.79	-	-	(1.98)	-	-	4.25
0.95	0.69	0.94	0.99	5.18	1.02	8.25	3.02	7.58
0.92	0.14	0.89	0.93	1.31	0.93	7.63	0.69	6.73
5.29	(0.35)	4.94	54.20	(0.70)	52.73	16.56	11.17	27.73
-	-	38.06	-	-	4.80	-	-	5.05
-	-	2.66	-	-	1.98	-	-	-
-	-	101.21	-	-	9.48	-	-	-
-	-	0.99	-	-	10.55	-	-	-
-	-	180.92	-	-	179.54	-	-	115.65
-	-	188.00	-	-	253.00	-	-	139.99
0.75	-	0.75	0.80	-	0.80	0.47	-	0.47
1.25	(5,167.75)	1.22	(1.98)	(1,968.62)	(2.23)	(9.13)	13,192.42	16.59
50	-	50	50	-	50	-	-	-
104	-	104	78	-	78	83	-	83
31,244	-	31,244	7,572,135	-	7,572,135	3,258,623	-	3,258,623

Investor Relations

Financial Calender

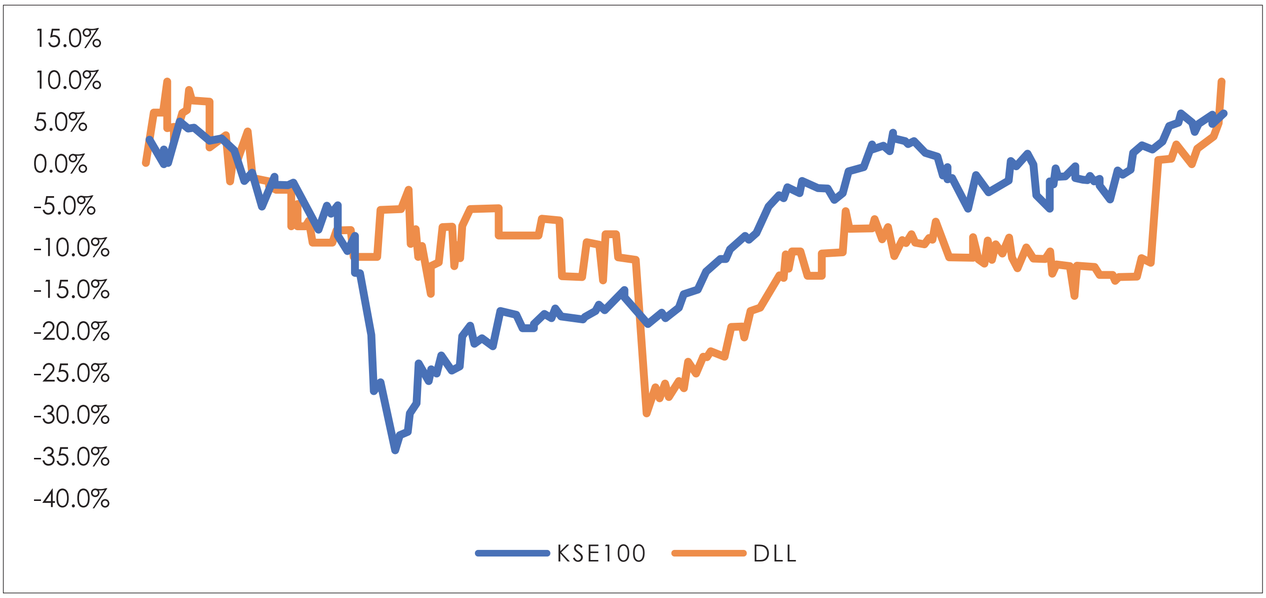
Financial Year ended 31 December 2020	
30 April 2020	Announcement of first quarter results
27 August 2020	Announcement of second quarter results
29 October 2020	Announcement of third quarter results
4 March 2021	Announcement of fourth quarter results
29 April 2021	71st Annual General Meeting

Trading Performance During the Financial Period	2020	2019	2018
Opening price	**214.16**	164.05	188.00
Closing price	**234.77**	214.16	164.05
Highest price	**240.77**	217.90	195.89
Lowest price	**143.84**	163.01	155.46
Average daily volume traded	**4,398.00**	6,340.00	6,406.00

Total Return*	Shareholder	Market
1- year period (01 January 2020 to 31 December 2020)	11.5%	7.4%
3 - year period (01 January 2018 to 31 December 2020)	34.5%	8.1%
5 - year period (01 January 2016 to 31 December 2020)	87.7%	33.3%

*Total returns are computed based on the closing unit price on the last trading day of the preceding reporting period compared with the closing unit price on the last trading day of the current period

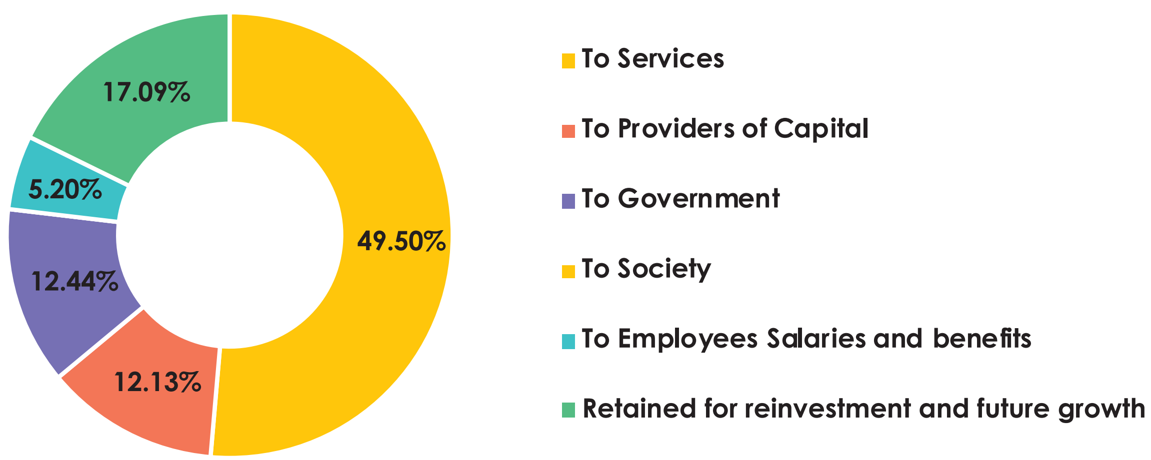
Investor Relations Enquiry
Source: dps.psx.com.pk



Statement of Value Addition and Distribution

(Rs. in million)

	2020		2019	
	Rs.	%	Rs.	%
Wealth Generated / Value addition				
Total revenue inclusive of sales tax	**6,404**	**82.89%**	8,229	89.20%
Other income	**1,322**	**17.11%**	995	10.80%
	7,726	**100.00%**	9,224	100%
Wealth Distributed / Value distribution				
To Services				
Cost of revenue (excluding employees' salaries and benefits)	**3,515**	**45.50%**	4,604	49.92%
Distribution and administration, other expenses (excluding employees' salaries and benefits)	**309**	**4.00%**	346	3.75%
To Providers of Capital				
Dividend to shareholders	**237**	**3.07%**	650	7.04%
Profit to non controlling interest	**282**	**3.65%**	270	2.93%
Mark-up/interest expense on borrowed money	**700**	**9.06%**	947	10.27%
To Government				
Taxes	**961**	**12.44%**	1,058	11.47%
To Society				
Donation	**-**	**0.00%**	0.3	0.00%
To Employees Salaries and benefits	**402**	**5.20%**	394	4.27%
Retained for reinvestment and future growth				
Depreciation, amortization and retained profit	**1,320**	**17.09%**	954	10.34%
	7,726	**100.00%**	9,224	100%



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Lawrencepur 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 Dawood Lawrencepur Limited for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

As a part of our audit of the 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, its related party transactions. 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.

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 December 31, 2020.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: April 5, 2021

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Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2020

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the "Regulations") in the following manner:

1) The total number of directors are Eight (8) as per the following:
   a. Male: Seven (including one deemed director)
   b. Female: One

2) The composition of the Board is as follows:

Category	Names
Independent directors	Mr. Shabbir Hussain Hashmi
	Mr. Hasan Reza Ur Rahim
Non-executive directors	Mr. Shahid Hamid Pracha – Chairman
	Mr. Shahzada Dawood
	Mr. Shafiq Ahmed
	Mr. Zamin Zaidi
	Ms. Sabrina Dawood
Executive director	Mr. Mujtaba Haider Khan (Chief Executive Officer) – Deemed director

3) The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;

4) The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;

5) The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;

6) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the 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 has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9) No director attended the Director's Training Program during the year. However, a total of six directors have completed the directors training programme.

10) There was no fresh appointment of Chief Financial Officer, Company secretary and Head of Internal audit during the year ended December 31, 2020. The Board has approved the remuneration and terms and conditions of the employment of the Chief Financial Officer, Company Secretary, and the Head of Internal Audit and 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:

Name of Committees	Names of members and Chairman
Board Audit Committee	Mr. Shabbir Hussain Hashmi – Chairman
	Mr. Shahzada Dawood – Member
	Mr. Hasan Reza Ur Rahim – Member
Human Resource and Remuneration Committee	Mr. Hasan Reza Ur Rahim – Chairman
	Mr. Shahid Hamid Pracha – Member
	Mr. Shabbir Hussain Hashmi – Member

13) The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance;

14) The frequency of meetings of the committees were as per following:

a) Board Audit Committee:- Meetings were held in each quarter during the financial year ended December 31, 2020 on the following dates:
- February 27, 2020;
- April 29, 2020;
- August 25, 2020; and
- October 28, 2020.

b) Human Resource and Remuneration Committee:- Meetings were held in each quarter during the financial year ended December 31, 2020 on the following dates:
- April 29, 2020;
- June 15, 2020;
- July 20, 2020;
- October 7, 2020; and
- December 14, 2020.

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

16) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, 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 requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19) With regard to compliance with Regulation 6, the Board has appointed two independent directors and the fraction one-third number was not rounded up to one as the two independent directors had requisite competencies, skills, knowledge and experience to fulfil their obligations as per the requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

SHAHID HAMID PRACHA
CHAIRMAN
Dated: March 3, 2021

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UNCONSOLIDATED FINANCIAL STATEMENTS

22.46 MWh Storage & 327 KW Solar
Telecom Energy Infrastructure Project
Makran Coast, Pakistan

Unconsolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the members of Dawood Lawrencepur Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Dawood Lawrencepur Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated 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 unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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 December 31, 2020 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards 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 Matter

Key audit matters are those matters that, in our professional judgement, 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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KARACHI LAHORE ISLAMABAD

Following is the Key Audit Matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	**Impairment assessment of investments in subsidiaries** (Refer notes 2.7, 3.5 and 6 to the unconsolidated financial statements) As per the requirements of accounting and reporting standards, management assessed whether there is any indication that any of its investment in subsidiaries may be impaired. In view of impairment indicators, management performed an impairment assessment to estimate the recoverable amount of Company's investments in related subsidiaries. The assessment involved estimation of future cash flows of related subsidiaries and determination of recoverable amount using a number of assumptions and estimates. Based on such assessment, the Company recognized an impairment loss of Rs. 30,007 thousand against its investment in its subsidiary Reon Alpha (Private) Limited. As impairment assessment required management to make projections of cash flows, use judgement and estimates, we considered this a key audit matter.	Our audit procedures amongst others included the following: - considered indicators requiring management to carry out impairment assessment; - obtained understanding of the management's process of assessment, including methodology used to estimate recoverable amount of investment and evaluated technical ability and competence of management's expert; - evaluated reasonableness of key assumptions and estimates used by management to prepare cash flow projections and determine recoverable amount. For this purpose we involved our internal expert, where required; and - assessed the adequacy of disclosures made in the unconsolidated financial statements in accordance with applicable accounting and reporting standards.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports thereon.

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

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially

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inconsistent with the unconsolidated 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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and asses 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

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going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate 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 unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: April 5, 2021

Unconsolidated Statement of Financial Position

As at December 31, 2020
(Amounts in thousand)

	Note	2020	2019
ASSETS		------------ (Rupees)	------------
Non-current assets			
Property, plant and equipment	4	**19,292**	27,853
Intangible assets	5	**27**	56
Long-term investments	6	**3,502,996**	3,201,817
Long-term loans to subsidiary	11	**-**	300,000
Long-term deposits	7	**2,778**	2,778
Total non-current assets		**3,525,093**	3,532,504
Current assets			
Stores and spares	8	**892**	892
Stock	9	**17,780**	34,582
Trade debts	10	**23**	71
Loans to subsidiaries	11	**738,101**	437,922
Loans and advances	12	**2,930**	2,635
Deposits, prepayments and other receivables	13	**165,917**	106,665
Taxes recoverable		**-**	21,609
Interest accrued	14	**123,153**	70,276
Cash and bank balances	15	**29,713**	6,362
Total current assets		**1,078,509**	681,014
TOTAL ASSETS		**4,603,602**	4,213,518
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**592,998**	590,578
Capital reserves		**206,666**	206,666
Unappropriated profit		**2,960,800**	2,708,349
Total equity		**3,760,464**	3,505,593
Non-current liabilities			
Staff retirement benefits	18	**2,755**	1,477
Current liabilities			
Trade and other payables	19	**46,132**	51,166
Contract liabilities		**-**	2,657
Unpaid dividend		**-**	18,561
Unclaimed dividend		**70,307**	46,806
Provision	27.1	**7,360**	7,360
Short-term borrowings	20	**699,795**	552,345
Taxes payable		**270**	-
Accrued mark-up		**16,519**	27,553
Total current liabilities		**840,383**	706,448
		843,138	707,925
Contingencies and commitments	21		
TOTAL EQUITY AND LIABILITIES		**4,603,602**	4,213,518

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Mujtaba Haider Khan	Shahid Hamid Pracha	Muhammad Saad Faridi
Chief Executive Officer	Director	Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended December 31, 2020
(Amounts in thousand except for earnings / (loss) per share)

	Note	2020	2019
CONTINUING OPERATIONS		------------ (Rupees)	------------
Revenue from contracts with customers - net	22	**1,962**	6,012
Cost of revenue	23	**(10,132)**	(6,883)
Gross loss		**(8,170)**	(871)
Dividend income	24	**701,387**	1,325,152
Selling and distribution expenses	25	**(446)**	(1,023)
Administrative expenses	26	**(55,248)**	(47,616)
Other expenses	27	**(30,007)**	(9,779)
		(85,701)	(58,418)
Other income	28	**128,857**	112,770
Finance cost	29	**(94,088)**	(93,593)
Profit before taxation		**642,285**	1,285,040
Taxation	30	**(128,757)**	(186,136)
Profit after taxation		**513,528**	1,098,904
DISCONTINUED OPERATIONS			
Loss from discontinued operations	31	**(22,604)**	(34,668)
Profit for the year		**490,924**	1,064,236
			Restated
Earnings per share - basic and diluted			
Continuing operations	32	**8.66**	18.53
Loss per share - basic and diluted			
Discontinued operations	32	**(0.38)**	(0.58)

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Mujtaba Haider Khan	Shahid Hamid Pracha	Muhammad Saad Faridi
Chief Executive Officer	Director	Chief Financial Officer

Unconsolidated Statement of Comprehensive Income

For the year ended December 31, 2020
(Amounts in thousand)

	Note	2020	2019
		------------ (Rupees) ------------	
Profit for the year		**490,924**	1,064,236
Other comprehensive loss:			
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligation - actuarial loss	18.6	**(159)**	(72)
Total comprehensive income for the year		**490,765**	1,064,164

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Mujtaba Haider Khan
Chief Executive Officer

Shahid Hamid Pracha
Director

Muhammad Saad Faridi
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended December 31, 2020
(Amounts in thousand)

	2020	2019
	------------ (Rupees) ------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**619,681**	1,250,372
Add: Loss before taxation attributable to discontinued operations	**22,604**	34,668
Profit before taxation from continuing operations	**642,285**	1,285,040
Adjustments for non-cash charges and other items:		
Depreciation	**4,028**	2,025
Amortization	**29**	31
Provision for gratuity - net	**1,040**	885
Provision for impairment of trade debts - net	**48**	24
Provision for slow moving and obsolete stock	**8,086**	4,048
Provision for National Investment Trust	**-**	9,779
Provision for impairment of long-term investment	**30,007**	-
Finance costs	**94,088**	93,593
Gain on disposal of property, plant and equipment	**-**	(5)
Royalty income	**-**	(15,420)
Dividend income	**(701,387)**	(1,325,152)
Gain on NIT unit	**(1,186)**	(22)
Mark up charged to related parties	**(109,761)**	(91,737)
Profit on deposits	**(153)**	(157)
	(32,876)	(37,068)
Working capital changes		
Decrease / (increase) in current assets		
Stock	**799**	(538)
Trade debts	**-**	4,316
Loans and advances	**139**	(337)
Deposits, prepayments and other receivables	**(57,947)**	(22,250)
	(57,009)	(18,809)
(Decrease) / increase in current liabilities		
Trade and other payables	**(7,726)**	672
Contract liabilities	**(2,657)**	-
	(67,392)	(18,137)
Cash used in operations	**(100,268)**	(55,205)
Gratuity paid	**-**	(369)
Finance cost paid	**(105,122)**	(76,724)
Claims paid	**-**	(8,235)
Taxes paid	**(106,878)**	(202,624)
Discontinued operations	**(8,009)**	(27,400)
Net cash used in operating activities	**(320,277)**	(370,557)

Unconsolidated Statement of Cash Flows

For the year ended December 31, 2020
(Amounts in thousand)

	Note	2020	2019
		------------ (Rupees) ------------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**-**	(184)
Purchase of intangible asset		**-**	(68)
Proceeds from disposal of property, plant and equipment		**-**	5
Investment in subsidiary		**(330,000)**	-
Long-term loan to subsidiary		**-**	(105,000)
Subordinated loans to subsidiaries		**(300,179)**	(437,204)
Repayment of loan by subsidiary		**300,000**	-
Mark up received from related parties		**56,884**	42,690
Profit received on deposits		**153**	157
Dividend received		**701,387**	1,325,152
Discontinued operations		**192**	-
Net cash generated from investing activities		**428,437**	825,548
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		**(232,259)**	(632,493)
Net decrease in cash and cash equivalents		**(124,099)**	(177,502)
Cash and cash equivalents at beginning of the year		**(545,983)**	(368,481)
Cash and cash equivalents at end of the year	33	**(670,082)**	(545,983)

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Mujtaba Haider Khan	Shahid Hamid Pracha	Muhammad Saad Faridi
Chief Executive Officer	Director	Chief Financial Officer

Unconsolidated Statement of Changes In Equity

For the year ended December 31, 2020
(Amounts in thousand)

	Share capital	Capital reserves					Revenue reserve	Total
		Merger reserve	Share premium reserve	Capital redemption reserve	Others	Total	Unappropriated profit	
	------- (Rupees) -------							
Balance as at January 1, 2019	590,578	10,521	136,865	25,969	33,311	206,666	2,293,821	3,091,065
Profit for the year	-	-	-	-	-	-	1,064,236	1,064,236
Other comprehensive loss	-	-	-	-	-	-	(72)	(72)
Total comprehensive income for the year	-	-	-	-	-	-	1,064,164	1,064,164
Transactions with owners								
Final cash dividend for the year ended December 31, 2018 @ Rs. 4 per share	-	-	-	-	-	-	(236,231)	(236,231)
First interim cash dividend for the year ended December 31, 2019 @ Rs. 4 per share	-	-	-	-	-	-	(236,231)	(236,231)
Second interim cash dividend for the year ended December 31, 2019 @ Rs. 3 per share	-	-	-	-	-	-	(177,174)	(177,174)
Balance as at December 31, 2019 / January 1, 2020	**590,578**	**10,521**	**136,865**	**25,969**	**33,311**	**206,666**	**2,708,349**	**3,505,593**
Profit for the year	-	-	-	-	-	-	**490,924**	**490,924**
Other comprehensive loss	-	-	-	-	-	-	**(159)**	**(159)**
Total comprehensive income for the year	-	-	-	-	-	-	**490,765**	**490,765**
Transactions with owners								
Issuance of ordinary shares (note 16.4)	**1,305**	-	-	-	-	-	-	**1,305**
Issuance of bonus shares (note 16.4)	**1,115**	-	-	-	-	-	**(1,115)**	-
First interim cash dividend for the year ended December 31, 2020 @ Rs. 4 per share	-	-	-	-	-	-	**(237,199)**	**(237,199)**
Balance as at December 31, 2020	**592,998**	**10,521**	**136,865**	**25,969**	**33,311**	**206,666**	**2,960,800**	**3,760,464**

The annexed notes from 1 to 46 form an integral part of these unconsolidated financial statements.

Mujtaba Haider Khan	Shahid Hamid Pracha	Muhammad Saad Faridi
Chief Executive Officer	Director	Chief Financial Officer

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Dawood Lawrencepur Limited (the Company) was incorporated in Pakistan in the year 2004 as a public listed company. It was formed as a result of a Scheme of Arrangement for Amalgamation in terms of the provisions of the (now repealed) Companies Ordinance, 1984 between Dawood Cotton Mills Limited (DCM), Dilon Limited (DL), Burewala Textile Mills Limited (BTM) and Lawrencepur Woollen and Textile Mills Limited (LWTM). The shares of the Company are listed on the Pakistan Stock Exchange Limited. The Company manages investment in its subsidiaries and associated companies and is engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the legacy textile business.

The business units of the Company include the following:

Business units	Geographical location
Head office (registered office)	3rd Floor, Dawood Centre, M.T. Khan Road, Karachi.
BTM Factory	Dawoodabad, Railway Station Road and Luddan Road, Chak 439, E.B, Tehsil Burewala, District Vehari.
LWTM Factory	G.T. Road, Faqirabad, District Attock.

1.2 In prior years, the Company suspended operations of LWTM, BTM, DL and DCM. Land, building, plant and machinery and related assets of DL and DCM were disposed off. Furthermore, plant and machinery and related assets of LWTM and BTM were also disposed off in prior periods. Currently, the Company does not have any industrial unit in production.

1.3 The Company continues to operate the 'Lawrencepur' brand name under a license.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

These unconsolidated financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities have been measured at fair value and obligations under retirement benefit plan have been measured at present value.

The preparation of unconsolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving high degree of judgement or complexity, or areas where assumptions and estimates are significant to the unconsolidated financial statements are disclosed in note 3.

These unconsolidated financial statements represent the standalone financial statements of the Company in which investment in subsidiaries and associate (as detailed in note 6.1) have been stated at cost less accumulated impairment losses, if any. The consolidated financial statements of the Company and its subsidiaries have been presented separately.

2.1.1 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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

- Provisions and directives issued under the Companies Act, 2017.

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

2.1.2 Functional and presentation currency

These unconsolidated financial statements are presented in Pakistani Rupees which is the Company's functional currency.

2.2 Initial application of standards, amendments or interpretations to existing standards

a) Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to the accounting and reporting standards that became effective during the year ended December 31, 2020, however, these are considered not to have a significant impact on the Company's financial reporting and operations and therefore have not been presented here.

b) Standards, amendments and interpretation to published standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to the accounting and reporting standards that are not yet effective and are also not expected to have a significant impact on the Company's financial reporting and therefore, have not been presented in these financial statements.

2.3 Property, plant and equipment

Property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Capital work-in-progress is stated at cost less impairment, if any.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the unconsolidated statement of profit or loss in the year in which these are incurred.

Depreciation is charged using the straight-line and reducing balance method whereby the cost of an operating asset less its estimated residual value is charged over its estimated useful life. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which an asset is disposed off.

An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount and the resulting impairment loss is recognized in the unconsolidated statement of profit or loss. The recoverable amount is higher of fair value, less expected selling expenses, and the value in use. Reversal of impairment is effected in the case of indicators of a change in recoverable amount and is recognized in the unconsolidated statement of profit or loss, however, is restricted to the original cost of the asset reduced by depreciation.

Disposal of asset is recognized when significant risks and rewards incidental to ownership have been transferred to the buyer. The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of an asset is recognized in the period of disposal in the unconsolidated statement of profit or loss.

2.4 Intangible assets

Intangible assets are recognized at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any. These are amortized using the 'straight line method' from the month the software is available for use up to the month of its disposal at the rate mentioned in note 5.1.

Costs associated with maintaining computer software programs are recognized as an expense as incurred. Costs directly associated with acquiring software that have probable economic benefits exceeding one year, are recognized as an intangible asset. Direct costs include purchase cost of software and related overhead cost. Subsequent directly attributable costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

2.5 Financial instruments

2.5.1 Financial assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, and through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the Company’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

b) Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented within other gains / (losses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the unconsolidated statement of profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

2.5.2 Financial liabilities

Financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in unconsolidated statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

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

2.5.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the unconsolidated statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle either on a net basis, or realize the asset and settle the liability simultaneously.

2.5.4 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments (other than trade debts) carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 12month ECL under IFRS 9.

For trade debts, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade debts are grouped based on shared credit risk characteristics and the days past due.

2.6 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized as an expense in the profit or loss. The recoverable amount is the higher of an asset's fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

2.7 Investments in subsidiaries

Subsidiaries are all entities over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity. Furthermore, the Company also considers whether:

- It has power over the investee entity;

- It has exposure, right, to variable returns from its involvement with the investee entity; and

- It has the ability to use its power over the investee entity to affect the amount of the Company's returns.

Investment in subsidiary companies are stated at cost less impairment, if any. At subsequent reporting dates, the recoverable amounts 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. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the unconsolidated statement of profit or loss.

2.8 Investment in associate

Associates are all entities over which the Company has significant influence but not control. Investment in associates are carried at cost less impairment, if any. The Company determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Company calculates impairment loss as the difference between the recoverable amount of the associates and its carrying value and recognizes it in the unconsolidated statement of profit or loss.

2.9 Stores and spares

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Company's requirements, adequate provision is made for any excess book value over estimated residual value.

2.10 Stock

Stock-in-trade is valued at the lower of cost and net realizable value. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using the specific identification of their individual costs. For other types of inventory (except for stock in transit), cost is determined using the weighted average method. Stock in transit, on the other hand, is stated at cost (invoice value) plus other charges incurred thereon till the reporting date.

Cost includes applicable purchase cost, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held with banks and other short-term highly liquid investments with less than three months maturity from the date of acquisition. Finance facilities availed by the Company, if any, which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of unconsolidated statement of cash flows.

2.12 Provisions

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

2.13 Contract assets and contract liabilities

A contract asset is recognised for the Company's right to consideration in exchange for goods or services that it has transferred to a customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Company presents the amount as a contract asset, excluding any amounts presented as a receivable. A contract asset is assessed for impairment in accordance with IFRS 9. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9.

A contract liability is recognised for the Company's obligation 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, or the Company has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Company transfers a good or service to the customer, the Company presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

2.14 Employees' retirement benefits - defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company’s net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed at least once annually, by a qualified actuary using the projected unit credit method. The Company operates a funded defined benefit ‘Gratuity’ plan for the management employees of the Company’s ‘Lawrencepur Woollen and Textile Mills Unit’ and other regular permanent employees who have completed qualifying period of service.

Provisions are made in the unconsolidated financial statements to cover obligations under the scheme. The provisions require assumptions to be made of future outcome which mainly include increase in remuneration, expected return on plan assets and the discount rate used to convert future cash flows to current values. Remeasurement gains and losses arising from the actuarial valuation are recognised immediately in unconsolidated statement of comprehensive income.

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional / contractual right to defer settlement of the liability for at least twelve months after the reporting date.

2.16 Share capital

Ordinary shares are classified as equity and recognized at their face value. Incremental cost, if any, directly attributable to the issue of shares, are recognized in equity as a deduction, net of tax, from proceeds.

2.17 Taxation

2.17.1 Current

Provision for current taxation is based on income streams chargeable at current rate of taxation after taking into account tax credits and tax rebates available, if any. The charge for current tax includes adjustments to charge for prior years, if any.

2.17.2 Deferred

Deferred tax is recognised for all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax asset is recognized only when it is probable that future taxable profits and taxable temporary differences will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax is charged or credited in the unconsolidated statement of profit or loss, unless it relates to item recognised in equity in which case it is also recognised in equity.

2.18 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

2.19 Revenue and income recognition

2.19.1 Project revenue

Project revenue is recognized with reference to the stage of completion of project activity at the reporting date over the period of time. Stage of completion of a project is determined by applying the ‘cost-to-cost method’. Under this method, the stage of completion of a project is determined by reference to the proportion that project costs incurred to date bear to the total estimated contract costs. Expected losses on projects are recognized as an expense immediately in the unconsolidated statement of profit or loss.

2.19.2 Sale of goods

Revenue from sale of goods is recognised when goods are transferred to the customer and when performance obligations are fulfilled. Goods are considered to be transferred when the control is transferred to the customer.

2.19.3 Interest income

Income from investments and deposits is recognised on an accrual basis.

2.19.4 Dividend income

Dividend income is recognised when the Company's right to receive the dividend is established.

2.19.5 Capital gain

Capital gains / losses arising on sale of investments are included in the unconsolidated statement of profit or loss on the date at which the transaction takes place.

2.20 Borrowing costs

Borrowing costs are recognised as an expense in the period in which these are incurred except, to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalised as part of the cost of such asset.

2.21 Foreign currency translation

Transactions in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at rates of exchange prevailing at the reporting date. Foreign exchange differences are recognised in the unconsolidated statement of profit or loss.

2.22 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

2.23 Segment reporting

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 Company that makes the strategic decisions.

Management has disclosed information as required by IFRS 8 'Operating Segments' in note 39 to these unconsolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated financial statements in conformity with the applicable accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment and intangible assets

The Company reviews the appropriateness of the rates of depreciation, useful lives and residual values used in the calculation of depreciation and amortization charge. Further, where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis.

3.2 Taxation

In making the estimates for current income taxes payable by the Company, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. In addition, deferred tax is recognised taking into account these judgments and the best estimates of future results of operations of the Company.

3.3 Provision for retirement benefits

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 18.

3.4 Stock

The Company reviews the net realisable value of stock to assess any diminution in the respective carrying values. Net realisable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

3.5 Impairment of investments in subsidiaries and associates

In making estimate of recoverable amount of the Company's investment in subsidiaries and associate, the management considers future cash flows / dividend stream and estimates discount rate and terminal value of these investments, which are subject to change.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020
(Amounts in thousand)

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Building on freehold land	Plant and machinery	Furniture, fixtures and office equipment	Computers	Tools and equipment	Vehicles	Renewable energy units	Total
	(Rupees)								
As at January 1, 2019									
Cost	3,157	70,557	102,870	66,483	6,948	3,642	10,601	4,464	268,722
Accumulated depreciation	-	(66,580)	(99,047)	(53,580)	(6,639)	(1,485)	(8,071)	(1,826)	(237,228)
Net book value	3,157	3,977	3,823	12,903	309	2,157	2,530	2,638	31,494
Year ended December 31, 2019									
Opening net book value	3,157	3,977	3,823	12,903	309	2,157	2,530	2,638	31,494
Additions	-	-	-	-	184	-	-	-	184
Disposals									
Cost	-	-	-	-	(41)	-	-	-	(41)
Accumulated depreciation	-	-	-	-	41	-	-	-	41
	-	-	-	-	-	-	-	-	-
Depreciation (note 4.2)	-	(397)	(765)	(1,290)	(205)	(216)	(506)	(446)	(3,825)
Closing net book value	3,157	3,580	3,058	11,613	288	1,941	2,024	2,192	27,853
As at December 31, 2019									
Cost	3,157	70,557	102,870	66,483	7,091	3,642	10,601	4,464	268,865
Accumulated depreciation	-	(66,977)	(99,812)	(54,870)	(6,803)	(1,701)	(8,577)	(2,272)	(241,012)
Net book value	3,157	3,580	3,058	11,613	288	1,941	2,024	2,192	27,853
Year ended December 31, 2020									
Opening net book value	3,157	3,580	3,058	11,613	288	1,941	2,024	2,192	27,853
Additions	-	-	-	-	-	-	-	-	-
Disposals									
Cost	-	-	-	-	-	-	(1,227)	-	(1,227)
Accumulated depreciation	-	-	-	-	-	-	1,224	-	1,224
	-	-	-	-	-	-	(3)	-	(3)
Depreciation (note 4.2)	-	(325)	(445)	(4,840)	(172)	(1,941)	(389)	(446)	(8,558)
Closing net book value	3,157	3,255	2,613	6,773	116	-	1,632	1,746	19,292
As at December 31, 2020									
Cost	3,157	70,557	102,870	66,483	7,091	3,642	9,374	4,464	267,638
Accumulated depreciation	-	(67,302)	(100,257)	(59,710)	(6,975)	(3,642)	(7,742)	(2,718)	(248,346)
Net book value	3,157	3,255	2,613	6,773	116	-	1,632	1,746	19,292
Annual rate of depreciation (%)	0%	2%	2%	10%	33%	20%	20%	10%	

(Amounts in thousand)

4.1 The above include assets with an aggregate carrying value of Rs. 9,201 (2019: 14,429) which relate to discontinued textile units, LWTM and BTM.

4.2 Depreciation for the year has been allocated as under:

	2020	2019
	------------ (Rupees) ------------	
Selling and distribution expenses (note 25)	**446**	446
Administrative expenses (note 26)	**8,112**	3,379
	8,558	3,825

4.3 The Company's assets include equipment having cost of Rs. 1,980 (2019: Rs. 1,980) are not in the possession of the Company are installed at The Searle Company Limited, for providing energy sales to the customer.

4.4 The details of immovable fixed assets (i.e land and buildings) are as follows:

Description of location	Address	Total area of land in Acres
BTM Factory	Dawoodabad, Railway Station Road and Luddan Road, Chak 439, E.B, Tehsil Burewala, District Vehari.	313.725 Acres
LWTM Factory	G.T. Road, Faqirabad District Attock	230 Acres

4.5 During the year, the Company has revised the estimates of useful lives of certain classes of property, plant and equipment and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment from reducing balance method to straight line method. This change in the accounting estimate has been accounted for prospectively.

Due to change in estimate, depreciation charge for the year has increased by Rs. 4,149. Assuming there will be no additions or disposals to property, plant and equipment the impact of such change on future years is immaterial.

5. INTANGIBLE ASSETS - Computer software

	2020	2019
	------------ (Rupees) ------------	
Balance at beginning of the year	**56**	19
Additions at cost	**-**	68
Amortization charged for the year (notes 5.1 and 26)	**(29)**	(31)
Balance at end of the year	**27**	56
Gross carrying value		
Cost	**20,001**	20,001
Less: Accumulated amortization	**(19,974)**	(19,945)
Net book value	**27**	56

5.1 The cost of the above intangible asset is being amortized over 3 years.

(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
6.	**LONG-TERM INVESTMENTS**		
	Investment in related parties at cost (note 6.1)	**3,519,102**	3,189,102
	Less: Provision for impairment (note 6.1.3)	**(30,007)**	-
		3,489,095	3,189,102
	Other investments		
	- Financial assets at fair value through profit or loss (note 6.2)	**13,886**	12,700
	- Financial assets at fair value through other comprehensive income (note 6.2	**15**	15
		13,901	12,715
		3,502,996	3,201,817
6.1	**Investment in related parties - at cost**		
	Subsidiary - unquoted		
	Tenaga Generasi Limited Percentage holding 75% (2019: 75%) 227,027,613 (2019: 227,027,613) (note 6.1.1) fully paid ordinary shares of Rs. 10 each	**2,294,804**	2,294,804
	Wholly owned subsidiaries - unquoted		
	Reon Energy Limited Percentage holding 100% (2019: 100%) 102,600,000 (2019: 72,600,000) (note 6.1.2) fully paid ordinary shares of Rs. 10 each	**1,026,000**	726,000
	Reon Alpha (Private) Limited Percentage holding 100% (2019: 100%) 13,300,100 (2019: 10,300,100) (note 6.1.3) fully paid ordinary shares of Rs. 10 each	**133,001**	103,001
	Mozart (Private) Limited Percentage holding 100% (2019: 100%) 100 (2019: 100) (note 6.1.4) fully paid ordinary shares of Rs. 10/- each	**1**	1
	Greengo (Private) Limited Percentage holding 100% (2019: 100%) 100 (2019: 100) (note 6.1.5) fully paid ordinary shares of Rs. 10/- each	**1**	1
	Abrax (Private) Limited Percentage holding 100% (2019: 100%) 100 (2019: 100) (note 6.1.6) fully paid ordinary shares of Rs. 10/- each	**1**	1
		3,453,808	3,123,808
	Associate - quoted		
	Dawood Hercules Corporation Limited Percentage holding 16.19% (2019: 16.19%) 77,931,896 (2019: 77,931,896) (note 6.1.7) fully paid ordinary shares of Rs. 10/- each Market value Rs. 9,471,843 (2019: Rs. 12,017,878)	**65,294**	65,294
		3,519,102	3,189,102

6.1.1 Tenaga Generasi Limited (TGL) was incorporated in Pakistan on December 1, 2005 as a public unlisted company to carry out the business of power generation as an independent power producer using wind energy.

