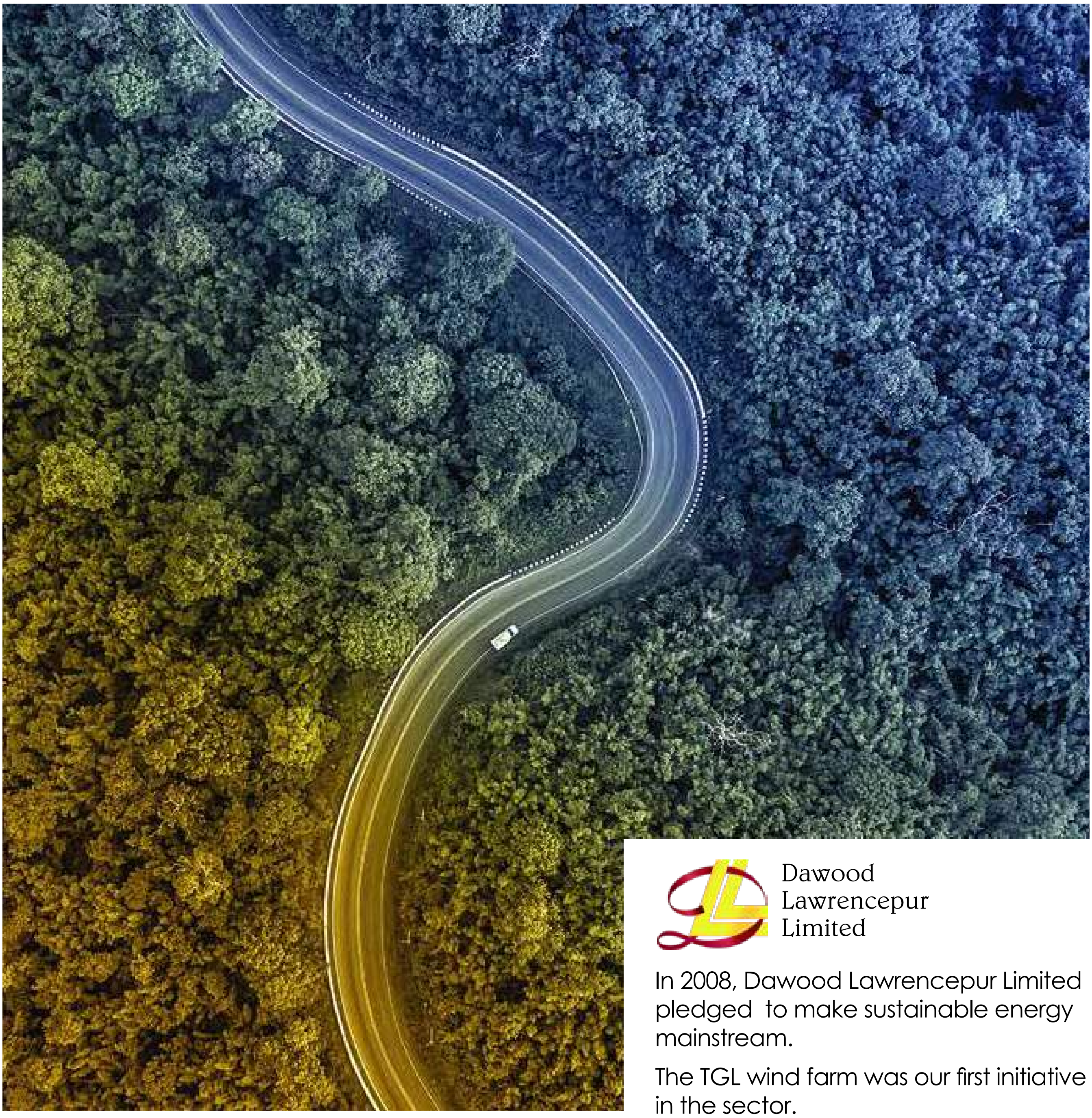
Dawood
Lawrencepur
Limited

ANNUAL REPORT 2019



Dawood
Lawrencepur
Limited

In 2008, Dawood Lawrencepur Limited pledged to make sustainable energy mainstream.

The TGL wind farm was our first initiative in the sector.

This paved the way for the inception of Reon Energy Limited in 2012.

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

Reon is Pakistan's leading Solar and Storage Solutions Specialist with expertise in project development, financial advisory, engineering, procurement, construction and asset performance management.

TENAGA GENERASI LIMITED

Tenaga Generasi Limited (TGL) is a 50 MW wind power plant located in Khutikun area, district Gharo, Sindh.

CONTENTS

OUR VALUES

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

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 of Pakistan, with a turnover exceeding Rs.10 billion by 2020. We will achieve this by resolutely following our Core Values and by:

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

ENFRASHARE
TURNKEY ENERGY PROJECT

Communication Expands Opportunities

Reon has partnered with Enfrashare to enable telecom energy infrastructure to expand and deliver 99.9 % uptime on the Makran Coastal Highway.

The residents of this quaint fishing village in Makran, Balochistan are now able to access the world through their cell phones.

COMPANY INFORMATION

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

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

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

Chief Financial Officer
- Mr. Saad Faridi

Company Secretary
- Mr. Imran Chagani

Head of Internal Audit
- Mr. Amjad Ali

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

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

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

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

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

Lahore Office
- 3rd floor, Asia House, 19-C/D,L Block
  GulbergIII, Main Feroz Pur Road
  Lahore
  Tel.: 042-35861050-53
  Fax.: 042-3586l054

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 70TH ANNUAL GENERAL MEETING

Notice is hereby given that 70th Annual General Meeting of the shareholders of Dawood Lawrencepur Limited (the "Company") will be held on Wednesday, May 20, 2020 at 11:00 a.m. at The Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Unconsolidated and Consolidated Financial Statements of the Company for the year ended December 31, 2019 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 has recommended the reappointment of Messrs. A. F. Ferguson & Co. (Chartered Accountants), as auditors of the Company.

By Order of the Board

Imran Chagani
Company Secretary

Karachi,
Dated: April 16, 2020

Notes:

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

Due to current COVID-19 situation, the Government has suspended large public gatherings at one place. Additionally, the Securities and Exchange Commission of Pakistan (SECP) in terms of its Circular No.5 of 2020 issued on March 17, 2020 and Pakistan Stock Exchange Limited (PSX) through its notice Ref: PSX/N-372 dated March 19, 2020 has advised companies to modify their usual planning for general meetings for the safety and wellbeing of shareholders and the public at large.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirements and requests the members to consolidate their attendance and voting at the AGM through proxies.

The Company, furthermore, has made arrangements to ensure that all participants, including shareholders, can now participate in the AGM proceedings via video link. For this, members are required to email their Name, Folio Number, Cell No., and Number of Shares held in their name with subject "Registration for Dawood Lawrencepur Limited AGM" along with valid copy of CNIC (both sides) at info.reon@dawoodhercules.com. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received at least 24 hours before the time of AGM.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address info.reon@dawoodhercules.com.

Members are therefore, encouraged to attend the AGM through video link or by consolidating their attendance through proxies.

2. Placement of Financial Statements

The Company has placed the Audited Annual Financial Statements together with Chairman's Review Report, Directors' and Auditors' Report thereon for the year ended December 31, 2019 on its website: www.dawoodlawrencepur.com.

3. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from May 14, 2020 to May 20, 2020 (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 13, 2020, will be considered in time to attend and vote at the Annual General Meeting (AGM).

4. Participation in the Annual General Meeting:

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

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

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

A. For Attending the Meeting

a. In case of individuals, the account holders or sub-account holders whose registration details are uploaded as per the Regulations shall authenticate his/her original valid CNIC or the original passport at the time of attending the meeting.

b. In case of corporate entity, the board of directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies

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

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

c. The proxy shall produce original valid CNIC or original passport at the time of the meeting.

d. In case of corporate entity, the board of directors' resolution / power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

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

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

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

6. Withholding Tax on Dividend

Pursuant to the Finance Act, 2019, effective July 01, 2019, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 30% and for FILER of tax returns as 15%. List of filer is available at Federal Board of Revenue's (FBR) website: http://www.fbr.gov.pk. Members are therefore advised to update their tax FILER status latest by May 13, 2020.

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

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

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

The required information must reach our Share Registrar by the close of business on May 13, 2020; otherwise it will be assumed that the shares are equally held by Principal shareholder and Join-holder(s).

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

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

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by May 13, 2020.

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

7. Payment of Cash Dividend Electronically

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

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

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

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

8. Unclaimed Dividend

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

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

9. Deposit of Physical Shares into CDC Accounts

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

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

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

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

UPDATE UNDER CLAUSE 4(2) OF THE COMPANIES (INVESTMENT IN ASSOCIATED COMPANIES OR ASSOCIATED UNDERTAKINGS) REGULATIONS, 2017, WITH RESPECT TO THE SPECIAL RESOLUTION PASSED AT THE EXTRAORDINARY GENERAL MEETING HELD ON JULY 12, 2019

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 12, 2019.
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 only on July 12, 2019.

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 12, 2019.
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 only on July 12, 2019.

KTML
5 MW

Energy cost savings for a leading textile manufacturer

Kohinoor Textile Mills partnered with Reon for 4 consecutive Solar projects. The financial and environmental cost savings have sharpened their competitive advantage.

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019.

A. PRINCIPAL ACTIVITY

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

B. BUSINESS REPORT

The decade between 2010-2019 attracted record investment into renewable energy at 2.6 trillion USD, which was three times that in the previous decade. As per UNEP report, Solar stood out with $1.3 trillion with Wind a close second at $1 trillion. The Levelized cost of renewable technologies has been the main driver with Solar improving by a staggering 81% and Wind by 46% since 2009.

Solar Auctions around the world recorded lowest ever LCOEs in 2019 including the ones in Abu Dhabi, Saudi Arabia, Chile, Peru etc. These outcomes have proven that LCOE of $0.03 USD per kwh is achievable in a wide variety of geographies. As per IRENA, global average project development cost per kw could drop substantially by 2030 pushing LCOEs to new record levels. This portends that total installed capacity could reach 2840 GW in 2030 compared to 1650 GW at the end of 2019 with almost 50% of the new additions happening in Asia.

In Pakistan we had a new draft Alternative & Renewable Energy (ARE) policy published by the Government to gather feedback. This policy aims to increase renewables' share in total installed base to 20% by 2025 and to 30% by 2030. Whilst this has been approved by the Federal Cabinet, it awaits a final go ahead from CCI. Once implemented, this will present an opportunity for local companies to significantly grow their footprint and will bring in a lot of local and foreign investment into the sector.

The tariffs in Pakistan also continued to slide in 2019. The latest benchmark tariffs issued by NEPRA for Solar IPPs have ranged from 3.7c – 3.9c USD. Similarly, those for 50MW wind projects have ranged from 4.7c – 4.8c USD. This marks a significant reduction from the tariffs awarded to first few Wind and Solar IPPs of upto 15c USD range back in 2014 and is largely a consequence of a major decline in capital equipment costs and longer tenure financing terms being offered.

Distributed solar renewables market also continued to grow in Pakistan albeit this is still considered to be in its infancy when compared with global growth trends. Despite a significant depreciation in PKR vs USD exchange rate, cost per kw remained stable for the sector on the back of significant cost reductions in price of Photovoltaic panels and some reductions in

Balance of Plant costs. Energy prices in Pakistan registered a significant jump by upto 30% for both on grid and off grid consumers. This has resulted in a further increase in demand for distributed Solar PV in the country.

There is now a clearly emerging positive arbitrage between renewables and the fossil fuel based power generation in the country which will result in an ever accelerating adoption for renewable technologies. Moreover, transport sector through the emergence of Electric Vehicles is also a potentially significant transformation that will increase the demand for technologies such as Solar PV and Storage.

Pakistan's energy system continues to be plagued by its inherent inefficiencies that is resulting in the pile up of the circular debt, currently at 1.8 trillion PKR. Until this is resolved it, will very be difficult for any government to focus on making energy available for the 60m people currently without access to it. Renewable generation both at utility scale and in off-grid settings will play a significant role in solving these problems.

C. BUSINESS OVERVIEW

Renewable Energy Business

2019 has been a remarkable year for Reon Energy Limited. It is the first profitable year with more than 400% growth in revenues. This was mainly driven by orders from large scale industrial customers and telecom operators. This was despite the fact that the overall business environment continued to be very uncertain as forecast at the beginning of the year. Overall, during the year, energy prices continued to rise - the power tariff for all consumers has been raised by a further PKR 3 due to removal of PM's subsidy. Gas based consumers have also seen their tariffs go up by 30% on average. Conversely, rising energy prices create a favorable environment for Reon's core business as Solar PV is seen as a hedge against increasing energy prices. In another positive development for the sector, the State Bank's flagship Green Financing Scheme was renewed for another 3 years with slight modifications. Following the renewal of the SBP Scheme, 14 megawatts of deals for solar projects were locked with various clients, taking the annual number to 33 megawatts. The year also saw Reon deliver three of the largest captive solar projects in the country with FCCL at 12.5MW, ENI Bhitt Project at 10MW and SECMC at 5MW.

Other major development were deals for supply and installation of energy equipment for 1200 telecom sites locked during the year by a dedicated new business unit. In addition, Reon also received an order for the procurement and deployment of 4200 batteries at various BTS sites. We have also received an order for the solarization of 15 Petrol stations by Total Parco. Going forward, Reon's business outlook is optimistic with further growth in revenues forecast in the coming year. The business model is now evolving into a full fledged energy management service.

Wind Energy Project

The Plant of Tenaga Generasi Limited is operating satisfactorily and meeting the expected targets for availability and BOP loss. The BOP Loss for the period was 1.03 % against a target of 2.5 %, whilst the Availability was 98.23 % against a target of 98.0 %. Health Safety and the Environment (HSE) remained the priority and 367,351 safe man-hours have been clocked since COD with zero injury rate and TRIR. The plant has been operating safely, without injury, for 1,189 days.

The plant, together with Dawood HydroChina and Zephyr, is now supplying power to K Electric. This arrangement is providing stable operations and both grid outage and curtailment has substantially reduced. The total NPMV for Q4 2019 was 0.06 GWh as compared to 1.31 GWh for Q4 2018. The total energy billed during the current quarter (26.35 GWh) is above the P50 level (18.45 GWh). The Plant experienced unusually high winds during this quarter. The production billed for the year 2019 was 126.55 GWh (P90 level) as compared to 113.94 GWh for 2018. It is expected that the NPMV events will be minimal during 2020.

During the current quarter the average wind speed observed was 6.4 m/sec, which is higher than the P50 wind speed of 5.5 m/sec. The trend of the wind speed has altered appreciably, with lower wind during the summer months and substantially higher winds during the winter months. This trend was also observed in January and is continuing in February 2020.

The Plant was able to achieve the production at the P90 level for 6 months at the end of December 2019. However, the requisite DSCR was achieved on January 15, 2020 due to delay in payments from CPPA due to limitation of funds.

'Lawrencepur' Brand

The sale deal has not materialized yet, and the 'Lawrencepur' brand continues to operate under license. The proceeds from the disposal of 'Lawrencepur' brand will be invested in renewable energy and related businesses carried by the Company and will seek to maximize shareholders' return.

D. FINANCIAL REPORT

Financial performance

The consolidated revenue of the Group was PKR 7,267.77 million as compared to PKR 3,079.98 million for the similar period last year. The consolidated gross profit of the Group for 2019 was PKR 2,622.21 million as against PKR 1,529.19 million last year. The share of profit from associated company at PKR 915.237 million registering a decrease of PKR 1,391.336 million in comparison to the prior year. After accounting for tax charge of PKR 105.017 million, the profit after tax from continuing operations at PKR 1,876.527 million declined by PKR 329.228 million over 2019.

On a standalone basis, revenue of the Company was PKR 6.01 million as against PKR 7.84 million for the similar period last year i.e. lower by PKR 1.83 million mainly on account of transfer of renewable energy business to a wholly own subsidiary.

Earnings per share

The unconsolidated earnings per share for the year 2019 was PKR 18.02 as compared to PKR 9.56 for the year 2018, mainly attributable to enhanced dividend income received from shareholding in an associated company. Consolidated earnings per share attributable to owners of the Holding Company for the year were PKR 26.61 (2018: PKR 36.77).

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, 2020 and the Board has endorsed this recommendation.

Shares traded, average prices and PSX

During the year 0.958 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 192.77 while the 52 weeks low-high during 2019 was PKR 163.01 to PKR 217.9 per share respectively.

Pattern of shareholding

The pattern of shareholding of the Company as at December 31, 2019, together with other necessary information, is available at the end of this report along with the proxy form.

Market capitalization and book value

At the close of the year, the market capitalization of the Company was Rs. 12.6 billion (2018: 9.7 billion) with a market value of Rs. 214.16 per share (2018: Rs. 164.05) and the breakup value of Rs. 59.4 per share (2018: Rs. 52.3 per share).

Appropriation

Total dividend attributable to this year is Rs. 7 per share i.e. 70%, declared and paid as interim cash dividends.

Key Operating and Financial Data

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

Gratuity fund

The funded retirement benefits of the employees of the Company are audited once a year and are adequately covered by appropriate investments. Fair value of the assets of the funded defined benefit gratuity plan was PKR 3.366 million as at December 31, 2019 (2018: PKR 3.101 million).

Risk Management

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are reviewed regularly to react to change in market conditions and the Company's activities.

Corporate Governance

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

Code of Conduct

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

Vision and Mission

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

Corporate Social Responsibility

Knowledge Partnership Initiative was initiated in 2018 to enhance educational experience though energy accessibility and to commit to sustainable energy and climate literacy. The Company, through its' associated company Reon Energy, conducted the first pilot solar electrification project for TCF School Dadabhoy Campus located in the outskirts of Karachi. The results for the pilot showed considerable impact on attendance, and enrollment. Hence, the pilot project was followed by two Solar Hybrid 15 KW each installation at TCF Waleed Sheikh Campus, Dadu and TCF Taga, Dadu. The Company aims to extend the solar electrification program across Pakistan in accordance with the UN Sustainable Development Goal 7.

Climate Literacy sessions were conducted at TCF and other academic organizations to improve climate change awareness and the need for responsible choices.

The operation of the solar water pump installed in 2018 in Gharo near the wind farm project is very satisfactory and is meeting the community drinking water requirements. One more site was evaluated but was not found feasible. The area under the mangrove plantation has been increased. Access to the local fisher folks has also been allowed through the Site to facilitate some fishing areas.

Board of Directors

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

The composition of the board members is as follows:
Independent Directors: 1
Non-Executive Directors: 5
Executive Directors: 1
Female Directors: Nil

Board of Directors meetings

During the year ended December 31, 2019, a total of nine meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings	
	Held	Attended
Mr. Shahid Hamid Pracha	9	9
Mr. Shahzada Dawood	9	6
Mr. Abdul Samad Dawood	9	6
Mr. Shafiq Ahmed	9	8
Mr. Hasan Reza Ur Rahim	9	9
Mr. Shabbir Hussain Hashmi	9	9
Mr. Mujtaba Haider Khan	9	9

Board Audit Committee meetings

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

During the year ended December 31, 2019, a total of four meetings of the Board Audit Committee were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings Held	Attended
Mr. Shabbir Hussain Hashmi	4	4
Mr. Hasan Reza Ur Rahim	4	4
Mr. Shahzada Dawood	4	2

Human Resource and Remuneration Committee meetings

During the year ended December 31, 2019, a total of two meetings of the Human Resource and Remuneration Committee (HR&RC) were held. The position of attendance during respective tenure was as follows:

Name of Director	Meetings Held	Attended
Mr. Shabbir Hussain Hashmi	2	2
Mr. Shahid Hamid Pracha	2	2
Mr. Abdul Samad Dawood	2	-
Mr. Hasan Reza Ur Rahim	2	2

Statement of Directors responsibility

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

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

Directors' remuneration

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

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

Directors training program

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

Related party transactions

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

Subsequent events

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

High interest rates and demand compression will continue to impact the general business environment negatively for the foreseeable future. As per the released IMF documents, beginning 2020, electricity and gas prices across all categories are due for further escalation. While this creates a CAPEX constraint for industry, it will also result in a healthy arbitrage between distributed solar and current cost of energy for our customers, thus providing a favourable environment for our Private PPA product as businesses aim for cost cuts and operational efficiencies. Renewal of SBP Financing for a further period of 3 years is a major positive development for the renewable industry and will certainly help bridge the funding gap for customers interested in EPC and O&M Services. However, delays in the allotment of financing limits to commercial banks is resulting in a delay in finalization of deals as customers are waiting for a go ahead from Banks on the financing before committing themselves to any contract.

On the regulatory front, Government of Pakistan has shared its draft Renewable Energy Policy for comments. Overall objective is to increase contribution from renewable sources to 30% of the installed capacity by 2030. While this represents a major shift in priorities for the Federal Government, details of how this target will be achieved are yet to be developed. We believe that Solar PV will constitute a lion's share of the incremental capacity between now and 2030 due to its inherent flexibilities both in front and behind the meter. Storage will also play an important role towards helping integrate a higher percentage of intermittent renewable sources in the long term. We foresee Solar PV and Storage solutions competing with gas peaker plants in the country by 2022 based on their ever improving cost curves and efficiencies.

Wind Energy Project

The wind power sector is still facing the full impact of the circular debt and payments from the Government are severely curtailed. This is likely to continue as the Government is delaying the introduction of sukuk / bonds to raise the requisite funds. However, thus far the CPPA is making the payments for tax and debt repayment obligations on priority. However, challenges loom as fund availability with the power purchaser (CPPA) is still constrained and the circular debt has reached PKR 2.0 trillion. The Operating Procedures have been signed following the acceptance of NPMV calculation methodology by all parties. The outstanding invoiced for NPMV have been accepted by CPPA.

The wind plants in Jhimpir are facing severe curtailment as the 500 kV transmission system is operating at full capacity since the COD of the Hubco coal power plant and the Bin Qasim plant. NTDC and CPPA have indicated that the evacuation priority is for the coal and LNG projects in-spite of wind being a must-run plant. Currently TGL is not being affected as it is being evacuated to K Electric. The Wind Association is following up with the Ministry to have the evacuation priority list amended. However, there are now indications that power evacuation will be done on commercial basis with the low tariff plants given the priority. The government is also pushing for a reduction in the tariff for the existing plants but this runs the risk of further damaging the country's reputation and hurt investment prospects if it is not done with the full agreement of the industry.

The tariff bidding process has still not fully evolved, and this is a cause of concern for the developers. This process will be clarified once the new renewable energy policy is issued. The introduction date of the policy is still uncertain as the draft is not being accepted by the Provincial governments. The government has issued 7 LOI for wind-solar hybrid installations. These are being affected as there is no clarity on the tariff that will be available.

F. ACKNOWLEDGEMENT

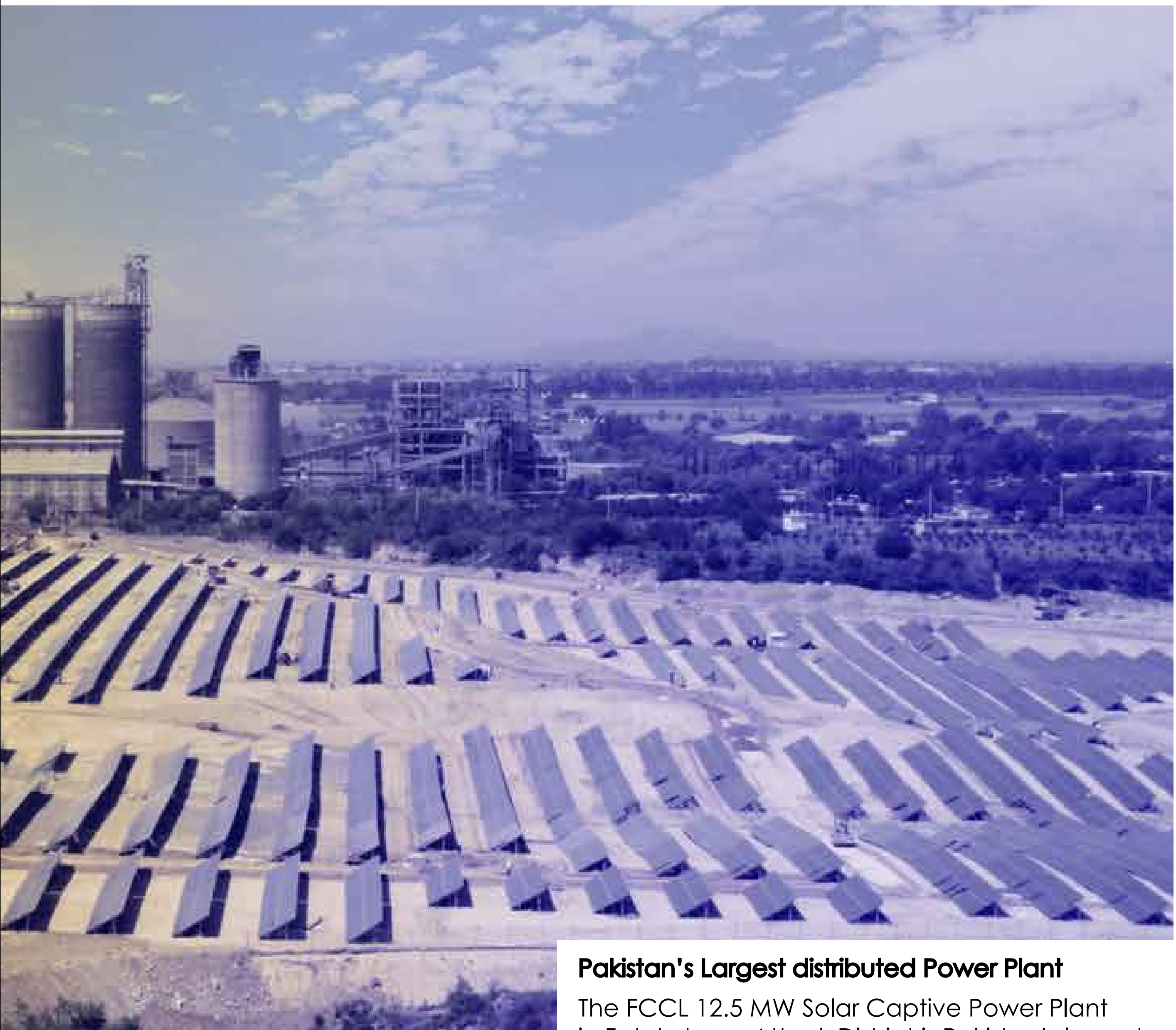
The Board expresses its gratitude to all the shareholders for their confidence and support. We would like to thank all stakeholders, including but not limited to financial institutions, who have been associated with us for their support and cooperation and assure them of our commitment to look after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

Karachi
Dated: February 28, 2019

FCCL
12.5 MW



Pakistan's Largest distributed Power Plant

The FCCL 12.5 MW Solar Captive Power Plant in Fateh Jang, Attock District is Pakistan's largest distributed Solar Power Project. The annual energy production of around 19,360,000 kWh translates to the carbon reduction impact of 484,000 trees.

CHAIRMAN'S REVIEW REPORT
FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019.

Last year I had shared that the Company's strategy relating to its investments in the Alternative and Renewable Energy (ARE) segment were showing great promise. In 2019, these have begun to bear fruit as evidenced by the growth in top and bottom-line of both the Tenaga Generasi Limited (TGL) and Reon Energy Limited (REL). Equally pleasing was the enhanced dividend stream from our legacy investment in our associated company which enabled us to announce two interim dividends giving a total payout of Rs 7 per share during the year whilst also adding to our Balance Sheet to support the growing financing needs of the Company's underlying subsidiaries.

REL produced spectacular growth of more than 4 times over 2018 and this is the particularly pleasing highlight of the year as you read the Director's Report. It will continue to require growth capital to maintain the pace of its business scale up as the eco-friendly and cost advantages of distributed solar become apparent in the market place. The Board therefore remained focused on planning for this in a prudent manner, evaluating financing options and ensuring that we continue to grow in the right geographies and business areas. Encouragingly, the Company has produced its maiden profit in 2019 and is within reach of the mission originally set for the business for 2020.

Tenaga Generasi Limited (TGL) which is our wind power subsidiary, in common with other IPPs, remained adversely impacted by the circular debt issue this year as well. However, it was able improve its overall operational and dispatch performance to produce a markedly better result over 2018. More importantly, it managed to honor its debt obligations in a timely manner. However, this remains a concern and the Board therefore continued to maintain its oversight of forecast cash flows and short-term financing needs.

DLL remains committed to the highest standards of corporate governance. Its unlisted operating subsidiaries, Tenaga Generasi Limited and Reon Energy Limited have incorporated similar compliance criteria with leading industry professionals as members of their boards.

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

The Audit Committee and the HR Committee had 4 and 2 meetings respectively during the year. The Company has taken steps to remain compliant with the requirements of the Code of Corporate Governance, 2017 and the Code of Corporate Governance, 2019.

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

The stock market continued its bullish rally in the second half of the year becoming the best performer globally since the low in August. The stock price of DLL finished the year with a gain of 33.77% over end 2018. However, the COVID-19 virus is creating turmoil in capital markets all over the world and is forecast to sub due growth globally in the foreseeable future.

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

Shahid Hamid Pracha
Chairman of the Board of Directors

February 28, 2020

OPERATING HIGHLIGHTS (SIX YEARS SUMMARY)

	PARTICULARS	UNIT	**December 2019**			December 2018			December 2017		
			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)	**28,089,926**	**68,041**	**28,157,967**	25,577,239	52,268	25,629,507	22,070,563	119,141	22,189,704
2	Current Assets	Rs. In (000)	**4,693,642**	**50,834**	**4,744,476**	2,262,773	33,261	2,296,034	1,933,568	51,621	1,985,189
3	Stock	Rs. In (000)	**168,312**	**23,081**	**191,393**	67,904	32,369	100,273	55,070	41,108	96,178
4	Current Liabilities	Rs. In (000)	**3,720,930**	**3,244**	**3,724,174**	2,328,878	6,199	2,335,077	2,042,260	74,622	2,116,882
5	Long-term Borrowing	Rs. In (000)	**9,831,431**	**-**	**9,831,431**	9,645,961	-	9,645,961	9,101,585	-	9,101,585
6	Paid Up Capital	Rs. In (000)	**590,578**	**-**	**590,578**	590,578	-	590,578	590,578	-	590,578
7	Shareholders Equity	Rs. In (000)	**14,102,954**	**-**	**14,102,954**	12,958,033	-	12,958,033	10,684,452	-	10,684,452
8	No. of Ordinary Shares	In (000)	**59,058**	**-**	**59,058**	59,058	-	59,058	59,058	-	59,058
B)	**STATEMENT OF PROFIT OR LOSS**										
1	Sales Value	Rs. In (000)	**7,267,770**	**7,489**	**7,275,259**	3,079,977	10,453	3,090,430	2,537,377	12,591	2,549,968
2	Gross Profit / (Loss)	Rs. In (000)	**2,622,208**	**(1,799)**	**2,620,409**	1,529,190	1,714	1,530,904	1,275,215	3,409	1,278,624
3	Finance Cost	Rs. In (000)	**(946,051)**	**-**	**(946,051)**	(798,779)	-	(798,779)	(736,882)	(4)	(736,886)
4	Operating Profit / (Loss)	Rs. In (000)	**2,012,358**	**(34,668)**	**1,977,690**	1,079,997	87,153	1,167,150	917,421	(20,671)	896,750
5	Profit / (Loss) Before Taxation	Rs. In (000)	**1,981,544**	**(34,668)**	**1,946,876**	2,587,791	87,153	2,674,944	740,565	(20,675)	719,890
6	Profit / (Loss) After Taxation	Rs. In (000)	**1,876,527**	**(34,668)**	**1,841,859**	2,205,755	87,153	2,292,908	422,484	(20,675)	401,809
C)	**STATEMENT OF CASH FLOWS**										
1	Net Cash Flow from Operating Activities	Rs. In (000)	**1,295,965**	**(27,422)**	**1,268,543**	1,136,705	12,891	1,149,596	804,285	308	804,593
2	Net Cash Flow from Investing Activities	Rs. In (000)	**694,664**	**-**	**694,664**	437,423	134,715	572,138	298,105	-	298,105
3	Net Cash Flow from Financing Activities	Rs. In (000)	**(2,420,661)**	**-**	**(2,420,661)**	(2,033,213)	-	(2,033,213)	(1,055,452)	-	(1,055,452)
D)	**RATIO ANALYSIS**										
	Profitability Ratios:										
1	Gross (Loss) / Profit	%	**36.08**	**(24.02)**	**36.02**	49.65	16.40	49.54	50.26	27.07	50.14
2	Net (Loss) / Profit	%	**25.82**	**(462.92)**	**25.32**	71.62	833.76	74.19	16.65	-164.20	15.76
3	Return on Equity	%	**-**	**-**	**13.06**	-	-	17.69	-	-	3.76
4	Return on Capital Employed	%	**-**	**-**	**8.26**	-	-	5.16	-	-	4.53
	Liquidity Ratios:										
1	Current Ratio	Rs.	**1.26**	**15.67**	**1.27**	0.97	5.37	0.98	0.95	0.69	0.94
2	Quick / Acid Test Ratio	Rs.	**1.22**	**8.56**	**1.22**	0.94	0.14	0.94	0.92	0.14	0.89
	Investment / Market Ratios:										
1	Earning / (Loss) Per Share	Rs.	**27.20**	**(0.59)**	**26.61**	35.29	1.48	36.77	5.29	(0.35)	4.94
2	Price Earning Ratio	Rs.	**-**	**-**	**8.05**	-	-	4.46	-	-	38.06
3	Dividend Yield	%	**-**	**-**	**5.14**	-	-	1.83	-	-	2.66
4	Dividend Payout Ratio	%	**-**	**-**	**41.34**	-	-	8.16	-	-	101.21
5	Dividend Cover Ratio	Rs.	**-**	**-**	**2.42**	-	-	12.26	-	-	0.99
6	Break-up Value of Shares	Rs.	**-**	**-**	**238.80**	-	-	219.41	-	-	180.92
7	Market Value of Shares	Rs.	**-**	**-**	**214.16**	-	-	164.05	-	-	188.00
	Capital Structure Ratios:										
1	Debt to Equity Ratio	Rs.	**0.70**	**-**	**0.70**	0.74	-	0.74	0.85	-	0.85
2	Interest Cover Ratio	Rs.	**2.13**	**-**	**2.09**	1.35	-	1.46	1.25	(5,167.75)	1.22
E)	**DIVIDEND**										
1	Cash Dividend	%	**110**	**-**	**110**	30	-	30	50	-	50
F)	**OTHERS**										
1	Employees	Nos.	**179**	**4**	**183**	89	5	94	104	-	104
2	Capital Expenditures	Rs. In (000)	**221,290**	**-**	**221,290**	203,358	-	203,358	31,244	-	31,244

