DH CORPORATION

ANNUAL REPORT 2020

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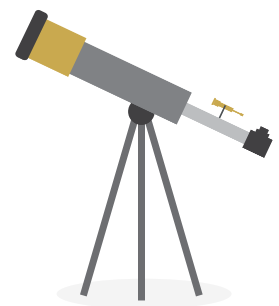
VISION

The leading investor & wealth
creator of value driven businesses

INTEGRITY

We will conduct ourselves with uncompromising ethics and honesty.

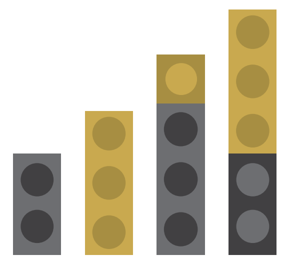


COMMITMENT TO EXCELLENCE

We pursue the highest standards and maximise the use of resources.

TEAMWORK

We work as a team toward goals.



DIVERSITY

We provide unrestricted opportunity for personal advancement to all employees.

ACCOUNTABILITY

We are accountable for our ethical conduct and for compliance with the applicable laws and corporate policies.

COMPANY INFORMATION

Board of Directors
Mr. Hussain Dawood - Chairman
Mr. Shahzada Dawood - Vice Chairman
Mr. Abdul Samad Dawood - Director
Ms.Sabrina Dawood - Director
Mr. Parvez Ghias - Director
Mr. Shabbir Hussain Hashmi - Director
Mr. Kamran Nishat - Director
Mr. Hasan Reza Ur Rahim - Director
Mr. Imran Sayeed - Director
Mr. Inam ur Rahman - Chief Executive Officer

Board Audit Committee
Mr. Shabbir Hussain Hashmi - Chairman
Mr. Kamran Nishat - Member
Mr. Hasan Reza Ur Rahim - Member

Human Resource & Remuneration Committee
Mr. Hasan Reza Ur Rahim - Chairman
Mr. Shahzada Dawood - Member
Ms. Sabrina Dawood - Member
Mr. Parvez Ghias - Member

Board Investment Committee
Mr. Shahzada Dawood - Chairman
Mr. Abdul Samad Dawood - Member
Mr. Shabbir Hussain Hashmi - Member
Mr. Imran Sayeed - Member

Chief Financial Officer
Mr. Mohammad Shamoon Chaudry

Company Secretary
Mr. Asim H. Akhund

Registered Office
Dawood Centre, M.T. Khan Road Karachi-75530
Tel: +92 (21) 35686001
Fax: +92 (21) 35644147
Email: shareholders@dawoodhercules.com
Website: www.dawoodhercules.com

Auditors
A.F. Ferguson & Co.
Chartered Accountants
State Life Building No 1-C, I.I. Chundrigar Road
P.O. Box 4716, Karachi- 74000
Tel: +92 (21) 32426682-6
Fax: +92 (21) 32415007, 32427938

Shares Registrar
FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block 6
P.E.C.H.S, Shahrah-e-Faisal, Karachi
Tel: +92 (21) 34380101-2
Fax: +92 (21) 34380106

Tax Consultants
A.F. Ferguson & Co.
Chartered Accountants
State Life Building No 1-C, I.I. Chundrigar Road
P.O. Box 4716, Karachi- 74000
Tel: +92 (21) 32426682-6
Fax: +92 (21) 32415007, 32427938

Legal Advisors
Haidermota & Co.
(Barristers at law)
D-79, Block – 5, Clifton
KDA Scheme No.5
Karachi- 75600
Tel: +92 (21) 111520000, 35879097
Fax: +92 (21) 35862329, 35871054

Bankers
Allied Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
JS Bank Limited
MCB Limited
United Bank Limited
MCB Islamic Bank Limited

COMMITTEES

Board Audit Committee:

The Board has set up an audit committee comprising of three directors. All of them are independent.

Mr. Shabbir Hussain Hashmi	Chairman
Mr. Kamran Nishat	Member
Mr. Hasan Reza Ur Rahim	Member

The Committee meets at least once in a quarter or as often as it considers necessary, to review and discuss all matters specified in the Listed Companies (Code of Corporate Governance) Regulations, 2019.

The Head of Internal Audit acts as Secretary of the Committee.

Human Resource & Remuneration Committee:

The Human Resource & Remuneration Committee consists of four directors. Presently, three of whom are non-executive directors and one is an independent director. The Chairman of the Committee is an Independent director.

Mr. Hasan Reza Ur Rahim	Chairman
Mr. Shahzada Dawood	Member
Ms. Sabrina Dawood	Member
Mr. Parvez Ghias	Member

The Chief Executive Officer attends the meetings by invitation.

Human Resource & Remuneration Committee is responsible for reviewing and approving the company's executive compensation, overall compensation strategy, human resources management policies, performance evaluation and succession plans including career planning for employees with high potential.

The Head of HR acts as Secretary of the Committee.

Board Investment Committee:

The Board has set up a Board Investment Committee comprising of four directors. Presently, three of whom are non-executive directors and one is an independent director. The Chairman of the Committee is a non-executive director.

Mr. Shahzada Dawood	Chairman
Mr. Abdul Samad Dawood	Member
Mr. Shabbir Hussain Hashmi	Member
Mr. Imran Sayeed	Member

The Chief Financial Officer acts as Secretary of the Committee.

BOARD OF DIRECTORS

HUSSAIN DAWOOD
CHAIRMAN

Mr. Hussain Dawood serves as the Chairman of the Board of Dawood Hercules Corporation. As an entrepreneur, businessman and philanthropist he has driven the Group and its investments since 2002 into new fields of business and achieved new levels of growth in revenues. His vision is to make contributions to sectors that are drivers of the economy and society. He also serves as the Chairman of Engro Corporation.

Committed to human development, Mr. Dawood is the Co-Chair of the Board of Trustees for The Dawood Foundation (TDF). Established in 1962, TDF focuses on creating collective change by building interactive spaces for formal and informal learning. He is the Founder and Chairman of the Board of Governors of Karachi School of Business and Leadership, a graduate management school focused on developing effective leaders.

Mr. Dawood also acts as Chairman of the Board of Directors of The Karachi Education Initiative and is a member of the Board of Governors at the Islamabad Policy Research Institute.

Mr. Dawood has been leading the Group's engagement with the World Economic Forum since 1992. He holds an MBA from the Kellogg School of Management, Northwestern University, USA, and is a graduate in Metallurgy from Sheffield University, UK.

SHAHZADA DAWOOD
VICE CHAIRMAN

Shahzada Dawood joined the Board in May 1996 and currently serves as Vice Chairman. He also serves on the Boards of Engro Corporation and Dawood Lawrencepur Ltd.

He is known for his expertise in corporate governance, turnaround and transformation to industries in Pakistan. He is all about finding growth and innovation opportunities through mergers and acquisitions in textiles, fertilizers, foods, and energy for diversified public-listed companies. He stewards the Group's technology investments, including companies focused on changing industries through the Internet of Things.

With a deep interest in philanthropy, Shahzada is Trustee of both The Dawood Foundation and Engro Foundation. He serves as a Member of the Global Advisory Board for Prince Charles' charity, Prince's Trust International, contributing towards its vision that every young person should have a chance to succeed. Intrigued about the understanding of life beyond Earth, he is on the Board of Trustees of the SETI Institute, a non-profit research organisation. He has been participating in the World Economic Forum and is leading the institutionalisation of key international networks and contacts.

Shahzada is an M.Sc. in Global Textile Marketing from Philadelphia University, USA, and an LLB from Buckingham University, UK.

ABDUL SAMAD DAWOOD
DIRECTOR

Abdul Samad Dawood has been a director on the Board of Dawood Hercules Corporation since 2002. He is the Vice Chairman of Engro Corporation which aims to alleviate the most pressing challenges of Pakistan by operating in sectors critical to the nation's economy and development, which include petrochemicals, food and agriculture, energy solutions, and telecommunications infrastructure. He is also the Chairman of FrieslandCampina Engro Pakistan Ltd., which he joined in 2012, as a Board of Director of (then) Engro Foods Ltd.; he played a leading role in merging the organisation into a global dairy giant, Royal FrieslandCampina N.V., based on the convergence of their values, goals and ability to address Pakistan's nutritional challenges.

Samad's rich and diverse experience of management and governance spans over 18 years, with a special interest in mergers and acquisitions. He has led more than $4 billion worth of M&A deals, including the Group's acquisition of HUBCO from National Power International Holdings B.V. in 2012 and the sale of DH Fertilizers to Fatima Fertilizer Company Ltd. in 2015. He is an active director on the Board of Pakistan Business Council, a pan-industry advocacy group that promotes easing of barriers to enable Pakistani businesses to compete in regional and global arenas. He is also a director and trustee of Boards across varied industries including investment holding, petrochemicals, renewable energy, and education, some of which are The Dawood Foundation, Engro Fertilizers Ltd., Dawood Lawrencepur Ltd., Reon (Private) Ltd. and Dawood Industries. In addition to governance, he has served as Chief Executive Officer for Dawood Hercules Corporation Ltd. and Cyan Ltd. and is an active member of the Young Presidents Organisation.

Samad is a graduate in Economics from University College London, UK and a certified director of corporate governance from the Pakistan Institute of Corporate Governance.

SABRINA DAWOOD
DIRECTOR

Sabrina Dawood is the CEO of The Dawood Foundation (TDF), a philanthropic organisation working to promote education and the creation of informal learning spaces and opportunities.

Some of the projects under TDF are the TDF Ghar, TDF Nature Series, The MagnifiScience Children's Studio, Dawood Public School and Karachi School of Business and Leadership. Another ongoing project in the informal education space is the construction of Pakistan's first interactive science museum, The MagnifiScience Center.

Sabrina is Director on the Boards of Engro Corporation Ltd., Dawood Hercules Corporation Ltd., Dawood Lawrencepur Ltd., Karachi Education Initiative and Trustee at Engro Foundation. She is also the member of Board of Governors of the National Management Foundation of Lahore University of Management Sciences and on the Board of WWF – Pakistan. She Chairs the Hussain Dawood Pledge which is a multiple corporate billion-rupee contribution of services, kind and cash for the mitigation and/or relief of COVID-19 and its ramifications.

Sabrina holds an MSc in Medical Anthropology from University College London and a BA from London School of Economics in Anthropology and Law.

PARVEZ GHIAS
DIRECTOR

Parvez Ghias joined the Board in March 2010. Parvez is the Chief Executive Officer and Director at the Habib University Foundation (HUF) since January 2017.

Before joining HUF, Parvez was the Chief Executive Officer of Indus Motor Company Ltd. from August 2005 to December 2016. He also serves as an independent Director on the Board of Shell Pakistan Limited and Stylers International Private Ltd.

Parvez is a fellow of the Institute of Chartered Accountants in England and Wales and holds a bachelor's degree in Economics and Statistics.

SHABBIR HUSSAIN HASHMI
DIRECTOR

Shabbir Hashmi joined the Board in September 2015 and is also the Chairman of its Audit Committee. He serves as an independent director on the Boards of Dawood Lawrencepur Ltd., Engro Powergen Qadirpur Ltd., HBL Asset Management Ltd. and FINCA microfinance Bank Ltd. He serves on the Board of Governors of The Help Care Society which operates K-12 schools in Lahore for underprivileged children.

His career spans more than 35 years of project finance and private equity experience. In his prior experience in corporate governance, Shabbir has held more than 24 Board directorships as a nominee of CDC/Actis and 11 directorships as an independent.

In executive roles, he has directed the Pakistan operations at Actis Capital, one of the largest private equity investors in the emerging market. Prior to Actis, he was responsible for a large regional portfolio of CDC Group Plc. for Pakistan and Bangladesh. He had a long stint with USAID and later briefly with the World Bank in Pakistan, with a focus in planning and development of the energy sector.

Shabbir is an engineer from Dawood College of Engineering and Technology, Pakistan, and holds an MBA degree from J.F. Kennedy University, USA.

KAMRAN NISHAT
DIRECTOR

Kamran Nishat joined the Board in 2020. He is serving as an Independent Director at the Board of Cyan Ltd. and as Director at the Board of Briogene (Private) Ltd.

With a rich professional experience in different sectors for more than 35 years, he is currently the Managing Director and Chief Executive Officer of Muller & Phipps Pakistan (Private) Ltd. He is also serving in the capacity of Chief Executive Officer at M&P Express Logistic (Private) Ltd., M&P Logistic (Private) Ltd., Logex (Private) Ltd., Tech Sirat (Private) Ltd., Veribest Brands Pakistan (Private) Ltd. and Tech Sirat Technology (Private) Ltd.

He is a member of Executive Committee and Chairman of Finance and Taxation subcommittee at the American Business Council. He has served as the President of American Business Council as well. He is also serving as the member of the Advisory Council at the National Skills University Islamabad. He served as the Member of Accounting and Auditing Standards Committee (South) of the Institute of Chartered Accountants of Pakistan (ICAP), Information Technology Committee (South) of the ICAP and Management Association of Pakistan.

He is a Chartered Accountant and a fellow member of ICAP.

HASAN REZA UR RAHIM
DIRECTOR

Reza is an accomplished professional who has over 35 years of local and international experience in the Banking and Financial Services industry. Currently he is the Chairman of Cyan Limited and he also serves on the Boards of Dawood Hercules Corporation Ltd., Dawood Lawrencepur Ltd., Atlas Insurance Ltd. and Hascol Petroleum Ltd. Previously, he was the Executive Director in-charge of the Chairman's Corporate Office of the Group.

Furthermore, Reza spent 15 years at JPMorgan where he held several senior positions both in Pakistan and abroad. His accomplishments include assisting in establishing and heading the Global Corporate Bank in Bahrain, Qatar and Saudi Arabia, and was the Senior Country Officer of Pakistan. He was also a part of the Regional Corporate Finance team based in Singapore. He has originated, led and executed large complex M&A transactions and Privatisations totaling USD 5.0 billion, Sovereign Debt and Bond issues of over USD 2.0 billion in the Telecom, Airlines, Banking, Oil and Gas and Petrochemical industries. Earlier in his career Reza, also held senior positions with Mashreq Bank psc and ANZ Grindlays Bank plc. He has worked in several international locations that included Zurich, Singapore, Bahrain and Dubai.

He received his bachelor's degree from the University of Delaware in USA.

IMRAN SAYEED
DIRECTOR

Imran Sayeed joined the Board in April 2018. He is part of the Entrepreneurship and Innovation faculty at the MIT Sloan School of Management.

Working with the MIT's Entrepreneurship Center, he has started and established entrepreneurial ecosystems in Central America and South Asia. Imran is the co-founder of Teach the World Foundation, a global literacy non-profit that is using technology to radically transform how children across the world learn to read, write and do math. He is also the founding global President of OPEN, the largest Pakistani entrepreneurship and leadership organisation in the world.

Previously, Imran started and headed the Digital practice for NTT Data. He came to NTT through its acquisition of Keane, where he led a 7,000-person technology consulting organisation. Prior to Keane, he was an entrepreneur for 13 years, having founded 2 successful software product and services companies including, Open Environment (grown to IPO), and later NetNumina (sold to Keane in 2005). He holds a patent on internet security technology that he jointly developed with Citibank. He was named by Computer World as one of the Premier 100 IT Leaders for 2013.

In governance roles in Pakistan, he currently serves on the Board of Inbox Business Technologies Private Ltd., Karachi Education Initiative, Engro Infiniti Private Ltd. and Teach the World Foundation and previously as a Director on the Board of Engro Corporation.

Imran attended Brown University for his undergraduate degree in engineering and Harvard University for his post-graduate work in business.

INAM UR RAHMAN

CHIEF EXECUTIVE OFFICER

Inam ur Rahman was appointed as the Chief Executive Officer of Dawood Hercules Corporation on 1st December 2016 and continues to serve in the same capacity. Inam's journey with the group is now over a decade long when he first joined as CEO of Dawood Lawrencepur Ltd. in September 2009. During his career, he has served on the Boards of Engro, HUBCO, SNGPL, SECMC, Cyan, and Inbox Business Technologies to name a few. He is now leading the next foray of DH Corp into the global technology sector. Inam brings more than 30 years of experience across diversified industries including energy and renewables, education, food, enterprise technology, textiles, lifestyle and business consulting.

An environmentalist at heart, he launched Reon Energy which is an enterprise solar power EPC that has now grown to be the leading name in its area in the country. Inam believes that energy all over the world should be renewable and free. With a passion to develop and grow people, he has taught at the undergraduate level at LUMS and F.C. College and at present devotes his time in governance roles at Karachi School of Business and Leadership. He is a firm believer in the capabilities of Pakistanis and is committed to upskilling and reskilling our people in order to compete internationally.

Inam holds an MBA degree from Lahore University of Management Sciences (LUMS), in addition to an engineering degree from UET Lahore.

DH Corp recently engaged at the World Economic Forum's Davos Agenda 2021 by screening the entire event at KSBL for employees from its subsidiaries and associated companies. A week-long immersive cross-enterprise learning event enabled teams to learn and commit to transition business towards profits based on sustainability.

OPERATING HIGHLIGHTS

SIX YEARS AT A GLANCE

Sr.#	PARTICULARS	UNIT	2015	2016	2017	2018	2019	2020
A)	**INCOME STATEMENT**							
1	Sales Value	Rs. in Million	181,980	157,208	128,592	171,568	225,765	**248,950**
2	Gross Profit	Rs. in Million	45,221	35,843	34,806	51,108	68,599	**76,081**
3	Operating Profit	Rs. in Million	36,696	85,939	31,289	53,572	62,096	**71,555**
4	EBITDA	Rs. in Million	48,953	98,280	41,523	61,368	74,685	**88,620**
5	Profit Before Taxation	Rs. in Million	30,385	82,543	28,354	47,365	47,068	**52,859**
6	Profit After Taxation	Rs. in Million	21,365	73,438	16,246	33,149	30,087	**42,630**
B)	**DIVIDEND**							
1	Cash Dividend	%	160	155	40	100	130	**90**
2	Stock Dividend	%	-	-	-	-	-	**-**
C)	**BALANCE SHEET**							
1	Fixed assets	Rs. in Million	134,336	136,257	162,265	209,364	258,927	**267,623**
2	Long term investments	Rs. in Million	9,598	40,688	32,196	31,590	37,274	**32,350**
3	Current Assets	Rs. in Million	59,639	113,944	134,240	176,182	223,416	**242,123**
4	Current Liabilities	Rs. in Million	65,840	55,436	65,312	80,600	152,896	**151,623**
5	Paid Up Capital	Rs. in Million	4,813	4,813	4,813	4,813	4,814	**4,814**
6	Reserves	Rs. in Million	28,152	48,872	50,504	62,073	59,208	**62,489**
7	Non Controlling Interest	Rs. in Million	59,901	119,278	122,148	134,857	144,024	**164,360**
8	No. of Ordinary Shares	Million	481.29	481.29	481.29	481.29	481.29	**481.29**
D)	**RATIO ANALYSIS**							
1	Gross Profit	%	24.85	22.80	27.07	29.79	30.38	**30.56**
2	Net Profit to Sales	%	11.74	46.71	12.63	19.32	13.33	**17.12**
3	Operating Profit Margin	%	20.16	54.67	24.33	31.22	27.50	**28.74**
4	EBITDA margin	%	26.90	62.52	32.29	35.77	33.08	**35.60**
5	Earnings Per Share	Rs.	19.17	53.12	7.19	29.60	11.75	**15.76**
6	Inventory Turnover	Time	7.85	9.79	7.89	7.95	8.46	**9.13**
7	Age of Inventory	Days	46.52	37.28	46.25	45.90	43.13	**39.96**
8	Debtors Turnover	Time	37.11	15.36	9.39	10.63	6.41	**4.85**
9	Average Collection Period	Days	9.84	23.76	38.85	34.33	56.95	**75.19**
10	Operating Cycle	Days	56.36	61.04	85.11	80.22	100.07	**115.15**
11	Total Assets Turnover	Time	0.89	0.54	0.39	0.41	0.43	**0.46**
12	Fixed Assets Turnover	Time	1.35	1.15	0.79	0.82	0.87	**0.93**
13	Break-up Value of Share	Rs.	68.49	111.54	114.93	138.97	133.02	**139.84**
14	Dividend Yield	%	13.43	10.74	3.58	9.00	8.43	**7.40**
15	Dividend Payout Ratio	%	36.04	10.16	11.85	14.52	20.80	**10.16**
16	Return on Equity	%	64.81	136.79	29.37	49.56	46.99	**63.34**
17	Debt Equity Ratio	Time	0.93	0.52	0.61	0.77	0.91	**0.85**
18	Current Ratio	Time	0.91	2.06	2.06	2.19	1.46	**1.60**
19	Quick Ratio	Time	0.69	1.86	1.86	1.97	1.33	**1.48**
20	Total Debt Ratio	Time	0.55	0.43	0.47	0.52	0.64	**0.61**
21	Interest Cover Ratio	Time	4.41	13.84	6.04	8.48	3.91	**3.46**
22	Dividend Cover Ratio	Time	2.77	9.84	8.44	6.89	4.81	**9.84**
23	Return on capital employed	%	64.81	136.79	29.37	49.56	46.99	**63.34**
24	Market Value per Share	Rs.	119.14	144.33	111.88	111.15	154.21	**121.54**
25	Market Capitalization	Rs. in Million	57,341	69,465	53,847	53,495	74,220	**58,495**
26	Price Earning Ratio	Times	6.21	2.72	15.56	3.76	13.12	**7.71**
E)	**PRODUCTION**							
1	Urea	Metric Tons	1,964,034	1,881,016	1,806,977	1,928,080	2,003,035	**2,247,242**
2	NPK	Metric Tons	126,074	94,610	109,059	132,970	134,784	**140,552**
3	PVC - Resin	Metric Tons	162,000	172,000	187,000	202,000	197,000	**153,000**
4	EDC	Metric Tons	100,000	106,000	107,000	107,000	110,000	**79,000**
5	Caustic Soda	Metric Tons	98,000	103,000	105,000	105,000	105,000	**77,000**
6	Caustic Flakes	Metric Tons	-	-	-	-	4,000	**2,000**
7	VCM	Metric Tons	162,000	174,000	180,000	195,000	184,000	**148,000**
8	Power	Mega watts	1,424,015	1,264,667	1,737,394	1,526,309	3,097,604	**3,097,604**
10	Milling/Drying unit of rice processing plant	Metric Tons	45,982	28,474	59,371	77,008	93,689	**132,115**
11	Ice Cream	Thousand Litres	19,364	-	-	-	-	**-**
F)	**OTHERS**							
1	Employees	Nos.	3,975	2,037	2,071	2,343	2,658	**2,799**
2	Capital Expenditure	Rs. in Million	8,917	23,721	29,947	36,606	46,996	**18,718**

HORIZONTAL ANALYSIS

BALANCE SHEET

Particulars	2015	2016	2017	2018	2019	2020	15 over 14	16 over 15	17 over 16	18 over 17	19 over 18	20 over 19
	Rs. in Million						Percentage Change					
Share Capital and Reserves												
Issued, subscribed and paid up capital	4,813	4,813	4,813	4,813	4,814	**4,814**	-	-	-	-	-	**-**
Revenue reserves	28,152	48,872	50,504	62,073	59,208	**62,489**	48%	74%	3%	23%	-5%	**6%**
Non-Controlling interest	59,901	119,278	122,148	134,857	144,024	**164,360**	59%	99%	2%	10%	7%	**14%**
Share holder's equity with FVR	92,866	172,963	177,465	201,743	208,046	**231,663**	51%	86%	3%	14%	3%	**11%**
Non Current Liabilities	49,758	72,918	94,411	139,270	212,698	**217,739**	-46%	47%	29%	48%	53%	**2%**
Sub Total	142,624	245,881	271,876	341,013	420,744	**449,402**	-7%	72%	11%	25%	23%	**7%**
Current Liabilities												
Current portion - long term loan	22,791	13,374	12,392	11,956	22,096	**30,008**	36%	-41%	-7%	-4%	85%	**36%**
Current portion - Lease Liability	-	-	-	-	4,444	**4,935**	-	-	-	-	100%	**11%**
Short term financing - secured	6,608	8,405	11,327	6,641	15,511	**12,505**	-9%	27%	35%	-41%	134%	**-19%**
Trade and other payables	34,619	32,107	39,311	51,119	103,382	**86,886**	-16%	-7%	22%	30%	102%	**-16%**
Markup payable on secured loans	1,428	1,238	1,553	2,363	3,457	**1,434**	-38%	-13%	25%	52%	46%	**-59%**
Provision for taxation	-	62	220	8,300	3,439	**2,780**	-	-	255%	3673%	-59%	**-19%**
Others	394	250	509	221	566	**13,074**	-72%	-37%	104%	-57%	156%	**2208%**
Sub Total	65,840	55,436	65,312	80,600	152,896	**151,623**	-4%	-16%	18%	23%	90%	**-1%**
Total	208,464	301,317	337,188	421,613	573,640	**601,025**	-6%	45%	12%	25%	36%	**5%**

Particulars	2015	2016	2017	2018	2019	2020	15 over 14	16 over 15	17 over 16	18 over 17	19 over 18	20 over 19
	Rs. in Million						Percentage Change					
Assets												
Property, plant and equipment (Incl intangibles and biological asset)	134,336	136,257	162,265	209,364	258,927	**267,623**	-4%	1%	19%	29%	24%	**3%**
Right-of-use assets	-	-	-	-	4,927	**7,020**	-	-	-	-	100%	**42%**
Net Investment in Lease	-	-	-	-	45,564	**44,557**	-	-	-	-	100%	**-2%**
Long term investments	9,598	40,688	32,196	31,590	37,274	**32,350**	26%	324%	-21%	-2%	18%	**-13%**
Long term loans and advances	3,758	9,851	6,810	4,093	3,305	**2,110**	1124%	162%	-31%	-40%	-19%	**-36%**
Others	1,133	577	1,677	384	228	**5,241**	-32%	-49%	191%	-77%	-41%	**2199%**
Sub Total	148,825	187,373	202,948	245,431	350,224	**358,902**	-1%	26%	8%	21%	43%	**2%**
Current Assets												
Stores, spares and loose tools	7,679	7,148	7,639	7,688	7,637	**9,069**	-2%	-7%	7%	1%	-1%	**19%**
Contract Asset	-	-	-	-	5,313	**5,715**	-	-	-	-	100%	**8%**
Current proportion of Investment in Lease	-	-	-	-	2,544	**3,255**	-	-	-	-	100%	**28%**
Stock in trade	14,089	10,704	13,066	17,228	19,913	**17,938**	-32%	-24%	22%	32%	16%	**-10%**
Trade debts	6,734	13,734	13,641	18,630	51,817	**50,751**	119%	104%	-1%	37%	178%	**-2%**
Loans, advances, deposit, prepayments and							47%	19%	19%	25%	36%	**0%**
other receivables including Accrued Income	9,599	11,445	13,601	16,987	23,042	**23,144**	-48%	-100%	-	-	-	**-**
Others	2,368	-	-	-	-	**-**						
Short term investments	14,050	64,726	69,895	103,533	90,594	**107,344**	-38%	361%	8%	48%	-12%	**18%**
Investment - Held for sale	-	-	6,611	-	1,326	**67**	-	-	100%	-100%	100%	**-95%**
Cash and bank balances	5,120	6,187	9,787	12,116	21,230	**24,838**	-27%	21%	58%	24%	75%	**17%**
Sub Total	59,639	113,944	134,240	176,182	223,416	**242,123**	-18%	91%	18%	31%	27%	**8%**
Total Assets Employed	208,464	301,317	337,188	421,613	573,640	**601,025**	-6%	45%	12%	25%	36%	**5%**

VERTICAL ANALYSIS

BALANCE SHEET

Particulars	Rs. in Million 2015	2016	2017	2018	2019	2020	Percentage 2015	2016	2017	2018	2019	2020
Share Capital and Reserves												
Issued, subscribed and paid up capital	4,813	4,813	4,813	4,813	4,813	**4,814**	2%	2%	1%	1%	1%	**1%**
Revenue reserves	28,152	48,872	50,504	59,208	59,208	**62,489**	14%	16%	15%	12%	10%	**10%**
Non-Controlling interest	59,901	119,278	122,148	144,024	144,024	**164,360**	29%	40%	36%	30%	25%	**27%**
Share holder's Equity with FVR	92,866	172,963	177,465	208,045	208,045	**231,663**	45%	57%	53%	44%	36%	**39%**
Non Current Liabilities	49,758	72,918	94,411	212,698	212,698	**217,739**	24%	24%	28%	45%	37%	**36%**
Sub Total	142,624	245,881	271,876	420,743	420,743	**449,402**	68%	82%	81%	88%	73%	**75%**
Current Liabilities												
Current portion - long term loan	22,791	13,374	12,392	22,096	22,096	**30,008**	11%	4%	4%	5%	4%	**5%**
Current portion - Lease Liability	-	-	-	-	4,444	**4,935**	-	-	-	-	1%	**1%**
Short term financing - secured	6,608	8,405	11,327	15,511	15,511	**12,505**	3%	3%	3%	3%	3%	**2%**
Trade and other payables	34,619	32,107	39,311	103,382	103,382	**86,886**	17%	11%	12%	22%	18%	**14%**
Markup payable on secured loans	1,428	1,238	1,553	3,457	3,457	**1,434**	1%	0%	0%	1%	1%	**0%**
Provision for taxation	-	62	220	3,439	3,439	**2,780**	0%	0%	0%	1%	1%	**0%**
Others	394	250	509	566	566	**13,074**	0%	0%	0%	0%	0%	**2%**
Sub Total	65,840	55,436	65,312	148,453	152,896	**151,623**	32%	18%	19%	31%	27%	**25%**
Total	208,464	301,317	337,188	569,196	573,639	**601,025**	100%	100%	100%	120%	100%	**100%**

Particulars	Rs. in Million 2015	2016	2017	2018	2019	2020	Percentage 2015	2016	2017	2018	2019	2020
Assets												
Property, plant and equipment (Incl intangibles and biological asset)	134,336	136,257	162,265	258,927	258,927	**267,623**	64%	45%	48%	54%	45%	**45%**
Long term investments	9,598	40,688	32,196	37,274	37,274	**32,350**	5%	14%	10%	8%	6%	**5%**
Right-of-use assets	-	-	-	-	-	**7,020**	-	-	-	-	-	**1%**
Net Investment in Lease	-	-	-	-	-	**44,557**	-	-	-	-	-	**7%**
Long term loans and advances	3,758	9,851	6,810	3,305	3,305	**2,110**	-	3%	2%	1%	1%	**0%**
Others	1,133	577	1,677	228	228	**5,241**	1%	0%	0%	0%	0%	**1%**
Sub Total	148,825	187,373	202,948	299,733	350,224	**358,902**	71%	62%	60%	63%	61%	**60%**
Current Assets							-	-	-	-		
Stores, spares and loose tools	7,679	7,148	7,639	7,688	7,637	**9,069**	4%	2%	2%	2%	1%	**2%**
Contract Asset	-	-	-	-	-	**5,715**	-	-	-	-	-	**1%**
Current proportion of Investment in Lease	-	-	-	-	-	**3,255**	-	-	-	-	-	**1%**
Stock in trade	14,089	10,704	13,066	17,228	19,913	**17,938**	7%	4%	4%	4%	3%	**3%**
Trade debts	6,734	13,734	13,641	18,630	51,817	**50,751**	3%	5%	4%	4%	9%	**8%**
Loans, advances, deposit, prepayments and other receivables including advance income tax	9,599	11,445	13,601	16,987	23,042	**23,144**	5%	4%	4%	4%	4%	**4%**
Others	2,368	-	-	-	-	**-**	1%	0%	0%	0%	0%	**0%**
Short term investments	14,050	64,726	69,895	103,533	90,594	**107,344**	7%	21%	21%	22%	16%	**18%**
Investment - Held for sale	-	-	6,611	-	1,326	**67**	0%	0%	2%	0%	0%	**0%**
Cash and bank balances	5,120	6,187	9,787	12,116	21,230	**24,838**	2%	2%	3%	3%	4%	**4%**
Sub Total	59,639	113,944	134,240	176,182	223,416	**242,123**	29%	38%	40%	37%	39%	**40%**
Total Assets Employed	208,464	301,317	337,188	475,915	573,640	**601,025**	100%	100%	100%	100%	100%	**100%**

HORIZONTAL ANALYSIS

PROFIT AND LOSS

	Rs. in Million						Percentage Change					
	2015	2016	2017	2018	2019	**2020**	15 over 14	16 over 15	17 over 16	18 over 17	19 over 18	**20 over 19**
Net sales	181,980	157,208	128,592	171,568	225,765	**248,950**	3660%	-14%	-18%	33%	32%	**10%**
Cost of sales	136,759	121,365	93,786	120,460	157,167	**172,869**	3276%	-11%	-23%	28%	30%	**10%**
Gross profit	45,221	35,843	34,806	51,108	68,599	**76,081**	5629%	-21%	-3%	47%	34%	**11%**
Selling and distribution expenses	10,766	12,053	7,850	8,488	8,103	**7,845**	11167%	12%	-35%	8%	-5%	**-3%**
Administrative expenses	5,209	4,352	4,282	6,605	7,671	**9,342**	713%	-16%	-2%	54%	16%	**22%**
Other operating expenses	3,236	2,351	2,570	4,427	7,400	**6,687**	8207%	-27%	9%	72%	67%	**-10%**
Other income	10,686	68,852	11,185	21,984	16,672	**19,347**	3716%	544%	-84%	97%	-24%	**16%**
Operating profit	36,696	85,939	31,289	53,572	62,096	**71,555**	12374%	134%	-64%	71%	16%	**15%**
Finance cost	8,919	6,431	5,624	6,336	16,176	**21,493**	949%	-28%	-13%	13%	155%	**33%**
Share of profit of associates & Joint Ventures	2,608	3,035	2,689	129	1,148	**2,796**	-41%	16%	-11%	-95%	790%	**144%**
Profit before taxation	30,385	82,543	28,354	47,365	47,068	**52,859**	680%	172%	-66%	67%	-1%	**12%**
Taxation	9,020	9,105	12,108	14,216	16,982	**10,229**	1942%	1%	33%	17%	19%	**-40%**
Profit after taxation	21,365	73,438	16,246	33,149	30,087	**42,630**	519%	244%	-78%	104%	-9%	**42%**

VERTICAL ANALYSIS

PROFIT AND LOSS

	Rs. in Million						Percentage					
	2015	2016	2017	2018	2019	**2020**	2015	2016	2017	2018	2019	**2020**
Net sales	157,208	128,592	171,568	225,920	225,920	**248,950**	100%	100%	100%	100%	100%	**100%**
Cost of sales	121,365	93,786	120,460	157,233	157,233	**172,869**	77%	73%	70%	70%	70%	**69%**
Gross profit	35,843	34,806	51,108	68,687	68,687	**76,081**	23%	27%	30%	30%	30%	**31%**
Selling and distribution expenses	12,053	7,850	8,488	8,103	8,103	**7,845**	8%	6%	5%	4%	4%	**3%**
Administrative expenses	4,352	4,282	6,605	8,603	8,603	**9,342**	3%	3%	4%	4%	4%	**4%**
Other operating expenses	2,351	2,570	4,427	6,863	6,863	**6,687**	1%	2%	3%	3%	3%	**3%**
Other income	68,852	11,185	21,984	16,692	16,692	**19,347**	44%	9%	13%	7%	7%	**8%**
Operating profit	85,939	31,289	53,572	61,810	61,810	**71,555**	55%	24%	31%	27%	27%	**29%**
Finance cost	6,431	5,624	6,336	16,176	16,176	**21,493**	4%	4%	4%	7%	7%	**9%**
Share of profit of associates	3,035	2,689	129	1,148	1,148	**2,796**	2%	2%	0%	1%	1%	**1%**
Profit before taxation	82,543	28,354	47,365	46,782	46,782	**52,859**	53%	22%	28%	21%	21%	**21%**
Taxation	9,105	12,108	14,216	16,994	16,994	**10,229**	6%	9%	8%	8%	8%	**4%**
Profit after taxation	73,438	16,246	33,149	29,788	29,788	**42,630**	47%	13%	19%	13%	13%	**17%**

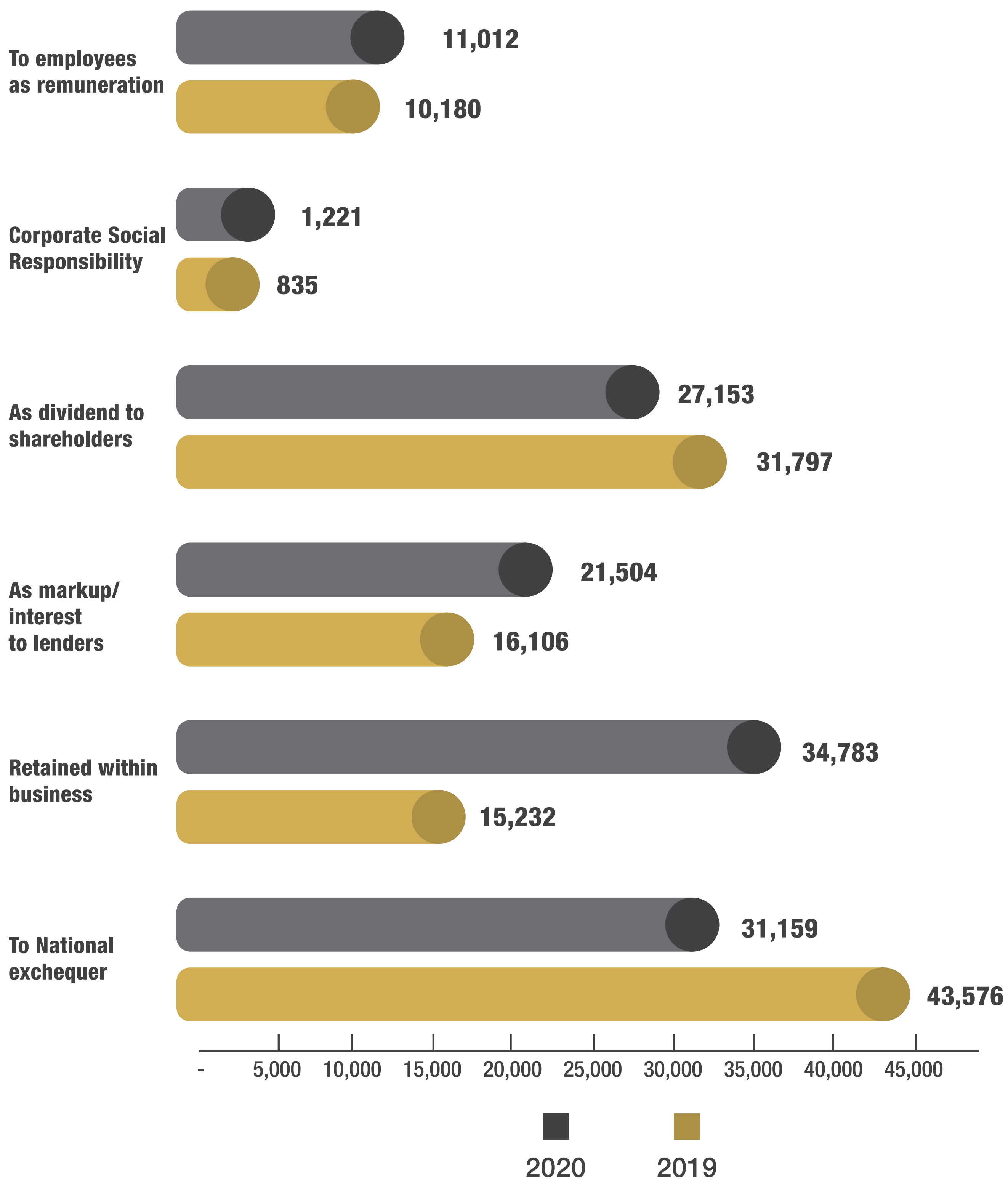
STATEMENT OF VALUE ADDITION

CONSOLIDATED

	2020 PKR 'million'	%age	2019 PKR 'million'	%age
Wealth generated				
Total gross revenue & other income	291,550		264,277	
Brought in materials and services	(164,719)		(146,551)	
Total value addition	126,831		117,726	
Wealth distribution				
To employees (Salaries, wages & benefits)	11,012	9%	10,180	9%
To government (Income Tax, sales tax & wwf)	31,159	25%	43,576	37%
To Society				
Donation toward eductaion,health, environment and natural disaster	1,221	1.0%	835	0.7%
To providers of capital:				
Dividend to Shareholders	27,153	21%	31,797	27%
Markup/interest expenses on borrowed money	21,504	17%	16,106	14%
Retained for investment and future growth, depreciation and retained profits	34,783	27%	15,232	13%
Total value distribution	126,831		117,726	

CONSOLIDATED FINANCIALS

(Amounts in million)



International Women's Day - Choose to Challenge Pledge.