6.1.2 Reon Energy Limited (REL) was incorporated in Pakistan on September 15, 2014 as a public unlisted company to carry out the business of trading and construction of renewable energy projects, mainly solar, to commercial and industrial consumers. During the year, the Company subscribed to an additional 30,000,000 ordinary shares of REL while maintaining shareholding of 100% in REL.

6.1.3 Reon Alpha (Private) Limited (RAPL) was incorporated in Pakistan on October 23, 2017 as a private limited company to carry out the business of sale and construction of renewable energy projects. The principal business of RAPL is to own and operate electric power generation project and supply electricity as an independent power producer. During the year, the Company subscribed to an additional 3,000,000 ordinary shares of RAPL while maintaining shareholding of 100% in RAPL.

During the year, RAPL's plant commenced commercial operations on April 22, 2020. Following the commencement of commercial operations of the plant, the Company, based on the indicators for impairment including change in borrowing from concessional to commercial rate and escalation in the plant costs, conducted an impairment test of its long-term investment. 'The impairment testing led to the recognition of an impairment loss of Rs. 30,007 which has been recognized in the statement of profit or loss. The Company estimated the value in use of the investment, which is based on the future expected cashflows over the 15 years life of the project as per the terms of the Power Purchase Agreement of RAPL with Sindh Engro Coal Mining Company Limited (SECMC). The fair value less costs of disposal is estimated to be less than the value in use and hence the recoverable amount of the investment has been determined on the basis of value in use, which amounted to Rs. 102,994 as at December 31, 2020.

The key assumptions in the value in use calculations are long term borrowing at commercial rates along with the continued ability of the plant to generate energy in line with the expected patterns as well as the willingness of customer to off take the entire generation of the plant and the risk-adjusted discount rate. The pre-tax discount rates are derived from the Company’s cost of equity, which has been calculated using the capital asset pricing model, the inputs of which include a country risk-free rate, equity risk premium and a risk adjustment (beta). The discount rate used in measuring value in use ranges from 12.75% - 18.98% per annum based on the effective gearing of RAPL.

6.1.4 Mozart (Private) Limited (MPL) was incorporated in Pakistan on October 4, 2016 as a private limited company to manage investments in associated companies.

6.1.5 Greengo (Private) Limited (GPL) was incorporated in Pakistan on October 4, 2016 as a private limited company to manage the Company's legacy assets located in Attock Mill.

6.1.6 Abrax (Private) Limited was incorporated in Pakistan on October 4, 2016 as a private limited company to manage the Company's legacy assets located in Burewala.

6.1.7 Dawood Hercules Corporation Limited (DHCL) was incorporated in Pakistan on April 17, 1968 as a public limited company and has its shares quoted on the Pakistan Stock Exchange Limited. The principal activity of DHCL is to manage investments in its subsidiary and associated companies.

(Amounts in thousand)

6.1.8 The Company has pledged ordinary shares of its associate and subsidiaries as security against financing facilities availed by itself and its subsidiaries from various commercial banks (note 20) the details of which are as follows:

Bank	Shares pledged	As at December 31, 2020 Number of shares pledged	Face value of shares pledged	Market value of pledged shares	As at December 31, 2019 Number of shares pledged	Face value of shares pledged	Market value of pledged shares
			-----Rupees-----			-----Rupees-----	
Pledged against short-term financing and other facilities availed by the Company and its subsidiares							
Standard Chartered Bank (Pakistan) Limited (notes 6.1.9 and 21.1.10)	Dawood Hercules Corporation Limited	**26,899,737**	**268,997**	**3,269,394**	26,899,737	268,997	4,148,208
Bank AL Habib Limited		**10,200,000**	**102,000**	**1,239,708**	10,200,000	102,000	1,572,942
MCB Bank Limited		**7,250,000**	**72,500**	**881,165**	-	-	-
Pledged under Musharka Agreement entered into between RAPL and FBL							
Faysal Bank Limited (note 21.1.10)	Reon Alpha (Private) Limited	**5,300,000**	**53,000**	**-***	5,300,000	53,000	-*
Pledged under Sponsor Share Agreement							
Citibank N.A.	Tenaga Generasi Limited	**34,599,995**	**346,000**	**-***	34,599,995	346,000	-*

*Tenaga Generasi Limited is an unlisted company and Reon Alpha (Private) Limited is a private company.

6.1.9 Subsequent to the year end, the facility has been extinguished and shares pledged against it have been released.

6.2 Other investments

2020	2019	Name of Investee	2020	2019
Units / Number of Shares			----- (Rupees) -----	
		Listed securities		
200,000	200,000	National Investment (Unit) Trust	**13,886**	12,700
		Un-listed securities		
1,500	1,500	Asian Co-operative Society Limited	**15**	15
			13,901	12,715

Notes to the Unconsolidated Financial Statements
For the year ended December 31, 2020
(Amounts in thousand)

		2020	2019
		----------- (Rupees) -----------	
6.2.1	**Reconciliation between fair value and cost of investments**		
	Fair value of investments	**13,886**	12,700
	Surplus on remeasurement of investments as at year end	**(11,431)**	(10,245)
	Cost of investments	**2,455**	2,455

6.3 The investments in subsidiary companies have been made in accordance with the provisions of the Companies Act, 2017.

7. LONG-TERM DEPOSITS

	2020	2019
Deposits for utilities	**1,718**	1,718
Others	**1,060**	1,060
	2,778	2,778

8. STORES AND SPARES

	2020	2019
Stores	**892**	892
Spares	**892**	892
	1,784	1,784
Less: Provision for slow moving and obsolete items	**(892)**	(892)
	892	892

9. STOCK

	2020	2019
Renewable energy		
Finished goods	**43,872**	44,671
Provision for slow moving and obsolete items (note 9.1)	**(41,256)**	(33,170)
	2,616	11,501
Textile		
Finished goods	**22,706**	28,117
Provision for write down to net realisable value (note 9.1)	**(7,542)**	(5,036)
	15,164	23,081
	17,780	34,582

9.1 The movement in provision during the year is as follows:

	2020	2019
Balance at the beginning of the year	**38,206**	32,856
Add: Charge for the year	**10,592**	5,350
Balance at the end of the year	**48,798**	38,206

(Amounts in thousand)

		2020	2019
		(Rupees)	
10.	**TRADE DEBTS - unsecured**		
	- Considered good		
	Renewable energy - projects	-	37
	Renewable energy - others (10.4)	23	34
		23	71
	- Considered doubtful		
	Renewable energy	3,610	3,562
	Others	32	32
		3,642	3,594
		3,665	3,665
	Provision for impairment (note 10.3)	(3,642)	(3,594)
		23	71

10.1 As at December 31, 2020, trade debts aggregating to 23 (2019: Rs. 38) were past due but not impaired.

10.2 As at December 31, 2020, trade debts aggregating to Nil (2019: Rs. 33) were neither past due nor impaired. The credit quality of these receivables can be assessed with reference to their historical performance with no defaults ever.

10.3 As at December 31, 2020, trade debts aggregating to Rs. 3,642 (2019: Rs. 3,594) were deemed to have been impaired and provided for. These have been outstanding for more than one year. The movement in provision during the year is as follows:

	2020	2019
	(Rupees)	
Balance at the beginning of the year	3,594	3,570
Add: Provision for the year (note 26)	48	24
Balance at the end of the year	3,642	3,594

10.4 This includes trade debts amounting to Rs. 23 (2019: Rs. 23) due from Reon Energy Limited (REL, a subsidiary company). The amount is past due but not impaired. The maximum aggregate amount due from REL in respect of trade debts, at the end of any month during the year was Rs. 23 (2019: Rs. 23).

		2020	2019
		(Rupees)	
11.	**LOANS TO SUBSIDIARIES - UNSECURED**		
	Subordinated loans to subsidiary companies:		
	- Tenaga Generasi Limited (note 11.1)	437,000	137,000
	- Reon Energy Limited (note 11.2)	300,000	300,000
	- Abrax (Private) Limited (note 11.3)	378	319
	- Mozart (Private) Limited (note 11.3)	344	283
	- Greengo (Private) Limited (note 11.3)	379	320
		738,101	437,922

(Amounts in thousand)

11.1 In April 2017, the Company had entered into a subordinated loan agreement with Tenaga Generasi Limited (TGL, a subsidiary Company) for arranging finance upto a Limit of Rs. 300,000. The original term of the aggrement was one year. However, in 2018, the facility was extended for a period upto three year with all other terms unchanged. As at December 31, 2020 the entire loan amounting to Rs. 300,000 has been consumed (December 31, 2019 Rs. 300,000). Mark-up is calculated at the rate of three months KIBOR plus 1.775% per annum.

In 2019, the Company had entered into a subordinated loan agreement with TGL, a subsidiary Company for arranging finance upto a limit of Rs. 1,000,000. The term of the loan was initially for one year, however, on June 10, 2020, the tennure of the loan has been extended for another one year. As at December 31, 2020, TGL has utilized Rs. 137,000 of this Facility. Mark-up is calculated at the rate of three months KIBOR plus 2.5% per annum.

11.2 On February 22, 2019, the Company provided a loan to Reon Energy Limited (REL, a subsidiary company) of Rs. 300,000 to fulfil its working capital requirements.Originally, the principal amount was to be repaid on a lump-sum basis on December 31, 2020. During the year, repayment date is extended to December 31, 2021. Mark-up is payable on a monthly basis at the rate of 1% above the average borrowing cost of the Company.

Furthermore, on February 28, 2020 the Company had also provided a loan to REL amounting to Rs. 300,000 to fulfil its working capital requirements. The loan carried mark-up at the rate of one percent (1%) above the average borrowing cost of the Company the principal of which was repaid on June 26, 2020 through a lumpsum payment.

11.3 These represent unsecured subordinated loans issued to subsidiary companies which carry mark-up at the rate of three months KIBOR plus 1% per annum.

11.4 The maximum aggregate amount outstanding against loans to subsidiaries at the end of any month during the year was as follows:

		2020	2019
		----------- (Rupees) -----------	
11.5	Tenaga Generasi Limited	**437,000**	137,000
	Reon Energy Limited	**600,000**	397,000
	Abrax (Private) Limited	**378**	319
	Mozart (Private) Limited	**344**	283
	Greengo (Private) Limited	**379**	320
		1,038,101	534,922

12. LOANS AND ADVANCES - unsecured, considered good

	2020	2019
Loans and advances to employees (note 12.1)	**636**	907
Advance to suppliers	**2,294**	1728
	2,930	2,635

12.1 This represents interest free loans to employees in accordance with their terms of employment and advances provided for the purpose of operational expenses.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020
(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
13.	**DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - unsecured, considered good**		
	Security deposits (note 13.1)	**8,964**	8,677
	Prepayments	**2,224**	3,244
	Sales tax	**4,942**	4,202
	Others (notes 13.2 and 13.3)	**149,787**	90,542
		165,917	106,665

13.1 This includes Nil (2019: Rs 1,550) deposited with The Dawood Foundation (a related party) under a lease agreement.

		2020	2019
		------------ (Rupees) ------------	
13.2	This includes amount due from related parties as follows:		
	Sach International (Private) Limited	**39,507**	26,660
	Tenaga Generasi Limited	**97,616**	57,324
	Reon Alpha (Private) Limited	**193**	202
	Engro Fertilizers Limited	**3,320**	-
		140,636	84,186

Maximum aggregate outstanding amount at any time during the year based on month end balances are as follows:

	2020	2019
	------------ (Rupees) ------------	
Sach International (Private) Limited	**39,507**	26,660
Tenaga Generasi Limited	**98,672**	57,324
Reon Alpha (Private) Limited	**369**	312
Engro Fertilizers Limited	**3,320**	-
	141,868	84,296

13.3 As at December 31, 2020, receivables from related parties aggregating to Rs. 136,165 (2019: Rs. 83,720) were past due but not impaired. The aging analysis of these receivables is as follows:

	2020	2019
	------------ (Rupees) ------------	
Upto 3 month	**8,804**	3,070
3 to 6 months	**8,945**	7,073
More than 6 months	**118,416**	73,577
	136,165	83,720

		2020	2019
14.	**INTEREST ACCRUED**		
	Interest accrued (note 14.1)	**123,153**	70,276

14.1 This represents mark-up receivable from related parties as follows:

	2020	2019
Tenaga Generasi Limited	**118,388**	66,245
Reon Energy Limited	**4,613**	4,018
Reon Alpha (Private) Limited	**30**	2
Mozart (Private) Limited	**38**	3
Abrax (Private) Limited	**42**	4
Greengo (Private) Limited	**42**	4
	123,153	70,276

(Amounts in thousand)

14.2 The maximum month end balance against mark-up receivable from related parties is as follows:

	2020	2019
	------------ (Rupees) ------------	
Tenaga Generasi Limited	**119,767**	66,245
Reon Energy Limited	**39,794**	11,237
Reon Alpha (Private) Limited	**40**	14
Mozart (Private) Limited	**38**	33
Abrax (Private) Limited	**42**	36
Greengo (Private) Limited	**42**	36
	159,723	77,601

14.3 As at December 31, 2020, mark-up receivable from related parties aggregating to Rs. 120,114 (2019: Rs. 59,551) was past due but not impaired. The aging analysis of these receivables is as follows:

	2020	2019
	------------ (Rupees) ------------	
Upto 3 month	**9,147**	12,536
3 to 6 months	**9,565**	16,315
More than 6 months	**101,402**	30,700
	120,114	59,551

15. CASH AND BANK BALANCES

	2020	2019
Cash in hand	**82**	167
Balances with banks in:		
- current accounts	**27,519**	4,105
- deposit accounts (note 15.1)	**2,112**	2,090
	29,631	6,195
	29,713	6,362

15.1 These represent deposits with commercial banks and carry profit at the rate of 5.5% (2019: 11.75%) per annum.

(Amounts in thousand)

16. SHARE CAPITAL

Authorized capital

2020	2019	2020	2019
-----(Number of shares) -----		------- (Rupees) -------	
75,000,000	75,000,000	**750,000**	750,000

Issued, subscribed and paid up capital

2020	2019		2020	2019
-----(Number of shares) -----			------- (Rupees) -------	
2,204,002	2,204,002	Ordinary shares of Rs. 10 each full paid in cash	**22,040**	22,040
12,805,118	12,805,118	Issued for consideration other than cash (note 16.3)	**128,051**	128,051
44,048,739	44,048,739	Fully paid as bonus	**440,487**	440,487
130,520	-	Issued as right shares as per the Court Order (note 16.4)	**1,305**	-
111,430	-	Issued as bonus shares as per the Court Order (note 16.4)	**1,115**	-
59,299,809	59,057,859		**592,998**	590,578

16.1 Associates holding the Company's share capital are as under:

	2020	2019
	------ Number of shares ------	
Dawood Corporation (Private) Limited	**29,016,622**	29,016,622
The Dawood Foundation	**2,979,324**	2,979,324
Patek (Private) Limited	**3,713,984**	3,713,984
Cyan Limited	**2,965,095**	2,965,095
Dawood Industries (Private) Limited	**494,921**	494,921
Sach International (Private) Limited	**3,776**	3,776
	39,173,722	39,173,722

16.2 During the year, the Company paid dividends to the aforementioned Associated Companies amounting to Rs. 156,694 (2019: 430,912).

16.3 The Company has a single class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Company. All shares rank equally with regard to the Company's residual assets.

16.4 Shares issued for consideration other than cash represent shares issued to the shareholders of the amalgamating companies in accordance with the share-swap ratio stipulated in the Scheme of Arrangement for Amalgamation (note 1.1).

(Amounts in thousand)

16.5 In compliance with the orders passed by the Honourable Sindh High Court, the Company has issued 241,950 shares (denoting 130,520 shares as right issue and 114,430 as bonus issue) to National Investment Trust Limited on May 12, 2020. However, the amount of Rs. 1,305 against subscription of 130,520 right shares by NIT in the year 1975 has been deposited with the Nazir of the Sindh High Court which was received by the Company subsequent to the year end on February 22, 2021.

17. DEFERRED TAXATION

As at December 31, 2020, deferred tax asset amounting to Rs. 412,228 (2019: Rs. 501,112) has not been recognised in these unconsolidated financial statements as the Company expects that its income will continue to be taxable under income from property as a separate block of income and final tax regime in future.

	2020	2019
	----------------- (Rupees) -----------------	
18. DEFERRED LIABILITIES - STAFF RETIREMENT GRATUITY		
Staff retirement gratuity	**2,755**	1,477

The details of staff retirement benefit obligation based on actuarial valuation carried out by the independent actuary of the Company as at December 31, 2020 using the Projected Unit Credit Method are as follows:

	2020	2019
	------------------ % ------------------	
18.1 Principal actuarial assumptions used in the actuarial valuation		
Financial assumptions:		
Discount rate used for year end obligation	**11.25**	11.25
Expected rate of salary increase	**9.75**	10.25
Expected return on plan assets	**9.75**	11.25
Demographic assumptions:		
Expected withdrawal rate	**Age-Based**	Age-Based
Expected retirement age	**Age 60**	Age 60
Expected mortality rates	**SLIC 2001 - 2005 (Set back 1 year)**	SLIC 2001 - 2005 (Set back 1 year)

(Amounts in thousand)

	2020	2019
	---------- (Rupees) ----------	

18.2 Statement of financial position reconciliation

	2020	2019
Present value of defined benefit obligation (note 18.3)	**6,341**	4,843
Fair value of plan assets (note 18.4)	**(3,586)**	(3,366)
Net liability at end of the year	**2,755**	1,477

18.3 Movement in present value of defined benefit obligation

	2020	2019
Present value of defined benefit obligation at beginning of the year	**4,843**	4,245
Current service cost	**967**	775
Interest cost	**545**	521
Benefits due but not paid (note 19)	**-**	(255)
Benefits paid	**-**	(369)
Remeasurement gain on obligation (note 18.6)	**(14)**	(74)
Present value of defined benefit obligation at end of the year	**6,341**	4,843

18.4 Movement in fair value of plan assets

	2020	2019
Fair value of plan assets at beginning of the year	**3,366**	3,101
Contributions made by the Company	**255**	369
Interest income	**393**	411
Benefits paid	**(255)**	(369)
Remeasurement loss on plan assets excluding interest income	**(173)**	(146)
Fair value of plan assets at end of the year	**3,586**	3,366

18.5 Expense recognized in unconsolidated statement of profit or loss

	2020	2019
Current service cost	**967**	775
Interest cost on defined benefit obligation	**545**	521
Interest income on plan assets	**(393)**	(411)
Expense for the year	**1,119**	885

18.6 Remeasurement losses on defined benefit obligation recognized in unconsolidated statement of comprehensive income

Remeasurement of plan obligations

	2020	2019
Changes in financial assumptions	**18**	18
Experience adjustments	**(4)**	56
	14	74
Return on plan assets, excluding interest income	**(173)**	(146)
	(159)	(72)

(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
18.7	**Net recognized liability**		
	Net liability at beginning of the year	**1,477**	1,144
	Expense recognized in profit or loss	**1,119**	885
	Remeasurement losses recognized in unconsolidated statement of comprehensive income	**159**	72
	Payable to employee in respect of gratuity	**-**	(255)
	Contributions made during the year	**-**	(369)
	Net liability at end of the year	**2,755**	1,477

18.8 Plan assets comprise of investments in units of mutual funds

18.9 The weighted average duration of the defined benefit obligation is 9 years.

18.10 Expected future cost for the year ending December 31, 2020 is Rs. 1,431

18.11	**Maturity profile**	**2020**
		----- (Rupees) -----
	Distribution of timing of benefit payments (times in years)	
	1	**287**
	2	**363**
	3	**3,569**
	4	**358**
	5	**377**
	6	**400**
	7	**425**
	8	**432**
	9	**454**
	10	**490**
	11+	**99,341**

18.12 The scheme exposes the Company to the following risks:

- Final salary risk - This is the risk that the final salary at the time of cessation of service is greater than what was assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as the salary increases.

- Mortality risk - This is the risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Withdrawal risk - This is the risk of actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- Investment risk - This is the risk of investments underperforming and not being sufficient to meet the liabilities.

(Amounts in thousand)

18.13 Historical information of staff retirement benefits:

	2020	2019	2018	2017	2016
	Rupees				
Present value of defined benefit obligation	**(6,341)**	(4,843)	(4,245)	(5,844)	(8,213)
Fair value of plan assets	**3,586**	3,366	3,101	2,963	2,928
Deficit	**(2,755)**	(1,477)	(1,144)	(2,881)	(5,285)

18.14 Sensitivity analysis for actuarial assumptions

	Change in assumption	Present value of defined benefit obligation due to change in assumption 2020	2019
		(Rupees)	
Discount rate	+1%	**5,841**	4,446
Discount rate	-1%	**6,927**	5,304
Future salary increase rate	+1%	**6,935**	5,309
Future salary increase rate	-1%	**5,825**	4,434

The sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognized within the unconsolidated statement of financial position.

19. TRADE AND OTHER PAYABLES

	2020	2019
	(Rupees)	
Creditors	**369**	5,492
Accrued liabilities	**14,801**	15,416
Due to Islamic Development Bank (note 19.1)	**25,969**	25,969
Payable to employee in respect of gratuity (note 18.3)	**-**	255
Deposits (note 19.2)	**514**	514
Withholding tax	**564**	2,044
Other payables (note 19.3)	**3,915**	1,476
	46,132	51,166

19.1 This represents amount payable against the preference shares issued before amalgamation in the year 2004 by one of the merged entities to Islamic Development Bank with a right to redeem. The merged entity had served notice to the Bank for redemption before the scheme of amalgamation and redemption reserve had been created.

19.2 All deposits are interest free and are payable on demand. These amount include Rs. 346 (2019: Rs. 346) utilized as per the agreement with the respective parties. The balance is not kept in a separate bank account.

(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
19.3	This includes / represents amounts due to		
	following related parties:	**5**	185
	The Dawood Foundation	**1,520**	748
	Reon Energy Limited	**-**	493
	Dawood Hercules Corporation Limited	**-**	50
	Tenaga Generasi Limited	**1,525**	1,476

20. SHORT-TERM BORROWINGS

	2020	2019
Running finance under mark-up arrangement (note 20.1)	**199,795**	552,345
Money market loan (note 20.2)	**500,000**	-
	699,795	552,345

20.1 This includes short-term running finance facilities aggregating to Rs.1,500,000 (December 31, 2019: Rs. 1,500,000) obtained under mark-up arrangement from various banks. As at December 31, 2020, the Company has utilised the facility against running finance to the extent of Rs. 199,795 (December 31, 2019: Rs. 552,345) and has issued guarantees to the extent of Rs. 36,179 (December 31, 2019: Rs. 37,747). Furthermore, out of the aforementioned facilities, the Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 300,000. These facilities are secured by way of a first pari passu mortgage charge on immovable property (including land and building), current assets, and pledge over the Company's investments in related party, as explained in note 6.1.8. Rate of mark-up applicable on these facilities is three months KIBOR plus 90 basis points to three months KIBOR plus 100 basis points (December 31, 2019: three months KIBOR plus 75 basis points to three months KIBOR plus 100 basis points) per annum. Subsquent to the year end, Rs. 500,000 facility has been extinguished and securities have been released.

20.2 This denotes money market loan obtained for three months from the running finance facility obtained under the mark-up arrangment from a commercial bank. This facility is secured by way of a first pari passu mortage charge on immovable property (including land and building), current assets, and pledge over the Company's investments in related party, as explained in note 6.1.8. Rate of mark up applicable on this facility is three months KIBOR plus 100 basis points (as at December 31, 2020) (2019: Nil). The facility of the loan is six month.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 Expenses not allocated to dividend income (Tax years 2004, 2005 and transition year 2005)

The Additional Commissioner Inland Revenue (ACIR) in his order dated January 1, 2011, amended the amount of allocation of expenses from business income to capital gain and dividend income to Rs. 62,500 from the original allocation of Rs. 136,105. Total increase in incidence of tax was Rs. 25,762. The Company filed an appeal where disallowances of Rs. 62,500 were upheld by Commissioner Inland Revenue Appeals [CIR(A)]. On July 30, 2013, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which decided the matter in favour of the Company on December 18, 2018. On March 01, 2019 the department has filed a reference application before the Honourable High Court of Sindh for the allocation of common expenses which is pending adjudication.

21.1.2 Dividend income offset against business losses (Tax years 2006, 2008 and 2009)

Previously, the ACIR in his order dated May 6, 2014 had disallowed to set off dividend income against business losses for tax years 2008 and 2009 having a tax impact of Rs. 13,926. On March 29, 2013, an appeal was filed with the ATIR who decided the matter in favour of the Company on December 18, 2018. On March 01, 2019, the ACIR has filed a reference application before the Honourable High Court of Sindh for the allocation of common expenses and minimum tax which is pending adjudication.

21.1.3 Assessment of annual tax return (Tax year 2014)

The income tax return of the Company was selected for tax audit by the department through computer ballot on October 27, 2015. The Company submitted the relevant information requested after which the department issued a show cause notice to the Company on May 16, 2016 citing several factual and legal issues in the assessment for tax year 2014. The Company subsequently challenged the aforementioned proceedings in the Sind High Court (SHC) and obtained an interim stay.

During the tax year 2020, the SHC vacated the stay petition and decided the case in favour of the department upon which the DCIR through an order dated October 28, 2020 raised a demand of Rs. 421,567. The Company filed an appeal before the CIR(A) on November 9, 2020 who passed an order dated January 14, 2021 in the Company's favour and remanded back the case to the assessing officer on basis of legal grounds since the Company was not provided the opportunity of being heard. The Company is confident that the matter will be decided in its favour. Hence, no provision has been recognised in these unconsolidated financial statements.

21.1.4 Assessment of annual tax return (Tax years 2015 and 2016)

The assessment of annual tax return was initiated by the department on April 19, 2019, the Company received a show cause notice from the ACIR citing several factual and legal issues in the assessment for tax years 2015 and 2016 in response to which the Company submitted documentary evidence. On September 13, 2019, the ACIR issued orders against the Company wherein a net tax demand of Rs. 1,384 and Rs. 1,577 were raised in respect of tax years 2015 and 2016 respectively.

During October 2019, the Company filed an appeal against the aforesaid orders with the CIR(A) who passed an order on November 29, 2019 confirming the impugned orders of the learned ACIR on the issue of minimum tax. In response, the Company has filed an appeal before ATIR on December 10, 2019. Based on the opinion of the tax advisor, the Company is confident that the matter will be decided in its favour. Hence, no provision has been recognised in these unconsolidated financial statements.

21.1.5 Assessment of annual tax return (Tax year 2017)

The Company received an order from the Additional Commissioner Inland Revenue (ACIR) dated December 10, 2018 for Tax Year 2017 wherein a demand of Rs. 43,726 was raised. The ACIR stated that the recovery of demand to the extent of Super Tax amounting to Rs. 42,329 would not be pursued as per the direction of the Honourable Sindh High Court (SHC), whereas, the remaining balance demanded was adjusted against refunds of the tax year 2016. On December 24, 2018, the Company filed an appeal against the order with the [CIR(A)] who passed an order on April 15, 2019 confirming the impugned orders of the ACIR. In response, the Company has filed an appeal before the ATIR on May 28, 2019 which is pending for hearing.

Furthermore, the Company had filed a constitutional petition before the SHC against the levy of super tax for tax year 2017 based on the contention that Super Tax, passed by a money bill through the Finance Act, 2015 and subsequently extended through the Finance Acts 2016 and 2017, was required to be approved by the Senate. The SHC had initialy granted an interim order in favour of the Company. However, via its order dated July 21, 2020, the SHC has disposed off other cases involving the same matter in favor of the department. The Company had already recognised a provision amounting to Rs. 37,342 in respect of the aforementioned order in previous year while the remaining amount has been recognised during the current year.

21.1.6 Sales tax audit (Tax Year 2017)

On April 23, 2020, the Company received an order for tax year 2017 from the Assistant Commissioner Inland Revenue (ACIR) raising a demand of Rs. 87,492 including default surcharge and penalty amounting to Rs. 29,645 and Rs. 2,755 respectively. The order was raised primarily on account of taxability of supplies made by the Company as exempt and related inadmissible input sales tax. The Company filed an appeal on June 03, 2020 against the aforementioned order before the Commissioner Inland Revenue (Appeals) [CIR(A)] who, vide an order dated July 22, 2020, upheld the demand of the ACIR to the extent of Rs. 112 on account of inadmissible input tax deduction and remanded back the remaining matters contained in the order to the ACIR for fresh consideration against which the department filed an appeal with ATIR which is pending for hearing.

21.1.7 Sales tax audit

Sales tax audit was initiated for the periods from July 2010 to June 2011 in which the Company received an order dated May 22, 2014 from the Deputy Commissioner Inland Revenue (DCIR) raising an erroneous demand of Rs. 5,880. The order related mainly to inadmissible input taxes, non-payment of sales tax on scrap scales and non-payment of withholding sales tax. The Company filed an appeal against the order before the CIR(A) who upheld the demand of the DCIR. Subsequently, the Company again filed an appeal before ATIR which has been remanded back to the department on May 15, 2019 to revisit the grounds on which demand order was issued

21.1.8 Assessment of annual tax return (Tax year 2019)

On November 30, 2020, the Compay received an order from the department relating to the recoverability of super tax for the tax year 2019 amounting to Rs. 12,779. The Company has filed an appeal before CIR(A) which is pending for adjudication. Further, the Company paid 50 percent of the tax demand amounting to Rs. 6,389 and has made a provision for the remaining amount in these unconsolidated financial statements.

21.1.9 Tax on undistributed profits

The Company obtained a stay order from the Honourable High Court of Sindh (SHC) dated August 2, 2017 with regards to the amendment inserted through the Finance Act, 2017 relating to the taxation of undistributed profits as stated in section 5A of Income Tax Ordinance, 2001 [substituted through section 4(3) of the Finance Act, 2017]. The said interim order is still operating in favour of the Company. Accordingly, no provision for tax on undistributed reserves has been recognised in these unconsolidated financial statements as the Company, based on the opinion of its legal advisor, is confident that the matter will be decided in its favour.

21.1.10 Guarantees issued in respect of subsidiaries

Tenaga Generasi Limited

The Company has arranged a Stand-by Letter of Credit (SBLC) amounting to USD 10,000 in favor of the lenders of Tenaga Generasi Limited. The said facility is secured by way of a first pari passu charge on immovable property and pledge over the Company's investments in related party, as explained in note 6.1.8.

Reon Energy Limited

The Company has provided a corporate guarantee amounting to Rs. 300,000 to MCB Bank Limited to secure unfunded facility provided to Reon Energy Limited for the import/ purchase of plant, machinery, stores, and spares.

The Company has also provided performance guarantee to a customer, relating to 1.6 Megawatt Solar Power Plant installed by Reon Energy Limited for a period of 10 years starting from the installation of the plant.

During the year, the Company has provided corporate guarantee amounting to Rs. 225,000 to Habib Metropolitan Bank Limited to secure an unfunded facility for Reon Energy Limited.

Reon Alpha (Private) Limited

The Company has provided a corporate guarantee amounting to Rs. 206,000 in favour of Faysal Bank Limited to secure the musharika financing facility of Reon Alpha (Private) Limited (RAPL) of Rs. 309,000. Furthermore, the Company has also pledged shares of RAPL as stated in note 6.1.8.

21.1.11 Other contingencies

The Company is contingently liable for bank guarantees amounting to Rs. 38,108 (2019: Rs. 39,658) favouring the government and various other parties. These have been issued against mobilization advances and performance in respect of sale of goods and rendering of services for a tenure varying from three months to three years.

21.2 Commitments

The Company is committed, as a Sponsor, to purchase shares of Tenaga Generasi Limited (TGL) from International Finance Corporation (IFC) on the exercise of put option by IFC under the Shareholders' Agreement entered into among the Company, TGL and Dawood Corporation (Private) Limited as the shareholders of TGL under conditions (i) at any time during the period beginning on the seventh anniversary of the first subscription until Liquidity date; or (ii) in the event that Tenaga Generasi Limited and the Company breach any of the obligations set out in the shareholders' agreement.

(Amounts in thousand)

		2020	2019
		(Rupees)	
22.	**REVENUE FROM CONTRACTS WITH CUSTOMERS - NET**		
	Renewable energy		
	Timing of revenue recognition:		
	- Over time (note 22.1)	**1,962**	5,920
	- At a point in time	**-**	102
		1,962	6,022
	Less: Sales tax	**-**	(10)
		1,962	6,012
	Textile		
	Revenue recognised at a point in time	**6,103**	8,508
	Less: Sales tax	**(886)**	(1,019)
		5,217	7,489
	Related to discontinued operations (note 31)	**(5,217)**	(7,489)
		1,962	6,012

22.1 This includes Nil (2019: Rs. 3,923) relating to projects in progress as at the reporting date.

		2020	2019
		(Rupees)	
23.	**COST OF REVENUE**		
	Renewable energy		
	Opening stock	**44,671**	44,133
	Purchases and related expenses	**1,247**	3,373
	Provision for slow moving and obsolete items (note 9.1)	**8,086**	4,048
	Closing stock	**(43,872)**	(44,671)
	Cost of goods sold (note 23.1)	**10,132**	6,883
	Textile		
	Opening balance	**28,117**	36,103
	Provision / (reversal of provision) for slow moving and obsolete items (note 9.1)	**2,506**	1,302
	Closing balance	**(22,706)**	(28,117)
		7,917	9,288
	Related to discontinued operations (note 31)	**(7,917)**	(9,288)
		10,132	6,883

23.1 This includes Nil (2019: Rs. 2,414) relating to projects in progress as at the reporting date.

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020
(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
24.	**DIVIDEND INCOME**		
	Dividend income from:		
	- Dawood Hercules Corporation Limited	**701,387**	1,324,842
	- National Investment (Unit) Trust	**-**	310
		701,387	1,325,152
25.	**SELLING AND DISTRIBUTION EXPENSES**		
	Salaries and allowances	**17**	75
	Depreciation (note 4.2)	**446**	446
	Miscellaneous	**-**	577
		463	1,098
	Related to discontinued operations (note 31)	**(17)**	(75)
		446	1,023
26.	**ADMINISTRATIVE EXPENSES**		
	Salaries and allowances	**57,823**	51,435
	Legal and professional charges	**3,012**	10,147
	Rent, rates and taxes	**6,138**	4,819
	Electricity and gas	**7,960**	7,701
	Depreciation (note 4.2)	**8,112**	3,379
	Printing and stationery	**411**	362
	Fees and subscription	**13,798**	9,661
	Insurance	**1,328**	950
	Conveyance and travelling	**253**	1,521
	Repairs and maintenance	**4,190**	2,265
	Postage and telephone	**493**	579
	Entertainment	**358**	628
	Auditor's remuneration (note 26.1)	**1,842**	1,706
	Amortization (note 5)	**29**	31
	Provision for impairment of trade debts - net (note 10.3)	**48**	24
	Miscellaneous	**3,396**	2,021
		109,191	97,229
	Related to discontinued operations (note 31)	**(53,943)**	(49,613)
		55,248	47,616
26.1	**Auditor's remuneration**		
	Fee for:		
	- audit of annual financial statements	**600**	580
	- review of half yearly condensed interim financial statements	**230**	197
	- consolidated financial statements	**120**	100
	- certification and other advisory services	**295**	281
	- review of compliance with the Code of Corporate Governance	**75**	65
		1,320	1,223
	Reimbursement of expenses and taxes	**522**	483
		1,842	1,706

(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
27.	**OTHER EXPENSES**		
	Provision for impairment of investment	**30,007**	-
	Provision for compensation and dividend to NIT (note 27.1)	**-**	9,779
		30,007	9,779

27.1 The movement in provision for compensation and dividend to NIT is as follows:

National Investment (Unit) Trust (NIT)

	2020	2019
Opening balance	**7,360**	5,816
Add: Charge for the year (note 27.1.1)	**-**	9,779
Less: Payments during the year to Nazir High Court	**-**	(8,235)
Closing balance	**7,360**	7,360

27.1.1 In 1975, LWTM offered 130,520 right shares to NIT where the offer was accepted by NIT and acknowledged by LWTM. These events took place during the validity of the Consent Order dated January 2, 1976 issued by the Controller of Capital Issues. However, payment for the said shares was made by NIT after the expiry of the Consent Order based on which LWTM contended that it was no longer obliged to issue shares to NIT.

