Dawood
Lawrencepur
Limited

# BEYOND THE GRID

Annual Report 2022

# BEYOND THE GRID

**Unfolds stories of progress, innovation, and growth.**

At Dawood Lawrencepur, our goal is to help accelerate the transition to a sustainable future by highlighting the positive impact of clean energy. We believe that by providing new opportunities for businesses, jobs, the economy, and the off-grid communities, we can inspire more people to join the movement and create a better, brighter future for all.

# BEYOND ENERGY

In 2008, Dawood Lawrencepur Limited pledged to make sustainable energy mainstream. Our first initiative in the sector was the Tenaga Generasi wind farm, which paved the way for the inception of Reon Energy in 2012. Over the years, Reon has achieved leadership in clean energy solutions transforming the nation's energy landscape.


TENAGA
TENAGA GENERASI LIMITED

## BEYOND WIND

Tenaga is creating an energy-abundant future by harnessing the potential of the wind in a safe and sustainable manner. Our 50 MW wind power plant is located in the Khuti Kun area, District Gharo, Sindh.

56 MW Solar Power Project,
Bestway Cement Limited,
Farooqia, Pakistan.

# BEYOND TOMORROW

Reon is a next-generation energy company leading the transition to clean energy in the region. We have deep expertise in solar power, energy storage, electric vehicle charging, and digitalization of energy assets leading to smart energy systems.

# CONTENTS

9.3 MW Solar Power Project,
Unilever Pakistan Limited,
Lahore, Pakistan.

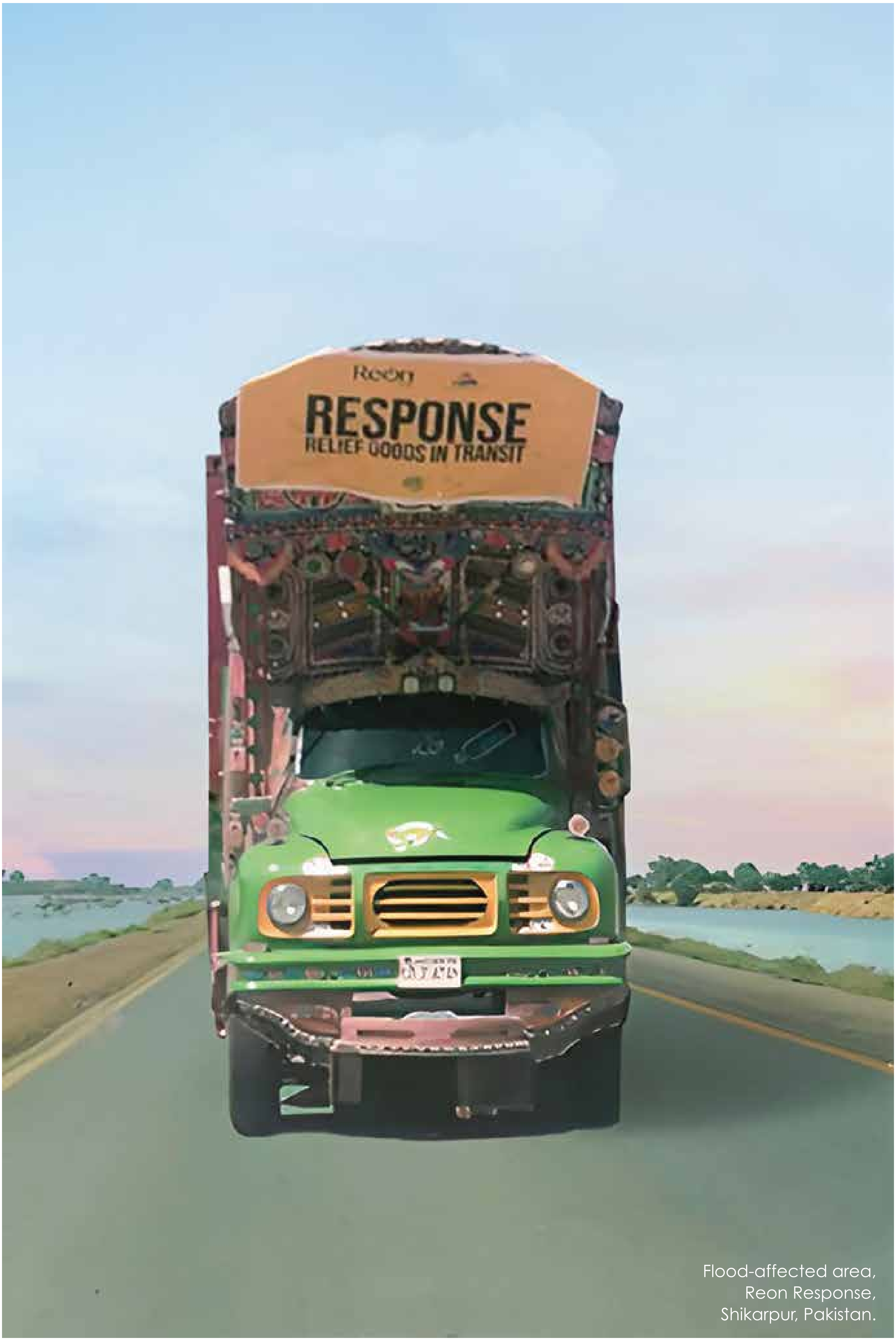
# OUR VISION

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

# OUR MISSION

We aim to be the leading renewable energy solutions company in 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.




Flood-affected area,
Reon Response,
Shikarpur, Pakistan.

# OUR 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 highest 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 work tirelessly for increasing our shareholder value.

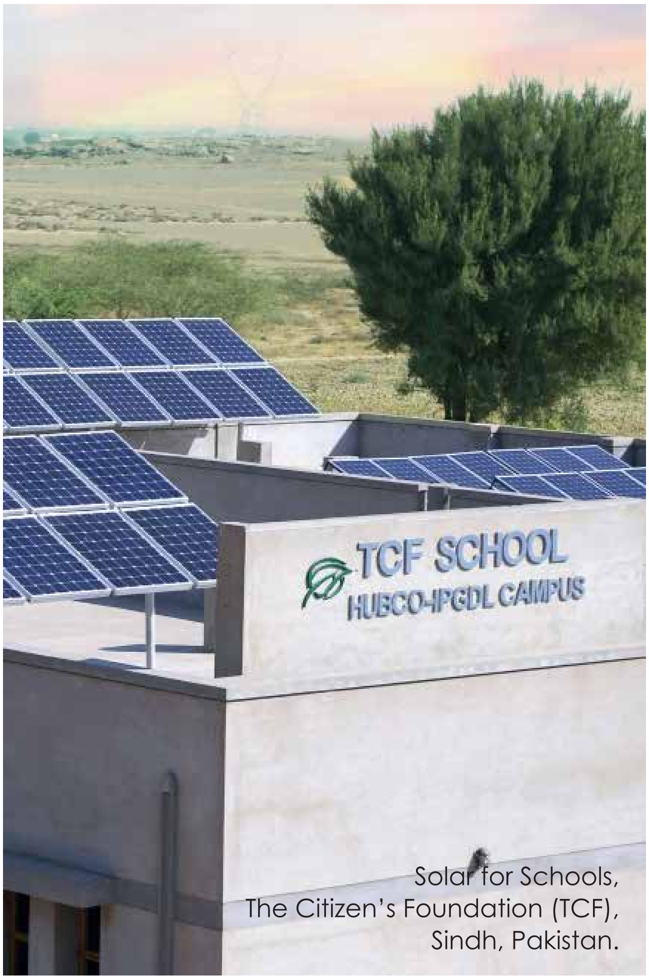
**STEWARDSHIP**
We believe in maximizing the resources entrusted to us to deliver positive returns to society.

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

# BEYOND CONNECTIONS

**We have connected 16 million subscribers nationwide through the installation of 4,550 telecom towers across Pakistan.**

We take great pride in the positive impact we are making on the lives of millions of people across the country. By providing reliable mobile network coverage through the energization of telecom towers, we are helping to bridge the digital divide and connect individuals with their loved ones, no matter where they are.


Solar for Schools,
The Citizen's Foundation (TCF),
Sindh, Pakistan.

# BEYOND SCHOOLING

**We have impacted the lives of 10,000 students by powering 6 schools in remote locations of Dadu, Sukkur, Shikarpur, and Karachi.**

We believe in empowering the next generation through education and creating a sustainable future for all. Reon's Solar for Schools initiative has enhanced learning experiences in off-grid and poor-grid areas. We have powered 6 schools in collaboration with The Citizen's Foundation (TCF) and continue to make a positive impact towards UN Sustainable Development Goal Number 4.

# 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

## Chief Financial Officer

- Ms. Nazia Hasan

## 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

- Dawood Centre M. T. Khan Road Karachi-75530
  Tel.: 021-35632200-9
  Fax: 021- 35633970
  E-mail: company.secretary@dawoodhercules.com
  Website: www.dawoodlawrencepur.com

## Mills

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

## DawoodPur

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

# BUSINESS CODE OF CONDUCT

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

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

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

c. Ensure compliance with the laws of Pakistan.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

# NOTICE OF 73rd ANNUAL GENERAL MEETING

Notice is hereby given that 73rd Annual General Meeting (AGM) of the shareholders of Dawood Lawrencepur Limited (the "Company") will be held on Tuesday, May 30, 2023 at 3:00 PM at The Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi and via video link facility to transact the following businesses:

## 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, 2022 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:

3. To consider and if deemed fit, to pass the following resolutions as special resolutions 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 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 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."

4. To consider and approve an increase in the amount of the continuing Stand-by Letter of Credit (SBLC) (approved by the shareholders in the Annual General Meeting held on April 28, 2022) from up to US $ 8.5 million to up to US $ 10 million in favor of Lenders of Tenaga Generasi Limited (a subsidiary company) and to pass the following resolutions as special resolutions as required under Section 199 of the Companies Act, 2017 with or without modification.

"**RESOLVED** that approval of the Members of Dawood Lawrencepur Limited (the Company) be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 to increase the amount of the continuing Stand by Letter of Credit (SBLC) from up to US $ 8.5 million (United States Dollars Eight Million Five Hundred Thousand Only) to up to US $ 10 million (United States Dollars Ten Million 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."

**5.** To consider, if deemed fit, approve by way of special resolution, sale of 102,600,000 shares constituting 100% of the issued and paid up capital of Reon Energy Limited ("REL"), a wholly owned subsidiary of Dawood Lawrencepur Limited (the Company), to Juniper International FZ LLC for an amount equivalent to the sum of PKR 300,000,000/- (Pak Rupees Three Hundred Million) **plus** any and all amounts / sums injected by the Company in REL *inter alia* in the form of a debt and/or equity (cash or otherwise) between November 30, 2022 and the date of issuance of the management accounts (both days included); **plus** interest accrued from one or more loans granted from time to time to REL by the Company and as reported in the management accounts as at December 31, 2022; and **minus** any and all incremental losses incurred by REL in the ordinary course of business during the period December 1, 2022 up till the date of the management accounts and subject to a minimum amount of PKR 100,000,000/- (Pak Rupees One Hundred Million) and a maximum amount of PKR 300,000,000/- (Pak Rupees Three Hundred Million), in accordance with the Companies Act, 2017.

The special resolutions to be passed (with or without modification) are as under:

**"RESOLVED** that subject to the approval of the Competition Commission of Pakistan, and in accordance with the Companies Act, 2017, Dawood Lawrencepur Limited (the Company) is hereby authorized to sell 102,600,000 shares constituting 100% of the issued and paid up capital of Reon Energy Limited ("REL") to Juniper International FZ LLC for an amount equivalent to the sum of PKR 300,000,000/- (Pak Rupees Three Hundred Million) **plus** any and all amounts / sums injected by the Company in REL inter alia in the form of a debt and/or equity (cash or otherwise) between November 30, 2022 and the date of issuance of the management accounts (both days included); **plus** interest accrued from one or more loans granted from time to time to REL by the Company and as reported in the management account as at December 31, 2022; and **minus** any and all incremental losses incurred by REL in the ordinary course of business during the period December 1, 2022 up till the date of the management accounts and subject to a minimum amount of PKR 100,000,000/- (Pak Rupees One Hundred Million) and a maximum amount of PKR 300,000,000/- (Pak Rupees Three Hundred Million).

**FURTHER RESOLVED** that any two of the Chief Executive Officer, the Chief Financial Officer, and the Company Secretary of the Company be and are hereby jointly authorized to take any and all actions as may be required from time to time for the purposes of the above special resolutions, to complete all necessary legal and corporate formalities with regard to the above resolution and to do all such acts, deeds and things as may be deemed necessary or expedient for concluding the said matters."

**6.** To consider and if deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following special resolutions under Section 199 of the Companies Act, 2017 read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (as may be amended), to provide loan to its associated company, Dawood Hercules Corporation Limited, an intercompany loan in the aggregate amount of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million Only) as recommended by the Board of Directors of the Company.

**"RESOLVED** that approval of the Members of Dawood Lawrencepur Limited (the Company) is hereby accorded by way of special resolution (in accordance with Section 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017) to provide loan to its associated company, Dawood Hercules Corporation Limited, an intercompany loan in the aggregate amount of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million Only), comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for up to four consecutive periods of one year each.

**FURTHER RESOLVED** that the Chief Executive Officer, the Chief Financial Officer, and the Company Secretary of the Company be and are hereby authorized, any two jointly, to do all acts, deeds and things, take any and all necessary steps, to fulfill the legal, corporate and procedural formalities and file all necessary documents/returns as deemed necessary on this behalf and the matters ancillary thereto to fully achieve the object of the aforesaid resolutions."

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

By Order of the Board

**Imran Chagani**
Company Secretary

Karachi
Dated: May 2, 2023

## Notes:

1. **Video Conference Facility for Annual General Meeting (AGM) of shareholders:**
As per the directive issued by Securities and Exchange Commission of Pakistan ("SECP"), the Company has made arrangements of video conference facility to ensure that shareholders can also participate in the AGM proceeding via video link.

The members and their proxies who intends to attend the AGM through video-link must register their particulars by sending an email at company.secretary@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 AGM'** along with valid copy of their CNIC/Passport. 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 24 (twenty four) hours before the time of the AGM.

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, 2022 on its website: www.dawoodlawrencepur.com.

3. **Closure of Share Transfer Books:**
The Share Transfer Books of the Company will remain closed from May 24, 2023 to May 30, 2023 (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 May 23, 2023, 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 AGM, 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 a member, may appoint its representative to attend the meeting through resolution of its board of directors. Proxy Forms in English and Urdu languages are attached with the notice circulated to the shareholders.

In case of appointment of proxy by a corporate entities, a resolution of the board of directors / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity shall be submitted to the Company along with a completed proxy form.

The proxy holders are required to produce their original valid CNICs or original passports at the time of the meeting.

In order to be effective, duly completed and signed proxy forms must be received at the Company's Registered Office at least 48 (forty-eight) hours before the time of the meeting.

CDC account holders will further have to follow the undermentioned guidelines as laid down by the SECP.

A. For Attending the AGM
    a. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid CNIC or the original passport at the above-mentioned email address at least 48 (forty-eight) 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 (forty eight) hours before the AGM (unless it has been provided earlier).

B. For Appointing Proxies

a. In the 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 (forty eight) hours before the AGM.
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 (forty eight) hours before the AGM (unless it has been provided earlier) along with proxy form to the Company.
e. Proxy form will be witnessed by 2 (two) persons whose names, addresses and valid CNIC numbers shall be mentioned on the form.

**PROCEDURE FOR ELECTRONIC VOTING FACILITY AND VOTING THROUGH POSTAL BALLOT ON SPECIAL BUSINESS**

**5. Postal Ballot and E-voting:**

The members are hereby notified that pursuant to Companies (Postal Ballot) Regulations, 2018 amended through Notification dated December 05, 2022, issued by the Securities and Exchange Commission of Pakistan ("SECP"), wherein, SECP has directed all the listed companies to provide the right to vote through electronic voting facility and voting by post to the members on all businesses classified as special business.

**6. Procedure for E-Voting**

In accordance with the Companies (Postal Ballot) Regulation, 2018, ("the Regulations") the right to vote through electronic voting facility and voting by post shall be provided to members of every listed company for, inter alia, all businesses classified as special business under the Companies Act, 2017, ("the Act") in the manner and subject to conditions contained in the Regulations.

a) Details of the e-voting facility will be shared through an e-mail with those members of the Company who have their valid CNIC numbers, cell numbers, and e-mail addresses available in the register of members of the Company by the close of business on May 23, 2023.
b) The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of CDC Share Registrar Services Limited (being the e-voting service provider).
c) Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
d) E-Voting lines will start from May 25, 2023, 09:00 a.m. and shall close on May 29, 2023 at 5:00 p.m. Members can cast their votes any time in this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

**7. Procedure for Voting Through Postal Ballot**

a) The members shall ensure that duly filled and signed ballot paper along with copy of Computerized National Identity Card (CNIC) should reach the Chairman of the meeting through post on the Company's registered address, 3rd Floor, Dawood Centre M. T. Khan Road Karachi, or email at company.secretary@dawoodhercules.com one day before the Annual General Meeting on May 29, 2023, during working hours. The signature on the ballot paper shall match with the signature on CNIC.

b) For the convenience of the Members, ballot paper is annexed to this notice and the same is also available on the Company's website at **www.dawoodlawrencepur.com** for download.

# DAWOOD LAWRENCEPUR LIMITED

## BALLOT PAPER

for voting through post for the Special Business at the Annual General Meeting to be held on Tuesday, May 30, 2023, at 03:00 p.m. at The Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi

Tel (92-21) 35632200-09 Fax: (92-21) 35633970 UAN: 111-736-611 Website: www.dawoodlawrencepur.com

| | |
|---|---|
| Folio / CDS Account Number | |
| Name of Shareholder / Proxy Holder | |
| Registered Address | |
| Number of shares Held | |
| CNIC/Passport No. (in case of foreigner) (copy to be attached) | |
| Additional information and enclosures (in case of representative of body corporate, corporation, and federal Government) | |
| Name of Authorized Signatory | |
| CNIC/Passport No. (in case of foreigner) of Authorized Signatory (copy to be attached) | |

**Resolution For Agenda Item No. 3**

**To consider and if deemed fit, to pass the following resolutions as special resolutions 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 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 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."

**Resolution For Agenda Item No. 4**

**To consider and approve an increase in the amount of the continuing Stand-by Letter of Credit (SBLC) (approved by the shareholders in the Annual General Meeting held on April 28, 2022) from up to US $ 8.5 million to up to US $ 10 million in favor of Lenders of Tenaga Generasi Limited (a subsidiary company) and to pass the following resolutions as special resolutions as required under Section 199 of the Companies Act, 2017 with or without modification:**

**"RESOLVED** that approval of the Members of Dawood Lawrencepur Limited (the Company) be and is hereby accorded in terms of Section 199 of the Companies Act, 2017 to increase the amount of the continuing Stand by Letter of Credit (SBLC) from up to US $ 8.5 million (United States Dollars Eight Million Five Hundred Thousand Only) to up to US $ 10 million (United States Dollars Ten Million 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."

**Resolution For Agenda Item No. 5**

**To consider, if deemed fit, approve by way of special resolution, sale of 102,600,000 shares constituting 100% of the issued and paid up capital of Reon Energy Limited ("REL"), a wholly owned subsidiary of Dawood Lawrencepur Limited (the Company), to Juniper International FZ LLC for an amount equivalent to the sum of PKR 300,000,000/- (Pak Rupees Three Hundred Million) plus any and all amounts / sums injected by the Company in REL inter alia in the form of a debt and/or equity (cash or otherwise) between November 30, 2022 and the date of issuance of the management accounts (both days included); plus interest accrued from one or more loans granted from time to time to REL by the Company and as reported in the management accounts as at December 31, 2022; and minus any and all incremental losses incurred by REL in the ordinary course of business during the period December 1, 2022 up till the date of the management accounts and subject to a minimum amount of PKR 100,000,000/- (Pak Rupees One Hundred Million) and a maximum amount of PKR 300,000,000/- (Pak Rupees Three Hundred Million), in accordance with the Companies Act, 2017:**

The special resolutions to be passed (with or without modification) are as under:

**"RESOLVED** that subject to the approval of the Competition Commission of Pakistan, and in accordance with the Companies Act, 2017, Dawood Lawrencepur Limited (the Company) is hereby authorized to sell 102,600,000 shares constituting 100% of the issued and paid up capital of Reon Energy Limited ("REL") to Juniper International FZ LLC for an amount equivalent to the sum of PKR 300,000,000/- (Pak Rupees Three Hundred Million) plus any and all amounts / sums injected by the Company in REL inter alia in the form of a debt and/or equity (cash or otherwise) between November 30, 2022 and the date of issuance of the management accounts (both days included); plus interest accrued from one or more loans granted from time to time to REL by the Company and as reported in the management account as at December 31, 2022; and minus any and all incremental losses incurred by REL in the ordinary course of business during the period December 1, 2022 up till the date of the management accounts and subject to a minimum amount of PKR 100,000,000/- (Pak Rupees One Hundred Million) and a maximum amount of PKR 300,000,000/- (Pak Rupees Three Hundred Million).

**FURTHER RESOLVED** that any two of the Chief Executive Officer, the Chief Financial Officer, and the Company Secretary of the Company be and are hereby jointly authorized to take any and all actions as may be required from time to time for the purposes of the above special resolutions, to complete all necessary legal and corporate formalities with regard to the above resolution and to do all such acts, deeds and things as may be deemed necessary or expedient for concluding the said matters."

**Resolution For Agenda Item No. 6**

**To consider and if deemed fit, to pass with or without modification(s), addition(s) or deletion(s), the following special resolutions under Section 199 of the Companies Act, 2017 read with the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (as may be amended), to provide loan to its associated company, Dawood Hercules Corporation Limited, an intercompany loan in the aggregate amount of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million Only) as recommended by the Board of Directors of the Company:**

**"RESOLVED** that approval of the Members of Dawood Lawrencepur Limited (the Company) is hereby accorded by way of special resolution (in accordance with Section 199 of the Companies Act, 2017 read with Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017) to provide loan to its associated company, Dawood Hercules Corporation Limited, an intercompany loan in the aggregate amount of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million Only), comprising of, inter alia, loans, advances and/or security in any form (including without limitation guarantees, government securities, cash, listed/unlisted securities etc.) on an arm's length basis, in the form of a revolving line of credit valid for a period of one year from the date of the special resolution, which may be renewed by the Company for up to four consecutive periods of one year each.

**FURTHER RESOLVED** that the Chief Executive Officer, the Chief Financial Officer, and the Company Secretary of the Company be and are hereby authorized, any two jointly, to do all acts, deeds and things, take any and all necessary steps, to fulfill the legal, corporate and procedural formalities and file all necessary documents/returns as deemed necessary on this behalf and the matters ancillary thereto to fully achieve the object of the aforesaid resolutions."

| Instructions For Poll | | |
|---|---|---|
| 1. Please indicate your vote by ticking (√) the relevant box. | | |
| 2. In case if both the boxes are marked as (√), you poll shall be treated as **"Rejected"**. | | |
| I/we hereby exercise my/our vote in respect of the above resolution through ballot by conveying my/our assent or dissent to the resolution by placing tick (√) mark in the appropriate box below; | | |
| **Resolution** | **I/We assent to the Resolution (FOR)** | **I/We dissent to the Resolution (AGAINST)** |
| **Resolution No. 3** | | |
| **Resolution No. 4** | | |
| **Resolution No. 5** | | |
| **Resolution No. 6** | | |

**NOTES:**

1. Dully filled ballot paper should be sent to the Chairman ofDawood Lawrencepur Limited at 3rd Floor, Dawood Centre M. T. Khan Road Karachior e-mail at company.secretary@dawoodhercules.com
2. Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman within business hours by or before **Monday, May 29, 2023.** Any postal Ballot received after this date, will not be considered for voting.
4. Signature on ballot paper should match with signature on CNIC/ Passport. (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc., all documents must be attested by the Counsel General of Pakistan having jurisdiction over the member.
7. Ballot Paper form has also been placed on the website of the Company at: **www.dawoodlawrencepur.com**. Members may download the Ballot paper from the website or use an original/photocopy published in newspapers.

Date ____________________

____________________

**Shareholder / Proxy holder Signature/Authorized Signatory**

(In case of corporate entity, please affix company stamp)

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

These Statements 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 May 30, 2023.

**<u>Agenda Item No. 3</u>**
**Renewal of Subordinated Loan Facility of up to PKR 300 million for a period of further one year provided to Messrs. Tenaga Generasi Limited (TGL), a subsidiary of the Company.**

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

The Directors have certified that they have carried out necessary due diligence for the proposed 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>2020</th><th>2021</th><th>2022</th></tr><tr><td>3.73</td><td>4.42</td><td>5.19</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 29.06</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, 2022.<br><br>Main items of Balance Sheet:<table><tr><th></th><th>(Rs. in million)</th></tr><tr><td>Non-current Assets</td><td>12,931</td></tr><tr><td>Current Assets</td><td>5,474</td></tr><tr><td>Total Equity</td><td>8,796</td></tr><tr><td>Non-current Liabilities</td><td>6,468</td></tr><tr><td>Current Liabilities</td><td>3,141</td></tr></table><br>Main items of Profit and Loss Account:<table><tr><th></th><th>(Rs. in million)</th></tr><tr><td>Sales-net</td><td>3,432</td></tr><tr><td>Profit from operations</td><td>2,066</td></tr><tr><td>Profit before taxation</td><td>1,591</td></tr><tr><td>Profit for the year</td><td>1,572</td></tr></table></td></tr>
<tr><td></td><td>(vi)</td><td>In case of investment in relation to a project of associated company or associated undertaking that has not commenced</td><td>Not applicable</td></tr>
</table>

| | | |
|---|---|---|
| | 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. | |
| | (B) General Disclosure: - | |
| | (I) maximum amount of investment to be made; | Subordinated Loan not exceeding PKR 300 million. The Company has also provided another subordinated loan facility of PKR 1 billion to TGL. |
| | (II) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment; | 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. |
| | (III) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: | |
| | (I) justification for investment through borrowings; | TGL has commenced its operations in October 2016 and is not seized with sufficient free cash to meet its working capital requirements. Being the sponsor, the Company has an obligation to support TGL for its working capital funding requirements. |
| | (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and | The funds 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 + 2% (being 1% above average borrowing cost of the |

| | | |
|---|---|---|
| | (IV) salient features of the agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment; | Company) which will improve the profitability of the Company.<br><br>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 4 out of 5 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. Mujtaba Haider Khan: 1,150 shares<br>Mr. Mohammad Shamoon Chaudry: 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 its shareholding in TGL and during FY 2022, profit attributable to DLL amounted to PKR 1,179 million. The Company has also provided another subordinated loan facility of up to 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 | The current borrowings of the Company are at the rates up to 3 Month KIBOR + 1%. |

| | | |
|---|---|---|
| | for *Shariah* compliant products and | |
| | (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.

**Agenda Item No. 4:**

**To increase the amount of the continuing Stand-by Letter of Credit (SBLC) from up to US $ 8.5 million to up to US $ 10 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 increase in the amount of the continuing SBLC from up to US $ 8.5 million to up to US $ 10 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>2020</th><th>2021</th><th>2022</th></tr><tr><td>3.73</td><td>4.42</td><td>5.19</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 29.06</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, 2022.<br><br>Main items of Balance Sheet:<table><tr><th></th><th>(Rs. in million)</th></tr><tr><td>Non-current Assets</td><td>12,931</td></tr><tr><td>Current Assets</td><td>5,474</td></tr><tr><td>Total Equity</td><td>8,796</td></tr><tr><td>Non-current Liabilities</td><td>6,468</td></tr><tr><td>Current Liabilities</td><td>3,141</td></tr></table><br>Main items of Profit and Loss Account:<table><tr><th></th><th>(Rs. in million)</th></tr><tr><td>Sales-net</td><td>3,432</td></tr><tr><td>Profit from operations</td><td>2,066</td></tr><tr><td>Profit before taxation</td><td>1,591</td></tr><tr><td>Profit for the year</td><td>1,572</td></tr></table></td></tr>
<tr><td></td><td>(vi)<br><br><br><br><br><br><br><br>(I)<br><br><br><br>(II)<br><br><br>(III)<br><br><br><br>(IV)<br><br><br><br>(V)</td><td>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>description of the project and its history since conceptualization;<br><br>starting date and expected date of completion of work;<br><br>time by which such project shall become commercially operational;<br><br>expected time by which the project shall start paying return on investment; and<br><br>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="3">(B) General Disclosure: -</td></tr>
</table>

| | | |
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| | (I) maximum amount of investment to be made; | Standby Letter of Credit (SBLC) up to USD 10 Million. |
| | (II) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment; | To guarantee TGL's loan repayments and its related mark-up payable to the lenders, in case of any default by TGL.<br><br>The continuing operations of TGL will likely result in steady dividend stream on DLL's investment |
| | (III) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds: | |
| | (I) justification for investment through borrowings; | SBLC will be issued through Habib Bank Limited (Pakistan) Limited against payment of fees which will be fully recovered from TGL. |
| | (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and | 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.<br><br>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. |
| | (III) cost benefit analysis; | SBLC facility at 4% 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 increase the |

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| | (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; | amount of the continuing SBLC as detailed above.<br><br>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 4 out of 5 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. Mujtaba Haider Khan: 1,150 shares<br>Mr. Mohammad Shamoon Chaudry: 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 its shareholding in TGL and during FY 2022, profit attributable to DLL amounted to PKR 1,179 million. The Company has also provided another subordinated facilities of up to 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 10 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.<br><br>The facility is unsecured. |

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| | (V) particulars of collateral or security to be obtained in relation to the proposed investment;<br><br>(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<br><br>(VII) repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking. | No conversion features.<br><br>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. 5:**
**The Company seeks approval from its shareholders' to pass the Special Resolutions provided in item no. 2 of the Notice allowing sale of 102,600,000 shares constituting 100% of the issued and paid up capital of Reon Energy Limited (REL), a wholly owned subsidiary of the Company to Juniper International FZ LLC for an amount equivalent to the sum of PKR 300,000,000/- (Pak Rupees Three Hundred Million) plus any and all amounts / sums injected by the Company in REL *inter alia* in the form of a debt and/or equity (cash or otherwise) between November 30, 2022 and the date of issuance of the management accounts (both days included); plus interest accrued from one or more loans granted from time to time to REL by the Company and as reported in the management account as at December 31, 2022; and minus any and all incremental losses incurred by REL in the ordinary course of business during the period December 1, 2022 up till the date of the management accounts and subject to a minimum amount of PKR 100,000,000/- (Pak Rupees One Hundred Million) and a maximum amount of PKR 300,000,000/- (Pak Rupees Three Hundred Million), in accordance with the Companies Act, 2017.**

In compliance with the relevant provisions of the Companies Act 2017, and S.R.O. 423 (I)/2018 dated April 3, 2018, information about the proposed disposal is as under:

| Name of the subsidiary | Reon Energy Limited |
|---|---|
| Cost and book value of investment in subsidiary | Cost: PKR 1,026,000,000/-<br>Book Value: PKR 339,000,000/- |
| Total market value of subsidiary based on value of the shares of the subsidiary company:<br>In case of non-listed subsidiary: value determined by a registered valuer, who is eligible to carry out such valuation along with name of the valuer | PKR: 144,000,000/- to PKR 162,000,000/- |
| Net worth of subsidiary as per latest audited financial statements and | PKR 137,406,000/- |

| | |
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| subsequent interim financial statements, if available | |
| Total consideration for disposal of investment in subsidiary, basis of determination of the consideration and its utilization | PKR: 300,000,000 **plus** the Equity Injection; **plus** interest accrued from the Seller Loan as at December 31, 2022; and **minus** the Losses and subject to a minimum amount of PKR 100,000,000/- (Pak Rupees One Hundred Million) and a maximum amount of PKR 300,000,000/- (Pak Rupees Three Hundred Million), |
| Quantitative and qualitative benefits expected to accrue to the members | At this stage, divestment from REL will minimize the expected future losses to DLL. |
| Any other information | None |

Except to the extent as mentioned 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. 6:**

**To provide loan to the Company's associated company, Dawood Hercules Corporation Limited, an intercompany loan in the aggregate amount of up to PKR 1,500,000,000/- (Pak Rupees One Billion Five Hundred Million Only) as recommended by the Board of Directors of the 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>Dawood Hercules Corporation</td></tr>
<tr><td></td><td>(ii)</td><td>Basis of relationship</td><td>Associated Company. Effective Holding (16.19%)</td></tr>
<tr><td></td><td>(iii)</td><td>Earnings per share for the last three years (PKR)</td><td><table><tr><th>2020</th><th>2021</th><th>2022</th></tr><tr><td>7.75</td><td>8.27</td><td>7.67</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 55.86 / Share</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><table>
<tr><th>Particulars</th><th>Rs. In 000s</th></tr>
<tr><td></td><td></td></tr>
<tr><td>Assets</td><td></td></tr>
<tr><td>Property, plant and equipment</td><td>110,616</td></tr>
<tr><td>Right-of-use assets</td><td>40,141</td></tr>
<tr><td>Capital work-in-progress</td><td>1,921</td></tr>
<tr><td>Long-term investments</td><td>23,748,950</td></tr>
<tr><td>Deferred taxation</td><td>304,935</td></tr>
<tr><td>Short-term investments</td><td>10,530,484</td></tr>
<tr><td>Other assets</td><td>194,053</td></tr>
<tr><td>Total Assets</td><td>34,931,100</td></tr>
<tr><td></td><td></td></tr>
<tr><td></td><td></td></tr>
<tr><td>Liabilities</td><td></td></tr>
<tr><td>Borrowings</td><td>6,530,093</td></tr>
<tr><td>Trade and other payables</td><td>92,637</td></tr>
</table></td></tr>
</table>

<table>
<tr><td></td><td></td><td>
<table>
<tr><td>Other liabilities</td><td>1,423,616</td></tr>
<tr><td>Total Liabilities</td><td>8,046,346</td></tr>
<tr><td>Total Equities</td><td>26,884,754</td></tr>
<tr><td></td><td></td></tr>
<tr><td>Income Statement</td><td></td></tr>
<tr><td>Return on Investment</td><td>6,222,433</td></tr>
<tr><td>Profit before tax</td><td>5,280,585</td></tr>
<tr><td>Profit after tax</td><td>3,692,274</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 colspan="2">(B) General Disclosure: -</td></tr>
<tr><td></td><td>(I) maximum amount of investment to be made;<br><br>(II) purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;<br><br>(III) sources of funds to be utilized for investment and where the investment is intended to be made using borrowed funds:</td><td>PKR: 1,500,000,000/-<br><br>This will enable the Company to lend to its associated company when/if it has access to excess funds/banking lines, and the associated company require the same. The facility will be provided on an arm's length basis and will be done in a way which benefits the Company's shareholders. The period of investment is 1 year, renewable for 4 further periods of 1 year each.</td></tr>
</table>

| | | |
|---|---|---|
| | (I) justification for investment through borrowings; | The Company intends to use excess liquidity/banking lines/ available to it to provide the requisite financing to the associated company. |
| | (II) detail of collateral, guarantees provided and assets pledged for obtaining such funds; and | The associated company will pay a mark-up rate which is not lower than the borrowing cost of the Company |
| | (III) cost benefit analysis; | The Company will charge the associated Company a mutually agreed mark-up rate, 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; | Financing facility will be provided on an arm's length basis |
| | (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; | The Sponsors, majority shareholders and their relatives and Directors of the Company have no interest in the matter. However, the following Directors on the Board of Directors of the Company are also directors of the associated companies:<br>Mr. Abdul Samad Dawood<br>Ms. Sabrina Dawood<br>Mr. Zamin Zaidi<br>Mr. Mohammad Shamoon Chaudry |
| | (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 | None |
| | (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; | Loan: PKR 1,500,000,000/- |
| | (II) average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant | Borrowing Cost of DLL: 3 Months KIBOR + 1% |

| | | |
|---|---|---|
| | period, rate of return for *Shariah* compliant products and | |
| | (III) rate of return for unfunded facilities, as the case may be, for the relevant period; | 3 Months KIBOR: 22.05% (As of April 28, 2023) |
| | (IV) rate of interest, mark up, profit, fees or commission etc. to be charged by investing company; | The rate of interest, mark-up, profit, fees or commission to be charged by the Company will be higher than or equal to what the Company must pay if it borrows a similar facility. Where it has no such facility, the associated company will be charged rates which are greater than or equal to the market rate of such facility. The financing facility will be provided on an arm's length basis. |
| | (V) particulars of collateral or security to be obtained in relation to the proposed investment; | Normally no security is to be obtained since the Company has full oversight and is well versed with the operations and plans of the borrowing company. The Company and its associated companies, undertakings and subsidiary are confident that any financing arrangement will be repaid. However, Corporate Guarantees shall be obtained to secure the loan. |
| | (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 feature. |
| | (VII) repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking. | Facility granted for a period of 1 year, renewable for 4 further periods of 1 year each. The other terms are mentioned above. |

Except to the extent as mentioned above, the Directors of the Company have no direct or indirect interest in the above said special businesses 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 OCTOBER 17, 2022**

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, 2022. |
| 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, 2022. |

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, 2022. |
| 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, 2022. |

**Attention of the Shareholder is drawn towards the following:**

1. **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, CDC Share Registrar Services Limited. 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 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.

2. **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 | |
| 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 the case of shares held electronically, then the above electronic credit mandate form must be submitted directly to shareholder(s)' broker/participant/CDC account services.

3. **Withholding Tax on Dividend**
In compliance with Section 150 read with Division I of Part III of the First Schedule of the Income Tax Ordinance, 2001 withholding tax on dividend income will be deducted for 'filer' and 'non-filer' shareholders at 15% and 30% respectively. A 'filer' is a taxpayer whose name appears in the Active Taxpayers List (ATL) issued by the FBR from time to time and a 'non-filer' is a person other than a filer. To enable the Company to withhold tax at 15% for filers, all shareholders are advised to ensure that their names appear in the latest available ATL on FBR website, otherwise tax on their cash dividend will be deducted at 30% for non-filers. Withholding tax exemption from the dividend income shall only be allowed if a copy of valid tax exemption certificate is made available to the Share Registrar, M/s. CDC Share Registrar Services Limited, of the Company by the first day of book closure.

According to the FBR, withholding tax in case of joint accounts will be determined separately based on the 'Filer/ Non-Filer' status of the principal shareholder as well as the status of the joint holder(s) based on their shareholding proportions. Members that hold shares with joint shareholders are requested to provide the shareholding proportions of the principal shareholder and the joint holder(s) in respect of shares held by them to our Share

Registrar, M/s. CDC Share Registrar Services Limited, in writing. In case the required information is not provided to our Registrar it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s).

