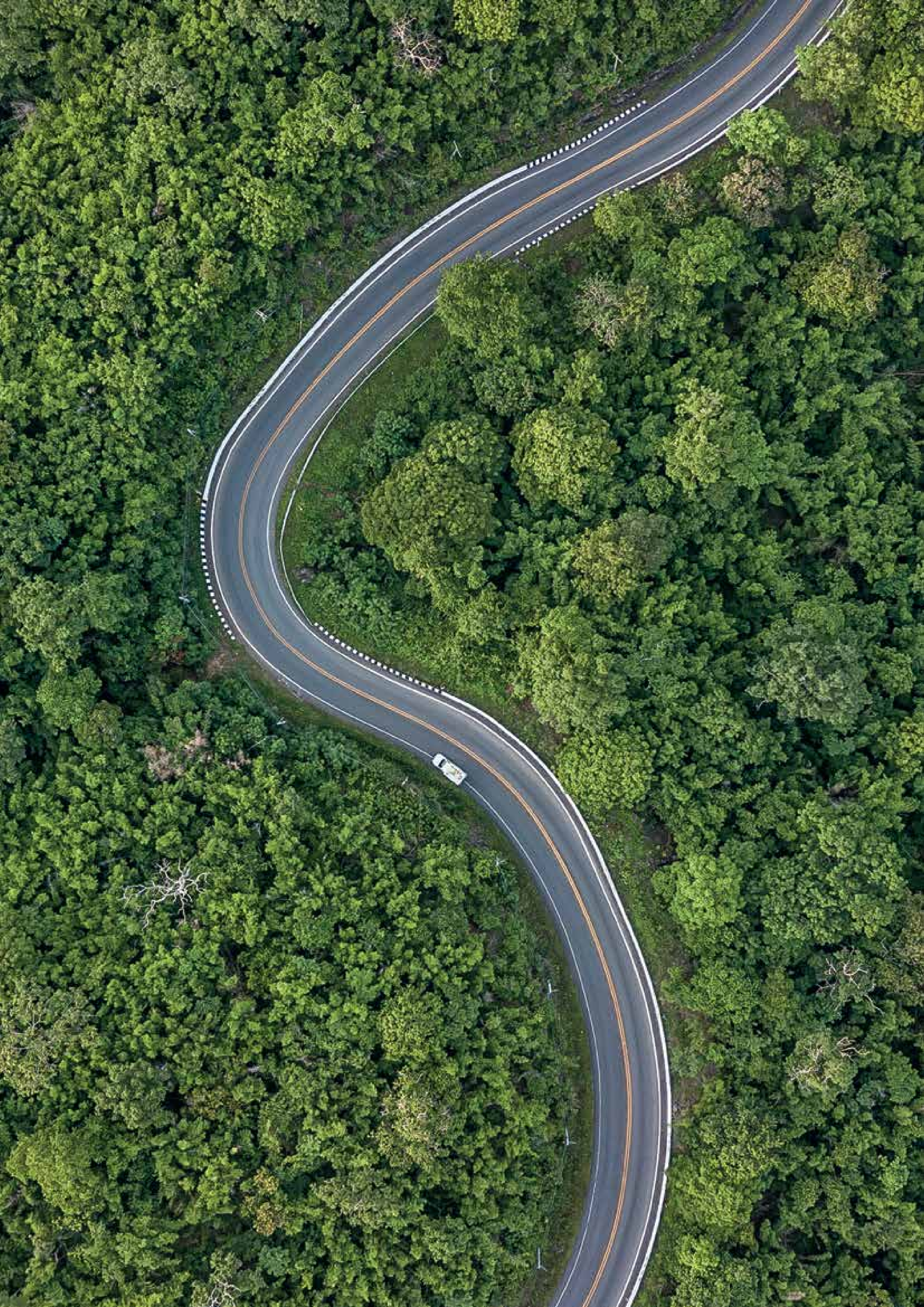
Dawood Lawrencepur Limited

# PEOPLE. POWER. PROSPERITY.

Annual Report 2021

Climate Literacy Session
The Citizen Foundation (TCF) School
Karachi, Pakistan



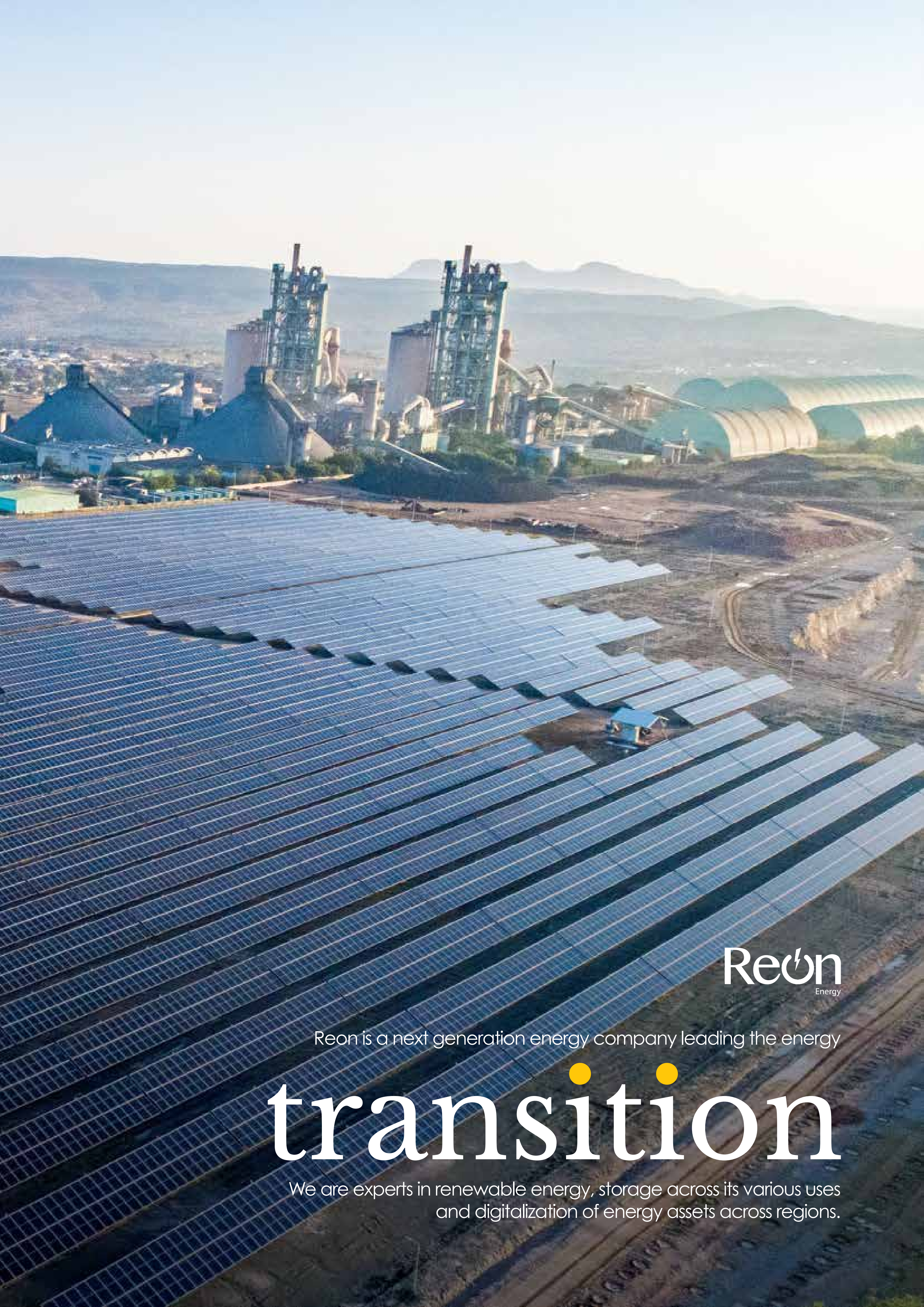
Dawood
Lawrencepur
Limited

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

# inception

of Reon Energy Solutions in 2012. Over the years, Reon has achieved leadership in industrial solar energy and storage solutions and transformed the nation's energy infrastructure.

56 MW Solar Power Plant
Bestway Cement Limited
Chakwal, Pakistan


Reon
Energy
Reon is a next generation energy company leading the energy
transition
We are experts in renewable energy, storage across its various uses
and digitalization of energy assets across regions.

TENAGA GENERASI LIMITED

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

# environment

in a safe and sustainable manner.

50 MW Wind Farm
Tenaga Generasi Limited
Gharo, Pakistan

## WRITING NEW STORIES EVERY YEAR

# A PLEDGE OF PROVIDENCE

With unprecedented growth year after year and delivering enormously across success parameters, it is not just the numbers that create a sense of accomplishment. For us the story runs beyond!

At Reon, we believe that our success lies in exploring transformational energy transition pathways that offer new business opportunities while enriching the lives of several, enabling whole societies to flourish.

Today with so much behind us, we pledge to extend the same in the times to come. Here we enter into the future, with great passion for Pakistan, its people, and its prosperity!

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

Reon
Energy
احسن رضا
#JoinTheSolarRevolution
+92 21 111 736 611
+92 302 8241857

12.5 MW Solar Power Plant
Fauji Cement Company
Jhang Bahtar, Pakistan

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# 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

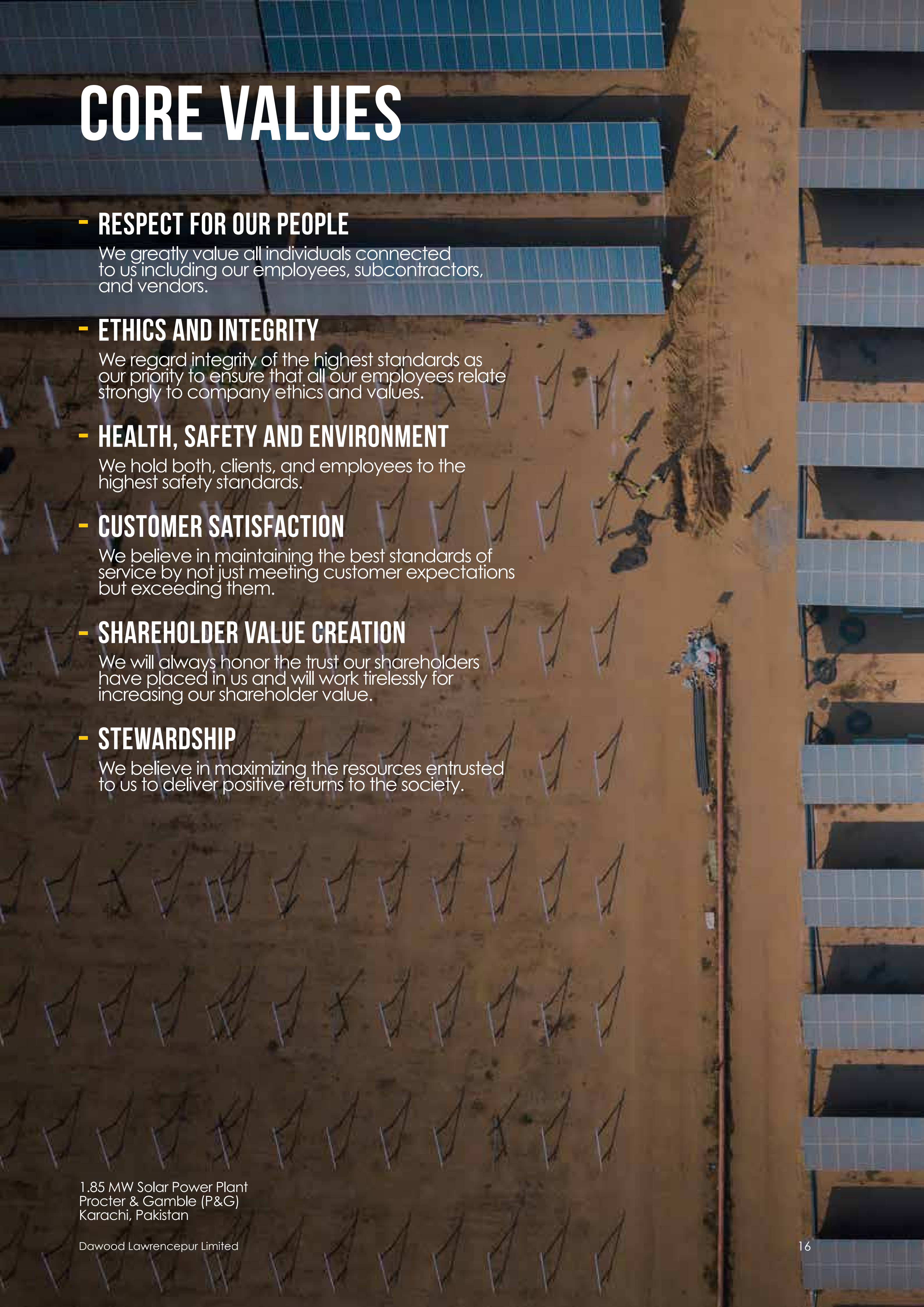
# MISSION

We aim to be the leading renewable energy solutions company of Pakistan, with a turnover exceeding Rs 50 billion by 2025. We will achieve this by resolutely following our core values and by:

- Anticipating customer needs and 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.

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

# CORE VALUES



## - RESPECT FOR OUR PEOPLE

We greatly value all individuals connected to us including our employees, subcontractors, and vendors.

## - ETHICS AND INTEGRITY

We regard integrity of the highest standards as our priority to ensure that all our employees relate strongly to company ethics and values.

## - HEALTH, SAFETY AND ENVIRONMENT

We hold both, clients, and employees to the highest safety standards.

## - CUSTOMER SATISFACTION

We believe in maintaining the best standards of service by not just meeting customer expectations but exceeding them.

## - SHAREHOLDER VALUE CREATION

We will always honor the trust our shareholders have placed in us and will work tirelessly for increasing our shareholder value.

## - STEWARDSHIP

We believe in maximizing the resources entrusted to us to deliver positive returns to the society.

1.85 MW Solar Power Plant
Procter & Gamble (P&G)
Karachi, Pakistan


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


PLE

# COMPANY INFORMATION

## Board of Directors
- Mr. Muhammad Jawaid Iqbal (Chairman)
- Mr. Abdul Samad Dawood
- Ms. Sabrina Dawood
- Mr. Shafiq Ahmed
- Mr. Zamin Zaidi
- Mr. Ruhail Muhammad
- Mr. Mohammad Shamoon Chaudry
- Mr. Mujtaba Haider Khan (Chief Executive Officer)

## Board Audit Committee
- Mr. Ruhail Muhammad (Chairman)
- Mr. Shafiq Ahmed
- Mr. Mohammad Shamoon Chaudry

### Human Resource and Remuneration Committee
- Mr. Muhammad Jawaid Iqbal (Chairman)
- Mr. Abdul Samad Dawood
- Mr. Zamin Zaidi

## Board Transaction Committee
- Mr. Shafiq Ahmed
- Mr. Zamin Zaidi

## 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
- Central Depository Company of Pakistan Ltd.
  CDC House, 99-B, Block B, S.M.C.H.S
  Main Shahra-e-Faisal Karachi - 74400
  Tel.: 021-1 1 1 -1 1 1-500

## Registered I 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
- Office No. SO-1&2 2nd Floor Colabs Building 50-N,
  Gurumangat Road Gulberg II Lahore
  Tel.: 042-35751287-88

## Mills
- Dawoodabad
  Railway Station Road and
  Luddan Road, Chak 439, E.B, Tehsil Burewala,
  District Vehari.
  Tel.: 067- 3353347, 3353 1 45, 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 72ND ANNUAL GENERAL MEETING

Notice is hereby given that 72nd Annual General Meeting of the shareholders of Dawood Lawrencepur Limited (the "Company") will be held on Thursday, April 28, 2022 at 2:00 PM at The Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi 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, 2021 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 and the Audit Committee have recommended the reappointment of Messrs. A. F. Ferguson & Co. (Chartered Accountants), as auditors of the Company.

**B) SPECIAL BUSINESS:**

1. To consider and approve arranging and providing a continuing Stand-by Letter of Credit (SBLC) up to US $ 8.5 million in favor of lenders of Tenaga Generasi Limited (a subsidiary company) and to pass the following resolution as a special resolution as required under Section 199 of the Companies Act, 2017 with or without modification:

   "**RESOLVED** that the approval of Members of Dawood Lawrencepur Limited (the "Company") be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 to arrange and provide a continuing Stand by Letter of Credit (SBLC) up to US $ 8.5 million (United States Dollars Eight Million Five Hundred Thousand Only) issued by Habib Bank Limited in favor of lenders of Tenaga Generasi Limited (a subsidiary company) through their Intercreditor Agent, Citibank International Limited, in terms of the Sponsors Support Agreement signed on March 11, 2015 between Dawood Lawrencepur Limited as the Sponsor, Dawood Corporation (Pvt) Limited as the Parent, Tenaga Generasi Limited as the Company, Citibank International Limited as the Intercreditor Agent, Citibank N.A., Karachi Branch as the Onshore Security Trustee and Citibank N.A., London Branch as the Offshore Security Trustee.

   **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 in the matter."

2. To consider and if deemed fit, to pass the following resolution as special resolution as required under Section 199 of the Companies Act, 2017 for renewal of the Subordinated Loan Facility of up to PKR 300 million provided to M/s 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 the Subordinated Loan Facility of up to PKR 300 million provided by the Company to its subsidiary, M/s 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."

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

Karachi,
Dated: March 8, 2022

**Imran Chagani**
Company Secretary

**Notes:**

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

   In the wake of prevailing situation due to the 5th wave of COVID-19/OMICRON, the Company intends to convene this Annual General Meeting (AGM) with minimal physical interaction. The Company has therefore made arrangements to ensure that all participants, including shareholders, can also participate in the AGM proceeding via video link. 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 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 Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended December 31, 2021 on its website: www.dawoodlawrencepur.com.

3. **Closure of Share Transfer Books:**

   The Share Transfer Books of the Company will remain closed from April 22, 2022 to April 28, 2022 (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 21, 2022, will be considered in time to attend and vote at the AGM.

4. **Participation in the AGM:**

   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.

Proxy Form in English and Urdu languages is attached.

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.

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 abovementioned 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 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. 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, 2021, 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 21, 2022.

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 21, 2022; otherwise, it will be assumed that the shares are equally held by Principal shareholder and 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 21, 2022.

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, if any in the above-mentioned information 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, if any.

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. Conversion of Physical Shares into Book Entry Form**

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.

Furthermore, Securities and Exchange Commission of Pakistan vide its letter CSD/ED/Misc/2016-639-640 dated March 26, 2021, has directed all listed companies to pursue such shareholders who are still holding shares in physical form to convert the same into book entry form. In this regard, shareholder having physical shareholding are requested to 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 28, 2022.

**Agenda Item No. 3**

**Arrange and provide a continuing Stand-by Letter of Credit (SBLC) for up to US $ 8.5 million in favor of lenders of Tenaga Generasi Limited, a subsidiary of the Company**

The Company is seeking approval from its Members by passing special resolutions proposed herein for the renewal of the SBLC of up to US $ 8.5 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 investments before making recommendation for approval of the Members, that the investment is being made as financial health of the associated company specially the significant receivables from Government of Pakistan are such that it has the ability to repay the financing as per agreement. A duly signed recommendation of the due diligence report shall be made available for inspection of Members in the general meeting along with latest audit annual financial statements of associated company.

<table>
<tr><th>Sr. No.</th><th>Nature of information required to be disclosed pursuant to the Companies (investments in associated companies or undertakings) Regulations, 2017</th><th>Relevant Information</th></tr>
<tr><td>(a)</td><td colspan="2">Disclosure for all types of investments</td></tr>
<tr><td></td><td colspan="2">(A) Regarding associated company or associated undertaking: -</td></tr>
<tr><td></td><td>(I) Name of associated company or associated undertaking</td><td>Tenaga Generasi Limited (TGL).</td></tr>
<tr><td></td><td>(II) Basis of relationship</td><td>Subsidiary Company</td></tr>
<tr><td></td><td>(III) Earnings per share for the last three years (PKR)</td><td><table><tr><th>2019</th><th>2020</th><th>2021</th></tr><tr><td>3.57</td><td>3.73</td><td>4.42</td></tr></table></td></tr>
<tr><td></td><td>(IV) Break-up value per share, based on the latest audited financial statements</td><td>PKR 23.87</td></tr>
<tr><td></td><td>(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</td><td>Financial Position as of and for the year ended December 31, 2021.<br><br>Main items of Balance Sheet:<table><tr><th></th><th>(Rs. in million)</th></tr><tr><td>Non-current Assets</td><td>11,996</td></tr><tr><td>Current Assets</td><td>4,424</td></tr><tr><td>Total Equity</td><td>7,224</td></tr><tr><td>Non-current Liabilities</td><td>6,801</td></tr><tr><td>Current Liabilities</td><td>2,395</td></tr></table></td></tr>
</table>

<table>
<tr><td></td><td></td><td>Main items of Profit and Loss Account:<br><table><tr><td></td><td>(Rs. in million)</td></tr><tr><td>Sales-net</td><td>3,021</td></tr><tr><td>Profit from operations</td><td>1,767</td></tr><tr><td>Profit before taxation</td><td>1,342</td></tr><tr><td>Profit for the year</td><td>1,338</td></tr></table></td></tr>
<tr><td></td><td>(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:<br>(i) description of the project and its history since conceptualization;<br>(ii) starting date and expected date of completion of work;<br>(iii) time by which such project shall become commercially operational;<br>(iv) expected time by which the project shall start paying return on investment; and<br>(v) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.</td><td>Not applicable</td></tr>
<tr><td></td><td colspan="2">(B) General Disclosure: -</td></tr>
<tr><td></td><td>(I) maximum amount of investment to be made;</td><td>Standby Letter of Credit (SBLC) up to USD 8.5 Million.</td></tr>
<tr><td></td><td>(II) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td>To guarantee TGL's loan repayments and its related mark-up payable to the lenders, in case of any default by TGL.<br>The continuing operations of TGL will likely result in steady dividend stream on DLL's investment.</td></tr>
<tr><td></td><td>(III) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:</td><td>SBLC will be issued through Habib Bank Limited (Pakistan) Limited against payment of fees which will be fully recovered from TGL.</td></tr>
<tr><td></td><td>(i) justification for investment through borrowings;</td><td>As per the Sponsor support agreement between TGL, DLL, and other parties, either DSRA balance has to be maintained or an equivalent SBLC has to be issued.</td></tr>
<tr><td></td><td>(ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and</td><td>a) Charge over land and building by ways of Memorandum of Constructive Deposit to Title Deed of the company amounting to PKR 1,600 Million<br>b) Pledge of shares of Dawood Hercules Corporation with 30% margin</td></tr>
</table>

| | | |
|---|---|---|
| | (iii) cost benefit analysis; | SBLC facility at 1.5% per annum. |
| | (iv) salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | TGL is a subsidiary of DLL. As a condition of the project financing, the Company has entered into Sponsors Support Agreement on March 11, 2015 made between DLL (as the Sponsor), Dawood Corporation (Private) Limited (as the Parent), Tenaga Generasi Limited (as the Company), Citibank International Limited (as the Intercreditor Agent), Citibank N.A., Karachi Branch (as the Onshore Security Trustee) and Citibank N.A., London Branch (as the Offshore Security trustee), which requires issuance of a continuing SBLC in favour of the lenders of TGL through their Intercreditor Agent, Citibank International Limited, to secure the repayments of loan obtained by TGL from the lenders of the Wind Power Project. DLL will be required to make payment only in case TGL fails to make repayments of loan and mark-up on due date as per the Agreement. The Company, therefore, is seeking shareholders' approval to the issuance of a continuing SBLC as detailed above. |
| | (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.<br><br>Further, TGL is a subsidiary of the Company and 3 out of 6 directors of TGL are shareholders of the Company, their names and shareholding in the Company are as follows:<br><br>Mr. Shahid Hamid Pracha: 1,000 shares<br>Mr. Shafiq Ahmed: 1,154 shares<br>Mr. Mujtaba Haider Khan: 1,150 shares<br><br>TGL does not hold any share in the Company. |

| | | |
|---|---|---|
| | (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 for any impairment or write offs; and | DLL currently holds 75% of shareholding in TGL and during FY 2021, profit attributable to DLL amounted to PKR 1,004 million. The Company has also provided another subordinated facilities of upto PKR 1.3 billion to Tenaga Generasi Limited. No impairment on investment in TGL has been recognized by the Company. |
| | (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; | Standby Letter of Credit (SBLC) up to USD 8.5 Million |
| | (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; | 3 Months 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. |
| | (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. | Not applicable. |

Except to the extent as mentioned in B(V) above, the Directors of the Company have no direct or indirect interest in the above said special business except to the extent of their shareholding in the Company.

**Agenda Item No. 4**

**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 resolution 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 investments before making recommendation for approval of the Members, that the investment is being made as financial health of the associated company specially the significant receivables from Government of Pakistan are such that it has the ability to repay the financing as per agreement. A duly signed recommendation of the due diligence report shall be made available for inspection of Members in the general meeting along with latest audit annual financial statements of associated company.

<table>
<tr><th>Sr. No.</th><th colspan="2">Nature of information required to be disclosed pursuant to the Companies (investments in associated companies or undertakings) Regulations, 2017</th><th>Relevant Information</th></tr>
<tr><td>(a)</td><td colspan="3">Disclosure for all types of investments</td></tr>
<tr><td></td><td colspan="3">(A) Regarding associated company or associated undertaking: -</td></tr>
<tr><td></td><td>(I)</td><td>Name of associated company or associated undertaking</td><td>Tenaga Generasi Limited (TGL).</td></tr>
<tr><td></td><td>(II)</td><td>Basis of relationship</td><td>Subsidiary Company</td></tr>
<tr><td></td><td>(III)</td><td>Earnings per share for the last three years (PKR)</td><td><table><tr><th>2019</th><th>2020</th><th>2021</th></tr><tr><td>3.57</td><td>3.73</td><td>4.42</td></tr></table></td></tr>
<tr><td></td><td>(IV)</td><td>Break-up value per share, based on the latest audited financial statements</td><td>PKR 23.87</td></tr>
<tr><td></td><td>(V)</td><td>Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements; and</td><td>Financial Position as of and for the year ended December 31, 2021.<br><br>Main items of Balance Sheet:<table><tr><td></td><td>(Rs. in million)</td></tr><tr><td>Non-current Assets</td><td>11,996</td></tr><tr><td>Current Assets</td><td>4,424</td></tr><tr><td>Total Equity</td><td>7,224</td></tr><tr><td>Non-current Liabilities</td><td>6,801</td></tr><tr><td>Current Liabilities</td><td>2,395</td></tr></table></td></tr>
</table>

<table>
<tr><td></td><td></td><td>Main items of Profit and Loss Account:<br><table><tr><td></td><td>(Rs. in million)</td></tr><tr><td>Sales-net</td><td>3,021</td></tr><tr><td>Profit from operations</td><td>1,767</td></tr><tr><td>Profit before taxation</td><td>1,342</td></tr><tr><td>Profit for the year</td><td>1,338</td></tr></table></td></tr>
<tr><td></td><td>(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:<br><br>(i) description of the project and its history since conceptualization;<br><br>(ii) starting date and expected date of completion of work;<br><br>(iii) time by which such project shall become commercially operational;<br><br>(iv) expected time by which the project shall start paying return on investment; and<br><br>(v) funds invested or to be invested by the promoters, sponsors, associated company or associated undertaking distinguishing between cash and non-cash amounts.</td><td>Not applicable</td></tr>
<tr><td></td><td>(B) General Disclosure: -</td><td></td></tr>
<tr><td></td><td>(I) maximum amount of investment to be made;</td><td>Subordinated Loan not exceeding PKR 300 million. The Company has also provided another subordinated loan facility of PKR 1 billion to TGL.</td></tr>
<tr><td></td><td>(II) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td>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.</td></tr>
<tr><td></td><td>(III) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:</td><td></td></tr>
<tr><td></td><td>(i) justification for investment through borrowings;</td><td>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.</td></tr>
</table>

| | | |
|---|---|---|
| | (ii) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and | The funds borrowed shall be secured against mortgage of property held by the Company or any other security as per the requirement of the lender. |
| | (iii) cost benefit analysis; | Subordinated Loan has been 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 Subordinated Loan will be unsecured. TGL to repay the loan with the accrued Profit from time to time (in full or parts thereof) within thirty (30) days of it receiving money in its Rupee Distribution Account in accordance with its Financing Agreements. |
| | (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.<br><br>Further, TGL is a subsidiary of the Company and 3 out of 6 directors of TGL are shareholders of the Company, their names and shareholding in the Company are as follows:<br><br>Mr. Shahid Hamid Pracha: 1,000 shares<br>Mr. Shafiq Ahmed: 1,154 shares<br>Mr. Mujtaba Haider Khan: 1,150 shares<br><br>TGL does not hold any share in the Company. |
| | (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 for any impairment or write offs; and | DLL currently holds 75% of shareholding in TGL and during FY 2021, profit attributable to DLL amounted to PKR 1,004 million. The Company has also provided another subordinated loan facility of upto PKR 1.3 billion to Tenaga Generasi Limited. No impairment on investment in TGL has been recognized by the Company. |
| | (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 another subordinated loan facility of PKR 1 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; | 3 Months 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) within thirty (30) days of it receiving money in its Rupee Distribution Account in accordance with its Financing Agreements. |

Except to the extent as mentioned in B(V) above, the Directors of the Company have no direct or indirect interest in the above said special business except to the extent of their shareholding in the Company.

**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, 2021**

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, 2021. |
| 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, 2021. |

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, 2021. |
| 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, 2021. |


Digital Illustration
Reflex Energy Storage
Launched in October 2021


VER
REFLEX

# DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

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, 2021.

## 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

The post lock down business situation has remained volatile with supply chain disruptions becoming a norm. Renewable markets, both in and outside Pakistan saw uncertain times at the beginning of the year due to rising solar panel prices, triggered by increase in silicon prices and a shortage of glass used in the panel manufacturing. Similar trend was observed in sea freights which increased manifold during the first half of 2021. Metal prices also witnessed a sharp increase due to a sudden demand surge in the market. All of this led to some disruptions during the first half of the year for our solar business resulting in a loss in the first 6 months. However, since then the business made a strong come back on the back of a strong demand in the market which led to a record growth in business during the 2$^{nd}$ half of the year. This was supported by rising prices of petroleum products and supply shortage leading many industries to look for alternatives to bring their cost of power down. In the same format, the grid prices continue to increase due to pressure from the ballooning circular debt.

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.

In Pakistan the ballooning circular debt at PKR 2.5 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 397 MW of new projects in the Commercial & Industrial (C&I) space. SBP's green financing policy continued to be the main driver and source of funds for these projects. However, uncertainty remains as the policy will expire in June 2022 with lack of clarity over its future.

On the other hand, SBP lowered interest rates to 6% 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.

## C. BUSINESS OVERVIEW

### Renewable Energy Business

The year ended on a positive note as the business posted revenues of PKR 8,904 million due to exceptional growth witnessed in the second half of the year wherein Reon booked its highest ever revenue of PKR 5,599 million. This was achieved largely as a result of a back log of large deals won in 2020. Significantly however, Reon has also signed 84 MW of new EPC contracts, majority in the Cement and Textile sectors and these will begin to feature in our growth going forward. Other highlights for the year include the signing of turnkey contracts for 1000 plus telecom sites in the Telecom business segment. In addition, Reon also signed a landmark ESCO deal with one of the largest Mobile Network Operator in the month of January 2022, which will provide a significant impetus to the growth of this segment in coming years. As previously disclosed, Reon also signed its first international contract for the design and construction of 5.3 MW solar system for the Lusail Bus Depot in Qatar. This aligns with our market diversification strategy, and we plan to add to our international portfolio as more experience is gained on the risks and rewards of operating overseas. Reon also introduced a new product REFLEX, Battery Energy Storage System (BESS) for C&I segment and signed a deal with Gatron Industries for a 2.7MW BESS solution alongside its rooftop solar solution and with Soorty Enterprises for a 0.4 MW BESS solution respectively. This BESS solution provides both economic and emergency demand response service to the local grid and adds to stability of supply voltage to the customer's processing machinery. Demand for BESS has the potential to increase in line with the share of Renewable Energy (RE) in the grid hence it represents a fairly large adjacent opportunity for Reon Energy.

On the delivery side, during the year, Reon has successfully commissioned first three of the four plants of Bestway Cement which remains the largest deal ever booked by Reon. The 4$^{th}$ plant in the series is due to be completed in 1st quarter of 2022. Concurrently, Reon has signed a contract for the extension of the already energized plant which shows the confidence the existing customer places in the abilities of Reon. As a result of these activities and the unprecedented delivery of projects in the 2$^{nd}$ half of the year, Reon was able to close the year at a profit after tax of PKR 90 million which now marks the 2$^{nd}$ profitable year thus far for Reon.

Nevertheless, the broader economic outlook is still very uncertain due to the risk posed by the pandemic as well as the developing geopolitical situation which is giving rise to surging commodity prices. The global supply chain has also experienced significant disruption due to the pandemic resulting in PV panel and chip shortages. Moreover, other events such as the closure of the Suez Canal resulted in delayed deliveries and higher input costs. The closure of factories in China due to power outages to meet climate related targets affected the availability of critical equipment during the 4$^{th}$ quarter. Our response has been to monitor and adapt to the unfolding changes and to keep Reon focused on delivering value for our customers while ensuring the safety and protection of our employees and that of wider stakeholders.

In the wake of the re-emergence of the COVID 19 threat, Reon took a number of steps to ensure the safety and health of its employees and workers. Work-from-home for all office-based staff has been encouraged and where necessary during spikes, offices have been closed to protect employees and to comply with Government directives. The highest standards of safety and vigilance are being ensured for limited numbers mobilized on our dispersed customer sites, keeping health and safety as the utmost priority.

**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 of Tenaga Generasi Limited (TGL) is operating satisfactorily and meeting the expected targets for availability and BOP loss. The BOP loss for the year 2021 was 1.30 % against a target of 2.5 %, whilst the Availability was 98.31 % against a target of 98.0 %. Health Safety and the Environment (HSE) remained the priority and 451,459 safe man-hours have been clocked since COD with zero injury rate and TRIR. The plant has been operating safely, without injury, for 1,648 days.

The plant, together with Dawood HydroChina and Zephyr, was shifted to the NTDC network feeding into Jhimpir Grid on September 5, 2021 after the contract between Central Power Purchasing Agency (CPPA) and K Electric came to an end. The new connection is proving stable for evacuation. However, there was curtailment during November and December. The issue of frequent high voltage in the system is also being experienced. The total Non project missed volume (NPMV) for Q4 2021 was 2.08 GWh as compared to Nil for Q4 2020. The total energy billed during the current quarter, Q4 2021, (19.34 GWh) is higher than the P75 level (18.45 GWh). The Plant experienced good winds during this quarter and this trend is likely to continue in January 2022. The winds remained above the P90 level during November and December, and the total energy billed during 2021 was 121.3 GWH. It is expected that the NPMV events will be minimal during 2022.