December 2016			December 2015			December 2014		
Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total
						Restated		Restated
21,751,690	137,276	21,888,966	10,779,368	179,617	10,958,985	5,175,340	323,226	5,498,566
1,675,736	67,195	1,742,931	1,789,558	97,123	1,886,681	367,136	205,512	572,648
99,221	50,226	149,447	135,318	74,989	210,307	179,289	101,230	280,519
1,698,909	12,965	1,711,874	216,787	32,146	248,933	369,145	-	369,145
8,765,285	-	8,765,285	3,198,085	-	3,198,085	-	-	-
590,578	-	590,578	590,578	-	590,578	590,578	-	590,578
10,603,431	-	10,603,431	6,830,141	-	6,830,141	4,574,096	-	4,574,096
59,058	-	59,058	59,058	-	59,058	59,058	-	59,058
519,639	21,200	540,839	177,368	26,377	203,745	129,199	70,423	199,622
7,157	(6,299)	858	22,071	3,567	25,638	27,051	(12,896)	14,155
(170,004)	(21)	(170,025)	(25,613)	(50)	(25,663)	(31,999)	(3)	(32,002)
(337,156)	(41,341)	(378,497)	(233,769)	659,621	425,852	(249,188)	82,868	(166,320)
3,631,741	(41,362)	3,590,379	1,234,453	659,571	1,894,024	149,086	82,865	231,951
3,155,273	(41,362)	3,113,911	974,981	659,571	1,634,552	138,535	82,865	221,400
(254,108)	(16,209)	(270,317)	(423,918)	(22,326)	(446,244)	(241,056)	45,519	(195,537)
(5,215,556)	(1,782)	(5,217,338)	(3,087,093)	772,698	(2,314,395)	45,288	251,973	297,261
5,321,944	-	5,321,944	3,402,161	-	3,402,161	(2,818)	-	(2,818)
1.38	(29.71)	0.16	12.44	13.52	12.58	20.94	(18.31)	7.09
607.20	(195.10)	575.76	549.69	2,500.55	802.25	107.23	117.67	110.91
-	-	29.37	-	-	23.93	-	-	4.84
-	-	(1.95)	-	-	4.25	-	-	(3.64)
0.99	5.18	1.02	8.25	3.02	7.58	0.99	0.59	1.55
0.93	1.31	0.93	7.63	0.69	6.73	0.51	-	0.79
54.20	(0.70)	52.73	16.56	11.17	27.73	2.35	1.40	3.75
-	-	4.80	-	-	5.05	-	-	32.11
-	-	1.98	-	-	-	-	-	-
-	-	9.48	-	-	-	-	-	-
-	-	10.55	-	-	-	-	-	-
-	-	179.54	-	-	115.65	-	-	77.45
-	-	253.00	-	-	139.99	-	-	120.53
0.83	-	0.83	0.47	-	0.47	-	-	-
(1.98)	(1,968.62)	(2.23)	(9.13)	13,192.42	16.59	(7.79)	27,622.67	(5.20)
50	-	50	-	-	-	-	-	-
78	-	78	83	-	83	81	-	81
7,572,135	-	7,572,135	3,258,623	-	3,258,623	65,738	647	66,385

INVESTOR RELATIONS

Financial Calender

Financial Year ended 31 December 2019	
30 April 2019	Announcement of first quarter results
23 August 2019	Announcement of second quarter results
28 October 2019	Announcement of third quarter results
28 February 2020	Announcement of fourth quarter results
30 April 2019	69th Annual General Meeting

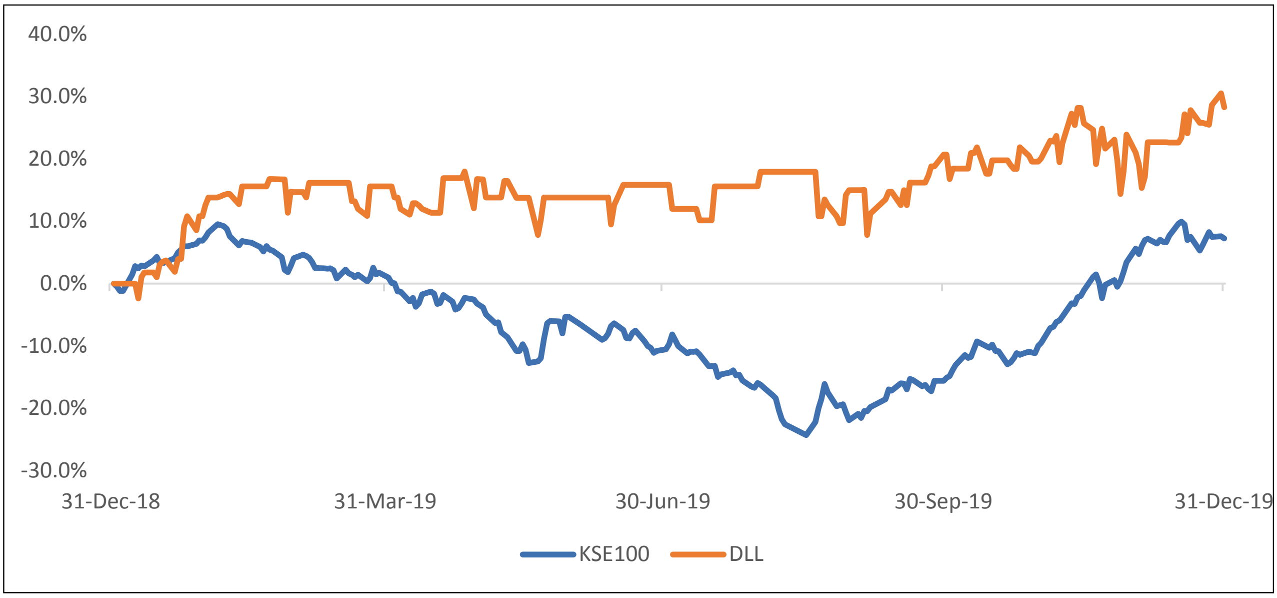
Trading Performance During the Financial Period	**2019**	2018	2017
Opening price	164.05	188.00	253.00
Closing price	214.16	164.05	188.00
Highest price	217.90	195.89	257.90
Lowest price	163.01	155.46	165.00
Average daily volume traded	6,340.00	6,406.00	7,385.00

Total Return*	**Shareholder**	**Market**
1- year period (01 January 2019 to 31 December 2019)	37.3%	9.9%
3 - year period (01 January 2017 to 31 December 2019)	-7.8%	-14.8%
5 - year period (01 January 2015 to 31 December 2019)	97.6%	26.8%

* 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:

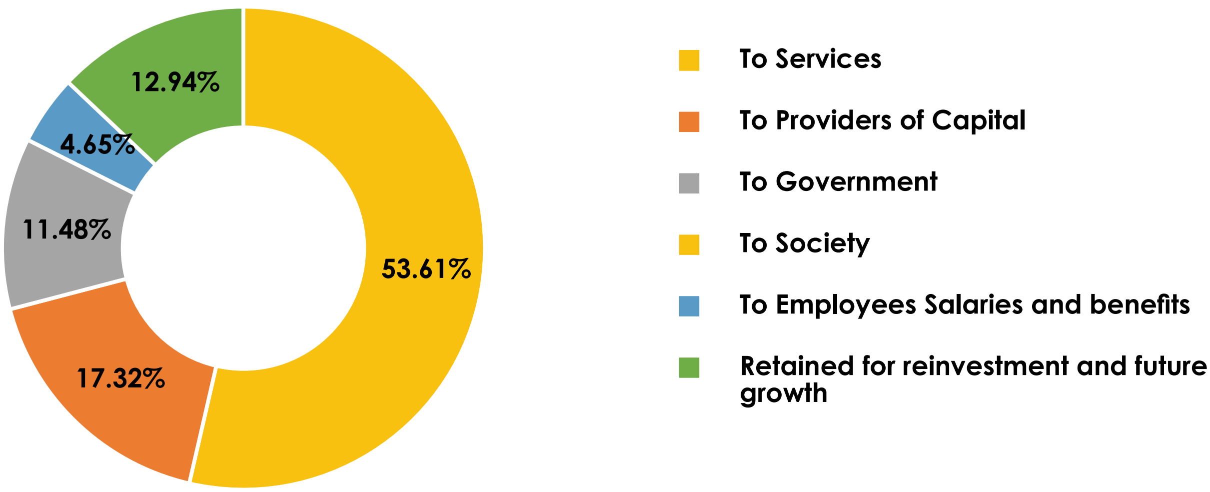
Source: dps.psx.com.pk



STATEMENT OF VALUE ADDITION AND DISTRIBUTION

(Rs. in million)

	2019		2018	
	Rs.	%	Rs.	%
Wealth Generated / Value addition				
Total revenue inclusive of sales tax	8,221	89.20%	3,474	58.25%
Other income	995	10.80%	2,490	41.75%
	9,216	100.00%	5,964	100.00%
Wealth Distributed / Value distribution				
To Services				
Cost of revenue (excluding employees' salaries and benefits)	4,604	49.96%	1,548	25.96%
Distribution and administration, other expenses (excluding employees' salaries and benefits)	336	3.65%	222	3.72%
To Providers of Capital				
Dividend to shareholders	650	7.05%	177	2.97%
Mark-up/interest expense on borrowed money	946	10.27%	799	13.39%
To Government				
Taxes	1,058	11.48%	773	12.96%
To Society				
Donation	0.3	0.00%	-	0.00%
To Employees Salaries and benefits	429	4.65%	329	5.52%
Retained for reinvestment and future growth				
Depreciation, amortization and retained profit	1,192	12.94%	2,116	35.48%
	9,216	100.00%	5,964	100.00%



pwc

A·F·FERGUSON&Co.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Lawrencepur Limited

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

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: April 16, 2020

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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, 2019

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 Seven (7) as per the following:
   a. Male: Seven
   b. Female: None

2) The composition of the Board is as follows:
   i) Independent Directors
   - Mr. Shabbir Hussain Hashmi

   ii) Non-executive Directors
   - Mr. Shahid Hamid Pracha (Chairman);
   - Mr. Shahzada Dawood;
   - Mr. Abdul Samad Dawood;
   - Mr. Shafiq Ahmed; and
   - Mr. Hasan Reza Ur Rahim.

   iii) Executive Directors
   - Mr. Mujtaba Haider Khan

   iv) Female Directors
   None

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

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

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

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

7) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8) The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9) A total of six directors have completed the directors training programme;

10) The Board has approved the appointment of Chief Financial Officer during the year ended December 31, 2019. There was no change in position of Head of Internal Audit and Company Secretary during the year. The Board has approved 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:

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

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

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
- February 21, 2019;
- April 29, 2019;
- August 21, 2019; and
- October 25, 2019.

b) Human Resource and Remuneration Committee

- April 5, 2019; and
- December 10, 2019.

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; and

18) We confirm that all requirements of regulations 3, 6, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with.

Shahid Hamid Pracha
Chairman
Dated: February 28, 2020

SECMC
5 MW

Job Opportunities in the Local Community

13 installation job-years are created for each Megawatt-power (MWp) of Solar installed.

The 5MW Solar Power Plant at Sindh Engro Coal Mining Company (SECMC) has recruited 55 locals like Abdul Karim.

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, 2019, 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, 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 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, 2019 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

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Following is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
i)	**Income from subsidiaries and associate** (Refer notes 2.19, 6, 7, 12, 14, 26 and 30 to the unconsolidated financial statements) The Company holds investments in subsidiary companies and an associate and further has receivables and subordinated loans due from subsidiaries. Return on these investments, loans and receivables comprises dividend and mark-up income respectively which constitute significant components of the Company's income for the year. In view of the significance of the aforementioned income from subsidiaries and associate in the overall context of the unconsolidated financial statements and due to risk of misstatement relating to recognition of income in the correct accounting period, we considered this a key audit matter.	Our audit procedures included the following: • obtained understanding of the process and internal control relating to recognition of income from subsidiaries and associate; • agreed the Company's entitlement towards dividend income on investments held based on the announcements made by the subsidiary companies and associate and recalculated dividend income for the year; • recalculated, on a sample basis, mark-up charged on subordinated loans and receivables to subsidiaries using the effective interest method; • agreed receipts against dividend and mark-up income on loans and receivables (where applicable) from bank statements; and • assessed adequacy and appropriateness of the related disclosures in the unconsolidated financial statements with respect to 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 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.

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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 unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

(d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: April 16, 2020

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

(Amounts in thousand)	Note	2019	2018
		------------Rupees------------	
ASSETS			
Non-current assets			
Property, plant and equipment	4	**27,853**	31,494
Intangible assets	5	**56**	19
Long-term investments	6	**3,201,817**	3,201,795
Long-term loan to subsidiary	7	**300,000**	195,000
Long-term deposits	8	**2,778**	2,778
		3,532,504	3,431,086
Current assets			
Stores and spares	9	**892**	892
Stock	10	**34,582**	47,380
Trade debts	11	**71**	4,411
Loans to subsidiaries	12	**437,922**	718
Loans and advances	13	**2,635**	2,093
Taxes recoverable		**21,609**	5,121
Deposits, prepayments and other receivables	14	**106,665**	68,995
Interest accrued	15	**70,276**	21,229
Cash and bank balances	16	**6,362**	19,788
		681,014	170,627
TOTAL ASSETS		**4,213,518**	3,601,713
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**590,578**	590,578
Capital reserves		**206,666**	206,666
Unappropriated profit		**2,708,349**	2,283,583
Unrealized gain on remeasurement of available-for-sale financial assets		**-**	10,238
		3,505,593	3,091,065
Non-current liabilities			
Staff retirement benefits	19	**1,477**	1,144
Current liabilities			
Trade and other payables	20	**51,166**	56,511
Contract liabilities	21	**2,657**	-
Short-term borrowings	22	**552,345**	388,269
Unclaimed dividend		**46,806**	44,635
Unpaid dividend		**18,561**	3,589
Provision	29	**7,360**	5,816
Accrued mark-up		**27,553**	10,684
		706,448	509,504
		707,925	510,648
Contingencies and commitments	23		
TOTAL EQUITY AND LIABILITIES		**4,213,518**	3,601,713

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

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

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Year Ended December 31, 2019

(Amounts in thousand except for earnings / (loss) per share)	Note	2019	2018
		------------Rupees------------	
CONTINUING OPERATIONS			
Revenue from contracts with customers - net	24	**6,012**	7,840
Cost of revenue	25	**(6,883)**	(6,245)
Gross (loss) / profit		**(871)**	1,595
Dividend income	26	**1,325,152**	623,921
Selling and distribution expenses	27	**(1,023)**	(845)
Administrative expenses	28	**(47,616)**	(39,820)
Other charges	29	**(9,779)**	-
		(58,418)	(40,665)
Other income	30	**112,770**	51,193
Finance cost	31	**(93,593)**	(40,558)
Profit before taxation		**1,285,040**	595,486
Taxation	32	**(186,136)**	(118,278)
Profit after taxation		**1,098,904**	477,208
DISCONTINUED OPERATIONS			
(Loss) / profit from discontinued operations	33	**(34,668)**	87,153
Profit for the year		**1,064,236**	564,361
Earnings per share - basic and diluted			
Continuing operations	34	**18.61**	8.08
(Loss) / earnings per share - basic and diluted			
Discontinued operations	34	**(0.59)**	1.48

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

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

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2019

(Amounts in thousand)	Note	2019	2018
		------------Rupees------------	
Profit for the year		**1,064,236**	564,361
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Loss on remeasurement of available-for-sale investments		-	(1,436)
Items that will not be reclassified to profit or loss:			
Remeasurement of post employment benefit obligation - actuarial loss	19.5	**(72)**	(483)
		(72)	(1,919)
		1,064,164	562,442

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

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

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2019

(Amounts in thousand)

	Share Capital	Capital reserves: Merger reserve	Capital reserves: Share premium reserve	Capital reserves: Others	Capital reserves: Capital redemption of reserve fund (note 20.1)	Capital reserves: Total	Revenue reserves: Unappropriated profit	Revenue reserves: Unrealized gain on remeasurement of available for sale investments	Total
	--------	--------	--------	--------	Rupees	--------	--------	--------	--------
Balance as at January 1, 2018	590,578	10,521	136,865	33,311	25,969	206,666	1,896,879	11,674	2,705,797
Profit for the year	-	-	-	-	-	-	564,361	-	564,361
Other comprehensive loss	-	-	-	-	-	-	(483)	(1,436)	(1,919)
Total comprehensive income for the year	-	-	-	-	-	-	563,878	(1,436)	562,442
Transaction with owners									
Final dividend for the year ended December 31, 2017 @ Re. 1 per share	-	-	-	-	-	-	(59,058)	-	(59,058)
First interim dividend for the year ended December 31, 2018 @ Rs. 2 per share	-	-	-	-	-	-	(118,116)	-	(118,116)
Balance as at December 31, 2018	590,578	10,521	136,865	33,311	25,969	206,666	2,283,583	10,238	3,091,065
Effects of change in accounting policy due to adoption of IFRS 9 - net of deferred tax (note 2.2.1)	-	-	-	-	-	-	10,238	(10,238)	-
Balance as at January 1, 2019	**590,578**	**10,521**	**136,865**	**33,311**	**25,969**	**206,666**	**2,293,821**	**-**	**3,091,065**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,064,236**	**-**	**1,064,236**
Other comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**(72)**	**-**	**(72)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,064,164**	**-**	**1,064,164**
Transaction with owners									
Final dividend for the year ended December 31, 2018 @ Rs. 4 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(236,231)**	**-**	**(236,231)**
First interim dividend for the year ended December 31, 2019 @ Rs. 4 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(236,231)**	**-**	**(236,231)**
Second interim dividend for the year ended December 31, 2019 @ Rs. 3 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(177,174)**	**-**	**(177,174)**
Balance as at December 31, 2019	**590,578**	**10,521**	**136,865**	**33,311**	**25,969**	**206,666**	**2,708,349**	**-**	**3,505,593**

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

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

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2019

(Amounts in thousand)	2019	2018
	------------Rupees------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,250,372**	682,639
Add: Loss / (profit) before taxation attributable to discontinued operations	**34,668**	(87,153)
Profit before taxation from continuing operations	**1,285,040**	595,486
Adjustment for non-cash charges and other items:		
Depreciation	**2,025**	2,201
Amortization	**31**	838
Provision for gratuity - net	**885**	1,010
Provision for slow moving and obsolete stock	**4,048**	-
Provision for National Investment Trust	**9,779**	-
Finance cost	**93,593**	40,558
Royalty income	**(15,420)**	(16,912)
Provision for doubtful debts - net	**24**	1,061
(Gain) / loss on disposal of property, plant and equipment	**(5)**	66
Dividend income	**(1,325,152)**	(623,921)
Profit on deposits	**(157)**	(158)
Mark-up charged to related parties	**(91,737)**	(29,578)
	(37,046)	(29,349)
Working capital changes:		
(Increase) / decrease in current assets		
Stock	**(538)**	4,443
Trade debts	**4,316**	(4,106)
Loans and advances	**(337)**	(1,593)
Deposits, prepayments and other receivables	**(22,250)**	18,020
	(18,809)	16,764
Increase / (decrease) in current liabilities		
Trade and other payables	**672**	(24,182)
	(18,137)	(7,418)
Gratuity paid	**(369)**	(3,230)
Finance cost paid	**(76,724)**	(39,704)
Claims paid	**(8,235)**	-
Taxes paid	**(202,624)**	(96,781)
Discontinued operations	**(27,422)**	12,891
Net cash used in operating activities	**(370,557)**	(163,591)

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2019

(Amounts in thousand)	Note	2019	2018
		------------Rupees------------	
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		**(184)**	(175)
Purchase of intangible assets		**(68)**	-
Proceeds from disposal of property, plant and equipment		**5**	535
Long-term loan to subsidiary		**(105,000)**	(173,000)
Subordinated loans to subsidiaries		**(437,204)**	(90,000)
Profit on deposits		**157**	158
Mark-up received from related parties		**42,690**	22,880
Dividend received		**1,325,152**	623,921
Discontinued operations		**-**	134,715
Net cash generated from investing activities		**825,548**	519,034
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of dividend		**(632,493)**	(172,343)
Net (decrease) / increase in cash and cash equivalents		**(177,502)**	183,100
Cash and cash equivalents at beginning of the year		**(368,481)**	(551,581)
Cash and cash equivalents at end of the year	35	**(545,983)**	(368,481)

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

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2019

(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 Woolen and Textile Mills Limited (LWTM). The shares of the Company are listed on the Pakistan Stock Exchange Limited. The Company manages investment in its subsidiaries and associated companies and is engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the legacy textile business.

The business units of the Company include the following:

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

1.2 In prior years, the Company suspended operations of LWTM, BTM, DL and DCM. Land, building, plant and machinery and related assets of DL and DCM were disposed off. Furthermore, plant and machinery and related assets of LWTM and BTM were also disposed off in prior periods.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

(Amounts in thousand)

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

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

2.1.1 Statement of compliance

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

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

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

2.1.2 Functional and presentation currency

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

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

2.2.1 Standards, amendments and interpretations to published standards that became effective during the year

The following new standards, amendment and interpretation to the accounting and reporting standards as applicable in Pakistan were effective for the first time during the year ended December 31, 2019:

(Amounts in thousand)

2.2.1.1 IFRS 9 'Financial instruments' addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39 that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: Amortized Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or loss (FVPL). The basis of classification depends on the Company's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, without subsequently recycling fair value changes to profit or loss.

The standard also includes an Expected Credit losses (ECL) model that replaced the current incurred loss impairment model. The ECL model involves a three-stage approach whereby financial assets move through the three stages as the credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade debts and contract assets).

For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 also relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually uses for risk management purposes.

The adoption of IFRS 9 from January 1, 2019 by the Company has resulted in change in accounting policies. The Company has applied IFRS 9 retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". However, it has elected not to restate comparative information as permitted under the transitional provisions of the standard. The reclassifications and the adjustments arising from the new impairment rules are, therefore, not reflected in the unconsolidated statement of financial position as at December 31, 2018 but have been recognized in the opening unconsolidated statement of financial position as on January 1, 2019.

(Amounts in thousand)

Furthermore, on January 1, 2019, the management has re-assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories. As a result of this, financial assets previously classified as "loans and receivables" have now been classified as "at amortized cost". "Available-for-sale financial assets" which denoted investments in unquoted equity securities have been classified as at "financial assets at fair value through other comprehensive income" while investments in units of mutual funds (being puttable financial instruments) have been classified as ""at fair value through profit or loss".

The table below shows the adjustments recognised for each individual line item of the unconsolidated statement of financial position following the transition to IFRS 9. Line items that were not affected by the changes have not been included:

Unconsolidated Statement of Financial Position (extract)	Impact of IFRS 9			
	As originally presented January 1, 2019	Classification and measurement	Impairment	Restated January 1, 2019
	Rupees in '000			
Non-current assets				
Available-for-sale financial assets				
- Investments in units of mutual funds	12,678	(12,678)	-	-
- Investments in unquoted equity securities	15	(15)	-	-
Financial assets at fair value through other comprehensive income				
- Investments in unquoted equity securities	-	15	-	15
Financial assets at fair value through profit or loss				
- Investments in units of mutual funds	-	12,678	-	12,678
Other components of equity				
Unrealized gain on remeasurement of available-for-sale investments	10,238	(10,238)	-	-
Unappropriated profit	2,283,583	10,238	-	2,293,821

*No differences were noted in prior year figures as a result of applying the new expected credit loss model.

2.2.1.2 IFRS 15 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The Company has adopted IFRS 15 retrospectively with the cumulative effect of adoption as an adjustment to opening retained earnings in the period of adoption.

The Company is engaged in the business of construction of renewable (solar) energy projects for industrial and commercial consumers in respect of which revenue is recorded over the period of contract based on the "cost-to-cost method" as explained in note 2.19.1. This method is comparable to the "input method" provided in IFRS 15 used for measuring progress towards complete satisfaction of a performance obligation whereby revenue is recognised on the basis of an entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The Company is also engaged in the trading of renewable energy projects against which revenue is recognised when goods are transferred to the customers and when all performance obligations contained in the contracts have been fulfilled. Hence, the management has concluded that the requirements contained in IFRS 15 are generally consistent with the timing of revenue the Company recognised in accordance with IAS 18 and the related interpretations.

The Company has also changed the presentation of certain amounts in the unconsolidated statement of financial position to reflect the terminology used by IFRS 15. Contract liabilities have been recognised, as explained in note 20.2.1, denoting the excess billing in respect of contract costs incurred plus recognised profits which were previously presented as a part of "trade and other payables.

IFRS 15 also requires the Company to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Accordingly, the Company's revenue has been disaggregated and presented in these unconsolidated financial statements based on whether performance obligations arising in respect of various revenue streams are satisfied at a point in time or over time.

2.2.1.3 IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentive" and SIC-27 "Evaluating the substance of transactions involving the legal form of a Lease". IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company has assessed and concluded that this standard does not have a material impact on its unconsolidated financial statements.

(Amounts in thousand)

2.2.1.4 Amendment to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement' requires an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and recognize in the statement of profit or loss and other comprehensive income as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment does not have a significant impact on these unconsolidated financial statements.

2.2.1.5 IFRIC 23, 'Uncertainty over income tax treatments' clarifies how the recognition and measurement requirements of IAS 12 'Income taxes', are applied where there is uncertainty over income tax treatments. The interpretation had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The interpretation applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation does not have a significant impact on these unconsolidated financial statements.

The other amendments to published standards and interpretations that are mandatory for the financial year which began on January 1, 2019 are considered not to be relevant or do have any significant impact on the Company's financial reporting and operations and are, therefore, not disclosed in these unconsolidated financial statements.

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

There are other standards, amendments and interpretations to the published accounting and reporting standards that are not yet effective and have not been early adopted by the Company and, therefore, have not been presented in these unconsolidated financial statements.

(Amounts in thousand)

2.3 Property, plant and equipment

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

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

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

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

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

(Amounts in thousand)

2.4 Intangible assets

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

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

2.5 Financial instruments

2.5.1 Financial assets

Classification

Upto December 31, 2018 the Company classified its financial assets into four categories namely 'at fair value through profit or loss', 'loans and receivables', 'held-to-maturity' and 'available-for-sale'.

Effective January 1, 2019 the Company classifies its financial assets in the following categories:

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

- those to be measured at amortised cost.

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

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

Measurement

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

Debt instruments

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

a) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is 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 recognised in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains and losses and impairment expenses in other expenses.

(Amounts in thousand)

c) Fair value through profit or loss (FVPL)

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

Equity instruments

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

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

Derecognition

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

2.5.2 Financial liabilities

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

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

A financial liability is 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 recognised in profit or loss.

(Amounts in thousand)

2.5.3 Offsetting

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

2.5.4 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments (other than trade debts) carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Lifetime ECL is recognised when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial assets has not increased significantly since initial recognition, the Company measures the loss allowance for that financial asset at an amount equal to 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 recognised from initial recognition of the receivables. To measure the expected credit losses, trade debts are grouped based on shared credit risk characteristics and the days past due.

2.6 Impairment of non-financial assets

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

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

(Amounts in thousand)

2.7 Investments in subsidiaries

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

- It has power over the investee entity;

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

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

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

2.8 Investment in associate

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

2.9 Stores and spares

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

(Amounts in thousand)

2.10 Stock

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

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

2.11 Cash and cash equivalents

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

2.12 Provisions

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

2.13 Contract assets and contract liabilities

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

(Amounts in thousand)

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

2.14 Employees' retirement benefits - defined benefit plan

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

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

2.15 Borrowings

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

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

2.16 Share capital

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

(Amounts in thousand)

2.17 Taxation

2.17.1 Current

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

2.17.2 Deferred

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

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

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

2.18 Discontinued operations

A discontinued operation is a component of an entity that either has been disposed off, 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 off 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)

2.19 Revenue and income recognition

2.19.1 Project revenue

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

2.19.2 Sale of goods

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

2.19.3 Interest income

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

2.19.4 Dividend income

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

2.19.5 Capital gain

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

2.20 Borrowing costs

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

(Amounts in thousand)

2.21 Foreign currency translation

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

2.22 Earnings per share

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

2.23 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of the Company that makes the strategic decisions.

Management has disclosed information as required by IFRS 8 'Operating Segments' in note 41 to these unconsolidated financial statements.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Property, plant and equipment and intangible assets

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

(Amounts in thousand)

3.2 Taxation

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

3.3 Impairment of financial assets

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

3.4 Provision for retirement benefits

The present value of these obligations depend on a number of factors that are determined on actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of these obligations. The present values of these obligations and the underlying assumptions are disclosed in note 19.

3.5 Stock

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

3.6 Revenue

The Company estimates the cost to complete the projects in order to determine the stage of completion for the purpose of revenue recognition. These costs include the cost of material, infrastructure, labour and the cost of meeting other contractual obligations to the customer.

3.7 Impairment of investments in subsidiaries and associates

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2019

(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, 2018									
Cost	3,157	70,557	102,870	66,594	7,126	3,687	10,822	4,464	269,277
Accumulated depreciation	-	(66,138)	(98,091)	(52,186)	(6,819)	(1,244)	(7,660)	(1,380)	(233,518)
Net book value	3,157	4,419	4,779	14,408	307	2,443	3,162	3,084	35,759
Year ended December 31, 2018									
Opening net book value	3,157	4,419	4,779	14,408	307	2,443	3,162	3,084	35,759
Additions	-	-	-	-	175	-	-	-	175
Disposals									
Cost	-	-	-	(111)	(353)	(45)	(221)	-	(730)
Accumulated depreciation	-	-	-	42	353	12	221	-	628
	-	-	-	(69)	-	(33)	-	-	(102)
Depreciation (note 4.2)	-	(442)	(956)	(1,436)	(173)	(253)	(632)	(446)	(4,338)
Closing net book value	3,157	3,977	3,823	12,903	309	2,157	2,530	2,638	31,494
As at December 31, 2018									
Cost	3,157	70,557	102,870	66,483	6,948	3,642	10,601	4,464	268,722
Accumulated depreciation	-	(66,580)	(99,047)	(53,580)	(6,639)	(1,485)	(8,071)	(1,826)	(237,228)
Net book value	3,157	3,977	3,823	12,903	309	2,157	2,530	2,638	31,494
Year ended December 31, 2019									
Opening net book value	3,157	3,977	3,823	12,903	309	2,157	2,530	2,638	31,494
Additions	-	-	-	-	184	-	-	-	184
Disposals									
Cost	-	-	-	-	(41)	-	-	-	(41)
Accumulated depreciation	-	-	-	-	41	-	-	-	41
	-	-	-	-	-	-	-	-	-
Depreciation (note 4.2)	-	(397)	(765)	(1,290)	(205)	(216)	(506)	(446)	(3,825)
Closing net book value	3,157	3,580	3,058	11,613	288	1,941	2,024	2,192	27,853
As at December 31, 2019									
Cost	3,157	70,557	102,870	66,483	7,091	3,642	10,601	4,464	268,865
Accumulated depreciation	-	(66,977)	(99,812)	(54,870)	(6,803)	(1,701)	(8,577)	(2,272)	(241,012)
Net book value	3,157	3,580	3,058	11,613	288	1,941	2,024	2,192	27,853
Annual rate of depreciation (%)	0%	10%	20%	10%	33%	10%-33%	20%	10%	

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(Amounts in thousand)

4.1 The above include assets with an aggregate carrying value of Rs. 14,429 (2018: Rs. 16,229) which relate to discontinued textile units, LWTM and BTM.

	2019	2018
	-------------Rupees-------------	
4.2 Depreciation for the year has been allocated as under:		
Selling and distribution expenses (note 27)	**446**	446
Administrative expenses (note 28)	**3,379**	3,892
	3,825	4,338

4.3 The Company's assets include equipment costing Rs. 1,980 (2018: Rs. 1,980) which are not in the possession of the Company. These are installed at The Searle Company Limited for providing energy sales to the customer.

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

Description of location	Address	Total Area of Land in Acres
BTM Factory	Dawoodabad, Railway Station Road and Luddan Road, Chak 439, E.B, Tehsil Burewala, District Vehari.	313 Acres
LWTM Factory	G.T. Road, Faqirabad District Attock	227 Acres

	2019	2018
	-------------Rupees-------------	
5. INTANGIBLE ASSETS - Computer software		
Balance at beginning of the year	**19**	857
Additions at cost	**68**	-
Amortization charged for the year (notes 5.1 and 28)	**(31)**	(838)
Balance at end of the year	**56**	19
Gross carrying value		
Cost	**20,001**	19,933
Less: Accumulated amortization	**(19,945)**	(19,914)
Net book value	**56**	19

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

(Amounts in thousand)

6. LONG-TERM INVESTMENTS

	2019	2018
	------------Rupees------------	
Investment in related parties at cost (note 6.1)	**3,189,102**	3,189,102
Other investments		
- Financial assets at fair value through profit or loss (note 6.2)	**12,700**	-
- Financial assets at fair value through other comprehensive income (note 6.2)	**15**	-
- Available-for-sale financial assets (note 6.2)	**-**	12,693
	12,715	12,693
	3,201,817	3,201,795

6.1 Investment in related parties - at cost

	2019	2018
Subsidiaries - unquoted		
Tenaga Generasi Limited Percentage holding 75% (2018: 75%) 227,027,613 (2018: 227,027,613) (note 6.1.1) fully paid ordinary shares of Rs. 10 each	**2,294,804**	2,294,804
Reon Energy Limited Percentage holding 100% (2018: 100%) 72,600,000 (2018: 72,600,000) (note 6.1.2) fully paid ordinary shares of Rs. 10 each	**726,000**	726,000
Reon Alpha (Private) Limited Percentage holding 100% (2018: 100%) 10,300,100 (2018: 10,300,100) (note 6.1.3) fully paid ordinary shares of Rs. 10 each	**103,001**	103,001
Mozart (Private) Limited Percentage holding 100% (2018: 100%) 100 (2018: 100) (note 6.1.4) fully paid ordinary shares of Rs. 10/- each	**1**	1

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(Amounts in thousand)

	2019	2018
	------------Rupees------------	
Greengo (Private) Limited Percentage holding 100% (2018: 100%) 100 (2018: 100) (note 6.1.5) fully paid ordinary shares of Rs. 10/- each	**1**	1
Abrax (Private) Limited Percentage holding 100% (2018: 100%) 100 (2018: 100) (note 6.1.6) fully paid ordinary shares of Rs. 10/- each	**1**	1
	3,123,808	3,123,808
Associate - quoted		
Dawood Hercules Corporation Limited Percentage holding 16.19% (2018: 16.19%) 77,931,896 (2018: 77,931,896) (note 6.1.7) fully paid ordinary shares of Rs. 10/- each Market value Rs. 12,017,878 (2018: Rs. 8,662,130)	**65,294**	65,294
	3,189,102	3,189,102

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

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

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 trading 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.