4. **Zakat Declaration**
   The members are requested to submit their Zakat Declarations to the Share Registrar in order to claim exemption from deduction of Zakat.

5. **Unclaimed Dividend**
   Shareholders, who for any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar, CDC Share Registrar Services Limited, 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.

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

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

   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, shareholders 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.

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# BEYOND HEALTH

**80 Basic Health Units have been powered across rural Punjab to ensure an uninterrupted supply of power and better healthcare facilities for the communities.**

We are committed to supporting energy efficiency for better health. Each Basic Health Unit serves a population of up to 25,000 people. The solar and storage for basic healthcare units have made it possible to operate critical facilities, such as incubators even after sunset. This has led to a substantial reduction in infant mortality rates and improved access to preventive services.

# DIRECTORS' REPORT

## FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022.

### 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 (RE) solutions, mainly wind and solar, to commercial and industrial customers, along with the legacy textile business.

### B. BUSINESS REPORT

The country faced economic challenges, political instability, and a natural calamity of historical proportions that exacerbated its structural fault lines. Moreover, regional and international economic realities further aggravated the overall situation. The Russia-Ukraine war in the wake of COVID had an adverse effect on the energy supply-chain across Europe with repercussions across the globe. Heightened fear of a global recession pushed central banks to tighten money supply in an attempt to contain inflation. Imported-fuel-dependent economies like Pakistan had to take extreme measures to manage their balance of payments, including a halt of imports. Many industries in the country have been practically forced to shut production or bring down their production capacities; prices have risen at rates never experienced in recent history and further inflation is on the cards on the back of continued weakness in local currency that has already seen 23pc devaluation since April 2022.

The current situation will, however, impact different segments of the energy sector in different ways. With continued restrictions on imports and high costs of capital, the overall demand for renewable energy (RE) projects from industrial customers will continue to be subdued. However, rapid inflation in energy prices due to IMF conditionalities and due to rise in gas prices globally has tilted the economic balance well in favour of renewable power compared to grid or fossil-fuel-based power generation. The Government of Pakistan has announced that they intend to procure 10,000 MW of solar power across various categories of projects (including from IPPs) through solarization of government buildings and 1MW projects at 11KV feeders. Projects which are already in long-term Power Purchase Agreements with the Government may benefit from structural reforms in the sector by getting timely payments of their outstanding dues.

The slump in demand for new RE projects can, however, be balanced out through policy support in terms of access to subsidized funding, continuation of tax holidays, and quick implementation of well-thought-out policy interventions. This is necessary to ensure stabilization of energy prices and continuation of investment in the sector, making the country more resilient in the face of fuel price shocks in the future.

## C. BUSINESS OVERVIEW

### Renewable Energy Business

The renewable energy business of the Company, despite challenges, maintained a forward trajectory and clocked in its highest-ever top line in Company history. In terms of order intake, 2022 remained robust as REL secured more than 90 MW of EPC projects and battery deals for prestigious clients. The telecom segment also continued to witness strong growth in terms of margins and delivered sites in addition to expanding the overall portfolio of product offerings.

The year ended on a positive note as the business posted revenues of Rs. 10,100 million due to exceptional growth witnessed in the first half of the year. This was achieved mainly as a result of large deals won in early 2022. The majority of incoming projects are in the Cement, Telecom, and Textile sectors and some of the revenue from these projects has spilled over into 2023. In addition, Reon also signed a landmark ESCO (Energy Sales) deal with one of the largest Mobile Network Operators 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 executed its first international contract for the design and construction of a 5.3 MW solar system for the Lusail Bus Depot in Qatar.

However, on the operations side, realized margins observed stress due to a challenging global and local economic situation. Renewable markets, both inside and outside Pakistan, saw uncertain times at the beginning of the year due to rising solar panel and battery prices, triggered by an increase in silicon and lithium prices. On the local front, LC restrictions adversely impacted business profitability due to exchange losses, port-related demurrages and project delays. This seems to be a continuing theme as we enter 2023 and overall stability, along with LC openings, is awaited for business growth to normalize. Nevertheless, the broader economic outlook is still very uncertain due to the risk posed by macro factors as well as geopolitical tensions. Our response has been to monitor and adapt to unfolding changes and to keep the Company focused on delivering value for our customers while ensuring the safety and protection of our employees and that of wider stakeholders. As the business environment continues to stay uncertain due to global and local economic challenges, the need for growth capital for the solar business in also increasing. Keeping this in view, the Company initiated its search for a potential investor which can support the growth of this business and help it realize its true potential.

As a result, after the year end, DLL (the Company) resolved to sell the entirety of its stake in REL to Juniper International FZ LLC. Juniper International is well-suited to steward REL, given their portfolio of companies and years of experience and will help REL realize its growth potential and ambitions while taking particular care for capital stewardship and productivity.

### Solar Energy Plant

The plant at District Thar, in the province of Sindh, continues to provide clean electricity to the customer as per the Agreement.

**Wind Energy Project**

The 49.5 MW wind plant, Tenaga Generasi Limited (TGL), is operating satisfactorily and meeting expected targets for availability and BOP loss. The BOP loss for the year 2022 was 1.78% against a target of 2.5%, whilst Availability was 98.02% against a target of 98.0%. Availability was low primarily due to non-availability of one turbine due to a fire incident in January 2022. Health Safety and the Environment (HSE) remained the priority and 549,189 safe man-hours have been clocked since COD with zero injury rate and TRIR. The plant has been operating safely, without injury, for 2,013 days.

The new connection to the grid is proving stable for evacuation. There was minimal curtailment during the first three quarters, but it was substantial in December. The curtailment NPMV for December was 1.11 GWh with an energy loss of 1.34 GWh. The total Non project missed volume (NPMV) for Q4 2022 was 1.45 GWh compared to 2.08 GWh for Q4 2021. The total energy billed during the current quarter, Q4 2022, (10.06 GWh) is significantly lower than the P90 level (16.67 GWh) due to lower than forecasted wind speeds experienced during the quarter and very high curtailment in December. For the first half of 2022 the billed energy was 66.8GWh whilst during the second half it dropped to 43.73GWH due to substantial reduction in the wind speed. The billed energy for the year 2022 was 110.5GWh against the revised estimate of 120.7GWh.

The issue of high voltage being experienced in the system due to the connection of the three Gharo plants in series and the long length of the Gharo-Jhimpir line has been taken up with both NTDC and CPPA. However, the resolution of the problem will require connection of the Gharo plants in a loop, the capability for which is currently not available with the NTDC. Steps have been taken at the relevant site to monitor voltage levels and liaise with RCC Jamshoro for resolution. Incidents of high voltage have reduced during the current quarter.

## D. FINANCIAL REPORT

**Financial performance**

The consolidated revenue of the Group was PKR 13,659 million as compared to PKR 11,881 million for the same period last year. The consolidated gross profit of the Group for 2022 was PKR 3,169 million as against PKR 2,628 million last year. The share of profit from associated company was PKR 949.87 million registering a decrease of PKR 430 million in comparison to the prior year. After accounting for tax charges of PKR 463 million, the profit after tax from continuing operations at PKR 2,089 million decreased by PKR 418 million over 2021

On a standalone basis, the revenue of the Company was PKR 0.63 million as against PKR 2.59 million for the similar period last year i.e., decrease of PKR 1.96 million. During the year the Company has also received dividends from the associated company amounting to PKR 1,168.98 million.

**Earnings per share**

The unconsolidated loss per share (LPS) for the year 2022 was PKR (2.84) compared to earnings per share (EPS) of PKR 9.08 for the year 2021 mainly attributable to impairment loss recognized on the investment in subsidiaries of the Company. Consolidated earnings per share attributable to owners of the Holding Company for the year were PKR 28.06 (2021: PKR 36.28).

**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, 2023 and the Board has endorsed this recommendation.

**Shares traded, average prices and PSX**

During the year 0.66 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 195.13 while the 52 weeks low-high during 2022 was PKR 162 to PKR 219.97 per share respectively.

**Pattern of shareholding**

The pattern of shareholding of the Company as on December 31, 2022, 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 12.45 billion (2021: PKR 11.78 billion) with a market value of PKR 210.00 per share (2021: PKR 198.67) and the breakup value of PKR 56.38 per share (2021: PKR 66.23 per share).

**Appropriation**

Total dividend attributable to this year is PKR 7.00 per share i.e. 70.00%, declared and paid as interim cash dividends.

**Key Operating and Financial Data**

The 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 4.191 million as on December 31, 2022 (2021: PKR 3.779 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 changes 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 local communities, besides the larger impact on environment through substitution of energy to 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 ecosystem of local creeks, mangrove plantation has been carried out for the last two years. This year, the area under plantation has increased while TGL intends to continue increasing plantation area in coming years as well.

**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, 2022, a total of seven meetings of the Board of Directors were held. The position of attendance during the respective tenure was as follows:

**Existing Board**

| Name of Director | Meetings Held | Attended |
|---|---|---|
| Mr. Muhammad Jawaid Iqbal | 7 | 5 |
| Mr. Abdul Samad Dawood | 7 | 5 |
| Ms. Sabrina Dawood | 7 | 3 |
| Mr. Shafiq Ahmed | 7 | 6 |
| Mr. Zamin Zaidi | 7 | 6 |
| Mr. Ruhail Muhammad | 7 | 7 |
| Mr. Mohammad Shamoon Chaudry | 7 | 7 |
| Mr. Mujtaba Haider Khan | 7 | 7 |

**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. 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, 2022, a total of four meetings of the Board Audit Committee were held. The position of attendance during the respective tenure was as follow:

| Name of Director | Meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Ruhail Muhammad | 4 | 4 |
| Mr. Shafiq Ahmed | 4 | 4 |
| Mr. Mohammad Shamoon Chaudry | 4 | 4 |

**Human Resource and Remuneration Committee meetings**

During the year ended December 31, 2022, one meeting of the Human Resource and Remuneration Committee (HR&RC) was held. The position of attendance during the respective tenure was as follows:

| Name of Director | Meetings | |
|---|---|---|
| | Held | Attended |
| Mr. Muhammad Jawaid Iqbal | 1 | 1 |
| Mr. Abdul Samad Dawood | 1 | 1 |
| Mr. Zamin Zaidi | 1 | 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', the 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 Company is compliant in respect of certification of all directors under the Director's Training program.

**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

On the local front, the Government of Pakistan has announced their ambition to procure 10GW of Solar PV through a competitive bidding process to help mitigate the burgeoning current account deficit attributable to fuel imports. At the same time, conventional power tariffs have been on an increasing trend, especially in light of IMF requirements, which is likely to encourage commercial and industrial customers to look for alternative sources of power. Renewable energy will remain a competitive and viable option for such a substitution. There is, therefore, an enabling local environment for large industrial users of power to allocate more of their energy mix to renewable energy which will boost their competitiveness and brand perception as they transition towards environmentally friendly power. Under all prevailing scenarios, we are forecasting significant growth in the demand for our products and services in core markets post-normalization of macro indicators.

The State Bank of Pakistan (SBP) has implemented a requirement for prior approval of imports to manage the country's Balance of Payments. Owing to the vast numbers of approvals to be processed, it is taking a longer time to open Letters of Credit which is creating a crunch in the supply chain of solar equipment in the industry. REL had sufficient inventory to manage its ongoing projects in the short-term; however, industry level discussions with the relevant departments at the SBP are underway to find a conducive way forward on efficient opening of LCs.

### Wind Energy Project

The wind power sector is still facing the impact of circular debt; receivables are soaring with outstanding payments at the seven month level which is expected to continue in the short term as the power purchaser faces acute cash shortages. The likelihood of a lump sum payment of the arrears is low as negotiations between the key stakeholders on the MoU signed in 2020 have still not concluded. Central Power Purchased Agency (CPPA) is managing cashflows and ensuring that obligatory payments, including those for debt and tax, are made on priority. It is pertinent to mention that they are strained as payments have to be made on the baseload for thermal plants, which have increased.

There is still a push for reduction in the cost of energy but there has been limited progress on this matter during the fourth quarter as the Government of Pakistan prioritizes other urgent issues. The proposal from DFC which has been submitted to the GoP is still under negotiation; there are indications that this may be concluded with further changes or concessions by the IPPs.

The curtailment of the wind power plants has increased substantially since December. This was the case in January. It has come to light that this curtailment will continue in the near future for the wind power plants, both in Gharo and Jhimpir. Three causes are being attributed for the curtailment. These are (i) reduced demand during the winter months and shutting down of industry; (ii) limitation in the evacuation capacity from South to North, as most of the generation is now based in South, and (iii) economic criteria i.e. the plants producing the cheapest energy (coal and nuclear) are being evacuated. The economic consideration is due to the very high circular debt. This situation may improve to a certain extend when the demand increases in the summer months. The issue is being taken up with the Government by the Wind Association.

**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: May 2, 2023

5.3 MW Solar Bus Charging Station,
Redco Group,
Al-Lusail, Qatar.

# BEYOND SPORTS

**For the FIFA World Cup 2022, we partnered to build the world's largest solar bus charging station in Al Lusail, Qatar.**

This is a hands-on testament to how Reon is leading the future to zero-emission mobility. The 5.3 MW project was featured in the Guinness Book of World Records for being the largest bus charging station in the world. The project powered the operation of 478 buses, roughly facilitating 2.8 million passengers during the FIFA World Cup.

# CHAIRMAN'S REVIEW REPORT
## FOR THE YEAR ENDED DECEMBER 31, 2022

**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, 2022.

**Dear Shareholders,**

On behalf of the Board of Directors, it is my privilege to introduce the Annual Report of Dawood Lawrencepur Limited for the year ended December 31, 2022

The year 2022 saw political turmoil, an economic crisis, and catastrophic flooding in Pakistan. On the economic front, the country has been dealing with backbreaking inflation, a depreciating currency, and precariously low foreign reserves which has led to the State bank of Pakistan imposing a strict regime for regulation of Letters of Credit through banks. All these factors have led to a challenging operating environment for the solar energy sector.

Circular debt persisted in impacting the wind industry this year as well; receivables increased with outstanding payments during the year due to cash shortages with Power Purchasers and this factor continues to stress the financing resources of the Company. Nevertheless, Tenaga Generasi Limited (TGL) was able to honor its debt obligations in a timely manner. Furthermore, negotiations on tariff reduction primarily led by International Financial Institutions continued during the year without any eventual agreement. Reon Energy Limited (REL) faced stressed margins during the year, caused mainly by a challenging global and local economic situation; however, it was able to manage because of continued growth and diversification in the battery segment.

The Board announced two interim dividends of PKR 3 per share and PKR 4 per share during the year in comparison to an interim payout of Rs. 6.25 last year.

The Company's overall performance was suppressed to an extent due to the impact of the prevailing economic crisis where US Dollar shortages, along with supply chain challenges and weather disruptions, led to a global inflationary impact on commodity prices. However, the Company was able to cope by strategizing and focusing on top-line growth in the renewables business which has sustained confidence in the capabilities of our Board's and management's decision-making approach. Moving ahead, the Government's economic policy of moderately easing pressure on the external front and relative stability in our economy is expected to translate into a return of confidence in key economic sectors. Energy prices are expected to continue trending upwards in the short-to-medium term so renewable energy remains a preferred alternative for our customers, duly encouraged by favorable policies including the renewal of the concessional financing scheme for the renewable energy segment.

The Company stays committed to maintaining the highest standards of corporate governance and the Company's unlisted subsidiaries, Tenaga Generasi Limited and Reon Energy Limited, followed suit in maintaining the highest standards of compliance, with leading industry professionals sitting on the Board of each subsidiary. During the year, Mr. Saad Faridi resigned as Chief Financial Officer of the Company and his vacancy was filled by Ms. Nazia Hasan.

The Board of Directors met seven times during the year;four times to evaluate the interim/quarterly and annual financial statements, once to review Group strategy in relation to the budget and business plan, once to review matters related to Tenaga Generasi Limited, and once to review and approve its own corporate plan and budget for 2023. At each meeting, the Directors also discussed the Group's business performance, updates on major projects undertaken by subsidiaries, and matters submitted to the Board for decisions.

The Audit and HR Committees met four times and once 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 past practices, a self-evaluation of the Board and Board Committee performances was carried out and it was concluded that the Board operated satisfactorily. The Company is compliant in respect of certification of all directors under the Director's Training program.

I would like to express my gratitude to all the directors for their continued valued support, for their strategic stewardship, 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 would also like to take this opportunity to record my sincere appreciation to our partners, customers, suppliers, the Government, and particularly the shareholders of the Company for maintaining their trust and support over time.

Muhammad Jawaid Iqbal
Chairman of the Board of Directors

May 2, 2023

# OPERATING HIGHLIGHTS (SIX YEARS SUMMARY)

| | PARTICULARS | UNIT | December 2022 | | | December 2021 | | | December 2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | **Continuing Operations** | **Discontinued Operations** | **Total** | Continuing Operations | Discontinued Operations | Total | Continuing Operations | Discontinued Operations | Total |
| A) | STATEMENT OF FINANCIAL POSITION | | | | | | | | | | |
| 1 | Total Assets | Rs. In (000) | 35,284,111 | 25,791 | 35,309,902 | 33,206,524 | 36,048 | 33,242,572 | 29,052,394 | 28,548 | 29,080,942 |
| 2 | Current Assets | Rs. In (000) | 10,187,742 | 12,549 | 10,200,291 | 9,048,353 | 22,806 | 9,071,159 | 5,500,215 | 16,691 | 5,516,906 |
| 3 | Stock | Rs. In (000) | 997,413 | 8,742 | 1,006,155 | 620,258 | 14,262 | 634,520 | 226,688 | 15,164 | 241,852 |
| 4 | Current Liabilities | Rs. In (000) | 6,929,899 | 17,143 | 6,947,042 | 6,734,768 | 16,921 | 6,751,689 | 3,968,665 | 5,937 | 3,974,602 |
| 5 | Long-term Borrowing | Rs. In (000) | 9,220,507 | - | 9,220,507 | 8,628,307 | - | 8,628,307 | 9,107,462 | - | 9,107,462 |
| 6 | Paid Up Capital | Rs. In (000) | 592,998 | - | 592,998 | 592,998 | - | 592,998 | 592,998 | - | 592,998 |
| 7 | Shareholders Equity | Rs. In (000) | 19,459,707 | - | 19,459,707 | 17,790,816 | - | 17,790,816 | 15,651,174 | - | 15,651,174 |
| 8 | No. of Ordinary Shares | In (000) | 59,300 | - | 59,300 | 59,300 | - | 59,300 | 59,300 | - | 59,300 |
| B) | STATEMENT OF PROFIT OR LOSS | | | | | | | | | | |
| 1 | Sales Value | Rs. In (000) | 13,659,277 | 5,209 | 13,664,486 | 11,881,431 | 6,553 | 11,887,984 | 5,626,725 | 5,217 | 5,631,942 |
| 2 | Gross Profit / (Loss) | Rs. In (000) | 3,169,454 | (312) | 3,169,142 | 2,627,791 | 5,651 | 2,633,442 | 2,058,632 | (2,700) | 2,055,932 |
| 3 | Finance Cost | | (711,031) | | (711,031) | 527,849 | - | 527,849 | 700,058 | - | 700,058 |
| 4 | Operating Profit / (Loss) | Rs. In (000) | 2,312,458 | (31,719) | 2,280,739 | 1,813,495 | (21,438) | 1,792,057 | 1,474,250 | (22,604) | 1,451,646 |
| 5 | Profit / (Loss) Before Taxation | Rs. In (000) | 2,551,298 | (31,719) | 2,519,579 | 2,665,628 | (21,438) | 2,644,190 | 2,001,811 | (22,604) | 1,979,207 |
| 6 | Profit / (Loss) After Taxation | Rs. In (000) | 2,088,624 | (31,719) | 2,056,905 | 2,507,052 | (21,438) | 2,485,614 | 1,813,175 | (22,604) | 1,790,571 |
| 2 | Stock Dividend | % | | | | - | - | - | - | - | - |
| C) | STATEMENT OF CASH FLOWS | | | | | | | | | | |
| 1 | Net Cash Flow from Operating Activities | Rs. In (000) | 2,299,439 | (34,905) | 2,264,534 | 1,746,535 | (21,855) | 1,724,680 | 1,456,814 | (8,009) | 1,448,805 |
| 2 | Net Cash Flow from Investing Activities | Rs. In (000) | 867,562 | 8,480 | 876,042 | 785,667 | 12,720 | 798,387 | 929,366 | 192 | 929,558 |
| 3 | Net Cash Flow from Financing Activities | Rs. In (000) | (2,495,765) | - | (2,495,765) | (2,275,512) | - | (2,275,512) | (2,267,603) | - | (2,267,603) |
| D) | RATIO ANALYSIS | | | | | | | | | | |
| | Profitability Ratios: | | | | | | | | | | |
| 1 | Gross (Loss) / Profit | % | 23.20 | (5.98) | 23.19 | 22.12 | 86.24 | 22.15 | 36.59 | (51.75) | 36.50 |
| 2 | Net (Loss) / Profit | % | 15.29 | (608.88) | 15.05 | 21.10 | (327.15) | 20.91 | 32.22 | (433.28) | 31.79 |
| 3 | Return on Equity | % | - | - | 10.57 | - | - | 13.97 | - | - | 11.44 |
| 4 | Return on Capital Employed | % | - | - | 7.95 | - | - | 6.78 | - | - | 5.86 |
| | Liquidity Ratios: | | | | | | | | | | |
| 1 | Current Ratio | Rs. | 1.47 | 0.73 | 1.47 | 1.34 | 1.35 | 1.34 | 1.39 | 2.81 | 1.39 |
| 2 | Quick / Acid Test Ratio | Rs. | 1.33 | 0.22 | 1.32 | 1.25 | 0.50 | 1.25 | 1.33 | 0.26 | 1.33 |
| | Investment / Market Ratios: | | | | | | | | | | |
| 1 | Earning / (Loss) Per Share | Rs. | 28.59 | (0.53) | 28.06 | 36.64 | (0.36) | 36.28 | 25.82 | (0.38) | 25.44 |
| 2 | Price Earning Ratio | Rs. | - | - | 7.08 | - | - | 5.48 | - | - | 9.23 |
| 3 | Dividend Yield | % | - | - | 3.52 | - | - | 3.15 | - | - | 1.70 |
| 4 | Dividend Payout Ratio | % | - | - | 24.95 | - | - | 17.23 | - | - | 15.72 |
| 5 | Dividend Cover Ratio | Rs. | - | - | 4.01 | - | - | 5.80 | - | - | 6.36 |
| 6 | Break-up Value of Shares | Rs. | - | - | 328.16 | - | - | 300.01 | - | - | 263.93 |
| 7 | Market Value of Shares | Rs. | - | - | 198.67 | - | - | 198.67 | - | - | 234.77 |
| | Capital Structure Ratios: | | | | | | | | | | |
| 1 | Debt to Equity Ratio | Rs. | 0.47 | - | 0.47 | 0.48 | - | 0.48 | 0.58 | - | 0.58 |
| 2 | Interest Cover Ratio | Rs. | 3.25 | - | 3.21 | (3.44) | - | (3.40) | (2.11) | - | (2.07) |
| E) | DIVIDEND | | | | | | | | | | |
| 1 | Cash Dividend | % | 70.00 | - | 70 | 62.50 | - | 63 | 40 | - | 40 |
| F) | OTHERS | | | | | | | | | | |
| 1 | Employees | Nos. | 116 | 4 | 120 | 141 | 4 | 145 | 134 | 4 | 138 |
| 2 | Capital Expenditures | Rs. In (000) | 365,719 | - | 365,719 | 76,028 | - | 76,028 | 112,987 | - | 112,987 |

| December 2022 | | | December 2022 | | | December 2021 | | | December 2020 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Continuing Operations** | **Discontinued Operations** | **Total** | **Continuing Operations** | **Discontinued Operations** | **Total** | Continuing Operations | Discontinued Operations | Total | Continuing Operations | Discontinued Operations | Total |
| 28,089,926 | 68,041 | 28,157,967 | 25,577,239 | 52,268 | 25,629,507 | 22,070,563 | 119,141 | 22,189,704 | 21,751,690 | 137,276 | 21,888,966 |
| 4,693,642 | 50,834 | 4,744,476 | 2,262,773 | 33,261 | 2,296,034 | 1,933,568 | 51,621 | 1,985,189 | 1,675,736 | 67,195 | 1,742,931 |
| 168,312 | 23,081 | 191,393 | 67,904 | 32,369 | 100,273 | 55,070 | 41,108 | 96,178 | 99,221 | 50,226 | 149,447 |
| 3,720,930 | 3,244 | 3,724,174 | 2,328,878 | 6,199 | 2,335,077 | 2,042,260 | 74,622 | 2,116,882 | 1,698,909 | 12,965 | 1,711,874 |
| 9,831,431 | - | 9,831,431 | 9,645,961 | - | 9,645,961 | 9,101,585 | - | 9,101,585 | 8,765,285 | - | 8,765,285 |
| 590,578 | - | 590,578 | 590,578 | - | 590,578 | 590,578 | - | 590,578 | 590,578 | - | 590,578 |
| 14,102,954 | - | 14,102,954 | 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 | 59,058 | - | 59,058 |
| 7,267,770 | 7,489 | 7,275,259 | 3,079,977 | 10,453 | 3,090,430 | 2,537,377 | 12,591 | 2,549,968 | 519,639 | 21,200 | 540,839 |
| 2,623,410 | (1,799) | 2,621,611 | 1,529,190 | 1,714 | 1,530,904 | 1,275,215 | 3,409 | 1,278,624 | 7,157 | (6,299) | 858 |
| (947,253) | - | (947,253) | (798,779) | - | (798,779) | (736,882) | (4) | (736,886) | (170,004) | (21) | (170,025) |
| 2,013,560 | (34,668) | 1,978,892 | 1,079,997 | 87,153 | 1,167,150 | 917,421 | (20,671) | 896,750 | (337,156) | (41,341) | (378,497) |
| 1,981,544 | (34,668) | 1,946,876 | 2,587,791 | 87,153 | 2,674,944 | 740,565 | (20,675) | 719,890 | 3,631,741 | (41,362) | 3,590,379 |
| 1,876,527 | (34,668) | 1,841,859 | 2,205,755 | 87,153 | 2,292,908 | 422,484 | (20,675) | 401,809 | 3,155,273 | (41,362) | 3,113,911 |
| - | - | - | - | - | - | - | - | - | - | - | - |
| 1,297,167 | (27,422) | 1,269,745 | 1,136,705 | 12,891 | 1,149,596 | 804,285 | 308 | 804,593 | (254,108) | (16,209) | (270,317) |
| 694,664 | - | 694,664 | 437,423 | 134,715 | 572,138 | 298,105 | - | 298,105 | (5,215,556) | (1,782) | (5,217,338) |
| (2,421,863) | - | (2,421,863) | (2,033,213) | - | (2,033,213) | (1,055,452) | - | (1,055,452) | 5,321,944 | - | 5,321,944 |
| 36.10 | (24.02) | 36.03 | 49.65 | 16.40 | 49.54 | 50.26 | 27.07 | 50.14 | 1.38 | (29.71) | 0.16 |
| 25.82 | (462.92) | 25.32 | 71.62 | 833.76 | 74.19 | 16.65 | -164.20 | 15.76 | 607.20 | (195.10) | 575.76 |
| - | - | 13.06 | - | - | 17.69 | - | - | 3.76 | - | - | 29.37 |
| - | - | 8.27 | - | - | 5.16 | - | - | 4.53 | - | - | (1.95) |
| 1.26 | 15.67 | 1.27 | 0.97 | 5.37 | 0.98 | 0.95 | 0.69 | 0.94 | 0.99 | 5.18 | 1.02 |
| 1.22 | 8.56 | 1.22 | 0.94 | 0.14 | 0.94 | 0.92 | 0.14 | 0.89 | 0.93 | 1.31 | 0.93 |
| 27.20 | (0.59) | 26.61 | 35.29 | 1.48 | 36.77 | 5.29 | (0.35) | 4.94 | 54.20 | (0.70) | 52.73 |
| - | - | 8.05 | - | - | 4.46 | - | - | 38.06 | - | - | 4.80 |
| - | - | 5.14 | - | - | 1.83 | - | - | 2.66 | - | - | 1.98 |
| - | - | 41.34 | - | - | 8.16 | - | - | 101.21 | - | - | 9.48 |
| - | - | 2.42 | - | - | 12.26 | - | - | 0.99 | - | - | 10.55 |
| - | - | 238.80 | - | - | 219.41 | - | - | 180.92 | - | - | 179.54 |
| - | - | 214.16 | - | - | 164.05 | - | - | 188.00 | - | - | 253.00 |
| 0.70 | - | 0.70 | 0.74 | - | 0.74 | 0.85 | - | 0.85 | 0.83 | - | 0.83 |
| 2.13 | - | 2.09 | 1.35 | - | 1.46 | 1.25 | (5,167.75) | 1.22 | (1.98) | (1,968.62) | (2.23) |
| 110 | - | 110 | 30 | - | 30 | 50 | - | 50 | 50 | - | 50 |
| 179 | 4 | 183 | 89 | 5 | 94 | 104 | - | 104 | 78 | - | 78 |
| 221,290 | - | 221,290 | 203,358 | - | 203,358 | 31,244 | - | 31,244 | 7,572,135 | - | 7,572,135 |

# INVESTOR RELATIONS

**Financial Calender**

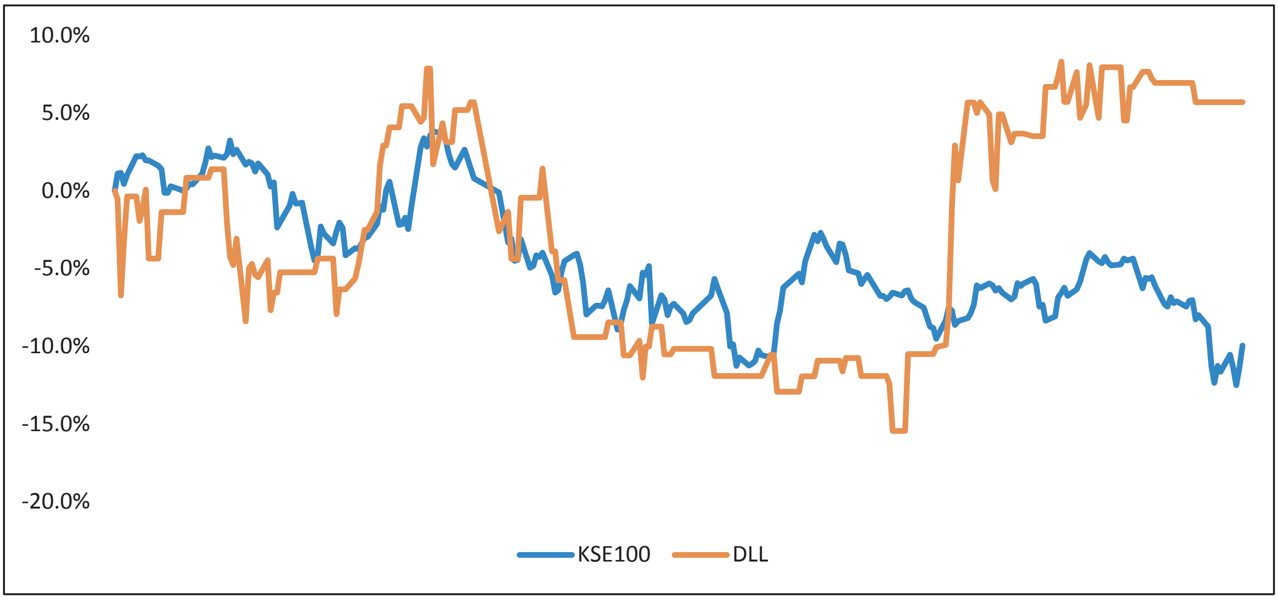
| **Financial Year ended 31 December 2021** | |
|---|---|
| 06 May 2022 | Announcement of first quarter results |
| 26 August 2022 | Announcement of second quarter results |
| 28 October 2022 | Announcement of third quarter results |
| 03 May 2023 | Announcement of fourth quarter results |
| 30 May 2023 | 73rd Annual General Meeting |

| **Trading Performance During the Financial Period** | **2022** | 2021 | 2020 |
|---|---|---|---|
| Opening price | 198.67 | 234.77 | 214.16 |
| Closing price | 210.00 | 198.67 | 234.77 |
| Highest price | 219.97 | 261.81 | 240.77 |
| Lowest price | 162.00 | 172.00 | 143.84 |
| Average daily volume traded | 5,806.00 | 2,483.00 | 4,398.00 |

| **Total Return*** | **Shareholder** | **Market** |
|---|---|---|
| 11- year period (01 January 2022 to 31 December 2022) | 9.2% | 1.7% |
| 3 - year period (01 January 2020 to 31 December 2022) | 9.4% | -7.8% |
| 5 - year period (01 January 2018 to 31 December 2022) | 28.9% | 9.0% |

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

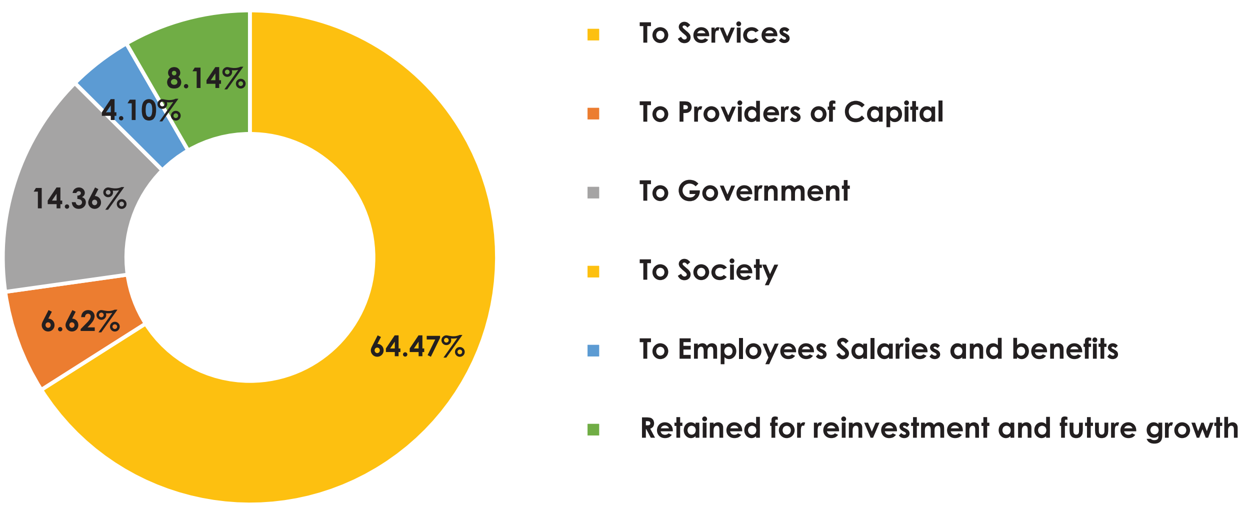
Investor Relations Enquiry:
Source: dps.psx.com.pk



# STATEMENT OF VALUE ADDITION AND DISTRIBUTION

**(Rs. in million)**

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Rs. | % | Rs. | % |
| **Wealth Generated / Value addition** | | | | |
| Total revenue inclusive of sales tax | 15,745 | 92.53% | 13,079 | 89.53% |
| Other income | 1,271 | 7.47% | 1,530 | 10.47% |
| | 17,016 | 100.00% | 14,609 | 100.00% |
| **Wealth Distributed / Value distribution** | | | | |
| To Services | | | | |
| Cost of revenue (excluding employees' salaries and benefits) | 10,275 | 60.38% | 9,148 | 62.62% |
| Distribution and administration, other expenses (excluding employees' salaries and benefits) | 696 | 4.09% | 477 | 3.27% |
| To Providers of Capital | | | | |
| Dividend to shareholders | 415 | 2.44% | 371 | 2.54% |
| Profit to non controlling interest | 393 | 2.31% | 335 | 2.29% |
| Mark-up/interest expense on borrowed money | 711 | 4.18% | 528 | 3.61% |
| To Government | | | | |
| Taxes | 2,444 | 14.36% | 1,282 | 8.78% |
| To Society | | | | |
| Donation | - | 0.00% | - | 0.00% |
| To Employees Salaries and benefits | 697 | 4.10% | 576 | 3.94% |
| Retained for reinvestment and future growth | | | | |
| Depreciation, amortization and retained profit | 1,385 | 8.14% | 1,893 | 12.96% |
| | 17,016 | 100.00% | 14,609 | 100.00% |



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## INDEPENDENT AUDITOR'S REVIEW REPORT

**To the members of Dawood Lawrencepur Limited**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of
Dawood Lawrencepur Limited for the year ended December 31, 2022 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, 2022.

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

**Date: May 5, 2023**

**UDIN: CR202210160KXwfMyjkg**

*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

Dawood Lawrencepur Limited
For the year ended December 31, 2022

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<br>Mr. Ruhail Muhammad |
| Non-executive directors | Mr. Abdul Samad Dawood<br>Ms. Sabrina Dawood<br>Mr. Shafiq Ahmed<br>Mr. Zamin Zaidi<br>Mr. Mohammad Shamoon Chaudry |
| Executive director | Mr. Mujtaba Haider Khan (Chief Executive Officer) - Deemed director |

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

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

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

6) All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations;

7) 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 Company is compliant in respect of certification of all directors under the Director's Training program;

10) The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment 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<br>Mr. Shafiq Ahmed - Member<br>Mr. Mohammad Shamoon Chaudry - Member |
| Human Resource and Remuneration Committee | Mr. Muhammad Jawaid Iqbal - Chairman<br>Mr. Abdul Samad Dawood - Member<br>Mr. Zamin Zaidi - Member |
| Board Transaction Committee | Mr. Shafiq Ahmed - Member<br>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, 2022 on the following dates:
- March 07, 2022;
- April 27, 2022;
- August 24, 2022; and
- October 26, 2022.

b) Human Resource and Remuneration Committee: - One (1) meeting was held on June 17, 2022 during the financial year ended December 31, 2022.