During the current quarter (Q4 2021), like Q3 2021, the average wind speed remained higher than expected. During Q4 2021 the wind speed observed was 5.85 m/sec, which is higher than the P75 wind speed of 5.76 m/sec. The trend of the wind speed has altered appreciably, and the plant experienced very good winds during the second half of the year.

## D. FINANCIAL REPORT

**Financial performance**

The consolidated revenue of the Group was PKR 11,944.23 million as compared to PKR 5,626.73 million for the similar period last year. The consolidated gross profit of the Group for 2021 was PKR 2,596.43 million as against PKR 2,058.63 million last year. The share of profit from associated company was PKR 1,379.98 million registering an increase of PKR 152.36 million in comparison to the prior year. After accounting for tax charge of PKR 158.58 million, the profit after tax from continuing operations at PKR 2,503.93 million increased by PKR 690.75 million over 2020.

On a standalone basis, revenue of the Company was PKR 2.59 million as against PKR 1.96 million for the similar period last year i.e., increased by PKR 0.63 million. During the year the Company has also received dividend from the associated company amounting to PKR 740.35 million.

**Earnings per share**

The unconsolidated earnings per share for the year 2021 was PKR 9.08 as compared to PKR 8.28 for the year 2020, mainly attributable to increased dividend income received from shareholding in associated company. Consolidated earnings per share attributable to owners of the Holding Company for the year were PKR 36.22 (2020: PKR 25.44).

**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, 2022 and the Board has endorsed this recommendation.

**Shares traded, average prices and PSX**

During the year 0.34 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 201.64 while the 52 weeks low-high during 2021 was PKR 172 to PKR 261.81 per share respectively.

**Pattern of shareholding**

The pattern of shareholding of the Company as at December 31, 2021, 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 PKR 11.78 billion (2020: PKR 13.92 billion) with a market value of PKR 198.67 per share (2020: PKR 234.77) and the breakup value of PKR 66.23 per share (2020: PKR 63.41 per share).

**Appropriation**

Total dividend attributable to this year is PKR 6.25 per share i.e. 62.50%, 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 3.779 million as at December 31, 2021 (2020: PKR 3.586 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**

The Company, through its subsidiaries is trying to make an impact on the local communities, besides the larger impact on environment through substitution of energy to green and renewable sources. Some salient activities carried out by the Company include the following:

1. Installation of a solar based water pump for one village in the vicinity of the Wind Farm Site. Whilst the pump is operated by villagers, the maintenance is provided by our Wind Farm subsidiary to ensure continuous supply of fresh water to the local community.

2. Provision of solar powered lighting system to local communities in the surrounding villages. This is being done annually for the past two years.

3. The surrounding villages have fishing as a major activity. In order to improve the fishing conditions while restoring the eco system of the local creeks, mangroves plantation has been carried out for the last two years. This year, the area under plantation has been increased while TGL intends to continue increasing the plantation area in coming years.

**Board of Directors**

The Total number of directors include the following:
Male Director: 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, 2021, a total of eight meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows:

**Existing Board**

| Name of Director | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Muhammad Jawaid Iqbal | 2 | 2 |
| Mr. Abdul Samad Dawood | 2 | 2 |
| Ms. Sabrina Dawood | 8 | 4 |
| Mr. Shafiq Ahmed | 8 | 8 |
| Mr. Zamin Zaidi | 8 | 7 |
| Mr. Ruhail Muhammad | 2 | 2 |
| Mr. Mohammad Shamoon Chaudry | 2 | 2 |
| Mr. Mujtaba Haider Khan | 8 | 8 |

Mr. Muhammad Jawaid Iqbal, Mr. Ruhail Muhammad, and Mr. Mohammad Shamoon Chaudry have been appointed as Directors of the Company on November 23, 2021 to fill the vacancies occurred due to the resignation of Mr. Shahid Hamid Pracha, Mr. Hasan Reza ur Rahim, and Mr. Shabbir Hussain Hashmi. Mr. Abdul Samad Dawood has filled the casual vacancy of Mr. Shahzada Dawood on November 22, 2021.

**Outgoing Directors**

| Name of Director | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Shahid Hamid Pracha | 6 | 6 |
| Mr. Shahzada Dawood | 5 | 5 |
| Mr. Hasan Reza Ur Rahim | 6 | 6 |
| Mr. Shabbir Hussain Hashmi | 6 | 6 |

Mr. Shahzada Dawood resigned from the Board on October 13, 2021. Mr. Shahid Hamid Pracha, Mr. Hasan Reza ur Rahim, Mr. Shabbir Hussain Hashmi have resigned as Directors of the Company on November 23, 2021.

**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, 2021, a total of four meetings of the Board Audit Committee were held. The position of attendance during respective tenure was as follow:

| Name of Director | Meetings Held | Meetings Attended |
|---|---|---|
| Mr. Shabbir Hussain Hashmi | 4 | 4 |
| Mr. Hasan Reza Ur Rahim | 4 | 4 |
| Mr. Shahzada Dawood | 3 | 1 |

During the year ended December 31, 2021, a total of two 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 | 2 | 2 |
| Mr. Shahid Hamid Pracha | 2 | 2 |
| Mr. Shabbir Hussain Hashmi | 2 | 1 |

**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**

The Board has arranged Directors' training program for Mr. Zamin Zaidi in the current year, while 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**

No material changes or commitments affecting the financial position of the Company have taken place between the end of the financial year and the date of the Report.

## E. FUTURE OUTLOOK

**Solar energy**

Following the renewed global impetus on mitigating Climate Change, industries that differentiate themselves by being committed to renewables are more likely to remain competitive. This is likely in future to translate into soft pressure underpinning international trade and economic relations and will potentially impact the country's exports' performance. Moreover, the declining cost trend for RE technologies is forecasted to continue over the next 5-10 years further enhancing the economic case.

The Government has announced increase in energy prices as part of the Circular Debt Management Plan (CDMP) in line with commitments made with the IMF. This, along with a shortage of gas and a moratorium on gas supply to captive power plants is pushing commercial and industrial customers to look for alternative sources of power, of which renewables will remain a competitive and viable option. The environment is therefore ripe for these businesses to improve their international acceptability and competitiveness by converting to solar energy supported by concessionary finance schemes such as currently being offered by the SBP to reduce upfront costs.

The Temporary Economic Refinance Facility (TERF) facility from State Bank of Pakistan, which provided concessionary loans for industrial activity proved to very popular and saw PKR 435.7 billion of new credit extended to businesses. This is likely to show its results in the form of industrial expansion that will in turn translate into higher overall energy demand, especially in the Commercial and Industrial segment. In addition, BESS is also expected to gain further acceptance within the energy eco-system of the country in the near future. Reon therefore, sees an excellent opportunity whereby industrial expansion, coupled with international pressures to counter climate change will translate into a growing demand for Solar Energy and Storage in the coming years. However, owing to growing demand worldwide both for solar and storage product, supply chain bottlenecks could aggravate further.

The State Bank of Pakistan's Green Financing Scheme for renewables has remained a major facilitator in the growth of the sector over the years. The current policy is due to expire in June 2022. While SBP has renewed the facility in the past, uncertainty surrounds the renewal this time around due to the changing role of SBP. However, owing to the Government Policy to promote renewables to increase its share in the overall mix of the energy supplies of the country, it is expected that the policy will be rolled over so further facilitation of the sector continues.

**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. This is likely to continue as the Lenders of the Projects are still in discussion with the Government. The cash flow situation for CPPA has, however, improved to some extent and CPPA is making the payments for tax and debt repayment obligations on priority.

The wind plants in Jhimpir are not being subjected to the same level of curtailment as they faced during 2020, after the commissioning of the HVDC line. The fourth transformer at the Jhimpir Grid is being installed and the stability will improve after the commissioning in March 2022. Currently the evacuation of TGL is being affected, however it is expected that this will not continue.

The government is now actively pushing for a reduction in the cost of energy. Meetings were held with the representatives of the Wind IPPs in November and December. These discussions were held after clubbing the Independent Power Producers (IPPs) on the basis of their foreign financiers. However, negotiations with the Wind IPPs is currently on hold as the Government is negotiating with the foreign financiers of these projects and approval on the way forwarded has not been provided by the National and international development finance institutions (DFIs). In the meantime, one of the Project Lender has made a counter proposal which is being reviewed by TGL and will be taken up with the Government of Pakistan.

The tariff bidding process has still not fully evolved, and this is a cause of concern for the developers. This process still remains to be clarified even after the issuance of the new renewable energy policy. 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
Chief Executive Officer

RUHAIL MUHAMMAD
Director

Karachi
Dated: March 8, 2022


31.20 MWh Storage and 7.363 MW Solar
Engro Enfrashare Pvt. Ltd
Makran Coastal Highway, Pakistan


SION

# CHAIRMAN'S REVIEW REPORT

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, 2021.

The Covid 19 pandemic continued to impact business environment particularly the global supply chains in 2021 and resultantly impacted trading margins world over. Pakistan, however, witnessed a surge in industrial investment, ably supported by Government incentives, that in turn boosted industrial demand for energy products. Moreover, surge in price of natural gas towards end of 2021 resulted in serious gas shortages. This led to a positive growth trend in our Solar business.

The wind industry remained in crisis with no letup 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. The negotiations on tariff reduction continued during the year, primarily led by the International Financial Institutions without any eventual agreement. For the solar businesses in Reon Energy Limited (REL), it was a record year both from a turnover and profits' perspective. However, margins remained significantly depressed due to adverse impact of exogenous factors.

The Board announced two interim dividend of PKR 3.50 per share and PKR 2.75 per share during the year in comparison to interim payout of Rs 4.00 last year.

Under the prevailing circumstances the Board and management have done well to have emerged in 2021 with quality growth in the renewable business thus reaffirming our belief that our careful stewardship of the business both during times of Covid and post the crisis is now generating good results. On the macro front, our country seems to be teetering from a crisis of energy due to over reliance on external energy sources which are becoming uncertain in terms of their reliability.

Continuing from last year, Dawood Lawrencepur, as an investment company focused on its oversight function and continued to engage with the Boards of its subsidiary companies in terms of, strategy execution, which is owned and advanced by very competent industry professionals at the subsidiary board level.

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. During the year, four board members resigned from their positions and four members were appointed to fill the casual vacancies.

The Board of Directors met eight 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 thrice 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 2 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. The Board has arranged Director's Training Program (DTP) for one of the Director in the current year, while six directors out of eight have attained DTP certification in prior years.

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.

Muhammad Jawaid Iqbal
Chairman of the Board of Directors

March 8, 2022

# OPERATING HIGHLIGHTS (SIX YEARS SUMMARY)

| | PARTICULARS | UNIT | December 2021 | | | December 2020 | | | December 2019 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 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) | **33,203,400** | **36,048** | **33,239,448** | 29,052,394 | 28,548 | 29,080,942 | 28,089,926 | 68,041 | 28,157,967 |
| 2 | Current Assets | Rs. In (000) | **9,048,353** | **22,806** | **9,071,159** | 5,500,215 | 16,691 | 5,516,906 | 4,693,642 | 50,834 | 4,744,476 |
| 3 | Stock | Rs. In (000) | **620,258** | **14,262** | **634,520** | 226,688 | 15,164 | 241,852 | 168,312 | 23,081 | 191,393 |
| 4 | Current Liabilities | Rs. In (000) | **6,734,768** | **16,921** | **6,751,689** | 3,968,665 | 5,937 | 3,974,602 | 3,720,930 | 3,244 | 3,724,174 |
| 5 | Long-term Borrowing | Rs. In (000) | **8,628,307** | **-** | **8,628,307** | 7,802,777 | - | 7,802,777 | 8,700,594 | - | 8,700,594 |
| 6 | Paid Up Capital | Rs. In (000) | **592,998** | **-** | **592,998** | 592,998 | - | 592,998 | 590,578 | - | 590,578 |
| 7 | Shareholders Equity | Rs. In (000) | **17,787,692** | **-** | **17,787,692** | 15,651,174 | - | 15,651,174 | 14,102,954 | - | 14,102,954 |
| 8 | No. of Ordinary Shares | In (000) | **59,300** | **-** | **59,300** | 59,300 | - | 59,300 | 59,058 | - | 59,058 |
| **B)** | **STATEMENT OF PROFIT OR LOSS** | | | | | | | | | | |
| 1 | Sales Value | Rs. In (000) | **11,944,227** | **6,553** | **11,950,780** | 5,626,725 | 5,217 | 5,631,942 | 7,267,770 | 7,489 | 7,275,259 |
| 2 | Gross Profit / (Loss) | Rs. In (000) | **2,598,754** | **5,651** | **2,604,405** | 2,058,632 | (2,700) | 2,055,932 | 2,623,410 | (1,799) | 2,621,611 |
| 3 | Finance Cost | | **527,849** | **-** | **527,849** | 700,058 | - | 700,058 | (947,253) | - | (947,253) |
| 4 | Operating Profit / (Loss) | Rs. In (000) | **1,810,371** | **(21,438)** | **1,788,933** | 1,474,250 | (22,604) | 1,451,646 | 2,013,560 | (34,668) | 1,978,892 |
| 5 | Profit / (Loss) Before Taxation | Rs. In (000) | **2,662,504** | **(21,438)** | **2,641,066** | 2,001,811 | (22,604) | 1,979,207 | 1,981,544 | (34,668) | 1,946,876 |
| 6 | Profit / (Loss) After Taxation | Rs. In (000) | **2,503,928** | **(21,438)** | **2,482,490** | 1,813,175 | (22,604) | 1,790,571 | 1,876,527 | (34,668) | 1,841,859 |
| **C)** | **STATEMENT OF CASH FLOWS** | | | | | | | | | | |
| 1 | Net Cash Flow from Operating Activities | Rs. In (000) | **1,810,318** | **(21,855)** | **1,788,463** | 1,456,814 | (8,009) | 1,448,805 | 1,297,167 | (27,422) | 1,269,745 |
| 2 | Net Cash Flow from Investing Activities | Rs. In (000) | **788,792** | **12,720** | **801,512** | 929,558 | - | 929,558 | 694,664 | - | 694,664 |
| 3 | Net Cash Flow from Financing Activities | Rs. In (000) | **(2,342,420)** | **-** | **(2,342,420)** | (2,267,603) | - | (2,267,603) | (2,421,863) | - | (2,421,863) |
| **D)** | **RATIO ANALYSIS** | | | | | | | | | | |
| | **Profitability Ratios:** | | | | | | | | | | |
| 1 | Gross (Loss) / Profit | % | **21.76** | **86.24** | **21.79** | 36.59 | (51.75) | 36.50 | 36.10 | (24.02) | 36.03 |
| 2 | Net (Loss) / Profit | % | **20.96** | **(327.15)** | **20.77** | 32.22 | (433.28) | 31.79 | 25.82 | (462.92) | 25.32 |
| 3 | Return on Equity | % | **-** | **-** | **13.96** | - | - | 11.44 | - | - | 13.06 |
| 4 | Return on Capital Employed | % | **-** | **-** | **6.77** | - | - | 6.19 | - | - | 8.68 |
| | **Liquidity Ratios:** | | | | | | | | | | |
| 1 | Current Ratio | Rs. | **1.34** | **1.35** | **1.34** | 1.39 | 2.81 | 1.39 | 1.26 | 15.67 | 1.27 |
| 2 | Quick / Acid Test Ratio | Rs. | **1.25** | **0.50** | **1.25** | 1.33 | 0.26 | 1.33 | 1.22 | 8.56 | 1.22 |
| | **Investment / Market Ratios:** | | | | | | | | | | |
| 1 | Earning / (Loss) Per Share | Rs. | **36.58** | **(0.36)** | **36.22** | 25.82 | (0.38) | 25.44 | 27.20 | (0.59) | 26.61 |
| 2 | Price Earning Ratio | Rs. | **-** | **-** | **5.48** | - | - | 9.23 | - | - | 8.05 |
| 3 | Dividend Yield | % | **-** | **-** | **3.15** | - | - | 1.70 | - | - | 5.14 |
| 4 | Dividend Payout Ratio | % | **-** | **-** | **17.26** | - | - | 15.72 | - | - | 41.34 |
| 5 | Dividend Cover Ratio | Rs. | **-** | **-** | **5.80** | - | - | 6.36 | - | - | 2.42 |
| 6 | Break-up Value of Shares | Rs. | **-** | **-** | **299.96** | - | - | 263.93 | - | - | 238.80 |
| 7 | Market Value of Shares | Rs. | **-** | **-** | **198.37** | - | - | 234.77 | - | - | 214.16 |
| | **Capital Structure Ratios:** | | | | | | | | | | |
| 1 | Debt to Equity Ratio | Rs. | **0.49** | **-** | **0.49** | 0.50 | - | 0.50 | 0.62 | - | 0.62 |
| 2 | Interest Cover Ratio | Rs. | **(3.43)** | **-** | **(3.39)** | (2.11) | - | (2.07) | 2.13 | - | 2.09 |
| **E)** | **DIVIDEND** | | | | | | | | | | |
| 1 | Cash Dividend | % | **62.50** | **-** | **62.50** | 40 | - | 40 | 110 | - | 110 |
| **F)** | **OTHERS** | | | | | | | | | | |
| 1 | Employees | Nos. | **141** | **4** | **145** | 134 | 4 | 138 | 179 | 4 | 183 |
| 2 | Capital Expenditures | Rs. In (000) | **72,764** | | **72,764** | 112,987 | - | 112,987 | 221,290 | - | 221,290 |

| December 2018 | | | December 2017 | | | December 2016 | | |
|---|---|---|---|---|---|---|---|---|
| Continuing Operations | Disontinued Operations | Total | Continuing Operations | Disontinued Operations | Total | Continuing Operations | Disontinued Operations | Total |
| 25,577,239 | 52,268 | 25,629,507 | 22,070,563 | 119,141 | 22,189,704 | 21,751,690 | 137,276 | 21,888,966 |
| 2,262,773 | 33,261 | 2,296,034 | 1,933,568 | 51,621 | 1,985,189 | 1,675,736 | 67,195 | 1,742,931 |
| 67,904 | 32,369 | 100,273 | 55,070 | 41,108 | 96,178 | 99,221 | 50,226 | 149,447 |
| 2,328,878 | 6,199 | 2,335,077 | 2,042,260 | 74,622 | 2,116,882 | 1,698,909 | 12,965 | 1,711,874 |
| 8,693,131 | - | 8,693,131 | 8,026,609 | - | 8,026,609 | 8,471,798 | - | 8,471,798 |
| 590,578 | - | 590,578 | 590,578 | - | 590,578 | 590,578 | - | 590,578 |
| 12,958,033 | - | 12,958,033 | 10,684,452 | - | 10,684,452 | 10,603,431 | - | 10,603,431 |
| 59,058 | - | 59,058 | 59,058 | - | 59,058 | 59,058 | - | 59,058 |
| 3,079,977 | 10,453 | 3,090,430 | 2,537,377 | 12,591 | 2,549,968 | 519,639 | 21,200 | 540,839 |
| 1,529,190 | 1,714 | 1,530,904 | 1,275,215 | 3,409 | 1,278,624 | 7,157 | (6,299) | 858 |
| (798,779) | - | (798,779) | (736,882) | (4) | (736,886) | (170,004) | (21) | (170,025) |
| 1,079,997 | 87,153 | 1,167,150 | 917,421 | (20,671) | 896,750 | (337,156) | (41,341) | (378,497) |
| 2,587,791 | 87,153 | 2,674,944 | 740,565 | (20,675) | 719,890 | 3,631,741 | (41,362) | 3,590,379 |
| 2,205,755 | 87,153 | 2,292,908 | 422,484 | (20,675) | 401,809 | 3,155,273 | (41,362) | 3,113,911 |
| 1,136,705 | 12,891 | 1,149,596 | 804,285 | 308 | 804,593 | (254,108) | (16,209) | (270,317) |
| 437,423 | 134,715 | 572,138 | 298,105 | - | 298,105 | (5,215,556) | (1,782) | (5,217,338) |
| (2,033,213) | - | (2,033,213) | (1,055,452) | - | (1,055,452) | 5,321,944 | - | 5,321,944 |
| 49.65 | 16.40 | 49.54 | 50.26 | 27.07 | 50.14 | 1.38 | (29.71) | 0.16 |
| 71.62 | 833.76 | 74.19 | 16.65 | -164.20 | 15.76 | 607.20 | (195.10) | 575.76 |
| - | - | 17.69 | - | - | 3.76 | - | - | 29.37 |
| - | - | 5.39 | - | - | 4.79 | - | - | (1.98) |
| 0.97 | 5.37 | 0.98 | 0.95 | 0.69 | 0.94 | 0.99 | 5.18 | 1.02 |
| 0.94 | 0.14 | 0.94 | 0.92 | 0.14 | 0.89 | 0.93 | 1.31 | 0.93 |
| 35.29 | 1.48 | 36.77 | 5.29 | (0.35) | 4.94 | 54.20 | (0.70) | 52.73 |
| - | - | 4.46 | - | - | 38.06 | - | - | 4.80 |
| - | - | 1.83 | - | - | 2.66 | - | - | 1.98 |
| - | - | 8.16 | - | - | 101.21 | - | - | 9.48 |
| - | - | 12.26 | - | - | 0.99 | - | - | 10.55 |
| - | - | 219.41 | - | - | 180.92 | - | - | 179.54 |
| - | - | 164.05 | - | - | 188.00 | - | - | 253.00 |
| 0.67 | - | 0.67 | 0.75 | - | 0.75 | 0.80 | - | 0.80 |
| 1.35 | - | 1.46 | 1.25 | (5,167.75) | 1.22 | (1.98) | (1,968.62) | (2.23) |
| 30 | - | 30 | 50 | - | 50 | 50 | - | 50 |
| 89 | 5 | 94 | 104 | - | 104 | 78 | - | 78 |
| 203,358 | - | 203,358 | 31,244 | - | 31,244 | 7,572,135 | - | 7,572,135 |

# INVESTOR RELATIONS

Financial Calender

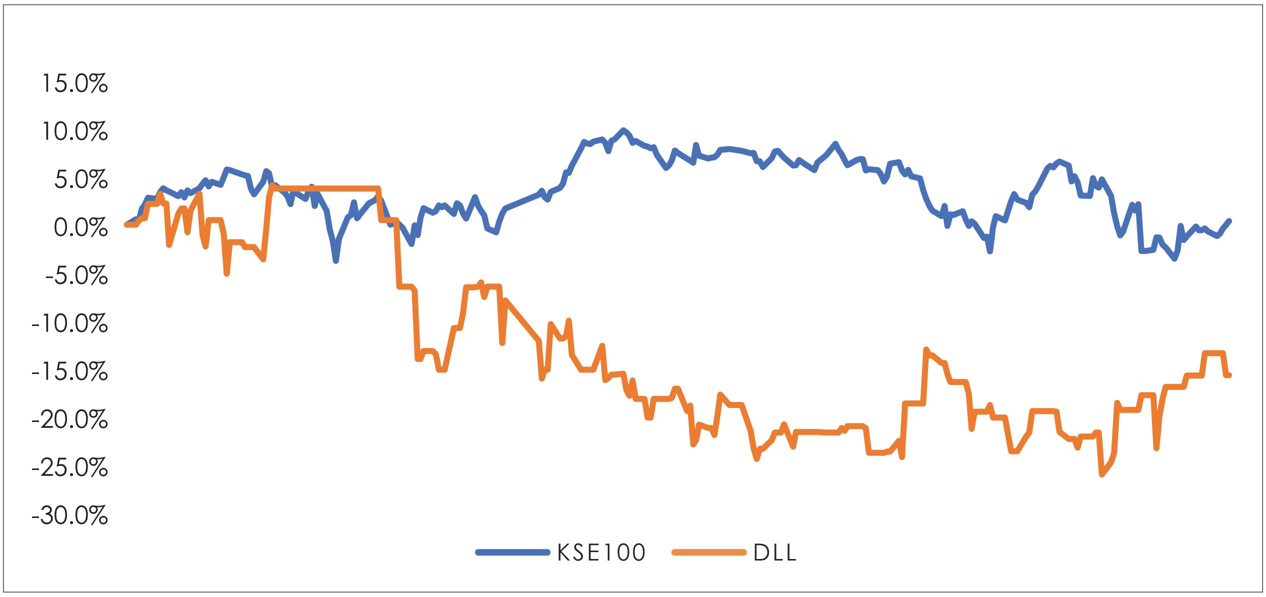
| Financial Year ended 31 December 2021 | |
|---|---|
| 30 April 2021 | Announcement of first quarter results |
| 26 August 2021 | Announcement of second quarter results |
| 29 October 2021 | Announcement of third quarter results |
| 9 March 2022 | Announcement of fourth quarter results |
| 28 April 2022 | 72nd Annual General Meeting |

| Trading Performance During the Financial Period | 2021 | 2020 | 2019 |
|---|---|---|---|
| Opening price | 234.77 | 214.16 | 164.05 |
| Closing price | 198.67 | 234.77 | 214.16 |
| Highest price | 261.81 | 240.77 | 217.90 |
| Lowest price | 172.00 | 143.84 | 163.01 |
| Average daily volume traded | 2,483.00 | 4,398.00 | 6,340.00 |

| Total Return* | Shareholder | Market |
|---|---|---|
| 1- year period (01 January 2021 to 31 December 2021) | -12.7% | 1.9% |
| 3 - year period (01 January 2019 to 31 December 2021) | 34.1% | 20.3% |
| 5 - year period (01 January 2017 to 31 December 2021) | -9.9% | -6.7% |

*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"

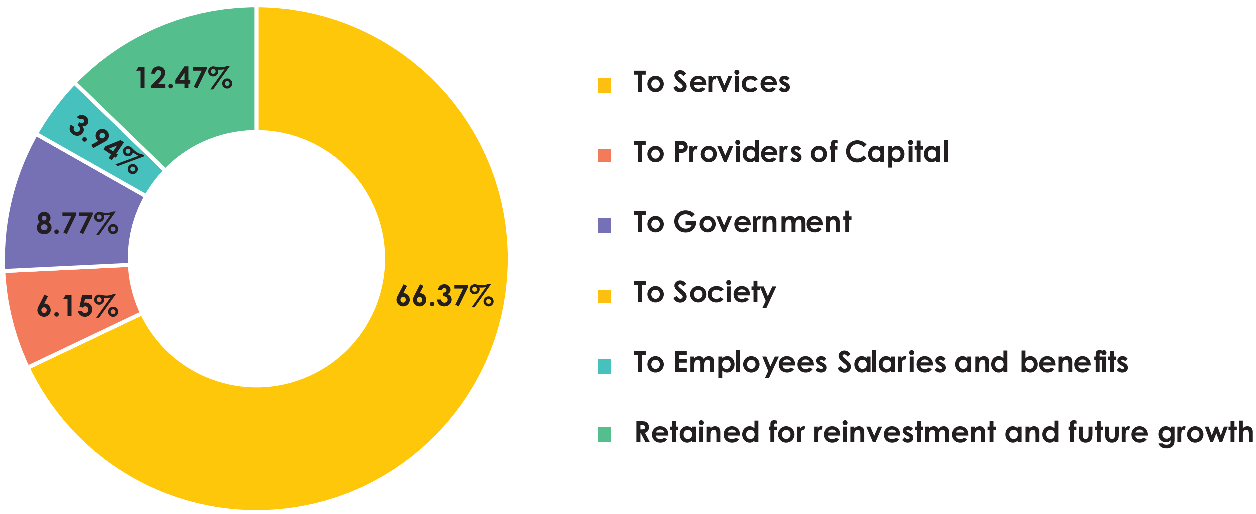
Investor Relations Enquiry:
Source: dps.psx.com.pk



# STATEMENT OF VALUE ADDITION AND DISTRIBUTION

(Rs. in billion)

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Rs. | % | Rs. | % |
| **Wealth Generated / Value addition** | | | | |
| Total revenue inclusive of sales tax | **13,073** | **89.52%** | 6,404 | 82.89% |
| Other income | **1,530** | **10.48%** | 1,322 | 17.11% |
| | **14,603** | **100.00%** | 7,726 | 100.00% |
| **Wealth Distributed / Value distribution** | | | | |
| To Services | | | | |
| Cost of revenue (excluding employees' salaries and benefits) | **9,243** | **63.30%** | 3,515 | 45.50% |
| Distribution and administration, other expenses (excluding employees' salaries and benefits) | **449** | **3.07%** | 309 | 4.00% |
| To Providers of Capital | | | | |
| Dividend to shareholders | **371** | **2.54%** | 237 | 3.07% |
| Profit to non controlling interest | **335** | **2.29%** | 282 | 3.65% |
| Mark-up/interest expense on borrowed money | **528** | **3.61%** | 700 | 9.06% |
| To Government | | | | |
| Taxes | **1,281** | **8.77%** | 961 | 12.44% |
| To Society | | | | |
| Donation | **-** | **0.00%** | - | 0.00% |
| To Employees Salaries and benefits | **576** | **3.94%** | 402 | 5.20% |
| Retained for reinvestment and future growth | | | | |
| Depreciation, amortization and retained profit | **1,821** | **12.47%** | 1,320 | 17.09% |
| | **14,603** | **100.00%** | 7,726 | 100.00% |



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A·F·FERGUSON&Co.

# 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, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

As 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, 2021.

Afferguson & Co

**A. F. Ferguson & Co.,**
**Chartered Accountants**
**Karachi**
**Date: April 06, 2022**
**UDIN: CR2021101604qoaKkdGF**

*A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network*
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# STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the year ended December 31, 2021

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. Muhammad Jawaid Iqbal - Chairman |
| | Mr. Ruhail Muhammad |
| Non-executive directors | Mr. Abdul Samad Dawood |
| | Ms. Sabrina Dawood |
| | Mr. Shafiq Ahmed |
| | Mr. Zamin Zaidi |
| | Mr. Mohammad Shamoon Chaudry |
| Executive director | Mr. Mujtaba Haider Khan<br>(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) All 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) The Board has arranged Director's Training Program for Mr. Zamin Zaidi, Non-Executive Director of the Company. However, a total of seven 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, 2021. 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. Ruhail Muhammad- Chairman |
| | Mr. Shafiq Ahmed - Member |
| | Mr. Mohammad Shamoon Chaudry - Member |
| Human Resource and Remuneration Committee | Mr. Muhammad Jawaid Iqbal- Chairman |
| | Mr. Abdul Samad Dawood - Member |
| | Mr. Zamin Zaidi - Member |
| Board Transaction Committee | Mr. Shafiq Ahmed - Member |
| | Mr. Zamin Zaidi - 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, 2021 on the following dates:
- March 02, 2021;
- April 28, 2021;
- August 25, 2021; and
- October 27, 2021.

b) Human Resource and Remuneration Committee: - Meetings were held during the financial year ended December 31, 2021 on the following dates:
- April 21, 2021; and
- September 28, 2021.

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 nondependent 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 requirements of the applicable laws and regulations and hence, appointment of third independent director was not warranted.

MUHAMMAD JAWAID IQBAL
CHAIRMAN

MUJTABA HAIDER KHAN
CHIEF EXECUTIVE OFFICER

Dated: March 8, 2022

# UNCONSOLIDATED FINANCIAL STATEMENTS

7.18 MW Solar Power Plant
Amreli Steels
Thatta, 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, 2021, 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, 2021 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 Matters

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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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**<br><br>(Refer notes 2.7, 3.5 and 6 to the unconsolidated financial statements)<br><br>As per the requirements of accounting and reporting standards, management assessed whether there is any indication that any of its investments 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 has recognized an impairment loss of Rs. 33,742 thousand against its investment in its subsidiary Reon Alpha (Private) Limited.<br><br>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:<br><br>- considered indicators requiring management to carry out impairment assessment;<br><br>- 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;<br><br>- evaluated reasonableness of key assumptions and estimates used by management to prepare cash flow projections and determined recoverable amount. For this purpose we involved our internal specialists, where required; and<br><br>- assessed the adequacy of disclosures made in the unconsolidated financial statements. |

**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 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 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 Khurshid Hasan.