On October 3, 1998 a decree was passed by the Sindh High Court (SHC) in favour of National Investment Trust Limited (NIT) wherein NIT was declared the owners of the right shares along with other consideration. The Company filed an appeal in the SHC which suspended the operation of the impugned order. In 2016, the Sindh High Court (SHC) decided the case in favour of National Investment (Unit) Trust (NIT) whereby the Company was ordered to release the unissued shares, bonus shares, dividend accrued and interest till the date of the Decree of the SHC. In 2018, NIT filed an Execution Application before the SHC for the Order passed by SHC, whereby NIT expressed a disagreement on the amount of dividend payable thereto as communicated to it by the Company.

On September 16, 2019, the Company received an Order from the SHC wherein it was directed to deposit Rs. 8,235 with the Nazir for onward payment to NIT as originally agreed between the two parties and to transfer the underlying 241,950 shares of Dawood Cotton Mills Limited to NIT. The Company obtained a correction in this Order from the SHC wherein the name of DCML was changed to Dawood Lawrencepur Limited and the word “transfer” of shares was changed to “issue” thereof. Moreover, the Company obtained a concurrence of the SECP upon the matter that the issue of aforesaid shares by the Company to NIT in terms of the Order of the SHC dated October 3, 1998 did not attract applicability of section 83 of the Companies Act, 2017 and was, hence, allowed to proceed with the share issue in terms of section 344 thereof. During the year in compliance with the order of SHC, Company has issued 241,950 shares as stated in note 16.4 to these financial statements.

The Company has estimated the total provision in respect of mark-up and dividend payments due to NIT to be Rs. 15,595 out of which the Company has deposited Rs. 8,235 with the Nazir of High Court pursuant to the Court Order for onward payment to NIT. The Company anticipates that the remaining provision amounting to Rs. 7,360 maintained in these unconsolidated financial statements is sufficient to meet the remaining obligation of the Company in respect of this matter.

(Amounts in thousand)

	2020	2019
	------------ (Rupees) ------------	

28. OTHER INCOME

	2020	2019
Income from financial assets		
Profit on bank deposits	**153**	157
Gain on investments in units of mutual funds	**1,186**	22
Mark-up charged to related parties	**109,761**	91,737
	111,100	91,916
Income from non-financial assets and others		
Gain on disposal of property, plant and equipment	**189**	5
Royalty income	**14,312**	15,420
Rental income	**24,930**	17,337
Others	**12,382**	4,911
	51,813	37,673
	162,913	129,589
Related to discontinued operations (note 31)	**(34,056)**	(16,819)
	128,857	112,770

29. FINANCE COST

	2020	2019
Mark-up on running finance	**93,582**	92,850
Bank charges	**506**	743
	94,088	93,593

30. TAXATION

	2020	2019
Current		
For the year	**110,991**	202,113
For the prior year - net (note 30.1)	**17,766**	(15,977)
	128,757	186,136

30.1 Prior year tax charge includes 'Super Tax for rehabilitation of temporary displaced persons' at the rate of 3% and 2% on specified income for the tax year 2017 and 2019 levied through the Finance Act, 2018 and Finance Act, 2019 respectively.

30.2 Relationship between tax expense and accounting profit

The relationship between tax expense and accounting profit has not been presented in these unconsolidated financial statements as a significant amount of income falls under the final tax regime whereas other income is separately taxed under the respective sections of the Income Tax Ordinance, 2001.

31. LOSS FROM DISCONTINUED OPERATIONS

	2020	2019
	------------ (Rupees) ------------	
Revenue from contracts with customers - net (note 22)	**5,217**	7,489
Cost of revenue (note 23)	**(7,917)**	(9,288)
Gross loss	**(2,700)**	(1,799)
Selling and distribution expenses (note 25)	**(17)**	(75)
Administrative expenses (note 26)	**(53,943)**	(49,613)
Other income (note 28)	**34,056**	16,819
	(22,604)	(34,668)

32. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company which is based on:

	2020	2019 restated
Continuing operations	-------------- (Rupees) --------------	
Profit for the year	**513,528**	1,098,904
	---------Number of shares---------	
Weighted average number of ordinary shares (in thousands)	**59,298**	59,293
	-------------- (Rupees) --------------	
Earnings per share	**8.66**	18.53
Discontinued operations	---------Number of shares---------	
Loss for the year	**(22,604)**	(34,668)
	---------Number of shares---------	
Weighted average number of ordinary shares (in thousands)	**59,298**	59,293
	------------ (Rupees) ------------	
Loss per share	**(0.38)**	(0.58)

33. CASH AND CASH EQUIVALENTS

	2020	2019
	------------ (Rupees) ------------	
Cash and bank balances (note 15)	**29,713**	6,362
Short-term borrowings (note 20)	**(699,795)**	(552,345)
	(670,082)	(545,983)

(Amounts in thousand)

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2020			2019		
	Directors			Directors		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	(Rupees)			(Rupees)		
Managerial remuneration	**1,573**	**-**	**15,469**	1,530	-	8,186
Retirement benefits	**-**	**-**	**620**	-	-	376
Other benefits	**846**	**-**	**6,159**	123	-	4,102
Fees	**-**	**2,350**	**-**	-	2,050	-
Total	**2,419**	**2,350**	**22,248**	1,653	2,050	12,664
Number of persons, including those who worked part of the year	**1**	**7**	**6**	1	6	4

34.1 This includes amount charged by the subsidiary companies in respect of shared employees.

	2020	2019
	(Rupees)	
35. FINANCIAL INSTRUMENTS BY CATEGORY		
35.1 Financial assets as per statement of financial position		
Financial assets at fair value through profit or loss		
Long-term investments	**13,886**	12,700
Financial assets at fair value through other comprehensive income		
Long-term investments	**15**	15
Financial assets at amortised cost		
Long-term loan to subsidiary	**-**	300,000
Long-term deposits	**2,778**	2,778
Trade debts	**23**	71
Loans to subsidiaries	**738,101**	437,922
Loans to employees	**636**	907
Deposits and other receivables	**158,751**	99,219
Interest accrued	**123,153**	70,276
Cash and bank balances	**29,713**	6,362
	1,067,056	930,250
35.2 Financial liabilities as per statement of financial position		
Financial assets at amortised cost		
Trade and other payables	**45,568**	49,122
Short-term borrowings	**699,795**	552,345
Accrued mark-up	**16,519**	27,553
	761,882	629,020

(Amounts in thousand)

36. FAIR VALUE MEASUREMENT

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. Consequently, differences can arise between carrying values and the fair value estimates.

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.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Company to classify assets 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:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3: Inputs for the asset or liability that are not based on observable market data.

The Company held the following assets measured at fair values:

	As at December 31, 2020			
	Level 1	**Level 2**	**Level 3**	**Total**
	------------ (Rupees) ------------			
Non-current assets				
Financial assets at fair value through profit or loss				
- Long-term investments (investments in units of mutual funds)	**-**	**13,886**	**-**	**13,886**
Financial assets at fair value through other comprehensive income				
- Long-term investments (investments in unquoted equity shares)	**-**	**-**	**15**	**15**
	-	**13,886**	**15**	**13,901**

	As at December 31, 2019			
	Level 1	**Level 2**	**Level 3**	**Level 4**
	------------ (Rupees) ------------			
Non-current assets				
Financial assets at fair value through profit or loss				
- Long-term investments (investments in units of mutual funds)	-	12,700	-	12,700
Financial assets at fair value through other comprehensive income				
- Long-term investments (investments in unquoted equity shares)	-	-	15	15
	-	12,700	15	12,715

37. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's risk management program focuses on the unpredictability of financial markets for having cost effective funding as well as to manage financial risk to minimize earnings volatility and to provide maximum return to the shareholders. Risk management is carried out by the Company's finance department under the policies approved by the Company's Board of Directors.

37.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. It comprises the following risks:

i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is limited as its transactions are carried out primarily in Pakistan Rupees.

ii) Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and by taking into account various other financing options available. For borrowing at variable rates, the rates are determined in advance for stipulated periods with reference to applicable KIBOR.

The Company is exposed to interest rate risk on short-term borrowings and loans given to subsidiary companies. At December 31, 2020, if interest rates on the Company's borrowings and loans to a subsidiary companies had been 1% lower/higher with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs. 383 (2019: lower / higher by Rs. 1,855).

iii) Other price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is exposed to price risk mainly on account of investments held in units of mutual funds the rates of which are based on the rates announced by the issuer on the Mutual Funds Association of Pakistan. As at December 31, 2020, in case of a 1% increase / decrease in applicable net assets value of the mutual fund with all other factors constant, the net profit for the year would have been higher / lower by Rs. 139 (2019: Rs. 127).

(Amounts in thousand)

37.2 Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge their obligations.

Credit risk arises from deposits with banks and financial institutions, contract assets, trade debts, loans, deposits and other receivables. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The carrying value of financial assets, exposed to credit risk, which are neither past due nor impaired are as follows:

	2020	2019
	(Rupees)	
Long-term investments	**13,901**	12,715
Long-term loan to subsidiary	**-**	300,000
Long-term deposits	**2,778**	2,778
Trade debts	**-**	33
Loans to subsidiaries	**738,101**	437,922
Loans to employees	**-**	907
Deposits and other receivables	**22,586**	15,499
Interest accrued	**3,039**	10,725
Bank balances	**29,631**	6,195
	813,356	786,774

Balances with banks and investments in units of mutual fund

As at December 31, 2020, the Company has deposits with banks and financial institutions amounting to Rs. 29,631 (2019: Rs. 6,195). The credit risk arising on balances with banks and investments in units of National Investment (Unit) Trust (being managed by National Investment Trust Limited) is limited as these denote depositories / investee entity having reasonably high credit ratings the analysis of which is given below:

		2020	
Asset Management Company * / Bank	**Rating agency**	**Short-term**	**Long-term**
National Investment Trust Limited *	PACRA	-	AM2++
Habib Bank Limited	JCR - VIS	A-1+	AAA
National Bank of Pakistan	JCR - VIS	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Bank AL Habib Limited	PACRA	A-1+	AA+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
MCB Bank Limited	PACRA	A-1+	AAA

		2019	
Asset Management Company * / Bank	**Rating agency**	**Short-term**	**Long-term**
National Investment Trust Limited *	PACRA	-	AM2++
Habib Bank Limited	JCR - VIS	A-1+	AAA
National Bank of Pakistan	JCR - VIS	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Bank AL Habib Limited	PACRA	A-1+	AA+
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+

(Amounts in thousand)

Other financial assets

The remaining financial assets of the Company are either not material to these unconsolidated financial statements or, being amounts due from related parties, were considered to have low credit risk.

37.3 Liquidity risk

Liquidity risk represents the risk that the Company will encounter difficulties in meeting obligations associated with its financial liabilities. The Company's liquidity management involves projecting cash flows and considering the level of liquid funds necessary to meet these, monitoring balance sheet liquidity ratios against external regulatory requirements and maintaining debt financing plans. These objectives are achieved by maintaining sufficient cash and readily marketable securities and availability of funding through committed credit facilities. Due to dynamic nature of the business, the Company maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the undiscounted contractual cash flows.

	2020			2019		
	Maturity upto one year	**Maturity after one year**	**Total**	**Maturity upto one year**	**Maturity after one year**	**Total**
	(Rupees)					
Financial liabilities						
Trade and other payables	**45,568**	**-**	**45,568**	49,122	-	49,122
Short-term borrowings	**699,795**	**-**	**699,795**	27,553	-	27,553
Accrued mark-up	**16,519**	**-**	**16,519**	552,345	-	552,345
	761,882	**-**	**761,882**	629,020	-	629,020

38. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e. its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

The Company manages its capital by maintaining gearing ratio at certain level. The ratio is calculated as net debt divided by total capital. Total capital is calculated as 'equity' in the statement of financial statement plus net debt. The gearing ratio as at December 31 is as follows:

	2020	2019
	(Rupees)	
Short-term borrowings (note 20)	**699,795**	552,345
Cash and bank balances (note 15)	**(29,713)**	(6,362)
Net debt	**670,082**	545,983
Total equity	**3,760,464**	3,505,593
Total capital	**4,430,546**	4,051,576
Gearing ratio	**0.151**	0.135

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39. SEGMENT REPORTING

Management has determined the operating segments for allocation of resources and assessment of performance which are organized into the following two reportable operating segments:

- Renewable energy solutions - This includes business of trading and constructions of renewable energy projects, mainly solar to commercial and industrial consumers which has been transferred to REL in prior years;
- Textile - This was legacy business of the Company and has been discontinued in prior years; and
- Other operations - It mainly includes management of investment in associates by the Company.

39.1 Segment results

	Renewable energy		Textile - discontinued operations		Other operations		Total	
	----- (Rupees) -----							
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Revenue from contract with customers - net								
At a point in time	**-**	102	**5,217**	7,489	**-**	-	**5,217**	7,591
Over time	**1,962**	5,910	**-**	-	**-**	-	**1,962**	5,910
Revenue from external customers	**1,962**	6,012	**5,217**	7,489	**-**	-	**7,179**	13,501
Cost of revenue	**(10,132)**	(6,883)	**(7,917)**	(9,288)	**-**	-	**(18,049)**	(16,171)
					-			
Segment gross loss	**(8,170)**	(871)	**(2,700)**	(1,799)	**-**	-	**(10,870)**	(2,670)
Dividend income	**-**	-	**-**	-	**701,387**	1,325,152	**701,387**	1,325,152
Selling and distribution expenses	**(446)**	(1,023)	**(17)**	(75)	**-**	-	**(463)**	(1,098)
Administrative expenses	**(3,519)**	(11,902)	**(53,943)**	(49,613)	**(51,729)**	(35,714)	**(109,191)**	(97,229)
Other expenses	**-**	-	**-**	-	**(30,007)**	(9,779)	**(30,007)**	(9,779)
Other income	**-**	-	**34,056**	16,819	**128,857**	112,770	**162,913**	129,589
Finance costs	**-**	-	**-**	-	**(94,088)**	(93,593)	**(94,088)**	(93,593)
Taxation	**-**	-	**-**	-	**(128,757)**	(186,136)	**(128,757)**	(186,136)
Segment (loss) / profit	**(12,135)**	(13,796)	**(22,604)**	(34,668)	**525,663**	1,112,700	**490,924**	1,064,236

39.2 Segment assets

	Renewable energy		Textile - discontinued operations		Other operations		Total	
	----- (Rupees) -----							
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Property, plant and equipment	**1,744**	2,192	**9,079**	14,429	**8,469**	11,232	**19,292**	27,853
Intangible assets	**-**	-	**-**	-	**27**	56	**27**	56
Long-term investments	**-**	-	**-**	-	**3,502,996**	3,201,817	**3,502,996**	3,201,817
Advance against Investment	**-**	-	**-**	-	**-**	-	**-**	-
Long-term loan to subsidiary	**-**	-	**-**	-	**-**	300,000	**-**	300,000
Long-term deposits	**-**	-	**2,778**	2,778	**-**	-	**2,778**	2,778
Stores and spares	**-**	-	**892**	892	**-**	-	**892**	892
Stock	**2,616**	11,501	**15,164**	23,081	**-**	-	**17,780**	34,582
Trade debts	**23**	71	**-**	-	**-**	-	**23**	71
Loans to subsidiaries	**-**	-	**-**	-	**738,101**	437,922	**738,101**	437,922
Loans and advances	**2,295**	2,434	**635**	201	**-**	-	**2,930**	2,635
Taxes recoverable	**-**	-	**-**	-	**-**	21,609	**-**	21,609
Deposits, prepayments and other receivables	**29,966**	19,235	**-**	-	**-**	-	**165,917**	106,665
Interest accrued	**-**	-	**-**	-	**135,951**	87,430	**123,153**	70,276
Cash and bank balances	**-**	-	**-**	-	**123,153**	70,276	**29,713**	6,362
Asset classified 'as held for sale'	**-**	-	**-**	-	**29,713**	6,362	**-**	-
Long-term loan to a subsidiary	**-**	-	**-**		**-**	-	**-**	-
Total segment assets	**36,644**	35,433	**28,548**	41,381	**4,538,410**	4,136,704	**4,603,602**	4,213,518
Staff retirement benefits	**-**	-	**-**	-	**2,755**	1,477	**2,755**	1,477
Trade and other payables	**2,562**	11,935	**5,937**	3,244	**37,634**	35,987	**46,132**	51,166
Contract liabilities	**-**	2,657	**-**	-	**-**	-	**-**	2,657
Short-term borrowings	**-**	-	**-**	-	**699,795**	552,345	**699,795**	552,345
Unclaimed dividend	**-**	-	**-**	-	**70,307**	46,806	**70,307**	46,806
Unpaid dividend	**-**	-	**-**	-	**-**	18,561	**-**	18,561
Provision	**-**	-	**-**	-	**7,360**	7,360	**7,360**	7,360
Income tax provision	**-**	-	**-**	-	**270**	-	**270**	-
Accrued mark-up	**-**	-	**-**	-	**16,519**	27,553	**16,519**	27,553
Total segment liabilities	**2,562**	14,592	**5,937**	3,244	**834,640**	690,089	**843,138**	707,925

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40. RELATED PARTY TRANSACTIONS AND BALANCES

40.1 The Company in the normal course of business carries out transactions with various related parties. Related parties comprise of subsidiary companies, associated undertakings, directors, key management personnel, retirement benefit funds and others. Amounts due from and to other related parties, directors and key management personnel are shown under respective notes. Transaction with related parties are carried out at agreed terms. Remuneration of key management personnel are as per terms of employment. Remuneration of directors and key management personnel is disclosed in note 34.

40.2 Following are the name of associated companies, related parties or undertakings with whom the Company had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Percentage of shareholding into the Holding Company	Basis of Relationship
Dawood Corporation (Private) Limited	48.93%	Major shareholder
The Dawood Foundation	5.02%	Common directorship
Cyan Limited	5.00%	Common directorship
Dawood Industries Limited	0.83%	Common directorship
Sach International (Private) Limited	0.01%	Associated company
Dawood Hercules Corporation Limited	N/A	Associate
Tenaga Generasi Limited	N/A	Subsidary
Reon Energy Limited	N/A	Subsidary
Reon Alpha (Private) Limited	N/A	Subsidary
Mozart (Private) Limited	N/A	Subsidary
Abrax (Private) Limited	N/A	Subsidary
Greengo (Private) Limited	N/A	Subsidary
Grid Edge (Private) Limited	N/A	Subsidary
Shahid Hamid Pracha	0.00%	Director
Hussain Dawood	8.58%	Company's Sponsor
Kulsum Dawood	1.05%	Sponsor’s Family member
Shahzada Dawood	1.77%	Company's Sponsor / Director
Abdul Samad Dawood	1.14%	Sponsor’s Family member
Ayesha Dawood	0.05%	Sponsor’s Family member
Azmeh Dawood	2.01%	Sponsor’s Family member
Shafiq Ahmed	0.00%	Director
Hasan Raza ur Rahim	0.00%	Director
Shabbir Hussain Hashmi	0.00%	Director
Zamin Zaidi	0.00%	Director
Sabrina Dawood	1.96%	Director
Mujtaba Haider Khan	0.00%	Key management personnel
Staff retirement benefit - gratuity scheme	N/A	Post Employment Benefits
Engro Fertilizers Limited	N/A	Associated company

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40.3 Balances with related parties have been disclosed in the respective notes to these unconsolidated financial statements. Details of transactions with related parties, other than those disclosed elsewhere in these unconsolidated financial statements, are as follows:

Relationship	Nature of transaction	2020	2019
a. Subsidiary companies		------------- (Rupees) -------------	
Tenaga Generasi Limited	Expenses reimbursable to the Company	**15,117**	1,649
	Expenses reimbursable by the Company	**1,182**	223
	Equity arrangement fee (SBLC) / SBLC cost reimbursement	**34,714**	27,531
	Subordinated loans provided by the Company	**-**	242,000
	Interest on outstanding receivable balance	**9,744**	7,908
	Interest on subordinated loans	**52,183**	45,770

Relationship	Nature of transaction	2020	2019
		------------- (Rupees) -------------	
Reon Energy Limited	Expenses reimbursable to the Company	**24,848**	3,656
	Interest on expenses reimbursable by the Company	**102**	94
	Loan disbursed by the Company	**300,000**	300,000
	Interest on loans disbursed by the Company	**47,677**	37,931
	Short-term loan disbursed by the Company	**-**	97,000
	Short-term loan repaid to the Company	**300,000**	-
	Subscription of shares by the Company	**300,000**	97,000
	Reimbursable expenses incurred on behalf of the Company	**18,554**	9,795
	Rental income	**-**	330
Mozart (Private) Limited	Unsecured loan disbursed by the Company	**61**	99
	Interest on loan	**35**	32
Abrax (Private) Limited	Unsecured loan disbursed by the Company	**59**	117
	Interest on loan	**38**	37
Greengo (Private) Limited	Unsecured loan disbursed by the Company	**59**	116
	Interest on loan	**39**	37
Reon Alpha (Private) Limited	Unsecured loan repaid to the Company	**-**	128
	Interest on loan	**-**	3
	Interest on reimbursement of expenses	**72**	19
	Expenses reimbursable to the Company	**2,168**	769
	Subscription of shares by the Company	**30,000**	-
b. Associated companies			
Dawood Hercules Corporation Limited	Dividend income	**701,387**	1,324,842
	Reimbursable expenses incurred on behalf of the Company	**2,168**	1,708
Sach International (Private) Limited	Expenses reimbursable to the Company	**329**	359
	Royalty charged	**14,312**	15,420
	Rental income	**660**	625
	Penalty charged	**2,389**	1,633
The Dawood Foundation	Rental charges	**476**	180
Engro Fertilizers Limited	Rental income	**5,336**	1,632
	Reimbursable expenses incurred by the Company	**-**	347
c. Key management personnel			
Mujtaba Haider Khan	Purchase of inventory	**-**	5

40.4 During the year, the Company, paid dividends to its directors / sponsors amounting to Rs. 39,277 (2019: Rs. 103,907).

Notes to the Unconsolidated Financial Statements

For the year ended December 31, 2020

(Amounts in thousand)

		2020	2019
41.	**NUMBER OF EMPLOYEES**		
	Average number of employees during the year	**15**	19
	Number of employees at December 31,		
	Management employees	**11**	16
	Factory worker	**1**	1
		12	17

41.1 The total and average number of employees of the Company as at December 31, 2020 include shared staff as per the Sharing of Services Agreement with subsidiaries.

42. IMPACT OF COVID-19 ON THE UNCONSOLIDATED FINANCIAL STATEMENTS

The COVID 19 outbreak, which was declared a Pandemic, has developed rapidly during the current period with a significant number of infections being reported globally. The pandemic has resulted in consequences on the overall economy thereby affecting the earnings and cash flows of the businesses after the announcement of lockdown by the government. The Company's own operations have not been significantly impacted. However, the business of its subsidiaries, primarily Reon Energy Limited (REL), has been adversely affected as construction of renewable energy projects was delayed during the year thereby leading to REL experiencing profitability and liquidity issues. The Company, in order to improve the liquidity position of REL has injected further capital therein (note 6.1). The Company itself has committed credit lines available in the form of running finance facilities under mark-up arrangements (note 20.1).

The management continues to monitor the developing situation closely and believes that as normalcy of operations comes about, the adverse impacts of the pandemic will eventually recede.

43. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison the effects of which are not material. No major rearrangements or reclassifications have been made to corresponding figures during the current year.

44. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors in its meeting held March 3, 2021 has proposed a final cash dividend of Nil (2019: cash dividend of Rs. Nil) per share for the year ended December 31, 2020 amounting to Rs. Nil (2019: Rs. Nil), for approval of the members at the Annual General Meeting to be held on April 29, 2021. This is in addition to an interim cash dividends of Rs. 4 (the quarter ended June 30, 2020) (2019: Rs. 4 for the quarter ended March 31, 2019 and Rs. 3 per share for the quarter ended June 30, 2019) resulting in a total dividend of Rs. 4 per share for the year 2020 (2019: Rs. 7 per share).

45. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on March 3, 2021 by the Board of Directors of the Company.

46. GENERAL

Figures have been rounded off to the nearest thousand of Rupees.

Mujtaba Haider Khan Chief Executive Officer	Shahid Hamid Pracha Director	Muhammad Saad Faridi Chief Financial Officer

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12.5 MW Solar Power Plant
Fauji Cement Company Limited
Fateh Jang, Pakistan

We are
reimagining
the energy mix.

CONSOLIDATED FINANCIAL STATEMENTS

12.5 MW Solar Power Plant
Fauji Cement Company Limited
Fateh Jang, Pakistan

Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the members of Dawood Lawrencepur Limited

Opinion

We have audited the annexed consolidated financial statements of Dawood Lawrencepur Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and 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 December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

AF&Co

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KARACHI LAHORE ISLAMABAD

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
i)	Deferred tax on unused tax losses (Refer notes 2.22.2, 3.4 and 22 to the consolidated financial statements) As at December 31, 2020, included in the balance of deferred tax liability (net) is an amount of Rs.112,292 thousand representing deferred tax asset recognized on account of unused tax losses of subsidiary company Reon Energy Limited (REL). Recognition of deferred tax on account of unused tax losses requires management to estimate the REL's tax liability in future years. The process relies on the assessment of the REL's profitability forecast, which in turn is based on assumptions concerning future economic conditions and business performance. As preparation of profitability forecast and realizability of recognized deferred tax asset requires significant management judgement, we considered this a key audit matter.	Our audit procedures amongst others included the following: ▪ obtained understanding of the management's process for preparation of profitability forecast, tax liability and deferred tax calculation; ▪ discussed with the management, significant underlying assumptions used in preparing the profitability forecast and assessed the same for reasonableness; ▪ checked appropriateness of tax rates applied in view of the local tax legislation; ▪ checked mathematical accuracy of the calculations; and ▪ assessed adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.
ii)	**Receivable from Central Power Purchasing Agency Guarantee Limited (CPPA-G)** (Refer notes 2.7.4, 3.5, 13.2, 16.2 and 16.3 to the consolidated financial statements) As at December 31, 2020, the Group has following receivables from CPPA-G: ▪ Trade debts amounting to Rs. 2,498,712 thousand which include overdue debts of Rs. 2,068,163 thousand; and	Our audit procedures amongst others included the following: ▪ assessed whether revenue and related receivables have been recognized in accordance with the applicable accounting policies; ▪ checked whether invoices raised during

S. No.	Key audit matters	How the matter was addressed in our audit
	▪ Delayed payment charges amounting to Rs. 520,823 thousand which include overdue receivables of Rs. 49,566 thousand. In view of the significant delay in settlement, materiality of the amount involved and consequential impact of the delay in settlement on liquidity of the subsidiary company Tenaga Generasi Limited (TGL), we have considered this to be an area of higher assessed risk and a key audit matter.	the year were in accordance with the requirements of the Energy Purchase Agreement (EPA); ▪ circularized confirmation of receivables to the CPPA-G; ▪ made inquiries from management and reviewed minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions taken by them for recoverability of these amounts; ▪ inspected Implementation Agreement and assessed whether these receivables are secured by Government of Pakistan and whether any impairment is required to be recognized thereagainst; ▪ assessed the availability of finance with TGL to fund its business operations through committed credit lines; and ▪ assessed adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.
iii)	**Impairment of plant and machinery** (Refer notes 2.8, 3.1 and 5.1.8 to the consolidated financial statements) As per requirement of accounting reporting standards, the Group management assessed whether there are any indicators that any of the Group's assets may be impaired. In view of impairment indicators relating to plant and machinery of subsidiary company Reon Alpha (Private) Limited (RAPL), the Group management performed an impairment assessment to determine the recoverable amount of related assets.	Our procedures amongst others included following: ▪ considered indicators requiring management to carry out impairment assessment; ▪ obtained understanding of the management's process of assessment, including methodology used to estimate recoverable amount of assets and evaluated technical ability and competence of management's expert;

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
	This involved estimation of future cash flows from related assets and their recoverable amount using a number of assumptions and estimates. Based on such assessment, the Group recognized an impairment loss of Rs. 9,627 thousand against plant and machinery relating to RAPL. As impairment assessment required management to make projections of cash flows, use judgement and estimates, we considered this a key audit matter.	▪ evaluated reasonableness of key assumptions and estimates used by management to prepare cash flow projections and determine recoverable amount. For this purpose, we involved our internal expert, where required; and ▪ assessed adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards.

Information Other than the Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and unconsolidated financial statements and our auditor's reports 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of 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.

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The Board of Directors is 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 Osama Kapadia.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 5, 2021

Consolidated Statement of Financial Position

As at December 31, 2020

(Amounts in thousand)

	Note	2020	2019
ASSETS		------------ Rupees ------------	
Non-current assets			
Property, plant and equipment	5	**12,493,884**	12,868,110
Right-of-use assets	6	**116,689**	140,160
Intangible assets	7	**41,193**	24,585
Long-term investments	8	**10,909,397**	10,377,169
Long-term deposits	9	**2,778**	2,778
Long-term loans to employees	10	**95**	689
Total non-current assets		**23,564,036**	23,413,491
Current assets			
Stores and spares	11	**892**	892
Stock-in-trade	12	**241,852**	191,393
Trade debts	13	**2,896,123**	2,794,097
Contract assets	14	**324,240**	159,240
Loans and advances	15	**55,330**	32,279
Deposits, prepayments and other receivables	16	**1,075,134**	614,768
Accrued interest		**7,369**	15,074
Taxes recoverable		**130,757**	94,433
Short-term investments	17	**96,024**	419,964
Cash and bank balances	18	**689,185**	422,336
Total current assets		**5,516,906**	4,744,476
TOTAL ASSETS		**29,080,942**	28,157,967
EQUITY AND LIABILITIES			
Share capital	19	**592,998**	590,578
Capital reserves		**206,666**	206,666
Unappropriated profit		**13,358,781**	12,094,910
Non-controlling interest		**1,492,729**	1,210,800
TOTAL EQUITY		**15,651,174**	14,102,954
Non-current liabilities			
Staff retirement benefits	20	**60,575**	42,494
Deferred government grant	21	**3,056**	-
Deferred taxation	22	**1,478,980**	1,461,558
Long-term borrowings	23	**7,802,777**	8,700,594
Non-current portion of lease liabilities	24	**109,778**	126,193
Total non-current liabilities		**9,455,166**	10,330,839
Current liabilities			
Current portion of:			
Long-term borrowings	23	**1,304,685**	1,130,837
Deferred government grant	21	**5,369**	-
Lease liabilities	24	**29,355**	26,482
Unclaimed dividend		**70,307**	46,806
Unpaid dividend		**-**	18,561
Short-term borrowings	25	**992,745**	811,656
Trade and other payables	26	**1,005,778**	1,223,816
Provision	34.2	**7,360**	7,360
Contract liabilities	27	**410,985**	230,977
Accrued mark-up	28	**148,018**	227,679
Total current liabilities		**3,974,602**	3,724,174
TOTAL LIABILITIES		**13,429,768**	14,055,013
Contingencies and commitments	29		
TOTAL EQUITY AND LIABILITIES		**29,080,942**	28,157,967

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mujtaba Haider Khan Chief Executive Officer	Shahid Hamid Pracha Director	Muhammad Saad Faridi Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended December 31, 2020
(Amounts in thousand except for earnings / (loss) per share)

	Note	2020	2019
CONTINUING OPERATIONS		------------ Rupees ------------	
Revenue from contracts with customers - net	30	**5,626,725**	7,267,770
Cost of revenue	31	**(3,568,093)**	(4,644,360)
Gross profit		**2,058,632**	2,623,410
Selling and distribution expenses	32	**(266,131)**	(286,581)
Administrative expenses	33	**(330,723)**	(311,200)
Other expenses	34	**(48,264)**	(75,070)
Other income	35	**60,736**	63,001
Operating profit		**1,474,250**	2,013,560
Finance cost	36	**(700,058)**	(947,253)
Share of profit of associate	8.1	**1,227,619**	915,237
Profit before taxation		**2,001,811**	1,981,544
Taxation	37	**(188,636)**	(105,017)
Profit from continuing operations		**1,813,175**	1,876,527
DISCONTINUED OPERATIONS			
Loss from discontinued operations	38	**(22,604)**	(34,668)
Profit for the year		**1,790,571**	1,841,859
Profit attributable to:			
- Owners of the Holding Company		**1,508,542**	1,571,822
- Non-controlling interest		**282,029**	270,037
		1,790,571	1,841,859
Earnings / (loss) per share - basic and diluted			**Restated**
- Continuing operations	39.1	**25.82**	27.20
- Discontinued operations	39.2	**(0.38)**	(0.59)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mujtaba Haider Khan Chief Executive Officer	Shahid Hamid Pracha Director	Muhammad Saad Faridi Chief Financial Officer

Consolidated Statement of Comprehensive Income

For the year ended December 31, 2020
(Amounts in thousand)

	Note	2020	2019
		------------ Rupees ------------	
Profit for the year		**1,790,571**	1,841,859
Other comprehensive (loss) / income:			
Items that may be reclassified subsequently through profit or loss			
Share of other comprehensive income of associate - net of tax		**3,719**	9,201
Items that will not be reclassified to profit or loss			
Share of other comprehensive income / (loss) of associate - net of tax		**369**	(84)
Remeasurement of defined benefit obligation - Actuarial gain / (loss)	20.6	**(10,065)**	786
		(9,696)	702
		(5,977)	9,903
Total comprehensive income for the year		**1,784,594**	1,851,762
Total comprehensive income / (loss) attributable to:			
- Continuing operations		**1,807,198**	1,886,430
- Discontinued operations		**(22,604)**	(34,668)
		1,784,594	1,851,762
Total comprehensive income attributable to:			
- Owners of the Holding Company		**1,502,565**	1,581,725
- Non-controlling Interest		**282,029**	270,037
		1,784,594	1,851,762

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mujtaba Haider Khan
Chief Executive Officer

Shahid Hamid Pracha
Director

Muhammad Saad Faridi
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended December 31, 2020
(Amounts in thousand)

	Note	2020	2019
		------------ (Rupees) ------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		**1,979,207**	1,946,876
Add: Loss before taxation attributable to discontinued operations		**22,604**	34,668
Profit before taxation from continuing operations		**2,001,811**	1,981,544
Adjustment for non-cash charges and other items:			
Depreciation on property plant and equipment		**749,102**	681,121
Impairment on property plant and equipment		**9,627**	-
Depreciation on right of use assets		**28,725**	22,883
Amortization		**5,308**	412
Provision for impairment against financial assets		**3,543**	3,527
Provision for impairment against contract assets		**22,459**	-
Provision for gratuity - net		**20,957**	17,556
Provision for slow moving and obsolete stock-in-trade - net		**7,656**	5,854
Provision for compensation and dividend to NIT		**-**	9,779
Provision for warranty		**23,737**	35,048
Finance cost		**700,058**	947,253
Amortization of government grant		**(3,586)**	-
Gain on disposal of property, plant and equipment		**(6)**	(17)
Gain on disposal of leased asset		**(1,369)**	-
Gain on investments in mutual fund units		**(1,186)**	-
Interest income on short-term investments		**(12,188)**	(15,418)
Royalty income		**(14,312)**	(15,420)
Share of profit of associate		**(1,227,619)**	(915,237)
Dividend income		**-**	(310)
Profit on deposits		**(19,043)**	(20,725)
Operating profit before working capital changes		**2,293,674**	2,737,850
(Increase) / decrease in current assets			
Stores and spares		**-**	95
Stock-in-trade		**(66,032)**	(104,857)
Trade debts		**(105,569)**	(1,511,271)
Contract assets		**(187,459)**	(159,240)
Loans and advances		**(22,617)**	(6,069)
Deposits, prepayments and other receivables		**(171,406)**	(208,899)
Increase in current liabilities			
Contract liabilities		**180,008**	230,977
Trade and other payables		**(244,502)**	666,873
		(617,577)	(1,092,391)
Net cash generated from operations		**1,676,097**	1,645,459
Gratuity paid		**(12,339)**	(3,841)
Long-term loans		**594**	(670)
Claims paid		**-**	(8,235)
Taxes paid		**(207,538)**	(335,546)
Discontinued operations		**(8,009)**	(27,422)
Net cash generated from operating activities		**1,448,805**	1,269,745