HUSSAIN DAWOOD PLEDGE

"We, as a family and as a Group, are committed to playing our part in helping solve the most pressing issues of our time by helping our country overcome this pandemic. I pray that this Pledge aids the relief efforts and helps to reverse the tide of this pandemic."

- Hussain Dawood

Driven by an undeniable responsibility and its fundamental values, Dawood Hercules Corporation and Engro Corporation are committed to solving some of the most pressing issues of the times. Mr. Hussain Dawood, Chairman, Dawood Hercules Corporation and Engro Corporation, therefore pledged PKR 1 billion on behalf of his Family and Group companies to support COVID-19 relief efforts across multiple fronts, as identified through comprehensive research conducted by Inbox Technologies, an associate company of the Group:

- Enabling patient care and facilities;
- Disease prevention, with a major focus on testing and diagnostics;
- Protecting and enabling healthcare practitioners and other key workers, who are at the frontline of the fight against this pandemic; and,
- Bolstering livelihoods and sustenance of those most in need.

A high-level Steering Committee comprising of top leadership and decision-makers from across the Group, including Dawood Hercules Corporation, Engro Corporation, and Reon Energy was formed to plan, execute, and monitor the impact of various interventions under the Hussain Dawood Pledge. The Group firmly believes that success is only possible through inclusive initiatives. A Group-wide approach and close collaboration has helped it to leverage the diverse nature of businesses and combined expertise in philanthropic activities of The Dawood Foundation and Engro Foundation to maximise the impact of Hussain Dawood Pledge initiatives. Over the last two months, several implementation partners have been taken onboard to carry out projects aimed at reducing the spread and impact of the virus.

ENABLING PATIENT CARE AND FACILITIES

To enhance COVID-19 patient care and facilities, in particular for the underprivileged sections of society, an Intensive Care Unit (ICU)-High Dependency Unit (HDU) was established at Nishtar Medical University and Hospital, Multan. The financial assistance of PKR 12 million was used to set up and operationalise a 16-bed, dedicated ICU-HDU facility with medical equipment. The project was implemented and monitored by Strengthening Participatory Organization (SPO), a civil society organisation with countrywide presence and outreach.

The Dawood Foundation, the charitable arm of the Group, and Allied Bank Limited also made an equal contribution of PKR 9.35 million each for the establishment of High Dependency Unit (HDU) at The Indus Hospital, Karachi, to enhance COVID-19 patient care and facilities. The Indus Hospital used the financial assistance to set up and operationalise a 20-bed, dedicated HDU facility with medical equipment.

The Dawood Foundation entered a strategic partnership with The British Asian Trust to promote mental health support among frontline workers and the general population directly affected by COVID-19 pandemic. Under the program, outreach services were developed to provide mental health support and referral for frontline workers, patients screened and tested for COVID-19 through the Indus Health Network and other partner hospitals, and the public in general as well. The program was executed in collaboration with IRD Pakistan, a health delivery and research organisation that has devised specific mental health interventions catered to healthcare providers and population affected by COVID-19.

The Dawood Foundation also collaborated with Aga Khan University (AKU) to build the capacity of frontline healthcare professionals to manage COVID-19 patients across Pakistan. The Dawood Foundation contributed PKR 79.5 million for this two-phased project, in coordination with the Ministry of National Health Services, Regulation and Coordination. In the first phase, 5,000 physicians, nurses and paramedical staff received online training in the management of moderate-to-critical COVID-19 patients across the country. In phase two of the project, AKU provided on-site training to 500 healthcare professionals to build capacity in their respective institutions, in relevant areas of COVID-19 treatment and beyond. Under the partnership, AKU operated a teleconsultation service for healthcare professionals as well, with the aim to enhance the treatment of over 16,000 hospitalised patients.

Engro Fertilizers also worked closely with Sehat Kahani, a leading e-health solution provider, to use its telemedicine platform to promote quality healthcare for all amid the COVID-19 pandemic. Under the initiative, Sehat Kahani was supported with the addition of 100 more doctors to the telemedicine app for greater number of virtual consultations. This purpose-driven partnership with Sehat Kahani aimed to benefit citizens by democratising healthcare access through the integration of technology and innovative solutions, while also reducing the spread of COVID-19 due to no physical contact.

DISEASE PREVENTION, WITH A MAJOR FOCUS ON TESTING AND DIAGNOSTICS

Engro Energy Limited made a PKR 50 million donation to the Government of Sindh Corona Emergency Fund to support the provincial government's fight against the pandemic.

In the area of disease prevention, Engro Fertilizers provided PKR 95 million in financial assistance to The Indus Hospital for "Sindh Screening Program – Free of Cost" campaign. Under this initiative, the Company sponsored The Indus Hospital Network to expand COVID-19 testing capacity across rural Sindh, including Ghotki, Larkana, Nawabshah, Jamshoro, Sukkur, Tharparkar, and Badin.

Further, Engro Foundation – the social investment arm of Engro Corporation – also provided PKR 60 million in financial assistance to Shaukat Khanum Memorial Cancer Hospital and Research Centre to expand COVID-19 testing capacity across Southern Punjab, including Multan, Dera Ghazi Khan, Layyah, Muzaffargarh, Bahawalpur, and Bahawalnagar. These testing interventions helped in early detection and control of local virus transmission and strengthened the health sector to cope with the ongoing pandemic.

PROTECTING AND ENABLING HEALTHCARE PRACTITIONERS AND OTHER KEY WORKERS

To protect frontline healthcare practitioners, the Engro Vopak and Engro Elengy Terminal teams have worked tirelessly with Engro Foundation to commit a donation of 459,000 units of personal protective equipment (PPE) worth PKR 100 million. So far, over 352,500 units of protective gear have already been delivered to 31 institutions and medical centers across Sindh, Punjab, Khyber Pakhtunkhwa, and Balochistan. The donated protective equipment includes face masks, coveralls, face shields, latex gloves, and intubation boxes. For this initiative, National Disaster Management Authority (NDMA) and provincial governments were engaged to identify short medical supplies, most-impacted areas and health institutions that required urgent support in the battle against COVID-19.

OTHERS – GENERAL

To promote the well-being of vulnerable and marginalised segments of society in Pakistan on a sustainable basis, Engro Foundation has signed a three-year Memorandum of Cooperation with the Bill and Melinda Gates Foundation. Under the cooperation agreement, the organisations will also explore opportunities to support the Government of Pakistan's poverty alleviation program for deserving families, whose incomes have been adversely affected by the coronavirus lockdowns. Engro Foundation will be representing the philanthropic endeavours and mission of The Dawood Foundation and its affiliates as well. Both organisations will also evaluate other areas of mutual interest, such as nutrition, agriculture development, financial inclusion, women empowerment, and health of mothers and children. In addition to program specific cooperation, the organisations will benefit from shared experience and learnings related to grantmaking, including strategy development, grant implementation and operational support.

Engro Fertilizers, Engro Powergen Qadirpur, and Thar Foundation have also supported the district authorities and local communities through ration distribution and converting their facilities to quarantine centers.

In the coming days, the PKR 1 billion Hussain Dawood Pledge is expected to announce more initiatives and partnerships with reputable organisations to alleviate the COVID-19 crisis.

To increase awareness of climate change with a focus on water, participants from DH Corp, Engro Corp, Engro Foundation and Engro Energy volunteered to make the first ever pilot video 'Human Wave' for the project "Life is H2O" in collaboration with "The Change Leaders" members, alumni of University of Oxford Said Business School.

NOTICE OF 53rd ANNUAL GENERAL MEETING

Notice is hereby given that Fifty-Third Annual General Meeting (AGM) of Dawood Hercules Corporation Limited (the "Company") will be held on Tuesday, April 27, 2021 at 11:00 a.m. virtually via video link facility 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, 2020 together with the Auditors' and Directors' Reports thereon and the Review Report of the Chairman.

2. To appoint auditors and to fix their remuneration. The members are hereby notified that the Board of Directors and the Board Audit Committee have recommended the name of A. F. Ferguson & Co. Chartered Accountants, for re-appointment as auditors of the Company.

By Order of the Board

Place: Karachi, **Asim H. Akhund**
Dated: March 01, 2021 Company Secretary

Notes:

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

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

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

In order to participate in the AGM proceedings via video link, the members are required to email their Name, Folio Number, Cell No., and Number of Shares held in their name with subject "Registration for Dawood Hercules Corporation Limited AGM" along with valid copy of CNIC (both sides) at company.secretary@dawoodhercules.com. Video link and login credentials will be shared with only those members whose emails, containing all the required particulars, are received by close of office on April 26, 2021.

Shareholders can also provide their comments and questions for the agenda items of the AGM at the email address company.secretary@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, 2020 on its website: www.dawoodhercules.com

3. Closure of Share Transfer Books:

The Share Transfer Books of the Company will remain closed from April 21, 2021 to April 27, 2021 (both days inclusive). Transfers received in order at the office of the Company's Share Registrar, FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi, PABX No (92-21) 34380101-5 and email info.shares@famco.com.pk, by close of business on April 20, 2021, will be treated as being in time for the purposes of attending and voting at the AGM.

4. **Participation in the Annual General Meeting:**

All members, entitled to attend and vote at the meeting, are entitled to appoint another person in writing as their proxy to attend and vote on their behalf. A proxy need not be a member of the Company. A corporate entity, being member, may appoint any person, regardless of whether they are a member or not, 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 above mentioned email address at least 48 hours before the AGM.

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

B) For Appointing Proxies

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

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

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

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

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

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

All those individual members holding physical shares who have not yet recorded their CNIC No. are once again reminded to immediately submit the copy of their CNIC to Company's Share Registrar, FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Block 6, P.E.C.H.S. Shahra-e-Faisal, Karachi. 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, 2020, effective July 01, 2020, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 30% and for FILER of tax returns as 15%. List of filer is available at Federal Board of Revenue's (FBR) website: http://www.fbr.gov.pk. Members are therefore advised to update their tax FILER status latest by April 20, 2021.

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

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

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

The required information must reach our Share Registrar by the close of business on April 20, 2021; otherwise it will be assumed that the shares are equally held by principal shareholder and joint-holder(s).

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

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

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by April 20, 2020.

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

7. **Payment of Cash Dividend Electronically**

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

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

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

Note: Signature must match specimen signature registered with the Company

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

8. **Unclaimed Dividend**

Shareholders, who by any reason, could not claim their dividends/shares, if any, are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend/shares.

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

9. Deposit of Physical Shares into CDC Accounts

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

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

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

Pursuant to S.R.O 470(I)/2016 dated May 31, 2016, the shareholders of the Company have accorded approval in general meeting for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intend to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.dawoodhercules.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 ANNUAL GENERAL MEETING HELD ON APRIL 27, 2019

In the Annual General Meeting held on April 27, 2019, the shareholders of the Company approved to lend / provide short term funded and unfunded financing facilities to the following associated companies up to the amounts stated below in respect of each. The facility was approved for one (1) year, along with renewal of the same for four (4) further periods of one (1) year each was also approved.

- Dawood Lawrencepur Limited - PKR 5 billion
- Tenaga Generasi Limited - PKR 1 billion
- Cyan Limited - PKR 2 billion
- Engro Corporation Limited - PKR 6 billion
- Engro Fertilizers Limited - PKR 2 billion
- Engro Polymers & Chemicals Limited - PKR 2 billion
- Engro Energy Limited - PKR 2 billion
- Engro EXIMP Agriproducts (Private) Limited - PKR 1 billion

This short-term facility has not been utilized to date since approval, however, it is being renewed as earlier approved by the shareholders.

CHAIRMAN'S AND VICE CHAIRMAN'S REVIEW 2020

CHAIRMAN'S AND
VICE CHAIRMAN'S REVIEW 2020

Dear Shareholders,

On behalf of the Board of Directors, it is our privilege to present to you the Annual Report of your Company for the year ended 31st December 2020. In these uncertain times, it is your continued trust in the Company that supports our determination to keep investing in businesses of the future.

This year presented us with unique challenges as the impact of the Coronavirus was felt worldwide. As governments struggled with lockdown measures to tackle the spread of the virus, economies and businesses across the world experienced disruption to continuity.
DH Corp quickly pivoted to a fully flexible Work From Home (WFH) mode, owing to its pre-pandemic work model which demonstrated its robustness against such external variabilities. However, as the pandemic spread and the infection rate increased, several employees and their families were impacted. We organised to provide the utmost support to our colleagues from an early stage in March 2020, and stood in solidarity by one another in times of grief. Many lost their loved ones during this time, and there was an overall aura of stress and uncertainty.

We would like to take the opportunity to acknowledge the tireless efforts of the Leadership and the Crisis Response Committee to keep our people secure. The Leaders of the Company maintained the responsibility of leading with Character and Good Manners and particularly highlighted the power of kindness and an empathetic working culture. The pandemic also made us recognise the elements that we must hold dearly to ourselves; family, environment, and sustainability. A positive outcome is that the world has come closer owing to technology adoption at personal and corporate levels, technology and processes that would have taken years to adopt have been implemented within a matter of months.

We also continue to be fully committed to serve our nation. Your Company led the way by participating in the Rs 1 billion HD Pledge to fight against the Coronavirus pandemic. Four key areas of focus were identified: Disease Prevention, Enabling Healthcare Practitioners, Enabling Patient Care, and Sustenance & Livelihood. Working in these areas has helped in reducing the spread, training front line workers and also educating people in general about preventive care. We have partnered with key Government organisations, such as the National Disaster Management Authority, because by working together we can sustainably benefit the nation much more.

We continue to practice our Guiding Principles that enshrine Entrepreneurship, Growth, and Disruptive Technologies as the foundation of our investment philosophy. While working within our core values, we strive to be more agile and flexible in execution and thought process. Our journey has evolved from being an Old Economy manufacturer to an Investment Company, focused on the Future Economy. We believe in investing in initiatives that are disruptive and have the potential for growth beyond boundaries. We are investing in the digital future and embracing global technological acceleration with the intention of being part of the global markets in the IT sector.
This shift entails competence in leadership development, upskilling and reskilling of our people, intellectual curiosity, international networking opportunities and partnerships to create meaningful synergies.

As a part of upskilling of our teams, we most recently had the opportunity of engaging at the World Economic Forum's Davos Agenda, a gathering of world leaders, CEOs and philanthropists to learn, exchange ideas and discuss burning global trends and issues especially those pertaining to environmental sustainability. A week-long immersive learning event was organised at Karachi School of Business and Leadership (KSBL) with employees from all organisations of the Group. These cross-enterprise events are exhibiting the immeasurable value of an open learning culture, where people are encouraged to act proactively in organisational initiatives and outcomes.

Our investment in Engro Corporation Limited continues to demonstrate good performance and we make steady efforts to create value and deliver sustainable growth. The Board is pleased to share that your Company was recognised, once again, as one of the top 25 Companies of the PSX. For this achievement of success, the Board congratulates the Chief Executive, his team and all the Employees.

Furthermore, it is our privilege to acknowledge the exceptional contribution of the Board in defining the Direction of your Company, and their collaboration and guidance to its Management will always be valued.

Lastly, please accept our sincere appreciation for your continued confidence and trust in your Company. Our success would not have been possible in these uncertain times, without the trust guidance and support of our Board, our leadership, our shareholders, our employees and our stakeholders.

Hussain Dawood
Chairman
02 April 2021

Shahzada Dawood
Vice Chairman
02 April 2021

SUSTAINABLE IMPACT

At DH Corp, we are committed to improving lives, making a difference and caring about our environment and our people. Sustainable growth is all about placing people before profit and is now globally recognised as an important indicator of an organisation's responsibility towards all its stakeholders. The United Nations Sustainable Development Goals (UN SDGs) were set in 2015 and are a globally accepted benchmark by world leaders. These goals work towards creating a better world by ending poverty, fighting inequality and addressing the urgency of climate change by 2030.

We have prioritised the SDG goals in areas most relevant to our business and where the greatest societal impact can be made. Our initial SDGs mapping exercise has been done with the support of UNDP's SDGs Support Unit Sindh – and lists out the most relevant goals that we have progressed on.

GOAL 3: GOOD HEALTH AND WELLBEING

Due to the COVID-19 pandemic, several challenges affected the economic, social, business, and environmental factors. For the fight against COVID -19 in Pakistan, Mr. Hussain Dawood on behalf of Dawood Hercules Corporation, Engro Corporation and his family pledged a contribution of PKR 1 billion for the short, medium and long-term. The Hussain Dawood Pledge's focus areas are: disease prevention, protecting and enabling healthcare practitioners, frontline workers, enabling patient care facilities, bolstering livelihoods and sustenance of the most deserving in society. DH Corp has committed 25% of this total and is serving these streams.

Due to COVID-19, offices were shut in an attempt to minimise the spread of the pandemic. Work From Home was easily adopted by all employees due to seamless support by the IT department and work from home guidelines by the HR department executing a healthy work-life balance.

A 24/7 rapid response team, the Crisis Management Committee with all department heads, providing help related to COVID-19 to all employees and their families was formed. To curtail the spread of COVID-19 amongst our employees and visitors at our head office at the Dawood Center, WorkSafe Analytics® (WSA) hardware and software was installed. Using Computer Vision, WSA has real-time monitoring and detection of social distancing, occupancy levels and mask usage, highlighting specific actions to mitigate any risks as and when they occur. This intervention against the spread of COVID-19 enabled us to establish a safer and healthier environment by following the established SOPs.

To ensure wellbeing, health insurance is given to all employees. DH Revitalise, an internal campaign, engages employees in activities like dinners, competitions, birthday celebrations, exercise bootcamps, counseling facilities and training are also conducted. In addition, flexible working hours are offered to all employees. A fitness gym within the office allows access to a healthier lifestyle.

GOAL 4: QUALITY EDUCATION

The Dawood family formed The Dawood Foundation (TDF) in 1960 with a vision to empower individuals through learning and education. TDF strives to introduce innovative interactive spaces for informal learning that serve all age groups and are accessible to everyone. TDF is putting up The MagnifiScience Center which will be Pakistan's first world-class interactive science museum, and we are passionately participating in supporting it. TDF also contributes towards Karachi School of Business and Leadership (KSBL). DH Corp makes a contribution of 1% Profit-Before-tax towards unique projects by TDF.

To enhance our learning, DH Corp participates in the World Economic Forum's annual event at Davos. In 2020, we also participated in the Bloomberg New Economic Forum which is a common platform to unite the leaders from the East and the West for a healthy discussion on economy and global issues.

DH Corp has an internal learning platform campaign, Learning Circle, to foster a learn and share culture. International and local experts conducted as many as 16 interactive sessions on a variety of subjects.

GOAL 5: GENDER EQUALITY

DH Corp is an advocate of gender diversity and equality. There has been a marked improvement in the number of women hired within DH Corp between 2019 and 2020. There is an aggregate of 34% women in the organisation in 2020 compared to 24% in 2019. 36% women are in the management in 2020 compared to 22% in 2019, 20% are CEO reportees in both 2019 and 2020, and 10% women in the Board of Directors both in 2020 and 2019.

We aim to make DH Corp a more family friendly workplace and hence understand the importance of being a parent. DH Corp offers upto 16 weeks of paid maternity leave with maternity insurance. Employees can avail up to 5 working days paternity leave. Pay is compensated on merit at hiring, irrespective of gender and compensation is performance-based thereafter.

We recognise the importance of creating a respectful work environment and therefore promote our anti-harassment policy and spread awareness amongst employees through our annual training. In addition, we also email all employees about the existence of the policy and they are encouraged to avail it for their protection if required. The anti-harassment policy is approved by the board and is endorsed by the management. To ensure a harassment-free culture, we have a platform called Speak-Out, where our employees can lodge their complaint and strict action is taken based on the complaints made. Along with this, we also have a harassment committee which safeguards the interest of the employees. Our Speak-Out Platform and the harassment committee serve to resolve any harassment issues addressed by the employees.

With the goal of connecting women across all our Group companies and to give them an opportunity to shine, we held our first Women's Collective event. The objective is to give women from across the Group a chance to network and support each other.

GOAL 6: CLEAN WATER AND SANITATION

At DH Corp we ensure that the employees are provided clean filtered water for consumption. DH Corp has also reduced the consumption of 500 ml disposable plastic water bottles to zero. The employees have been given glass water bottles to eliminate the use of disposable bottles. Any issue pertaining to leakages of water is immediately addressed to minmise wastage of water. To protect our environment, we have moved to cleaning brands that are environmentally friendly.

GOAL 8: DECENT WORK AND ECONOMIC GROWTH

DH Corp continuously upgrades its technology to facilitate employees and enhance their productivity. During COVID-19, Work From Home (WFH) was established within a day because of the updated technological devices given to the employees and the IT support provided to them during WFH.

With the Green Office program in partnership with the World Wildlife Fund (WWF), DH Corp is monitoring the use of energy, paper and fuel and ensuring its efficient usage.

In 2019, there were 6 employees in the management on a contractual basis out of which 5 were male and 1 was female. Comparatively, in 2020, there were 7 employees in the management that are on a contractual basis, with 5 males and 2 female employees.
For the non-management staff, in 2019 there were 22 males and no females on contractual basis. Whereas in 2020, there are 21 males and no females on a contractual basis.

All employees are well above the minimum wage as set by the Government of Pakistan. Currently we do not have any disabled staff; however, we are planning to include persons with disabilities as part of our workforce in 2021.

GOAL 10: REDUCE INEQUALITY

At DH Corp, trainings are held for employees so that they understand the importance of equality and discrimination is actively discouraged. The company's Speak-Out platform allows employees to report discriminatory acts and unethical behavior etc.

All employees including women are given the best of technology to work with and are given an equal opportunity to grow. Flexible working hours are also offered for employees.

GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION

DH Corp believes in caring for the environment. We have gone 100% paperless with invoices and 95% banking is digitalised. We manage waste by partnering with Garbage CAN who helps us with recycling. DH Corp is taking measures to ensure that employees consume safe drinking water in the office. As 500 ml disposable water bottles are harmful for the environment, we have reduced their consumption from 2676 per year to zero.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

DH Corp is working towards being a Green Office. With this program we are aiming to establish a system to consciously reduce our ecological footprints and aim for the following:

- Reduce consumption of energy by 5% between the years by 2020 and 2021.
- Reduce consumption of paper by 5% between the years 2020 and 2021.
- Reduce the amount of mixed waste by 4% between the years 2020 and 2021.
- Reduce the consumption of travel and transport where possible.
- Reduce water consumption where possible.
- Organise regular environmental awareness for its employees.

GOAL 17: PARTNERSHIPS FOR THE GOALS

DH Corp has partnered with The World Economic Forum, British Asian Trust, Bill & Melinda Gates Foundations, World Wildlife Fund and Garbage CAN. As a Partner Level member organisation of World Economic Forum, DH Corp is involved in contributing its thought leadership in regional action groups on the topic of stakeholder capitalism. Learning opportunities with access to webinars and knowledge is provided for employees across the organisation.

17 PARTNERSHIPS FOR THE GOALS

Hussain Dawood, on behalf of DH Corp, Engro Corp, and his Family, pledged a contribution in services, kind, and cash of PKR 1 billion for the short-, medium-, and long-term. The pledge focuses on disease prevention, protecting and enabling healthcare practitioners and frontline workers, enabling patient care and facilities, and bolstering livelihoods and sustenance of the most deserving in society. DH Corp has committed 25% of this total and is serving these streams.

The team that went out of their way to help employees and their families during COVID-19, and the torrential rains in Karachi. This team is a reliable support system and has earned them the badge of Heroes of DH Corp.

DIRECTORS' REPORT

DIRECTORS' REPORT

We are pleased to report that due to timely and comprehensive preventive and patient care initiatives, all employees of the Company remained safe during the Covid-19 pandemic. Only a few cases of Covid were reported during the year and none of these were a case of transmission from the offices or work premises. Dawood Hercules Corporation (DH Corp) had effectively designed its processes for such disaster management scenarios with the result that work-from-home was initiated even before it was mandated by the government. All subsequent work events including Board and Committee meetings, as well as the Annual General Meeting of the Shareholders were held remotely via video-conference. As always, we put the health and safety of our employees, their families, our stakeholders, and the community in general ahead of business considerations.

We now present the Annual Report and the Audited Financial Statements of DH Corp for the year ended 31 December 2020.

A. Economic Overview

The year 2020 turned out to be a challenging and extremely volatile year for the global economy after being hit by the deadly pandemic. IMF expects the world economy to contract by 3.5% in 2020 before recovering by 5.5% in 2021. In Pakistan the pandemic and closure of business activity led to its first annual contraction in GDP (0.4%) in FY 2020.

During the year, the USD 6 bn IMF program was suspended whilst USD 1.4 bn was received under IMF's Rapid Financing Instrument to specifically address pandemic issues. Similar expansionary actions were taken through monetary and fiscal policies. The State Bank of Pakistan reduced the policy rate by 625bps from 13.25% to 7.0% in a matter of 3 months. This measure was further complemented by loan rescheduling, payroll finance schemes, and Temporary Economic Refinance Facility (TERF) to induce investment activity in the economy. A similar stimulus was provided through the fiscal policy and a PKR 1.2tn package was announced by the Government of Pakistan for various sectors.

Resultantly, the second half of CY 2020 fared better for the economy as the nationwide lockdown relaxed. Business activity started to pick up and resultantly the Large-Scale Manufacturing (LSM) Index registered a YoY growth of 8.2% in 1HFY21 against 1HFY20. Low oil prices and the absence of luxury imports as well as impressive growth in remittances kept the balance of payments account in check. The country registered a current account surplus of USD$ 1.13bn in 1HFY21 against the deficit of USD$ 2.03bn in 1HFY20.

B. Principal Activity

The Principal Activity of DH Corp is to undertake and manage investments in, but not limited to, its subsidiaries and/or associated companies, at national and international levels and to do all incidental acts and things necessary for the attainment of this objective.

I. Tech Initiatives:

DH Corp is focused on investment in the IT services sector with an emphasis on export-led growth. This is in line with DH Corp's stated focus in the 2019's annual reports and government's policy to enhance exports. A wholly-owned technology subsidiary – Empiric AI (Private) Limited was established and operationalised in June 2020. DH Corp has engaged a California-based Company, Vasona Systyems International LLC (VSi), to assist and advise in this regard.

II. Money Market Portfolio:

With the decline in interest rates, surplus funds were placed in government securities, repurchase agreements, and short-term bank deposits. DH Corp was able to sell its PIBs, at a capital gain. Resultantly, the effective yield of the year was 11.30%, generating a 8bps positive arbitrage on our Sukuk compared to negative 15bps last year.

III. Listed Equities Portfolio:

We continued to build our investment portfolio in shares of blue-chip listed companies on the Pakistan Stock Exchange (PSX) as per the limits approved by the Board of Directors. With the addition of cement & textile sector stocks, the portfolio was able to reap the benefits of the rebound in the market. However, the portfolio remained heavily invested in oil and bank stocks. On a holding period basis, our portfolio, since inception, yielded a return of 29% (inclusive of dividends) as compared to 18.0% of the KSE-100 index outperforming it by 11%. However, for the calendar year, the portfolio underperformed the market by 3.9%.

Our major investment, Engro operationally performed very well and distributed dividends of PKR 26 pershare for their fiscal year. However, its price was under pressure and dropped by 11%.

We view our investment in Engro as a long-term strategic play with high growth potential. We continue to monitor the progress of DH Corp and its subsidiaries, and some highlights are shared in the subsequent sections.

IV. Engro Corporation Limited:

The consolidated revenue grew by 10%, from PKR 225,765 million during 2019 to PKR 248,817 million primarily attributable to higher revenue from full-year operations of Thar energy projects. The consolidated Profit-After-Tax (PAT) for 2020 was PKR 44,112 million – up by 46%, while PAT attributable to the shareholders increased to PKR 25,100 million from PKR 16,533 million in 2019, resulting in an Earnings per Share (EPS) of PKR 43.57 compared to PKR 28.69 for 2019.

Fertilizers

Despite the challenges faced in 2020, a historic milestone of highest ever urea production of 2,247 KT as compared to 2,003 KT produced in 2019 was achieved, an increase of 13% primarily due to better plant utilization supported by minimal outage days and higher gas availability. This was achieved on the back of the unwavering focus on plant efficiency and engineering excellence. In 2020, a highest ever domestic urea sales of 2,006 KT compared to 1,958 KT in 2019 was also achieved, exhibiting an increase of 2% YoY.

Energy

The mininig operations continued smoothly and the mine supplied 3.8mn tons of coal to Engro Powergen Thar. The expansion of the mine continued with the contractor mobilizing at site.

Thar power plant remained fully operational throughout the year maintaining system reliability despite challenges posed by the COVID-19 crisis.

Qadirpur power plant is facing gas curtailment due to depletion of the Qadirpur gas field. The net electrical output declined with a load factor of 29.5% compared to 58.8% last year.

Petro Chemicals

In 2020, Engro Polymer's revenue decreased by 6% in comparison to 2019, mainly on account of decline in PVC and Caustic volumes and due to plant shutdown during lockdown period. The fall in volumes was offset by higher PVC prices which rallied throughout 2H 2020 on account of global supply constraints. Resultantly, Engro Polymer recorded highest ever profitability in its history as a result of recovery in volumes in 2H 2020, PVC prices and effective cost control.

Terminal Operations

Although the ongoing pandemic has caused severe disruptions, Engro's terminals have ensured continuity of service, maintaining a dynamic strategy to cope with challenges as they arise. The LNG terminal currently fulfills more than 12% of the country's gas requirements. The Engro Vopak Terminal witnessed a volumetric decline of 2% for chemicals and LPG handled over last year.

Telecommunication Infrastructure

Engro Enfrashare engages in the acquisition and construction of shared telecom towers, provision of various telecommunication infrastructure and related services, including state of the art network monitoring solutions. It expanded its footprint further in the tower business and achieved a milestone of delivering a total of 1,265 sites by the end of 2020, catering to all Mobile Network Operators (MNOs) in Pakistan. This portfolio expansion has led to a significant increase in the market share from 18% in 2019 to 41% in 2020.

Foods

The dairy business recorded its 9th consecutive quarter of topline growth. The overall cost environment remained challenging with high increases in the commodity costs in last 12 months due to record food inflation and devaluation of the Pakistan Rupee. However, multiple business initiatives were taken, including cost optimization and mix management to offset these impacts.

Increased focus on the Rice business continued in 2020 and the business recorded a 2.5x increase in profitability compared to 2019.

Corporate and Social Development

I. Human Development:

Talent Development

Our people are our most valuable asset and we have invested extensively in developing our people in the year 2020. Our Learning Circles initiative, endeavoured at sharing knowledge, is a holistic approach to employee development. 16 sessions were held during the year on subjects including cohesive, sustainable and resilient economic systems, driving responsible industry transformation and growth and harnessing the technologies of the Fourth industrial revolution. To enhance the talent of our people, several trainings like Cross Company Technical Training by Galvanize, Trainings & Seminars customized to the relavant job requirments were also held. Additionally, training on Rising Above Unconscious Biases to Create a More Inclusive Work Culture was also conducted.

Employee Team Engagement

To keep employees motivated and engaged during a work from home envrionment especially during COVID, several initiatives were taken to encourage problem solving and remote collaboration and entertainment. These included Photograpy Challenge, Virtual Dinner, Creative Workstation Challenge, Chutkara "Escape Room" activity, Online Color Therapy, The Comedy Zone, Virtual Race Around the World. To keep the teams engaged and connected, an anchored morning meeting with departmental heads took place everyday along with 21 CEO townhalls including 6 with the non management.

Inclusion and Diversification

We consistently strive to ensure that all employees, irrespective of background, religion, gender, or hierarchy are respected and feel a sense of pride and belonging to the organisation.

At DH Corp, by year-end 2020 we had 28% (13) women in our workforce. Employees can take 16 weeks of paid maternity leave with maternity insurance. 5 working days paternal leave can be availed. Pay is compensated on merit at hiring, irrespective of gender and compensation is performance based thereafter. With the goal of connecting women across all our Group companies, the first ever Group-wide Women's Collective meet-up was held. We are also currently working on increasing the women representation and creating a more inclusive environment at DH Corp by introducing family friendly policies.

Health and Safety

The health and safety of our employees is of utmost importance. A Crisis Management Committee was formed comprising of all the departmental heads, providing immediate help related to COVID-19 to all employees and their families . With a doctor on Board 24/7, employees and their families can consult him, have their free COVID test, receive oxygen cylinders and also get a basic COVID essential pack. In addition, flexible working hours and hospitalisation insurance for all employees has been offered. Mental Wellness Programs namely Well Being While Staying at Home, Releasing Techniques and Laughter Therapy Session were held. Two councelling platforms are offered to employees and their families which they can avail at their convenience.

II. Social Contribution:

For the fight against COVID-19 in Pakistan, Mr. Hussain Dawood on behalf of Dawood Hercules Corporation, Engro Corporation and his family pledged a contribution in services, kind, and cash of PKR 1 billion for the short, medium and long-term. The Hussain Dawood Pledge's focus areas are: disease prevention, protecting and enabling healthcare practitioners, frontline workers, enabling patient care facilities, bolstering livelihoods and sustenance of the most deserving in society. Dawood Hercules Corporation has committed 25% of this total and is serving these streams.

During the year, DH Corp contributed PKR 142 Million as Corporate Social Responsibility (CSR) to The Dawood Foundation (TDF) towards their unique projects TDF believes in empowering individuals through education to create a collective change and has been involved in the construction of schools and colleges. Moving towards scalable projects that are more content and technology based in its knowledge dissemination, TDF has also invested in The MagnifiScience Center which will be the first world class interactive science museum in Pakistan. Under TDF also comes Karachi School of Business and Leadership (KSBL) which is committed to promoting the core values of diversity, independence, integrity and entrepreneurial spirit by creating a community of world-class managers, business leaders, and entrepreneurs.

III. Partnerships.

World Economic Forum:

We have partnered with World Economic Forum (networking initiative), to bring learning & innovation back to the Group and to increase our connections for co-investment opportunities. To date we have participated in over 65 learning event opportunities where more than 35 group executives engaged in these events and gained access to Strategic Intelligence tools and knowledge of global business issues.

World Wide Fund

To reduce the ecological footprints of our office premises, we have prartnered with WWF to establish an environmental management program called Green Office. This program will enable us to make our efforts to slow down climate change and also instill environmentally concious habits amongst employees.

C. Financial Report

I. Financial Performance:

The consolidated revenue was PKR 248.95 billion as compared to PKR 225.76 billion for the similar period last year. Strong operational performance of all businesses translated into a consolidated profit-after-tax of PKR 42.35 billion as compared to PKR 29.79 billion in 2019.

On an unconsolidated basis, our revenue was PKR 6,970 million against PKR 8,378 million for the similar period last year, lower by 17%, mainly on account of lower gains on investment in listed equities and interest income on surplus funds.

II. Earnings Per Share:

The unconsolidated earnings per share for the year 2020 were PKR 7.75 as compared to PKR 10.02 for the year 2019. Consolidated earnings per share for the year were PKR 15.76 (2019: PKR 11.75) .