Afferguson & Co

**A. F. Ferguson & Co.,**
**Chartered Accountants**
**Karachi**
**Date: April 06, 2022**
**UDIN: AR202110160CHGV06Dz2**

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

(Amounts in thousand)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **ASSETS** | | ------------ (Rupees) ------------ | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | **15,924** | 19,292 |
| Intangible assets | 5 | **4** | 27 |
| Long-term investments | 6 | **3,469,260** | 3,502,996 |
| Long-term deposits | 7 | **2,778** | 2,778 |
| **Total non-current assets** | | **3,487,966** | 3,525,093 |
| **Current assets** | | | |
| Stores and spares | 8 | **892** | 892 |
| Stock | 9 | **14,262** | 17,780 |
| Trade debts | 10 | **-** | 23 |
| Loans to subsidiaries | 11 | **738,525** | 738,101 |
| Loans and advances | 12 | **1,877** | 2,930 |
| Deposits, prepayments and other receivables | 13 | **56,334** | 165,917 |
| Taxes recoverable | | **13,067** | - |
| Interest accrued | 14 | **162,595** | 123,153 |
| Short term investment | 33.1 | **216,000** | - |
| Cash and bank balances | 15 | **48,303** | 29,713 |
| **Total current assets** | | **1,251,855** | 1,078,509 |
| **TOTAL ASSETS** | | **4,739,821** | 4,603,602 |
| **EQUITY AND LIABILITIES** | | | |
| Equity | | | |
| Share capital | 16 | **592,998** | 592,998 |
| Capital reserves | | **206,666** | 206,666 |
| Unappropriated profit | | **3,127,809** | 2,960,800 |
| **Total equity** | | **3,927,473** | 3,760,464 |
| **Non-current liabilities** | | | |
| Staff retirement benefits | 18 | **4,697** | 2,755 |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **65,161** | 46,132 |
| Unpaid dividend | | **3,266** | - |
| Unclaimed dividend | | **72,251** | 70,307 |
| Provision | 17 | **7,360** | 7,360 |
| Short-term borrowings | 20 | **646,587** | 699,795 |
| Taxes payable | | **-** | 270 |
| Accrued mark-up | | **13,026** | 16,519 |
| **Total current liabilities** | | **807,651** | 840,383 |
| | | **812,348** | 843,138 |
| **Contingencies and commitments** | 21 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **4,739,821** | 4,603,602 |

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

| | | |
|---|---|---|
| Mujtaba Haider Khan | Ruhail Muhammad | Muhammad Saad Faridi |
| Chief Executive Officer | Director | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand except for earnings / (loss) per share)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | ------------ (Rupees) ------------ | |
| Revenue from contracts with customers - net | 22 | **2,588** | 1,962 |
| Cost of revenue | 23 | **(2,616)** | (10,132) |
| Gross loss | | **(28)** | (8,170) |
| Dividend income | 24 | **740,353** | 701,387 |
| Selling and distribution expenses | 25 | **-** | (446) |
| Administrative expenses | 26 | **(68,430)** | (55,248) |
| Other expenses | 27 | **(33,742)** | (30,007) |
| | | **(102,172)** | (85,701) |
| Other income | 28 | **95,048** | 128,857 |
| Finance cost | 29 | **(57,665)** | (94,088) |
| Profit before taxation | | **675,536** | 642,285 |
| Taxation | 30 | **(115,967)** | (128,757) |
| Profit after taxation | | **559,569** | 513,528 |
| DISCONTINUED OPERATIONS | | | |
| Loss from discontinued operations | 31 | **(21,438)** | (22,604) |
| Profit for the year | | **538,131** | 490,924 |
| Earnings per share - basic and diluted | | | |
| Continuing operations | 32 | **9.44** | 8.66 |
| Loss per share - basic and diluted | | | |
| Discontinued operations | 32 | **(0.36)** | (0.38) |

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

| | | |
|---|---|---|
| Mujtaba Haider Khan | Ruhail Muhammad | Muhammad Saad Faridi |
| Chief Executive Officer | Director | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees) ------------ | |
| Profit for the year | | **538,131** | 490,924 |
| Other comprehensive loss: | | | |
| ***Items that will not be reclassified to profit or loss:*** | | | |
| Remeasurement of post employment benefit obligation - actuarial loss | 18.6 | **(499)** | (159) |
| **Total comprehensive income for the year** | | **537,632** | 490,765 |

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

Mujtaba Haider Khan
Chief Executive Officer

Ruhail Muhammad
Director

Muhammad Saad Faridi
Chief Financial Officer

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees) ------------ | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **654,098** | 619,681 |
| Add: Loss before taxation attributable to discontinued operations | | **21,438** | 22,604 |
| Profit before taxation from continuing operations | | **675,536** | 642,285 |
| **Adjustments for non-cash charges and other items:** | | | |
| Depreciation | | **1,574** | 4,028 |
| Amortization | | **23** | 29 |
| Provision for gratuity - net | | **1,270** | 1,040 |
| Provision for impairment of trade debts - net | | **-** | 48 |
| Provision for slow moving and obsolete stock | | **-** | 8,086 |
| Provision for impairment of long-term investment | | **33,742** | 30,007 |
| Finance costs | | **57,665** | 94,088 |
| Loss on disposal of property, plant and equipment | | **682** | - |
| Dividend income | | **(740,353)** | (701,387) |
| Gain on NIT unit | | **(6)** | (1,186) |
| Mark up charged to related parties | | **(75,269)** | (109,761) |
| Profit on deposits | | **(344)** | (153) |
| | | **(45,480)** | (32,876) |
| **Working capital changes** | | | |
| **Decrease / (increase) in current assets** | | | |
| Stock | | **2,616** | 799 |
| Trade debts | | **23** | - |
| Loans and advances | | **1,607** | 139 |
| Deposits, prepayments and other receivables | | **109,583** | (57,947) |
| | | **113,829** | (57,009) |
| **(Decrease) / increase in current liabilities** | | | |
| Trade and other payables | | **8,044** | (7,726) |
| Contract liabilities | | **-** | (2,657) |
| | | **121,873** | (67,392) |
| **Cash generated from / (used in) operations** | | | |
| Finance cost paid | | **76,393** | (100,268) |
| Taxes paid | | **(61,158)** | (105,122) |
| Discontinued operations | | **(129,304)** | (106,878) |
| | | **(21,855)** | (8,009) |
| **Net cash used in operating activities** | | **(135,924)** | (320,277) |

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees) ------------ | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | **(130)** | - |
| Proceeds from disposal of property, plant and equipment | | **445** | - |
| Investment in subsidiary | | **-** | (330,000) |
| Loans to subsidiaries | | **(424)** | (300,179) |
| Repayment of loan by subsidiary | | **-** | 300,000 |
| Mark up received from related parties | | **35,827** | 56,884 |
| Profit received on deposits | | **344** | 153 |
| Dividend received | | **740,353** | 701,387 |
| Discontinued operations | | **12,720** | 192 |
| **Net cash generated from investing activities** | | **789,135** | 428,437 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payment of dividend | | | |
| Net increase / (decrease) in cash and cash equivalents | | **(365,413)** | (232,259) |
| | | **287,798** | (124,099) |
| Cash and cash equivalents at beginning of the year | | **(670,082)** | (545,983) |
| Cash and cash equivalents at end of the year | 33 | **(382,284)** | (670,082) |

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

| Mujtaba Haider Khan | Ruhail Muhammad | Muhammad Saad Faridi |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | Share capital | Capital reserves | | | | | Revenue reserve | Total |
|---|---|---|---|---|---|---|---|---|
| | | Merger reserve | Share premium reserve | Capital redemp-tion reserve | Others | Total | Unappro-priated profit | |
| | ---------- | ---------- | ---------- | (Rupees ) | ---------- | ---------- | ---------- | ---------- |
| **Balance as at 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 / January 1, 2021** | **592,998** | **10,521** | **136,865** | **25,969** | **33,311** | **206,666** | **2,960,800** | **3,760,464** |
| Profit for the year | **-** | **-** | **-** | **-** | **-** | **-** | **538,131** | **538,131** |
| Other comprehensive loss | **-** | **-** | **-** | **-** | **-** | **-** | **(499)** | **(499)** |
| Total comprehensive income for the year | **-** | **-** | **-** | **-** | **-** | **-** | **537,632** | **537,632** |
| **Transactions with owners** | | | | | | | | |
| First interim dividend for the year ended December 31, 2021 @ Rs. 3.50 per share | **-** | **-** | **-** | **-** | **-** | **-** | **(207,549)** | **(207,549)** |
| Second interim dividend for the year ended December 31, 2021 @ Rs. 2.75 per share | **-** | **-** | **-** | **-** | **-** | **-** | **(163,074)** | **(163,074)** |
| **Balance as at December 31, 2021** | **592,998** | **10,521** | **136,865** | **25,969** | **33,311** | **206,666** | **3,127,809** | **3,927,473** |

The annexed notes from 1 to 45 form an integral part of these unconsolidated financial statements.

| Mujtaba Haider Khan<br>Chief Executive Officer | Ruhail Muhammad<br>Director | Muhammad Saad Faridi<br>Chief Financial Officer |
|---|---|---|

**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 (note 31).

**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 Act.

Where provisions and directives issued under the  Act differ from IFRSs, the provisions of and directives issued under the Act 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, 2021, 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 unconsolidated 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 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 the unconsolidated statement of 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 amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in the unconsolidated statement of profit or loss when the asset is derecognized 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 recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized 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 amortized 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 recognized in the unconsolidated statement of 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 recognized in the unconsolidated statement of 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 recognized 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 derecognized 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 recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the unconsolidated statement of profit or loss.

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

A financial liability is derecognized 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 recognized in the unconsolidated statement of 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 amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Lifetime ECL is recognized 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 12 month ECL under IFRS 9.

For trade debts, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized 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 unconsolidated 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 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 recognized 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 recognized 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 recognized 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 recognized immediately in the unconsolidated statement of comprehensive income.

**2.15 Borrowings**

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently measured at amortized 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 recognized 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 recognized in equity in which case it is also recognized 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 recognized 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 recognized on an accrual basis.

**2.19.4 Dividend income**

Dividend income is recognized 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 recognized as an expense in the period in which these are incurred except, to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized 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 recognized 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 recognized 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, 2021
(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 | Renewa-ble energy units | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (Rupees) | | | | |
| **As at January 1, 2020** | | | | | | | | | |
| 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 |
| **Year ended December 31, 2021** | | | | | | | | | |
| Opening net book value | **3,157** | **3,255** | **2,613** | **6,773** | **116** | **-** | **1,632** | **1,746** | **19,292** |
| Additions | **-** | **-** | **-** | **-** | **130** | **-** | **-** | **-** | **130** |
| Disposals | | | | | | | | | |
| Cost | **-** | **(2,838)** | **-** | **(540)** | **(183)** | **-** | **-** | **(2,014)** | **(5,575)** |
| Accumulated depreciation | **-** | **2,685** | **-** | **271** | **183** | **-** | **-** | **1,156** | **4,295** |
| | **-** | **(153)** | **-** | **(269)** | **-** | **-** | **-** | **(858)** | **(1,280)** |
| Depreciation (note 4.2) | **-** | **(170)** | **(138)** | **(1,104)** | **(83)** | **-** | **(326)** | **(397)** | **(2,218)** |
| Closing net book value | **3,157** | **2,932** | **2,475** | **5,400** | **163** | **-** | **1,306** | **491** | **15,924** |
| **As at December 31, 2021** | | | | | | | | | |
| Cost | **3,157** | **67,719** | **102,870** | **65,943** | **7,038** | **3,642** | **9,374** | **2,450** | **262,193** |
| Accumulated depreciation | **-** | **(64,787)** | **(100,395)** | **(60,543)** | **(6,875)** | **(3,642)** | **(8,068)** | **(1,959)** | **(246,269)** |
| Net book value | **3,157** | **2,932** | **2,475** | **5,400** | **163** | **-** | **1,306** | **491** | **15,924** |
| 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. 10,464 (2020: Rs. 10,464) which relate to discontinued textile units, LWTM and BTM.

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **4.2** Depreciation for the year has been allocated as under: | | |
| Selling and distribution expenses (note 25) | **-** | 446 |
| Administrative expenses (note 26) | **2,218** | 8,112 |
| | **2,218** | 8,558 |

**4.3** The Company's assets include equipment having cost of Nil (2020: Rs. 1,980) which are not in the possession of the Company and are installed at The Searle Company Limited, for providing energy sales to the customer. These equipment were sold during the year.

**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 |

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **5 INTANGIBLE ASSETS - Computer software** | | |
| Balance at beginning of the year | **27** | 56 |
| Amortization charged for the year (notes 5.1 and 26) | **(23)** | (29) |
| Balance at end of the year | **4** | 27 |
| **Gross carrying value** | | |
| Cost | **20,001** | 20,001 |
| Less: Accumulated amortization | **(19,997)** | (19,974) |
| Net book value | **4** | 27 |

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

**5.2** Above includes operating assets costing Rs 19,993 having net book value of Nil value at the reporting date, which are still in use.

(Amounts in thousand)

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **6. LONG-TERM INVESTMENTS** | | |
| Investment in related parties at cost (note 6.1) | **3,519,102** | 3,519,102 |
| Less: Provision for impairment (note 6.1.3) | **(63,749)** | (30,007) |
| | **3,455,353** | 3,489,095 |
| Other investments | | |
| - Financial assets at fair value through profit or loss (note 6.1.9) | **13,892** | 13,886 |
| - Financial assets at fair value through other comprehensive income (note 6.1.9) | **15** | 15 |
| | **13,907** | 13,901 |
| | **3,469,260** | 3,502,996 |

**6.1 Investment in related parties - at cost**

| | 2021 | 2020 |
|---|---|---|
| ***Subsidiary - unquoted*** | | |
| Tenaga Generasi Limited<br>Percentage holding 75% (2020: 75%)<br>227,027,613 (2020: 227,027,613) (note 6.1.1)<br>fully paid ordinary shares of Rs. 10 each | **2,294,804** | 2,294,804 |
| ***Wholly owned subsidiaries - unquoted*** | | |
| Reon Energy Limited<br>Percentage holding 100% (2020: 100%)<br>102,600,000 (2020: 102,600,000) (note 6.1.2)<br>fully paid ordinary shares of Rs. 10 each | **1,026,000** | 1,026,000 |
| Reon Alpha (Private) Limited<br>Percentage holding 100% (2020: 100%)<br>13,300,100 (2020: 13,300,100) (note 6.1.3)<br>fully paid ordinary shares of Rs. 10 each | **133,001** | 133,001 |
| Mozart (Private) Limited<br>Percentage holding 100% (2020: 100%)<br>100 (2020: 100) (note 6.1.4)<br>fully paid ordinary shares of Rs. 10 each | **1** | 1 |
| Greengo (Private) Limited<br>Percentage holding 100% (2020: 100%)<br>100 (2020: 100) (note 6.1.5)<br>fully paid ordinary shares of Rs. 10 each | **1** | 1 |
| Abrax (Private) Limited<br>Percentage holding 100% (2020: 100%)<br>100 (2020: 100) (note 6.1.6)<br>fully paid ordinary shares of Rs. 10 each | **1** | 1 |
| | **3,453,808** | 3,453,808 |
| ***Associate - quoted*** | | |
| Dawood Hercules Corporation Limited<br>Percentage holding 16.19% (2020: 16.19%)<br>77,931,896 (2020: 77,931,896) (note 6.1.7)<br>fully paid ordinary shares of Rs. 10 each | **65,294** | 65,294 |
| Market value Rs. 7,444,055 (2020: Rs. 9,471,843) | **3,519,102** | 3,519,102 |

**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.

**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.

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. In 2020, the impairment testing led to the recognition of an impairment loss of Rs. 30,007 which has been recognized in the unconsolidated statement of profit or loss. Further, during the current year, the Company has performed impairment testing again due to change in interest rates and thus finance cost adversly impacted the overall cashflows of RAPL, and that has led to further impairment loss of Rs. 33,742. 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. 69,252 as at December 31, 2021.

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 is 16.52% 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, 2021 | | | As at December 31, 2020 | | |
|---|---|---|---|---|---|---|---|
| | | **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 subsidiares** | | | | | | | |
| Standard Chartered Bank (Pakistan) Limited (note 21.1.10) | Dawood Hercules Corporation Limited | **20,459,737** | **204,597** | **1,954,314** | 26,899,737 | 268,997 | 3,269,394 |
| Bank AL Habib Limited | | **10,200,000** | **102,000** | **974,304** | 10,200,000 | 102,000 | 1,239,708 |
| MCB Bank Limited | | **5,910,000** | **59,100** | **564,523** | 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 **Other investments**

| 2021 | 2020 | Name of Investee | 2021 | 2020 |
|---|---|---|---|---|
| Units / Number of Shares | | | | |
| | | **Listed securities** | | |
| 200,000 | 200,000 | National Investment (Unit) Trust | 13,892 | 13,886 |
| | | **Un-listed securities** | | |
| 1,500 | 1,500 | Asian Co-operative Society Limited | 15 | 15 |
| | | | 13,907 | 13,901 |

6.2 **Reconciliation between fair value and cost of investments**

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| Fair value of investments | **13,892** | 13,886 |
| Surplus on remeasurement of investments as at year end | **(11,437)** | (11,431) |
| Cost of investments | **2,455** | 2,455 |

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

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees) | |
| **7.** | **LONG-TERM DEPOSITS** | | |
| | Deposits for utilities | **1,718** | 1,718 |
| | Others | **1,060** | 1,060 |
| | | **2,778** | 2,778 |
| **8.** | **STORES AND SPARES** | | |
| | Stores | **892** | 892 |
| | Spares | **892** | 892 |
| | | **1,784** | 1,784 |
| | Less: Provision for slow moving and obsolete items | **(892)** | (892) |
| | | **892** | 892 |
| **9.** | **STOCK** | | |
| | **Renewable energy** | | |
| | Finished goods | **345** | 43,872 |
| | Provision for slow moving and obsolete items (note 9.1) | **(345)** | (41,256) |
| | | **-** | 2,616 |
| | **Textile** | | |
| | Finished goods | **15,946** | 22,706 |
| | Provision for write down to net realisable value (note 9.1) | **(1,684)** | (7,542) |
| | | **14,262** | 15,164 |
| | | **14,262** | 17,780 |
| **9.1** | The movement in provision during the year is as follows: | | |
| | Balance at the beginning of the year | **48,798** | 38,206 |
| | Add: (Reversal) / Charge for the year | **(46,769)** | 10,592 |
| | Balance at the end of the year | **2,029** | 48,798 |
| **10.** | **TRADE DEBTS - unsecured** | | |
| | **- Considered good** | | |
| | Renewable energy (note 10.1) | **-** | 23 |
| | **- Considered doubtful** | | |
| | Renewable energy | **3,610** | 3,610 |
| | Others | **32** | 32 |
| | | **3,642** | 3,642 |
| | | **3,642** | 3,665 |
| | Provision for impairment (note 10.2) | **(3,642)** | (3,642) |
| | | **-** | 23 |

**10.1** This represents trade debts amounting to Nil (2020: Rs. 23) due from Reon Energy Limited (REL, a subsidiary company). The maximum aggregate amount due from REL in respect of trade debts, at the end of any month during the year was Rs. 23 (2020: Rs. 23).

**10.2** As at December 31, 2021, trade debts aggregating to Rs. 3,642 (2020: Rs. 3,642) 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:

| | 2021 | 2020 |
|---|---|---|
| | ------ (Rupees in '000) ------ | |
| Balance at the beginning of the year | **3,642** | 3,594 |
| Add: Provision for the year (note 26) | **-** | 48 |
| Balance at the end of the year | **3,642** | 3,642 |

**11. LOANS TO SUBSIDIARIES - UNSECURED**

Subordinated loans to subsidiary companies:

| | 2021 | 2020 |
|---|---|---|
| - Tenaga Generasi Limited (note 11.1) | **437,000** | 437,000 |
| - Reon Energy Limited (note 11.2) | **300,000** | 300,000 |
| - Abrax (Private) Limited (note 11.3) | **518** | 378 |
| - Mozart (Private) Limited (note 11.3) | **487** | 344 |
| - Greengo (Private) Limited (note 11.3) | **520** | 379 |
| | **738,525** | 738,101 |

**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 up to a limit of Rs. 300,000. The original term of the loan was one year. However, in 2018, the facility was extended for a period up to three years with all other terms unchanged. This loan was further extended for one year during the current year with all other terms unchanged. As at December 31, 2021 the entire loan amounting to Rs. 300,000 has been consumed (2020: Rs. 300,000). Mark-up is calculated at the rate of three months KIBOR plus 1.775% per annum.

In 2019, the Company 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. During current year, it has further extended for one year. As at December 31, 2021, TGL has utilized Rs. 137,000 of this facility. Mark-up is calculated at the rate of three months KIBOR plus 2% or average borrowing rate of the company plus 1% per annum whichever is higher.

**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 which was extended for one year. During the current year, repayment date has been further extended for an year i.e. upto December 31, 2022. Mark-up is payable on a monthly basis at the rate of 1% above the average borrowing rate of the Company.

**11.3** These represent unsecured subordinated loans issued to subsidiary companies which carry mark-up at the rate of average borrowing rate of the Company plus 1% per annum.

(Amounts in thousand)

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

| | 2021 | 2020 |
|---|---|---|
| Tenaga Generasi Limited | **437,000** | 437,000 |
| Reon Energy Limited | **300,000** | 600,000 |
| Abrax (Private) Limited | **518** | 378 |
| Mozart (Private) Limited | **487** | 344 |
| Greengo (Private) Limited | **520** | 379 |

**12. LOANS AND ADVANCES - unsecured, considered good**

| | | |
|---|---|---|
| Loans and advances to employees (note 12.1) | **1,627** | 636 |
| Advance to suppliers | **250** | 2,294 |
| | **1,877** | 2,930 |

**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.

**13. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - unsecured, considered good**

| | 2021 | 2020 |
|---|---|---|
| | ------ (Rupees in '000) ------ | |
| Security deposits | **7,413** | 8,964 |
| Prepayments | **2,510** | 2,224 |
| Sales tax | **6,226** | 4,942 |
| Others (note 13.1) | **40,185** | 149,787 |
| | **56,334** | 165,917 |

**13.1** This includes amount due from related parties as follows:

| | | |
|---|---|---|
| Sach International (Private) Limited | **30,150** | 39,507 |
| Tenaga Generasi Limited | **439** | 97,616 |
| Reon Energy Limited | **6,449** | - |
| Reon Alpha (Private) Limited | **1,494** | 193 |
| Dawood Foundation | **1,546** | - |
| Engro Fertilizers Limited | **-** | 3,320 |
| | **40,078** | 140,636 |

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

| | 2021 | 2020 |
|---|---|---|
| | ------ (Rupees in '000) ------ | |
| Sach International (Private) Limited | **52,354** | 39,507 |
| Tenaga Generasi Limited | **97,817** | 98,672 |
| Reon Energy Limited | **36,124** | - |
| Reon Alpha (Private) Limited | **1,494** | 369 |
| Dawood Foundation | **1,546** | - |
| Engro Fertilizers Limited | **3,320** | 3,320 |

(Amounts in thousand)

**13.2** As at December 31, 2021, receivables from related parties aggregating to Rs. 31,539 (2020: Rs. 136,165) were past due but not impaired. The aging analysis of these receivables is as follows:

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Upto 3 months | **346** | 8,804 |
| 3 to 6 months | **10,070** | 8,945 |
| More than 6 months | **21,123** | 118,416 |
| | **31,539** | 136,165 |

**14. INTEREST ACCRUED**

| | | |
|---|---|---|
| Interest accrued (note 14.1) | **162,595** | 123,153 |

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

| | | |
|---|---|---|
| Tenaga Generasi Limited | **159,755** | 118,388 |
| Reon Energy Limited | **2,491** | 4,613 |
| Reon Alpha (Private) Limited | **104** | 30 |
| Mozart (Private) Limited | **77** | 38 |
| Abrax (Private) Limited | **84** | 42 |
| Greengo (Private) Limited | **84** | 42 |
| | **162,595** | 123,153 |

**14.2** The maximum month end balances against mark-up receivable from related parties are as follows:

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Tenaga Generasi Limited | **159,755** | 119,767 |
| Reon Energy Limited | **14,261** | 39,794 |
| Reon Alpha (Private) Limited | **104** | 40 |
| Mozart (Private) Limited | **77** | 38 |
| Abrax (Private) Limited | **84** | 42 |
| Greengo (Private) Limited | **84** | 42 |

**14.3** As at December 31, 2021, mark-up receivable from related parties aggregating to Rs.162,565 (2020: Rs. 120,153) was past due but not impaired. The aging analysis of these receivables is as follows:

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Upto 3 months | **12,839** | 9,147 |
| 3 to 6 months | **10,820** | 9,565 |
| More than 6 months | **138,906** | 101,402 |
| | **162,565** | 120,114 |

**15. CASH AND BANK BALANCES**

| | | |
|---|---|---|
| Cash in hand | **188** | 82 |
| Balances with banks in: | | |
| - current accounts | **45,344** | 27,519 |
| - deposit accounts (note 15.1) | **2,771** | 2,112 |
| | **48,115** | 29,631 |
| | **48,303** | 29,713 |

**15.1** These represent deposits with commercial banks and carry profit at the rate ranging from 5.75% to 7.25% (2020: 5.5%) per annum.

**16. SHARE CAPITAL**

**Authorized capital**

| 2021 | 2020 | | 2021 | 2020 |
|---|---|---|---|---|
| -----(Number of shares) ----- | | | ------ (Rupees in '000) ------ | |
| **75,000,000** | 75,000,000 | Ordinary shares of Rs.10/- each | **750,000** | 750,000 |

**Issued, subscribed and paid up capital**

| 2021 | 2020 | | 2021 | 2020 |
|---|---|---|---|---|
| ---(Number of shares) --- | | | ------ (Rupees in '000) ------ | |
| **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** | 130,520 | Issued as right shares as per the Court Order (note 16.4) | **1,305** | 1,305 |
| **111,430** | 111,430 | Issued as bonus shares as per the Court Order (note 16.4) | **1,115** | 1,115 |
| **59,299,809** | 59,299,809 | | **592,998** | 592,998 |

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

| | 2021 | 2020 |
|---|---|---|
| | ---(Number of shares) --- | |
| Dawood Corporation (Private) Limited | **29,511,543** | **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** |
| Sach International (Private) Limited | **3,776** | **3,776** |
| | **39,173,722** | **39,173,722** |

**16.2** 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.

**16.3** 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).

**16.4** In compliance with the orders passed by the Honorable Sindh High Court, the Company had issued 241,950 shares (denoting 130,520 shares as right issue and 111,430 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 was deposited with the Nazir of the Sindh High Court which was received by the Company during the current year.

## 17. PROVISION

In 1975, LWTM offered 130,520 right shares to National Investment (Unit) Trust (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 HCS in favour of NIT wherein NIT was declared the owners of the right shares along with other consideration. The Company filed an appeal in the HCS which suspended the operation of the impugned order. In 2016, the HCS decided the case in favour of 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 HCS. In 2018, NIT filed an Execution Application before the HCS for the Order passed by HCS, 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 HCS 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 HCS 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 HCS 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 last year, in compliance with the order of HCS, 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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

## 18. DEFERRED LIABILITIES - STAFF RETIREMENT GRATUITY

| | 2021 | 2020 |
|---|---|---|
| | ------ (Rupees in '000) ------ | |
| Staff retirement gratuity | **4,697** | 2,755 |

The details of staff retirement benefit obligation based on actuarial valuation carried out by the independent actuary of the Company as at December 31, 2021 using the Projected Unit Credit Method are as follows:

### 18.1 Principal actuarial assumptions used in the actuarial valuation

| | 2021 | 2020 |
|---|---|---|
| | ------------------ % ------------------ | |
| **Financial assumptions:** | | |
| Discount rate used for year end obligation | **11.75** | 11.25 |
| Expected rate of salary increase | **10.75** | 9.75 |
| Expected return on plan assets | **10.75** | 9.75 |
| **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) |

### 18.2 Unconsolidated statement of financial position reconciliation

| | 2021 | 2020 |
|---|---|---|
| | ------ (Rupees in '000) ------ | |
| Present value of defined benefit obligation (note 18.3) | **8,476** | 6,341 |
| Fair value of plan assets (note 18.4) | **(3,779)** | (3,586) |
| Net liability at end of the year | **4,697** | 2,755 |

### 18.3 Movement in present value of defined benefit obligation

| | 2021 | 2020 |
|---|---|---|
| Present value of defined benefit obligation at beginning of the year | **6,341** | 4,843 |
| Current service cost | **1,175** | 967 |
| Interest cost | **618** | 545 |
| Remeasurement gain on obligation (note 18.6) | **342** | (14) |
| Present value of defined benefit obligation at end of the year | **8,476** | 6,341 |

### 18.4 Movement in fair value of plan assets

| | 2021 | 2020 |
|---|---|---|
| Fair value of plan assets at beginning of the year | **3,586** | 3,366 |
| Contributions made by the Company | **-** | 255 |
| Interest income | **350** | 393 |
| Benefits paid | **-** | (255) |
| Remeasurement loss on plan assets excluding interest income | **(157)** | (173) |
| Fair value of plan assets at end of the year | **3,779** | 3,586 |

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | ---------- (Rupees) ---------- | |
| **18.5** | **Expense recognized in unconsolidated statement of profit or loss** | | |
| | Current service cost | **1,175** | 967 |
| | Interest cost on defined benefit obligation | **618** | 545 |
| | Interest income on plan assets | **(350)** | (393) |
| | Expense for the year | **1,443** | 1,119 |
| **18.6** | **Remeasurement losses on defined benefit obligation recognized in unconsolidated statement of comprehensive income** | | |
| | **Remeasurement of plan obligations** | | |
| | Changes in financial assumptions | **(33)** | 18 |
| | Experience adjustments | **(309)** | (4) |
| | | **(342)** | 14 |
| | Return on plan assets, excluding interest income | **(157)** | (173) |
| | | **(499)** | (159) |
| **18.7** | **Net recognized liability** | | |
| | Net liability at beginning of the year | **2,755** | 1,477 |
| | Expense recognized in profit or loss (note 18.5) | **1,443** | 1,119 |
| | Remeasurement losses recognized in unconsolidated statement of comprehensive income (note 18.6) | **499** | 159 |
| | Net liability at end of the year | **4,697** | 2,755 |

**18.8** Plan assets comprise of investments in units of mutual funds.

**18.9** The weighted average duration of the defined benefit obligation is 8 years.

**18.10** Expected future cost for the year ending December 31, 2022 is Rs. 1,934.

| | | 2021 |
|---|---|---|
| **18.11** | **Maturity profile** | |
| | Distribution of timing of benefit payments (times in years) | ----- (Rupees) ----- |
| | 1 | **410** |
| | 2 | **4,054** |
| | 3 | **421** |
| | 4 | **452** |
| | 5 | **489** |
| | 6 | **526** |
| | 7 | **543** |
| | 8 | **582** |
| | 9 | **638** |
| | 10 | **687** |
| | 11+ | **169,369** |

(Amounts in thousand)

**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.

**18.13** Historical information of staff retirement benefits:

| | **2021** | **2020** | **2019** | **2018** | **2017** |
|---|---|---|---|---|---|
| | Rupees | | | | |
| Present value of defined benefit obligation | **(8,476)** | (6,341) | (4,843) | (4,245) | (5,844) |
| Fair value of plan assets | **3,779** | 3,586 | 3,366 | 3,101 | 2,963 |
| Deficit | **(4,697)** | (2,755) | (1,477) | (1,144) | (2,881) |

**18.14** **Sensitivity analysis for actuarial assumptions**

| | **Change in assumption** | **Present value of defined benefit obligation due to change in assumption** | |
|---|---|---|---|
| | | **2021** | **2020** |
| | | (Rupees) | |
| Discount rate | +1% | 7,854 | 5,841 |
| Discount rate | -1% | 9,203 | 6,927 |
| Future salary increase rate | +1% | 9,213 | 6,935 |
| Future salary increase rate | -1% | 7,834 | 5,825 |

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.

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| **19.** | **TRADE AND OTHER PAYABLES** | (Rupees) | |
| | Creditors | **15,633** | 369 |
| | Accrued liabilities | **12,321** | 14,801 |
| | Due to Islamic Development Bank (note 19.1) | **25,969** | 25,969 |
| | Deposits (note 19.2) | **514** | 514 |
| | Withholding tax | **669** | 564 |
| | Advance to Tenaga Geneerasi Limited | **50** | - |
| | Other payables (note 19.3) | **10,005** | 3,915 |
| | | **65,161** | 46,132 |

**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 (2020: Rs. 346) utilized as per the agreement with the respective parties. The balance is not kept in a separate bank account.

| | | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees) | |
| **19.3** | This includes / represents amounts due to following related parties: | | |
| | The Dawood Foundation | **-** | 5 |
| | Reon Energy Limited | **-** | 1,520 |
| | Dawood Hercules Corporation Limited | **105** | - |
| | | **105** | 1,525 |

| | | 2021 | 2020 |
|---|---|---|---|
| **20.** | **SHORT-TERM BORROWINGS** | | |
| | Running finance under mark-up arrangement (note 20.1) | **646,587** | 199,795 |
| | Money market loan (note 20.2) | **-** | 500,000 |
| | | **646,587** | 699,795 |

**20.1** This includes short-term running finance facilities aggregating to Rs.1,500,000 (2020: Rs. 1,500,000) obtained under mark-up arrangement from various banks. As at December 31, 2021, the Company has utilized the facility against running finance to the extent of Rs 646,587 (2020: Rs 199,795) and has issued guarantees to the extent of Rs. 35,968 (2020: Rs. 36,179). Furthermore, out of the aforementioned facilities, the Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 600,000. These facilities are secured by way of a first pari passu mortgage charge on immovable property (including land and building), 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 ranges from one month to three months KIBOR plus 100 basis points (2020: three months KIBOR plus 90 basis points to three months KIBOR plus 100 basis points) per annum.

**20.2** This denotes money market loan obtained last year for three months from the running finance facility obtained under the mark-up arrangement from a commercial bank. This facility was secured by way of a first pari passu mortgage charge on immovable property (including land and building) 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 was three months KIBOR plus 100 basis points as at December 31, 2020. The tenure of the loan was six months which has been repaid during current year.

## 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 Honorable High Court of Sindh (HCS) 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 HCS 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 HCS and obtained an interim stay.

During the tax year 2020, the HCS 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. 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 recognized 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 recognized 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 HCS, 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 HCS 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 HCS had initially granted an interim order in favour of the Company. However, via its order dated July 21, 2020, the HCS has disposed off other cases involving the same matter in favor of the department. The Company had recognized a provision amounting to Rs. 37,342 in respect of the aforementioned order.

**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 Company 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 HCS 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. On April 30, 2021, HCS passed an order in favour of the companies appalent of this constitution petition and struck down this subject section of the ITO 2001. However, on July 01, 2021, FBR has filed a constitutional appeal against the aforementioned matter with the Honourable Supreme Court of Pakistan, which is pending for hearing.

**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 8,600 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.

The Company has provided a 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. 38,120 (2020: Rs. 38,108) 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)

## 22. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **Renewable energy** | | |
| Timing of revenue recognition: | | |
| - Over time | **-** | 1,962 |
| - At a point in time | **2,588** | - |
| | **2,588** | 1,962 |
| **Textile** | | |
| Revenue recognised at a point in time | **7,667** | 6,103 |
| Less: Sales tax | **(1,114)** | (886) |
| | **6,553** | 5,217 |
| Related to discontinued operations (note 31) | **(6,553)** | (5,217) |
| | **2,588** | 1,962 |

## 23. COST OF REVENUE

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **Renewable energy** | | |
| Opening stock | **43,872** | 44,671 |
| Purchases and related expenses | **-** | 1,247 |
| (Reversal of provision) / provision for slow moving and obsolete items (note 9.1) | **(40,911)** | 8,086 |
| Closing stock | **(345)** | (43,872) |
| Cost of goods sold | **2,616** | 10,132 |
| **Textile** | | |
| Opening stock | **22,706** | 28,117 |
| (Reversal of provision) / provision for slow moving and obsolete items (note 9.1) | **(5,858)** | 2,506 |
| Closing stock | **(15,946)** | (22,706) |
| | **902** | 7,917 |
| Related to discontinued operations (note 31) | **(902)** | (7,917) |
| | **2,616** | 10,132 |

## 24. DIVIDEND INCOME

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Dividend income from Dawood Hercules Corporation Limited | **740,353** | 701,387 |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------ (Rupees in '000) ------ | |
| **25.** | **SELLING AND DISTRIBUTION EXPENSES** | | |
| | Salaries and allowances | **95** | 17 |
| | Depreciation (note 4.2) | **-** | 446 |
| | | **95** | 463 |
| | Related to discontinued operations (note 31) | **(95)** | (17) |
| | | **-** | 446 |
| **26.** | **ADMINISTRATIVE EXPENSES** | | |
| | Salaries and allowances | **63,609** | 57,823 |
| | Legal and professional charges | **2,842** | 3,012 |
| | Rent, rates and taxes | **6,212** | 6,138 |
| | Electricity and gas | **11,238** | 7,960 |
| | Depreciation (note 4.2) | **2,218** | 8,112 |
| | Printing and stationery | **1,905** | 411 |
| | Fees and subscription | **23,195** | 13,798 |
| | Insurance | **1,436** | 1,328 |
| | Conveyance and travelling | **256** | 253 |
| | Repairs and maintenance | **820** | 4,190 |
| | Postage and telephone | **381** | 493 |
| | Entertainment | **568** | 358 |
| | Auditor's remuneration (note 26.1) | **14,390** | 1,842 |
| | Amortization (note 5) | **23** | 29 |
| | Provision for impairment of trade debts - net (note 10.2) | **-** | 48 |
| | Miscellaneous | **3,625** | 3,396 |
| | | **132,718** | 109,191 |
| | Related to discontinued operations (note 31) | **(64,288)** | (53,943) |
| | | **68,430** | 55,248 |
| **26.1** | **Auditor's remuneration** | | |
| | Fee for: | | |
| | - audit of annual financial statements | **600** | 600 |
| | - review of half yearly condensed interim financial statements | **230** | 230 |
| | - consolidated financial statements | **120** | 120 |
| | - certification and other advisory services | **265** | 295 |
| | - Taxation Services | **12,541** | - |
| | - review of compliance with the Code of Corporate Governance | **75** | 75 |
| | | **13,831** | 1,320 |
| | Reimbursement of expenses and taxes | **559** | 522 |
| | | **14,390** | 1,842 |
| **27.** | **OTHER EXPENSES** | | |
| | Provision for impairment of investment (note 6.1.3) | **33,742** | 30,007 |

(Amounts in thousand)

| | 2021 | 2020 |
|---|---|---|
| | ---------------- (Rupees) ---------------- | |
| **28. OTHER INCOME** | | |
| **Income from financial assets** | | |
| Profit on bank deposits | **344** | 153 |
| Gain on investments in units of mutual funds | **6** | 1,186 |
| Mark-up charged to related parties | **75,269** | 109,761 |
| | **75,619** | 111,100 |
| **Income from non-financial assets and others** | | |
| Gain on disposal of property, plant and equipment | **11,885** | 189 |
| Royalty income | **14,384** | 14,312 |
| Rental income | **21,181** | 24,930 |
| Others | **9,273** | 12,382 |
| | **56,723** | 51,813 |
| | **132,342** | 162,913 |
| Related to discontinued operations (note 31) | **(37,294)** | (34,056) |
| | **95,048** | 128,857 |
| **29. FINANCE COST** | | |
| Mark-up on running finance | **56,399** | 93,582 |
| Bank charges | **1,266** | 506 |
| | **57,665** | 94,088 |
| **30. TAXATION** | | |
| Current | | |
| For the year | **115,967** | 110,991 |
| For the prior year | **-** | 17,766 |
| | **115,967** | 128,757 |

**30.1 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.

**30.2** As at December 31, 2021, deferred tax asset amounting to Rs. 440,697 (2020: Rs. 412,228) has not been recognized 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.