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

16) The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;

17) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

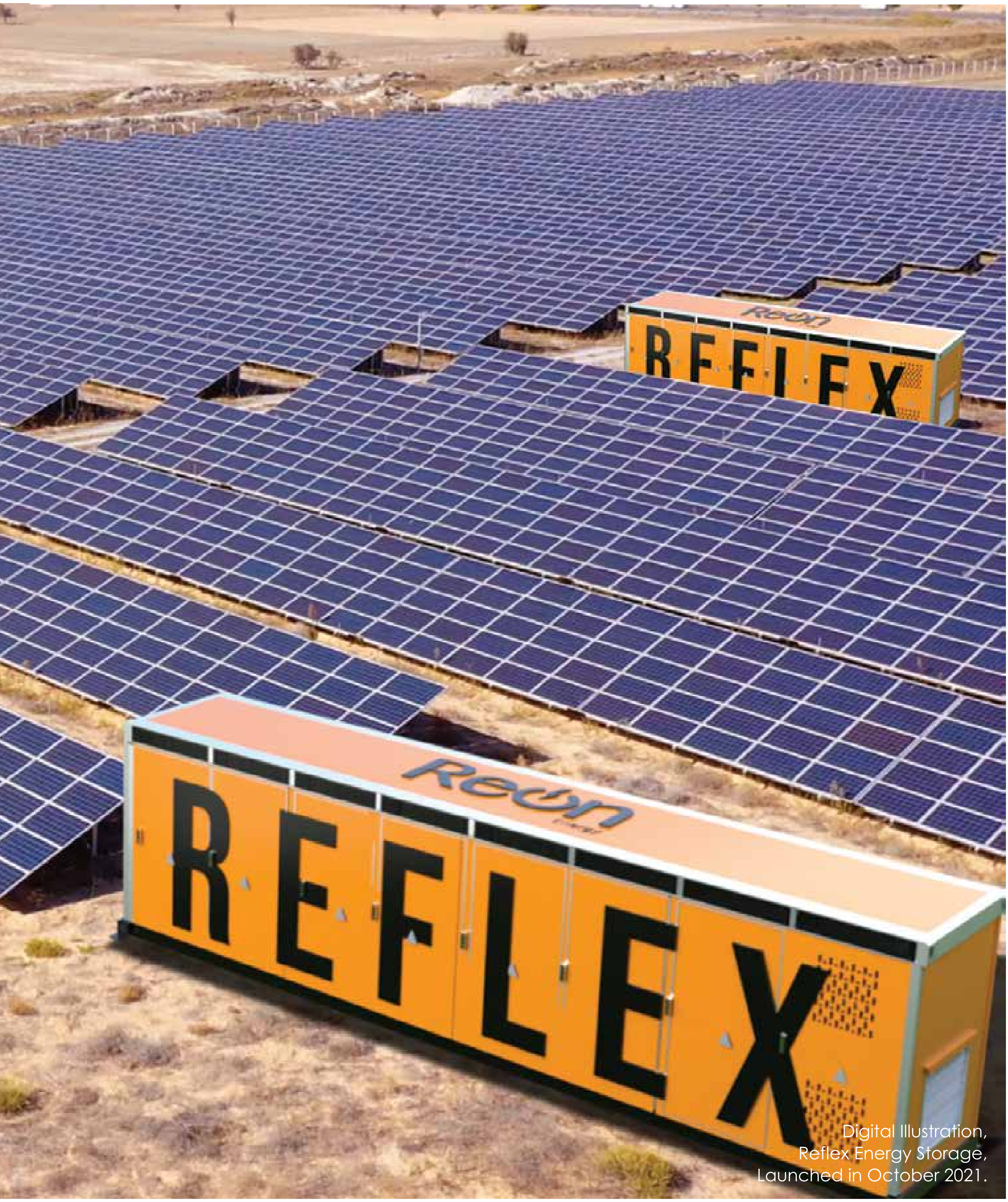
18) We confirm that all requirements of regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and

19) With regard to compliance with Regulation 6, the Board has appointed two independent directors and the fraction one-third number was not rounded up to one as the two independent directors had requisite competencies, skills, knowledge and experience to fulfil their obligations as 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: May 2, 2023



Digital Illustration,
Reflex Energy Storage,
Launched in October 2021.

# UNCONSOLIDATED FINANCIAL STATEMENTS

# UNCONSOLIDATED FINANCIAL STATEMENT

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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, 2022, 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, 2022 and of the loss 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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▪ KARACHI ▪ LAHORE ▪ ISLAMABAD

Following is the Key Audit Matter:

| S. No. | Key Audit Matter | How the matter was addressed in our audit |
|---|---|---|
| 1 | **Impairment assessment of investments in subsidiaries**<br><br>(Refer notes 2.8, 2.9, 3.2 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.<br><br>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 aggregated impairment loss of Rs. 795,252 thousand against its investment in subsidiaries, Reon Energy Limited and Reon Alpha (Private) Limited.<br><br>As impairment assessment requires management to make projections of cashflows, 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 and key assumptions used to estimate recoverable amount of investments in subsidiaries;<br><br>- evaluated the reasonableness of key assumptions and estimates used by management to prepare cash flow projections and determined the recoverable amounts. For this purpose, we involved our internal specialists, where required; and<br><br>- assessed the adequacy of disclosures made in the unconsolidated financial statements in accordance with the applicable accounting and financial reporting framework. |

**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 unconsolidated and consolidated 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 assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- 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.

A. F. Fergusons & Co.
**Chartered Accountants**
**Karachi**

**Date: May 5, 2023**

**UDIN: AR202210160VpKRx4ko8**

# UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

| (Amounts in thousand) | Note | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 4 | **19,380** | 15,924 |
| Intangible assets | 5 | **-** | 4 |
| Long term investments | 6 | **2,371,680** | 3,469,260 |
| Long term loan to a subsidiary | 7 | **-** | - |
| Long term deposits | 8 | **2,778** | 2,778 |
| Total non-current assets | | **2,393,838** | 3,487,966 |
| **Current assets** | | | |
| Stores and spares | 9 | **892** | 892 |
| Stock-in-trade | 10 | **8,742** | 14,262 |
| Trade debts | 11 | **-** | - |
| Loans to subsidiaries | 12 | **439,003** | 738,525 |
| Loans and advances | 13 | **3,686** | 1,877 |
| Deposits, prepayments and other receivables | 14 | **79,014** | 56,334 |
| Taxes recoverable | | **-** | 13,067 |
| Interest accrued | 15 | **269,912** | 162,595 |
| Investment in a subsidiary | 6.1.2 | **300,000** | - |
| Short term investment | | **-** | 216,000 |
| Cash and bank balances | 16 | **64,951** | 48,303 |
| | | **1,166,200** | 1,251,855 |
| **TOTAL ASSETS** | | **3,560,038** | 4,739,821 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 17 | **592,998** | 592,998 |
| Capital reserves | | **206,666** | 206,666 |
| Unappropriated profits | | **2,543,935** | 3,127,809 |
| | | **3,343,599** | 3,927,473 |
| **Non-current liability** | | | |
| Staff retirement benefits | 18 | **4,759** | 4,697 |
| **Current liabilities** | | | |
| Trade and other payables | 19 | **65,797** | 65,161 |
| Unclaimed dividend | | **73,454** | 72,251 |
| Unpaid dividend | | **5,382** | 3,266 |
| Short term borrowings | 20 | **-** | 646,587 |
| Provisions | 21 | **7,360** | 7,360 |
| Taxes payable | | **57,408** | - |
| Accrued mark-up | | **2,279** | 13,026 |
| | | **211,680** | 807,651 |
| | | **216,439** | 812,348 |
| **Contingencies and commitments** | 22 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **3,560,038** | 4,739,821 |

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

| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2022

| (Amounts in thousand except for earnings / (loss) per share) | Note | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **CONTINUING OPERATIONS** | | | |
| Revenue from contracts with customers - net | 23 | **63** | 2,588 |
| Cost of revenue | 24 | **(345)** | (2,616) |
| Gross loss | | **(282)** | (28) |
| Dividend income | 25 | **1,168,978** | 740,353 |
| | | **1,168,696** | 740,325 |
| Selling and distribution expenses | 26 | **-** | - |
| Administrative expenses | 27 | **(81,781)** | (68,430) |
| Other expenses | 28 | **(1,095,252)** | (33,742) |
| | | **(1,138,033)** | (102,172) |
| Other income | 29 | **161,119** | 95,048 |
| Finance costs | 30 | **(42,979)** | (57,665) |
| Profit before taxation | | **109,803** | 675,536 |
| Taxation | 31 | **(246,770)** | (115,967) |
| (Loss) / profit after taxation | | **(136,967)** | 559,569 |
| **DISCONTINUED OPERATIONS** | | | |
| Loss from discontinued operations | 32 | **(31,718)** | (21,438) |
| (Loss) / profit for the year | | **(168,685)** | 538,131 |
| (Loss) / earnings per share - basic and diluted | | | |
| Continuing operations | 33 | **(2.31)** | 9.44 |
| Discontinued operations | 33 | **(0.53)** | (0.36) |

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

| Mujtaba Haider Khan<br>Chief Executive Officer | Ruhail Muhammad<br>Director | Nazia Hasan<br>Chief Financial Officer |
|---|---|---|

# UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

| (Amounts in thousand) | Note | **2022** | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| (Loss) / profit for the year | | **(168,685)** | 538,131 |
| Other comprehensive loss: | | | |
| **Item that may be reclassified subsequently to profit or loss** | | | |
| Remeasurement of post employment benefit obligation - actuarial loss | 18.6 | **(91)** | (499) |
| **Total comprehensive (loss) / income for the year** | | **(168,776)** | 537,632 |

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

| | | |
|---|---|---|
| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
| Chief Executive Officer | Director | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | Share Capital | Capital reserves | | | | | Revenue reserves | Total |
|---|---|---|---|---|---|---|---|---|
| | | Merger reserve | Share premium reserve | Capital redemption of reserve fund (note 20.1) | Others | Total | Unappropriated profit | |
| | ---------- Rupees ---------- | | | | | | | |
| **Balance as at 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** | | | | | | | | |
| Dividends for the year ended December 31, 2021: | | | | | | | | |
| First interim @ Rs. 3.50 per share | - | - | - | - | - | - | (207,549) | (207,549) |
| Second interim @ Rs. 2.75 per share | - | - | - | - | - | - | (163,074) | (163,074) |
| **Balance as at December 31, 2021 / January 1, 2022** | **592,998** | **10,521** | **136,865** | **25,969** | **33,311** | **206,666** | **3,127,809** | **3,927,473** |
| Loss for the year | **-** | **-** | **-** | **-** | **-** | **-** | **(168,685)** | **(168,685)** |
| Other comprehensive loss | **-** | **-** | **-** | **-** | **-** | **-** | **(91)** | **(91)** |
| Total comprehensive income for the year | **-** | **-** | **-** | **-** | **-** | **-** | **(168,776)** | **(168,776)** |
| Transactions with owners | | | | | | | | |
| Dividends for the year ended December 31, 2022: | | | | | | | | |
| First interim @ Rs. 3.00 per share | **-** | **-** | **-** | **-** | **-** | **-** | **(177,899)** | **(177,899)** |
| Second interim @ Rs. 4.00 per share | **-** | **-** | **-** | **-** | **-** | **-** | **(237,199)** | **(237,199)** |
| **Balance as at December 31, 2022** | **592,998** | **10,521** | **136,865** | **25,969** | **33,311** | **206,666** | **2,543,935** | **3,343,599** |

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

| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **78,085** | 654,098 |
| Add: Loss before taxation attributable to discontinued operations | | **31,718** | 21,438 |
| Profit before taxation from continuing operations | | **109,803** | 675,536 |
| **Adjustments for:** | | | |
| Depreciation | | **1,478** | 1,574 |
| Amortization | | **4** | 23 |
| Provision for gratuity - net | | **1,746** | 1,270 |
| Dividend income classified as investing cash flows | | **(1,168,978)** | (740,353) |
| Provision for impairment of: | | | |
| - long term investments | | **756,252** | 33,742 |
| - long term loan to a subsidiary | | **300,000** | - |
| Gain on disposal of property, plant and equipment | | **-** | 682 |
| Loss / (gain) on investments at fair value through profit or loss | | **2,328** | (6) |
| Mark-up charged to related parties | | **(117,243)** | (75,269) |
| Profit on bank deposits | | **(5,846)** | (344) |
| Finance costs | | **42,979** | 57,665 |
| | | **(38,477)** | (45,480) |
| **Working capital changes** | | | |
| Decrease / (increase) in current assets | | | |
| Stock-in-trade | | **-** | 2,616 |
| Trade debts | | **-** | 23 |
| Loans and advances | | **(83)** | 1,607 |
| Deposits, prepayments and other receivables | | **(22,680)** | 109,583 |
| | | **(22,763)** | 113,829 |
| Decrease / increase in current liabilities | | | |
| Trade and other payables | | **414** | 8,044 |
| | | **(22,349)** | 121,873 |
| **Cash (used in) / generated from operations** | | **(60,826)** | 76,393 |
| Finance costs paid | | **(53,727)** | (61,158) |
| Gratuity paid | | **(1,977)** | - |
| Taxes paid | | **(176,296)** | (129,304) |
| Discontinued operations | | **(34,905)** | (21,855) |
| **Net cash used in operating activities** | | **(327,731)** | (135,924) |

# UNCONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | **(6,007)** | (130) |
| Proceeds from disposal of property, plant and equipment | | **-** | 445 |
| Loan to subsidiaries | | **(478)** | (424) |
| Mark-up received from related parties | | **9,926** | 35,827 |
| Profit received on bank deposits | | **5,846** | 344 |
| Dividend received | | **1,168,978** | 740,353 |
| Discontinued operations | | **8,480** | 12,720 |
| **Net cash generated from investing activities** | | **1,186,745** | 789,135 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Short term borrowings - net | | **(646,587)** | (53,208) |
| Payment of dividend | | **(411,779)** | (365,413) |
| **Net cash used in financing activities** | | **(1,058,366)** | (418,621) |
| **Net (decrease) / increase in cash and cash equivalents** | | **(199,352)** | 234,590 |
| **Cash and cash equivalents at beginning of the year** | | **264,303** | 29,713 |
| **Cash and cash equivalents at end of the year** | 34 | **64,951** | 264,303 |

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

Mujtaba Haider Khan
Chief Executive Officer

Ruhail Muhammad
Director

Nazia Hasan
Chief Financial Officer

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

**1. LEGAL STATUS AND OPERATIONS**

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

The business units of the Company include the following:

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

**1.2** During the year, the shareholding of Dawood Corporation (Private) Limited (DCL) increased from 49.77% to 54.83% by virtue of which DCPL became the Parent Company.

**1.3** The Company in the years 2007 and 2008 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 32).

**1.4** 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 financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(Amounts in thousand)

**2.1 Basis of preparation**

These 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 these 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 judgement, assumptions and estimates significant to these financial statements are disclosed in note 3.

These financial statements represent the separate financial statements of the Company in which investment in subsidiaries and associates (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.

**2.2 Statement of compliance**

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

- International Financial Reporting Standards (IFRSs) issued by 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.

**2.3 Functional and presentation currency**

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

**2.4 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 published standards that are effective for the first time for the year ended December 31, 2022; 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.

(Amounts in thousand)

**b) Standards and amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company:**

There are standards and certain amendments to accounting and reporting standards that are not yet effective and have not been early adopted by the Company for the financial year beginning on January 1, 2022. The standards and amendments are not expected to have any material impact on the Company's financial reporting and, therefore, have not been disclosed in these financial statements.

**2.5 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. Freehold land and capital work-in-progress are stated at cost less accumulated 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 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 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 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 profit or loss.

(Amounts in thousand)

**2.6 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 disclosed 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.

The carrying amount of the intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount and is charged in the profit or loss. Reversal of impairment losses are also recognised in profit or loss, however, is restricted to the original cost of the asset.

**2.7 Financial instruments**

**2.7.1 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 amortized cost.

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

(Amounts in thousand)

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

**Measurement**

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

**Debt instruments**

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

**a) 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 investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in 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.

(Amounts in thousand)

**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 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 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 the 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. On derecognition of a financial asset, in its entirety, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**2.7.2 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 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 profit or loss.

### 2.7.3 Offsetting

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

### 2.7.4 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.

The Company measures ECL of a financial instrument in a way that reflects:

a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcome;

b) the time value of money; and

c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

### 2.8 Impairment of non-financial assets including goodwill and investments in subsidiaries

The Company assesses at each reporting date whether there is an indication that an asset or a CGU is impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised. Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss. Impairment losses relating to goodwill are not reversed in future periods.

**2.9 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 accumulated impairment losses, 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 profit or loss.

(Amounts in thousand)

**2.10 Investment in associates**

Associates are all entities over which the Company has significant influence but not control. Investment in associates are carried at cost less accumulated impairment losses, if any. The Company determines at each reporting date whether there is any objective evidence that the investment in associates 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 recognized it in the profit or loss.

**2.11 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.

**2.12 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.

**2.13 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.

**2.14 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.

(Amounts in thousand)

**2.15 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 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 other comprehensive income.

**2.16 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.

**2.17 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.

**2.18 Taxation**

**2.18.1 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.

(Amounts in thousand)

**2.18.2 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, unused tax losses and tax credits 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 profit or loss, unless it relates to item recognized in equity in which case it is also recognized in equity.

The Company's major income falls under final tax regime. Accordingly, no deferred tax is recognized in the financial statements.

**2.19 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 coordinated 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.

(Amounts in thousand)

**2.20 Revenue recognition**

**2.2.1 Revenue from contracts with customers**

**a) 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 profit or loss.

**b) 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, i.e. at the time of dispatch of goods.

**2.2.2 Other income**

**a) Interest income**

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

**b) Dividend income**

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

**c) Capital gain**

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

**2.21 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.

(Amounts in thousand)

**2.22 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 profit or loss.

**2.23 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.

**2.24 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 40 to these financial statements.

**3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of 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:

(Amounts in thousand)

**3.1 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.

**3.2 Impairment of investments in subsidiaries and associates**

The Company assesses at each reporting date whether there is an indication that investment in subsidiaries and associates may be impaired. If any such indication exists, the Company estimates the recoverable amount, which is higher of assets' fair value less cost to sell and its value-in-use.

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.

Where the carrying amount of investments exceeds its recoverable amount, these are considered impaired and are written down to its recoverable amount. Impairment loss is recognised as an expense in the profit or loss.

(Amounts in thousand)

## 4. PROPERTY, PLANT AND EQUIPMENT

| | Freehold land | Building on freehold land | Plant and machinery | Furniture, fixtures and office equipment | Computers | Tools and equipment | Vehicles | Renewable energy units | Total |
|---|---|---|---|---|---|---|---|---|---|
| | ---------- | ---------- | ---------- | ---------- | Rupees | ---------- | ---------- | ---------- | ---------- |
| **As at January 1, 2021** | | | | | | | | | |
| 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 4.3) | - | (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 January 01, 2022** | | | | | | | | | |
| 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 |
| **Year ended December 31, 2022** | | | | | | | | | |
| Opening net book value | 3,157 | 2,932 | 2,475 | 5,400 | 163 | - | 1,306 | 491 | 15,924 |
| Additions | - | - | 1,070 | - | 490 | 122 | 4,325 | - | 6,007 |
| Disposals | | | | | | | | | |
| Cost | - | (1,892) | - | - | - | - | - | - | (1,892) |
| Accumulated depreciation | - | 1,790 | - | - | - | - | - | - | 1,790 |
| | - | (102) | - | - | - | - | - | - | (102) |
| Depreciation (note 4.3) | - | (170) | (174) | (1,104) | (188) | (13) | (555) | (245) | (2,449) |
| Closing net book value | 3,157 | 2,660 | 3,371 | 4,296 | 465 | 109 | 5,076 | 246 | 19,380 |
| **As at December 31, 2022** | | | | | | | | | |
| Cost | 3,157 | 65,827 | 103,940 | 65,943 | 7,528 | 3,764 | 13,699 | 2,450 | 266,308 |
| Accumulated depreciation | - | (63,167) | (100,569) | (61,647) | (7,063) | (3,655) | (8,623) | (2,204) | (246,928) |
| Net book value | 3,157 | 2,660 | 3,371 | 4,296 | 465 | 109 | 5,076 | 246 | 19,380 |
| **Annual rate of depreciation (%)** | **-** | **10%** | **10% - 20%** | **10%** | **33%** | **10%** | **20%** | **10%** | |

**4.1** The above includes assets with an aggregate net book value of Rs. 10,464 (2021: Rs. 10,464) held as idle assets which relate to discontinued units, LWTM and BTM.

**4.2** The Company's assets include equipment costing Rs. 28,707 (2021: Nil) having Nil net book value that are still in use of the Company.

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **4.3** | Depreciation for the year has been charged in: | | |
| | Administrative expenses (note 27) | **2,449** | 2,218 |

**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 |
| LWTM Factory | G.T. Road, Faqirabad District Attock | 230 |

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **5.** | **INTANGIBLE ASSETS - Computer software** | | |
| | **Net carrying value** | | |
| | Balance at beginning of the year | **4** | 27 |
| | Amortization charged for the year (note 5.1) | **(4)** | (23) |
| | Balance at end of the year | **-** | 4 |
| | **Gross carrying value** | | |
| | Cost | **20,001** | 20,001 |
| | Less: Accumulated amortization | **(20,001)** | (19,997) |
| | Net book value | **-** | 4 |

**5.1** The cost of the above intangible asset have been amortized over 3 years and charged to administrative expenses (note 27).

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------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 6.2) | **(859,001)** | (63,749) |
| | **2,660,101** | 3,455,353 |
| **Other investments:** | | |
| - Financial assets at fair value through profit or loss (note 6.3) | **11,564** | 13,892 |
| - Financial assets at fair value through other comprehensive income (note 6.3) | **15** | 15 |
| | **11,579** | 13,907 |
| | **2,671,680** | 3,469,260 |
| Less: Investment classified as short term (note 6.1.2) | **(300,000)** | - |
| | **2,371,680** | 3,469,260 |

### 6.1 Investment in related parties - at cost

| | 2022 | 2021 |
|---|---|---|
| **Subsidiary - unquoted** | | |
| Tenaga Generasi Limited<br>Percentage holding 75% (2021: 75%)<br>227,027,613 (2021: 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% (2021: 100%)<br>102,600,000 (2021: 102,600,000) (notes 6.1.2 and 6.2)<br>fully paid ordinary shares of Rs. 10 each | **1,026,000** | 1,026,000 |
| Reon Alpha (Private) Limited<br>Percentage holding 100% (2021: 100%)<br>13,300,100 (2021: 13,300,100) (notes 6.1.3 and 6.2)<br>fully paid ordinary shares of Rs. 10 each | **133,001** | 133,001 |
| Mozart (Private) Limited<br>Percentage holding 100% (2021: 100%)<br>100 (2021: 100) (note 6.1.4)<br>fully paid ordinary shares of Rs. 10 each | **1** | 1 |

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Greengo (Private) Limited<br>Percentage holding 100% (2021: 100%)<br>100 (2021: 100) (note 6.1.5)<br>fully paid ordinary shares of Rs. 10 each | **1** | 1 |
| Abrax (Private) Limited<br>Percentage holding 100% (2021: 100%)<br>100 (2021: 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% (2021: 16.19%)<br>77,931,896 (2021: 77,931,896) (note 6.1.7)<br>fully paid ordinary shares of Rs. 10 each<br>Market value Rs. 7,364,564 (2021: Rs. 7,444,055) | **65,294** | 65,294 |
| | **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 projects, to commercial and industrial consumers.

During the year, the Company carried out a review of the recoverable amount of its investment in REL due to impairment indicators including significant increase in interest rates, import restrictions, slump in demand due to uncertain political and economic conditions, affecting the business model and cash flows of REL.

The Company estimated the recoverable amount by using value-in-use method. The value-in-use of the investment is based on the future expected cashflows. The pre-tax discount rates are derived from REL'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 pre-tax discount rate used in measuring value-in-use is 19.18% per annum based on the effective gearing of REL.

(Amounts in thousand)

On March 22, 2023, the Board of Directors of the Company approved sale of 100% shareholding in REL followed by which a share purchase agreement (SPA) was signed between the Company and Juniper International FZ LLC stipulating a maximum consideration of Rs. 300,000, subject to certain adjustments. The execution of SPA is subject to the approval by the shareholders and other related approvals. The transaction is expected to be closed and materialized on or before June 30, 2023.

Based on the assessment performed, the recoverable amount determined as at December 31, 2022 is Rs. 300,000. Hence an impairment loss of Rs. 726,000 (2021: Nil) has been recorded in these financial statements.

**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.

During the year, the Company carried out a review of the recoverable amount of its investment in RAPL due to impairment indicators including escalation in interest rates which adversely affected the cashflows of RAPL, as it has obtained long term financing at commercial rates.

The Company estimated the recoverable amount by using value-in-use method. The value-in-use of the investment is based on the future expected cashflows over the remaining 13 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 pre-tax discount rates are derived from RAPL'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 18.78% per annum (2021: 16.52%) based on the effective gearing of RAPL.

Based on the assessment performed, the recoverable amount determined as at December 31, 2022 is Nil, hence a further impairment loss of Rs. 69,252 (2021: Rs. 33,742) has been recorded in the profit or loss (note 6.2). Accordingly, the Company's investment in RAPL becomes fully impaired.

**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. MPL is yet to execute its business activities.

**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. GPL is yet to execute its business activities.

(Amounts in thousand)

**6.1.6** Abrax (Private) Limited (APL) was incorporated in Pakistan on October 4, 2016 as a private limited company to manage the Company's legacy assets located in Burewala. APL is yet to execute its business activities.

**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.

**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 22). The details of which are as follows:

| Facilities / Banks | Shares pledged | As at December 31, 2022 | | | As at December 31, 2021 | | |
|---|---|---|---|---|---|---|---|
| | | 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 (notes 22.1.11 and 6.1.9) | Dawood Hercules Corporation Limited | - | - | - | 20,459,737 | 204,597 | 1,954,314 |
| Bank Al Habib Limited (note 22.1.11) | | 10,200,000 | 102,000 | 963,900 | 10,200,000 | 102,000 | 974,304 |
| Habib Bank Limited (notes 22.1.11 and 6.1.10) | | 28,350,000 | 283,500 | 2,679,075 | - | - | - |
| MCB Bank Limited (notes 22.1.11 and 6.1.11) | | 210,000 | 2,100 | 19,845 | 5,910,000 | 59,100 | 564,523 |
| **Pledged under Musharka Agreement entered into between RAPL and FBL** | | | | | | | |
| Faysal Bank Limited (note 22.1.11) | 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** During the year, 20.46 million shares of Dawood Hercules Corporation Limited were released from Standard Chartered Bank (Pakistan) Limited as the Stand-by- Letter of Credit (SBLC) has retired.

**6.1.10** During the year, 28.35 million shares of Dawood Hercules Corporation Limited have been pledged on account of an arrangement of Stand-by-Letter of Credit (SBLC) in favor of Tenaga Generasi Limited (TGL) with Habib Bank Limited.

(Amounts in thousand)

**6.1.11** During the year, 5.7 million shares of Dawood Hercules Corporation Limited were released from MCB Bank Limited.

**6.2** The movement in provision for impairment is as follows:

| | 2022 | 2021 |
|---|---|---|
| | ----Rupees---- | |
| Balance at beginning of the year | **63,749** | 30,007 |
| Provision recognized during the year (notes 6.1.2 and 6.1.3) | **795,252** | 33,742 |
| Balance at end of the year | **859,001** | 63,749 |

**6.3 Other investments**

| 2022 | 2021 | Name of Investee | 2022 | 2021 |
|---|---|---|---|---|
| Units / No of Shares | | | ----Rupees---- | |
| | | **Listed Securities** | | |
| **200,000** | 200,000 | National Investment (Unit) Trust (managed by National Investment Trust Limited) (note 6.4) | **11,564** | 13,892 |
| | | **Un-Listed Securities** | | |
| **1,500** | 1,500 | Asian Co-operative Society Limited (note 6.4) | **15** | 15 |
| | | | **11,579** | 13,907 |

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

| | 2022 | 2021 |
|---|---|---|
| | ----Rupees---- | |
| Fair value of investments | **11,579** | 13,907 |
| Surplus on remeasurement of investments as at year end | **(9,124)** | (11,452) |
| Cost of investments | **2,455** | 2,455 |

**7. LONG TERM LOANS**

| | 2022 | 2021 |
|---|---|---|
| Reon Energy Limited (note 7.1) | **300,000** | - |
| Less: Provision for impairment (note 7.2) | **(300,000)** | - |
| | **-** | - |

(Amounts in thousand)

**7.1** On February 22, 2019, the Company provided a loan to Reon Energy Limited (REL, a subsidiary company) amounting to Rs. 300,000, carrying mark-up at the rate of 1% above the average borrowing cost of the Company, to finance its operations. Originally, the principal amount was to be repaid on a lump-sum basis within a period of one year, however repayment terms had been further extended on time to time basis and loan became repayable on December 31, 2022.

During the year, an addendum dated May 25, 2022 was signed between the parties and the loan has been converted to a long term loan with principal amount being repayable upon retirement of existing long term financing facilities of the REL. However, the same has been classified as short-term loan under current assets, for the reasons disclosed in note 7.2 (note 12).

**7.2** Under the terms of SPA, as more fully explained in note 6.1.2, the loan will be converted into equity or may be waived off by the Company on closure of the sale transaction of REL. However, interest accrued on the said loan until December 31, 2022 will be adjusted against the consideration value as agreed under the SPA. Due to possibility of waiver of the loan, the Company on prudent basis has provided for the principal loan amount in full.

**7.3** The maximum aggregate amounts outstanding against loan to a subsidiary company at the end of any month during the year was Rs. 300,000 (2021: Nil).

| | | **2022** | 2021 |
|---|---|---|---|
| | | -------------Rupees------------- | |
| **8.** | **LONG TERM DEPOSITS** | | |
| | Deposits for utilities | **2,778** | 2,778 |
| **9.** | **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 |

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **10.** | **STOCK-IN-TRADE** | | |
| | **Renewable energy** | | |
| | Finished goods | - | 345 |
| | Provision for slow moving and obsolete items (note 10.1) | - | (345) |
| | | - | - |
| | **Textile** | | |
| | Finished goods | 10,426 | 15,946 |
| | Provision for write down to net realisable value (note 10.1) | (1,684) | (1,684) |
| | | 8,742 | 14,262 |
| | | 8,742 | 14,262 |
| **10.1** | The movement in provisions during the year is as follows: | | |
| | Balance at the beginning of the year | 2,029 | 48,798 |
| | Reversal for the year | (345) | (46,769) |
| | Balance at the end of the year | 1,684 | 2,029 |
| **11.** | **TRADE DEBTS - unsecured** | | |
| | **- Considered good** | | |
| | Renewable energy | 2,590 | 3,610 |
| | Others | 1,052 | 32 |
| | | 3,642 | 3,642 |
| | | 3,642 | 3,642 |
| | Provision for impairment | (3,642) | (3,642) |
| | | - | - |
| **12.** | **LOANS TO SUBSIDIARIES - unsecured, considered good** | | |
| | **Subordinated loans to subsidiary companies:** | | |
| | - Tenaga Generasi Limited (note 12.1 and 12.2) | 437,000 | 437,000 |
| | - Reon Energy Limited (note 7) | 300,000 | 300,000 |
| | - Abrax (Private) Limited (note 12.3) | 676 | 518 |
| | - Mozart (Private) Limited (note 12.3) | 649 | 487 |
| | - Greengo (Private) Limited (note 12.3) | 678 | 520 |
| | | 739,003 | 738,525 |
| | Less: Provision for impairment (note 7.2) | (300,000) | - |
| | | 439,003 | 738,525 |

(Amounts in thousand)

**12.1** On April 25, 2017, the Company had entered into a subordinated loan agreement with Tenaga Generasi Limited (TGL, a subsidiary company) for arranging financing to the extent of Rs. 300,000, to fulfill its working capital requirements. The mark-up is charged at the rate of three months KIBOR plus 1.775% per annum and the loan was repayable within a year. The said loan was further extended for a period of one year on time to time basis, with last term extension of one year approved on April 28, 2022. As at December 31, 2022, entire loan amounting to Rs. 300,000 has been utilised.

**12.2** In 2019, the Company had entered into another subordinated loan agreement with TGL for arranging finance to the extent of Rs. 1,000,000 to fulfill its working capital requirements. The loan is subject to mark-up calculated at the rate of three months KIBOR plus 2% or average borrowing rate of the Company plus 1% per annum, whichever is higher. The term of the loan was initially for one year, however, in 2020, the tenure of the loan had been extended for another one year, with further extension of one year in 2021 and 2022. As at December 31, 2022, TGL has utilised Rs. 137,000 of the facility amount.

**12.3** These represent unsecured subordinated loans issued to subsidiary companies, in the year 2018, with financing limit of upto Rs. 1,000,000, to fulfill working capital requirements. The loans are subject to mark-up at the rate of average borrowing rate of the Company plus 1% per annum. The loans are repayable on demand.

**12.4** The movement in loans to subsidiaries is as follows:

| | **2022** | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Balance at beginning of the year | **738,525** | 738,101 |
| Transferred to long term loan (note 7) | **(300,000)** | - |
| Transferred from long term loan (note 7) | **300,000** | - |
| Loan disbursed during the year | **478** | 424 |
| Provision for impairment (note 7.2) | **(300,000)** | - |
| Balance at end of the year | **439,003** | 738,525 |

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

| | **2022** | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Tenaga Generasi Limited | **437,000** | 437,000 |
| Reon Energy Limited | **300,000** | 300,000 |
| Abrax (Private) Limited | **676** | 518 |
| Mozart (Private) Limited | **649** | 487 |
| Greengo (Private) Limited | **678** | 520 |

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **13.** | **LOANS AND ADVANCES - unsecured, considered good** | | |
| | Loans and advances to employees (note 13.1) | **2,843** | 1,627 |
| | Advance to suppliers | **843** | 250 |
| | | **3,686** | 1,877 |

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

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **14.** | **DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good** | | |
| | Security deposits | **7,413** | 7,413 |
| | Prepayments | **2,224** | 2,510 |
| | Sales tax | **8,471** | 6,226 |
| | Others - unsecured (note 14.1) | **60,906** | 40,185 |
| | | **79,014** | 56,334 |

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

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| - Sach International (Private) Limited | **27,250** | 30,150 |
| - Tenaga Generasi Limited | **2,558** | 439 |
| - Reon Energy Limited | **18,767** | 6,449 |
| - Reon Alpha (Private) Limited | **2,743** | 1,494 |
| - Dawood Foundation | **1,546** | 1,546 |
| - Dawood Hercules Corporation Limited | **257** | - |
| | **53,121** | 40,078 |

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

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Sach International (Private) Limited | **32,759** | 52,354 |
| Tenaga Generasi Limited | **27,765** | 97,817 |
| Reon Energy Limited | **19,229** | 36,124 |
| Reon Alpha (Private) Limited | **2,743** | 1,494 |
| Dawood Foundation | **1,546** | 1,546 |
| Dawood Hercules Corporation Limited | **257** | 3,320 |

(Amounts in thousand)

**14.2** As at December 31, 2022, receivables from related parties aggregating to Rs. 36,697 (2021: Rs. 31,539) were past due but not impaired. The aging analysis of these receivables is as follows:

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Upto 3 months | **2,893** | 346 |
| 3 to 6 months | **539** | 10,070 |
| More than 6 months | **33,265** | 21,123 |
| | **36,697** | 31,539 |

**14.3** Under the terms of SPA, in case REL does not settle the amount due to the Company, the same will be settled by the Juniper International FZ LLC (note 6.1.2).

**15. INTEREST ACCRUED**

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Interest accrued (note 15.1) | **269,912** | 162,595 |

**15.1** This represents mark-up on loans and other receivables from related parties as follows:

| | 2022 | 2021 |
|---|---|---|
| Tenaga Generasi Limited | **227,588** | 159,755 |
| Reon Energy Limited (note 7) | **41,396** | 2,491 |
| Reon Alpha (Private) Limited | **416** | 104 |
| Mozart (Private) Limited | **163** | 77 |
| Abrax (Private) Limited | **174** | 84 |
| Greengo (Private) Limited | **175** | 84 |
| | **269,912** | 162,595 |

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

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Tenaga Generasi Limited | **227,588** | 159,755 |
| Reon Energy Limited | **41,396** | 14,261 |
| Reon Alpha (Private) Limited | **416** | 104 |
| Mozart (Private) Limited | **163** | 77 |
| Abrax (Private) Limited | **174** | 84 |
| Greengo (Private) Limited | **175** | 84 |

(Amounts in thousand)

**15.3** As at December 31, 2022, mark-up receivable from related parties aggregating to Rs. 37,498 (2021: Rs. 327) was past due but not impaired. The aging analysis of these receivables is as follows:

| | **2022** | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Upto 3 months | **13,807** | 57 |
| 3 to 6 months | **12,707** | 34 |
| More than 6 months | **10,984** | 236 |
| | **37,498** | 327 |

**16. CASH AND BANK BALANCES**

| | | |
|---|---|---|
| Cash in hand | **215** | 188 |
| **Balances with banks in:** | | |
| - current accounts | **28,810** | 45,344 |
| - deposit accounts (note 16.1) | **35,926** | 2,771 |
| | **64,736** | 48,115 |
| | **64,951** | 48,303 |

**16.1** These represent deposits with commercial banks and carry profit at the rate ranging from 13.32% to 14.79% (2021: 5.75% to 7.25%) per annum.

**17. SHARE CAPITAL**

**Authorized capital**

| **2022** | 2021 | | **2022** | 2021 |
|---|---|---|---|---|
| ---Number of shares--- | | | ------------Rupees------------ | |
| **75,000,000** | 75,000,000 | | **750,000** | 750,000 |

**Issued, subscribed and paid up capital**

| **2022** | 2021 | | **2022** | 2021 |
|---|---|---|---|---|
| ---Number of shares--- | | | | |
| **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 17.3) | **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 17.4) | **1,305** | 1,305 |
| **111,430** | 111,430 | Issued as bonus shares as per the Court order (note 17.4) | **1,115** | 1,115 |
| **59,299,809** | 59,299,809 | | **592,998** | 592,998 |

(Amounts in thousand)

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

| | 2022 | 2021 |
|---|---|---|
| | ------Rupees------ | |
| Dawood Corporation (Private) Limited | **32,515,564** | 29,511,543 |
| The Dawood Foundation | **2,979,324** | 2,979,324 |
| Dawood Investments (Private) Limited (formerly Patek (Private) Limited) | **4,443,661** | 3,713,984 |
| Cyan Limited | **2,965,095** | 2,965,095 |
| Sach International (Private) Limited | **3,776** | 3,776 |
| | **42,907,420** | 39,173,722 |

**17.2** 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.

**17.3** 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).

**17.4** 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 (Unit) Trust [managed by 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 Company during the year.