Consolidated Statement of Cash Flows

For the year ended December 31, 2020
(Amounts in thousand)

	Note	2020	2019
		------------ (Rupees) ------------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(112,987)**	(221,290)
Sale proceeds from disposal / transfer of property, plant and equipment		**6**	17
Purchase of intangible assets		**(21,916)**	(1,817)
Purchase of short-term investments		**(96,024)**	(419,964)
Redemption of short-term investments		**419,964**	-
Interest received		**38,936**	12,566
Dividend received		**701,387**	1,325,152
Discontinued operations		**192**	-
Net cash generated from investing activities		**929,558**	694,664
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**135,472**	300,441
Repayment of borrowings		**(1,152,448)**	(1,007,383)
Payment of lease liability		**(37,977)**	(27,273)
Proceeds from short-term finances		**25,000**	-
Finance costs paid		**(1,006,216)**	(1,055,155)
Shares capital issued		**1,305**	-
Shares capital acquired from NCI		**(480)**	-
Payment of dividend		**(232,259)**	(632,493)
Net cash used in financing activities		**(2,267,603)**	(2,421,863)
Net increase / (decrease) in cash and cash equivalents		**110,760**	(457,454)
Cash and cash equivalents at beginning of the year		**(389,320)**	68,134
Cash and cash equivalents at end of the year	49	**(278,560)**	(389,320)

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mujtaba Haider Khan	Shahid Hamid Pracha	Muhammad Saad Faridi
Chief Executive Officer	Director	Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended December 31, 2020
(amounts in thousand)

	Attributable to owners of the Holding Company										
		Capital reserves					Revenue reserves				
	Share capital	Merger reserve	Share premium reserve	Capital redemption reserve	Others	Total	Unappropriated profit	Unrealized gain on remeasurement of available-for-sale investments	Total	Non-Controlling Interest (NCI)	Total
	(Rupees in '000)										
Balance as at January 1, 2019	590,578	10,521	136,865	25,969	33,311	206,666	11,218,244	-	12,015,488	940,763	12,956,251
Profit for the year	-	-	-	-	-	-	1,571,822	-	1,571,822	270,037	1,841,859
Other comprehensive income	-	-	-	-	-	-	9,903	-	9,903	-	9,903
Total comprehensive income for the year	-	-	-	-	-	-	1,581,725	-	1,581,725	270,037	1,851,762
Transactions with owners											
Final dividend for the year ended December 31, 2018 @ Rs. 4 per share	-	-	-	-	-	-	(236,231)	-	(236,231)	-	(236,231)
First interim dividend for the year ended December 31, 2019 @ Rs. 4 per share	-	-	-	-	-	-	(236,231)	-	(236,231)	-	(236,231)
Second interim dividend for the year ended December 31, 2019 @ Rs. 3 per share	-	-	-	-	-	-	(177,174)	-	(177,174)	-	(177,174)
	-	-	-	-	-	-	(649,636)	-	(649,636)	-	(649,636)
Effect of other transactions of associate	-	-	-	-	-	-	(55,423)	-	(55,423)	-	(55,423)
Balance as at December 31, 2019 / January 1, 2020	**590,578**	**10,521**	**136,865**	**25,969**	**33,311**	**206,666**	**12,094,910**	**-**	**12,892,154**	**1,210,800**	**14,102,954**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,508,542**	**-**	**1,508,542**	**282,029**	**1,790,571**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**(5,977)**	**-**	**(5,977)**	**-**	**(5,977)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,502,565**	**-**	**1,502,565**	**282,029**	**1,784,594**
Transactions with owners											
First interim dividend for the year ended December 31, 2020 @ Rs. 4 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(237,199)**	**-**	**(237,199)**	**-**	**(237,199)**
Issuance of ordinary shares (note 19.2)	**1,305**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,305**
Issuance of bonus shares (note 19.2)	**1,115**	**-**	**-**	**-**	**-**	**-**	**(1,115)**	**-**	**(1,115)**	**-**	**-**
Acquisition of 40% of share capital of Grid Edge (Private) Limited (note 1.4.1)	**-**	**-**	**-**	**-**	**-**	**-**	**(380)**	**-**	**(380)**	**(100)**	**(480)**
Balance as at December 31, 2020	**592,998**	**10,521**	**136,865**	**25,969**	**33,311**	**206,666**	**13,358,781**	**-**	**14,156,025**	**1,492,729**	**15,651,174**

The annexed notes from 1 to 54 form an integral part of these consolidated financial statements.

Mujtaba Haider Khan Chief Executive Officer	Shahid Hamid Pracha Director	Muhammad Saad Faridi Chief Financial Officer

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2020
(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Dawood Lawrencepur Limited (the Holding Company) was incorporated in Pakistan in the year 2004 as a public listed company. It was formed as a result of a Scheme of Arrangement for Amalgamation in terms of the provisions of the (now repealed) Companies Ordinance, 1984 among Dawood Cotton Mills Limited (DCML), Dilon Limited (DL), Burewala Textile Mills Limited (BTML) and Lawrencepur Woolen and Textile Mills Limited (LWTM). The shares of the Holding Company are listed on the Pakistan Stock Exchange Limited. The Holding Company manages investment in its subsidiaries and associated companies which are currently engaged in the business of alternate energy, engineering, procurement, construction, trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the legacy textile business.

The business units of the Holding Company and its subsidiaries include the following:

Business Units	**Geographical Location**
Head Office / Registered Office of the Holding Company and its subsidiaries	3rd Floor, Dawood Centre, M.T. Khan Road, Karachi.
Factories of the Holding Company	
BTM Factory	Dawoodabad, Railway Station Road and Luddan Road Chak 439, E.B, Tehsil Burewala, District Vehari.
LWTM Factory	G.T. Road Faqirabad, District Attock.
Regional offices of Reon Energy Limited	
Solar Project Sales Office I	9th floor, Regus, Tricon Corporate Center, 73-E Jail Road, Lahore.
Solar Project Sales Office II	One Expressway, Gulberg Green Entrance, Islamabad.
Solar and Wind Power Plant of subsidiary companies / indirect subsidiaries	
Solar Power Plant of Reon Alpha (Private) Limited	Block II, District Tharparkar, Sindh.
Solar Power Plant of Grid Edge (Private) Limited	Procter and Gamble's facility, Bin Qasim Town, Karachi.
Wind Farm of Tenaga Generasi Limited	Khutikun Area, Gharo, District Thatta, Sindh.

(Amounts in thousand)

1.2 In prior years, the Holding Company suspended operations of LWTM, BTM, DL and DCM. Land, building, plant and machinery and related assets of DL and DCM were disposed off. Furthermore, plant and machinery and related assets of LWTM and BTM were also disposed off in prior years. Currently, the Holding Company does not have any industrial unit in production.

1.3 The Holding Company continues to operate the 'Lawrencepur' brand name under a license.

1.4 The "Group" consists of:

Holding Company: Dawood Lawrencepur Limited; and

Subsidiary Companies: Companies in which the Holding Company owns 50% or more of the voting rights or companies directly controlled by the Holding Company:

	Financial year end	%age of direct holding	
		2020	2019
Reon Energy Limited (note 1.4.1)	December 31	**100%**	100%
Tenaga Generasi Limited (note 1.4.2)	December 31	**75%**	75%
Reon Alpha (Private) Limited (note 1.4.3)	December 31	**100%**	100%
Mozart (Private) Limited (note 1.4.4)	December 31	**100%**	100%
Abrax (Private) Limited (note 1.4.5)	December 31	**100%**	100%
Greengo (Private) Limited (note 1.4.6)	December 31	**100%**	100%
Grid Edge (Private) Limited	December 31	Subsidiary of Reon Energy Limited	

1.4.1 Reon Energy Limited

Reon Energy Limited (REL) was incorporated in Pakistan on September 15, 2014 as a public unlisted company to carry out the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers.

REL holds 100% shareholding in its subsidiary namely Grid Edge (Private) Limited (GEL) which is a private limited company, incorporated in Pakistan on August 8, 2018. The principal business of GEL is to own and operate electric power generation project and to supply electricity as an independent power producer.It currently holds a generation license of upto 2MW for generation and sale of electricity to Proctor and Gamble Pakistan (Private) Limited as a bulk power consumer. As at December 31, 2020, the Holding Company (together with its nominee directors) held 100% (2019: 60%) of the share capital of GEL while ENI International B.V. held Nil (2019: 40%) thereof.

1.4.2 Tenaga Generasi Limited

Tenaga Generasi Limited (TGL) was incorporated in Pakistan on December 01, 2005 as a public unlisted company to carry out the business of power generation as an independent power producer using wind energy.

The Company has set up a 49.5 MW Wind Power Plant at Gharo, Sindh. The Project achieved 'Financial Close' in March 2015 and has received the Government of Pakistan Guarantee. The Plant commenced commercial operations on October 11, 2016. The electricity generated has been transmitted to the National Transmission and Despatch Company (NTDC) under the Energy Purchase Agreement (EPA) till June 18, 2019. However, subsequently electricity generated is being transmitted to K-Electric Limited.

(Amounts in thousand)

Set out below is summarised financial information for TGL that has Non-Controlling Interest (NCI). The amounts disclosed for TGL are before inter-company eliminations:

	Note	2020	2019
		------------ (Rupees) ------------	
Current assets		**3,719,461**	3,019,255
Non-current assets		**12,051,329**	12,503,744
Total assets		**15,770,790**	15,522,999
Current liabilities		**2,329,671**	1,950,777
Non-current liabilities		**7,555,227**	8,814,445
Total liabilities		**9,884,898**	10,765,222
Revenue		**2,969,028**	3,231,805
Total comprehensive income for the year		**1,128,115**	1,080,687
Total comprehensive income allocated to NCI		**282,029**	270,171
Accumulated NCI		**1,492,729**	1,210,700
Cash and cash equivalents		**488,776**	360,790
Net cash (utilized in) / generated from:			
- operating activities		**2,127,860**	1,493,777
- investing activities		**21,464**	7,532
- financing activities		**(2,024,780)**	(1,726,487)
		124,544	(225,178)
Proportion of ownership interest held by non-controlling interest		**25%**	25%

1.4.3 Reon Alpha (Private) Limited

Reon Alpha (Private) Limited (RAPL) was incorporated in Pakistan on October 23, 2017 under the Companies Act, 2017 as a private limited company. The principal business of RAPL is to own and operate electric power generation project and supply of electricity as an independent power producer. RAPL has set up a 5 MW solar power project at District Thar, in the province of Sindh, to provide clean electricity to Sindh Engro Coal Mining Company (SECMC) under a 15-year Energy Purchase Agreement. The registered office of RAPL is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh. RAPL is a wholly owned subsidiary of the Holding Company.

1.4.4 Mozart (Private) Limited

Mozart (Private) Limited (MPL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage investments in associated companies. The registered office of MPL is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh. MPL is a wholly owned subsidiary of the Holding Company. Balances relating to MPL have been incorporated based on unaudited financial statements provided by the management, since, the amounts involved were not material, (loss after taxation for the year of Rs. 142).

1.4.5 Abrax (Private) Limited

Abrax (Private) Limited (APL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage Company's legacy assets located in Burewala. The registered office of APL is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh. APL is a wholly owned subsidiary of the Holding Company. Balances relating to APL have been incorporated based on unaudited financial statements provided by the management, since, the amounts involved were not material, (loss after taxation for the year of Rs. 130).

1.4.6 Greengo (Private) Limited

Greengo (Private) Limited (GPL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage Company's legacy assets located in Attock Mill. The registered office of GPL is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh. GPL is a wholly owned subsidiary of the Holding Company. Balances relating to GPL have been incorporated based on unaudited financial statements provided by the management, since, the amounts involved were not material, (loss after taxation for the year of Rs. 143).

1.5 The Holding Company also holds investments in Dawood Hercules Corporation Limited (DHCL, an associate) the details of which have been provided in note 8.1.

Dawood Hercules Corporation Limited (DHCL) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act 1913 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of DHCL is to manage investments in its subsidiary and associated companies. The registered office of DHCL is situated at Dawood Center, M.T. Khan Road, Karachi. The Holding Company holds ownership of 16.19% (2019: 16.19%) in DHCL. Summarized financial information of DHCL is disclosed in note 8.1.2.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

2.1.1 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except that obligations under certain staff retirement benefits have been measured at present value, certain investments which have been measured at fair market value and investment in associate is accounted for using equity method.

2.1.2 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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and

- Provision and directives issued under the Companies Act, 2017.

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

2.1.3 Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with the above requirements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

2.1.4 Functional and presentation currency

These consolidated financial statements are presented in Pakistani Rupees which is the Group's functional currency.

2.2 Initial application of standards, amendments or interpretations to existing standards

2.2.1 Amendments to accounting and reporting standards that became effective during the year

There are certain amendments to the accounting and reporting standards that became effective during the year ended December 31, 2020, however, these are considered not to have a significant impact on the Group's financial reporting and operations and therefore have not been presented here.

2.2.2 Standards, amendments and interpretation to published standards that are not yet effective and have not been early adopted by the Company

There is a standard and certain amendments to the accounting and reporting standards that are not yet effective and are also not expected to have a significant impact on the Group's financial reporting and therefore, have not been presented in these financial statements.

2.3 Basis of consolidation

i) Subsidiaries

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-recognized from the date the control ceases. These consolidated financial statements include Dawood Lawrencepur Limited (the Holding Company) and all companies in which it directly or indirectly controls, beneficially owns or holds more than 50% of the voting securities or otherwise has power to elect and appoint more than 50% of its directors (the subsidiaries).

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities (including contingent liabilities) assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized in the consolidated statement of profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

ii) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

iii) Disposal of subsidiaries

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial asset depending on the level of influence retained. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed off the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to consolidated statement of profit or loss.

2.4 Property, plant and equipment

Property, plant and equipment, except for freehold land, are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Capital work-in-progress is stated at cost less impairment, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of profit or loss in the year in which these are incurred.

Depreciation is charged using the straight-line and reducing balance method whereby the cost of an operating asset less its estimated residual value is charged over its estimated useful life. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation on additions is charged from the month in which an asset is available for use while no depreciation is charged for the month in which an asset is disposed off.

Disposal of asset is recognised when significant risks and rewards incidental to ownership have been transferred to the buyer. The gain or loss on disposal or retirement of an asset, represented by the difference between the sale proceeds and the carrying amount of an asset, is recognised in the period of disposal in the consolidated statement of profit or loss.

2.5 Lease liabilities and right-of-use assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to consolidated statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants but leased assets may not be used as a security for borrowing purposes. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease payments are discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is subsequently measured at amortised cost using the effective interest method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

A change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right-of-use asset.

The lease liability is remeasured when the Group reassesses the reasonable certainty of exercise of extension or termination option upon occurrence of either a significant event or a significant change in circumstance, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit and loss if the carrying amount of right-to-use asset has been reduced to zero.

The right-of-use asset is initially measured at cost comprising the amount of the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and is reduced by impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities.

The Group applies the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense in the consolidated statement of profit or loss on a straight line basis over the lease term.

The SECP through its S.R.O. 986 (1)/2019 dated September 2, 2019 extended its exemption from the requirements of IFRS 16 to all companies that have executed their power purchase agreements before January 1, 2019. Therefore, alternative energy segment of the Group has availed the aforementioned exemption from the application of IFRS 16.

2.6 Intangible assets

2.6.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

2.6.2 Softwares

Softwares are recognised at cost and subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Costs directly associated with acquiring software that have probable economic benefits exceeding one year, are recognised as an intangible asset. Direct costs include purchase cost of software and related overhead cost. Subsequent directly attributable costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Computer software are amortised from the month when such assets are available for use on a straight line basis at the rate mentioned in note 7.2.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.6.3 Investments in associates

Associates are all entities over which the Group has significant influence but not control. Investment in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost and subsequently adjusted to Group's share of post-acquisition income less dividends received and Group's share of other comprehensive income and other movements in equity. The Group's investment in associate includes goodwill identified on acquisition. Other equity transaction of the associates are recognised directly in equity.

2.7 Financial instruments

2.7.1 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest method.

b) Fair value through other comprehensive income (FVOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

c) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of profit or loss within other gains / (losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.7.2 Financial liabilities

Financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortised cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the consolidated statement of profit or loss.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortised cost using the effective interest method.

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

2.7.3 Offsetting

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle either on a net basis, or realise the asset and settle the liability simultaneously.

2.7.4 Impairment of financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments (other than trade debts) carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12 month ECL under IFRS 9.

For trade debts, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. To measure the expected credit losses, trade debts are grouped based on shared credit risk characteristics and the days past due.

The SECP through its SRO 985 (I) / 2019 dated September 2, 2019 had notified that the requirements contained in IFRS 9 "Financial Instruments" with respect to application of Expected Credit Losses (ECL) method will not be applicable to companies till June 30, 2021 for financial assets due from Government of Pakistan. However, such companies are required to follow the relevant requirements of IAS 39 "Financial Instruments: Recognition and Measurement" in respect of such financial assets during the exemption period. Therefore the Group does not recognise expected credit losses (ECL) on trade debts and delayed payment charges of TGL as they are solely receivable from Government of Pakistan as a consequence of circular debt.

2.8 Impairment of non-financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If such an indication exists, the asset’s recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised as an expense in the consolidated statement of profit or loss. The recoverable amount is the higher of an asset’s fair value less cost of disposal and value-in-use. Value-in-use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Stores and spares

These are valued at weighted average cost except for items in transit which are stated at invoice value plus other charges paid thereon till the reporting date. For items which are slow moving and / or identified as surplus to the Group's requirements, adequate provision is made for any excess book value over estimated residual value.

2.10 Stock-in-trade

Stock-in-trade is valued at the lower of cost and net realizable value. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using the specific identification of their individual costs. For other types of inventory (except for stock in transit), cost is determined using the weighted average method. Stock in transit, on the other hand, is stated at cost (invoice value) plus other charges incurred thereon till the reporting date.

Cost includes applicable purchase cost, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

2.11 Trade debts and other receivables

Trade debts and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain a significant financing component, in which case these are recognised at fair value. The Group holds the trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortised cost using effective interest method.

2.12 Contract assets and contract liabilities

A contract asset is recognised for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the Group presents the amount as a contract asset, excluding any amounts presented as a receivable. A contract asset is assessed for impairment in accordance with IFRS 9. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9.

A contract liability is recognised for the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional (i.e. a receivable), before the Group transfers a good or service to the customer, the Group presents the contract as a contract liability when the payment is made or the payment is due (whichever is earlier).

2.13 Loans and deposits

Loans and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are included in current assets, except for maturities greater than twelve months after the reporting date, in which case they are classified as non-current assets.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, deposits held with banks and other short-term highly liquid investments with less than three months maturity from the date of acquisition. Finance facilities availed by the Group, if any, which are repayable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of consolidated statement of cash flows.

2.15 Government grants

Grants from the government are recognised at fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to loans received at below market rate are credited to deferred income in non-current liabilities and amortised to other income in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

2.16 Share capital

Ordinary shares are classified as equity and recognised at their face value. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.17 Employees' retirement benefits

2.17.1 Defined benefit plan

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Holding Company’s net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in current and prior periods, that benefit is discounted to determine its present value. The calculation is performed at least once annually, by a qualified actuary using the projected unit credit method. The Holding Company operates a funded defined benefit 'Gratuity' plan for the management employees of the Holding Company's 'Lawrencepur Woollen and Textile Mills Unit' and other regular permanent employees who have completed qualifying period of service.

Provisions are made in the consolidated financial statements to cover obligations under the scheme. The provisions require assumptions to be made of future outcome which mainly include increase in remuneration, expected return on plan assets and the discount rate used to convert future cash flows to current values. Remeasurement gains and losses arising from the actuarial valuation are recognized immediately in the consolidated statement of comprehensive income.

2.17.2 Defined benefit scheme

TGL and REL operate unfunded gratuity schemes for their permanent employees who have completed the minimum qualifying period of service of one year. Their net obligation in respect of unfunded gratuity schemes is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary using the Projected Unit Credit method, related details of which are given in note 20 to the consolidated financial statements. All remeasurement gains / losses are recognised in other comprehensive income.

2.18 Borrowings

Mark-up bearing borrowings are recognized initially at fair value, less attributable transaction cost. Subsequent to initial recognition, mark-up bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated statement of profit or loss over the period of borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2.19 Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Provisions

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

2.21 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period.

2.22 Taxation

2.22.1 Current

Provision for current taxation is based on income streams chargeable at current rate of taxation after taking into account tax credits and tax rebates available, if any. The charge for current tax includes adjustments to charge for prior years, if any.

2.22.2 Deferred

Deferred tax is recognised for all temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised only when it is probable that future taxable profits and taxable temporary differences will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is charged or credited in the consolidated statement of profit or loss, unless it relates to item recognised in equity in which case it is also recognised in equity.

2.23 Revenue and income recognition

2.23.1 Project revenue

Project revenue is recognised with reference to the stage of completion of project activity at the reporting date over the period of time. Stage of completion of a project is determined by applying the 'cost-to-cost method'. Under this method, the stage of completion of a project is determined by reference to the proportion that project costs incurred to date bear to the total estimated contract costs. Expected losses on projects are recognised as an expense immediately in the consolidated statement of profit or loss.

2.23.2 Operations and maintenance services

Operation and maintenance fee under under various contracts is measured at fair value of the consideration received or receivable and is recognised on accrual basis and when services are rendered i.e. performance obligations are fulfilled in accordance with the terms of agreements.

2.23.3 Sale of goods

Revenue from sale of solar panels and other goods is recognised when goods are transferred to the customer and when performance obligations are fulfilled. Goods are considered to be transferred when the control is transferred to the customer.

2.23.4 Supply of electricity

For supply of electricity to CPPA (G), the Group recognises revenue when performance obligation is satisfied i.e. delivery of Monthly Energy, which includes Net Delivered Energy and Non Project Missed Volume (NPMV), to NTDC.

Energy revenue is recognised based on the rates determined under the mechanism laid down in the Energy Purchase Agreement. The Group recognises revenue for Non-Project Missed Volume (NPMV). NPMV is defined in the Energy Purchase Agreement (EPA) as a volume of electricity not delivered by TGL due solely to a Non-Project Event (NPE) i.e. events which are outside the control of TGL (e.g. constraints on the Grid Systems, variations in the Grid System Frequency or voltage outside technical limits, etc.)

In case of supply of electricity to SECMC, the Group recognises revenue when the performance obligation is satisfied i.e. delivery of energy output at the Energy Delivery Point to SECMC. Revenue is recognized based on the rates determined under the mechanism laid down in the PPA.

The Group has assessed that the performance obligation in its contracts with the customers is discharged over time.

2.23.5 Interest on investments, bank deposits and delayed payment income

Interest income on investments, bank deposits and delayed payment income on overdue trade debts is recognised on an accrual basis.

2.23.6 Dividend income

Dividend income is recognised when the Group's right to receive the dividend is established.

2.23.7 Capital gain

Capital gains / losses arising on sale of investments are included in the consolidated statement of profit or loss on the date at which the transaction takes place.

2.24 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such costs are capitalised as part of the cost of that asset. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs.

On September 02, 2019, SECP vide SRO 986 (I) 2019 has granted exemption from the requirements of International Accounting Standard 21 (The Effects of Changes in Foreign Exchange Rates) to the extent of capitalisation of exchange differences to all IPPs that have executed their PPAs before January 01, 2019. Accordingly, exchange gains / losses of TGL's foreign currency borrowings have been capitalised in these consolidated financial statements.

2.25 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or is classified as held for sale, and

a) represents a separate major line of business or geographical area of operations;

b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

c) is a subsidiary acquired exclusively with a view to resale.

2.26 Foreign currency translation

Transactions in foreign currencies are accounted for in Pakistani Rupees at the exchange rates prevailing at the date of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at rates of exchange prevailing at the reporting date. Foreign exchange differences are recognised in the consolidated statement of profit or loss, except as referred to in note 2.24.

2.27 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

2.28 Segment reporting

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.

Management has disclosed information as required by IFRS 8 'Operating Segments' in note 45 to these consolidated financial statements.

2.29 Transactions with related parties

Sales, purchases and other transactions with related parties are carried out on terms and conditions agreed between the parties.

2.30 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2020

(Amounts in thousand)

2.31 Employees' share option scheme

During the year, Securities and Exchange Commission of Pakistan (SECP) via letter No. CLD/CCD/CA.83/23/2020-9848 dated December 18, 2020 has allowed REL to issue upto 18,150,000 ordinary shares of Rs. 10, each to the eligible employees of REL under its employees shares options scheme (ESOS) without right offer to its existing shareholders under Regulation 7 of the Companies (Further Issue of Shares) Regulations, 2020 read with Proviso to section 83(1)(a)(iv) of the Companies Act, 2017. ESOS scheme has been approved by the shareholders of REL in their Extraordinary General Meeting held on October 20, 2020.

Equity-settled share-based payments to employees are measured at fair value at the grant date. The fair value determined at the grant date of the equity settled share-based payments is recognized as an employee compensation expense on a straight-line basis over the vesting period.

Fair value is measured using appropriate model. The expected life of the option is adjusted, based on management's best estimate for the effects of exercise restrictions.

When a vested option lapses on expiry of the exercise period, employee compensation expense already recognized in the statement of profit or loss, is transferred to unappropriated profit from employee share option compensation reserve in the statement of financial position.

When the options are exercised, employee share option compensation reserve relating to these options is transferred to share capital and share premium. An amount equivalent to the face value of related shares is transferred to share capital. Any amount over and above the share capital is transferred to share premium.

No options have been granted during the year ended December 31, 2020.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with the applicable accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

3.1 Property, plant and equipment and intangibles

The Group reviews appropriateness of the rates of depreciation / amortization, useful lives and residual values used in the calculation of depreciation / amortization at each reporting date. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. The key assumptions and estimation uncertainty in arriving at the recoverable amount has been disclosed in note 5.1.8.

3.2 Stock-in-trade

The Group reviews the net realizable value of stock-in-trade to assess any diminution in the respective carrying values. Net realizable value is determined with reference to estimated selling price less estimated expenditure to make the sales.

3.3 Provision for retirement and other service benefits obligations

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present value of these obligations and the underlying assumptions are disclosed in note 20.

3.4 Taxation

In making the estimates for current income taxes payable by the Group, the management considers the applicable laws and the decisions / judgments of appellate authorities on certain issues in the past. Accordingly, the recognition of deferred tax is also made taking into account these judgments and the best estimates of future results of operations of the Group.

3.5 Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

3.6 Provision for warranty

The Group recognizes the estimated liability to replace damaged equipment covered under warranty at the reporting date on the basis of historical claim information. The Group provides manufacturer's warranty on equipment ranging from 1 to 10 years and performance warranty upto 25 years. The ratio of warranty claims filed during the year to previous year's cost of sales is taken into account for determining the estimated liability.

3.7 Impairment of goodwill

Goodwill acquired on acquisition of subsidiary is tested for impairment annually or whenever there is an indication of impairment as per the requirements of International Accounting Standard (IAS) 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognised in profit or loss and is not subsequently reversed.

3.8 Lease accounting

The implementation process to identify and process all relevant data associated with the leases is complex and the measurement of the right-of-use asset and lease liability is based on assumptions such as discount rates and the lease terms, including termination and renewal options. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the Group's incremental borrowing rate is used, being the rate the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3.9 Revenue

The Group estimates the cost to complete the projects in order to determine the Group's progress towards the complete satisfaction of a performance obligation. These costs include the cost of material, infrastructure, labour and the cost of meeting other contractual obligations to the customer.

(Amounts in thousand)

4 SUMMARY OF SIGNIFICANT EVENTS

4.1 IMPACT OF COVID-19 ON THE CONSOLIDATED FINANCIAL STATEMENTS

On March 11, 2020, the World Health Organization declared COVID-19 (the virus) a 'pandemic'. In Pakistan the Federal Government and Provincial Governments have provided various directions and are taking measures to respond to the virus. The Group's management is observing the directives issued by the government and continues to monitor the developing situation and would proactively manage any risk arising thereof. The Group observed the lockdown from March 11, 2020 to August 17, 2020 which resulted in delays in finalization of contracts with customers as well as execution of the on going projects of its subsidiary company REL during that period. The Group's management based on their current assessment has concluded that there are material implications of COVID-19 on the operations of the renewable segment of the Group, financial position and results at the date these consolidated financial statements were authorized for issue which primarily relate to matters disclosed in notes 23, 30 and 31. Furthermore, the impact of the pandemic on the alternative energy segment of the Group was immaterial.

4.2 MEMORANDUM OF UNDERSTANDING

On 13 August, 2020, TGL, along with other Independent Private Power Producers ("IPPs") representing the 2006 Power Policy projects (collectively referred to as the "Parties"), signed a Memorandum of Understanding (MOU) with the Committee for negotiations with IPPs, notified by Government of Pakistan vide notification number F.No.IPPs- 1(12)/2019-20 dated June 03, 2020 (the "Committee"), to alter existing contractual arrangements to the extent of, and strictly with respect to, the matters listed under the MoU. The Parties and the Committee reached an understanding whereby inter-alia concessions have been granted through reduction in return on equity including return on equity during construction and insurance cost. The Parties also agreed to make efforts to reduce O&M cost and spread on debt servicing in addition to increasing debt-tenor by 5 years after negotiations with related respective parties. Further, payment of the receivables of TGL are also an integral part of the MoU.

Subsequent to reporting date TGL and Central Power Purchasing Agency (Guarantee) Limited (CPPA-G) in relation to the MoU have initialled the Master Agreement and Amendment to the Energy Purchase Agreement (Agreements). The terms of these Agreements and their execution are subject to the approval of the TGL's legal counsel, Board, shareholders, the Holding Company, lenders and the Federal Cabinet - GoP. All concessions and amendments under final binding Agreements shall apply prospectively.

	2020	2019
	------------ (Rupees) ------------	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value (note 5.1)	**12,232,812**	12,306,783
Capital work in progress (note 5.2)	**101,288**	401,543
Capital spares	**159,784**	159,784
	12,493,884	12,868,110

(Amounts in thousand)

5.1 **Operating assets**

	Land		Building									
	Freehold	Leasehold (notes 5.1.3 and 5.1.4)	Freehold	Leasehold	Plant and machinery (note 5.1.2)	Wind measuring equipment	Furniture, fixtures and office equipment	Computers	Tools and equipment	Vehicles	Renewable energy units	Total
	(Rupees)											
As at January 1, 2019												
Cost	3,157	38,194	70,557	2,733,393	10,625,346	3,881	91,326	14,153	14,969	26,165	7,657	13,628,798
Accumulated Depreciation	-	(25,726)	(66,580)	(257,143)	(1,066,651)	(2,377)	(68,484)	(11,400)	(4,610)	(17,595)	(2,867)	(1,523,433)
	3,157	12,468	3,977	2,476,250	9,558,695	1,504	22,842	2,753	10,359	8,570	4,790	12,105,365
Year ended December 31, 2019												
Opening net book value	3,157	12,468	3,977	2,476,250	9,558,695	1,504	22,842	2,753	10,359	8,570	4,790	12,105,365
Additions including transfers	-	-	-	1,922	-	-	16,599	620	-	1,721	-	20,862
Capitalization adjustment for exchange loss (note 5.1.6)	-	-	-	177,796	685,681	-	-	-	-	-	-	863,477
Disposals												
Cost	-	-	-	-	-	-	(97)	(41)	-	-	-	(138)
Accumulated depreciation	-	-	-	-	-	-	97	41	-	-	-	138
	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge (note 5.1.5)	-	(648)	(397)	(141,074)	(528,667)	(150)	(9,063)	(537)	(216)	(1,723)	(446)	(682,921)
Closing net book value	3,157	11,820	3,580	2,514,894	9,715,709	1,354	30,378	2,836	10,143	8,568	4,344	12,306,783
As at December 31, 2019												
Cost	3,157	38,194	70,557	2,913,111	11,311,027	3,881	107,828	14,732	14,969	27,886	7,657	14,512,999
Accumulated depreciation	-	(26,374)	(66,977)	(398,217)	(1,595,318)	(2,527)	(77,450)	(11,896)	(4,826)	(19,318)	(3,313)	(2,206,216)
Net book value	3,157	11,820	3,580	2,514,894	9,715,709	1,354	30,378	2,836	10,143	8,568	4,344	12,306,783
Year ended December 31, 2020												
Opening net book value	3,157	11,820	3,580	2,514,894	9,715,709	1,354	30,378	2,836	10,143	8,568	4,344	12,306,783
Additions including transfers	-	-	-	-	396,825	-	16,417	-	-	-	-	413,242
Capitalization adjustment for exchange loss (note 5.1.6)	-	-	-	56,840	219,209	-	-	-	-	-	-	276,049
Disposals												
Cost	-	-	-	-	-	-	(57)	-	-	(1,227)	-	(1,284)
Accumulated depreciation	-	-	-	-	-	-	57	-	-	1,224	-	1,281
	-	-	-	-	-	-	-	-	-	(3)	-	(3)
Impairment loss (note 5.1.8)	-	-	-	-	(9,627)	-	-	-	-	-	-	(9,627)
Depreciation charge (note 5.1.5)	-	(648)	(326)	(150,784)	(582,729)	(164)	(14,452)	(491)	(1,941)	(1,651)	(446)	(753,632)
Closing net book value	3,157	11,172	3,254	2,420,950	9,739,387	1,190	32,343	2,345	8,202	6,914	3,898	12,232,812
As at December 31, 2020												
Cost	3,157	38,194	70,557	2,969,951	11,927,061	3,881	124,188	14,732	14,969	26,659	7,657	15,201,006
Accumulated depreciation	-	(27,022)	(67,303)	(549,001)	(2,178,047)	(2,691)	(91,845)	(12,387)	(6,767)	(19,745)	(3,759)	(2,958,567)
Accumulated impairment	-	-	-	-	(9,627)	-	-	-	-	-	-	(9,627)
Net book value	3,157	11,172	3,254	2,420,950	9,739,387	1,190	32,343	2,345	8,202	6,914	3,898	12,232,812
Annual rate of depreciation	0%	4% to 33%	10%	5%	5% to 20%	10%	10% to 35%	33%	10% to 33%	20%	10%	

(Amounts in thousand)

5.1.1 The above include assets with an aggregate carrying value of Rs. 9,201 (2019: Rs. 14,429) which relate to discontinued textile unit, LWTM and BTM.

5.1.2 The Group's assets include equipment having cost of Rs. 3,370 (2019: Rs. 3,370) which have been installed at The Searle Company Limited and LCC Pakistan (Private) Limited for providing energy sales and proof of concept to the customer.

5.1.3 These assets include initial cost on allocation of land by Alternate Energy Development Board (AEDB) for setting up of a Wind Power Farm. Possession of the land and the site-sub lease have been obtained by TGL.