## 31. LOSS FROM DISCONTINUED OPERATIONS

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Revenue from contracts with customers - net (note 22) | **6,553** | 5,217 |
| Cost of revenue (note 23) | **(902)** | (7,917) |
| Gross loss | **5,651** | (2,700) |
| Selling and distribution expenses (note 25) | **(95)** | (17) |
| Administrative expenses (note 26) | **(64,288)** | (53,943) |
| Other income (note 28) | **37,294** | 34,056 |
| | **(21,438)** | (22,604) |

## 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:

| | 2021 | 2020 restated |
|---|---|---|
| **Continuing operations** | ------------ (Rupees) ----------- | |
| Profit for the year | **559,569** | 513,528 |
| | ------------Number of shares------------ | |
| Weighted average number of ordinary shares (in thousands) | **59,298** | 59,298 |
| | ------------ (Rupees) ------------ | |
| Earnings per share | **9.44** | 8.66 |
| **Discontinued operations** | | |
| Loss for the year | **(21,438)** | (22,604) |
| | ------------Number of shares------------ | |
| Weighted average number of ordinary shares (in thousands) | **59,298** | 59,298 |
| | ------------ (Rupees) ------------ | |
| Loss per share | **(0.36)** | (0.38) |

## 33. CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Cash and bank balances (note 15) | **48,303** | 29,713 |
| Short term investment (note 33.1) | **216,000** | - |
| Short-term borrowings (note 20) | **(646,587)** | (699,795) |
| | **(382,284)** | (670,082) |

**33.1** This represents a 3 months Term Deposit Receipt (TDR) placed with Standard Chartered Bank (SCB) at a rate of 9%.

(Amounts in thousand)

## 34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Directors | | Executives | Directors | | Executives |
| | Chief Executive | Others | | Chief Executive | Others | |
| | ---------------- (Rupees) ---------------- | | | ---------------- (Rupees) ---------------- | | |
| Managerial remuneration | **1,405** | **-** | **17,207** | 1,332 | - | 15,114 |
| Retirement benefits | **-** | **-** | **934** | - | - | 620 |
| Other benefits | **103** | **-** | **6,001** | 846 | - | 6,159 |
| Fees | **-** | **1,650** | **-** | - | 2,350 | - |
| Total | **1,508** | **1,650** | **24,142** | 2,178 | 2,350 | 21,893 |
| Number of persons, including those who worked part of the year | **1** | **7** | **6** | 1 | 7 | 6 |

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

## 35. FINANCIAL INSTRUMENTS BY CATEGORY

### 35.1 Financial assets as per statement of financial position

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| ***Financial assets at fair value through profit or loss*** | | |
| Long-term investments | **13,892** | 13,886 |
| ***Financial assets at fair value through other comprehensive income*** | | |
| Long-term investments | **15** | 15 |
| ***Financial assets at amortised cost*** | | |
| Long-term deposits | **2,778** | 2,778 |
| Trade debts | **-** | 23 |
| Loans to subsidiaries | **738,525** | 738,101 |
| Loans to employees | **1,627** | 636 |
| Deposits and other receivables | **47,598** | 158,751 |
| Interest accrued | **162,595** | 123,153 |
| Short term investment | **216,000** | - |
| Cash and bank balances | **48,303** | 29,713 |
| | **1,231,333** | 1,067,056 |

### 35.2 Financial liabilities as per statement of financial position

| | 2021 | 2020 |
|---|---|---|
| ***Financial assets at amortised cost*** | | |
| Trade and other payables | **56,262** | 45,568 |
| Short-term borrowings | **646,587** | 699,795 |
| Accrued mark-up | **13,026** | 16,519 |
| | **715,875** | 761,882 |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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.

TThe Company held the following assets measured at fair values:

| | **As at December 31, 2021** | | | |
|---|---|---|---|---|
| | **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) | **-** | **13,892** | **-** | **13,892** |
| Financial assets at fair value through other comprehensive income | | | | |
| - Long-term investments (investments in unquoted equity shares) | **-** | **-** | **15** | **15** |
| | **-** | **13,892** | **15** | **13,907** |

| | As at December 31, 2020 | | | |
|---|---|---|---|---|
| | 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) | - | 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, 2021 and 2020, the carrying values of the remaining assets and liabilities reflected in these unconsolidated financial statements approximate their fair values.

There were no transfers amongst the levels during the year. Further, there were no changes in valuation techniques during the year.

## 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, 2021, 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. 919 (2020: lower / higher by Rs. 383).

**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, 2021, 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 (2020: Rs. 139).

(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:

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| Long-term investments | **13,907** | 13,901 |
| Long-term deposits | **2,778** | 2,778 |
| Trade debts | **-** | 23 |
| Loans to subsidiaries | **738,525** | 738,101 |
| Deposits and other receivables | **16,059** | 22,586 |
| Interest accrued | **30** | 3,039 |
| Short term investment | **216,000** | - |
| Bank balances | **48,115** | 29,631 |
| | **1,035,414** | 810,059 |

***Balances with banks and investments in units of mutual fund***

As at December 31, 2021, the Company has deposits with banks and financial institutions amounting to Rs. 264,115 (2020: Rs. 29,631). 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:

| Asset Management Company * / Bank | Rating agency | 2021 Short-term | 2021 Long-term |
|---|---|---|---|
| National Investment Trust Limited * | **PACRA** | **-** | **AM1** |
| 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+** | **AAA** |
| Habib Metropolitan Bank Limited | **PACRA** | **A-1+** | **AA+** |
| MCB Bank Limited | **PACRA** | **A-1+** | **AAA** |

| Asset Management Company * / Bank | Rating agency | 2020 Short-term | 2020 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 |

(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.

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **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 | 56,262 | - | 56,262 | 45,568 | - | 45,568 |
| Short-term borrowings | 646,587 | - | 646,587 | 699,795 | - | 699,795 |
| Accrued mark-up | 13,026 | - | 13,026 | 16,519 | - | 16,519 |
| | 715,875 | - | 715,875 | 761,882 | - | 761,882 |

## 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:

| | **2021** | **2020** |
|---|---|---|
| | (Rupees) | |
| Short-term borrowings (note 20) | **646,587** | 699,795 |
| Short term investment | **(216,000)** | - |
| Cash and bank balances (note 15) | **(48,303)** | (29,713) |
| Net debt | **382,284** | 670,082 |
| Total equity | **3,927,473** | 3,760,464 |
| Total capital | **4,309,757** | 4,430,546 |
| Gearing ratio | **0.089** | 0.151 |

(Amounts in thousand)

## 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
- Textile - discontinued operations

### 39.1 Segment results

| | Renewable energy | | Textile - discontinued operations | | Other operations | | Total | |
|---|---|---|---|---|---|---|---|---|
| | ---- (Rupees) ---- | | | | | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenue from contract with customers - net | | | | | | | | |
| At a point in time | 2,588 | - | 6,553 | 5,217 | - | - | 9,141 | 5,217 |
| Over time | - | 1,962 | - | - | - | - | - | 1,962 |
| Revenue from external customers | 2,588 | 1,962 | 6,553 | 5,217 | - | - | 9,141 | 7,179 |
| Cost of revenue | (2,616) | (10,132) | (902) | (7,917) | - | - | (3,518) | (18,049) |
| | | | | | - | | | |
| Segment gross profit / (loss) | (28) | (8,170) | 5,651 | (2,700) | - | - | 5,623 | (10,870) |
| Dividend income | - | - | - | - | 740,353 | 701,387 | 740,353 | 701,387 |
| Selling and distribution expenses | - | (446) | (95) | (17) | - | - | (95) | (463) |
| Administrative expenses | (4,363) | (3,519) | (64,288) | (53,943) | (64,066) | (51,729) | (132,717) | (109,191) |
| Other expenses | - | - | - | - | (33,742) | (30,007) | (33,742) | (30,007) |
| Other income | - | - | 37,294 | 34,056 | 95,048 | 128,857 | 132,342 | 162,913 |
| Finance costs | - | - | - | - | (57,665) | (94,088) | (57,665) | (94,088) |
| Taxation | - | - | - | - | (115,967) | (128,757) | (115,967) | (128,757) |
| Segment (loss) / profit | (4,391) | (12,135) | (21,438) | (22,604) | 563,961 | 525,663 | 538,131 | 490,924 |

### 39.2 Segment assets

| | Renewable energy | | Textile - discontinued operations | | Other operations | | Total | |
|---|---|---|---|---|---|---|---|---|
| | ---- (Rupees) ---- | | | | | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Property, plant and equipment | 491 | 1,744 | 10,464 | 10,464 | 4,969 | 7,084 | 15,924 | 19,292 |
| Intangible assets | - | - | - | - | 4 | 27 | 4 | 27 |
| Long-term investments | - | - | - | - | 3,469,260 | 3,502,996 | 3,469,260 | 3,502,996 |
| Long-term deposits | - | - | 2,778 | 2,778 | - | - | 2,778 | 2,778 |
| Stores and spares | - | - | 892 | 892 | - | - | 892 | 892 |
| Stock | - | 2,616 | 14,262 | 15,164 | - | - | 14,262 | 17,780 |
| Trade debts | - | 23 | - | - | - | - | - | 23 |
| Loans to subsidiaries | - | - | - | - | 738,525 | 738,101 | 738,525 | 738,101 |
| Loans and advances | 688 | 2,295 | 1,189 | 635 | - | - | 1,877 | 2,930 |
| Taxes recoverable | - | - | 6,463 | - | 6,604 | - | 13,067 | - |
| Deposits, prepayments and other receivables | 22,194 | 29,966 | - | - | 34,140 | 135,951 | 56,334 | 165,917 |
| Interest accrued | - | - | - | - | 162,595 | 123,153 | 162,595 | 123,153 |
| Short term investment | - | - | - | - | 216,000 | - | 216,000 | - |
| Cash and bank balances | - | - | - | - | 48,303 | 29,713 | 48,303 | 29,713 |
| Total segment assets | 23,373 | 36,644 | 36,048 | 29,933 | 4,680,400 | 4,537,025 | 4,739,821 | 4,603,602 |
| | | | | | | | | |
| Staff retirement benefits | - | - | - | - | 4,697 | 2,755 | 4,697 | 2,755 |
| Trade and other payables | 15,478 | 2,562 | 16,921 | 5,937 | 32,762 | 37,634 | 65,161 | 46,132 |
| Short-term borrowings | - | - | - | - | 646,587 | 699,795 | 646,587 | 699,795 |
| Unclaimed dividend | - | - | - | - | 72,251 | 70,307 | 72,251 | 70,307 |
| Unpaid dividend | - | - | - | - | 3,266 | - | 3,266 | - |
| Provision | - | - | - | - | 7,360 | 7,360 | 7,360 | 7,360 |
| Income tax provision | - | - | - | - | - | 270 | - | 270 |
| Accrued mark-up | - | - | - | - | 13,026 | 16,519 | 13,026 | 16,519 |
| Total segment liabilities | 15,478 | 2,562 | 16,921 | 5,937 | 779,949 | 834,640 | 812,348 | 843,138 |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

**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 | 49.77% | Major shareholder |
| The Dawood Foundation | 5.02% | Common directorship |
| Cyan Limited | 5.00% | 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 |
| 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 |
| Muhammad Jawaid Iqbal | 0.00% | Director |
| Ruhail Muhammad | 0.00% | Director |
| Mohammad Shamoon Chaudry | 0.00% | Director |
| Shafiq Ahmed | 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 |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

**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 | 2021 | 2020 |
|---|---|---|---|
| | | ------ (Rupees in '000) ------ | |
| **a. Subsidiary companies** | | | |
| Tenaga Generasi Limited | Expenses reimbursable to the Company | **4,397** | 15,117 |
| | Expenses reimbursable by the Company | **1,124** | 1,182 |
| | Equity arrangement fee (SBLC) / SBLC cost reimbursement | **24,837** | 34,714 |
| | Interest on outstanding receivable balance | **4,489** | 9,744 |
| | Interest on outstanding payable balance | **22** | - |
| | Interest on subordinated loans | **42,074** | 52,183 |
| **Relationship** | **Nature of transaction** | | |
| Reon Energy Limited | Expenses reimbursable to the Company | **39,531** | 24,848 |
| | Interest on expenses reimbursable by the Company | **81** | 102 |
| | Interest on expenses reimbursable to the Company | **131** | - |
| | Loan disbursed by the Company | **-** | 300,000 |
| | Interest on loans disbursed by the Company | **28,532** | 47,677 |
| | Short-term loan repaid to the Company | **-** | 300,000 |
| | Subscription of shares by the Company | **-** | 300,000 |
| | Reimbursable expenses incurred on behalf of the Company | **21,523** | 18,554 |
| Mozart (Private) Limited | Unsecured loan disbursed by the Company | **143** | 61 |
| | Interest on loan | **39** | 35 |
| Abrax (Private) Limited | Unsecured loan disbursed by the Company | **141** | 59 |
| | Interest on loan | **42** | 38 |
| Greengo (Private) Limited | Unsecured loan disbursed by the Company | **141** | 59 |
| | Interest on loan | **42** | 39 |
| Reon Alpha (Private) Limited | Interest on reimbursement of expenses | **60** | 72 |
| | Expenses reimbursable to the Company | **1,197** | 2,168 |
| | Subscription of shares by the Company | **-** | 30,000 |
| **b. Associated companies** | | | |
| Dawood Hercules Corporation Limited | Dividend income | **740,353** | 701,387 |
| | Reimbursable expenses incurred on behalf of the Company | **1,320** | 2,168 |
| Sach International (Private) Limited | Expenses reimbursable to the Company | **368** | 329 |
| | Royalty charged | **14,384** | 14,312 |
| | Rental income | **660** | 660 |
| | Penalty charged | **2,978** | 2,389 |
| The Dawood Foundation | Rental charges | **-** | 476 |
| Engro Fertilizers Limited | Rental income | **-** | 5,336 |
| **c. Other related parties** | | | |
| Key management personnel | Salaries and other benefits | **5,838** | 3,824 |
| | Directors' fee | **1,650** | 2,350 |

**40.4** During the year, the Company paid dividends to its directors / sponsors amounting to Rs. 61,370 (2020: Rs. 39.277).

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| **41.** | **NUMBER OF EMPLOYEES** | | |
| | Average number of employees during the year | **12** | 15 |
| | Number of employees at December 31, | | |
| | Management employees | **11** | 11 |
| | Factory worker | **-** | 1 |
| | | **11** | 12 |

**41.1** The total and average number of employees of the Company as at December 31, 2021 include shared staff as per the Sharing of Services Agreement with subsidiaries.

**42. NON-ADJUSTING EVENT AFTER REPORTING DATE**

The Board of Directors in its meeting held on March 8, 2022 has proposed a final cash dividend of Nil (2020: cash dividend of Nil) per share for the year ended December 31, 2021 amounting to Nil (2020: Nil), for approval of the members at the Annual General Meeting to be held on April 28, 2022. This is in addition to interim cash dividends of Rs. 3.5 and Rs. 2.75 (2020: Rs 4) resulting in a total dividend of Rs. 6.25 per share for the year 2021 (2020: Rs. 4 per share).

**43. DATE OF AUTHORIZATION FOR ISSUE**

These unconsolidated financial statements were authorized for issue on March 8, 2022 by the Board of Directors of the Company.

**44. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison the effects of which are not material.

**45. GENERAL**

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

| | | |
|---|---|---|
| Mujtaba Haider Khan<br>Chief Executive Officer | Ruhail Muhammad<br>Director | Muhammad Saad Faridi<br>Chief Financial Officer |

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# CONSOLIDATED FINANCIAL STATEMENTS

31.20 MWh Storage and 7.363 MW Solar
Engro Enfrashare Pvt. Ltd
Makran Coastal Highway, 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 (the Holding Company) and its subsidiaries (together 'the Group'), which comprise the consolidated statement of financial position as at December 31, 2021, 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, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

**Basis for Opinion**

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

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, 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.

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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**<br><br>*(Refer notes 2.25.2, 3.4 and 22 to the consolidated financial statements)*<br><br>As at December 31, 2021, included in the balance of deferred tax liability (net) is an amount of Rs. 237,663 thousand representing deferred tax asset recognized on account of unused tax losses of subsidiary company Reon Energy Limited (REL).<br><br>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.<br><br>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:<br><br>▪ obtained understanding of the management's process for preparation of profitability forecast, tax liability and deferred tax calculation;<br><br>• discussed with the management, significant underlying assumptions used in preparing the profitability forecast and assessed the same for reasonableness;<br><br>• checked appropriateness of tax rates applied in view of the local tax legislation;<br><br>• checked mathematical accuracy of the calculations; and<br><br>• assessed adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards. |
| | | |
| ii) | **Impairment of property, plant and equipment**<br><br>*(Refer notes 2.9, 3.1 and 5.1.7 to the consolidated financial statements)*<br><br>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 | Our procedures amongst others included following:<br><br>▪ considered indicators requiring management to carry out impairment assessment;<br><br>▪ obtained understanding of the management's process of assessment, |

| S. No. | Key audit matters | How the matter was addressed in our audit |
|---|---|---|
| | Reon Alpha (Private) Limited (RAPL), the Group management performed an impairment assessment to determine the recoverable amount of related assets. 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. 26,602 thousand against property, plant and equipment relating to RAPL.<br><br>As impairment assessment required management of the Holding Company to make projections of cash flows, use judgement and estimates, we considered this a key audit matter. | including methodology used to estimate recoverable amount of assets and evaluated technical ability and competence of management's expert;<br><br>▪ 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<br><br>• assessed adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable accounting and reporting standards. |

**Information Other than the Unconsolidated and Consolidated 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 the 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 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgement 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.

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 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 Khurshid Hasan.

Afferguson & Co

**A. F. Ferguson & Co.,**
**Chartered Accountants**
**Karachi**

**Date: April 06, 2022**
**UDIN: AR202110160GzPON8eVS**

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

(Amounts in thousand)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **ASSETS** | | ------------ Rupees ------------ | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | **12,432,384** | 12,493,884 |
| Right-of-use assets | 6 | **115,831** | 116,689 |
| Intangible assets | 7 | **46,474** | 41,193 |
| Long-term investments | 8 | **11,570,345** | 10,909,397 |
| Long-term deposits | 9 | **2,778** | 2,778 |
| Long-term loans to employees | 10 | **477** | 95 |
| | | **24,168,289** | 23,564,036 |
| **Current assets** | | | |
| Stores and spares | 11 | **892** | 892 |
| Stock-in-trade | 12 | **634,520** | 241,852 |
| Trade debts | 13 | **4,104,939** | 2,896,123 |
| Contract assets | 14 | **1,127,153** | 324,240 |
| Loans and advances | 15 | **287,191** | 55,330 |
| Deposits, prepayments and other receivables | 16 | **1,442,823** | 1,075,134 |
| Accrued interest | | **576** | 7,369 |
| Taxes recoverable | | **85,569** | 130,757 |
| Short-term investments | 17 | **239,326** | 96,024 |
| Cash and bank balances | 18 | **1,148,170** | 689,185 |
| | | **9,071,159** | 5,516,906 |
| **TOTAL ASSETS** | | **33,239,448** | 29,080,942 |
| **EQUITY AND LIABILITIES** | | | |
| Share capital | 19 | **592,998** | 592,998 |
| Capital reserves | | **217,866** | 206,666 |
| Unappropriated profit | | **15,149,524** | 13,358,781 |
| Non-controlling interest | | **1,827,304** | 1,492,729 |
| | | **17,787,692** | 15,651,174 |
| **TOTAL EQUITY** | | | |
| **Non-current liabilities** | | | |
| Staff retirement benefits | 20 | **86,308** | 60,575 |
| Deferred government grant | 21 | **-** | 3,056 |
| Deferred taxation | 22 | **1,405,155** | 1,478,980 |
| Long-term borrowings | 23 | **7,082,235** | 7,802,777 |
| Lease liabilities | 24 | **126,369** | 109,778 |
| | | | - |
| | | **8,700,067** | 9,455,166 |
| **Current liabilities** | | | |
| Current portion of: | | | |
| - Long-term borrowings | 23 | **1,546,072** | 1,304,685 |
| - Deferred government grant | 21 | **3,056** | 5,369 |
| - Lease liabilities | 24 | **17,320** | 29,355 |
| Unclaimed dividend | | **75,517** | 70,307 |
| Short-term borrowings | 25 | **1,395,175** | 992,745 |
| Trade and other payables | 26 | **3,114,475** | 1,013,138 |
| Contract liabilities | 27 | **453,452** | 410,985 |
| Accrued mark-up | 28 | **146,622** | 148,018 |
| | | **6,751,689** | 3,974,602 |
| **TOTAL LIABILITIES** | | **15,451,756** | 13,429,768 |
| **Contingencies and commitments** | 29 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **33,239,448** | 29,080,942 |

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

| Mujtaba Haider Khan<br>Chief Executive Officer | Ruhail Muhammad<br>Director | Muhammad Saad Faridi<br>Chief Financial Officer |
|---|---|---|

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand except for earnings / (loss) per share)

| | Note | 2021 | 2020 |
|---|---|---|---|
| **CONTINUING OPERATIONS** | | ------------ Rupees | ------------ |
| Revenue from contracts with customers - net | 30 | **11,944,227** | 5,626,725 |
| Cost of revenue | 31 | **(9,347,794)** | (3,568,093) |
| **Gross profit** | | **2,596,433** | 2,058,632 |
| Selling and distribution expenses | 32 | **(386,331)** | (266,131) |
| Administrative expenses | 33 | **(432,342)** | (330,723) |
| Other expenses | 34 | **(79,692)** | (48,264) |
| Other income | 35 | **112,303** | 60,736 |
| **Operating profit** | | **1,810,371** | 1,474,250 |
| Finance cost | 36 | **(527,849)** | (700,058) |
| Share of profit from associate | 8.1 | **1,379,982** | 1,227,619 |
| **Profit before taxation** | | **2,662,504** | 2,001,811 |
| Taxation | 37 | **(158,576)** | (188,636) |
| **Profit after taxation** | | **2,503,928** | 1,813,175 |
| **DISCONTINUED OPERATIONS** | | | |
| Loss from discontinued operations | 38 | **(21,438)** | (22,604) |
| **Profit after taxaion - total** | | **2,482,490** | 1,790,571 |
| **Profit attributable to:** | | | |
| - Owners of the Holding Company | | **2,147,915** | 1,508,542 |
| - Non-controlling interest | | **334,575** | 282,029 |
| | | **2,482,490** | 1,790,571 |
| **Earnings / (loss) per share - basic and diluted** | | | |
| - Continuing operations | 39.3 | **36.58** | 25.82 |
| - Discontinued operations | 39.4 | **(0.36)** | (0.38) |

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

| Mujtaba Haider Khan<br>Chief Executive Officer | Ruhail Muhammad<br>Director | Muhammad Saad Faridi<br>Chief Financial Officer |
|---|---|---|

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------------ Rupees | ------------ |
| Profit after taxation | | **2,482,490** | 1,790,571 |
| **Other comprehensive income / (loss):** | | | |
| ***Items that may be reclassified subsequently through profit or loss*** | | | |
| Share of other comprehensive income of associate - net of tax | | **18,116** | 3,719 |
| ***Items that will not be reclassified to profit or loss*** | | | |
| Share of other comprehensive incomeof associate - net of tax | | **-** | 369 |
| Remeasurement loss on defined benefit obligation - net of tax | | **(4,665)** | (10,065) |
| | | **(4,665)** | (9,696) |
| Other comprehensive income / (loss) for the year | | **13,451** | (5,977) |
| **Total comprehensive income for the year** | | **2,495,941** | 1,784,594 |
| Total comprehensive income for the year: | | | |
| - Continuing operations | | **2,517,379** | 1,807,198 |
| - Discontinued operations | | **(21,438)** | (22,604) |
| | | **2,495,941** | 1,784,594 |
| Total comprehensive income attributable to: | | | |
| - Owners of the Holding Company | | **2,161,366** | 1,502,565 |
| - Non-controlling Interest | | **334,575** | 282,029 |
| | | **2,495,941** | 1,784,594 |

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

Mujtaba Haider Khan
Chief Executive Officer

Ruhail Muhammad
Director

Muhammad Saad Faridi
Chief Financial Officer

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees) ------------ | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **2,641,066** | 1,979,207 |
| Add: Loss before taxation attributable to discontinued operations | | **21,438** | 22,604 |
| Profit before taxation from continuing operations | | **2,662,504** | 2,001,811 |
| **Adjustment for non-cash charges and other items:** | | | |
| Depreciation on property plant and equipment | | **753,652** | 749,102 |
| Impairment on property plant and equipment | | **26,601** | 9,627 |
| Depreciation on right of use assets | | **17,872** | 28,725 |
| Amortization | | **8,792** | 5,308 |
| Provision for impairment against financial assets | | **27,171** | 3,543 |
| Provision for impairment against contract assets | | **15,392** | 22,459 |
| Provision for gratuity - net | | **27,366** | 20,957 |
| Provision for slow moving and obsolete stock-in-trade - net | | **848** | 7,656 |
| Provision for warranty | | **81,861** | 23,737 |
| Provision for onerous contract | | **47,580** | - |
| Charge related to employee share options scheme | | **11,200** | - |
| Finance cost | | **526,993** | 700,058 |
| Amortization of government grant | | **(5,369)** | (3,586) |
| Gain on disposal of property, plant and equipment | | **616** | (6) |
| Gain on disposal of leased asset | | **-** | (1,369) |
| Gain on investments in units of mutual funds | | **(6)** | (1,186) |
| Interest income on short-term investments | | **(3,057)** | (12,188) |
| Royalty income | | **-** | (14,312) |
| Share of profit of associate | | **(1,379,982)** | (1,227,619) |
| Profit on deposits | | **(15,318)** | (19,043) |
| Operating profit before working capital changes | | **2,804,716** | 2,293,674 |
| **(Increase) / decrease in current assets** | | | |
| Stock-in-trade | | **(394,418)** | (66,032) |
| Trade debts | | **(1,238,083)** | (105,569) |
| Contract assets | | **(805,280)** | (187,459) |
| Loans and advances | | **(214,631)** | (22,617) |
| Deposits, prepayments and other receivables | | **(42,813)** | (171,406) |
| **Increase/ (decrease) in current liabilities** | | | |
| Contract liabilities | | **42,467** | 180,008 |
| Trade and other payables | | **1,865,630** | (244,502) |
| | | **(787,128)** | (617,577) |
| **Net cash generated from operations** | | **2,017,588** | 1,676,097 |
| | | **2,017,588** | 1,676,097 |
| Gratuity paid | | **(7,682)** | (12,339) |
| Long-term loans | | **(382)** | 594 |
| Taxes paid | | **(199,206)** | (207,538) |
| Discontinued operations | | **(21,855)** | (8,009) |
| **Net cash generated from operating activities** | | **1,788,463** | 1,448,805 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

| | Note | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees) | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | **(72,764)** | (112,987) |
| Sale proceeds from disposal / transfer of property, plant and equipment | | **511** | 6 |
| Purchase of intangible assets | | **(13,217)** | (21,916) |
| Purchase of short-term investments | | **-** | (96,024) |
| Redemption of short-term investments | | **72,408** | 419,964 |
| Interest received | | **61,501** | 38,936 |
| Dividend received | | **740,353** | 701,387 |
| Discontinued operations | | **12,720** | 192 |
| **Net cash generated from investing activities** | | **801,512** | 929,558 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | **132,899** | 135,472 |
| Repayment of borrowings | | **(1,314,084)** | (1,152,448) |
| Payment of lease liability | | **(32,246)** | (37,977) |
| Proceeds from short-term finances | | **-** | 25,000 |
| Finance costs paid | | **(763,576)** | (1,006,216) |
| Share capital issued | | **-** | 1,305 |
| Share capital acquired from NCI | | **-** | (480) |
| Payment of dividend | | **(365,413)** | (232,259) |
| **Net cash used in financing activities** | | **(2,342,420)** | (2,267,603) |
| **Net increase / (decrease) in cash and cash equivalents** | | **247,555** | 110,760 |
| Cash and cash equivalents at beginning of the year | | **(278,560)** | (389,320) |
| **Cash and cash equivalents at end of the year** | 49 | **(31,005)** | (278,560) |

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

| | | |
|---|---|---|
| Mujtaba Haider Khan | Ruhail Muhammad | Muhammad Saad Faridi |
| Chief Executive Officer | Director | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | Attributable to owners of the Holding Company | | | | | | | | Non-Controlling Interest (NCI) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Capital reserves | | | | | | Revenue reserves | | |
| | Share capital | Merger reserve | Share premium reserve | Capital redemption reserve | Employee share option compensation reserve | Others | Total | Unappropriated profit | | |
| | (Rupees in '000) | | | | | | | | | |
| **Balance as at January 1, 2020** | 590,578 | 10,521 | 136,865 | 25,969 | - | 33,311 | 206,666 | 12,094,910 | 1,210,800 | 14,102,954 |
| Profit for the year | - | - | - | - | - | - | - | 1,508,542 | 282,029 | 1,790,571 |
| Other comprehensive loss | - | - | - | - | - | - | - | (5,977) | - | (5,977) |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 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) |
| Issuance of ordinary shares (note 19.2) | 1,305 | - | - | - | - | - | - | - | - | 1,305 |
| Issuance of bonus shares (note 19.2) | 1,115 | - | - | - | - | - | - | (1,115) | - | - |
| Acquisition of 40% of share capital of Grid Edge (Private) Limited (note 1.4.1) | - | - | - | - | - | - | - | (380) | (100) | (480) |
| | 2,420 | - | - | - | - | - | - | (238,694) | (100) | (236,374) |
| **Balance as at December 31, 2020 / January 1, 2021** | 592,998 | 10,521 | 136,865 | 25,969 | - | 33,311 | 206,666 | 13,358,781 | 1,492,729 | 15,651,174 |
| Profit for the year | - | - | - | - | - | - | - | 2,147,915 | 334,575 | 2,482,490 |
| Other comprehensive income | - | - | - | - | - | - | - | 13,451 | - | 13,451 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 2,161,366 | 334,575 | 2,495,941 |
| **Transactions with owners** | | | | | | | | | | |
| First interim dividend for the year ended December 31, 2021 @ Rs 3.50 per share | - | - | - | - | - | - | - | (207,549) | - | (207,549) |
| Second interim dividend for the year ended December 31, 2021 @ Rs 2.75 per share | - | - | - | - | - | - | - | (163,074) | - | (163,074) |
| Employee share option compensation reserve | - | - | - | - | 11,200 | - | 11,200 | - | - | 11,200 |
| **Balance AS AT DECEMBER 31, 2021** | 592,998 | 10,521 | 136,865 | 25,969 | 11,200 | 33,311 | 217,866 | 15,149,524 | 1,827,304 | 17,787,692 |

The annexed notes from 1 to 54 form an integral p ... ated financial statements.

Mujtaba Haider Khan
Chief Executive Officer

Ruhail Muhammad
Director

Muhammad Saad Faridi
Chief Financial Officer

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(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 between Dawood Cotton Mills Limited (DCM), Dilon Limited (DL), Burewala Textile Mills Limited (BTM) and Lawrencepur Woolen and Textile Mills Limited (LWTM). The shares of the Holding Company are listed on the Pakistan Stock Exchange Limited (PSX). The Holding Company manages investment in its subsidiaries and associated companies and is 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 Offices (registered offices)** | |
| The Holding Company | 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi. |
| Abrax (Private) Limited | 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi. |
| Greengo (Private) Limited | 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi. |
| Mozart (Private) Limited | 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi. |
| Reon Alpha (Private) Limited | 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi. |
| Reon Energy Limited | 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi. |
| Tenaga Generasi Limited | 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** | |
| Sales Office I | 2nd floor, COLABS building 50-N, Gurumangat Road, Gulberg II Lahore. |
| Sales Office II | 4th floor One Expressway Plaza, Gulberg Green Enterchange, 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, Mirpur Sakro, 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 periods. Currently, the Holding Company does not have any industrial unit in production (note 38).

**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

**Associated Company:** Associated company is an entity over which the Group has significant influence but not control; and

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

| | Financial year end | %age of direct holding | |
|---|---|---|---|
| | | **2021** | **2020** |
| 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 | |
| **Associated Company** | | | |
| Dawood Hercules Corporation Limited (note 1.5) | December 31 | **16.19%** | 16.19% |

**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 construction of renewable energy projects, mainly solar, to commercial and industrial consumers.

REL holds 100% shareholding in its subsidiary namely Grid Edge (Private) Limited (GEL). GEL is a private limited company incorporated in Pakistan on August 8, 2018 with the principal business 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 (P&G) as a bulk power consumer. As at December 31, 2021, the REL (together with its nominee directors) held 100% (2020: 100%) of the share capital of GEL.