**18. STAFF RETIREMENT BENEFITS**

| | 2022 | 2021 |
|---|---|---|
| | ------Rupees------ | |
| Staff retirement benefits - gratuity | **4,759** | 4,697 |

The details of staff retirement benefit obligation based on actuarial valuation carried out by the independent actuary of the Company as at December 31, 2022 using the Projected Unit Credit Method are as follows:

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

| | 2022 | 2021 |
|---|---|---|
| | ------%------ | |
| **Financial assumptions:** | | |
| Discount rate used for year end obligation | **14.50** | 11.75 |
| Expected rate of salary increase | **13.50** | 10.75 |
| Expected return on plan assets | **11.52** | 10.75 |

(Amounts in thousand)

| | | |
|---|---|---|
| **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) |

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **18.2** | **Statement of financial position reconciliation** | | |
| | Present value of defined benefit obligation (note 18.3) | **8,950** | 8,476 |
| | Fair value of plan assets (note 18.4) | **(4,191)** | (3,779) |
| | Net liability at end of the year | **4,759** | 4,697 |
| **18.3** | **Movement in present value of defined benefit obligation** | | |
| | Present value of defined benefit obligation at beginning of the year | **8,476** | 6,341 |
| | Current service cost | **1,512** | 1,175 |
| | Interest cost | **880** | 618 |
| | Benefits paid | **(1,977)** | - |
| | Remeasurement loss on obligation (note 18.6) | **59** | 342 |
| | Present value of defined benefit obligation at end of the year | **8,950** | 8,476 |
| **18.4** | **Movement in fair value of plan assets** | | |
| | Fair value of plan assets at beginning of the year | **3,779** | 3,586 |
| | Contributions made by the Company | **1,977** | - |
| | Interest income | **444** | 350 |
| | Benefits paid | **(1,977)** | - |
| | Remeasurement loss on plan assets excluding interest income | **(32)** | (157) |
| | Fair value of plan assets at end of the year | **4,191** | 3,779 |
| **18.5** | **Expense recognized in statement of profit or loss** | | |
| | Current service cost | **1,512** | 1,175 |
| | Interest cost on defined benefit obligation | **880** | 618 |
| | Interest income on plan assets | **(444)** | (350) |
| | Expense for the year | **1,948** | 1,443 |

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **18.6** | **Remeasurement loss on defined benefit obligation recognized in statement of comprehensive income** | | |
| | **Remeasurement of plan obligations** | | |
| | Changes in financial assumptions | **(34)** | (33) |
| | Experience adjustments | **(25)** | (309) |
| | | **(59)** | (342) |
| | Return on plan assets, excluding interest income | **(32)** | (157) |
| | | **(91)** | (499) |
| **18.7** | **Net recognized liability** | | |
| | Net liability at beginning of the year | **4,697** | 2,755 |
| | Expense recognized in profit or loss (note 18.5) | **1,948** | 1,443 |
| | Remeasurement loss recognized in other comprehensive income (note 18.6) | **91** | 499 |
| | Contributions made during the year | **(1,977)** | - |
| | Net liability at end of the year | **4,759** | 4,697 |

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

**18.9** The weighted average duration of the defined benefit obligation is 7 years.

**18.10** Expected future cost for the year ending December 31, 2023 is Rs. 2,082.

| | | 2022 |
|---|---|---|
| | | **Rupees** |
| **18.11** | **Maturity profile** | |
| | Distribution of timing of benefit payments (times in years) | |
| | 1 | 3,699 |
| | 2 | 262 |
| | 3 | 305 |
| | 4 | 363 |
| | 5 | 430 |
| | 6 | 484 |
| | 7 | 536 |
| | 8 | 623 |
| | 9 | 740 |
| | 10 | 879 |
| | 11+ | 221,655 |

(Amounts in thousand)

**18.12 The scheme exposes the Company to the following risks:**

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

- Mortality risk - 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 - 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 - the risk of the investment underperforming and being not sufficient to meet the liabilities.

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

| | **2022** | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | Rupees | | | | |
| Present value of defined benefit obligation | **(8,950)** | (8,476) | (6,341) | (4,843) | (4,245) |
| Fair value of plan assets | **4,191** | 3,779 | 3,586 | 3,366 | 3,101 |
| Deficit | **(4,759)** | (4,697) | (2,755) | (1,477) | (1,144) |

**18.14 Sensitivity analysis for actuarial assumptions**

| | Change in assumption | Present value of defined benefit obligation due to change in assumption **2022** | 2021 |
|---|---|---|---|
| | | Rupees | |
| Discount rate | +1% | **8,377** | 7,854 |
| Discount rate | -1% | **9,608** | 9,203 |
| Future salary increase rate | +1% | **9,615** | 9,213 |
| Future salary increase rate | -1% | **8,361** | 7,834 |

(Amounts in thousand)

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 statement of financial position.

**19. TRADE AND OTHER PAYABLES**

| | **2022** | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Creditors | **2,845** | 15,633 |
| Accrued liabilities | **26,494** | 12,321 |
| Due to Islamic Development Bank (note 19.1) | **25,969** | 25,969 |
| Deposits (note 19.2) | **489** | 514 |
| Withholding tax | **1,080** | 669 |
| Advance from Tenaga Generasi Limited | **50** | 50 |
| Other payables (note 19.3) | **8,870** | 10,005 |
| | **65,797** | 65,161 |

**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 include Rs. 346 (2021: Rs. 346) utilized as per the agreement with the respective parties. The balance is not kept in a separate bank account.

**19.3** This includes amounts due to a related party:

| | **2022** | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Dawood Hercules Corporation Limited | **-** | 105 |

**20. SHORT TERM BORROWINGS - secured**

| | **2022** | 2021 |
|---|---|---|
| Running finance under mark-up arrangement (note 20.1) | **-** | 646,587 |

(Amounts in thousand)

**20.1** This represents short term running finance facility aggregating to Rs.1,500,000 (2021: Rs 1,500,000) obtained under mark-up arrangement from various commercial banks. As at December 31, 2022, the said facility remained fully unutilised (2021: utilised to the extent of Rs. 646,587) and has issued guarantees to the extent of Rs. 35,968 (2021: Rs. 35,968). Further, out of the aforementioned facility, the Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 600,000. This facility is secured by way of a first pari passu mortgage charge on immovable property (including land and building), current assets, and pledge over the Company's investments in a related party (note 6.1.8). The mark-up is charged at the rate of three months KIBOR plus 1% per annum.

**21. PROVISIONS**

In 1975, LWTM offered 130,520 right shares to National Investment (Unit) Trust, managed by National Investment Trust Limited (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 High Court of Sindh (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 (DCM) 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 Securities and Exchange Commission of Pakistan (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. In the year 2021, in compliance with the order of HCS, Company has issued 241,950 shares as stated in note 16.4.

(Amounts in thousand)

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 financial statements is sufficient to meet the remaining obligation of the Company in respect of this matter.

**22. CONTINGENCIES AND COMMITMENTS**

**22.1 Contingencies**

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

The Additional Commissioner Inland Revenue (ACIR) in its 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. 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 High Court of Sindh (HCS) for the allocation of common expenses which is pending adjudication. Total increase in incidence of tax was Rs. 25,762. 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 financial statements.

**22.1.2 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. 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 financial statements.

**22.1.3 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.

(Amounts in thousand)

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 financial statements.

**22.1.4 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. During the year, remand back proceedings were initiated on the remaining issues not contested before ATIR and order was passed, which has been again challenged before CIR(A). Based on the opinion of the tax advisor, the Company is confident that the matter will be decided in its favour. Hence, no provision has been recognised in these financial statements.

**22.1.5 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.

(Amounts in thousand)

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

Later, CIR(A) vide its order dated September 8, 2022 remanded back the order passed by ACIR in 2018. Based on the opinion of the tax advisor, the Company is confident that the matter will be decided in its favour. Hence, no further provision has been recognised in these financial statements.

**22.1.6 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. During March 2022, department has initiated remand back proceedings on the remaining issues and vide order dated June 30, 2022 raised a tax demand of Rs. 41,640 by treating exempt supplies as taxable, for which the Company has filed appeal before CIR(A). Based on the opinion of the tax advisor, the Company is confident that the matter will be decided in its favour. Hence, no further provision has been recognised in these financial statements.

**22.1.7 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. The Company is confident of the favourable outcome, hence no provision has been recognised in these financial statements.

(Amounts in thousand)

**22.1.8 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 had made a provision for the remaining amount in prior years.

**22.1.9 Super Tax under section 4C of Income Tax Ordinance, 2001**

In accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through the Finance Act, 2022, a super tax at 10% has been imposed on the specified sectors (including the textile sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at 4%.

The Company filed a petition against the imposition of super tax before the Sindh High Court (SHC) which is pending adjudication. The Company's management based on the advice of its legal advisor has recorded a provision of super tax at the rate of 4% amounting to Rs. 24,980 in these financial statements on prudent basis and, considers that the chances of additional super tax levy of 6% amounting to Rs. 37,470 are remote and therefore no provision is recorded thereagainst in these financial statements.

**22.1.10 Tax on undistributed profits**

The Company obtained a stay order from the High Court of Sindh 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 appellant 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. The Company is confident of the favourable outcome, hence no provision has been recognised in these financial statements.

**22.1.11 Guarantees issued in respect of subsidiaries**

**Tenaga Generasi Limited**

The Company has arranged a Stand-by Letter of Credit (SBLC) amounting to USD 8,500 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.

(Amounts in thousand)

**Reon Energy Limited (REL)**

Corporate guarantees issued by the Company in favour of the lenders of REL will be discharged in due course of time as per terms of SPA (note 6.1.2).

- Rs. 300,000 to MCB Bank Limited to secure unfunded facility provided to REL for the import / purchase of plant, machinery, stores, and spares;

- Rs. 500,000 to Karandaaz Pakistan through JS Bank Limited against financing facilities for REL;

- Rs. 250,000 to Standard Chartered (Pakistan) Limited to secure a running facility for REL;

- Rs. 225,000 to Habib Metropolitan Bank Limited to secure an unfunded facility for REL; and

- Rs. 600,000 to Bank Al Habib Pakistan Limited to secure a long-term running facility for REL.

**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.

**22.1.12 Other contingencies**

The Company is contingently liable for bank guarantees amounting to Rs. 38,207 (2021: Rs. 38,120) 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.

**22.2 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)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **23.** | **REVENUE FROM CONTRACTS WITH CUSTOMERS - NET** | | |
| | **Revenue recognized at a point in time** | | |
| | Renewable energy | **63** | 2,588 |
| | Textile - sale of goods | **6,095** | 7,667 |
| | Less: Sales tax | **(886)** | (1,114) |
| | | **5,209** | 6,553 |
| | Related to discontinued operations (note 32) | **(5,209)** | (6,553) |
| | | **63** | 2,588 |
| **24.** | **COST OF REVENUE** | | |
| | **Renewable energy** | | |
| | Opening stock | **345** | 43,872 |
| | Purchases and related expenses | **345** | - |
| | Add: Reversal of provision of slow moving and obsolete items (note 10.1) | **(345)** | (40,911) |
| | Closing stock | **-** | (345) |
| | Cost of goods sold | **345** | 2,616 |
| | **Textile** | | |
| | Opening stock | **15,946** | 22,706 |
| | Add: Reversal of provision of slow moving and obsolete items (note 10.1) | **-** | (5,858) |
| | Closing stock | **(10,426)** | (15,946) |
| | | **5,520** | 902 |
| | Related to discontinued operations (note 32) | **(5,520)** | (902) |
| | | **345** | 2,616 |
| **25.** | **DIVIDEND INCOME** | | |
| | Dawood Hercules Corporation Limited | **1,168,978** | 740,353 |
| **26.** | **SELLING AND DISTRIBUTION EXPENSES** | | |
| | Salaries and allowances | **52** | 95 |
| | Related to discontinued operations (note 32) | **(52)** | (95) |
| | | **-** | - |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **27.** | **ADMINISTRATIVE EXPENSES** | | |
| | Salaries and allowances | **81,369** | 63,609 |
| | Legal and professional | **5,239** | 2,842 |
| | Rent, rates and taxes | **6,225** | 6,212 |
| | Electricity and gas | **17,662** | 11,238 |
| | Depreciation (note 4.3) | **2,449** | 2,218 |
| | Printing and stationery | **1,766** | 1,905 |
| | Fees and subscription | **26,425** | 23,195 |
| | Insurance | **1,609** | 1,436 |
| | Conveyance and travelling | **732** | 256 |
| | Repairs and maintenance | **2,066** | 820 |
| | Postage and telephone | **272** | 381 |
| | Entertainment | **535** | 568 |
| | Auditor's remuneration (note 27.2) | **16,880** | 14,390 |
| | Amortization (note 5) | **4** | 23 |
| | Others | **2,348** | 3,625 |
| | | **165,581** | 132,718 |
| | Related to discontinued operations (note 32) | **(83,800)** | (64,288) |
| | | **81,781** | 68,430 |

**27.1** These include Rs. 1,948 (2021: Rs. 1,443) in respect of staff retirement benefits.

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **27.2** | **Auditor's remuneration** | | |
| | **Fee for:** | | |
| | - audit of annual financial statements | **720** | 600 |
| | - review of half yearly condensed interim financial statements | **345** | 230 |
| | - consolidated financial statements | **315** | 120 |
| | - certification and other advisory services | **329** | 265 |
| | - taxation services | **14,436** | 12,541 |
| | - review of compliance with the Code of Corporate Governance | **120** | 75 |
| | | **16,265** | 13,831 |
| | Reimbursement of expenses and taxes | **615** | 559 |
| | | **16,880** | 14,390 |

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **28.** | **OTHER EXPENSES** | | |
| | Provision for impairment of: | | |
| | - investments (note 6.2) | **795,252** | 33,742 |
| | - loan to subsidiaries (note 7.2) | **300,000** | - |
| | | **1,095,252** | 33,742 |
| **29.** | **OTHER INCOME** | | |
| | **Income from financial assets** | | |
| | Profit on bank deposits | **5,846** | 344 |
| | (Loss) / gain on remeasurement of investments at fair value through profit or loss | **(2,328)** | 6 |
| | Mark-up charged to related parties | **117,243** | 75,269 |
| | | **120,761** | 75,619 |
| | **Income from non-financial assets and others** | | |
| | Gain on disposal of property, plant and equipment | **8,378** | 11,885 |
| | Royalty income | **28,340** | 14,384 |
| | Rental income | **43,339** | 21,181 |
| | Farming income | **7,587** | 3,514 |
| | Others | **5,159** | 5,759 |
| | | **92,803** | 56,723 |
| | | **213,564** | 132,342 |
| | Related to discontinued operations (note 32) | **(52,445)** | (37,294) |
| | | **161,119** | 95,048 |
| **30.** | **FINANCE COSTS** | | |
| | Mark-up on running finances | **42,528** | 56,399 |
| | Bank charges | **451** | 1,266 |
| | | **42,979** | 57,665 |
| **31.** | **TAXATION** | | |
| | **Current** | | |
| | - for the year (note 31.3) | **221,790** | 115,967 |
| | - for prior year (note 31.3) | **24,980** | - |
| | | **246,770** | 115,967 |

(Amounts in thousand)

**31.1** The tax expense pertains to continuing operations only.

**31.2 Relationship between tax expense and accounting profit**

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

**31.3** This includes Rs. 46,273 for the year and Rs, 24,980 for prior year provision made by the Company in accordance with the section 4C, 'Super Tax' on high earning persons' introduced in the Income Tax Ordinance, 2001 through Finance Act, 2022 (note 22.1.9).

| | **2022** | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| **32. LOSS FROM DISCONTINUED OPERATIONS** | | |
| Revenue from contracts with customers - net (note 23) | **5,209** | 6,553 |
| Cost of revenue (note 24) | **(5,520)** | (902) |
| Gross (loss) / profit | **(311)** | 5,651 |
| Selling and distribution expenses (note 26) | **(52)** | (95) |
| Administrative expenses (note 27) | **(83,800)** | (64,288) |
| Other income (note 29) | **52,445** | 37,294 |
| | **(31,718)** | (21,438) |

**33. (LOSS) / EARNINGS PER SHARE - basic and diluted**

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

| | **2022** | 2021 |
|---|---|---|
| **Continuing operations** | -------------Rupees------------- | |
| (Loss) / profit for the year | **(136,967)** | 559,569 |
| | ----------Number of shares---------- | |
| Weighted average number of ordinary shares (in thousands) | **59,298** | 59,298 |
| | -------------Rupees------------- | |
| (Loss) / earnings per share | **(2.31)** | 9.44 |
| **Discontinued operations** | | |
| Loss for the year | **(31,718)** | (21,438) |

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ----------Number of shares---------- | |
| Weighted average number of ordinary shares (in thousands) | **59,298** | 59,298 |
| | -------------Rupees------------- | |
| Loss per share | **(0.53)** | (0.36) |

## 34. CASH AND CASH EQUIVALENTS

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Cash and bank balances (note 16) | **64,951** | 48,303 |
| Short term investment | **-** | 216,000 |
| | **64,951** | 264,303 |

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

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Directors | | | Directors | | |
| | Chief Executive | Others | Executives | Chief Executive | Others | Executives |
| | --------------------------------(Rupees)-------------------------------- | | | | | |
| Managerial remuneration | **1,592** | **-** | **22,791** | 1,405 | - | 17,207 |
| Bonus | **-** | **-** | **252** | - | - | 317 |
| Medical allow ance | **85** | **-** | **72** | 448 | - | 912 |
| Fuel allow ance | **-** | **-** | **1,274** | - | - | 1,604 |
| Vehicle maintenance allow ance | **98** | **-** | **2,514** | 55 | - | 3,167 |
| Other benefits | **-** | **-** | **-** | - | - | 934 |
| Meeting fee | **-** | **800** | **-** | - | 1,650 | - |
| Total | **1,775** | **800** | **27,555** | 1,508 | 1,650 | 24,142 |
| Number of persons, including those who worked part of the year | **1** | **7** | **6** | 1 | 7 | 6 |

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

## 36. FINANCIAL INSTRUMENTS BY CATEGORY

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

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| **Financial assets at fair value through profit or loss** | | |
| Long term investments | **11,564** | 13,892 |
| **Financial assets at fair value through other comprehensive income** | | |
| Long term investments | **15** | 15 |

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| **Financial assets at amortized cost** | | |
| Long term deposits | **2,778** | 2,778 |
| Trade debts | **-** | - |
| Long term loan to a subsidiary | **-** | - |
| Loans to subsidiaries | **439,003** | 738,525 |
| Loans to employees | **2,843** | 1,627 |
| Deposits and other receivables | **68,319** | 47,598 |
| Interest accrued | **269,912** | 162,595 |
| Short term investment | **-** | 216,000 |
| Cash and bank balances | **64,951** | 48,303 |
| | **847,806** | 1,217,426 |
| | **859,385** | 1,231,333 |

**36.2 Financial liabilities as per statement of financial position**

| | 2022 | 2021 |
|---|---|---|
| **Financial liabilities at amortized cost** | | |
| Trade and other payables | **64,667** | 65,111 |
| Short term borrowings | **-** | 646,587 |
| Accrued mark-up | **2,279** | 13,026 |
| | **66,946** | 724,724 |

**37. 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

(Amounts in thousand)

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

The Company held the following assets measured at fair values:

| | As at December 31, 2022 | | | |
|---|---|---|---|---|
| | 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) | - | 11,564 | - | 11,564 |
| *Financial assets at fair value through other comprehensive income* | | | | |
| - Long term investments (investments in unquoted equity shares) | - | - | 15 | 15 |
| | - | 11,564 | 15 | 11,579 |

| | 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, 2022 and 2021, the carrying values of the remaining assets and liabilities reflected in the 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.

## 38. 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.

(Amounts in thousand)

**38.1 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 has no exposure to currency risk as its transactions are carried out primarily in Pakistani 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, 2022, 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. 2,970 (2021: lower / higher by Rs. 2,027).

**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, 2022, 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. 1,156 (2021: Rs. 1,389).

(Amounts in thousand)

## 38.2 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, 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:

| | **2022** | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Long term investments | **11,579** | 13,907 |
| Long term deposits | **2,778** | 2,778 |
| Trade debts | **-** | - |
| Long term loan to a subsidiary | **-** | - |
| Loans to subsidiaries | **439,003** | 738,525 |
| Deposits and other receivables | **31,622** | 16,059 |
| Interest accrued | **232,414** | 162,268 |
| Short term investment | **-** | 216,000 |
| Bank balances | **64,736** | 48,115 |
| | **782,132** | 1,197,652 |

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

As at December 31, 2022, the Company has deposits with banks and financial institutions amounting to Rs. 47,490 (2021: Rs. 264,115). The credit risk arising on balances with banks and investments in units of National Investment (Unit) Trust (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:

| | | **2022** | |
|---|---|---|---|
| **Asset Management Company * / Bank** | **Rating Agency** | **Short term** | **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 |

(Amounts in thousand)

| 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 |

**Other financial assets**

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

## 38.3 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.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Maturity upto one year | Maturity after one year | Total | Maturity upto one year | Maturity after one year | Total |
| | ----- | ----- | ----- | Rupees | ----- | ----- |
| Trade and other payables | 64,667 | - | 64,667 | 65,111 | - | 65,111 |
| Accrued mark-up | - | - | - | 646,587 | - | 646,587 |
| Short-term borrowings | 2,279 | - | 2,279 | 13,026 | - | 13,026 |
| | 66,946 | - | 66,946 | 724,724 | - | 724,724 |

(Amounts in thousand)

## 39. 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:

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Short term borrowings (note 20) | - | 646,587 |
| Short term investment | - | (216,000) |
| Cash and bank balances (note 16) | (64,951) | (48,303) |
| Net debt | (64,951) | 382,284 |
| Total equity | 3,343,599 | 3,927,473 |
| Total capital | 3,278,648 | 4,309,757 |
| Gearing ratio | - | 0.089 |

## 40. SEGMENT REPORTING

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

- Renewable energy solutions - this includes business of trading and constructions of renewable energy projects, mainly solar to commercial and industrial consumers which has been transferred to REL in prior years;

- Textile - this was the legacy business of the Company and has been discontinued in prior years; and

- Other operations - It mainly includes management of investment in associate by the Company.

(Amounts in thousand)

## 40.1 Segment operating results

| | Renewable energy solutions | | Textile - discontinued operations | | Other operations | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | ---Rupees--- | | | | | | | |
| Revenue from contract with customers - net | | | | | | | | |
| At a point in time | **63** | 2,588 | **5,209** | 6,553 | **-** | - | **5,272** | 9,141 |
| Cost of revenue | **(345)** | (2,616) | **(5,520)** | (902) | **-** | - | **(5,865)** | (3,518) |
| Segment gross profit / (loss) | **(282)** | (28) | **(311)** | 5,651 | **-** | - | **(593)** | 5,623 |
| Dividend income | **-** | - | **-** | - | **1,168,978** | 740,353 | **1,168,978** | 740,353 |
| Selling and distribution expenses | **-** | - | **(52)** | (95) | **-** | - | **(52)** | (95) |
| Administrative expenses | **(245)** | (4,363) | **(83,800)** | (64,288) | **(81,536)** | (64,067) | **(165,581)** | (132,718) |
| Other expenses | **-** | - | **-** | - | **(1,095,252)** | (33,742) | **(1,095,252)** | (33,742) |
| Other income | **-** | - | **52,445** | 37,294 | **161,119** | 95,048 | **213,564** | 132,342 |
| Finance costs | **-** | - | **-** | - | **(42,979)** | (57,665) | **(42,979)** | (57,665) |
| Taxation | **-** | - | **-** | - | **(246,770)** | (115,967) | **(246,770)** | (115,967) |
| Segment (loss) / profit | **(527)** | (4,391) | **(31,718)** | (21,438) | **(136,440)** | 563,960 | **(168,685)** | 538,131 |

## 40.2 Segment assets and liabilities

| | Renewable energy solutions | | Textile - discontinued operations | | Other operations | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | ---Rupees--- | | | | | | | |
| Property, plant and equipment | **246** | 491 | **10,464** | 10,464 | **8,670** | 4,969 | **19,380** | 15,924 |
| Intangible assets | **-** | - | **-** | - | **-** | 4 | **-** | 4 |
| Investments | **-** | - | **-** | - | **2,671,680** | 3,469,260 | **2,671,680** | 3,469,260 |
| Long term loan to a subsidiary | **-** | - | **-** | - | **-** | - | **-** | - |
| Long term deposits | **-** | - | **2,778** | 2,778 | **-** | - | **2,778** | 2,778 |
| Stores and spares | **-** | - | **892** | 892 | **-** | - | **892** | 892 |
| Stock-in-trade | **-** | - | **8,742** | 14,262 | **-** | - | **8,742** | 14,262 |
| Trade debts | **-** | - | **-** | - | **-** | - | **-** | - |
| Loans to subsidiaries | **-** | - | **-** | - | **439,003** | 738,525 | **439,003** | 738,525 |
| Loans and advances | **771** | 688 | **2,915** | 1,189 | **-** | - | **3,686** | 1,877 |
| Taxes recoverable | **-** | - | **-** | 6,463 | **-** | 6,604 | **-** | 13,067 |
| Deposits, prepayments and other receivables | **29,133** | 22,194 | **-** | - | **49,881** | 34,140 | **79,014** | 56,334 |
| Interest accrued | **-** | - | **-** | - | **269,912** | 162,595 | **269,912** | 162,595 |
| Short term investment | **-** | - | **-** | - | **-** | 216,000 | **-** | 216,000 |
| Cash and bank balances | **-** | - | **-** | - | **64,951** | 48,303 | **64,951** | 48,303 |
| Asset classified as held for sale | **-** | - | **-** | - | **-** | - | **-** | - |
| Total segment assets | **30,150** | 23,373 | **25,791** | 36,048 | **3,504,097** | 4,680,400 | **3,560,038** | 4,739,821 |
| Staff retirement benefits | **-** | - | **-** | - | **4,759** | 4,697 | **4,759** | 4,697 |
| Trade and other payables | **5,988** | 15,478 | **17,143** | 16,921 | **42,665** | 32,762 | **65,797** | 65,161 |
| Contract liabilities | **-** | - | **-** | - | **-** | - | **-** | - |
| Short term borrowings | **-** | - | **-** | - | **-** | 646,587 | **-** | 646,587 |
| Taxes payable | **-** | - | **-** | - | **57,408** | - | **57,408** | - |
| Unclaimed dividend | **-** | - | **-** | - | **73,454** | 72,251 | **73,454** | 72,251 |
| Unpaid dividend | **-** | - | **-** | - | **5,382** | 3,266 | **5,382** | 3,266 |
| Provision | **-** | - | **-** | - | **7,360** | 7,360 | **7,360** | 7,360 |
| Accrued mark-up | **-** | - | **-** | - | **2,279** | 13,026 | **2,279** | 13,026 |
| Total segment liabilities | **5,988** | 15,478 | **17,143** | 16,921 | **193,307** | 779,949 | **216,439** | 812,348 |

(Amounts in thousand)

**41. RELATED PARTY TRANSACTIONS AND BALANCES**

**41.1** The Company in the normal course of business carries out transactions with various related parties. Related parties comprise of subsidiary companies, associates, 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.

**41.2** 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 Company | Basis of relationship |
|---|---|---|
| Dawood Corporation (Private) Limited | 54.83% | Parent Company |
| The Dawood Foundation | 5.02% | Common directorship |
| Cyan Limited | 5.00% | Common directorship |
| Dawood Investments (Private) Limited | 7.49% | Common directorship |
| Sach International (Private) Limited | 0.01% | Associated company |
| Dawood Hercules Corporation Limited | - | Associate |
| Tenaga Generasi Limited | - | Subsidary |
| Reon Energy Limited | - | Subsidary |
| Reon Alpha (Private) Limited | - | Subsidary |
| Mozart (Private) Limited | - | Subsidary |
| Abrax (Private) Limited | - | Subsidary |
| Greengo (Private) Limited | - | Subsidary |
| Grid Edge (Private) Limited | - | 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 | 0.00% | Sponsor's Family member / Director |
| 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% | Chief Executive Officer |
| Staff retirement benefit - gratuity scheme | N/A | Post Employment Benefits |

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

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

| Relationship | Nature of transaction | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **a. Subsidiary companies** | | | |
| Tenaga Generasi Limited | Expenses reimbursable to the Company | **6,064** | 4,397 |
| | Expenses reimbursable by the Company | **1,017** | 1,124 |
| | Equity arrangement fee (SBLC) / SBLC cost reimbursement | **25,742** | 24,837 |
| | Interest on outstanding receivable balance | **1,420** | 4,489 |
| | Interest on outstanding payable balance | **-** | 22 |
| | Interest on subordinated loans | **67,811** | 42,074 |
| Reon Energy Limited | Expenses reimbursable to the Company | **14,472** | 39,531 |
| | Interest on expenses reimbursable by the Company | **-** | 81 |
| | Interest on expenses reimbursable to the Company | **1,343** | 131 |
| | Interest on loans disbursed by the Company | **46,090** | 28,532 |
| | Reimbursable expenses incurred on behalf of the Company | **19,906** | 21,523 |
| | Rental income | **864** | - |
| Mozart (Private) Limited | Unsecured loan disbursed by the Company | **163** | 143 |
| | Interest on loan | **86** | 39 |
| Abrax (Private) Limited | Unsecured loan disbursed by the Company | **158** | 141 |
| | Interest on loan | **90** | 42 |
| Greengo (Private) Limited | Unsecured loan disbursed by the Company | **158** | 141 |
| | Interest on loan | **91** | 42 |
| Reon Alpha (Private) Limited | Interest on reimbursement of expenses | **313** | 60 |
| | Expenses reimbursable to the Company | **1,249** | 1,197 |
| **b. Associated companies** | | | |
| Dawood Hercules Corporation Limited | Dividend income | **1,168,978** | 740,353 |
| | Reimbursable expenses incurred on behalf of the Company | **6,829** | 1,320 |
| | Expenses reimbursable to the Company | **729** | - |

(Amounts in thousand)

| Relationship | Nature of transaction | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| Sach International (Private) Limited | Expenses reimbursable to the Company | **276** | 368 |
| | Royalty charged | **28,340** | 14,384 |
| | Rental income | **660** | 660 |
| | Penalty charged | **1,278** | 2,978 |
| | Sale of Fabric | **529** | - |
| The Dawood Foundation | Reimbursable expenses incurred on behalf of the Company | **420** | - |
| **c. Other related parties** | | | |
| Post Employment Benefits | Contributions made | **1,977** | - |

**41.4** Remuneration of key management personnel are as per terms of employment. Remuneration of directors and key management personnel is disclosed in note 35.

**41.5** During the year, the Company paid dividends to its Parent Company, directors / sponsors amounting to Rs. 65,125 (2021: Rs. 61,370).

## 42. NUMBER OF EMPLOYEES

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Average number of employees during the year | **13** | 12 |
| Number of employees at December 31 - management employees | **14** | 11 |

**42.1** The total and average number of employees of the Company as at December 31, 2022 include shared staff as per the Sharing of Services Agreement with subsidiaries.

## 43. CORRESPONDING FIGURES

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

## 44. GENERAL

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

# NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

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

The Board of Directors in its meeting held on May 02, 2023 has proposed a final cash dividend of Nil (2021: cash dividend of Nil) per share for the year ended December 31, 2022 amounting to Nil (2021: Nil), for approval of the members at the Annual General Meeting to be held on May 30, 2023. This is in addition to interim cash dividends of Rs. 3.00 and Rs. 4.00 (2021: Rs 6.25 per share) resulting in a total dividend of Rs. 7.00 per share for the year 2022 (2021: Rs. 6.25 per share).

**46. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on May 02, 2023 by the Board of Directors of the Company.

| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |


# CONSOLIDATED FINANCIAL STATEMENTS

# CONSOLIDATED FINANCIAL STATEMENT

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INDEPENDENT AUDITOR'S REPORT

**To the members of Dawood Lawrencepur Limited**

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

**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, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, 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 |
|---|---|---|
| 1 | **Impairment of property, plant and equipment**<br><br>(Refer notes 2.12, 3.1 and 5.1.8 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, 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.<br>Based on such assessment, the Group recognized a further impairment loss of Rs. 3,618 thousand against property, plant and equipment relating to RAPL.<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 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, including methodology and assumptions used to estimate recoverable amount of assets;<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. |
| 2 | **Deferred tax on unused tax losses**<br><br>(Refer notes 2.27.2, 3.4 and 23 to the consolidated financial statements)<br><br>As at December 31, 2022, included in the balance of deferred tax liability (net) is an amount of Rs. 390,968 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. | Our audit procedures amongst others included<br>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; |

| | | |
|---|---|---|
| | As preparation of profitability forecast and realizability of recognized deferred tax asset requires significant management judgement, we considered this a key audit matter. | • checked mathematical accuracy of the calculations; and<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 Consolidated and Unconsolidated Financial Statements and Auditor's Reports Thereon**

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

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

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

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

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

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

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. Fergusons & Co.**
**Chartered Accountants**
**Karachi**

**Date: May 5, 2023**

**UDIN: AR202210160vKjhVRT42**

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# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2022

| (Amounts in thousand) | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | **13,586,696** | 12,435,508 |
| Right-of-use assets | 6 | **100,174** | 115,831 |
| Intangible assets | 7 | **49,564** | 46,474 |
| Long term investments | 8 | **11,370,030** | 11,570,345 |
| Long term deposits | 9 | **2,778** | 2,778 |
| Long term loans | 10 | **369** | 477 |
| | | **25,109,611** | 24,171,413 |
| **Current assets** | | | |
| Stores and spares | 11 | **892** | 892 |
| Stock-in-trade | 12 | **1,006,155** | 634,520 |
| Trade debts | 13 | **3,066,540** | 4,104,939 |
| Contract assets | 14 | **1,542,666** | 1,127,153 |
| Loans and advances | 15 | **396,457** | 287,191 |
| Deposits, prepayments and other receivables | 16 | **2,070,349** | 1,442,823 |
| Interest accrued | | **474** | 576 |
| Taxes recoverable | | **29,056** | 85,569 |
| Sales tax receivable | | **45,322** | - |
| Short term investments | 17 | **33,399** | 239,326 |
| Cash and bank balances | 18 | **2,008,981** | 1,148,170 |
| | | **10,200,291** | 9,071,159 |
| **TOTAL ASSETS** | | **35,309,902** | 33,242,572 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 19 | **592,998** | 592,998 |
| Capital reserves | | **206,666** | 217,866 |
| Unappropriated profits | | **16,439,671** | 15,152,648 |
| Non-controlling interest | | **2,220,372** | 1,827,304 |
| **TOTAL EQUITY** | | **19,459,707** | 17,790,816 |
| **Non-current liabilities** | | | |
| Staff retirement benefits | 21 | **79,126** | 86,308 |
| Deferred government grant | 22 | **-** | - |
| Deferred tax liabilities - net | 23 | **1,478,352** | 1,405,155 |
| Long term borrowings | 24 | **7,225,443** | 7,082,235 |
| Lease liabilities | 25 | **120,232** | 126,369 |
| | | **8,903,153** | 8,700,067 |
| **Current liabilities** | | | |
| Current portion of: | | | |
| - Deferred government grant | 22 | **-** | 3,056 |
| - Long term borrowings | 24 | **1,995,064** | 1,546,072 |
| - Lease liabilities | 25 | **18,168** | 17,320 |
| Trade and other payables | 26 | **2,247,367** | 3,107,115 |
| Contract liabilities | 27 | **1,171,823** | 453,452 |
| Short term borrowings | 28 | **1,186,695** | 1,395,175 |
| Provisions | 29 | **7,360** | 7,360 |
| Accrued mark-up | 30 | **241,729** | 146,622 |
| Unclaimed dividend | | **73,454** | 72,251 |
| Unpaid dividend | | **5,382** | 3,266 |
| | | **6,947,042** | 6,751,689 |
| **TOTAL LIABILITIES** | | **15,850,195** | 15,451,756 |
| Contingencies and commitments | 31 | | |
| **TOTAL EQUITY AND LIABILITIES** | | **35,309,902** | 33,242,572 |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

| | | |
|---|---|---|
| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
| Chief Executive Officer | Director | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED DECEMBER 31, 2022

| (Amounts in thousand except for earnings / (loss) per share) | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **CONTINUING OPERATIONS** | | | |
| Revenue from contracts with customers - net | 32 | **13,659,277** | 11,881,431 |
| Cost of revenue | 33 | **(10,489,823)** | (9,253,640) |
| **Gross profit** | | **3,169,454** | 2,627,791 |
| Selling and distribution expenses | 34 | **(297,850)** | (386,331) |
| Administrative expenses | 35 | **(526,574)** | (432,341) |
| Other expenses | 36 | **(301,286)** | (107,926) |
| Other income | 37 | **268,714** | 112,303 |
| **Operating profit** | | **2,312,458** | 1,813,496 |
| Finance costs | 38 | **(711,033)** | (527,849) |
| Share of profit from associate | 8.1 | **949,873** | 1,379,982 |
| **Profit before taxation** | | **2,551,298** | 2,665,629 |
| Taxation | 39 | **(462,674)** | (158,576) |
| **Profit after taxation** | | **2,088,624** | 2,507,053 |
| **DISCONTINUED OPERATIONS** | | | |
| Loss from discontinued operations | 40 | **(31,719)** | (21,438) |
| **Profit for the year** | | **2,056,905** | 2,485,615 |
| **Profit attributable to:** | | | |
| - Owners of the Holding Company | | **1,663,837** | 2,151,040 |
| - Non-controlling interest | | **393,068** | 334,575 |
| | | **2,056,905** | 2,485,615 |
| **Earnings / (loss) per share - basic and diluted** | | | |
| - Continuing operations | 41.3 | **28.59** | 36.64 |
| - Discontinued operations | 41.4 | **(0.53)** | (0.36) |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2022

| (Amounts in thousand) | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **Profit for the year** | | **2,056,905** | 2,482,490 |
| **Other comprehensive income:** | | | |
| **Items that may be reclassified to profit or loss:** | | | |
| Share of comprehensive income of associate - net of tax | | **17,950** | 18,116 |
| **Items that will not be reclassified to profit or loss:** | | | |
| Remeasurement loss on defined benefit obligation - net of tax | | **4,621** | (4,665) |
| Other comprehensive income for the year | | **22,571** | 13,451 |
| **Total comprehensive income for the year** | | **2,079,476** | 2,495,941 |
| Total comprehensive income for the year: | | | |
| Continuing operations | | **2,111,195** | 2,438,860 |
| Discontinued operations | | **(31,719)** | 57,081 |
| | | **2,079,476** | 2,495,941 |
| Total comprehensive income attributable to: | | | |
| Owners of the Holding Company | | **1,686,408** | 2,161,366 |
| Non-controlling interest | | **393,068** | 334,575 |
| | | **2,079,476** | 2,495,941 |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | Attributable to owners of the Holding Company | | | | | | | | Non controlling interest (NCI) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserves | | | | | | Revenue reserves | | |
| | | Merger reserve | Share premium reserve | Capital redemption reserve | Employee share option compensation reserve (note 20) | Others | Total | Unapprop-riated profits | | |
| | ----------------------------------------Rupees---------------------------------------- | | | | | | | | | |
| **Balance as at 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 loss | - | - | - | - | - | - | - | 13,451 | - | 13,451 |
| Total comprehensive income for the year | - | - | - | - | - | - | - | 2,161,366 | 334,575 | 2,495,941 |
| **Transactions with owners** | | | | | | | | | | |
| Dividend for the year ended December 31, 2021 | | | | | | | | | | |
| First interim @ Rs 3.50 per share | - | - | - | - | - | - | - | (207,549) | - | (207,549) |
| Second interim @ Rs 2.75 per share | | | | | | | | (163,074) | | (163,074) |
| Employee share option compensation reserve | - | - | - | - | 11,200 | - | 11,200 | - | - | 11,200 |
| | - | - | - | - | 11,200 | - | 11,200 | (370,623) | - | (359,423) |
| **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 |
| Restatement due to amendment to IAS 16 (note 2.6) | - | - | - | - | - | - | - | 3,124 | - | 3,124 |
| **Balance as at December 31, 2021 (Restated)** | **592,998** | **10,521** | **136,865** | **25,969** | **11,200** | **33,311** | **217,866** | **15,152,648** | **1,827,304** | **17,790,816** |
| Profit for the year | **-** | **-** | **-** | **-** | **-** | **-** | | **1,663,837** | **393,068** | **2,056,905** |
| Other comprehensive income | **-** | **-** | **-** | **-** | **-** | **-** | | **22,571** | **-** | **22,571** |
| Total comprehensive income for the year | **-** | **-** | **-** | **-** | **-** | **-** | | **1,686,408** | **393,068** | **2,079,476** |
| **Transactions with owners** | | | | | | | | | | |
| Dividend for the year ended December 31, 2022 | | | | | | | | | | |
| First interim @ Rs 3.00 per share | **-** | **-** | **-** | **-** | **-** | **-** | | **(177,899)** | **-** | **(177,899)** |
| Second interim @ Rs 4.00 per share | **-** | **-** | **-** | **-** | **-** | **-** | | **(237,199)** | **-** | **(237,199)** |
| Employee share option compensation reserve | **-** | **-** | **-** | **-** | **4,513** | **-** | **4,513** | **-** | **-** | **4,513** |
| Transfer from employee share option compensation reserve | **-** | **-** | **-** | **-** | **(15,713)** | **-** | **(15,713)** | **15,713** | **-** | **-** |
| **Balance as at December 31, 2022** | **592,998** | **10,521** | **136,865** | **25,969** | **-** | **33,311** | **206,666** | **16,439,671** | **2,220,372** | **19,459,707** |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022

| (Amounts in thousand) | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Profit before taxation | | **2,519,579** | 2,644,191 |
| Add: Loss before taxation attributable to discontinued operations | | **31,719** | 21,438 |
| Profit before taxation from continuing operations | | **2,551,298** | 2,665,629 |
| **Adjustment for non-cash items:** | | | |
| Depreciation on property, plant and equipment | | **820,144** | 750,527 |
| Impairment of property, plant and equipment | | **3,328** | 26,601 |
| Depreciation on right-of-use assets | | **15,657** | 17,872 |
| Amortization | | **9,106** | 8,792 |
| Provision for impairment of: | | | |
| - financial assets | | **22,082** | 27,171 |
| - contract assets | | **-** | 15,392 |
| - slow moving and obsolete stock-in-trade - net | | **(919)** | 848 |
| Provision for: | | | |
| - gratuity - net | | **35,499** | 27,366 |
| - warranty obligations | | **(27,264)** | 81,861 |
| - onerous contract | | **-** | 47,580 |
| Charge for employee share options scheme | | **4,513** | 11,200 |
| Property, plant and equipment written off | | **14,446** | - |
| Finance costs | | **710,174** | 526,993 |
| Amortization of government grant | | **(3,056)** | (5,369) |
| Loss/ (gain) on: | | | |
| - disposal of property, plant and equipment | | **201** | 616 |
| - investments in units of mutual funds | | **2,328** | (6) |
| Interest income on short term investments | | **(4,761)** | (3,057) |
| Share of profit of associate | | **(949,873)** | (1,379,982) |
| Mark-up on bank deposits | | **(70,561)** | (15,318) |
| Operating profit before working capital changes | | **3,132,342** | 2,804,716 |
| **Working capital changes** | | | |
| **(Increase) / decrease in current assets** | | | |
| Stock-in-trade | | **(377,155)** | (394,418) |
| Trade debts | | **1,054,914** | (1,238,083) |
| Contract assets | | **(415,512)** | (805,280) |
| Loans and advances | | **(138,814)** | (214,631) |
| Deposits, prepayments and other receivables | | **(213,054)** | (42,813) |
| Sales tax receivable | | **(45,322)** | - |
| **Increase / (decrease) in current liabilities** | | | |
| Trade and other payables | | **(859,748)** | 1,865,630 |
| Contract liabilities | | **718,371** | 42,467 |
| | | **(276,320)** | (787,128) |
| **Cash generated from operations** | | **2,856,022** | 2,017,588 |
| Balance carried forward | | **2,856,022** | 2,017,588 |

# CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | ------------Rupees------------ | |
| Balance brought forward | | 2,856,022 | 2,017,588 |
| Long term loans - net | | 108 | (382) |
| Gratuity paid | | (36,338) | (7,682) |
| Claims paid | | (190,992) | - |
| Taxes paid | | (329,361) | (199,206) |
| Discontinued operations | | (34,905) | (21,855) |
| **Net cash generated from operating activities** | | **2,264,534** | 1,788,463 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | (355,775) | (72,764) |
| Proceeds from disposal of property, plant and equipment | | 487 | 511 |
| Purchase of intangible assets | | (11,340) | (13,217) |
| Purchase of short term investments | | (10,073) | - |
| Redemption of short term investments | | - | 72,408 |
| Interest received | | 75,285 | 61,501 |
| Dividend income received | | 1,168,978 | 740,353 |
| Discontinued operations | | 8,480 | 12,720 |
| **Net cash generated from investing activities** | | **876,042** | 801,512 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from long term borrowings | | 592,251 | 132,899 |
| Repayment of long term borrowings | | (1,657,788) | (1,314,084) |
| Payment of lease liability | | (19,937) | (32,246) |
| Finance costs paid | | (790,032) | (763,576) |
| Payment of dividend | | (411,779) | (365,413) |
| Short term borrowings - net | | (208,480) | 402,430 |
| **Net cash used in financing activities** | | **(2,495,765)** | (1,939,990) |
| **Net increase in cash and cash equivalents** | | **644,811** | 649,985 |
| Cash and cash equivalents at beginning of the year | | 1,364,170 | 714,185 |
| **Cash and cash equivalents at end of the year** | 51 | **2,008,981** | 1,364,170 |

The annexed notes from 1 to 56 form an integral part of these consolidated financial statements.

| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(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 Woollen and Textile Mills Limited (LWTM). The shares of the Holding Company are listed on the Pakistan Stock Exchange Limited. The Holding Company manages investment in its subsidiaries and associated companies 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.

**1.2** 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. |

(Amounts in thousand)

| Business Units | Geographical Location |
|---|---|
| Wind Farm of Tenaga Generasi Limited | KhutiKun Area, Mirpur Sakro, District Thatta, Sindh. |

**1.3** The Holding Company in the years 2007 and 2008 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 38).

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

**1.5** During the year, the shareholding of Dawood Corporation (Private) Limited (DCPL) in the Holding Company increased from 49.77% to 54.83% by virtue of which DCPL became the Parent Company.

**1.6** The "Group" consists of:

**Holding Company:** Dawood Lawrencepur Limited;

**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 | |
|---|---|---|---|
| | | **2022** | **2021** |
| Reon Energy Limited (note 1.6.1) | December 31 | **100%** | 100% |
| Tenaga Generasi Limited (note 1.6.2) | December 31 | **75%** | 75% |
| Reon Alpha (Private) Limited (note 1.6.3) | December 31 | **100%** | 100% |
| Mozart (Private) Limited (note 1.6.4) | December 31 | **100%** | 100% |
| Abrax (Private) Limited (note 1.6.5) | December 31 | **100%** | 100% |
| Greengo (Private) Limited (note 1.6.6) | December 31 | **100%** | 100% |
| Grid Edge (Private) Limited | December 31 | Subsidiary of Reon Energy Limited by virtue of 100% direct holding | |
| **Associated Company** | | | |
| Dawood Hercules Corporation Limited (note 1.7) | December 31 | **16.19%** | 16.19% |

(Amounts in thousand)

**1.6.1 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, 2022, the REL (together with its nominee directors) held 100% (2021: 100%) of the share capital of GEL.

On March 22, 2023, the Board of Directors of the Holding Company approved sale of 100% shareholding in REL followed by which a share purchase agreement (SPA) was signed between the Holding Company and Juniper International FZ LLC stipulating a maximum consideration of Rs. 300 million, subject to certain adjustments. The execution of SPA is subject to the approval by the shareholders and other related approvals. The transaction is expected to be closed and materialized on or before June 30, 2023.

**1.6.2 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. 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:

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Non-current assets | **12,931,186** | 11,995,648 |
| Current assets | **5,473,900** | 4,424,215 |
| Total assets | **18,405,086** | 16,419,863 |
| Non-current liabilities | **6,467,654** | 6,800,538 |
| Current liabilities | **3,140,971** | 2,395,135 |
| Total liabilities | **9,608,624** | 9,195,673 |
| Revenue | **3,432,276** | 3,021,210 |
| Total comprehensive income for the year | **1,572,270** | 1,338,298 |
| Total comprehensive income allocated to NCI | **393,068** | 334,575 |
| Accumulated NCI | **2,220,372** | 1,827,304 |
| Cash and cash equivalents | **1,815,922** | 944,057 |
| Net cash (utilized in) / generated from: | | |
| - operating activities | **3,126,918** | 2,274,301 |
| - investing activities | **(11,654)** | 13,930 |
| - financing activities | **(2,243,399)** | (1,832,950) |
| | **871,865** | 455,281 |
| Proportion of ownership interest held by NCI | **25%** | 25% |

**1.6.3 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.

(Amounts in thousand)

**1.6.4 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 assets located in Burewala.

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

**1.6.5 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.

**1.6.6 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.

**1.7 Associated Company - Dawood Hercules Corporation Limited**

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% (2021: 16.19%) in DHCL. Summarized financial information of DHCL is disclosed in note 8.1.2.

(Amounts in thousand)

**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 and obligations under retirement benefit plan have been measured at present value.

The preparation of these 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 judgement, assumptions and estimates significant to these consolidated financial statements are disclosed in note 3.

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

The consolidated financial statements have been prepared on the basis of audited financial statements of the Holding Company and the subsidiary companies. The financial year end of the Holding Company, subsidiaries and associate is December 31, 2022.

**2.2 Statement of compliance**

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

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

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

(Amounts in thousand)

**2.3 Functional and presentation currency**

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

**2.4 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 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 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 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 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 comprehensive income are reclassified to profit or loss.

**2.5 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 which are mandatory for accounting period beginning on or after January 1, 2022 but are considered not to be relevant or do not have a significant effect on the Group's financial reporting and therefore have not been presented here, except as stated below:

(Amounts in thousand)

**Amendment to IAS 16 'Property, Plant and Equipment' - Proceeds before the intended use**

In the year 2020, the International Accounting Standard Board (IASB) made an amendment - Proceeds before the intended use in IAS 16 - ""Property, Plant and Equipment" (IAS 16). As a result, the net proceeds received from selling the output produced before the asset is ready for its intended used are to be recognised in the profit or loss. Previously, such proceeds were deducted from the cost of the asset. This amendment is to applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after beginning of the earliest period presented in the consolidated financial statements, in which the entity first applies the amendment, i.e. January 1, 2021.

The impact of changes introduced by this amendment has been disclosed in note 2.6.

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

Standards and certain amendments to approved accounting and reporting standards that will be mandatory for accounting periods beginning on or after January 1, 2023 but are considered not to be relevant or expected not to have any significant effect on the Group's financial reporting and accordingly have not been disclosed in these consolidated financial statements.

**2.6 Restatement due to amendment to IAS 16**

**2.6.1 Property, Plant and Equipment: Proceeds before intended use**

This amendment requires that any net proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management shall be recognized in the profit or loss. The Group has retrospectively adopted the amendment in IAS 16 - “Proceeds before intended use”.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

**2.6.2 Effect on statement of financial position as of December 31, 2021**

| | Balance as previously reported | Effect of correction of prior year | Balance after restatement |
|---|---|---|---|
| | -----------------(Rupees in '000) | | ----------------- |
| **ASSETS** | | | |
| Property, plant and equipment | 12,432,384 | 3,124 | 12,435,508 |
| **EQUITY** | | | |
| Unappropriated profits | 15,149,525 | 3,124 | 15,152,649 |

**2.6.3 Effect on statement of profit or loss for the year ended December 31, 2021**

| | Balance as previously reported | Effect of correction of prior year | Balance after restatement |
|---|---|---|---|
| | -----------------(Rupees in '000) | | ----------------- |
| Revenue | 11,876,676 | 4,755 | 11,881,431 |
| Cost of revenue | (9,252,009) | (1,631) | (9,253,640) |

**2.6.4 Effect on statement of changes in equity for the year ended December 31, 2021**

| | Balance as previously reported | Effect of correction of prior year | Balance after restatement |
|---|---|---|---|
| | -----------------(Rupees in '000) | | ----------------- |
| Unappropriated profits | 15,149,525 | 3,124 | 15,152,649 |

**2.6.5 Effect on statement of cash flows for the year ended December 31, 2021**

| | Balance as previously reported | Effect of correction of prior year | Balance after restatement |
|---|---|---|---|
| | -----------------(Rupees in '000) | | ----------------- |
| **Cash flows from operating activities** | | | |
| Profit before taxation | 2,641,067 | 3,124 | 2,644,191 |
| Depreciation | 750,387 | 140 | 750,527 |
| **Net cash flows from operating activities** | 3,391,454 | 3,264 | 3,394,718 |

(Amounts in thousand)

**2.6.6** There is no impact of the amendment on the earliest period presented i.e. January 01, 2021.

**2.7 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. Freehold land and capital work-in-progress are stated at cost less accumulated 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 Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the 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 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.

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 recognised in the 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 recognised in the 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 profit or loss.

**2.8 Lease liabilities and right-of-use assets**

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to 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 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 recognised as an expense in profit or loss on a straight line basis over the lease term.

### 2.10 Intangible assets

#### 2.10.1 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.

#### 2.10.2 Computer Software

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

Costs directly associated with acquiring intangible assets that have probable economic benefits exceeding one year, are recognised 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 capitalised 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.

Subsequently, directly attributable costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs associated with maintaining intangible assets are recognised 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.

**2.11 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 or 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 profit or loss.

**2.12 Financial instruments**

**2.12.1 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.

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

**Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in 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 investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in 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.

(Amounts in thousand)

**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 profit or loss and presented within other gains / (losses) in the period in which it arises.

***Equity instruments***

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in the profit or loss 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 the 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. On derecognition of a financial asset, in its entirety, the difference between the assets carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

**2.12.2 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 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 profit or loss.

**2.12.3 Offsetting**

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

**2.12.4 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 expected credit losses, 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. Further, as per letter from SECP dated January 09, 2023, TGL received extension in exemption till June 30, 2023. Also as per SRO 67(I) / 2023 - dated January 20, 2023 exemption is now further extended till December 31, 2024. 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.

The Group measures ECL of a financial instrument in a way that reflects:

a) an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcome;

b) the time value of money; and

c) reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

**2.13 Impairment of non-financial assets including goodwill**

The Holding Company assesses at each reporting date whether there is an indication that an asset or a CGU is impaired. If any indication exists or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Goodwill is tested for impairment annually at year end and when the circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU or group of CGUs to which the goodwill relates. When the recoverable amount of CGU is less than its carrying amount, an impairment loss is recognised. Intangible assets with indefinite useful lives are tested for impairment annually at year end either individually or at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired. For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Holding Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset neither exceeds its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss. Impairment losses relating to goodwill are not reversed in future periods.

(Amounts in thousand)

### 2.14 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.

### 2.15 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.

### 2.16 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.

### 2.17 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.

(Amounts in thousand)

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).

**2.18 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.

**2.19 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.

**2.20 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 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 profit or loss, is transferred to unappropriated profits from employee share option compensation reserve in the 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.

(Amounts in thousand)

**2.21 Employees' retirement benefits**

**2.21.1 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 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 other comprehensive income.

**2.21.2 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 21. All remeasurement gains / losses are recognized in other comprehensive income.

**2.22 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.

(Amounts in thousand)

**2.23 Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. These are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method. These are classified as current liabilities if payment is due within twelve months or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Exchange gains and losses arising from translation in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

**2.24 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.

**2.25 Warranty obligations**

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 profit or loss of those projects which are under defect liability period.

**2.26 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.

**2.27 Government grants**

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

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

(Amounts in thousand)

**2.28 Taxation**

**2.28.1 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, under the Income Tax Ordinance, 2001 (ITO). 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 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.

**2.28.2 Deferred**

Deferred tax is recorded 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 realised or the liability is settled, based on tax rates and the tax laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax is charged or credited in the profit or loss, unless it relates to item recognized in other comprehensive income and equity in which case it is also recognized in other comprehensive income and equity, respectively.

**2.29 Revenue recognition**

**2.29.1 Revenue from contracts with customers**

**a) Project revenue**

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

**b) Operations and maintenance services**

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

**c) Sale of goods**

Revenue from sale of goods is recognized when goods are transferred to the customer and when performance obligations are met at a point in time. Goods are considered to be transferred when the control is transferred to the customer, i.e. at the time of dispatch.

**d) Supply of electricity**

i) 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.)

(Amounts in thousand)

ii) For supply of electricity to SECMC, the Group recognizes revenue when the performance obligation is satisfied over the time 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 Power Purchase Agreement (PPA). The normal payment term is 30 days from the date of invoice.

iii) For supply of electricity to P&G, the Group recognizes revenue when the performance obligation is satisfied over the time i.e. delivery of energy output at the Energy Delivery Point to P&G. Revenue is recognized based on the rates determined under the mechanism laid down in the PPA. The normal payment term is 30 days from the date of invoice.

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

**e) Other services**

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

**2.29.2 Other income**

**a) Interest on investments, bank deposits and delayed payment income**

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

**b) Dividend income**

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

**c) Capital gain**

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

**2.30 Borrowing costs**

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

(Amounts in thousand)

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 Independent Power Producers (IPPs) that have executed their Power Purchase Agreements (PPAs) before January 1, 2019.

**2.31 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 coordinated 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.

**2.32 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 profit or loss.

**2.33 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.

**2.34 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 47.

**2.35 Transactions with related parties**

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

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

**3.1 Property, plant and equipment and intangibles**

The Group reviews appropriateness of the rates of depreciation / amortization, useful lives and residual values used in the calculation of depreciation / amortization at each reporting date. Further where applicable, an estimate of recoverable amount of assets is made for possible impairment on an annual basis. The key assumptions and estimation uncertainty in arriving at the recoverable amount has been disclosed in note 5.1.7.

**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.

(Amounts in thousand)

**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 21.

**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. In addition, deferred tax is recognized taking into account these judgments and the best estimates of future results of operations of the Group.

**3.5 Impairment of investment in associate**

The Holding Company assesses at each reporting date whether there is an indication that investment in associates may be impaired. If any such indication exists, the Holding Company estimates the recoverable amount, which is higher of assets' fair value less cost to sell and its value-in-use. 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. Where the carrying amount of investments exceeds its recoverable amount, these are considered impaired and are written down to its recoverable amount. Impairment loss is recognised as an expense in the profit or loss.

**3.6 Provision for warranty obligations**

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.

(Amounts in thousand)

## 4. TGL MEMORANDUM OF UNDERSTANDING

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

TGL is still in negotiations with the Government of Pakistan (GOP) through its lender U.S International Development Finance Corporation (DFC) 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. However, DFC is not willing to 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.

(Amounts in thousand)

| | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **5. PROPERTY, PLANT AND EQUIPMENT** | | | |
| Operating assets (note 5.1) | | **13,147,764** | 12,269,239 |
| Capital work in progress (note 5.2) | | **279,148** | 6,485 |
| Capital spares | | **159,784** | 159,784 |
| | | **13,586,696** | 12,435,508 |

## 5.1 Operating assets

| | Land | | Building | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Freehold | Leasehold (notes 5.1.3 and 5.1.4) | Freehold | Leasehold | Plant and machinery (note 5.2) | Wind measuring equipment | Furniture, fixtures and office equipment | Computers | Tools and equipment | Vehicles | Renewable energy units | Total |
| | ------------Rupees------------ | | | | | | | | | | | |
| **As at January 1, 2021** | | | | | | | | | | | | |
| 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 | 155,480 | - | 13,698 | 130 | - | - | - | 170,832 |
| 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 5.1.6) | - | (648) | (170) | (143,686) | (586,372) | (119) | (14,980) | (239) | (690) | (1,387) | (397) | (748,688) |
| Closing net book value (Restated) | 3,157 | 10,524 | 2,931 | 2,411,014 | 9,792,245 | 1,071 | 30,792 | 2,236 | 7,099 | 5,527 | 2,643 | 12,269,239 |
| **As at January 01, 2022 (Restated)** | | | | | | | | | | | | |
| Cost | 3,157 | 38,194 | 67,719 | 3,103,701 | 12,592,480 | 3,881 | 136,735 | 14,679 | 14,969 | 26,659 | 5,643 | 16,007,817 |
| Accumulated depreciation | - | (27,670) | (64,788) | (692,687) | (2,764,419) | (2,810) | (105,943) | (12,443) | (7,457) | (21,132) | (3,000) | (3,702,349) |
| Accumulated impairment | - | - | - | - | (35,815) | - | - | - | (413) | - | - | (36,228) |
| Net book value | 3,157 | 10,524 | 2,931 | 2,411,014 | 9,792,246 | 1,071 | 30,792 | 2,236 | 7,099 | 5,527 | 2,643 | 12,269,240 |
| **Year ended December 31, 2022** | | | | | | | | | | | | |
| Opening net book value | 3,157 | 10,524 | 2,931 | 2,411,014 | 9,792,246 | 1,071 | 30,792 | 2,236 | 7,099 | 5,527 | 2,643 | 12,269,240 |
| Additions including transfers | - | - | - | 1,498 | 80,784 | - | 5,498 | 829 | 122 | 4,325 | - | 93,056 |
| Capitalization adjustment for exchange loss (note 5.1.6) | - | - | - | 334,629 | 1,290,519 | - | - | - | - | - | - | 1,625,148 |
| Disposals / write offs | | | | | | | | | | | | |
| Cost | - | - | (1,892) | - | (19,637) | - | (468) | - | - | (2,143) | - | (24,140) |
| Accumulated depreciation | - | - | 1,790 | - | 5,191 | - | 468 | - | - | 1,455 | - | 8,904 |
| | - | - | (102) | - | (14,446) | - | - | - | - | (688) | - | (15,236) |
| Impairment loss (note 5.1.7) | - | - | - | - | (3,273) | - | - | - | (55) | - | - | (3,328) |
| Depreciation charge (note 5.1.6) | - | (648) | (170) | (157,781) | (643,367) | (119) | (16,594) | (279) | (631) | (1,282) | (245) | (821,116) |
| Closing net book value | 3,157 | 9,876 | 2,659 | 2,589,360 | 10,502,463 | 952 | 19,696 | 2,786 | 6,535 | 7,882 | 2,398 | 13,147,764 |
| **As at December 31, 2022** | | | | | | | | | | | | |
| Cost | 3,157 | 38,194 | 65,827 | 3,439,828 | 13,944,146 | 3,881 | 141,765 | 15,508 | 15,091 | 28,841 | 5,643 | 17,701,881 |
| Accumulated depreciation | - | (28,318) | (63,168) | (850,468) | (3,402,595) | (2,929) | (122,069) | (12,722) | (8,088) | (20,959) | (3,245) | (4,514,561) |
| Accumulated impairment | - | - | - | - | (39,088) | - | - | - | (468) | - | - | (39,556) |
| Net book value | 3,157 | 9,876 | 2,659 | 2,589,360 | 10,502,463 | 952 | 19,696 | 2,786 | 6,535 | 7,882 | 2,398 | 13,147,764 |
| **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 net book value of Rs. 10,464 (2021: 10,464) held as idle assets which relates to discontinued units, LWTM and BTM.

**5.1.2** The Holding Company's assets include equipment costing Rs. 28,707 (2021: Nil) having Nil net book value that are still in use of the Holding Company.

**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.

**5.1.5** During the year, the following assets have been disposed off:

| Description of asset and mode of disposal | Cost | Accumulated depreciation | Net book value (NBV) | Sale proceeds | (Loss) / gain |
|---|---|---|---|---|---|
| | --- | --- | Rupees | --- | --- |
| **Plant and machinery** | | | | | |
| By Group's scrap / write off policy | 19,637 | 5,191 | 14,446 | - | (14,446) |
| **Building** | | | | | |
| By Group's scrap sale policy | 1,892 | 1,790 | 102 | 8,480 | 8,378 |
| **Vehicles** | | | | | |
| By Group's buy-back option policy to existing / separating employees after retention period of five years at notional NBV | 2,143 | 1,455 | 688 | 428 | (260) |
| **Office equipment** | | | | | |
| By Group's buy-back option policy to existing / separating employees after retention period of two years at notional NBV | 468 | 468 | - | 59 | 59 |
| December 31, 2022 (note 32) | 24,140 | 8,904 | 15,236 | 8,967 | (6,269) |
| December 31, 2021 (note 33) | 6,186 | 4,906 | 1,280 | 13,231 | 11,951 |

| 5.1.6 **Depreciation charge for the year has been allocated as follows:** | **2022** | 2021 |
|---|---|---|
| | ---Rupees--- | |
| Cost of revenue (note 33) | **803,022** | 729,940 |
| Selling and distribution expenses (note 34) | **5,469** | 5,907 |
| Administrative expenses (note 35) | **12,625** | 12,841 |
| | **821,116** | 748,688 |

(Amounts in thousand)

**5.1.7** Additions during the year include exchange loss aggregating to Rs. 1,625,148 (2021: exchange loss of Rs. 642,165) arising on foreign currency borrowings capitalised as cost of the related property, plant and equipment as per the exemption from the application of IAS 21 "The Effects of Changes in Foreign Exchange Rates" granted by the Securities and Exchange Commission of Pakistan via S.R.O. 986 (I) / 2019 dated September 2, 2019 which was partial modification of its previously issued S.R.O. 24 / (1)/2012 dated January 16, 2012.

**5.1.8** 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 further impairment loss of Rs. 3,618 (2021:Rs. 28,922), which was recognized in profit or loss. The recoverable amount of Rs. 327,420 as at December 31, 2022 was determined on the basis of value in use, discounted using a pre-tax weighted average cost of capital of 12.62% (2021: 15.5%). In this assessment, key assumption includes electricity output that is based on Capacity Utilization Factor of 17.9% for the first year, reduced by 0.7% for every succeeding year, as agreed in the PPA.

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

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

(Amounts in thousand)

**5.2 Capital work-in-progress**

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Cost incurred on procurement of equipment, engineering and construction services (note 5.2.1) | **274,269** | - |
| Others | **4,879** | 6,485 |
| | **279,148** | 6,485 |
| **Movement of capital work-in-progress:** | | |
| Balance as at January 1 | **6,485** | 101,288 |
| Additions during the year | **274,269** | 38,812 |
| Transfers to operating fixed assets | **(1,606)** | (133,615) |
| Balance as at December 31 | **279,148** | 6,485 |

**5.2.1** This represents the solar plant which is under-construction at Cresent Textile Mills. The Holding Company has entered into an Energy-Selling Agreement and will operate and maintain the plant for 15 years after its completion.

**6. RIGHT-OF-USE ASSETS**

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| **Year ended December 31** | | |
| As at January 1 | **115,831** | 116,689 |
| Additions | **-** | 22,762 |
| Depreciation charge (note 6.1) | **(15,657)** | (23,620) |
| Closing net book value | **100,174** | 115,831 |
| **As at December 31** | | |
| Cost | **181,499** | 181,499 |
| Accumulated depreciation | **(81,325)** | (65,668) |
| Net book value | **100,174** | 115,831 |
| 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:**

| | 2022 | 2021 |
|---|---|---|
| Cost of revenue (note 33) | **5,748** | 5,748 |
| Selling and distribution expenses (note 34) | **9,909** | 4,594 |
| Administrative expenses (note 35) | **-** | 13,278 |
| | **15,657** | 23,620 |

(Amounts in thousand)

## 7. INTANGIBLE ASSETS

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Goodwill (note 7.1) | **22,834** | 22,834 |
| Computer software (note 7.2) | **6,755** | 10,587 |
| Capital work-in-progress (note 7.3) | **19,975** | 13,053 |
| | **49,564** | 46,474 |

### 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, 2022, the management of the Group carried out an annual impairment testing of goodwill. Based on the said testing, the NPV of the wind project was in excess of the respective carrying amount of goodwill as at December 31, 2022.

### 7.2 Computer software

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| **Cost** | | |
| Balance as at January 1 | **45,542** | 45,378 |
| Additions during the year | **4,418** | 164 |
| Balance as at December 31 | **49,960** | 45,542 |
| Accumulated amortization | | |
| Balance as at January 1 | **(34,955)** | (27,019) |
| Amortization during the year (note 7.2.2) | **(8,250)** | (7,936) |
| Balance as at December 31 | **(43,205)** | (34,955) |
| Carrying amount | **6,755** | 10,587 |

(Amounts in thousand)

**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:

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Selling and distribution expenses (note 34) | **72** | - |
| Administrative expenses (note 35) | **8,178** | 7,936 |
| | **8,250** | 7,936 |

**7.3 Capital work-in-progress**

| | 2022 | 2021 |
|---|---|---|
| As at January 1 | **13,053** | - |
| Additions during the year | **11,340** | 13,053 |
| Transfer to computer software during the year | **(4,418)** | - |
| As at December 31 | **19,975** | 13,053 |

**8. LONG TERM INVESTMENTS**

| | 2022 | 2021 |
|---|---|---|
| Investment in associate (note 8.1) | **11,358,451** | 11,556,438 |
| Other investments (note 8.3) | **11,579** | 13,907 |
| | **11,370,030** | 11,570,345 |

**8.1 Investment in associate (quoted)**

**Dawood Hercules Corporation Limited (DHCL)**

| | 2022 | 2021 |
|---|---|---|
| Opening balance | **11,556,438** | 10,895,496 |
| **Add:** | | |
| - Share of profit after taxation | **949,873** | 1,379,982 |
| - Share of other comprehensive income | **21,118** | 21,313 |
| | **970,991** | 1,401,295 |
| Less: Dividend received | **(1,168,978)** | (740,353) |
| | **11,358,451** | 11,556,438 |

**8.1.1** The Holding Company has invested in DHCL with ownership of 16.19% (2021: 16.19%) comprising of 77,931,896 (2021: 77,931,896) fully paid ordinary shares of Rs. 10/- each, having a market value of Rs. 7,364,564 (2021: Rs. 7,444,055).

(Amounts in thousand)

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

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Revenue | **356,642,844** | 311,780,699 |
| | | |
| Profit after tax | **42,920,401** | 50,734,535 |
| Other comprehensive income - net of tax | **335,840** | 341,350 |
| Total comprehensive income | **43,256,241** | 51,075,885 |
| | | |
| **Profit attributable to:** | | |
| | | |
| - Owners of DHCL | **5,866,168** | 8,523,667 |
| - NCI of DHCL | **37,054,233** | 42,210,868 |
| | **42,920,401** | 50,734,535 |
| | | |
| Non-current assets | **447,559,333** | 384,797,377 |
| Current assets | **317,978,924** | 277,904,623 |
| Total assets | **765,538,257** | 662,702,000 |
| | | |
| **Less:** | | |
| Non-current liabilities | **240,032,092** | 221,378,328 |
| Current liabilities | **276,845,949** | 187,333,368 |
| Total liabilities | **516,878,041** | 408,711,696 |
| Net assets | **248,660,216** | 253,990,304 |
| | | |
| Net assets attributable to: | | |
| - Owners of DHCL | **70,162,014** | 71,384,733 |
| - NCI of DHCL | **178,498,202** | 182,605,571 |
| | **248,660,216** | 253,990,304 |
| | | |
| Group's share in % | **16.19%** | 16.19% |

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Share of net assets | **11,359,230** | 10,896,137 |
| Others | **(749)** | (641) |
| Carrying amount | **11,358,481** | 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.

**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 24 & 28) the details of which are as follows:

(Amounts in thousand)

| Bank | Shares pledged | As at December 31, 2022 Number of shares pledged | Face value of shares pledged | Market value of shares pledged | As at December 31, 2021 Number of shares pledged | Face value of shares pledged | Market value of shares pledged |
|---|---|---|---|---|---|---|---|
| | | ------------Rupees------------ | | | ------------Rupees------------ | | |
| **Pledged against short-term financing and other facilities availed by the Company and its subsidiaries** | | | | | | | |
| Standard Chartered Bank (Pakistan) Limited (note 28) | Dawood Hercules | **-** | **-** | **-** | 20,459,737 | 204,597 | 1,954,314 |
| Bank AL Habib Limited (note 28) | Corporation Limited | **10,200,000** | **102,000** | **963,900** | 10,200,000 | 102,000 | 974,304 |
| MCB Bank Limited | | **210,000** | **2,100** | **19,845** | 5,910,000 | 59,1001 | 564,523 |
| Habib Bank Limited | | **28,350,000** | **283,500** | **2,679,075** | - | - | - |
| **Pledged under Musharka Agreement entered into between RAPL and FBL** | | | | | | | |
| Faysal Bank Limited (FBL) (note 31.1.11) | 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

| 2022 | 2021 | | 2022 | 2021 |
|---|---|---|---|---|
| Units* / Number of Shares | | Name of Investee | -------------Rupees------------- | |
| | | **Listed securities** | | |
| **200,000** | 200,000 | National Investment (Unit) Trust | **11,564** | 13,892 |
| | | **Un-listed securities** | | |
| **1,500** | 1,500 | Asian Co-operative Society Limited | **15** | 15 |
| | | | **11,579** | 13,907 |

## 8.3.1 Reconciliation between fair value and cost of investments

| | 2022 | 2021 |
|---|---|---|
| Fair value of investments | **11,579** | 13,892 |
| Surplus on remeasurement of investments as at year end | **(9,124)** | (11,437) |
| Cost of investments | **2,455** | 2,455 |

## 9. LONG TERM DEPOSITS

| | 2022 | 2021 |
|---|---|---|
| Deposits for utilities | **2,778** | 2,778 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **10.** | **LONG TERM LOANS** | | |
| | **- Secured, considered good** | | |
| | Long-term loans to employees (notes 10.1 and 10.2) | **796** | 1,912 |
| | Less: Current portion (note 15) | **(427)** | (1,435) |
| | | **369** | 477 |
| **10.1** | **Reconciliation of the carrying amount of loans to employees** | | |
| | Balance at beginning of the year | **1,912** | 1,069 |
| | Disbursement | **1,050** | 2,450 |
| | Repayment | **(2,166)** | (1,607) |
| | Balance at end of the year | **796** | 1,912 |

**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. 796 (2021: Rs. 1,912).

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **11.** | **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 |
| **12.** | **STOCK-IN-TRADE** | | |
| | **Renewable energy** | | |
| | Finished goods | **705,179** | 287,648 |
| | Provision for slow moving and obsolete items (note 12.1) | **-** | (1,264) |
| | | **705,179** | 286,384 |
| | Stock in transit | **292,234** | 333,874 |
| | | **997,413** | 620,258 |
| | **Textile** | | |
| | Finished goods | **10,426** | 15,946 |
| | Provision for slow moving and obsolete items (note 12.1) | **(1,684)** | (1,684) |
| | | **8,742** | 14,262 |
| | | **1,006,155** | 634,520 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **12.1** | The movement in provision during the year is as follows: | | |
| | Balance at beginning of the year | **2,948** | 52,869 |
| | Add: Charge for the year | **-** | 848 |
| | Less: Stock written off against provision | **(1,264)** | (50,769) |
| | Balance at end of the year | **1,684** | 2,948 |
| **13.** | **TRADE DEBTS** | | |
| | **Secured, considered good** | | |
| | Alternate energy (notes 13.1 and 13.2) | **2,215,968** | 2,523,971 |
| | **Unsecured, considered good** | | |
| | Renewable energy - projects (notes 13.3 and 13.4) | **850,572** | 1,580,968 |
| | | **3,066,540** | 4,104,939 |
| | **Considered doubtful** | | |
| | Renewable energy | **62,160** | 41,642 |
| | Others | **1,052** | 32 |
| | | **63,212** | 41,674 |
| | | **3,129,752** | 4,146,613 |
| | Provision for impairment against doubtful debts - net (note 13.5) | **(63,212)** | (41,674) |
| | | **3,066,540** | 4,104,939 |

**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. 273,672 (2021: Rs. 391,388) which are neither past due nor impaired.

- Rs. 1,942,296 (2021: Rs. 2,132,583) which are overdue by upto 150 days (2021: upto 152 days) but not impaired. These carry markup at the rate of 3 months KIBOR plus 4.5% per annum.

**13.3** Trade debts from renewable energy - projects represents:

- Rs. 122,015 (2021: Rs. 910,354) 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.

(Amounts in thousand)

- Rs. 728,557 (2021: Rs. 670,614) 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 trade debts past due but not impaired is as follows:

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Upto 2 months | 56,876 | 310,709 |
| More than 2 months | 67,681 | 359,905 |
| | 728,557 | 670,614 |

**13.4** These include trade debts from the following related parties in respect of projects executed and inventory sold by the Group:

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| **Neither past due nor impaired** | | |
| Enfrashare (Private) Limited | 77,709 | 198,608 |
| | | |
| **Past due but not impaired** | | |
| Engro Energy Limited | 1,534 | - |
| Enfrashare (Private) Limited | 214,779 | 125,862 |
| Dawood Hercules Corporation Limited | 395 | 350 |
| The Dawood Foundation | - | 43 |
| Engro Vopak Terminal Limited | 590 | 385 |
| | 217,298 | 126,640 |
| | 295,007 | 325,248 |

The aging analysis of above past due debts is as follows:

| | 2022 | 2021 |
|---|---|---|
| Upto 2 months | 67,225 | 65,661 |
| More than 2 months | 150,073 | 60,979 |
| | 217,298 | 126,640 |

**13.4.1** The maximum aggregate amount due from related parties at the end of any month during the year was Rs. 295,007 (2021: Rs. 332,627).