5.1.4 Leasehold land is secured in favour of lenders to secure the various financing arrangements.

	2020	2019
	------------ (Rupees) ------------	
5.1.5 Depreciation charge for the year has been allocated as follows:		
Cost of revenue (note 31)	**732,574**	668,482
Selling and distribution expenses (note 32)	**4,440**	1,445
Administrative expenses (note 33)	**16,618**	12,994
	753,632	682,921

5.1.6 The SECP, through its S.R.O. 986 (1) /2019 dated September 2, 2019 partially modified its previously issued S.R.O. 24 / (1)/2012 dated January 16, 2012 and granted exemption to all companies that have executed their energy purchase agreements before January 1, 2019, from the application of IAS 21 'The Effects of Changes in Foreign Exchange Rates' to the extent of capitalisation of exchange differences. Accordingly, the Group has capitalised exchange differences aggregating to Rs.276,049 (2019: Rs. 863,477) arising on foreign currency borrowings of TGL to the cost of the related property, plant and equipment.

5.1.7 During the year, the Company has revised the estimates of useful lives of certain classes of property, plant and equipment and the expected pattern of consumption of the future economic benefits embodied in property, plant and equipment from reducing balance method to straight line method. This change in the accounting estimate has been accounted for prospectively. Due to change in estimate, depreciation charge for the year has increased by Rs. 6,184. Assuming there will be no additions or disposals to property, plant and equipment the impact of such change on future years is immaterial.

5.1.8 The management of RAPL taking cognizance of loss for the year and other impairment indicators has conducted an impairment assessment of its property, plant and equipment. The recoverable amount so determined is less than the carrying value, thereby resulting in an impairment loss of Rs. 9,627 which has been recognized in the consolidated statement of profit or loss.

The recoverable amount of Rs. 407,786 as at December 31, 2020 was determined on the basis of value in use, discounted using a pre-tax cost of equity of 12.75%. In this assessment, key assumptions include electricity output that is based on Capacity Utilisation Factor of 19% for the first year, reduced by 0.7% for every suceeding year, as agreed in the PPA.

(Amounts in thousand)

5.1.9 The details of immovable fixed assets (i.e. land and buildings) are as follows:

Description of location	Address	Total area of land in Acres
BTM Factory	Dawoodabad, Railway Station Road and Luddan Road, Chak 439, E.B, Tehsil Burewala, District Vehari	313.725 acres
LWTM Factory	G.T. Road, Faqirabad, District Attock	230 acres
Leasehold land including wind measuring equipment and building thereon	KhutiKun Area, Gharo, District Thatta, Sindh	4,881 acres

	2020	2019
	------------ (Rupees) ------------	
5.2 Capital work-in-progress		
Cost incurred on:		
Procurement of equipment, engineering and construction services (note 5.2.1)	**98,893**	378,344
Mark-up on long-term loan	**-**	24,869
Performance guarantee fees	**-**	294
Pre-commercial operation revenue	**-**	(4,359)
Advances and others	**2,395**	2,395
	101,288	401,543
Balance as at January 1	**401,543**	201,115
Additions during the year	**96,570**	200,428
Transfers to operating fixed assets	**(396,825)**	-
Balance as at December 31	**101,288**	401,543

5.2.1 Capital-work in progress represents expenditure incurred by the Holding Company for procurement of goods and engineering and construction of 1.85 MW Solar Plant at Bin Qasim Town in Karachi.

	2020	2019
	------------ (Rupees) ------------	
6. RIGHT-OF-USE ASSETS		
Year ended December 31, 2020		
As at January 01, 2020	**140,160**	-
Impact on adoption of IFRS 16	**-**	147,337
Additions	**12,084**	15,706
Disposal		
Cost	**(16,390)**	-
Accumulated depreciation	**9,560**	-
	(6,830)	-
Depreciation charge (note 6.1)	**(28,725)**	(22,883)
Closing net book value	**116,689**	140,160
At December 31, 2020		
Cost	**158,737**	163,043
Accumulated depreciation	**(42,048)**	(22,883)
Net book value	**116,689**	140,160
Rate of depreciation (% per annum)	**5.56 to 20**	5.56 to 20
6.1 The depreciation charge for the year has been allocated as follows:		
Cost of revenue (note 31)	**5,746**	5,743
Selling and distribution expenses (note 32)	**7,284**	8,695
Administrative expenses (note 33)	**15,695**	8,445
	28,725	22,883

(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
7.	**INTANGIBLE ASSETS**		
	Goodwill (note 7.1)	**22,834**	22,834
	Computer software (note 7.2)	**18,359**	944
	Capital work-in-progress (note 7.2.2)	**-**	807
		41,193	24,585

7.1 Goodwill

In 2008, the Holding Company acquired 100% shareholding of TGL. The business combination with TGL was accounted for by applying the purchase method. The cost of the acquisition was measured at the fair value of equity instruments issued at the date of exchange plus cost directly attributable to acquisition. Identified assets acquired, liabilities (including contingent liabilities) assumed or incurred were measured at fair value at the acquisition date. The excess cost of acquisition over the fair value of identifiable net assets acquired was recognized as goodwill in these consolidated financial statements.

The management uses the Income Approach - Discounted Cash Flow Method (DCF) to determine the NPV of the wind project, covering a twenty-year period. The key assumptions used in the financial projections are discount rates, revenue growth and contribution margins.

At December 31, 2020, the management of the Group carried out an impairment testing of its goodwill recognized in these consolidated financial statements as a result of acquisition of TGL. Based on the said testing, the NPV of the wind project was in excess of the respective carrying amount of goodwill as at December 31, 2020.

		2020	2019
7.2	**Computer software**	------------ (Rupees) ------------	
	Cost		
	Balance as on January 1	**22,655**	21,645
	Additions during the year (note 7.2.2)	**22,723**	1,010
	Balance as on December 31	**45,378**	22,655
	Amortization		
	Balance as on January 1	**(21,711)**	(21,299)
	Amortization during the year (note 7.2.3)	**(5,308)**	(412)
	Balance as on December 31	**(27,019)**	(21,711)
	Carrying amount	**18,359**	944

7.2.1 The cost of above intangible assets is being amortized over a period of 3 years.

7.2.2 This represents cost incurred for enterprise resource planning software implemented during the year.

(Amounts in thousand)

7.2.3 The amortization charge for the year has been allocated as follows:

	2020	2019
	(Rupees)	
Selling and distribution expenses (note 32)	**193**	-
Administrative expenses (note 33)	**5,115**	412
	5,308	412

8. LONG-TERM INVESTMENTS

	2020	2019
Investment in associate (note 8.1)	**10,895,496**	10,364,454
Other investments (note 8.4)	**13,901**	12,715
	10,909,397	10,377,169

8.1 Investment in associate (quoted)

Dawood Hercules Corporation Limited (DHCL)

	2020	2019
Opening balance	**10,364,454**	10,828,538
Add:		
- Share of profit after taxation	**1,227,619**	915,237
- Share of other comprehensive income	**4,810**	10,725
- Other equity transactions	**-**	(65,204)
	1,232,429	860,758
Less: Dividend received	**(701,387)**	(1,324,842)
	10,895,496	10,364,454

8.1.1 The Holding Company has invested in DHCL (an associate) with ownership of 16.19% (2019: 16.19%) comprising of 77,931,896 (2019: 77,931,896) fully paid ordinary shares of Rs. 10/- each, having a market value of Rs. 9,471,843 (2019: Rs. 12,017,878).

(Amounts in thousand)

8.1.2 The summary of financial information / reconciliation of DHCL is as follows:

	2020	2019
	------------- (Rupees) ------------	
Revenue	**248,950,089**	226,073,660
Profit after tax	**42,350,878**	29,787,037
Other comprehensive income	**74,075**	174,493
Total comprehensive income	**42,424,953**	29,961,530
Profit attributable to:		
- Owners of DHCL	**7,582,576**	5,653,098
- Non-controlling interest of DHCL	**34,768,302**	24,133,939
	42,350,878	29,787,037
Non-current assets	**358,901,833**	350,223,944
Current assets	**242,056,075**	222,089,686
Assets held for sale	**67,054**	1,325,595
Total assets	**601,024,962**	573,639,225
Less:		
Non-current liabilities	**217,739,361**	212,698,305
Current liabilities	**151,624,026**	152,896,346
Total liabilities	**369,363,387**	365,594,651
Net assets	**231,661,575**	208,044,574
Net assets attributable to:		
- Owners of DHCL	**67,301,648**	64,020,945
- Non-controlling interest of DHCL	**164,359,927**	144,023,629
	231,661,575	208,044,574
Group's share in %	**16.19%**	16.19%
Share of net assets	**10,896,137**	10,364,991
Others	**(641)**	(537)
Carrying amount	**10,895,496**	10,364,454

8.1.3 The Holding Company holds 16.19% of the voting power in DHCL, however due to representation of its Directors on the Board of Directors of DHCL and participation in policy making processes including participation in decisions about dividends or other distributions, it has significant influence over DHCL.

(Amounts in thousand)

8.2 The Holding Company has pledged ordinary shares of its associate and subsidiaries as security against financing facilities availed by itself and its subsidiaries from various commercial banks (note 23 & 25) the details of which are as follows:

Particulars	Shares pledged	As at December 31, 2020			As at December 31, 2019		
		Number of shares pledged	Face value of shares pledged	Market value of pledged shares	Number of shares pledged	Face value of shares pledged	Market value of pledged shares
			---------(Rupees)---------			---------(Rupees)---------	
Pledged against short-term financing and other facilities availed by the Company and its subsidiaries							
Standard Chartered Bank (Pakistan) Limited (note 25 and 8.3)	Dawood Hercules Corporation Limited	**26,899,737**	**268,997**	**3,269,394**	26,899,737	268,997	4,148,208
Bank AL Habib Limited (note 25)		**10,200,000**	**102,000**	**1,239,708**	10,200,000	102,000	1,572,942
MCB Bank Limited		**7,250,000**	**72,500**	**881,165**	-	-	-
Pledged under Musharka Agreement entered into between RAPL and FBL							
Faysal Bank Limited (FBL) (note 29.1.10)	Reon Alpha (Private) Limited	**5,300,000**	**53,000**	**-***	5,300,000	53,000	-*
Pledged under Sponsor Share Agreement							
Citibank N.A.	Tenaga Generasi Limited	**34,599,995**	**346,000**	**-***	34,599,995	346,000	-*

*Tenaga Generasi Limited is an unlisted company and Reon Alpha (Private) Limited is a private company.

8.3 Subsequent to the year end, the facility has been extinguished and shares pledged against it have been released.

8.4 Other investments

2020	2019	Name of Investee	2020	2019
Units* / Number of Shares			------------ (Rupees) ------------	
		Listed securities		
200,000	200,000	National Investment (Unit) Trust	**13,886**	12,700
		Un-listed securities		
1,500	1,500	Asian Co-operative Society Limited	**15**	15
			13,901	12,715

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2020
(Amounts in thousand)

		2020	2019
8.4.1	**Reconciliation between fair value and cost of investments**	------------- (Rupees)	------------
	Fair value of investments	**13,886**	12,700
	Surplus on remeasurement of investments as at year end	**(11,431)**	(10,245)
	Cost of investments	**2,455**	2,455

9.	**LONG-TERM DEPOSITS**		
	Deposits for utilities	**1,718**	1,718
	Others	**1,060**	1,060
		2,778	2,778
10.	**LONG-TERM LOANS TO EMPLOYEES - Secured, considered good**		
	Long-term loans to employees (note 10.1 and 10.2)		
	Less: Current portion (note 15)	**1,069**	1,961
		(974)	(1,272)
		95	689
10.1	**Reconciliation of the carrying amount of loans to employees**		
	Balance at beginning of the year	**1,961**	396
	Disbursement	**530**	2,564
	Repayment	**(1,422)**	(999)
	Balance at end of the year	**1,069**	1,961

10.2 These represent interest free loans to employees as per Group's policy. These are repayable in equal monthly instalments over a period of two years and are secured against gratuity balances of employees. The maximum aggregate amount due from employees at the end of any month during the year was Rs. 1,848 (2019: Rs. 2,223).

		2020	2019
		------------- (Rupees)	------------
11.	**STORES AND SPARES**		
	Stores, spares and loose tools	**1,784**	1,784
	Provision for slow moving and obsolete items	**(892)**	(892)
		892	892

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2020
(Amounts in thousand)

		2020	2019
		------------- (Rupees)	------------
12.	**STOCK-IN-TRADE**		
	Renewable energy		
	Finished goods	**272,015**	205,983
	Provision for slow moving and obsolete items (note 12.1)	**(45,327)**	(37,671)
		226,688	168,312
	Textile		
	Finished goods	**22,706**	28,117
	Provision for slow moving and obsolete items (note 12.1)	**(7,542)**	(5,036)
		15,164	23,081
		241,852	191,393
12.1	The movement in provision during the year is as follows:		
	Balance at the beginning of the year	**42,707**	35,551
	Add: Charge for the year	**12,281**	7,156
	Less: Stock written off against provision	**(2,119)**	-
	Balance at the end of the year	**52,869**	42,707
13.	**TRADE DEBTS**		
	- Secured, considered good		
	Alternate energy (notes 13.1 and 13.2)	**2,498,712**	2,259,917
	- Unsecured, considered good		
	Renewable energy - projects (notes 13.3, 13.4 and 13.6)	**397,411**	534,180
		2,896,123	2,794,097
	- Considered doubtful		
	Renewable energy	**14,471**	10,928
	Others	**32**	32
		14,503	10,960
		2,910,626	2,805,057
	Provision for impairment against doubtful debts - net (note 13.5)	**(14,503)**	(10,960)
		2,896,123	2,794,097

13.1 These denote debts of TGL which are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and as such are considered good.

13.2 Trade debts from alternate energy represents:

- Rs. 430,549 (2019: Rs. 756,906) which are neither past due nor impaired.

- Rs. 2,068,163 (2019: Rs. 1,503,011) which are overdue by upto 207 days (2019: upto 117 days) but not impaired. These carry markup at the rate of 3 months KIBOR plus 4.5% per annum.

(Amounts in thousand)

13.3 As at December 31, 2020, trade debts aggregating to Rs. 207,930 (2019: Rs. 525,329) were past due but not impaired. These include receivables in respect of sale of goods and rendering of services in respect of various engineering, procurement and construction contracts. The aging analysis of these debts is as follows:

	2020	2019
	(Rupees)	
Upto 2 months	116,127	429,338
More than 2 months	91,803	95,991
	207,930	525,329

13.4 As at December 31, 2020, trade debts aggregating to Rs. 189,481 (2019: Rs. 8,851) were neither past due nor impaired. The credit quality of these receivables can be assessed with reference to their historical performance with no history of defaults.

13.5 As at December 31, 2020, trade debts aggregating to Rs. 14,503 (2019: Rs. 10,960) were deemed to have been impaired and were provided for. These include balances that were outstanding for more than 6 months. The movement in provision during the year is as follows:

	2020	2019
	(Rupees)	
Balance as at beginning of the year	10,960	9,215
Provision made during the year (note 34)	3,543	4,819
Write-off during the year	-	(3,074)
Balance as at the end of the year	14,503	10,960

13.6 These include trade debts from the following related parties in respect of projects executed and inventory sold by the Group the aging analysis of which is given below:

	2020	2019
	(Rupees)	
Neither past due nor impaired		
Enfrashare (Private) Limited	138,667	8,791
Past due but not impaired		
Engro Energy Limited	8,717	-
Enfrashare (Private) Limited	57,078	153,693
	204,462	162,484

13.6.1 The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 260,019 (2019: Rs. 162,484).

	2020	2019
	(Rupees)	

14. CONTRACT ASSETS

	2020	2019
Contract costs incurred plus recognized profits less recognized losses	5,601,495	3,798,098
Less: Progress billings	(5,254,796)	(3,638,858)
Amount unbilled as at December 31	346,699	159,240
Less: provision for impairment	(22,459)	-
	324,240	159,240

(Amounts in thousand)

		2020	2019
		------------- (Rupees) ------------	
14.1	These include contract assets in respect of following related parties:		
	Enfrashare (Private) Limited	**162,255**	-
	Engro Energy Limited	**188**	149
		162,443	149

15. **LOANS AND ADVANCES - Unsecured, considered good**

	2020	2019
Loans and advances to employees (notes 15.1 & 15.2)	**15,044**	8,188
Current portion of long-term loans (note 10)	**974**	1,272
Advances to suppliers	**39,312**	22,819
	55,330	32,279

15.1 Loans to employees are interest free and have been provided in accordance with the terms of employment. The credit quality of these financial assets can be assessed with reference to no defaults ever. None of these assets are past due or impaired.

15.2 Advances to employees have been provided for business travelling and various other expenses as per Group's policy and are secured against staff retirement gratuity.

16. **DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

	2020	2019
	------------- (Rupees) ------------	
Security deposits (note 16.1)	**79,728**	67,518
Prepayments	**73,701**	47,532
Delayed payment charges (note 16.2 and 16.3)	**520,823**	246,175
Sales tax refundable (note 16.4)	**171,070**	105,041
Workers' profit participation fund (note 26.6)	**157,334**	105,607
Others (note 16.5)	**72,478**	47,673
	1,075,134	619,546
Less: Provision for sales tax refundable (note 16.4)	**-**	(4,778)
	1,075,134	614,768

16.1 This includes security deposit refundable from The Dawood Foundation (a related party) paid under a lease agreement amounting to Rs. Nil (2019: Rs. 1,550) and Rs. 40,131 (2019: Rs. 37,765) cash margin blocked against advance payment and performance guarantees for various engineering, procurement and construction contracts.

16.2 This represents mark-up on overdue trade debts, as referred in note 13.2 out of which Rs. 49,566 (2019: 5,905) is overdue by 365 days or more.

16.3 This includes Rs. 429,153 (2019: Rs. 154,505) related to delayed payment interest which is not yet billed by the Company.

16.4 Sales tax refundable written off against provision amounts to Rs. 4,778.

(Amounts in thousand)

16.5 The amount due and maximum aggregate amount from related parties at the end of any month during the year is as follows:

	Amount outstanding		Maximum month end balance	
	2020	2019	**2020**	2019
	(Rupees)			
Sach International (Private) Limited	**39,507**	26,660	**39,507**	26,660
Engro Fertilizer Limited	**3,320**	-	**3,320**	-
	42,827	26,660	**42,827**	26,660

16.6 As at December 31, 2020, receivable from related parties aggregating to Rs.40,976 (2019: Rs. 19,494) was past due but not impaired. The aging analysis of these receivables is as follows:

	2020	2019
	(Rupees)	
Upto 3 month	**8,211**	2,806
3 to 6 months	**3,397**	6,746
More than 6 months	**29,368**	9,942
	40,976	19,494

17. SHORT-TERM INVESTMENTS

	2020	2019
	(Rupees)	
At amortized cost		
Term deposit receipt (note 17.2)	**96,024**	299,966
Treasury bill (note 17.3)	**-**	119,998
	96,024	419,964

17.1 The aforementioned investments have been placed under lien with various banks as security against unfunded financing facilities obtained therefrom.

17.2 These denote term deposits receipts maintained with Habib Metropolitan Bank Limited. These carry markup upto 5.75% to 7% (2019: 13%) and are due to mature on July 4, 2021.

17.3 The treasury bills were held with MCB Bank Limited and matured on March 26, 2020. These carried a mark-up of 13.7%

18. CASH AND BANK BALANCES

	2020	2019
	(Rupees)	
Cash in hand	**374**	398
Cash at banks		
- In current accounts	**196,150**	8,102
- In deposit accounts - local currency (note 18.1)	**473,163**	394,456
- In deposit accounts - foreign currency (note 18.2)	**19,498**	19,380
	688,811	421,938
	689,185	422,336

18.1 This includes deposits with commercial banks and carry profit at the rate ranging from 5.50% to 6% (2019: 9.90% to 13.7%) per annum.

18.2 Foreign currency deposits carry return at the rate of 0.28% (2019: 2%) per annum.

19. SHARE CAPITAL

19.1 Authorized capital

2020	2019		**2020**	2019
(Number of shares)			(Rupees)	
75,000,000	75,000,000	Ordinary shares of Rs.10/- each	**750,000**	750,000

(Amounts in thousand)

19.2 Issued, subscribed and paid up capital

2020	2019		2020	2019
---(Number of shares) ---			---------- (Rupees) ---------	
2,204,002	2,204,002	Ordinary shares of Rs.10/- each fully paid in cash	**22,040**	22,040
12,805,118	12,805,118	Issued for consideration other than cash (note 19.2.4)	**128,051**	128,051
44,048,739	44,048,739	Fully paid as bonus shares	**440,487**	440,487
130,520	-	Issued as right shares as per the Court Order (note 19.2.5)	**1,305**	-
111,430	-	Issued as right shares as per the Court Order (note 19.2.5)	**1,115**	-
59,299,809	59,057,859		**592,998**	590,578

	2020	2019
	------ (Number of Shares) ------	
19.2.1 Associates' holding of the Holding Company's share capital is as under:		
Dawood Corporation (Private) Limited	**29,016,622**	29,016,622
The Dawood Foundation	**2,979,324**	2,979,324
Patek (Private) Limited	**3,713,984**	3,713,984
Cyan Limited	**2,965,095**	2,965,095
Dawood Industries (Private) Limited	**494,921**	494,921
Sach International (Private) Limited	**3,776**	3,776
	39,173,722	39,173,722

19.2.2 During the year, the Holding Company paid dividends to the aforementioned Associated Companies amounting to Rs. 156,694 (2019: Rs. 430,912).

19.2.3 The Holding Company has a single class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meetings of the Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

19.2.4 Shares issued for consideration other than cash represent shares issued to the shareholders of the amalgamating companies in accordance with the share-swap ratio stipulated in the Scheme of Arrangement for Amalgamation (note 1.1).

19.2.5 In compliance with the orders passed by the Honourable Sindh High Court, the Holding Company has issued 241,950 shares (denoting 130,520 shares as right issue and 114,430 as bonus issue) to National Investment Trust Limited on May 12, 2020. However, the amount of Rs. 1,305 against subscription of 130,520 right shares by NIT in the year 1975 has been deposited with the Nazir of the Sindh High Court which was received by the Holding Company subsequent to year end on February 22, 2021.

(Amounts in thousand)

	2020	2019
	------------ (Rupees) ------------	

20. STAFF RETIREMENT BENEFITS

Defined benefit plans		
- Gratuity fund	**2,755**	1,477
- Unfunded gratuity scheme	**57,820**	41,017
	60,575	42,494

The details of staff retirement benefit obligations based on actuarial valuations carried out by independent actuary as at December 31, 2020 under the Projected Unit Credit Method are as follows:

20.1 Principal actuarial assumptions used in the actuarial valuations

	2020		2019	
	Gratuity fund	Unfunded gratuity schemes	Gratuity fund	Unfunded gratuity schemes
	---------- % ----------			
Financial assumptions:				
Discount rate used for year end obligations	**11.25**	**10.25**	11.25	11.75
Expected rate of salary increase	**9.75**	**10.25**	10.25	10.75
Expected return on plan assets	**9.75**	**-**	11.25	-
Demographic assumptions:				
Expected withdrawal rate	Age-based	Age-based	Age-based	Age-based
Expected retirement age	Age 60	Age 60	Age 60	Age 60
Expected mortality rate	SLIC 2001 - 2005 (Set back 1 year)	SLIC 2001 - 2005 (Set back 1 year)	SLIC 2001 - 2005 (Set back 1 year)	SLIC 2001 - 2005 (Set back 1 year)

	2020		2019	
	Gratuity fund	Unfunded gratuity schemes	Gratuity fund	Unfunded gratuity schemes
	----------(Rupees)----------			
20.2 Statement of financial position reconciliation				
Present value of defined benefit obligation (note 20.3)	**6,341**	**57,820**	4,843	41,017
Fair value of plan assets (note 20.4)	**(3,586)**	**-**	(3,366)	-
Net Liability at end of the year	**2,755**	**57,820**	1,477	41,017
20.3 Movement in present value of defined benefit obligation				
Present value of defined benefit obligation at beginning of the year	**4,843**	**41,017**	4,245	27,635
Current service cost	**967**	**15,992**	775	13,151
Interest cost	**545**	**3,925**	521	3,520
Benefits paid	**-**	**(12,339)**	(369)	(2,431)
Benefits due but not paid	**-**	**(681)**	(255)	-
Remeasurement (gains) / losses from:				
- changes in financial assumptions	**4**	**6,318**	-	(241)
- experience adjustments	**(18)**	**3,588**	(74)	(617)
Present value of defined benefit obligation at end of the year	**6,341**	**57,820**	4,843	41,017

(Amounts in thousand)

		2020		2019	
		Gratuity fund	Unfunded gratuity schemes	Gratuity fund	Unfunded gratuity schemes
20.4	**Movement in fair value of plan assets**	(Rupees)			
	Fair value of plan assets at beginning of the year	**3,366**	**-**	3,101	-
	Contributions (refunded to) / made by the company	**255**	**-**	369	-
	Interest income	**393**	**-**	411	-
	Benefits paid	**(255)**	**-**	(369)	-
	Remeasurement loss on plan assets excluding interest income	**(173)**	**-**	(146)	-
	Fair value of plan assets at end of the year	**3,586**	**-**	3,366	-
20.5	**Expense recognized in profit or loss**				
	Current service cost	**967**	**15,992**	775	13,151
	Interest cost on defined benefit obligation	**545**	**3,925**	521	3,520
	Interest income on plan assets	**(393)**	**-**	(411)	-
	Expense for the year	**1,119**	**19,917**	885	16,671
20.6	**Remeasurement (gains) / losses recognized in other comprehensive income**				
	Remeasurements of plan obligations				
	- Experience adjustments	**4**	**6,318**	(56)	(617)
	- Changes in financial assumptions	**(18)**	**3,588**	(18)	(241)
	Remeasurement loss on plan obligation excluding interest income	**173**	**-**	146	-
		159	**9,906**	72	(858)
20.7	**Net recognized liability**				
	Net liability at beginning of the year	**1,477**	**41,017**	1,144	27,635
	Expense recognized in profit or loss	**1,119**	**19,917**	885	16,671
	Remeasurement losses recognized in other comprehensive income	**159**	**9,906**	72	(858)
	Payable to employee in respect of gratuity	**-**	**-**	(255)	-
	Contribution made during the year	**-**	**(12,339)**	(369)	(2,431)
	Net liability at end of the year	**2,755**	**58,501**	1,477	41,017
20.8	**Plan assets comprise of the following:**				
	Investment in mutual funds	**3,586**	**-**	3,366	-
		%			
	Investment in mutual funds	**100**	**-**	100	-

		2020		2019	
		Gratuity fund	Unfunded gratuity schemes	Gratuity fund	Unfunded gratuity schemes
		(Rupees)			
20.9	**Sensitivity analysis for assumptions**				
	Discount rate (+100 bps)	**5,841**	**49,978**	4,446	36,158
	Discount rate (-100 bps)	**6,927**	**64,120**	5,304	44,411
	Future salary increase rate (+100 bps)	**6,935**	**64,177**	5,309	44,500
	Future salary increase rate (-100 bps)	**5,825**	**49,808**	4,434	36,015

The sensitivity analysis is based on a change in assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the liability for gratuity recognized within the consolidated statement of financial position.

(Amounts in thousand)

20.10 Maturity profile

Distribution of timing of benefit payments (times in years)	2020
	-- (Rupees) --
1	**5,382**
2	**6,458**
3	**11,542**
4	**7,731**
5	**8,166**
6	**8,538**
7	**10,923**
8	**9,299**
9	**11,346**
10	**2,435,405**
11+	**99,341**

20.11 The scheme exposes the Group to the following risks:

- Final salary risk - This is the risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary (which will closely reflect inflation and other macroeconomic factors), the benefit amount increases as salary increases.

- Mortality risk - This is the risk that the actual mortality experience is different than the assumed mortality. This effect is more pronounced in schemes where the age and service distribution is on the higher side.

- Withdrawal risk - This is the risk that actual withdrawals experience is different from assumed withdrawal probability. The significance of the withdrawal risk varies with the age, service and the entitled benefits of the beneficiary.

- Investment risk - This is the risk of investments underperforming and not being sufficient to meet the liabilities.

20.12 Historical information of staff retirement

	2020	2019	2018	2017	2016
	(Rupees)				
Gratuity fund					
Present value of defined benefit obligation	**(6,341)**	(4,843)	(4,245)	(5,844)	(8,213)
Fair value of plan assets	**3,586**	3,366	3,101	2,963	2,928
Deficit	**(2,755)**	(1,477)	(1,144)	(2,881)	(5,285)
Unfunded gratuity schemes					
Present value of defined benefit obligation	**(57,820)**	(41,017)	(27,635)	(28,228)	(23,612)
Fair value of plan assets	**-**	-	-	-	-
Deficit	**(57,820)**	(41,017)	(27,635)	(28,228)	(23,612)

20.13 The weighted average duration of the defined benefit obligations is between 9 - 13 years.

20.14 Expected future cost for the year ending December 31, 2021 is Rs 1,431 and Rs. 25,267 for the gratuity fund and the unfunded gratuity schemes respectively.

(Amounts in thousand)

		2020	2019
		------------- (Rupees) ------------	
21.	**DEFERRED GOVERNMENT GRANT**		
	Recognition of government grant on long-term finance (note 23.5)	**12,012**	-
	Less: Amortization for the year	**(3,587)**	-
		8,425	-
	Less: Current portion shown under current liabilities	**(5,369)**	-
	Balance as at December 31	**3,056**	-

22. DEFERRED TAXATION

		2020	2019
22.1	Credit balance arising due to:		
	- accelerated tax depreciation / amortization	**3,083**	2,671
	- right-of-use assets	**7,191**	12,331
	- investment in associate accounted for using equity method	**1,624,530**	1,544,874
		1,634,804	1,559,876
	Debit balance arising due to:		
	- provision for stock-in-trade, trade debts and receivables	**(4,433)**	(4,827)
	- lease liabilities against right-of-use assets	**(8,850)**	(13,582)
	- deferred liabilities - staff retirement gratuity	**(16,548)**	(11,576)
	- provision for warranty	**(12,892)**	(12,549)
	- provision for stamp duty on local purchases	**(809)**	-
	- unused tax losses (note 22.3)	**(112,292)**	(55,784)
		(155,824)	(98,318)
		1,478,980	1,461,558

22.2 Deferred tax asset / liability arises due to taxable temporary differences between tax base and carrying value of the Group's assets and liabilities as at December 31, 2020. Such differences arise due to accelerated depreciation on the Group's assets, unused losses and provisions recognized in the consolidated statement of financial position.

22.3 Deferred income tax asset is recognized for tax losses available for carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The aggregate tax losses and minimum turnover tax available for carry-forward as at December 31, 2020 amount to Rs. 2,132,403 (2019: Rs. 2,216,739) and Rs.105,737 (2019: Rs. 64,546) respectively. The Group, however, expects that it will be able to recoup tax losses to the extent of Rs. 387,214 (2019: Rs. 192,358) and has accordingly recognised a deferred tax asset amounting to Rs 112,292 (2019: Rs. 55,784) in these consolidated financial statements.

(Amounts in thousand)

	2020	2019
	------------- (Rupees) ------------	
23. LONG-TERM BORROWINGS - secured		
Foreign currency borrowings (notes 23.1 and 23.2)	**7,076,615**	7,764,673
Local currency borrowings (notes 23.3 and 23.4)	**2,193,705**	2,258,586
	9,270,320	10,023,259
Transaction costs		
Transaction cost to date	**(314,506)**	(314,506)
Accumulated amortization	**151,648**	122,678
	(162,858)	(191,828)
	9,107,462	9,831,431
Less: Current portion shown under current liabilities	**(1,304,685)**	(1,130,837)
	7,802,777	8,700,594

23.1 TGL entered into a financing agreements with two international financial institutions for a total of US Dollars 66,000 and with a consortium comprising of local financial institutions amounting to Rs. 2,400,000. The international finance carries mark-up at the rate of three months LIBOR plus 5% payable quarterly over a period of ten years, whereas the local finance carries mark-up at the rate of three months KIBOR plus 3% payable quarterly over the period of ten years. The principal is repayable in twenty semi-annual instalments commencing from July 2017. As at December 31, 2020, the outstanding balance of the borrowing was US Dollars 44,009 (December 31, 2019: US Dollar 49,982) for international loan. The borrowings are secured by an equitable mortgage on the immovable property and the hypothecation of current and future assets of TGL.

23.2 This includes loan from International Finance Corporation (IFC), a related party, amounting to Rs. 2,358,872 (2019: Rs. 2,588,224).

23.3 In 2019, long-term loan was obtained by RAPL from Faysal Bank Limited (FBL) amounting to Rs 309,000 to finance 75% of the solar power project. The tenure of the loan is 10 years. The loan carries mark-up at the rate of three months KIBOR plus 2% payable on a quarterly basis. The loan is secured through hypothecation charge over all present and future fixed assets (excluding land and building) and assignment of receivables of RAPL in favour of Faysal Bank Limited. Transaction cost incurred on borrowings is amortized over the tenure of the loan.

In light of the relief granted by the State Bank of Pakistan (SBP) vide Banking Policy and Regulation Department (BPRD) Circular Letter No. 13 of 2020 dated March 26, 2020, RAPL sought relaxation in repayment terms in respect of its long term loan facilities. The principal repayments of this loan which were due from June 2020 to March 2021 have been deferred for a period of one year thereby extending the overall maturity of this loan by the same period. However, interest continues to be paid on quarterly basis during the deferment time.

(Amounts in thousand)

23.4 During the year, REL entered into a long term loan agreement with Habib Metropolitan Bank Limited amounting to Rs. 135,472 under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by State Bank of Pakistan. The loan is repayable in eight equal quarterly installments, starting from March 2021. The loan carries mark-up ranging from 2% to 3% per annum starting from the date of disbursement and is payable in arrears on quarterly basis. The loan has been recognized at fair value (i.e. present value of loan receipts discounted using prevailing market interest rate for a similar instrument) and the differential amount has been booked as Government grant as disclosed in note 21. The loan amount is being accreted using the effective interest rate method with the corresponding effect on the interest expense for the year in the consolidated statement of profit or loss. This loan is secured by creating a charge over receivables, to the extent of Rs. 100,000 of REL and further secured by the existing charge held by the client.

23.5 Following are the changes in the long-term borrowings for which cash flows have been classified as financing activities in the statement of cash flows:

	2020	2019
	---------------- (Rupees) ----------------	
Balance as at January 1	**9,831,431**	9,645,961
Loan disbursed	**135,472**	309,000
Amount recognized as government grant (note 21)	**(12,012)**	-
Transaction cost during the year	**-**	(8,559)
Amortization of transaction cost (note 36)	**28,970**	28,935
Amortization of deferred grant (note 35)	**3,586**	-
Loan repaid	**(1,156,034)**	(1,007,383)
Exchange loss (note 5.1)	**276,049**	863,477
Balance as at December 31	**9,107,462**	9,831,431

24. LEASE LIABILITIES

	2020	2019
Non-current portion	**109,778**	126,193
Current portion	**29,355**	26,482
Total lease liability as at December 31	**139,133**	152,675

25. SHORT-TERM BORROWINGS

	2020	2019
Short-term running finance under mark-up arrangement (note 25.1)	**467,745**	811,656
Money market loan (note 25.2)	**500,000**	-
Short-term finances (note 25.3)	**25,000**	-
	992,745	811,656

25.1 This includes short-term running finance facilities aggregating to Rs.1,500,000 (December 31, 2019: Rs. 1,500,000) obtained under mark-up arrangement from various banks. As at December 31, 2020, the Holding Company has utilised the facility against running finance to the extent of Rs. 199,795 (December 31, 2019: Rs. 552,345) and has issued guarantees to the extent of Rs. 36,179 (December 31, 2019: Rs. 37,747). Furthermore, out of the aforementioned facilities, the Holding Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 300,000. These facilities are secured by way of a first pari passu mortgage charge on immovable property (including land and building), current assets, and pledge over the Holding Company's investments in related party, as explained in note 8.2. Rate of mark-up applicable on these facilities is three months KIBOR plus 90 basis points to three months KIBOR plus 100 basis points (December 31, 2019: three months KIBOR plus 75 basis points to three months KIBOR plus 100 basis points) per annum. Subsquent to the year end, Rs. 500,000 facility has been extinguished and securities have been released.