**1.4.2 Tenaga Generasi Limited**

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

TGL 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.

(Amounts in thousand)

The Plant commenced commercial operations on October 11, 2016. The electricity initially generated was being transmitted to the National Transmission and Despatch Company (NTDC) under the Energy Purchase Agreement (EPA) until June 18, 2019, subsequent to which the electricity generated was being transmitted to K-Electric Limited under a Short term Power Purchase Agency Agreement (STPPAA). As of September 6, 2021 the STPPAA has expired and now the electricity again is being transmitted to NTDC.

Dividend to the shareholders of TGL can only be declared after satisfaction of certain requirements as listed in the common terms agreement with the lenders of TGL.

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

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| Non-current assets | **11,995,648** | 12,051,329 |
| Current assets | **4,424,215** | 3,719,461 |
| Total assets | **16,419,863** | 15,770,790 |
| Non-current liabilities | **6,800,538** | 7,555,227 |
| Current liabilities | **2,395,135** | 2,329,671 |
| Total liabilities | **9,195,673** | 9,884,898 |
| Revenue | **3,021,210** | 2,969,028 |
| Total comprehensive income for the year | **1,338,298** | 1,128,115 |
| Total comprehensive income allocated to NCI | **334,575** | 282,029 |
| Accumulated NCI | **1,827,304** | 1,492,729 |
| Cash and cash equivalents | **944,057** | 488,776 |
| Net cash (utilized in) / generated from: | | |
| - operating activities | **2,274,301** | 2,127,860 |
| - investing activities | **13,930** | 21,464 |
| - financing activities | **(1,832,950)** | (2,021,337) |
| | **455,281** | 127,987 |
| Proportion of ownership interest held by NCI | **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. Originally, RAPL had to set up a 4 MW solar project which was upgraded to 5 MW through an addendum dated March 11, 2019, at District Thar, in the province of Sindh, to provide clean electricity to Sindh Engro Coal Mining Company (SECMC) under a 15-year Power Purchase Agreement (PPA). The commercial operations date and final acceptance date of the project was April 22, 2020.

**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. The proposed principal activity of MPL is to install textile weaving units and sell manufactured cloth, along with managing the Holding Company's legacy asses located in Burewala.

MPL is yet to execute its business activities. The Directors have no intention to windup MPL."

**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. The proposed principal activity of APL is to install textile weaving units and sell manufactured cloth, along with managing the Holding Company’s legacy assets located in Burewala.

APL is yet to execute its business activities. The Directors have no intention to windup APL."

**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. The proposed principal activity of GPL is to install textile weaving units and sell manufactured cloth, along with managing the Holding Company’s legacy assets located in Burewala.

GPL is yet to execute its business activities. The Directors have no intention to windup GPL."

**1.5 Associated Company**

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.

DHCL was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act 1913 (now the Companies Act, 2017) and its shares are quoted on the PSX. The principal activity of DHCL is to manage investments including in its subsidiaries 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% (2020: 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**

These consolidated financial statements have been prepared under the historical cost convention except that certain financial assets and financial liabilities have been measured at fair value, obligations under retirement benefit plan have been measured at present value and investment in associate is accounted for using equity method.

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 high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

The unconsolidated financial statements of the Holding Company and its subsidiaries have been presented separately.

**2.1.1 Statement of compliance**

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

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

**2.1.2 Functional and presentation currency**

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

**2.1.3** The consolidated financial statements have been prepared on the basis of audited financial statements of the Holding Company and the subsidiary companies.

**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**

The IASB has issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 that address issues arising during the reform of benchmark interest rates including the replacement of one benchmark rate with an alternative one.

The objective of the disclosures required by the Phase 2 amendments is to enable users of financial statements to understand the effect of Inter-Bank Offer Rate (IBOR) reform on an entity's financial instruments and risk management strategy. An entity needs to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. The relevant information is disclosed in note 43.

There are other certain amendments to the accounting and reporting standards that became effective during the year, 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.

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

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 consolidated 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;
- it 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 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 NCI’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 recognized in the consolidated statement of profit or loss.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of NCI over the fair value of 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 NCI**

The Group treats transactions with NCI 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 / received and the relevant share acquired / disposed off of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to NCI 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 consolidated statement of 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 consolidated statement of 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 consolidated statement of 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 and capital work-in-progress, 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 accumulated impairment losses, 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.

Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. 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 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.

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day to day servicing of property, plant and equipment are recognized in the consolidated statement of profit or loss as these are incurred.

Depreciation is charged using the reducing balance and straight-line 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. Further, where applicable, an estimate of the recoverable amount of assists is made for possible impairment on an annual basis.

Asset's residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. 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 consolidated 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 consolidated 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 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 recognized 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 of the Group 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 amortized 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 consolidated statement of profit or 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 accumulated impairment losses, if any, and adjusted for certain remeasurements of the corresponding lease liabilities.

The Group applies the practical expedient not to recognize 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 recognized as an expense in the consolidated statement of profit or loss on a straight line basis over the lease term.

The Securities and Exchange Commission of Pakistan (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, if any. Impairment losses on goodwill are not reversed.

**2.6.2 Computer Software**

Computer software are recognized at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any.

"Costs associated with maintaining computer software programs are recognized as an expense as incurred. Costs directly associated with acquiring intangible assets that have probable economic benefits exceeding one year, are recognized as an intangible asset. Direct costs include purchase cost of intangible assets and related overhead cost. For internally generated intangible assets, costs attributable to research phase is accounted for as expense and costs that qualifies as development is capitalized 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.

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 Group and the cost of the item can be measured reliably. Costs associated with maintaining intangible assets are recognized as an expense as incurred."

Computer software are amortized from the month when such assets are available for use on a straight line basis at the rate mentioned in note 7.2.1.

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.

**2.7 Investments in associates**

Investment in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the investors' share of profit of loss of the investee after the date of acquisition. The Group's investment in associate includes goodwill identified on acquisition. The Group determines at each reporting date whether there is any objective evidence that the investment in associate is impaired. If this is the case, the Group calculates the impairment loss as the difference between the recoverable amount of associate and its carrying value and recognizes it in the consolidated statement of profit or loss.

**2.8 Financial instruments**

**2.8.1 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 amortized cost.

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

The Group classifies its financial assets at amortized cost only if both of the following criteria are met:

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

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

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

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

"A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income.

For assets measured at fair value, gains and losses will either be recorded in consolidated statement of profit or loss or consolidated statement of 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."

**Recognition**

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset.

**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) Amortized 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 amortized cost. A gain or loss on a debt instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in consolidated statement of profit or loss when the asset is derecognized 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 consolidated statement of comprehensive income (OCI), except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in consolidated statement of profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to consolidated statement of profit or loss and recognized 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 amortized cost or FVPL 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 recognized in consolidated statement of 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 consolidated statement of comprehensive income, there is no subsequent reclassification of fair value gains and losses to consolidated statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in consolidated statement of 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 recognized in other gain / (losses) in the consolidated 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 derecognized 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.

**2.8.2 Financial liabilities**

Financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs. Financial liabilities at fair value through profit or loss are initially recognized 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 amortized cost using the effective interest method.

A financial liability is derecognized 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 recognized in the consolidated statement of profit or loss.

**2.8.3 Offsetting**

Financial assets and liabilities are offset and the net amount is reported in the consolidated 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.

**2.8.4 Impairment of financial assets**

The Group assesses on a forward looking basis the expected credit losses (ECL) associated with its debt instruments (other than trade debts) carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Lifetime ECL is recognized 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 recognized from initial recognition of the receivables. To measure the ECL, trade debts are grouped based on shared credit risk characteristics and the days past due.

The SECP through its update SRO 1177 (I) / 2021.- dated September 13, 2021 had notified that the requirements contained in IFRS 9 'Financial Instruments' with respect to application of ECL method will not be applicable to companies till June 30, 2022 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 recognize ECL on trade debts and delayed payment charges of alternate energy segment as they are solely receivable from Government of Pakistan as a consequence of circular debt.

**2.9 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 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 amortization, if no impairment loss had been recognized.

**2.10 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.

**2.11 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.

**2.12 Trade debts and other receivables**

"Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain a significant financing component, in which case these are recognized 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 amortized cost using effective interest method.

Impairment of trade and other receivables is disclosed in note 2.8.4."

**2.13 Contract assets and contract liabilities**

A contract asset is recognized 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 recognized 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).

**2.14 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.

**2.15 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.

**2.16 Government grants**

"Grants from the government are recognized 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 amortized 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."

**2.17 Share capital**

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

**2.18 Employees' share option scheme**

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 the Black-Scholes pricing model. The expected life used in the model has been 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 consolidated statement of profit or loss and consolidated statement of comprehensive income, is transferred to unappropriated profit from employee share option compensation reserve in the consolidated statement of changes in equity.

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.

**2.19 Employees' retirement benefits**

**2.19.1 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.

**2.19.2 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 recognized in consolidated statement of comprehensive income.

**2.20 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 amortized cost with any difference between cost and redemption value being recognized 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.

**2.21 Trade and other payables**

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

**2.22 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.

**2.23 Warranty provision**

The Group recognizes the estimated liability, on an accrual basis, to repair or replace products under warranty at the reporting date, and recognizes the estimated product warranty costs in the consolidated statement of profit or loss when the sale is recognized.

**2.24 Derivatives**

Derivatives are initially recognized 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.

**2.25 Taxation**

**2.25.1 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.

The Group’s profits and gains from power generation are exempt from tax under clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 (ITO). The Group is also exempt from minimum tax on turnover under clause 11 A of part IV of the Second Schedule to the ITO. However, the Group's income from other sources is subject to taxation as per the prevailing provisions of the ITO.

**2.25.2 Deferred**

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

**2.26 Revenue and income recognition**

**2.26.1 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 consolidated statement of profit or loss.

**2.26.2 Operations and maintenance services**

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

**2.26.3 Sale of goods**

Revenue from sale of solar panels and other goods is recognized 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.

**2.26.4 Supply of electricity**

For supply of electricity to Central Power Purchasing Agency Guarantee Limited (CPPA-G), the Group recognizes revenue when following performance obligations are satisfied i.e. delivery of monthly energy, which includes net delivered energy and non project missed volume (NPMV), to CPPA-G. Invoices are raised at month end, becoming due 30 days after the invoice date.

Energy revenue is recognized based on the rates determined under the mechanism laid down in the Energy Purchase Agreement (EPA). The Group recognizes revenue for NPMV. NPMV is defined in the EPA as a volume of electricity not delivered by the Group due solely to a non-project event

(NPE) i.e. events which are outside the control of the Group (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 recognizes 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.

**2.26.5 Other services**

Revenue from other services such as design and engineering services is recognized as and when such services are rendered.

**2.26.6 Interest on investments and bank deposits and delayed payment income**

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

**2.26.7 Dividend income**

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

**2.26.8 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.

**2.27 Borrowing costs**

Borrowing costs are recognized 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 capitalized 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 capitalization of exchange differences to all IPPs that have executed their PPAs before January 1, 2019. Accordingly, exchange gains / losses of TGL's foreign currency borrowings have been capitalized in these consolidated financial statements.

**2.28 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.

**2.28 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 the exchange rates prevailing at the reporting date. Foreign exchange differences are recognized in the consolidated statement of profit or loss, except as referred to in note 2.27.

**2.30 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.

**2.31 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.

**2.32 Transactions with related parties**

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

**2.33 Dividend and appropriation to reserves**

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

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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 judgement in the process of applying the Group's accounting policies. Estimates and judgements 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 5.1.7.

**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.

Deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the assets may be utilized.

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

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is utilized or the liability is settled, based on the tax rates that have been enacted or substantially enacted at the date of consolidated statement of financial position.

**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 Impairment of investment in associate**

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

**3.7 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.

**3.8 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 IAS 36, 'Impairment of Assets'. Impairment charge in respect of goodwill is recognized in consolidated statement of profit or loss and is not subsequently reversed.

**3.9 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.

(Amounts in thousand)

**3.10 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.

**4. SUMMARY OF SIGNIFICANT EVENTS**

**4.1 MEMORANDUM OF UNDERSTANDING**

On 13 August, 2020, TGL, along with other IPPs representing the 2006 Power Policy projects (collectively referred to as the "Parties"), signed a Memorandum of Understanding (MoU) with a validity of six months with the Committee for negotiations with IPPs, notified by Government of Pakistan (GOP) vide notification number F.No.IPPs- 1(12)/2019-20 dated June 3, 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 based on which draft amendments to the EPA and a master agreement were initialed in early 2021. The finalization of draft amendments to the EPA and master Agreement were subject to approval of TGL's board of directors, sponsors and lenders (the Stakeholders). However, the Stakeholders could not agree to the terms of the draft amendments to the EPA and master Agreement during the validity period, which ultimately led to the expiry of MoU on February 13, 2021.

"U.S International Development Finance Corporation (DFC), one of the lenders of TGL is still in negotiations with the GOP in the larger national interest of the country for reduction in tariff rates in which they have informed GOP that they are willing to reduce the debt component of the tariff by re-structuring their loan through decrease in intertest rate by 50 basis points with a corresponding increase in loan tenor by 5 years while maintaining that GOP does not alter any other contract terms as stated in the initialed master agreement, such as Return on Equity, Insurance and Operations and Maintenance costs. The matter is still under discussion between the lenders, IPPs and the power purchaser.

Therefore since the negotiations have not yet finalized any changes for reduction in tariff rates will require mutual consent between all parties and will be applicable prospectively.

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) | ------------ |
| **PROPERTY, PLANT AND EQUIPMENT** | | |
| Operating assets, at net book value (note 5.1) | **12,266,115** | 12,232,812 |
| Capital work in progress (note 5.2) | **6,485** | 101,288 |
| Capital spares | **159,784** | 159,784 |
| | **12,432,384** | 12,493,884 |

(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, 2020** | | | | | | | | | | | | |
| 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 5.1.7) | - | - | - | - | (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 |
| **Year ended December 31, 2021** | | | | | | | | | | | | |
| Opening 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** |
| Additions including transfers | **-** | **-** | **-** | **1,524** | **152,216** | **-** | **13,698** | **130** | **-** | **-** | **-** | **167,568** |
| Capitalization adjustment for exchange loss (note 5.1.6) | **-** | **-** | **-** | **132,226** | **509,939** | **-** | **-** | **-** | **-** | **-** | **-** | **642,165** |
| Disposals | | | | | | | | | | | | |
| Cost | **-** | **-** | **(2,838)** | **-** | **-** | **-** | **(1,151)** | **(183)** | **-** | **-** | **(2,014)** | **(6,186)** |
| Accumulated depreciation | **-** | **-** | **2,685** | **-** | **-** | **-** | **882** | **183** | **-** | **-** | **1,156** | **4,906** |
| | **-** | **-** | **(153)** | **-** | **-** | **-** | **(269)** | **-** | **-** | **-** | **(858)** | **(1,280)** |
| Impairment loss (note 5.1.7) | **-** | **-** | **-** | **-** | **(26,189)** | **-** | **-** | **-** | **(413)** | **-** | **-** | **(26,602)** |
| Depreciation charge (note 5.1.5) | **-** | **(648)** | **(170)** | **(143,686)** | **(586,233)** | **(119)** | **(14,980)** | **(239)** | **(690)** | **(1,387)** | **(397)** | **(748,549)** |
| Closing net book value | **3,157** | **10,524** | **2,931** | **2,411,015** | **9,789,120** | **1,071** | **30,792** | **2,236** | **7,099** | **5,527** | **2,643** | **12,266,115** |
| **AS AT DECEMBER 31, 2021** | | | | | | | | | | | | |
| Cost | **3,157** | **38,194** | **67,719** | **3,103,701** | **12,589,216** | **3,881** | **136,735** | **14,679** | **14,969** | **26,659** | **5,643** | **16,004,553** |
| Accumulated depreciation | **-** | **(27,670)** | **(64,788)** | **(692,686)** | **(2,764,280)** | **(2,810)** | **(105,943)** | **(12,443)** | **(7,457)** | **(21,132)** | **(3,000)** | **(3,702,209)** |
| Accumulated impairment | **-** | **-** | **-** | **-** | **(35,816)** | **-** | **-** | **-** | **(413)** | **-** | **-** | **(36,229)** |
| Net book value | **3,157** | **10,524** | **2,931** | **2,411,015** | **9,789,120** | **1,071** | **30,792** | **2,236** | **7,099** | **5,527** | **2,643** | **12,266,115** |
| **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. 10,464 (2020: Rs. 9,079 ) which relate to discontinued textile unit, LWTM and BTM.

**5.1.2** The Group's assets include equipment having cost of Nil (2020: Rs. 3,370) which are not in the possession of the Group and are installed at The Searle Company Limited, for providing energy sales to the customer. These equipment were sold during the year.

**5.1.3** This represents 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 the Group.

**5.1.4** Leasehold land is secured in favor of lenders to secure various financing arrangements.

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **5.1.5** Depreciation charge for the year has been allocated as follows: | | |
| Cost of revenue (note 31) | **729,800** | 732,574 |
| Selling and distribution expenses (note 32) | **5,907** | 4,440 |
| Administrative expenses (note 33) | **12,842** | 16,618 |
| | **748,549** | 753,632 |

**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 capitalization of exchange differences. During the year, the Group has capitalized exchange differences aggregating to Rs. 642,165 (2020: Rs. 276,049) arising on foreign currency borrowings of TGL to the cost of the related property, plant and equipment.

**5.1.7** The management of RAPL taking cognizance of loss for the year and other impairment indicators conducted an impairment assessment of its property, plant and equipment. The recoverable amount so determined was less than the carrying value, thereby resulting in an impairment loss of Rs. 26,602 (2020: Rs. 9,627), which was recognized in consolidated statement of profit or loss.

The recoverable amount of Rs. 358,011 as at December 31, 2021 was determined on the basis of value in use, discounted using a pre-tax cost of equity of 15.5% (2020: 12.75%). In this assessment, key assumption includes electricity output that is based on Capacity Utilization Factor of 19% for the first year, reduced by 0.7% for every succeeding year, as agreed in the PPA.

**5.1.8** 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 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees) ------------ | |
| 5.2 | **Capital work-in-progress** | | |
| | Cost incurred on: | | |
| | Procurement of equipment, engineering and construction services ( notes 5.2.1 & 5.2.2) | **-** | 98,893 |
| | Advances and others | **6,485** | 2,395 |
| | | **6,485** | 101,288 |

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Movement of capital work-in-progress: | | |
| Balance as at January 1 | **101,288** | 401,543 |
| Additions during the year | **38,812** | 96,570 |
| Transfers to operating fixed assets | **(133,615)** | (396,825) |
| Balance as at December 31 | **6,485** | 101,288 |

**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.

**5.2.2** During the year the Group completed the construction of the solar plant on May 11, 2021.

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees) ------------ | |
| **6.** | **RIGHT-OF-USE ASSETS** | | |
| | **Year ended December 31** | | |
| | As at January 1 | **116,689** | 140,160 |
| | Additions | **22,762** | 12,084 |
| | Disposal | | |
| | Cost | **-** | (16,390) |
| | Accumulated depreciation | **-** | 9,560 |
| | | **-** | (6,830) |
| | Depreciation charge (note 6.1) | **(23,620)** | (28,725) |
| | Closing net book value | **115,831** | 116,689 |
| | **As at December 31** | | |
| | Cost | **181,499** | 158,737 |
| | Accumulated depreciation | **(65,668)** | (42,048) |
| | Net book value | **115,831** | 116,689 |
| | 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) | **5,748** | 5,746 |
| | Selling and distribution expenses (note 32) | **4,594** | 7,284 |
| | Administrative expenses (note 33) | **13,278** | 15,695 |
| | | **23,620** | 28,725 |
| **7.** | **INTANGIBLE ASSETS** | | |
| | Goodwill (note 7.1) | **22,834** | 22,834 |
| | Computer software (note 7.2) | **10,587** | 18,359 |
| | Capital work-in-progress (note 7.3) | **13,053** | - |
| | | **46,474** | 41,193 |

(Amounts in thousand)

### 7.1 Goodwill

In year 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 the 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, 2021, the management of the Group carried out an impairment testing of its goodwill recognized in the consolidated financial statements as a result of acquisition of TGL. Based on the aforementioned testing, the NPV of the wind project was in excess of the respective carrying amount of goodwill as at December 31, 2021.

### 7.2 Computer software

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **Cost** | | |
| Balance as on January 1 | **45,378** | 22,655 |
| Additions during the year | **164** | 22,723 |
| Balance as on December 31 | **45,542** | 45,378 |
| **Accumulated amortization** | | |
| Balance as on January 1 | **(27,019)** | (21,711) |
| Amortization during the year (note 7.2.2) | **(7,936)** | (5,308) |
| Balance as on December 31 | **(34,955)** | (27,019) |
| **Carrying amount** | **10,587** | 18,359 |

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

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

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Selling and distribution expenses (note 32) | **-** | 193 |
| Administrative expenses (note 33) | **7,936** | 5,115 |
| | **7,936** | 5,308 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

**7.3 Capital work-in-progress**

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| As at January 1 | **-** | 807 |
| Additions during the year (note 7.3.1) | **13,053** | 21,916 |
| Transfer to computer software during the year | **-** | (22,723) |
| As at December 31 | **13,053** | - |

**7.3.1** Additions during the year pertain to two internally generated software, Spark - an intelligent indigenized cloud based data analytics and asset performance management software and BESS - energy storage and management solution software.

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| **8. LONG-TERM INVESTMENTS** | | |
| Investment in associate (note 8.1) | **11,556,438** | 10,895,496 |
| Other investments (note 8.3) | **13,907** | 13,901 |
| | **11,570,345** | 10,909,397 |
| **8.1 Investment in associate (quoted)** | | |
| **Dawood Hercules Corporation Limited (DHCL)** | | |
| Opening balance | **10,895,496** | 10,364,454 |
| Add: | | |
| - Share of profit after taxation | **1,379,982** | 1,227,619 |
| - Share of other comprehensive income | **21,313** | 4,810 |
| | **1,401,295** | 1,232,429 |
| Less: Dividend received | **(740,353)** | (701,387) |
| | **11,556,438** | 10,895,496 |

**8.1.1** The Holding Company has invested in DHCL with ownership of 16.19% (2020: 16.19%) comprising of 77,931,896 (2020: 77,931,896) fully paid ordinary shares of Rs. 10/- each, having a market value of Rs. 7,444,055 (2020: Rs. 9,471,843).

(Amounts in thousand)

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

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| Revenue | **311,780,699** | 248,950,089 |
| Profit after tax | **50,734,535** | 42,350,878 |
| Other comprehensive income - net of tax | **341,350** | 74,075 |
| Total comprehensive income | **51,075,885** | 42,424,953 |
| Profit attributable to: | | |
| - Owners of DHCL | **8,523,667** | 7,582,576 |
| - NCI of DHCL | **42,210,868** | 34,768,302 |
| | **50,734,535** | 42,350,878 |
| Non-current assets | **384,797,377** | 358,901,833 |
| Current assets | **277,904,623** | 242,056,075 |
| Assets held for sale | **-** | 67,054 |
| Total assets | **662,702,000** | 601,024,962 |
| Less: | | |
| Non-current liabilities | **221,378,328** | 217,739,361 |
| Current liabilities | **187,333,368** | 151,624,026 |
| Total liabilities | **408,711,696** | 369,363,387 |
| Net assets | **253,990,304** | 231,661,575 |
| Net assets attributable to: | | |
| - Owners of DHCL | **71,384,733** | 67,301,648 |
| - NCI of DHCL | **182,605,571** | 164,359,927 |
| | **253,990,304** | 231,661,575 |
| Group's share in % | **16.19%** | 16.19% |
| Share of net assets | **11,557,188** | 10,896,137 |
| Others | **(750)** | (641) |
| Carrying amount | **11,556,438** | 10,895,496 |

**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 (notes 23 & 25) the details of which are as follows:

| | | AS AT DECEMBER 31, 2021 | | | As at December 31, 2020 | | |
|---|---|---|---|---|---|---|---|
| **Particulars** | **Shares pledged** | **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 ) | Dawood Hercules Corporation Limited | **20,459,737** | **204,597** | **1,954,314** | 26,899,737 | 268,997 | 3,269,394 |
| Bank AL Habib Limited (note 25) | | **10,200,000** | **102,000** | **974,304** | 10,200,000 | 102,000 | 1,239,708 |
| MCB Bank Limited | | **5,910,000** | **59,100** | **564,523** | 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** **Other investments**

| 2021 | 2020 | Name of Investee | 2021 | 2020 |
|---|---|---|---|---|
| **Units* / Number of Shares** | | | ------------ (Rupees) ------------ | |
| | | **Listed securities** | | |
| 200,000 | 200,000 | National Investment (Unit) Trust | 13,892 | 13,886 |
| | | **Un-listed securities** | | |
| 1,500 | 1,500 | Asian Co-operative Society Limited | 15 | 15 |
| | | | 13,907 | 13,901 |

**8.3.1** **Reconciliation between fair value and cost of investments**

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Fair value of investments | **13,892** | 13,886 |
| Surplus on remeasurement of investments as at year end | **(11,437)** | (11,431) |
| Cost of investments | **2,455** | 2,455 |

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| **9.** | **LONG-TERM DEPOSITS** | (Rupees) | |
| | 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) | **1,912** | 1,069 |
| | Less: Current portion (note 15) | **(1,435)** | (974) |
| | | **477** | 95 |
| **10.1** | **Reconciliation of the carrying amount of loans to employees** | | |
| | Balance at beginning of the year | **1,069** | 1,961 |
| | Disbursement | **2,450** | 530 |
| | Repayment | **(1,607)** | (1,422) |
| | Balance at end of the year | **1,912** | 1,069 |

**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. 1,912 (2020: Rs. 1,848).

| | | 2021 | 2020 |
|---|---|---|---|
| | | (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 |
| **12.** | **STOCK-IN-TRADE** | | |
| | **Renewable energy** | | |
| | Finished goods | **287,648** | 272,015 |
| | Provision for slow moving and obsolete items (note 12.1) | **(1,264)** | (45,327) |
| | Stock in transit | **333,874** | - |
| | | **620,258** | 226,688 |
| | **Textile** | | |
| | Finished goods | **15,946** | 22,706 |
| | Provision for slow moving and obsolete items (note 12.1) | **(1,684)** | (7,542) |
| | | **14,262** | 15,164 |
| | | **634,520** | 241,852 |

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------- (Rupees) | ------------ |
| **12.1** | The movement in provision during the year is as follows: | | |
| | Balance at the beginning of the year | **52,869** | 42,707 |
| | Add: Charge for the year | **848** | 12,281 |
| | Less: Stock written off against provision | **(50,769)** | (2,119) |
| | Balance at the end of the year | **2,948** | 52,869 |
| **13.** | **TRADE DEBTS** | | |
| | **- Secured, considered good** | | |
| | Alternate energy (notes 13.1 and 13.2) | **2,523,971** | 2,498,712 |
| | **- Unsecured, considered good** | | |
| | Renewable energy - projects (notes 13.3, 13.4 and 13.5) | **1,580,968** | 397,411 |
| | | **4,104,939** | 2,896,123 |
| | **- Considered doubtful** | | |
| | Renewable energy | **41,642** | 14,471 |
| | Others | **32** | 32 |
| | | **41,674** | 14,503 |
| | | **4,146,613** | 2,910,626 |
| | Provision for impairment against doubtful debts - net (note 13.6) | **(41,674)** | (14,503) |
| | | **4,104,939** | 2,896,123 |

**13.1** Trade debts including delayed payment charges 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. 391,389 (2020: Rs. 430,549) which are neither past due nor impaired.

- Rs. 2,132,582 (2020: Rs. 2,068,163) which are overdue by upto 152 days (2020: upto 207 days) but not impaired. These carry markup at the rate of 3 months KIBOR plus 4.5% per annum.

**13.3** As at December 31, 2021, trade debts aggregating to Rs. 670,614 (2020: Rs. 207,930) 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:

| | 2021 | 2020 |
|---|---|---|
| | ------------- (Rupees) | ------------ |
| Upto 2 months | **310,709** | 116,127 |
| More than 2 months | **359,905** | 91,803 |
| | **670,614** | 207,930 |

(Amounts in thousand)

**13.4** As at December 31, 2021, trade debts aggregating to Rs. 910,354 (2020: Rs. 189,481) 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** 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:

| | 2021 | 2020 |
|---|---|---|
| | ------------- (Rupees) ------------ | |
| **Neither past due nor impaired** | | |
| Enfrashare (Private) Limited | **198,608** | 138,667 |
| **Past due but not impaired** | | |
| Engro Energy Limited | **-** | 8,717 |
| Enfrashare (Private) Limited | **125,862** | 57,078 |
| Dawood Hercules Corporation Limited | **350** | - |
| The Dawood Foundation | **43** | - |
| Engro Vopak Terminal Limited | **385** | - |
| | **325,248** | 204,462 |

**13.5.1** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 332,627 (2020: Rs. 260,019).

**13.5.2** For renewable energy projects, customers are billed upon partial or complete fulfillment of milestones, as agreed upon in contract. Once contractual milestones are raised, the Group expects to receive the amount within 3 to 40 days.

**13.6** As at December 31, 2021, trade debts aggregating to Rs. 41,674 (2020: Rs. 14,503) 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:

| | 2021 | 2020 |
|---|---|---|
| | ------------- (Rupees) ------------ | |
| Balance at beginning of the year | **14,503** | 10,960 |
| Provision made during the year (note 34) | **27,171** | 3,543 |
| Balance at end of the year | **41,674** | 14,503 |

**14. CONTRACT ASSETS**

| | | |
|---|---|---|
| Contract costs incurred plus recognized profits less recognized losses | **13,837,496** | 5,601,495 |
| Less: Progress billings | **(12,672,492)** | (5,254,796) |
| Amount unbilled as at December 31 | **1,165,004** | 346,699 |
| Less: provision for impairment (note 14.2) | **(37,851)** | (22,459) |
| | **1,127,153** | 324,240 |

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees) | |
| **14.1** | These include contract assets in respect of following related parties: | | |
| | Enfrashare (Private) Limited | **436,801** | 162,255 |
| | Engro Energy Limited | **3,154** | 188 |
| | | **439,955** | 162,443 |
| **14.2** | Movement of provision | | |
| | Balance at beginning of the year | **22,459** | - |
| | Provision made during the year | **15,392** | 22,459 |
| | Balance at end of the year | **37,851** | 22,459 |
| **15.** | **LOANS AND ADVANCES - Unsecured, considered good** | | |
| | Loans and advances to employees (notes 15.1) | **10,702** | 15,044 |
| | Current portion of long-term loans (note 10) | **1,435** | 974 |
| | Advances to suppliers | **275,054** | 39,312 |
| | | **287,191** | 55,330 |

**15.1** 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.

| | | 2021 | 2020 |
|---|---|---|---|
| | | (Rupees) | |
| **16.** | **DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES** | | |
| | Security deposits | **232,678** | 79,728 |
| | Prepayments | **8,450** | 73,701 |
| | Delayed payment charges (notes 16.1 and 16.2) | **767,066** | 520,823 |
| | Sales tax refundable | **124,093** | 171,070 |
| | Derivative asset (note 16.3) | **44,872** | - |
| | Advance against imports | **31,601** | - |
| | Workers' profit participation fund (note 26.6) | **176,603** | 157,334 |
| | Others (note 16.4) | **57,460** | 72,478 |
| | | **1,442,823** | 1,075,134 |

**16.1** This represents mark-up on overdue trade debts, as referred in note 13.2 out of which Rs. 49,306 (2020: Rs. 49,566) is overdue by 365 days or more.

**16.2** This includes Rs. 128,457 (2020: Rs. 429,153) related to delayed payment interest which is not yet billed by TGL.

**16.3** The Group has outstanding forward exchange contracts with banks for amounts aggregating to CNY 55,492 and USD 1,663 to manage exchange rate exposure on outstanding foreign currency payments under the terms of supplier credit. Under the aforementioned agreements, the Group would pay respective rates agreed at the initiation of the agreement on settlement dates.

(Amounts in thousand)

**16.4** 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 | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | (Rupees) | | | |
| Sach International (Private) Limited | **30,150** | 39,507 | **52,354** | 39,507 |
| Engro Fertilizers Limited | **3,320** | 3,320 | **3,320** | 3,320 |
| Dawood Foundation | **1,546** | - | **1,546** | - |
| | **35,016** | 42,827 | **57,220** | 42,827 |

**16.5** As at December 31, 2021, receivable from related parties aggregating to Rs. 31,539 (2020: Rs. 40,976) was past due but not impaired. The aging analysis of these receivables is as follows:

| | **2021** | **2020** |
|---|---|---|
| | (Rupees) | |
| Upto 3 month | **346** | 8,211 |
| 3 to 6 months | **10,070** | 3,397 |
| More than 6 months | **21,123** | 29,368 |
| | **31,539** | 40,976 |

**17. SHORT-TERM INVESTMENTS**

| | | |
|---|---|---|
| **At amortized cost** | | |
| Term deposit receipt (notes 17.1, 17.2 and 17.3) | **239,326** | 96,024 |

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

**17.2** These include certificates of investment amounting to Rs. 12,362 (2020: Nil) placed with Pak Oman Investment Company Limited at rates ranging from 7.60% to 8.75%.

**17.3** These include term deposits receipts maintained with Habib Metropolitan Bank Limited and Standard Chartered Bank. These carry markup upto 5.5% to 9% (2020: 5.75% to 7%) and are maturing on various dates between 1 to 6 months.

**18. CASH AND BANK BALANCES**

| | **2021** | **2020** |
|---|---|---|
| | (Rupees) | |
| Cash in hand | **377** | 374 |
| Cash at banks | | |
| - In current accounts | **191,790** | 196,150 |
| - In deposit accounts - local currency (note 18.1) | **934,561** | 473,163 |
| - In deposit accounts - foreign currency (note 18.2) | **21,442** | 19,498 |
| | **1,147,793** | 688,811 |
| | **1,148,170** | 689,185 |

**18.1** This includes deposits with commercial banks and carry profit at the rate ranging from 5.25% to 7.50% (2020: 5.50% to 6%) per annum.

**18.2** Foreign currency deposits carry return at the rate of 0% (2020: 0.28%) per annum.

**19. SHARE CAPITAL**

**19.1 Authorized capital**

| **2021** | **2020** | | **2021** | **2020** |
|---|---|---|---|---|
| (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

| 2021 | 2020 | | 2021 | 2020 |
|---|---|---|---|---|
| ---(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** | 130,520 | Issued as right shares as per the Court Order (note 19.2.5) | **1,305** | 1,305 |
| **111,430** | 111,430 | Issued as right shares as per the Court Order (note 19.2.5) | **1,115** | 1,115 |
| **59,299,809** | 59,299,809 | | **592,998** | 592,998 |

| | 2021 | 2020 |
|---|---|---|
| | ---(Number of shares) --- | |
| **19.2.1** Associates' holding of the Holding Company's share capital is as under: | | |
| Dawood Corporation (Private) Limited | **29,511,543** | 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 |
| 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. 244,836 (2020: Rs. 156,694).