**13.4.2** 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 30 days.

**13.5** As at December 31, 2022, trade debts aggregating to Rs. 63,212 (2021: Rs. 41,674) 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:

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Balance at beginning of the year | **41,674** | 14,503 |
| Provision made during the year (note 36) | **21,538** | 27,171 |
| Balance at end of the year | **63,212** | 41,674 |

**14. CONTRACT ASSETS**

| | | |
|---|---|---|
| Contract costs incurred plus recognized profits less recognized losses | **6,357,010** | 13,837,496 |
| Less: Progress billings | **(4,776,493)** | (12,672,492) |
| Amount unbilled as at December 31 | **1,580,517** | 1,165,004 |
| Less: Provision for impairment (note 14.2) | **(37,851)** | (37,851) |
| | **1,542,666** | 1,127,153 |

**14.1** These include contract assets in respect of following related parties:

| | | |
|---|---|---|
| Enfrashare (Private) Limited | **579,656** | 436,801 |
| Engro Energy Limited | **3,392** | 3,154 |
| | **583,048** | 439,955 |

**14.2 Movement of provision**

| | | |
|---|---|---|
| Balance at beginning of the year | **37,851** | 22,459 |
| Provision made during the year | **-** | 15,392 |
| Balance at end of the year | **37,851** | 37,851 |

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

| | | |
|---|---|---|
| Loans and advances to employees (note 15.1) | **15,399** | 10,702 |
| Current portion of long-term loans (note 10) | **427** | 1,435 |
| Advances to suppliers | **380,631** | 275,054 |
| | **396,457** | 287,191 |

**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.

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ----Rupees---- | |
| **16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - considered good** | | |
| Security deposits | **351,158** | 232,678 |
| Prepayments | **17,923** | 8,450 |
| Delayed payment charges (notes 16.1 and 16.2) | **1,171,519** | 767,066 |
| Sales tax refundable | **282,596** | 124,093 |
| Derivative asset (note 16.3) | **-** | 44,872 |
| Advance against imports | **-** | 31,601 |
| Workers' Profits Participation Fund (note 26.5) | **200,131** | 176,603 |
| Others (note 16.4) | **47,022** | 57,460 |
| | **2,070,349** | 1,442,823 |

**16.1** This represents mark-up on overdue trade debts, as referred in note 13.2 out of which Rs. 638,609 (2021: Rs. 49,306) is overdue by 365 days or more.

**16.2** This includes Rs. 175,220 (2021: Rs. 128,457) related to delayed payment interest which is not yet billed by Tenaga Generasi Limited.

**16.3** The Group had 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.

**16.4** This includes insurance claim receivable of TGL, amounting to Rs. 3,404 (note 37.1.2)

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

| | Amount outstanding | | Maximum month end balance | |
|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 |
| | ----Rupees---- | | ----Rupees---- | |
| Sach International (Private) Limited | **27,250** | 30,150 | **32,759** | 52,354 |
| Engro Fertilizer Limited | **-** | 3,320 | **-** | 3,320 |
| Dawood Hercules | **257** | - | **257** | - |
| Dawood Foundation | **1,546** | 1,546 | **1,546** | 1,546 |
| | **29,053** | 35,016 | **34,562** | 57,220 |

(Amounts in thousand)

**16.6** As at December 31, 2022, receivables from related parties aggregating to Rs. 36,697 (2021: Rs. 31,539) were past due but not impaired. The aging analysis of these receivables is as follows:

| | **2022** | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Upto 3 month | **2,893** | 346 |
| 3 to 6 months | **539** | 10,070 |
| More than 6 months | **33,265** | 21,123 |
| | **36,697** | 31,539 |

**17. SHORT TERM INVESTMENTS**

| | | |
|---|---|---|
| **At amortized cost** | | |
| Term deposit receipts (notes 17.1, 17.2 and 17.3) | **33,399** | 239,326 |

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

**17.2** These represent certificates of investment amounting to Rs. 22,145 placed with Pak Oman Investment Company Limited (POICL) at rates ranging from 7.60% to 16.35% (2021: 7.60% to 8.75%) on various maturity dates.

**17.3** These represent TDRs maintained with Habib Metropolitan Bank Limited. These carry markup ranging from 7.5% to 13.75% (2021: 5.5% to 7.5%) per annum, on various maturity dates.

| | **2022** | 2021 |
|---|---|---|
| **18. CASH AND BANK BALANCES** | ------------Rupees------------ | |
| Cash in hand | **100,393** | 377 |
| **Balances with banks in:** | | |
| - current accounts | **154,953** | 191,790 |
| - deposit accounts - local currency (note 18.1) | **1,725,852** | 934,561 |
| - deposit accounts - foreign currency (note 18.2) | **27,783** | 21,442 |
| | **1,908,588** | 1,147,793 |
| | **2,008,981** | 1,148,170 |

**18.1** These represent deposits with commercial banks and carry profit at the rate ranging from 6.00% to 14.79% (2021: 5.25% to 7.50%) per annum.

**18.2** These carry return at the average rate of 1.58% (2021: Nil) per annum.

(Amounts in thousand)

## 19. SHARE CAPITAL

### 19.1 Authorized capital

| 2022 | 2021 | | 2022 | 2021 |
|---|---|---|---|---|
| ---Number of shares--- | | | -------------Rupees------------- | |
| **75,000,000** | 75,000,000 | Ordinary shares of Rs.10/- each | **750,000** | 750,000 |

### 19.2 Issued, subscribed and paid up capital

| 2022 | 2021 | | 2022 | 2021 |
|---|---|---|---|---|
| ---Number of shares--- | | | | |
| **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 19.2.4) | **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 than cash (note 19.2.4) | **1,305** | 1,305 |
| **111,430** | 111,430 | Issued as bonus shares as per the Court Order (note 19.2.5) | **1,115** | 1,115 |
| **59,299,809** | 59,299,809 | | **592,998** | 592,998 |

### 19.2.1 Associates' holding of the Holding Company's share capital is as under:

| | | |
|---|---|---|
| Dawood Corporation (Private) Limited | **32,515,564** | 29,511,543 |
| The Dawood Foundation | **2,979,324** | 2,979,324 |
| Dawood Investments (Private) Limited (formerly Patek (Private) Limited) | **4,443,661** | 3,713,984 |
| Cyan Limited | **2,965,095** | 2,965,095 |
| Sach International (Private) Limited | **3,776** | 3,776 |
| | **42,907,420** | 39,173,722 |

**19.2.2** During the year, the Holding Company paid dividends to the aforementioned associated companies amounting to Rs. 300,352 (2021: Rs. 244,836).

**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.

(Amounts in thousand)

**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 (Unit) Trust, managed by 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 year.

**20. EMPLOYEE SHARE OPTION COMPENSATION RESERVE**

During the year ended December 31, 2021, the shareholders of the Group approved Employees' Share Option Scheme (the Scheme) for granting of options to certain critical employees upto 18.15 million new ordinary shares, determined by the Board Compensation Committee.

Under the Scheme, 2.454 million options were granted, with vesting period of one and a half year of grant date. On the date of vesting i.e. September 30, 2022, no options were exercised and subsequently management decided to cancel the Scheme since no eligible employee exercised the options upto the date of vesting.

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| **21. STAFF RETIREMENT BENEFITS** | | |
| **Defined benefit plans** | | |
| - Gratuity | **4,759** | 4,697 |
| - Unfunded gratuity schemes | **74,367** | 81,611 |
| | **79,126** | 86,308 |

The details of staff retirement benefit obligations based on actuarial valuations carried out by independent actuaries as at December 31, 2022 under the Projected Unit Credit Method are as follows:

(Amounts in thousand)

### 21.1 Principal actuarial assumptions used in the actuarial valuations

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Gratuity Fund** | **Un-funded gratuity scheme** | Gratuity Fund | Un-funded gratuity scheme |
| | -----% | | | ----- |
| **Financial assumptions:** | | | | |
| Discount rate used for year end obligations | **14.5** | **12.25** | 11.75 | 12.25 |
| Expected rate of salary increase | **13.5** | **14.5** | 10.75 | 12.25 |
| Expected return on plan assets | **11.52** | **-** | 10.75 | - |
| **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) |

### 21.2 Statement of financial position reconciliation

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | **Gratuity Fund** | **Un-funded gratuity scheme** | Gratuity Fund | Un-funded gratuity scheme |
| | -----Rupees | | | ----- |
| Present value of defined benefit obligation (note 20.3) | **8,950** | **74,368** | 8,476 | 81,611 |
| Fair value of plan assets (note 20.4) | **(4,191)** | **-** | (3,779) | - |
| Net Liability at end of the year | **4,759** | **74,36** | 84,697 | 81,611 |

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

| | | | | |
|---|---|---|---|---|
| Present value of defined benefit obligation at beginning of the year | **8,476** | **81,611** | 6,341 | 57,820 |
| Current service cost | **1,512** | **25,966** | 1,175 | 20,686 |
| Interest cost | **880** | **7,787** | 618 | 5,410 |
| Benefits paid | **(1,977)** | **(34,361)** | - | (7,681) |
| Benefits due but not paid | **-** | **-** | - | (491) |
| Remeasurement (gains) / losses from: | | | | |
| - changes in demographic assumptions | | **1,119** | - | - |
| - changes in financial assumptions | **34** | **491** | 33 | 350 |
| - experience adjustments | **25** | **(8,245)** | 309 | 5,517 |
| Present value of defined benefit obligation at end of the year | **8,950** | **74,368** | 8,476 | 81,611 |

(Amounts in thousand)

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Gratuity Fund | Un-funded gratuity scheme | Gratuity Fund | Un-funded gratuity scheme |
| | ----------Rupees---------- | | | |
| **21.4 Movement in fair value of plan assets** | | | | |
| Fair value of plan assets at beginning of the year | 3,779 | - | 3,586 | - |
| Contributions made | 1,977 | - | - | - |
| Interest income | 444 | - | 350 | - |
| Benefits paid | (1,977) | - | - | - |
| Remeasurement loss on plan assets excluding interest income | (32) | - | (157) | - |
| Fair value of plan assets at end of the year | 4,191 | - | 3,779 | - |
| **21.5 Expense recognized in profit or loss** | | | | |
| Current service cost | 1,512 | 25,966 | 1,175 | 20,686 |
| Interest cost on defined benefit obligation | 880 | 7,787 | 618 | 5,410 |
| Interest income on plan assets | (444) | - | (350) | - |
| Expense for the year | 1,948 | 33,753 | 1,443 | 26,096 |

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Gratuity Fund | Un-funded gratuity scheme | Gratuity Fund | Un-funded gratuity scheme |
| | ----------Rupees---------- | | | |
| **21.6 Remeasurement gains / (losses) on defined benefit obligation recognized in statement comprehensive income** | | | | |
| **Remeasurements of plan obligations** | | | | |
| Demographic adjustments | - | (1,119) | | |
| Experience adjustments | (25) | 8,245 | (309) | (5,517) |
| Changes in financial assumptions | (33) | (491) | (33) | (350) |
| | (58) | 6,635 | (342) | (5,867) |
| | (32) | - | (157) | - |
| Return on plan assets, excluding interest income | (90) | 6,635 | (499) | (5,867) |
| **21.7 Net recognized liability** | | | | |
| Net liability at beginning of the year | 4,697 | 81,611 | 2,755 | 57,820 |
| Expense recognized in profit or loss | 1,948 | 33,753 | 1,443 | 26,096 |
| Remeasurement losses recognized in statement of comprehensive income | 91 | (6,635) | 499 | 5,867 |
| Benefits paid | (1,977) | (34,361) | - | (7,681) |
| Benefits due but not paid | - | - | - | (491) |
| Net liability at end of the year | 4,759 | 74,368 | 4,697 | 81,611 |

**21.8** Plan assets comprise of investment in units of mutual funds.

(Amounts in thousand)

### 21.9 Sensitivity analysis for actuarial assumptions

| | | Present value of defined benefit obligation due to change in assumption | | | |
|---|---|---|---|---|---|
| | | 2022 | | 2021 | |
| | Change in assumption | Gratuity Fund | Un-funded gratuity scheme | Gratuity Fund | Un-funded gratuity scheme |
| | | --------------------------Rupees-------------------------- | | | |
| Discount rate | +1% | **8,377** | **67,661** | 7,854 | 71,359 |
| Discount rate | -1% | **9,608** | **80,286** | 9,203 | 91,132 |
| Future salary increase rate | +1% | **9,615** | **80,449** | 9,213 | 91,213 |
| Future salary increase rate | -1% | **8,361** | **67,406** | 7,834 | 71,121 |

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 statement of financial position.

### 21.10 Maturity profile

| | 2022 |
|---|---|
| | Rupees |
| Distribution of timing of benefit payments (times in years) | |
| 1 | 15,670 |
| 2 | 13,313 |
| 3 | 13,648 |
| 4 | 13,918 |
| 5 | 14,177 |
| 6 | 14,359 |
| 7 | 14,553 |
| 8 | 14,909 |
| 9 | 18,504 |
| 10 | 16,329 |
| 11+ | 3,234,896 |

### 21.11 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.

(Amounts in thousand)

- 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.

**21.12 Historical information of staff retirement benefits**

| | **2022** | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| | ---Rupees--- | | | | |
| **Gratuity fund** | | | | | |
| Present value of defined benefit obligation | **(8,950)** | (8,476) | (6,341) | (4,843) | (4,245) |
| Fair value of plan assets | **4,191** | 3,779 | 3,586 | 3,366 | 3,101 |
| Deficit | **(4,759)** | (4,697) | (2,755) | (1,477) | (1,144) |
| **Unfunded gratuity schemes** | | | | | |
| Present value of defined benefit obligation | **(74,368)** | (81,611) | (57,820) | (41,017) | (27,635) |
| Fair value of plan assets | **-** | - | - | - | - |
| Deficit | **(74,368)** | (81,611) | (57,820) | (41,017) | (27,635) |

**21.13** The weighted average duration of the defined benefit obligations is between 7 - 9 years.

**21.14** Expected future cost for the year ending December 31, 2023 is Rs. 2,082 and Rs. 29,374 for the gratuity fund and the unfunded gratuity schemes respectively.

## 22. DEFERRED GOVERNMENT GRANT

| | **2022** | 2021 |
|---|---|---|
| | ---Rupees--- | |
| Balance as at January 1 | **3,056** | 8,425 |
| Less: Amortization for the year | **(3,056)** | (5,369) |
| Balance as at December 31 | **-** | 3,056 |

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| **23.** | **DEFERRED TAX LIABILITIES - net** | -------------Rupees------------- | |
| **23.1** | **Credit balance arising due to:** | | |
| | - accelerated tax depreciation / amortization | **6,727** | 4,244 |
| | - right-of-use assets | **5,735** | 8,609 |
| | - investment in associate | **1,869,320** | 1,723,672 |
| | | **1,881,782** | 1,736,525 |
| | **Debit balance arising due to:** | | |
| | - provision for stock-in-trade, trade debts and receivables | **(28,252)** | (22,273) |
| | - lease liabilities | **(6,699)** | (9,261) |
| | - deferred liabilities - staff retirement gratuity | **(21,307)** | (23,295) |
| | - provision for warranty | **(17,149)** | (25,056) |
| | - provision for onerous contract | **(13,822)** | (13,822) |
| | - minimum tax (note 23.2) | **(126,241)** | - |
| | - unused tax losses (note 23.3) | **(189,960)** | (237,663) |
| | | **(403,430)** | (331,370) |
| | | **1,478,352** | 1,405,155 |

**23.2** Deferred tax asset on minimum tax amounting to Rs. 11 (2021: Rs. 174,751) has not been recognised in these consolidated financial statements expiring in tax year 2025.

**23.3** Deferred tax asset is recognised for tax losses available for carry-forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The aggregate tax losses available for carry-forward as at December 31, 2022 amount to Rs. 655,031 (2021: Rs. 819,526). The group expects to utilise these losses in future years.

| | | 2022 | 2021 |
|---|---|---|---|
| **24.** | **LONG TERM BORROWINGS - secured** | -------------Rupees------------- | |
| | Foreign currency borrowings (note 24.1) | **7,029,453** | 6,705,049 |
| | Local currency borrowings (notes 24.2 - 24.5) | **2,295,612** | 2,056,966 |
| | | **9,325,065** | 8,762,015 |
| | **Transaction costs** | | |
| | Transaction cost to date | **(314,506)** | (314,506) |
| | Accumulated amortization | **209,948** | 180,798 |
| | | **(104,558)** | (133,708) |
| | | **9,220,507** | 8,628,307 |
| | Less: Current portion shown under current liabilities | **(1,995,064)** | (1,450,068) |
| | | **7,225,443** | 7,178,239 |

(Amounts in thousand)

**24.1** TGL entered into a financing agreements with two international financial institutions for a total of US Dollars 66,000 and with a consortium comprising of local financial institutions amounting to Rs. 2,400,000. The international finance carries 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, 2022, the outstanding balance of the borrowing was US Dollars 30,980 (2021: US Dollar 37,679) for international loan. These are secured by an equitable mortgage on the immovable property and the hypothecation of current and future assets of TGL. This includes loan from International Finance Corporation (IFC), a related party, amounting to Rs. 2,343,151 (December 31, 2021: Rs. 2,235,016).

As at December 31, 2022, the amount payable within one year to U.S. International Development Finance Corporation (OPIC), International Finance Corporation (IFC), a related party, Habib Bank Limited and Soneri Bank Limited amounted to Rs. 1,073,237 (2021: Rs. 794,725), Rs. 536,619 (2021: Rs. 397,362), Rs. 180,648 (2021: Rs. 160,052) and Rs. 90,324 (2021: Rs. 80,026), respectively.

**24.2** In 2020, REL entered into a long term-loan agreement with Habib Metropolitan Bank Limited amounting to Rs. 135,472 under the Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns by State Bank of Pakistan. The loan was secured by creating a charge over receivables, to the extent of Rs 100,000 of REL and further secured by the existing charge held by the Bank. The loan was settled during the year.

Further, during the year, REL entered into long-term loan agreements, expiring on December 31, 2029 and November 29, 2032, with Bank Al-Habib Limited and Al-Baraka Bank Limited amounting Rs. 532,251 and Rs. 60,000 under the State Bank of Pakistan Renewable Energy Financing Scheme, respectively.

The Holding Company has provided corporate guarantee amounting to Rs. 660,000 to secure funded facility provided to REL.

(Amounts in thousand)

**24.3** Grid Edge (Pvt) 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 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.

As at year end, GEL has breached majority of the financial ratios (covenants) as specified in clause 8.1 of the Re-Term Finance Agreement (the Agreement) with POICL. Such breach falls under clause 9.1.1 (ii) of the Agreement where GEL has a period of 21 days to rectify the breach from the earlier of the date GEL receives notice from the lender or GEL becoming aware of the default. However, POICL has communicated waiver in respect of non-compliance with the financial ratios for the financial year 2022 upon undertaking by the Group to comply with them by June 30, 2023.

**24.4** 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 (40) quarterly instalments 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. 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. As at year end, RAPL was not in compliance with minimum loan life coverage ratio and debt to equity ratio, as mentioned in section 8 of the Musharika Agreement with FBL.

**24.5** In light of the relief granted by the State Bank of Pakistan (SBP) vide Banking Policy and Regulation Department (BPRD) Circular Letter No. 13 of 2020 dated March 26, 2020, RAPL sought relaxation in repayment terms in respect of its long term loan facilities. The principal repayments of this loan which were due from June 2020 to March 2021 have been deferred for a period of one year thereby extending the overall maturity of this loan by the same period. However, interest continues to be paid on quarterly basis during the deferment time.

(Amounts in thousand)

**24.6** 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:

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Balance as at January 1 | **8,628,307** | 9,107,462 |
| Loan disbursed | **592,251** | 136,709 |
| Transaction costs incurred during the year | **-** | (3,810) |
| Amortization of transaction costs (note 38) | **29,531** | 29,150 |
| Amortization of deferred government grant | **3,056** | 5,715 |
| Loan repaid | **(1,657,786)** | (1,289,084) |
| Exchange loss - net (note 5.1) | **1,625,148** | 642,165 |
| Balance as at December 31 | **9,220,507** | 8,628,307 |

## 25. LEASE LIABILITIES

| | 2022 | 2021 |
|---|---|---|
| Non-current portion | **120,232** | 126,369 |
| Current portion | **18,168** | 17,320 |
| Total lease liability as at December 31 | **138,400** | 143,689 |
| **Maturity analysis** | | |
| - within 1 year | **22,836** | 20,521 |
| - between 1 - 2 years | **27,285** | 20,524 |
| - between 2 - 3 years | **7,638** | 17,888 |
| - between 3 - 4 years | **6,757** | 12,281 |
| - between 4 - 5 years | **5,977** | 5,977 |
| - later than 5 years | **76,532** | 72,984 |
| Total minimum lease payments | **147,025** | 150,175 |
| Amount representing finance charges | **(8,625)** | (6,486) |
| Present value of minimum lease payments | **138,400** | 143,689 |

## 26. TRADE AND OTHER PAYABLES

| | 2022 | 2021 |
|---|---|---|
| Creditors | **1,244,807** | 2,488,114 |
| Payable to related parties (note 26.1) | **82,990** | 98,337 |
| Accrued liabilities | **686,488** | 270,634 |
| Due to Islamic Development Bank (note 26.2) | **25,969** | 25,969 |
| Payable to employees - staff retirement gratuity (note 21.3) | **-** | 491 |
| Deposits (note 26.3) | **489** | 514 |
| Warranty obligations (note 26.4) | **59,137** | 86,401 |
| Workers' Profits Participation Fund (note 26.5) | **82,784** | 67,107 |
| Provision for onerous contracts (note 26.6) | **47,661** | 47,661 |

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Withholding tax payable | **5,431** | 5,957 |
| Sales tax payable | **-** | 4,310 |
| Others | **11,611** | 11,620 |
| | **2,247,367** | 3,107,115 |

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

| | | |
|---|---|---|
| Dawood Hercules Corporation Limited | **53,254** | 25,852 |
| The Dawood Foundation | **29,736** | 17,689 |
| Engro Energy Limited | **-** | 54,796 |
| | **82,990** | 98,337 |

**26.2** This represents amount payable by the Holding Company 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.

**26.3** All deposits are interest free and are payable on demand. These amount include Rs. 346 (2021: Rs. 346) utilized as per the agreement with the respective parties. The balance is not kept in a separate bank account.

**26.4 Warranty obligations**

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Opening balance | **86,401** | 44,426 |
| Add: Charge for the year (note 32) | **-** | 81,861 |
| Less: Reversal of excess provision (note 35) | **(27,264)** | - |
| Less: Utilization during the year | **-** | (39,886) |
| Closing balance | **59,137** | 86,401 |

**26.5** This represents Workers' Profits Participation Fund liability of TGL. TGL has also recognized corresponding asset being a pass-through item under Energy Purchase Agreement. The movement is as follows:

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ----Rupees---- | |
| Balance at beginning of the year | **67,107** | 56,505 |
| Allocation for the year | **79,528** | 67,107 |
| Interest on fund utilized in TGL's business | **3,256** | 2,139 |
| | **149,891** | 125,751 |
| Less: payment made during the year | **(67,107)** | (58,644) |
| Balance at end of the year | **82,784** | 67,107 |

**26.6 Provision for onerous contract**

| | 2022 | 2021 |
|---|---|---|
| Balance at beginning of the year | **47,661** | 81 |
| Add: Charge for the year | **-** | 47,580 |
| Balance at end of the year | **47,661** | 47,661 |

**26.6.1** This pertains to operation and maintenance contract with related party, RAPL. Expected period for outflow of these economic benefits is 13 years.

**27. CONTRACT LIABILITIES**

**Contract liabilities against energy projects denote:**

| | 2022 | 2021 |
|---|---|---|
| | ----Rupees---- | |
| Progress billing | **4,075,479** | 3,278,704 |
| Less: Contract costs incurred plus recognized profits | **(3,420,965)** | (3,099,861) |
| | **654,514** | 178,843 |
| Advances from customers (note 32.3) | **517,309** | 274,609 |
| | **1,171,823** | 453,452 |

**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. 35 (2021: Rs. 97).

**28. SHORT TERM BORROWINGS**

| | 2022 | 2021 |
|---|---|---|
| | ----Rupees---- | |
| Running finance under mark-up arrangement (notes 28.1, 28.2 and 28.3) | **845,503** | 1,245,187 |
| Term finances (notes 28.4 and 28.5) | **341,192** | 149,988 |
| | **1,186,695** | 1,395,175 |

(Amounts in thousand)

**28.1** The Holding Company had obtained short term running finance facility aggregating to Rs.1,500,000 under mark-up arrangement from various commercial banks. As at December 31, 2022, the said facility remained fully unutilised (2021: utilised to the extent of Rs. 646,587) and has issued guarantees to the extent of Rs. 35,968 (2021: Rs. 35,968). Further, out of the aforementioned facility, the Holding Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 600,000. This facility is secured by way of a first pari passu mortgage charge on immovable property (including land and building), current assets, and pledge over Holding company's investments in a related party (note 8.2). The mark-up is charged at the rate of three months KIBOR plus 1% per annum.

**28.2** REL obtained short-term financing facility amounting to Rs 600,000 (2021: Rs 600,000) obtained by the REL from Bank Al Habib Limited for meeting working capital requirements. Out of which Rs. 2,336 (2021: Rs. 1,400) remained unutilised as at December 31, 2022. The facility carries mark-up at the rate of 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 the REL. The principal amount is a revolving credit line payable on demand while mark-up is payable on a quarterly basis.

**28.3** REL obtained short-term financing facility amounting to Rs 250,000 (2021: Nil) obtained by REL from JS Bank Limited for meeting working capital requirements. Out of which Rs. 2,161 (2021: Nil) remained unutilised as at December 31, 2022. The facility carries mark-up at the rate of three months KIBOR plus 2% 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.

**28.4** REL obtained financing facility amounting to Rs. 500,000 (2021: Rs. 150,000) from JS Bank Limited for meeting working capital requirements. Out of which Rs. 361,157 (2021: Rs. 149,988) remained unutilised as at December 31, 2022 for the maximum period of 120 days. The facility carries mark-up at the rate of 6 months KIBOR plus 2% per annum (2021: 3 months KIBOR plus 2% per annum) and is secured by way of registered hypothecation ranking charge over current assets of REL.

**28.5** REL obtained financing facility amounting to Rs. 250,000 (2021: Nil) from Standard Chartered Bank (Pakistan) Limited for meeting working capital requirements. Out of which Rs. 47,651 (2021: Nil) remained unutilised as at December 31, 2022 for the maximum period of 120 days. The facility carries mark-up at the rate of six months KIBOR plus 2% per annum and is secured by way of registered hypothecation ranking charge over current assets of REL.

(Amounts in thousand)

**29. PROVISIONS**

In 1975, LWTM offered 130,520 right shares to National Investment (Unit) Trust, managed by National Investment Trust Limited (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 High Court of Sindh (HCS) in favour of NIT wherein NIT was declared the owners of the right shares along with other consideration. The Holding 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 Holding 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 Holding Company.

On September 16, 2019, the Holding 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 (DCM) to NIT. The Holding 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 Holding Company obtained a concurrence of the Securities and Exchange Commission of Pakistan (SECP) upon the matter that the issue of aforesaid shares by the Holding 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. In the year 2021, in compliance with the order of HCS, Holding Company has issued 241,950 shares as stated in note 19.2.5.

The Holding 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 Holding Company has deposited Rs. 8,235 with the Nazir of High Court pursuant to the Court Order for onward payment to NIT. The Holding Company anticipates that the remaining provision amounting to Rs. 7,360 maintained in the consolidated financial statements is sufficient to meet the remaining obligation of the Holding Company in respect of this matter.

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| **30. ACCRUED MARK-UP** | | |
| Mark-up on: | | |
| - long term borrowings | **196,756** | 117,839 |
| - short term borrowings | **44,973** | 28,783 |
| | **241,729** | 146,622 |

**31. CONTINGENCIES AND COMMITMENTS**

**Contingencies**

**31.1 The Holding Company**

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

The Additional Commissioner Inland Revenue (ACIR) in its 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. 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 High Court of Sindh (HCS) for the allocation of common expenses which is pending adjudication. Total increase in incidence of tax was Rs. 25,762. 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.

**31.1.2 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. 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.

(Amounts in thousand)

### 31.1.3 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 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 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.

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

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

During October 2019, the Holding Company filed an appeal against the aforesaid orders with the CIR(A) who passed an order on November 29, 2019 confirming the impugned orders of the learned ACIR on the issue of minimum tax. In response, the Holding Company has filed an appeal before ATIR on December 10, 2019. During the year, remand back proceedings were initiated on the remaining issues not contested before ATIR and order was passed, which has been again challenged before CIR(A). Based on the opinion of the tax advisor, the Holding Company is confident that the matter will be decided in its favour. Hence, no provision has been recognised in these consolidated financial statements.

(Amounts in thousand)

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

The Holding Company received an order from the Additional Commissioner Inland Revenue (ACIR) dated December 10, 2018 for Tax Year 2017 wherein a demand of Rs. 43,726 was raised. The ACIR stated that the recovery of demand to the extent of Super Tax amounting to Rs. 42,329 would not be pursued as per the direction of the 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 SHC against the levy of super tax for tax year 2017 based on the contention that Super Tax, passed by a money bill through the Finance Act, 2015 and subsequently extended through the Finance Acts 2016 and 2017, was required to be approved by the Senate. The SHC had initially granted an interim order in favour of the Holding Company. However, via its order dated July 21, 2020, the SHC has disposed off other cases involving the same matter in favor of the department. The Holding Company had already recognised a provision amounting to Rs. 37,342 in respect of the aforementioned order in prior years. However, during the year, the department had reinitiated the proceedings and again passed the aforementioned order, which had been challenged before CIR(A).

Later, CIR(A) vide its order dated September 8, 2022 remanded back the order passed by ACIR in 2018. Based on the opinion of the tax advisor, the Holding Company is confident that the matter will be decided in its favour. Hence, no further provision has been recognised in these consolidated financial statements.

**31.1.6 Sales tax audit (Tax Year 2017)**

On April 23, 2020, the Holding Company received an order for tax year 2017 from the Assistant Commissioner Inland Revenue (ACIR) raising a demand of Rs. 87,492 including default surcharge and penalty amounting to Rs. 29,645 and Rs. 2,755 respectively. The order was raised primarily on account of taxability of supplies made by the Holding Company as exempt and related inadmissible input sales tax. The Holding Company filed an appeal on June 03, 2020 against the aforementioned order before the Commissioner Inland Revenue (Appeals) [CIR(A)] who, vide an order dated July 22, 2020, upheld the demand of the ACIR to the extent of Rs. 112 on account of inadmissible input tax deduction and remanded back the remaining matters contained in the order to the ACIR for fresh consideration against which the department filed an appeal with ATIR which is pending for hearing. During March 2022, department has initiated remand back proceedings on the remaining issues and vide order dated June 30, 2022 raised a tax demand of Rs. 41,640 by treating exempt supplies as taxable, for which the Holding Company has filed appeal before CIR(A). Based on the opinion of the tax advisor, the Holding Company is confident that the matter will be decided in its favour. Hence, no further provision has been recognised in these consolidated financial statements.

(Amounts in thousand)

**31.1.7 Sales tax audit (Tax Year 2011)**

Sales tax audit was initiated for the periods from July 2010 to June 2011 in which the Holding Company received an order dated May 22, 2014 from the Deputy Commissioner Inland Revenue (DCIR) raising an erroneous demand of Rs. 5,880. The order related mainly to inadmissible input taxes, non-payment of sales tax on scrap scales and non-payment of withholding sales tax. The Holding Company filed an appeal against the order before the CIR(A) who upheld the demand of the DCIR. Subsequently, the Holding Company again filed an appeal before ATIR which has been remanded back to the department on May 15, 2019 to revisit the grounds on which demand order was issued. The Holding Company is confident of the favourable outcome, hence no provision has been recognised in these consolidated financial statements.

**31.1.8 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 had made a provision for the remaining amount in prior years.

**31.1.9 Super Tax under section 4C of Income Tax Ordinance, 2001**

In accordance with section 4C 'Super tax on high earning persons' introduced in the Income Tax Ordinance, 2001 (the Ordinance) through the Finance Act, 2022, a super tax at 10% has been imposed on the specified sectors (including the textile sector) in case the income exceeds Rs. 300,000 for the year ended December 31, 2021 (tax year 2022) while for other sectors super tax was levied at 4%.

The Holding Company filed a petition against the imposition of super tax before the Sindh High Court (SHC) which is pending adjudication. The Holding Company's management has recorded provision of super tax at the rate of 4% amounting to Rs. 24,980 in these unconsolidated financial statements on account of prudence and, based on professional advice, considers that the chances of additional super tax levy of 6% amounting to Rs. 37,470 are remote and therefore no provision is recorded thereagainst in these consolidated financial statements.

(Amounts in thousand)

**31.1.10 Tax on undistributed profits**

The Holding Company obtained a stay order from the High Court of Sindh dated August 2, 2017 with regards to the amendment inserted through the Finance Act, 2017 relating to the taxation of undistributed profits as stated in section 5A of Income Tax Ordinance, 2001 [substituted through section 4(3) of the Finance Act, 2017]. The said interim order is still operating in favour of the Holding Company. 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, FBR has filed a constitutional appeal against the aforementioned matter with the Honourable Supreme Court of Pakistan, which is pending for hearing. The Holding Company is confident of the favourable outcome, hence no provision has been recognised in these consolidated financial statements."

**31.1.11 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 8,500 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 Holding Company's investments in related party, as disclosed in note 8.2.

**In respect of Reon Energy Limited (REL)**

The Holding Company has provided the following corporate guarantees in favour of the lenders of REL that will be discharged in due course of time per terms of SPA (note 1.6.1):

- Rs. 300,000 to MCB Bank Limited to secure unfunded facility provided to REL for the import / purchase of plant, machinery, stores, and spares;

- Rs. 500,000 to Karandaaz Pakistan through JS Bank Limited against financing facilities for REL;

- Rs. 250,000 to Standard Chartered (Pakistan) Limited to secure a running facility for REL;

- Rs. 225,000 to Habib Metropolitan Bank Limited to secure an unfunded facility for REL; and

- Rs. 600,000 to Bank Al Habib Pakistan Limited to secure a long-term running 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.

(Amounts in thousand)

**31.2 Tenaga Generasi Limited (TGL) - Subsidiary**

**31.2.1 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). During the current year, ATIR has passed the order whereby case has been remanded back for reconsideration. However, no remand back proceeding has been initiated yet. Since the Case has been remanded back, the Group, based on the advice of its tax consultants has not recorded any provision in these consolidated financial statements.

**31.2.2** On August 31, 2022, the Deputy Commissioner Inland Revenue (DCIR) issued an order for tax year 2019 in relation to monitoring under section 161(1) amounting to Rs. 18,837 with the default surcharge and penalty amounting to Rs. 9,388 and Rs. 1,884 respectively. The Reconciliation for payment of withholding taxes was duly submitted which was not considered by the department while passing the impugned order. Therefore, the rectification request and the appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] have been filed. The Group, based on the advice of its tax consultants, is confident of a favorable outcome of this matter. Accordingly, no provision has been recognized in this respect in these consolidated financial statements.

**31.3 Reon Energy Limited (REL)**

**31.3.1** During the year, REL has filed an appeal before Commissioner Inland Revenue (CIRA) under Section 45B of the Sales Tax Act, 1990 (the Act) against Order-In-Original No. 89 of 2022 dated May 12, 2022 passed by Deputy Commissioner - Inland Revenue (DCIR) whereby sales tax demand of Rs. 163,836 was established along with penalty of Rs 8,191 and default surcharge on account of erroneous apportionment of input tax for the period from July 2020 to June 2021 under applicable provisions of the Act. REL has obtained a stay order from Honorable High Court of Sindh. The Group in view of the tax consultant's advice is expecting a favourable outcome of the appeal. Consequently, no provision has been recorded in these consolidated financial statements.

(Amounts in thousand)

**31.3.2** During the year, REL has filed an appeal before CIRA under Section 45B of the Act against Order-In-Original No.12 of 2022 dated June 28, 2022 passed by DCIR whereby sales tax demand of Rs. 19,049 is established along with penalty of Rs. 960 and default surcharge of Rs. 4 on account of multiple allegations formed thereunder including adjustment of inadmissible input tax and short payment of sales tax for the period from January 2016 to December 2016. The main appeal was heard and reserved for order. The Group in view of the tax consultant's advice is expecting a favourable outcome of the appeal. Consequently, no provision has been recorded in these consolidated financial statements.

**31.3.3** During the year, REL has recognised provision amounting to Rs. 99,215 (2021: Rs. 60,101), against potential exposure of Rs. 255,500 (2021: Rs. 162,000) in respect of claims received / expected, based on management's best estimate and correspondence with customers.

**31.4 Other contingencies - Bank guarantees**

The Group is contingently liable for bank guarantees amounting to Rs. 1,018,992 (2021: Rs. 785,810) 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**

**31.5 The Holding Company**

**31.5.1 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.

| | **2022** | 2021 |
|---|---|---|
| **31.6 Reon Energy Limited (REL)** | -------------Rupees------------- | |
| **31.6.1 Commitments in respect of future purchases** | | |
| REL has commitments in respect of: | | |
| - Purchase orders | **339,386** | 537,545 |
| - Letter of credit (note 31.6.2) | **55,301** | 1,778,867 |
| | **394,687** | 2,316,412 |

(Amounts in thousand)

**31.6.2** Commitments in respect of local purchases as at December 31, 2022 amounting to Rs. 55,301.

**31.6.3** GEL has committed to generate and transmit 34,353,607 KwH of energy (2021: 36,111,010 KwH of energy) to P&G over the span of next thirteen years.

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

The Company has committed to generate and transmit 91,568,678 KwH (2021: 99,351,562 KwH) of energy and pay its operation and maintenance contractor, Reon Energy Limited Rs. 139,840 (2021: Rs.145,667) over the span of next thirteen years.