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

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

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

(Amounts in thousand)

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 company

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:

Bank	Shares pledged	As at December 31, 2019			As at December 31, 2018		
		Number of shares pledged	Face value of shares pledged	Market value of pledged shares	Number of shares pledged	Face value of shares pledged	Market value of pledged shares
			---------Rupees---------			---------Rupees---------	
Pledged against short-term financing and other facilities availed by the Company and its subsidiaries							
Standard Chartered Bank (Pakistan) Limited (notes 22 and 23.1.8)	Dawood Hercules Corporation Limited	**26,899,737**	**268,997**	**4,148,208**	24,399,737	243,997	2,712,031
Bank AL Habib Limited		**10,200,000**	**102,000**	**1,572,942**	10,200,000	102,000	1,133,730
Pledged under Musharka Agreement entered into between RAPL and FBL							
Faysal Bank Limited (note 23.1.8)	Reon Alpha (Private) Limited	**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.

6.2 Other investments

2019	2018	Name of Investee	2019	2018
Units / No of Shares			-------------Rupees-------------	
		Listed Securities		
200,000	200,000	National Investment (Unit) Trust	**12,700**	12,678
		Un-Listed Securities		
1,500	1,500	Asian Co-operative Society Limited	**15**	15
			12,715	12,693

6.2.1 Reconciliation between fair value and cost of investments

	2019	2018
Fair value of investments	**12,700**	12,678
Surplus on remeasurement of investments as at year end	**(10,245)**	(10,223)
Cost of investments	**2,455**	2,455

(Amounts in thousand)

With the adoption of IFRS 9 "Financial Instruments" on January 1, 2019, units of National Investment (Unit) Trust have been classified as 'financial assets at fair value through profit or loss'; and unlisted shares of Asian Co-operative Society Limited have been classified as 'financial assets at fair value through other comprehensive income'. These were previously classified by the Company as available-for-sale under IAS 39. The effects of the reclassifications have been disclosed in note 2.2.1.1.

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

7. LONG-TERM LOAN TO SUBSIDIARY

This denotes an unsecured subordinated loan of Rs. 300,000 (December 31, 2018: Rs. 195,000) which includes Rs. 105,000 (2018: 90,000) provided during the year to Tenaga Generasi Limited. The loan carries mark-up at the rate of three months KIBOR plus 1.775%. The total facility limit provided to the subsidiary amounts to Rs. 300,000 and is unsecured and fully utilized as of the reporting date. The interest and principal is repayable in three year's time from the date of disbursement.

	2019	2018
	-------------Rupees-------------	
8. LONG-TERM DEPOSITS		
Deposits for utilities	**1,718**	1,718
Others	**1,060**	1,060
	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 (note 9.1)	**(892)**	(892)
	892	892

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

	2019	2018
Balance at the beginning of the year	**892**	7,789
Less: Reversal of provision on account of disposal	**-**	(6,897)
Balance at the end of the year	**892**	892

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

(Amounts in thousand)

		2019	2018
		------------Rupees------------	
10.	**STOCK**		
	Renewable energy		
	Finished goods	**44,671**	44,133
	Provision for slow moving and obsolete items (note 10.1)	**(33,170)**	(29,122)
		11,501	15,011
	Textile		
	Finished goods	**28,117**	36,103
	Provision for write down to net realizable value (note 10.1)	**(5,036)**	(3,734)
		23,081	32,369
		34,582	47,380
10.1	The movement in provision during the year is as follows:		
	Balance at the beginning of the year	**32,856**	37,170
	Add: Charge for the year	**5,350**	-
	Less: Reversal of provision for stock (note 25)	**-**	(2,576)
	Less: Written off against provision	**-**	(1,738)
	Balance at the end of the year	**38,206**	32,856
11.	**TRADE DEBTS - unsecured**		
	- Considered good		
	Renewable energy - projects	**37**	4,374
	Renewable energy - others (note 11.4)	**34**	37
		71	4,411
	- Considered doubtful		
	Renewable energy	**3,562**	3,538
	Others	**32**	32
		3,594	3,570
		3,665	7,981
	Provision for doubtful debts (note 11.3)	**(3,594)**	(3,570)
		71	4,411

11.1 As at December 31, 2019, trade debts aggregating to Rs. 38 (2018: Rs. 53) were past due by more than one month but not impaired.

11.2 As at December 31, 2019, trade debts aggregating to Rs. 33 (2018: Rs. 4,358) were neither past due nor impaired. The credit quality of these receivables can be assessed with reference to their historical performance with no defaults ever.

(Amounts in thousand)

11.3 As at December 31, 2019, trade debts aggregating to Rs. 3,594 (2018: Rs. 3,570) were deemed to have been impaired and provided for. These have been outstanding for more than six months. The movement in provision during the year is as follows:

	2019	2018
	----------Rupees----------	
Balance at the beginning of the year	**3,570**	2,509
Add: Provision for the year (note 28)	**24**	1,061
Balance at the end of the year	**3,594**	3,570

11.4 This includes trade debts amounting to Rs. 23 (2018: Rs. 3) due from Reon Energy Limited (REL, a subsidiary company). The amount is neither past due nor impaired. The maximum aggregate amount due from REL in respect of trade debts, at the end of any month during the year was Rs. 23 (2018: Rs. 3).

12 LOANS TO SUBSIDIARIES

	2019	2018
	----------Rupees----------	
Subordinated loans to subsidiary companies:		
- Tenaga Generasi Limited (note 12.1)	**137,000**	-
- Reon Energy Limited (note 12.2)	**300,000**	-
- Abrax (Private) Limited (note 12.3)	**319**	202
- Mozart (Private) Limited (note 12.3)	**283**	184
- Greengo (Private) Limited (note 12.3)	**320**	204
- Reon Alpha (Private) Limited (note 12.3)	**-**	128
	437,922	718

12.1 This carries mark-up at the rate of three months KIBOR plus 2.5%. The total facility limit provided to the subsidiary amounts to Rs. 1,000,000 and is unsecured. The interest and principal is repayable at the end of the facility period which is due to expire on July 11, 2020.

12.2 This carries mark-up at the rate of one percent (1%) above the average borrowing cost of the Company. The facility will expire on December 31, 2020 and has been fully utilized. Interest and principal is repayable at the end of the facility term.

On January 30, 2019, the Company had also disbursed a loan to REL of Rs. 97,000 to fulfil working capital requirements. The principal amount, repaid on March 29, 2019 through one lump sum payment, carried mark-up at the rate of 1% above the average borrowing cost of the Company.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

(Amounts in thousand)

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

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

	2019	2018
	-------------Rupees-------------	
Tenaga Generasi Limited	**137,000**	-
Reon Energy Limited	**397,000**	-
Abrax (Private) Limited	**319**	202
Mozart (Private) Limited	**283**	184
Greengo (Private) Limited	**320**	204
Reon Alpha (Private) Limited	**-**	128
	534,922	718

13. LOANS AND ADVANCES - unsecured, considered good

Loans and advances to employees (notes 13.1 and 13.2)	**907**	45
Advance to suppliers	**1,728**	2,048
	2,635	2,093

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.

13.2 The maximum aggregate amount due from key management personnel at the end of any month during the year was Rs. Nil (2018: Rs. 118).

	2019	2018
	-------------Rupees-------------	
14. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES - unsecured, considered good		
Security deposits (note 14.1)	**8,677**	8,568
Prepayments	**3,244**	1,986
Sales tax	**4,202**	4,298
Others (notes 14.2 and 14.3)	**90,542**	54,143
	106,665	68,995

14.1 This includes Rs. 1,550 (2018: Rs 1,550) deposited with The Dawood Foundation (a related party) under a lease agreement.

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(Amounts in thousand)

14.2 This includes amount due from related parties as follows:

	2019	2018
	-------------Rupees-------------	
Sach International (Private) Limited	**26,660**	9,137
Tenaga Generasi Limited	**57,324**	42,392
Reon Alpha (Private) Limited	**202**	48
	84,186	51,577

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

	2019	2018
	-------------Rupees-------------	
Sach International (Private) Limited	**26,660**	10,891
Tenaga Generasi Limited	**57,324**	49,947
Reon Alpha (Private) Limited	**312**	59
	84,296	60,897

14.3 As at December 31, 2019, receivables from related parties aggregating to Rs. 83,720 (2018: Rs. 43,149) were past due but not impaired. The aging analysis of these receivables is as follows:

	2019	2018
	-------------Rupees-------------	
Upto 3 month	**3,070**	1,907
3 to 6 months	**7,073**	1,769
More than 6 months	**73,577**	39,473
`	**83,720**	43,149

15. INTEREST ACCRUED

	2019	2018
Interest accrued (note 15.1)	**70,276**	21,229

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

	2019	2018
Tenaga Generasi Limited	**66,245**	21,210
Reon Energy Limited	**4,018**	-
Reon Alpha (Private) Limited	**2**	7
Mozart (Private) Limited	**3**	5
Abrax (Private) Limited	**4**	3
Greengo (Private) Limited	**4**	4
	70,276	21,229

(Amounts in thousand)

		2019	2018
		-------------Rupees-------------	
15.2	The maximum month end balance against mark-up receivable from related parties is as follows:		
	Tenaga Generasi Limited	**66,245**	24,829
	Reon Energy Limited	**11,237**	3,736
	Reon Alpha (Private) Limited	**14**	7
	Mozart (Private) Limited	**33**	5
	Abrax (Private) Limited	**36**	3
	Greengo (Private) Limited	**36**	4
		77,601	28,584

15.3 As at December 31, 2019, mark-up receivable from related parties aggregating to Rs. 59,551 (2018: Rs. 19,097) was past due but not impaired. The aging analysis of these receivables is as follows:

	2019	2018
	-------------Rupees-------------	
Upto 3 month	**12,536**	3,959
3 to 6 months	**16,315**	4,687
More than 6 months	**30,700**	10,451
	59,551	19,097

16. CASH AND BANK BALANCES

	2019	2018
Cash in hand	**167**	205
Balances with banks in:		
- current accounts	**4,105**	17,621
- deposit accounts (note 16.1)	**2,090**	1,962
	6,195	19,583
	6,362	19,788

16.1 These represent deposits with commercial banks and carry profit at the rate of 11.75% (2018: 5.15%) per annum.

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For The Year Ended December 31, 2019

(Amounts in thousand)

17. SHARE CAPITAL

Authorized capital

2019	2018		2019	2018
---Number of shares---			-------------Rupees-------------	
75,000,000	75,000,000		**750,000**	750,000

Issued, subscribed and paid up capital

2019	2018		2019	2018
---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
59,057,859	59,057,859		**590,578**	590,578

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

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

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).

18. DEFERRED TAXATION

As at December 31, 2019, deferred tax asset amounting to Rs. 501,112 (2018: Rs. 325,324) has not been recognised in these unconsolidated financial statements as the Company expects that its income will continue to be taxable under alternate corporate tax and final tax regime in future.

(Amounts in thousand)

	2019	2018
	-------------Rupees-------------	
19. DEFERRED LIABILITIES - STAFF RETIREMENT GRATUITY		
Staff retirement gratuity	**1,477**	1,144

The details of staff retirement benefit obligation based on actuarial valuation carried out by the independent actuary of the Company as at December 31, 2019 using the Projected Unit Credit Method are as follows:

	2019	2018
	-------------Rupees-------------	
19.1 Principal actuarial assumptions used in the actuarial valuation		
Financial assumptions:		
Discount rate used for year end obligation	11.25	13.25
Expected rate of salary increase	10.25	12.25
Expected return on plan assets	11.25	13.25
Demographic assumptions:		
Expected withdrawal rate	Age-Based	Age-Based
Expected retirement age	Age 60	Age 60
Expected mortality rates	SLIC 2001 - 2005 (Set back 1 year)	SLIC 2001 - 2005 (Set back 1 year)

	2019	2018
	-------------Rupees-------------	
Statement of financial position reconciliation		
Present value of defined benefit obligation (note 19.2)	**4,843**	4,245
Fair value of plan assets (note 19.3)	**(3,366)**	(3,101)
Net liability at end of the year	**1,477**	1,144

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(Amounts in thousand)

		2019	2018
		-------------Rupees-------------	
19.2	**Movement in present value of defined benefit obligation**		
	Present value of defined benefit obligation at beginning of the year	**4,245**	5,844
	Current service cost	**775**	906
	Interest cost	**521**	349
	Benefits due but not paid (note 20)	**(255)**	-
	Benefits paid	**(369)**	(3,230)
	Remeasurement (gain) / loss on obligation (note 19.5)	**(74)**	376
	Present value of defined benefit obligation at end of the year	**4,843**	4,245
19.3	**Movement in fair value of plan assets**		
	Fair value of plan assets at beginning of the year	**3,101**	2,963
	Contributions made by the Company	**369**	3,230
	Interest income	**411**	245
	Benefits paid	**(369)**	(3,230)
	Remeasurement loss on plan assets excluding interest income	**(146)**	(107)
	Fair value of plan assets at end of the year	**3,366**	3,101
19.4	**Expense recognized in unconsolidated statement of profit or loss**		
	Current service cost	**775**	906
	Interest cost on defined benefit obligation	**521**	349
	Interest income on plan assets	**(411)**	(245)
	Expense for the year	**885**	1,010
19.5	**Remeasurement losses on defined benefit obligation recognized in unconsolidated statement of comprehensive income**		
	Remeasurement of plan obligations		
	Changes in financial assumptions	**18**	(48)
	Experience adjustments	**56**	(328)
		74	(376)
	Return on plan assets, excluding interest income	**(146)**	(107)
		(72)	(483)

(Amounts in thousand)

		2019	2018
		-------------Rupees-------------	
19.6	**Net recognized liability**		
	Net liability at beginning of the year	**1,144**	2,881
	Expense recognized in profit or loss	**885**	1,010
	Remeasurement losses recognized in unconsolidated statement of comprehensive income	**72**	483
	Payable to employee in respect of gratuity (note 19.2)	**(255)**	-
	Contributions made during the year	**(369)**	(3,230)
	Net liability at end of the year	**1,477**	1,144
19.7	Plan assets comprise of investments in units of mutual funds	**3,366**	3,101

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

19.9 Expected future cost for the year ending December 31, 2020 is Rs. 1,113.

19.10 Maturity profile

Distribution of timing of benefit payments (times in years)	**2019 Rupees**
1	168
2	266
3	325
4	3,594
5	319
6	340
7	367
8	396
9	409
10+	119,883

19.11 The scheme exposes the Company to the following risks: 119,883

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

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

(Amounts in thousand)

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

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

19.12 Historical information of staff retirement benefits:

	2019	2018	2017	2016	2015
	---------- Rupees ----------				
Present value of defined benefit obligation	**(4,843)**	(4,245)	(5,844)	(8,213)	(9,149)
Fair value of plan assets	**3,366**	3,101	2,963	2,928	2,815
Deficit	**(1,477)**	(1,144)	(2,881)	(5,285)	(6,334)

19.13 Sensitivity analysis for actuarial assumptions

	Change in assumption	**Present value of defined benefit obligation due to change in assumption**	
		2019	2018
		------Rupees------	
Discount rate	+1%	**4,446**	3,879
Discount rate	-1%	**5,304**	4,671
Future salary increase rate	+1%	**5,309**	4,677
Future salary increase rate	-1%	**4,434**	3,867

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

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

(Amounts in thousand)

		2019	2018
		------------Rupees------------	
20.	**TRADE AND OTHER PAYABLES**		
	Creditors	**5,492**	7,725
	Accrued liabilities	**15,416**	12,436
	Due to Islamic Development Bank (note 20.1)	**25,969**	25,969
	Due to customers of energy projects (note 20.2)	**-**	6,956
	Amount due to related party (note 20.3)	**50**	-
	Payable to employee in respect of gratuity (note 19.2)	**255**	-
	Deposits (note 20.4)	**514**	809
	Withholding tax	**2,044**	1,858
	Other payables (note 20.5)	**1,426**	758
		51,166	56,511

20.1 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.

		2019	2018
		------------Rupees------------	
20.2	Due to customers of energy projects:		
	Progress billing	**-**	75,414
	Less: Contract costs incurred plus recognised profits	**-**	(68,458)
	Gross amount due to customers	**-**	6,956

20.2.1 As at January 1, 2019, this has been reclassified to contract liabilities (note 21) in the unconsolidated statement of financial position pursuant to the adoption of IFRS 15.

20.3 This represents advance received from Tenaga Generasi Limited (TGL, a subsidiary company) against reimbursement of expenses to be incurred on behalf of TGL.

20.4 All deposits are interest free and are payable on demand. These amount include Rs. 346 (2018: Rs. 346) utilized as per the agreement with the respective parties. The balance is not kept in a separate bank account.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

(Amounts in thousand)

		2019	2018
		------------Rupees------------	
20.5	This represents amount due to following related parties:		
	The Dawood Foundation	**185**	5
	Reon Energy Limited	**748**	689
	Dawood Hercules Corporation Limited	**493**	64
		1,426	758

		2019	2018
21.	**CONTRACT LIABILITIES**		
	Contract liabilities against energy projects denote:		
	Progress billing	**77,025**	-
	Less: Contract costs incurred plus recognised profits	**(74,368)**	-
		2,657	-
22.	**SHORT-TERM BORROWINGS**		
	Running finance under mark-up arrangement (note 22.1)	**552,345**	388,269

22.1 This includes short-term running finance facilities aggregating to Rs. 1,500,000 (2018: Rs 1,500,000) obtained under mark-up arrangement from various banks. The unutilized balance against these facilities as at reporting date was Rs. 947,655 (2018: Rs. 1,111,731). Furthermore, out of the aforementioned facilities, the Company has negotiated sub-limits for financing the operations of Reon Energy Limited (a subsidiary company) amounting to Rs. 300,000. These facilities are secured by way of a first pari passu mortgage charge on immovable property (including land and building), current assets, and pledge over the Company's investments in related party, as explained in note 6.1.8. Rate of mark-up applicable on these facilities ranges from three months KIBOR plus 75 basis points to three months KIBOR plus 100 basis points (2018: three months KIBOR plus 65 basis points to three months KIBOR plus 90 basis points) per annum.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

(Amounts in thousand)

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

The Additional Commissioner Inland Revenue (ACIR) in his order dated January 1, 2011, amended the amount of allocation of expenses from business income to capital gain and dividend income to Rs. 62,500 from the original allocation of Rs. 136,105. Total increase in incidence of tax was Rs.25,762. The Company filed an appeal where disallowances of Rs. 62,500 were upheld by 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. During the year, the department has filed a reference application before the Honourable High Court of Sindh for the allocation of common expenses which is pending adjudication.

23.1.2 Dividend income offset against business losses (Tax years 2008 and 2009)

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

23.1.3 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 to revisit the grounds on which demand order was issued.

23.1.4 Assessment of annual tax return (Tax year 2013)

The assessment of annual tax return was initiated by the tax authorities on December 13, 2018 whereby the Company received a show cause notice from the ACIR citing several factual and legal issues in the assessment for tax year 2013 in response to which the Company submitted documentary evidence. On June 30, 2019, the Company received an order from the ACIR wherein a demand of Rs. 729 was raised in respect of this tax year.

(Amounts in thousand)

Further, during October 2019, CIR(A) has passed an order in favour of the Company and has annulled the tax demand raised by the department on legal grounds. Subsequently, the department and the Company have filed simultaneous appeals in ATIR against the order.

Based on the opinion of the tax advisor, the Company is confident that the matter will be decided in its favour. Hence, no provision has been recognised in these unconsolidated financial statements.

23.1.5 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. Based on the opinion of the tax advisor, the Company is confident that the matter will be decided in its favour. Hence, no provision has been recognised in these unconsolidated financial statements.

23.1.6 Assessment of annual tax return (Tax year 2017)

The Company received an order from the Additional Commissioner Inland Revenue (ACIR) dated December 10, 2018 for Tax Year 2017 wherein a demand of Rs 43,726 was raised. The ACIR stated that the recovery of demand to the extent of Super Tax amounting to Rs 42,329 would not be pursued as per the direction of the Honourable Sindh High Court, 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 ACIR which is pending for hearing.

Furthermore, the Company had filed a constitutional petition before the SHC against the levy of super tax for tax year 2017 based on the contention that Super Tax, passed by a money bill through the Finance Act, 2015 and subsequently extended through the Finance Acts 2016 and 2017, was required to be approved by the Senate. The SHC has granted an interim order which is still operating in favour of the Company.

(Amounts in thousand)

23.1.7 Tax on undistributed profits

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

23.1.8 Guarantees issued in respect of subsidiaries

Tenaga Generasi Limited

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

Reon Energy Limited

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

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

Reon Alpha (Private) Limited

During the year, 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 of Rs. 309,000. Furthermore, the Company has also pledged shares of RAPL as stated in note 6.1.8.

(Amounts in thousand)

23.1.9 Other contingencies

The Company is contingently liable for bank guarantees amounting to Rs. 39,658 (2018: Rs. 55,163) 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.

23.2 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.

	2019	2018
24. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET	-------------Rupees-------------	
Renewable energy		
Timing of revenue recognition:		
- Over time (note 24.1)	**5,920**	8,353
- At a point in time	**102**	2,053
	6,022	10,406
Less: Sales tax	**(10)**	(2,566)
	6,012	7,840
Textile		
Revenue recognised at a point in time	**8,508**	11,263
Less: Sales tax	**(1,019)**	(810)
	7,489	10,453
Related to discontinued operations (note 33)	**(7,489)**	(10,453)
	6,012	7,840

24.1 This includes Rs. 3,923 (2018: Rs. 7,519) relating to projects in progress as at the reporting date.

(Amounts in thousand)

	2019	2018
25. COST OF REVENUE	------------Rupees------------	
Renewable energy		
Opening stock	**44,133**	48,576
Purchases and related expenses	**3,373**	1,802
Provision for slow moving and obsolete items (note 10.2)	**4,048**	-
Closing stock	**(44,671)**	(44,133)
Cost of goods sold (note 25.1)	**6,883**	6,245
Textile		
Opening balance	**36,103**	47,418
Provision / (reversal of provision) for slow moving and obsolete items (note 10.2)	**1,302**	(2,576)
Closing balance	**(28,117)**	(36,103)
	9,288	8,739
Related to discontinued operations (note 33)	**(9,288)**	(8,739)
	6,883	6,245

25.1 This includes Rs. 2,414 (2018: Rs. 5,258) relating to projects in progress as at the reporting date.

	2019	2018
	------------Rupees------------	
26. DIVIDEND INCOME		
Dividend income from:		
- Dawood Hercules Corporation Limited	**1,324,842**	623,455
- National Investment (Unit) Trust	**310**	466
	1,325,152	623,921
27. SELLING AND DISTRIBUTION EXPENSES		
Salaries and allowances	**75**	111
Depreciation (note 4.2)	**446**	446
Miscellaneous	**577**	399
	1,098	956
Related to discontinued operations (note 33)	**(75)**	(111)
	1,023	845

(Amounts in thousand)

	2019	2018
28. ADMINISTRATIVE EXPENSES	------------Rupees------------	
Salaries and allowances	**51,435**	53,708
Legal and professional charges	**10,147**	4,017
Rent, rates and taxes	**4,819**	3,405
Electricity and gas	**7,701**	7,679
Depreciation (note 4.2)	**3,379**	3,892
Printing and stationery	**362**	2,617
Fees and subscription	**9,661**	10,140
Insurance	**950**	1,128
Conveyance and travelling	**1,521**	336
Repairs and maintenance	**2,265**	1,187
Postage and telephone	**579**	461
Entertainment	**628**	517
Auditor's remuneration (note 28.1)	**1,706**	1,156
Amortization (note 5)	**31**	838
Provision for impairment in trade debts - net (note 11.3)	**24**	1,061
Miscellaneous	**2,021**	1,065
	97,229	93,207
Related to discontinued operations (note 33)	**(49,613)**	(53,387)
	47,616	39,820

28.1 Auditor's remuneration

	2019	2018
Fee for:		
- audit of annual financial statements	**580**	538
- review of half yearly condensed interim financial statements	**197**	179
- consolidated financial statements	**100**	63
- certification and other advisory services	**281**	81
- review of compliance with the Code of Corporate Governance	**65**	59
	1,223	920
Reimbursement of expenses and taxes	**483**	236
	1,706	1,156

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For The Year Ended December 31, 2019

(Amounts in thousand)

		2019	2018
29.	**OTHER CHARGES**	------------Rupees------------	
	Provision for compensation and dividend to NIT (note 29.1)	**9,779**	-

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

National Investment (Unit) Trust (NIT)

	2019	2018
Opening balance	**5,816**	5,816
Add: Charge for the year (note 29.1.1)	**9,779**	-
Less: Payments during the year to Nazir High Court	**(8,235)**	-
Closing balance	**7,360**	5,816

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

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

On September 16, 2019, the Company received an Order from the SHC wherein it was directed to deposit Rs. 8,235 with the Nazir for onward payment to NIT as originally agreed between the two parties and to transfer the underlying 241,950 shares of Dawood Cotton Mills Limited to NIT. The Company obtained a correction in this Order from the SHC wherein the name of DCML was changed to Dawood Lawrencepur Limited and the word “transfer” of shares was changed to “issue” thereof. Moreover, the Company obtained a concurrence of the SECP upon the matter that the issue of aforesaid shares by the Company to NIT in terms of the Order of the SHC dated October 3, 1998 did not attract applicability of section 83 of the Companies Act, 2017 and was, hence, allowed to proceed with the share issue in terms of section 344 thereof. The matter is next fixed on February 21, 2020 for hearing of applications.

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

	2019	2018
	---Rupees---	
30. OTHER INCOME		
Income from financial assets		
Profit on bank deposits	**157**	158
Gain on investments in units of mutual funds	**22**	-
Mark-up charged to related parties	**91,737**	29,578
	91,916	29,736
Income from non-financial assets and others		
Sale of stock (note 30.1)	**-**	1,904
Related cost	**-**	(1,904)
	-	-
Gain on disposal of held-for-sale assets	**-**	97,477
Gain on disposal of property, plant and equipment	**5**	433
Gain on sale of stores and spares	**-**	14,893
Royalty income	**15,420**	16,912
Rental income	**17,337**	18,800
Others	**4,911**	11,879
	37,673	160,394
	129,589	190,130
Related to discontinued operations (note 33)	**(16,819)**	(138,937)
	112,770	51,193

30.1 This represented renewable energy stock purchased on behalf of and sold to Reon Energy Limited, a wholly owned subsidiary.

(Amounts in thousand)

		2019	2018
31.	**FINANCE COST**	------------Rupees------------	
	Mark-up on running finance	**92,850**	39,896
	Bank charges	**743**	662
		93,593	40,558
	Related to discontinued operations (note 33)	**-**	-
		93,593	40,558
32.	**TAXATION**		
	Current		
	For the year (note 32.1)	**202,113**	118,278
	For the prior year - net (note 32.1)	**(15,977)**	-
		186,136	118,278

32.1 Prior year tax charge included 'Super Tax for rehabilitation of temporary displaced persons' at the rate of 2% on specified income for the tax year 2019 levied through the Finance Act, 2018.

32.2 Relationship between tax expense and accounting profit

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

		2019	2018
		------------Rupees------------	
33.	**(LOSS) / PROFIT FROM DISCONTINUED OPERATIONS**		
	Revenue from contracts with customers - net (note 24)	**7,489**	10,453
	Cost of revenue (note 25)	**(9,288)**	(8,739)
	Gross (loss) / profit	**(1,799)**	1,714
	Selling and distribution expenses (note 27)	**(75)**	(111)
	Administrative expenses (note 28)	**(49,613)**	(53,387)
	Other income (note 30)	**16,819**	138,937
	Net (loss) / profit from discontinued operations	**(34,668)**	87,153

(Amounts in thousand)

	2019	2018
	-------------Rupees-------------	

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

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

Continuing operations

	2019	2018
Profit for the year	**1,098,904**	477,208
	---------Number of shares---------	
Weighted average number of ordinary shares (in thousands)	**59,058**	59,058
	-------------Rupees-------------	
Earnings per share	**18.61**	8.08

Discontinued operations

	2019	2018
(Loss) / profit for the year	**(34,668)**	87,153
	---------Number of shares---------	
Weighted average number of ordinary shares (in thousands)	**59,058**	59,058
	-------------Rupees-------------	
(Loss) / earnings per share	**(0.59)**	1.48

35. CASH AND CASH EQUIVALENTS

	2019	2018
	-------------Rupees-------------	
Cash and bank balances (note 16)	**6,362**	19,788
Short-term borrowings (note 22)	**(552,345)**	(388,269)
	(545,983)	(368,481)

(Amounts in thousand)

36. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2019			2018		
	Directors		Executives	Directors		Executives
	Chief Executive	Others		Chief Executive	Others	
	(Rupees)					
Managerial remuneration	**1,530**	**-**	**8,186**	1,220	2,143	9,093
Retirement benefits	**-**	**-**	**376**	-	-	532
Other benefits	**123**	**-**	**4,102**	123	-	5,287
Fees		**2,050**	**-**		1,900	-
Total	**1,653**	**2,050**	**12,664**	1,343	4,043	14,912
Number of persons, including those who worked part of the year	**1**	**4**	**4**	1	5	4

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

37. FINANCIAL INSTRUMENTS BY CATEGORY

37.1 Financial assets as per statement of financial position

	2019	2018
	Rupees	
Financial assets at fair value through profit or loss		
Long-term investments	**12,700**	-
Financial assets at fair value through other comprehensive income		
Long-term investments	**15**	-
Available-for-sale financial assets		
Long-term investments	**-**	12,693
Financial assets at amortised cost		
Long-term loan to subsidiary	**300,000**	195,000
Long-term deposits	**2,778**	2,778
Trade debts	**71**	4,411
Loans to subsidiaries	**437,922**	718
Loans to employees	**907**	45
Deposits and other receivables	**99,219**	62,711
Interest accrued	**70,276**	21,229
Cash and bank balances	**6,362**	19,788
	930,250	319,373

(Amounts in thousand)

		2019	2018
		-------------Rupees-------------	
37.2	**Financial liabilities as per statement of financial position**		
	Financial assets at amortised cost		
	Trade and other payables	**49,122**	47,697
	Short-term borrowings	**552,345**	388,269
	Accrued mark-up	**27,553**	10,684
		629,020	446,650

38. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

Fair value hierarchy

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

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

- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

(Amounts in thousand)

The Company held the following assets measured at fair values:

	As at December 31, 2019			
	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)	**-**	**12,700**	**-**	**12,700**
Financial assets at fair value through other comprehensive income				
- Long-term investments (investments in unquoted equity shares)	**-**	**-**	**15**	**15**
	-	**12,700**	**15**	**12,715**

	As at December 31, 2018			
	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)	-	12,678	-	12,678
- Long-term investments (investments in unquoted equity shares)	-	-	15	15
	-	12,678	15	12,693

As at December 31, 2019 and 2018, the carrying values of the remaining assets and liabilities reflected in the unconsolidated financial statements approximate their fair values.

39. 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)

39.1 Market risk

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

i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to currency risk is limited as its transactions are carried out primarily in 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, 2019, 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. 1,855 (2018: lower / higher by Rs. 1,933).

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, 2019, 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 127 (2018: Rs 127).

(Amounts in thousand)

39.2 Credit risk

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

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

	2019	2018
	------------Rupees------------	
Long-term investments	**12,715**	12,693
Long-term loan to subsidiary	**300,000**	195,000
Long-term deposits	**2,778**	2,778
Trade debts	**33**	4,358
Loans to subsidiaries	**437,922**	718
Loans to employees	**907**	45
Deposits and other receivables	**15,499**	19,562
Interest accrued	**10,725**	2,132
Bank balances	**6,195**	19,583
	786,774	256,869

Balances with banks and investments in units of mutual fund

As at December 31, 2019, the Company has deposits with banks and financial institutions amounting to Rs. 6,195 (2018: Rs. 19,583). The credit risk arising on balances with banks and investments in units of National Investment (Unit) Trust (being managed by National Investment Trust Limited) is limited as these denote depositories / investee entity having reasonably high credit ratings the analysis of which is given below:

		2019	
Asset Management Company * / Bank	**Rating Agency**	**Short term**	**Long term**
National Investment Trust Limited *	PACRA	-	AM2++
Habib Bank Limited	VIS	A-1+	AAA
National Bank of Pakistan	VIS	A-1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank AL Habib Limited	PACRA	A1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+

(Amounts in thousand)

Asset Management Company * / Bank	Rating Agency	2018 Short term	2018 Long term
National Investment Trust Limited *	PACRA	-	AM2++
Habib Bank Limited	VIS	A-1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Bank AL Habib Limited	PACRA	A1+	AA+

Other financial assets

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

39.3 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 contractual cash flows.