**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 Honorable Sindh High Court, the Holding Company had issued 241,950 shares (denoting 130,520 shares as right issue and 111,430 as bonus issue) to National Investment Trust Limited (NIT) on May 12, 2020. However, the amount of Rs. 1,305 against subscription of 130,520 right shares by NIT in the year 1975 was deposited with the Nazir of the Sindh High Court which was received by the Holding Company during the current year.

(Amounts in thousand)

## 19.3 EMPLOYEE SHARE OPTION COMPENSATION RESERVE

In the year 2021, the shareholders of REL approved Employees' Share Option Scheme (the Scheme) for granting of options to certain critical employees up to 18.15 million new ordinary shares, to be determined by the Board Compensation Committee.

Under the Scheme, 2.454 million options were granted in the year 2021 which are to vest in one and a half year of grant date. The excercise period for 25% options granted shall be 3 months from vesting date and the remaining 75% are to be excercised within 2 years of vesting date. As at December 31, 2021, no options have been vested while options for 62,000 shares and 25,000 shares have been declined and lapsed respectively.

The details of share options granted to date under the Scheme, which remained outstanding as at December 31, 2021 are as follows:

| | |
|---|---|
| - number of options | 2,367,730 |
| - exercise price | Rs. 16 |
| - weighted average remaining contractual life | 2.2 years |

The weighted average fair value of options granted to date, as estimated at the date of grant using the Black-Scholes model was Rs. 7.6 per option. The following weighted average assumptions have been used in calculating the fair values of the options:

**Options outstanding:**

| | |
|---|---|
| - number of options | 2,367,730 |
| - share price | 20.6 |
| - exersice price | 16.0 |
| - expected volatility | 25.67% |
| - expected life | 3.5 years |
| - annual risk free interest rate | 9.13% |

The volatility has been measured as the standard deviation of quoted share prices over the last 1.5 year and 3.5 years from grant date.

(Amounts in thousand)

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **20. STAFF RETIREMENT BENEFITS** | | |
| ***Defined benefit plans*** | | |
| - Gratuity fund | **4,697** | 2,755 |
| - Unfunded gratuity scheme | **81,611** | 57,820 |
| | **86,308** | 60,575 |

The details of staff retirement benefit obligations based on actuarial valuations carried out by independent actuaries as at December 31, 2021 under the Projected Unit Credit Method are as follows:

## 20.1 Principal actuarial assumptions used in the actuarial valuations

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Gratuity fund | Unfunded gratuity schemes | Gratuity fund | Unfunded gratuity schemes |
| | ------------ % ------------ | | | |
| **Financial assumptions:** | | | | |
| Discount rate used for year end obligations | **11.75** | **12.25** | 11.25 | 10.25 |
| Expected rate of salary increase | **10.75** | **12.25** | 9.75 | 10.25 |
| Expected return on plan assets | **10.75** | **-** | 9.75 | - |
| **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) |

| | 2021 | | 2020 | |
|---|---|---|---|---|
| | Gratuity fund | Unfunded gratuity schemes | Gratuity fund | Unfunded gratuity schemes |
| | ------------ (Rupees) ------------ | | | |
| **20.2 Consolidated statement of financial position reconciliation** | | | | |
| Present value of defined benefit obligation (note 20.3) | **8,476** | **81,611** | 6,341 | 57,820 |
| Fair value of plan assets (note 20.4) | **(3,779)** | **-** | (3,586) | - |
| Net Liability at end of the year | **4,697** | **81,611** | 2,755 | 57,820 |
| **20.3 Movement in present value of defined benefit obligation** | | | | |
| Present value of defined benefit obligation at beginning of the year | **6,341** | **57,820** | 4,843 | 41,017 |
| Current service cost | **1,175** | **20,686** | 967 | 15,992 |
| Interest cost | **618** | **5,410** | 545 | 3,925 |
| Benefits paid | **-** | **(7,681)** | - | (12,339) |
| Benefits due but not paid | **-** | **(491)** | - | (681) |
| Remeasurement (gains) / losses from: | | | | |
| - changes in financial assumptions | **33** | **350** | (18) | 6,318 |
| - experience adjustments | **309** | **5,517** | 4 | 3,588 |
| Present value of defined benefit obligation at end of the year | **8,476** | **81,611** | 6,341 | 57,820 |

(Amounts in thousand)

| | | 2021 | | 2020 | |
|---|---|---|---|---|---|
| | | 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 | 3,586 | - | 3,366 | - |
| | Contributions made | - | - | 255 | - |
| | Interest income | 350 | - | 393 | - |
| | Benefits paid | - | - | (255) | - |
| | Remeasurement loss on plan assets excluding interest income | (157) | - | (173) | - |
| | Fair value of plan assets at end of the year | 3,779 | - | 3,586 | - |
| 20.5 | **Expense recognized in profit or loss** | | | | |
| | Current service cost | 1,175 | 20,686 | 967 | 15,992 |
| | Interest cost on defined benefit obligation | 618 | 5,410 | 545 | 3,925 |
| | Interest income on plan assets | (350) | - | (393) | - |
| | Expense for the year | 1,443 | 26,096 | 1,119 | 19,917 |
| 20.6 | **Remeasurement (gains) / losses on defined benefit recognized in other comprehensive income** | | | | |
| | **Remeasurements of plan obligations** | | | | |
| | - Experience adjustments | (309) | (5,517) | (4) | (3,588) |
| | - Changes in financial assumptions | (33) | (350) | 18 | (6,318) |
| | | (342) | (5,867) | 14 | (9,906) |
| | Return on plan assets, excluding interest income | (157) | - | (173) | - |
| | | (499) | (5,867) | (159) | (9,906) |
| 20.7 | **Net recognized liability** | | | | |
| | Net liability at beginning of the year | 2,755 | 57,820 | 1,477 | 41,017 |
| | Expense recognized in consolidated statement of profit or loss | 1,443 | 26,096 | 1,119 | 19,917 |
| | Remeasurement losses recognized in consolidated statement of comprehensive income | 499 | 5,867 | 159 | 9,906 |
| | Benefits paid | - | (7,681) | - | (12,339) |
| | Benefits due but not paid | - | (491) | - | (681) |
| | Net liability at end of the year | 4,697 | 81,611 | 2,755 | 57,820 |

**20.8** Plan assets comprise of investments in units of mutual funds.

| | | | Present value of defined benefit obligation due to change in assumption | | | |
|---|---|---|---|---|---|---|
| | | | 2021 | | 2020 | |
| | | | Gratuity fund | Unfunded gratuity schemes | Gratuity fund | Unfunded gratuity schemes |
| | | | ----------(Rupees)---------- | | | |
| 20.9 | Sensitivity analysis for assumptions | **Change in assumption** | | | | |
| | Discount rate | +1% | 7,854 | 71,359 | 5,841 | 49,978 |
| | Discount rate | -1% | 9,203 | 91,132 | 6,927 | 64,120 |
| | Future salary increase rate | +1% | 9,213 | 91,213 | 6,935 | 64,177 |
| | Future salary increase rate | -1% | 7,834 | 71,121 | 5,825 | 49,808 |

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)

| | 2021 |
|---|---|
| | -- (Rupees) -- |
| 1 | **7,480** |
| 2 | **13,672** |
| 3 | **9,861** |
| 4 | **10,768** |
| 5 | **11,575** |
| 6 | **12,420** |
| 7 | **13,229** |
| 8 | **17,859** |
| 9 | **14,796** |
| 10 | **5,056,508** |
| 11+ | **169,369** |

**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 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 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**

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|
| | | | (Rupees) | | |
| **Gratuity fund** | | | | | |
| Present value of defined benefit obligation | **(8,476)** | (6,341) | (4,843) | (4,245) | (5,844) |
| Fair value of plan assets | **3,779** | 3,586 | 3,366 | 3,101 | 2,963 |
| Deficit | **(4,697)** | (2,755) | (1,477) | (1,144) | (2,881) |
| **Unfunded gratuity schemes** | | | | | |
| Present value of defined benefit obligation | **(81,611)** | (57,820) | (41,017) | (27,635) | (28,228) |
| Fair value of plan assets | **-** | - | - | - | - |
| Deficit | **(81,611)** | (57,820) | (41,017) | (27,635) | (28,228) |

**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, 2022 is Rs. 1,431 and Rs. 25,267 for the gratuity fund and the unfunded gratuity schemes respectively.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------- (Rupees) | ------------ |
| **21.** | **DEFERRED GOVERNMENT GRANT** | | |
| | Balance as at January 1 | **8,425** | - |
| | Recognition of government grant on long-term finance (note 23.9) | **-** | 12,012 |
| | Less: Amortization for the year | **(5,369)** | (3,587) |
| | | **3,056** | 8,425 |
| | Less: Current portion shown under current liabilities | **(3,056)** | (5,369) |
| | Balance as at December 31 | **-** | 3,056 |
| **22.** | **DEFERRED TAXATION** | | |
| **22.1** | Credit balance arising due to: | | |
| | - accelerated tax depreciation / amortization | **4,244** | 3,083 |
| | - right-of-use assets | **8,609** | 7,191 |
| | - investment in associate accounted for using equity method | **1,723,672** | 1,624,530 |
| | | **1,736,525** | 1,634,804 |
| | Debit balance arising due to: | | |
| | - provision for stock-in-trade, trade debts and receivables | **(22,273)** | (4,433) |
| | - lease liabilities against right-of-use assets | **(9,261)** | (8,850) |
| | - deferred liabilities - staff retirement gratuity | **(23,295)** | (16,548) |
| | - provision for warranty | **(25,056)** | (12,892) |
| | - provision for onerous contract | **(13,822)** | - |
| | - provision for stamp duty on local purchases | **-** | (809) |
| | - unused tax losses (note 22.3) | **(237,663)** | (112,292) |
| | | **(331,370)** | (155,824) |
| | | **1,405,155** | 1,478,980 |

**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. 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 available for carry-forward as at December 31, 2021 amount to Rs. 819,526 (2020: Rs. 817,481). The Group expects to utilize these losses in future years.

Deferred tax asset on minimum tax credit amounting to Rs. 174,751 has not been recognized in consolidated financial statements expiring between tax years 2023 to 2027.

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------- (Rupees) ------------ | |
| **23.** | **LONG-TERM BORROWINGS - secured** | | |
| | Foreign currency borrowings (notes 23.1 and 23.2) | **6,705,049** | 7,076,615 |
| | Local currency borrowings (notes 23.3 and 23.4) | **2,056,966** | 2,193,705 |
| | | **8,762,015** | 9,270,320 |
| | Transaction costs | | |
| | Transaction cost to date | **(314,506)** | (314,506) |
| | Accumulated amortization | **180,798** | 151,648 |
| | | **(133,708)** | (162,858) |
| | | **8,628,307** | 9,107,462 |
| | Less: Current portion shown under current liabilities | **(1,546,072)** | (1,304,685) |
| | | **7,082,235** | 7,802,777 |

**23.1** TGL entered into 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 markup at the rate of three months LIBOR plus 5% payable quarterly over a period of ten years, whereas the local finance carries markup 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 installments commencing from July 2017. As at December 31, 2021, the outstanding balance of the borrowing was US Dollars 37,679 (2020: US Dollar 44,009) for international loan.

Aforementioned borrowings are secured by an equitable mortgage on the immovable property and the hypothecation of current and future assets of TGL.

**23.2** As at December 31, 2021, the amount payable within one year to U.S. International Development Finance Corporation (DFC), International Finance Corporation (IFC), a related party, Habib Bank Limited and Soneri Bank Limited amounted to Rs. 794,724 (2020: Rs. 678,512), Rs. 397,362 (2020: Rs. 339,256), Rs. 160,052 (2020: Rs. 141,804) and Rs. 80,026 (2020: Rs. 70,902) respectively.

**23.3** This includes loan from IFC, a related party, amounting to Rs. 2,235,016 (December 31, 2020: Rs. 2,358,872).

**23.4** In the year 2020, REL entered into a long term loan agreement with Habib Metropolitan Bank Limited (HMBL) amounting to Rs. 135,472 against total facility amount of Rs. 135,472 (2020: Rs. 150,000) 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.

The 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 HMBL.

(Amounts in thousand)

**23.5** Grid Edge (Private) Limited (GEL) has obtained long-term loan from POICL under SBP Renewable Scheme dated September 21, 2020, amounting to Rs. 136,709 to finance 80% of the project. The tenure of the loan is 10 years, carrying mark-up at the rate of 5% payable on quarterly basis. The principal amount is repayable in nineteen semi-annual installments commencing from February 1, 2021.

The aforementioned loan is secured through hypothecation charge over the present and future fixed assets (excluding land and building) and assignment of receivables of REL in favor of POICL. Transaction cost is amortized over the tenure of the loan.

REL has provided a corporate guarantee amounting to Rs. 144,000 in favour of POICL to secure the financing facility of GEL.

**23.6** As at December 31, 2021, GEL was not in compliance with risk adjusted current ratio, interest cover ratio and debt to equity ratio, as specified in clause 8.1 of the Re-Term Finance Agreement with POICL.

**23.7** In the year 2019, RAPL has obtained long-term loan from Faysal Bank Limited (FBL) under a Musharaka Agreement dated March 4, 2019 amounting to Rs. 309,000 to finance 75% of the project. The tenure of the loan is 10 years, carrying mark-up at the rate of three months KIBOR plus 2% payable on quarterly basis. The principal amount is repayable in forty quarterly installments commencing from December 25, 2019. The loan is secured through hypothecation charge over the present and future fixed assets (excluding land and building) and assignment of receivables of RAPL in favor of FBL. Transaction cost on borrowings is amortized over the tenure of the loan.

**23.8** 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. The Holding Company has provided a corporate guarantee amounting to Rs. 206,000 in favour of FBL to secure the musharaka financing facility of RAPL.

**23.9** 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:

| | **2021** | **2020** |
|---|---|---|
| | ------------- (Rupees) | ------------ |
| Balance as at January 1 | **9,107,462** | 9,831,431 |
| Loan disbursed | **136,709** | 135,472 |
| Amount recognized as government grant (note 21) | **-** | (12,012) |
| Transaction cost during the year | **(3,810)** | - |
| Amortization of transaction cost (note 36) | **29,150** | 28,970 |
| Amortization of deferred government grant | **5,715** | 3,586 |
| Loan repaid | **(1,289,084)** | (1,156,034) |
| Exchange loss (note 5.1) | **642,165** | 276,049 |
| Balance as at December 31 | **8,628,307** | 9,107,462 |

**24. LEASE LIABILITIES**

| | | |
|---|---|---|
| Non-current portion | **126,369** | 109,778 |
| Current portion | **17,320** | 29,355 |
| Total lease liability as at December 31 | **143,689** | 139,133 |

(Amounts in thousand)

## 25. SHORT-TERM BORROWINGS

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| Short-term running finance under mark-up arrangement (notes 25.1 and 25.2) | **1,245,187** | 467,745 |
| Money market loan (note 25.3) | **-** | 500,000 |
| Short-term finances (note 25.4) | **149,988** | 25,000 |
| | **1,395,175** | 992,745 |

**25.1** This includes short-term running finance facilities aggregating to Rs.1,500,000 (2020: Rs. 1,500,000) obtained under mark-up arrangement from various banks. As at December 31, 2021, the Holding Company has utilized the facility against running finance to the extent of Rs 646,587 (2020: Rs 199,795) and has issued guarantees to the extent of Rs. 35,968 (2020: Rs. 36,179). Furthermore, out of the aforementioned facilities, the Holding Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 600,000. These facilities are secured by way of a first pari passu mortgage charge on immovable property (including land and building), and pledge over the Holding Company's investments in related party, as explained in note 6.1.8. Rate of mark-up applicable on these facilities ranges from one month to three months KIBOR plus 1% (2020: three months KIBOR plus 0.9% to three months KIBOR plus 1%) per annum.

**25.2** This includes short-term running finance facility amounting to Rs. 600,000 (2020: Rs. 300,000) obtained by REL for meeting working capital requirements of which Rs. 1,400 remain unutilized (2020: Rs. 32,050) as at year end. The facility carries mark-up at the rate of three months KIBOR plus 1% (2020: three months KIBOR plus 1%) per annum and is secured by way of pari passu hypothecation charge over stock-in-trade and trade debts of REL. The principal amount is a revolving credit line payable on demand while mark-up is payable on a quarterly basis.

**25.3** This denotes money market loan obtained last year for three months from the running finance facility obtained under the mark-up arrangement from a commercial bank. This facility was secured by way of a first pari passu mortgage charge on immovable property (including land and building) and pledge over the Holding Company's investments in related party, as explained in note 6.1.8. Rate of mark up applicable on this facility was three months KIBOR plus 100 basis points as at December 31, 2020. The tenure of the loan was six months which has been repaid during current year.

**25.4** This denotes financing facility amounting to Rs. 150,000 (2020: Rs. 25,000) obtained by REL for meeting working capital requirements of which Rs. 149,988 (2020: Rs. 25,000) was utilized as at year end for the maximum period of 90 days. The facility carries mark-up at the rate of three months KIBOR plus 2% per annum (2020: ranging from one month KIBOR to six month KIBOR plus 1.25% per annum) and is secured by way of registered hypothecation ranking charge over current assets of REL.

(Amounts in thousand)

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |

**26. TRADE AND OTHER PAYABLES**

| | 2021 | 2020 |
|---|---|---|
| Creditors | **2,488,114** | 587,832 |
| Payable to related parties (note 26.1) | **98,337** | 122,158 |
| Accrued liabilities (note 26.2) | **277,994** | 146,801 |
| Due to Islamic Development Bank (note 26.3) | **25,969** | 25,969 |
| Payable to employees - staff retirement gratuity (note 20.3) | **491** | 681 |
| Deposits (note 26.4) | **514** | 514 |
| Warranty provision (note 26.5) | **86,401** | 44,426 |
| Workers' profits participation fund (note 26.6) | **67,107** | 56,505 |
| Derivative liability | **-** | 9,200 |
| Provision for onerous contract (note 26.7) | **47,661** | 81 |
| Withholding tax | **5,957** | 6,726 |
| Sales tax payable | **4,310** | 8,357 |
| Others | **11,620** | 3,888 |
| | **3,114,475** | 1,013,138 |

**26.1** This represents amounts due to following related parties:

| | 2021 | 2020 |
|---|---|---|
| Dawood Hercules Corporation Limited | **25,852** | 9,774 |
| The Dawood Foundation | **17,689** | 98 |
| Engro Energy Limited | **54,796** | 112,286 |
| | **98,337** | 122,158 |

**26.2** This includes amount due to Engro Energy Limited, a related party amounting to Rs. 59,750 (2020: Rs. 42,665).

**26.3** 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

**26.4** All deposits are interest free and are payable on demand. These amount include Rs. 346 (2020: Rs. 346) utilized as per the agreement with the respective parties. The balance is not kept in a separate bank account.

**26.5 Warranty obligation**

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Opening balance | **44,426** | 37,946 |
| Add: Charge for the year (note 32) | **81,861** | 23,737 |
| Less: Utilization during the year | **(39,886)** | (17,257) |
| Closing balance | **86,401** | 44,426 |

(Amounts in thousand)

**26.6** This represents workers' profits participation fund liability of TGL. TGL has also recognized corresponding asset being a pass-through item under EPA. The movement in workers' profits participation fund payable is as follows:

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| Balance at beginning of the year | **56,505** | 54,034 |
| Allocation for the year | **67,107** | 56,505 |
| Interest on fund utilized in TGL's business | **2,139** | 5,032 |
| | **125,751** | 115,571 |
| Less: payment made during the year | **(58,644)** | (59,066) |
| Balance at end of the year | **67,107** | 56,505 |

**26.7 Provision for onerous contract**

| | 2021 | 2020 |
|---|---|---|
| Balance at beginning of the year | **81** | 81 |
| Add: Charge for the year | **47,580** | - |
| Balance at end of the year | **47,661** | 81 |

## 27. CONTRACT LIABILITIES

Contract liabilities against energy projects denote:

| | 2021 | 2020 |
|---|---|---|
| Progress billing | **3,278,704** | 2,847,786 |
| Less: Contract costs incurred plus recognized profits | **(3,099,861)** | (2,439,245) |
| | **178,843** | 408,541 |
| Advances from customers | **274,609** | 2,444 |
| | **453,452** | 410,985 |

**27.1** The Group expects the amount disclosed above to be recognized as revenue within 3 to 9 months.

**27.2** Contract liabilities include balance in respect Engro Vopak Terminal Limited, a related party amounting to Rs. 97 (2020: Nil).

## 28. ACCRUED MARK-UP

| | 2021 | 2020 |
|---|---|---|
| Mark-up on long-term borrowings | **117,839** | 125,538 |
| Mark-up on short-term borrowings | **28,783** | 22,480 |
| | **146,622** | 148,018 |

## 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 Holding 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 (HCS) for the allocation of common expenses which is pending adjudication.

**29.1.2 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 Holding Company on December 18, 2018. On March 01, 2019, the ACIR has filed a reference application before the HCS 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 Holding 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 Holding 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 HCS and obtained an interim stay.

During tax year 2020, the HCS vacated the stay petition and decided the case in favour of the department upon which the Deputy Commissioner Inland Revenue (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. 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 recognized 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 for 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 recognized in these consolidated financial statements.

**29.1.5 Assessment of annual tax return (Tax year 2017)**

The Holding Company received an order from the 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 HCS, 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 HCS 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 HCS had initially granted an interim order in favour of the Holding Company. However, via its order dated July 21, 2020, the HCS has disposed off other cases involving the same matter in favor of the department. The Holding Company had already recognized a provision amounting to Rs. 37,342 in respect of the aforementioned order.

**29.1.6 Sales tax audit**

On April 23, 2020, the Holding Company received an order for tax year 2017 from the 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 3, 2020 against the aforementioned order before the [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 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 Company 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 HCS 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 (ITO 2001) [substituted through section 4(3) of the Finance Act, 2017]. The said interim order is still operating in favour of the Holding Company. On April 30, 2021, HCS passed an order in favour of the companies appellant of this constitution petition and struck down this subject section of the ITO 2001. However, on July 01, 2021, Federal Board of Revenue (FBR) has filed a constitutional appeal against the aforementioned matter with the Honourable Supreme Court of Pakistan (HSC), which is pending for hearing.

**29.1.10 Guarantees issued in respect of subsidiaries**

**In respect of Tenaga Generasi Limited (TGL)**

The Holding Company has arranged a Stand-by Letter of Credit (SBLC) amounting to USD 8,600 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 (REL)**

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.

The Holding Company has provided corporate guarantee amounting to Rs. 225,000 to HMBL to secure an unfunded facility for REL.

**In respect of Reon Alpha (Private) Limited (RAPL)**

The Holding Company has provided a corporate guarantee amounting to Rs. 206,000 in favour of FBL to secure the musharika financing facility of RAPL of Rs. 309,000. Furthermore, the Holding Company has also pledged shares of RAPL as stated in note 8.2.

**29.2 Tenaga Generasi Limited (TGL)**

**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 CIR(A) 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. During the year, CIR(A) has passed the order and confirmed the demand raised by the OCIR. Subsequent to which TGL has filed an appeal before ATIR against the order passed by CIR(A). The management of TGL, based on the advice of its tax consultants, is confident of a favorable outcome on this matter. Accordingly, no provision has been recognized in this respect in these consolidated financial statements.

(Amounts in thousand)

**29.3 Other contingencies - Bank Guarantees**

The Group is contingently liable for bank guarantees amounting to Rs. 785,810 (2020: Rs. 617,432) 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.

**Commitments**

**29.4 The Holding Company**

**29.4.1 Commitments made to International Finance Corporation**

The Holding 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 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.

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees ) ------------ | |
| **29.5 Reon Energy Limited (REL)** | | |
| **29.5.1 Commitments in respect of future purchases** | | |
| REL has commitments in respect of: | | |
| - Purchase orders | **537,545** | 423,602 |
| - Letter of credit (note 29.5.2) | **1,778,867** | 786,546 |
| | **2,316,412** | 1,210,148 |

**29.5.2** The facilities for opening letters of credit as at December 31, 2021 amounted to Rs. 3,150,000 out of which Rs. 200,000 are interchangeable with letter of guarantee. The facility for letters of guarantee amounted as at December 31, 2021 to Rs. 1,220,000. Amounts unutilized for letters of credit and guarantees as at December 31, 2021 were Rs. 1,371,133 and Rs. 272,310 respectively. The facilities are secured by way of charge over current assets and corporate guarantees from the Holding Company.

**29.5.3** During the year, REL has recognized provision amounting to Rs. 60,101, against potential exposure of Rs. 162,000 in respect of claims received / expected, based on management's best estimate and correspondence with customers.

**29.6 Reon Alpha (Private) Limited (RAPL)**

RAPL has committed to generate and transmit 99,351,562 KwH (2020: 104,633,829 KwH) of energy and pay its operation and maintenance contractor, REL Rs. 145,667 (2020: Rs. 157,566) over the span of next thirteen years.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees ) ------------ | |
| **30. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET** | | |
| **Renewable and Alternate energy** | | |
| Timing of revenue recognition: | | |
| - Over time (notes 30.1 to 30.3) | **13,034,371** | 6,388,041 |
| - At a point in time (note 30.4) | **30,969** | 9,664 |
| | **13,065,340** | 6,397,705 |
| Less: Sales tax | **(1,121,113)** | (770,980) |
| | **11,944,227** | 5,626,725 |
| **Textile** | | |
| - At a point in time | **7,667** | 6,103 |
| Less: Sales tax | **(1,114)** | (886) |
| | **6,553** | 5,217 |
| | **11,950,780** | 5,631,942 |
| Related to discontinued operations (note 38) | **(6,553)** | (5,217) |
| | **11,944,227** | 5,626,725 |

**30.1** This includes project revenue in respect of sale of goods and rendering of services amounting to Rs. 8,368,909 and Rs. 1,128,583 (2020: Rs. 2,252,897 and Rs. 370,613) respectively. Net revenue includes Rs. 4,328,950 (2020: Rs. 1,986,197) relating to projects in progress at reporting date.

**30.2** Sales include revenue in respect of non-project missed revenue amounting to Rs. 3,683 (2020: Rs. 3,570).

**30.3** This includes revenue in respect of energy sales to P&G.

**30.4** This denotes income arising on trading solar equipment and scrap sales.

**30.5** During the year, Rs. 1,506,612 (2020: Rs. 429,450) has been recognized as revenue that was included in the opening balance of the contract liability.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | **2021** | **2020** |
|---|---|---|
| | ------------ (Rupees ) ------------ | |
| **31. COST OF REVENUE** | | |
| **Renewable energy** | | |
| Opening stock | **272,015** | 205,983 |
| Purchases and related expenses | **7,204,893** | 2,110,503 |
| Exchange loss (note 31.1) | **28,234** | - |
| Salaries and allowances | **106,148** | 60,815 |
| Contracted services | **443,919** | 187,907 |
| Depreciation on property, plant and equipment (note 5.1.5) | **33,733** | 12,120 |
| Travelling expenses | **84,668** | 21,214 |
| Transportation and handling charges | **126,166** | 47,053 |
| Penalty cost (note 31.3) | **67,551** | - |
| Provision for onerous contract | **47,580** | - |
| Consultancy charges | **1,789** | 1,974 |
| Fees and subscription | **3,776** | - |
| (Reversal) / provision for slow moving and obsolete items - net | **(40,911)** | 8,086 |
| Miscellaneous expenses | **84,953** | 17,078 |
| Closing stock (note 12) | **(287,648)** | (272,015) |
| | **8,176,866** | 2,400,718 |
| **Alternate energy** | | |
| Depreciation on property, plant and equipment (note 5.1.5) | **696,067** | 720,454 |
| Depreciation on right-of-use assets (note 6.1) | **5,748** | 5,746 |
| Insurance | **47,935** | 33,309 |
| Travelling expenses | **1,466** | 1,678 |
| Fuel | **160** | 168 |
| Repair and maintenance | **210** | 239 |
| Operations and maintenance cost | **408,998** | 396,030 |
| Energy import charges | **6,833** | 6,681 |
| Others | **3,511** | 3,070 |
| | **1,170,928** | 1,167,375 |
| **Textile - Finished goods** | | |
| Opening balance | **22,706** | 28,117 |
| (Reversal) / provision for slow moving and obsolete stores and spares and other adjustments - net | **(5,858)** | 2,506 |
| Closing balance | **(15,946)** | (22,706) |
| | **902** | 7,917 |
| Related to discontinued operations (note 38) | **(902)** | (7,917) |
| | **9,347,794** | 3,568,093 |

**31.1** This represents exchange loss amounting to Rs. 164,503 (2020: Nil) incurred on liabilities for procurement of materials, net off gain on derivative financial instruments amounting to Rs.136,269 (2020: Nil).

**31.2** Cost of revenue of renewable energy includes Rs. 3,857,642 (2020: Rs. 1,871,445) relating to projects in progress at reporting date.

**31.3** During the year, the Group has recognized provision amounting to Rs. 60,101 (2020: Nil), against potential exposure of Rs. 162,000 (2020: Nil) in respect of claims received / expected, based on management's best estimate and correspondence with customers. A further penalty of Rs. 7,450 (2020: Nil) was imposed by P&G for short delivery of units.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees ) ------------ | |
| **32.** | **SELLING AND DISTRIBUTION EXPENSES** | | |
| | Salaries and allowances (note 32.1) | **218,069** | 161,303 |
| | Depreciation on property, plant and equipment (note 5.1.5) | **5,907** | 4,440 |
| | Depreciation on right-of-use assets (note 6.1) | **4,594** | 7,284 |
| | Conveyance and travelling | **15,974** | 20,265 |
| | Fees and subscription | **16,854** | 19,264 |
| | Postage and telephone | **2,869** | 2,051 |
| | Electricity, gas and water | **944** | 791 |
| | Rent, rates and taxes (note 32.2) | **5,759** | 4,027 |
| | Printing and stationery | **220** | 513 |
| | Repairs and maintenance | **7,788** | 4,089 |
| | Freight and insurance | **798** | 1,301 |
| | Amortization (note 7.2.3) | **-** | 193 |
| | Advertisement | **21,801** | 13,846 |
| | Warranty obligation - net (note 26.5) | **81,861** | 23,737 |
| | Entertainment | **692** | 551 |
| | Miscellaneous | **2,296** | 2,493 |
| | | **386,426** | 266,148 |
| | Related to discontinued operations (note 38) | **(95)** | (17) |
| | | **386,331** | 266,131 |

**32.1** Salaries and allowances include Rs. 14,449 (2020: Rs. 11,654) in respect of staff retirement benefits.

**32.2** This includes rentals paid under short-term leasing arrangements amounting to Rs. 5,759 (2020: Rs. 4,027).

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees ) ------------ | |
| **33.** | **ADMINISTRATIVE EXPENSES** | | |
| | Salaries and allowances (note 33.1) | **251,414** | 179,441 |
| | Legal and professional | **36,786** | 16,868 |
| | Rent, rates and taxes (note 33.2) | **11,186** | 10,544 |
| | Electricity and gas | **14,673** | 12,586 |
| | Depreciation on property, plant and equipment (note 5.1.5) | **12,842** | 16,618 |
| | Depreciation on right-of-use of assets (note 6.1) | **13,278** | 15,695 |
| | Amortization (note 7.2.3) | **7,936** | 5,115 |
| | Printing and stationery | **2,263** | 907 |
| | Fees and subscription | **86,321** | 72,943 |
| | Insurance | **4,236** | 3,775 |
| | Conveyance and travelling | **6,320** | 4,803 |
| | Repairs and maintenance | **9,907** | 12,113 |
| | Postage and telephone | **5,118** | 5,391 |
| | Entertainment | **7,582** | 5,403 |
| | Auditors' remuneration (note 33.3) | **19,622** | 12,259 |
| | Miscellaneous | **7,146** | 10,205 |
| | | **496,630** | 384,666 |
| | Related to discontinued operations (note 38) | **(64,288)** | (53,943) |
| | | **432,342** | 330,723 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

**33.1** Salaries and allowances include Rs. 13,090 (2020: Rs. 9,382) in respect of staff retirement benefits and expense pertaining to employee share option scheme amounting to Rs. 11,200 (2020: Nil).

**33.2** This represents short term leases or leases of low-value assets.

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees ) | ------------ |
| **33.3** | **Auditor's remuneration** | | |
| | The aggregate amount charged in respect of auditors' remuneration is as follows: | | |
| | - annual audit | **2,646** | 2,430 |
| | - half yearly review | **802** | 780 |
| | - consolidated financial statements | **228** | 220 |
| | - certification and other advisory services | **1,145** | 1,531 |
| | - taxation services | **13,321** | 5,975 |
| | - other assurance services | **75** | 75 |
| | Reimbursement of expenses | **1,405** | 1,248 |
| | | **19,622** | 12,259 |
| **34.** | **OTHER EXPENSES** | | |
| | Impairment loss on property, plant and equipment (note 34.1) | **26,602** | 9,627 |
| | Provision for impairment of stock-in-trade | **848** | 1,689 |
| | Exchange loss | **470** | 8,156 |
| | Impairment loss on trade debts | **27,171** | 3,543 |
| | Impairment loss on contract assets | **15,392** | 22,459 |
| | Others | **9,209** | 2,790 |
| | | **79,692** | 48,264 |

**34.1** This impairment loss pertains to renewable energy segment of the Group.

| | | 2021 | 2020 |
|---|---|---|---|
| **35.** | **OTHER INCOME** | ------------ (Rupees ) | ------------ |
| | **Income from financial assets** | | |
| | Profit on deposits | **14,557** | 19,043 |
| | Exchange gain | **1,233** | - |
| | Gain on investments in units of mutual funds | **6** | 1,186 |
| | Interest income on short-term investments | **3,200** | 12,188 |
| | | **18,996** | 32,417 |
| | **Income from non-financial assets and others** | | |
| | Royalty income | **14,384** | 14,312 |
| | Gain on disposal of leased asset | **-** | 1,369 |
| | Insurance claim | **2,523** | - |
| | Indenting commission | **46,949** | - |
| | Amortization of deferred government grant (note 21) | **5,369** | 3,586 |
| | Rental income | **21,181** | 24,930 |
| | Gain on disposal of property, plant and equipment | **11,951** | 195 |
| | Others | **28,244** | 17,983 |
| | | **130,601** | 62,375 |
| | | **149,597** | 94,792 |
| | Related to discontinued operations (note 38) | **(37,294)** | (34,056) |
| | | **112,303** | 60,736 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

| | | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees ) ------------ | |
| **36.** | **FINANCE COST** | | |
| | Mark-up on long-term borrowings | **551,856** | 720,770 |
| | Amortization of transaction cost (note 23.9) | **29,150** | 28,970 |
| | Interest on Workers' Profits Participation Fund liability | **4,148** | 5,032 |
| | Interest expense on lease liability | **14,039** | 19,181 |
| | Mark-up on short-term borrowings | **91,402** | 115,653 |
| | Other financial and bank charges | **83,497** | 85,100 |
| | | **774,092** | 974,706 |
| | Less: Delayed payment charges of overdue trade debts | **(246,243)** | (274,648) |
| | | **527,849** | 700,058 |
| **37.** | **TAXATION** | | |
| | Current | | |
| | - for the year (notes 37.1 & 37.2) | **233,897** | 154,169 |
| | - for prior year - net | **-** | 17,766 |
| | | **233,897** | 171,935 |
| | Deferred | **(75,321)** | 16,701 |
| | | **158,576** | 188,636 |

**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. 113,945 (2020: Rs. 41,191) charged under section 113 of the Income Tax Ordinance, 2001 on REL's turnover for the year.