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| **32. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET** | | |
| **Renewable and Alternate energy** | | |
| **Timing of revenue recognition:** | | |
| - Over the time (notes 32.1 and 32.2) | **15,214,151** | 13,039,991 |
| - At a point in time | **524,829** | 30,969 |
| | **15,738,980** | 13,070,960 |
| **Less: Sales tax** | | |
| - sales tax | **(1,978,508)** | (1,120,518) |
| - advance income tax | **(1,672)** | (1,228) |
| - electricity duty | **(308)** | (232) |
| - provision for penalty charges (note 32.4) | **(99,215)** | (67,551) |
| | **13,659,277** | 11,881,431 |
| **Textile - sale of goods** | | |
| - At a point in time | **6,095** | 7,667 |
| Less: Sales tax | **(886)** | (1,114) |
| | **5,209** | 6,553 |
| | **13,664,486** | 11,887,984 |
| Related to discontinued operations (note 40) | **(5,209)** | (6,553) |
| | **13,659,277** | 11,881,431 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

**32.1** This includes REL project revenue in respect of sale of goods and rendering of services amounting to Rs. 8,885,040 and Rs. 2,221,260 (2021: Rs. 8,368,909 and Rs. 1,128,583), respectively. Net revenue includes Rs. 2,850,640 (2021: Rs. 4,328,950) relating to projects in progress.

**32.2** Sales include revenue in respect of TGL non-project missed revenue amounting to Rs. 14,698 (2021: Rs. 3,683).

**32.3** During the year, Rs. 1,184,158 (2021: Rs. 1,506,612) has been recognized as revenue that was included in the opening balance of contract liability.

**32.4** During the year, REL has recognised provision amounting to Rs. 99,215 (2021: Rs. 60,101), against potential exposure of Rs. 255,500 (2021: Rs. 162,000) in respect of claims received / expected, based on management's best estimate and correspondence with customers.

**33. COST OF REVENUE**

| | **2022** | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| **Renewable energy** | | |
| Opening stock | **345** | 272,015 |
| Materials consumed | **8,010,825** | 7,204,893 |
| Salaries and allowances | **219,984** | 106,148 |
| Contracted services | **454,843** | 443,919 |
| Depreciation (note 5.1.5) | **39,083** | 33,873 |
| Travelling | **106,700** | 84,668 |
| Transportation and handling | **162,077** | 126,166 |
| Cost of units produced during testing phase | **-** | 1,491 |
| Provision for onerous contract | **-** | 47,580 |
| Consultancy | **-** | 1,789 |
| Fees and subscription | **8,672** | 3,776 |
| (Reversal) / provision for slow moving and obsolete items - net | **(345)** | (40,911) |
| Others | **110,293** | 84,953 |
| Closing stock (note 12) | **-** | (287,648) |
| | **9,112,477** | 8,082,712 |

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| **Alternate energy** | | |
| Depreciation (notes 5.1.5 and 6.1) | **769,687** | 701,815 |
| Insurance | **62,652** | 47,935 |
| Travelling expenses | **2,759** | 1,466 |
| Fuel | **558** | 160 |
| Repair and maintenance | **7,302** | 210 |
| Operations and maintenance cost | **521,316** | 408,998 |
| Energy import charges | **10,672** | 6,833 |
| Others | **2,400** | 3,511 |
| | **1,377,346** | 1,170,928 |
| **Textile - finished goods** | | |
| Opening balance | **15,946** | 22,706 |
| (Reversal) / provision for slow moving and obsolete stores and spares and other adjustments - net | **-** | (5,858) |
| Closing balance | **(10,425)** | (15,946) |
| | **5,521** | 902 |
| Related to discontinued operations (note 40) | **(5,521)** | (902) |
| | **10,489,823** | 9,253,640 |

**34. SELLING AND DISTRIBUTION EXPENSES**

| | 2022 | 2021 |
|---|---|---|
| Salaries and allowances (note 34.1) | **182,420** | 218,069 |
| Depreciation (note 5.1.5 and 6.1) | **15,378** | 10,501 |
| Conveyance and travelling | **36,832** | 15,974 |
| Fees and subscription | **11,905** | 16,854 |
| Postage and telephone | **1,979** | 2,869 |
| Electricity, gas and water | **130** | 944 |
| Rent, rates and taxes (note 34.2) | **3,818** | 5,759 |
| Printing and stationery | **323** | 220 |
| Repairs and maintenance | **25,423** | 7,788 |
| Freight and insurance | **651** | 798 |
| Amortization (note 7.2.2) | **72** | - |
| Advertisement | **12,870** | 21,801 |
| Legal and professional charges | **4,379** | - |
| Warranty obligations - net (note 26.4) | **-** | 81,861 |
| Entertainment | **924** | 692 |
| Others | **798** | 2,296 |
| | **297,902** | 386,426 |
| Related to discontinued operations (note 40) | **(52)** | (95) |
| | **297,850** | 386,331 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

**34.1** This includes Rs. 17,900 (2021: Rs. 14,449 ) in respect of staff retirement benefits.

**34.2** This includes rentals paid under short-term leasing arrangements amounting to Rs. 3,818 (2021: Rs. 5,759).

| | | **2022** | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **35.** | **ADMINISTRATIVE EXPENSES** | | |
| | Salaries and allowances (note 35.1) | **294,622** | 251,414 |
| | Legal and professional | **30,899** | 36,786 |
| | Rent, rates and taxes (note 35.2) | **31,890** | 11,186 |
| | Electricity and gas | **22,579** | 14,673 |
| | Depreciation (note 5.1.5 and 6.1) | **12,625** | 26,119 |
| | Amortization (note 7.2.2) | **8,178** | 7,936 |
| | Printing and stationery | **2,521** | 2,263 |
| | Fees and subscription | **97,399** | 86,321 |
| | Insurance | **5,548** | 4,236 |
| | Conveyance and travelling | **16,120** | 6,320 |
| | Repairs and maintenance | **18,824** | 9,907 |
| | Postage and telephone | **3,747** | 5,118 |
| | Entertainment | **9,336** | 7,582 |
| | Auditors' remuneration (note 35.3) | **31,321** | 19,622 |
| | Others | **24,765** | 7,146 |
| | | **610,374** | 496,629 |
| | Related to discontinued operations (note 40) | **(83,800)** | (64,288) |
| | | **526,574** | 432,341 |

**35.1** Salaries and allowances include Rs. 17,880 (2021: Rs. 13,090) in respect of staff retirement benefits and expense pertaining to employee share option scheme amounting to Nil (2021: Rs. 11,200).

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

**35.3** **Auditor's remuneration**

(Amounts in thousand)

The aggregate amount charged in respect of auditors' remuneration is as follows:

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| - annual audit | **3,027** | 2,646 |
| - half yearly review | **973** | 802 |
| - consolidated financial statements | **432** | 228 |
| - special purpose audit | **2,700** | - |
| - certification and other advisory services | **1,325** | 1,145 |
| - taxation services | **17,761** | 13,321 |
| - other assurance services | **120** | 75 |
| Reimbursement of expenses | **4,983** | 1,405 |
| | **31,321** | 19,622 |

**36. OTHER EXPENSES**

| | 2022 | 2021 |
|---|---|---|
| Impairment loss on property, plant and equipment (note 36.1) | **3,618** | 26,602 |
| Provision for impairment of: | | |
| - stock-in-trade | **-** | 848 |
| - trade debts | **21,538** | 27,171 |
| - contract assets | **-** | 15,392 |
| Asset written off (note 5.1) | **14,447** | - |
| Exchange loss - net (note 36.2) | **255,188** | 28,704 |
| Others | **6,495** | 9,209 |
| | **301,286** | 107,926 |

**36.1** This impairment loss pertains to renewable and alternative energy segment of the Group.

**36.2** This represents exchange loss - net amounting to Rs. 227,199 (2021: Rs. 164,503) incurred on liabilities for procurement of materials, net off gain on derivative financial instruments amounting to Rs. 172,908 (2021: Rs. 136,269).

**37. OTHER INCOME**

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Income from financial assets | | |
| Mark-up on bank deposits | **70,561** | 14,557 |
| Exchange gain - net | **-** | 1,233 |
| Gain on investments in units of mutual funds | **(2,328)** | 6 |
| Interest income on short-term investments | **5,032** | 3,200 |
| | **73,265** | 18,996 |

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| **Income from non-financial assets and others** | | |
| Royalty income | **28,340** | 14,384 |
| Insurance claim (note 37.1) | **88,094** | 2,523 |
| Reversal of warranty obligations | **27,264** | 46,949 |
| Amortization of deferred government grant (note 22) | **3,056** | 5,369 |
| Rental income | **43,339** | 21,181 |
| Farming income | **7,587** | 3,514 |
| Gain on disposal of property, plant and equipment | **8,177** | 11,951 |
| Others | **42,037** | 24,730 |
| | **247,894** | 130,601 |
| | **321,159** | 149,597 |
| Related to discontinued operations (note 40) | **(52,445)** | (37,294) |
| | **268,714** | 112,303 |

**37.1** This includes Rs. 87,737 relating to TGL's insurance claim against operating assets damage and consequent loss of revenue due to business interruption.

**37.1.1** On January 16, 2022, TGL's Wind Turbine Generator No-33 tripped off due to fire originated from Compact Substation (CSS-07) Switch Gear Room and then spread out to transformer chamber. Transformer external devices/apparatus were found damaged with fire. A new compact substation (CSS) was installed and energized on October 13, 2022 as a replacement of damaged CSS.

The replacement amount and loss of revenue due to business interruption were covered under TGL's insurance policy. TGL is in process of finalising the amount of insurance claim with the insurer. However, upon request of TGL, as recommended by the surveyor, the insurance company has disbursed partial claim amounting to Rs. 84,333 in lieu of plant damage and loss of revenue due to business interruption. The fair value less cost of disposal of the damaged equipment was determined to be Nil. Accordingly, the Company has written down the said asset equal to its net book value of Rs. 10,045. The final claim to be settled subsequent to the year end, however, no amount has been recorded in respect of insurance claim receivable.

**37.1.2** On November 02, 2021, TGL's Earthing Transformer No-02 tripped off due to differential relay operation. During the inspection, flash marks were seen on the earthing transformer phase-A winding. The transformer was deemed irreparable by the operations and maintenance contractor during the initial inspection. Following the failure of earthing transformer No-2, TGL transferred all the wind farm load to earthing transformer No-1. This meant that no business interruption was encountered as a result of the subject incident. However, the new earthing transformer was procured and energized on March 20, 2022. The fair value less cost of disposal of the damaged equipment was determined to be Nil. Accordingly, TGL has written down the said asset equal to its net book value of Rs. 4,401. TGL had filed an insurance claim with the insurer and the same has been received subsequent to the year end. Therefore, TGL has recorded insurance income receivable (note 16.4).

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **38.** | **FINANCE COSTS** | | |
| | **Mark-up on:** | | |
| | - long term borrowings | **768,538** | 551,856 |
| | - short term borrowings | **201,193** | 91,402 |
| | Amortization of transaction cost (note 24.6) | **29,531** | 29,150 |
| | Interest on Workers' Profits Participation Fund | **3,256** | 4,148 |
| | Interest expense on lease liabilities | **16,754** | 14,039 |
| | Bank and other charges | **96,214** | 83,497 |
| | | **1,115,486** | 774,092 |
| | Less: Delayed payment charges of overdue trade debts | **(404,453)** | (246,243) |
| | | **711,033** | 527,849 |
| **39.** | **TAXATION** | | |
| | **Current** | | |
| | - for the year (notes 39.1 and 39.2) | **367,663** | 233,897 |
| | - for prior year - net | **24,980** | - |
| | | **392,643** | 233,897 |
| | Deferred | **70,031** | (75,321) |
| | | **462,674** | 158,576 |

**39.1** TGL and RAPL income being derived from Electric Power Generation Project is exempt from the levy of tax under Clause 132 of the Second Schedule to the ITO. The income is also exempt from minimum tax on turnover under Clause 11 A of Part IV of the Second Schedule to the ITO.

**39.2** This includes minimum tax amounting to Rs. 127,153 (2021: Rs. 113,945) charged under Section 113 of the ITO on REL's turnover for the current year.

(Amounts in thousand)

| | | 2022 | 2021 |
|---|---|---|---|
| | | ------------Rupees------------ | |
| **39.3** | **Relationship between tax expense and accounting profit** | | |
| | Profit before taxation | **2,519,579** | 2,644,191 |
| | Tax at the applicable tax rates of 29% (2021: 29%) | **730,678** | 766,815 |
| | Prior year tax | **24,980** | - |
| | Tax effect of: | | |
| | - exempt income | **(433,405)** | (374,081) |
| | - income subject to lower rate tax | **(163,657)** | (103,649) |
| | - minimum tax | **127,153** | 72,755 |
| | - separate block income | **10,920** | (11,268) |
| | - share of profit on associate | **209,188** | (86,350) |
| | - others | **(43,183)** | (105,646) |
| | | **462,674** | 158,576 |

**40. LOSS FROM DISCONTINUED OPERATIONS**

| | 2022 | 2021 |
|---|---|---|
| Revenue from contracts with customers - net (note 32) | **5,209** | 6,553 |
| Cost of revenue (note 33) | **(5,521)** | (902) |
| Gross (loss) / profit | **(312)** | 5,651 |
| Selling and distribution expenses (note 34) | **(52)** | (95) |
| Administrative expenses (note 35) | **(83,800)** | (64,288) |
| Other income (note 37) | **52,445** | 37,294 |
| Net loss from discontinued operations | **(31,719)** | (21,438) |

**41. EARNINGS / (LOSS) PER SHARE - basic and diluted**

**41.1** 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.

**41.2** As at December 31, 2022, there is no dilutive effect on the basic earnings per share of the Holding Company.

(Amounts in thousand)

**41.3 Continuing operations**

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Profit for the year (attributable to the owners of the Holding Company) | 1,695,556 | 2,172,478 |
| Weighted average number of ordinary shares (in thousands) | 59,299 | 59,298 |
| Earnings per share (Rupees) | 28.59 | 36.64 |

**41.4 Discontinued operations**

| | 2022 | 2021 |
|---|---|---|
| Loss for the year (attributable to the owners of the Holding Company) | (31,719) | (21,438) |
| Weighted average number of ordinary shares (in thousands) | 59,299 | 59,298 |
| Loss per share (Rupees) | (0.53) | (0.36) |

**42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

**42.1** 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:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Directors | | Executives | Directors | | Executives |
| | Chief Executive | Others | | Chief Executive | Others | |
| | ---Rupees--- | | | | | |
| Managerial remuneration | 25,591 | - | 229,852 | 15,726 | - | 202,415 |
| Bonus | 414 | - | 6,252 | - | - | 2,819 |
| House rent allowance | - | - | - | - | - | - |
| Medical allowance | 1,240 | - | 10,893 | 761 | - | 9,248 |
| Utilities | - | - | - | - | - | - |
| Fuel allowance | 25 | - | 7,903 | 5 | - | 3,772 |
| Vehicle maintenance allowance | 1,776 | - | 31,703 | - | - | 26,946 |
| Retirement benefits | 4,863 | - | - | - | - | 934 |
| Fees | - | 1,650 | - | - | 1,650 | 250 |
| Other benefits | 197 | - | 3,775 | 261 | - | 12,696 |
| Total | 34,106 | 1,650 | 290,378 | 16,753 | 1,650 | 258,830 |
| Number of persons, including those who worked part of the year | 2 | 9 | 97 | 1 | 7 | 76 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| **43. FINANCIAL INSTRUMENTS BY CATEGORY** | ------------Rupees------------ | |
| **43.1 Financial assets as per statement of financial position** | | |
| **Financial assets at fair value through profit or loss** | | |
| Long term investments | **11,564** | 13,892 |
| Derivative asset | **-** | 44,872 |
| | **11,564** | 58,764 |
| **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 | **3,066,540** | 4,104,939 |
| Loans to employees | **16,195** | 12,614 |
| Deposits and other receivables | **1,769,830** | 1,233,807 |
| Accrued interest | **474** | 576 |
| Short term investments | **33,399** | 239,326 |
| Cash and bank balances | **2,008,981** | 1,148,170 |
| | **6,898,197** | 6,742,210 |
| **43.2 Financial liabilities as per statement of financial position** | | |
| **Financial liabilities at amortized cost** | | |
| Long term borrowings | **9,220,507** | 8,628,307 |
| Short term borrowings | **1,186,695** | 1,395,175 |
| Trade and other payables | **2,052,354** | 2,903,039 |
| Lease liabilities | **138,400** | 143,689 |
| Unclaimed and unpaid dividend | **78,836** | 75,517 |
| Accrued mark-up | **241,729** | 146,622 |
| | **12,918,521** | 13,292,349 |

**44. FAIR VALUE MEASUREMENT**

**44.1** 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.

(Amounts in thousand)

**44.2 Fair value hierarchy**

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Group to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

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

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

The Group held the following assets measured at fair values:

| | As at December 31, 2022 | | | |
|---|---|---|---|---|
| | **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) | **-** | **11,564** | **-** | **11,564** |
| Financial assets at fair value through other comprehensive income | | | | |
| - Long-term investments (investments in unquoted equity shares) | **-** | **-** | **15** | **15** |
| | **-** | **11,564** | **15** | **11,579** |

| | As at December 31, 2021 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| | ----------------------------Rupees---------------------------- | | | |
| **Non-current assets** | | | | |
| Available-for-sale financial assets | | | | |
| - Long-term investments (investments in units of mutual funds) | - | 13,892 | - | 13,892 |
| - 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 |

(Amounts in thousand)

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

**44.3** As at December 31, 2022 and 2021, the carrying values of the remaining assets and liabilities of the Group reflected in these consolidated financial statements approximate their fair values.

## 45. 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.

### 45.1 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.

(Amounts in thousand)

**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 applicable 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 28 and 24). 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, 2022, 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. 18,851 (2021: lower / higher by Rs. 22,485).

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.

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

TGL has certain foreign borrowings as disclosed in note 24 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.

(Amounts in thousand)

**iii) Other price risk**

Price risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is exposed to price risk mainly on account of investments held in units of mutual funds the rates of which are based on the rates announced by the issuer on the Mutual Funds Association of Pakistan. As at December 31, 2022, 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. 116 (2021: Rs. 139).

**45.2 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:

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| Long term investments | **11,579** | 13,907 |
| Long term deposits | **2,778** | 2,778 |
| Trade debts | **851,550** | 1,301,742 |
| Loans to employees | **16,195** | 12,614 |
| Deposits and other receivables | **357,177** | 563,659 |
| Interest accrued | **474** | 576 |
| Short term investments | **33,399** | 239,326 |
| Bank balances | **1,908,588** | 1,147,793 |
| Contract assets | **3,181,740** | 3,282,395 |

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

As at December 31, 2022, the Group has deposits with banks and financial institutions amounting to Rs. 1,908,588 (2021: Rs. 1,147,793). The credit risk arising on balances with banks and investments in units of National Investment (Unit) Trust, managed by National Investment Trust Limited (NIT) is limited as these denote depositories / investee entity having reasonably high credit ratings the analysis of which is given below:

(Amounts in thousand)

| Asset management Company* / Bank | Rating agency | 2022 | |
|---|---|---|---|
| | | Short-term | Long-term |
| Bank AL Habib Limited | PACRA | A-1+ | AAA |
| Habib Bank Limited | JCR - VIS | A-1+ | AAA |
| MCB Bank Limited | PACRA | A-1+ | AAA |
| Faysal Bank Limited | PACRA | A-1+ | AA |
| National Bank of Pakistan | JCR - VIS | A-1+ | AAA |
| Citibank N.A. | Moody's | P-1 | Aa3 |
| Standard Chartered Bank (Pakistan) Limited | PACRA | A-1+ | AAA |
| Habib Metropolitan Bank Limited | PACRA | A-1+ | AA+ |
| Al Baraka Bank Limited | JCR - VIS | A-1 | A+ |
| JS Bank Limited | PACRA | A-1+ | AA- |
| National Investment Trust Limited* | PACRA | - | AM1 |
| Meezan Bank Limited | JCR - VIS | A-1+ | AAA |
| Pak Oman Investment Company Limited | JCR - VIS | A-1+ | AA+ |

| Asset management Company* / Bank | Rating agency | 2021 | |
|---|---|---|---|
| | | Short-term | Long-term |
| Bank AL Habib Limited | PACRA | A-1+ | AA+ |
| Habib Bank Limited | JCR - VIS | A-1+ | AAA |
| MCB Bank Limited | PACRA | A-1+ | AAA |
| Faysal Bank Limited | PACRA | A-1+ | AA |
| National Bank of Pakistan | JCR - VIS | A-1+ | AAA |
| Citibank N.A. | MOODY'S | P-1 | Aa3 |
| Standard Chartered Bank (Pakistan) Limited | PACRA | A-1+ | AAA |
| Habib Metropolitan Bank Limited | PACRA | A-1+ | AA+ |
| Al Baraka Bank Limited | JCR - VIS | A-1 | AA+ |
| JS Bank Limited | PACRA | A-1+ | A+ |
| National Investment Trust Limited* | PACRA | - | AM1+ |

**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.

(Amounts in thousand)

### 45.3 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.

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.

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Maturity upto one year | Maturity after one year | Total | Maturity upto one year | Maturity after one year | Total |
| **Financial liabilities** | ------Rupees------ | | | | | |
| Long term borrowings | 1,995,064 | 7,330,001 | 9,325,065 | 2,088,185 | 8,236,933 | 10,325,118 |
| Lease liabilities | 18,168 | 120,232 | 138,400 | 20,521 | 296,118 | 316,639 |
| Trade and other payables | 2,100,632 | - | 2,100,632 | 2,931,346 | - | 2,931,346 |
| Short term borrowings | 1,186,695 | - | 1,186,695 | 1,395,175 | - | 1,395,175 |
| Accrued mark-up | 511,213 | - | 511,213 | 308,972 | - | 308,972 |
| Unclaimed dividend | 73,454 | - | 73,454 | 72,251 | - | 72,251 |
| Unpaid dividend | 5,382 | - | 5,382 | 3,266 | - | 3,266 |
| | 5,890,608 | 7,450,233 | 13,340,841 | 6,819,716 | 8,533,051 | 15,352,767 |

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

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Long term borrowings | **9,220,507** | 8,628,307 |
| Short term borrowings | **1,186,695** | 1,395,175 |
| Short term investments | **(33,399)** | (216,000) |
| Cash and bank balances | **(2,008,981)** | (1,148,170) |
| Net debt | **8,364,822** | 8,659,312 |
| Total equity | **19,459,707** | 17,790,816 |
| Total capital | **27,824,529** | 26,450,128 |
| Gearing ratio (in %) | **30.06%** | 32.74% |

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.

**47. SEGMENT REPORTING**

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

| | |
|---|---|
| - 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.

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

## 47.2 Segment operating results

| | Renewable energy | | Textile - discontinued operations | | Alternate Energy | | Other Operations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | ------Rupees------ | | | | | | | | | |
| Revenue from contract with customers - net | | | | | | | | | | |
| Timing of revenue recognition | | | | | | | | | | |
| - At a point in time | 524,829 | 30,969 | 5,209 | 6,553 | - | - | - | - | 530,038 | 37,522 |
| - Over the time | 9,696,963 | 8,892,048 | - | - | 3,432,276 | 3,021,210 | - | - | 13,129,239 | 11,913,258 |
| | 10,221,792 | 8,923,017 | 5,209 | 6,553 | 3,432,276 | 3,021,210 | - | - | 13,659,277 | 11,950,780 |
| Cost of revenue | (9,106,958) | (8,174,545) | (5,520) | (902) | (1,377,345) | (1,170,928) | - | - | (10,489,823) | (9,346,375) |
| Segment gross profit / (loss) | 1,114,834 | 748,472 | (311) | 5,651 | 2,054,931 | 1,850,282 | - | - | 3,169,454 | 2,604,405 |
| Selling and distribution expenses | (297,798) | (386,331) | (52) | (95) | - | - | - | - | (297,850) | (386,426) |
| Administrative expenses | (238,691) | (245,147) | (83,800) | (64,288) | (122,547) | (98,215) | (81,536) | (64,417) | (526,574) | (472,067) |
| Other expenses | (284,281) | (48,271) | - | - | (17,005) | - | - | (33,742) | (301,286) | (82,013) |
| Other income | 21,596 | 78,184 | 52,445 | 37,294 | 150,797 | 14,483 | 43,876 | 19,636 | 268,714 | 149,597 |
| Finance cost | (192,433) | (121,064) | - | - | (475,621) | (424,409) | (42,979) | 17,624 | (711,033) | (527,849) |
| Share of profit from associate | - | - | - | - | - | - | 949,873 | 1,379,982 | 949,873 | 1,379,982 |
| Taxation | (197,620) | 57,178 | - | - | (18,284) | (3,843) | (246,770) | (211,911) | (462,674) | (158,576) |
| **Segment net profit / (loss)** | **(74,393)** | **83,021** | **(31,718)** | **(21,438)** | **1,572,271** | **1,338,298** | **622,464** | **1,107,172** | **2,088,624** | **2,507,053** |

## 47.3 Segment assets and liabilities

| | Renewable energy | | Textile - discontinued operations | | Alternate Energy | | Other Operations | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 | **2022** | 2021 |
| | ------Rupees------ | | | | | | | | | |
| **Segment assets** | | | | | | | | | | |
| Property, plant and equipment | 737,287 | 510,572 | 10,464 | 10,464 | 12,830,274 | 11,909,503 | 8,671 | 4,969 | 13,586,696 | 12,435,508 |
| Right-of-use assets | 19,777 | 29,686 | - | - | 80,397 | 86,145 | - | - | 100,174 | 115,831 |
| Intangible assets | 26,730 | 23,636 | - | - | 22,834 | 22,834 | - | 4 | 49,564 | 46,474 |
| Long term investments | - | - | - | - | - | - | 11,370,030 | 11,570,345 | 11,370,030 | 11,570,345 |
| Long term deposits | - | - | 2,778 | 2,778 | - | - | - | - | 2,778 | 2,778 |
| Long term loans | 369 | 477 | - | - | - | - | - | - | 369 | 477 |
| Stores and spares | - | - | 892 | 892 | - | - | - | - | 892 | 892 |
| Stock-in-trade | 997,413 | 620,258 | 8,742 | 14,262 | - | - | - | - | 1,006,155 | 634,520 |
| Trade debts | 850,572 | 1,580,968 | - | - | 2,215,968 | 2,523,971 | - | - | 3,066,540 | 4,104,939 |
| Contract assets | 1,542,666 | 1,127,153 | - | - | - | - | - | - | 1,542,666 | 1,127,153 |
| Loans and advances | 382,654 | 284,427 | 2,915 | 1,189 | 10,888 | 1,575 | - | - | 396,457 | 287,191 |
| Deposits, prepayments and other receivables | 662,067 | 474,888 | - | - | 1,382,722 | 949,698 | 25,560 | 18,237 | 2,070,349 | 1,442,823 |
| Accrued interest | 183 | 510 | - | - | - | 66 | 291 | - | 474 | 576 |
| Taxes recoverable / (payable) | 45,415 | 67,654 | - | 6,463 | 45,322 | 4,848 | (61,681) | 6,604 | 29,056 | 85,569 |
| Sales tax receivable | 45,322 | - | - | - | - | - | - | - | 45,322 | - |
| Short term investments | 33,399 | 23,326 | - | - | - | - | - | 216,000 | 33,399 | 239,326 |
| Cash and bank balances | 127,997 | 155,807 | - | - | 1,815,923 | 944,057 | 65,061 | 48,306 | 2,008,981 | 1,148,170 |
| **Total segment assets** | **5,471,851** | **4,899,362** | **25,791** | **36,048** | **18,404,328** | **16,442,697** | **11,407,932** | **11,864,465** | **35,309,902** | **33,242,572** |
| **Segment liabilities** | | | | | | | | | | |
| Staff retirement benefits | 73,474 | 80,329 | - | - | 893 | 1,282 | 4,759 | 4,697 | 79,126 | 86,308 |
| Deferred government grant | - | 3,056 | - | - | - | - | - | - | - | 3,056 |
| Deferred tax liabilities - net | (390,968) | (318,517) | - | - | - | - | 1,869,320 | 1,723,672 | 1,478,352 | 1,405,155 |
| Long term borrowings | 978,458 | 498,877 | - | - | 8,242,049 | 8,129,430 | - | - | 9,220,507 | 8,628,307 |
| Lease liabilities | 23,099 | 31,936 | | | 115,301 | 111,753 | - | - | 138,400 | 143,689 |
| Trade and other payables | 1,801,023 | 2,816,130 | 17,143 | 16,921 | 384,043 | 240,837 | 45,158 | 33,227 | 2,247,367 | 3,107,115 |
| Contract liabilities | 1,171,823 | 453,452 | - | - | - | - | - | - | 1,171,823 | 453,452 |
| Short term borrowings | 1,186,695 | 748,587 | - | - | - | - | - | 646,588 | 1,186,695 | 1,395,175 |
| Provision | - | - | - | - | - | - | 7,360 | 7,360 | 7,360 | 7,360 |
| Accrued mark-up | 46,452 | 18,420 | - | - | 192,999 | 115,176 | 2,278 | 13,026 | 241,729 | 146,622 |
| Unclaimed dividend | - | - | - | - | - | - | 73,454 | 72,251 | 73,454 | 72,251 |
| Unpaid dividend | - | - | - | - | - | - | 5,382 | 3,266 | 5,382 | 3,266 |
| **Total segment liabilities** | **4,890,056** | **4,332,270** | **17,143** | **16,921** | **8,935,285** | **8,598,478** | **2,007,711** | **2,504,087** | **15,850,195** | **15,451,756** |

(Amounts in thousand)

**47.4** Included in the over the time revenue recognized of Rs. 13,129,033 (2021: Rs. 11,913,258) is revenue of approximately Rs. 5,469,671 (2021: Rs. 5,350,607) from energy projects and Rs. 3,432,276 (2021: Rs. 3,021,210) 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:

| | 2022 | 2021 |
|---|---|---|
| | ------------Rupees------------ | |
| Central Power Purchasing Agency (Guarantee) Limited | **3,432,276** | 3,021,210 |
| Enfrashare (Private) Limited | **2,045,477** | 1,482,050 |
| Bestway Cement Limited | **266,825** | 3,868,557 |
| Lucky Cement Limited | **3,157,369** | - |
| | **8,901,947** | 8,371,817 |

**47.5** The revenue from alternate energy comprises sale to only one customer i.e. the Central Power Purchasing Agency (CPPA).

**48. TRANSACTIONS AND BALANCES WITH RELATED PARTIES**

**48.1** The Group in the normal course of business carries out transactions with various related parties. Related parties comprise of parent company, 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.

**48.2** Following are the names of parent company, 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:

(Amounts in thousand)

| Name of related parties | Percentage of shareholding into the Holding Company | Relationship |
|---|---|---|
| Dawood Corporation (Private) Limited | 54.83% | Parent Company |
| The Dawood Foundation | 5.02% | Common directorship |
| Cyan Limited | 5.00% | Common directorship |
| Dawood Investments (Private) Limited | 7.49% | Common directorship |
| Sach International (Private) Limited | 0.01% | Associated company |
| Dawood Hercules Corporation Limited | - | Associated company |
| International Finance Corporation | - | Associated company through TGL |
| Engro Energy Limited | - | Associated company through REL |
| Engro Vopak Limited | - | Associated company through REL |
| Enfrashare (Private) Limited | - | Associated company through REL |
| Staff retirement benefit - gratuity scheme | - | Post Employment Benefits |
| Hussain Dawood | 8.58% | Company's Sponsor |
| Kulsum Dawood | 1.05% | Sponsor's family member |
| Abdul Samad Dawood | 0.00% | Sponsor's family member |
| Ayesha Dawood | 0.05% | Sponsor's family member |
| Azmeh Dawood | 2.01% | Sponsor's family member |
| Shahzada Dawood | 1.77% | Company's Sponsor / Director |
| Muhammad Jawaid Iqbal | - | Director |
| Ruhail Muhammad | - | Director |
| Mohammad Shamoon Chaudry | - | Director |
| Shafiq Ahmed | - | Director |
| Zamin Zaidi | - | Director |
| Sabrina Dawood | 1.96% | Director |
| Jahangir Piracha | - | Director of group company |
| Javed Akbar | - | Director of group company |
| Shahid Hamid Pracha | - | Director of group company |
| Mujtaba Haider Khan | - | Key management personnel |
| Inam Ur Rahman | - | Key management personnel |
| Muhammad Saad Faridi | - | Key management personnel |
| Hafeez Ur Rehman | - | Key management personnel |
| Imran Chagani | - | Key management personnel |
| Nazia Hasan | - | Key management personnel |
| Saad Faridi | - | Key management personnel |
| Sulaiman ur Rehman | - | Key management personnel |
| Mohammad Daniyal Ali | - | Key management personnel |
| Asad Ayub | - | Key management personnel |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

**48.3** 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 transactions | 2022 | 2021 |
|---|---|---|---|
| | | -------------Rupees------------- | |
| **Associated companies** | | | |
| Dawood Hercules Corporation Limited | Expenses reimbursable by the Group | **43,689** | 22,301 |
| | Expenses reimbursable to the Group | **783** | 54 |
| | Dividend income | **1,168,978** | 740,353 |
| | Sale of panel by the Group | **-** | 350 |
| Sach International (Private) Limited | Expenses reimbursable to the Group | **276** | 368 |
| | Royalty charged | **28,340** | 14,384 |
| | Rental income | **660** | 660 |
| | Penalty charged | **1,278** | 2,978 |
| | Sale of fabric | **529** | |
| The Dawood Foundation | Expenses reimbursable by the Group | **20,869** | 18,138 |
| | Sale of goods by the Group | **-** | 11,424 |
| Engro Energy Limited | Project revenue | **-** | 802 |
| | Delayed payment interest | **-** | 10,803 |
| | Extra work (reimbursement) | **7,651** | 16,136 |
| | Operation and maintenance cost | **228,833** | 392,862 |
| Enfrashare (Private) Limited | Project revenue | **-** | 1,482,050 |
| Engro Vopak Terminal Limited | Project revenue | **-** | 341 |
| **Other related parties** | | | |
| International Finance Corporation | Borrowing cost charged to the Group | **157,573** | 113,655 |
| | Loan repayment | **433,582** | 337,910 |
| | Supervision fees | **5,797** | 4,141 |
| | Accrued mark-up | **50,646** | 28,988 |
| Post employment benefits | Contributions made | **1,977** | - |

**48.4** Remuneration of key management personnel are as per terms of employment. Remuneration of directors and key management personnel is disclosed in note 42.

**48.5** During the year, the Holding Company paid dividends to its directors / sponsors amounting to Rs. 65,125 (2021: Rs. 61,370).

(Amounts in thousand)

**48.6** 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% |

**48.7** Transactions with related parties are carried out on commercial terms and conditions.

The related party status of outstanding balances as at December 31, 2022 and 2021 are disclosed in the respective notes.

| **49. CAPACITY AND PRODUCTION** | **2022** | 2021 |
|---|---|---|
| | -------------MWhs------------- | |
| **Renewable energy** | | |
| Maximum generation possible (note 49.1) | 11,134 | 11,244 |
| Production | 11,069 | 9,134 |
| **Alternate energy** | | |
| Maximum generation possible (note 49.2) | 154,910 | 154,910 |
| Net electrical output | 110,532 | 121,474 |

**49.1** 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.

**49.2** Maximum generation possible is based on electrical output at P-50 level. Output produced by the plant is dependent on the load demanded by National Transmission & Despatch Company, wind speed and the plant availability.

**50. NUMBER OF EMPLOYEES**

| | **2022** | 2021 |
|---|---|---|
| Total number of management employees as at December 31 | **120** | 145 |
| Average number of management employees during the year | **153** | 138 |

# NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in thousand)

| | 2022 | 2021 |
|---|---|---|
| | -------------Rupees------------- | |
| **51. CASH AND CASH EQUIVALENTS** | | |
| Cash and bank balances (note 18) | **2,008,981** | 1,148,170 |
| Short term investments | **-** | 216,000 |
| | **2,008,981** | 1,364,170 |

**52. 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.

**53. 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.

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

The Board of Directors in its meeting held on May 02, 2023 has proposed a final cash dividend of Rs. Nil (2021: cash dividend of Nil) per share for the year ended December 31, 2021 amounting to Nil (2021: Nil), for approval of the members at the Annual General Meeting to be held on May 30, 2023 . This is in addition to interim cash dividends of Rs. 3.0 and Rs. 4.00 (2021: Rs 6.25 per share) resulting in a total dividend of Rs. 7.00 per share for the year 2022 (2021: Rs. 6.25 per share).

**55. DATE OF AUTHORIZATION FOR ISSUE**

These consolidated financial statements were authorized for issue on May 02, 2023 by the Board of Directors of the Holding Company.