	2019			2018		
	Maturity upto one year	**Maturity after one year**	**Total**	Maturity upto one year	Maturity after one year	Total
	----------Rupees----------					
Trade and other payables	**49,122**	**-**	**49,122**	47,697	-	47,697
Accrued mark-up	**27,553**	**-**	**27,553**	10,684	-	10,684
Short-term borrowings	**552,345**	**-**	**552,345**	388,269	-	388,269
	629,020	**-**	**629,020**	446,650	-	446,650

(Amounts in thousand)

40. 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:

	2019	2018
	-------------Rupees-------------	
Short-term borrowings (note 22)	**552,345**	388,269
Cash and bank balances (note 16)	**(6,362)**	(19,788)
Net debt	**545,983**	368,481
Total equity	**3,505,593**	3,091,065
Total capital	**4,051,576**	3,459,546
Gearing ratio	**0.135**	0.107

41. SEGMENT REPORTING

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

- Renewable energy solutions
- Textile - discontinued operations

(Amounts in thousand)

41.1 Segment results

	Renewable energy		Textile - discontinued operations		Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	--Rupees--							
Revenue from contracts with customers - net								
Timing of revenue recognition								
- At a point in time	**102**	2,053	**7,489**	10,453	**-**	-	**7,591**	12,506
- Over time	**5,910**	5,787	**-**	-	**-**	-	**5,910**	5,787
	6,012	7,840	**7,489**	10,453	**-**	-	**13,501**	18,293
Cost of revenue	**(6,883)**	(6,245)	**(9,288)**	(8,739)	**-**	-	**(16,171)**	(14,984)
Segment gross (loss) / profit	**(871)**	1,595	**(1,799)**	1,714	**-**	-	**(2,670)**	3,309
Dividend income	**-**	-	**-**	-	**1,325,152**	623,921	**1,325,152**	623,921
Selling and distribution expenses	**(1,023)**	(845)	**(75)**	(111)	**-**	-	**(1,098)**	(956)
Administrative expenses	**(11,902)**	(1,897)	**(49,613)**	(53,387)	**(35,714)**	(37,923)	**(97,229)**	(93,207)
Other charges	**-**	-	**-**	-	**(9,779)**	-	**(9,779)**	-
Other income	**-**	-	**16,819**	138,937	**112,770**	51,193	**129,589**	190,130
Finance cost	**-**	-	**-**	-	**(93,593)**	(40,558)	**(93,593)**	(40,558)
Taxation	-	-	**-**	-	**(186,136)**	(118,278)	**(186,136)**	(118,278)
Segment net (loss) / profit	**(13,796)**	(1,147)	**(34,668)**	87,153	**1,112,700**	478,355	**1,064,236**	564,361

41.2 Segment assets

	Renewable energy		Textile - discontinued operations		Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	--Rupees--							
Property, plant and equipment	**2,192**	2,638	**14,429**	16,229	**11,232**	12,627	**27,853**	31,494
Intangible assets	**-**	-	**-**	-	**56**	19	**56**	19
Long-term investments	**-**	-	**-**	-	**3,201,817**	3,201,795	**3,201,817**	3,201,795
Long-term loan to subsidiary	**-**	-	**-**	-	**300,000**	195,000	**300,000**	195,000
Long-term deposits	**-**	-	**2,778**	2,778	**-**	-	**2,778**	2,778
Stores and spares	**-**	-	**892**	892	**-**	-	**892**	892
Stock	**11,501**	15,011	**23,081**	32,369	**-**	-	**34,582**	47,380
Trade debts	**71**	4,411	**-**	-	**-**	-	**71**	4,411
Loans to subsidiaries	**-**	-	**-**	-	**437,922**	-	**437,922**	-
Loans and advances	**2,434**	2,811	**201**	-	**-**	-	**2,635**	2,811
Taxes recoverable	**-**	-	**-**	-	**21,609**	5,121	**21,609**	5,121
Deposits, prepayments and other receivables	**19,235**	68,995	**26,660**	-	**60,770**	-	**106,665**	68,995
Interest accrued	**-**	-	**-**	-	**70,276**	21,229	**70,276**	21,229
Cash and bank balances	**-**	-	**-**	-	**6,362**	19,788	**6,362**	19,788
Total segment assets	**35,433**	93,866	**68,041**	52,268	**4,110,044**	3,455,579	**4,213,518**	3,601,713
Segment liabilities								
Staff retirement benefits	**-**	-	**-**	-	**1,477**	1,144	**1,477**	1,144
Trade and other payables	**11,935**	10,777	**3,244**	6,199	**35,987**	39,535	**51,166**	56,511
Contract liabilities	**2,657**	-	**-**	-	**-**	-	**2,657**	-
Short-term borrowings	**-**	-	**-**	-	**552,345**	388,269	**552,345**	388,269
Unclaimed dividend	**-**	-	**-**	-	**46,806**	44,635	**46,806**	44,635
Unpaid dividend	**-**	-	**-**	-	**18,561**	3,589	**18,561**	3,589
Provision	**-**	-	**-**	-	**7,360**	5,816	**7,360**	5,816
Accrued markup	**-**	-	**-**	-	**27,553**	10,684	**27,553**	10,684
Total segment liabilities	**14,592**	10,777	**3,244**	6,199	**690,089**	493,672	**707,925**	510,648

(Amounts in thousand)

41.3 Included in the revenues arising from energy projects of Rs. 5,910 (2018: Rs. 8,353) are revenues of approximately Rs. 5,910 (2018: Rs. 7,519) which arose from sales to the Company's major customers. The breakup of major customers is as follows:

	2019	2018
	-------------Rupees-------------	
Basic Health Unit	**4,434**	3,994
Unilever Pakistan Foods Limited	**1,476**	3,525
	5,910	7,519

42. RELATED PARTY TRANSACTIONS AND BALANCES

42.1 The Company in the normal course of business carries out transactions with various related parties. Related parties comprise of subsidiary companies, associated undertakings, directors, key management personnel, retirement benefit funds and others. Amounts due from and to other related parties, directors and key management personnel are shown under respective notes. Transaction with related parties are carried out at agreed terms. Remuneration of key management personnel are as per terms of employment. Remuneration of directors and key management personnel is disclosed in note 36.

42.2 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	49.13%	Major shareholder
The Dawood Foundation	5.04%	Common directorship
Cyan Limited	5.02%	Shareholding of director / common directorship
Dawood Industries Limited	0.84%	Common directorship
Sach International (Private) Limited	0.01%	Associated company
Dawood Hercules Corporation Limited	N/A	Associate
Tenaga Generasi Limited	N/A	Subsidiary
Reon Energy Limited	N/A	Subsidiary
Reon Alpha (Private) Limited	N/A	Subsidiary
Mozart (Private) Limited	N/A	Subsidiary
Abrax (Private) Limited	N/A	Subsidiary
Greengo (Private) Limited	N/A	Subsidiary
Grid Edge (Private) Limited	N/A	Common directorship
Shahid Hamid Pracha	0.00%	Director
Shahzada Dawood	1.77%	Company's Sponsor / Director

(Amounts in thousand)

Name of Related parties	Percentage of shareholding into the Company	Basis of Relationship
Abdul Samad Dawood	1.15%	Company's Sponsor / Director
Shafiq Ahmed	0.00%	Director
Hasan Raza ur Rahim	0.00%	Director
Shabbir Hussain Hashmi	0.00%	Director
Mujtaba Haider Khan	0.00%	Key management personnel
Staff retirement benefit - gratuity scheme	N/A	Post Employment Benefits
Engro Fertilizers Limited	N/A	Shareholding of director / common directorship

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

Relationship	Nature of transaction	2019	2018
		-------------Rupees-------------	
a. Subsidiary companies			
Tenaga Generasi Limited	Expenses reimbursable to the Company	**1,649**	4,133
	Expenses reimbursable by the Company	**223**	-
	Equity arrangement fee (SBLC) / SBLC cost reimbursement	**27,531**	25,063
	Subordinated loans provided by the Company	**242,000**	90,000
	Interest on outstanding receivable balance	**7,908**	4,046
	Interest on subordinated loans	**45,770**	15,480
	Interest on advance against issue of share capital	**-**	9,133
Reon Energy Limited	Subscription of ordinary shares	**-**	70,000
	Expenses reimbursable to the Company	**3,656**	5,614
	Purchases by the Company	**-**	161
	Sales by the Company	**-**	1,947
	Interest on expenses reimbursable by the Company	**94**	695
	Loan disbursed by the Company	**300,000**	-
	Interest on loans disbursed by the Company	**37,931**	-
	Short-term loan disbursed by the Company	**97,000**	-
	Short-term loan repaid to the Company	**97,000**	-
	Reimbursable expenses incurred on behalf of the Company	**9,795**	5,281
	Rental income	**330**	60
Mozart (Private) Limited	Unsecured loan disbursed by the Company	**99**	184
	Interest on loan	**32**	5
	Reimbursable expenses incurred by the Company	**-**	8
Abrax (Private) Limited	Reimbursable expenses incurred by the Company	**-**	6
	Unsecured loan disbursed by the Company	**117**	202
	Interest on loan	**37**	3
Greengo (Private) Limited	Reimbursable expenses incurred by the Company	**-**	7
	Unsecured loan disbursed by the Company	**116**	203
	Interest on loan	**37**	3

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

(Amounts in thousand)

	Relationship	Nature of transaction	2019	2018
			-------------Rupees-------------	
	Reon Alpha (Private) Limited	Subscription of ordinary shares	**-**	103,000
		Unsecured loan disbursed by the Company	**-**	128
		Unsecured loan repaid to the Company	**128**	-
		Interest on loan	**3**	6
		Interest on reimbursement of expenses	**19**	-
		Expenses reimbursable to the Company	**769**	61
b.	**Associated companies**			
	Dawood Hercules Corporation Limited Corporation Limited	Dividend income	**1,324,842**	623,455
		Reimbursable expenses incurred by the Company	**-**	26
		Reimbursable expenses incurred on behalf of the Company	**1,708**	4,421
	Sach International (Private) Limited	Expenses reimbursable to the Company	**359**	70
		Royalty charged	**15,420**	16,912
		Rental income	**625**	250
		Penalty charged	**1,633**	207
	The Dawood Foundation	Rental charges	**180**	-
		Reimbursable expenses incurred on behalf of the Company	**-**	201
	Engro Fertilizers Limited	Rental income	**1,632**	1,517
		Reimbursable expenses incurred by the Company	**347**	-
c.	**Key management personnel**			
	Mujtaba Haider Khan	Purchase of inventory	**5**	-

43. NUMBER OF EMPLOYEES

	2019	2018
	-------------Rupees-------------	
Average number of employees during the year	**19**	20
Management employees	**16**	17
Factory worker	**1**	1
	17	18

43.1 The total and average number of employees of the Company as at December 31, 2019 include shared staff as per the Sharing of Services Agreement with subsidiaries.

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

(Amounts in thousand)

44. CORRESPONDING FIGURES

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

45. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors in its meeting held on February 28, 2020 has proposed a final cash dividend of Rs. Nil (2018: cash dividend of Rs.4) per share for the year ended December 31, 2019 amounting to Rs. Nil (2018: Rs. 236,231), for approval of the members at the Annual General Meeting to be held on May 20, 2020. This is in addition to an interim cash dividends of Rs.4 (for the quarter ended March 31, 2019) and Rs. 3 per share (for the quarter ended June 30, 2019) (2018: Rs 2) resulting in a total dividend of Rs. 7 per share for the year 2019 (2018: Rs. 6 per share). The amount of total dividend is calculated at the number of shares outstanding as at December 31, 2019.

46. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements were authorized for issue on February 28, 2020 by the Board of Directors of the Company.

47. GENERAL

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

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

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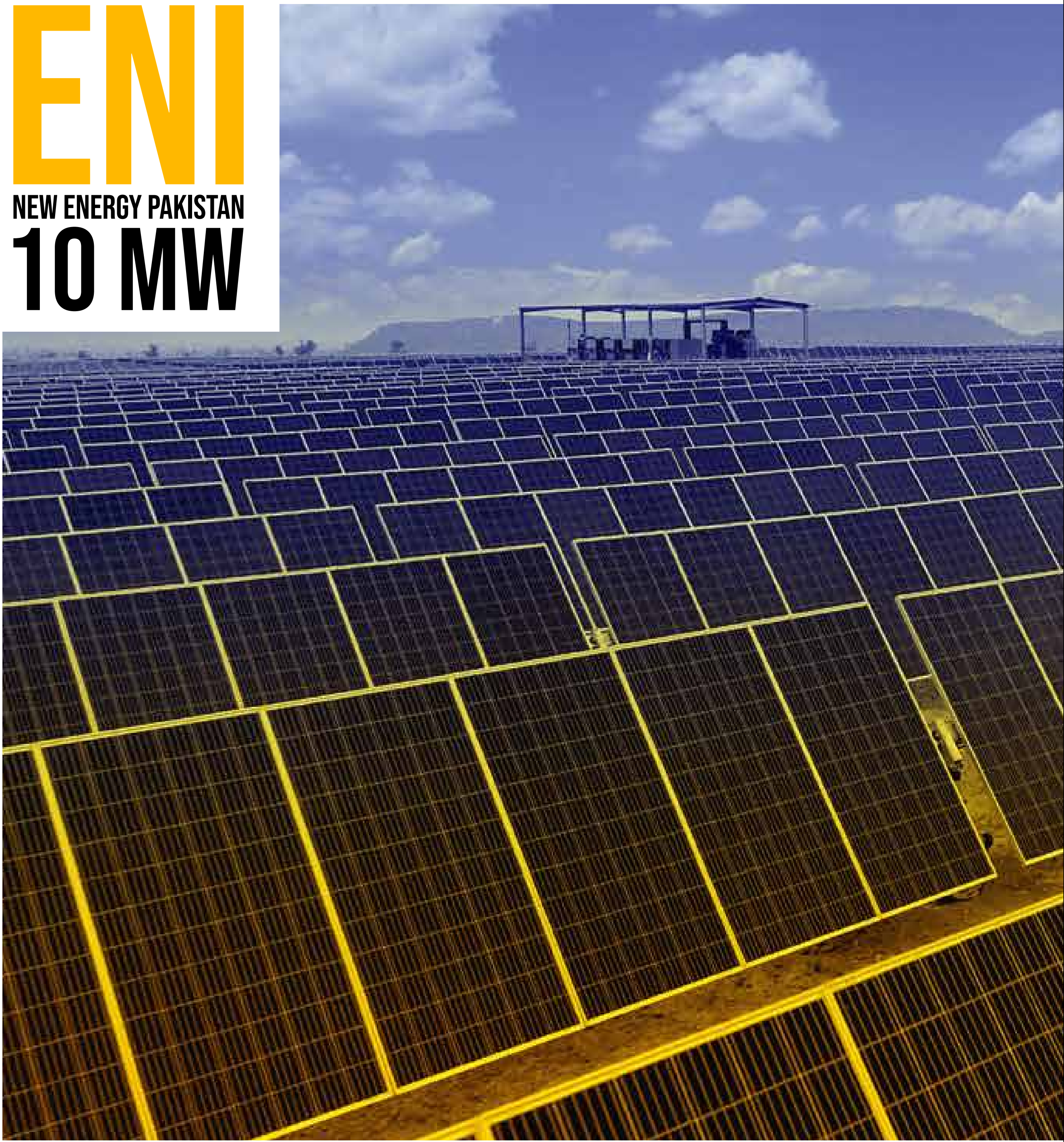
ENI

NEW ENERGY PAKISTAN

10 MW



The Nation's Largest gas upstream Integration

ENI partnered with Reon for the largest gas upstream integration at Bhit Gas field, Sindh. The 10 MW Solar Project employs single-axis technology; this delivers 15 % more yield than a traditional PV plant.

CONSOLIDATED FINANCIAL STATEMENT

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INDEPENDENT AUDITOR'S REPORT

To the members of Dawood Lawrencepur Limited

Opinion

We have audited the annexed consolidated financial statements of Dawood Lawrencepur Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, 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 Matter

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

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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Following is the key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
i)	**Application of IFRS 16 'Leases'** (Refer notes 2.2.1.3, 2.5, 4.3, 6 and 23 to the consolidated financial statements) The Group has adopted IFRS 16 'Leases' with effect from January 1, 2019. IFRS 16 introduced a single on balance sheet lease accounting model for leases entered into by lessees. A lessee recognizes a right-of-use asset representing its right of using the underlying asset and a corresponding lease liability representing its obligations to make lease payments. On adoption of IFRS 16, the Group has recognised right-of-use assets and corresponding lease liabilities amounting to Rs 147,337 thousand as at January 1, 2019. The corresponding figures for the 2018 reporting period have not been restated as permitted under the specific transitional provisions of IFRS 16. The adoption of IFRS 16 involves estimation and judgement. Owing to the significance of the impact of these judgements / estimates, we considered this a key audit matter.	Our audit procedures included the following: ▪ obtained understanding of the management's process for identification of contracts containing lease arrangements; ▪ evaluated accounting policies and methodology followed by the management for determination and measurement of right-of-use assets, corresponding lease liabilities and other related impacts; ▪ on a sample basis, tested the underlying data used by the management from lease contracts for determination of the right-of-use assets and corresponding lease liabilities. Further, performed recomputations on a test basis to assess the accuracy of computations performed by the management; and ▪ assessed the adequacy and appropriateness of related disclosures in the consolidated financial statements with respect to 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

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conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Date: April 16, 2020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As At December 31, 2019

(Amounts in thousand)	Note	2019	2018
		------------Rupees------------	
ASSETS			
Non-current assets			
Property, plant and equipment	5	**12,868,110**	12,466,265
Right-of-use assets	6	**140,160**	-
Intangible assets	7	**24,585**	23,180
Long-term investments	8	**10,377,169**	10,841,231
Long-term deposits	9	**2,778**	2,778
Long-term loans to employees	10	**689**	19
Total non-current assets		**23,413,491**	23,333,473
Current assets			
Stores and spares	11	**892**	987
Stock-in-trade	12	**191,393**	100,273
Trade debts	13	**2,794,097**	1,284,571
Contract assets	14	**159,240**	-
Loans and advances	15	**32,279**	26,210
Deposits, prepayments and other receivables	16	**614,768**	225,832
Accrued interest		**15,074**	6,915
Taxes recoverable		**94,433**	8,661
Short-term investments	17	**419,964**	-
Cash and bank balances	18	**422,336**	642,585
Total current assets		**4,744,476**	2,296,034
TOTAL ASSETS		**28,157,967**	25,629,507
EQUITY AND LIABILITIES			
Share capital	19	**590,578**	590,578
Capital reserves		**206,666**	206,666
Unappropriated profit		**12,094,910**	11,210,699
Unrealized gain on remeasurement of available-for-sale financial assets		**-**	9,327
Non-controlling interest		**1,210,800**	940,763
TOTAL EQUITY		**14,102,954**	12,958,033
Non-current liabilities			
Staff retirement benefits	20	**42,494**	28,779
Deferred taxation	21	**1,461,558**	1,614,487
Long-term borrowings	22	**8,700,594**	8,693,131
Long-term portion of lease liabilities	23	**126,193**	-
Total non-current liabilities		**10,330,839**	10,336,397
Current liabilities			
Current portion of long-term borrowings	22	**1,130,837**	952,830
Current portion of lease liabilities	23	**26,482**	-
Unclaimed dividend		**46,806**	44,635
Unpaid dividend		**18,561**	3,589
Short-term borrowings	24	**811,656**	574,451
Trade and other payables	25	**1,223,816**	553,307
Provision	33.1	**7,360**	5,816
Contract liabilities	26	**230,977**	-
Accrued mark-up	27	**227,679**	200,449
Total current liabilities		**3,724,174**	2,335,077
TOTAL LIABILITIES		**14,055,013**	12,671,474
Contingencies and commitments	28		
TOTAL EQUITY AND LIABILITIES		**28,157,967**	25,629,507

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For The Year Ended December 31, 2019

(Amounts in thousand except for earnings / (loss) per share)	Note	2019	2018
		------------Rupees------------	
CONTINUING OPERATIONS			
Revenue from contracts with customers - net	29	**7,267,770**	3,079,977
Cost of revenue	30	**(4,645,562)**	(1,550,787)
Gross profit		**2,622,208**	1,529,190
Selling and distribution expenses	31	**(286,581)**	(186,236)
Administrative expenses	32	**(311,224)**	(232,747)
Other expenses	33	**(75,046)**	(64,544)
Other income	34	**63,001**	34,334
Operating profit		**2,012,358**	1,079,997
Finance cost	35	**(946,051)**	(798,779)
Share of profit of associate	8	**915,237**	2,306,573
Profit before taxation		**1,981,544**	2,587,791
Taxation	36	**(105,017)**	(382,036)
Profit from continuing operations		**1,876,527**	2,205,755
DISCONTINUED OPERATIONS			
(Loss) / profit from discontinued operations	37	**(34,668)**	87,153
Profit for the year		**1,841,859**	2,292,908
Profit attributable to:			
- Owners of the Holding Company		**1,571,822**	2,171,162
- Non-controlling interest		**270,037**	121,746
		1,841,859	2,292,908
Earnings / (loss) per share - basic and diluted			
- Continuing operations	38.1	**27.20**	35.29
- Discontinued operations	38.2	**(0.59)**	1.48

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Year Ended December 31, 2019

(Amounts in thousand)	Note	2019	2018
		------------Rupees------------	
Profit for the year		**1,841,859**	2,292,908
Other comprehensive income:			
Items that may be reclassified subsequently through profit or loss			
Loss on remeasurement of 'available-for-sale' investments		**-**	(1,436)
Share of other comprehensive income of associate - net of tax		**9,117**	17,869
		9,117	16,433
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit obligation - Actuarial gain / (loss)	20.7	**786**	(2,045)
		9,903	14,388
Total comprehensive income for the year		**1,851,762**	2,307,296
Total comprehensive income / (loss) attributable to:			
- Continuing operations		**1,886,430**	2,220,143
- Discontinued operations		**(34,668)**	87,153
		1,851,762	2,307,296
Total comprehensive income attributable to:			
- Owners of the Holding Company		**1,581,725**	2,185,550
- Non-controlling Interest		**270,037**	121,746
		1,851,762	2,307,296

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

Mujtaba Haider Khan
Chief Executive Officer

Shahid Hamid Pracha
Director

Muhammad Saad Faridi
Chief Financial Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For The Year Ended December 31, 2019

(Amounts in thousand)

	Attributable to owners of the Holding Company									Non controlling interest (NCI)	Total
		Capital reserves					Revenue reserves				
	Share capital	Merger reserve	Share premium reserve	Capital redemption reserve	Others	Total	Unappro-priated profit	Unrealized gain on remeasure-ment of available for sale investments	Total		
	Rupees										
Balance as at January 1, 2018	590,578	10,521	136,865	25,969	33,311	206,666	9,057,908	10,763	9,865,915	818,537	10,684,452
Transactions with owners											
Final dividend for the year ended December 31, 2017 @ Re. 1 per share	-	-	-	-	-	-	(59,058)	-	(59,058)	-	(59,058)
Interim dividend for the year ended December 31, 2018 @ Rs. 2 per share	-	-	-	-	-	-	(118,117)	-	(118,117)	-	(118,117)
Share issuance cost	-	-	-	-	-	-	(515)	-	(515)	-	(515)
Shares issued to NCI	-	-	-	-	-	-	-	-	-	480	480
	-	-	-	-	-	-	(177,690)	-	(177,690)	480	(177,210)
Profit for the year	-	-	-	-	-	-	2,171,162	-	2,171,162	121,746	2,292,908
Other comprehensive income / (loss)	-	-	-	-	-	-	15,824	(1,436)	14,388	-	14,388
Total comprehensive income for the year	-	-	-	-	-	-	2,186,986	(1,436)	2,185,550	121,746	2,307,296
Effect of other transactions of associate	-	-	-	-	-	-	143,495	-	143,495	-	143,495
Balance as at December 31, 2018	590,578	10,521	136,865	25,969	33,311	206,666	11,210,699	9,327	12,017,270	940,763	12,958,033
Effects of change in accounting policy due to adoption of IFRS 9 - net of deferred tax (note 4.1)	-	-	-	-	-	-	7,545	(9,327)	(1,782)	-	(1,782)
Balance as at January 1, 2019	**590,578**	**10,521**	**136,865**	**25,969**	**33,311**	**206,666**	**11,218,244**	**-**	**12,015,488**	**940,763**	**12,956,251**
Transactions with owners											
Final dividend for the year ended December 31, 2018 @ Rs. 4 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(236,231)**	**-**	**(236,231)**	**-**	**(236,231)**
First interim dividend for the year ended December 31, 2019 @ Rs. 4 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(236,231)**	**-**	**(236,231)**	**-**	**(236,231)**
Second interim dividend for the year ended December 31, 2019 @ Rs. 3 per share	**-**	**-**	**-**	**-**	**-**	**-**	**(177,174)**	**-**	**(177,174)**	**-**	**(177,174)**
	-	**-**	**-**	**-**	**-**	**-**	**(649,636)**	**-**	**(649,636)**	**-**	**(649,636)**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,571,822**	**-**	**1,571,822**	**270,037**	**1,841,859**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**9,903**	**-**	**9,903**	**-**	**9,903**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1,581,725**	**-**	**1,581,725**	**270,037**	**1,851,762**
Effect of other transactions of associate	**-**	**-**	**-**	**-**	**-**	**-**	**(55,423)**	**-**	**(55,423)**	**-**	**(55,423)**
Balance as at December 31, 2019	**590,578**	**10,521**	**136,865**	**25,969**	**33,311**	**206,666**	**12,094,910**	**-**	**12,892,154**	**1,210,800**	**14,102,954**

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended December 31, 2019

(Amounts in thousand)	2019	2018
	------------Rupees------------	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,946,876**	2,674,944
Add: Loss / (gain) before taxation attributable to discontinued operations	**34,668**	(87,153)
Profit before taxation from continuing operations	**1,981,544**	2,587,791
Adjustment for non-cash charges and other items:		
Depreciation on property plant and equipment	**681,121**	580,629
Depreciation on right of use assets	**22,883**	-
Amortization	**412**	1,211
Provision for impairment against financial assets	**3,527**	1,718
Provision for gratuity - net	**17,556**	11,068
Provision / (reversal of provision) for slow moving and obsolete stock-in-trade - net	**5,854**	(52,809)
Provision for compensation and dividend to NIT	**9,779**	-
Provision for warranty	**35,048**	8,097
Finance cost	**946,051**	798,779
Gain on disposal of property, plant and equipment	**(17)**	(440)
Interest income on short-term investments	**(15,418)**	-
Royalty income	**(15,420)**	(16,912)
Share of profit of associate	**(915,237)**	(2,306,573)
Dividend income	**(310)**	(466)
Profit on deposits	**(20,725)**	(11,928)
Operating profit before working capital changes	**2,736,648**	1,600,165
(Increase) / decrease in current assets		
Stores and spares	**95**	(662)
Stock-in-trade	**(104,857)**	37,399
Trade debts	**(1,511,271)**	(547,399)
Contract assets	**(159,240)**	-
Loans and advances	**(6,069)**	(17,804)
Deposits, prepayments and other receivables	**(208,899)**	(90,447)
Increase in current liabilities		
Contract liabilities	**230,977**	-
Trade and other payables	**666,873**	249,327
	(1,092,391)	(369,586)

CONSOLIDATED STATEMENT OF CASH FLOWS
For The Year Ended December 31, 2019

(Amounts in thousand)	Note	2019	2018
		------------Rupees------------	
Net cash generated from operations		**1,644,257**	1,230,579
Gratuity paid		**(3,841)**	(13,706)
Long-term loans		**(670)**	289
Long-term deposits		**-**	1,650
Claims paid		**(8,235)**	-
Taxes paid		**(335,546)**	(82,107)
Discontinued operations		**(27,422)**	12,891
Net cash generated from operating activities		**1,268,543**	1,149,596
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(221,290)**	(203,358)
Sale proceeds from disposal / transfer of property , plant and equipment		**17**	611
Purchase of intangible assets		**(1,817)**	(97)
Purchase of short-term investments		**(419,964)**	-
Interest received		**12,566**	16,346
Dividend received		**1,325,152**	623,921
Discontinued operations		**-**	134,715
Net cash generated from investing activities		**694,664**	572,138
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**300,441**	-
Repayment of borrowings		**(1,007,383)**	(1,104,502)
Payment of lease liability		**(27,273)**	-
Finance costs paid		**(1,053,953)**	(756,847)
Shares capital issued to NCI		**-**	480
Payment of dividend		**(632,493)**	(172,344)
Net cash used in financing activities		**(2,420,661)**	(2,033,213)
Net decrease in cash and cash equivalents		**(457,454)**	(311,479)
Cash and cash equivalents at beginning of the year		**68,134**	379,613
Cash and cash equivalents at end of the year	48	**(389,320)**	68,134

The annexed notes from 1 to 53 form an integral part of these consolidated financial statements.

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

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

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

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

Business Units	Geographical Location
Head Office / Registered Office of the Holding Company and its subsidiaries	3rd Floor, Dawood Centre, M.T. Khan Road, Karachi.
Factories of the Holding Company	
BTM Factory	Dawoodabad, Railway Station Road and Luddan Road Chak 439, E.B, Tehsil Burewala, District Vehari.
LWTM Factory	G.T. Road Faqirabad, District Attock.
Regional offices of Reon Energy Limited	
Solar Project Sales Office I	3rd floor, Asia House L-block, Gulberg III, main Ferozepur Road, Lahore.
Solar Project Sales Office II	Emirates Tower, Suite # 324, 3rd Floor, Capital Territory, F-7 Markaz F-7, Islamabad.
Solar Project Sales Office III	One Expressway, Gulberg Green Entrance, Islamabad.
Solar and Wind Power Plant of subsidiary companies	
Solar Power Plant of Reon Alpha (Private) Limited	Block II, District Tharparkar, Sindh
Wind Farm of Tenaga Generasi Limited	Khutikun Area, Gharo, District Thatta, Sindh.

(Amounts in thousand)

1.2 In prior years, the Holding Company suspended operations of LWTM, BTM, DL and DCM. Land, building, plant and machinery and related assets of DL and DCM were disposed off. Furthermore, plant and machinery and related assets of LWTM and BTM were also disposed off in prior years.

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

1.4 The "Group" consists of:

Holding Company: Dawood Lawrencepur Limited; and

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

		Financial year end	%age of direct holding	
			2019	2018
-	Reon Energy Limited (note 1.4.1)	December 31	**100%**	100%
-	Tenaga Generasi Limited (note 1.4.2)	December 31	**75%**	75%
-	Reon Alpha (Private) Limited (note 1.4.3)	December 31	**100%**	100%
-	Mozart (Private) Limited (note 1.4.4)	December 31	**100%**	100%
-	Abrax (Private) Limited (note 1.4.5)	December 31	**100%**	100%
-	Greengo (Private) Limited (note 1.4.6)	December 31	**100%**	100%

1.4.1 Reon Energy Limited

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

REL holds 60% shareholding in its subsidiary namely Grid Edge (Private) Limited (GEL) which is a private limited company, incorporated in Pakistan on August 8, 2018. The principal business of GEL is to own and operate electric power generation project and to supply electricity as an independent power producer.

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

(Amounts in thousand)

	2019	2018
	------------Rupees------------	
Current assets	**1,206**	1,206
Total assets	**1,206**	1,206
Current liabilities	**955**	621
Total liabilities	**955**	621

	2019	for the period from August 8, 2018 (date of incorporation) to December 31, 2018
	------------Rupees------------	
Revenue	**-**	-
Total comprehensive loss for the year	**(333)**	(615)
Total comprehensive loss allocated to NCI	**(134)**	(246)
Accumulated NCI	**100**	234
Cash and cash equivalents	**1,206**	1,206
Net cash generated from:		
- operating activities	**-**	6
- investing activities	**-**	-
- financing activities	**-**	1,200
	-	1,206
Proportion of ownership interest held by non-controlling interest	**40%**	40%

1.4.2 Tenaga Generasi Limited

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

(Amounts in thousand)

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

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:

	2019	2018
	-------------Rupees-------------	
Current assets	3,019,255	1,717,136
Non-current assets	12,503,744	12,213,152
Total assets	15,522,999	13,930,288
Current liabilities	1,950,777	1,364,249
Non-current liabilities	8,814,445	8,888,950
Total liabilities	10,765,222	10,253,199
Revenue	3,231,805	2,294,460
Total comprehensive income for the year	1,080,687	487,968
Total comprehensive income allocated to NCI	270,171	121,992
Accumulated NCI	1,210,700	940,529
Cash and cash equivalents	360,790	585,968
Net cash (utilized in) / generated from:		
- operating activities	1,493,777	1,426,669
- investing activities	7,532	14,236
- financing activities	(1,726,487)	(1,764,290)
	(225,178)	(323,385)
Proportion of ownership interest held by non-controlling interest	25%	25%

(Amounts in thousand)

1.4.3 Reon Alpha (Private) Limited

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

1.4.4 Mozart (Private) Limited

Mozart (Private) Limited (MPL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage investments in associated companies. The registered office of MPL is situated at 3rd Floor, Dawood Centre, M. T. Khan Road, Karachi in the province of Sindh. MPL is a wholly owned subsidiary of the Holding Company. Balance relating to MPL have been incorporated based on unaudited financial statements provided by the management, since, the amounts involved were not material, (loss after taxation for the year of Rs. 114).

1.4.5 Abrax (Private) Limited

Abrax (Private) Limited (APL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage Company's legacy assets located in Burewala. The registered office of APL is situated at 3rd Floor, Dawood Centre, M. T. Khan Road, Karachi in the province of Sindh. APL is a wholly owned subsidiary of the Holding Company. Balance relating to APL have been incorporated based on unaudited financial statements provided by the management, since, the amounts involved were not material, (loss after taxation for the year of Rs. 132).

1.4.6 Greengo (Private) Limited

Greengo (Private) Limited (GPL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage Company's legacy assets located in Attock Mill. The registered office of GPL is situated at 3rd Floor, Dawood Centre, M. T. Khan Road, Karachi in the province of Sindh. GPL is a wholly owned subsidiary of the Holding Company. Balance relating to GPL have been incorporated based on unaudited financial statements provided by the management, since, the amounts involved were not material, (loss after taxation for the year of Rs. 120).

(Amounts in thousand)

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

Dawood Hercules Corporation Limited (DHCL) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act 1913 (now Companies Act, 2017) and its shares are quoted on Pakistan Stock Exchange Limited. The principal activity of DHCL is to manage investments in its subsidiary and associated companies. The registered office of DHCL is situated at Dawood Center, M.T. Khan Road, Karachi. The Holding Company holds ownership of 16.19% (2018: 16.19%) in DHCL. Summarized financial information of DHCL is disclosed in note 8

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

2.1.1 Accounting convention

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

2.1.2 Statement of compliance

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

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

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

(Amounts in thousand)

2.1.3 Critical accounting estimates and judgements

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

2.1.4 Functional and presentation currency

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

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

2.2.1 Standards, amendments and interpretation to published standards that became effective during the year

The following new standards, amendment and interpretation to the accounting and reporting standards as applicable in Pakistan were effective for the first time during the year ended December 31, 2019:

2.2.1.1 IFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the related guidance in IAS 39 "Financial Instruments: Recognition and Measurement" that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) and Fair Value through Profit or Loss (FVPL). The basis of classification depends on the Company’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI, without subsequent recycling to profit or loss.

(Amounts in thousand)

The standard also includes an Expected Credit Losses (ECL) model that replaces the current incurred loss impairment model. The ECL model involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes. The stage dictates how an entity measures impairment losses and applies the effective interest method. A simplified approach is permitted for financial assets that do not have a significant financing component (e.g. trade receivables and contract assets). On initial recognition, entities will record a loss equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For financial liabilities, there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss.

IFRS 9 also relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually uses for risk management purposes.

During the year, the SECP through its SRO 985 (I) / 2019 dated September 2, 2019 has notified that the requirements contained in IFRS 9 "Financial Instruments" with respect to the application of Expected Credit Losses (ECL) method will not be applicable to companies till June 30, 2021 for financial assets due from the 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. Accordingly, the standard has no impact on these consolidated financial statements with respect to amounts due from the Government of Pakistan which primarily relate to certain trade debts and other receivables of Tenaga Generasi Limited, a subsidiary company.

The effects of changes in accounting policies arising as a result of the adoption of IFRS 9 from January 1, 2019 by the Group have been disclosed in note 4.1.

2.2.1.2 IFRS 15 ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 ‘Revenue’ and IAS 11 ‘Construction contracts’ and related interpretations.

(Amounts in thousand)

The effects of changes in accounting policies arising as a result of the adoption of IFRS 15 from January 1, 2019 by the Group have been disclosed in note 4.2.