**37.3** As at December 31, 2021, deferred tax asset amounting to Rs. 440,697 (2020: Rs. 412,228) has not been recognized in these consolidated financial statements as the Group 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.

| | | 2021 | 2020 |
|---|---|---|---|
| | **Relationship between tax expense and accounting profit** | ------------ (Rupees ) ------------ | |
| **37.4** | Profit for the year before taxation | **2,641,066** | 1,979,207 |
| | Tax at the applicable tax rates of 29% (2020: 29%) | **765,909** | 573,970 |
| | Prior year tax | **-** | 17,766 |
| | Tax effect of: | | |
| | - exempt income | **(374,081)** | (353,106) |
| | - turnover tax | **72,755** | 41,191 |
| | - unrecognized tax losses | **-** | 56,871 |
| | - deferred tax on carry forward business losses | **(125,371)** | - |
| | - separate block income | **(11,268)** | - |
| | - share of profit on associate | **(86,350)** | (276,354) |
| | Tax chargeable at lower rate of tax | **(103,649)** | 105,208 |
| | Effect of income and expenses not chargeable to tax | **20,631** | 23,090 |
| | | **158,576** | 188,636 |

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees ) ------------ | |
| **38. LOSS FROM DISCONTINUED OPERATIONS** | | |
| Revenue - net (note 30) | **6,553** | 5,217 |
| Cost of revenue (note 31) | **(902)** | (7,917) |
| Gross profit / (loss) | **5,651** | (2,700) |
| Selling and distribution expenses (note 32) | **(95)** | (17) |
| Administrative expenses (note 33) | **(64,288)** | (53,943) |
| Other income (note 35) | **37,294** | 34,056 |
| Net loss from discontinued operations | **(21,438)** | (22,604) |

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

**39.1** Basic EPS has been calculated by dividing the profit attributable to equity holders of the Holding Company by weighted average number of ordinary shares in issue during the year.

**39.2** As at December 31, 2021, there is no dilutive effect on the basic earnings per share of the Holding Company.

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees ) ------------ | |
| **39.3 Continuing operations** | | |
| Profit for the year (attributable to the owners of the Holding Company) | **2,169,353** | 1,531,146 |
| Weighted average number of ordinary shares (in thousands) | **59,299** | 59,298 |
| Earnings per share (Rupees) | **36.58** | 25.82 |
| **39.4 Discontinued operations** | | |
| Loss for the year (attributable to the owners of the Holding Company) | **(21,438)** | (22,604) |
| Weighted average number of ordinary shares (in thousands) | **59,299** | 59,298 |
| Loss per share (Rupees) | **(0.36)** | (0.38) |

(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:

| | **2021** | | | 2020 | | |
|---|---|---|---|---|---|---|
| | **Directors** | | | Directors | | |
| | **Chief Executive** | **Others** | **Executives** | Chief Executive | Others | Executives |
| | ------------ (Rupees) ------------ | | | ------------ (Rupees) ------------ | | |
| Managerial remuneration | **15,726** | **-** | **202,415** | 1 16,227 | - | 132,737 |
| Bonus | **-** | **-** | **2,819** | 6,615 | - | 21,344 |
| House rent allowance | **-** | **-** | **-** | - | - | 778 |
| Medical allowance | **761** | **-** | **9,248** | 761 | - | 6,026 |
| Utilities | **-** | **-** | **-** | - | - | 173 |
| Fuel allowance | **5** | **-** | **3,772** | 83 | - | 3,140 |
| Vehicle maintenance allowance | **-** | **-** | **26,946** | - | - | 21,899 |
| Retirement benefits | **-** | **-** | **934** | - | - | 1,023 |
| Fees | **-** | **1,650** | **-** | - | 2,350 | 1,550 |
| Other benefits | **261** | **-** | **12,696** | 1,005 | - | 12,382 |
| Total | **16,753** | **1,650** | **258,830** | 24,691 | 2,350 | 201,052 |
| Number of persons, including those who worked part of the year | **1** | **7** | **76** | 1 | 7 | 65 |

## 41. FINANCIAL INSTRUMENTS BY CATEGORY

| | **2021** | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| **41.1 Financial assets as per consolidated statement of financial position** | | |
| ***Financial assets at fair value through profit or loss*** | | |
| Long-term investments | **13,892** | 13,886 |
| Derivative asset | **44,872** | - |
| | **58,764** | 13,886 |
| ***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 | **4,104,939** | 2,896,123 |
| Loans to employees | **12,614** | 16,113 |
| Deposits and other receivables | **1,233,807** | 830,363 |
| Accrued Interest | **576** | 7,369 |
| Short-term investments | **239,326** | 96,024 |
| Cash and bank balances | **1,148,170** | 689,185 |
| | **6,742,210** | 4,537,955 |
| **41.2 Financial liabilities as per consolidated statement of financial position** | | |
| ***At amortized cost*** | | |
| Long-term borrowings | **8,628,307** | 9,107,462 |
| Short-term borrowings | **1,395,175** | 992,745 |
| Trade and other payables | **2,903,039** | 880,564 |
| Lease liabilities | **143,689** | 139,133 |
| Unclaimed and unpaid dividend | **75,517** | 70,307 |
| Accrued mark-up | **146,622** | 148,018 |
| | **13,292,349** | 11,338,229 |
| ***At fair value through profit or loss*** | | |
| Derivative liability | **-** | 9,200 |

(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**

IIFRS 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 Group held the following assets measured at fair values:

| | As at December 31, 2021 | | | |
|---|---|---|---|---|
| | 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) | **-** | **13,892** | **-** | **13,892** |
| *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 | **-** | **44,872** | **-** | **44,872** |
| | **-** | **58,764** | **15** | **58,779** |

| | As at December 31, 2020 | | | |
|---|---|---|---|---|
| | 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) | - | 13,886 | - | 13,886 |
| *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 | - | 9,200 | - | 9,200 |
| | - | 23,086 | 15 | 23,101 |

As at December 31, 2021 and 2020, the carrying values of the remaining assets and liabilities of the Group reflected in these consolidated financial statements approximate their fair values.

There were no transfers amongst the levels during the year. Further, there were no changes in valuation techniques during the year.

## 43. FINANCIAL RISK MANAGEMENT

### 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.

### 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. Currency risk exists due to the Group's exposure resulting from outstanding import payments, foreign currency bank balances, outstanding borrowings and the related interest payments and trade payables which are denominated in Chinese Yuan and US Dollars. The Group has obtained a forward cover as detailed in note 16.3 to cover its exposure towards currency risk.

The Group is minimizing the foreign exchange risk by maintaining the bank balances in respective foreign currencies in order to match the payments. Further, the exchange differences on foreign currency borrowings are capitalized in the cost of plant and machinery, as per waiver granted by SECP vide S.R.O 24(1) / 2012 dated January 16, 2012 as modified by S.R.O. 986 (I) / 2019 dated September 2, 2019.

#### 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 overdue but not impaired receivables (note 13), cash at bank in deposit accounts (note 18) and interest bearing financial liabilities namely short-term and long-term borrowings (notes 25 and 23). These are benchmarked to variable rates which expose the Group 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 rates of long-term borrowings from financial institutions is recovered through adjustment in tariff as per the EPA. At December 31, 2021, if interest rates on the Group's short-term borrowings, long-term borrowings of renewable energy business, receivables and cash at bank in deposit accounts had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been higher / lower by Rs. 22,485 (2020: lower / higher by Rs. 5,490).

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)

**TGL's Plan - Transition of LIBOR to alternative arrangements**

TGL has certain foreign borrowings as disclosed in note 23 of the consolidated financial statements which are subject to interest rate benchmark reforms, which have yet to transition. The consultation between TGL and lenders will commence in due course and transition will be completed by the mid of 2023 as per agreed plan.

**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, 2021, 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 (2020: higher / lower by Rs. 139).

**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 and markup accrued thereon, 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:

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) | ------------ |
| Long-term investments | **13,907** | 13,901 |
| Long-term deposits | **2,778** | 2,778 |
| Trade debts | **1,301,742** | 620,030 |
| Loans to employees | **12,614** | 16,113 |
| Deposits and other receivables | **563,659** | 739,821 |
| Interest accrued | **576** | 7,369 |
| Short-term investments | **239,326** | 96,024 |
| Bank balances | **1,147,793** | 688,811 |
| | **3,282,395** | 2,184,847 |

***Balances with banks and investments in units of mutual fund***

As at December 31, 2021, the Group has deposits with banks and financial institutions amounting to Rs. 1,147,793 (2020: Rs. 688,811). 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:

| Asset management Company* / Bank | 2021 | | |
|---|---|---|---|
| | **Rating agency** | **Short-term** | **Long-term** |
| Bank AL Habib Limited | **PACRA** | **A-1+** | **AAA** |
| Habib Bank Limited | **VIS** | **A-1+** | **AAA** |
| MCB Bank Limited | **PACRA** | **A-1+** | **AAA** |
| Faysal Bank Limited | **PACRA** | **A-1+** | **AA** |
| National Bank of Pakistan | **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 | **VIS** | **A-1** | **A+** |
| JS Bank Limited | **PACRA** | **A-1+** | **AA-** |
| National Investment Trust Limited* | **PACRA** | **-** | **AM1** |
| Meezan Bank Limited | **VIS** | **A-1+** | **AAA** |
| Pak Oman Investment Company Limited | **VIS** | **A-1+** | **AA+** |

| | 2020 | | |
|---|---|---|---|
| **Asset management Company* / Bank** | Rating agency | Short-term | Long-term |
| Bank AL Habib Limited | PACRA | A-1+ | AA+ |
| Habib Bank Limited | VIS | A-1+ | AAA |
| MCB Bank Limited | PACRA | A-1+ | AAA |
| Faysal Bank Limited | PACRA | A-1+ | AA |
| National Bank of Pakistan | 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 | VIS | A-1 | AA+ |
| JS Bank Limited | PACRA | A-1+ | A+ |
| National Investment Trust Limited* | PACRA | - | AM2++ |

***Other financial assets***

The credit quality of other receivables can be assessed with reference to their historical performance with no or some defaults in recent history. However, no losses have so far been incurred. The remaining financial assets of the Group are not material to these consolidated financial statements.

For some trade debts, the Group may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

**43.3 Liquidity risk**

Liquidity risk represents the risk that the Group will encounter difficulty 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.

(Amounts in thousand)

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.

| | 2021 | | | 2020 | | |
|---|---|---|---|---|---|---|
| | Maturity upto one year | Maturity after one year | Total | Maturity upto one year | Maturity after one year | Total |
| | (Rupees) | | | | | |
| **Financial liabilities** | | | | | | |
| Long-term borrowings | **2,088,185** | **8,236,933** | **10,325,118** | 1,334,629 | 8,112,221 | 9,446,850 |
| Lease liabilities | **20,521** | **296,118** | **316,639** | 30,913 | 111,776 | 142,689 |
| Short-term borrowings | **1,395,175** | **-** | **1,395,175** | 992,745 | - | 992,745 |
| Trade and other payables | **2,931,346** | **-** | **2,931,346** | 889,764 | - | 889,764 |
| Accrued mark-up | **308,972** | **-** | **308,972** | 148,018 | - | 148,018 |
| | **6,744,199** | **8,533,051** | **15,277,250** | 3,396,069 | 8,223,997 | 11,620,066 |

## 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 management of the Group at all times seeks to earn returns higher than its weighted average cost of capital, by increasing efficiencies in operations, so as to increase overall profitability.

The Group 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 consolidated statement of financial position plus net debt. The gearing ratio as at December 31 is as follows:

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| Long-term borrowings | **8,628,307** | 9,107,462 |
| Short-term borrowings | **1,395,175** | 992,745 |
| Short-term investments | **(216,000)** | - |
| Cash and bank balances | **(1,148,170)** | (689,185) |
| Net debt | **8,659,312** | 9,411,022 |
| Total equity | **17,787,692** | 15,651,174 |
| Total capital | **26,447,004** | 25,062,196 |
| Gearing ratio | **0.327** | 0.376 |

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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(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:

| **Type of segments** | **Nature of business** |
|---|---|
| Renewable energy solutions | This part of the business includes 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 the business represents power generation and sale of electricity in Pakistan using wind energy. |
| Other operations | It mainly includes management of investment in associate by the Holding Company. |

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from profit or loss in the consolidated financial statements. Segment results and assets include items directly attributable to a segment.

**45.2** The following information presents operating results regarding operating segments for the year ended December 31, and financial position regarding operating segments as at December 31:

Segment analysis is as under:

| | Renewable energy | | Textile - discontinued operations | | Alternate Energy | | Other operations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | ----- (Rupees) ----- | | | | | | | | | |
| | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** | **2021** | **2020** |
| Revenue from contract with customers - net | | | | | | | | | | |
| Timing of revenue recognition | | | | | | | | | | |
| - At a point in time | **30,969** | 9,642 | **6,553** | 5,217 | **-** | - | **-** | - | **37,522** | 14,859 |
| - Over time | **8,892,048** | 2,648,055 | **-** | - | **3,021,210** | 2,969,028 | **-** | | **11,913,258** | 5,617,083 |
| | **8,923,017** | 2,657,697 | **6,553** | 5,217 | **3,021,210** | 2,969,028 | **-** | - | **11,950,780** | 5,631,942 |
| Cost of revenue | **(8,174,545)** | (2,400,717) | **(902)** | (7,917) | **(1,170,928)** | (1,167,376) | **-** | - | **(9,346,375)** | (3,576,010) |
| Segment gross profit / (loss) | **748,472** | 256,980 | **5,651** | (2,700) | **1,850,282** | 1,801,652 | **-** | - | **2,604,405** | 2,055,932 |
| Selling and distribution expenses | **(386,331)** | (266,131) | **(95)** | (17) | **-** | - | **-** | - | **(386,426)** | (266,148) |
| Administrative expenses | **(269,710)** | (195,660) | **(64,288)** | (53,943) | **(98,215)** | (83,030) | **(64,417)** | (52,033) | **(496,630)** | (384,666) |
| Other expenses | **(48,271)** | (47,672) | **-** | - | **-** | (592) | **(33,742)** | - | **(82,013)** | (48,264) |
| Other income | **78,184** | 24,731 | **37,294** | 34,056 | **14,483** | 16,909 | **19,636** | 19,096 | **149,597** | 94,792 |
| Finance cost | **(121,064)** | (63,329) | **-** | - | **(424,409)** | (542,630) | **17,624** | (94,099) | **(527,849)** | (700,058) |
| Share of profit from associate | **-** | - | **-** | - | **-** | - | **1,379,982** | 1,227,619 | **1,379,982** | 1,227,619 |
| Taxation | **57,178** | 21,043 | **-** | - | **(3,843)** | (1,987) | **(211,911)** | (207,692) | **(158,576)** | (188,636) |
| **Segment net profit / (loss)** | **58,457** | (270,038) | **(21,438)** | (22,604) | **1,338,298** | 1,190,322 | **1,107,172** | 892,891 | **2,482,490** | 1,790,571 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021
(Amounts in thousand)

| | Renewable energy | | Textile - discontinued operations | | Alternate Energy | | Other operations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | (Rupees) | | | | | | | | | |
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| **Segment assets** | | | | | | | | | | |
| Property, plant and equipment | **507,448** | 516,900 | **10,464** | 9,079 | **11,909,503** | 11,959,436 | **4,969** | 8,469 | **12,432,384** | 12,493,884 |
| Right-of-use assets | **29,686** | 24,796 | **-** | - | **86,145** | 91,893 | **-** | - | **115,831** | 116,689 |
| Intangible assets | **23,636** | 18,332 | **-** | - | **22,834** | | **4** | 22,861 | **46,474** | 41,193 |
| Long-term investments | **-** | - | **-** | - | **-** | - | | | | |
| Long-term deposits | **-** | - | **2,778** | 2,778 | **-** | - | **11,570,345** | 10,909,397 | **11,570,345** | 10,909,397 |
| Long-term loans to employees | **477** | 95 | **-** | - | **-** | - | **-** | - | **2,778** | 2,778 |
| Stores and spares | **-** | - | **892** | 892 | **-** | - | **-** | - | **477** | 95 |
| Stock-in-trade | **620,258** | 226,688 | **14,262** | 15,164 | **-** | - | **-** | - | **892** | 892 |
| Trade debts | **1,580,968** | 397,411 | **-** | - | **2,523,971** | 2,498,712 | **-** | - | **634,520** | 241,852 |
| Contract assets | **1,127,153** | 324,240 | **-** | - | **-** | - | **-** | - | **4,104,939** | 2,896,123 |
| Loans and advances | **284,427** | 53,879 | **1,189** | 635 | **1,575** | 816 | **-** | - | **1,127,153** | 324,240 |
| Deposits, prepayments and | | | | | **-** | | **-** | - | **287,191** | 55,330 |
| other receivables | **474,888** | 316,862 | **-** | - | **949,698** | 720,131 | **18,237** | 38,141 | **1,442,823** | 1,075,134 |
| Accrued interest | **510** | 2,146 | **-** | - | **66** | 5,223 | **-** | - | **576** | 7,369 |
| Taxes recoverable / (payable) | **67,654** | 125,224 | **6,463** | - | **4,848** | 5,803 | **6,604** | (270) | **85,569** | 130,757 |
| Short-term investments | **23,326** | 96,024 | **-** | - | **-** | - | **216,000** | - | **239,326** | 96,024 |
| Cash and bank balances | **155,807** | 170,679 | **-** | - | **944,057** | 488,776 | **48,306** | 29,730 | **1,148,170** | 689,185 |
| **Total segment assets** | **4,896,238** | 2,273,276 | **36,048** | 28,548 | **16,442,697** | 15,770,790 | **11,864,465** | 11,008,328 | **33,239,448** | 29,080,942 |
| **Segment liabilities** | | | | | | | | | | |
| Long-term borrowings | **498,877** | 422,053 | **-** | - | **8,129,430** | 8,685,409 | **-** | - | **8,628,307** | 9,107,462 |
| Staff retirement benefits | **80,329** | 56,381 | **-** | - | **1,282** | 1,439 | **4,697** | 2,755 | **86,308** | 60,575 |
| Deferred government grant | **3,056** | 8,425 | **-** | - | **-** | - | **-** | - | **3,056** | 8,425 |
| Lease liabilities | **31,936** | 30,518 | | | **111,753** | 108,615 | **-** | - | **143,689** | 139,133 |
| Deferred taxation | **(318,517)** | - | **-** | - | **-** | - | **1,723,672** | 1,478,980 | **1,405,155** | 1,478,980 |
| Short-term borrowings | **748,587** | 292,950 | **-** | - | **-** | - | **646,588** | 699,795 | **1,395,175** | 992,745 |
| Unclaimed dividend | **-** | - | **-** | - | **-** | - | **72,251** | 70,307 | **72,251** | 70,307 |
| Unpaid dividend | **-** | - | **-** | - | **-** | - | **3,266** | - | **3,266** | - |
| Contract liabilities | **453,452** | 410,985 | **-** | - | **-** | - | **-** | - | **453,452** | 410,985 |
| Trade and other payables | **2,816,130** | 651,621 | **16,921** | 5,937 | **240,837** | 311,838 | **40,587** | 43,742 | **3,114,475** | 1,013,138 |
| Accrued mark-up | **18,420** | 7,737 | **-** | - | **115,176** | 123,762 | **13,026** | 16,519 | **146,622** | 148,018 |
| **Total segment liabilities** | **4,332,270** | 1,880,670 | **16,921** | 5,937 | **8,598,478** | 9,231,063 | **2,504,087** | 2,312,098 | **15,451,756** | 13,429,768 |

**45.3** Included in the overtime revenue recognized of Rs. 11,913,258 (2020: Rs. 5,626,747) is revenue of approximately Rs. 5,350,607 (2020: Rs. 1,211,272) from energy projects and Rs. 3,021,210 (2020: Rs. 2,969,028) 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:

| | 2021 | 2020 |
|---|---|---|
| | (Rupees) | |
| Central Power Purchasing Agency (Guarantee) Limited | **3,021,210** | 2,969,028 |
| Enfrashare (Private) Limited | **1,482,050** | 1,211,272 |
| Bestway Cement Limited | **3,868,557** | - |
| | **8,371,817** | 4,180,300 |

**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 funds and key management personnel are shown under respective notes. Transactions 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 | 49.77% | 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 | Associated company |
| 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 |
| Engro Vopak Terminal 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% | Holding Company's Sponsor |
| Ayesha Dawood | 0.05% | Sponsor's Family member |
| Azmeh Dawood | 2.01% | Sponsor's Family member |
| Sabrina Dawood | 1.96% | Director |
| Muhammad Jawaid Iqbal | 0.00% | Director |
| Ruhail Muhammad | 0.00% | Director |
| Muhammad Shamoon Chaudhry | 0.00% | Director |
| Shafiq Ahmed | 0.00% | Director |
| Hasan Raza ur Rahim | 0.00% | Director |
| Shabbir Hussain Hashmi | 0.00% | Director |
| Zamin Zaidi | 0.00% | 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 |
| Nazia Hasan | N/A | Key management personnel |
| Sulaiman ur Rehman | 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 | 2021 | 2020 |
|---|---|---|---|
| | | ------------ (Rupees) ------------ | |
| **Associated companies** | | | |
| Dawood Hercules Corporation Limited | Expenses reimbursable by the Group | **20,981** | 21,246 |
| | Expenses reimbursable to the Group | **1,374** | 2,222 |
| | Dividend income | **740,353** | 701,387 |
| | Sale of panel by the Group | **350** | - |
| Sach International (Private) Limited | Expenses reimbursable to the Group | **368** | 329 |
| | Royalty charged | **14,384** | 14,312 |
| | Rental income | **660** | 660 |
| | Penalty charged | **2,978** | 2,389 |
| The Dawood Foundation | Rental charges | **-** | 476 |
| | Expenses reimbursable by the Group | **18,138** | 22,578 |
| | Sale of goods by the Group | **11,424** | 7,217 |
| | Issue of security deposit | **-** | 1,550 |
| Engro Fertilizers Limited | Rental income | **-** | 5,336 |
| Engro Energy Limited | Project revenue | **802** | 94,703 |
| | Delayed payment interest | **10,803** | 9,064 |
| | Extra work (reimbursement) | **16,136** | 15,302 |
| | Operation and maintenance cost | **392,862** | 380,729 |
| Enfrashare (Private) Limited | Project revenue | **1,482,050** | 1,211,272 |
| Engro Vopak Terminal Limited | Project revenue | **341** | - |
| **Other related parties** | | | |
| International Finance Corporation | Borrowing cost charged to the Group | **113,655** | 118,209 |
| | Loan repayment | **337,910** | 321,369 |
| | Supervision fees | **4,141** | 4,269 |
| | Accrued mark-up | **28,988** | 31,504 |
| Key management personnel | Salaries and other benefits | **63,294** | 17,132 |
| | Directors' Fee | **2,850** | 3,900 |
| | Project Revenue | **524** | - |

**46.4** During the year, the Holding Company paid dividends to its directors / sponsors amounting to Rs. 61,370 (2020: Rs. 39,277).

**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, 2021 and 2020 are disclosed in the respective notes.

## 47. CAPACITY AND PRODUCTION

| | 2021 | 2020 |
|---|---|---|
| | ------ (MWh) ------ | |
| **Renewable energy** | | |
| Maximum generation possible (note 47.1) | **11,244** | 8,322 |
| Production | **9,134** | 4,033 |
| **Alternate energy** | | |
| Maximum generation possible (note 47.2) | **154,910** | 154,910 |
| Net electrical output | **121,474** | 112,626 |

**47.1** Maximum forecasted generation possible from Solar Power Plant of RAPL is based on electrical output at CUF 19%. Output produced by the plant is dependent on the plant's efficiency and higher solar irradiation fall.

**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.

## 48. NUMBER OF EMPLOYEES

| | 2021 | 2020 |
|---|---|---|
| Total number of management employees as at December 31 | **145** | 127 |
| Total number of factory workers as at December 31 | **-** | 1 |
| Average number of management employees during the year | **138** | 126 |
| Average number of factory workers during the year | **-** | 1 |

## 49. CASH AND CASH EQUIVALENTS

| | 2021 | 2020 |
|---|---|---|
| | ------------ (Rupees) ------------ | |
| Cash and bank balances (note 18) | **1,148,170** | 689,185 |
| Short-term borrowings | **(1,395,175)** | (967,745) |
| Short-term investments | **216,000** | - |
| | **(31,005)** | (278,560) |

## 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 October. In the remaining period, TGL gets generally lower wind potential.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

(Amounts in thousand)

**51. CORRESPONDING FIGURES**

Corresponding figures have been rearranged and reclassified, wherever 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 on March 8, 2022 has proposed a final cash dividend of Nil (2020: Nil) per share for the year ended December 31, 2021 amounting to Nil (2020: Nil), for approval of the members at the Annual General Meeting to be held on April 28, 2022. This is in addition to interim cash dividends of Rs. 3.5 and Rs. 2.75 (2020: Rs. 4) resulting in a total dividend of Rs. 6.25 per share for the year 2021 (2020: Rs. 4 per share).

**53. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue on March 8, 2022 by the Board of Directors of the Holding Company.

**54. GENERAL**

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

| | | |
|---|---|---|
| Mujtaba Haider Khan<br>Chief Executive Officer | Ruhail Muhammad<br>Director | Muhammad Saad Faridi<br>Chief Financial Officer |

# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

| Size of Holding Rs. 10 Shares | | Number of Shareholders | Total Shares Held |
|---|---|---|---|
| 1 | 100 | 2,752 | 112,932 |
| 101 | 500 | 1,676 | 421,629 |
| 501 | 1000 | 447 | 330,272 |
| 1001 | 5000 | 538 | 1,210,968 |
| 5001 | 10000 | 73 | 493,957 |
| 10001 | 15000 | 35 | 420,029 |
| 15001 | 20000 | 15 | 250,504 |
| 20001 | 25000 | 8 | 186,769 |
| 25001 | 30000 | 4 | 113,705 |
| 30001 | 35000 | 2 | 64,467 |
| 35001 | 40000 | 3 | 113,595 |
| 40001 | 45000 | 2 | 87,267 |
| 45001 | 50000 | 2 | 98,710 |
| 55001 | 60000 | 1 | 56,400 |
| 60001 | 65000 | 2 | 129,000 |
| 70001 | 75000 | 3 | 221,768 |
| 80001 | 85000 | 1 | 84,630 |
| 100001 | 105000 | 1 | 102,902 |
| 115001 | 120000 | 1 | 115,100 |
| 150001 | 155000 | 1 | 153,800 |
| 345001 | 350000 | 1 | 350,000 |
| 515001 | 520000 | 1 | 517,545 |
| 555001 | 560000 | 1 | 556,639 |
| 615001 | 620000 | 1 | 620,000 |
| 675001 | 680000 | 1 | 677,177 |
| 715001 | 720000 | 1 | 719,808 |
| 1045001 | 1050000 | 1 | 1,046,843 |
| 1080001 | 1085000 | 1 | 1,081,357 |
| 1160001 | 1165000 | 1 | 1,160,396 |
| 1175001 | 1180000 | 2 | 2,353,492 |
| 1185001 | 1190000 | 1 | 1,189,597 |
| 2965001 | 2970000 | 1 | 2,965,095 |
| 2975001 | 2980000 | 1 | 2,979,324 |
| 3710001 | 3715000 | 1 | 3,713,984 |
| 5085001 | 5090000 | 1 | 5,088,605 |
| 29510001 | 29515000 | 1 | 29,511,543 |
| | | **5,584** | **59,299,809** |

# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

| Catagory of Shareholders | Number of Shareholders | Number of Shares Held | Percentage |
|---|---|---|---|
| Directors, CEO and their spouse and minor children | 9 | 1,874,106 | 3.16% |
| Associated companies, undertakings and related parties | 5 | 39,173,722 | 66.06% |
| Investment Corporation of Pakistan | 8 | 804 | * |
| Banks, Development Financial Institutions, Non-Banking Financial Institutions | 16 | 121,254 | 0.20% |
| Insurance Companies | 4 | 557,415 | 0.94% |
| Modarabas and Mutual Funds | 2 | 567,545 | 0.96% |
| Shareholders holding 10% or more | 1 | 29,511,543 | 49.77% |
| General Public | | | |
| Residents | 4,991 | 12,411,723 | 20.93% |
| Non-residnets | 28 | 27,842 | 0.05% |
| Others | | | |
| Foreign Companies | 5 | 4,269,757 | 7.20% |
| Others | 516 | 295,641 | 0.50% |
| **Total (Excluding: Shareholder holding 10% or more)** | **5,584** | **59,299,809** | **100.00%** |

* Negligible

# PATTERN OF SHAREHOLDING

AS AT DECEMBER 31, 2021

| Shareholders' Category | Number of Shareholders | Number of Shares Held |
|---|---|---|
| **Associated Companies, undertakings and related parties** | | |
| Sach International (Pvt.) Ltd. | 1 | 3,776 |
| Patek (Pvt.) Ltd. | 1 | 3,713,984 |
| Dawood Corporation (Pvt.) Ltd. | 1 | 29,511,543 |
| 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. Muhammad Jawaid Iqbal | 1 | 1,000 |
| Mr. Abdul Samad Dawood | 1 | 677,177 |
| Mrs. Ayesha Dawood (w/o Mr. Abdul Samad Dawood) | 1 | 30,000 |
| Ms. Sabrina Dawood | 1 | 1,160,396 |
| Mr. Shafiq Ahmed | 1 | 1,154 |
| Mr. Zamin Zaidi | 1 | 1,000 |
| Mr. Ruhail Muhammad | 1 | 1,079 |
| Mr. Mohammad Shamoon Chaudry | 1 | 1,150 |
| Mr. Mujtaba Haider Khan | 1 | 1,150 |
| **Executives** | - | - |
| **Public Sector Companies & Corporation** | 14 | 597,624 |
| **Banks, DFIs, NBFIs, Insurance Companies Takaful, Modarabas & Pension Funds** | 13 | 83,682 |
| **Shareholders holding five percent or more voting rights** | | |
| Dawood Corporation (Pvt.) Ltd. | 1 | 29,511,543 |
| 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 |

اس وقت، حکومت سرگرمی سے توانائی کی قیمت کم کرنے کی کوشش کر رہی ہے ۔ Wind IPPs کے ساتھ نومبر اور دسمبر میں ملاقاتیں ہوئی تھیں۔ یہ بات چیت Independent Power Producers (IPPs) کو ان کے غیر ملکی سرمایہ کاروں کی بنیاد پر الگ کر کے کی گئی تھی۔ تاہم Wind IPPs کے ساتھ مذاکرات فی الوقت معطل ہیں کیوں کہ حکومت ان پروجیکٹس کے غیر ملکی سرمایہ کاروں سے مذاکرات کر رہی ہے اور National and international development finance institutions (DFIs) کی جانب سے آئندہ کی منظوری نہیں دی گئی ہے۔ اس دوران پروجیکٹ میں پیسہ لگانے والے ایک سرمایہ کار نے ایک جوابی تجویز دی ہے جس کا جائزہ T G L لے رہی ہے جسے بعد ازاں حکومت پاکستان کے سامنے پیش کر دیا جائے گا۔

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 نئی پالیسی کے اجراء کے بعد بھی واضح نہیں ہے۔ ونڈ-سولر ہائبرڈ تنصیبات کے لیے حکومت نے 7 لیٹر آف انٹنٹ (LOI) منسوخ کر دیئے ہیں۔ چناں چہ ٹیرف اب نئی قابل تجدید توانائی پالیسی کے مطابق مقرر کی جائے گی۔

### 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 مالیاتی اداروں اور دیگر کے بھی مشکور ہیں جو مسلسل ہماری مدد اور حمایت کے لیے ہمارے ساتھ شریک رہے ہیں۔ ہم اُنھیں یقین دلاتے ہیں کہ ان کے مفادات کا خیال رکھا جائے گا۔

ہم کمپنی کی ترقی وخوشحالی کے لیے مخلصانہ کاوشوں پر کمپنی کی انتظامیہ اور ملازمین کا بھی شکریہ ادا کرتے ہیں۔

مجتبیٰ حیدر خان
چیف ایگزیکٹو آفیسر

روحیل محمد
ڈائریکٹر

کراچی:
مورخہ: 08 مارچ، 2022ء

## ر۔ مستقبل کا منظر نامہ

### شمسی توانائی

ماحولیاتی آلودگی میں کمی لانے کی کوششیں عالمی سطح پر تیز کئے جانے کے بعد قابل تجدید توانائی استعمال کرنے والی صنعتوں کے لئے مسابقت کے قابل رہنے کے ہی زیادہ امکانات رہیں گے۔امکانات ہیں کہ مستقبل میں قابل تجدید توانائی دباؤ کے لئے بھی استعمال کی جائے گی جو عالمی تجارت اور اقتصادی تعلقات کی ایک شرط بن جائے گی اور کسی بھی ملک کی برآمدات پر اثر انداز ہوگی۔مزید یہ کہ اندازہ ہے کہ RE ٹیکنالوجیوں کی لاگت میں کمی کا رجحان آئندہ پانچ سے دس برس تک جاری رہے گا جو قابل تجدید توانائی کے استعمال کے مقدمہ کو مزید مضبوط بناتا ہے۔

آئی ایم ایف سے کئے گئے معاہدے کی رُو سے سرکلر ڈیٹ مینجمنٹ پلان (CDMP) پر عمل درآمد کرتے ہوئے حکومت نے توانائی کی قیمتوں میں اضافے کا اعلان کیا ہے۔ یہ اور گیس کی کمیابی اور پاور پلانٹس کو گیس کی سپلائی میں التوا کمرشل اور انڈسٹریل گاہکوں کو توانائی کے متبادل ذرائع کی جانب دیکھنے پر مجبور کررہے ہیں جن میں سے قابل تجدید توانائی انتہائی مسابقتی اور دیرپا انتخاب رہے گا۔ چناں چہ ایسے کاروباروں کے لئے ماحول انتہائی سازگار ہے کہ وہ شمسی توانائی کے وسائل پر منتقل ہوکر عالمی سطح پر خود کو قبول کروائیں اور اپنے اندر مسابقتی صلاحیتیں پیدا کریں۔اس مقصد کے لئے حالیہ طور پر پیشگی اخراجات میں کمی لانے کی غرض سے SBP کی جانب سے شروع کی جانے والی اسکیم جیسی رعایتی اسکیموں سے فائدہ اٹھایا جاسکتا ہے۔