(Amounts in thousand)

25.2 This denotes money market loan obtained for three months from the running finance facility obtained under the mark-up arrangment from a commercial bank. This facility is secured by way of a first pari passu mortage charge on immovable property (including land and building), current assets, and pledge over the Holding Company's investments in related party, as explained in note 8.2. Rate of mark up applicable on this facility is three months KIBOR plus 100 basis points (as at December 31, 2020) (2019: Nil). The facility of the loan is six month.

25.3 During the year, a financing facility amounting to Rs. 25,000 (2019: Nil) was obtained by REL for meeting working capital requirements for the maximum period of 180 days which has been extended upto April 2021. The facility carries mark up at the rate ranging from one month KIBOR to 6 month KIBOR plus 1.25% per annum and is secured by way of registered hypothecation charge over stock-in-trade and trades debts of REL.

26. TRADE AND OTHER PAYABLES	**2020**	2019
	------------ (Rupees) ------------	
Creditors	**587,832**	707,695
Payable to related parties (note 26.1)	**122,158**	66,081
Accrued liabilities (note 26.2)	**139,522**	226,691
Due to Islamic Development Bank (note 26.3)	**25,969**	25,969
Payable to employees - staff retirement gratuity (notes 20.3)	**681**	255
Deposits (note 26.4)	**514**	514
Warranty provision (note 26.5)	**44,426**	37,946
Workers' profits participation fund (note 26.6)	**56,505**	54,034
Derivative liability (note 26.7)	**9,200**	826
Provision for tax	**-**	60,000
Withholding tax	**6,726**	2,995
Sales tax payable	**8,357**	39,789
Others	**3,888**	1,021
	1,005,778	1,223,816

26.1 This represents amounts due to following related parties:

Dawood Hercules Corporation Limited	**9,774**	2,895
The Dawood Foundation	**98**	378
Engro Energy Limited	**112,286**	62,808
	122,158	66,081

26.2 This includes amount due to Engro Energy Limited, a related party amounting to Rs. 42,665 (2019: Rs. 77,636).

26.3 This represents amount payable against the preference shares issued before amalgamation in the year 2004, by one of the merged entity to Islamic Development Bank with a right to redeem. The merged entity had served notice to the Bank for redemption before the scheme of amalgamation and redemption reserve had been created.

26.4 All deposits are interest free and are payable on demand. These amount include Rs. 346 (2019: Rs. 346) utilized as per the agreement with the respective parties. The balance is not kept in a separate bank account.

(Amounts in thousand)

	2020	2019
	(Rupees)	
26.5 Warranty obligation		
Opening balance	**37,946**	10,527
Add: Charge for the year (note 32)	**23,737**	35,048
Less: Utilization during the year	**(17,257)**	(7,629)
Closing balance	**44,426**	37,946

26.6 This represents workers' profits participation fund liability of TGL. TGL has also recognised corresponding asset being a pass-through item under EPA. The movement in workers' profits participation fund payable is as follows:

	2020	2019
	(Rupees)	
Balance at the beginning of the year	**54,034**	24,372
Allocation for the year	**56,505**	54,034
Interest on fund utilised in TGL's business	**5,032**	3,060
	115,571	81,466
Less: payment made during the year	**(59,066)**	(27,432)
Balance at the end of the year	**56,505**	54,034

26.7 REL has outstanding forward exchange contracts with banks for amounts aggregating to CNY 20,544 to manage exchange rate exposure on outstanding foreign currency payments under the terms of supplier credit. Under the aforementioned agreements, the Holding Company would pay respective rates agreed at the initiation of the agreement on settlement dates.

	2020	2019
	(Rupees)	
27. CONTRACT LIABILITIES		
Contract liabilities against energy projects denote:		
Progress billing	**2,847,786**	1,668,843
Less: Contract costs incurred plus recognised profits	**(2,439,245)**	(1,467,282)
	408,541	201,561
Advances from customers	**2,444**	29,416
	410,985	230,977
28. ACCRUED MARK-UP		
Mark-up on long-term borrowings	**125,538**	197,003
Mark-up on short-term borrowings	**22,480**	30,676
	148,018	227,679

29. CONTINGENCIES AND COMMITMENTS

Contingencies

29.1 The Holding Company

29.1.1 Expenses not allocated to dividend income (Tax years 2004, 2005 and transition year 2005)

The Additional Commissioner Inland Revenue (ACIR) in his order dated January 1, 2011, amended the amount of allocation of expenses from business income to capital gain and dividend income to Rs. 62,500 from the original allocation of Rs. 136,105. Total increase in incidence of tax was Rs. 25,762. The Holding Company filed an appeal where disallowances of Rs. 62,500 were upheld by Commissioner Inland Revenue Appeals [CIR(A)]. On July 30, 2013, the Company filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which decided the matter in favour of the Holding Company on December 18, 2018. On March 01, 2019 the department has filed a reference application before the Honourable High Court of Sindh for the allocation of common expenses which is pending adjudication.

29.1.2 Dividend income offset against business losses (Tax years 2008 and 2009)

Previously, the ACIR in his order dated May 6, 2014 had disallowed to set off dividend income against business losses for tax years 2008 and 2009 having a tax impact of Rs. 13,926. On March 29, 2013, an appeal was filed with the ATIR who decided the matter in favour of the Holding Company on December 18, 2018. On March 01, 2019, the ACIR has filed a reference application before the Honourable High Court of Sindh for the allocation of common expenses and minimum tax which is pending adjudication.

29.1.3 Assessment of annual tax return (Tax year 2014)

The income tax return of the Company was selected for tax audit by the department through computer ballot on October 27, 2015. The Holding Company submitted the relevant information requested after which the department issued a show cause notice to the Company on May 16, 2016 citing several factual and legal issues in the assessment for tax year 2014. The Holding Company subsequently challenged the aforementioned proceedings in the Sindh High Court (SHC) and obtained an interim stay.

During the tax year 2020, the SHC vacated the stay petition and decided the case in favour of the department upon which the DCIR through an order dated October 28, 2020 raised a demand of Rs. 421,567. The Holding Company filed an appeal before the CIR(A) on November 9, 2020 who passed an order dated January 14, 2021 in the Holding Company's favour and remanded back the case to the assessing officer on basis of legal grounds since the Holding Company was not provided the opportunity of being heard.The Holding Company is confident that the matter will be decided in its favour. Hence, no provision has been recognised in these consolidated financial statements.

29.1.4 Assessment of annual tax return (Tax years 2015 and 2016)

The assessment of annual tax return was initiated by the department on April 19, 2019, the Holding Company received a show cause notice from the ACIR citing several factual and legal issues in the assessment for tax years 2015 and 2016 in response to which the Holding Company submitted documentary evidence. On September 13, 2019, the ACIR issued orders against the Holding Company wherein a net tax demand of Rs 1,384 and Rs. 1,577 were raised in respect of tax years 2015 and 2016 respectively.

During October 2019, the Holding Company filed an appeal against the aforesaid orders with the CIR(A) who passed an order on November 29, 2019 confirming the impugned orders of the learned ACIR on the issue of minimum tax. In response, the Holding Company has filed an appeal before ATIR on December 10, 2019. Based on the opinion of the tax advisor, the Holding Company is confident that the matter will be decided in its favour. Hence, no provision has been recognised in these consolidated financial statements.

29.1.5 Assessment of annual tax return (Tax year 2017)

The Holding Company received an order from the Additional Commissioner Inland Revenue (ACIR) dated December 10, 2018 for Tax Year 2017 wherein a demand of Rs 43,726 was raised. The ACIR stated that the recovery of demand to the extent of Super Tax amounting to Rs 42,329 would not be pursued as per the direction of the Honourable Sindh High Court (SHC), whereas, the remaining balance demanded was adjusted against refunds of the tax year 2016. On December 24, 2018, the Holding Company filed an appeal against the order with the [CIR(A)] who passed an order on April 15, 2019 confirming the impugned orders of the ACIR. In response, the Holding Company has filed an appeal before the ATIR on May 28, 2019 which is pending for hearing.

Furthermore, the Holding Company had filed a constitutional petition before the SHC against the levy of super tax for tax year 2017 based on the contention that Super Tax, passed by a money bill through the Finance Act, 2015 and subsequently extended through the Finance Acts 2016 and 2017, was required to be approved by the Senate. The SHC had initialy granted an interim order in favour of the Holding Company. However, via its order dated July 21, 2020, the SHC has disposed off other cases involving the same matter in favor of the department. The Holding Company had already recognised a provision amounting to Rs. 37,342 in respect of the aforementioned order in previous year while the remaining amont has been recognised during the current year.

29.1.6 Sales tax audit (Tax Year 2017)

On April 23, 2020, the Holding Company received an order for tax year 2017 from the Assistant Commissioner Inland Revenue (ACIR) raising a demand of Rs. 87,492 including default surcharge and penalty amounting to Rs. 29,645 and Rs. 2,755 respectively. The order was raised primarily on account of taxability of supplies made by the Holding Company as exempt and related inadmissible input sales tax. The Holding Company filed an appeal on June 03, 2020 against the aforementioned order before the Commissioner Inland Revenue (Appeals) [CIR(A)] who, vide an order dated July 22, 2020, upheld the demand of the ACIR to the extent of Rs 112 on account of inadmissible input tax deduction and remanded back the remaining matters contained in the order to the ACIR for fresh consideration against which the department filed an appeal with ATIR which is pending for hearing.

29.1.7 Sales tax audit

Sales tax audit was initiated for the periods from July 2010 to June 2011 in which the Holding Company received an order dated May 22, 2014 from the Deputy Commissioner Inland Revenue (DCIR) raising an erroneous demand of Rs. 5,880. The order related mainly to inadmissible input taxes, non payment of sales tax on scrap scales and non-payment of withholding sales tax. The Holding Company filed an appeal against the order before the CIR(A) who upheld the demand of the DCIR. Subsequently, the Holding Company again filed an appeal before ATIR which has been remanded back to the department on May 15, 2019 to revisit the grounds on which demand order was issued.

29.1.8 Assessment of annual tax return (Tax year 2019)

On November 30, 2020, the Holding Compay received an order from the department relating to the recoverability of super tax for the tax year 2019 amounting to Rs. 12,779. The Holding Company has filed an appeal before CIR(A) which is pending for adjudication. Further, the Holding Company paid 50 percent of the tax demand amounting to Rs. 6,389 and has made a provision for the remaining amount in these consolidated financial statements.

29.1.9 Tax on undistributed profits

The Holding Company obtained a stay order from the Honourable High Court of Sindh (SHC) dated August 2, 2017 with regards to the amendment inserted through the Finance Act, 2017 relating to the taxation of undistributed profits as stated in section 5A of Income Tax Ordinance, 2001 (substituted through section 4(3) of the Finance Act, 2017]. The said interim order is still operating in favour of the Holding Company. Accordingly, no provision for tax on undistributed reserves has been recognised in these consolidated financial statements as the Holding Company, based on the opinion of its legal advisor, is confident that the matter will be decided in its favour.

29.1.10 Corporate guarantees issued in respect of subsidiaries

In respect of Tenaga Generasi Limited

The Holding Company has arranged a Stand-by Letter of Credit (SBLC) amounting to USD 10,000 in favour of the lenders of TGL. The said facility is secured by way of a first pari passu charge on immovable property and pledge over the Holding Company's investments in related party, as explained in note 8.2.

In respect of Reon Energy Limited

The Holding Company has provided corporate guarantee amounting to Rs. 300,000 to MCB Bank Limited to secure unfunded facility provided to REL for import/ purchase of plant, machinery, stores, and spares.

The Holding Company has also provided performance guarantee to a customer, relating to 1.6 Megawatt Solar Power Plant installed by REL for a period of 10 years starting from the installation of the plant.

During the year, the Holding Company has provided corporate guarantee amounting to Rs. 225,000 to Habib Metropolitan Bank Limited to secure an unfunded facility for REL.

In respect of Reon Alpha (Private) Limited

The Holding Company has provided a corporate guarantee amounting to Rs. 206,000 in favour of Faysal Bank Limited to secure the musharika financing facility of Reon Alpha (Private) Limited (RAPL) of Rs. 309,000. Furthermore, the Company has also pledged shares of RAPL as stated in note 8.2.

29.2 Tenaga Generasi Limited

29.2.1 Sales tax audit

On April 27, 2018, the Officer Inland Revenue (OCIR) through an order raised a sales tax demand of Rs. 97,283 along with a default surcharge arising due to inadmissibility of input sales tax credit related to civil works carried out on account of building and foundation of wind turbines. TGL filed an appeal before the CIRA on May 14, 2018 on the grounds that sales tax at 14% was paid on services for installation of wind project which is related to the core taxable activity for the business and is, therefore, admissible as per law. The appeal is pending for hearing. Simultaneously, on the application by TGL , the High Court of Sindh granted stay on May 28, 2018 against any recovery proceeding by the tax authorities. During February 2021, CIR (A) has passed an order confirming demand raised by tax officer. However, Management of TGL, based on the advice of its tax consultants, is confident of a favourable outcome of this matter from the Tribunal (ATIR). Accordingly, no provision has been recognized in this respect in these consolidated financial statements.

29.2.2 Assessment of annual tax return (Tax year 2016)

On December 28, 2017, TGL received an order in respect of Tax Year of 2016 from the Assistant Commissioner Inland Revenue (ACIR) amounting to Rs. 344,383 for alleged failure of TGL to deduct and deposit withholding tax amounting to Rs. 282,281 along with penalty and default surcharge of Rs. 33,874 and Rs. 28,228 respectively. TGL filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) on January 17, 2018, who remanded the case back to ACIR for fresh consideration on January 24, 2018. The ACIR after fresh consideration again raised a demand of Rs. 344,383 on April 17, 2018 against which TGL filed another appeal with CIRA on May 28, 2018. Simultaneously, on the application by TGL, the High Court of Sindh granted stay against any recovery proceedings by the tax authorities on June 21, 2018. On June 30, 2019, TGL received another order citing similar issues regarding monitoring of withholding taxes for the Tax Year 2017 wherein a demand of Rs. 516,302 was raised.

The department has raised demand on the above matter in case of multiple IPP’s. In the leading case on this matter the department has in principle agreed to concede on taxation of entire contract in Pakistan, provided arm’s length split of the two contracts is substantiated, to ensure that appropriate profits have been attributed and taxed in Pakistan in terms of relevant clauses of Double Tax Treaty between Pakistan and the country of tax residence of the contractor. The facts in both cases in respect of contractual structure of EPC arrangements executed with the same Contractor are similar. Without prejudice to the position of the Company on the taxability of the contract, as a matter of abundant caution, a provision of Rs. 60,000 had been recognised in the prior years. On June 15, 2020, CIR(A) remanded the case back to ACIR for fresh consideration for all tax years 2016, 2017 and 2018. The ACIR after fresh consideration again raised a demand of Rs. 59,943 for TY 2016 and Rs. 46 for TY 2018 on June 18, 2020. The order was based on the principle set out for the other IPPs of proration of goods and services. During the year the TGL has settled all of its liabilities related to the case.

29.3 Other contingencies - Bank Guarantees

The Group is contingently liable for bank guarantees amounting to Rs. 617,432 (December 31, 2019: Rs. 371,727) favouring the government and various other parties. These have been issued against mobilization advances and performance in respect of sale of goods and rendering of services for a tenure varying from three months to three years.

(Amounts in thousand)

29.4 Contingent liabilities - Associate

The Group's share of contingent liabilities of the associate (DHCL) amounts to Rs. 1,243,074 (2019: Rs. 1,170,434).

Commitments

29.5 The Holding Company

29.5.1 Commitments made to International Finance Corporation

The Holding Company is committed, as a Sponsor, to purchase shares of TGL from International Finance Corporation (IFC) on the exercise of put option by IFC under the Shareholders' Agreement entered into among the Holding Company, TGL and Dawood Corporation (Private) Limited as the shareholders of TGL under conditions (i) at any time during the period beginning on the seventh anniversary of the first subscription until Liquidity date; or (ii) in the event that TGL and the Holding Company breach any of the obligations set out in the shareholders' agreement.

	2020	2019
	------------ (Rupees) ------------	
29.6 Reon Energy Limited		
29.6.1 Commitments in respect of future purchases		
Reon Energy Limited (REL) has commitments in respect of:		
- Purchase orders	**423,602**	319,987
- Letter of credit	**279,766**	535,005
- Forward foreign exchange contracts	**506,780**	61,348
	1,210,148	916,340

30. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	2020	2019
Renewable and Alternate energy		
Timing of revenue recognition:		
- Over time (notes 30.1 to 30.3)	**6,388,041**	8,203,536
- At a point in time (notes 30.4)	**9,664**	16,538
	6,397,705	8,220,074
Less: Sales tax	**(770,980)**	(952,304)
	5,626,725	7,267,770
Textile		
- At a point in time	**6,103**	8,508
Less: Sales tax	**(886)**	(1,019)
	5,217	7,489
	5,631,942	7,275,259
Related to discontinued operations (note 38)	**(5,217)**	(7,489)
	5,626,725	7,267,770

30.1 This includes Rs. 1,986,197 (2019: Rs. 2,583,725) relating to projects in progress at reporting date.

30.2 Sales include revenue in respect of non-project missed revenue amounting to Rs. 3,570 (2019: Nil) which is under discussion with CPPA-G on account of dispute between K-Electric Limited and NPCC.

(Amounts in thousand)

30.3 This includes project revenue in respect of goods and rendering of services amounting to Rs. 1,974,553 and Rs. 43,798 (2019: Rs. 2,965,191 and Rs. 79,001) respectively.

30.4 This denotes income arising on trading solar equipment.

	2020	2019
	------------ (Rupees) ------------	
31. COST OF REVENUE		
Renewable energy		
Opening stock	**205,983**	99,721
Purchases and related expenses	**2,110,503**	3,106,744
Salaries and allowances	**60,815**	49,558
Contracted services	**187,907**	231,122
Depreciation (note 5.1.5)	**12,120**	-
Travelling expenses	**21,214**	29,380
Transportation and handling charges	**47,053**	43,721
Consultancy charges	**1,974**	65,666
Miscellaneous expenses	**17,078**	70,992
Provision for slow moving and obsolete items - net	**8,086**	4,048
Closing stock (note 12)	**(272,015)**	(205,983)
	2,400,718	3,494,969
Alternate energy		
Depreciation (note 5.1.5)	**720,454**	668,482
Depreciation on right of use assets (note 6.1)	**5,746**	5,743
Insurance	**33,309**	83,271
Travelling expenses	**1,678**	4,015
Fuel	**168**	475
Repair and maintenance	**239**	438
Operations and maintenance cost	**396,030**	375,887
Energy import charges	**6,681**	6,742
Others	**3,070**	4,338
	1,167,375	1,149,391
Textile - Finished goods		
Opening balance	**28,117**	36,103
Provision for slow moving and obsolete stores and spares and other adjustments - net	**2,506**	1,302
Donations / other expenses	**-**	-
Closing balance	**(22,706)**	(28,117)
	7,917	9,288
Related to discontinued operations (note 38).	**(7,917)**	(9,288)
	3,568,093	4,644,360

31.1 Cost of revenue of renewable energy includes Rs. 1,765,107 (2019: Rs. 2,047,026) relating to projects in progress at reporting date.

Notes to and Forming Part of the Consolidated Financial Statements

For the year ended December 31, 2020
(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
32.	**SELLING AND DISTRIBUTION EXPENSES**		
	Salaries and allowances (note 32.1)	**161,303**	161,380
	Depreciation on property, plant and equipment (note 5.1.5)	**4,440**	1,445
	Depreciation on right-of-use assets (note 6.1)	**7,284**	8,695
	Conveyance and travelling	**20,265**	27,192
	Fees and subscription	**19,264**	13,233
	Postage and telephone	**2,051**	2,626
	Electricity, gas and water	**791**	1,928
	Rent, rates and taxes (note 32.2)	**4,027**	5,490
	Printing and stationery	**513**	2,189
	Repairs and maintenance	**4,089**	5,121
	Freight and insurance	**1,301**	366
	Amortization (note 7.2.3)	**193**	-
	Advertisement	**13,846**	15,558
	Warranty obligation- net (note 26.5)	**23,737**	35,048
	Entertainment	**551**	2,803
	Miscellaneous	**2,493**	3,582
		266,148	286,656
	Related to discontinued operations (note 38)	**(17)**	(75)
		266,131	286,581

32.1 Salaries and allowances include Rs. 11,654 (2019: Rs. 9,379) in respect of staff retirement benefits.

32.2 This includes rentals paid under short-term leasing arrangements amounting to Rs. 4,027 (2019: 5,490).

		2020	2019
		------------ (Rupees) ------------	
33.	**ADMINISTRATIVE EXPENSES**		
	Salaries and allowances (note 33.1)	**179,441**	183,322
	Legal and professional	**16,868**	35,220
	Rent, rates and taxes (note 33.2)	**10,544**	6,910
	Electricity and gas	**12,586**	10,633
	Depreciation on property, plant and equipment (note 5.1.5)	**16,618**	12,994
	Depreciation on right-of-use of assets (note 6.1)	**15,695**	8,445
	Amortization (note 7.2.3)	**5,115**	412
	Printing and stationery	**907**	1,287
	Fees and subscription	**72,943**	46,018
	Insurance	**3,775**	1,868
	Conveyance and travelling	**4,803**	10,469
	Repairs and maintenance	**12,113**	11,604
	Postage and telephone	**5,391**	6,969
	Entertainment	**5,403**	8,595
	Provision for doubtful debts - net		
	Auditors' remuneration (note 33.3)	**12,259**	10,402
	Miscellaneous	**10,205**	5,665
		384,666	360,813
	Related to discontinued operations (note 38)	**(53,943)**	(49,613)
		330,723	311,200

(Amounts in thousand)

33.1 Salaries and allowances include Rs. 9,382 (2019: Rs. 8,177) in respect of staff retirement benefits.

33.2 This includes leases on low-value assets amounting to Rs. 915 (2019: Rs. 299).

	2020	2019
	(Rupees)	
33.3 Auditor's remuneration		
The aggregate amount charged in respect of auditors' remuneration is as follows:	**2,430**	2,097
- annual audit	**780**	722
- half yearly review	**1,531**	2,966
- certification and other advisory services	**220**	153
- consolidated financial statements	**5,975**	2,930
- taxation services	**75**	509
- other assurance services	**1,248**	1,025
Reimbursement of expenses	**12,259**	10,402

34. OTHER EXPENSES

	2020	2019
Impairment loss on property, plant and equipment (note 34.1)	**9,627**	-
Provision for impairment of stock-in-trade	**1,689**	1,806
Exchange loss	**8,156**	18,014
Impairment loss on trade debts	**3,543**	4,819
Impairment loss on contract assets	**22,459**	-
Provision for tax	**-**	30,925
Provision for sales tax refundable	**-**	4,778
Provision for compensation and dividend to NIT (note 34.2)	**-**	9,779
Others	**2,790**	4,949
	48,264	75,070

34.1 This impairment loss pertains to renewable energy segment of the Group.

34.2 The movement in provision for compensation and dividend to NIT is as follows:

	2020	2019
	(Rupees)	
National Investment (Unit) Trust (NIT)		
Opening balance	**7,360**	5,816
Add: Charge for the year (note 34.2.1)	**-**	9,779
Less: Payments during the year to Nazir High Court	**-**	(8,235)
Closing balance	**7,360**	7,360

34.2.1 In 1975, LWTM offered 130,520 right shares to NIT where the offer was accepted by NIT and acknowledged by LWTM. These events took place during the validity of the Consent Order dated January 2, 1976 issued by the Controller of Capital Issues. However, payment for the said shares was made by NIT after the expiry of the Consent Order based on which LWTM contended that it was no longer obliged to issue shares to NIT.

(Amounts in thousand)

On October 3, 1998 a decree was passed by the Sindh High Court (SHC) in favour of National Investment Trust Limited (NIT) wherein NIT was declared the owners of the right shares along with other consideration. The Company filed an appeal in the SHC which suspended the operation of the impugned order. In 2016, the Sindh High Court (SHC) decided the case in favour of National Investment (Unit) Trust (NIT) whereby the Company was ordered to release the unissued shares, bonus shares, dividend accrued and interest till the date of the Decree of the SHC. In 2018, NIT filed an Execution Application before the SHC for the Order passed by SHC, whereby NIT expressed a disagreement on the amount of dividend payable thereto as communicated to it by the Company.

On September 16, 2019, the Company received an Order from the SHC wherein it was directed to deposit Rs. 8,235 with the Nazir for onward payment to NIT as originally agreed between the two parties and to transfer the underlying 241,950 shares of Dawood Cotton Mills Limited to NIT. The Company obtained a correction in this Order from the SHC wherein the name of DCML was changed to Dawood Lawrencepur Limited and the word "transfer" of shares was changed to "issue" thereof. Moreover, the Company obtained a concurrence of the SECP upon the matter that the issue of aforesaid shares by the Company to NIT in terms of the Order of the SHC dated October 3, 1998 did not attract applicability of section 83 of the Companies Act, 2017 and was, hence, allowed to proceed with the share issue in terms of section 344 thereof. During the year in compliance with the order of SHC, Company has issued 241,950 shares as stated in note 19.2.4 to these financial statements.

The Company has estimated the total provision in respect of mark-up and dividend payments due to NIT to be Rs. 15,595 out of which the Company has deposited Rs. 8,235 with the Nazir of High Court pursuant to the Court Order for onward payment to NIT. The Company anticipates that the remaining provision amounting to Rs. 7,360 maintained in these consolidated financial statements is sufficient to meet the remaining obligation of the Company in respect of this matter.

35. OTHER INCOME

	2020	2019
	------------ (Rupees) ------------	
Income from financial assets		
Dividend income on investments in units of mutual funds	**-**	310
Profit on deposits	**19,043**	20,725
Gain on investments in units of mutual funds	**1,186**	22
Interest income on short-term investments	**12,188**	15,418
	32,417	36,475
Income from non-financial assets and others		
Royalty income	**14,312**	15,420
Gain on disposal of leased asset	**1,369**	-
Insurance claim received	**-**	519
Income from other consultancy services	**-**	3,216
Amortisation of deferred government grant (note 23.5)	**3,586**	
Rental income	**24,930**	19,262
Gain on disposal of property, plant and equipment	**195**	17
Others	**17,983**	4,911
	62,375	43,345
	94,792	79,820
Related to discontinued operations (note 38)	**(34,056)**	(16,819)
	60,736	63,001

(Amounts in thousand)

		2020	2019
		------------ (Rupees) ------------	
36.	**FINANCE COST**		
	Mark-up on long-term borrowings	**720,770**	894,014
	Amortisation of transaction cost (note 23.6)	**28,970**	28,935
	Interest on WPPF liability	**5,032**	3,060
	Interest expense on lease liability	**19,181**	16,905
	Mark-up on short-term borrowings	**115,653**	110,893
	Other financial and bank charges	**85,100**	58,064
		974,706	1,111,871
	Less: Delayed payment charges of overdue trade debts	**(274,648)**	(164,618)
		700,058	947,253
37.	**TAXATION**		
	Current		
	- for the year (notes 37.1 & 37.2)	**154,169**	265,751
	- for prior year - net (note 37.3)	**17,766**	(15,977)
		171,935	249,774
	Deferred	**16,701**	(144,757)
		188,636	105,017

37.1 The income of TGL and RAPL being derived from Electric Power Generation Project is exempt from the levy of tax under clause 132 of the Second Schedule to the Income Tax Ordinance, 2001. The income is also exempt from minimum tax on turnover under clause 11 A of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

37.2 This includes minimum tax amounting to Rs. 41,191 (2019: Rs. 63,220) charged under section 113 of the Income Tax Ordinance, 2001 on REL's turnover for the year and final tax charged on dividend income of the Holding Company.

37.3 Prior year tax charge includes 'Super Tax for rehabilitation of temporary displaced persons' at the rate of 3% and 2% on specified income for the tax year 2017 and 2019 levied through the Finance Act, 2018 and Finance Act, 2019 respectively.

37.4 Relationship between tax expense and accounting profit

	2020	2019
	------------ (Rupees) ------------	
Relationship between tax expense and accounting profit		
Profit for the year before taxation	**1,979,207**	1,946,876
Tax at the applicable tax rates of 29% (2019: 29%)	**573,970**	564,594
Prior year tax	**17,766**	(15,977)
Tax effect of:		
- exempt income	**(353,106)**	(329,054)
- turnover tax	**41,191**	60,539
- unrecognised tax losses	**56,871**	10,054
- share of profit on associate	**(276,354)**	(348,735)
Tax chargeable at lower rate of tax	**105,208**	198,773
Recoupment of losses	**-**	(12,211)
Effect of income and expenses not chargeable to tax	**23,090**	(22,966)
	188,636	105,017

38. LOSS FROM DISCONTINUED OPERATIONS

	2020	2019
	------------ (Rupees) ------------	
Revenue - net (note 30)	**5,217**	7,489
Cost of revenue (note 31)	**(7,917)**	(9,288)
Gross loss	**(2,700)**	(1,799)
Selling and distribution expenses (note 32)	**(17)**	(75)
Administrative expenses (note 33)	**(53,943)**	(49,613)
Other income (note 34)	**34,056**	16,819
Net loss from discontinued operations	**(22,604)**	(34,668)

39. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

39.1 Continuing operations

	2020	2019 Restated
	------------ (Rupees) ------------	
Profit for the year (attributable to the owners of the Holding Company)	**1,531,146**	1,606,490
Weighted average number of ordinary shares (in thousands)	**59,298**	59,293
Earnings per share (Rupees)	**25.82**	27.09

39.2 Discontinued operations

	2020	2019 Restated
Loss for the year (attributable to the owners of the Holding Company)	**(22,604)**	(34,668)
Weighted average number of ordinary shares (in thousands)	**59,298**	59,293
Loss per share (Rupees)	**(0.38)**	(0.58)

(Amounts in thousand)

40. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

40.1 The aggregate amounts charged during the year in respect of remuneration, including all benefits, to the chief executive, directors of the Holding Company and executives of the Group are as follows:

	2020			2019		
	Directors			Directors		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	(Rupees)			(Rupees)		
Managerial remuneration	**16,227**	**-**	**132,737**	15,616	-	113,707
Bonus	**6,615**	**-**	**21,344**	-	-	2,126
House rent allowance	**-**	**-**	**778**	-	-	818
Medical allowance	**761**	**-**	**6,026**	740	-	5,536
Utilities	**-**	**-**	**173**	-	-	195
Fuel allowance	**83**	**-**	**3,140**	49	-	1,043
Vehicle maintenance allowance	**-**	**-**	**21,899**	-	-	20,013
Retirement benefits	**-**	**-**	**1,023**	-	-	780
Fees	**-**	**2,350**	**1,550**	-	2,050	1,100
Other benefits	**1,005**	**-**	**12,382**	288	-	8,626
Total	**24,691**	**2,350**	**201,052**	16,693	2,050	153,945
Number of persons, including those who worked part of the year	**1**	**7**	**65**	1	6	49

	2020	2019
	(Rupees)	
41. FINANCIAL INSTRUMENTS BY CATEGORY		
41.1 Financial assets as per statement of financial position		
Financial assets at fair value through profit or loss		
Long-term investments	**13,886**	12,700
Financial assets at fair value through other comprehensive income		
Long-term investments	**15**	15
Financial assets at amortized cost		
Long-term deposits	**2,778**	2,778
Trade debts	**2,896,123**	2,794,097
Loans to employees	**16,113**	10,149
Deposits and other receivables	**830,363**	462,195
Accrued interest	**7,369**	15,074
Short-term investments	**96,024**	419,964
Cash and bank balances	**689,185**	422,336
	4,537,955	4,126,593
41.2 Financial liabilities as per statement of financial position		
At amortized cost		
Long-term borrowings	**9,107,462**	9,831,431
Short-term borrowings	**992,745**	811,656
Trade and other payables	**880,564**	1,082,179
Lease liabilities	**139,133**	152,675
Accrued mark-up	**148,018**	227,679
	11,267,922	12,105,620
At fair value through profit or loss		
Derivative liability	**9,200**	826

(Amounts in thousand)

42. FAIR VALUE MEASUREMENT

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. Consequently, differences can arise between carrying values and the fair value estimates.

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.

Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group to classify assets 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:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data.

The Holding Company held the following assets measured at fair values:

	As at December 31, 2020			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
Non-current assets				
Financial assets at fair value through profit or loss				
- Long-term investments (investments in units of mutual funds)	**-**	**13,886**	**-**	**13,886**
Financial assets at fair value through other comprehensive income				
- Long-term investments (investments in unquoted equity shares)	**-**	**-**	**15**	**15**
Current liability				
Financial liability at fair value through profit or loss				
- Derivative financial liability	**-**	**9,200**	**-**	**9,200**
	-	**23,086**	**15**	**23,101**

	As at December 31, 2019			
	Level 1	Level 2	Level 3	Level 4
	(Rupees)			
Non-current assets				
Financial assets at fair value through profit or loss				
- Long-term investments (investments in units of mutual funds)	-	12,700	-	12,700
Financial assets at fair value through other comprehensive income	-	-	15	15
- Long-term investments (investments in unquoted equity shares)				
Current liability				
Financial liability at fair value through profit or loss				
- Derivative financial liability	-	826	-	826
	-	13,526	15	13,541

As at December 31, 2020 and 2019, the carrying values of the remaining assets and liabilities of the Group reflected in these consolidated financial statements approximate their fair values.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's risk management program focuses on unpredictability of the financial markets for having cost effective funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to the shareholders. Risk management is carried out by the Holding Company's finance department under the policies approved by the Holding Company's Board of Directors of the Holding Company.

43.1 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. It comprises the following risks:

i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group primarily deals in local sales and does not have any foreign currency exports or foreign debtors. The Group's exposure to currency risk in the alternate energy business, resulting primarily from outstanding foreign currency borrowings and the related interest payments is limited as the fluctuation in foreign exchange risks are recovered through adjustment in tariff as per the Energy Purchase Agreement. The Group's exposure in the renewable energy segment arises due to import of goods from foreign suppliers against which the Group has obtained a forward cover as detailed in note 26.7. The Group's exposure to currency risks in other businesses is immaterial.

ii) Interest rate risk

Interest rate risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Group analyses its interest rate exposure on a regular basis by monitoring existing facilities against prevailing market interest rates and taking into account various other financing options available. For borrowing at variable rates, the rates are determined in advance for stipulated periods with reference to KIBOR and LIBOR.

The Group's interest rate risk arises from interest bearing financial assets namely certain trade receivables and short-term and long-term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk. The Group's exposure to interest rate risk on long-term borrowings for the alternate energy business is limited as the unfavourable fluctuation in interest rate of long-term borrowings are recovered through adjustment in tariff as per the Energy Purchase Agreement. At December 31, 2020, if interest rates on the Group's short-term borrowings, long-term borrowings of renewable energy business and trade receivables had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been higher / lower by Rs. 5,490 (2019: higher / lower by Rs. 2,738).

The Group also maintains balances with banks in local and foreign currency deposit accounts that are interest bearing which expose it to fair value interest rate risk which is not expected to be material.

(Amounts in thousand)

iii) Other price risk

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is exposed to price risk mainly on account of investments held in units of mutual funds the rates of which are based on the rates announced by the issuer on the Mutual Funds Association of Pakistan. As at December 31, 2020, in case of a 1% increase / decrease in applicable net assets value of the mutual fund units with all other factors constant, the post tax profit for the year would have been higher / lower by Rs. 139 (2019: Rs. 127).

43.2 Credit risk

Credit risk represents the risk of financial loss being caused if counter parties fail to discharge their obligations.