2.2.1.3 IFRS 16, 'Leases' replaces the existing guidance on accounting for leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC-15 "Operating Leases - Incentive" and SIC-27 "Evaluating the substance of transactions involving the legal form of a Lease". IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

The effects of changes in accounting policies arising as a result of the adoption of IFRS 16 from January 1, 2019 by the Group have been disclosed in note 4.3.

2.2.1.4 Amendment to IAS 19, 'Employee benefits' on plan amendment, curtailment or settlement' requires an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and recognize in the consolidated statement of profit or loss as a part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment does not have a significant impact on these consolidated financial statements.

2.2.1.5 IFRIC 23 'Uncertainty over tax treatments' clarifies how the recognition and measurement requirements of IAS 12 'Income taxes' are applied where there is uncertainty over income tax treatments. The interpretation had clarified previously that IAS 12, not IAS 37 'Provisions, contingent liabilities and contingent assets', applies to accounting for uncertain income tax treatments. The interpretation explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the tax authority. The interpretation applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The impact of the above interpretation is not material on these consolidated financial statements.

(Amounts in thousand)

There other amendments to published standards and interpretations that are mandatory for the financial year which began on January 1, 2019 are considered not to be relevant or do not have any significant effect on the Group's financial reporting and operations and, therefore, have not been disclosed in these consolidated financial statements.

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

There are other standards, amendments and interpretations to the published accounting and reporting standards that are not yet effective and have not been early adopted by the Group and, therefore, have not been presented in these consolidated financial statements.

2.3 Basis of consolidation

i) Subsidiaries

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

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

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

(Amounts in thousand)

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

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

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

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

ii) Transactions with non-controlling interests

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

(Amounts in thousand)

iii) Disposal of subsidiaries

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

2.4 Property, plant and equipment

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

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

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

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

(Amounts in thousand)

2.5 Lease liabilities and right-of-use assets

Effective January 1, 2019, 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 considers all facts and circumstances that create an economic incentive to exercise an extension option or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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

(Amounts in thousand)

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

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

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

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

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

(Amounts in thousand)

2.6 Intangible assets

2.6.1 Goodwill

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

2.6.2 Software

These are capitalized on the basis of the costs incurred to acquire and bring the specific software to use. Software is stated 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. The residual values, useful lives and amortization method are reviewed and adjusted, if appropriate, at each reporting date.

2.6.3 Investments in associates

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

2.7 Financial instruments

2.7.1 Financial assets

Classification

Upto December 31, 2018 the Group classified its financial assets into four categories namely 'at fair value through profit or loss', 'loans and receivables', 'held-to-maturity' and 'available-for-sale'.

(Amounts in thousand)

Effective January 1, 2019 the Group classifies its financial assets in the following categories:

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

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

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

Measurement

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

Debt instruments

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

a) Amortised cost

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

(Amounts in thousand)

b) Fair value through other comprehensive income (FVOCI)

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

c) Fair value through profit or loss (FVPL)

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

Equity instruments

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

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

Derecognition

Financial assets are 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.

(Amounts in thousand)

2.7.2 Financial liabilities

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

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

A financial liability is 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 recognised in profit or loss.

2.7.3 Offsetting

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

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

(Amounts in thousand)

2.8 Impairment of non-financial assets

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

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

2.9 Embedded derivatives

An embedded derivative is a component of a hybrid contract that also includes a non-derivative host with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative.

When the Group becomes a party to a hybrid contract with a host that is not an asset within the scope of IFRS 9, the Group is required to identify any embedded derivative, assess whether it is required to be separated from the host contract and, for those that are required to be separated, measure the derivatives at fair value at initial recognition and subsequently at fair value through profit or loss.

Embedded derivatives are separated and accounted for as stand-alone derivatives if these are not 'closely related' to the host contract, that is, if their economic characteristics and risks are different from those of the rest of the contract. If the embedded derivative cannot be measured separately either at acquisition or subsequently, the Group designates the entire hybrid contract as at fair value through profit or loss.

(Amounts in thousand)

The tariff of Tenaga Generasi Limited (TGL, a subsidiary), like other power companies, comprises of various price components with indexations falling within the ambit of embedded derivatives. Such embedded derivatives, as per IFRS 9 "Financial Instruments", need to be separated from the host contract and accounted for as derivatives if economic characteristics and risks of the embedded derivatives are not closely related to the host contract.

The SECP, through its S.R.O. 986 (1) / 2019 dated September 2, 2019 (in partial modification of its previously issued S.R.O. 24 / (1) / 2012 dated January 16, 2012) has allowed companies not to recognize embedded derivative under IFRS 9 if they have chosen to capitalize exchange differences as permitted under the notification. Accordingly, embedded derivatives have not been recognised in these consolidated financial statements.

2.10 Stores, spares and loose tools

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.

The Company reviews the carrying amount of stores, spares and loose tools on a regular basis and provision is made for obsolescence, if any.

2.11 Stock-in-trade

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

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

(Amounts in thousand)

2.12 Contract assets and contract liabilities

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

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

2.13 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 original maturities of three months or less. Running finance facilities availed by the Group, if any, which are repayable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2.14 Share capital

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

2.15 Employees' retirement benefits

2.15.1 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 defined

(Amounts in thousand)

benefit 'Gratuity' plan, for its regular permanent employees who have completed the minimum qualifying period of service of one year. A funded gratuity scheme is in place for the management employees of the Holding Company's 'Lawrencepur Woolen and Textile Mills Unit' and other employees.

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

2.15.2 Defined benefit scheme

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

2.16 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is amortised over the period of the borrowings.

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

2.17 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.

(Amounts in thousand)

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.

2.18.2 Deferred

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

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

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

2.19 Revenue and income recognition

2.19.1 Project revenue

Project revenue is recognized with reference to the stage of completion of project activity at the reporting date over the period of contract. Stage of completion of a project is determined by applying the ‘cost-to-cost method’ which is comparable to the 'input method' provided in IFRS 15. Under this method, the stage of completion of a project is determined by reference to the proportion that project costs incurred to date bear to the total estimated contract costs. Expected losses on projects are recognized as an expense immediately in the consolidated statement of profit or loss.

(Amounts in thousand)

2.19.2 Operations and maintenance services

For operations and maintenance services, revenue is measured at fair value of the consideration received or receivable and is recognised on an accrual basis as and when services are rendered i.e. performance obligations are fulfilled.

2.19.3 Sale of goods

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

2.19.4 Supply of electricity

Revenue from supply of electricity is recognised upon the satisfaction of performance obligations i.e. the delivery of Monthly Energy, which includes Net Delivered Energy and Non-Project Missed Volume (NPMV), to NTDC.

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

2.19.5 Interest on bank deposits and delayed payment income

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

2.19.6 Dividend income

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

2.19.7 Capital gain

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

(Amounts in thousand)

2.20 Borrowing costs

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

On September 02, 2019, SECP vide SRO 986 (I) 2019 has granted exemption from the requirements of International Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates" to the extent of capitalization of exchange differences to all IPPs that have executed their PPAs before January 01, 2019. Accordingly, exchange gain / loss has been capitalized in these consolidated financial statements.

2.21 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.

2.22 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 consolidated statement of profit or loss and other comprehensive income, except as referred to in note 2.20.

(Amounts in thousand)

2.23 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.

2.24 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 Holding Company that makes the strategic decisions.

Management has disclosed information as required by IFRS 8 'Operating Segments' in note 44 to these consolidated financial statements.

2.25 Dividend and appropriation to reserves

Dividends and appropriations to reserves are recognized in the year in which these are approved.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated financial statements in conformity with the applicable accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the 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:

(Amounts in thousand)

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.

3.2 Stock-in-trade

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

3.3 Provision for retirement and other service benefits obligations

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

3.4 Taxation

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

3.5 Impairment of financial assets

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

3.6 Provision for warranty

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

(Amounts in thousand)

3.7 Impairment of goodwill

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

3.8 Lease accounting

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

3.9 Revenue

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

4. CHANGES IN ACCOUNTING POLICIES

The Group has applied the following standards for the first time for its annual reporting period commencing January 1, 2019:

4.1 IFRS 9 "Financial Instruments

The adoption of IFRS 9 from January 1, 2019 by the Group has resulted in change in accounting policies. The Group has applied IFRS 9 retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". However, it has elected not to restate comparative information as permitted under the transitional provisions of the standard. The reclassifications and the adjustments arising from the new impairment rules are, therefore, not reflected in the consolidated statement of financial position as at December 31, 2018 but have been recognised in the opening consolidated statement of financial position as on January 1, 2019 the effects of which have been disclosed below.

(Amounts in thousand)

Furthermore, on January 1, 2019, the management has re-assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. As a result of this, financial assets previously classified as "loans and receivables" have now been classified as "at amortised cost". "Available-for-sale financial assets" which denoted investments in unquoted equity securities have been classified as at "financial assets at fair value through other comprehensive income" while investments in units of mutual funds (being puttable financial instruments) have been classified as "at fair value through profit or loss".

The table below shows the adjustments recognised for each individual line item of the consolidated statement of financial position following the transition to IFRS 9. Line items that were not affected by the changes have not been included:

Consolidated statement of financial position (extract)	As originally presented December 31, 2018 / January 1, 2019	Impact of IFRS 9 Classification and measurement	Impact of IFRS 9 Impairment*	Restated January 1, 2019
	---------- Rupees ----------			
Financial assets				
Non-current assets				
Available-for-sale financial assets				
- Investments in units of mutual funds	12,678	(12,678)	-	-
- Investments in unquoted equity securities	15	(15)	-	-
Financial assets at fair value through other comprehensive income				
- Investments in unquoted equity securities	-	15	-	15
Financial assets at fair value through profit or loss				
- Investments in units of mutual funds	-	12,678	-	12,678
Financial assets at amortised cost				
- Trade debts	1,284,571	(1,284,571)	-	-
At amortised cost				
- Trade debts	-	1,284,571	(1,782)	1,282,789
Other components of equity				
Unrealized gain on remeasurement of available-for-sale investments	9,327	(9,327)	-	-
Unappropriated profit	11,210,699	7,545	-	11,218,244

* The differences noted in this column are the result of applying the new expected credit loss model. The reclassifications of the financial instruments on adoption of IFRS 9 did not result in any changes to measurements.

(Amounts in thousand)

4.2 IFRS 15 'Revenue from contracts with customers'

The Group has adopted IFRS 15 retrospectively with the cumulative effect of adoption as an adjustment to opening retained earnings in the period of adoption.

The management has concluded that the requirements contained in IFRS 15 are generally consistent with the timing of revenue the Group recognised in accordance with IAS 18 and the related interpretations.

The Group has also changed the presentation of certain amounts in the consolidated statement of financial position to reflect the terminology used by IFRS 15. Contract assets have been recognised denoting the unbilled amount in respect of contract costs incurred plus recognised profits which were previously presented as a part of "trade debts" (refer note 13.5). Contract liabilities have been recognised denoting the excess billing in respect of contract costs incurred plus recognised profits which were previously presented as a part of "trade and other payables" (refer note 25.3).

IFRS 15 also requires the Group to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Accordingly, the Group's revenue has been disaggregated and presented in these consolidated financial statements based on whether performance obligations arising in respect of various contracts are satisfied at a point in time or over time.

4.3 IFRS 16 'Leases'

The Group has adopted IFRS 16 retrospectively from January 1, 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated statement of financial position on January 1, 2019.

The Group has obtained head office, regional sales offices and warehouses under various leasing arrangements. These contracts are typically made for fixed periods of 1.5 to 5 years but may have extension options as described in note 2.5. Furthermore, the Group has also obtained a land on lease in KhutiKun Area, Gharo the remaining term of which is 17 years.

(Amounts in thousand)

Until December 31, 2018, leases of assets where the significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases under the principles of IAS 17 "Leases". Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease. On adoption of IFRS 16 with effect from January 1, 2019, the Group has recognised lease liabilities in respect of these 'operating leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of January 1, 2019. The lessee's incremental borrowing rate applied to the lease liabilities on January 1, 2019 ranged between 11.19% and 13.05%.

4.3.1 Measurement of lease liabilities

The following summary reconciles the Group's operating lease commitments as at December 31, 2018 to the lease liabilities recognised on the initial application of IFRS 16 as at January 1, 2019:

	Rupees
Operating lease commitments as at December 31, 2018	361,542
Discounted using the lessee's incremental borrowing rate at the date of initial application	150,191
Less: short-term leases recognized on a straight-line basis as expense	(2,555)
Less: low value leases recognized on a straight-line basis as expense	(299)
Lease liabilities recognized as at January 1, 2019	147,337
Of which are:	
Long-term portion of lease liabilities	125,262
Current portion of lease liabilities	22,075
	147,337

4.3.2 Measurement of right-of-use assets

The associated right-of-use assets were measured at the amount equal to the corresponding lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to those leases recognised in the consolidated statement of financial position as at January 1, 2019.

(Amounts in thousand)

4.3.3 Amounts recognised in the consolidated statement of financial position

	December 31, 2019	January 1, 2019*
	------------Rupees------------	
Right-of-use assets		
Property	**140,160**	147,337
Lease liabilities		
Long-term portion of lease liabilities	**126,193**	125,262
Current portion of lease liabilities	**26,482**	22,075
	152,675	147,337

* This denotes the impact on the consolidated statement of financial position as on January 1, 2019 due to the change in accounting policy arising as a result of adoption of IFRS 16.

4.3.4 Amounts recognised in the consolidated statement of comprehensive income relating to leases

	December 31, 2019
	Rupees
Depreciation charge of right-of-use assets included in selling and distribution expenses (note 31)	**8,695**
Depreciation charge of right-of-use assets included in administrative expenses (note 32)	**8,445**
Depreciation charge of right-of-use assets included in cost of revenue (note 30)	**5,743**
Expense relating to short-term leases included in selling and distribution expenses (note 31)	**5,490**
Expense relating to leases of low-value assets that are not shown above as short-term leases included in administrative expenses (note 32.2)	**299**
Interest expense on lease liabilities included in finance cost (note 35)	**16,905**
	45,577

The total cash outflow for leases during the year ended December 31, 2019 was Rs. 27,273.

(Amounts in thousand)

4.3.5 Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;

- the accounting for operating leases with a remaining lease term of less than 12 months as at January 01, 2019 as short-term leases;

- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application; and

- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Furthermore, The SECP through its SRO 986 (I)/2019 dated September 02, 2019 has extended its earlier exemption from IFRIC 4, now IFRS 16 to all companies which have entered into power purchase arrangements before January 1, 2019. Accordingly, the Group has not applied IFRS 16 to the extent of these exemptions available.

	2019	2018
	-------------Rupees-------------	
5. PROPERTY, PLANT AND EQUIPMENT		
Operating assets, at net book value (note 5.1)	**12,306,783**	12,105,365
Capital work in progress (note 5.2)	**401,543**	201,115
Capital spares	**159,784**	159,785
	12,868,110	12,466,265

(Amounts in thousand)

5.1 Operating assets

	Land		Building									
	Freehold	Leasehold (notes 5.1.3 and 5.1.4)	Freehold	Leasehold	Plant and machinery (note 5.2)	Wind measuring equipment	Furniture, fixtures and office equipment	Computers	Tools and equipment	Vehicles	Renewable energy units	Total
	----------Rupees----------											
As at January 1, 2018												
Cost	3,157	38,194	70,557	2,399,717	9,338,439	3,881	89,706	14,299	15,014	26,386	7,657	12,007,007
Accumulated Depreciation	-	(25,076)	(66,138)	(137,907)	(616,937)	(2,210)	(59,505)	(11,247)	(4,369)	(15,708)	(2,421)	(941,518)
	3,157	13,118	4,419	2,261,810	8,721,502	1,671	30,201	3,052	10,645	10,678	5,236	11,065,489
Year ended December 31, 2018												
Opening net book value	3,157	13,118	4,419	2,261,810	8,721,502	1,671	30,201	3,052	10,645	10,678	5,236	11,065,489
Additions including transfers	-	-	-	-	13	-	2,023	207	-	-	-	2,243
Capitalization adjustment for exchange loss (note 5.1.6)	-	-	-	333,676	1,286,894	-	-	-	-	-	-	1,620,570
Disposals												
Cost	-	-	-	-	-	-	(403)	(353)	(45)	(221)	-	(1,022)
Accumulated depreciation	-	-	-	-	-	-	265	353	12	221	-	851
	-	-	-	-	-	-	(138)	-	(33)	-	-	(171)
Depreciation charge (note 5.1.5)	-	(650)	(442)	(119,236)	(449,714)	(167)	(9,244)	(506)	(253)	(2,108)	(446)	(582,766)
Closing net book value	3,157	12,468	3,977	2,476,250	9,558,695	1,504	22,842	2,753	10,359	8,570	4,790	12,105,365
As at December 31, 2018												
Cost	**3,157**	**38,194**	**70,557**	**2,733,393**	**10,625,346**	**3,881**	**91,326**	**14,153**	**14,969**	**26,165**	**7,657**	**13,628,798**
Accumulated depreciation	**-**	**(25,726)**	**(66,580)**	**(257,143)**	**(1,066,651)**	**(2,377)**	**(68,484)**	**(11,400)**	**(4,610)**	**(17,595)**	**(2,867)**	**(1,523,433)**
Net book value	**3,157**	**12,468**	**3,977**	**2,476,250**	**9,558,695**	**1,504**	**22,842**	**2,753**	**10,359**	**8,570**	**4,790**	**12,105,365**
Year ended December 31, 2019												
Opening net book value	**3,157**	**12,468**	**3,977**	**2,476,250**	**9,558,695**	**1,504**	**22,842**	**2,753**	**10,359**	**8,570**	**4,790**	**12,105,365**
Additions including transfers	**-**	**-**	**-**	**1,922**	**-**	**-**	**16,599**	**620**	**-**	**1,721**	**-**	**20,862**
Capitalization adjustment for exchange loss (note 5.1.6)	**-**	**-**	**-**	**177,796**	**685,681**	**-**	**-**	**-**	**-**	**-**	**-**	**863,477**
Disposals												
Cost	**-**	**-**	**-**	**-**	**-**	**-**	**(97)**	**(41)**	**-**	**-**	**-**	**(138)**
Accumulated depreciation	**-**	**-**	**-**	**-**	**-**	**-**	**97**	**41**	**-**	**-**	**-**	**138**
	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation charge (note 5.1.5)	**-**	**(648)**	**(397)**	**(141,074)**	**(528,667)**	**(150)**	**(9,063)**	**(537)**	**(216)**	**(1,723)**	**(446)**	**(682,921)**
Closing net book value	**3,157**	**11,820**	**3,580**	**2,514,894**	**9,715,709**	**1,354**	**30,378**	**2,836**	**10,143**	**8,568**	**4,344**	**12,306,783**
As at December 31, 2019												
Cost	**3,157**	**38,194**	**70,557**	**2,913,111**	**11,311,027**	**3,881**	**107,828**	**14,732**	**14,969**	**27,886**	**7,657**	**14,512,999**
Accumulated depreciation	**-**	**(26,374)**	**(66,977)**	**(398,217)**	**(1,595,318)**	**(2,527)**	**(77,450)**	**(11,896)**	**(4,826)**	**(19,318)**	**(3,313)**	**(2,206,216)**
Net book value	**3,157**	**11,820**	**3,580**	**2,514,894**	**9,715,709**	**1,354**	**30,378**	**2,836**	**10,143**	**8,568**	**4,344**	**12,306,783**
Annual rate of depreciation	**0%**	**4% to 33%**	**10%**	**5%**	**5% to 20%**	**10%**	**10% to 35%**	**33%**	**10% to 33%**	**20%**	**10%**	

5.1.1 The above include assets with an aggregate carrying value of Rs. 14,429 (2017: Rs. 16,229) which relate to discontinued textile unit, LWTM and BTM.

(Amounts in thousand)

5.1.2 The Group's assets include equipment having cost of Rs. 3,370 (2018: Rs. 3,370) which have been installed at The Searle Company Limited and LCC Pakistan (Private) Limited for providing energy sales and proof of concept to the customer.

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

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

	2019	2018
	-------------Rupees-------------	
5.1.5 Depreciation charge for the year has been allocated as follows:		
Cost of revenue (note 30)	**668,482**	567,534
Selling and distribution expenses (note 31)	**1,445**	920
Administrative expenses (note 32)	**12,994**	14,312
	682,921	582,766

5.1.6 The SECP, through its S.R.O. 986 (1) /2019 dated September 2, 2019 partially modified its previously issued S.R.O. 24 / (1)/2012 dated January 16, 2012 and granted exemption to all companies that have executed their energy purchase agreements before January 1, 2019, from the application of IAS 21 'The Effects of Changes in Foreign Exchange Rates' to the extent of capitalization of exchange differences. Accordingly, the Group has capitalized exchange differences aggregating to Rs.863,477 (2018: Rs. 1,620,570) arising on foreign currency borrowings of Tenaga Generasi Limited to the cost of the related property, plant and equipment.

(Amounts in thousand)

5.1.7 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 acres
LWTM Factory	G.T. Road, Faqirabad, District Attock	227 acres
Leasehold land including wind measuring equipment and building thereon	Khatun Area, Gharo, District Thatta, Sindh	4,881 acres

5.2 Capital work-in-progress

	2019	2018
Cost incurred on:	------------Rupees------------	
Procurement of equipment	**327,497**	185,237
Engineering and construction services	**50,847**	13,483
Mark-up on long-term loan	**24,869**	-
Performance guarantee fees	**294**	-
Pre-commercial operation revenue	**(4,359)**	-
Advances and others	**2,395**	2,395
	401,543	201,115
Balance as at January 1	**201,115**	2,395
Additions during the year	**200,428**	198,720
Balance as at December 31	**401,543**	201,115

Capital work in progress primarily includes directly attributable expenses incurred by Reon Alpha (Private) Limited for the engineering, procurement and construction of 5 MW Solar Power Plant in District Tharparkar, Sindh.

(Amounts in thousand)

		2019	2018
		------------Rupees------------	
6.	**RIGHT-OF-USE ASSETS**		
	Year ended December 31, 2019		
	Impact on adoption of IFRS 16 (note 4.3.3)	**147,337**	-
	Additions	**15,706**	-
	Depreciation charge (note 6.1)	**(22,883)**	-
	Closing net book value	**140,160**	-
	At December 31, 2019		
	Cost	**163,043**	-
	Accumulated depreciation	**(22,883)**	-
	Net book value	**140,160**	-
	Rate of depreciation (% per annum)	**5.56 to 20**	-
6.1	The depreciation charge for the year has been allocated as follows:		
	Cost of revenue (note 30)	**5,743**	-
	Selling and distribution expenses (note 31)	**8,695**	-
	Administrative expenses (note 32)	**8,445**	-
		22,883	-
7.	**INTANGIBLE ASSETS**		
	Goodwill (note 7.1)	**22,834**	22,834
	Computer software (note 7.2)	**944**	346
	Capital work-in-progress (note 7.3)	**807**	-
		24,585	23,180

(Amounts in thousand)

7.1 Goodwill

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

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

At December 31, 2019, the management of the Group carried out an impairment testing of its goodwill recognized in these consolidated financial statements as a result of acquisition of TGL. Based on the said testing, the NPV of the wind project was in excess of the respective carrying amount of goodwill as at December 31, 2019.

7.2 Computer software

	2019	2018
	-------------Rupees-------------	
Cost		
Balance as on January 1	**21,645**	21,548
Additions during the year (note 7.3)	**1,010**	97
Balance as on December 31	**22,655**	21,645
Amortization		
Balance as on January 1	**(21,299)**	(20,088)
Amortization during the year (note 32)	**(412)**	(1,211)
Balance as on December 31	**(21,711)**	(21,299)
Carrying amount	**944**	346

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

7.3 This represents cost incurred for enterprise resource planning software under development.

(Amounts in thousand)

	2019	2018
	------------Rupees------------	
8. LONG-TERM INVESTMENTS		
Investment in associate (note 8.1)	**10,364,454**	10,828,538
Other investments (note 8.3)	**12,715**	12,693
	10,377,169	10,841,231

8.1 Investment in associate (quoted)

Dawood Hercules Corporation Limited (DHCL)

	2019	2018
Opening balance	**10,828,538**	8,955,510
Add:		
- Share of profit after taxation	**915,237**	2,306,573
- Share of other comprehensive income	**10,725**	21,023
- Other equity transactions	**(65,204)**	168,887
	860,758	2,496,483
Less: Dividend received	**(1,324,842)**	(623,455)
	10,364,454	10,828,538

8.1.1 The Holding Company has invested in DHCL (an associate) with ownership of 16.19% (2018: 16.19%) comprising of 77,931,896 (2018: 77,931,896) fully paid ordinary shares of Rs. 10/- each, having a market value of Rs. 12,017,878 (2018: Rs. 8,662,130).

(Amounts in thousand)

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

	2019	2018
	------------Rupees------------	
Revenue	**225,919,576**	171,568,238
Profit after tax	**29,787,037**	33,148,889
Other comprehensive income	**174,493**	506,314
Total comprehensive income	**29,961,530**	33,655,203
Profit attributable to:		
- Owners of DHCL	**5,653,098**	14,246,897
- Non-controlling interest of DHCL	**24,133,939**	18,901,992
	29,787,037	33,148,889
Non-current assets	**350,223,944**	245,431,483
Current assets	**222,089,686**	176,182,156
Assets held for sale	**1,325,595**	-
Total assets	**573,639,225**	421,613,639
Less:		
Non-current liabilities	**212,698,305**	139,270,260
Current liabilities	**152,896,346**	80,600,240
Total liabilities	**365,594,651**	219,870,500
Net assets	**208,044,574**	201,743,139
Net assets attributable to:		
- Owners of DHCL	**64,020,945**	66,886,221
- Non-controlling interest of DHCL	**144,023,629**	134,856,918
	208,044,574	201,743,139
Group's share in %	**16.19%**	16.19%
Share of net assets	**10,364,991**	10,828,879
Others	**(537)**	(341)
Carrying amount	**10,364,454**	10,828,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2019

(Amounts in thousand)

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 (note 24) the details of which are as follows:

		As at December 31, 2019			As at December 31, 2018		
Bank	**Shares pledged**	**Number of shares pledged**	**Face value of shares pledged**	**Market value of pledged shares**	Number of shares pledged	Face value of shares pledged	Market value of pledged shares
			------------Rupees------------			------------Rupees------------	
Pledged against short-term financing and other facilities availed by the Company and its subsidiaries							
Standard Chartered Bank (Pakistan) Limited (note 24)	Dawood Hercules	**26,899,737**	**268,997**	**4,148,208**	24,399,737	243,997	2,712,031
Bank AL Habib Limited (note 24)	Corporation Limited	**10,200,000**	**102,000**	**1,572,942**	10,200,000	102,000	1,133,730
Pledged under Musharka Agreement entered into between RAPL and FBL							
Faysal Bank Limited (FBL) (note 28.1.10)	Reon Alpha (Private) Limited	**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

2019	2018		**2019**	2018
Units* / Number of Shares		**Name of Investee**	-------------Rupees-------------	
		Listed securities		
200,000	200,000	National Investment (Unit) Trust	**12,700**	12,678
		Un-listed securities		
1,500	1,500	Asian Co-operative Society Limited	**15**	15

(Amounts in thousand)

		2019	2018
8.3.1	**Reconciliation between fair value and cost of investments**	------------Rupees------------	
	Fair value of investments	**12,700**	12,693
	Surplus on remeasurement of investments as at year end	**(10,245)**	(10,238)
	Cost of investments	**2,455**	2,455

With the adoption of IFRS 9 "Financial Instruments" on January 1, 2019, units of National Investment (Unit) Trust have been classified as 'financial assets at fair value through profit or loss'; and unlisted shares of Asian Co-operative Society Limited have been classified as 'financial assets at fair value through other comprehensive income'. These were previously classified by the Company as available-for-sale under IAS 39. The effects of the reclassifications have been disclosed in note 4.1.

		2019	2018
9.	**LONG-TERM DEPOSITS**	------------Rupees------------	
	Deposits for utilities	**1,718**	1,718
	Others	**1,060**	1,060
		2,778	2,778
10.	**LONG-TERM LOANS TO EMPLOYEES - Secured, considered good**		
	Long-term loans to employees (note 10.1)	**1,961**	396
	Less: Current portion (note 15)	**(1,272)**	(377)
		689	19
10.1	**Reconciliation of the carrying amount of loans to employees**		
	Balance at beginning of the year	**396**	768
	Disbursement	**2,564**	695
	Transferred from subsidiary Company		
	Repayment	**(999)**	(1,067)
	Balance at end of the year	**1,961**	396

(Amounts in thousand)

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. 2,223 (2018: Rs. 768).

11. STORES AND SPARES

	2018	2017
	------------Rupees------------	
Stores, spares and loose tools	**1,784**	1,879
Provision for slow moving and obsolete items (note 11.1)	**(892)**	(892)
	892	987

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

Balance at the beginning of the year	**(892)**	(7,789)
Add: Reversal of provision on account of disposal	**-**	6,897
Balance at the end of the year	**(892)**	(892)

12. STOCK-IN-TRADE

Renewable energy		
Finished goods	**205,983**	99,721
Provision for slow moving and obsolete items (note 12.1)	**(37,671)**	(31,817)
	168,312	67,904
Textile		
Finished goods	**28,117**	36,103
Provision for slow moving and obsolete items (note 12.1)	**(5,036)**	(3,734)
	23,081	32,369
	191,393	100,273

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(Amounts in thousand)

		2019	2018
12.1	The movement in provision during the year is as follows:	------------Rupees------------	
	Balance at the beginning of the year	**35,551**	90,098
	Add: Charge for the year	**7,156**	-
	Less: Provision reversed during the year	**-**	(52,809)
	Less: Provision written off	-	(1,738)
	Balance at the end of the year	**42,707**	35,551

13. TRADE DEBTS

	2019	2018
- Secured, considered good		
Alternate energy (notes 13.1 and 13.2)	**2,259,917**	988,910
- Unsecured, considered good		
Renewable energy - projects (notes 13.3 and 13.4)	**534,180**	89,165
Gross amount due from customers (note 13.5)	**-**	206,496
	534,180	295,661
	2,794,097	1,284,571
- Considered doubtful		
Renewable energy	**10,928**	7,401
Others	**32**	32
	10,960	7,433
	2,805,057	1,292,004
Provision for impairment against doubtful debts - net (note 13.6)	**(10,960)**	(7,433)
	2,794,097	1,284,571

(Amounts in thousand)

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

13.2 Trade debts from alternate energy represents:

- Rs. 756,906 (2018: Rs. 263,186) which are neither past due nor impaired; and

- Rs. 1,503,011 (2018: Rs. 555,910) which are overdue by upto 117 days (2018: 88 days) but not impaired. These carry mark-up at the rate of 3 month KIBOR plus 4.5% per annum.

- Nil (2018: Rs. 169,814) unbilled revenue in respect of Non Project Missed Volume (NPMV) as defined in the Energy Purchase Agreement. During the current year, the Group reached to an agreement regarding formula for billing and the recovery of amount of NPMV as agreed has been invoiced.

13.3 Trade debts in respect of renewable energy projects include Rs. 525,329 (2018: Rs. 50,585) which are past due but not impaired. These include receivables in respect of sale of goods and rendering of services in respect of various engineering, procurement and construction contracts. The aging analysis of these debts is as follows:

	2019	2018
	Rupees	
Upto 2 months	**429,338**	36,214
More than 2 months	**95,991**	14,371
	525,329	50,585

13.4 Trade debts include Rs. 8,851 (2018: Rs. 38,580) which are neither past due nor impaired. The credit quality of these receivables can be assessed with reference to their historical performance with no defaults ever.

13.5 Gross amount due from customers:

	2019	2018
	Rupees	
Contract costs incurred plus recognized profits less recognized losses	**-**	702,196
Less: Progress billings	**-**	(495,700)
Amount unbilled as at December 31	**-**	206,496

(Amounts in thousand)

13.5.1 As at January 1, 2019, this has been reclassified to contract assets note 14 in the consolidated statement of financial position in pursuance of adoption of IFRS 15.

13.6 As at December 31, 2019, trade debts aggregating to Rs.10,960 (2018: Rs. 7,433) were deemed to have been impaired and were provided for. These have been outstanding for more than six months. The movement in provision during the year is as follows:

	2019	2018
	------------Rupees------------	
Amount calculated under IAS 39 as at December 31, 2018	**7,433**	5,715
Amount restated through opening accumulated losses on adoption of IFRS 9 (note 4.1)	**1,782**	-
Opening provision for impairment as at January 1, 2019	**9,215**	5,715
Increase in provision for impairment recognised during the year (notes 32 and 33)	**4,819**	1,718
Write-off during the year	**(3,074)**	
Amount as at the end of the year	**10,960**	7,433

14. CONTRACT ASSETS

Contract costs incurred plus recognized profits less recognized losses	**3,798,098**	-
Less: Progress billings	**(3,638,858)**	-
Amount unbilled as at December 31	**159,240**	-

14.1 These include contract assets in respect of Engro Energy Limited (a related party) amounting to Rs. 149 (2018: Nil)

15. LOANS AND ADVANCES - Unsecured, considered good

	2019	2018
	------------Rupees------------	
Loans and advances to employees (notes 15.1 & 15.2)	**8,188**	1,995
Current portion of long-term loans (note 10)	**1,272**	377
Advances to suppliers	**22,819**	23,838
	32,279	26,210

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

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

	2019	2018
	-------------Rupees-------------	
16. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
Security deposits (note 16.1)	**67,518**	23,477
Prepayments (note 16.2)	**47,532**	9,849
Delayed payment charges (note 16.3)	**246,175**	81,558
Sales tax refundable (note 16.4)	**105,041**	47,419
Workers' profit participation fund (note 25.6)	**100,829**	46,794
Others (note 16.5)	**47,673**	16,735
	614,768	225,832

16.1 This includes security deposit refundable from The Dawood Foundation (a related party) paid under a lease agreement amounting to Rs. 1,550 (2018: Rs. 1,550) and Rs. 37,765 (2018: Nil) cash margin blocked against advance payment and performance guarantees for various engineering, procurement and construction contracts.

16.2 This includes margin deposit against performance guarantee issued by Faysal Bank Limited in favour of Sindh Engro Coal Mining Company to secure RAPL's performance obligation under the Power Purchase Agreement (PPA).

16.3 This represents mark-up on overdue trade debts, as referred to in note 13.2, out of which Rs. 5,905 is over due by 365 days or more.