اسٹیٹ بینک آف پاکستان کی جانب سے فراہم کی جانے والی Temporary Economic Refinance Facility (TERF)، جو صنعتی سرگرمیوں کے لئے رعایتی قرضے دے رہی تھی، انتہائی مقبول ثابت ہوئی اور اس سہولت کے ذریعے کاروباروں کو 435.7 بلین روپے کے قرضے دیئے گئے۔امکان ہے کہ اس سہولت کے نتیجے میں صنعتوں کی توسیع کی جائے گی جس سے خصوصاً کمرشل اور انڈسٹریل شعبہ میں بجلی کی مجموعی طلب میں اضافہ ہوگا۔اس کے ساتھ ساتھ توقع ہے کہ مستقبل قریب میں BESS بھی ملک کے ماحولیاتی تناظر میں مزید قبولیت حاصل کرے گا۔ چناں چہ Reon آنے والے برسوں میں صنعتوں کی توسیع کے ساتھ ماحولیاتی تحفظ کے ضمن میں عالمی دباؤ شمسی توانائی کے حصول اور اسے ذخیرہ کرنے کے بیش بہا مواقع دیکھ رہی ہے۔تاہم دنیا بھر میں شمسی توانائی پیدا کرنے اور اسے ذخیرہ کرنے کی مصنوعات کی بڑھتی ہوئی طلب کے پیش نظر خدشہ ہے کہ سپلائی چین میں بار بار تعطل پیدا ہوگا۔

قابل تجدید توانائی کے لئے اسٹیٹ بینک آف پاکستان کی گرین فنانسنگ اسکیم گزشتہ برسوں میں اس سیکٹر کے بڑھنے کی سب سے بڑی سہولت کار رہی ہے۔ حالیہ پالیسی جون 2022 میں ختم ہو جائے گی۔اگرچہ ماضی میں اسٹیٹ بینک نے اس سہولت کی تجدید کی تھی تاہم اسٹیٹ بینک کے کردار میں تبدیلی آجانے سے اس بار اس اسکیم کی تجدید پر غیر یقینی کے بادل منڈلا رہے ہیں۔لیکن قابل تجدید توانائی کے استعمال کی حوصلہ افزائی کی حکومت کی پالیسی کے تناظر میں توقع کی جارہی ہے کہ یہ پالیسی جاری رہے گی اور قابل تجدید توانائی کے سیکٹر کو مزید سہولیات مہیا کی جائیں گی۔

### ہوا سے توانائی کے منصوبے (Wind Energy Project)

ہوا کی توانائی کے منصوبے کو بدستور 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 ہوگئے ہیں۔توقع ہے کہ یہ صورت حال جاری رہے گی کیوں کہ ایسے پروجیکٹس کے لئے سرمایہ لگانے والے حکومت کے ساتھ مذاکرات میں تاحال مصروف ہیں۔تاہم CPPA کے لئے نقدی کے بہاؤ کی صورت حال میں کسی حد تک بہتری آئی ہے اور CPPA ٹیکسوں اور قابل ادائیگی واجبات کی ادائیگیاں ترجیحی بنیادوں پر کررہی ہے۔

جھمپیر میں واقع ہوا کی توانائی کے پلانٹس کو HVDC لائن کے شروع ہوجانے کے بعد ایسی تخفیف کا سامنہ نہیں جیسا انہیں 2020 کے دوران کرنا پڑرہا تھا۔ جھمپیر گرڈ میں چوتھے ٹرانسفارمر کی تنصیب ہورہی ہے اور مارچ 2022 میں اس کے چالو ہوجانے کے بعد استحکام میں اور بہتری آئے گی۔حالیہ طور پر TGL کو نکالے جانے کا عمل متاثر ہورہا ہے البتہ امید ہے کہ یہ سلسلہ تادیر جاری نہیں رہے گا۔

## ڈائریکٹرز کی ذمہ داری کا بیان

کمپنی کے ڈائریکٹرز، درج ذیل کے مطابق، پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے تحت کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی تصدیق کرتے ہیں:

۱۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے کمپنی کے معاملات، اس کے آپریشنز، نقدی کے بہاؤ (cash flow) اور ایکویٹی میں تبدیلی کی کی صورت حال درست طور سے پیش کرتے ہیں۔

۲۔ کمپنی کے کھاتے (books of account) موزوں انداز میں مرتب کئے گئے ہیں۔

۳۔ مالی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ پالیسیوں کا اطلاق تسلسل کے ساتھ کیا گیا ہے اور حسابی تخمینے (accounting estimates) مناسب اور محتاط تخمینوں پر مبنی ہیں۔

۴۔ مالی گوشواروں کی تیاری میں پاکستان پر قابل اطلاق بین الاقوامی مالی رپورٹنگ کے معیارات کا خیال 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 اسے مانیٹر بھی کیا جاتا ہے۔

۶۔ کمپنی کے معاملات کے 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 ماڈی انحراف نہیں پایا جاتا ہے۔

۸۔ گزشتہ چھ (06) برسوں کے دوران کا آپریٹنگ اور مالی ڈیٹا، مختصر طور پر، اس رپورٹ کے ساتھ منسلک ہے۔

## ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے **''بورڈ کے ڈائریکٹرز اور بورڈ کے مقرر کردہ افراد کے مشاہرے کے تعین کی پالیسی''** کی منظوری دی ہے جس کے خاص خاص پہلو ذیل میں بیان کیے گئے ہیں:

۱۔ بورڈ آف ڈائریکٹرز کا مشاہرہ، کمپنی کے مالی حجم اور آپریشنل پیچیدگی کے حوالے سے مسابقتی اور موزوں 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 سمجھے، 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 جوڈی ایچ گروپ کے دیگر اداروں کے ملازمین نان-ایگزیکٹو ڈائریکٹر کو 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

بورڈ نے جاری سال کے دوران جناب ضامن زیدی کی ڈائریکٹرز ٹریننگ پروگرام میں شرکت کا انتظام کیا جب کہ گزشتہ برسوں کے دوران چھ (06) ڈائریکٹرز، ڈائریکٹرز ٹریننگ پروگرام میں شرکت کرچکے ہیں۔

## متعلقہ پارٹیوں سے معاملات

کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق، کمپنی نے متعلقہ پارٹیوں سے لین دین کے تمام معاملات بالترتیب آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لیے پیش کیے۔

## بعد از ہونے والے واقعات

مالی سال کے اختتام اور زیر نظر رپورٹ کی تیاری کی تاریخ کے درمیان ایسی کوئی ماڈی تبدیلی عمل میں نہیں آئی یا ایسے معاہدے نہیں کئے گئے جو کمپنی کی مالی حیثیت پر اثر انداز ہوسکیں۔

| ڈائریکٹر کا نام | سبکدوش ہونے والے ڈائریکٹر<br>اجلاس<br>منعقد ہوئے | شریک ہوئے |
|---|---|---|
| جناب شاہد حمید پراچہ | 6 | 6 |
| جناب شہزادہ داؤد | 5 | 5 |
| جناب حسن رضا الرحیم | 6 | 6 |
| جناب شبیر حسین ہاشمی | 6 | 6 |

جناب شہزادہ داؤد نے بورڈ کی نشست سے 13 اکتوبر 2021 کو استعفیٰ دیا جب کہ جناب شاہد حمید پراچہ، جناب حسن رضا الرحیم، جناب شبیر حسین ہاشمی کمپنی کے ڈائریکٹر کے عہدوں سے 23 نومبر 2021 کو مستعفی ہوئے تھے۔

## بورڈ آڈٹ کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز نے ،کوڈ آف کارپوریٹ گورننس کی تعمیل میں، ایک آڈٹ کمیٹی قائم کی ہے جو اندرونی انضباط اور اس پر عمل درآمد کی نگرانی کرتی ہے۔ یہ کمپنی اپنے قیام کے وقت سے 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 انتظامیہ کے نام اور ان کے مراسلے سمیت، مختلف مسائل پر بھی ایکسٹرنل آڈیٹرز کے ساتھ تفصیلی بات چیت کرتی ہے۔ آڈٹ کمیٹی نے انٹرنل آڈیٹرز کی دریافتوں کا جائزہ بھی لیا اور، کوڈ آف کارپوریٹ گورننس کے تقاضوں کے مطابق، انٹرنل اور ایکسٹرنل آڈیٹرز کے ساتھ الگ الگ ملاقاتیں بھی کی ہیں۔

مؤرخہ 31 دسمبر، 2021ء کو ختم ہونے والے سال کے دوران، بورڈ کی آڈٹ کمیٹی کے کل چار اجلاس منعقد ہوئے۔ اپنی متعلق مدت کے حساب سے حاضری کی صورت حال ذیل کے مطابق رہی:

| ڈائریکٹر کا نام | اجلاس<br>منعقد ہوئے | شریک ہوئے |
|---|---|---|
| جناب شبیر حسین ہاشمی | 4 | 4 |
| جناب حسن رضا الرّحیم | 4 | 4 |
| جناب شہزادہ داؤد | 3 | 1 |

مؤرخہ 31 دسمبر، 2021ء کو ختم ہونے والے سال کے دوران، انسانی وسائل اور مشاہرہ کمیٹی (HR&RC) کے کل دو (02) اجلاس منعقد ہوئے۔ ان اجلاسوں میں حاضری کی صورت حال ذیل کے مطابق رہی:

| ڈائریکٹر کا نام | اجلاس<br>منعقد ہوئے | شریک ہوئے |
|---|---|---|
| جناب حسن رضا الرّحیم | 2 | 2 |
| جناب شاہد حمید پراچہ | 2 | 2 |
| جناب شبیر حسین ہاشمی | 2 | 1 |

2۔قرب وجوار کے علاقوں میں شمسی توانائی پر مبنی لائٹنگ سسٹم کی فراہمی۔ یہ عمل گزشتہ دو برسوں سے سال بہ سال کیا جاتا ہے۔

3۔ ماہی گیری قرب وجوار کے دیہاتیوں کا سب سے بڑا ذریعہ معاش ہے۔ مقامی کھاڑیوں کا ایکوسسٹم بحال کرکے ماہی گیری کے حالات میں بہتری لانے کی غرض سے گزشتہ دو برسوں سے مینگرووکے جنگلات اگانے کی سرگرمی جاری ہے۔ اس سال مینگرووکے لئے زیر کاشت رقبے میں اضافہ کیا گیا ہے جب کہ TGL کا ارادہ ہے کہ آئندہ برسوں میں بھی زیر کاشت رقبہ بڑھایا جاتا رہے۔

## 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، 2021ء کو ختم ہونے والے سال کے دوران، بورڈ آف ڈائریکٹرز کے کل 8 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی، اپنی متعلق مدت کے دوران، حاضری ذیل کے مطابق رہی:

| ڈائریکٹر کا نام | موجودہ بورڈ اجلاس منعقد ہوئے | شریک ہوئے |
|---|---|---|
| جناب محمد جاوید اقبال | 2 | 2 |
| جناب عبدالصمد داؤد | 2 | 2 |
| محترمہ سبرینہ داؤد | 8 | 4 |
| جناب شفیق احمد | 8 | 8 |
| جناب ضامن زیدی | 8 | 7 |
| جناب روحیل محمد | 2 | 2 |
| جناب محمد شمعون چوہدری | 2 | 2 |
| جناب مجتبیٰ حیدر خان | 8 | 8 |

23 نومبر 2021 کو جناب محمد جاوید اقبال، جناب روحیل محمد، اور جناب محمد شمعون چوہدری کا تقرر بحیثیت کمپنی کے ڈائریکٹر جناب شاہد حمید پراچہ، جناب حسن رضا الرحیم، جناب شبیر حسین ہاشمی کی جانب سے اپنے عہدوں سے مستعفی ہونے کے سبب خالی ہوجانے والی اسامیوں کو پُر کرنے کی غرض سے کیا گیا ہے۔ جناب عبدالصمد داؤد نے 22 نومبر 2021 کو جناب شہزادہ داؤد کی خالی کردہ نشست پُر کردی تھی۔

## حصص یافتگی کا رجحان

مؤرخہ 31 دسمبر، 2021ء 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 11.78 بلین روپے (2020: 13.92 بلین روپے) تھی اور مارکیٹ میں اس کی قدر 198.67 روپے فی حصص (2020: 234.77 روپے فی حصص) رہی جبکہ بریک اپ ویلیو 66.23 روپے فی حصص (2020: 63.41 روپے فی حصص) رہی۔

## تخصیص (Appropriation)

سال کے دوران قابل ادائیگی کل منافع منقسمہ کا اعلان 6.25 روپے فی حصص یعنی 62.50% فیصد کی شرح سے کیا گیا اور عبوری نقد ادائیگی کی گئی۔

## اہم آپریٹنگ اور مالی اعداد و شمار

گزشتہ چھ (06) برسوں کے دوران کا آپریٹنگ اور مالی ڈیٹا مختصر طور پر، اس رپورٹ کے ساتھ منسلک ہے۔

## گریجویٹی فنڈ

کمپنی کے ملازمین کی مالی اعانت کے لئے 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، 2021ء تک فنڈ کے ذریعے فراہم کردہ فوائد کے تحت گریجویٹی منصوبے کے اثاثوں کی قدر 3.779 ملین روپے تھی (2020: 3.586 ملین روپے)۔

## خطرات 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 ردعمل 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 فہرست 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

کمپنی، اپنی ذیلی کمپنیوں کے توسط سے سبز اور قابل تجدید توانائی کے ذرائع پر منتقلی کے ذریعے ماحولیات پر مثبت اثر پیدا کرنے کے ساتھ ساتھ مقامی برادریوں پر بھی اپنا اثر ڈالنے کی کوشش کر رہی ہے۔ کمپنی کی جانب سے کی جانے والی اہم سرگرمیوں میں درج ذیل بھی شامل ہیں:

1۔ ونڈ فارم سائٹ کے قرب و جوار میں واقع ایک گاؤں میں سولر پر مبنی پانی کے پمپ کی تنصیب۔ اگرچہ پمپ گاؤں کے باسیوں کے زیر استعمال ہے تاہم اس کی دیکھ بھال وغیرہ کی ذمہ داری ہماری ذیلی کمپنی ونڈ فارم نے اٹھائی ہے تاکہ مقامی لوگوں کو پینے کا صاف پانی بلا رکاوٹ ملتا رہے۔

### ہواسے توانائی کے منصوبے (Wind Energy Project)

پلانٹ (Tenaga Generasi Limited (TGL تسلی بخش انداز میں کام کررہا ہے اور دستیابی اور BOP کے نقصانات کے لئے متوقع اہداف پورے کررہا ہے۔ سال 2021 کے دوران BOP نقصانات %1.30 رہے جبکہ ہدف %2.5 تھا جب کہ پلانٹ کی دستیابی %98 کے مقرر کردہ ہدف کے برخلاف %98.31 فیصد رہی ۔صحت، تحفظ اور ماحول (HSE) کو ترجیح حاصل رہی اور 451,459 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 1,648 دنوں سے کام کررہا ہے۔

5 ستمبر 2021 کو جب (Central Power Purchasing Agency (CPPA اور کے الیکٹرک کے ساتھ کنٹریکٹ کی مدت ختم ہوئی، یہ پلانٹ، داؤد ہائیڈرو چائنا (HydroChina Dawood) اور زیفائر (Zephyr) کے ساتھ NTDC نیٹ ورک پر منتقل ہو کر جھمپیر گرڈ کو بجلی فیڈ کرنے لگا ہے۔ نیا کنکشن خالی کرنے کے لئے مستحکم ثابت ہو رہا ہے۔ تاہم نومبر اور دسمبر کے مہینوں میں کچھ قطع برید ہوئی تھی۔ سسٹم میں ہائی وولٹیج کا ایشو بھی مستقل سامنے ہے۔ 2021 کی چوتھی سہ ماہی کے لئے کُل (Non project missed volume (NPMV، 2.08GWh تھا جو 2020 کی چوتھی سہ ماہی میں صفر رہا تھا۔ 2021 کی چوتھی سہ ماہی میں 19.34GWh بجلی فروخت کی گئی جو P75 لیول کی فروخت کردہ 18.45GWh بجلی سے زیادہ ہے۔ اس سہ ماہی کے دوران پلانٹ کو اچھی ہوا ملی اور توقع ہے کہ جنوری 2022 میں بھی ہوا چلنے کا رجحان یہی رہے گا۔ نومبر اور دسمبر کے مہینوں میں چلنے والی ہوا P90 لیول کی رہی اور 2021 کے دوران کل 121.3GWh بجلی فروخت کی گئی۔ توقع ہے کہ 2022 کے دوران NPMW واقعات کم سے کم رہیں گے۔

2021 کی تیسری سہ ماہی کی طرح چوتھی سہ ماہی کے دوران بھی ہوا کی اوسط رفتار توقع سے زیادہ رہی۔ چوتھی سہ ماہی کے دوران ریکارڈ کردہ ہوا کی رفتار 5.85m/sec رہی جو P75 میں ریکارڈ کردہ ہوا کی رفتار 5.76m/sec سے زیادہ تھی۔ ہوا کی رفتار میں مثبت تبدیلی آئی ہے اور پلانٹ کو سال کی دوسری ششماہی کے دوران بہت اچھی ہوا ملی۔

### د۔ مالی جائزہ

### مالی کارکردگی

گروپ کی مجموعی آمدنی 11,944.23 ملین روپے رہی جبکہ گزشتہ برس، اسی مدت کے دوران، 5,626.73 ملین روپے رہی تھی۔ سال 2021ء کے لیے گروپ کا انضمام شدہ مجموعی منافع 2,596.43 ملین روپے رہا جبکہ گزشتہ برس، اسی عرصے کے دوران، یہ منافع 2,058.63 ملین روپے تھا۔ ایسوسی ایٹ کمپنی سے حاصل ہونے والا منافع 1,379.98 ملین روپے تھا جس میں گزشتہ برس کے مقابلے میں 152.36 ملین روپے کا اضافہ دیکھا گیا۔ مبلغ 158.58 ملین روپے ٹیکس کے بعد، جاری آپریشنز سے، بعد از ٹیکس منافع 2,503.93 ملین روپے تھا اور اس طرح سال 2020ء کے مقابلے میں منافع میں 690.75 ملین روپے کا اضافہ ہوا۔

انفرادی طور پر، کمپنی کی آمدنی 2.59 ملین روپے رہی جبکہ گزشتہ برس، اسی عرصے کے دوران، یہ محاصل 1.96 ملین روپے تھی۔ اس طرح، اس سال، اس آمدنی 0.63 ملین روپے بڑھی۔ سال کے دوران کمپنی کو اپنی متعلقہ (associated) کمپنی کی جانب سے 740.35 ملین روپے کا منافع منقسمہ بھی موصول ہوا۔

### فی حصص کمائی

سنہ 2021ء کے لیے غیر انضمام شدہ کمائی فی حصص 9.08 روپے رہی جبکہ سال 2020ء میں یہ آمدنی 8.28 روپے فی حصص تھی۔ فی حصص کمائی میں یہ بڑھوتی شراکتی کمپنیوں کی جانب سے موصول کردہ حصص کا منافع منقسمہ تھا۔ ہولڈنگ کمپنی کے مالکان سے قابل نسبت فی حصص کمائی 36.22 روپے (2020: 25.44 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 دوبارہ تقرری کے لیے اپنی خدمات 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، 2022ء 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 0.34 ملین حصص کا کاروبار ہوا۔ روزانہ کاروباری دن کے اختتام کی شرح کی بنیاد پر کمپنی کے حصص کی اوسط قیمت 201.64 روپے رہی جبکہ 2021ء کے دوران، 52 ہفتوں کے دوران زیریں وبلند کی بنیاد پر، یہ قیمت بالترتیب 172.00 روپے سے 261.81 روپے فی حصص رہی۔

## ج۔ کاروباری جائزہ

### قابل تجدید توانائی کا کاروبار

سال کا اختتام مثبت اشاریئے پر ہوا کیوں کہ اس کاروبار نے 8,904 ملین روپے کی آمدنی ظاہر کی جس کی وجہ سال کی دوسری ششماہی میں آنے والی غیر معمولی بڑھوتی تھی جب Reon نے اپنی تاریخ کی سب سے زیادہ، 5,599 ملین روپے کی آمدنی حاصل کی۔ اس بڑھوتی کی بڑی وجہ 2020 میں کئے جانے والے معاہدے تھے جن کی تکمیل اس برس کی گئی۔ تاہم قابل ذکر بات یہ ہے کہ Reon نے نئے EPC کے 84MW کے نئے کنٹریکٹس پر دستخط کئے ہیں جو زیادہ تر سیمنٹ اور ٹیکسٹائل سیکٹر کے ساتھ کئے گئے ہیں اور یہ معاہدے ہماری ترقی میں نمایاں کردار ادا کریں گے۔ سال کے دوران ہونے والے دیگر اہم واقعات میں ٹیلی کام کے کاروبار کے شعبہ میں کئے گئے 1000 سے زائد ٹیلی کام سائٹس کی تعمیر کے ٹرن کی (turnkey) معاہدے بھی شامل ہیں۔ اس کے علاوہ Reon نے پاکستان کے ایک بڑے موبائل نیٹ ورک آپریٹر کے ساتھ جنوری 2022 میں ایک بڑی ESCO ڈیل کی ہے جو آنے والے برسوں میں اس شعبہ کی ترقی کی رفتار بڑھادے گا۔ پہلے بتایا جاچکا ہے کہ Reon نے قطر میں لسیل بس ڈپو کے لئے 5.3MW گنجائش کے سولر سسٹم کی تعمیر کے پہلے بین الاقوامی معاہدے پر دستخط کئے ہیں۔ یہ معاہدہ ہماری مارکیٹ میں تنوع لانے کی پالیسی کا مظہر ہے اور ہمارا منصوبہ ہے کہ اپنے بین الاقوامی پورٹ فولیو میں اضافہ کیا جائے کیوں کہ اس طرح بیرون ملک کام کرنے سے منسلک خطرات وثمرات کے بارے میں زیادہ تجربہ حاصل ہوگا۔ ''ری اون (Reon)'' نے بھی C&I سیگمنٹ کے لئے ایک نئی صناع، REFLEX بیٹری انرجی اسٹوریج سسٹم (BESS) متعارف کروائی ہے اور گیٹرون انڈسٹریز کے ساتھ روف ٹاپ سولر سولیوشن کے معاہدے کے ساتھ ساتھ 2.7MW کے BESS سولیوشن کی فراہمی، سورتی انٹرپرائزز کو 0.4MW گنجائش کے BESS سولیوشن کی فراہمی کے معاہدے بھی کئے ہیں۔ یہ BESS سولیوشن مقامی گرڈ کو کم قیمت اور ایمرجنسی طلب کی جوابی خدمات فراہم کرتا ہے اور گاہک کی پروسیسنگ مشینری کو وولٹیج کی سپلائی میں استحکام لاتا ہے۔ BESS کی طلب گرڈ میں قابل تجدید توانائی کے حصہ کی مناسبت سے بڑھنے کی صلاحیت رکھتی ہے چناں چہ یہ Reon کے لئے ایک بڑا موقع بھی ہے۔

جہاں تک ڈلیوری کا تعلق ہے تو سال کے دوران Reon نے Bestway Cement کے چار میں سے تین پلانٹ چالو کئے۔ واضح ہو کہ یہ کمپنی کی آج تک کی سب سے بڑی ڈیل ہے۔ اس سلسلے کا چوتھا پلانٹ 2022 کی پہلی سہ ماہی میں تکمیل تک پہنچ جائے گا۔ اس کے ساتھ ساتھ Reon نے بھی پہلے سے توانائی فراہم کرنے والے پلانٹ کی توسیع کے ایک معاہدے پر دستخط کئے ہیں جو Reon کی صلاحیتوں پر گاہکوں کے اعتماد کا مظہر ہے۔ ان سرگرمیوں اور سال کی دوسری ششماہی میں پروجیکٹس کی غیر مثالی ڈلیوری کے نتیجے Reon سال کے آخر میں 90 ملین روپے کا بعد از ٹیکس منافع ظاہر کرنے میں کامیاب رہی جو Reon کا اب تک دوسرا منافع بخش سال ہے۔

تاہم عالمی وباء سے منسلک خطرات کے ساتھ ساتھ اسی وباء کے نتیجے میں بدلتے ہوئے جیو پالیٹکل حالات، جن کے باعث اشیائے صرف کی قیمتوں میں تیزی سے اضافہ ہو رہا ہے، وسیع تر اقتصادی منظر پر بدستور غیر یقینی چھائی ہوئی ہے۔ عالمی سپلائی چین نے بھی عالمی وباء کے نتیجے میں متعدد بار تعطل دیکھا ہے جس کے نتیجے میں PV پینل اور چپ کی کمیابی ہوئی۔ مزید برآں، سوئز کینال کے بند ہونے جیسے دیگر واقعات بھی مصنوعات کی ڈلیوری میں تاخیر کا سبب بنے جن کے باعث مصنوعات کی لاگتوں میں اضافہ ہوا۔ ماحولیات سے منسلک ٹارگٹ کے حصول کی غرض سے چین میں بجلی بند کئے جانے کے نتیجے میں فیکٹریوں کی بندش نے سال کی چوتھی ششماہی میں اہم آلات اور اوزار کی دستیابی بھی متاثر ہوئی۔ ان حالات میں ہمارا ردعمل ہوتی ہوئی تبدیلیوں کے مطابق خود کو ڈھالنا اور ہمارے ملازمین اور وسیع تناظر میں ہمارے اسٹیک ہولڈروں کے تحفظ اور حفاظت کو یقینی بناتے ہوئے Reon کی توجہ اپنے گاہکوں کو قدر کی فراہمی پر مرکوز رکھنا تھا۔

کووِڈ 19 کے نئی لہر کے تناظر میں Reon نے اپنے ملازمین اور محنت کشوں کے تحفظ وحفاظت کی غرض سے متعدد اقدامات اٹھائے ہیں۔ دفتروں میں کام کرنے والے تمام اسٹاف کے لئے، جہاں ضروری ہوا، گھر سے کام کرنے کی حوصلہ افزائی کی گئی، وباء کی شدت بڑھ جانے کے مواقع پر حکومت کی جانب سے جاری کردہ ہدایات کے مطابق دفاتر بند کئے گئے۔ تحفظ اور چوکسی کے اعلیٰ ترین معیار پر عمل پیرا ہوتے ہوئے اپنے پھیلی ہوئی کسٹمر سائٹس پر حفاظتی اقدامات اٹھائے جارہے ہیں کیوں کہ تحفظ ہماری اولین ترجیح ہے۔

### 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 کرلیا اور اب یہ صارف کو آلودگی سے پاک بجلی مہیا کر رہا ہے۔

# ڈائریکٹرز رپورٹ

## برائے اختتامِ سال 31 دسمبر، 2021ء

داؤد لارنس پور لمیٹڈ (''کمپنی'') کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر، 2021ء کو ختم ہونے والے سال کے لئے 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 منظم 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 کررہی ہے۔

### ب۔ کاروباری رپورٹ

لاک ڈاؤن ختم ہونے کے بعد کاروباری حالات غیر یقینی رہے ہیں اور سپلائی کے تسلسل میں تعطل معمول بن رہا ہے۔ سلیکون کی قیمتیں بڑھ جانے اور پینل کی تیاری میں استعمال ہونے والے شیشے کی کمیابی کے باعث سولر پینل کی قیمتوں میں اضافے کے سبب سال کے شروع میں پاکستان کے اندر اور باہر قابل تجدید توانائی کی مارکیٹ کو مشکلات کا سامنا رہا۔ یہی رجحان سمندری باربرداری کے کرائے میں بھی دیکھنے میں آیا جس میں 2021 کی پہلی ششماہی کے دوران کئی گنا اضافہ ہوا۔ مارکیٹ میں اچانک طلب بڑھ جانے کے سبب دھات کی قیمتیں بھی تیزی سے بڑھیں۔ ان تمام واقعات نے مل کر ہمارے سولر توانائی کے کاروبار میں سال کی پہلی ششماہی کے دوران تعطلات پیدا کئے جن کے نتیجے میں سال کی پہلی ششماہی کے دوران خسارے کا سامنا رہا۔ تاہم اس کے بعد کاروبار نے مارکیٹ میں مضبوط طلب پیدا ہونے کے باعث واپسی کا سفر شروع کیا اور سال کی دوسری ششماہی میں کاروبار میں ریکارڈ بڑھوتی دیکھنے میں آئی۔ اس کی ایک اور وجہ پیٹرولیم مصنوعات کی قیمتوں میں اضافہ اور ان کی کمیابی تھی جس نے بہت سی صنعتوں کو لاگتوں میں کمی لانے کی غرض سے توانائی کے متبادل ذرائع کی جانب دیکھنے پر مجبور کیا۔ اسی طرح بڑھتے ہوئے سرکلر ڈیبٹ کے دباؤ کے باعث گرِڈ کی قیمتوں میں بھی اضافہ ہوا۔

اس کی بنیادی وجہ یہ ہے کہ بیشتر ملکوں میں توانائی کے دیگر تمام ذرائع کے مقابلے میں قابل تجدید ذرائع سستے ہوگئے ہیں اور گزشتہ 10 برسوں کے دوران سولر پینل اور دیگر مصنوعات کی قیمتوں میں 82% کمی آئی ہے۔ یہی وجہ ہے کہ دنیا بھر میں ڈویلپرز اور یوٹیلیٹیز کی پہلی پسند سولر بن گئی ہے۔

پاکستان میں 2.5 ٹریلین کے بڑھتے ہوئے سرکلر ڈیبٹ اور گرڈ کی سطح پر سپلائی کی فراوانی نے مجموعی طور سے پاور سیکٹر کو تناؤ میں مبتلا کیا ہے۔ گزشتہ برس کووِڈ کے سبب کئے جانے والے لاک ڈاؤن ایک قدرتی عنصر تھے، وہیں روپے کی قدر میں آئے دن کمی، پیداواری صلاحیت بڑھانے کی بے سوچی سمجھی کوششیں اور ٹرانسمیشن اور ڈسٹری بیوشن سیکٹر کی نااہلیوں کے سبب بجلی کی قیمتوں میں آئے دن اضافہ ملک میں دیکھی جانے والی طلب میں کو دباؤ رکھا ہے۔ ملک کی مستقبل کی پالیسیوں کی تشکیل کے لئے منطقی طور پر بجلی کی قیمت اور رسد کی فراوانی اور بڑھتی ہوئی گنجائشی ادائیگیوں کو اولین اہمیت دی جانے چاہیئے۔ چناں چہ حکومت نے اپنی توجہ بجلی پیدا کرنے والے پرائیویٹ اداروں سے بجلی کے نرخ میں کمی لانے کے لئے مذاکرات شروع کردیئے ہیں۔ اگرچہ صنعت نے قومی مفاد میں تعاون کیا ہے تاہم صارف کو اس کا فائدہ پہنچانے میں یہ طریقہ کوئی خاص مئوثر ثابت نہیں ہوگا تاوقتیکہ قیمتوں میں کمی لانے کا بوجھ تمام حصہ داروں میں برابر تقسیم کیا جائے اور سرکاری کنٹرول میں چلنے والے پاور سیکٹر میں نااہلیاں ختم کرنے کی غرض سے مدتوں سے نظرانداز کی جانے والی ڈھانچہ جاتی اصلاحات نہیں کی جاتیں۔

دوران سال یوٹیلیٹی سطح والے قابل تجدید توانائی کے پلانٹس کو حکومت کی جانب سے قیمتوں میں کمی لانے کی تحریک کے نتیجے میں مشکل مضمرات پر قابو پانے کی جدوجہد کرنا پڑی۔ یہ واقعہ گرڈ کی سطح پر قابل تجدید توانائی کی پیداوار بڑھانے میں رکاوٹ ثابت ہوا۔

گرمیوں کے آخر میں ملک بھر میں لاک ڈاؤن کی پابندیوں میں کمی لائے جانے کے سبب میٹر کے بعد کام میں آنے والی سولر PV کی صنعتوں اور رہائشیوں کی جانب سے قابل ذکر اضافہ دیکھنے میں آیا لہٰذا کمرشل اور انڈسٹریل شعبوں میں ریکارڈ 397 MW گنجائش والے نئے پروجیکٹس لگائے گئے۔ اسٹیٹ بینک آف پاکستان کی گرین فنانسنگ ایسے پروجیکٹس کے لئے سب سے بڑی تحریک اور فنڈز کے حصول کا وسیلہ ثابت ہوئی ہے تاہم اس سلسلے میں غیر یقینی صورت حال کا سامنا ہے کیوں کہ جون 2022 میں یہ پالیسی ختم ہوجائے گی اور اس کا مستقبل بھی واضح نہیں۔

دوسری جانب SBP نے شرح سود میں کمی کرکے 6% مقرر کرکے گرین فنانسنگ اور کمرشل فنانسنگ میں دی جانے والی ضمانتوں میں کمی کردی ہے۔ تاہم اس ضمن میں 10 سال کی مدت کے لئے فکسڈ ریٹ اس اسکیم کی ایک بڑی خصوصیت ہے جو اس سہولت کی طلب میں اضافے کا سبب بن رہی ہے۔

# 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.<br><br>____________________<br>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 at The Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi on Thursday, April 28, 2022 at 02:00 PM and via video link facility, and at any adjournment thereof.

Signed this ____________ day of __________________ 2022

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 ________________

بحثیت ممبر داؤد لارنس پور لمیٹڈ کے رکن وحامل ________________ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ________________ اور رہا سی ڈی سی

کے شراکتی آئی ڈی نمبر ________________ اور ذیلی کھاتہ نمبر ________________ محترم رمحترمہ ________________

________________ ساکن ________________ یا بصورتِ دیگر محترم رمحترمہ

________________ ساکن ________________ کو بروز جمعرات

مورخہ ۲۸ اپریل، ۲۰۲۲ بوقت ۲:۰۰ بجے دو پہر بمقام داؤد فاؤنڈیشن بزنس حب، گراؤنڈ فلور، داؤد سینٹر، ایم ٹی خان روڈ، کراچی میں ویڈیو لنک کی سہولت کے ساتھ منعقد یا ملتوی ہونے والے سالانہ اجلاسِ عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

دستخط ________________ بروز ________________ ۲۰۲۲

گواہ (۱)

دستخط گواہ: ________________

نام: ________________

پتہ: ________________

قومی شناختی کارڈ نمبر یا: ________________

پاسپورٹ نمبر: ________________

گواہ (۲)

دستخط گواہ: ________________

نام: ________________

مطلوبہ (پانچ روپے کا)
ریوینیو ٹکٹ چسپاں کریں اور دستخط کریں

دستخط کمپنی کے پاس پہلے سے محفوظ دستخطی نمونہ کے مطابق ہونے ضروری ہیں

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۔

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3rd Floor. Dawood Centre, M.T. Khan Road.
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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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www.dawoodlawrencepur.com