Credit risk arises from deposits with banks and financial institutions, contract assets, trade debts, loans, deposits and other receivables. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The carrying value of financial assets, exposed to credit risk, which are neither past due nor impaired are as follows:

	2020	2019
	------------ (Rupees) ------------	
Long-term investments	**13,901**	12,715
Long-term deposits	**2,778**	2,778
Trade debts	**620,030**	765,757
Loans to employees	**16,113**	10,149
Deposits and other receivables	**739,821**	445,796
Interest accrued	**7,369**	15,074
Short-term investments	**96,024**	419,964
Bank balances	**688,811**	421,938
	2,184,847	2,094,171

Balances with banks and investments in units of mutual fund

As at December 31, 2020, the Group has balances with banks amounting to Rs. 688,811 (2019: Rs. 421,938). The credit risk arising on these as well as on investments in units of National Investment (Unit) Trust (being managed by National Investment Trust Limited) is limited as these denote depositories / investee entity having reasonably high credit ratings the analysis of which is given below:

Asset Management Company* / Bank		2020	
	Rating agency	Short-term	Long-term
Bank AL Habib Limited	PACRA	A-1+	AA+
Habib Bank Limited	JCR - VIS	A-1+	AAA
MCB Bank Limited	PACRA	A-1+	AAA
Faysal Bank Limited	PACRA	A-1+	AA
National Bank of Pakistan	JCR - VIS	A-1+	AAA
Citibank N.A.	MOODY'S	P-1	Aa3
Standard Chartered Bank (Pakistan) Limited	PACRA	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+
Al Baraka Bank Limited	JCR - VIS	A-1	AA+
JS Bank	PACRA	A-1+	A+
National Investment Trust Limited*	PACRA	-	AM2++

		2019	
Asset Management Company* / Bank	Rating agency	Short-term	Long-term
Bank AL Habib Limited	PACRA	A1+	AA+
Habib Bank Limited	VIS	A-1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
National Bank of Pakistan	VIS	A-1+	AAA
Citibank N.A.	MOODY'S	P-1	Aa3
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
National Investment Trust Limited*	PACRA	-	AM2++

Trade debts and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts and contract assets.

To measure the expected credit losses, trade debts and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debts for the same types of contracts. The Group has, therefore, concluded that the expected loss rates for trade debts are a reasonable approximation of the loss rates for the contract assets.

Other financial assets

The remaining financial assets of the Group are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses the effects of which were immaterial. These instruments were considered to be low credit risk since these had a low risk of default or were backed by adequate securities.

(Amounts in thousand)

43.3 Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with its financial liabilities. The Group's liquidity management involves projecting cash flows and consider the level of liquid funds necessary to meet these, monitoring balance sheet liquidity ratios against external regulatory requirements and maintaining debt financing plans. These objectives are achieved by maintaining sufficient cash and readily marketable securities and availability of funding through committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity dates. The amounts disclosed in the table are the undiscounted contractual cash flows.

	2020			2019		
	Maturity upto one year	**Maturity after one year**	**Total**	Maturity upto one year	Maturity after one year	Total
	(Rupees)					
Financial liabilities						
Long-term borrowings	**1,334,629**	**8,112,221**	**9,446,850**	1,178,307	9,143,139	10,321,446
Lease liabilities	**30,913**	**111,776**	**142,689**	30,886	130,272	161,158
Short-term borrowings	**992,745**	**-**	**992,745**	811,656	-	811,656
Trade and other payables	**889,764**	**-**	**889,764**	1,083,005	-	1,083,005
Accrued mark-up	**148,018**	**-**	**148,018**	227,679	-	227,679
	3,396,069	**8,223,997**	**11,620,066**	3,331,533	9,273,411	12,604,944

44. CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital, i.e. its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares.

The Group manages its capital by maintaining gearing ratio at certain level. The ratio is calculated as net debt (total debt less cash and bank balances) divided by total capital. Total capital is calculated as 'equity' in the consolidated statement of financial position plus net debt. The gearing ratio as at December 31 is as follows:

	2020	2019
	(Rupees)	
Long-term borrowings	**9,107,462**	9,831,431
Short-term borrowings	**992,745**	811,656
Cash and bank balances	**(689,185)**	(422,336)
Net debt	**9,411,022**	10,220,751
Equity	**15,651,174**	14,102,954
Total capital	**25,062,196**	24,323,705
Gearing ratio	**0.376**	0.420

The Group finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.

(Amounts in thousand)

45. SEGMENT REPORTING

45.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for the allocation of resources and the assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

- Renewable energy solutions - This includes business of trading and construction of renewable energy projects, mainly solar to commercial and industrial consumers;
- Textile - This was legacy business of the Group and has been discontinued in prior years;
- Alternate Energy - This part of business represents power generation and sale of electricity in Pakistan using wind energy; and
- Other operations - It mainly includes management of investment in associates by the Holding Company.

Management monitors the operating results of the above mentioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on the operating profit or loss which in certain respects, as explained in table below, is measured differently from the profit and loss in the consolidated financial statements. Segment results and assets include items directly attributable to a segment.

45.2 Segment analysis is as under:

	Renewable energy		Textile - discontinued operations		Alternate Energy		Other operations		Total	
	(Rupees)									
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
Revenue from contract with customers - net										
Timing of revenue recognition										
- At a point in time	**9,642**	16,538	**5,217**	7,489	**-**	-	**-**	-	**14,859**	24,027
- Over time	**2,648,055**	4,019,427	**-**	-	**2,969,028**	3,231,805	**-**		**5,617,083**	7,251,232
	2,657,697	4,035,965	**5,217**	7,489	**2,969,028**	3,231,805	**-**	-	**5,631,942**	7,275,259
Cost of revenue	**(2,400,717)**	(3,494,969)	**(7,917)**	(9,288)	**(1,167,376)**	(1,149,391)	**-**	-	**(3,576,010)**	(4,653,648)
Segment gross profit / (loss)	**256,980**	540,996	**(2,700)**	(1,799)	**1,801,652**	2,082,414	**-**	-	**2,055,932**	2,621,611
Selling and distribution expenses	**(266,131)**	(286,581)	**(17)**	(75)	**-**	-	**-**	-	**(266,148)**	(286,656)
Administrative expenses	**(195,660)**	(178,418)	**(53,943)**	(49,613)	**(83,030)**	(96,832)	**(52,033)**	(35,974)	**(384,666)**	(360,837)
Other expenses	**(47,672)**	(31,550)	**-**	-	**(592)**	(33,717)	**-**	(9,779)	**(48,264)**	(75,046)
Other income	**24,731**	28,286	**34,056**	16,819	**16,909**	13,371	**19,096**	21,344	**94,792**	79,820
Finance cost	**(63,329)**	(23,185)	**-**	-	**(542,630)**	(830,568)	**(94,099)**	(93,500)	**(700,058)**	(947,253)
Share of profit from associate	**-**	-	**-**	-	**-**	-	**1,227,619**	915,237	**1,227,619**	915,237
Taxation	**21,043**	19,678	**-**	-	**(1,987)**	-	**(207,692)**	(124,695)	**(188,636)**	(105,017)
Segment net profit	**(270,037)**	69,226	**(22,604)**	(34,668)	**1,190,322**	1,134,668	**892,891**	672,633	**1,790,571**	1,841,859

(Amounts in thousand)

	Renewable energy		Textile - discontinued operations		Alternate Energy		Other operations		Total	
	(Rupees)									
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Segment assets										
Property, plant and equipment	516,900	436,345	9,079	14,429	11,959,436	12,406,104	8,469	11,232	12,493,884	12,868,110
Right-of-use assets	24,796	42,520	-	-	91,893	97,640	-	-	116,689	140,160
Intangible assets	18,332	1,695	-	-	-	-	22,861	22,890	41,193	24,585
Long-term investments	-	-	-	-	-	-	10,909,397	10,377,169	10,909,397	10,377,169
Long-term deposits	-	-	2,778	2,778	-	-	-	-	2,778	2,778
Long-term loans	95	689	-	-	-	-	-	-	95	689
Stores and spares	-	-	892	892	-	-	-	-	892	892
Stock-in-trade	226,688	168,312	15,164	23,081	-	-	-	-	241,852	191,393
Trade debts	397,411	534,180	-	-	2,498,712	2,259,917	-	-	2,896,123	2,794,097
Contract assets	324,240	159,240	-	-	-	-	-	-	324,240	159,240
Loans and advances	53,879	31,140	635	201	816	938	-	-	55,330	32,279
Deposits, prepayments and other receivables	316,862	201,386	-	26,660	720,131	383,448	38,141	3,274	1,075,134	614,768
Interest accrued	2,146	5,297	-	-	5,223	9,777	-	-	7,369	15,074
Taxes recoverable	125,224	68,443	-	-	5,803	4,385	(270)	21,605	130,757	94,433
Short-term investments	96,024	419,964	-	-	-	-	-	-	96,024	419,964
Cash and bank balances	170,679	55,181	-	-	488,776	360,790	29,730	6,365	689,185	422,336
Total segment assets	2,273,276	2,124,392	28,548	68,041	15,770,790	15,522,999	11,008,328	10,442,535	29,080,942	28,157,967
Segment liabilities										
Long-term borrowings	422,053	297,802	-	-	8,685,409	9,533,629	-	-	9,107,462	9,831,431
Staff retirement benefits	56,381	39,916	-	-	1,439	1,101	2,755	1,477	60,575	42,494
Deferred grant	8,425	-	-	-	-	-	-	-	8,425	-
Lease liabilities	30,518	46,836			108,615	105,839	-	-	139,133	152,675
Deferred taxation	-	-	-	-	-	-	1,478,980	1,461,558	1,478,980	1,461,558
Short-term borrowings	292,950	259,311	-	-	-	-	699,795	552,345	992,745	811,656
Unclaimed dividend	-	-	-	-	-	-	70,307	46,806	70,307	46,806
Unpaid dividend	-	-	-	-	-	-	-	18,561	-	18,561
Contract liabilities	410,985	230,977	-	-	-	-	-	-	410,985	230,977
Provision	-	-	-	-	-	-	7,360	7,360	7,360	7,360
Trade and other payables	651,621	818,252	5,937	3,244	311,838	366,976	36,382	35,344	1,005,778	1,223,816
Accrued mark-up	7,737	3,913	-	-	123,762	196,213	16,519	27,553	148,018	227,679
Total segment liabilities	1,880,670	1,697,007	5,937	3,244	9,231,063	10,203,759	2,312,098	2,151,004	13,429,768	14,055,013

45.3 Included in the overtime revenue recognised of Rs. 5,626,747 (2019: Rs. 7,521,232) is revenue of approximately Rs. 1,289,284 (2019: Rs. 3,106,695) from energy projects and Rs. 2,969,028 (2019: Rs. 3,231,805) from supply of electricity which arose from sales to the Group's major customers. No other single customer contributed 10% or more to Group's revenue. The breakup of major customers is as follows:

	2020	2019
	(Rupees)	
Central Power Purchasing Agency (Guarantee) Limited	**2,969,028**	3,231,805
Fauji Cement Company Limited	**17,343**	973,737
Enfrashare (Private) Limited	**1,211,272**	953,057
ENI New Energy Pakistan (Private) Limited	**60,669**	1,179,901
	4,258,312	6,338,500

45.4 The revenue from alternate energy comprises sale to only one customer i.e. the Central Power Purchasing Agency (CPPA).

(Amounts in thousand)

46. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

46.1 The Group in the normal course of business carries out transactions with various related parties. Related parties comprise of subsidiary companies, associated companies and undertakings, directors, key management personnel, retirement benefit funds and others. Amounts due from and to other related parties, directors, retirement benefit fund and key management personnel are shown under respective notes. Transaction with related parties are carried out at agreed terms. Remuneration of directors and key management personnel is disclosed in note 40 and is as per their terms of employment.

46.2 Following are the names of associated companies, related parties or undertakings with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related parties	Percentage of shareholding into the Holding Company	Relationship
Dawood Corporation (Private) Limited	48.93%	Major shareholder
The Dawood Foundation	5.02%	Common directorship
Cyan Limited	5.00%	Common directorship
Dawood Industries Limited	0.83%	Common directorship
Sach International (Private) Limited	0.01%	Associated company
Patek (Private) Limited	6.26%	Associated company
Dawood Hercules Corporation Limited	N/A	Associate
International Finance Corporation	N/A	Other related party with holding in TGL
Engro Energy Limited	N/A	Associated company
Enfrashare (Private) Limited	N/A	Associated company
Engro Fertilizers Limited	N/A	Associated company
Shahid Hamid Pracha	0.00%	Director
Hussain Dawood	8.58%	Holding Company's Sponsor
Kulsum Dawood	1.05%	Sponsor’s Family member
Shahzada Dawood	1.77%	Holding Company's Sponsor / Director
Abdul Samad Dawood	1.14%	Sponsor’s Family member
Ayesha Dawood	0.05%	Sponsor’s Family member
Azmeh Dawood	2.01%	Sponsor’s Family member
Shafiq Ahmed	0.00%	Director
Hasan Raza ur Rahim	0.00%	Director
Shabbir Hussain Hashmi	0.00%	Director
Zamin Zaidi	0.00%	Director
Sabrina Dawood	1.96%	Director
Mujtaba Haider Khan	0.00%	Key management personnel
Staff Retirement Benefit - Gratuity	N/A	Post employment benefits
Jahangir Piracha	N/A	Director of group company
Javed Akbar	N/A	Director of group company
Inam Ur Rahman	N/A	Key management personnel
Muhammad Saad Faridi	N/A	Key management personnel
Hafeez Ur Rehman	N/A	Key management personnel
Imran Chagani	N/A	Key management personnel

(Amounts in thousand)

46.3 Balances with related parties have been disclosed in the respective notes to these consolidated financial statements. Details of transactions with related parties, other than those disclosed elsewhere in these consolidated financial statements, are as follows:

Relationship	Nature of business	2020	2019
		------------ (Rupees) ------------	
Associated companies			
Dawood Hercules Corporation Limited	Expenses reimbursable by the Group	**21,246**	12,243
	Expenses reimbursable to the Group	**2,222**	1,762
	Dividend income	**701,387**	1,324,842
Sach International (Private) Limited	Expenses reimbursable to the Group	**329**	359
	Royalty charged	**14,312**	15,420
	Rental income	**660**	625
	Penalty charged	**2,389**	1,633
The Dawood Foundation	Rental charges	**476**	180
	Expenses reimbursable by the Group	**22,578**	8,335
	Sale of goods by the Group	**7,217**	-
	Issue of security deposit	**1,550**	-
Engro Fertilizers Limited	Rental income	**5,336**	1,632
	Expenses reimbursable by the Group	**-**	347
Engro Energy Limited	Project revenue	**94,703**	149
	Delayed payment Interest	**9,064**	1,202
	Extra work (reimbursement)	**15,302**	18,655
	Operation and maintenance cost	**380,729**	357,231
Enfrashare (Private) Limited	Project revenue	**1,211,272**	953,057
Other related parties			
International Finance Corporation	Borrowing cost charged to the Group	**118,209**	153,432
	Loan repayment	**321,369**	286,205
	Supervision fees	**4,269**	4,277
	Accrued mark-up	**31,504**	47,466
Key management personnel	Purchase of inventory	**-**	5
	Salaries and other benefits	**17,132**	16,528

46.4 During the year, the Holding Company paid dividends to its directors / sponsors amounting to Rs. 39,277 (2019: Rs. 103,907).

46.5 Following is the name of an associated company incorporated outside Pakistan with whom TGL had entered into transaction or had agreements and arrangements in place during the year:

Name of party	Country of incorporation	Relationship	Holding in the subsidiary
International Finance Corporation	United States of America	Associated company / Lender	25%

(Amounts in thousand)

46.6 Transactions with related parties are carried out on commercial terms and conditions.

The related party status of outstanding balances as at December 31, 2020 and 2019 are disclosed in the respective notes.

	2020	2019
	------ (MWh) ------	
47. CAPACITY AND PRODUCTION		
Renewable energy		
Maximum generation possible (note 47.1)	**8,332**	-
Net electrical output	**4,033**	-
Alternate energy		
Maximum generation possible (note 47.2)	**154,910**	154,910
Net electrical output	**112,626**	126,540

47.1 Maximum generation possible is based on electrical output at CUF 19%. Output produced by the plant is dependent on the location and higher solar isolation yield.

47.2 Maximum generation possible is based on electrical output at P-50 level. Output produced by the plant is dependent on the load demanded by NTDC, wind speed and the plant availability.

	2020	2019
48. NUMBER OF EMPLOYEES		
Total number of management employees as at December 31	**138**	134
Average number of employees during the year	**136**	120

	2020	2019
49. CASH AND CASH EQUIVALENTS	------------ (Rupees) ------------	
Cash and bank balances (note 18)	**689,185**	422,336
Short-term borrowings	**(967,745)**	(811,656)
	(278,560)	(389,320)

50. SEASONALITY OF OPERATIONS

The energy generation of TGL is subject to seasonal fluctuations because of weather conditions in the region. Energy generation is at peak during the high wind season, which primarily occurs between April to August. In the remaining period, TGL gets generally lower wind potential.

(Amounts in thousand)

51. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever considered necessary, for the purpose of comparison and better presentation the effects of which are not material.

52. NON-ADJUSTING EVENT AFTER REPORTING DATE

52.1 The Board of Directors in its meeting held March 3, 2021 has proposed a final cash dividend of Rs. Nil (2019: cash dividend of Rs. Nil) per share for the year ended December 31, 2020 amounting to Rs. Nil (2019: Rs. Nil), for approval of the members at the Annual General Meeting to be held on April 29, 2021 . This is in addition to an interim cash dividend of Rs. 4 (the quarter ended June 30, 2020) (2019: Rs. 4 for the quarter ended March 31, 2019 and Rs. 3 per share for the quarter ended June 30, 2019) resulting in a total dividend of Rs. 4 per share for the year 2020 (2019: Rs. 7 per share).

52.2 The Compensation Committee of REL in its meeting held on January 18, 2021 recommended to offer 2,454,730 share options to its 33 eligible employees, which has been approved by the Board of Directors of REL in its meeting held on February 17, 2021.

53. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on March 3, 2021 by the Board of Directors of the Holding Company.

54. GENERAL

Figures have been rounded off to the nearest thousand Rupees unless otherwise stated.

Mujtaba Haider Khan	Shahid Hamid Pracha	Muhammad Saad Faridi
Chief Executive Officer	Director	Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

Size of Holding Rs. 10 Shares		Number of Shareholders	Total Shares Held
1	100	2760.00	112,881
101	500	1680.00	421,433
501	1000	460.00	340,603
1001	5000	554.00	1,258,893
5001	10000	75.00	520,343
10001	15000	30.00	357,641
15001	20000	16.00	267,554
20001	25000	7.00	157,927
25001	30000	3.00	87,227
30001	35000	2.00	63,445
35001	40000	1.00	37,378
40001	45000	3.00	127,537
45001	50000	3.00	148,710
80001	85000	1.00	84,630
85001	90000	1.00	86,600
100001	105000	1.00	101,802
120001	125000	1.00	122,200
125001	130000	1.00	129,500
140001	145000	1.00	142,100
195001	200000	1.00	200,000
345001	350000	1.00	350,000
490001	495000	1.00	494,921
515001	520000	1.00	517,545
555001	560000	1.00	556,639
615001	620000	1.00	620,000
675001	680000	1.00	677,177
715001	720000	1.00	719,808
1045001	1050000	1.00	1,046,843
1080001	1085000	1.00	1,081,357
1160001	1165000	1.00	1,160,396
1175001	1180000	2.00	2,353,492
1185001	1190000	1.00	1,189,597
2965001	2970000	1.00	2,965,095
2975001	2980000	1.00	2,979,324
3710001	3715000	1.00	3,713,984
5085001	5090000	1.00	5,088,605
29015001	29020000	1.00	29,016,622
		5,619	**59,299,809**

PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2020

Catagory of Shareholders	Number of Shareholders	Number of Shares Held	Percentage
Directors, CEO and their spouse and minor children	8	2,213,772	3.73%
Associated companies, undertakings and related parties	6	39,173,722	66.06%
Investment Corporation of Pakistan	8	804	*
Banks, Development Financial Institutions, Non-Banking Financial Institutions	28	145,583	0.25%
Insurance Companies	4	557,415	0.94%
Modarabas and Mutual Funds	2	567,545	0.96%
Shareholders holding 10% or more	1	29,016,622	48.93%
General Public			
Residents	5,014	11,929,339	20.12%
Non-residents	25	27,425	0.05%
Others			
Foreign Companies	5	4,296,757	7.25%
Others	519	387,447	0.65%
Total (Excluding: Shareholder holding 10% or more)	**5,619**	**59,299,809**	**100.00%**

* Negligible

PATTERN OF SHAREHOLDING
AS AT DECEMBER 31, 2020

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies, undertakings and related parties		
Sach International (Pvt.) Ltd.	1	3,776
Dawood Industries (Pvt.) Ltd.	1	494,921
Patek (Pvt.) Ltd.	1	3,713,984
Dawood Corporation (Pvt.) Ltd.	1	29,016,622
Cyan Limited	1	2,965,095
Dawood Foundation	1	2,979,324
Mutual Funds		
CDC - Trustee National Investment (Unit) Trust	1	517,545
CDC - Trustee Golden Arrow Stock Fund	1	50,000
Directors and their spouses and minor children		
Mr. Shahid Hamid Pracha	1	1,000
Mr. Shahzada Dawood	1	1,046,843
Ms. Sabrina Dawood	1	1,160,396
Mr. Shafiq Ahmed	1	1,154
Mr. Hasan Reza ur Rahim	1	1,079
Mr. Shabbir Hussain Hashmi	1	1,150
Mr. Zamin Zaidi	1	1,000
Mr. Mujtaba Haider Khan	1	1,150
Executives	-	-
Public Sector Companies & Corporation	14	597,624
Banks, DFIs, NBFIs, Insurance Companies Takaful, Modarabas & Pension Funds	28	108,787
Shareholders holding five percent or more voting rights		
Dawood Corporation (Pvt.) Ltd.	1	29,016,622
Hussain Dawood	1	5,088,605
Patek (Pvt.) Ltd.	1	3,713,984
Dawood Foundation	1	2,979,324
Cyan Limited	1	2,965,095

ہوا کی توانائی کے منصوبے (Wind Energy Project)

ہوا کی توانائی کے منصوبے کو ابھی بھی گردشی قرض اور اُس کی ادائیگی کے شدید اثرات کا سامنا ہے کیونکہ حکومت نے قابل ادا واجبات کی ادائیگی پر سختی سے پابندی لگا دی ہے اور اب ان واجبات کو سات ماہ ہو گئے ہیں۔

جھمپیر میں واقع ہوا کی توانائی کے پلانٹ کو شدید تخفیف کا سامنا ہے کیوں کہ بجلی کے حصول کی ترجیح ابھی بھی کوئلے اور ایل این جی سے چلنے والے پروجیکٹس سے بجلی کے حصول پر مرکوز ہے جن کا ٹیرف ہوا کی توانائی کے ٹیرف سے کم ہے اور اس کی وجہ انھیں 'لازمی چلنے والے پلانٹس' قرار دینا ہے۔ فی الوقت، ٹینگا جنریسی لمیٹڈ (Tenaga Generasi Limited - TGL) متاثر نہیں ہو رہی ہے کیوں کہ یہ بجلی کے الیکٹرک حاصل کر رہا ہے۔ تاہم، اب ایسے اشارے مل رہے ہیں کہ بجلی کا حصول تجارتی بنیادوں پر کیا جائے گا جس کے لیے کم ٹیرف والے پلانٹس کو ترجیح دی جائے گی۔

اس وقت، حکومت سرگرمی سے توانائی کی قیمت کم کرنے کی کوشش کر رہی ہے۔ حکومت کا بنیادی زور تھرمل پلانٹس کے لیے کیپیسٹی چارجز کا خاتمہ/کمی کے علاوہ پاور پلانٹس کے لیے قابل اطلاق ٹیرف میں کمی ہے۔ حکومت کی مذاکراتی کمیٹی نے ہوا کی توانائی پیدا کرنے والے انڈیپنڈنٹ پاور روڈیوسرز (Wind IPPs) کے ساتھ مذاکرات کا آغاز کر دیا ہے اور ابتدائی طور پر ریٹرن آن ایکویٹی (ROE) اور آپریشنز اینڈ مینٹی نینس (O&M) پر ہونے والے اخراجات میں کمی کے ساتھ بیمے کے اخراجات پر توجہ دی جا رہی ہے۔ قرضوں کی ری اسٹرکچرنگ بہترین کوششوں کی بنیاد پر ہے۔ متعدد IPPs نے یہ موقف اختیار کیا ہے کہ واجبات کی ادائیگی کے بعد مفاہمت کی یادداشتوں کو معاہدوں میں تبدیل کیا جائے گا۔ حکومت یہ ادائیگیاں یکمشت کرنے کے قابل نہیں ہے لہٰذا وزارت خزانہ نے تجویز پیش کی ہے کہ یہ ادائیگی دو اقساط میں کی جائے گی جس میں سے پہلی 40 فیصد اور دوسری قسط 60 فیصد ہوگی اور 30 نومبر، 2020ء تک کے کل واجبات کی ہوگی۔ IPPs کی اکثریت نے اس تجویز کو قبول کر لیا ہے اور مفاہمت کی یادداشتوں کو معاہدوں میں تبدیل کرنے کا عمل، امپلی منٹیشن کمیٹی کے زیر نگرانی جاری ہے۔ ماسٹر ایگریمنٹ اور ونڈ IPPs کے لیے EPA میں ترمیم کا آغاز 03 فروری، 2021ء سے کر دیا گیا ہے جو قرض خواہان، اسٹیک ہولڈرز اور اسپانسرز کی منظوری سے مشروط ہے۔ حکومت ان دستاویزات کو 12 فروری، 2021ء تک حتمی شکل دینا چاہتی ہے، تاہم تمام IPPs میں سرمایہ کاری کرنے والوں سے منظوری میں وقت صرف ہونے کے باعث یہ ممکن نظر نہیں آتا۔

ٹیرف کے لیے بڈنگ کا عمل ابھی تک تیار نہیں ہے اور یہ تاخیر ڈیویلپرز کے لیے تشویش کا باعث ہے۔ یہ طریقہ کار قابل تجدید توانائی کی پالیسی کے اجراء کے بعد واضح ہو جائے گا۔ ونڈ-سولر ہائبرڈ تنصیبات کے لیے حکومت نے 7 لیٹر آف انٹنٹ (LOI) منسوخ کر دیئے ہیں۔

س۔ اظہار تشکر

بورڈ اپنے حصص یافتگان سے اُن کے اعتماد اور حمایت کے لیے اظہار تشکر کرتا ہے۔ ہم اپنے تمام اسٹیک ہولڈرز، بشمول تمام مالی اداراں کا بھی اور یہ یہین تک محدود نہیں ہے، جو مسلسل ہماری مدد اور حمایت کے لیے ہمارے شریک رہے ہیں۔ ہم اُنھیں یقین دلاتے ہیں کہ ان کے مفادات کا خیال رکھا جائے گا۔

ہم کمپنی کی ترقی و خوشحالی کے لیے مخلصانہ کاوشوں پر کمپنی کی انتظامیہ اور ملازمین کا بھی شکریہ ادا کرتے ہیں۔

مجتبیٰ حیدر خان
چیف ایگزیکٹو آفیسر

شاہد حمید پراچہ
چیئرمین

کراچی:
بتاریخ: 03 مارچ، 2021ء

ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے بورڈ کے ڈائریکٹرز اور بورڈ کے مقرر کردہ افراد کے مشاہرے کے تعین کی پالیسی (Policy for Determining the Remuneration of Board of Directors and Board Appointees) کی منظوری دی ہے جس کے خاص خاص پہلو ذیل میں بیان کیے گئے ہیں:

ا۔ بورڈ آف ڈائریکٹرز کا مشاہرہ، کمپنی کے مالی حجم اور آپریشنل پیچیدگی کے حوالے سے مسابقتی اور مناسب ہوگا اور اس کا مقصد کمپنی کو کامیابی سے چلانے کے لیے درکار ارکان کو کمپنی کے ساتھ کامیابی سے منسلک رکھنا، قدر میں اضافے کی حوصلہ افزائی کرنا اور کشش پیدا کرنا ہے۔ مشاہرہ کسی بھی طرح ڈائریکٹرز کی خودمختاری پر نہ تو اثر انداز ہونے کی کوشش ہے اور نہ ہی سمجھوتہ ہے۔

۲۔ بورڈ، اگر مناسب ہو، اپنے ڈائریکٹرز کے مشاہرے کی مناسب سطح کو تعین کرنے کے لیے کسی آزاد مشیر کی خدمات حاصل کرسکتا ہے۔

۳۔ بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے ایگزیکٹو ڈائریکٹرز اور کسی نان-ایگزیکٹو ڈائریکٹر کو، جو ڈی ایچ گروپ کے دیگر اداروں کے ملازمین ہیں، کوئی مشاہرہ ادا نہیں کیا جائے گا۔

۴۔ بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کی جانب سے کیے جانے والے کسی سفری یا دیگر ضروری اخراجات اصل کی بنیاد پر ادا کیے جائیں گے۔

ڈائریکٹرز کی تربیت کا پروگرام

گزشتہ برس، چھ (6) ڈائریکٹروں نے ڈائریکٹر کے تربیتی پروگرام میں شرکت کی۔

متعلقہ پارٹیوں سے معاملات

کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق، کمپنی نے متعلقہ پارٹیوں سے تمام معاملات بالترتیب آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیے۔

بعد از واقعات

ری اُون انرجی لمیٹڈ (REL) کی کمپنسیشن کمیٹی نے اپنے اجلاس منعقد مورخہ 18 جنوری، 2021ء کو، اپنے 33 اہل ملازمین کو 2,454,730 حصص کے آپشن کی پیشکش کی جسے ری اُون انرجی لمیٹڈ (REL) کے بورڈ آف ڈائریکٹرز نے اپنے اجلاس منعقد 17 فروری، 2021ء میں منظوری کرلیا۔

ر۔ مستقبل کا جائزہ

شمسی توانائی

سنہ 2020ء کی چوتھائی سہ ماہی کے دوران شمسی توانائی کی صنعت، قیمتوں میں غیر معمولی اضافے سے بری طرح متاثر ہوئی اور امکان ہے کہ قیمتوں میں یہ اضافہ سنہ 2021ء میں بھی طویل عرصے تک جاری رہے گا۔ سولر پی وی پینلز کی قیمتوں میں غیر معمولی اضافے کے ساتھ لندن میٹل ایکسچینج (LME) کی قیمتوں اور باربرداری (freight) کی شرح میں اضافے سے پلانٹ میں استعمال ہونے والے دیگر اجزاء بھی متاثر ہوئے۔ اس کے نتیجے میں قیمتوں کا دوبارہ تعین کرنا پڑا جس سے سنہ 2021ء کی پہلی سہ ماہی کے دوران آرڈرز کی بکنگ میں تاخیر ہوئی۔ تاہم، تیل کی قیمتوں، گرڈ ٹیرف میں دوبارہ اضافے، امریکی ڈالرز کے مقابلے میں پاکستانی روپے کی قدر میں کمی کے باعث ڈسٹری بیوٹیڈ سولر پی وی کی طلب مضبوط ہے اور یہ اس شعبے میں ترقی کو تحریک دیتی رہے گی۔ اسٹیٹ بینک آف پاکستان کے عارضی معاشی ری فنانس کی سہولت (Temporary Economic Refinance Facility; TERF) کی ریکارڈ سبسکرپشن کی وجہ سے توقع ہے کہ آئندہ برسوں میں، یہ ملک میں بڑی صنعتوں میں نمایاں توسیع کا باعث ہوگی اور اس کے نتیجے میں تجارتی اور صنعتی شعبے میں توانائی کی طلب میں بھی اضافہ ہوگا۔

سنہ 2021ء کے آغاز میں متعدد یوٹیلیٹی کی سطح کے شمسی توانائی کے پروجیکٹس کے مالی معاملات مکمل ہو رہے ہیں جن میں 100 میگا واٹ کا زینفا سولر پروجیکٹ (ZenfaSolar Project) اور ناروے کی فرم Scatec کی ملکیت 150 میگا واٹ کا پروجیکٹ شامل ہیں۔ اس سے، مستقبل میں یوٹیلیٹی کی سطح پر شمسی توانائی کے پروجیکٹس کے لیے سرکاری اعانت کا مثبت اظہار ہوتا ہے۔

مؤرخہ 31 دسمبر، 2020ء کوختم ہونے والے سال کے دوران بورڈ آڈٹ کمیٹی کے کل چار اجلاس منعقد ہوئے۔ اپنے متعلق عرصے کے حساب سے حاضری کی صورت حال ذیل کے مطابق رہی:

ڈائریکٹر کا نام	اجلاس	
	منعقد ہوئے	شریک ہوئے
جناب شبیر حسین ہاشمی	4	4
جناب حسن رضا الرّحیم	4	4
جناب شہزادہ داؤد	4	4

انسانی وسائل اور مشاہرہ کمیٹی کے اجلاس (Human Resource & Remuneration Committee Meetings)

مؤرخہ 31 دسمبر، 2020ء کوختم ہونے والے سال کے دوران، انسانی وسائل اور مشاہرہ کمیٹی (HR&RC) کے پانچ اجلاس منعقد ہوئے۔ ان اجلاسوں میں حاضری کی صورت حال ذیل کے مطابق رہی:

ڈائریکٹر کا نام	اجلاس	
	منعقد ہوئے	شریک ہوئے
جناب حسن رضا الرّحیم	5	5
جناب شاہد حمید پراچہ	5	5
جناب شبیر حسین ہاشمی	5	5

ڈائریکٹرز کی ذمہ داری کا بیان

کمپنی کے ڈائریکٹرز درج ذیل کے مطابق، پاکستان اسٹاک ایکسچینج کیلسٹنگ ریگولیشنز کے تحت کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

ا۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے کمپنی کے معاملات، اس کے آپریشنز، نقدی کے بہاؤ (cash flow) اور سرمایہ میں تبدیلی کی درست نمائندگی کرتے ہیں۔

۲۔ کمپنی کے کھاتے (books of account) درست انداز میں رکھے گئے ہیں۔

۳۔ مالی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا اطلاق تسلسل کے ساتھ کیا گیا ہے اور حسابی تخمینے (accounting estimates) مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

۴۔ بین الاقوامی مالی رپورٹنگ کے معیارات (International Financial Reporting Standards; IFRS) کا اطلاق پاکستان میں بھی ہوتا ہے۔ لہٰذا، مالی گوشواروں کی تیاری میں ان معیارات کا خیال بھی رکھا گیا ہے اور ان سے کسی قسم کے انحراف کا مناسب انداز میں انکشاف کیا گیا ہے۔

۵۔ کمپنی کے اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مضبوط ہے اور اس پر مؤثر انداز میں عمل درآمد کے ساتھ مانیٹر بھی کیا جاتا ہے۔

۶۔ کمپنی کے معاملات کو معمول کے مطابق جاری رہنے کے بارے میں کسی قسم کے شکوک وشبہات نہیں پائے جاتے ہیں۔

۷۔ لسٹنگ ریگولیشنز میں تفصیلاً بیان کردہ کارپوریٹ گورننس کے بہترین طریقوں سے کوئی ٹھوس انحراف نہیں پایا جاتا ہے۔

۸۔ گزشتہ چھ (06) برسوں کے دوران آپریٹنگ اور مالی ڈیٹا مختصر طور پر اس رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز

ڈائریکٹرز کی کل تعداد میں درج ذیل شامل ہیں:

مرد ڈائریکٹرز	7
خاتون ڈائریکٹر	1

بورڈ کے ارکان کی ترکیب درج ذیل ہے:

خودمختار ڈائریکٹرز	2
نان-ایگزیکٹو ڈائریکٹرز	4
ایگزیکٹو ڈائریکٹرز	1
خاتون ڈائریکٹر (نان-ایگزیکٹو)	1

بورڈ آف ڈائریکٹرز کے اجلاس

مؤرخہ 31 دسمبر، 2020ء کو ختم ہونے والے سال کے دوران، بورڈ آف ڈائریکٹرز کے کل 7 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی اپنے متعلق عرصے کے دوران ، حاضری ذیل کے مطابق رہی:

ڈائریکٹر کا نام	اجلاس منعقد ہوئے	اجلاس شریک ہوئے
جناب شاہد حمید پراچہ	7	7
جناب شہزادہ داؤد	7	6
محترمہ سبرینہ داؤد	7	6
جناب شفیق احمد	7	6
جناب حسن رضا الرحیم	7	7
جناب شبیر حسین ہاشمی	7	7
جناب ضامن زیدی	6*	6
جناب مجتبیٰ حیدر خان	7	7