16.4 On May 30, 2018, the Additional Commissioner Inland Revenue issued a show-cause notice for the tax period from March 2016 to September 2017 and raised a sales tax demand amounting to Rs 4,778 besides the imposition of default surcharge and penalty. The demand primarily arose on account of inadmissibility of input tax adjustment on certain supplies and services. REL filed an appeal against the order before the Commissioner Inland Revenue (Appeals) on June 14, 2018. Simultaneously on the application by REL, the High Court of Sindh granted stay against any recovery proceedings by the tax authorities on July 19, 2018. On April 3, 2019, REL filed an appeal with SRB for condonation of allowing input tax adjustment that was disallowed by FBR. On January 22, 2020, the Commissioner

(Amounts in thousand)

Inland Revenue (Appeals) has decided not to accede to REL's application for condonation. Based on this intimation, REL is exploring its options available to proceed with its claim. However, as a matter of prudence a provision has been created against the amount of sales tax recoverable.

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	
	2019	2018	**2019**	2018
	------------Rupees------------		------------Rupees------------	
Sach International (Private) Limited	**26,660**	9,137	**26,660**	10,891
Engro Fertilizer Limited	**-**	-	**-**	1,878
	26,660	9,137		

17. SHORT-TERM INVESTMENTS

Particulars	Rate of interest (% per annum)	Date of maturity	2019	2018
			-------------Rupees-------------	
At amortised cost				
Term deposit receipt	13.00%	February 15, 2020	**221,000**	-
Term deposit receipt	12.00%	May 29, 2020	**44,966**	-
Term deposit receipt	13.00%	February 15, 2020	**21,000**	-
Term deposit receipt	13.00%	January 09, 2020	**13,000**	-
Treasury bill	13.70%	March 26, 2020	**119,998**	-
			419,964	-

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

18. CASH AND BANK BALANCES	**2019**	2018
	-------------Rupees-------------	
Cash in hand	**398**	341
Cash at banks		
- In current accounts	**8,102**	21,451
- In deposit accounts - local currency (note 18.1)	**394,456**	594,643
- In deposit accounts - foreign currency (note 18.2)	**19,380**	26,150
	421,938	642,244
	422,336	642,585

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For The Year Ended December 31, 2019

(Amounts in thousand)

18.1 This includes deposits with commercial banks and carry profit at the rate ranging from 9.90% to 13.7% (2018: 4% to 8%) per annum.

18.2 Foreign currency deposits carry return at the average LIBOR of 2% (2018: 1.62%) per annum.

19. SHARE CAPITAL

19.1 Authorized capital

2019	2018		2019	2018
--------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

2019	2018		2019	2018
--------Number of shares--------			-------------Rupees-------------	
2,204,002	2,204,002	Ordinary shares of Rs.10/- each fully paid in cash	**22,040**	22,040
12,805,118	12,805,118	Issued for consideration other than cash (note 19.2.3)	**128,051**	128,051
44,048,739	44,048,739	Fully paid as bonus shares	**440,487**	440,487
59,057,859	59,057,859		**590,578**	590,578

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

	2019	2018
	-------------Rupees-------------	
Dawood Corporation (Private) Limited	**29,016,622**	29,016,622
The Dawood Foundation	**2,979,324**	2,979,324
Patek (Private) Limited	**3,713,984**	3,713,984
Cyan Limited	**2,965,095**	2,965,095
Dawood Industries (Private) Limited	**494,921**	494,921
Sach International (Private) Limited	**3,776**	3,776
	39,173,722	39,173,722

(Amounts in thousand)

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

19.2.3 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).

20. STAFF RETIREMENT BENEFITS

	2019	2018
	-------------Rupees-------------	
Defined benefit plans		
- Gratuity fund	**1,477**	1,144
- Unfunded gratuity scheme	**41,017**	27,635
	42,494	28,779

The details of staff retirement benefit obligations based on actuarial valuations carried out by independent actuary as at December 31, 2019 under the Projected Unit Credit Method are as follows:

20.1 Principal actuarial assumptions used in the actuarial valuations

	2019		2018	
	Gratuity Fund	**Un-funded gratuity scheme**	Gratuity Fund	Un-funded gratuity scheme
	----------------------------%----------------------------			
Financial assumptions:				
Discount rate used for year end obligations	**11.25**	**11.75**	13.25	13.75
Expected rate of salary increase	**10.25**	**10.75**	12.25	12.75
Expected return on plan assets	**11.25**	**-**	13.25	-
Demographic assumptions:				
Expected withdrawal rate	Age-based	Age-based	Age-based	Age-based
Expected retirement age	Age 60	Age 60	Age 60	Age 60
Expected mortality rate	SLIC 2001 - 2005 (Set back 1 year)	SLIC 2001 - 2005 (Set back 1 year)	SLIC 2001 - 2005 (Set back 1 year)	SLIC 2001 - 2005 (Set back 1 year)

(Amounts in thousand)

20.2 Statement of financial position reconciliation

	2019		2018	
	Gratuity Fund	**Un-funded gratuity scheme**	Gratuity Fund	Un-funded gratuity scheme
	-------------------------Rupees-------------------------			
Present value of defined benefit obligation (note 20.3)	**4,843**	**41,017**	4,245	27,635
Fair value of plan assets (note 20.4)	**(3,366)**	**-**	(3,101)	-
Net Liability at end of the year	**1,477**	**41,017**	1,144	27,635

20.3 Movement in present value of defined benefit obligation

	2019 Gratuity Fund	2019 Un-funded gratuity scheme	2018 Gratuity Fund	2018 Un-funded gratuity scheme
Present value of defined benefit obligation at beginning of the year	**4,245**	**27,635**	5,844	28,228
Current service cost	**775**	**13,151**	906	9,882
Interest cost	**521**	**3,520**	349	176
Benefits paid	**(369)**	**(2,431)**	(3,230)	(11,796)
Benefits due but not paid	**(255)**	**-**	-	(417)
Remeasurement (gains) / losses from:				
- changes in financial assumptions	**-**	**(241)**	-	-
- experience adjustments	**(74)**	**(617)**	376	1,562
Present value of defined benefit obligation at end of the year	**4,843**	**41,017**	4,245	27,635

20.4 Movement in fair value of plan assets

	2019 Gratuity Fund	2019 Un-funded gratuity scheme	2018 Gratuity Fund	2018 Un-funded gratuity scheme
Fair value of plan assets at beginning of the year	**3,101**	**-**	2,963	-
Contributions (refunded to) / made by the company	**369**	**-**	3,230	-
Interest income	**411**	**-**	245	-
Benefits paid	**(369)**	**-**	(3,230)	-
Remeasurement loss on plan assets excluding interest income	**(146)**	**-**	(107)	-
Fair value of plan assets at end of the year	**3,366**	**-**	3,101	-

20.5 Expense recognized in profit or loss

	2019 Gratuity Fund	2019 Un-funded gratuity scheme	2018 Gratuity Fund	2018 Un-funded gratuity scheme
Current service cost	**775**	**13,151**	906	9,882
Interest cost on defined benefit obligation	**521**	**3,520**	349	176
Interest income on plan assets	**(411)**	**-**	(245)	-
Expense for the year	**885**	**16,671**	1,010	10,058

(Amounts in thousand)

	2019 Gratuity Fund	2019 Un-funded gratuity scheme	2018 Gratuity Fund	2018 Un-funded gratuity scheme
20.6 Remeasurement (gains) / losses recognized in other comprehensive income	Rupees			
Remeasurements of plan obligations				
- Experience adjustments	**(56)**	**(617)**	328	1,208
- Changes in financial assumptions	**(18)**	**(241)**	48	354
Remeasurement loss on plan obligation excluding interest income	**146**	**-**	107	-
	72	**(858)**	483	1,562
20.7 Net recognized liability				
Net liability at beginning of the year	**1,144**	**27,635**	2,881	28,228
Expense recognized in profit or loss	**885**	**16,671**	1,010	10,058
Remeasurement losses recognized in other comprehensive income	**72**	**(858)**	483	1,562
Payable to employee in respect of gratuity	**(255)**	**-**	-	(417)
Contribution made during the year	**(369)**	**(2,431)**	(3,230)	(11,796)
Net liability at end of the year	**1,477**	**41,017**	1,144	27,635
20.8 Plan assets comprise of the following:				
Investment in mutual funds	**3,366**	**-**	3,101	-
Cash at bank	**-**	**-**	-	-
	3,366	**-**	3,101	-
	%			
Investment in mutual funds	**100**	**-**	100	-
Cash at bank	**-**	**-**	-	-
	100	**-**	100	-

	2019 Gratuity Fund	2019 Un-funded gratuity scheme	2018 Gratuity Fund	2018 Un-funded gratuity scheme
20.9 Sensitivity analysis for assumptions	Rupees			
Discount rate (+100 bps)	**4,446**	**36,158**	3,879	24,377
Discount rate (-100 bps)	**5,304**	**44,411**	4,671	29,725
Future salary increase rate (+100 bps)	**5,309**	**44,500**	4,677	29,787
Future salary increase rate (-100 bps)	**4,434**	**36,015**	3,867	24,281

(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 consolidated statement of financial position.

20.10 Maturity profile

	2019 Rupees
Distribution of timing of benefit payments (times in years)	
1	**3,803**
2	**9,272**
3	**5,579**
4	**10,544**
5	**7,842**
6	**6,976**
7	**7,414**
8	**7,891**
9	**8,318**
10+	**2,425,803**

20.11 The scheme exposes the Group to the following risks:

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

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

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

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

(Amounts in thousand)

20.12 Historical information of staff retirement benefits

	2019	2018	2017	2016	2015
	----------Rupees----------				
Gratuity fund					
Present value of defined benefit obligation	**(4,843)**	(4,245)	(5,844)	(8,213)	(9,149)
Fair value of plan assets	**3,366**	3,101	2,963	2,928	2,815
Deficit	**(1,477)**	(1,144)	(2,881)	(5,285)	(6,334)
Unfunded gratuity schemes					
Present value of defined benefit obligation	**(41,017)**	(27,635)	(28,228)	(23,612)	(22,851)
Fair value of plan assets	**-**	-	-	-	-
Deficit	**(41,017)**	(27,635)	(28,228)	(23,612)	(22,851)

20.13 The weighted average duration of the defined benefit obligations is between 9 - 10 years.

20.14 Expected future cost for the year ending December 31, 2020 is Rs 1,113 and Rs. 21,243 for the gratuity fund and the unfunded gratuity schemes respectively.

	2019	2018
21. DEFERRED TAXATION	------Rupees------	
21.1 Credit balance arising due to:		
- accelerated tax depreciation / amortization	**2,671**	-
- right-of-use assets	**12,331**	-
- investment in associate accounted for using equity method	**1,544,874**	1,614,487
	1,559,876	1,614,487
Debit balance arising due to:		
- provision for stock-in-trade, trade debts and receivables	**(4,827)**	-
- lease liabilities against right-of-use assets	**(13,582)**	-
- deferred liabilities - staff retirement gratuity	**(11,576)**	-
- provision for warranty	**(12,549)**	-
- unused tax losses (note 21.3)	**(55,784)**	-
	(98,318)	-
	1,461,558	1,614,487

(Amounts in thousand)

21.2 Deferred tax asset / liability arises due to taxable temporary differences between tax base and carrying value of the Group's assets and liabilities as at December 31, 2019. Such differences arise due to accelerated depreciation on the Group's assets, unused losses and provisions recognized in the consolidated statement of financial position.

21.3 Deferred income tax asset is recognized for tax losses available for carry-forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The aggregate tax losses available for carry-forward as at December 31, 2019 amount to Rs. 1,041,711 (2018: Rs. 630,772). The Group, however, expects that it will be able to recoup tax losses to the extent of Rs. 192,358 and has accordingly recognised a deferred tax asset amounting to Rs. 55,784 in these consolidated financial statements.

	2019	2018
22. LONG-TERM BORROWINGS - secured	------------Rupees------------	
Foreign currency borrowings (notes 22.1, 22.2 and 22.3)	**7,764,673**	7,738,328
Local currency borrowings (notes 22.2 and 22.4)	**2,258,586**	2,119,837
	10,023,259	9,858,165
Transaction costs		
Transaction cost to date	**(314,506)**	(305,947)
Accumulated amortization	**122,678**	93,743
	(191,828)	(212,204)
	9,831,431	9,645,961
Less: Current portion shown under current liabilities	**(1,130,837)**	(952,830)
	8,700,594	8,693,131

22.1 TGL entered into a financing agreements with two international financial institutions for a total of US Dollars 66,000 and with a consortium comprising of local financial institutions amounting to Rs. 2,400,000. The international finance carries mark-up at the rate of three months LIBOR plus 5% payable quarterly over a period of ten years, whereas the local finance carries mark-up at the rate of three months KIBOR plus 3% payable quarterly over the period of ten years. The principal is repayable in twenty semi-annual instalments commencing from July 2017. As at December 31, 2019, the outstanding balance of the borrowing was US Dollars 49,982 (2018: US Dollar 55,631) for international loan. The borrowings are secured by an equitable mortgage on the immovable property and the hypothecation of current and future assets of TGL.

(Amounts in thousand)

22.2 As at December 31, 2019, the amount payable within one year to Overseas Private Investment Corporation (OPIC), International Finance Corporation (IFC) a related party, Habib Bank Limited and Soneri Bank Limited amounted to Rs. 618,604, Rs. 309,302, Rs. 125,637 and Rs. 62,819 respectively.

22.3 This includes loan from International Finance Corporation (IFC), a related party, amounting to Rs. 2,588,224 (2018: Rs. 2,579,443).

22.4 During the year long-term loan obtained by RAPL from Faysal Bank Limited (FBL) amounting to Rs 309,000 to finance 75% of the solar power project. The tenure of the loan is 10 years. The loan carries mark-up at the rate of three months KIBOR plus 2% payable on a quarterly basis. The loan is secured through hypothecation charge over all present and future fixed assets (excluding land and building) and assignment of receivables of RAPL in favour of Faysal Bank Limited. Transaction cost incurred on borrowings is amortized over the tenure of the loan.

22.5 Following are the changes in the long-term borrowings for which cash flows have been classified as financing activities in the statement of cash flows:

	2019	2018
	-------------Rupees-------------	
Balance as at January 1	**9,645,961**	9,101,585
Loan disbursed	**309,000**	-
Transaction cost during the year	**(8,559)**	-
Amortization of transaction cost	**28,935**	28,294
Loan repaid	**(1,007,383)**	(1,104,502)
Exchange loss (note 5.1)	**863,477**	1,620,584
Balance as at December 31	**9,831,431**	9,645,961

23. LEASE LIABILITIES

Non-current portion	**126,193**	-
Current portion	**26,482**	-
Total lease liability as at December 31	**152,675**	-

23.1. These represent lease liabilities recorded upon recognition of right-of-use assets as explained in note 4.3 to these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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24. SHORT-TERM BORROWINGS

	2019	2018
	------------Rupees------------	
Short-term running finance under mark-up arrangement (note 24.1)	**811,656**	574,451

24.1 This includes short-term running finance facilities aggregating to Rs. 1,500,000 (2018: Rs 1,500,000) obtained by the Holding Company under mark-up arrangement from various banks. These facilities are secured by way of a first pari passu mortgage on immovable property (including land and building), current assets, and pledge over the Holding Company's investments in related party, as explained in note 8.2. Rate of mark-up applicable on these facilities ranges from three months KIBOR plus 75 basis points to three months KIBOR plus 100 basis points (2018: three months KIBOR plus 65 basis points to three months KIBOR plus 90 basis points) per annum. The balance utilized by the Holding Company against these facilities as at reporting date was Rs. 552,345 (2018: Rs. 388,269).

Out of the aforementioned facilities, the Holding Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 300,000 of which Rs 259,311 (2018: Rs 186,182) were utilized as at the reporting date. This sub-limit expired on January 31, 2020 and is in the process of being renewed.

25. TRADE AND OTHER PAYABLES

	2019	2018
	------------Rupees------------	
Creditors	**707,695**	246,230
Payable to related parties (note 25.1)	**66,081**	1,139
Accrued liabilities	**226,691**	130,669
Due to Islamic Development Bank (note 25.2)	**25,969**	25,969
Due to customers of energy projects (note 25.3)	**-**	29,939
Provision for onerous contract	**81**	81
Advance from customers and others	**-**	35,927
Payable to gratuity fund (notes 20.2 and 20.3)	**255**	417
Deposits (note 25.4)	**514**	809
Warranty provision (note 25.5)	**37,946**	10,527
Workers' profits participation fund (note 25.6)	**54,034**	24,372
Derivative liability (note 25.8)	**826**	2,369
Provision for tax (note 25.7)	**60,000**	29,075
Withholding tax	**2,995**	2,014
Sales tax payable	**39,789**	12,963
Others	**940**	807
	1,223,816	553,307

(Amounts in thousand)

25.1 This represents amounts due to following related parties:

	2019	2018
	------------Rupees------------	
Dawood Hercules Corporation Limited	**2,895**	985
The Dawood Foundation	**378**	154
Engro Energy Limited	**62,808**	-
	66,081	1,139

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

25.3 Gross amount due to customers of energy projects:

	2019	2018
	------------Rupees------------	
Progress billings	**-**	124,907
Less: Contract costs incurred plus recognized profits less recognized losses	**-**	(94,968)
	-	29,939

25.3.1 As at January 1, 2019, this has been reclassified to contract liabilities (note 26) in the consolidated statement of financial position in pursuance of adoption of IFRS 15.

25.4 All deposits are interest free and are payable on demand. These amount include Rs. 346 (2018: Rs. 346) utilized as per the agreement with the respective parties. The balance is not kept in a separate bank account.

25.5 Warranty obligation

	2019	2018
	------------Rupees------------	
Opening balance	**10,527**	2,666
Add: Charge for the year (note 31)	**35,048**	8,097
Less: Utilization during the year	**(7,629)**	(236)
Closing balance	**37,946**	10,527

(Amounts in thousand)

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

	2019	2018
	-------------Rupees-------------	
Balance at the beginning of the year	**24,372**	22,422
Allocation for the year	**54,034**	24,372
Interest on fund utilized in TGL's business	**3,060**	2,444
	81,466	49,238
Less: payment made during the year	**(27,432)**	(24,866)
Balance at the end of the year	**54,034**	24,372

25.7 This represents provision recorded against tax demand raised to TGL during the year, detail of which are disclosed in note 28.1.9.

25.8 REL has outstanding forward exchange contracts with banks for amounts aggregating to CNY 2,741 to manage exchange rate exposure on outstanding foreign currency payments under the terms of supplier credit. Under the aforementioned agreements, REL would pay respective rates agreed at the initiation of the agreement on settlement dates.

	2019	2018
	-------------Rupees-------------	
26. CONTRACT LIABILITIES		
Contract liabilities against energy projects denote:		
Progress billing	**1,668,843**	-
Less: Contract costs incurred plus recognised profits	**(1,467,282)**	-
	201,561	-
Advances from customers	**29,416**	-
	230,977	-
27. ACCRUED MARK-UP		
Mark-up on long-term borrowings	**197,003**	188,541
Mark-up on short-term borrowings	**30,676**	11,908
	227,679	200,449

(Amounts in thousand)

28. CONTINGENCIES AND COMMITMENTS

28.1 Contingencies

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

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

28.1.2 Dividend income offset against business losses (Tax years 2008 and 2009)

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

28.1.3 Sales tax audit

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

(Amounts in thousand)

28.1.4 Assessment of annual tax return (Tax year 2013)

The assessment of annual tax return was initiated by the tax authorities on December 13, 2018 whereby the Holding Company received a show cause notice from the ACIR citing several factual and legal issues in the assessment for tax year 2013 in response to which the Holding Company submitted documentary evidence. On June 30, 2019, the Holding Company received an order from the ACIR wherein a demand of Rs. 729 was raised in respect of this tax year.

Further, during October 2019, CIR(A) has passed an order in favour of the Holding Company and has annulled the tax demand raised by the department on legal grounds. Subsequently, the department and the Holding Company have filed simultaneous appeals in ATIR against the order.

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.

28.1.5 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. 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 made in these consolidated financial statements.

(Amounts in thousand)

28.1.6 Assessment of annual tax return (Tax year 2017)

The Holding Company received an order from the Additional Commissioner Inland Revenue (ACIR) dated December 10, 2018 for Tax Year 2017 wherein a demand of Rs 43,726 was raised. The ACIR stated that the recovery of demand to the extent of Super Tax amounting to Rs 42,329 would not be pursued as per the direction of the Honourable Sindh High Court, 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 ACIR which is pending for hearing.

Furthermore, the management 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 has granted an interim order which is still operating in favour of the Holding Company.

28.1.7 Tax on undistributed profits

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

28.1.8 On April 27, 2018, the Officer Inland Revenue (OCIR) through an order raised a sales tax demand of Rs. 97,283 along with a default surcharge arising due to inadmissibility of input sales tax credit related to civil works carried out on account of building and foundation of wind turbines. TGL filed an appeal before the CIRA on May 14, 2018 on the grounds that sales tax at 14% was paid on services for installation of wind project which is related to the core taxable activity for the business and is, therefore, admissible as per law. The appeal is pending for hearing. Simultaneously, on the application by TGL, the High Court of Sindh granted stay on May 28, 2018 against any recovery proceeding by the tax authorities. The management of TGL, based on the advice of its tax consultants, is confident of a favourable outcome of this matter. Accordingly, no provision has been recognized in this respect in these consolidated financial statements.

(Amounts in thousand)

28.1.9 On December 28, 2017, TGL received an order in respect of Tax Year of 2016 from the Assistant Commissioner Inland Revenue (ACIR) amounting to Rs. 344,383 for alleged failure of TGL to deduct and deposit withholding tax amounting to Rs. 282,281 along with penalty and default surcharge of Rs. 33,874 and Rs. 28,228 respectively. TGL filed an appeal before the Commissioner Inland Revenue Appeals (CIRA) on January 17, 2018, who remanded the case back to ACIR for fresh consideration on January 24, 2018. The ACIR after fresh consideration again raised a demand of Rs. 344,383 on April 17, 2018 against which TGL filed another appeal with CIRA on May 28, 2018. Simultaneously, on the application by TGL, the High Court of Sindh granted stay against any recovery proceedings by the tax authorities on June 21, 2018. On June 30, 2019, TGL received another order citing similar issues regarding monitoring of withholding taxes for the Tax Year 2017 wherein a demand of Rs. 516,302 was raised.

The department has raised demand on the above matter in case of multiple IPP's. In the leading case on this matter the department has in principle agreed to concede on taxation of entire contract in Pakistan, provided arm's length split of the two contracts is substantiated, to ensure that appropriate profits have been attributed and taxed in Pakistan in terms of relevant clauses of Double Tax Treaty between Pakistan and the country of tax residence of the contractor. The facts in both cases in respect of contractual structure of EPC arrangements executed with the same Contractor are similar. Without prejudice to the position of the Company on the taxability of the contract, as a matter of abundant caution, a provision of Rs. 30,925 has been made in these financial statements in addition to the provision of Rs. 29,075 recognised in the previous year.

28.1.10 Corporate guarantees issued in respect of subsidiaries

The Holding Company has arranged a Stand-by Letter of Credit (SBLC) amounting to USD 10,000 in favour of the lenders of TGL. The said facility is secured by way of a first pari passu charge on immovable property and pledge over the Holding Company's investments in related party, as explained in note 8.3.

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

During the year, the Holding Company has provided a corporate guarantee amounting to Rs. 206,000 in favour of Faysal Bank Limited to secure the financing facility of RAPL of Rs. 309,000. Furthermore, the Holding Company has also pledged shares of RAPL as stated in note 8.3.

(Amounts in thousand)

The Holding Company has provided performance guarantee to Dada Enterprises (Private) Limited, relating to 1.6 Mega Watt Solar Power Plant installed by Reon Energy Limited, a wholly owned subsidiary, for a period of 10 years starting from the installation of the plant.

28.1.11 Other contingencies

The Group is contingently liable for bank guarantees amounting to Rs. 371,727 (December 31, 2018: Rs. 139,719) 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.

28.2 Commitments

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

28.2.2 The Group has commitments in respect of:	**2019**	2018
	-------------Rupees-------------	
Purchase orders	**319,987**	36,102
Letter of credit	**535,005**	477,203
Forward foreign exchange contracts	**61,348**	11,627
Leasing arrangements	**335,583**	327,498
	1,251,923	852,430

28.2.3 TGL had entered into operating lease arrangement with Alternate Energy Development Board (AEDB) for rental of leasehold land for the setting up of Wind Power Farm by TGL. The lease rentals due under this agreement are payable in annual instalments in advance over the period same as the term of the Energy Purchase Agreement. From January 1, 2019, TGL has recognised a right-of-use asset against this lease, the details of which have been provided in note 4.3.

(Amounts in thousand)

28.2.4 Commitments in respect of capital expenditures contracted for but not yet incurred is as follows:

	2019	2018
	------------Rupees------------	
Property, plant and equipment	**-**	176,491

29. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	2019	2018
Renewable and Alternate energy		
Timing of revenue recognition:		
- Over time (notes 29.1, 29.2 and 29.3)	**8,203,536**	3,472,708
- At a point in time	**16,538**	150
	8,220,074	3,472,858
Less: Sales tax	**(952,304)**	(390,381)
Less: Return and discount	**-**	(2,500)
	7,267,770	3,079,977
Textile		
- At a point in time	**8,508**	11,263
Less: Sales tax	**(1,019)**	(810)
	7,489	10,453
	7,275,259	3,090,430
Related to discontinued operations (note 37)	**(7,489)**	(10,453)
	7,267,770	3,079,977

29.1 This includes Rs. 2,583,725 (2018: Rs. 337,315) relating to projects in progress at reporting date.

29.2 This also include unbilled revenue in respect of non-project missed revenue amounting to Nil (2018: Rs. 128,914).

29.3 This denotes project revenue in respect of goods and rendering of services amounting to Rs.2,965,191 and Rs. 79,001 (2018: Rs.683,565 and Rs. 71,180) respectively.

(Amounts in thousand)

30. COST OF REVENUE

	2019	2018
	-------------Rupees-------------	
Renewable energy		
Opening stock	**99,721**	138,858
Purchases and related expenses	**3,106,744**	549,759
Salaries and allowances	**49,558**	8,983
Contracted services	**231,122**	22,359
Travelling expenses	**29,380**	5,616
Transportation and handling charges	**43,721**	8,797
Consultancy charges	**65,666**	1,062
Miscellaneous expenses (note 30.2)	**70,992**	14,749
Provision for slow moving and obsolete items - net	**4,048**	-
Closing stock (note 12)	**(205,983)**	(99,721)
	3,494,969	650,462
Alternate energy		
Salaries, allowances and benefits	**-**	7,566
Depreciation (note 5.1.5)	**668,482**	567,534
Depreciation on right of use assets (note 6.1)	**5,743**	-
Insurance	**83,271**	29,558
Travelling expenses	**4,015**	3,474
Fuel	**475**	558
Repair Maintenance	**438**	163
Operations and maintenance cost	**377,089**	271,150
Energy import charges	**6,742**	6,738
Lease rental	**-**	9,762
Others	**4,338**	3,822
	1,150,593	900,325
Textile - Finished goods		
Opening balance	**36,103**	47,418
Provision for slow moving and obsolete stores and spares and other adjustments - net	**1,302**	(2,576)
Closing balance	**(28,117)**	(36,103)
	27,499	22,810
	9,288	8,739
Related to discontinued operations (note 37)	**(9,288)**	(8,739)
	4,645,562	1,550,787

(Amounts in thousand)

30.1 Cost of revenue of renewable energy includes Rs. 2,047,026 (2018: Rs. 286,683) relating to projects in progress at reporting date.

30.2 These include Nil (2018: Rs. 81) in respect of onerous contract.

31. SELLING AND DISTRIBUTION EXPENSES

	2019	2018
	------------Rupees------------	
Salaries and allowances (note 31.1)	**161,380**	128,696
Depreciation on property, plant and equipment (note 5.1.5)	**1,445**	920
Depreciation on right-of-use assets (note 6.1)	**8,695**	-
Conveyance and travelling	**27,192**	13,198
Fees and subscription	**13,233**	6,750
Postage and telephone	**2,626**	1,471
Electricity, gas and water	**1,928**	1,526
Rent, rates and taxes (note 31.2)	**5,490**	12,213
Printing and stationery	**2,189**	1,898
Repairs and maintenance	**5,121**	2,523
Freight and insurance	**366**	989
Advertisement	**15,558**	3,769
Warranty obligation- net (note 25.5)	**35,048**	8,097
Entertainment	**2,803**	1,258
Miscellaneous	**3,582**	3,039
	286,656	186,347
Related to discontinued operations (note 37)	**(75)**	(111)
	286,581	186,236

31.1 Salaries and allowances include Rs. 9,379 (2018: Rs. 7,410) in respect of staff retirement benefits.

31.2 This includes rentals paid under short-term leasing arrangements amounting to Rs. 5,490 (2018: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For The Year Ended December 31, 2019

(Amounts in thousand)

32. ADMINISTRATIVE EXPENSES

	2019	2018
	------------Rupees------------	
Salaries and allowances (note 32.1)	**183,322**	144,995
Legal and professional	**35,220**	23,059
Rent, rates and taxes (note 32.2)	**6,910**	12,723
Electricity and gas	**10,633**	11,278
Depreciation on property, plant and equipment (note 5.1.5)	**12,994**	14,312
Depreciation on right-of-use of assets (note 6.1)	**8,445**	-
Amortization (note 7.2)	**412**	1,211
Printing and stationery	**1,287**	2,743
Fees and subscription	**46,018**	40,787
Insurance	**1,868**	1,875
Conveyance and travelling	**10,469**	5,599
Repairs and maintenance	**11,604**	5,493
Postage and telephone	**6,969**	4,050
Entertainment	**8,595**	3,778
Provision for doubtful debts - net	**24**	1,061
Auditors' remuneration (note 32.3)	**10,402**	6,597
Miscellaneous	**5,665**	6,573
	360,837	286,134
Related to discontinued operations (note 37)	**(49,613)**	(53,387)
	311,224	232,747

32.1 Salaries and allowances include Rs. 7,292 (2018: Rs. 4,366) in respect of staff retirement benefits.

32.2 This includes leases on low-value assets amounting to Rs. 299 (2018: Nil).

(Amounts in thousand)

32.3 Auditors' remuneration

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

	2019	2018
	-------------Rupees-------------	
- annual audit	**2,097**	1,958
- half yearly review	**722**	648
- certification and other advisory services	**2,966**	140
- consolidated financial statements	**153**	153
- taxation services	**2,930**	2,075
- other assurance services	**509**	1,010
Reimbursement of expenses	**1,025**	613
	10,402	6,597

33. OTHER EXPENSES

	2019	2018
Provision for impairment against doubtful debts - net	**4,795**	657
Provision for impairment of stock-in-trade	**1,806**	-
Exchange loss	**18,014**	34,812
Provision for tax	**30,925**	29,075
Provision for sales tax refundable	**4,778**	-
Provision for compensation and dividend to NIT (note 33.1)	**9,779**	-
Others	**4,949**	-
	75,046	64,544

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

	2019	2018
	-------------Rupees-------------	
National Investment (Unit) Trust (NIT)		
Opening balance	**5,816**	5,816
Add: Charge for the year (note 33.1.1)	**9,779**	-
Less: Payments during the year to Nazir High Court	**(8,235)**	-
Closing balance	**7,360**	5,816

(Amounts in thousand)

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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(Amounts in thousand)

		2019	2018
34.	OTHER INCOME	------------Rupees------------	
	Income from financial assets		
	Dividend income on investments in units of mutual funds	**310**	466
	Profit on deposits	**20,725**	11,928
	Gain on investments in units of mutual funds	**22**	-
	Interest income on short-term investments	**15,418**	-
		36,475	12,394
	Income from non-financial assets and others		
	Refund of insurance premium	**-**	8
	Royalty income	**15,420**	16,912
	Gain on disposal of held for sale asset	**-**	97,477
	Gain on sale of stores and spares	**-**	14,893
	Insurance claim received	**519**	-
	Income from other consultancy services	**3,216**	-
	Rental income	**19,262**	19,062
	Gain on disposal of property, plant and equipment	**17**	440
	Others	**4,911**	12,085
		43,345	160,877
		79,820	173,271
	Related to discontinued operations (note 37)	**(16,819)**	(138,937)
		63,001	34,334

		2019	2018
35.	FINANCE COST		
	Mark-up on long-term borrowings	**894,014**	736,869
	Amortization of transaction cost	**28,294**	28,294
	Interest on WPPF liability	**3,060**	2,444
	Interest expense on lease liability	**16,905**	-
	Mark-up on short-term borrowings	**110,893**	41,930
	Other financial and bank charges	**57,503**	51,455
		1,110,669	860,992
	Less: Delayed payment charges of overdue trade debts	**(164,618)**	(62,213)
	Related to discontinued operations (note 37)	**-**	-
		946,051	798,779

(Amounts in thousand)

	2019	2018
	-------------Rupees-------------	
36. TAXATION		
Current		
- for the year (notes 36.1 to 36.3)	**265,751**	132,803
- for prior year - net	**(15,977)**	(3,235)
	249,774	129,568
Deferred	**(144,757)**	252,468
	105,017	382,036

36.1 The income derived from Electric Power Generation Project is exempt from the levy of tax under clause 132 of the Second Schedule to the Income Tax Ordinance, 2001. The income is also exempt from minimum tax on turnover under clause 11 A of part IV of the Second Schedule to the Income Tax Ordinance, 2001.

36.2 This includes minimum tax amounting to Rs. 63,220 (2018: Rs 12,421) charged under section 113 of the Income Tax Ordinance, 2001 on REL's turnover for the year and final tax charged on dividend income of the Holding Company.

36.3 Prior year tax charge included 'Super Tax for rehabilitation of temporary displaced persons' at the rate of 2% on specified income for the tax year 2019 levied through the Finance Act, 2018.