III. Islamic Sukuk Certificates:

During the year, the Board of Directors of DH Corp in their meeting held on December 18, 2020 approved the exercise of the call option for early purchase of Islamic Sukuk Certificates. As a result of the exercise of the call option, the payment in full shall be made on February 16, 2021 (Sukuk 1) and March 1, 2021 (Sukuk 2) i.e. subsequent to the year end.

IV. Auditors:

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

V. Shares Traded, Average Prices and PSX:

During the year 34.62 million shares of DH Corp were traded on the PSX. The average price of DH Corp's share based on the daily closing rate was PKR 131.11, while the 52 weeks low-high during 2020 was PKR 94.41 – PKR 175.56 per share respectively.

VI. Pattern of Shareholding:

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

VII. Market Capitalization and Book Value:

At the close of the year, the market capitalization of DH Corp was PKR. 58,496 million (2019: 74,219 million) with a market value of PKR. 121.54 per share (2019: PKR. 154.21) and the breakup value of PKR. 64.62 per share (2019: PKR. 65.66 per share).

VIII. Appropriation:

The total dividend attributable to the year is PKR 9 per share (90%) paid during the year.

IX. Entity Rating:

During 2020, PACRA reaffirmed the long-term and short-term credit rating of DH Corp in its annual review.

These credit ratings reflect the entities' financial and management strength as well as favourable credit standing and are a testament to our strong balance sheet and robust performance with consistent dividend payouts.

X. Provident and Gratuity Funds:

The funded retirement benefits of the employees of DH Corp are audited once a year and are adequately covered by appropriate investments. The value of the investments of the provident fund as per the unaudited accounts aggregated to PKR 29.73 million (2019: PKR 19.87 million).

Fair value of the assets of the funded defined benefit gratuity plan was PKR 28.66 million as at 31 December 2020 (2019: PKR 22.59 million).

XI. Corporate Governance:

DH Corp remains committed to the high standards of corporate governance, conducting its business in line with the best practices of the Code of Corporate Governance and the Listing Regulations of the PSX, which specify the roles and responsibilities of the Board of Directors and DH Corp's management. For further details, please refer to the Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations 2017.

XII. Risk Management:

DH Corp's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. DH Corp's overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Hence risk management policies are established to address the risks faced by DH Corp, to set appropriate risk limits and controls, and to monitor adherence to limits. Risk management policies and systems are reviewed regularly keeping the market conditions and activities in perspective.

XIII. Board of Directors:

The Board comprises of ten directors. The composition of the Board members is as follows:

Independent Directors	3
Non-Executive Directors	
• Male	5
• Female	1
Executive Director	1

XIV. Board Meetings:

Six meetings of the Board were held during the year 2020 and all of them were presided over by the Chairman. The Company Secretary and Chief Financial Officer also attended the meetings as required by the Code of Corporate Governance. Attendance by each Director was as follows:

Name of Directors	Meetings attended			
	Board Meetings	Board Audit Committee	Human Resource & Remuneration Committee	Board Investment Committee
Mr. Hussain Dawood	6/6	-	-	-
Mr. Shahzada Dawood	6/6	-	4/5	2/2
Mr. Abdul Samad Dawood	6/6	-	-	1/1
Ms. Sabrina Dawood	4/6	-	3/3	-
Mr. Parvez Ghias	6/6	-	5/5	-
Mr. Shabbir Hussain Hashmi	6/6	4/4	-	1/1
Mr. Muneer Kamal*	2/2	2/2	2/2	-
Mr. Kamran Nishat**	4/4	2/2		-
Mr. Hasan Reza ur Rahim	6/6	4/4	3/3	1/1
Mr. Imran Sayeed	6/6	-	2/2	2/2
Mr. Inam ur Rahman	6/6	-	-	-

* Mr. Muneer Kamal has retired on May 21, 2020

** Mr. Kamran Nishat has been elected as a director with effect from May 22, 2020

XV. Directors' Remuneration:

DH Corp has a formal and transparent policy for the remuneration of the directors in accordance with the Articles of Association of the Company and the Companies Act 2017.

XVI. Statement of Directors Responsibility:

The Directors confirm compliance with the Corporate and Financial Reporting Framework as per the Listing Regulations of the PSX as follows:

a. The financial statements prepared by the management of DH Corp present the state of affairs fairly, the result operations, cash flows and change in equity.
b. Proper books of accounts of DH Corp 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 the preparation of these 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 DH Corp's ability to continue as a going concern.
g. Key operating and financial data for the last six years in summarized form are annexed to the report.

XVII. Directors Training Program:

Out of ten Directors, nine directors are duly certified or exempted, from the Directors' Training Program.

XVIII. Related Party Transactions:

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

D. Future Outlook

We believe that the growth measures taken by the Government through fiscal and monetary policies are showing their effect with the impressive growth witnessed in 2HCY20. The current account is expected to remain in a favorable position for the ongoing fiscal year. We expect the imports to increase in the latter half of the calendar year on the back of increasing commodity prices and capital goods imports. This may put pressure on the country's FX reserves. Similarly, inflation remains a key source of concern in the medium term. Resultantly, the State Bank of Pakistan may respond by increasing the policy rate in the second half of the calendar year.

The government's recent emphasis on science and technology, education and future technologies, has given Pakistan's IT sector a boost. Recent introduction of ease of doing business policies by SECP and relaxation on foreign exchange regulations by SBP have given investors a positive outlook on the sector. IT services, Freelance work and Platform services are some of the key areas that can benefit the most from government led policy changes. The available talent in Pakistan, with the right investment and targeted strategy can contribute significantly to boost IT exports. Recent investments by foreign corporations, venture capitals and private equity funds are a testament to budding growth in the Technology sector with the potential to become one of the largest contributors to Pakistan's economy.

Fortunately, DH Corp is well-positioned to take advantage due to the knowledge acquired and investment made in this sector. Through our subsidiary, EmpiricAI, our focus is to swiftly grow the export-led IT service businesses. We plan to aggressively grow both organically and inorganically internationally.

In the interim, the funds will be managed through a prudent portfolio of government securities, term deposits, and public equities through value stocks.

Our subsidiary, Engro Corporation is well placed to make a major contribution in helping solve some of the country's pressing issues and improve the lives of the people of Pakistan. Engro will continue to develop their four verticals and exploring new avenues of growth to create long-term shareholder value.

Engro continues to build on its experience in the Petrochemicals Vertical and with the feasibility study of a polypropylene facility based on a propane dehydrogenation plant in the final stages of completion. The Energy business continues to work extensively to gain foothold in the renewables market and initial studies on wind and solar power projects as well as waste-to-energy power project are in progress.

The Polymer business is well positioned to capitalize on the promising potential available to it with its PVC/VCM expansion project expected to come online next year. It has crafted a holistic strategy to achieve its vision to lead Pakistan in polymers and allied chemicals with an international footprint. Engro and Royal Vopak continue to collaborate in further ventures at home and abroad using their combined resources and expertise. Enfrashare expects to secure market leadership as an independent TowerCo business through aggressive built-to-suit roll-out over the next 5 years.

Our main focus would be to enhance long-term shareholder value whilst addressing the significant challenges faced by the economy and the country.

E. Material Changes due to Subsequent Events

No material changes or commitments affecting our financial position have occurred between the end of the financial year and the date of this report.

F. Acknowledgement

The Board expresses its gratitude to all 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 towards the growth and prosperity of DH Corp.

Shabbir Hussain Hashmi
Director

Inam ur Rahman
Chief Executive

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

SUKUK (PRIVATELY PLACED) REGULATIONS, 2017

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Dawood Hercules Corporation Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Dawood Hercules Corporation Limited for the year ended December 31, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended December 31, 2020.

A. F. Ferguson & Co.
Chartered Accountants
Karachi
Date: April 2, 2021

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

Dawood Hercules Corporation Limited
For the year ended December 31, 2020

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

1. The total number of directors are ten (10) as per the following:
   a. Male: Nine (9)
   b. Female: One (1)

2. The composition of Board is as follows:

Category	Names
Independent Directors*	Mr. Shabbir Hussain Hashmi Mr. Hasan Reza Ur Rahim Mr. Kamran Nishat
Non-executive Directors	Mr. Hussain Dawood Mr. Shahzada Dawood Mr. Samad Dawood Mr. Parvez Ghias Mr. Imran Sayeed
Executive Director	Mr. Inam ur Rahman
Female Director	Ms. Sabrina Dawood

*Note: Number of Directors are ten and one third is 3.33, and as general principal 0.33 in not rounded up as one.

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 the 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(s) of the Board;

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

9. Out of ten Directors, nine are duly certified or exempted, from the Directors' Training Program;

10. During the year, no change occurred in the positions of Chief Financial Officer, Company Secretary and Head of Internal Audit. Their remuneration and terms and conditions of employment 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;

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

Dawood Hercules Corporation Limited
Year ended December 31, 2020

12. The Board has formed following Committees comprising of members given below:

a) Audit Committee

Name	Designation	Category
Mr. Shabbir Hussain Hashmi	Chairman	Independent Director
Mr. Hasan Reza Ur Rahim	Member	Independent Director
Mr. Kamran Nishat	Member	Independent Director

b) Human Resource and Remuneration Committee

Name	Designation	Category
Mr. Hasan Reza Ur Rahim	Chairman	Independent Director
Mr. Parvez Ghias	Member	Non-Executive Director
Mr. Shahzada Dawood	Member	Non-Executive Director
Ms. Sabrina Dawood	Member	Non-Executive Director

c) Investment Committee

Name	Designation	Category
Mr. Shahzada Dawood	Chairman	Non-Executive Director
Mr. Samad Dawood	Member	Non-Executive Director
Mr. Shabbir Hussain Hashmi	Member	Independent Director

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

14 The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following:
a) Audit Committee: 04 meetings held during the year ended on December 31, 2020.
b) HR and Remuneration Committee: 05 meetings held during the year ended on December 31, 2020.
c) Investment Committee: 02 meetings held during the year ended on December 31, 2020.

15 The Board has set up an effective internal audit function comprising of suitably qualified and experienced staff who 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 close relatives (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Directors 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, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and

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

Dawood Hercules Corporation Limited
For the year ended December 31, 2020

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

Inam ur Rahman
Chief Executive

Hussain Dawood
Chairman

Karachi
Date: March 1, 2021

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INDEPENDENT ASSURANCE REPORT TO THE BOARD OF DIRECTORS ON THE STATEMENT OF COMPLIANCE WITH THE SUKUK (PRIVATELY PLACED) REGULATIONS, 2017

Scope of our work

We have performed an independent assurance engagement of Dawood Hercules Corporation Limited (the Company) to express an opinion on the annexed Statement of Compliance (the Statement) for the year ended December 31, 2020 with the requirements of the Sukuk (Privately Placed) Regulations, 2017 (the Regulations) as notified by the Securities and Exchange Commission of Pakistan.

Applicable Criteria

The criteria for the assurance engagement against which the underlying subject matter (Statement of Compliance for the year ended December 31, 2020) is assessed comprise of compliance with the features and Shariah requirements of Sukuks in accordance with the requirements of the Regulations. Therefore, the underlying subject matter may not be suitable for another purpose. Our engagement was carried out as required under regulation No. 12 of the Regulations.

Responsibility of Company's Management

The responsibility for the preparation and fair presentation of the Statement (the subject matter information) and for compliance with the features and Shariah requirements of Sukuks in accordance with the requirements of the Regulations is that of the management of the Company. The management is also responsible for the design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant documentation/records. The management is also responsible to ensure that the personnel involved are conversant with the Criteria for the purpose of the Company's compliance.

Our Independence and Quality Control

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. The firm applies International Standard on Quality Control 1 "Quality Control for Firms That Perform Audits and Reviews of Historical Financial Information, And Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of Independent Assurance Provider

Our responsibility is to express our conclusion on the Statement for the year ended December 31, 2020 based on our independent assurance engagement, performed in accordance with the International Standard on Assurance Engagements 3000 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' (ISAE 3000). This standard requires that we plan and perform the engagement to obtain reasonable assurance about whether the annexed Statement reflects the status of the Company's compliance with the features and Shariah requirements of Sukuks in accordance with the requirements of the Regulations and is free from material misstatement.

The procedures selected by us for the engagement depend on our judgment, including an assessment of the risks of material non-compliances with the Criteria. In making those risk assessments, we have considered internal controls relevant to the Company's compliance with the Criteria in order to design procedures that are appropriate in the circumstances, for gathering sufficient appropriate evidence to

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determine that the Company was not materially non-compliant with the Criteria. Our engagement was not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Our procedures applied to the selected data primarily comprised of:

- inquiry and evaluation of the systems, procedures and practices in place with respect to the Company's compliance with the Criteria;

- verification of Sukuks related transactions on sample basis to ensure the Company's compliance with the Criteria during the year;

- review of Shariah structure and transaction documents, term sheet and Shariah approval letter issued by the Shariah Advisor of the Sukuks; and

- review of the annexed Statement based on our procedures performed and conclusion reached.

We believe that the evidences we have obtained through performing our aforementioned procedures were sufficient and appropriate to provide a basis for our opinion.

Conclusion

Based on our independent assurance engagement, in our opinion, the annexed Statement for the year ended December 31, 2020 has been prepared, in all material respects, in compliance with the features and Shariah requirements of Sukuks in accordance with the Regulations.

Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under regulation No. 12 of the Sukuk (Privately Placed) Regulations, 2017 and is not to ben used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachment.

Afferguson & Co

A. F. Ferguson & Co.,
Chartered Accountants
Karachi
Date: April 2, 2021
Engagement Partner: Khurshid Hasan

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STATEMENT OF COMPLIANCE WITH THE SUKUK (PRIVATELY PLACED) REGULATIONS, 2017

Dawood Hercules Corporation Limited
For the year ended December 31, 2020

This statement is being presented to comply with the requirements of the Sukuk (Privately Placed) Regulations, 2017 issued by the Securities and Exchange Commission of Pakistan (SECP). This statement of Compliance (the Statement) is for the year ended December 31, 2020.

Dawood Hercules Corporation Limited (the Company) entered into arrangements for issue of Sukuk-1and Sukuk-2 amounting to Rs 5,200 million on November 16, 2017 and Rs 6,000 million on March 1, 2018 for a period of five years each (here-in-after collectively referred to as 'Sukuk'). We state that the Company is in compliance with the features and Shariah requirements of Sukuks in accordance with Sukuk (Privately Placed) Regulations, 2017.

We specifically confirm that:

- The Company has established policies and procedures for all Sukuk related transactions to comply with the features and Shariah requirements of Sukuk;

- The Company has implemented and maintained such internal control and risk management systems that are necessary to mitigate the risk of non-compliances of the features and Shariah requirements of Sukuk, whether due to fraud or error;

- The Company has a process to ensure that the management and where appropriate those charged with governance, and personnel responsible to ensure the Company's compliance with the features and Shariah requirements of Sukuk are properly trained and systems are properly updated.

The features and Shariah requirements of Sukuk in accordance with the Sukuk (Privately Placed) Regulations, 2017 comprise of the following:

a) Requirements of Shariah Structure and the following Transaction Documents as stated in the approval of the Shariah Board of Dubai Islamic Bank Pakistan Limited, with respect to issuance of Sukuk-1 and Sukuk-2:

   (I) Trust Deed
   (ii) Master Sale and Purchase Agreement
   (iii) Sale and Purchase Agreement
   (iv) Purchase Undertaking
   (v) Sale Undertaking
   (vi) Deed of Floating Charge
   (vii) Service Agency Agreement
   (viii) Letter of Confirmation of Pledge and Lien for Pledged Shares

b) Guidelines of the relevant Shariah Standards, issued by the Accounting and Auditing Organization of the Islamic Financial Institutions, as notified by the SECP;

c) Requirements of the relevant Islamic Financial Accounting Standards as notified by the SECP; and

d) Other compliances specified in the Sukuk (Privately Placed) Regulations, 2017 issued by the SECP.

Inam ur Rahman
Chief Executive

Hussain Dawood
Chairman

Date: April 2, 2021

EmpiricAI (Private) Ltd., a subsidiary of DH Corp, aims to provide globally competitive services in Data Science, Cyber Security and Software Engineering for the full cloud computing stack. The company focuses on solving complex industrial problems through software products built on Artificial Intelligence, Machine Learning and Advanced Analytics technologies.

Inbox Business Technologies is an associate company. Established in 2000, Inbox Business Technologies has successfully redefined the Pakistani computing industry. Inbox Business Technologies offers a strong and unique combination of technology solutions, industry expertise and consulting capabilities. It gives its customers that agility with its digital services portfolio including digital security and intelligence, enterprise management services, citizen services and management experiences, cloud and converged systems integration.

UNCONSOLIDATED FINANCIAL STATEMENT

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INDEPENDENT AUDITOR'S REPORT

To the members of Dawood Hercules Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Dawood Hercules Corporation Limited (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit 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.

Following is the Key audit matter:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Early payment of Islamic Sukuk Certificates** (Refer note 12 to the unconsolidated financial statements) During the years ended December 31, 2017 and December 31, 2018, the Company issued rated, over-the counter listed and secured Islamic Sukuk Certificates (i.e. Sukuks I and Sukuks II amounting to Rs 5,200 million and Rs 6,000 million) to Qualified Institutional Buyers through private placements. During the year, the Board of Directors of the Company in their meeting held on December 18, 2020 approved the exercise of the call option (i.e. early purchase of Islamic Sukuk Certificates) available to the Company in the underlying sukuk issue arrangements. Accordingly, the balances pertaining to the long term financings have been shown as part of current liabilities in the unconsolidated financial statements. We consider the above as a key audit matter being a significant transaction and event for the Company during the year having significant impact on the financial position of the Company.	Our audit procedures included the following: • Understood the call / early purchase option clauses stated in the underlying agreements; • Reviewed the resolution passed by the Board of Directors relating to the early purchase of Sukuk-I and Sukuk-II; • Read the related correspondence with the trustee to the sukuk arrangements; and • Assessed the adequacy of the disclosures made in the unconsolidated financial statements with respect to the require-ments of the applicable accounting and reporting standards.

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

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

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

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

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

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

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

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

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

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

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: April 02, 2021

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UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Note	2020	2019
		------- (Rupees in '000) -------	
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	4	**66,662**	91,073
Right-of-use assets	5	**28,001**	75,560
Long term investments	6	**23,408,927**	24,698,293
		23,503,590	24,864,926
CURRENT ASSETS			
Loan, advances, deposits and prepayments	7	**236,053**	56,695
Other receivables	8	**181,978**	409,575
Short term investments	9	**13,851,473**	16,589,381
Cash and bank balances	10	**1,398,636**	337,103
		15,668,140	17,392,754
TOTAL ASSETS		**39,171,730**	42,257,680
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital	11	**10,000,000**	10,000,000
Issued, subscribed and paid up share capital	11	**4,812,871**	4,812,871
Revenue reserve		**26,189,540**	26,790,852
		31,002,411	31,603,723
NON CURRENT LIABILITIES		**-**	7,258,850
Long term financings	12	**11,011**	54,993
Lease liabilities		**3,559**	5,666
Defined benefit liabilities	13	**99,420**	98,964
Deferred tax liability		**113,990**	7,418,473
CURRENT LIABILITIES			
Current portion of long term financings	12	**7,320,000**	2,240,000
Current portion of lease liabilities		**29,762**	36,551
Trade and other payables	14	**83,523**	73,375
Unclaimed dividend		**275,406**	135,980
Accrued mark-up		**61,691**	141,667
Taxation - net		**284,947**	607,911
		8,055,329	3,235,484
		8,169,319	10,653,957
TOTAL EQUITY AND LIABILITIES		**39,171,730**	42,257,680
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 30 form an integral part of these unconsolidated financial statements.

Mohammad Shamoon Chaudry	**Inam ur Rahman**	**Shabbir Hussain Hashmi**
Chief Financial Officer	Chief Executive	Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended December 31, 2020

	Note	2020	2019
		------- (Rupees in '000) -------	
Return on investments	16	**6,970,128**	8,378,225
Administrative expenses	17	**(1,024,199)**	(828,402)
Gross profit		**5,945,929**	7,549,823
Other expenses - net	18	**(2,260)**	(30,749)
Operating profit		**5,943,669**	7,519,074
Finance cost	19	**(1,019,432)**	(1,425,280)
Profit before taxation		**4,924,237**	6,093,794
Taxation	20	**(1,196,243)**	(1,272,097)
Profit after taxation		**3,727,994**	4,821,697
		--------------Rupees-------------	
Earnings per share – basic and diluted	21	**7.75**	10.02

The annexed notes 1 to 30 form an integral part of these unconsolidated financial statements.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

For the year ended December 31, 2020

	2020	2019
	------- (Rupees in '000) -------	
Profit after taxation	**3,727,994**	4,821,697
Other comprehensive income / (loss) for the year		
Items will not be reclassified to profit or loss		
Remeasurement gain / (loss) on staff retirement benefit liability	**2,278**	(519)
Total comprehensive income for the year	**3,730,272**	4,821,178

The annexed notes 1 to 30 form an integral part of these unconsolidated financial statements.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

	Issued, subscribed and paid up share capital	---------------- Revenue reserves ---------------- General reserve	Unappropriated profit	Sub-total	Total
	----------------------------------- (Rupees in '000) -----------------------------------				
Balance as at January 1, 2019	4,812,871	700,000	29,451,555	30,151,555	34,964,426
Total comprehensive income					
Profit after taxation	-	-	4,821,697	4,821,697	4,821,697
Other comprehensive loss	-	-	(519)	(519)	(519)
	-	-	4,821,178	4,821,178	4,821,178
Transactions with owners					
Final cash dividend @ 40% for the year ended December 31, 2018 (Rs 4 per ordinary share)	-	-	(1,925,148)	(1,925,148)	(1,925,148)
Interim cash dividend @ 130% for the year ended December 31, 2019 (Rs 13 per ordinary share)	-	-	(6,256,733)	(6,256,733)	(6,256,733)
	-	-	(8,181,881)	(8,181,881)	(8,181,881)
Balance as at December 31, 2019	4,812,871	700,000	26,090,852	26,790,852	31,603,723
Total comprehensive income					
Profit after taxation	-	-	3,727,994	3,727,994	3,727,994
Other comprehensive income	-	-	2,278	2,278	2,278
	-	-	3,730,272	3,730,272	3,730,272
Transactions with owners					
Interim cash dividend @ 90% for the year ended December 31, 2020 (Rs 9 per ordinary share)	-	-	(4,331,584)	(4,331,584)	(4,331,584)
	-	-	(4,331,584)	(4,331,584)	(4,331,584)
Balance as at December 31, 2020	4,812,871	700,000	25,489,540	26,189,540	31,002,411

The annexed notes 1 to 30 form an integral part of these unconsolidated financial statements.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

	Note	2020	2019
		------- (Rupees in '000) -------	
CASH FLOW FROM OPERATING ACTIVITIES			
Net cash (used in) / generated from operations	24	**(976,335)**	596,115
Finance cost paid		**(1,030,745)**	(1,356,120)
Taxes paid		**(1,518,750)**	(1,222,140)
Defined benefit liabilities paid		**(7,691)**	(8,232)
Long term investments redeemed / (made)		**1,478,552**	(1,265,359)
Short term investments redeemed / (made)		**3,122,802**	(8,660,582)
Dividend received		**5,485,931**	5,439,805
Interest received on bank deposits and investments		**1,374,734**	1,929,936
Net cash generated from / (used in) operating activities		**7,928,498**	(4,546,577)
CASH FLOW FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(10,809)**	(21,151)
Sale proceeds from disposal of property, plant and equipment		**437**	3,275
Loan to subsidiary - EMPAK		**(185,700)**	-
Net cash used in investing activities		**(196,072)**	(17,876)
CASH FLOW FROM FINANCING ACTIVITIES			
Lease rentals paid during the year		**(38,735)**	(36,824)
Long term financings repaid		**(2,240,000)**	(1,640,000)
Dividend paid		**(4,192,158)**	(8,153,286)
Net cash used in financing activities		**(6,470,893)**	(9,830,110)
Net increase / (decrease) in cash and cash equivalents		**1,261,533**	(14,394,563)
Cash and cash equivalents at the beginning of the year		**7,337,103**	21,731,666
Cash and cash equivalents at the end of the year	25	**8,598,636**	7,337,103

The annexed notes 1 to 30 form an integral part of these unconsolidated financial statements.

Mohammad Shamoon Chaudry
Chief Financial Officer

Inam ur Rahman
Chief Executive

Shabbir Hussain Hashmi
Director

1. THE COMPANY AND ITS OPERATIONS

1.1 Dawood Hercules Corporation Limited (the Company) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act, 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange (PSX). The principal activity of the Company is to manage investments including in its subsidiaries and associated companies. The registered office of the Company is situated at Dawood Center, M.T. Khan Road, Karachi and liaison offices are in Islamabad and Lahore.

1.2 Based on the concept of 'control' as stipulated in the International Financial Reporting Standard (IFRS) - 10 'Consolidated Financial Statements', the Company continues to conclude that although the Company has less than 50% voting rights in Engro Corporation Limited (ECL), yet, based on the absolute size of the Company's shareholdings, the relative size of other shareholdings and the number of representation on ECL's Board of Directors, the Company has the ability to exercise control over ECL. Accordingly, the Company is deemed to be the Holding Company of ECL.

1.3 These unconsolidated financial statements are the separate financial statements of the Company in which investments in subsidiaries have been accounted for at cost less accumulated impairment losses, if any.

1.4 During the year, the Board of Directors of the Company in its meeting held on December 18, 2020 has approved the exercise of the call option (i.e. early purchase of Islamic Sukuk Certificates as more fully explained in note 12 of these unconsolidated financial statements and this was duly notified to PSX.

1.5 The COVID 19 outbreak which was declared a Pandemic has developed rapidly during the current year, with a significant number of infections being recorded globally. The pandemic has resulted in consequences on economy, health and society, affecting the earnings and cash flows of businesses, after the announcement of lockdowns by the government authorities, resulting in closure of business operations except for specifically exempted industries.

During the year ended December 31, 2020, the Company's profit after taxation has decreased as compared to the last year ended December 31, 2019 mainly as a result of fluctuations in the prices of the shares of the listed companies (including the Company's investee companies) which were quoted on the PSX during the year and also due to reductions in the policy rate announced by the State Bank of Pakistan during the year. However, the management and the Board of Directors of the Company continue to monitor the developing situation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal 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 unless otherwise stated.

2.2 Statement of compliance

2.2.1 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; and

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

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

2.2.2 The assumptions and estimates which are significant to the preparation of these unconsolidated financial statements are disclosed in note 3.

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

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

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

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

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

2.3 Property, plant and equipment

These are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any except for leasehold land which is stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of items including borrowing cost.

Assets having cost exceeding the minimum threshold as determined by the management are capitalised. All other costs are charged to profit or loss in the year in which such are incurred.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised

All repairs and maintenance are charged to profit or loss during the financial period in which such are incurred. Major renewals and improvements, if any, are capitalised in accordance with IAS 16 'Property, Plant and Equipment' and depreciated in a manner that best represents the consumption pattern.

Depreciation is charged to profit or loss account applying the straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates stated in note 4 to these unconsolidated financial statements. Depreciation on additions is charged from the following month in which the asset is available for use and on disposals up to the month the asset is no longer in use. The assets' residual values and useful lives are reviewed annually, and adjusted, if material.

2.4 Investment 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. Further, while evaluating control, the Company also considers whether:

- it has power over the investee entity;

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

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

Investment in subsidiaries are classified as long term investments and stated at cost less accumulated impairment losses, if any.

2.5 Financial assets and liabilities

2.5.1 Financial assets

The Company classifies its financial assets in the following categories:

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt instrument that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the year in which it arises.

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 investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

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

2.5.2 Financial liabilities

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

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

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

2.5.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

2.5.4 Impairment

a) Financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial assets. The Company applies general approach in calculating expected credit losses. It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Company expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Company recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

b) 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 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 (i.e. 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.

2.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. Cash and cash equivalents in the statement of cash flows include cash in hand and in transit, cheques in hand, balances with banks on current, deposit and savings accounts, other short-term highly liquid investments with original maturities of three months or less.

2.7 Staff retirement and other benefits

2.7.1 Defined benefit plans

The Company operates defined benefit plans i.e. funded gratuity schemes for all its permanent employees who have completed minimum service of prescribed period.

Actuarial valuation for funded gratuity scheme is carried out using the projected unit credit method. Remeasurements (actuarial gains / losses) in respect of defined benefit plans are recognised in other comprehensive income.

2.7.2 Defined contribution plan

The Company operates a recognised provident fund for all its permanent employees who have completed prescribed qualifying period of service. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 15% of the basic salaries of employees.

2.7.3 Employee compensated absences

The Company provides for compensated absences for all eligible employees in accordance with the rules of the Company. The provision for compensated absences is made at actual amount as these are not material in the overall context of these unconsolidated financial statements.

2.8 Lease liabilities and right-of-use assets

At inception of a contract, the Company 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. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not 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 extended (or not terminated).

Lease payments include 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 Company under residual value guarantees, the exercise price of a purchase option if the Company 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 lease liabilities are initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The right-of-use asset is initially measured based on 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 subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply 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 recognized as an expense on a straight line basis over the lease term.

2.9 Trade and other payables

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

hese are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liability.

Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

2.10 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 the current best estimate.

2.11 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the period in which dividend is approved.

2.12 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In which case, the tax is also recognised in OCI or directly in equity.

- Current

Provision for current taxation is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

- Deferred

Deferred tax is recognised using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.13 Contingent liabilities

Contingent liabilities are disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

2.14 Revenue recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The details are as follows:

- Dividend income is recognised when the Company's right to receive dividend is established, i.e. on the date of book closure of the investee company declaring the dividend.

- Returns on bank deposits are accrued on a time proportion basis by reference to the outstanding principal amounts and the applicable rates of return.

- Income on Market Treasury Bills, Pakistan Investment Bonds (PIBs) and Term Deposit Receipts is accrued using the effective interest rate method.

- Gains and losses arising on disposal of investments are included in income in the year in which these are disposed of.

- Unrealised gains and losses arising on revaluation of securities classified as 'fair value through profit or loss' are included in profit or loss in the period in which these arise respectively.

2.15 Foreign currency transactions

Foreign currency transactions are recognised or accounted for in Pakistan Rupees using the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing on the reporting date. Exchange gains / losses on foreign currency translations are included in profit or loss.

2.16 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated financial statements in conformity with approved accounting and reporting standards requires the use of certain significant 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 expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgements which are significant to these unconsolidated financial statements:

3.1 Provision for staff retirement

The present value of these obligations depends on a number of factors that are determined on actuarial basis using a number of assumptions. Changes in the assumptions will impact the carrying amount of the obligation. The present values of the obligation and the underlying assumptions are disclosed in note 13 to these unconsolidated financial statements.

3.2 Current and deferred income taxes

In making the estimates for income taxes payable by the Company, management considers current income tax law and the decisions of appellate authorities on certain cases issued in the past. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

3.3 Consolidation of entities in which the Company holds less than half of the voting rights

The management considers that the Company has control over ECL even though it has less than 50% of the voting rights. The pattern of shareholding of ECL shows that the Company is the single largest shareholder having shareholding of 37% (approximately) with the remaining shares having a widely dispersed shareholding pattern, which enables the Company to exercise control over ECL.

3.4 Impairment of investments in subsidiaries

In making an estimate of impairment, investments are considered to be impaired if there is a significant or prolonged decline in the recoverable amount of the investments.

3.5 Contingencies and provisions

Significant estimates and judgements are being used by the management in accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

3.6 Fair value of investments

The Company determines fair value of certain investments by using quotations from active market and conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment.

	Note	2020	2019
		------- (Rupees in '000) -------	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**66,662**	91,073

4.1 The following is the statement of operating fixed assets:

	Leasehold land	Building	Leasehold improvements	Furniture, fittings and equipment	Data processing equipment	Vehicles	Total
	(Rupees in '000)						
At January 1, 2019							
Cost	22,716	7,500	22,150	26,710	64,083	120,948	264,107
Accumulated depreciation	-	(7,426)	(7,854)	(15,649)	(33,366)	(62,705)	(127,000)
Net book value	22,716	74	14,296	11,061	30,717	58,243	137,107
Year ended December 31, 2019							
Additions	-	-	-	7,772	10,321	3,058	21,151
Disposals (note 4.1.3)							
Cost	-	-	-	(1,077)	(4,467)	(55,963)	(61,507)
Accumulated depreciation	-	-	-	773	4,384	25,082	30,239
Net book value	-	-	-	(304)	(83)	(30,881)	(31,268)
Depreciation charge for the year	-	-	(2,215)	(2,272)	(15,740)	(15,690)	(35,917)
Net book value as at December 31, 2019	22,716	74	12,081	16,257	25,215	14,730	91,073
Year ended December 31, 2020							
Additions	-	-	-	1,424	6,410	2,975	10,809
Disposals (note 4.1.3)							
Cost	-	-	(11,298)	(3,451)	(2,705)	-	(17,454)
Accumulated depreciation	-	-	4,990	1,699	2,530	-	9,219
Net book value	-	-	(6,308)	(1,752)	(175)	-	(8,235)
Depreciation charge for the year	-	-	(1,462)	(2,558)	(17,131)	(5,834)	(26,985)
Net book value as at December 31, 2020	22,716	74	4,311	13,371	14,319	11,871	66,662
At December 31, 2019							
Cost	22,716	7,500	22,150	33,405	69,937	68,043	223,751
Accumulated depreciation	-	(7,426)	(10,069)	(17,148)	(44,722)	(53,313)	(132,678)
Net book value	22,716	74	12,081	16,257	25,215	14,730	91,073
At December 31, 2020							
Cost	22,716	7,500	10,852	31,378	73,642	71,018	217,106
Accumulated depreciation	-	(7,426)	(6,541)	(18,007)	(59,323)	(59,147)	(150,444)
Net book value	22,716	74	4,311	13,371	14,319	11,871	66,662
Annual rate of depreciation (%)	-	5	10	10 to 12.5	33.3 to 50	20	

4.1.1 Cost of items of property, plant and equipment that are fully depreciated as at December 31, 2020 amounts to Rs 112 million (2019: Rs 38.015 million).

4.1.2 The Company's leasehold land is situated at 68, Margalla Road, F-6/2, Islamabad having a total area of 2,000 square yards.

4.1.3 Details of operating fixed assets disposed of during the year are as follows:

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale proceeds	Loss	Particulars of buyer
		(Rupees in '000)					
Items having net book value of greater than Rs 500,000 each							
Leasehold improvements	Negotiation	11,298	4,990	6,308	Nil	(6,308)	Mr. Shahid Zahid
Items having net book value of less than Rs 500,000 each							
Various Items		6,156	4,229	1,927	437	(1,490)	various
2020		17,454	9,219	8,235	437	(7,798)	
2019		61,507	30,239	31,268	3,275	(27,993)	

	Note	2020	2019
		(Rupees in '000)	
5. RIGHT-OF-USE ASSETS			
Opening balance	5.1	**75,560**	113,207
Lease terminated during the year	5.1	**(16,520)**	-
Depreciation for the year	17	**(31,039)**	(37,647)
		28,001	75,560

5.1 The Company decided to vacate the Lahore office on April 28, 2020 thus, resulting in termination of the lease.

	Note	2020	2019
		(Rupees in '000)	
6. LONG TERM INVESTMENTS			
Investment in subsidiaries - at cost	6.1	**23,408,927**	23,308,927
Government securities - Pakistan Investment Bonds - at amortised cost		**-**	1,389,366
Other investment - at fair value through profit or loss	6.2	**-**	-
		23,408,927	24,698,293
6.1 Investment in a subsidiary - at cost			
Engro Corporation Limited (ECL) - quoted			
214,469,810 (2019: 214,469,810) ordinary shares of Rs 10 each. Percentage of holding 37.22% (2019: 37.22%)	6.1.1 & 6.1.2	**23,308,927**	23,308,927
Empiric AI (Private) Limited (EMPAK) - unquoted			
10,000,000 (2019: Nil) ordinary shares of Rs 10 each. Percentage of holding 100% (2019: Nil)	6.1.3	**100,000**	-
		23,408,927	23,308,927

6.1.1 The market value of investment in ECL as at December 31, 2020 was Rs 65,919 million (2019: Rs 74,045 million).

6.1.2 The details of shares of ECL pledged as security are as follows:

	As at December 31, 2020			As at December 31, 2019		
	Number of shares pledged	Face value of pledged shares	Market value of pledged shares	Number of shares pledged	Face value of pledged shares	Market value of pledged shares
		--------(Rupees in '000) --------			--------(Rupees in '000) --------	
Pledged in favour of Fatima Fertilizer Company Limited against potential liabilities of DH Fertilizer Limited						
Meezan Bank Limited - as agent (note 15.1.1)	10,491,800	104,918	3,224,760	10,491,800	104,918	3,622,294
Pledged in favour of JS Bank Limited against the issuance of Sukuks						
JS Bank Limited (notes 12.1 and 12.2)	56,620,320	566,203	17,402,822	74,539,316	745,393	25,734,699

6.1.3 On May 19, 2020, the Company incorporated a wholly owned subsidiary, Empiric AI (Private) Limited (EMPAK). The Company's two nominees hold 2 ordinary shares of EMPAK. EMPAK is engaged in technology led business.

	Note	2020	2019
		------- (Rupees in '000) -------	
6.2 Other investment - at fair value through profit or loss			
e2e Business Enterprises (Private) Limited - unquoted [23,770,701 (2019: 11,664,633) ordinary shares of Rs 10 each]	6.2.1	**237,707**	116,646
Less: Accumulated impairment		**(237,707)**	(116,646)
		-	-
Percentage of holding 39.00% (2019: 19.14%)			

6.2.1 The Company had made aggregate investment amounting to Rs 238 million during the years 2013 and 2014 in e2e Business Enterprises (Private) Limited (e2eBE) representing an equity interest of 39%. e2eBE was set up for the production, sale and marketing of Rice Bran Oil (RBO) and was planned to start commercial operations in year 2014.

However, due to certain issues it has not been able to start the commercial operations of the project till date. Further, due to financial and liquidity issues, it has not been able to service its outstanding loans and working capital requirements.