* جناب ضامن زیدی کو مورخہ 2 اپریل، 2020 بطور ڈائریکٹر منتخب کیا گیا۔

بورڈ آڈٹ کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز نے ،کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک آڈٹ کمیٹی قائم کی ہے جو انٹرنل کنٹرولز اور کمپلائنس کی نگرانی کرتی ہے۔ یہ کمیٹی اپنے قیام کے وقت سے ہی نہایت عمدگی سے کام کرتی رہی ہے۔ بورڈ کے سامنے پیش کرنے اور اشاعت سے قبل آڈٹ کمیٹی مالی گوشواروں کا سہ ماہی، ششماہی اور سالانہ بنیادوں پر جائزہ لیتی ہے۔ آڈٹ کمیٹی، لیٹر آف مینجمنٹ سمیت مختلف مسائل پر بھی ایکسٹرنل آڈیٹرز کے ساتھ تفصیلی بات چیت کرتی ہے۔ آڈٹ کمیٹی انٹرنل آڈیٹرز کی دریافتوں کا جائزہ بھی لیتی ہے اور کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق، انٹرنل اور ایکسٹرنل آڈیٹرز کے ساتھ الگ الگ ملاقاتیں بھی کرتی ہے۔

گریجویٹی فنڈ

کمپنی کے ملازمین کی مالی اعانت کیلیے فنڈز سے حاصل ہونے والے ریٹائرمنٹ کے فوائد کا سال میں ایک مرتبہ آڈٹ کیا جاتا ہے اور مناسب سرمایہ کاری کے ذریعے اُنھیں محفوظ بنایا جاتا ہے۔ مورخہ 31 دسمبر، 2020ء تک فنڈ کے ذریعے فراہم کردہ فوائد کے تحت گریجویٹی منصوبے کے اثاثوں کی قدر 3.586 ملین روپے تھی (2019: 3.366 ملین روپے)۔

خطرے کا انتظام

کمپنی کی رسک مینجمنٹ پالیسیاں کمپنی کو درپیش مالی خطرات کی نشاندہی اور تجزیے کے لیے اور خطرات کی مناسب حدود طے کرنے اور اُنھیں کنٹرول کرنے نیز حدود کی پابندی پر نگاہ رکھنے کے لیے قائم کی گئی ہیں۔ مارکیٹ کے حالات اور کمپنی کی سرگرمیوں پر ردِعمل ظاہر کرنے کے لیے رسک مینجمنٹ پالیسیوں اور نظاموں کا باقاعدگی سے جائزہ لیا جاتا ہے۔

کارپوریٹ گورننس

کمپنی کی انتظامیہ عمدہ کارپوریٹ گورننس اور بہترین طریقہ کار پر عمل درآمد کی پابند ہے۔ پاکستان اسٹاک ایکسچینج کی جانب سے کوڈ آف کارپوریٹ گورننس سے اپنی قواعد کی کتاب (Rule Book) میں طے کیے گئے قواعد اور لسٹنگ کے ضوابط پر عمل درآمد یقینی بنایا جاتا ہے۔ اس بارے میں ایک بیان، اس رپورٹ کیساتھ منسلک ہے۔

کاروباری ضابطہ اخلاق

بورڈ نے کاروباری ضابطہ اخلاق اختیار کیا ہے جس سے تمام ملازمین آگاہ ہیں اور اُنھوں نے اس بیان پر دستخط بھی کیے ہیں۔ اس ضابطہ اخلاق پر، پورے ادارے میں سختی سے عمل کیا جاتا ہے اور تمام ملازمین اُس میں بیان کردہ کاروباری اصولوں پر عمل کرتے ہیں۔

نظریہ اور مقصد

کمپنی کے نظریہ اور مقصد کی عکاسی کرنے والا بیان اس رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ سماجی ذمہ داری

کووڈ-19 سے نمٹنے میں قوم کی مدد کرنے کی غرض سے داؤد گروپ/ اینگرو کارپوریشن کے وسیع تر عزم کے حصے کے طور پر، داؤد لارنس پور لمیٹڈ نے اپنے مختلف ذیلی اداروں میں، ایک ارب روپے مالیت کے حسین داؤد پلیج (Hussain Dawood Pledge) کے تحت انجام دی جانے والی اعانتی کوششوں میں بھرپور حصہ لیا۔ اس عہد کے تحت انجام دیا جانے والے کام کو چار حصوں میں تقسیم کیا گیا تھا یعنی جانچ اور تشخیص، ذاتی حفاظتی ساز و سامان (PPEs) کی فراہمی، روزگار میں اعانت اور مریضوں کی دیکھ بھال۔ ری اُون انرجی (Reon Energy) کی جانب سے ایک خصوصی ٹیم نے مریضوں کی دیکھ بھال کا کام انجام دیا۔ اس ٹیم نے نشتر اسپتال، ملتان اور انڈس اسپتال، کراچی، میں کووِڈ ایچ ڈی یو/ آئی سی یو کی نئی سہولیات کی تعمیر میں مدد کرنے کے ساتھ کووِڈ کے مریضوں کو، وبا کے دوران ٹیلی ہیلتھ فراہم کنندہ صحت کہانی کے ذریعے 15,000 آن لائن مشاورت کے لئے فنڈ حاصل کرنے میں مدد کی۔ صحت سے متعلق پیشہ ور افراد اور عام افراد اور 26,000 سے زائد ذہنی صحت کے مریضوں کو آن لائن مشاورت فراہم کی۔ یہ خدمات برٹش ایشین ٹرسٹ اور IRD کی شراکت میں انجام دی گئیں۔ ہیلتھ کیئر کے شعبے کی صلاحیتوں میں اضافے کی غرض سے آغا خان یونیورسٹی ہسپتال کے تعاون سے، مریض کی اہم دیکھ بھال کے انتظام (critical care patient management) میں 5,500 معالجین، نرسز اور پیرامیڈیکل اسٹاف کو تربیت فراہم کی گئی۔

منافع 2,058.63 ملین روپے رہا جبکہ گزشتہ برس، اسی عرصے کے دوران یہ منافع 2,623.41 ملین روپے تھا۔ ایسوسی ایٹ کمپنی سے حاصل ہونے والا منافع 1,227.62 ملین روپے تھا جس میں گزشتہ برس کے مقابلے میں 312.38 ملین روپے کا اضافہ دیکھا گیا۔ مبلغ 188.64 ملین روپے ٹیکس کے بعد، جاری آپریشنز سے، بعد از ٹیکس منافع 1,813.18 ملین روپے تھا اور اس طرح سنہ 2020ء کے مقابلے میں 63.35 ملین روپے کی کمی ہوئی۔

انفرادی طور پر کمپنی کی آمدنی 1.96 ملین روپے رہی جبکہ گزشتہ برس، اسی عرصے کے دوران، یہ محاصل 6.01 ملین روپے تھی۔ اس طرح اس سال یہ آمدنی 4.05 ملین روپے کم رہی جس کی بنیادی وجہ قابل تجدید توانائی کے کاروبار کی کل ملکیتی ذیلی ادارے کے طور پر کھاتے کی منتقلی تھی۔

فی حصص آمدنی

سنہ 2020ء کے لیے غیر انضمام شدہ آمدنی فی حصص 8.28 روپے رہی جبکہ سنہ 2019ء میں یہ آمدنی 17.95 روپے فی حصص تھی۔ فی حصص آمدنی میں اس کمی کی بنیادی وجہ ایسوسی ایٹ کمپنی سے وصول ہونے والی آمدنی میں کمی تھی۔ ہولڈنگ کمپنی سے ہونے والی فی حصص آمدنی 25.44 روپے فی حصص (2019: 26.61 روپے) فی حصص تھی۔

آڈیٹرز

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، آئندہ سالانہ اجلاس عام کے موقع پر سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرری کے لیے پیش کرتے ہیں۔ آڈٹ کمیٹی نے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی کمپنی کے آڈیٹرز کی حیثیت سے، برائے سال اختتام 31 دسمبر، 2021ء کے لیے دوبارہ تقرری کی سفارش کی ہے اور بورڈ نے بھی اس سفارش کی توثیق کی ہے۔

حصص کا کاروبار، اوسط قیمتیں اور پاکستان اسٹاک ایکسچینج

سال کے دوران پاکستان اسٹاک ایکسچینج میں کمپنی کے 0.74 ملین حصص کا کاروبار ہوا۔ روزانہ کاروباری دن کے اختتام کی شرح کی بنیاد پر کمپنی کے حصص کی اوسط قیمت 193.60 روپے رہی جبکہ 2020ء کے دوران، 52 ہفتوں کی بنیاد پر، یہ قیمت 143.84 روپے سے 240.77 روپے فی حصص رہی۔

حصص یافتگی کا رجحان

مؤرخہ 31 دسمبر، 2020ء کو کمپنی کی حصص یافتگی کے رجحان کے ساتھ دیگر ضروری معلومات، اس رپورٹ کے آخر میں، نمائندگی کے فارم (Proxy Form) کے ہمراہ، دستیاب ہیں۔

مارکیٹ میں سرمایہ کاری اور بہی قدر (Market Capitalization & Book Value)

سال کے اختتام پر، مارکیٹ میں کمپنی کی سرمایہ کاری 13.9 ارب روپے (2019: 12.6 ارب روپے) تھی اور مارکیٹ میں اس کی قدر 234.77 روپے فی حصص (2019: 214.16 روپے فی حصص) رہی جبکہ بریک اپ ویلیو 63.40 روپے فی حصص (2019: 59.4 روپے فی حصص) رہی۔

تخصیص (Appropriation)

سال کے دوران قابل ادائیگی کل منافع منقسم کا اعلان 4 روپے فی حصص (یعنی 40 فیصد) کی شرح سے کیا گیا اور نقد ادائیگی کی گئی۔

اہم آپریٹنگ اور مالی اعداد و شمار

گزشتہ چھ (06) برسوں کے دوران آپریٹنگ اور مالی ڈیٹا، مختصر طور پر، اس رپورٹ کے ساتھ منسلک ہے۔

کے آغاز میں کی جانے والی توقعات کے برعکس، کاروبار کو یقینی طور پر محاصل میں شدید کمی کا سامنا کرنا پڑا۔ اگرچہ مستقل اخراجات میں کمی کے لیے ہر ممکن کوشش کی گئی لیکن حتمی نتیجہ، سال کے لیے نقصان کی صورت میں ہی برآمد ہوا۔ جیسا کہ بیان کیا جا چکا ہے، توقع ہے کہ کووِڈ کی وجہ سے پہنچنے والا یہ عارضی صدمہ سنہ 2021ء میں بھی جاری رہے گا۔

تیل کی قیمتوں میں تیزی سے کمی کے باوجود، ملک میں، یوٹیلیٹی اور کیپٹو صارفین کے لیے توانائی کی قیمتوں میں اضافہ ہوا ہے۔ گرڈ کی سطح پر، بالترتیب، 17 اور 15 فیصد اضافہ ہوا، تاہم، حکومت نے کسٹمرز کو واپس گرڈ پر لانے کے لیے ایک مہم شروع کی اور انھیں اضافی طلب پر رعایتی نرخوں کی پیش کش کی۔ مزید برآں صنعت کا 50 فیصد کیپٹو پاور پلانٹس (CPP) پر کام کرتا ہے اور اِس کے لیے ناقص کارکردگی والے گیس انجن استعمال کیے جاتے ہیں، حکومت نے اس بات کا اشارہ دیا ہے کہ وہ CPPs کے گیس کی فراہمی کم کر دے گی اور نئے کیپٹو پاور کے لیے گیس کے نئے کنکشنوں پر پابندی عائد کر دی ہے۔

سال کے دوران، کووِڈ-19 سے درپیش خطرات کے خلاف کمپنی نے مستعدی کا مظاہرہ جاری رکھا اور متعدد ایسے اقدامات کیے جن کے ذریعے اس کے ملازمین، سپلائرز اور کسٹمرز کی صحت اور تحفظ کو یقینی بنایا جا سکے۔ دفاتر کے اندر اور فیلڈ میں ضروری اقدامات کیے گئے۔ بعدازاں، دفتر میں کام کرنے والے تمام ملازمین کے لیے گھر سے کام کو لازمی قرار دیا گیا جبکہ سائٹس پر ملازمین کی آمدورفت روک دی گئی۔

شمسی توانائی کا پلانٹ

صوبۂ سندھ کے ضلع تھر میں واقع اس پلانٹ نے بالآخر، مؤرخہ 22 اپریل، 2020ء کو حتمی قبولیت کا سرٹیفکیٹ (Final Acceptance Certificate) حاصل کر لیا اور اب یہ صارف کو آلودگی سے پاک بجلی مہیا کر رہا ہے۔

ہوا کی توانائی کے منصوبے (Wind Energy Project)

پلانٹ تسلی بخش انداز میں کام کر رہا ہے اور دستیابی اور BOP کے نقصانات کیلیے متواقع اہداف پورے کر رہا ہے۔ زیر جائزہ عرصے کے دوران BOP نقصانات 1.23 فیصد رہے جبکہ ہدف 2.5 فیصد تھا۔ اسی کے ساتھ پلانٹ کی دستیابی 98.93 فیصد رہی جبکہ ہدف 98.0 فیصد تھا۔ صحت، تحفظ اور ماحول (HSE) کو ترجیح حاصل رہی اور 431,087 محفوظ انداز سے کام کے گھنٹے (manhours) استعمال ہوئے جبکہ TRIR اور حادثات کی شرح صفر رہی۔ پلانٹ محفوظ انداز میں، کسی بھی حادثے کے بغیر، گزشتہ 1,556 دنوں سے کام کر رہا ہے۔

یہ پلانٹ، داؤد ہائیڈرو چائنا (HydroChinaDawood) اور زیفائر (Zephyr) کے اشتراک سے، کے الیکٹرک کو بجلی فراہم کر رہا ہے۔ یہ انتظامات مستحکم آپریشنز فراہم کر رہے ہیں اور گرڈ کی بندش اور تخفیف دونوں میں نمایاں کمی ہوئی ہے۔ سنہ 2020ء کے لیے دعویٰ کے مطابق NPMV 0.35GWh تھا جبکہ سنہ 2019ء میں یہ 1.94GWh تھا۔ موجودہ سہ ماہی کے دوران بل کی گئی کل توانائی (18.79GWh) P75 لیول (15.6GWh) سے زیادہ ہے۔ تاہم، سنہ 2020ء کے دوران پلانٹ کو غیر معمولی طور پر کم ہوا دستیاب رہی اور خاص طور پر اُن مہینوں میں جب ہوا تیز ہوتی ہے۔ توقع ہے کہ یہ رجحان سنہ 2021ء کے اوائل میں بھی جاری رہے گا۔ سنہ 2020ء میں کم ہوا کی دستیابی کے نتیجے میں سال کے آخر میں 126.3GWh کے P90 لیول کے مقابلے میں 112.6GWh کی بلنگ ہوئی جس سے، گزشتہ سال کے مقابلے میں، 11.27 فیصد کی کمی ظاہر ہوتی ہے۔

ہواؤں کی رفتار کا رجحان تشویش کا باعث بنا رہا اور خیال کیا جاتا ہے کہ اس کی وجہ موسمی تبدیلی جیسے بیرونی عوامل ہیں جن پر قابو نہیں پایا جا سکتا اور نہ ہی اُن کے بارے میں کوئی پیش گوئی کی جا سکتی ہے۔ سنہ 2020ء کی چوتھی سہ ماہی کے دوران، ہوا کی اوسط رفتار 5.60 میٹر فی سیکنڈ دیکھی گئی جو P75 ہوا کی رفتار سے 5.38 میٹر فی سیکنڈ زیادہ ہے۔ تاہم، پورے سال کے دوران ہوا کی اوسط رفتار 6.2 میٹر فی سیکنڈ رہی جبکہ P90 کی اوسط رفتار 6.6 میٹر فی سیکنڈ تھی۔ ہوا کی رفتار میں تبدیلی کا یہ رجحان قابل تعریف ہے یعنی موسم گرما کے دوران ہلکی ہوائیں اور موسم سرما میں خاصی تیز ہوائیں۔ یہ رجحان جنوری اور فروری میں دیکھا گیا لیکن مارچ میں ہواؤں کی رفتار P90 کی سطح پر تھی۔ ہواؤں کی رفتار میں کمی کا یہ رجحان، سنہ 2020ء کے اپریل سے ستمبر تک کے عرصے میں جاری رہا۔

د۔ مالی جائزہ

مالی کارکردگی

گروپ کی مجموعی آمدنی 5,626.73 ملین روپے رہی جبکہ گزشتہ برس اِسی مدت کے دوران، 7,267.77 ملین روپے تھی۔ سنہ 2020ء کے لیے گروپ کا انضمام شدہ مجموعی

پیداواری گنجائش میں اضافہ اور ترسیل و تقسیم کے نظام کی ناقص کارکردگی بھی ملک میں طلب میں کمی کا بنیادی سبب بنے۔ مستقبل کی پالیسیوں اور اقدامات میں بجلی کی قیمت کے مسئلے کے حل کو منطقی اعتبار سے انتہائی طاقتور ہونا چاہیے تاکہ بجلی کی فراہمی پر دباؤ اور پیداواری گنجائش اور دستیابی کے اعتبار سے ادائیگی (capacity payments) کے مسائل بھی حل کیے جا سکیں۔ اب تک، حکومت نے نجی شعبے میں بجلی پیدا کرنے والے اداروں کے ساتھ جو مذاکرات کیے ہیں اُن میں خصوصی توجہ بجلی کے نرخوں میں کمی پر ہے۔ انڈسٹری نے اگرچہ قومی مفاد میں تعاون کیا ہے لیکن صارفین کے لیے مطلوب فائدہ حاصل کرنے کی یہ سوچ محدود ہے جب تک اس بوجھ کو تمام شرکاء کے درمیان منصفانہ طور پر تقسیم نہ کیا جائے اور سرکاری انتظام میں چلنے والے پاور سیکٹر کی ناقص کارکردگی کو دور کرنے کی غرض سے طویل عرصے سے التواء کا شکار اسٹرکچرل اصلاحات کا آغاز نہ کیا جائے۔

سال کے دوران، قابل تجدید توانائی کے پلانٹس کا موجودہ افادی پیمانہ (utility scale) جمود کا شکار ہو گیا اور اسے تخفیف کا سامنا کرنا پڑا۔ اس میں سب سے اوپر حکومت کی جانب سے ٹیرف کے لیے ازسرنو بات چیت تھی جس کا نتیجہ گرڈ کی سطح پر مزید قابل تجدید توانائی کی پیداوار میں تعطل کی صورت میں ظاہر ہوا۔

موسم گرما کے اواخر، اور ملک بھر میں تالا بندی میں نرمی کے بعد، سولر فوٹو وولٹیک (solar PV) کے طلب میں نمایاں اضافہ ہوا ہے اور اس وجہ سے، جولائی - دسمبر، 2020ء کے دوران تجارتی اور صنعتی شعبوں میں 130MW کے نئے پروجیکٹس کا آغاز ہوا۔ اسٹیٹ بینک آف پاکستان کی گرین فنانسنگ پالیسی جاری ہے اور ان پروجیکٹس کے لیے بنیادی تحریک اور فنڈز کی فراہمی کا ذریعہ ہے۔

دوسری جانب، اسٹیٹ بینک آف پاکستان نے 600bps تک سود کی شرح میں کمی کر دی ہیں جس سے گرین فنانسنگ اور تجارتی فنانسنگ کے درمیان سرمایہ کاری کا فرق کم ہو گیا۔ تاہم، 10 سالہ مدت کے لیے فکسڈ ریٹ اس اسکیم کے لیے زیادہ بڑا فائدہ ہے جس سے اس سہولت کی طلب میں بھی اضافہ ہوا ہے۔

سنہ 2020ء کی پہلی ششماہی کے دوران عالمی سطح پر طلب میں غیر معمولی کمی کے باعث سولر پی وی کی قیمتوں میں کمی جاری رہی۔ تاہم، چین سے فراہمی میں رکاوٹ کے باعث سولر پی وی اور دیگر BOP اشیاء کے قیمتوں میں غیر معمولی اضافہ ہوا جس کی پہلے کوئی مثال نہیں ملتی ہے اور اس وجہ سے ڈیویلپرز اور مینوفیکچررز دونوں کو بڑے پیمانے پر نقصان اٹھانا پڑا۔ تاہم، سالانہ بنیاد پر، سنہ 20-2019ء کے دوران، بنیادی قیمتوں میں 6-5 فیصد کمی ہوئی۔ واضح طور پر اب ملک میں زیر زمین ایندھن سے تیار کی جانے والی توانائی اور قابل تجدید توانائی کے درمیان مثبت فائدہ سامنے آرہا ہے جسے قابل تجدید ٹیکنالوجیز اختیار کر کے مزید تیز کرنا چاہیے۔ مزید برآں، بجلی سے چلنے والی گاڑیوں کے ذریعے ٹرانسپورٹ کا شعبہ بھی تبدیلی کے مرحلے سے گزر رہا ہے اور اس طرح سولر پی وی اور اسٹوریج جیسی ٹیکنالوجیز کی طلب میں اضافہ ہو سکتا ہے۔ تاہم، یہ اسی صورت میں ہو گا جب حکمت عملی پر مشتمل ایک واضح عزم موجود ہو اور اسی کے ساتھ حکومت کی جانب سے اُن پالیسیوں پر عمل درآمد بھی کیا جائے۔

ج۔ کاروباری جائزہ

قابل تجدید توانائی کا کاروبار

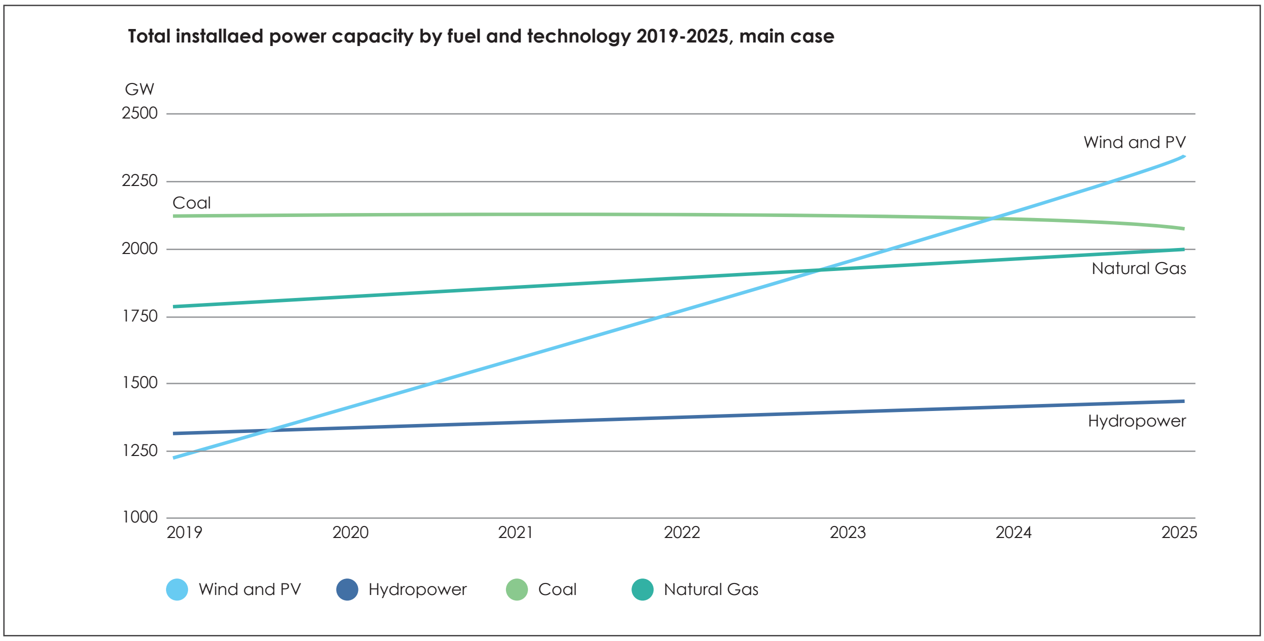
سنہ 2020ء میں ری اُون (Reon) نے عمدہ آغاز کیا اور توقع تھی کہ یہ مارچ تک ایک بڑا سودا کرنے میں کامیاب ہو جائے گی لیکن کووڈ-19 کی وبا اور اس کے نتیجے میں تالا بندی کے باعث معاملات تیزی سے تبدیل ہو گئے۔ چونکہ صارفین زیادہ بے یقینی کی توقع کر رہے تھے اس لیے مارکیٹ انجماد کا شکار ہو گئی۔ موسم گرم میں تالا بندی کے خاتمے کے بعد، کمپنی نمایاں طور پر ترقی کرنے میں کامیاب رہی اور کیپٹو صنعتی اور تجارتی شعبوں سے آرڈرز ملنے لگے۔ کمپنی نے سال کے دوسرے نصف میں 70MW کے سودے حاصل کیئے جن میں، ملکی سطح پر سب سے بڑا سودا 60MW کا تھا۔ اس کے علاوہ، کمپنی نے ٹیلی کام ٹاورز کا سب سے بڑا ملٹی سائٹ آرڈر بھی حاصل کیا جو 1200 سائٹس کے لیے تھا۔ اِن میں سے 900 سائٹس، سال کے دوران مکمل کر لی گئیں اور یہ انڈسٹری میں ایک ریکارڈ ہے۔ ڈسٹری بیوٹیڈ سولوشنز (distributed solutions) کے اس کاروبار میں نئے کسٹمرز بھی حاصل ہوئے جن میں ملک کا سب سے بڑا بینک، حبیب بینک لمٹیڈ شامل ہے اور اس کے علاوہ ATL Towerco بھی اس کے پورٹ فولیو میں شامل ہوئی۔ یہ معاہدے سنہ 2020ء کی تیسری اور چوتھی سہ ماہی کے دوران ہوئے جس کا نتیجہ ایک ایسے کاروبار کی صورت میں برآمد ہوا ہے جو ری اُون (Reon) کے لیے سنہ 2021ء میں بھی، تیاری اور فراہمی کی صورت میں جاری رہے گا۔ تاہم، سال

ڈائریکٹرز رپورٹ
برائے اختتامِ سال 31 دسمبر، 2020ء

داؤدلارنس پور لمیٹڈ (''کمپنی'') کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر، 2020ء کو ختم ہونے والے سال کیلیے سالانہ رپورٹ اور آڈٹ شدہ مالی گوشوارے پیش کرتے ہیں۔

ا۔ مرکزی سرگرمی
کمپنی کی مرکزی سرگرمی اپنی ذیلی اور شریک کار کمپنیوں میں سرمایہ کاری کو منظّم کرنا ہے اور کمپنی موروثی ٹیکسٹائل کے کاروبار کے علاوہ تجارتی اور صنعتی صارفین کے ساتھ قابلِ تجدید توانائی، بلخصوص شمسی توانائی کے حل کی تجارت اور مارکیٹنگ کر رہی ہے۔

ب۔ کاروباری رپورٹ
کووڈ-19 (COVID-19) کا نتیجہ عالمی سطح پر توانائی کی طلب میں تیزی سے کمی کی صورت میں ظاہر ہوا ہے۔ اس سے توانائی کی صنعت میں، ایک ایسے بحران نے جنم لیا جس نے زمین سے حاصل ہونے والے ایندھن (fossil fuels) کی صنعت کو خاص طور پر بہت متاثر کیا۔ اس کے برعکس، قابل تجدید توانائی (renewable energy) کے ذرائع میں، عالمی سطح پر ترقی جاری رہی اور یہ اب بھی، متعدد ایسے ممالک میں جہاں اس کا رجحان بن چکا ہے، نئی توانائی اور بنیادی توانائی کی حیثیت سے بلند تر شرح فیصد برقرار رکھی۔ ایک حکمت عملی کے تحت، اِن ممالک میں گزشتہ کئی برسوں سے مسلسل سرمایہ کاری کی جارہی ہے۔ ہمیں توقع ہے کہ، آئندہ برسوں میں اس رجحان میں مزید تیزی آئے گی۔



ذریعہ: انٹرنیشنل انرجی ایجنسی رینیوایبلز 2020، تجزیہ اور سال 2025ء تک کے لیے پیشگوئی

اس کی بنیادی وجہ یہ ہے کہ زیادہ تر ممالک میں قابل تجدید توانائی اب مزید ارزاں ہوگئی ہے جس کی وجہ گزشتہ 10 برسوں کے مقابلے میں شمسی توانائی کے اخراجات میں 82 فیصد تک کمی ہے۔ چنانچہ شمسی توانائی، دنیا بھر میں ڈیویلپرز اور یوٹیلیٹی اداروں کے لیے نئی مقبول شے بن گئی ہے اور سنہ 2020ء کے عرصے میں، توانائی کے پروجیکٹس میں کی جانے والی 60 فیصد سرمایہ کاری قابل تجدید توانائی کے پروجیکٹس میں ہورہی ہے۔

پاکستان میں، مسلسل بڑھتا ہوا 2.1 کھرب روپے کا گردشی قرضہ اور گرڈ کی سطح پر، بجلی کی غیر معمولی طور پر زیادہ فراہمی بھی بڑے پیمانے پر پاور سیکٹر پر دباؤ کا باعث بنے۔ گزشتہ برس کووِڈ-19 کے باعث ہونے والی تالا بندی جہاں ایک قدرتی عمل تھا، روپے کی قدر میں کمی کے باعث بجلی کی پیداوار پر ہونے والے اخراجات میں مسلسل اضافہ، کسی منصوبہ بندی کے بغیر

PHYSICAL SHAREHOLDERS

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

	Details of Shareholder
Name of shareholder	
Folio No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Title of Bank Account	**Details of Bank Account**
International Bank Account Number (IBAN) **“Mandatory”**	**PK** ______________________ **(24 digits)** (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank’s name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly. ______________________ Signature of shareholder	

You are requested to kindly send photocopy of this letter immediately duly filled in and signed by you along with legible photocopy of your valid CNIC at the Company’s Share Registrar Office, **CDC Share Registrar Services Limited, CDC House, 99-B, Block B, Main Shahrah-e-Faisal, Karachi. 74400, Pakistan.**

CDS SHAREHOLDERS

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts of entitled shareholder as designated by them. In pursuance of the direction given by Securities and Exchange Commission of Pakistan (SECP), kindly immediately contact your relevant CDC Participant/CDC Investor Account Services Department and provide them your bank mandate information including International Bank Account Number (IBAN) which is now mandatory for all cash dividend payments.

In order to comply with regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide requisite bank mandate information to your respective Participant/CDC Investor Account Services Department immediately.

ELECTRONIC TRANSMISSION CONSENT FORM

The Securities & Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the Company to circulate its Annual Statement of Financial Position and Statement of Profit or Loss, auditor's report and directors' report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (participant)/CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Share Registrar, Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I Mr. / Ms. ____
S/o, D/o, W/o ____ hereby consent to have the Dawood Lawrencepur Limited Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Folio /CDC Account No.	
Postal Address:	
Email Address:	
Contact No:	
CNIC No.:	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

Dear Shareholder,

REQUEST FORM FOR HARD COPY OF
ANNUAL AUDITED ACCOUNTS

The Securities and Exchange Commission of Pakistan, vide S.R.O 470(I)/2016 dated May 31, 2016, has allowed companies to circulate their Annual Statement of Financial Position, Statement of Profit or Loss , auditor's report, directors' report and ancillary statements/notes/documents ("Annual Audited Accounts") along with notice of general meeting to the registered addresses of its shareholders in electronic form through CD/DVD/USB.

However, Shareholders may request a hard copy of the Annual Audited Accounts along with notice of general meetings to be sent to their registered address instead of receiving the same in electronic form on CD/DVD/USB. If you require a hard copy of the Annual Audited Accounts, please fill the following form and send it to our Share Registrar or Company Secretary at the address given below.

Date: ______________

I/We ________________________________ request that a hard copy of the Annual Audited Accounts along with notice of general meetings be sent to me through post. My/our particulars in this respect are as follows:

Folio /CDC A/c No.	
Postal Address:	
Email Address:	
Contact No:	
CNIC No.	
Signature	

The form may be sent directly to Dawood Lawrencepur Limited Share Registrar or Company Secretary at the following address:

CDC Share Registrar Services Limited
CDC House, 99-B, Block "B", S.M.C.H.S
Main Shahra-e-Faisal, Karachi, Pakistan
Tel: +92 (21) 111-111-500
Website: http://www.cdcsrsl.com

Dawood Lawrencepur Limited
Dawood Centre, M.T. Khan Road
Karachi -75530, Pakistan
Tel: +92 (21) 35632200
Email: info.reon@dawoodhercules.com
Website: www.dawoodlawrencepur.com

If you are a CDC Account Holder, you should submit your request directly to your CDC Participant through which you maintain your CDC account.

Proxy Form

I/We ____ of ____________________________

, being member of Dawood Lawrencepur Limited and holder of ____________________________

Ordinary Shares, as per:

Share Register Folio No. _______________ and/or

CDC Participant ID No. _____________ Sub A/c No. _____________

hereby appoint ____ of _____________ as my/our proxy to attend, speak, and vote for me/us and on my/our behalf, at the Annual General Meeting (AGM) of the Company to be held on Thursday, April 29, 2021 at 11:00 AM via video link facility and at any adjournment thereof.

Signed this ___________ day of _________________ 2021

WITNESSES:

1. Signature: _________________________
   Name: _________________________
   Address: _________________________
   ____
   CNIC No. or _________________________
   Passport No. _________________________

2. Signature: _________________________
   Name: _________________________
   Address: _________________________
   ____
   CNIC No. or _________________________
   Passport No. _________________________

Signature on
Revenue Stamps
of Rupees Five

Signature should agree with the specimen signature with the Company

IMPORTANT:

1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty-eight (48) hours before AGM.

2. CDC shareholders and their proxies are each requested to attach and attested photocopy of their valid Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Dawood Lawrencepur Limited
3rd Floor. Dawood Centre, M.T. Khan Road.
Karachi - 75530
Tel: +92 21 35632200 Fax: +92 21 35633970
www.dawoodlawrencepur.com

نمائندگی کا فارم

میں رہم ______________ ساکن ______________

بحیثیت ممبر داؤد لارنس پور لمیٹڈ کے رکن وحامل ______________ عام حصص بمطابق شیئر رجسٹر ڈ فولیو نمبر ______________ اور ریا سی ڈی سی

کے شراکتی آئی ڈی نمبر ______________ اور ذیلی کھاتہ نمبر ______________ محترم رمحترمہ ______________

______________ ساکن ______________ یا بصورتِ دیگر محترم رمحترمہ

______________ ساکن ______________ کو اپنی جگہ بروز جمعرات

مورخہ ۲۹ اپریل، ۲۰۲۱ بوقت ۱۱:۰۰ بجے صبح کراچی میں بذریعہ ویڈیو لنک منعقد یا ملتوی ہونے والے کمپنی کے سالانہ اجلاسِ عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا /کرتی ہوں۔

دستخط ______________ بروز ______________ ۲۰۲۱

گواہ (۱)

دستخط گواہ: ______________

نام: ______________

پتہ: ______________

مطلوبہ (پانچ روپے کا)
ریوینیو ٹکٹ چسپاں کریں اور دستخط کریں

قومی شناختی کارڈ نمبر یا: ______________

پاسپورٹ نمبر: ______________

دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں

گواہ (۲)

دستخط گواہ: ______________

نام: ______________

پتہ: ______________

قومی شناختی کارڈ نمبر یا: ______________

پاسپورٹ نمبر: ______________

نوٹ:

- تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے ۴۸ گھنٹے قبل موصول ہوں۔
- سی ڈی سی شیئر ہولڈرز اوران کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، نمائندگی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔ تمام پراکسی ہولڈرز اپنی شناخت کے لئے اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ ضرور پیش کریں۔

AFFIX
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3rd Floor. Dawood Centre, M.T. Khan Road.
Karachi - 75530
Tel: +92 21 35632200 Fax: +92 21 35633970
www.dawoodlawrencepur.com

Dawood
Lawrencepur
Limited

Registered Office:
3rd Floor, Dawood Center, M.T. Khan Road, Karachi- 75530, Pakistan.

UAN: (021) 111 736 611
Tel: (92 21) 3563 2200-09
Fax: (92 21) 3563 3970

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