36.4 Relationship between tax expense and accounting profit

(Amounts in thousand)

	2019	2018
	------------Rupees------------	
Relationship between tax expense and accounting profit		
Profit for the year before taxation	**1,981,544**	2,587,791
Tax at the applicable tax rates of 29% (2018: 29%)	**574,648**	750,459
Prior year tax	**(15,977)**	(3,235)
Tax impact on exempt income	**(329,054)**	(149,822)
Turnover tax under section 113	**60,539**	9,819
Tax impact on share of profit on associate	**(265,419)**	(668,906)
Tax chargeable at lower rate of tax	**198,773**	93,588
Recognition of deferred tax	**(83,316)**	-
Recoupment of losses	**(12,211)**	-
Effect of income and expenses not chargeable to tax	**(22,967)**	(31,904)
	105,017	382,036

37. LOSS FROM DISCONTINUED OPERATIONS

	2019	2018
Revenue - net (note 29)	**7,489**	10,453
Cost of revenue (note 30)	**(9,288)**	(8,739)
Gross (loss) / profit	**(1,799)**	1,714
Selling and distribution expenses (note 31)	**(75)**	(111)
Administrative expenses (note 32)	**(49,613)**	(53,387)
Other income (note 34)	**16,819**	138,937
Net (loss) / profit from discontinued operations	**(34,668)**	87,153

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

38.1 Continuing operations

	2019	2018
Profit for the year (attributable to the owners of the Holding Company)	**1,606,490**	2,084,009

(Amounts in thousand)

	2019	2018
	------------Rupees------------	
Weighted average number of ordinary shares (in thousands)	**59,058**	59,058
Earnings per share (Rupees)	**27.20**	35.29

38.2 Discontinued operations

	2019	2018
(Loss) / profit for the year (attributable to the owners of the Holding Company)	**(34,668)**	87,153
Weighted average number of ordinary shares (in thousands)	**59,058**	59,058
(Loss) / earnings per share (Rupees)	**(0.59)**	1.48

39. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

39.1 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:

	2019			2018		
	Directors			Directors		
	Chief Executive	Others	Executives	Chief Executive	Others	Executives
	------------------------------------Rupees------------------------------------					
Managerial remuneration	**15,451**	**-**	**113,872**	12,565	2,143	86,318
Bonus	**-**	**-**	**2,126**	-	-	3,345
House rent allowance	**-**	**-**	**818**	-	-	685
Medical allowance	**740**	**-**	**5,536**	677	-	4,047
Utilities	**-**	**-**	**195**	-	-	152
Fuel allowance	**49**	**-**	**1,043**	15	-	715
Vehicle maintenance allowance	**-**	**-**	**20,014**	-	-	15,611
Retirement benefits	**-**	**-**	**780**	-	-	2,616
Fees	**-**	**3,150**	**-**	-	1,900	250
Other benefits	**123**	**-**	**8,791**	260	-	5,736
Total	**16,363**	**3,150**	**153,175**	13,517	4,043	119,475
Number of persons, including those who worked part of the year	**1**	**14**	**46**	1	5	44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For The Year Ended December 31, 2019

(Amounts in thousand)

40. FINANCIAL INSTRUMENTS BY CATEGORY

	2019	2018
40.1 Financial assets as per statement of financial position	------------Rupees------------	
Financial assets at fair value through profit or loss		
Long-term investments	**12,700**	-
Financial assets at fair value through other comprehensive income		
Long-term investments	**15**	-
Financial assets at amortized cost		
Long-term deposits	**2,778**	2,778
Trade debts	**2,794,097**	1,284,571
Loans to employees	**10,149**	2,391
Deposits and other receivables	**462,195**	168,564
Accrued interest	**15,074**	6,915
Short-term investments	**419,964**	-
Cash and bank balances	**422,336**	642,585
	4,126,593	2,107,804
Available-for-sale financial assets		
Long term investments	**-**	12,693

40.2 Financial liabilities as per statement of financial position

	2019	2018
At amortized cost		
Long-term borrowings	**9,831,431**	9,645,961
Short-term borrowings	**811,656**	574,451
Trade and other payables	**1,082,179**	407,992
Lease liabilities	**152,675**	-
Accrued mark-up	**227,679**	200,449
	12,105,620	10,828,853
At fair value through profit or loss		
Derivative liability	**826**	2,369

(Amounts in thousand)

41. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates. Underlying the definition of fair value is the presumption that the Group is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Fair value hierarchy

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

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

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

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

The Holding Company held the following assets measured at fair values:

	As at December 31, 2019			
	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)	-	12,700	-	12,700
Financial assets at fair value through other comprehensive income				
- Long-term investments (investments in unquoted equity shares)	-	-	15	15
Current liability				
Financial liability at fair value through profit or loss				
- Derivative financial liability	-	826	-	826
	-	13,526	15	13,541

(Amounts in thousand)

	As at December 31, 2018			
	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)	-	12,678	-	12,678
- Long-term investments (investments in unquoted equity shares)	-	-	15	15
Current liability				
Financial liability at fair value through profit or loss				
- Derivative financial liability	-	2,369	-	2,369
	-	15,047	15	15,062

As at December 31, 2019 and 2018, the carrying values of the remaining assets and liabilities of the Group reflected in these consolidated financial statements approximate their fair values.

42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk factors

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

42.1 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:

(Amounts in thousand)

i) Currency risk

Currency risk represents the risk that the fair values or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates.

The Group primarily deals in local sales and does not have any foreign currency exports or foreign debtors. The Group's exposure to currency risk in the alternate energy business, resulting from outstanding import payments, foreign currency bank balances, outstanding borrowings and the related interest payments, is limited as the fluctuation in foreign exchange risks are recovered through adjustment in tariff as per the Energy Purchase Agreement. The Group's exposure in the renewable energy segment arises due to import of goods from foreign suppliers against which the Group has obtained a forward cover as detailed in note 25.8. The Group's exposure to currency risks in other businesses is immaterial.

ii) Interest rate risk

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

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

The Group's interest rate risk arises from interest bearing financial assets namely certain trade receivables and short-term and long-term borrowings. These are benchmarked to variable rates which expose the Company to cash flow interest rate risk. The Group's exposure to interest rate risk on long-term borrowings for the alternate energy business is limited as the unfavourable fluctuation in interest rate of long-term borrowings are recovered through adjustment in tariff as per the Energy Purchase Agreement. At December 31, 2019, if interest rates on the Group's short-term borrowings and trade receivables had been 1% higher / lower with all other variables held constant, post-tax profit for the year would have been lower / higher by Rs. 108,349 (2018: lower / higher by Rs. 104,326).

(Amounts in thousand)

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. The income from these financial assets is substantially independent of changes in market interest rates except for changes, if any, arising as a result of fluctuations in their respective fair values.

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, 2019, 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. 127 (2018: Rs. 127).

42.2 Credit risk

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

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

	2019	2018
	-------------Rupees-------------	
Long-term investments	**12,715**	12,693
Long-term deposits	**2,778**	2,778
Trade debts	**765,757**	508,262
Loans to employees	**10,149**	2,391
Deposits and other receivables	**216,020**	168,564
Interest accrued	**15,074**	6,915
Short-term investments	**419,964**	-
Bank balances	**421,938**	642,244
	1,864,395	1,343,847

(Amounts in thousand)

Balances with banks and investments in units of mutual fund

As at December 31, 2019, the Group has balances with banks amounting to Rs. 421,938 (2018: Rs. 642,244). The credit risk arising on these as well as on investments in units of National Investment (Unit) Trust (being managed by National Investment Trust Limited) is limited as these denote depositories / investee entity having reasonably high credit ratings the analysis of which is given below:

Asset management Company* / Bank	Rating agency	2019	
		Short-term	Long-term
Bank AL Habib Limited	PACRA	A1+	AA+
Habib Bank Limited	VIS	A-1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Faysal Bank Limited	PACRA	A1+	AA
National Bank of Pakistan	VIS	A-1+	AAA
Citibank N.A.	MOODY'S	P-1	Aa3
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
National Investment Trust Limited*	PACRA	-	AM2++

Asset management Company* / Bank	Rating agency	2018	
		Short-term	Long-term
Bank AL Habib Limited	PACRA	A1+	AA+
Habib Bank Limited	VIS	A-1+	AAA
MCB Bank Limited	PACRA	A1+	AAA
Faisal Bank Limited	PACRA	A1+	AA
National Bank of Pakistan	PACRA	A-1+	AAA
Citibank N.A.	MOODY'S	P-1	A1
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA
National Investment Trust Limited*	PACRA	-	AM2++

(Amounts in thousand)

Trade debts and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade debts and contract assets.

To measure the expected credit losses, trade debts and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade debts for the same types of contracts. The Group has, therefore, concluded that the expected loss rates for trade debts are a reasonable approximation of the loss rates for the contract assets.

Other financial assets

The remaining financial assets of the Group are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months' expected losses the effects of which were immaterial. These instruments were considered to be low credit risk since these had a low risk of default or were backed by adequate securities.

42.3 Liquidity risk

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

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

(Amounts in thousand)

Financial liabilities	2019			2018		
	Maturity upto one year	**Maturity after one year**	**Total**	Maturity upto one year	Maturity after one year	Total
	Rupees					
Long-term borrowings	**1,130,837**	**8,700,594**	**9,831,431**	952,830	8,693,131	9,645,961
Lease liabilities	**26,482**	**126,193**	**152,675**	-	-	-
Short-term borrowings	**811,656**	**-**	**811,656**	574,451	-	574,451
Trade and other payables	**1,083,005**	**-**	**1,083,005**	410,361	-	410,361
Accrued mark-up	**227,679**	**-**	**227,679**	200,449	-	200,449
	3,279,659	**8,826,787**	**12,106,446**	2,138,091	8,693,131	10,831,222

43. CAPITAL RISK MANAGEMENT

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

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

The Group manages its capital by maintaining gearing ratio at certain level. The ratio is calculated as net debt (total debt less cash and bank balances) divided by total capital. Total capital is calculated as 'equity' in the consolidated statement of financial position plus net debt. The gearing ratio as at December 31 is at follows:

	2019	2018
	Rupees	
Long-term borrowings	**9,831,431**	9,645,961
Lease liabilities	**152,675**	-
Short-term borrowings	**811,656**	574,451
Cash and bank balances	**(422,336)**	(642,585)
Net debt	**10,373,426**	9,577,827
Equity	**14,102,954**	12,958,033
Total capital	**24,476,380**	22,535,860

(Amounts in thousand)

	2019	2018
	-------------Rupees-------------	
Gearing ratio	**0.424**	0.425

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.

44. SEGMENT REPORTING

44.1 A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for the allocation of resources and the assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

- Renewable energy solutions;
- Textile - discontinued operations; and
- Alternate Energy.

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 the operating profit or loss which in certain respects, as explained in table below, is measured differently from the profit and loss in the consolidated financial statements. Segment results and assets include items directly attributable to a segment.

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(Amounts in thousand)

44.2 Segment analysis is as under:

	Renewable energy		Textile - discontinued		Alternate Energy		Unallocated		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
	----------Rupees----------									
Revenue from contract with customers - net										
Timing of revenue recognition										
- At a point in time	**16,538**	34,680	**7,489**	10,453	**-**	-	**-**	-	**24,027**	45,133
- Over time	**4,019,427**	750,837	**-**	-	**3,231,805**	2,294,460	**-**		**7,251,232**	3,045,297
	4,035,965	785,517	**7,489**	10,453	**3,231,805**	2,294,460	**-**	-	**7,275,259**	3,090,430
Cost of revenue	**(3,494,969)**	(650,462)	**(9,288)**	(8,739)	**(1,150,593)**	(900,325)	**-**	-	**(4,654,850)**	(1,559,526)
Segment gross profit / (loss)	**540,996**	135,055	**(1,799)**	1,714	**2,081,212**	1,394,135	**-**	-	**2,620,409**	1,530,904
Selling and distribution expenses	**(286,581)**	(186,236)	**(75)**	(111)	**-**	-	**-**	-	**(286,656)**	(186,347)
Administrative expenses	**(178,418)**	(124,510)	**(49,613)**	(53,387)	**(96,832)**	(69,073)	**(35,974)**	(39,164)	**(360,837)**	(286,134)
Other expenses	**(31,550)**	(657)	**-**	-	**(33,717)**	(63,887)	**(9,779)**	-	**(75,046)**	(64,544)
Other income	**28,286**	-	**16,819**	138,937	**13,371**	10,668	**21,344**	23,666	79,820	173,271
Finance cost	**(23,185)**	(3,179)	**-**	-	**(829,366)**	(755,736)	**(93,500)**	(39,864)	**(946,051)**	(798,779)
Share of profit from associate	**-**	-	**-**	-	**-**	-	**915,237**	2,306,573	**915,237**	2,306,573
Taxation	**19,678**	(11,519)	**-**	-	**-**	520	**(124,695)**	(371,037)	**(105,017)**	(382,036)
Segment net profit	**69,226**	(191,046)	**(34,668)**	87,153	**1,134,668**	516,627	**672,633**	1,880,174	**1,841,859**	2,292,908
Segment assets										
Property, plant and equipment	**436,345**	224,257	**14,429**	16,229	**12,406,104**	12,210,514	**11,232**	15,265	**12,868,110**	12,466,265
Right-of-use assets	**42,520**	-	**-**	-	**97,640**	-	**-**	-	**140,160**	-
Intangible assets	**1,695**	-	**-**	-	**-**	-	**22,890**	23,180	24,585	23,180
Long-term investments	**-**	-	**-**	-	**-**	-	**10,377,169**	10,841,231	**10,377,169**	10,841,231
Long-term deposits	**-**	-	**2,778**	2,778	**-**	-	**-**	-	**2,778**	2,778
Long-term loans	**689**	-	**-**	-	**-**	-	**-**	19	**689**	19
Stores and spares	**-**	-	**892**	892	**-**	95	-	-	**892**	987
Stock-in-trade	**168,312**	67,904	**23,081**	32,369	**-**	-	-	-	**191,393**	100,273
Trade debts	**534,180**	295,661	**-**	-	**2,259,917**	988,910	**-**	-	**2,794,097**	1,284,571
Contract assets	**159,240**	-	**-**	-	**-**	-	**-**	-	**159,240**	-
Loans and advances	**31,140**	24,446	**201**	-	**938**	155	**-**	1,609	**32,279**	26,210
Deposits, prepayments and other receivables	**201,386**	87,644	**26,660**	-	**383,448**	135,093	**3,274**	3,095	**614,768**	225,832
Interest accrued	**5,297**	-	**-**	-	**9,777**	6,915	**-**	-	**15,074**	6,915
Taxes recoverable	**68,443**	-	**-**	-	**4,385**	-	**21,605**	8,661	**94,433**	8,661
Short-term investments	**419,964**	-	**-**	-	**-**	-	**-**	-	**419,964**	-
Cash and bank balances	**55,181**	3,637	**-**	-	**360,790**	585,967	**6,365**	52,981	**422,336**	642,585
Total segment assets	**2,124,392**	703,549	**68,041**	52,268	**15,522,999**	13,927,649	**10,442,535**	10,946,041	**28,157,967**	25,629,507
Segment liabilities										
Long-term borrowings	**297,802**	-	**-**	-	**9,533,629**	9,645,961	**-**	-	9,831,431	9,645,961
Staff retirement benefits	**39,916**	26,816	**-**	-	**1,101**	819	**1,477**	-	42,494	27,635
Lease liabilities	**46,836**	-	**-**	-	**105,839**	-	**-**	-	152,675	-
Deferred taxation	**-**	-	**-**	-	**-**	-	**1,461,558**	1,614,487	1,461,558	1,614,487
Short-term borrowings	**259,311**	-	**-**	-	**-**	-	**552,345**	574,451	811,656	574,451
Unclaimed dividend	**-**	-	**-**	-	**-**	-	**46,806**	44,635	46,806	44,635
Unpaid dividend	**-**	-	**-**	-	**-**	-	**18,561**	3,589	18,561	3,589
Contract liabilities	**230,977**	-	**-**	-	**-**	-	**-**	-	230,977	-
Provision	**-**	-	**-**	-	**-**	-	**7,360**	5,816	7,360	5,816
Trade and other payables	**818,252**	345,565	**3,244**	6,199	**366,976**	162,170	**35,344**	40,518	1,223,816	554,452
Accrued mark-up	**3,913**	-	**-**	-	**196,213**	188,541	**27,553**	11,908	227,679	200,449
Total segment liabilities	**1,697,007**	372,381	**3,244**	6,199	**10,203,759**	9,997,491	**2,151,004**	2,295,404	14,055,013	12,671,475

(Amounts in thousand)

44.3 Included in the overtime revenue recognised of Rs. 7,251,232 (2018: Rs. 3,045,297) is revenue of approximately Rs. 3,106,695 (2018: Rs. 449,718) from energy projects and Rs. 3,231,805 (2018: Rs. 2,294,460) 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:

	2019	2018
	-------------Rupees-------------	
National Transmission and Despatch Company	**3,231,805**	2,294,460
Unilever Pakistan Foods Limited	**-**	3,524
Basic Health Unit	**-**	3,994
Fauji Cement Company Limited	**973,737**	184,200
Enfrashare (Private) Limited	**953,057**	-
ENI New Energy Pakistan (Private) Limited	**1,179,901**	-
Dada Dairies and Enterprises	**-**	163,000
Engro Eximp Agriproducts (Private) Limited	**-**	95,000
	6,338,500	2,744,178

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

45. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

45.1 The Group in the normal course of business carries out transactions with various related parties. Related parties comprise of subsidiary companies, associated companies and undertakings, directors, key management personnel, retirement benefit funds and others. Amounts due from and to other related parties, directors, retirement benefit fund and key management personnel are shown under respective notes. Transaction with related parties are carried out at agreed terms. Remuneration of directors and key management personnel is disclosed in note 39 and is as per their terms of employment.

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

(Amounts in thousand)

Name of related parties	Percentage of shareholding into the Holding Company	Relationship
Dawood Corporation (Private) Limited	49.13%	Major shareholder
The Dawood Foundation	5.04%	Common directorship
Cyan Limited	5.02%	Common directorship
Dawood Industries Limited	0.84%	Common directorship
Sach International (Private) Limited	0.01%	Associated company
Dawood Hercules Corporation Limited	N/A	Associate
International Finance Corporation	25%	Other related party with holding in TGL
Engro Energy Limited	N/A	Common directorship
Engro Fertilizers Limited	N/A	Common directorship
Shahid Hamid Pracha	N/A	Director
Shahzada Dawood	1.77%	Holding Company's Sponsor / Director
Abdul Samad Dawood	1.15%	Holding Company's Sponsor / Director
Shafiq Ahmed	N/A	Director
Hasan Raza ur Rahim	N/A	Director
Shabbir Hussain Hashmi	N/A	Director
Mujtaba Haider Khan	N/A	Key Management personnel
Staff Retirement Benefit - Gratuity	N/A	Post employment benefits
Jahangir Piracha	N/A	Director of group company
Javed Akbar	N/A	Director of group company
Nazia Hasan	N/A	Key management personnel
Inam Ur Rahman	N/A	Key management personnel
Muhammad Saad Faridi	N/A	Key management personnel
Hafeez Ur Rehman	N/A	Key management personnel
Imran Chagani	N/A	Key management personnel

45.3 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:

(Amounts in thousand)

Relationship	Nature of transaction	2019	2018
		------------Rupees------------	
Associated companies			
Dawood Hercules Corporation Limited	Expenses reimbursable by the Group	**12,243**	9,885
	Expenses reimbursable to the Group	**1,762**	4,527
	Dividend income	**1,324,842**	623,455
Sach International (Private) Limited	Expenses reimbursable to the Group	**359**	70
	Royalty charged	**15,420**	16,911
	Rental income	**625**	250
	Penalty charged	**1,633**	207
The Dawood Foundation	Rental charges	**180**	-
	Expenses reimbursable by the Group	**8,335**	10,522
Engro Fertilizers Limited	Rental income	**1,632**	1,517
	Expenses reimbursable by the Group	**347**	-
Engro Energy Limited	Project management fee	**149**	3,733
	Delayed payment Interest	**1,202**	-
	Extra work (reimbursement)	**18,655**	-
	Expenses reimbursable by the Group	**-**	9,733
	Operation and maintenance cost	**357,231**	65,176
Other related parties			
International Finance Corporation	Borrowing cost charged to the Group	**153,432**	125,391
	Loan repayment	**286,205**	297,672
	Supervision fees	**4,277**	3,450
	Accrued mark-up	**47,466**	48,754
Workers' profit participation fund	Contribution to WPPF	**54,034**	-
	Interest on WPPF	**3,060**	-
Key management personnel	Purchase of inventory	**5**	-
	Salaries and other benefits	**38,951**	44,484

45.4 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:

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For The Year Ended December 31, 2019

(Amounts in thousand)

Name of Party	Country of Incorporation	Relationship	Holding in the subsidiary
International Finance Corporation	United States of America	Associated company / Lender	25%

46. CAPACITY AND PRODUCTION

	2019	2018
	------------MWh------------	
Alternate energy		
Maximum generation possible	**154,910**	154,910
Net electrical output	**126,540**	113,843

46.1 Maximum generation possible is based on electrical output at P-50 level. Output produced by the plant is dependent on the load demanded by NTDC, wind speed and the plant availability.

47. NUMBER OF EMPLOYEES

	2019	2018
Total number of management employees as at December 31	**183**	94
Average number of employees during the year	**141**	100

48. CASH AND CASH EQUIVALENTS

	2019	2018
	------------Rupees------------	
Cash and bank balances (note 18)	**422,336**	642,585
Short-term borrowings (note 24)	**(811,656)**	(574,451)
	(389,320)	68,134

49. SEASONALITY OF OPERATIONS

The energy generation of TGL is subject to seasonal fluctuations because of weather conditions in the region. Energy generation is at peak during the high wind season, which primarily occurs between April to August. In the remaining period, TGL gets generally lower wind potential.

(Amounts in thousand)

50. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified wherever considered necessary, for the purpose of comparison and better presentation. Following major reclassifications have been made to corresponding figures during the current year:

Description	Reclassified From	Reclassified To	Amount (Rupees)
Consolidated statement of financial position			
Capital spares	Stores and spares	Property, plant and equipment	21,291

51. NON-ADJUSTING EVENT AFTER REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on February 28, 2020 has proposed a final cash dividend of Rs. Nil (2018: cash dividend of Rs. 4) per share for the year ended December 31, 2019 amounting to Rs. Nil (2018: Rs. 236,231), for approval of the members at the Annual General Meeting to be held on May 20, 2020. This is in addition to an interim cash dividend of Rs. 7 per share (2018: Rs. 2) resulting in a total dividend of Rs. 7 per share for the year 2019.

52. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on February 28, 2020 by the Board of Directors of the Holding Company.

53. GENERAL

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

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

PATTERN OF SHAREHOLDING

As At December 31, 2019

Size of Holding Rs. 10 Shares		Number of Shareholders	Total Shares held
1	100	2,763	112,893
101	500	1,695	426,396
501	1,000	471	349,635
1,001	5,000	558	1,256,719
5,001	10,000	79	546,727
10,001	15,000	31	365,023
15,001	20,000	17	290,454
20,001	25,000	7	157,625
25,001	30,000	4	117,227
30,001	35,000	2	63,445
35,001	40,000	3	113,744
40,001	45,000	4	171,637
45,001	50,000	1	48,710
50,001	55,000	1	51,559
75,001	80,000	1	77,300
80,001	85,000	1	84,608
100,001	105,000	1	100,402
110,001	115,000	1	112,100
120,001	125,000	1	122,200
195,001	200,000	1	200,000
275,001	280,000	1	275,595
345,001	350,000	1	350,000
490,001	495,000	1	494,921
555,001	560,000	1	556,639
615,001	620,000	1	620,000
675,001	680,000	1	677,177
715,001	720,000	1	719,808
1,045,001	1,050,000	1	1,046,843
1,080,001	1,085,000	1	1,081,357
1,160,001	1,165,000	1	1,160,396
1,175,001	1,180,000	2	2,353,492
1,185,001	1,190,000	1	1,189,597
2,965,001	2,970,000	1	2,965,095
2,975,001	2,980,000	1	2,979,324
3,710,001	3,715,000	1	3,713,984
5,085,001	5,090,000	1	5,088,605
29,015,001	29,020,000	1	29,016,622
		5,660	59,057,859

PATTERN OF SHAREHOLDING

As At December 31, 2019

Categories of Shareholders	Number of Shareholders	Total Shares held	Total Shares held
Directors, CEO and their spouse and minor children	8	1,759,553	2.98%
Associated companies, undertakings and related parties	6	39,173,722	66.33%
Investment Corporation of Pakistan	8	804	*
Banks, Development Financial Institutions, Non-Banking Financial Institutions	28	145,583	0.25%
Insurance Companies	4	557,415	0.94%
Modarabas and Mutual Funds	2	327,154	0.55%
Shareholders holding 10% or more	1	29,016,622	49.13%
General Public			
Residents	5,055	12,494,776	21.16%
Non-residents	26	27,433	0.05%
Others			
Foreign Companies	4	4,154,657	7.03%
Others	519	416,762	0.71%
Total (Excluding: Shareholder holding 10% or more)	5,660	59,057,859	100.00%

* Negligible

PATTERN OF SHAREHOLDING

As At December 31, 2019

Shareholders' Categories	Number of Shareholders	No. of Shares held
Associated Companies, undertakings and related parties		
Sach International (Pvt.) Ltd.	1	3,776
Dawood Industries (Pvt.) Ltd.	1	494,921
Patek (Pvt.) Ltd.	1	3,713,984
Dawood Corporation (Pvt.) Ltd.	1	29,016,622
Cyan Limited	1	2,965,095
Dawood Foundation	1	2,979,324
Mutual Funds		
CDC - Trustee National Investment (Unit) Trust	1	275,595
CDC - Trustee Golden Arrow Stock Fund	1	51,559
Directors and their spouses and minor children		
Mr. Shahid Hamid Pracha	1	1,000
Mr. Shahzada Dawood	1	1,046,843
Mr. Abdul Samad Dawood	1	677,177
Mrs. Ayesha Dawood (w/o Mr. Abdul Samad Dawood)	1	30,000
Mr. Shafiq Ahmed	1	1,154
Mr. Hasan Reza ur Rahim	1	1,079
Mr. Shabbir Hussain Hashmi	1	1,150
Mr. Mujtaba Haider Khan	1	1,150
Executives	-	-
Public Sector Companies & Corporation	14	598,032
Banks, DFIs, NBFIs, Insurance Companies Takaful, Modarabas & Pension Funds	28	108,787
Shareholders holding five percent or more voting rights		
Dawood Corporation (Pvt.) Ltd.	1	29,016,622
Hussain Dawood	1	5,088,605
Patek (Pvt.) Ltd.	1	3,713,984
Dawood Foundation	1	2,979,324
Cyan Limited	1	2,965,095

پن چکی کے منصوبے

ونڈ پاور سیکٹر کو ابھی بھی سرکلر ڈیبٹ کے شدید اثرات کا سامنا ہے اور حکومت کی طرف سے ادائیگیوں کو سختی سے روک دیا گیا ہے۔ یہ سلسلہ ابھی جاری رہنے کا امکان ہے کیونکہ حکومت مطلوبہ فنڈز اکٹھا کرنے کے لئے سکوک/ بانڈز کے تعارف میں تاخیر کر رہی ہے۔ تاہم، اب تک سی پی پی اے ٹیکس اور قرض کی ادائیگی کی ذمہ داریوں کی ادائیگی کو ترجیح دے رہی ہے۔ تاہم بجلی کے خریدار (سی پی پی اے) کے لیے فنڈ کی دستیابی ابھی تک مشکل ہے جس سے یہ چیلنجز غیر واضح ہیں اور سرکلر ڈیبٹ 2.0 ٹریلین روپے تک جا پہنچا ہے۔ آپریٹنگ طریقہ کار پر تمام فریقوں کے ذریعہ NPMV کیلکولیشن کے طریقہ کار کی منظوری کے بعد دستخط کر دیئے گئے ہیں۔ این پی ایم وی کیلئے بقایا جات کی انوائس کو سی پی پی اے نے قبول کر لیا ہے۔

جھمپیر میں ونڈ پلانٹس کو شدید رکاوٹ کا سامنا ہے کیونکہ حبکو کول پاور پلانٹ اور بن قاسم پلانٹ کے 500 کے وی ٹرانسمیشن سسٹم اپنے آغاز سے ہی پوری صلاحیت سے کام کر رہے ہیں۔ این ٹی ڈی سی اور سی پی پی اے نے اشارہ کیا ہے کہ کوئلے کے حصول کی ترجیح کول اور ایل این جی منصوبوں کے لئے ہے، جبکہ ونڈ پلانٹ بھی ایک ضروری پلانٹ ہے۔ فی الحال TGL متاثر نہیں ہو رہا کیونکہ اس کی تمام پیداوار کے الیکٹرک کو فراہم کی جا رہی ہے۔ انخلا کی ترجیحی فہرست میں ترمیم کروانے کے لئے ونڈ ایسوسی ایشن متعلقہ وزارت کے ساتھ بات چیت میں مصروف ہے۔ تاہم، اب ایسے اشارے مل رہے ہیں کہ بجلی کی پیداوار کا انخلا کمرشل بنیادوں پر کیا جائے گا اور کم ٹیرف کے حامل پلانٹس کو ترجیح دی جائے گی۔ حکومت موجودہ پلانٹس کے نرخوں میں بھی کمی لانے پر زور دے رہی ہے لیکن اس سے ملک کی ساکھ کو مزید نقصان پہنچنے کا خطرہ ہے اور اگر صنعت کی مکمل تائید سے ایسا نہیں کیا گیا تو سرمایہ کاری کے امکانات کو نقصان پہنچ سکتا ہے۔

ٹیرف کی بڈنگ کا عمل ابھی تک پوری طرح سے تیار نہیں ہوا ہے، اور یہ ڈویلپرز کے لئے پریشانی کا سبب ہے۔ نئی قابل تجدید توانائی پالیسی جاری ہونے کے بعد اس عمل کی وضاحت کی جائے گی۔ پالیسی کی تعارف کی تاریخ اب بھی غیر یقینی ہے کیونکہ اس کے ڈرافٹ کو صوبائی حکومتوں نے تا حال قبول نہیں کیا ہے۔ حکومت نے ونڈ سولر ہائبرڈ تنصیبات کے لئے 7 ایل او آئی جاری کر دی ہے۔ اس سلسلے میں دستیاب محصولات کے بارے میں کوئی واضح بات نہیں ہے جس سے یہ متاثر ہو رہے ہیں۔

F۔ اعتراف

بورڈ اپنے شیئر ہولڈرز سے ان کے اعتماد اور حمایت کے لیے اظہار تشکر کرتا ہے۔ ہم اپنے تمام اسٹیک ہولڈرز بشمول تمام مالیاتی ادارے، جو مسلسل ہماری مدد اور حمایت کے لیے ہمارے شریک رہے ہیں۔ ہم انہیں یقین دلاتے ہیں کہ ان کے مفادات کا خیال رکھا جائے گا۔ ہم کمپنی کی ترقی و خوش حالی کیلئے مخلصانہ کاوشوں پر کمپنی کی انتظامیہ اور ملازمین کا شکریہ بھی ادا کرتے ہیں۔

مجتبیٰ حیدر خان
چیف ایگزیکٹو آفیسر

شاہد حامد پراچہ
چیئرمین

کراچی
تاریخ: 28 فروری، 2020

c۔ مالیاتی گوشوارے کی تیاری کے لئے مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئیں۔اکاؤنٹنگ کا تخمینہ معقول تجزیے پر مبنی ہے۔

d۔ بین الاقوامی مالیاتی رپورٹنگ کے معیارات پر، جو پاکستان میں قابل اطلاق ہیں، مالیاتی گوشوارے کی تیاری میں عمل کیا گیا ہے اوراس میں سے کسی بھی نقطے کو رد کرنے کی صورت میں اس کا مناسب طور پر انکشاف کیا گیا ہے۔

e۔ اندرونی کنٹرول کا نظام ڈیزائن میں مستحکم ہے اوراس کو مؤثر انداز میں نافذ کیا گیا ہے اوراس کی نگرانی بھی کی جارہی ہے۔

f۔ کمپنی کے اپنے آپریشنز اور کام کو جاری رکھنے کی صلاحیت پر کوئی شبہات نہیں ہیں۔

g۔ کارپوریٹ گورننس کے بہترین طریقہ کار سے کوئی اہم نقطہ رد نہیں کیا گیا ہے، جیسا کہ لسٹنگ ضوابط میں درج ہے۔

h۔ خلاصہ کی شکل میں پچھلے چھ سال سے زیر استعمال اہم آپریٹنگ اور فنانشل ڈیٹا کو رپورٹ سے منسلک کیا گیا ہے۔

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹر نے ''بورڈ کے ڈائریکٹرز اور بورڈ کی تقرریوں کے معاوضوں کے تعین کے لئے پالیسی'' کی منظوری دے دی ہے، جس کی نمایاں خصوصیات یہ ہیں:

a بورڈ آف ڈائریکٹرز کا معاوضہ کمپنی کے مالی سائز اور آپریشنل پیچیدگی کے حوالے سے مسابقتی اور مناسب ہوگا اوراس کا مقصد کمپنی کو کامیابی سے چلانے کیلئے درکار ممبران کیلئے کشش پیدا کرنا اور انہیں کمپنی کے ساتھ منسلک رکھنا ہے اوران کی حوصلہ افزائی کرنا ہے۔معاوضہ کسی بھی طرح ڈائریکٹرز کی خودمختاری پر نہ تو اثر انداز ہونے کی کوشش ہے اور نہ ہی سمجھوتہ ہے۔

b بورڈ اگر مناسب سمجھے تو اپنے ڈائریکٹرز کی معاوضے کے مناسب تعین کیلئے آزاد مشیر کی خدمات حاصل کرسکتا ہے۔

c بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کیلئے ایگزیکٹو ڈائریکٹرز اور کسی نان ایگزیکٹو ڈائریکٹر کو، جو DH گروپ کے دیگر اداروں میں ملازم ہیں، کوئی معاوضہ ادا نہیں کیا جائیگا۔

d بورڈ اوراس کی کمیٹیوں کے اجلاسوں میں شرکت کے سلسلے میں ڈائریکٹرز کی جانب سے کئے جانے والے کسی سفری یا دیگر ضروری اخراجات کا اصل معاوضہ ادا کیا جائے گا۔

ڈائریکٹرز ٹریننگ پروگرام

پچھلے سال میں چھ ڈائریکٹران، ڈائریکٹرز ٹریننگ پروگرام میں شریک ہوئے۔

متعلقہ پارٹیوں سے معاملات

کوڈ آف کارپوریٹ گورننس کی تقاضوں کے مطابق، کمپنی نے متعلقہ پارٹیوں سے سارے معاملات بالترتیب آڈٹ کمیٹی اور بورڈ کے سامنے ان کے جائزے اور منظوری کے لئے پیش کیے۔

بعد کے واقعات

مالی سال کے اختتام اور رپورٹ کی تاریخ کے مابین کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی اہم تبدیلیاں یا وعدے نہیں ہوئے ہیں۔