The Company disposed of part of its shareholding i.e. 19.86%, in e2eBE during the year 2015. However, the said disposal was not recorded by e2eBE in its register of members. The Company informed the Securities and Exchange Commission of Pakistan (the SECP) in this respect through its letters dated May 12, 2016 and January 22, 2018.

In view of the pending registration of the transfer of shares in the name of the transferee, during the year the Company, on the basis of legal advice, has entered into an agreement dated May 8, 2020 with the transferee whereby it was agreed to reverse the original share sale-purchase transaction in a manner that the disposed 19.86% shares shall revert to the Company as if those were never sold to the transferee. Accordingly, the sales proceeds amounting to Rs 2 million received by the Company against the disposal of 19.86% shares in e2eBE were returned to the transferee. In this regard, the Company has through its letter dated April 10, 2020 withdrew the matter lodged with the SECP against e2eBE related to its failure to transfer 19.86% shares in the name of the transferee. Further, an intimation to this effect has been made to e2eBE through the Company's letter dated May 15, 2020

Further, the Company has assessed the carrying amount of its investment in e2eBE in accordance with the requirements of the applicable accounting standard and the investment has been fully impaired as the possibility of commencement of operations of e2eBE is considered remote.

	Note	2020	2019
		------- (Rupees in '000) -------	
7. LOAN, ADVANCES, DEPOSITS AND PREPAYMENTS			
Considered good - unsecured			
Advances			
- to employees	7.1	**279**	146
- associated undertakings	7.2	**3,250**	3,764
- to suppliers		**1,538**	3,592
		5,067	7,502
Loan to Empiric AI (Private) Limited	7.3	**185,700**	-
Deposits		**1,040**	2,024
Prepayments		**44,246**	47,169
		236,053	56,695

7.1 These include Rs 0.09 million (2019: Rs Nil) due from the Chief Financial Officer.

7.2 These include Rs 0.233 million (2019: Rs 0.747 million) and Rs 3.017 million (2019: Rs 3.017 million) due from Inbox Business Technologies (Private) Limited and The Dawood Foundation. The maximum amount due at the end of any month during the year was Rs 3.017 million (2019: Rs 3.764 million).

7.3 This represents loan amounting to Rs 185.7 million disbursed during the year to Empiric AI (Private) Limited (wholly-owned subsidiary), pursuant to the agreement entered into on October 27, 2020. The loan carries mark-up at the rate of three months KIBOR plus 100 basis points per annum. The loan is for a period of one year and is to be received back in one lump sum payment on October 26, 2021.

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS
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	Note	2020	2019
		------- (Rupees in '000) -------	
8. OTHER RECEIVABLES			
Receivable from related parties	8.1, 8.2 & 8.3	**115,429**	76,391
Interest accrued on investment		**54,303**	332,881
Interest accrued on loan to EMPAK	7.3	**2,745**	-
Dividend receivable		**9,216**	
Others	8.4	**37,076**	37,094
		218,769	446,366
Provision for doubtful receivables		**(36,791)**	(36,791)
		181,978	409,575

8.1 The details of amount due from related parties are as follows:

	Note	2020	2019
		------- (Rupees in '000) -------	
Dawood Corporation (Private) Limited		**2,476**	3,323
Dawood Lawrencepur Limited		**412**	601
The Dawood Foundation		**2,475**	1,495
Inbox Business Technologies (Private) Limited, Karachi		**753**	2,874
Inbox Business Technologies Pte Ltd.		**5,060**	-
Sach International (Private) Limited		**3,086**	3,563
Tenaga Generasi Limited		**2,199**	935
Reon Energy Limited		**10,717**	1,706
Reon Alpha Limited		**-**	16
Engro Corporation Limited		**81,679**	55,004
Patek (Private) Limited		**2,103**	4,018
Empiric AI (Private) Limited		**1,095**	-
Others	8.4	**3,374**	2,856
		115,429	76,391

8.2 The ageing analysis is as follows:

	2020	2019
upto 30 days	**19,359**	65,333
31 to 180 days	**96,070**	11,058
	115,429	76,391

8.3 The maximum aggregate amount of 'other receivables' due from related parties at the end of any month during the year was Rs 115.429 million (2019: Rs 76.391 million). Receivables upto 30 days are not considered past due and none of these are impaired.

8.4 These are due from Mr. Hussain Dawood, Mr. Abdul Samad Dawood and Mr. Inam-Ur-Rahman (i.e members of key management personnel of the Company).

9. SHORT TERM INVESTMENTS

	Note	2020	2019
		------- (Rupees in '000) -------	
At amortised cost			
- Term Deposit Receipts (TDRs)	9.1 & 9.2	**7,218,000**	10,457,700
At fair value through profit or loss			
- Market Treasury bills (T-Bills)		**-**	1,831,299
- Pakistan Investment Bonds (PIBs)	9.3	**1,506,848**	-
- Quoted shares	9.4	**5,126,625**	4,300,382
		6,633,473	6,131,681
		13,851,473	16,589,381

9.1 These carry profit at rates ranging from 7.2% to 7.75% per annum (2019: 8.75% to 14.25% per annum).

9.2 As of December 31, 2020, the Company held TDR amounting to Rs 18 million with a commercial bank carrying profit at the rate of 7.3% per annum. The TDR is due to mature on April 27, 2021. The Bank has marked lien over this TDR against Corporate Credit Card facilities.

9.3 These securities have original tenor of 3 years and are maturing on June 19, 2023. The yield on these securities is 8.27% per annum.

9.4 Particulars regarding quoted shares are as follows:

	As at January 1, 2020	Purchased during the year	Bonus shares received during the Year	Sold during the year	As at December 31, 2020	Cost as at December 31, 2020	Fair value as at December 31, 2020	Unrealised gain as at December 31, 2020
	--------------------Number of shares--------------------				---------------------(Rupees in '000) ---------------------			
Meezan Bank Limited	4,562,900	-	456,290	550,000	4,469,190	334,335	466,762	132,428
Habib Bank Limited	2,858,300	285,300	-	325,000	2,818,600	352,664	372,844	20,189
Standard Chartered Bank Pakistan Limited	5,000,000	-	-	5,000,000	-	-	-	-
United Bank Limited	2,383,300	140,000	-	-	2,523,300	366,018	317,583	(48,435)
The Hub Power Company Limited	5,004,000	779,344	-	844,913	4,938,431	371,172	391,766	20,594
Interloop Limited	2,447,750	31,500	-	512,500	1,966,750	82,494	133,877	51,383
Lucky Cement Limited	1,324,500	227,594	-	462,556	1,089,538	430,846	758,417	327,571
Matco Foods Limited	2,865,500	-	-	60,000	2,805,500	71,630	70,867	(763)
Oil & Gas Development Company Limited	4,264,800	343,000	-	-	4,607,800	587,666	478,151	(109,515)
Pakistan Petroleum Limited	3,351,340	355,200	-	-	3,706,540	435,410	334,812	(100,598)
Pakistan State Oil Company Limited	3,076,040	160,000	-	624,099	2,611,941	385,474	562,351	176,877
Maple Leaf Cement Factory Limited	-	9,445,000	-	2,050,000	7,395,000	216,994	332,849	115,855
Bank Al Habib Limited	-	1,130,500	-	25,023	1,105,477	73,743	76,941	3,198
Adamjee Insurance Company Limited	-	1,622,000	-	185,000	1,437,000	51,689	56,503	4,814
Fauji Fertilizer Company Limited	-	1,537,438	-	510,000	1,027,438	105,869	111,477	5,608
Fauji Cement Company Limited	-	8,460,000	-	1,595,000	6,865,000	132,268	148,765	16,496
Pioneer Cement Limited	-	1,798,000	-	285,000	1,513,000	126,098	156,293	30,195
MCB Bank Limited	-	581,761	-	19,769	561,992	95,145	104,126	8,981
Mari Petroleum Company Limited	-	72,000	-	3,000	69,000	89,913	92,448	2,534
Ghandhara Nissan Limited	-	50,000	-	50,000	-	-	-	-
Tariq Glass Industries Limited	-	50,000	-	50,000	-	-	-	-
Loads Limited	-	25,000	-	25,000	-	-	-	-
Nishat Chunian Limited	-	31,000	-	31,000	-	-	-	-
The Organic Meat Company Limited	-	300,000	-	300,000	-	-	-	-
K-Electric Limited	-	1,500,000	-	1,500,000	-	-	-	-
Kohinoor Textile Mills Limited	-	1,068,500	-	209,500	859,000	49,351	58,601	9,250
Indus Motor Company Limited	-	74,350	-	-	74,350	93,907	89,068	(4,839)
Attock Cement Pakistan Limited	-	80,800	-	-	80,800	13,137	12,124	(1,013)
Aisha Steel Mills Limited	-	1,118,500	-	1,118,500	-	-	-	-
						4,465,823	5,126,625	660,802

10. CASH AND BANK BALANCES

	Note	2020	2019
		------- (Rupees in '000) -------	
Cash in hand		**307**	593
With banks in:			
- Current accounts		**1,107,398**	332,618
- Savings accounts	10.1	**290,931**	3,892
		1,398,329	336,510
		1,398,636	337,103

10.1 These carry markup at the rates ranging from 5.50% to 5.51% (2019: 8.03% to 11.5%) per annum.

11. SHARE CAPITAL

11.1 Authorised share capital

2020	2019		2020	2019
------ Number of shares ------			------- (Rupees in '000) -------	
1,000,000,000	1,000,000,000	Oridanay shares of Rs 10 each	10,000,000	10,000,000

11.2 Issued, subscribed and paid up share capital

2020	2019		2020	2019
------ Number of shares ------			------- (Rupees in '000) -------	
13,900,000	13,900,000	Oridanay shars of Rs 10 each fully paid in cash	139,000	139,000
467,387,116	467,387,116	Oridanay shars of Rs 10 each issued as fully paid bonus shares	4,673,871	4,673,871
481,287,116	481,287,116		4,812,871	4,812,871

	2020	2019
	------- Number of shares -------	
11.3 Shares held by related parties		
Dawood Lawrencepur Limited		
Percentage of holding 16.19% (2019: 16.19%)	**77,931,896**	77,931,896
The Dawood Foundation		
Percentage of holding 3.95% (2019: 3.95%)	**18,991,988**	18,991,988
Cyan Limited		
Percentage of holding 0.17% (2019: 0.17%)	**794,380**	794,380
Sach International (Private) Limited		
Percentage of holding 0.001% (2019: 0.001%)	**6,996**	6,996
Directors, Chief Executive Officer and their spouse and minor children		
Percentage of holding 12.5% (2019: 13.07%)	**60,173,844**	68,620,056

	Note	2020	2019
		--------- (Rupees in '000) --------	
12. LONG TERM FINANCINGS			
Islamic mode			
Sukuk certificates - I	12.1	**3,120,000**	4,131,021
Sukuk certificates - II	12.2	**4,200,000**	5,367,829
		7,320,000	9,498,850
Less: Current portion			
Sukuk certificates - I		**(3,120,000)**	(1,040,000)
Sukuk certificates - II		**(4,200,000)**	(1,200,000)
		(7,320,000)	(2,240,000)
		-	7,258,850

12.1 These represent the amortised cost of the rated, over-the-counter listed and secured Islamic Certificates (Sukuk - I), amounting to Rs 5,200 million issued by the Company on November 16, 2017 to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as a trustee. The Sukuk - I are secured against the Company's investment in ECL shares with 50% margin as disclosed in note 6.1.2 and charge over all the assets of the Company with a 25% margin. The Sukuk - I carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuk - I are for a period of 5 years and are payable semiannually.

During the year, the Board of Directors of the Company in their meeting held on December 18, 2020 approved the exercise of the call option (i.e. early purchase of Islamic Sukuk Certificates) available to the Company in the underlying sukuk issue arrangements. As a result of the exercise of the call option the payment in full has been made on February 16, 2021 i.e. subsequent to the year end. Accordingly, the balances pertaining to the long term financings have been shown as part of current liabilities as at December 31, 2020 in these unconsolidated financial statements.

12.2 These represent the amortised cost of the rated, over-the-counter listed and secured Islamic Certificates (Sukuk - II), amounting to Rs 6,000 million issued by the Company on March 1, 2018 to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as a trustee. The Sukuk - II are secured against the Company's investment in ECL shares with 50% margin as disclosed in note 6.1.2 and charge over all the assets of the Company with a 25% margin. The Sukuk - II carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuk - II are for a period of 5 years and are payable semiannually.

During the year, the Board of Directors of the Company in their meeting held on December 18, 2020 approved the exercise of the call option (i.e. early purchase of Islamic Sukuk Certificates) available to the Company in the underlying sukuk issue arrangements. As a result of the exercise of the call option the payment in full shall be made on March 1, 2021 i.e. subsequent to the year end. Accordingly, the balances pertaining to the long term financings have been shown as part of current liabilities as at December 31, 2020 in these unconsolidated financial statements.

	Note	2020	2019
		------- Rupees in '000 -------	
Opening balance			
Issuance of Sukuk II - net of transaction cost		**9,498,850**	11,105,891
Amortisation during the year		**61,150**	32,959
Amount repaid		**(2,240,000)**	(1,640,000)
		7,320,000	9,498,850

	Note	2020	2019
13. DEFINED BENEFIT LIABILITIES			
Defined benefit plan - Funded gratuity	13.1 to 13.16	**3,559**	5,666

13.1 As stated in note 2.7.1, the Company operates a defined benefit plan i.e. an approved funded gratuity scheme for all of its permanent employees subject to attainment of minimum service of prescribed period. The latest actuarial valuation was carried out as at December 31, 2020.

13.2 The Company faces the following risks on account of the defined benefit plan:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Company has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Investments are subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the plan assets.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contribution to the Fund as advised by the actuary.

13.3 The projected unit credit method using the following significant assumptions was used for this valuation:

	2020	2019
	----- Per annum ------	
- Discount rate used for year end obligation	**9.75%**	11.25%
- Expected rate of increase in salary levels	**8.75%**	10.25%

13.4 Mortality rate

The rates assumed were based on the SLIC 2001-2005 with 1 year setback mortality table.

13.5 The net liability carried in the statement of financial position comprise of the following:

	Note	2020	2019
		------- (Rupees in '000) -------	
Present value of defined benefit obligation	13.6	**32,221**	28,254
Fair value of plan assets	13.7	**(28,662)**	(22,588)
Net liability as at December 31		**3,559**	5,666

13.6 Movement in present value of defined benefit obligation

	2020	2019
Obligation as at January 1	**28,254**	22,216
Current service cost	**7,657**	7,452
Interest cost	**2,934**	2,623
Benefits due but not paid	**-**	(597)
Benefits paid	**(4,343)**	(4,265)
Remeasurement (gain) / loss on obligation	**(2,281)**	825
Obligation as at December 31	**32,221**	28,254

13.7 Movement in fair value of plan assets

	2020	2019
Fair value as at January 1	**22,588**	16,467
Interest income	**2,729**	2,445
Contributions made	**7,691**	8,232
Benefits paid	**(4,343)**	(4,265)
Benefits due but not paid	**-**	(597)
Remeasurement (loss) / gain on plan assets	**(3)**	306
Fair value as at December 31	**28,662**	22,588

13.8 Movement in net liability

	Note	2020	2019
Opening balance of net liability		**5,666**	5,749
Charge for the year	13.9	**7,862**	7,630
Contributions made by the Company		**(7,691)**	(8,232)
Net remeasurement (gain) / loss for the year	13.10	**(2,278)**	519
Closing balance of net liability		**3,559**	5,666

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	2020	2019
	------- (Rupees in '000) -------	
13.9 Amounts recognised in the profit or loss		
Current service cost	**7,657**	7,452
Net interest income / (expense)	**205**	178
	7,862	7,630
13.10 Remeasurement recognised in other comprehensive income		
Remeasurement (gain) / loss on defined benefit liability due to experience adjustments	**(2,880)**	929
Actuarial loss from changes in demographic assumptions	**682**	-
Actuarial gain from changes in financial assumptions	**(83)**	(104)
Remeasurement loss / (gain) on plan assets	**3**	(306)
Net remeasurement (gain) / loss	**(2,278)**	519
13.11 Actual return on plan assets		
Expected return on plan assets	**2,729**	2,445
Remeasurement (loss) / gain on plan assets	**(3)**	306
Actual gain on plan assets	**2,726**	2,751

	2020		2019	
	(Rupees in '000)	Percentage	(Rupees in '000)	Percentage
13.12 Major categories / composition of plan assets				
Cash and cash equivalents	**14,901**	52%	**5,225**	23%
Mutual fund units	**13,761**	48%	**17,363**	77%
	28,662	100%	**22,588**	100%

13.13 Expected contribution to the funded gratuity for the year ending December 31, 2021 is Rs 8.288 million (2020: Rs 7.831 million).

13.14 The weighted average duration of the defined benefit obligation is 6 years.

13.15 The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is set out below:

	Change in assumptions	Present value of defined benefit obligation based on: Increase	Decrease
		------------- (Rupees in '000) -------------	
Discount rate	1%	(30,316)	34,325
Salary growth rate	1%	34,381	(30,230)

13.16 The above sensitivity analyses are based on a change in an 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 the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised within the statement of financial position.

	Note	2020	2019
		------- (Rupees in '000) -------	
14. TRADE AND OTHER PAYABLES			
Creditors		**5,473**	12,366
Accrued expenses	14.1	**72,490**	55,669
Others		**5,560**	5,340
		83,523	73,375

14.1 These include the following amounts accrued in respect of related parties:

	2020	2019
	------- (Rupees in '000) -------	
The Dawood Foundation	**921**	152

15. **CONTINGENCIES AND COMMITMENTS**

15.1 Contingencies

15.1.1 The Company had pledged 15.131 million shares of ECL with Meezan Bank Limited (as agent) in favour of Fatima Fertilizer Company Limited (FFCL) as disclosed in note 6.1.2 to these unconsolidated financial statements as collateral against guarantee given in favour of DH Fertilizer Limited (DHFL) - ex subsidiary (now FFCL) against potential tax liabilities, WPPF liabilities and WWF liabilities in respect of periods ending on or prior to June 30, 2015. These pledged shares are to be released upon completion of two years from the filing date of Income Tax Return for the year ended December 31, 2015, i.e. September 30, 2016, in case no demand / notice is received from respective authorities.

During the year ended December 31, 2018 out of 15.131 million shares of ECL, 4.639 million shares were released upon expiration of the period stated in the agreement relating to the WPPF liabilities.

The Company had also issued a corporate guarantee which will remain in full force and effective for five years and will be released on the later of September 30, 2021 or the date on which the above tax liabilities are finally settled / disposed of or withdrawn.

During the year ended December 31, 2017, the Company's ex-subsidiary was served with an order from the Additional Commissioner of Inland Revenue (CIR) – Federal Board of Revenue under Section 122(5A) of the Income Tax Ordinance, 2001 to amend the original assessment for the Tax Year 2016 being prejudicial to the revenue of the Federal Government and raised additional demand of Rs 3,380.650 million.

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The issues mainly related to the levy of tax on sale of 'Bubber Sher' brand to wholly owned subsidiary, Bubber Sher (Private) Limited, taxation of capital gain on sale of shares of ECL and HUBCO and levy of super tax on the income claimed to be exempt from tax. The ex-subsidiary being aggrieved with the order filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) and CIRA in its order dated August 7, 2017 decided the matter in favour of the ex-subsidiary. The Deputy CIR served the ex-subsidiary with an appeal effect order on January 11, 2018, under which the tax liability (primarily on account of Alternate Corporate Tax) was worked out to be Rs 1,051.140 million.

Additionally, the CIR filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA, which is currently pending. The ex-subsidiary, on the basis of advice of its tax consultant, filed an appeal with CIRA on February 12, 2018, considering the demand of Rs 1,051.140 million to be still prejudicial to its interest. CIRA in its order dated April 26, 2018 decided the matter against the ex-subsidiary. The ex-subsidiary has filed an appeal with the ATIR on May 9, 2018, against the order passed by CIRA and for grant of stay in respect thereof. The appeal against the order of CIRA is still pending. Meanwhile, the ex-subsidiary has also obtained stay from the Lahore High Court against the recovery of demand. The tax advisor of the ex-subsidiary is of the view that the appeal effect order passed on January 11, 2018 and the subsequent order of CIRA dated April 26, 2018, are either based on a misinterpretation of the provisions of law or are in violation of the directions given by CIRA in its order dated August 7, 2017. Based on these views, the management of the Company is confident that the matter will eventually be decided in favour of the ex-subsidiary. Hence, no provision has been recorded in this respect in these unconsolidated financial statements.

15.1.3 During the year ended December 31, 2017, the Company received a show cause notice dated May 11, 2017 from the Additional CIR – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the Additional CIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Company being aggrieved, filed a Constitutional Petition before the High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the High Court of Sindh against the levy of super tax. The High Court of Sindh issued stay orders in respect of the aforementioned matters with the instruction to the taxation authorities to not finalise the proceedings until the cases were disposed of.

15.1.4 During the year on June 18, 2020, the Company received an income tax demand amounting to Rs 201.196 million in relation to the tax year 2019. Out of such demand, an amount of Rs 92 million seems an apparent error for which a rectification application was submitted to the tax authorities and order against the same was issued on December 16, 2020 by the authorities in favour of the Company granting complete credit of Rs 92 million. The remaining demand of Rs 109 million was made to the Company as the taxation authorities are of the view that the Company's interest income does not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result of which the common expenses incurred by the Company cannot be allocated to 'income from other sources' resulting in increased tax liability. However, the Company is of the view that the earning interest / money market income is one of the principal revenue streams of the Company and should be treated as 'income from business'. An appeal has been filed by the Company before the CIRA, the decision of which is pending to date. The Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. However, on a prudent basis tax charge amounting to Rs 109 million has been recorded in these unconsolidated financial statements.

	Note	2020	2019
		------- (Rupees in '000) -------	

16. RETURN ON INVESTMENTS

	Note	2020	2019
Dividend income	16.1	**5,495,147**	5,439,805
Interest income	16.2	**1,321,576**	2,255,305
Others	16.3	**153,405**	683,115
		6,970,128	8,378,225

16.1 Dividend income

	Note	2020	2019
Subsidiary - Engro Corporation Limited		**5,361,745**	5,322,751
Other investments in quoted shares	16.1.1	**133,402**	117,054
		5,495,147	5,439,805

16.1.1 Other investments on quoted shares

	2020	2019
Meezan Bank Limited	**28,803**	16,093
Habib Bank Limited	**7,259**	10,686
Standard Chartered Bank Pakistan Limited	**8,750**	6,250
United Bank Limited	**15,491**	20,068
Interloop Limited	**4,640**	6,186
Lucky Cement Limited	**-**	8,289
Matco Foods Limited	**1,289**	1,713
Oil & Gas Development Company Limited	**28,799**	27,786
Pakistan Petroleum Limited	**3,707**	3,958
Pakistan State Oil Company Limited	**-**	16,025
The Hub Power Company Limited	**19,754**	-
Bank Al-Habib Limited	**1,834**	-
Adamjee Insurance Company Limited	**3,234**	-
Fauji Fertilizer Company Limited	**7,780**	-
Indus Motor Company Limited	**833**	-
Attock Cement Pakistan Limited	**283**	-
Mari Petroleum Company Limited	**137**	-
Kohinoor Textile Mills Limited	**809**	-
	133,402	117,054

16.2 Interest income

	Note	2020	2019
		------- (Rupees in '000) -------	
Income on T-Bills		**409,740**	1,299,789
Return on TDRs		**668,732**	795,037
Income on loan to EMPAK		**2,745**	-
Income on PIBs		**222,675**	124,007
Profit on saving accounts		**17,684**	36,472
		1,321,576	2,255,305

16.3 Others

	Note	2020	2019
Gain on sale of quoted shares		**165,229**	23,352
Unrealised (loss) /gain on quoted shares	9.4	**(12,858)**	659,763
Unrealised gain on Pakistan Investment Bonds (PIBs)		**1,034**	-
		153,405	683,115

17. ADMINISTRATIVE EXPENSES

	Note	2020	2019
Salaries, directors' remuneration and other benefits	17.1	**424,912**	357,019
Rent, rates and taxes		**2,885**	7,731
Insurance		**8,584**	5,086
Repairs and maintenance		**17,166**	32,061
Communication, stationery and office supplies		**10,852**	13,636
Subscription and periodicals		**100,038**	67,386
Travelling and conveyance		**25,065**	82,651
Depreciation on property, plant and equipment	4.1	**26,985**	35,917
Depreciation on right-of-use assets	5	**31,039**	37,647
Legal and professional charges		**105,328**	80,190
Donations	17.2	**248,720**	86,395
Other expenses		**22,625**	22,683
		1,024,199	828,402

17.1 Salaries, directors' remuneration and other benefits include Rs 7.862 million (2019: Rs 7.630 million) charge for the year in respect of staff gratuity and Rs 11.924 million (2019: Rs 12.332 million) in respect of staff provident fund.

17.2 These include donations made during the year to The Dawood Foundation (an associated undertaking) and Engro Foundation (an associated undertaking) aggregating Rs 196.965 million (2019: Rs 85 million) in which the Company's directors Mr. Hussain Dawood, Mr. Shahzada Dawood, Mr. Abdul Samad Dawood and Ms. Sabrina Dawood are trustees. Further, donation was made to the Agha Khan University Hospital (AKUH) amounting to Rs 50.91 million (2019: Nil).

		Note	2020	2019
			------- (Rupees in '000) -------	
18.	**OTHER EXPENSE - NET**			
	Loss on disposal of operating fixed assets	4.1.3	**7,798**	27,993
	Auditor's remuneration	18.1	**4,042**	3,730
			11,840	31,723
	Other income			
			(9,580)	(974)
			2,260	30,749
18.1	Auditor's remuneration			
	As statutory auditors			
	Audit fee		**861**	783
	Half year review		**216**	200
	Others		**642**	919
			1,719	1,902
	Others			
	Tax and other services	18.1.1	**2,107**	1,496
			3,826	3,398
	Out of pocket expenses		**216**	332
			4,042	3,730

18.1.1 In addition to tax services, others mainly include non-audit assurance services in relation to the Company's sukuk certificates.

		Note	2020	2019
			------- (Rupees in '000) -------	
19.	**FINANCE COST**			
	Mark-up on:			
	- Long term financings	19.1	**1,011,049**	1,409,096
	- Lease liabilities		**7,513**	15,161
	Bank charges			
			870	1,023
			1,019,432	1,425,280

19.1 This includes amortisation relating to Sukuk certificates amounting to Rs 61.150 million (2019: Rs 32.959 million).

		2020	2019
		------- (Rupees in '000) -------	
20.	**TAXATION**		
	Current		
	- for the year	**1,086,591**	1,286,661
	- for prior years	**109,196**	(113,528)
		1,195,787	1,173,133
	Deferred		
	Tax charge for the year	**456**	98,964
		1,196,243	1,272,097

		2020	2019
		------- (Rupees in '000) -------	
20.1	Relationship between tax expense and accounting profit		
	Profit before taxation	**4,924,237**	6,093,794
	TTax calculated at the rate of 29% (2019: 29%)	**1,428,029**	1,767,200
	Effect of applicability of lower tax rate (Final Tax Regime)	**(340,982)**	(381,575)
	Effect of prior year charges	**109,196**	(113,528)
		1,196,243	1,272,097
21.	**EARNINGS PER SHARE**		
	Profit after taxation	**3,727,994**	4,821,697
		2020	2019
		------- (Number of shares)-------	
	Weighted average number of ordinary shares outstanding during the year	**481,287,116**	481,287,116
	Earnings per share – basic and diluted	**7.75**	10.02

21.1 There were no convertible dilutive potential ordinary shares outstanding as at December 31, 2020 and December 31, 2019.

22. **REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

The aggregate amount of remuneration, including all benefits to chief executive officer, directors and executives of the Company are given below:

	--------------2020--------------			---------------2019---------------		
	Chief Executive Officer	**Directors**	**Exectives**	Chief Executive Officer	Directors	Executives
	------------------------------(Rupees in '000)----------------------------					
Managerial remuneration	**15,557**	**-**	**69,267**	15,262	-	63,263
Remuneration to non-executive directors	**-**	**234,567**	**-**	-	200,757	-
Retirement benefits including ex-gratia	**3,629**	**-**	**11,822**	3,533	-	12,539
Rent and utilities	**8,556**	**37,709**	**29,394**	8,285	32,591	27,587
Compensated absences	**-**	**-**	**-**	1,126	-	1,511
Medical	**1,296**	**3,745**	**4,666**	2,368	2,689	6,738
Other benefits	**546**	**6,741**	**13,331**	635	4,283	4,996
	29,584	**282,762**	**128,480**	31,209	240,320	116,634
Number of persons including those who worked part of the year	**1**	**4**	**20**	1	3	19

22.1 In addition, the Chief Executive Officer (CEO), certain directors and executives are provided with Company owned and maintained cars.

22.2 Meeting fees aggregating Rs 18.75 million (2019: Rs 11.75 million) were paid to 7 directors (2019: 6 directors).

22.3 The Company considers its Chief Executive Officer and the Directors as its key management personnel.

23. RELATED PARTY TRANSACTIONS AND BALANCES

23.1 The related parties comprise subsidiaries, associated companies, related group companies, key management personnel (KMP) / directors of the Company, companies in which directors are interested, staff retirement benefits and close members of the family of KMP. The Company, in the normal course of business, carries out transactions with various related parties on mutually agreed terms.

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

Name of relate party	Basic of relationship	Percentage of shareholding in the company	Common directorship
Engro Corporation Limited	Subsidiary	N/A	Common directorship
Empiric AI (Private) Limited	Subsidiary	N/A	Common directorship
Dawood Lawrencepur Limited	Associated company	16.19%	Common directorship
Cyan Limited	Associated company	0.17%	Common directorship
Inbox Business Technologies Limited	Associated company	N/A	Common directorship
The Dawood Foundation	Associated company	3.95%	Common directorship
Engro Foundation	Associated company	N/A	Common directorship
Dawood Corporation (Private) Limited	Associated company	N/A	Common directorship
Sach International (Private) Limited	Associated company	0.001%	Common directorship
Tenaga Generasi Limited	Associated company	N/A	Common directorship
Reon Energy Limited	Associated company	N/A	Common directorship
Reon Alpha Limited	Associated company	N/A	Common directorship
Patek (Private) Limited	Associated company	N/A	Common directorship
Shell Pakistan Limited	Associated company	N/A	Common directorship
Teach the World Foundation	Associates	N/A	Common directorship
Pakistan Business Council	Associates	N/A	Common directorship
Muller & Phipps Pakistan (Private) Limited	Associates	N/A	Common directorship
Karachi School of Business & Leadership	Associated undertaking	N/A	Common directorship
Mr. Shabbir Hussain Hashmi	Key management personnel	N/A	N/A
Mr. Muhammad Imran Sayeed	Key management personnel	N/A	N/A
Mr. Hussain Dawood	Key management personnel	N/A	N/A
Ms. Kulsoom Dawood	Family members of KMP	N/A	N/A
Ms. Azmeh Dawood	Family members of KMP	N/A	N/A
Mr. Shahzada Dawood	Key management personnel	N/A	N/A
Ms. Sabrina Dawood	Key management personnel	N/A	N/A
Mr. Parvez Ghias	Key management personnel	N/A	N/A
Mr. Muneer Kamal	Key management personnel	N/A	N/A
Mr. Hasan Reza Ur Rahim	Key management personnel	N/A	N/A
Mr. Samad Dawood	Key management personnel	N/A	N/A
Mr. Kamran Nishat	Key management personnel	N/A	N/A
Mr. Inam ur Rehman	Key management personnel	N/A	N/A
Staff Provident Fund	Employees Retirement Fund	N/A	N/A
Staff Gratuity Fund	Employees Retirement Fund	N/A	N/A

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23.3 Transactions with related parties are as follows:

	2020	2019
	------- (Rupees in ‘000) -------	
Subsidiaries		
Reimbursement of expenses made to the Company	**4,135**	2,451
Reimbursement of expenses made by the Company	**-**	9,616
Dividend income	**5,361,745**	5,322,751
Investment made	**100,000**	-
Short term loan extended	**185,700**	-
Mark up on loan	**2,745**	-
Cost sharing of services	**96,256**	110,874
Associated companies		
Sale of services	**14,333**	14,474
Purchases of services	**34,967**	33,836
Reimbursement of expenses made to the associated companies	**20,253**	5,040
Reimbursement of expenses made by the Company	**51,408**	52,335
Dividend paid	**879,527**	1,661,329
Donations	**196,965**	85,000
Other related parties		
Contribution to staff retirement gratuity fund	**7,691**	8,232
Membership fee and other subscriptions	**2,000**	2,360
Purchase of services	**1,834**	2,626
Contribution to staff provident fund	**11,924**	12,332
Other payments	**5,285**	643
Key management personnel and their family members		
Loss on sale of an item of operating fixed assets	**-**	30,132
Salaries, directors' remuneration and other benefits	**331,096**	283,279
Post retirement benefits plans	**4,906**	6,083
Dividend paid	**615,317**	1,155,075

23.4 The amounts payable to and receivable from the related parties have been disclosed in notes 6, 7, 8, 13 and 14 to these unconsolidated financial statements.

		Note	2020	2019
			------- (Rupees in ‘000) -------	
24.	**CASH (UTILISED IN) / GENERATED FROM OPERATIONS**			
	Profit before taxation		**4,924,237**	6,093,794
	Adjustment for non cash and other items:			
	Depreciation		**58,024**	73,564
	Finance cost		**1,019,432**	1,425,280
	Loss on disposal of property, plant and equipment		**7,798**	27,993
	Return on investments		**(6,970,128)**	(8,378,225)
	Charge in respect of defined benefit liabilities		**7,862**	7,630
	Impairment charge - e2eBE - net		**2,000**	-
	Gain on termination of lease arrangement		**(3,030)**	-
			(5,878,042)	(6,843,758)
	Working capital changes	24.1	**(22,530)**	1,346,079
	Net cash (utilised in) / generated from operations		**(976,335)**	596,115
24.1	**Working capital changes**			
	(Increase) / decrease in current assets:			
	Loan, advances, deposits and prepayments		**6,342**	(39,039)
	Other receivables		**(39,020)**	1,684,494
			(32,678)	1,645,455
	Increase /(decrease) in trade and other payables		**10,148**	(299,376)
			(22,530)	1,346,079
25.	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	10	**1,398,636**	337,103
	Short term investments	9	**7,200,000**	7,000,000
			8,598,636	7,337,103
26.	**FINANCIAL INSTRUMENTS BY CATEGORY**			
	FINANCIAL ASSETS			
	At amortised cost			
	Loan, advances and deposits		**191,807**	9,526
	Other receivables		**181,978**	409,575
	Short term investments		**7,218,000**	10,457,700
	Cash and bank balances		**1,398,636**	337,103
			8,990,421	11,213,904
	At fair value through profit or loss			
	Short term investments - quoted shares		**5,126,625**	4,300,382
	Pakistan Investment Bonds (PIBs)		**1,506,848**	-
	Market Treasury bills (T-Bills)		**-**	1,831,299
			6,633,473	6,131,681
			15,623,894	17,345,585

	2020	2019
	------- (Rupees in ‘000) -------	
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Long term financings	**7,320,000**	9,498,850
Lease liabilities	**40,773**	91,544
Trade and other payables	**83,523**	73,375
Unclaimed dividend	**275,406**	135,980
Accrued mark-up	**61,691**	141,667
	7,781,393	9,941,416

27. FINANCIAL RISK MANAGEMENT

27.1 The Company’s activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. The Company’s overall risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company’s financial performance.

The Board has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse 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.

Risks managed and measured by the Company are explained below:

27.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuers or the instruments, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprises of three types of risks: interest rate risk, currency risk and other price risk.

27.2.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market interest rates.

- Fair value risk - Presently, fair value risk to the Company arises from 'balances with banks' and T-bills which are based on fixed interest rates. As at December 31, 2020, the impact of increase / decrease in fixed interest rates by 100 basis points would not have a material impact on the profit after tax of the Company.

- Future cash flow risk - Presently, future cash flow risk to the Company arises from long term financings, loan to EMPAK and short term investments (PIB's and TDR's) which are based on floating interest rates (i.e. KIBOR based). As at December 31, 2020, had there been increase / decrease of 100 basis points in KIBOR, with all other variables held constant, profit before taxation for the year then ended would have been higher / lower by Rs 14 million (2019: Rs 10 million) mainly as a result of interest income (net).

27.2.2 Currency risk

Currency risk arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company does not have any significant foreign currency exposures.

27.2.3 Price risk

Price risk is the risk that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency 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. As at December 31, 2020, the Company did not have any significant financial assets exposed to price risk.

27.3 Credit risk and its concentration

Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each of the parties. To manage exposure to credit risk, management reviews credit ratings, total deposit worthiness and maturities of the investments made, past experience and other factors.

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligations to be similarly affected by the changes in economic, political or other conditions.

The maximum exposure to credit risk at the reporting date is set out below:

	2020	2019
	------- (Rupees in '000) -------	
	191,807	9,526
Loan, advances and deposits	**181,978**	409,575
Other receivables	**1,398,329**	336,510
Bank balances	**8,724,848**	12,288,999
Short term investments	**10,496,962**	13,044,610

The credit quality of the Company's balances with banks and short term investments aggregating Rs 8,616.329 million (2019: Rs 10,749.210 million) can be assessed with reference to the fact that the minimum credit rating of the banks with which such financial assets are placed is 'A', which denotes obligations supported by a strong capacity for timely repayment.

As at December 31, 2020, the Company had government backed investments amounting to Rs 1,506.848 million (2019: Rs 1,831.299 million) on which there is no credit risk.

The Company believes that it is not exposed to major concentration of credit risk.

27.4 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulties in meeting obligations associated with financial liabilities. The Company's approach to manage liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its financial liabilities when due. Accordingly, the Company maintains sufficient cash and also ensures availability of funding through credit facilities.