**56. GENERAL**

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

| Mujtaba Haider Khan | Ruhail Muhammad | Nazia Hasan |
|---|---|---|
| Chief Executive Officer | Director | Chief Financial Officer |

# PATTERN OF SHAREHOLDING

As At December 31, 2022

| Size of Holding Rs. 10 Shares | | Number of Shareholders | Total Shares held |
|---:|---:|---:|---:|
| 2,750 | 1 | 100 | 112,260 |
| 1,654 | 101 | 500 | 413,579 |
| 442 | 501 | 1000 | 326,998 |
| 529 | 1001 | 5000 | 1,167,558 |
| 73 | 5001 | 10000 | 497,857 |
| 26 | 10001 | 15000 | 313,097 |
| 18 | 15001 | 20000 | 302,969 |
| 8 | 20001 | 25000 | 185,325 |
| 4 | 25001 | 30000 | 113,705 |
| 1 | 30001 | 35000 | 32,367 |
| 2 | 35001 | 40000 | 74,195 |
| 2 | 40001 | 45000 | 87,267 |
| 2 | 45001 | 50000 | 98,710 |
| 1 | 70001 | 75000 | 73,634 |
| 1 | 80001 | 85000 | 84,630 |
| 2 | 85001 | 90000 | 171,453 |
| 1 | 160001 | 165000 | 162,800 |
| 1 | 345001 | 350000 | 350,000 |
| 1 | 515001 | 520000 | 517,545 |
| 1 | 555001 | 560000 | 556,639 |
| 1 | 570001 | 575000 | 573,000 |
| 1 | 615001 | 620000 | 620,000 |
| 1 | 1045001 | 1050000 | 1,046,843 |
| 1 | 1075001 | 1080000 | 1,075,136 |
| 1 | 1160001 | 1165000 | 1,160,396 |
| 1 | 1185001 | 1190000 | 1,189,597 |
| 1 | 2965001 | 2970000 | 2,965,095 |
| 1 | 2975001 | 2980000 | 2,979,324 |
| 1 | 4440001 | 4445000 | 4,443,661 |
| 1 | 5085001 | 5090000 | 5,088,605 |
| 1 | 32515001 | 32520000 | 32,515,564 |
| **5,530** | | | **59,299,809** |

# PATTERN OF SHAREHOLDING

As At December 31, 2022

| Categories of Shareholders | Number of Shareholders | Total Shares held | Total Shares held |
|---|---|---|---|
| Directors, CEO and their spouse and minor children | 9 | 1,197,929 | 2.02% |
| Associated companies, undertakings and related parties | 5 | 42,907,420 | 72.36% |
| Investment Corporation of Pakistan | 8 | 804 | * |
| Banks, Development Financial Institutions, Non-Banking Financial Institutions | 15 | 96,504 | 0.16% |
| Insurance Companies | 4 | 557,415 | 0.94% |
| Modarabas and Mutual Funds | 2 | 567,545 | 0.96% |
| Shareholders holding 10% or more | 1 | 32,515,564 | 54.83% |
| General Public | | | |
| Residents | 4,942 | 12,036,262 | 20.30% |
| Non-residnets | 26 | 27,642 | 0.05% |
| Others | | | |
| Foreign Companies | 1 | 1,075,136 | 1.81% |
| Others | 518 | 833,152 | 1.40% |
| **Total (Excluding: Shareholderholding 10% or more)** | **5,530** | **59,299,809** | **100.00%** |

* Negligible

# PATTERN OF SHAREHOLDING

As At December 31, 2022

| Shareholders' Categories | Number of Shareholders | No. of Shares held |
|---|---|---|
| **Associated Companies, undertakings and related parties** | | |
| Sach International (Pvt.) Ltd. | 1 | 3,776 |
| Dawood Investments (Pvt.) Ltd. | 1 | 4,443,661 |
| Dawood Corporation (Pvt.) Ltd. | 1 | 32,515,564 |
| 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 | 1,000 |
| 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** | 12 | 58,932 |
| **Shareholders holding five percent or more voting rights** | | |
| Dawood Corporation (Pvt.) Ltd. | 1 | 32,515,564 |
| Hussain Dawood | 1 | 5,088,605 |
| Dawood Investments (Pvt.) Ltd. | 1 | 4,443,661 |
| Dawood Foundation | 1 | 2,979,324 |
| Cyan Limited | 1 | 2,965,095 |

### ث۔ 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 ادارں 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** | **روہیل محمد** |
| **چیف ایگزیکٹو آفیسر** | **چیئرمین** |

کراچی:

مورخہ: 2 مئی، 2023

## ٹ۔ مستقبل کا منظر نامہ

### شمسی توانائی

اندرون ملک حکومت پاکستان نے ایک مسابقتی بڈنگ کارروائی کے ذریعے سولر PV کی 10GW کے حصول کی خواہش کا اعلان کیا ہے تا کہ ایندھن کی درآمد کے سبب بڑھتے ہوئے جاری کھاتے کے خسارے میں کمی لائی جا سکے۔ساتھ ہی روایتی بجلی کی ٹیرفوں میں، خاص طور سے آئی ایم ایف کی شرائط کے تناظر میں بڑھوتی کا رجحان ہے جس سے تجارتی اور صنعتی گاہکوں کو بجلی کے متبادل ذرائع اپنانے کی حوصلہ افزائی ہونے کا امکان ہے۔ان متبادل ذرائع میں قابل تجدید توانائی ایک مسابقتی اور نمو پذیر انتخاب رہے گی۔ چنانچہ ملک کے اندر ایسا ماحول پرورش پا رہا ہے جس میں بجلی استعمال کرنے والے بڑے صنعتی ادارے بجلی کے لئے قابل تجدید توانائی کے حصول پر زیادہ خرچ کریں گے اور ماحول دوست ذرائع سے بجلی حاصل کرنے کا اقدام ان کی مسابقتی صلاحیت اور برانڈ کے بارے میں عمومی تاثر میں بہتری لائے گا۔موجودہ حالات میں ہمارا اندازہ ہے کہ میکرواکنامک اشاریوں کے معمول پر آنے کے بعد اہم مارکیٹوں میں ہماری مصنوعات اور خدمات کی طلب میں کافی سے زیادہ اضافہ ہوگا۔

اسٹیٹ بینک آف پاکستان (SBP) نے درآمدات سے پہلے منظوری لینے کی شرط نافذ کر دی ہے تا کہ ادائیگیوں کے توازن میں بہتری لائی جا سکے۔منظوری کے منتظروں کی تعداد بہت زیادہ ہونے کے باعث لیٹر آف کریڈٹ کھولے جانے میں معمول سے کافی زیادہ وقت لگ رہا ہے جو صنعت میں سولر ایکوپمنٹ کی سپلائی چین کے ٹوٹنے کا خدشہ پیدا ہو رہا ہے۔قلیل مدت میں اپنے جاری پروجیکٹوں کے انتظام کیلئے REL کے پاس کافی پرزہ جات موجود ہیں؛ تاہم ایل سی کھولنے کا کوئی موزوں طریقہ ڈھونڈنے کی غرض سے اسٹیٹ بینک آف پاکستان کے متعلقہ محکموں کے ساتھ صنعتی سطح پر مذاکرات جاری ہیں۔

### 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 ہو گئے ہیں۔قلیل مدت میں یہ صورتحال جاری رہنے کا امکان ہے کیونکہ بجلی کے خریداروں کو نقد رقم کی شدید کمی کا سامنا ہے۔ واجبات کی لم سم ادائیگی کے امکانات بھی کم ہیں کیونکہ 2020 میں کئے جانیوالے MoU میں شامل تمام اسٹیک ہولڈروں کے درمیان مذاکرات تا حال نتیجہ خیز ثابت نہیں ہو سکے ہیں۔سینٹرل پاور پرچیز ڈ ایجنسی (CPPA) نقدی کے بہاؤ کا انتظام کر رہی ہے اور یقینی بنا رہی ہے کہ قرضوں اور ٹیکسوں سمیت لازمی ادائیگیاں ترجیحی بنیادوں پر کی جا سکیں۔

توقع ہے کہ یہ صورت حال جاری رہے گی کیوں کہ ایسے پروجیکٹس کے لئے سرمایہ لگانے والے حکومت کے ساتھ مذاکرات میں تا حال 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 کر رہی ہے۔ یہاں کہنے میں کوئی عار نہیں کہ صرف نمائشی اقدامات اٹھائے جا رہے ہیں اور عملی طور پر کچھ نہیں ہو رہا کیونکہ تھرمل پلانٹس، جو بڑھ چکے ہیں، کیلئے بیس لوڈ پر ادائیگیاں ہونا ابھی باقی ہے۔

بجلی کی لاگت میں کمی لانے کے لئے دباؤ جاری ہے لیکن اس معاملے میں چوتھی سہ ماہی کے دوران کوئی خاص بہتری نہیں آئی ہے کیونکہ پاکستانی حکومت دیگر فوری نوعیت کے معاملات کو ترجیح دے رہی ہے۔حکومت کو پیش کردہ DFC کی تجاویز پر مذاکرات تا حال جاری ہیں اور اشارے ملے ہیں کہ ان میں مزید تبدیلیوں اور آئی پی پیز کی جانب سے رعایتیں دیئے جانے کے بعد ہی مذاکرات اختتام کو پہنچیں گے۔

دسمبر سے ہوا سے بجلی پیدا کرنیوالے پلانٹس میں تخفیف کافی بڑھ چکی ہے۔جنوری میں بھی یہی صورتحال تھی۔معلوم ہوا ہے کہ گھارو اور جھمپیر دونوں ونڈ پاور پلانٹس کیلئے یہ تخفیف مستقبل قریب میں جاری رہے گی۔قطع بریدیا تخفیف کی تین وجوہات ہیں۔ یہ ہیں (i) سردیوں کے مہینوں میں میں طلب میں کمی لانا اور صنعت کو بند کرنا؛ (ii) خالی کرنے کی گنجائش جنوب سے شمال میں محدود کرنا کیونکہ زیادہ تر پیداوار اب جنوب میں ہو رہی ہے؛ اور (iii) معاشی معیار یعنی سستی ترین بجلی پیدا کرنیوالے پلانٹس (کوئلہ اور نیوکلیئر) خالی کئے جا رہے ہیں۔اس کی وجہ گردشی قرضوں کا بہت زیادہ ہونا ہے۔ یہ صورتحال اس حد تک پہنچ سکتی ہے کہ گرمیوں کے موسم میں طلب میں اضافہ ہو جائے۔ونڈ ایسوسی ایشن کی جانب سے یہ ایشو حکومت کے سامنے اٹھایا جا رہا ہے۔

## 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 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 آپریٹنگ اور مالی ڈیٹا، خلاصے کی شکل میں، 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 اثرانداز 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 ڈی 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

ڈائریکٹرز کے تربیتی پروگرام کے تحت درکار تمام سرٹیفکیٹ کے ضمن میں کمپنی تعمیل کرچکی ہے۔

## 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۔

## بعدازاں ہونے والے واقعات

مالی سال کے اختتام اور زیرنظر 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 اثرانداز ہوسکیں۔

| | | |
|---|---|---|
| محترمہ سبرینہ داؤد | 7 | 3 |
| جناب شفیق احمد | 7 | 6 |
| جناب ضامن زیدی | 7 | 6 |
| جناب روحیل محمد | 7 | 7 |
| جناب محمد شمعون چوہدری | 7 | 7 |
| جناب مجتبیٰ حیدر خان | 7 | 7 |

## 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 ہی نہایت عمدگی سے کام کرتی رہی ہے۔ بورڈ کے سامنے پیش کرنے اور اشاعت سے قبل، آڈٹ کمیٹی نے مالی گوشواروں کا، سہ ماہی، ششماہی اور سالانہ بنیادوں پر جائزہ لیا۔ آڈٹ کمیٹی نے، انتظامیہ کے نام اور ان کے مراسلے سمیت، مختلف مسائل پر بھی ایکسٹرنل آڈیٹرز کے ساتھ تفصیلی بات چیت کی۔ 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، 2022ء 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 | |
|---|---|---|
| | منعقد ہوئے | شریک ہوئے |
| جناب روحیل محمد | 4 | 4 |
| جناب شفیق احمد | 4 | 4 |
| جناب محمد شمعون چوہدری | 4 | 4 |

## انسانی وسائل اور مشاہرہ کمیٹی (HR&RC)

مؤرخہ 31 دسمبر، 2022ء کو ختم ہونے والے سال کے دوران، انسانی وسائل اور مشاہرہ کمیٹی (HR&RC) کا ایک (01) اجلاس منعقد ہوا۔ ان اجلاسوں میں حاضری کی صورت حال ذیل کے مطابق رہی:

| ڈائریکٹر کا نام | اجلاس | |
|---|---|---|
| | منعقد ہوئے | شریک ہوئے |
| جناب محمد جاوید اقبال | 1 | 1 |
| جناب عبدالصمد داؤد | 1 | 1 |
| جناب ضامن زیدی | 1 | 1 |

## 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 وجوار 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۔

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

3۔ ماہی گیری قرب وجوار کے دیہاتیوں کا سب سے بڑا ذریعہ معاش ہے۔ مقامی کھاڑیوں کا ایکو سسٹم 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، 2022ء کو ختم ہونے والے سال کے دوران، بورڈ آف ڈائریکٹرز کے کل 7 اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی، اپنی متعلق مدت کے دوران، حاضری ذیل کے مطابق رہی:

**موجودہ بورڈ**

| ڈائریکٹر کا نام | اجلاس | |
|---|---|---|
| | منعقد ہوئے | شریک ہوئے |
| جناب محمد جاوید اقبال | 7 | 5 |
| جناب عبدالصمد داؤد | 7 | 5 |

## حصص کا کاروبار، اوسط قیمتیں اور پاکستان اسٹاک ایکسچینج

سال کے دوران پاکستان اسٹاک ایکسچینج میں کمپنی کے 0.66 ملین حصص کا کاروبار ہوا۔ روزانہ کاروباری دن کے اختتام کی شرح کی بنیاد پر کمپنی کے حصص کی اوسط قیمت 195.13 روپے رہی جبکہ 2022ء کے دوران، 52 ہفتوں کے دوران زیریں و بلند کی بنیاد پر، یہ قیمت بالترتیب 162.00 روپے سے 219.97 روپے فی حصص رہی۔

## حصص یافتگی کا رجحان

مؤرخہ 31 دسمبر، 2022ء 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 12.45 بلین روپے (2021: 11.78 بلین روپے) تھی اور مارکیٹ میں اس کی قدر 210.00 روپے فی حصص (2021: 198.67 روپے فی حصص) رہی جبکہ بریک اپ ویلیو 57.04 روپے فی حصص (2021: 66.23 روپے فی حصص) رہی۔

## تخصیص (Appropriation)

سال کے دوران قابل ادائیگی کل منافع منقسمہ کا اعلان 7.00 روپے فی حصص یعنی 70.00% 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، 2022ء تک فنڈ کے ذریعے فراہم کردہ فوائد کے تحت گریجویٹی منصوبے کے اثاثوں کی قدر 4.191 ملین روپے تھی (2021: 3.779 ملین روپے)۔

## خطرات کا انتظام

کمپنی کی رسک مینجمنٹ پالیسیاں کمپنی کو درپیش مالی خطرات کی نشاندہی اور تجزیئے کے لیے اور خطرات کی مناسب حدود طے کرنے اور اُنھیں کنٹرول کرنے نیز حدود کی پابندی پر نگاہ رکھنے کے لیے قائم کی گئی ہیں۔ مارکیٹ کے حالات اور کمپنی کی سرگرمیوں پر ردِعمل ظاہر کرنے کے لیے رسک مینجمنٹ پالیسیوں اور نظاموں کا باقاعدگی سے جائزہ لیا جاتا ہے۔

## کارپوریٹ گورننس

کمپنی کی انتظامیہ عمدہ کارپوریٹ گورننس اور بہترین طریقہ کار پر عمل درآمد کی پابند ہے۔ پاکستان اسٹاک ایکسچینج کی جانب سے کوڈ آف کارپوریٹ گورننس سے اپنی قواعد کی کتاب (Rule Book) میں طے کیے گئے قواعد اور 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۔

نیا کنکشن خالی کرنے کے لئے مستحکم ثابت ہو رہا ہے۔ تاہم پہلی تین سہ ماہیوں میں کچھ قطع برید ہوئی تھی البتہ دسمبر میں یہ معقول ہوگئی۔ دسمبر میں NPMV تخفیف 1.11GWh اور توانائی کا نقصان 1.34GWh رہا تھا۔ Non project missed volume (NPMV) سال 2022 کی چوتھی سہ ماہی میں 1.45GWh رہا جو 2021 کی چوتھی سہ ماہی میں 2.08GWh رہا تھا۔ حالیہ سہ ماہی یعنی 2022 کی چوتھی سہ ماہی میں فروخت کی جانیوالی بجلی (10.06GWh) P90 لیول (16.67GWh) سے کافی کم ہے جسکی وجہ اس سہ ماہی کے دوران لگائے گئے تخمینے سے کم ہوا کی رفتار کے علاوہ دسمبر کے مہینے میں بہت زیادہ قطع برید ہیں۔ 2022 کی پہلی ششماہی میں 66.8GWh بجلی فروخت کی گئی جو دوسری ششماہی کے دوران ہوا کی رفتار میں بہت زیادہ کمی آنے کے سبب گھٹ کر 43.73GWh ہوگئی۔ سال 2022 کے دوران فروخت کی گئی بجلی کی مقدار 120.7GWh کے نظر ثانی شدہ تخمینے کے بر خلاف 110.5GWh رہی۔

گھارو کے تین پلانٹس کے کنکشن کے باعث سسٹم کو بلند تر وولٹیج کا مسئلہ درپیش ہے اور گھارو۔ جھمپیر لائن کی طوالت کے مسئلے کو NTDC اور CPPA دونوں کے سامنے اٹھایا گیا ہے۔ لیکن مسئلے کے حل کیلئے گھاروں کے پلانٹس کو لوپ میں لینا ہوگا جسکی صلاحیت حالیہ طور سے NTDC کے پاس نہیں ہے۔ اس مسئلے کے حل کی غرض سے متعلقہ سائٹ پر وولٹیج کی صورتحال کی مانیٹرنگ اور RCC جامشورو کے ساتھ رابطہ کاری کیلئے اقدامات اٹھائے گئے ہیں۔ حالیہ سہ ماہی کے دوران ہائی وولٹیج کے واقعات میں کمی آئی ہے۔

## ت۔ مالی جائزہ

### مالی کارکردگی

گروپ کی مجموعی آمدنی 13,659 ملین روپے رہی جبکہ گزشتہ برس، اِسی مدت کے دوران، 11,881 ملین روپے رہی تھی۔ سال 2022ء کے لیے گروپ کا انضمام شدہ مجموعی منافع 3,169 ملین روپے رہا جبکہ گزشتہ برس، اسی عرصے کے دوران، یہ منافع 2,628 ملین روپے تھا۔ ایسوسی ایٹ کمپنی سے حاصل ہونے والا 949.87 ملین روپے تھا جس میں گزشتہ برس کے مقابلے میں 430 ملین روپے کی کمی ہوئی۔ مبلغ 463 ملین روپے ٹیکس کے بعد، جاری آپریشنز سے، بعد از ٹیکس منافع 2,089 ملین روپے تھا اور اس طرح سال 2021ء کے مقابلے میں منافع میں 418 ملین روپے کی کمی ہوئی۔

انفرادی طور پر، کمپنی کی آمدنی 0.63 ملین روپے رہی جبکہ، گزشتہ برس، اسی عرصے کے دوران، یہ محاصل 2.59 ملین روپے تھی۔ اس طرح، اس سال، یہ آمدنی 1.96 ملین روپے گھٹ گئی۔ سال کے دوران کمپنی کو اپنی متعلقہ (associated) کمپنی کی جانب سے 1,168.98 ملین روپے کا منافع منقسمہ بھی موصول ہوا۔

### فی حصص کمائی

سنہ 2022ء کے لیے غیر انضمام شدہ نقصان فی حصص (2.18) روپے رہا جبکہ سال 2021ء میں نفع ہوا تھا جو 9.08 روپے فی حصص رہا تھا۔ زیر جائزہ سال کے آخر میں ہونے والے فی حصص گھاٹے کی بڑی وجہ کمپنی کی ذیلی کمپنیوں میں کی گئی سرمایہ کاری میں نقصان تھا۔ اس سال ہولڈنگ کمپنی کے مالکان سے قابل نسبت فی حصص کمائی 28.06 روپے (2021: 36.28 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۔

## پ۔ کاروباری جائزہ

### قابل تجدید توانائی کا کاروبار

درپیش چیلنجوں کے باوجود کمپنی کا قابل تجدید توانائی کے کاروبار نے آگے کی جانب سفر جاری رکھا اور کمپنی اپنی تاریخ کی بلندترین سطح تک پہنچی۔ آرڈرز ملنے کے معاملے میں 2022 تیز رفتار رہا اور REL نے اپنے معزز گاہکوں کیلئے 90MW کے EPC پروجیکٹ اور بیٹری ڈیلز حاصل کیں۔ بچتوں کے معاملے میں ٹیلی کام سیکٹر نے مضبوط بڑھوتی دکھائی اور مصنوعات پیش کرنے کے مجموعی پورٹ فولیو کو توسیع دینے کے ساتھ ساتھ سائٹیں بھی مہیا کیں۔

سال کا اختتام مثبت اشاریئے پر ہوا کیوں کہ اس کاروبار نے سال کی پہلی ششماہی میں غیر معمولی بڑھوتی کے سبب 10,100 ملین روپے کی آمدنی ظاہر کی۔ اس بڑھوتی کی بڑی وجہ 2022 کے شروع میں کئے جانے والے معاہدے تھے۔ زیادہ تر پروجیکٹ سیمنٹ، ٹیلی کار، اور ٹیکسٹائل سیکٹروں سے ملے اور ان میں سے چند پروجیکٹوں آمدنی 2023 میں بھی جاری ہے۔ 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 بڑھا دے 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۔

تاہم آپریشنز کے ضمن میں حاصل شدہ بچتوں (مارجن) کو مشکلات سے بھرپور عالمی اور مقامی اقتصادی صورتحال کے سبب دباؤ کا سامنا رہا۔ پاکستان کے اندر اور بیرون ملک قابل تجدید توانائی کی مارکیٹوں کو سلیکون اور لیتھیم کی قیمتوں میں اضافے کے نتیجے میں ہونے والی سولر پینل اور بیٹری کی بڑھتی ہوئی قیمتوں کے پیش نظر سال کے آغاز میں غیر یقینی صورتحال کا سامنا رہا۔ اندرون ملک LC پر پابندیوں نے زرمبادلہ کے نقصان، بندرگاہ پر ڈیمریجز اور پروجیکٹ میں تعطل کے سبب کاروبار کے منافع پر منفی اثر ڈالا۔ یہ صورتحال 2023 میں داخل ہونے کے بعد بھی جاری ہے اور ایل سی کھولے جانے میں رکاوٹوں کے سبب مجموعی استحکام اور کاروباری صورتحال معمول پر آنا ابھی باقی ہے۔ باوجود یہ کہ میکرو اکنامک عناصر اور جیو پولیٹکل تنازعات کے سبب وسیع تر اقتصادی منظر تاحال غیر یقینی کا شکار ہے ہم نے حالات پر نظر رکھتے ہوئے ان کے مطابق خود کو ڈھالتے ہوئے اپنے ملازمین اور اسٹیک ہولڈروں کی سلامتی اور محافظت کو یقینی بناتے ہوئے اپنے معزز گاہکوں کو قدر کی فراہمی پر اپنی توجہ مرکوز رکھی ہے۔ عالمی اور ملکی اقتصادی چیلنجوں کے سبب کاروباری ماحول بدستور غیر یقینی کا شکار ہے، لیکن شمسی توانائی کے کاروبار کیلئے سرمائے میں بڑھوتی کی ضرورت بھی بڑھتی جارہی ہے۔ اس صورتحال کو مدنظر رکھتے ہوئے کمپنی نے ممکنہ سرمایہ کاروں کی تلاش شروع کردی ہے جس سے اس کاروبار کے بڑھنے اور حقیقی زرخیزی تک پہنچنے میں مدد مل سکتی ہے۔

نتیجتاً سال کے اختتام کے بعد DLL ("کمپنی") نے طے کیا ہے کہ REL میں موجود اپنے تمام اسٹاک کو Juniper International FZ LLC کے ہاتھوں فروخت کردیا جائے۔ کمپنی کے اپنے پورٹ فولیو اور برسوں کے تجربے کے ساتھ جونیپر انٹرنیشنل REL کو منتظم کرنے کیلئے انتہائی موزوں ہے جو سرمائے کے انتظام اور بارآوری پر خصوصی توجہ دیتے ہوئے REL کو اسکی تمام تر صلاحیتوں اور زرخیزیوں تک پہنچانے میں مدد دے گی۔

### شمسی توانائی کا پلانٹ

صوبہ سندھ کے ضلع تھر میں واقع یہ پلانٹ ایگریمنٹ کے مطابق صارف کو آلودگی سے پاک بجلی بدستور مہیا کررہا ہے۔

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

49.5MW 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 2022 کے دوران BOP نقصانات 1.78% رہے جبکہ ہدف 2.5% تھا جب کہ پلانٹ کی دستیابی 98% کے مقرر کردہ ہدف کے برخلاف 98.02% فیصد رہی۔ دستیابی میں کمی کی وجہ جنوری 2022 میں آگ لگنے کے سبب ایک ٹربائن کی عدم دستیابی تھی۔ صحت، تحفظ اور ماحول (HSE) کو ترجیح حاصل رہی اور COD کے بعد 549,189 محفوظ انداز سے کام کے گھنٹے (manhours) استعمال ہوئے جبکہ TRIR اور حادثات کی شرح صفر رہی۔ پلانٹ محفوظ انداز میں، کسی کے زخمی ہوئے بغیر، گزشتہ 2,013 دنوں سے کام کررہا ہے۔

# داؤد لارنس پور لمیٹڈ
# ڈائریکٹرز رپورٹ
# برائے اختتام سال 31 دسمبر 2022

داؤد لارنس پور لمیٹڈ (''کمپنی'') کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر، 2022ء 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 کر رہی ہے۔

## ب۔ کاروباری رپورٹ

ملک کو اقتصادی چیلنجوں، سیاسی عدم استحکام اور اس تاریخی قدرتی حادثات کا سامنا رہا جس نے اس کے نظام میں موجود خامیوں کو فزوں تر کر دیا ہے۔ مزید یہ کہ علاقائی اور عالمی اقتصادی حقائق نے مجموعی صورتحال میں اور بھی خرابیاں پیدا کر دی ہیں۔ کووڈ کے تناظر کے ساتھ ساتھ روس یوکرین جنگ نے پورے یورپ میں توانائی کی سپلائی چین پر مضر اثر ڈالا ہے جسکے اثرات ساری دنیا میں محسوس کئے جا رہے ہیں۔ عالمی کساد بازاری کے بڑھتے ہوئے خدشات نے دنیا بھر کے بینکوں کو زر کی سپلائی میں سختی برتنے پر مجبور کیا تا کہ افراط زر کو قابو میں رکھا جا سکے۔ درآمدی تیل پر انحصار کرنیوالے پاکستان جیسے ممالک کو اپنی ادائیگیوں کے توازن کا انتظام کرنے کیلئے درآمدات پر پابندی سمیت کئی سخت اقدامات اٹھانے پڑے۔ ملک کی کئی صنعتیں عملی طور سے اپنی پیداوار روکنے یا پیداوار میں کمی کرنے پر مجبور ہو گئی ہیں؛ قیمتیں اس قدر بڑھیں کہ حالیہ تاریخ میں جس کی مثال نہیں ملتی اور ملکی کرنسی کی قدر میں مسلسل کمی کے سبب مہنگائی میں مزید اضافہ ہونے کے امکانات موجود ہیں۔ واضح ہو کہ اپریل 2022 سے اب تک ملکی کرنسی کی قدر میں 23 فیصد تک کمی آ چکی ہے۔

تاہم موجودہ صورتحال توانائی سیکٹر کے مختلف حصوں پر مختلف طریقوں سے اثر انداز ہوتی رہے گی۔ درآمدات پر پابندیاں جاری رہنے اور سرمائے کی لاگت بڑھ جانے کے باعث صنعتی گاہکوں کی جانب سے قابل تجدید توانائی کے پروجیکٹوں کی مجموعی طلب میں کمی رہے گی۔ تاہم آئی ایم ایف کی شرائط اور گیس کی قیمتوں کی عالمی قیمتیں بڑھ جانے کے سبب گرڈ یا فوسل فیول سے بنائی جانیوالی بجلی کی بہ نسبت قابل تجدید توانائی کا پلڑا بھاری ہو گیا ہے۔ حکومت پاکستان نے اعلان کیا ہے کہ وہ (آئی پی پی سے حاصل ہونیوالی بجلی سمیت) سرکاری عمارتوں کو شمسی توانائی پر منتقل کرنے اور 11KV فیڈروں پر 1MW پروجیکٹ لگا کر مختلف کیٹگریوں پروجیکٹوں کے ذریعے 10,000 میگاواٹ شمسی توانائی حاصل کرنے کی خواہاں ہے۔ اپنے قابل وصولی بقایہ جات کی بروقت ادائیگیاں حاصل کرنے سے سیکٹر میں کی جانیوالی ساختی اصلاحات سے حکومت کے ساتھ بجلی کی خریداری کے طویل مدتی معاہدوں کے تحت چلنے والے پروجیکٹ فائدہ اٹھا سکتے ہیں۔

تاہم قابل تجدید توانائی کے نئے پروجیکٹوں کی طلب میں کمی میں امدادی فنڈنگ، ٹیکسوں کی چھوٹ جاری رکھنے اور عرق ریزی سے تیار کردہ فوری پالیسی مداخلتوں کے ذریعے موافق پالیسی کے ذریعے توازن لایا جا سکتا ہے۔ ایسا کرنا انتہائی ضروری ہے تا کہ توانائی کی قیمتیں مستحکم رکھی جا سکیں، سیکٹر میں سرمایہ کاری جاری رکھی جا سکے، اور مستقبل میں ملنے والے ایندھن کی قیمتوں کے جھٹکوں کو ملک کو برداشت کرنے کے قابل بنایا جا سکے۔

## 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)**<br>(Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment). |
| Bank's name | |
| Branch name and address | |

It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly.

________________________
Signature of shareholder

You are requested to kindly send photocopy of this letter immediately duly filled in and signed by you along with legible photocopy of your valid CNIC at the Company's Share Registrar Office, **CDC Share Registrar Services Limited, CDC House, 99-B, Block B, Main Shahrah-e-Faisal, Karachi. 74400, Pakistan.**

## CDS SHAREHOLDERS

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

**Dear Shareholder,**

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts of entitled shareholder as designated by them. In pursuance of the direction given by Securities and Exchange Commission of Pakistan (SECP), kindly immediately contact your relevant CDC Participant/CDC Investor Account Services Department and provide them your bank mandate information including International Bank Account Number (IBAN) which is now mandatory for all cash dividend payments.

In order to comply with regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide requisite bank mandate information to your respective Participant/CDC Investor Account Services Department immediately.

# ELECTRONIC TRANSMISSION CONSENT FORM

The Securities & Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the Company to circulate its Annual Statement of Financial Position and Statement of Profit or Loss, auditor's report and directors' report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (participant)/CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Share Registrar, Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi.

**Electronic Transmission Consent Form**

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I Mr. / Ms.
S/o, D/o, W/o ____________________________________________________ hereby consent to have the Dawood Lawrencepur Limited Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

| | |
|---|---|
| Folio /CDC Account No. | |
| Postal Address: | |
| Email Address: | |
| Contact No: | |
| CNIC No.: | |

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

**Dear Shareholder,**

REQUEST FORM FOR HARD COPY OF
ANNUAL AUDITED ACCOUNTS

The Securities and Exchange Commission of Pakistan, vide S.R.O 470(I)/2016 dated May 31, 2016, has allowed companies to circulate their Annual Statement of Financial Position, Statement of Profit or Loss , auditor's report, directors' report and ancillary statements/notes/documents ("Annual Audited Accounts") along with notice of general meeting to the registered addresses of its shareholders in electronic form through CD/DVD/USB.

However, Shareholders may request a hard copy of the Annual Audited Accounts along with notice of general meetings to be sent to their registered address instead of receiving the same in electronic form on CD/DVD/USB. If you require a hard copy of the Annual Audited Accounts, please fill the following form and send it to our Share Registrar or Company Secretary at the address given below.

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Date:____________

I/We ____________________________ request that a hard copy of the Annual Audited Accounts along with notice of general meetings be sent to me through post. My/our particulars in this respect are as follows:

| | |
|---|---|
| Folio /CDC A/c No. | |
| Postal Address: | |
| Email Address: | |
| Contact No: | |
| CNIC No. | |
| Signature | |

The form may be sent directly to Dawood Lawrencepur Limited Share Registrar or Company Secretary at the following address:

**CDC Share Registrar Services Limited**
**CDC House, 99-B, Block "B", S.M.C.H.S**
**Main Shahra-e-Faisal, Karachi, Pakistan**
**Tel: +92 (21) 111-111-500**
**Website: http://www.cdcsrsl.com**

**Dawood Lawrencepur Limited**
**Dawood Centre, M.T. Khan Road**
**Karachi -75530, Pakistan**
**Tel: +92 (21) 35632200**
**Email: info.reon@dawoodhercules.com**
**Website: www.dawoodlawrencepur.com**

If you are a CDC Account Holder, you should submit your request directly to your CDC Participant through which you maintain your CDC account.

# Proxy Form

I/We_________________________________,of_____________________________________, being member of Dawood Lawrencepur Limited and holder of _____________ Ordinary Shares, as per:

Share Register Folio No. __________ and/or
CDC Participant ID No. ___________ Sub A/c No. ___________

hereby appoint__________________________________________ of _____________________ as my/our proxy to attend, speak, and vote for me/us and on my/our behalf, at the Annual General Meeting (AGM) of the Company to be held on Tuesday, May 30, 2023 at 3:00 PM at the Dawood Foundation Business Hub, Ground Floor, Dawood Centre M.T. Khan Road, Karachi and via video link facility, and at any adjournment thereof.

Signed this ________ day of __________________ 2023

WITNESSES:

1. Signature:_______________________
   Name: _________________________
   Address:_______________________
   ______________________________
   CNIC No. or ____________________
   Passport No.____________________

2. Signature: ______________________
   Name: _________________________
   Address: ______________________
   ______________________________
   CNIC No. or ____________________
   Passport No. ___________________

| |
|---|
| Signature on<br>Revenue Stamps<br>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.

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The Company Secretary
Dawood Lawrencepur Limited
3rd Floor, Dawood Centre, M.T. Khan Road,
Karachi-75530
Tel: +92 21 35632200  Fax: +92 21 35633970
www.dawoodlawrencepur.com

# نمائندگی کا فارم

میں رہم ______________ ساکن ______________

بحیثیت ممبر داؤد لارنس پور لمیٹڈ کے رکن و حامل ______________ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ______________ اور ریا سی ڈی سی

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

______________ ساکن ______________ یا بصورتِ دیگر محترم رمحترمہ

______________ ساکن ______________ کو اپنی جگہ بروز بدھ

مورخہ ۳۰ مئی ۲۰۲۳ بوقت ۳:۰۰ بجے شام بمقام داؤد فاؤنڈیشن بزنز حب، گراؤنڈ فلور، داؤد سینٹر، ایم ٹی خان روڈ، کراچی میں منعقد یا ملتوی ہونے والے کمپنی کے سالانہ اجلاسِ عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا رکرتی ہوں۔

دستخط ______________ بروز ______________

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

گواہ (۱)

دستخط گواہ: ______________

نام: ______________

پتہ: ______________

قومی شناختی کارڈ نمبر یا: ______________

پاسپورٹ نمبر: ______________

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

گواہ (۲)

دستخط گواہ: ______________

نام: ______________

پتہ: ______________

قومی شناختی کارڈ نمبر یا: ______________

پاسپورٹ نمبر: ______________

**نوٹ:**

- تمام نامزدگیاں اسی صورت میں موثر ہوں گی جب پراکسی فارم بنام کمپنی کے رجسٹرڈ آفس میں اجلاس کے مقررہ وقت سے ۴۸ گھنٹے قبل موصول ہوں۔
- سی ڈی سی شیئر ہولڈرز اوران کے نمائندوں سے فرداً فرداً درخواست ہے کہ وہ اپنے کمپیوٹرائزڈ قومی شناختی کارڈ کی تصدیق شدہ نقل یا پاسپورٹ، نمائندگی فارم داخل کرنے سے قبل اس کے ساتھ منسلک کریں۔ تمام پراکسی ہولڈرز اپنی شناخت کے لئے اجلاس کے وقت اپنا اصل شناختی کارڈ یا پاسپورٹ ضرور پیش کریں۔

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Dawood
Lawrencepur
Limited

Registered Office:
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

info.reon@dawoodhercules.com
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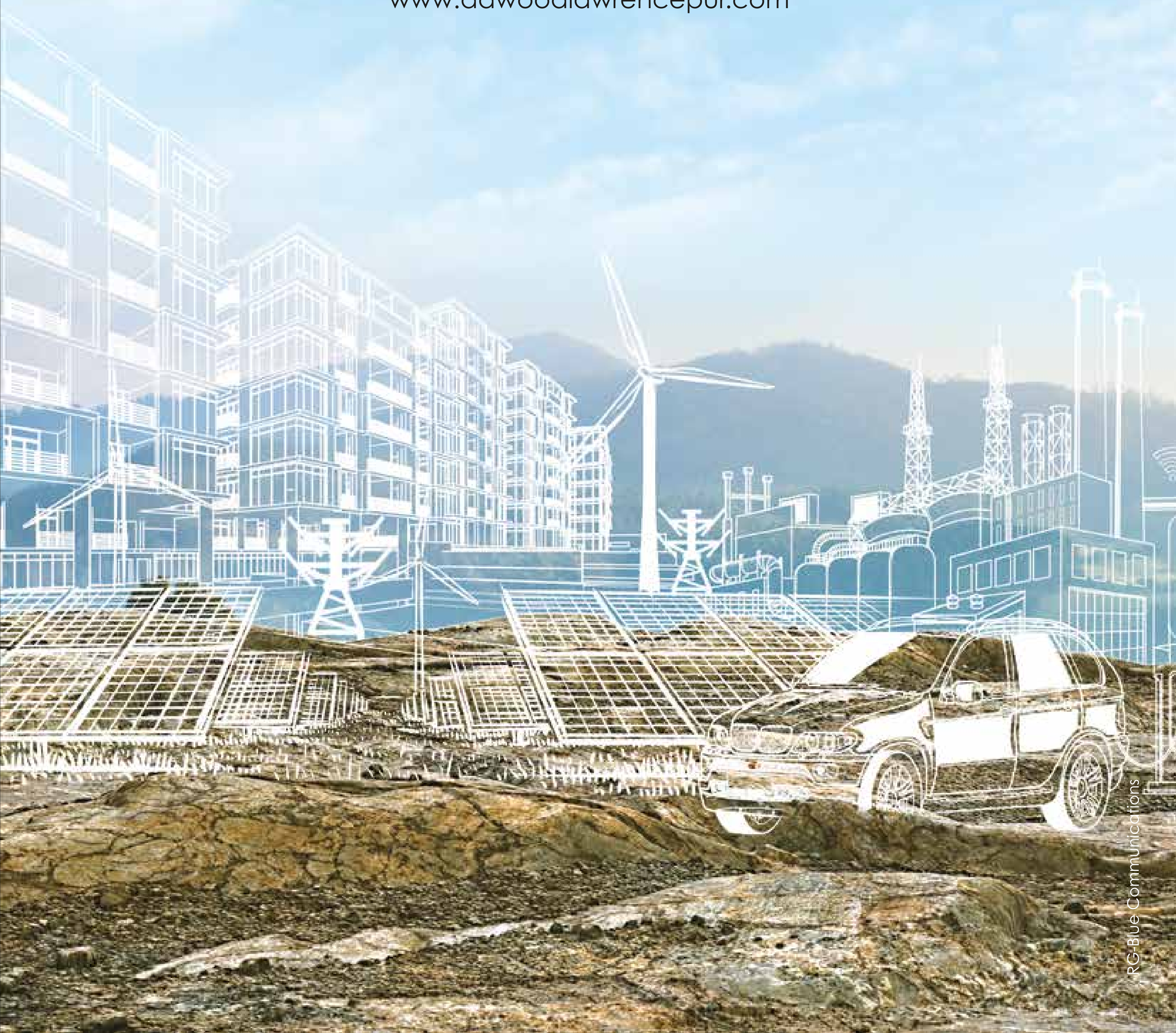

RG-Blue Communications