E۔ مستقبل کا جائزہ

شمسی توانائی

زیادہ شرح سود اور ڈیمانڈ کا دباؤ مستقبل میں عمومی کاروباری ماحول پر منفی اثر ڈالتے رہیں گے۔آئی ایم ایف کی جاری کردہ دستاویزات کے مطابق، 2020 کے آغاز سے، تمام کیٹگریز میں بجلی اور گیس کی قیمتوں میں مزید اضافے کا امکان ہے۔اگرچہ یہ صنعت کے لئے ایک CAPEX رکاوٹ پیدا کرتا ہے، اس کے نتیجے میں ہمارے صارفین کے لئے تقسیم شدہ شمسی توانائی اور موجودہ توانائی کی لاگت کے درمیان صحت مندانہ تبادلہ بھی ہوگا، اس طرح ہمارے نجی پی پی اے پروڈکٹ کے لئے سازگار ماحول مہیا ہوگا جس کا ہدف کاروباری لاگت میں کمی اور آپریشنل اہلیت میں اضافہ ہے۔3 سال کی مزید مدت کے لئے اسٹیٹ بینک فنانسنگ کی تجدید قابل تجدید صنعت کے لئے ایک اہم مثبت پیشرفت ہے اورای پی سی اور او اینڈ ایم سروسز میں دلچسپی رکھنے والے صارفین کے لئے فنڈز کی خلیج کو دور کرنے میں یقینی طور پر مدد کرے گی۔تاہم، بینکوں کو مالی اعانت کی حد کی الاٹمنٹ میں تاخیر کاروباری معاملات کو حتمی شکل دینے میں تاخیر کا باعث ہے کیونکہ صارفین کسی بھی معاہدے سے پہلے بینکوں سے متعلقہ اجازت کے منتظر ہیں۔

ریگولیٹری محاذ پر، حکومت پاکستان نے اپنے تجدید کردہ توانائی پالیسی کا مسودہ تبصرے کے لئے پیش کیا ہے۔2030 تک مجموعی مقصد قابل تجدید ذرائع سے نصب شدہ صلاحیت کے 30 فیصد تک شراکت میں اضافہ کرنا ہے۔جبکہ یہ وفاقی حکومت کی ترجیحات میں ایک بڑی تبدیلی کی طرف اشارہ کرتا ہے، اس ہدف کو کس طرح حاصل کیا جائے گا اس کی تفصیلات ابھی آنا باقی ہیں۔ہمیں یقین ہے کہ سولر انرجی PV اب اور 2030 کے درمیان بڑھتی گنجائش کا بڑا حصہ بنے گا کیونکہ یہ میٹر پر اوراس کے پیچھے دونوں جگہ واضح طور پر توانائی کے اخراجات میں نمایاں کمی کا باعث ہیں۔اسٹوریج طویل المدت منصوبہ بندی میں قابل تجدید ذرائع کو استعمال کرنے میں مدد کرنے کے لئے بھی اہم کردار ادا کرے گا۔ہم 2022 تک ملک میں شمسی توانائی سے چلنے والے پی وی اور اسٹوریج سلوشنز کو گیس سے چلنے والے توانائی سلوشنز کے مقابلے میں زیادہ مؤثر دیکھ رہے ہیں۔

نمبر شمار	ڈائریکٹر کا نام	میٹنگز منعقدہ اجلاس	شرکت
1	جناب شاہد حامد پراچہ	9	9
2	جناب شہزادہ داؤد	9	6
3	جناب عبدالصمد داؤد	9	6
4	جناب شفیق احمد	9	8
5	جناب حسن رضا الرحیم	9	9
6	جناب شبیر حسین ہاشمی	9	9
7	جناب مجتبیٰ حیدر خان	9	9

بورڈ آڈٹ کمیٹی کے اجلاس

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے ضابطہ اخلاق کی تعمیل میں ایک آڈٹ کمیٹی قائم کی ہے، جو داخلی کنٹرولز اور تعمیل کی نگرانی کرتی ہے اور اپنے آغاز سے ہی مؤثر انداز میں کام کر رہی ہے۔ آڈٹ کمیٹی نے بورڈ کو پیش کرنے اور ان کی اشاعت سے قبل سہ ماہی، ششماہی، اور سالانہ مالیاتی گوشوارے کا جائزہ لیا۔ آڈٹ کمیٹی نے بیرونی آڈیٹرز کے ساتھ مختلف امور پر تفصیلی تبادلہ خیال کیا، جس میں ان کو انتظامیہ کو لکھے گئے خط بھی شامل ہیں۔ آڈٹ کمیٹی نے داخلی آڈیٹرز کے نتائج کا بھی جائزہ لیا اور کارپوریٹ گورننس کے ضابطہ اخلاق کے تحت داخلی اور خارجی آڈیٹرز کے ساتھ الگ الگ ملاقاتیں کیں۔

31 دسمبر 2019 کو ختم ہونے والے سال کے دوران، بورڈ آڈٹ کمیٹی کے کل چار اجلاس ہوئے۔ متعلقہ مدت کے دوران حاضری کی پوزیشن حسب ذیل تھی۔

نمبر شمار	ڈائریکٹر کا نام	میٹنگز منعقدہ اجلاس	شرکت
1	جناب شبیر حسین ہاشمی	4	4
2	جناب حسن رضا الرحیم	4	4
3	جناب شہزادہ داؤد	4	2

ہیومن ریسورس اور معاوضہ کمیٹی کے اجلاس

31 دسمبر، 2019 کو ختم ہوئے سال کے دوران، ہیومن ریسورس اینڈ معاوضہ کمیٹی (ایچ آر اینڈ آر سی) کی کل دو میٹنگز ہوئی۔ متعلقہ مدت کے دوران حاضری کی پوزیشن حسب ذیل تھی۔

نمبر شمار	ڈائریکٹر کا نام	میٹنگز منعقدہ اجلاس	شرکت
1	جناب شبیر حسین ہاشمی	2	2
2	جناب شاہد حامد پراچہ	2	2
3	جناب عبدالصمد داؤد	2	-
4	جناب حسن رضا الرحیم	2	2

ڈائریکٹرز کی ذمہ داری کا بیان

ڈائریکٹرز پاکستان میں اسٹاک ایکسچینج کے لسٹنگ ریگولیشنز کے مطابق کارپوریٹ اور فنانشل رپورٹنگ فریم ورک کی تعمیل کی مندرجہ ذیل تصدیق کرتے ہیں۔

a۔ کمپنی مینجمنٹ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کی مالیاتی صورتحال، اس کے آپریشن، کیش فلو اور ایکویٹی میں تبدیلی کے نتائج کو منصفانہ طور پر پیش کرتے ہیں۔

b۔ کمپنی کے اکاؤنٹس کی کتابیں مناسب انداز میں تیار کی گئی ہیں۔

کارپوریٹ گورننس

کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس اور بہترین طریقہ کار کی تعمیل کے لئے پرعزم ہے۔ پاکستان اسٹاک ایکسچینج کی جانب سے کوڈ آف کارپوریٹ گورننس سے اپنی قوانین کی کتاب میں طے کیے گئے قوانین اور شرائط کے مکمل اطلاق کو یقینی بنایا جاتا ہے۔ اس امر کا ایک بیان رپورٹ کے ساتھ منسلک ہے۔

ضابطہ اخلاق

بورڈ نے کاروباری ضابطہ اخلاق اپنایا ہے اور تمام ملازمین کو آگاہ کیا ہے اور اس بیان پر دستخط کردیے ہیں۔ ضابطہ اخلاق کی سختی سے پوری آرگنائزیشن میں پابندی کی جاتی ہے اور تمام ملازمین اس میں طے شدہ کاروباری اصولوں پر عمل پیرا ہوتے ہیں۔

وژن اور مشن

کمپنی کے وژن اور مشن کی عکاسی کرنے والا بیان اس رپورٹ سے منسلک ہے۔

کارپوریٹ سماجی ذمہ داری

علمی شراکت داری کے پہلے انیشیٹیو کا آغاز 2018 میں کیا گیا تھا تاکہ توانائی کی رسائی اور ماحول سے آگاہی کے ذریعے تعلیمی تجربہ کو بہتر بنایا جاسکے۔ کمپنی نے اپنی ذیلی کمپنی 'Reon انرجی' کے ذریعے کراچی کے نواح میں واقع ٹی سی ایف اسکول دادا بھائی کیمپس کیلئے پہلا پائلٹ سولر انرجی کا منصوبہ مکمل کیا۔ اس پائلٹ پروگرام کے نتائج نے حاضری اور اندراج پر کافی اثر دکھایا۔ لہذا پائلٹ پروجیکٹ کے بعد ٹی سی ایف ولید شیخ کیمپس، دادو اور ٹی سی ایف تاگا، دادو میں سے ہر ایک میں سولر ہائبرڈ 15 کلوواٹ کی تنصیب کی گئی۔ کمپنی کا مقصد اقوام متحدہ کے پائیدار ترقیاتی اہداف کے ہدف نمبر 7 کے مطابق سولر انرجی کے پروگرام کو پورے پاکستان میں پھیلانا ہے۔

موسمیاتی تبدیلی سے آگاہی کے اجلاس/نشست کا انعقاد ٹی سی ایف اور دیگر تعلیمی اداروں میں منعقد کیے گئے ماحولیاتی تبدیلیوں سے آگاہی اور ذمہ دارانہ انتخاب کی ضرورت کو محسوس کیا جاسکے۔
گھارو میں ونڈ فارم منصوبے کے قریب 2018 میں لگائے گئے سولر واٹر پمپ کا آپریشن نہایت اطمینان بخش ہے اور یہ کمیونٹی کے پینے کے پانی کی ضروریات کو پورا کررہا ہے۔ ایک اور سائٹ کا جائزہ لیا گیا لیکن قابل عمل نہیں پایا گیا۔ ساحلی جنگلات کے رقبہ میں اضافہ کیا گیا ہے۔ ماہی گیری کے کچھ علاقوں کو سہولت فراہم کرنے کے لئے سائٹ کے توسط سے مقامی ماہی گیر لوگوں تک رسائی کی اجازت دی گئی ہے۔

بورڈ آف ڈائریکٹرز

ڈائریکٹرز کی کل تعداد میں مندرجہ ذیل شامل ہیں۔

مرد ڈائریکٹران	07
خواتین ڈائریکٹران	کوئی نہیں

بورڈ ممبران کی ترکیب مندرجہ ذیل ہے۔

خودمختار ڈائریکٹران	01
نان ایگزیکٹو ڈائریکٹرز	05
ایگزیکٹو ڈائریکٹرز	01
خواتین ڈائریکٹران	کوئی نہیں

بورڈ آف ڈائریکٹرز کے اجلاس

31 دسمبر، 2019 کو ختم ہونے والے سال کے دوران، بورڈ آف ڈائریکٹرز کی کل نو میٹنگز ہوئیں۔ متعلقہ مدت کے دوران حاضری کی پوزیشن حسب ذیل تھی۔

1,876.527 ملین روپے پر جاری آپریشن کے منافع میں 2019 کے دوران 329.228 ملین روپے کی کمی ہوئی ہے۔

انفرادی بنیاد پر، کمپنی کی آمدنی 6.01 ملین روپے تھی جبکہ پچھلے سال کی اسی مدت کے لئے 7.84 ملین روپے تھی۔یعنی 1.83 ملین روپے کی کمی جس کی بڑی وجہ قابل تجدید توانائی کے کاروبار کی نئے ماتحت کاروبار میں منتقلی ہے۔

فی حصص آمدنی

سال 2018 کے 9.56 روپے کے مقابلہ میں سال 2019 کی فی حصص آمدنی 18.02 روپے تھی جو بنیادی طور پر اس سے منسلک کمپنی میں شراکت داری سے حاصل ہونے والے منافع بخش آمدنی سے منسوب ہے۔سال بھر کے لئے ہولڈنگ کمپنی کے مالکان سے منسوب فی حصص مجموعی آمدنی 26.61 روپے(2018:36.77 روپے) تھی۔

آڈیٹر/محاسب

موجودہ آڈیٹرز، میسرز۔اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ آئندہ سالانہ عام اجلاس کے اختتام پر ریٹائر ہورہے ہیں اور اپنے آپ کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔آڈٹ کمیٹی نے 31 دسمبر 2020 کو ختم ہونے والے سال کے لئے اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹ کو کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کی سفارش کی ہے اور بورڈ نے اس سفارش کی توثیق کی ہے۔

حصص کا کاروبار، اوسط قیمتیں اور پی ایس ایکس

سال کے دوران پاکستان اسٹاک ایکسچینج میں کمپنی کے 0.958 ملین حصص کا کاروبار ہوا۔ یومیہ اختتامی شرح پر کمپنی کے حصص کی اوسط قیمت 192.77 روپے تھی جبکہ 2019 کے دوران 52 ہفتوں کی کم ترین شرح بالترتیب 163.01 روپے سے 217.9 روپے تھی۔

شراکت داری کا پیٹرن

31 دسمبر 2019 کو کمپنی کی شراکت داری کا پیٹرن اور دیگر ضروری معلومات کے ساتھ، اس رپورٹ کے آخر میں پراکسی فارم کے ساتھ دستیاب ہے۔

مارکیٹ کیپٹلائزیشن اور بک ویلیو

سال کے اختتام پر، کمپنی کا مارکیٹ کیپٹلائزیشن۔12.6 بلین روپے(2018:9.7 بلین) جس کی مارکیٹ ویلیو 214.16 فی حصص(2018:164.05 روپے) اور بریک اپ ویلیو 59.4 روپے فی حصص(2018:52.3 روپے فی حصص) رہی۔

تخصیص

اس سال حصص پر کل منافع 7 روپے(70 فیصد) رہا جو کہ عبوری نقد منافع کے طور پر تقسیم کردیا گیا ہے۔

کلیدی آپریٹنگ اور مالی اعدادوشمار

اس رپورٹ کے ساتھ پچھلے چھ مالی سال کے اہم آپریٹنگ اور مالی اعدادوشمار کا خلاصہ منسلک ہے۔

گریجویٹی فنڈ

کمپنی کے ملازمین کی مالی اعانت سے حاصل ہونے والے ریٹائرمنٹ فوائد کا سال میں ایک بار آڈٹ کیا جاتا ہے اور مناسب سرمایہ کاری کے ذریعے ان کو محفوظ کیا جاتا ہے۔31 دسمبر 2019 تک فنڈ ڈ طے شدہ فوائد گریجویٹی منصوبے کے اثاثوں کی قدر 3.366 ملین روپے تھی(2018: 3.101 ملین روپے)۔

خطرے کا انتظام

کمپنی کی رسک مینجمنٹ پالیسیاں کمپنی کو درپیش مالی خطرات کی نشاندہی اور تجزیہ کے لیے اور خطرات کی مناسب حدود طے کرنے اور انہیں کنٹرول کرنے نیز حدود کی پابندی پر نگاہ رکھنے کے لئے قائم کی گئی ہیں۔ مارکیٹ کے حالات اور کمپنی کی سرگرمیوں میں ردعمل ظاہر کرنے کے لئے رسک مینجمنٹ پالیسیوں اور سسٹمز کا باقاعدگی سے جائزہ لیا جاتا ہے۔

C۔ کاروباری جائزہ

قابل تجدید توانائی کا کاروبار

REL کے لیے 2019 نمایاں سال رہا ہے ۔ ریونیو میں 400 فیصد اضافے کے ساتھ کمپنی کے لیے یہ منافع کا پہلا سال ہے ۔ یہ بنیادی طور پر بڑے پیمانے پر صنعتی صارفین اور ٹیلی کام آپریٹرز کے آرڈرز سے چلتا تھا۔ یہ اس حقیقت کے باوجود تھا کہ سال کے آغاز میں پیش گوئی کے مطابق مجموعی کاروباری ماحول انتہائی غیر یقینی رہا۔ مجموعی طور پر، سال کے دوران، توانائی کی قیمتوں میں اضافہ جاری رہا۔ وزیراعظم کی جانب سے دی گئی سبسڈی ہٹانے کی وجہ سے تمام صارفین کے لئے بجلی کے نرخوں میں مزید 3 روپے اضافہ ہوگیا۔ گیس صارفین کے نرخوں میں اوسطاً 30 فیصد اضافہ ہوا۔ اس کے برعکس، توانائی کی بڑھتی ہوئی قیمتیں REL کے بنیادی کاروبار کیلئے سازگار ماحول پیدا کرنے میں کلیدی کردار کی حامل رہی ہیں ۔ کیونکہ شمسی توانائی کو توانائی کی بڑھتی قیمتوں کے خلاف ایک سہولت کے طور پر دیکھا جاتا ہے۔ اس شعبے کیلئے ایک اور مثبت پیشرفت میں، اسٹیٹ بینک کی گرین فنانسنگ اسکیم کو معمولی ترمیم کے ساتھ مزید 3 سال کیلئے تجدید کیا گیا۔ اسٹیٹ بینک اسکیم کی تجدید کے بعد، شمسی منصوبوں کیلئے 14 میگاواٹ منصوبوں کو مختلف صارفین کے ساتھ حتمی شکل دی گئی ہے، جس سے اس کی سالانہ استعداد 33 میگاواٹ ہوگئی۔ اس سال بھی REL نے ملک کے تین بڑے کیپٹیو سولر منصوبے، FCCL 12.5 میگاواٹ، ENI بھٹ پروجیکٹ 10 میگاواٹ اور SECMC 5 میگاواٹ مکمل کئے ہیں۔

دیگر اہم پیشرفت میں ایک نئے بزنس یونٹ کی جانب سے سال کے دوران 1200 ٹیلی کام سائٹس کیلئے توانائی کے سامان کی فراہمی اور تنصیب کے معاہدے کی تکمیل شامل ہے۔ اس کے علاوہ، REL کو مختلف BTS سائٹس کے لیے 4200 بیٹریوں کی خریداری اور تنصیب کا بھی آرڈر ملا۔ ہمیں ٹوٹل پارکو کی جانب سے 15 پیٹرول اسٹیشنوں کو سولر انرجی پر منتقل کرنے کا آرڈر بھی موصول ہوا ہے۔ مزید برآں، آئندہ سال میں ہونے والی آمدنی میں مزید اضافے کی پیش گوئی کے ساتھ، REL کا کاروباری امکان پُر امید ہے ۔ یہ بزنس ماڈل اب ایک مکمل انرجی مینجمنٹ سروس میں تبدیل ہورہا ہے۔

پن چکی کا منصوبہ

TGL کا پلانٹ اطمینان بخش کام کر رہا ہے اور دستیابی اور BOP نقصان کے متوقع اہداف کو پورا کر رہا ہے۔ اس عرصے میں BOP نقصان 2.5 فیصد ہدف کے مقابلے میں 1.03 فیصد رہا، جبکہ توانائی کی دستیابی 98 فیصد ہدف کے مقابلے میں 98.23 فیصد رہی۔ صحت، حفاظت اور ماحولیات (HSE) پروجیکٹ کی ترجیح رہی اور 367,351 محفوظ انسانی گھنٹوں کو COD کے بعد سے صفر کی چوٹ کی شرح اور TRIR کے ساتھ ریکارڈ کیا گیا۔ یہ پلانٹ 1,189 دن سے بغیر کسی چوٹ کے محفوظ طریقے سے چل رہا ہے۔

یہ پلانٹ، داؤد ہائیڈرو چائنا اور زفائر کے ساتھ مل کر، اب کے الیکٹرک کو بجلی کی فراہمی کر رہا ہے۔ یہ نظام مستحکم آپریشنز فراہم کر رہا ہے اور گرڈ کی بندش اور کمی دونوں کی کافی حد تک روک تھام ہوئی ہے۔ 2018 کی چوتھی سہ ماہی کے لئے NPMV مجموعی طور پر 1.31 گیگا واٹ آور کے مقابلے میں 2019 کی چوتھی سہ ماہی کے لئے NPMV مجموعی طور پر 0.06 گیگا واٹ آور تھا۔ موجودہ سہ ماہی کے دوران بل کی گئی پوری توانائی (26.35 گیگاواٹ آور) P50 سطح (18.45 گیگاواٹ آور) سے زائد ہے۔ پلانٹ کو اس سہ ماہی کے دوران غیر معمولی تیز ہواؤں کی سہولت حاصل تھی۔ سال 2019 کے لئے پیداوار 126.55 گیگاواٹ (P90 سطح) تھی جبکہ اس کے مقابلے میں یہ 2018 کے 113.94 گیگاواٹ تھا۔ امید ہے کہ 2020 کے دوران این پی ایم وی واقعات کم سے کم ہوں گے۔

موجودہ سہ ماہی کے دوران، اوسطاً ہوا کی رفتار 6.4 میٹر/سیکنڈ تھی، جو P50 ہوا کی رفتار 5.5 میٹر/سیکنڈ سے زیادہ ہے۔ گرمی کے مہینوں میں کم ہوا اور سردیوں کے مہینوں میں کافی حد تک تیز ہواؤں کے ساتھ ہوا کی رفتار کے رجحان نے قابل تحسین تبدیلی کی ہے۔ یہ رجحان جنوری میں بھی دیکھنے میں آیا اور یہ فروری 2020 میں جاری ہے۔

پلانٹ دسمبر 2019 کے آخر میں P90 سطح پر پیداوار کو 6 ماہ تک حاصل کرنے میں کامیاب رہا تھا۔ تاہم فنڈز کی حد بندی کی وجہ سے CPPA سے ادائیگی میں تاخیر کے سبب مطلوبہ DSCR 15 جنوری 2020 کو حاصل کیا گیا تھا۔

لارنس پور برانڈ

ابھی تک فروخت کا معاہدہ عمل میں نہیں آیا ہے، اور لارنس پور برانڈ لائسنس کے تحت کام کر رہا ہے۔ لارنس پور برانڈ کو فروخت کرنے سے حاصل ہونے والی رقم قابل تجدید توانائی اور کمپنی کے متعلقہ کاروبار میں لگائی جائے گی اور حصص یافتگان کے لیے زیادہ سے زیادہ منافع کی کوشش کی جائے گی۔

D۔ مالیاتی جائزہ

مالیاتی کارکردگی

گروپ کی مستحکم آمدنی 7,267.77 ملین روپے تھی جبکہ گذشتہ سال اسی عرصہ کے لئے 3,079.98 ملین روپے تھی۔ سال 2019 کے لئے گروپ کا مجموعی منافع 2,622.21 ملین روپے تھا جبکہ پچھلے سال 1529.19 ملین روپے تھا۔ منسلک کمپنی کے منافع میں گزشتہ سال 1391.336 ملین روپے کے مقابلے میں 915.237 ملین روپے کی کمی رجسٹر ہوئی۔ 105.017 ملین روپے محصول کے بعد،

ڈائریکٹرز کی جائزہ رپورٹ برائے اختتام سال 31 دسمبر 2019

داؤد لارنس پور لمیٹڈ (کمپنی) کے ڈائریکٹرز مسرت کے ساتھ 31 دسمبر 2019 کو ختم ہونے والے سال کیلئے اپنی رپورٹ مع کمپنی کے آڈٹ شدہ، مجموعی مالی حسابات کا خلاصہ پیش کرتے ہیں۔

A۔ بنیادی سرگرمیاں

کمپنی کی بنیادی سرگرمی وراثتی ٹیکسٹائل کے کاروبار کے ساتھ ساتھ کمرشل اور صنعتی صارفین کو قابل تجدید توانائی، بالخصوص ونڈ اور شمسی توانائی کی فراہمی کے کاروبار اور مارکیٹنگ کے کاروبار، میں مصروف اپنی ذیلی کمپنیوں اوران سے متعلقہ کمپنیوں میں سرمایہ کاری کا انتظام ہے۔

B۔ کاروباری رپورٹ

2010 تا 2019 کی دہائی میں قابل تجدید توانائی میں 2.6 ٹریلین امریکی ڈالر ریکارڈ سرمایہ کاری ہوئی، جو پچھلی دہائیوں کے مقابلے میں تین گنا زیادہ ہے۔ یو این ای پی کی رپورٹ کے مطابق، شمسی توانائی مجموعی طور پر 1.3 ٹریلین ڈالر مالیت کے ساتھ پہلے نمبر پر موجود ہے جس کے ساتھ ونڈ انرجی اس کے قریب 1 ٹریلین ڈالر پر موجود ہے۔ قابل تجدید صنعت وحرفت کی سطحی لاگت اس سلسلے میں بنیادی محرک رہا ہے جس سے شمسی توانائی میں بہتری رہی ہے کیونکہ اس میں حیرت انگیز 81 فیصد اور ونڈ انرجی میں 46 فیصد اضافہ ہوا ہے۔

دنیا بھر میں شمسی توانائی آکشن نے 2019 میں اب تک کی سب سے کم LCOEs ریکارڈ کی ہیں، جن میں ابوظہبی، سعودی عرب، چلی، پیرو وغیرہ شامل ہیں۔ ان نتائج نے ثابت کیا ہے کہ مختلف خطوں میں 0.03 امریکی ڈالر فی کلوواٹ کا LCOE حاصل ہوسکتا ہے۔ IRENA کے مطابق، عالمی سطح پر منصوبے کی اوسطاً فی کلوواٹ لاگت میں 2030 تک نمایاں کمی آسکتی ہے۔ اس سے اندازہ ہوتا ہے کہ ایشیاء میں ہونے والے نئے اضافوں میں تقریباً 50 فیصد اضافے کے ساتھ، 2019 کے آخر میں 1650 گیگاواٹ کے مقابلے میں 2030 میں کل نصب شدہ صلاحیت 2840 گیگاواٹ تک جاسکتی ہے۔

پاکستان میں ہمارے پاس نئی ڈرافٹ متبادل اور قابل تجدید توانائی (ARE) پالیسی تھی جو فیڈ بیک جمع کرنے کے لئے حکومت نے شائع کی تھی۔ اس پالیسی کا مقصد 2025 تک مکمل طور پر تنصیب شدہ کی بنیاد پر قابل تجدید توانائی کے ذرائع کا حصہ 20 فیصد اور 2030 تک 30 فیصد تک بڑھانا ہے۔ وفاقی کابینہ نے اس کی منظوری دے دی ہے اور اب اس سلسلے میں CCI سے کام کے آغاز کے حکم کا انتظار ہے۔ ایک بار نافذ ہونے کے بعد اس سے مقامی کمپنیوں کو نمایاں طور پر اپنی نمو کو بڑھانے کا موقع ملے گا اور اس شعبے میں بہت سی مقامی اور غیر ملکی سرمایہ کاری آئے گی۔

پاکستان میں ٹیرف میں بھی 2019 میں اضافہ جاری رہا۔ نیپرا نے شمسی توانائی سے آئی پی پیز کے لئے جاری کردہ تازہ ترین بینچ مارک قیمت 3.7c سے 3.9c امریکی ڈالر مقرر کی ہے۔ اسی طرح، 50 میگاواٹ کے ونڈ منصوبوں کے لئے قیمت کی شرح 4.7c-4.8c امریکی ڈالر ہے۔ یہ 2014 میں پہلے چند ونڈ اور سولر IPPs کو دیئے جانے والے نرخوں، 15c امریکی ڈالر میں نمایاں کمی کی نشاندہی کرتا ہے اور بڑے پیمانے پر آلات کی لاگت میں بڑے پیمانے پر کمی اور طویل المدتی فنانسنگ کی شرائط کا نتیجہ ہے۔

پاکستان میں تقسیم شدہ شمسی توانائی قابل تجدید ذرائع کی مارکیٹ میں بھی نمو جاری ہے، اگرچہ عالمی ترقی کے رجحان کے مقابلہ میں اس کو اب بھی ابتدائی دور میں ہی سمجھا جاتا ہے۔ امریکی ڈالر کے مقابلے میں پاکستانی روپے کی شرح تبادلہ میں نمایاں کمی کے باوجود، فوٹو وولٹک پینلز کی لاگت میں نمایاں کمی اور پلانٹ کے اخراجات میں کمی کے باعث فی کلوواٹ لاگت اس شعبے کے لئے مستحکم رہی۔ پاکستان میں توانائی کی قیمتوں میں آن گرڈ اور آف گرڈ صارفین کے لئے 30 فیصد تک نمایاں اضافہ ریکارڈ ہوا۔ اس کے نتیجے میں ملک میں سولر پی وی کی تقسیم کی مانگ میں مزید اضافہ ہوا ہے۔

ملک میں اب قابل تجدید توانائی کے ذرائع اور فوسل ایندھن سے بجلی پیدا کرنے میں واضح اور ابھرتا ہوا توازن موجود ہے، جس کے نتیجے میں قابل تجدید صنعت کو تیزی سے اپنانے کا رجحان موجود رہے گا۔ مزید برآں، نقل وحمل کے شعبہ میں تیزی سے ابھرتے ہوئے برقی قوت کی گاڑیوں کی آمد سے ممکنہ طور پر اہم تبدیلی متوقع ہے، جس سے سولر انرجی پی وی اور اسٹوریج جیسی ٹیکنالوجیز کی طلب میں اضافہ ہوگا۔

پاکستان کا توانائی کا نظام اپنی موروثی ناپائیداری کی وجہ سے مسائل سے دوچار ہے، جس کا نتیجہ سرکلر ڈیبٹ کے ڈھیر کی شکل میں ظاہر ہوتا ہے، جو فی الحال 1.8 ٹریلین روپے ہے۔ اس مسئلے کے حل ہونے تک پاکستان میں کسی بھی حکومت کے لئے 60 ملین لوگوں کے لئے توانائی کی فراہمی پر توجہ مرکوز کرنا بہت مشکل ہوجائے گا، تاحال وہ اس مسئلے کے حل تک رسائی حاصل نہیں کر سکے ہیں۔ یوٹیلٹی اسکیل پر اور آف گرڈ

PHYSICAL SHAREHOLDERS

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

Details of Shareholder	
Name of shareholder	
Folio No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Title of Bank Account	**Details of Bank Account**
International Bank Account Number (IBAN) **“Mandatory”**	**PK ______________________________(24 digits)** (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank’s name	
Branch name and address	
It is stated that the above-mentioned information is correct and in case of any change therein, I / we will immediately intimate Participant / Share Registrar accordingly. ________________________ Signature of shareholder	

You are requested to kindly send photocopy of this letter immediately duly filled in and signed by you along with legible photocopy of your valid CNIC at the Company’s Share Registrar Office, **CDC Share Registrar Services Limited, CDC House, 99-B, Block B, Main Shahrah-e-Faisal, Karachi. 74400, Pakistan.**

CDS SHAREHOLDERS

Bank Account Details for Payment of Cash Dividend
(Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts of entitled shareholder as designated by them. In pursuance of the direction given by Securities and Exchange Commission of Pakistan (SECP), kindly immediately contact your relevant CDC Participant/CDC Investor Account Services Department and provide them your bank mandate information including International Bank Account Number (IBAN) which is now mandatory for all cash dividend payments.

In order to comply with regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide requisite bank mandate information to your respective Participant/CDC Investor Account Services Department immediately.

ELECTRONIC TRANSMISSION CONSENT FORM

The Securities & Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the Company to circulate its Annual Statement of Financial Position and Statement of Profit or Loss, auditor's report and directors' report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (participant)/CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Share Registrar, Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shahra-e-Faisal, Karachi.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I Mr. / Ms.
S/o, D/o, W/o ____ hereby consent to have the Dawood Lawrencepur Limited Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Folio /CDC Account No.	
Postal Address:	
Email Address:	
Contact No:	
CNIC No.:	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

Dear Shareholder,

REQUEST FORM FOR HARD COPY OF
ANNUAL AUDITED ACCOUNTS

The Securities and Exchange Commission of Pakistan, vide S.R.O 470(I)/2016 dated May 31, 2016, has allowed companies to circulate their Annual Statement of Financial Position, Statement of Profit or Loss , auditor's report, directors' report and ancillary statements/notes/documents ("Annual Audited Accounts") along with notice of general meeting to the registered addresses of its shareholders in electronic form through CD/DVD/USB.

However, Shareholders may request a hard copy of the Annual Audited Accounts along with notice of general meetings to be sent to their registered address instead of receiving the same in electronic form on CD/DVD/USB. If you require a hard copy of the Annual Audited Accounts, please fill the following form and send it to our Share Registrar or Company Secretary at the address given below.

Date:______________

I/We ____________________________________ request that a hard copy of the Annual Audited Accounts along with notice of general meetings be sent to me through post. My/our particulars in this respect are as follows:

Folio /CDC A/c No.	
Postal Address:	
Email Address:	
Contact No:	
CNIC No.	
Signature	

The form may be sent directly to Dawood Lawrencepur Limited Share Registrar or Company Secretary at the following address:

CDC Share Registrar Services Limited
CDC House, 99-B, Block "B", S.M.C.H.S
Main Shahra-e-Faisal, Karachi, Pakistan
Tel: +92 (21) 111-111-500
Website: http://www.cdcsrsl.com

Dawood Lawrencepur Limited
Dawood Centre, M.T. Khan Road
Karachi -75530, Pakistan
Tel: +92 (21) 35632200
Email: info.reon@dawoodhercules.com
Website: www.dawoodlawrencepur.com

If you are a CDC Account Holder, you should submit your request directly to your CDC Participant through which you maintain your CDC account.

Proxy Form

I/We ____ of ______________________

, being member of Dawood Lawrencepur Limited and holder of ______________________ Ordinary Shares, as per:

Share Register Folio No. ______________ and/or
CDC Participant ID No. ____________ Sub A/c No. ____________

hereby appoint ________________________________ of __________ as my/our proxy to attend, speak, and vote for me/us and on my/our behalf, at the Annual General Meeting (AGM) of the Company to be held on Wednesday, May 20, 2020 at 11:00 a.m. at The Dawood Foundation Business Hub, Ground Floor, Dawood Centre, M.T. Khan Road, Karachi, and at any adjournment thereof.

Signed this __________ day of _______________ 2020

WITNESSES:

1. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____
   CNIC No. or ____________________
   Passport No. ____________________

2. Signature: ____________________
   Name: ____________________
   Address: ____________________
   ____
   CNIC No. or ____________________
   Passport No. ____________________

Signature on Revenue Stamps of Rupees Five

Signature should agree with the specimen signature with the Company

IMPORTANT:

1. This Proxy Form, duly completed, must be deposited at the Company's Registered Office, not less than forty eight (48) hours before AGM.

2. CDC shareholders and their proxies are each requested to attach and attested photocopy of their valid Computerized National Identity Card (CNIC) or Passport with this proxy form before submission to the Company.

3. All proxies attending the AGM are requested to bring their original CNIC/Passport for identification.

AFFIX
CORRECT
POSTAGE

The Company Secretary
Dawood Lawrencepur Limited
3rd Floor, Dawood Centre, M.T. Khan Road,
Karachi-75530
Tel: +92 21 35632200 Fax: +92 21 35633970
www.dawoodlawrencepur.com

نمائندگی کا فارم

میں/ہم ________________ ساکن ________________

بحیثیت ممبر داؤد لارنس پور لمیٹڈ کے رکن و حامل ________________ عام حصص بمطابق شیئر رجسٹر ڈ فولیو نمبر ________________ اور/ یا سی ڈی سی

کے شراکتی آئی ڈی نمبر ________________ اور ذیلی کھاتہ نمبر ________________ محترم/محترمہ ________________

________________ ساکن ________________ یا بصورتِ دیگر محترم/محترمہ

________________ ساکن ________________ کو اپنی جگہ بروز بدھ

مورخہ ۲۰ مئی ۲۰۲۰ بوقت ۱۱:۰۰ بجے صبح 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/ کرتی ہوں۔

دستخط ________________ بروز ________________ ۲۰۲۰

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۔

AFFIX
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