The analysis below summarises the Company's financial liabilities (based on contractual undiscounted cash flows) into relevant maturity groups on the remaining period as at the reporting date:

	Carrying Amount	**Six months or less**	**Six to twelve months**	**One to two years**	**Two to five years**
	-------------------------- (Rupees in '000) --------------------------				
2020					
Financial liabilities					
Long term financings	**7,320,000**	**7,320,000**	**-**	**-**	**-**
Lease liabilities	**40,773**	**16,923**	**12,839**	**11,011**	**-**
Trade and other payables	**83,523**	**83,523**	**-**	**-**	**-**
Unclaimed dividend	**275,406**	**275,406**	**-**	**-**	**-**
Accrued mark-up	**61,691**	**61,691**	**-**	**-**	**-**
	7,781,393	**7,757,543**	**12,839**	**11,011**	**-**
2019					
Financial liabilities					
Long term financings	9,560,000	1,120,000	1,120,000	2,240,000	5,080,000
Lease liabilities	86,183	-	-	-	-
Trade and other payables	73,375	73,375	-	-	-
Unclaimed dividend	135,980	135,980	-	-	-
Accrued mark-up	141,667	141,667	-	-	-
	9,997,205	1,471,022	1,120,000	2,240,000	5,080,000

Fair value of financial instruments

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

The Company classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy is as follows:

Level I: Quoted market price (unadjusted) in an active market for an identical instrument.

Level II: Valuation techniques based on observable inputs, either directly (i.e. market prices) or indirectly (i.e. derived from prices)

Level III: Valuation techniques using significant un-observable inputs.

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The fair value of the Company's short term investments carried at fair value as disclosed in note 9 is based on quoted price of shares at the PSX (Level I) and discounting of future cash flows using market rate for PIBs/Tbills (Level II). The estimated fair value of other financial instruments is considered not significantly different from the book value due to the underlying short term / current nature.

28. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or obtain / repay long term financing from / to financial institutions.

29. NUMBER OF EMPLOYEES

The total and average number of employees during the years ended December 31, 2019 and December 31, 2020 are as follows:

	2020	2019
Average number of employees during the year	**46**	45
Number of employees as at the end of the financial year	**46**	39

30. GENERAL

30.1 All financial information, except as otherwise stated, has been rounded to the nearest thousand rupees.

30.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of better presentation.

30.3 The investments by the Company's Provident Fund have been made in accordance with the provision of section 218 of the Companies Act, 2017 and the rules specified thereunder.

30.4 These unconsolidated financial statements have been authorised for issue on March 01, 2021 by the Board of Directors of the Company.

Mohammad Shamoon Chaudry	**Inam ur Rahman**	**Shabbir Hussain Hashmi**
Chief Financial Officer	Chief Executive	Director

Delegates at the 50th Annual Meeting of World Economic Forum on 21-24 January 2020 in Davos, Switzerland. DH Corp was invited to participate at a Partner level. The event brought together 3,000 participants from around the world, with the aim to give concrete meaning to stakeholder capitalism, to assist governments and international institutions in tracking progress towards the Paris Agreement and the Sustainable Development Goals, and facilitate discussions on technology and trade governance.

Picture credit courtesy: World Economic Forum@Flickr

MagnifiScience Centre (MSC) will be Pakistan's first contemporary and interactive science centre that will function as an inclusive science hub by offering edutainment, igniting an interest in science, and empowering people through better understanding of scientific principles and thinking. Located in Karachi, it is spread over four floors. MSC is a Pre-Engineered Building (PEB) and to minimise environmental impact, the building has been designed to have a 116 KW solar power and wastewater recycling system.

CONSOLIDATED FINANCIAL STATEMENT

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INDEPENDENT AUDITOR'S REPORT

To the members of Dawood Hercules Corporation Limited

Opinion

We have audited the annexed consolidated financial statements of Dawood Hercules Corporation Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter:

S. No.	Key audit matters	How the matter was addressed in our audit
(i)	**Income tax and sales tax provisions and contingencies** [Refer notes 31.1.2(vi), 31.1.3, 31.1.5, 40.2, 40.3 and 40.4 to the consolidated financial statements] The Group has recognized provisions and has disclosed contingent liabilities in respect of certain income tax and sales tax matters, which are pending adjudication before various appellate and legal forums. Provisions and contingencies require management to make judgements and estimates in relation to the interpretation of laws, statutory rules, regulations, and the probability of outcome and financial impact, if any, on the Group in respect of such provisions and contingencies. Due to significance of amounts involved, inherent uncertainties with respect to the outcome of these matters and use of significant management judgements and estimates to assess the same including related financial impacts, we have considered provisions and contingent liabilities relating to income tax and sales tax matters as a key audit matter.	Our audit procedures included the following: • obtained and examined details of the documentation relating to pending tax matters and discussed the same with the management; • circularized confirmations to the external advisors for their views on matters being handled by them; • involved internal tax professionals to assist us in assessing management's conclusions on contingent tax matters and evaluated the consistency of such conclusions with the views of management and external advisors engaged by the Group; • checked correspondence of the Group with the relevant tax authorities including judgments or orders passed by the competent authorities in relation to the issues involved or matters which have similarities with the issues involved; • checked calculation of the provisions made; and • assessed the adequacy of the related disclosures made in the consolidated financial statements with respect to the accounting and reporting standards.
(ii)	**Gas Infrastructure Development Cess** (Refer notes 27 and 36 to the consolidated financial statements) The Supreme Court of Pakistan (SCP) through its judgment dated August 13, 2020 has declared that the Gas Infrastructure Development Cess ("GIDC") Act, 2015 ("the Act") is valid and in accordance with the provisions of the Constitution of Pakistan. Under the judgement, SCP directed companies responsible under the Act to recover GIDC from their consumers that has become due up till July 31, 2020 and has not been recovered so far, in twenty-four equal monthly instalments starting from August 1, 2020, without the component of late payment surcharge. In this regard, Group companies, Engro Polymer and Chemicals Limited (EPCL) and Engro Fertilizers Limited (EFL), being aggrieved by the decision, filed review petitions before the SCP on various grounds. These review petitions were dismissed by SCP on November 2, 2020, by upholding the original judgment.	Our audit procedures included the following: • obtained an understanding of the background facts pertaining to provision recorded in respect of GIDC through meetings with the management and read the minutes of the meetings of those charged with governance; • obtained and read the (i) detailed judgement of the SCP, (ii) decision of the SCP on the review petition, (iii) requirements of GIDC Act, 2015 and (iv) requirements of "Guidance on Accounting of GIDC" issued by the ICAP; • understood the management's process for applying judgments in relation to estimation of the present value of the GIDC provision, including the classification between current and non-current portion, and held discussion with the management regarding accounting treatment and the related impacts thereof, subsequent to judgements of SCP;

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Further, EPCL and EFL have also filed suits with the Sindh High Court (SHC) against collection of GIDC on the grounds that factual determination that the GIDC has been passed on to the customers is to be carried out. SHC granted stay to EPCL and EFL against recovery of GIDC payable till the finalization of matter by the SHC.

The Group has applied the "Guidance on Accounting of GIDC" issued by the Institute of Chartered Accountants of Pakistan (ICAP) on January 19, 2021, for recognition, measurement and presentation of the GIDC provision in the consolidated financial statements.

Accordingly, the Group has remeasured the previously undiscounted provision, at its present value using the risk free rate, giving due consideration to the latest available information and the expected timing of the settlement i.e. in 48 monthly instalments commencing from August 2020, as referred to in the aforementioned decision on the review petition by the SCP.

The Group, therefore, has recognized remeasurement gain amounting to Rs 2,905 million against GIDC provision in the consolidated financial statements.

Given the nature and significance of the amounts and judgements involved in estimation of the present value of the GIDC provision, including the classification between current and non-current portion, we have considered this as a key audit matter.

- obtained confirmation from external legal counsel in respect of the current developments in the case including their assessment of the potential outcome of the matter;
- checked the mathematical accuracy of the management's working of current / non-current classification of GIDC provision, its present value and assessed the accuracy and reasonableness of key estimates used; and
- assessed the adequacy of the related disclosures made in the consolidated financial statements with respect to the applicable accounting and reporting standards.

(iii) Loss allowance on subsidy receivable from the Government of Pakistan

(Refer note 17.3 to the consolidated financial statements)

As per the Expected Credit Losses (ECL) impairment model under IFRS 9 - "Financial Instruments", the manage-ment is required to assess changes in credit risk, by taking into account time value of money, reasonable and supportable information regarding past events, current conditions, forecast of future events and economic conditions attached to its receivables and recognize ECL, if any, at each reporting date.

The Group, taking cognizance of the aforementioned requirements of IFRS 9, has made an assessment of ECL on 'Subsidy receivable from the Government of Pakistan' giving consideration to the time value of money based on expected recovery of subsidy receivable.

The Group has determined loss allowance of Rs 1,238.912 million in this respect, based on various assumptions.

Due to the significance of the amount and judgements involved in estimation of ECL on subsidy receivable, we have considered this as a key audit matter.

Our audit procedures amongst others, included the following:

- obtained an understanding of the financial model used by the management for the determination of ECL on subsidy receivable;
- involved our internal specialist to independently evaluate the appropriateness of assumptions used to determine the time value of money;
- assessed the completeness and accuracy of the data used in the model to the underlying accounting records on a sample basis;
- checked the mathematical accuracy of the model by performing recalculations; and
- assessed the adequacy of the related disclosures made in the consolidated financial statements with respect to the applicable accounting and reporting standards.

(iv) Receivables from National Transmission and Despatch Company

(Refer notes 15.1 and 17.4 to the consolidated financial statements)

The Group has following balances receivable from National Transmission and Despatch Company as at December 31, 2020.

- Trade debts amounting to Rs 7,040 million which include overdue debts of Rs 6,171 million; and
- Delayed payment charges amounting to Rs 3,838 million which include overdue receivables of Rs 2,736 million.

In view of the significant delay in settlement, materiality of the amounts involved and consequential impact of the delay in settlement on liquidity and operations of Engro Powergen Qadirpur Limited EPQL, we have considered this to be an area of higher risk and a key audit matter.

Our audit procedures included the following:

- assessed whether revenue and related receivables have been recognised in accordance with the applicable accounting policies;
- tested whether invoices raised during the year were in accordance with the requirements of the Power Purchase Agreement (PPA);
- circularised confirmation of receivables from the Central Power Purchasing Agency (CPPA-G);
- made inquiries from the management and read minutes of the meetings of the Board of Directors and Board Audit Committee to ascertain actions being taken by them for the recoverability of these amounts;
- checked Implementation Agreement and assessed whether receivables are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognised there against;
- assessed the availability of finance with EPQL to fund its business operations through committed credit lines obtained from various financial institutions; and

- assessed adequacy of the related disclosures in the consolidated financial statements in accordance with the accounting and reporting standards.

(v) Operating results of Polymer segment (Refer notes 3.2.3.2, 38.1 and 50.4 to the consolidated financial statements) The business activities of Group's Polymer segment were impacted due to the COVID-19 pandemic and the closure of plant on account of major turnaround and gas leakage event during the year. Production of the segment declined, prices of major raw materials were significantly low in the international market as compared to previous year and the prices of segment's products also witnessed significant variation during the year. Further, activities in relation to expansion projects of the segment remained suspended for a few months. As a result of the price variations, gross profit of the segment increased significantly. The suspension of project expansion activities resulted in discontinuance of capitalisation of borrowing cost for some part of the year. The significant effect of the events on Polymer segment's financial statements resulted in extensive discussions with the management at various stages and required significant attention to the impacts reflected in the consolidated financial statements. Accordingly, we have considered the above as a key audit matter.	Our audit procedures included the following: • obtained detailed understanding of the background facts pertaining to significant events that happened during the year through meetings with the management, reading of the minutes of the meetings of those charged with governance and communication to Pakistan Stock Exchange; • checked gross profit analysis of Polymer segment; • checked and compared the trends of international prices with Polymer segment's products; • checked and compared the trends of international prices for major raw materials for part of the year with the prices on which raw material is purchased by the Polymer segment; • checked the increase in gas prices and also checked the impact of adverse gas ratio due to gas leakage incident and closure of plant; • checked raw material wise inventory reconciliation to identify period costs charged to cost of sales directly; • checked the borrowings and related finance cost; and assessed the adequacy of the related disclosures made 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 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 Khurshid Hasan.

Afferguson & Co

A. F. Ferguson & Co
Chartered Accountants

Karachi

Date: April 02, 2021

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
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KARACHI LAHORE ISLAMABAD

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020
(Amounts in thousand)

	Note	2020	2019
		------ (Rupees in '000) ------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	**262,035,712**	253,465,387
Right-of-use assets	6	**7,019,761**	4,926,781
Intangible assets	7	**5,587,682**	5,461,267
Long term investments	8	**32,350,083**	29,963,000
Deferred taxation	9	**80,434**	228,024
Financial assets at amortised cost	10	**5,160,833**	7,310,516
Net investment in lease	11	**44,557,411**	45,563,942
Long term loans, advances and other receivables	12	**2,109,917**	3,305,027
		358,901,833	350,223,944
Current Assets			
Stores, spares and loose tools	13	**9,069,394**	7,637,331
Stock-in-trade	14	**17,938,391**	19,913,340
Trade debts	15	**50,750,960**	51,816,893
Loans, advances, deposits and prepayments	16	**3,916,882**	4,925,076
Other receivables	17	**18,574,319**	17,299,368
Accrued income		**653,244**	817,106
Contract asset	18	**5,714,977**	5,313,283
Current portion of net investment in lease	11	**3,255,211**	2,543,927
Short term investments	19	**107,344,354**	90,593,525
Cash and bank balances	20	**24,838,343**	21,229,837
		242,056,075	222,089,686
Assets classified as held for sale	21	**67,054**	1,325,595
		242,123,129	223,415,281
TOTAL ASSETS		**601,024,962**	573,639,225

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

(Amounts in thousand)

	Note	2020	2019
		------ (Rupees in '000) ------	
EQUITY & LIABILITIES			
Equity			
Share capital	22	**4,812,871**	4,812,871
Revaluation reserve on business combination		**1,665**	5,463
Maintenance reserve	23	**60,117**	60,117
Exchange revaluation reserve		**254,541**	226,682
Hedging reserve		**(11,428)**	(10,980)
General reserves		**700,000**	700,000
Unappropriated profit		**61,516,860**	58,265,869
Remeasurement of post-employment benefits		**(32,978)**	(39,077)
		62,488,777	59,208,074
		67,301,648	64,020,945
Non-Controlling Interest		**164,359,927**	144,023,629
Total Equity		**231,661,575**	208,044,574
Liabilities			
Non-Current Liabilities			
Borrowings	24	**135,230,145**	145,858,867
Deferred taxation		**14,667,758**	13,498,354
Lease liabilities	25	**50,635,891**	50,996,209
Deferred liabilities	26	**2,717,191**	2,344,875
Long term provision	27	**14,488,376**	-
		217,739,361	212,698,305
Current Liabilities			
Trade and other payables	28	**86,885,962**	103,382,190
Accrued interest / mark-up	29	**1,434,014**	3,457,429
Current portion of			
- borrowings	24	**30,008,492**	22,096,424
- lease liabilities	25	**4,935,549**	4,443,548
- deferred liabilities	26	**730,648**	430,358
- long term provision		**11,691,978**	-
Taxes payable		**2,780,160**	3,438,915
Short term borrowings	30	**12,505,120**	15,511,348
Unclaimed dividend		**652,103**	135,980
Derivative financial instruments		**-**	154
		151,624,026	152,896,346
Total Liabilities		**369,363,387**	365,594,651
Contingencies and Commitments	31		
TOTAL EQUITY & LIABILITIES		**601,024,962**	573,639,225

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.

Mohammad Shamoon Chaudry	Inam ur Rahman	Shabbir Hussain Hashmi
Chief Financial Officer	Chief Executive	Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

As at December 31, 2020

(Amounts in thousand)

	Note	2020	2019
		------ (Rupees in '000) ------	
CONTINUING OPERATIONS			
Revenue	32	**248,950,089**	225,765,492
Cost of revenue	33	**(172,869,310)**	(157,166,837)
Gross profit		**76,080,779**	68,598,655
Selling and distribution expenses	34	**(7,845,069)**	(8,103,286)
Administrative expenses	35	**(9,341,513)**	(7,671,345)
		58,894,197	52,824,024
Other income	36	**19,347,249**	16,671,711
Other operating expenses	37	**(5,447,523)**	(7,399,718)
Operating profit		**72,793,923**	62,096,017
Finance cost	38	**(21,492,621)**	(16,175,545)
Loss allowance on subsidy receivable from GoP	17	**(1,238,912)**	-
Share of income from joint venture and associates	39	**2,796,374**	1,147,999
Profit before taxation		**52,858,764**	47,068,471
Taxation	40	**(10,228,523)**	(16,981,645)
Profit after taxation		**42,630,241**	30,086,826
DISCOUNTINUED OPERATIONS			
Loss from discontinued operations		**(279,364)**	(299,789)
Profit after tax - total		**42,350,877**	29,787,037
Profit attributable to:			
- Owners of the Holding Company		**7,582,575**	5,653,098
- Non Controlling Interest		**34,768,302**	24,133,939
		42,350,877	29,787,037
Earnings / (loss) per share - basic and diluted		------ (Rupees) ------	
- Continuing operations		**15.97**	11.98
- Discontinued operations		**(0.21)**	(0.23)
Earnings per share - basic and diluted	42	**15.76**	11.75

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.

Mohammad Shamoon Chaudry	Inam ur Rahman	Shabbir Hussain Hashmi
Chief Financial Officer	Chief Executive	Director

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

As at December 31, 2020

(Amounts in thousand)

	2020	2019
	------ (Rupees in '000) ------	
Profit after taxation	**42,350,877**	29,787,037
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Hedging reserve - cash flow hedges		
Profit arising during the year		
Reclassification adjustments for profit included in profit or loss	**(1,750)**	-
	(1,750)	-
Revaluation reserve on business combination	**(21,004)**	(21,004)
Exchange differences on translation of foreign operations	**74,840**	212,495
	52,086	191,491
Income tax relating to: Revaluation reserve on business combination	**6,721**	6,721
Items that will not be reclassified to profit or loss		
Remeasurement of post employment benefits obligation - Actuarial (loss) / gain	**20,574**	(27,709)
Income tax relating to remeasurement of post employment benefits obligation	**(5,306)**	3,990
	15,268	(23,719)
Other comprehensive income for the year, net of tax	**74,075**	174,493
Total comprehensive income for the year	**42,424,952**	29,961,530
Total comprehensive income for the year		
- Discontinued operations	**(279,364)**	(299,789)
- Continuing operations	**42,704,316**	30,261,319
	42,424,952	29,961,530
Total comprehensive income attributable to:		
- Owners of the Holding Company	**7,612,287**	5,719,345
- Non Controlling Interest	**34,812,665**	24,242,185
	42,424,952	29,961,530

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.

Mohammad Shamoon Chaudry	**Inam ur Rahman**	**Shabbir Hussain Hashmi**
Chief Financial Officer	Chief Executive	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

(Amounts in thousand)

	ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY										
		RESERVES									
		CAPITAL RESERVES				REVENUE RESERVES					
	Share capital	Revaluation reserve on business combination	Maintenance reserve (note 23)	Exchange revaluation reserve	Hedging reserve	General reserve	Unappro-priated Profit	Remeasurement of post employment benefits - Actuarial (loss) / income	Sub total	Non-Controlling Interest	Total
	(Rupees in '000)										
Balance as at January 1, 2019	4,812,871	9,261	60,117	147,583	(10,980)	700,000	61,197,392	(30,023)	66,886,221	134,856,918	201,743,139
Total comprehensive income for the year ended December 31, 2019											
Profit for the year	-	-	-	-	-	-	5,653,098	-	5,653,098	24,133,939	29,787,037
Other comprehensive income	-	(3,798)	-	79,099	-	-	-	(9,054)	66,247	108,246	174,493
	-	(3,798)	-	79,099	-	-	5,653,098	(9,054)	5,719,345	24,242,185	29,961,530
Transactions with owners											
Effect of change in accounting policy - net of deffered tax	-	-	-	-	-	-	(396,994)	-	(396,994)	(1,501,039)	(1,898,033)
Shares issued during the year - net of transaction cost	-	-	-	-	-	-	(5,746)	-	(5,746)	2,532,804	2,527,058
Preference shares issued during the period - net of transaction cost	-	-	-	-	-	-	-	-	-	2,256,015	2,256,015
Dividend by ECL's subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	(18,363,254)	(18,363,254)
Final cash dividend for the year ended December 31, 2018 @ Rs 4.00 per share	-	-	-	-	-	-	(1,925,148)	-	(1,925,148)	-	(1,925,148)
First interim cash dividend for the year ended December 31, 2019 @ Rs 5.00 per share	-	-	-	-	-	-	(2,406,436)	-	(2,406,436)	-	(2,406,436)
Second interim cash dividend for the year ended December 31, 2019 @ Rs 3.00 per share	-	-	-	-	-	-	(1,443,861)	-	(1,443,861)	-	(1,443,861)
Third interim cash dividend for the year ended December 31, 2019 @ Rs 5.00 per share	-	-	-	-	-	-	(2,406,436)	-	(2,406,436)	-	(2,406,436)
	-	-	-	-	-	-	(8,584,621)	-	(8,584,621)	(15,075,474)	(23,660,095)
Balance as at December 31, 2019	4,812,871	5,463	60,117	226,682	(10,980)	700,000	58,265,869	(39,077)	64,020,945	144,023,629	208,044,574

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2020

(Amounts in thousand)

	ATTRIBUTABLE TO OWNERS OF THE HOLDING COMPANY										
		RESERVES									
		CAPITAL RESERVES				REVENUE RESERVES					
	Share capital	Revaluation reserve on business combination	Maintenance reserve (note 23)	Exchange revaluation reserve	Hedging reserve	General reserve	Unappro-priated Profit	Remeasurement of post employment benefits - Actuarial (loss) / income	Sub total	Non-Controlling Interest	Total
	(Rupees in '000)										
TTotal comprehensive income for the year ended December 31, 2020											
Profit for the year	-	-	-	-	-	-	7,582,575	-	7,582,575	34,768,302	42,350,878
Other comprehensive income	-	(3,798)	-	27,858	(448)	-	-	6,099	29,711	44,363	74,074
	-	(3,798)	-	27,858	(448)	-	7,582,575	6,099	7,612,287	34,812,665	42,424,952
Transactions with owners											
Preference shares issued during the period - net of transaction cost	-	-	-	-	-	-	-	-	-	2,801,524	2,801,524
Dividend by ECL's subsidiaries allocable to Non-Controlling interest	-	-	-	-	-	-	-	-	-	(17,277,891)	(17,277,891)
First interim cash dividend for the year ended December 31, 2020 @ Rs 2.00 per share	-	-	-	-	-	-	(962,574)	-	(962,574)	-	(962,574)
Second interim cash dividend for the year ended December 31, 2020 @ Rs 5.00 per share	-	-	-	-	-	-	(2,406,436)	-	(2,406,436)	-	(2,406,436)
Third interim cash dividend for the year ended December 31, 2020 @ Rs 2.00 per share	-	-	-	-	-	-	(962,574)	-	(962,574)	-	(962,574)
	-	-	-	-	-	-	(4,331,584)	-	(4,331,584)	(14,476,367)	(18,807,951)
Balance as at December 31, 2020	4,812,878	1,665	60,117	254,541	(11,428)	700,000	61,516,861	(32,978)	67,301,648	164,359,927	231,661,575

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2020

(Amounts in thousand)

	Note	2020	2019
		------ (Rupees in '000) ------	
Cash flows from operating activities			
Cash generated from operations	45	**78,186,666**	44,775,429
Retirement and other service benefits paid		**(355,851)**	(235,832)
Proceeds from net investment in lease		**2,672,535**	1,721,772
Finance income received on net investment in lease		**5,400,497**	5,290,427
Deferred income		**-**	888,732
Finance cost paid		**(17,935,498)**	(17,942,804)
Taxes paid		**(8,418,588)**	(16,235,121)
Long term loans and advances - net		**182,412**	68,996
Discountinued operation		**(59,850)**	-
Net cash generated from operating activities		**59,672,323**	18,331,599
Cash flows from investing activities			
Purchases of property, plant & equipment and intangible assets		**(18,634,177)**	(46,996,281)
Sale proceeds on disposal of property, plant & equipment		**198,989**	97,513
Investment in associated company		**(49,053)**	(788,726)
Investment made during the year - net		**5,304,571**	(53,103,370)
Income on deposits / other financial assets		**10,088,156**	11,804,542
Subordinated Loan to Joint Venture Company		**-**	(200,000)
Deposit in respect of bank guarantees		**344,953**	(418,470)
Discountinued operation		**(18,954)**	
Dividends received		**1,519,186**	1,422,054
Net cash (utilised in) / generated from investing activities		**(1,246,329)**	(88,182,738)
Cash flows from financing activities			
Proceeds / repayments of borrowings - net		**(5,254,690)**	20,311,625
Issuance of right shares to Non-controlling interest, net of share issuance cost		**2,801,523**	4,783,073
Proceeds from issuance of ordinary shares		**100,000**	-
Loan repayment by Joint Venture Company		**206,221**	-
Finance cost paid on lease liability		**(3,876,418)**	(3,847,684)
Rentals paid during the year		**(5,108,146)**	(3,711,922)
Repayments of short term finance		**-**	(1,000,000)
Dividends paid		**(21,651,467)**	(8,153,286)
Net cash (utilised in) / generated from financing activities		**(32,782,977)**	8,381,806
Net (decrease) / increase in cash and cash equivalents		**25,643,017**	(61,469,333)
Cash and cash equivalents at the beginning of the year	46	**31,520,994**	92,054,562
Effects of exchange rate changes on cash and cash equivalents		**(128,969)**	935,765
Cash and cash equivalents at the end of the year		**57,035,042**	31,520,994

The annexed notes from 1 to 60 form an integral part of these consolidated financial statements.

Mohammad Shamoon Chaudry	Inam ur Rahman	Shabbir Hussain Hashmi
Chief Financial Officer	Chief Executive	Director

(Amounts in thousand)

1. LEGAL STATUS AND OPERATIONS

1.1 Dawood Hercules Corporation Limited (the Holding Company) was incorporated in Pakistan on April 17, 1968 as a public limited company under the Companies Act 1913 (now the Companies Act, 2017) and its shares are quoted on the Pakistan Stock Exchange (PSX). The principal activity of the holding company is to manage investments including in its subsidiaries.

1.2 Based on the concept of 'control' as stipulated in the International Financial Reporting Standard (IFRS) -10 'Consolidated Financial Statements', the Holding Company continues to conclude that although the Holding Company has less than 50% voting rights in Engro Corporation Limited (ECL), yet, based on the absolute size of the Holding Company's shareholdings, the relative size of other shareholdings and the number of representation on ECL's Board of Directors, the Holding Company has the ability to exercise control over ECL. Accordingly, the Holding Company is deemed to be the holding company of ECL.

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

Business Unit	**Geographical Location**
Head / Registered offices	
- The Holding Company	Dawood Center, M.T. Khan Road, Karachi. Further, liasion offices are in Islamabad and Lahore.
- Engro Corporation Limited	7th and 8th Floors, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- EmpiricAI (Private) Limited	6th Floor, Dawood Center, M.T.Khan Road, Civil Lines, Karachi. Further, branch office is in Islamabad.
- Engro Fertilizers Limited	7th and 8th Floors, The Harbour Front Building, Plot No. HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Polymer and Chemicals Limited	12th Floor, Ocean Tower, G-3, Block 9, Clifton, Khayaban-e-Iqbal, Karachi
- Elengy Terminal Pakistan Limited	4th Floor, Corporate Offices Block, Dolmen City, Plot Number HC-3, Block 4, Clifton, Karachi
- Engro Energy Limited	16th Floor, Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp Agriproducts (Private Limited	8th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
- Engro Eximp FZE	BCW JAFZA 18 & 19, Office No 110 Dubai, United Arab Emirates
- Engro Infiniti (Private) Limited	8th Floor, The Harbour Front Building, Plot Number HC-3, Block 4, Scheme No. 5, Clifton, Karachi
Regional offices	
- ECL	22nd Floor, Ufone Tower Jinnah Avenue, Blue Area, Islamabad
- EmpiricAI (Private) Limited	11th Floor, Tricon Tower, Gulberg, Lahore
- Engro Polymer and Chemicals Limited	1st Floor, 38 Z Block, Commercial Area, Phase III, DHA, Lahore
Manufacturing plants	
- Engro Fertilizers Limited	- District Ghotki, Sindh - EZ/ 1 / P - 1 - II Eastern Zone, Port Qasim, Karachi
- Engro Polymer and Chemicals Limited	EZ/I/P-II-I Eastern Zone, Port Bin Qasim Industrial Area, Karachi
- Engro Eximp Agriproducts (Private) Limited	13-Km Muridke Sheikhupura Road Muridke, Muridke, 54800
Power Plants	
- Engro Powergen Thar (Private) Limited	Thar Block II, Islamkot District, Sindh
- Engro Powergen Qadirpur Limited	Deh Belo Sanghari, Ghotki, Sindh
Terminal	
- Elengy Terminal Pakistan Limited	Plot # OZ-I-P-81, South Western Zone, Berth no. 13, Port Qasim Karachi

2. The "Group" consists of:

Holding Company: *Dawood Hercules Corporation Limited.*

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

	Percentage of shareholding of the Holding Company	
	2020	2019
Engro Corporation Limited (note 2.1)	**37.22**	37.22
EmpiricAI (Private) Limited(note 2.2)	**100.00**	-

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

(Amounts in thousand)

2.1 Subsidiary - Engro Corporation Limited

Engro Corporation Limited (ECL), is a public listed company incorporated in Pakistan and its shares are quoted on PSX. The principal activity of ECL, is to manage investments in its subsidiary companies, associated companies and joint venture, engaged in fertilizers, PVC resin manufacturing and marketing, food, energy, LNG terminals, telecommunication infrastructure and chemical terminal and storage businesses.

Subsidiaries of ECL: Companies in which ECL owns over 50% of voting rights, or companies directly controlled by ECL:

	Percentage of shareholding of ECL	
	2020	2019
- Engro Energy Limited (note 2.1.1)	**100**	100
- Engro Eximp Agriproducts (Private) Limited (note 2.1.2)	**100**	100
- Engro Infiniti (Private) Limited (note 2.1.3)	**100**	100
- Engro Eximp FZE (note 2.1.4)	**100**	100
- Elengy Terminal Pakistan Limited (note 2.1.5)	**56**	56
- Engro Fertilizers Limited (note 2.1.6)	**56.27**	56.27
- Engro Polymer and Chemicals Limited (note 2.1.7)	**56.19**	56.19
Joint Venture Company:		
- Engro Vopak Terminal Limited (note 2.1.8)	**50**	50
Associated Company:		
- FrieslandCampina Engro Pakistan Limited (note 2.1.9)	**39.9**	39.9

2.1.1 Engro Energy Limited

Engro Energy Limited (EEL), a wholly owned subsidiary of ECL, is a public unlisted company incorporated in Pakistan. It is established with the primary objective to analyse potential opportunities in the power sector and undertake supply and service related contracts and Independent Power Projects (IPPs).

Following are the companies in which EEL owns 50% or more of the voting rights or are directly controlled by EEL:

	Percentage of shareholding	
	2020	2019
- Kolachi Portgen (Private) Limited (note 2.1.1.1)	**100**	100
- Engro Power International Holding B.V. (note 2.1.1.2)	**100**	100
- Engro Energy Services Limited (note 2.1.1.3)	**100**	100
- Engro Powergen Qadirpur Limited (note 2.1.1.4)	**68.89**	68.89
- Engro Powergen Thar (Private) Limited (note 2.1.1.5)	**50.10**	50.10

Following are associated companies of EEL in which it holds direct shareholding:

	Percentage of direct holding	
	2020	2019
- GEL Utility Limited (note 2.1.1.6)		
- Sindh Engro Coal Mining Company Limited (note 2.1.1.7)	**45**	45
- Pakistan Energy Gateway Limited (note 2.1.1.8)	**11.91**	11.91
- Siddiqsons Energy Limited (note 2.1.1.9)	**33.33**	33.33
	19	19

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020

(Amounts in thousand)

2.1.1.1 Kolachi Portgen (Private) Limited has been established and incorporated in Pakistan with the objective to operate and own a Regasified Liquefied Natural Gas (RLNG) based power generation plant.

2.1.1.2 Engro Power International Holding B.V. (EPIH), a private limited company, has been established in Rotterdam, the Netherlands with the objective to incorporate, participate, manage and supervise businesses and companies. EPIH has two wholly owned subsidiaries namely Engro Power Services Holding B.V. (EPSH) and Engro Power Investments International B.V. (EPII) both based in the Netherlands. EPSH has a wholly owned subsidiary Engro Power Services Limited (EPSL) established in Nigeria with the objective to carry on business as power generating, transmission, distribution and servicing company. The Board of Directors of EEL, in its meeting held on August 13, 2020, has approved the plan of liquidation and dissolution of EPSL. EPSL has a joint venture EngroGen Energy Services Limited established in Mauritius.

2.1.1.3 Engro Energy Services Limited (EESL) was established as a wholly owned subsidiary of EEL on June 1, 2018 with the primary objective of analyzing potential opportunities in the power sector and undertaking service related contracts for Independent Power Projects (IPPs) based on feasibility of new ventures and to provide operations and maintenance services to IPPs.

2.1.1.4 "Engro Powergen Qadirpur Limited (EPQL) is a public listed company incorporated in Pakistan with the primary objective to undertake the business of power generation, distribution, transmission and sale. EPQL completed construction and testing of its 217.3 MW combined cycle power plant and has commenced commercial operation on March 27, 2010. The electricity generated is transmitted to the National Transmission and Dispatch Company (NTDC) under the Power Purchase Agreement (PPA) dated October 26, 2007, valid for a period of 25 years.

On August 13, 2020, EPQL along with other Independent Private Power Producers (“IPPs”) representing the 2002 Power Policy projects (collectively referred to as the “Parties”), signed a Memorandum of Understanding (MOU) with the committee for negotiations with IPPs, notified by the Government of Pakistan vide notification number F.No.IPPs- 1(12)/2019-20 dated June 3, 2020 (the “Committee”), to alter existing contractual arrangements to the extent of, and strictly with respect to, the matters listed under the MoU. The Parties and the Committee have, inter alia, reached an understanding that; return on equity shall be fixed at a certain percentage and exchange rate with no further indexation for rupee dollar parity; fuel and O&M shall be taken as one consolidated line item and any future net savings shall be shared. All projects shall convert their contracts to Take and Pay basis, without exclusivity, when Competitive Trading Arrangement is eventually implemented and becomes fully operational. The Parties have agreed that payment of the receivables of EPQL are an integral part of the MoU. The Board of Directors of EPQL in its meeting dated August 17, 2020 have in-principle approved the terms of this MoU which are also subject to the approval of National Electric Power Regulatory Authority, Federal Cabinet, and other necessary corporate approvals.

2.1.1.5 Engro Powergen Thar (Private) Limited (EPTL) was established on September 23, 2014 with the primary objective to develop 2 x 330 MW mine mouth power plants at Thar Block II, Sindh. As at December 31, 2020, EEL held 50.10% (2019: 50.10%) of the issued capital of EPTL while the balance shares are held by CMEC Thar Power Investment Limited (35%), Habib Bank Limited (9.5%) and Liberty Mills Limited (5.4%). EPTL has achieved its Commercial Operations Date (COD) on July 10, 2019.

2.1.1.6 GEL Utility Limited (GEL) is a private limited company in Nigeria with the objective of generation and distribution of energy, power and other related services and has undertaken a project of 72 MW triple redundancy captive power plant, which commenced commercial operations from November 21, 2014. EEL holds 12,272,727 ordinary shares of Naira 1 each in GEL representing a 45% (2019: 45%) equity stake.

(Amounts in thousand)

2.1.1.7 Sindh Engro Coal Mining Company Limited (SECMC) was formed under a Joint Venture Agreement (JVA), dated September 8, 2009, between the Government of Sindh (GoS), EEL and ECL. The JVA is consequent to the selection of SECMC as GoS's joint venture partner, through an International Competitive Bidding process, for the development, construction and operations of an open cast lignite mine in Block-II of Thar Coal Field, Sindh (the Project). SECMC achieved its CoD for Phase I of the Project on July 10, 2019. The financial close of Phase II of the project was achieved on December 31, 2019. EEL holds 11.91% (2019: 11.91%) equity stake.

2.1.1.8 Pakistan Energy Gateway Limited is a special purpose vehicle incorporated jointly with Shell Gas B.V. and Pakarab Fertilizers Limited for the purpose of developing a private integrated LNG terminal, with each of the three subscribers / shareholders having a 33.3% shareholding.

2.1.1.9 EEL entered into a Joint Venture Agreement (JVA), dated May 04, 2018 with Siddiqsons Limited (SL) and Arif Habib Equity (Private) Limited (AHEPL) for the joint development of approximately 330 MW of coal-fired power generation facility in Block - II, District Tharparkar, Sindh through a joint venture company, namely Siddiqsons Energy Limited (SEL). The JVA became effective from May 26, 2018 as per the terms of which EEL, AHEPL and SL, were initially required to have shareholding proportions equal to 19%, 19% and 62% respectively in their mutual capacity as the members of SEL. Accordingly, EEL advanced an amount of Rs 262,000 against the issuance of 26,267,639 ordinary shares constituting the required 19% of the share capital of SEL to be subscribed into by EEL. During the year, EEL subscribed to an additional 4,905,281 (2019: 7,220,000) ordinary shares of SEL while maintaining its percentage shareholding as at December 31, 2020 at 19% (2019: 19%).

2.1.2 Engro Eximp Agriproducts (Private) Limited

Engro Eximp Agriproducts (Private) Limited (EEAPL) is a private limited company, incorporated in Pakistan. The principal activity of EEAPL is to produce, manufacture and trade all kinds of raw, processed and prepared food products including agriculture, dairy and farming products. EEAPL has set up a rice processing plant in District Shaikhupura, which commenced commercial production in year 2011.

2.1.3 Engro Infiniti (Private) Limited

Engro Infiniti (Private) Limited, (EInfiniti) was incorporated as a wholly owned subsidiary of ECL. The primary objective of EInfiniti is to analyze potential opportunities inside and outside Pakistan and to make available digital assets and ventures related to intellectual capital, data collection and analytics of every kind and any activities relating to or ancillary thereto.

Following are the subsidiaries of EInfiniti:	Percentage of direct shareholding	
	2020	2019
- Engro Digital Limited (note 2.1.3.1)	**100**	100
- Enfrashare (Private) Limited (note 2.1.3.2)	**100**	100

2.1.3.1 Engro Digital Limited (EDL) is a public unlisted company, incorporated in Pakistan on October 19, 2017 under the Companies Act, 2017. The Company is a wholly owned subsidiary of Engro Infiniti (Private) Limited. EDL is established with primary objective of analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan.

The Board of Directors of EDL in its meeting held on May 6, 2020, approved the discontinuation of EDL's operations effective from May 31, 2020 and novation of all the customer agreements to EmpiricAI (Private) Limited (note 2.2). The decision is in line with the decision taken by the Board of Directors of ECL in its meeting held on February 20, 2020 to discontinue this line of business under Engro's brand name from a strategic point of view. As a result of discontinuation of business operations, the going concern assumption is no longer applicable and accordingly EDL's financial statements have been prepared on a basis other than going concern.

2.1.3.2 Enfrashare (Private) Limited was incorporated in Pakistan as a private limited company under the Companies Act, 2017 on November 13, 2018. The registered office of Enfrashare is situated at 15-E, Rehmat Centre, Jinnah Avenue, Blue area, Islamabad. Enfrashare is principally engaged in buying, building, maintaining and operating telecommunication infrastructure and any products and by products and any activities relating to or ancillary thereto.

2.1.4 Engro Eximp FZE

Engro Eximp FZE (EEF) was incorporated in the Jebel Ali Free Zone, Emirate of Dubai, on August 4, 2011 as a wholly owned subsidiary of Engro Eximp (Private) Limited (EEPL). EEF has obtained a General Trading License issued by Jafza Jebel Ali Free Zone.

2.1.5 Elengy Terminal Pakistan Limited

Elengy Terminal Pakistan Limited (ETPL), is a public unlisted company, incorporated in Pakistan. The principal business of ETPL is to establish and operate a terminal for handling, re-gasification, storage, treatment and processing, along with import, export and trading of Liquefied Natural Gas (LNG), Re-gasified Liquefied Natural Gas (RLNG), Liquid Petroleum Gas (LPG), Natural Gas Liquid (NGL) and all other related liquids, gases and chemical and petroleum products. Engro Elengy Terminal (Private) Limited (EETPL) is a wholly owned subsidiary of ETPL.

2.1.6 Engro Fertilizers Limited

Engro Fertilizers Limited (EFert), is a public listed company, incorporated in Pakistan. The principal activity of EFert is manufacturing, purchasing and marketing of fertilizers, seeds and pestisides and providing logistics services.

2.1.6.1 In 2017, EFert Agritrade (Private) Limited (EAPL) was incorporated as a wholly owned subsidiary of EFert to carry out trading and distribution of imported fertilizers as part of the business reorganization. EFert has transferred its business of trading and distribution of imported fertilizers to EAPL, and holds 10,000 ordinary shares of Rs 10 each in EAPL.

2.1.6.2 EFert had filed a constitutional petition in the High Court of Sindh (HCS), Karachi against the Ministry of Petroleum and Natural Resources (MPNR), Ministry of Industries and Production (MIP) and Sui Northern Gas Pipeline Company Limited (SNGPL) for continuous supply of 100 mmscfd gas per day to EFert's new plant (Enven) and to prohibit from suspending, discontinuing or curtailing the aforementioned supply. HCS in its order dated October 18, 2011, has ordered that SNGPL should supply 100 mmscfd of gas per day to EFert's new plant. However, five petitions have been filed in the Supreme Court of Pakistan against the aforementioned order of HCS by SNGPL, MPNR, Agritech Limited, Pak Arab Fertilizers and Kohinoor Mills Limited alongwith 21 other companies (mainly engaged in textile business). The aforementioned petitions are pending for further hearing. EFert's management, as confirmed by the legal advisor, considers the chances of these petitions being allowed to be remote.

Further, EFert upon continual curtailment of gas after the aforementioned decision of the HCS has filed an application in respect of Contempt of Court under Article 199 & 204 of the Constitution of Pakistan. EFert, in the aforementioned application has submitted that SNGPL and MPNR have failed to restore full supply of gas to EFert's plant despite the judgment of HCS in EFert's favor. A show cause notice has also been issued against MPNR and SNGPL dated December 31, 2011. The application is pending for hearing and no orders have yet been passed in this regard.

2.1.6.2 EAll Pakistan Textile Processing Mills Association (APTPMA), Shan Dying & Printing Industries (Private) Limited, Agritech Limited (Agritech) and 27 others have each contended, through separate proceedings filed before the Lahore High Court that the supply to EFert's new plant is premised on the output from Qadirpur gas field exceeding 500 mmscfd by 100 mmscfd and, therefore, the Gas Sale and Purchase Agreement (GSA) dated April 11, 2007 between EFert and Sui Northern Gas Pipeline Limited (SNGPL) be declared void ab initio because the output of Qadirpur gas field has infact decreased. 'Agritech has additionally alleged discrimination in that it is receiving less gas than the other fertilizer companies on the SNGPL system. EFert has outrightly rejected these contentions, and is of the view that it has a strong case for the reasons that (i) 100 mmscfd gas has been allocated to EFert through a transparent international competitive bidding process held by the Government of Pakistan, and upon payment of valuable license fee; (ii) GSA guarantees uninterrupted supply of gas to the new plant, with right to first 100 mmscfd gas production from the Qadirpur gas field; and (iii) both EFert and Qadirpur, are located in Sindh. Also neither the gas allocation by the Government of Pakistan nor the GSA predicates the gas supply upon Qadirpur gas field producing 100 mmscfd over 500 mmscfd. No orders have been passed in this regard and the petition has also been adjourned sine die given that similar matter is pending in the Supreme Court of Pakistan. However, EFert management, as confirmed by the legal advisor, considers chances of petitions being allowed to be remote.

2.1.7 **Engro Polymer and Chemicals Limited**

Engro Polymer and Chemicals Limited (EPCL), is a public listed company, incorporated in Pakistan. The principal activity of EPCL is to manufacture, market and sell Poly Vinyl Chloride (PVC), Vinyl Chloride Monomer (VCM), caustic soda and other related chemicals. It is also engaged in supply of surplus power generated from its power plants to EFert (NPK Plant).

Following are the subsidiaries of EPCL:	Percentage of shareholding	
	2020	2019
- Engro Polymer Trading (Private) Limited - (note 2.1.7.1) (formerly Engro Polymer Trading (Private) Limited)	**100**	100
- Engro Peroxide (Private) Limited - (note 2.1.7.2)	**100**	100
- Engro Plasticizer (Private) Limited - (note 2.1.7.3)	**100**	100

2.1.7.1 Think PVC (Private) Limited, formerly Engro Polymer Trading (Private) Limited (TPPL) was incorporated in Pakistan on November 6, 1999, as a wholly owned subsidiary of EPCL. TPPL's principal activity is to purchase, market and sell Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and other related chemicals and to develop market for PVC downstream products. TPPL is in the process to set-up its first PVC products showroom, a pilot project of downstream marketing which will commence from the end of first quarter of 2021.

2.1.7.1 Engro Peroxide (Private) Limited (EPPL) was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of EPCL. The main objective of Engro Peroxide (Private) Limited is to manufacture and market Hydrogen Peroxide and related chemicals. On March 31, 2020, EPCL's management reported a foreseeable delay in the Hydrogen Peroxide project, through the Pakistan Stock Exchange, due to restrictions on mobilization of local and overseas resources. However, from October 15, 2020, EPPL has resumed work and now its completion is expected at the end of year 2022.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020
(Amounts in thousand)

2.1.7.3 Engro Plasticizer (Private) Limited was incorporated in Pakistan on July 22, 2019 under the Companies Act, 2017 as a wholly owned subsidiary of EPCL. The main objective of Engro Plasticizer (Private) Limited is to manufacture and market Chlorinated Paraffin Wax and other related chemicals.

2.1.8 **Engro Vopak Terminal Limited**

Engro Vopak Terminal Limited (EVTL), a 50% share joint venture of ECL, is a public unlisted company incorporated in Pakistan. EVTL is a joint venture of ECL and Royal Vopak Netherlands B.V. EVTL has been granted the exclusive concession, right and license to design, finance, insure, construct, test, commission, complete, operate, manage and maintain an Integrated Liquid Chemical Terminal and Storage Farm at the south western zone of Port Qasim on Build, Operate and Transfer (BOT) basis.

2.1.9 **FrieslandCampina Engro Pakistan Limited**

FrieslandCampina Engro Pakistan Limited (FCEPL) is a public listed company, incorporated in Pakistan. FCEPL is a subsidiary of FrieslandCampina Pakistan Holdings B.V., which is a subsidiary of Zuivelcoöperatie FrieslandCampina UA.

The principal activity of FCEPL is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. FCEPL also owns and operates a dairy farm.

2.2 **EmpiricAI (Private) Limited**

EmpiricAI (Private) Limited (EMPAK) is a private limited company, incorporated in Pakistan on May 19, 2020 under the Companies Act, 2017. EMPAK is a wholly owned subsidiary of the Holding Company. EMPAK is established with primary objective of analyzing potential opportunities and making available digital and technology services and products inside and outside Pakistan.

3 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal 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.

3.1 **Basis of preparation**

These consolidated financial statements have been prepared under the historical cost convention unless otherwise stated.

3.2 **Statement of compliance**

3.2.1 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; and

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

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

3.2.2 The assumptions and estimates which are significant to the preparation of thee consolidated financial statements are disclosed in note 4.

3.2.3 Impact of COVID-19 on these Consolidated Financial Statements

On March 11, 2020, the World Health Organization declared Coronavirus disease (COVID-19) a pandemic, as its spread has gained momentum. During the year, COVID-19 has spread throughout the country and lockdowns were imposed in most parts of the country along with other measures to contain the spread of virus. The measures taken to reduce the spread have resulted in an overall economic slowdown and disruptions to various businesses. However, the management of the Holding Company has evaluated and concluded that there are no material implications of COVID 19 that require specific disclosures in these consolidated financial statements.

The Group's Polymer segment was partially impacted as production facilities were closed during the lockdown from March 23, 2020 till the end of April 2020. Its expansion projects were also impacted as some of the equipment deliveries and project construction work was also suspended as a precautionary measure. With effect from May 2020, Polymer segment has resumed its operations with all precautionary measures to prevent the spread of the virus in the light of the directives issued by the relevant authorities.

3.2.4 Initial application of new standards; amendments and interpretations to the existing standards

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

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

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

IFRS 16 'Leases' - The amendment permits lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

The Group has applied the practical expedient to qualifying rent concessions granted in relation to office space acquire under rental basis. As a result, Rs 44.704 million has been recognized in profit or loss account to reflect changes in lease payments arising from rent concessions that meet the conditions of the practical expedient.

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

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

3.2.5 Basis of consolidation

i) Subsidiaries

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

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

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

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

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

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount of non-controlling interest over the fair value of the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized in 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 and 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 / received and the relevant share acquired / disposed of of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses to non-controlling interests are also recorded in equity.

iii) Disposal of subsidiaries

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

3.2.6 These consolidated financial statements have been prepared on the basis of financial statements of the Holding Company and the subsidiary companies.

3.3 Exploration and evaluation assets

Exploration and evaluation assets in respect of area of interest includes license fee, detailed feasibility study and all other related studies to ensure bankability of the project including ancillary (operating and administrative) cost related thereto.

The aforementioned expenditure supporting the technical feasibility and economic / commercial viability, are capitalized as exploration and evaluation assets, where:

- such costs are expected to be recouped through successful development and exploration of the area of interest or alternatively, by its sale; or

- exploration and/or evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence, or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area are continuing.

Capitalized exploration and evaluation expenditure is recorded at cost less impairment charges. As asset is not available for use, it is not depreciated, however, an estimate of recoverable amount of asset is made for possible impairment on an annual basis.

Cash flows associated with exploration and evaluation expenditure are classified as investing activities in the consolidated statement of cash flows.

3.4 Development properties

Development expenditure represents expenditure incurred in area in which economically recoverable resources have been identified. Such expenditure comprises costs directly attributable to the construction of a mine and related infrastructure.

Once a development decision has been taken the carrying amount of the exploration and evaluation asset is transferred to development expenditure and classified under non-current assets as 'development properties'.

Capitalized development properties expenditure is recorded at cost less impairment, if any. As asset is not available for use, it is not depreciated; however, an estimate of recoverable amount of asset is made for possible impairment on an annual basis.

Cash flows associated with development properties are classified as investing activities in the consolidated statement of cash flows.

3.5 Property, plant and equipment

3.5.1 Owned assets

These are stated at historical cost less accumulated depreciation and impairment losses, if any, except free-hold land and capital work in progress which are stated at cost. Historical cost includes expenditure that is directly attributable to the acquisition of the items including borrowing costs. The cost of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which those assets are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where major components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

All repairs and maintenance are charged to profit or loss during the financial period in which such are incurred. Major renewals and improvements, if any, are capitalised in accordance with IAS 16 'Property, Plant and Equipment' and depreciated in a manner that best represents the consumption pattern.

Disposal of assets is recognised when significant risk and rewards incidental to ownership have been transferred to buyer. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year.

Depreciation is charged to profit or loss using the straight line method, except for catalyst whose depreciation is charged on the basis of number of production days, whereby the cost of an operating asset less its estimated residual value is written off over its estimated useful life. Depreciation on additions is charged from the following month in which the asset is available for use and on disposals up to the month the asset is no longer in use. The assets' residual values and useful lives are reviewed annually, and adjusted, if material.

3.5.2 Dredging expenditure

Dredging expenditure is categorized into capital dredging and major maintenance dredging. Capital dredging is expenditure, which creates new harbour and deepens or extends the basin in front of jetty in order to allow access to larger ships. This expenditure is capitalized and is being depreciated over a period of 15 years.

Major maintenance dredging is expenditure incurred to restore the depth to its previous condition. The management estimates that maintenance dredging has an average service potential of 5 years. Maintenance dredging is regarded as a separate component and is capitalized and depreciated over a period of 5 years on straight line basis.

3.6 Capital spares

Spare parts and servicing equipment are classified as property, plant and equipment rather than stores, spares and loose tools when they meet the definition of property, plant and equipment. These are valued at weighted average cost less impairment 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 realizable value. Upon utilization, the capital spares and servicing equipment are depreciated over their useful life, or the remaining life of principal asset, whichever is lower.

3.7 Intangible assets

a) Computer software and licenses

i) **Acquired**

Costs associated with maintaining computer software programmes are recognized as an expense when incurred. However, costs that are directly attributable to identifiable software and have probable economic benefits exceeding the cost beyond one year, are recognized as an intangible asset. Direct costs include the purchase cost of software (license fee) and related overhead cost.

Expenditure which enhances or extends the performance of computer software beyond its original specification and useful life is recognized as a capital improvement and added to the original cost of the software.

Computer software cost treated as intangible assets are amortized from the date the software is put to use on a straight-line basis over their respective useful lives.

ii) Internally generated

The cost of an internally generated intangible asset comprises all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by the management. After initial recognition, internally generated intangible assets are carried at cost less accumulated amortization and impairment losses. These are amortized using straight-line basis over a period of 5 years. Amortization on additions is charged from the month following the month in which the asset is available for use and on disposals upto the month preceding the month of disposal.

Expenditure on research (or the research phase of an internal project) is recognized as an expense in the period in which it is incurred.

Development costs incurred on specific projects are capitalized when all the following conditions are satisfied:
- Completion of the intangible asset is technically feasible so that it will be available for use or sale;
- The Group intends to complete the intangible asset and use or sell it;
- The intangible asset will generate probable future economic benefits. Among other things this requires that there is a market for the output from the intangible asset or for the intangible asset itself, or if it is to be used internally, the asset will be used in generating such benefits;
- There are adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

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- The expenditure attributable to the intangible asset during its development can be measured reliably.

b) Rights for future gas utilization

Rights for future gas utilization represents premium paid to the Government of Pakistan for allocation of 100 MMCFD natural gas for a period of 20 years for EFert's Enven plant network. The rights are being amortized from the date of commercial production on a straight-line basis over the remaining allocation period.

3.8 Investments in Joint Ventures and Associates

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

3.9 Non current assets (or disposal groups) held-for-sale

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction rather than continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position.

3.10 Financial instruments

3.10.1 Financial assets

Classification, initial recognition and measurement

a) Amortized cost

Assets that are held for collection of contractual cash flows where those cash flow represents solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets, impairment losses, foreign exchange gains and losses, and gain or loss arising on derecognition are recognized directly in profit or loss.

b) Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

c) Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income or assets that are designated at fair value through profit or loss using fair value option, are measured at fair value through profit or loss. A gain or loss on debt instrument that is subsequently measured at fair value through profit or loss is recognized in profit or loss in the year in which it arises.

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 investment in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value.

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.10.2 Financial liabilities

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

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

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

3.10.3 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the Consolidated statement of financial position when there is a legally enforceable right to set-off the transaction and also there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

3.10.4 Impairment

a) Financial assets

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets. The Group applies general approach in calculating expected credit losses

It is based on difference between the contractual cashflows due in accordance with the contract and all the cashflows that the Group expect to receive discounted at the approximation of the original effective interest rate. The expected cashflows will include cash flows from sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables except for debts due from the Government of Pakistan as a consequence of circular debt which have been exempted from the application of Expected Credit Loss model under IFRS 9 for a limited period of three years upto June 30, 2021 by the Securities and Exchange Commission of Pakistan (SECP) through its S.R.O 985(I) / 2019 dated September 2, 2019.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

The Group recognizes in profit or loss, as an impairment gain or loss, the amount of expected credit losses (or reversals) that is required to adjust the loss allowance at the reporting date.

b) 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 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 (i.e.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.

3.11 Hedging relationships

The Group currently accounts for two types of hedging relationships:

Fair value hedge

Fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or a component of any such item, that is attributable to a particular risk and could affect profit or loss.

The Group accounts for fair value hedging relationships as follows:

a) the gain or loss on the hedging instrument is recognized in profit or loss (other comprehensive income, if the hedging instrument hedges an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income).

b) the hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item (if applicable) and be recognized in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at FVOCI, the hedging gain or loss on the hedged item is recognized in the consolidated statement of profit or loss. However, if the hedged item is an equity instrument for which the Group has elected to present changes in fair value in other comprehensive income, those amounts remain in other comprehensive income. When a hedged item is an unrecognized firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognized as an asset or a liability with a corresponding gain or loss recognized in profit or loss.

Cash flow hedge

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognized asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss.

a) the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

  i) the cumulative gain or loss on the hedging instrument from inception of the hedge; and
  ii) the cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

b) the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge [i.e. the portion that is offset by the change in the cash flow hedge reserve calculated in accordance with (a)] is recognized in other comprehensive income.

c) any remaining gain or loss on the hedging instrument [or any gain or loss required to balance the change in the cash flow hedge reserve calculated in accordance with (a)] is hedge ineffectiveness that is recognized in profit or loss.

d) the amount that has been accumulated in the cash flow hedge reserve in accordance with (a) is accounted for as follows:

  i) if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it directly in the initial cost or other carrying amount of the asset or the liability.

  ii) for cash flow hedges other than those covered by (i), that amount is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

  iii) however, if that amount is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, it immediately reclassifies the amount that is not expected to be recovered into profit or loss as a reclassification adjustment.

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3.12 Stores, spares and loose tools

TThese 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 realizable value. The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence, if any.

3.13 Stock-in-trade

These are valued at the lower of cost and net realizable value. Cost is determined using weighted average method except for raw material and certain purchased products in transit which are stated at cost (invoice value) plus other charges incurred thereon till the reporting date. Cost in relation to finished goods includes applicable purchase cost and manufacturing expenses. The cost of work in process includes material and proportionate conversion costs.

Net realizable value signifies the estimated selling price in the ordinary course of business less all estimated costs of completion and costs necessarily to be incurred in order to make the sales.

3.14 Trade debts, contract assets and other receivables

Trade debts and other receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade debts and other receivables with the objective to collect contractual cash flows and, therefore, measures them subsequently at amortized cost using effective interest method. A provision for impairment is established under the simplified model stipulated in IFRS 9. Under this model expected credit losses are measured based on lifetime expected loss allowance for all trade debts and other receivables. The Group measures expected credit losses on trade debts and other receivables in a way that reflects:

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

b) the time value of money; and

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

The amount of the provision is charged to profit or loss. Trade debts and other receivables considered irrecoverable are written-off.

A contract asset is recognized for the Group's right to consideration in exchange for goods or services that it has transferred to a customer. If the Group performs its obligation 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.

3.15 Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of cash flows includes cash in hand and in transit, cheques in hand, balances with banks on current, deposit and saving account, other short term highly liquid investments with original maturities of three months or less and short term borrowings other than term finance.

3.16 Share capital

Ordinary shares are classified as equity and recognized 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.

3.17 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

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.

Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

3.18 Leasing activities as a lessee

Lease liabilities and right-of-use assets

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not 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 liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentives received, variable lease payments that are based on an index or a rate which are initially measured using the index or a 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 any, and 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, less any lease incentives receivable. The extension and termination options are incorporated in determination of lease term only when the Group is reasonably certain to exercise these options.

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The lease liability is subsequently measured at amortized cost using the effective interest method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The right-of-use asset is initially measured based on 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 subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group has elected to apply 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 recognized as an expense on a straight line basis over the lease term.

3.19 Leasing activities as a lessor

The Group enters into lease arrangements with respect to its LNG infrastructure for receipt, storage and regasification of LNG.

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognized as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

When a contract includes lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

3.20 Trade and other payables

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

These are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liability.

Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liabilities.

3.21 Deferred income

Amount received on account of operating lease rental income for terminal is recognized as deferred income where not earned and credited to profit or loss in the relevant period of provision of services for recognition of rentals on straight line basis.

3.22 Contract liability

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

3.23 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.

3.24 Income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in OCI or directly in equity. In which case, the tax is also recognised in OCI or directly in equity.

- **Current**

  Provision for current taxation is based on the taxable income for the year calculated on the basis of the tax laws enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

- **Deferred**

  Deferred tax is recognised using the balance sheet liability method, providing for all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

  A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.25 Contingent liabilities

Contingent liabilities are disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured reliably.

3.26 Staff retirement and other benefits

3.26.1 Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than the defined contribution plan. The Group's net obligation in respect of defined benefit plans 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 annually by a qualified actuary using the Projected Unit Credit method.

Remeasurements (actuarial gains / losses) in respect of defined benefit plan are recognized in other comprehensive income.

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

The Group operates defined benefit funded gratuity schemes for its management employees and non-management employees.

The Group also operates defined benefit funded pension scheme for EFert's management employees; the pension scheme provides life time pension to retired employees or to their spouses. Contributions are made annually to these funds on the basis of actuarial recommendations. The pension scheme has been curtailed and effective from July 1, 2005, no new members are inducted in this scheme. Actuarial gains on curtailment are recognized immediately once the certainty of recovery is established.

Annual provision is also made under a service incentive plan for certain category of experienced employees to continue in the Group's employment.

In June 2011, the Group gave a one time irrevocable option to selected members of MPT Employees' Defined Benefit Gratuity Fund and Defined Contribution Pension Fund to join a new MPT Employee's Defined Contribution Gratuity Fund (the Fund), a defined contribution plan. The present value, as at June 30, 2011, of the defined benefit obligation of those employees, who accepted this offer, were transferred to this Fund. Furthermore, from July 2011 onwards, the monthly contributions to Defined Contribution Pension Fund of such employees were discontinued.

3.26.2 Defined contribution plans

A defined contribution plan is a post - employment benefit plan under which a Group pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the profit or loss when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Group operates:

- defined contribution provident funds for its permanent employees. Monthly contributions are made both by the Group and employees to the fund at the rate of 10% of basic salary;

- defined contribution pension funds for the benefit of management employees. Monthly contributions are made by the Group to the fund at the rate ranging from 12.5% to 13.75% of basic salary; and

- defined contribution gratuity funds for the benefit of management employees. Monthly contributions are made by the Group to the fund at the rate of 8.33% of basic salary.

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 such costs are capitalised as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

Research and development costs

Research and development costs are charged to income as and when incurred, except for certain development costs which are recognised as intangible assets when it is probable that the developed project will be a success and certain criteria, including commercial and technical feasibility have been met.

Employee's compensated absences

The Group accounts for compensated absences on the basis of unavailed leave balance of each employee at the end of the year.

Other benefits - Service Incentive Plan

Provision is made under a service incentive plan for certain category of experienced employees to continue in the Group’s employment. The provision is made on the basis of management’s estimates of incentives to be paid to employees on fulfillment of criteria given in the incentive plan.

3.27 Revenue / income recognition

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised goods or service to a customer at a point in time. Revenue is measured at fair value of the consideration received or receivable, excluding discounts, rebates and government levies. The details are as follows:

- The Group recognises revenue at a point in time when control of product is transferred to customer. Control, depending on contractual terms, is considered to be transferred either when the product is directly uplifted by customer from the Group's premises or when it is delivered by the Group at customer premises.

- Revenue from contracts and long term service agreements is recognized when or as performance obligations are satisfied by transferring control of promised services to a customer, and control either transfers over time or at a point in time. Where, revenue over the time is recognized based on the percentage of completion method, the stage of completion is assessed by milestones which ascertain the completion of the proportion of contract work or the performance of services provided in the agreement.

- Income on bank deposits and other financial assets is recognized on an accrual basis.

- Dividend income is recognised when the Group's right to receive dividend is established, i.e. on the date of book closure of the investee company declaring the dividend.

- Returns on bank deposits are accrued on a time proportion basis by reference to the outstanding principal amounts and the applicable rates of return.

- Income on Market Treasury Bills, Pakistan Investment Bonds (PIBs) and Term Deposit Receipts is accrued using the effective interest rate method.

- Gains and losses arising on disposal of investments are included in income in the year in which these are disposed of.

- Unrealised gains and losses arising on revaluation of securities classified as FVPL are included in profit or loss in the period in which these arise respectively.

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

- Revenue from supply of electricity to National Transmission and Dispatch Company (NTDC), the sole customer of Engro Powergen Qadirpur Limited (EPQL) and Engro Powergen Thar (Private) Limited (EPTL), is recognized when the following performance obligations are satisfied:

  - Capacity revenue is recognized based on the capacity made available to NTDC; and

  - Energy revenue is recognized based on the Net Electrical Output (NEO) delivered to NTDC.

Capacity and Energy revenue is recognized based on the rates determined under the mechanism laid down in the Power Purchase Agreements (PPAs).

- Consultancy fee is recognized at the time the services are rendered.

- Delayed payment charges on overdue trade receivables are recognized on an accrual basis.

- Revenue from re-gasification and transportation of Liquefied Natural Gas (LNG) to Sui Southern Gas Company Limited (SSGCL) under LNG operations and Services Agreement (LSA) is recognized on the following basis:

  - Utilization revenue on the basis of Re-gasified LNG throughput to SSGCL over time.

  - Operations and maintenance revenue over time.

- Revenue from tower infrastructure provisioning is recognised on straight line basis over the non-cancellable agreement period, regardless of whether the payments from customers are received, in equal monthly amounts during the contract term. The Group considers all fixed elements of the relevant contractual escalation provisions in calculating the straight-line revenue. Whereas revenue for cancellable agreements are recorded at the amounts invoiced to the customers, as per the agreement.

- Revenue from operations and maintenance services for telecommunication infrastructure is recognized -when services are rendered as the performance obligations are generally met over time as customer simultaneously receives and consumes benefits of services as and when the services are performed by the Group. The Group generally uses output method to measure progress towards satisfying a performance obligation. The Group recognises revenue at the amount of the Group's right to invoice as per the agreements with the customers if the Group's right to invoice the customers is based on the value of services transferred and the amount invoiced represents the value transferred to the customers.

- Deferred incentive revenue is recognised based on the present value of discount provided by the Group in its bundled contracts with the customers. The unwinding of discount on deferred incentive revenue is recognised as finance cost in the profit or loss. Subsequent amortisation of deferred incentive revenue is credited to revenue on a systematic basis .

- Revenue from energy support services is recognised by the group through bills on a pass through basis as the Group does not consider it controls the specific services before their delivery to customers. Accordingly, the Group recognises revenue arising from pass through billings on net basis.

3.28 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which such costs are capitalized as part of the cost of that asset. Borrowing costs includes exchange differences arising from foreign currency borrowings to the extent these are regarded as an adjustment to borrowing costs and net gain / loss on the settlement of derivatives hedging instruments.

3.29 Research and development costs

Research and development costs are charged to income as and when incurred, except for certain development costs which are recognized as intangible assets when it is probable that the developed project will be a success and certain criteria, including commercial and technical feasibility have been met.

3.30 Government grant

Government grant that compensates the Group for expenses incurred is recognized in profit or loss on a systematic basis in the same period in which the expenses are recognized. Government grants are deducted in reporting the related expenses.

3.31 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 and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

3.32 Dividend and appropriation to reserves

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

3.33 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 strategic decisions.

3.34 Foreign currency transactions and translation

3.34.1 These consolidated financial statements are presented in Pakistan (Rupees in '000), which is the Group's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

3.34.2 The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that consolidated statement of financial position;

- income and expenses for each profit or loss item are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

- all resulting exchange differences are recognized as a separate component of equity.

4 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in conformity with accounting and reporting standards requires the use of certain significant accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Group's accounting policies, the management has made the following estimates and judgements which are significant to these consolidated financial statements:

a) **Property, plant and equipment and intangibles**

The Group annually reviews appropriateness of the method of depreciation and amortisation, useful life and residual value used in the calculation of depreciation and amortisation. Further, where applicable, an estimate of the recoverable amount of asset is made for possible impairment on an annual basis. These calculations require the use of estimates. Any change in these estimates in the future, might affect the carrying amount of the respective item of property and equipment and intangible assets, with a corresponding effect on the depreciation, amortisation charge, and impairment.

In case of acquisition of group of assets and liabilities, the Group allocates the purchase consideration to individual assets and liabilities on basis of the relative fair value at the date of purchase. For determination of fair value, the Group takes into account its principle ability to generate economic benefits by either using the asset in its highest and best use or by selling it to another customer. Estimation of highest and best use is made on basis of estimated net cash in flows associated with the assets or group of assets. The consideration for selling it to another customer is based on the fair market value after adjusting the impacts of obsolescence.

b) Investments at fair value through profit or loss / other comprehensive income

The Group determines fair value of certain investments by using quotations from active market and conditions and information about the financial instruments. These estimates are subjective in nature and involve some uncertainties and matters of judgment.

c) 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 expenditures to make the sales.

Id) ncome taxes

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. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax provision in the period in which such final outcome is determined. Deferred taxes are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

e) 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.

f) Impairment of financial assets

In making an estimate of future cash flows from the Group’s financial assets including investment in joint ventures and associates, the management considers future dividend stream and an estimate of the terminal value of these investments.

g) Trade debts

An estimate of the collectible amount of trade debts is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Any difference between the amounts actually collected in future periods and the amounts expected is recognized in the consolidated statement of profit or loss.

h) Stores and spares

The Group regularly reviews the provision for slow moving stores and spares to assess the consumption of stores and spares, thereby ensuring that slow moving items are provided for.

i) Un-billed revenue in respect of COD tariff adjustment

As per the applicable tariff regime, EPTL has applied to NEPRA for COD tariff adjustment. EPTL is

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2020
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currently billing its revenue based on the provisional tariff for Capacity Purchase Price, previously anotified by NEPRA. Meanwhile, the differential un-billed revenue has been recognized based on management's best estimate of final tariff to be approved by NEPRA, which will be invoiced as and when notified by NEPRA.

j) Contingencies and Provisions

Significant estimates and judgements are being used by the management in accounting for contingencies and provisions relating to legal and taxation matters being contested at various forums based on applicable laws and the decisions / judgements.

k) Right of use asset and corresponding lease liability

IFRS 16 requires the Group to assess the lease term as the non-cancelable lease term in line with the lease contract together with the period for which the Group has extension options which the Group is reasonably certain to exercise and the periods for which the Group has termination options for which the Group is not reasonably certain to exercise those termination options.

The rate used on transition to discount future lease payments represents the Group's incremental borrowing rate.

With specific reference to Engro Elengy Terminal Private Limited's arrangement under Time Charter Party and LNG operations and Services Agreement (LSA), significant estimates further included:

i) Evaluation and separation of lease and non-lease components

The LSA has been determined to have an operating lease component with respect to terminal, a sublease of right-of-use asset [Floating Storage and Regasification Unit (FSRU)] and certain non-lease components including utilization / regassification and operations and maintenance services. The assessment required significant judgement and interpretation of the requirements of IFRS 16 with respect to separation of lease components of terminal and the right-of-use asset. Accordingly, the right-of-use asset and terminal were determined not to be highly dependent or interrelated to each other and the lessee having the ability to use the underlying asset on its own or together with other resources readily available to it.

ii) Classification of lease

The classification of lease of terminal required use of estimates of cash flows during the contract period, margins, residual values and allocation of amounts under daily capacity charges to lease and non-lease components and determine minimum lease payments at the inception of lease from terminal and sublease of right-of-use asset. As a result the lease of terminal has been determined as an operating lease as significant risk and rewards relating to the same remain with the EETPL at the end of the lease term, taking into account the useful life and fair value of terminal assets, minimum lease payments, residual value and the assessment that customer is not likely to exercise purchase option.

iii) Non-lease components

The non-lease components include utilization / regassification and operations and maintenance services relating to terminal and right-of-use asset, recovery of SSGC Branch pipeline and other recurring costs which have been determined and excluded from daily capacity charges based on actual cost incurred and estimates of future costs. This recovery was estimated with reference to cost plus estimated margin, where applicable, as standalone prices were not observable.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

(Amounts in thousand)

iiv) Discount rate

The rate used on transition to discount future lease payments under TCP represent the EETPL's incremental borrowing rate. The rate has been estimated using LIBOR rates available in the lease currency and adjusted to reflect the underlying lease term based on observable inputs.

l) Provision for decommissioning costs

The timing of recognition of provision for decommissioning requires the application of judgement of existing facts and circumstances, which can be subject to change. In determining the present value of the provision for decommissioning, assumptions and estimates are made in relation to discount rates, the expected cost to decommission and remove the equipment from the site and the expected timing of those costs.

m) Revenue recognition

Revenue on long-term service agreements / construction contracts is recognized based on the percentage of completion method. The Group reviews the appropriateness of the stage of completion through milestones / cost incurred which ascertain the completion of a proportion of the contract work or the performance of services provided.

	2020	2019
	------ (Rupees in '000) ------	
PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets (note 5.1)	**232,719,261**	233,566,594
Capital work in progress (note 5.4)	**26,568,260**	17,508,521
Capital spares and standby equipment	**2,748,191**	2,390,272
	262,035,712	253,465,387

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

(Amounts in thousand)

5.1 Operating fixed assets

	Land		Buildings on		Lease hold improvements	Pipelines	Plant and machinery	Catalyst	Furniture fixture and equipments		Vehicles	Aircraft	Data processing equipment	Jetty	Dredging	Total
	Freehold	Leasehold	Freehold Land	Leasehold Land			Owned		Owned	Leased	Owned					
	----------	----------	----------	----------	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------	----------	----------	----------	----------
As at January 1, 2019																
Cost	341,680	472,754	5,779,420	1,826,092	22,150	3,027,460	148,726,118	1,611,052	2,652,838	21,723	1,116,235	-	64,083	5,310,725	2,980,907	**173,953,237**
Accumulated depreciation	-	(148,922)	(1,922,649)	(642,998)	(7,853)	(1,185,663)	(56,714,218)	(1,261,981)	(1,592,554)	(21,002)	(549,299)	-	(33,366)	(753,826)	(808,397)	**(65,642,728)**
Accumulated impairment	-	(121,617)	-	(594,757)	-	-	(2,234,824)	-	(83,406)	-	-	-	-	-	-	**(3,034,604)**
Net book value	341,680	202,215	3,856,771	588,337	14,297	1,841,797	89,777,076	349,071	976,878	721	566,936	-	30,717	4,556,899	2,172,510	**105,275,905**
Year ended December 31, 2019																
Opening net book value	341,680	202,215	3,856,771	588,337	14,297	1,841,797	89,777,076	349,071	976,878	721	566,936	-	30,717	4,556,899	2,172,510	**105,275,905**
Amortisation of revaluation surplus	-	(2,572)	-	(1,140)	-	3,355	(33,649)	-	-	-	-	-	-	-	-	**(34,006)**
Additions including transfers (note 5.4)	-	283,342	1,812,853	1,980	-	98,288	134,424,582	371,195	1,434,690	-	1,407,990	-	10,321	-	67,617	**139,912,858**
Capitalisation of exchange loss (note 5.2)	-	-	-	-	-	-	(986,415)	-	-	-	-	-	-	-	-	**(986,415)**
Adjustments / reclassifications																
Cost	2,488	-	(764)	301	-	(10,850)	22,915	-	(31,977)	-	17,589	-	-	-	-	**(298)**
Accumulated depreciation	-	5	20	1,101	-	-	(29,798)	-	3,057	-	(738)	-	-	-	-	**(26,353)**
Accumulated impairment	-	(5)	-	(1,101)	-	-	(1,880)	-	(2,685)	-	-	-	-	-	-	**(5,671)**
	2,488	-	(744)	301	-	(10,850)	(8,763)	-	(31,605)	-	16,851	-	-	-	-	**(32,322)**
Disposals / Write offs (note 5.3.1)																
Cost	-	(47,616)	-	(3,379)	-	-	(655,375)	-	(340,560)	-	(111,450)	-	(4,467)	(1,443)	-	**(1,164,290)**
Accumulated depreciation	-	19,378	-	596	-	-	568,275	-	333,868	-	71,311	-	4,384	173	-	**997,985**
Accumulated impairment	-	-	-	-	-	-	60,724	-	-	-	-	-	-	-	-	**60,724**
	-	(28,238)	-	(2,783)	-	-	(26,376)	-	(6,692)	-	(40,139)	-	(83)	(1,270)	-	**(105,581)**
Depreciation charge (note 5.3)	-	(39,742)	(220,067)	(57,945)	(2,215)	(127,962)	(8,956,798)	(151,847)	(410,361)	-	(175,615)	-	(15,740)	(155,276)	(150,277)	**(10,463,845)**
Net book value	344,168	415,005	5,448,813	528,750	12,082	1,804,628	214,189,657	568,419	1,962,910	721	1,776,023	-	25,215	4,400,353	2,089,850	**233,566,594**
As at December 31, 2019																
Cost	344,168	705,908	7,591,509	1,823,854	22,150	3,118,253	281,498,176	1,982,247	3,714,991	21,723	2,430,364	-	69,937	5,309,282	3,048,524	**311,681,086**
Accumulated depreciation	-	(169,281)	(2,142,696)	(699,246)	(10,068)	(1,313,625)	(65,132,539)	(1,413,828)	(1,665,990)	(21,002)	(654,341)	-	(44,722)	(908,929)	(958,674)	**75,134,941)**
Accumulated impairment	-	(121,622)	-	(595,858)	-	-	(2,175,980)	-	(86,091)	-	-	-	-	-	-	**(2,979,551)**
Net book value	344,168	415,005	5,448,813	528,750	12,082	1,804,628	214,189,657	568,419	1,962,910	721	1,776,023	-	25,215	4,400,353	2,089,850	**233,566,594**

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For the year ended December 31, 2020

(Amounts in thousand)

5.1 Operating fixed assets - continued

	Land		Buildings on		Lease hold improvements	Pipelines	Plant and machinery	Catalyst	Furniture fixture and equipments		Vehicles	Aircraft	Data processing equipment	Jetty	Dredging	Total
	Freehold	Leasehold	Freehold Land	Leasehold Land			Owned		Owned	Leased	Owned					
Year ended December 31, 2020	(Rupees in '000)															
Opening net book value	344,168	415,005	5,448,813	528,750	12,082	1,804,628	214,189,657	568,419	1,962,910	721	1,776,023	-	25,215	4,400,353	2,089,850	**233,566,594**
Amortisation of revaluation surplus	-	(2,572)	-	(1,140)	-	3,355	(33,649)	-	-	-	-	-	-	-	-	**(34,006)**
Additions including transfers (note 5.4)	-	18,524	2,487,161	56,538	-	1,999	2,546,425	-	3,182,807	-	1,257,284	624,228	19,372	-	-	**10,194,338**
Capitalisation of net exchange loss (note 5.2)	-	-	-	-	-	-	3,170,122	-	-	-	-	-	-	-	-	**3,170,122**
Direct reversal	-	-	-	-		-	(792,005)	-	-	-	-	-	-	-	-	**(792,005)**
Asset classified as held for sale (note 22)																
Cost	-	-	-	-	-	-	(400,930)	-	-	-	-	-	-	-	-	**(400,930)**
Accumulated depreciation	-	-	-	-	-	-	62,732	-	-	-	-	-	-	-	-	**62,732**
Accumulated impairment	-	-	-	-	-	-	271,144	-	-	-	-	-	-	-	-	**271,144**
	-	-	-	-		-	(67,054)	-	-	-	-	-	-	-	-	**(67,054)**
Disposals / Write offs (note 5.1.3)																
Cost	-	-	-	-	(11,298)	-	(192,175)	-	(244,698)	-	(26,944)	-	(2,705)	-	-	**(477,820)**
Accumulated depreciation	-	-	-	-	4,990	-	46,795	-	138,132	-	20,889	-	2,530	-	-	**213,336**
Accumulated impairment	-	-	-	-	-	-	111,119	-	-	-	-	-	-	-	-	**111,119**
	-	-	-	-	(6,308)	-	(34,261)	-	(106,566)	-	(6,055)	-	(175)	-	-	**(153,365)**
Depreciation charge (note 5.3)	-	(43,370)	(306,133)	(51,972)	(1,462)	(125,374)	(11,271,718)	(178,708)	(490,719)	-	(337,068)	(8,695)	(18,281)	(174,825)	(157,038)	**(13,165,363)**
Net book value	344,168	387,587	7,629,841	532,176	4,312	1,684,608	207,707,517	389,711	4,548,432	721	2,690,184	615,533	26,131	4,225,528	1,932,812	**232,719,261**
As at December 31, 2020																
Cost	344,168	721,860	10,078,670	1,879,252	10,852	3,123,607	285,795,964	1,982,247	6,653,100	21,723	3,660,704	624,228	86,604	5,309,282	3,048,524	**323,340,785**
Accumulated depreciation	-	(212,651)	(2,448,829)	(751,218)	(6,540)	(1,438,999)	(76,294,730)	(1,592,536)	(2,018,577)	(21,002)	(970,520)	(8,695)	(60,473)	(1,083,754)	(1,115,712)	**(88,024,236)**
Accumulated impairment	-	(121,622)	-	(595,858)	-	-	(1,793,717)	-	(86,091)	-	-	-	-	-	-	**(2,597,288)**
Net book value	344,168	387,587	7,629,841	532,176	4,312	1,684,608	207,707,517	389,711	4,548,432	721	2,690,184	615,533	26,131	4,225,528	1,932,812	**232,719,261**
Annual rate of depreciation (%)	-	1 to 8	2.5 to 33	2.5 to 10	10	5	2.5 to 25	No. of production days	3 to 33	20	5 to 25		33.3 to 50	6.7	6.7 to 20	

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

(Amounts in thousand)

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

Description of assets	Address	Total area of land in Acres
Dharki plant & colony	Dharki, Sindh	730.00
Zarkhez plant	Port Qasim, Karachi	112.50
Rice plant	13-KM Sheikhupura Road, Lahore	62.95
LNG terminal	South Western Industrial Zone, Port Qasim, Karachi	13.18
Power plant and associated buildings	Deh Belo Sanghari, Ghotki, Sindh	41.50
Colony land	Colony Road, Dharki, Ghotki, Sindh	16.40
Leasehold land	Thar Block II, Islamkot District, Sindh	215.00
Leasehold land	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	121.92
Production facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	3.26
Storage facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	2.21
Administration facilities	EZ/I/P-II-I Eastern Zone, Bin Qasim, Karachi	0.60

5.2 The SECP, through 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 power 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, during the year, the Group has capitalized exchange loss of Rs 3,170.122 million (2019: exchange gain of Rs 986.415 million) arising on foreign currency borrowings to the cost of the related property, plant and equipment.

5.3 **Depreciation charge for the year has been allocated as follows:**	**2020**	2019
	------ (Rupees in '000) ------	
Cost of goods sold (note 33.1)	**12,400,031**	9,623,651
Capital work-in-progress	**388**	55,657
Cost of services rendered (note 33.2)	**417,191**	469,139
Selling and distribution expenses (note 34)	**53,411**	116,222
Administrative expenses (note 35)	**291,933**	199,176
Discontinued operations	**2,409**	-
	13,165,363	10,463,845

5.3.1 The details of operating assets fixed assets disposed of / written off during the year are as follows:

Description and method of disposal	Sold to	Relationship	Cost	Accumulated depreciation & impairment	Net book value	Sale proceeds	Gain \ (Loss)
Items having net book value of greater than Rs 500,000 each			(Rupees in '000)				
Plant and machinery							
By Group policy	Mr. Muhammad Kamran	-	192,131	157,869	34,262	48,418	14,156
Leasehold improvements	Mr. Shahid Zahid	-	11,298	4,990	6,308	-	(6,308)
Vehicles							
By Group policy to existing / resigned / retired executives	Mr. Muhammad Amjad Khan	Employee	1,406	694	712	1,530	818
	Mr. Muhammad Yasir Khan	Employee	3,240	138	3,102	3,148	46
			4,646	832	3,814	4,678	864

	2020	2019
	------ (Rupees in '000) ------	
5.4 Capital work in progress		
Leasehold land	**32,000**	32,000
Plant and machinery	**21,922,815**	14,617,340
Building and civil works including pipelines	**269,715**	217,917
Furniture, fixture and equipment	**2,756,734**	1,925,012
Advances to suppliers	**546,775**	449,902
Internally generated intangible asset	**748,927**	62,530
Other ancillary costs	**291,294**	203,820
	26,568,260	17,508,521
Balance as at January 1	**17,508,521**	98,326,481
Additions during the year (notes 5.4.1 & 5.4.2)	**20,090,459**	58,596,637
Borrowing cost capitalised during the year	**214,679**	-
Transferred to:		
- operating fixed assets (note 5.1)	**(9,997,449)**	(138,134,214)
- intangible assets (note 7.1)	**(306,987)**	(829,259)
- capital spares	**-**	(1,062)
- net investment in lease	**(767,976)**	-
Impairment	**(81,290)**	(450,062)
Write offs	**(91,697)**	-
Balance as at December 31	**26,568,260**	17,508,521

5.4.1 Includes costs incurred in respect of One SAP Project, which is in progress at reporting date.

5.4.2 This includes auditors remuneration amounting to Rs 2.5 million.

5.4.3 As at December 31, 2020, major engineering and installation in respect of plant and machinery and pipelines for PVC-III and VCM debottlenecking have been completed and will be capitalised in the next financial year after completion of testing phase.

6. RIGHT-OF-USE-ASSETS

	Office space / rented premises	Storage tanks	Buildings	FSRU/ Vehicles	Total
	(Rupees in '000)				
As at January 1, 2019					
- Cost	1,335,745	2,778,739	66,704	45,002,470	49,183,658
- Accumulated depreciation	-	-	-	-	-
- Net book value	1,335,745	2,778,739	66,704	45,002,470	49,183,658
Year Ended December 31, 2019					
Additions - net	1,216,400	318,319	-	-	1,534,719
Derecognition of right-of-use-asset on account of sub-lease					
- Cost	-	-	-	(45,002,470)	(45,002,470)
- Accumulated depreciation	-	-	-	-	-
	-	-	-	(45,002,470)	(45,002,470)
Depreciation charge for the year (note 6.2)	(373,165)	(399,190)	(16,771)	-	(789,126)
	2,178,980	2,697,868	49,933	-	4,926,781
As at December 31, 2019					
- Cost	2,552,145	3,097,058	66,704	-	5,715,907
- Accumulated depreciation	(373,165)	(399,190)	(16,771)	-	(789,126)
	2,178,980	2,697,868	49,933	-	4,926,781
Year ended December 31, 2020					
Additions - net	3,094,203	-	-	5,849	3,100,052
Derecognition of right-of-use-assets					
- Cost	(234,080)	-	-	-	(234,080)
- Accumulated depreciation	89,851	-	-	-	89,851
	(144,229)	-	-	-	(144,229)
Depreciation charge for the year (note 6.1)	(414,797)	(431,022)	(16,771)	(253)	(862,843)
Closing net book value	4,714,157	2,266,846	33,162	5,596	7,019,761
As at December 31, 2020					
Cost	5,412,268	3,097,058	66,704	5,849	8,581,879
Accumulated depreciation	(698,111)	(830,212)	(33,542)	(253)	(1,562,118)
Net book value	4,714,157	2,266,846	33,162	5,596	7,019,761

6.1 Depreciation charge for the year has been allocated as follows:

	2020	2019
	------ (Rupees in '000) ------	
Capital work-in-progress	**23,630**	23,632
Cost of goods sold (note 33.1)	**537,642**	399,190
Cost of services rendered (note 33.2)	**-**	32,837
Administrative expenses (note 35)	**301,571**	333,467
	862,843	789,126

7. INTANGIBLE ASSETS

	Software and licenses	Rights for future gas utilisation	Goodwill (note 7.3)	Total
	----------------- (Rupees in '000) -----------------			
As at January 1, 2019				
Cost	767,980	102,312	4,500,401	5,370,693
Accumulated amortisation and impairment	(512,632)	(40,121)	-	(552,753)
Net book value	255,348	62,191	4,500,401	4,817,940
Year ended December 31, 2019				
Opening net book value	255,348	62,191	4,500,401	4,817,940
Transfers from CWIP (note 5.4)	829,259	-	-	829,259
Reclassification				
Cost	20,757	-	-	20,757
Accumulated Amortisation	(18,528)	-	-	(18,528)
	2,229	-	-	2,229
Amortisation charge (note 7.1)	(183,050)	(5,111)	-	(188,161)
Closing net book value	903,786	57,080	4,500,401	5,461,267
As at December 31, 2019				
Cost	1,617,996	102,312	4,500,401	6,220,709
Accumulated amortisation and impairment	(714,210)	(45,232)	-	(759,442)
Net book value	903,786	57,080	4,500,401	5,461,267
Year ended December 31, 2020				
Opening net book value	903,786	57,080	4,500,401	5,461,267
Transfers from CWIP (notes 5.4 & 7.2)	306,987	-	-	306,987
Amortisation charge (note 7.1)	(175,461)	(5,111)	-	(180,572)
Closing net book value	1,035,312	51,969	4,500,401	5,587,682
As at December 31, 2020				
Cost	1,924,983	102,312	4,500,401	6,527,696
Accumulated amortisation and impairment	(889,671)	(50,343)	-	(940,014)
Net book value	1,035,312	51,969	4,500,401	5,587,682

7.1 Amortisation charge for the year has been allocated as follows:

	2020	2019
	------ (Rupees in '000) ------	
Cost of goods sold (note 33.2)	**23,471**	79,236
Cost of services rendered	**2**	267
Capital work-in-progress	**615**	4,367
Selling and distribution expenses (note 34)	**844**	15,290
Administrative expenses (note 35)	**155,640**	89,001
	180,572	188,161

7.2 This includes cost incurred in respect of One SAP project which is being amortised over a period of 8 years.

7.3 This represents goodwill (which pertains to fertilizer business), arising on acquisition of control of ECL, mainly on account of expected synergies, efficient business management, high standards of policies, compliances with relevant regulatory framework, integrity, experience and other strength of the work force and management. Goodwill represents excess of the fair value of the previously held equity interest over the proportionate share acquired in identifiable net assets at the date when the control was deemed to be acquired in year 2005. For impairment testing, the recoverable amount of the proportionate share in the said fertilizer business has been determined based on fair value less cost of disposal. The management has used the 'Market Approach' to determine the fair value less cost of disposal. Based on the valuation, no impairment was considered necessary to be recorded.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

(Amounts in thousand)

8 LONG TERM INVESTMENTS

	2020	2019
	------ (Rupees in '000) ------	
Joint venture company - Engro Vopak Terminal Limited (EVTL) - (notes 8.2 to 8.5)	**-**	-
Investment in associates (notes 8.6 to 8.9)		
- FrieslandCampina Engro Pakistan (FECPL) 306,075,948 (2019: 306,075,948) ordinary shares of Rs 10 each	**27,864,078**	27,793,485
Less: Provision for impairment (note 8.6)	**(1,224,304)**	(1,224,304)
	26,639,774	26,569,181
- Sindh Engro Coal Mining Company (SECMC) (159,602,637 (2019: 159,602,637) ordinary shares of Rs 10 each	**4,384,236**	3,056,865
Gross carrying value as at January 1	**486,514**	1,910,223
Investments made during the year	**49,053**	72,203
Add: Asset reclassified from held-for-sale (note 21)	**1,325,595**	-
Share of loss for the year	**(975)**	(170,317)
Less: Asset classified as held-for-sale (note 21)	**-**	(1,325,595)
Gross carrying value as at December 31	**1,860,187**	486,514
Less: Impairment recognized thereagainst	**639,110**	154,560
	1,221,077	331,954
Others	**104,996**	5,000
	32,350,083	29,963,000

8.2 Details of investment in EVTL is as follows:

	2020	2019
	------ (Rupees in '000) ------	
At the beginning of the year	**-**	-
Add: Share of profit for the year	**1,399,385**	1,014,206
(Less) / Add: Provision adjustment in respect of tax contingency (note 28.4)	**(4,385)**	290,794
Less: Dividend received during the year	**(1,395,000)**	(1,305,000)
At the end of the year	**-**	-

8.2.1 As a result of share of profit for the year, the provision for tax contingency amounting to Rs 1,064.885 million million previously set off against the carrying value of the Group's investment has increased by Rs 4.385 million representing the difference between the share of profit and dividend received by the Group. Accordingly, the net provision set off against the carrying value of Group's investment in EVTL now amounts to Rs 1,069.270 million (2019: Rs 1,064.885 million).

8.3 As at December 31, 2020, ECL held 45,000,000 ordinary shares (2019: 45,000,000 ordinary shares) of EVTL representing 50% of issued, subscribed and paid-up capital of EVTL.

8.4 Cases for the tax year 2003 to tax year 2011 of EVTL to determine as to whether the income of EVTL is liable to be taxed under the Normal Tax Regime (NTR) or the Final Tax Regime (FTR) are pending in the Supreme Court of Pakistan (SCP) and the High Court of Sindh (HCS). In this respect, EVTL has disclosed a contingent liability amounting to Rs 4,124.069 million after taking into account impact of assessment years which are now time barred, in its financial statements representing potential taxation liability that EVTL may have to recognise if the aforementioned cases are decided against EVTL.

On the basis of legal advice, the Group has reversed its proportionate share of the aforementioned time barred assessment years amounting to Rs 398.559 million this year bringing the total provision to Rs 2,062.025 million (2019: Rs 2,460.584 million). This potential tax liability has been adjusted against the carrying value of its investment in EVTL to the extent of it being 'Nil' and the balance amount has been recognised as a provision (note 26) depicting the Group's constructive obligation to bear the potential exposure.

8.5 The summary of financial information of EVTL as of December 31, 2020 is as follows:

Statement of financial position

Particulars	2020	2019
	-------- (Rupees in '000) --------	
Cash and cash equivalent	238,084	121,854
Current financial liabilties (excluding trade and other payables)	11,504	200,000
Non-current financial liabilities (excluding trade and other payables)	641,937	-
	3,076,702	2,650,315
Non-current assets	987,666	758,093
Current assets	(984,471)	(507,045)
Non-current liabilities	(906,564)	(736,800)
Current liabilities		
	2,173,333	2,164,563
The Group's share at 50%% (2019: 50%)	1,086,667	1,082,282
Provision against tax contingency (note 8.4)	(1,069,270	(1,064,885
Others	(17,397)	(17,397)
Carrying amount	-	-

Statement of profit or loss and other comprehensive income

Particulars	2020	2019
	-------- (Rupees in '000) --------	
Revenue	4,802,639	3,991,594
Depreciation and amortization	237,902	237,356
Interest income	72,193	50,074
Income tax expense	1,176,356	1,199,799
Total comprehensive income for the year	2,798,770	2,206,971

8.6 FrieslandCampina Engro Pakistan Limited (FCEPL) is a public listed company, incorporated in Pakistan. ECL holds 39.9% shareholding in FCEPL. The principal activity of FCEPL is to manufacture, process and sell dairy products, beverages, ice cream and frozen desserts. Earlier in 2016, ECL partially disposed of its investment in FCEPL resulting in it being recognized as an associate and retained interest in FCEPL valued at the fair value on the date of disposal in accordance with the IFRS. As per the accounting policy of the Group, investment in associate is carried at cost in the consolidated financial statements which is adjusted for post-acquisition change in net assets.

An impairment loss of Rs 1,224.304 million was recognised in the consolidated financial statements for the year ended December 31, 2019 based on ECL assessment of the recoverable amount of the investment. However, based on ECL assessment as at December 31, 2020, no further impairment is required to be recognized in respect of this investment.

8.7 Details of material investments in associates are as follows:

Particulars	FCEPL		SECMC	
	--------------- (Rupees in '000)		---------------	
	2020	2019	**2020**	2019
At beginning of the year	**26,569,181**	3,056,865	**28,174,476**	1,655,241
Add:				
- Investment in associates	**-**	-	**-**	716,523
- Share of profit / (loss) for the year (note 39)	**70,593**	1,327,371	**(380,991)**	685,101
Provision for impairment	**-**	-	**(1,224,304)**	-
	26,639,774	4,384,236	**26,569,181**	3,056,865

8.8 The summary of financial information / reconciliations of associates in which the Group held material investments as of December 31, 2020 / 2019 is as follows:

	FCEPL		SECMC	
	--------------- (Rupees in '000)		---------------	
	2020		2020	2019
Revenue	44,155,023		37,205,247	17,120,112
Profit / (loss) after tax	176,926		11,140,083	5,750,505
Other comprehensive (loss) / income	(13,947)		-	-
Total comprehensive income / (loss)	162,979		11,140,083	5,750,505
Non-current assets	13,014,386		77,656,756	72,603,089
Current assets	10,283,540		49,082,230	31,309,715
Total assets	23,297,926		126,738,986	103,912,804
Less:				
Non-current liabilities	5,039,675		59,463,271	55,944,604
Current liabilities	9,710,607		29,695,915	21,528,483
Total liabilities	14,750,282		89,159,186	77,473,087
Net assets	8,547,644		37,579,800	26,439,717
Group's share in %	39.9%		11.91%	11.91%
Share of net assets	3,410,510		4,475,754	3,148,970
Recognition of investment at fair value	24,337,818		-	-
Others	115,750		(91,518)	(92,105)
Provision for impairment	(1,224,304)		-	-
Carrying amount	26,639,774		4,384,236	3,056,865

8.9 The comparison between quoted fair value and carrying amount of listed associate is given below:

Name of entity	Place of business	Measurement method	Quoted Fair value		Carrying amount	
			2020	2019	**2020**	2019
			----- (Rupees in '000) ----		----- (Rupees in '000) ----	
FrieslandCampina Engro Pakistan Limited	5th Floor, The Harbour Front Building, Plot No. HC-3, Block-4, Scheme No.5, Clifton, Karachi.	Equity Method	**25,180,868**	24,042,266	**26,639,774**	26,569,181

8.10 Aggregated information of other individually immaterial investments in associated companies are as follows:

	2020	2019
	------ (Rupees in '000) ------	
Loss after tax	**5,134**	376,447
Other comprehensive loss	**-**	-
Total comprehensive loss	**5,134**	376,447

		2020	2019
		------ (Rupees in '000) ------	
8.11	Other investment - at fair value through profit or loss		
	e2e Business Enterprises (Private) Limited - unquoted		
	[23,770,701 (2019: 11,664,633) Ordinary shares of Rs 10 each]	**237,707**	116,646
	Less: Accumulated impairment	**(237,707)**	(116,646)
		-	-

Percentage of holding 39.00% (2019: 19.14%)

8.12 The Holding Company had made aggregate investment amounting to Rs 238 million during the years 2013 and 2014 in e2e Business Enterprises (Private) Limited (e2eBE) representing an equity interest of 39%. e2eBE was set up for the production, sale and marketing of Rice Bran Oil (RBO) and was planned to start commercial operations in year 2014. However, due to certain issues it has not been able to start the commercial operations of the project till date. Further, due to financial and liquidity issues, it has not been able to service its outstanding loans and working capital requirements.

The Holding Company disposed of part of its shareholding i.e. 19.86%, in e2eBE during the year 2015. However, the said disposal was not recorded by e2eBE in its register of members. The Holding Company informed the Securities and Exchange Commission of Pakistan (the SECP) in this respect through its letters dated May 12, 2016 and January 22, 2018.

In view of the pending registration of the transfer of shares in the name of the transferee, during the year the Holding Company, on the basis of legal advice, has entered into an agreement dated May 8, 2020 with the transferee whereby it was agreed to reverse the original share sale-purchase transaction in a manner that the disposed 19.86% shares shall revert to the Holding Company as if those were never sold to the transferee. Accordingly, the sales proceeds amounting to Rs 2 million received by the Holding Company against the disposal of 19.86% shares in e2eBE were returned to the transferee. In this regard, the Holding Company has through its letter dated April 10, 2020 withdrew the matter lodged with the SECP against e2eBE related to its failure to transfer 19.86% shares in the name of the transferee. Further, an intimation to this effect has been made to e2eBE through the Holding Company's letter dated May 15, 2020.

Further, the Holding Company has assessed the carrying amount of its investment in e2eBE in accordance with the requirements of the applicable accounting standard and the investment has been fully impaired as the possibility of commencement of operations of e2eBE is considered remote.

9 DEFERRED TAXATION

	2020		2019	
	Assets	**Liabilities**	Assets	Liabilities
	----------------- (Rupees in '000) -----------------			
Engro Corporation Limited	**19,518**	**-**	14,344	-
Engro Fertilizers Limited	**-**	**11,677,783**	-	12,182,426
Engro Energy Limited	**60,916**	**708,121**	95,227	307,868
Engro Polymer and Chemicals Limited	**-**	**1,183,219**	115,822	-
Engro Elengy Terminal (Private) Limited	**-**	**1,088,434**	-	995,643
Engro Infiniti (Private) Limited	**-**	**-**	-	1,476
Dawood Hercules Corporation Limited	**-**	**99,420**	-	98,964
Net effect of consolidation adjustments	**-**	**(89,219)**	2,631	(88,023)
	80,434	**14,667,758**	228,024	13,498,354

	2020	2019
9.2 Credit / (Debit) balances arising on account of:	------ (Rupees in '000) ------	
- Accelerated depreciation allowance	**16,666,539**	16,736,497
- Recoupable carried forward tax losses	**(16,408)**	(1,267)
- Recoupable minimum turnover tax	**-**	(559,037)
- Recoupable Alternative Corporate Tax	**(45)**	(369,179)
- Provisions	**(1,697,100)**	(1,451,279)
- Net investment in lease	**13,616,786**	13,951,282
- Lease liability and right-of-used-assets - net	**(14,017,481)**	(14,634,143)
- Others	**35,033**	(402,544)
	14,587,324	13,270,330

10. FINANCIAL ASSETS AT AMORTIZED COST

	2020	2019
Investment in Term Deposit Receipts (note 10.1)	**4,660,833**	5,421,150
Investment in Term Finance Certificates (note 10.2)	**500,000**	500,000
Investment in Pakistan Investment Bonds (PIBs)	**-**	1,389,366
	5,160,833	7,310,516

10.1 The amount is net off current portion amounting to Rs 964.120 million (Rs 4.557 million). It denotes term deposits receipts aggregating USD 35 million maintained with Dubai Islamic Bank Pakistan Limited. These carry profit at the rate of six months Libor + 0.89% per annum and are due to mature in six equal semi-annual installments of USD 5.833 million starting from July 15, 2021 and ending on January 15, 2024.

10.2 Represents investment in Term Finance Certificates amounting to Rs 500 million carrying markup at the rate of 3 months KIBOR with a margin of 1.6%.

	2020	2019
	------- (Rupees in '000) -------	
11 NET INVESTMENT IN LEASE		
Undiscounted lease payments analysed as:		
Recoverable after 12 months	**67,683,036**	72,653,572
Recoverable within 12 months	**8,366,519**	7,697,045
	76,049,555	80,350,617
Less: unearned finance income	**(28,236,933)**	(32,242,748)
Net investment in lease	**47,812,622**	48,107,869
Net investment in lease analysed as:		
Recoverable after 12 months	**44,557,411**	45,563,942
Recoverable within 12 months	**3,255,211**	2,543,927
	47,812,622	48,107,869
Maturity analysis of net investment in lease:		
within 1 year	**3,255,211**	2,543,927
between 1 and 2 years	**3,636,989**	3,015,124
between 2 and 3 years	**4,063,837**	3,362,498
between 3 and 4 years	**4,565,421**	3,749,894
between 4 and 5 years	**4,916,001**	4,205,503
later than 5 years	**27,375,163**	31,230,923
	47,812,622	48,107,869

11.1 Net investment in lease relates to sublease under LNG Operations and Services Agreement (LSA). The Group's implicit rate of return on net investment in lease is 11.52% per annum. Lease rentals received during the year aggregate Rs 2,672.534 million (2019: Rs 1,721.772 million).

	2020	2019
	------- (Rupees in '000) -------	
12 LONG TERM LOANS, ADVANCES AND OTHER RECEIVABLES - Considered good		
Loans and advances to:		
Executives (notes 12.1 to 12.4)	**372,420**	571,757
Other employees (notes 12.2 to 12.4)	**26,884**	41,373
	399,304	613,130
Less: Current portion shown under current assets (note 16)	**202,640**	224,818
	196,664	388,312
Receivable from Sui Southern Gas Company Limited (SSGCL)	**968,542**	1,006,086
Less: Current portion shown under current assets (note 16)	**(44,888)**	(37,544)
	923,654	968,542
Direct cost of Floating Storage & Regasification Unit (FSRU) (note 12.6)	**793,061**	879,577
Prepaid insurance and loan arrangement fee (note 12.7)	**9,042,789**	9,042,789
Less: Transaction cost netted off from related borrowings	**(9,042,789)**	(7,996,840)
	-	1,045,949
Other receivables	**196,538**	22,647
	2,109,917	3,305,027

	2020	2019
	------- (Rupees in '000) -------	
12.1 Reconciliation of the carrying amount of loans and advances to executives:		
Balance as at January 1	**571,757**	593,082
Add: Disbursements	**145,431**	395,646
Less: Repayments / amortisation	**(344,768)**	(416,971)
Balance as at December 31	**372,420**	571,757

12.2 Long term loans include:

- interest free services incentive loans to executives repayable in equal monthly installments over a four years period or in one lump sum payment at the end of such period;
- interest free loans given to workers pursuant to Collective Labour Agreement; and
- advances to employees for car earn out assistance, long term incentive and house rent advance.

12.3 The maximum amount outstanding at the end of any month from the executives of the Group aggregated Rs 421.419 million (2019: Rs 630.340 million).

12.4 The carrying values of these financial assets are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults in recent history.

12.5 In year 2014, Engro Elengy Terminal (Private) Limited (EETPL) entered into LNG Operation and Services Agreement (LSA) with SSGCL. As per the terms of the LSA, EETPL was required to construct a pipeline (SSGCL Branch Pipeline) and transfer it to SSGCL upon commissioning of the LNG Project and recover the cost of construction through recovery of capacity charges to be billed to SSGCL on a monthly basis. EETPL constructed and transferred the SSGCL Branch Pipeline to SSGCL on March 29, 2015, for which the Certificate of Acceptance has been received from SSGCL. The receivable represents construction costs incurred in this respect net of recoveries.

12.6 On June 19, 2015, EETPL received a notice from Model Customs Collectorate (the 'Customs Authorities') seeking information on import of FSRU and contending that the import attracts all leviable duties and taxes i.e. customs duty and advance income tax. EETPL was of the view that the FSRU had been classified as plant, machinery and equipment vide SRO 337(I)/2015 dated April 22, 2015 and accordingly, along with sales tax, custom duty is also exempt under SRO 678(I)/2004 dated August 7, 2004, read with condition (vii) relating to the clause 2(a), being of the nature of import-cum-export or temporary import of plant, machinery and equipment.

Further, since EETPL's profits and gains are exempt from income tax for 5 years from the date of commercial operations, EETPL is also entitled to exemption from collection of advance income tax. The Customs Authorities were not in agreement with EETPL's views on the same and to treat import of FSRU for 15 years as a temporary import. EETPL in response filed a suit before the High Court of Sindh which through its order dated June 29, 2015 had restrained customs authorities from collection of customs duty and advance income tax.

The High Court of Sindh, in judgement passed on May 26, 2016, held EETPL liable to custom duty and remanded the matter related to advance tax to customs authorities with directions. EETPL in response to the aforementioned judgement and demand raised by customs authorities has paid an amount of Rs 1,325.103 million in respect of custom duty. This is being amortized over the term of 15 years.

12.7 These primarily represent payments made to China Export and Credit Insurance Bank (Sinosure) by Engro Powergen Thar (Private) Limited (EPTPL) amounting to Rs 7,094.310 millions, in connection with insurance cover obtained over financing arrangements relating to Chinese lenders, and payments to various financial institutions in respect of transaction and related cost for loan arrangements. The portion of the above costs, Rs 9,042.789 million (2019: Rs 7,996.840 million), which relates to facilities actually utilized has been adjusted against related borrowings and is being amortized over the term of the loan.

	2020	2019
	------- (Rupees in '000) -------	
13 STORES, SPARES AND LOOSE TOOLS		
Consumable stores	**9,326,278**	7,931,345
Spares and loose tools including in-transit Rs 48.897 million (2019: Rs 9.422 million)	**815,050**	744,115
	10,141,328	8,675,460
Less: Provision for surplus and slow moving items (note 13.1)	**1,071,934**	1,038,129
	9,069,394	7,637,331

13.1 Provision for surplus and slow moving items

	2020	2019
Balance as at January 1	**1,038,129**	847,071
Charge for the year, net	**33,805**	191,058
Balance as at December 31	**1,071,934**	1,038,129

14 STOCK-IN-TRADE

	2020	2019
Raw and packing materials (notes 14.1)	**7,230,157**	3,972,227
Unprocessed rice	**1,518,928**	1,417,114
Fuel stock	**444,036**	474,106
Work-in-process	**135,688**	73,289
Finished goods:		
- own manufactured products (note 14.1)	**7,588,920**	4,900,819
- purchased products (note 14.1)	**1,252,323**	9,104,570
	8,841,243	14,005,389
Less: Provision for impairment against stock-in-trade (note 14.2)	**231,661**	28,785
	17,938,391	19,913,340

14.1 Includes:

- imaterials in transit amounting to Rs 1,979.023 million (2019: Rs 632.450 million);
- inventories held at storage facilities of third parties amounting to Rs 1,268.921 million (2019: Rs 1,444.124 million); and
- raw materials and finished goods amounting to Rs 99.704 million (2019: Nil) were written off.

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14.2 Provision in respect of net relizable value

	2020	2019
	------- (Rupees in '000) -------	
Balance as at January 1	**28,785**	30,000
Charge for the year (net)	**403,276**	28,785
Written off during the year	**(200,400)**	(30,000)
Balance as at December 31	**231,661**	28,785

	2020	2019
	------- (Rupees in '000) -------	
15 TRADE DEBTS		
Considered good		
- secured (notes 15.1 to 15.3)	**49,323,382**	50,475,120
- unsecured	**959,848**	1,341,773
	50,283,230	51,816,893
Considered doubtful (note 15.5)	**84,792**	66,249
	50,368,022	51,883,142
Less: Provision for impairment (notes 15.6)	**84,792**	66,249
Unbilled Revenue	**467,730**	-
	50,750,960	51,816,893

15.1 Includes trade debts of EPQL due from National Transamission and Despatch Company (NTDC) amounting to Rs 7,040.059 million (2019: Rs 9,806.697 million) which alongwith delayed payment charges are secured by a guarantee from the Government of Pakistan under the Implementation Agreement and as such are considered good. This is inclusive of overdue debt of Rs 6,171.432 million (2019: Rs 7,698.404 million).

15.2 Include an amount of Rs 1,569.852 million (2019: Rs 1,423.608 million) due from SSGCL, in respect of finance income on net investment in lease, operating lease rentals, utilization / regassification services and operations and maintenance services.

15.3 Includes Trade debts of EPTL amounting to Rs 37,104.467 million (2019: Rs 24,952.461 million) due from from Central Power Purchasing Agency (CPPA). Trade debts, including delayed payment charges are secured by guarantee under Implementation Agreement and as such are not considered impaired.

15.4 As at December 31, 2020, trade debts aggregating Rs 18,529.902 million (2019: Rs 24,956.501 million) were neither past due nor impaired.

15.5 As at December 31, 2020, trade debts aggregating Rs 84.792 million (2019: Rs 66.249 million) were past due and impaired and have been provided for.

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

	2020	2019
	------- (Rupees in '000) -------	
Balance as at January 1	**66,249**	56,269
Add: Provision for impairment	**68,659**	39,009
Trade debts written off as uncollectible	**(50,116)**	29,029
Balance as at December 31	**84,792**	66,249

15.7 As at December 31, 2020, trade debts aggregating Rs 31,753.328 million (2019: Rs 27,154.143 million) were past due but not impaired. These relate to various customers for which there is no recent history of default.

The ageing analysis of these trade debts is as follows:

	2020	2019
	------- (Rupees in '000) -------	
Upto 3 months	**22,063,762**	21,891,463
3 to 6 months	**5,553,301**	3,598,878
More than six months	**4,136,265**	1,370,051
	31,753,328	26,860,392

15.8 Details of amounts due from associates / related parties are as follows:

	2020	2019
	------- (Rupees in '000) -------	
- GEL Utility Limited	**61,163**	187,045
- Tenaga Generasi Limited	**143,842**	160,555
	205,005	347,600

15.9 The ageing analysis of past due receivables from associates / related parties are as follows:

	2020	2019
	------- (Rupees in '000) -------	
- Upto 3 months	**139,459**	237,132
- 3 to 6 months	**27,628**	90,077
- More than 6 months	**37,918**	20,391
	205,005	347,600

The maximum amount due from related parties at the end of any month during the year aggregated Rs 1,279.754 million (2019: Rs 368.753 million).

	2020	2019
	------- (Rupees in '000) -------	
16 LOANS, ADVANCES, DEPOSITS AND PREPAYMENTS		
Current portion of long term loans and advances to executives and other employees (notes 12)	**202,640**	224,818
Advances to executives and other employees (note 16.1)	**17,477**	15,738
Advance to associated undertakings (note 16.4)	**3,250**	3,764
Advance to suppliers	**1,538**	3,592
Current portion of receivable from SSGCL (note 12)	**44,888**	37,544
Advances and deposits	**1,470,194**	1,817,591
Loan to Engro Vopak Terminal Limited (note 16.2)	**-**	200,153
Prepayments:		
- insurance	**1,151,199**	429,067
- others	**1,025,696**	2,192,809
	3,916,882	4,925,076

16.1 This represents interest free advances to executives and employees for house rent, given in accordance with the Group's policy.

16.2 This represents subordinated loan extended to Engro Vopak Terminal Limited, a joint venture, by ECL, pursuant to agreement entered into on December 30, 2019.The loan carried mark-up at the rate of 6 months KIBOR plus 0.50% per annum payable in one lump sump payment at the time of repayment of loan. The entire loan amount has been repaid during the year.

16.3 The carrying values of the loan and advances are neither past due nor impaired. The credit quality of these financial assets can be assessed with reference to no defaults ever.

16.4 These include Rs 0.233 million (2019: Rs 0.747 million) and Rs 3.017 million (2019: Rs 3.017 million) due from Inbox Business Technologies (Private) Limited and The Dawood Foundation. The maximum amount due at the end of any month during the year was Rs 3.017 million (2019: Rs 3.764 million).

	2020	2019
17 OTHER RECEIVABLES	------- (Rupees in '000) -------	
Receivable from Government of Pakistan against:		
- Sales tax refundable	**4,961,211**	4,246,249
- Subsidy (note 17.1)	**6,523,493**	6,523,493
- Others	**54,730**	54,730
	11,539,434	10,824,472
Less: Loss allowance on subsidy receivable from GoP (note 17.3)	**1,238,912**	-
Less: Provision for impairment (notes 17.2 and 17.8)	**209,857**	209,857
	10,090,665	10,614,615
Delayed payment charges (note 17.4)	**6,107,755**	2,873,966
Reimbursable cost from NEPRA in respect of:		
- Workers' profits participation fund	**1,403,324**	608,116
Receivable from:		
- Engro Vopak Terminal Limited	**30,765**	26,393
- GEL Utility Limited	**-**	39,087
- Dawood Corporation (Private) Limited	**2,476**	3,323
- Dawood Lawrencepur Limited	**412**	601
- The Dawood Foundation	**2,475**	1,495
- Inbox Business Technologies (Private) Limited, Karachi	**753**	2,874
- Inbox Business Technologies Pte Ltd.	**5,060**	-
- Sach International (Private) Limited	**3,086**	3,563
- Tenaga Generasi Limited	**2,199**	935
- Reon Energy Limited	**10,717**	1,706
- Patek (Private) Limited	**2,103**	4,018
- Reon Alpha Limited	**-**	16
- Empiric AI (UK)	**2,058**	-
- Engro Foundation	**222**	24,415
- Thar Foundation	**17**	3,022
- Sindh Engro Coal Mining Company Limited	**38,639**	31,593
- Thar Power Company Limited	**-**	643,461
- FrieslandCampina Engro Pakistan Limited	**6,317**	2,202
- China East Resources Import and Export Corporation (note 17.5)	**85,725**	1,908,181
Insurance claim receivable	**95,937**	99,546
Asset against take or pay (note 17.9)	**204,286**	-
Others	**516,119**	443,031
Less: Provision for doubtful receivables	**(36,791)**	(36,791)
	18,574,319	17,299,368

17.1 During year 2015, the Government of Pakistan (GoP) had notified payment of subsidy on sold product at the rate of Rs 500 per 50 kg bag of Di-Ammonia Phosphate (DAP), Rs 217 per 50 kg bag of Nitrophos (N) and Nitrogen, Phosphorous and Potassium (NPK) fertilizers (based on phosphorous content). This subsidy scheme was effective till May 27, 2016.

During year 2016, another subsidy scheme was announced by the GoP effective June 25, 2016 whereby subsidy was payable on sold product at the rate of Rs 156 per 50 kg bag of Urea, Rs 300 per 50 kg bag of DAP and for Nitrophos 22:20 & 18:18 grade (based on phosphorus content) and Nitrogen, Phosphorus and Potassium (NPK) fertilizers (based on phosphorus content).

During year 2017, another subsidy scheme was announced by the GoP, effective July 01, 2017. Under the new subsidy scheme, aforementioned rates were replaced with Rs 100 per 50kg bag for Urea only. This subsidy scheme was effective till June 30, 2018. In line with the notification issued for the said scheme, Ministry of National Food Security and Research has appointed third party auditors for verification of subsidy claims which is underway.

17.2 As at December 31, 2020, specific provision in respect of subsidy amounts to Rs 155.127 million (2019: Rs 155.127 million).

17.3 As required under IFRS 9, management is required to assess changes in credit risk by taking into account time value of money, reasonable and supportable assumptions regarding past events, current conditions, forecast of future events and economic conditions attached to its receivables and recognize expected credit loss, if any, Based on this management has recomputed expected credit loss amounting to Rs 1,238.912 million on subsidy receivable giving consideration to the time value of money based on expected recovery of subsidy receivable. EFert, however, is confident of full recovery of the subsidy amount from the GoP.

17.4 These includes mark-up on overdue trade debts of EPQL amounting to Rs 3,838.111 million (2019: 2,485.061 million) of which Rs 2,736.248 million (2019: Rs 1,463.031 million) is overdue.

17.5 These Includes receivable of Rs Nil (2019: Rs 1,866.499 million) in respect of fuel cost incurred by EPTL during commissioning of its power plant. The amount is net of Pre-COD sales amounting to Nil (2019: Rs 3,781.437 million).

17.6 The ageing analysis of past due receivables from associates / related parties are as follows:

	2020	2019
	------- (Rupees in '000) -------	
Upto 3 months	**47,273**	363,252
3 to 6 months	**107,598**	47,875
More than 6 months	**85,725**	-
	240,596	411,127

17.7 The maximum amount due from related parties at the end of any month during the year amounts to Rs 238.358 million (2019: Rs 411.127 million).

17.8 As at December 31, 2020, receivables aggregating to Rs 54.730 million (2019: Rs 54.730 million) were deemed to be impaired being outstanding for more than six months and provided for.

18 This represents receivable on account of take-or-pay cost in accordance with section 3.3 of the Gas Supply Agreement.

	2020	2019
	------- (Rupees in '000) -------	
CONTRACT ASSET		
Capacity Purchase Price component of tariff - EPTL (note 18.1)	**5,714,977**	5,313,283

18.1 This represents unbilled revenue in respect of Capacity Purchase Price (CPP) component of tariff in the Power Purchase Agreement (PPA) for the period July 10, 2019 to December 31, 2019. EPTL expects to raise the invoice for billing and recovery of the amount once the decision of NEPRA in the matter is received.

	2020	2019
	------- (Rupees in '000) -------	
19 SHORT TERM INVESTMENTS		
At fair value through profit or loss		
Investment in units of mutual funds (note 19.1)	**13,807,537**	27,372,021
Market Treasury Bills (note 19.2)	**2,024,761**	1,831,299
Quoted shares (note 19.3)	**5,126,625**	4,300,382
Pakistan Investments Bonds	**12,907,610**	-
Fixed income placements (note 19.6)	**6,000**	-
	33,872,533	33,503,702
At fair value through other comprehensive income		
Pakistan Investments Bonds (note 19.4)	**36,345,991**	1,795,904
Treasury bills (note 19.2)	**17,706,851**	35,532,891
	54,052,842	37,328,795
At amortised cost		
Fixed income placements (note 19.5)	**10,513,804**	4,677,644
Treasury bills (note 19.6)	**1,687,175**	4,625,684
Term Deposit Receipts (TDRs)	**7,218,000**	10,457,700
	19,418,979	19,761,028
	107,344,354	90,593,525

19.1 The details of investment in units of mutual funds are as follows:

	Number of units	(Rupees in '000)
NBP Money Market Fund	64,470,742	638,241
UBL Special Savings Plan - V	20,371,708	2,072,459
NIT Money Market Fund	169,622,854	1,646,224
ABL Special Savings Plan - II	20,078,813	206,890
ABL Special Savings Plan - III	248,325,254	2,534,060
MCB Pakistan Cash Management Fund	31,531,991	1,634,883
Meezan Rozana Amdani Fund	4,397,512	219,876
JS Cash Fund	2,087,964	214,058
HBL Cash Fund	2,631,654	267,435
Faysal Government Securities Fund	23,499,281	2,418,311
Atlas Money Market Fund	1,053,649	533,265
Alfalah GHP Cash Fund	2,766,536	1,421,835
	590,837,958	13,807,537

19.2 These represent treasury bills carrying interest at the rate ranging upto 13.76% per annum. These have maturity dates of upto one year from the reporting date.

19.3 Particulars regarding quoted shares are as follows:

	As at January 1, 2020	Purchased during the year	Bonus shares received during the year	Sold during the year	As at December 31, 2020	Cost as at December 31, 2020	Fair value as at December 31, 2020	Unrealised gain as at December 31, 2020
	Number of shares					Rupees in 000		
Meezan Bank Limited	4,562,900	-	456,290	550,000	4,469,190	334,335	466,762	132,428
Habib Bank Limited	2,858,300	285,300	-	325,000	2,818,600	352,664	372,844	20,181
Standard Chartered Bank Pakistan Limited	5,000,000	-	-	5,000,000	-	-	-	-
United Bank Limited	2,383,300	140,000	-	-	2,523,300	366,018	317,583	(48,435)
The Hub Power CompanyLimited	5,004,000	779,344	-	844,913	4,938,431	371,172	391,766	20,594
Interloop Limited	2,447,750	31,500	-	512,500	1,966,750	82,494	133,877	51,383
Lucky Cement Limited	1,324,500	227,594	-	462,556	1,089,538	430,846	758,417	327,571
Matco Foods Limited	2,865,500	-	-	60,000	2,805,500	71,630	70,867	(763)
Oil & Gas Development Company Limited	4,264,800	343,000	-	-	4,607,800	587,666	478,151	(109,515)
Pakistan Petroleum Limited	3,351,340	355,200	-	-	3,706,540	435,410	334,812	(100,598)
Pakistan State Oil Company Limited	3,076,040	160,000	-	624,099	2,611,941	385,474	562,351	176,877
Maple Leaf Cement Factory Limited	-	9,445,000	-	2,050,000	7,395,000	216,994	332,849	115,855
Bank Al Habib Limited	-	1,130,500	-	25,023	1,105,477	73,743	76,941	3,198
Adamjee Insurance Company Limited	-	1,622,000	-	185,000	1,437,000	51,689	56,503	4,814
Fauji Fertilizer Company Limited	-	1,537,438	-	510,000	1,027,438	105,869	111,477	5,608
Fauji Cement Company Limited	-	8,460,000	-	1,595,000	6,865,000	132,268	148,765	16,496
Pioneer Cement Limited	-	1,798,000	-	285,000	1,513,000	126,098	156,293	30,195
MCB Bank Limited	-	581,761	-	19,769	561,992	95,145	104,126	8,981
Mari Petroleum Company Limited	-	72,000	-	3,000	69,000	89,913	92,448	2,534
Ghandhara Nissan limited	-	50,000	-	50,000	-	-	-	-
Tariq Glass Industires Limited	-	50,000	-	50,000	-	-	-	-
Loads Limited	-	25,000	-	25,000	-	-	-	-
Nishat Chunian Limited	-	31,000	-	31,000	-	-	-	-
The Organic Meat Company Limited	-	300,000	-	300,000	-	-	-	-
K-Electric Limited	-	1,500,000	-	1,500,000	-	-	-	-
Kohinoor Textile Mills Limited	-	1,068,500	-	209,500	859,000	49,351	58,601	9,250
Indus Motor Company Limited	-	74,350	-	-	74,350	93,907	89,068	(4,839)
Attock Cement Pakistan Limited	-	80,800	-	-	80,800	13,137	12,124	(1,013)
Aisha Steel Mills Limited	-	1,118,500	-	1,118,500	-	-	-	-
						4,465,823	5,126,625	660,802

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19.4 These bonds carry interest at rates ranging upto 8.27% per annum.

19.5 These represent placements with banks and carry interest ranging upto 12% per annum.

19.6 These carry profit at rates ranging from 7.2% to 7.75% per annum (2019: 8.75% to 14.25% per annum).

19.7 As of December 31, 2020, the Holding Company held TDR amounting to Rs 18 million with a commercial bank carrying profit at the rate of 7.3% per annum. The TDR is due to mature on April 27, 2021. The Bank has marked lien over this TDR against Corporate Credit Card facilities.

	2020	2019
	(Rupees in '000)	
20 CASH AND BANK BALANCES		
Balances with banks in:		
- deposit accounts (notes 20.1 and 20.2)	**19,635,037**	18,384,944
- deposit accounts - islamic (notes 20.2)	**496,730**	546,843
- current accounts	**4,611,060**	2,293,095
Cheques / demand drafts in hand	**83,811**	100
Cash in hand	**11,705**	4,855
	24,838,343	21,229,837

20.1 Local currency conventional deposits carry return ranging from 2.32% to 12.25% (2019: 11.25%) per annum.

20.2 Includes Rs 7,807.629 million (2019: Rs 3,776.536 million) held in foreign currency bank accounts and carry return ranging upto 0.10% (2019: 0.05%) per annum.

21 ASSETS CLASSIFIED AS HELD FOR SALE

21.1 This represents steam turbine with a husk fueled boiler installed at EEAPL to provide uninterrupted 4MW electricity with steam extraction. In current operations, the availability of alternate power sources and husk prices have made this asset redundant and not feasible for electricity generation.

The management of EEAPL has agreed the terms of the sale of steam turbine to A.S. Electrical Services and expects the sale to be executed within 12 months from the reporting date.

21.2 In year 2019, investment in GEL was classified as "held-for-sale" as EEL was committed to its plan to dispose of this investment and expected the sale to be executed within next 12 months from December 31, 2019. However, during the year, the investment in GEL has been reclassified to 'Long-term investment' as EEL believes that sale is not highly probable within next one year on account of the ongoing COVID-19 pandemic.

22 SHARE CAPITAL

22.1 Authorised share capital

2020	2019		**2020**	2019
(Number of shares)			(Rupees in '000)	
1,000,000,000	1,000,000,000	Ordinary shares of Rs 10 each	**10,000,000**	10,000,000

22.2 Issued, subscribed and paid-up share capital

2020	2019		2020	2019
-----(Number of shares) -----			------ (Rupees in '000) ------	
13,900,000	13,900,000	Ordinary shares of Rs 10 each fully paid in cash	**139,000**	139,000
467,387,116	467,387,116	Ordinary shares of Rs 10 each issued as fully paid bonus shares	**4,673,871**	4,673,871
481,287,116	481,287,116		**4,812,871**	4,812,871

22.3 Shares held by related parties

	2020	2019
	----- (Number of shares) -----	
Dawood Lawrencepur Limited Percentage of holding 16.19% (2019: 16.19%)	**77,931,896**	77,931,896
The Dawood Foundation Percentage of holding 3.95% (2019: 3.95%)	**18,991,988**	18,991,988
Cyan Limited Percentage of holding 0.17% (2019: 0.17%)	**794,380**	794,380
Sach International (Private) Limited Percentage of holding 0.001% (2019: 0.001%)	**6,996**	6,996
Directors and Chief Executive Officer of the Holding Company (including their spouse and minor children) Percentage of holding 12.5% (2019: 13.07%)	**60,173,844**	61,860,244

23 MAINTENANCE RESERVE

In accordance with the Power Purchase Agreement (PPA), Engro Powergen Qadirpur Limited (EPQL) is required to establish and maintain a separate reserve fund (the Fund) with a depository institution for payment of major maintenance expenses. Any interest income resulting from the depository arrangements of the Fund is to remain in the Fund to the extent of any shortfall from the contractual limit.

Under the PPA, 1/24th of the annual operating and maintenance budget of the Power Plant less fuel expenses is required to be deposited into the Fund on each capacity payment date until such reserve equals to nine such deposits. After the second agreement year and thereafter the Fund may be re-established at such other level that EPQL and NTDC mutually agree.

In year 2012 EPQL, due to uncertain cash flows resulting from delayed payments by NTDC has, as per flexibility available under the PPA, reduced the amount deposited in a schedule bank, which has been invested in Treasury Bills having a face value of Rs 49.321 million (2019: Rs 56.200 million) as at December 31, 2020. Till such time the amount is deposited again to the required level, EPQL has unutilized short term financing available to meet any unexpected maintenance requirement that may arise in the foreseeable future.

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24 BORROWINGS

- Secured (Non-participatory)

	2020	2019
	------- (Rupees in '000) -------	
Islamic Finances (note 24.1)	**27,212,374**	27,744,241
Conventional Finances (note 24.2)	**43,871,930**	50,992,449
Foreign currency borrowings and others (note 24.3)	**94,154,333**	89,218,601
	165,238,637	167,955,291
Less: Current portion shown under current liabilities	**(30,008,492)**	(22,096,424)
	135,230,145	145,858,867

24.1 Islamic Finances

	Note	Mark-up	Installments Number	Installments Commencing from	2020	2019
					------ (Rupees in '000) ------	
Dubai Islamic Bank Limited		6 months KIBOR + 0.4%	4 half yearly	November 28, 2018	**-**	200,000
Loan under diminishing musharka agreement	24.4.7	6 month KIBOR + 0.8%	Monthly	February 1, 2021	**94,266**	-
Islamic long term financing facility (ILTFF)	24.4.6	SBP rate + 1.2%	32 quarterly	December 14, 2022	**1,925,517**	-
Islamic Facility Agreements	24.4.1	3 months KIBOR + 3.5%	20 half yearly		**3,805,494**	4,000,000
Sukuks	24.4.2	3 months KIBOR + 0.9%	5 half yearly	July 10, 2024	**8,645,597**	8,623,541
Bilateral Loan	24.4.3	6 months KIBOR + 0%	6 half yearly	July 15, 2021	**5,421,500**	5,421,850
Sukuks Certificates - I	24.4.4	3 months KIBOR + 1%	10 half yearly	May 16, 2019	**3,120,000**	4,131,021
Sukuks Certificates - II	24.4.5	3 months KIBOR + 1%	10 half yearly	September 16, 2019	**4,200,000**	5,367,829
					27,212,374	27,744,241

24.2 Conventional Finances

	Note	Mark-up	Installments Number	Installments Commencing from	2020	2019
MCB Bank Limited		3 months KIBOR + 0.95%	28 quarterly	October 1, 2020	**1,000,000**	-
Allied Bank Limited	24.4.8	3 months KIBOR + 0.35%	16 half yearly	June 8, 2023	**341,725**	-
Allied Bank Limited		6 months KIBOR + 0.15%	4 half yearly	March 29, 2020	**1,000,000**	2,000,000
Allied Bank Limited	24.4.8	3 months KIBOR + 0.35%	6 half yearly	June 17, 2023	**1,000,000**	-
National Bank of Pakistan		6 Months KIBOR + 0.2%	4 half yearly	June 28, 2022	**1,000,000**	1,000,000
Deutsche Investitions und Entwicklungsgesellschaft		6 Months LIBOR + 3.75%	9 half yearly	December 15, 2019	**1,589,841**	2,071,917
Allied Bank Limited		6 Months KIBOR + 0.2%	4 half yearly	June 28, 2022	**2,100,000**	2,100,000
Allied Bank Limited		3 months KIBOR + 0.35%	6 half yearly	June 20, 2022	**2,500,000**	2,500,000
Syndicated finance		6 months KIBOR + 0.4%	6 half yearly	June 26, 2019	**3,044,128**	6,080,532
United Bank Limited		6 months KIBOR + 0.15%	4 half yearly	March, 29 2020	**2,000,000**	4,000,000
MCB Bank Limited		6 months KIBOR + 0.15%	4 half yearly	March, 29 2020	**2,000,000**	4,000,000
MCB Bank Limited		6 Months KIBOR + 0.05%	4 half yearly	March 28, 2021	**1,500,000**	1,500,000
MCB Bank Limited		3 months KIBOR + 0.25%	6 half yearly	June 30, 2022	**2,500,000**	2,500,000
MCB Bank Limited		6 Months KIBOR + 0.20%	4 half yearly	December 29, 2021	**3,000,000**	3,000,000
JS Bank Limited		SBP Rate + 2%	20 Quarterly	September 23, 2019	**70,000**	90,000
Bank Alfalah		SBP Rate + 2%	20 Quarterly	May 1,2012	**56,057**	-
National Bank of Pakistan	24.4.1	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	**2,981,604**	3,134,000
HBL-led consortium	24.4.1	3 months KIBOR + 3.5%	20 half yearly	June 1, 2020	**16,188,575**	17,016,000
					43,871,930	50,992,449

24.3

Foreign Borrowings and Others	Note	Mark-up	Installments Number	Installments Commenced/ Commencing from	2020	2019
					------ (Rupees in '000) ------	
International Financial Institutions	24.4.10	6 months LIBOR + 3%	24 half yearly	December 15, 2010	-	861,800
China Development Bank Corporation (CDBC), China Construction Bank Corporation (CCBC) and Industiral and Commercial Bank of China Limited (ICBCL)	24.4.9	6 months LIBOR + 4.2%	20 half yearly	December 21, 2015	84,481,254	77,844,158
International Finance Corporation		6 month LIBOR + 5%	16 half yearly	June 15, 2016	1,105,783	1,369,774
International Finance Corporation	24.4.11	6 months LIBOR + 3.25%	6 half yearly	July 15, 2021	5,539,605	5,343,489
Asian Development Bank		6 month LIBOR + 5%	16 half yearly	June 15, 2016	1,659,644	2,055,951
Local Syndicate Loan		6 month KIBOR + 1.8%	16 half yearly	June 15, 2016	1,368,047	1,743,429
					94,154,333	89,218,601

24.4 Detail of the financings are set out as follows:

24.4.1 EPTPL has entered into following loan agreements:

- Rupee Facility Agreement with an HBL-led consortium (comprising HBL, United Bank Limited, Bank Alfalah Limited, Askari Bank Limited, Soneri Bank Limited, Sindh Bank Limited, Bank of Punjab, MCB Bank Limited, Faysal bank Limited, Pak Oman Investment Company Limited (pursuant to sell down of a portion of loan by United Bank Limited), Industrial and Commercial Bank of China, National Bank of Pakistan and Pak Brunei Investment Company Limited for an aggregate amount of Rs 17,016 million.

- Bilateral Facility Agreement with National Bank of Pakistan for an aggregate amount of Rs 3,134 million.

- Islamic Facility Agreements with three banks namely Meezan Bank Limited, Faysal Bank Limited and Habib Bank Limited for an aggregate amount of Rs 4,000 million.

These loans are repayable in 20 semi-annual installments commencing from the earlier of (i) First fixed date falling after 48 months since facility effective date and (ii) Second fixed date falling after Commercial Operations Date; where fixed dates are defined as First June or First December of any year and carries profit at the rate of 3 months KIBOR plus 3.5%. Further, the Shareholders of EPTPL have committed to provide cost overrun support for 10% of entire debt and pledge shares in favor of the Security Trustee. Additionally, shareholders other than Habib Bank Limited (HBL) have also provided SBLCs as coverage for their equity commitments in the project.

24.4.2 In year 2019, EPCL had issued sukuk bonds of Rs 8,750.000 million to eligible institutional and other investors by way of private placement. These are repayable over a period of 7.5 years in five equal semi annual installments of Rs 1,750.000 million each with the first repayment commencing in July 2024.

24.4.3 In year 2019, EPCL has entered into a musharaka agreement with Dubai Islamic Bank Pakistan Limited (DIBPL). Rental payments are to be made in nine semi-annual installments commencing from July 15, 2021 and ending on January 15, 2024 and are calculated at the rate of six months KIBOR plus 0% per annum.

24.4.4 These represent the amortised cost of the rated, over-the-counter listed and secured Islamic Certificates (Sukuk - I), amounting to Rs 5.200 million issued by the Holding Company on November 16, 2017 to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as a trustee. The Sukuk - I are secured against the Holding Company's investment in ECL shares with 50% margin and charge over all the assets of the Holding Company with a 25% margin. The Sukuk - I carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuk - I are for a period of 5 years and are payable semiannually.

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During the year, the Board of Directors of the Holding Company in their meeting held on December 18, 2020 approved the exercise of the call option (i.e. early purchase of Islamic Sukuk Certificates) available to the Holding Company in the underlying sukuk issue arrangements. As a result of the exercise of the call option the payment in full has been made on February 16, 2021 i.e. subsequent to the year end. Accordingly, the balances pertaining to the long term financings have been shown as part of current liabilities as at December 31, 2020 in these consolidated financial statements.

24.4.5 These represent the amortised cost of the rated, over-the-counter listed and secured Islamic Certificates (Sukuk - II), amounting to Rs 6,000 million issued by the Holding Company on March 1, 2018, to Qualified Institutional Buyers (QIBs) through private placement by JS Bank Limited as an agent and advisor. The Sukuk - II are secured against the Holding Company's investment in ECL shares with 50% margin and charge over all the assets of the Holding Company with a 25% margin. The Sukuk - II carry mark-up at the rate of three months KIBOR plus 100 basis points per annum. The Sukuk - II are for a period of 5 years and are payable semiannually.

During the year, the Board of Directors of the Holding Company in their meeting held on December 18, 2020 approved the exercise of the call option (i.e. early purchase of Islamic Sukuk Certificates) available to the Holding Company in the underlying sukuk issue arrangements. As a result of the exercise of the call option the payment in full shall be made on March 1, 2021 i.e. subsequent to the year end. Accordingly, the balances pertaining to the long term financings have been shown as part of current liabilities as at December 31, 2020 in these consolidated financial statements.

24.4.6 On September 14, 2020, EPCL obtained Islamic Long Term Financing Facility (ILTFF) of the State Bank of Pakistan through Musharaka agreeement entered with financial institutions to finance its PVC-III expansion project. The amount is repayable over 10 years in equal quaterly installments of Rs 60.938 million each with the first payment commencing from December 2022.

24.4.7 During the year, EPCL entered into a Diminishing Musharaka Agreement for procurement of locally assembled private / imported vehicles under car monetisation policy. The facility amounted to Rs 125 million (2019: Rs Nil). The rental payments are to be made in monthly installments for five year and are calculated at the rate of six months KIBOR plus 0.8% per annum.

24.4.8 During the year, EFert obtained long term finances from Allied Bank Limited of Rs 1,341.725 million in aggregate to finance the capital expenditure. These borrowings have the same charge as on the borrowings from other existing Senior Lenders on Fixed Assets.

24.4.9 EPTL entered into a USD Facility Agreement on December 21, 2015 with three commercial banks namely China Development Bank Corporation, China Construction Bank Corporation and Industrial and Commercial Bank of China Limited for an aggregate amount of USD 621,000 for a period of 14 years. The amount is repayable in 20 semi-annual installments commencing from the earlier of (i) First fixed date falling after 48 months since facility effective date and (ii) Second fixed date falling after Commercial Operations Date; where fixed dates are defined as First June or First December of any year. This loan carries mark-up at the rate of 6 month Libor plus 4.2%. The facility is secured primarily through First ranking hypothecation charge over the project assets of the EPTPL. Further, the shareholders of EPTPL have committed to provide cost overrun support for 10% of entire debt and pledge shares in favor of the Security Trustee. Additionally, shareholders other than Habib Bank Limited (HBL) have also provided Stand By Letter of Credits (SBLCs) as coverage for their equity commitments in the project.

24.4.10 EPQL entered into a financing agreement with a consortium comprising of international financial institutions amounting to USD 144,000. The finance carried mark-up at the rate of six months LIBOR plus 3% payable semi-annually over a period of ten years. The principal is repayable in twenty semi-annual instalments commencing from December 15, 2010. As at December 31, 2020, the outstanding balance of the borrowing was Rs nil (2019: USD 5,560).

24.4.11 In year 2018, EPCL had entered into an Ijarah Agreement with International Finance Corporation for a total of USD 35 million the draw down of which has been made in December 2019. The principal is repayable in six semi-annual instalments commencing from July 2021 and carries markup at the rate of six months LIBOR plus 3.25% payable semi annually.

24.4.12 These finances are secured primarily through first ranking hypothecation charge over all the present and future movable properties, including all types of investments of the Group except for present and future trademarks, copyrights and certain investments.

24.4.13 In view of the substance of the transactions, the sale and repurchase of assets under long term finance have not been recorded in these consolidated financial statements.

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

	2020	2019
	-------- (Rupees in '000) --------	
Balance as at January 1	**167,955,291**	142,532,286
Add:		
Borrowings availed during the year	**16,974,257**	36,301,402
Exchange loss	**2,661,789**	8,989,721
Amortisation of transaction cost	**927,461**	114,460
Less:		
Repayment of borrowings	**(22,234,212)**	(19,965,942)
Transaction costs	**(1,045,949)**	(16,636)
	(2,716,654)	25,423,005
	165,238,637	167,955,291
Less: Current portion shown under current liabilities	**(30,008,492)**	(22,096,424)
Balance as at December 31	**135,230,145**	145,858,867

25 LEASE LIABILITIES

Non-current portion	**50,635,891**	50,996,209
Current portion	**4,935,549**	4,443,548
Total lease liability as at December 31	**55,571,440**	55,439,757

	2020	2019
	-------- (Rupees in '000) --------	
26 DEFERRED LIABILITIES		
Retirement and other service benefits obligations	**498,457**	369,346
Deferred incentive revenue (note 26.1)	**1,270,004**	1,248,868
Deferred liability on FSRU (note 26.2)	**1,444,189**	901,439
Deferred income	**-**	57,654
Provision for dismantling & restoration cost (note 26.3)	**235,189**	197,926
	3,447,839	2,775,233
Less: Current portion shown under current liabilities	**(730,648)**	(430,358)
	2,717,191	2,344,875

26.1 Deferred incentive revenue has been recorded in respect of the following agreements entered into by Enfrashare with its customers for construction, maintenance and operation of telecommunication infrastructure and allied equipment, provision of energy solutions and energy management services whereby Enfrashare provided a discount:

- in respect of service fee charged to it for an initial period of three years from the respective site commencement date. The related discount was provided against the discounted cash consideration under the asset sale and purchase agreements. Present value of the discount amounted to Rs 696 million. The said amount has been recognised as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognised in this respect which is amortised over a three years period from the site commencement date on the basis of monthly service fee accrued under the agreement.

- against total amount of consideration to be charged to the customers for provision of energy solutions and energy management services. Present value of the discount amounted to Rs 475 million. The said amount has been recognised as part of the total consideration against assets acquired under the asset sale and purchase agreements and a corresponding deferred incentive revenue has been recognised in this respect which is amortised over a period of four and a half years from the date after six months of the project completion date.

26.2 This represent excess of billing over operating lease income in respect of Elengy Terminal. Income is recognized over a straight line basis.

This represents provision recognized for cost of dismantling of infrastructure and allied equipment for tenanted sites acquired by Enfrashare from PMCL and Deodar under sale and purchase agreement.

	2020	2019
	-------- (Rupees in '000) --------	
27 LONG TERM PROVISIONS		
Provision for Gas Infrastructure Development Cess (GIDC) (note 27.1)	**25,662,962**	27,978,398
Provision for gas price revision (note 27.2)	**517,392**	517,392
	26,180,354	28,495,790
Less: Current portion of provision for GIDC and gas price revision	**(11,691,978)**	(28,495,790)
	14,488,376	-

27.1 The Supreme Court of Pakistan ("SCP") through its judgment dated August 13, 2020 ("Judgment") declared that the levy imposed under the Gas Infrastructure Development Cess ("GIDC") Act, 2015 ("the Act") is valid and in accordance with the provisions of the Constitution of Pakistan 1973 ("the Constitution"). The SCP issued the following directions:

- It restrained the Federal Government from charging further GIDC until such time that the GIDC already collected and accrued (but not yet collected), is expended on projects listed under the Act;
- As all industrial and commercial entities which consume gas for their business activities pass on the burden to their customers, therefore, GIDC that has become due up to July 31, 2020, and has not been recovered so far, shall be recovered by the gas companies responsible under the Act to recover from their consumers in twenty-four equal monthly installments, without the component of Late Payment Surcharge ("LPS"); and
- In case, no work is carried out on the gas infrastructure pipelines in the manner and/or time specified in the Judgment, the purpose of levying GIDC shall be deemed to have been frustrated and the Act would become completely in-operational and considered dead for all intents and purposes.

Pursuant to the Judgement, the gas suppliers began invoicing the GIDC instalments for recovery with effect from August 1, 2020.

Aggrieved by the Judgment, EFL and EPCL filed review petitions before the SCP on various grounds, which were dismissed by the SCP on November 2, 2020, ("Review Decision"). However, the Review Decision noted that the Government of Pakistan is agreeable to recover the unpaid arrears in 48 monthly installments instead of 24 monthly installments provided the time period for the projects was extended to 12 months from 6 months; and (ii) upheld the validity of Section 8(2) of the Act. The SCP protected the rights of the Industrial Sector (excluding Fertilizer Fuel Stock) to approach the appropriate fora for enforcement of the exemption provided under the proviso to Section 8(2) of the Act.

EPCL and EFL have also filed suits before Sindh High Court ("SHC") against collection of GIDC on the grounds that factual determination of the GIDC passed-on to the customers is to be carried out. The SHC granted interim stay to EPCL and EFL restraining the impleaded gas companies from taking coercive action for non-payment of GIDC installments till the finalization of the matter.

Considering the recent events and developments in GIDC case (including the Judgement), the Institute of Chartered Accountants of Pakistan (ICAP) released financial reporting guidance on the "Accounting of GIDC" via Circular No. 1/2021 dated January 19, 2021 (the Circular) which discusses key accounting considerations for gas consumer companies. Keeping in view the financial reporting guidance of ICAP and giving due consideration to the latest available information and the expected timing of the settlement (i.e. in 48 monthly instalment commencing from August 2020, as referred to in the aforementioned decision on the review petition by the SCP), the Group has remeasured its previously undiscounted provision at its present value using the risk free rate to incorporate the effect of time value of money arising from the expected settlement based on an instalment plan and has accordingly, recognised remeasurement gain amounting to Rs 2,904.978 million. Further, as at December 31, 2020, current and non-current portion of GIDC provision has been separately disclosed in these consolidated statement of financial position.

Further, against the GIDC instalment invoice received from Sui Northern Gas Pipelines Limited (SNGPL) to EFL on concessionary gas supplied under the fixed price gas sale and purchase agreement dated April 11, 2007 ("GSPA"), EFL approached the Sindh High Court ("SHC") to challenge this imposition. EFL has obtained a stay order in its favour and the SHC has restrained SNGPL from taking any coercive action against EFL on collecting GIDC on feed stock gas supplied under the GSPA. EFL's management has made an assessment (as confirmed by the legal advisor) that there are reasonable chances of a favourable outcome in relation to the legal proceedings filed against SNGPL for feed gas supplied under the GSPA. Hence, no provision on account of GIDC has been recorded by EFL in respect of feed gas received under the GSPA.

27.2 In year 2017, EPCL had filed suits in the SHC, against the increase in tariff of natural gas sold to industries and captive power plants notified by Oil and Gas Regularity Authority (OGRA) vide SRO no. (1)/2016 dated December 30, 2016 whereby EPCL cited the increase as illegal and unconstitutional. The SHC has granted an interim order in favour of EPCL which is still operational. However, EPCL has recognised a provision for the period from December 2017 to September 2018.

		2020	2019
		-------- (Rupees in '000) --------	
28	**TRADE AND OTHER PAYABLES**		
	Creditors	**14,342,367**	17,785,030
	Accrued liabilities (notes 28.1 to 28.3)	**30,568,620**	57,790,240
	Provision against tax contingency of EVTL (note 28.4)	**992,754**	1,395,698
	Advances from customers	**12,104,234**	2,047,196
	Contractors'/ suppliers' deposits and retention money	**252,142**	298,709
	Workers' welfare fund	**1,598,435**	1,338,155
	Workers' profits participation fund	**1,132,395**	461,475
	Sales tax payable	**18,137**	135,432
	Payable to retirement benefit funds	**112,555**	278,551
	Contract Liability	**637,126**	416,382
	Withholding tax payable	**1,178,877**	531,622
	Payable to:		
	- FrieslandCampina Pakistan Holdings B.V.	**417,298**	173,308
	- Sindh Engro Coal Mining Company	**21,713,796**	19,434,879
	- Engro Vopak Terminal Limited	**31,695**	92,358
	Others	**1,785,531**	1,203,155
		86,885,962	103,382,190

28.1 These include accrual in respect of gas charges amounting to Rs 167.582 million (2019: Rs 414,492 million).

28.2 These includes Sindh Infrastructure Development Cess amounting to Rs 854.698 million (2019: Rs 751.951 million).

28.3 Includes accruals recorded in respect of the following related parties:

	2020	2019
	-------- (Rupees in '000) --------	
China Machinery Engineering Corporation	**-**	10,656,411
China East Resources Import and Export Corporation	**-**	645,134
Thar Power Company Limited	**299,890**	255,433
The Dawood Foundation	**921**	152
Sindh Engro Coal Mining Company Limited	**4,992,329**	-
	5,293,140	11,557,130

28.4 The movement in provision is as follows:

	2020	2019
Balance at January 1,	**1,395,698**	875,375
(Reversed) / provision recognised during the year	**(398,559)**	229,529
	997,139	1,104,904
Provision adjustment in respect of tax contingency (note 8.2)	**(4,385)**	290,794
	992,754	1,395,698

28.5 This includes deposits amounting to Rs 204.767 million (2019: Rs 252.357 million) which have been kept in separate bank accounts. This also includes deposits amounting to Rs 30.752 million (2019: Rs 34.120 million) which are fully utilised in business in accordance with the requirements of written agreements and in terms of section 217 of the Companies Act, 2017.

	2020	2019
	-------- (Rupees in '000) --------	
29 ACCRUED INTEREST / MARK-UP		
Accrued interest / mark-up on secured:		
- long term borrowings	**1,099,433**	2,814,041
- short term borrowings	**334,581**	643,388
	1,434,014	3,457,429
30 SHORT TERM BORROWINGS		
Running finances utilised under mark-up arrangements (note 30.1)	**9,505,120**	**10,574,339**
Shariah compliant short term finance (note 30.2)	**3,000,000**	**3,075,009**
Money market loan	**-**	**1,662,000**
Export refinance facility	**-**	**200,000**
	12,505,120	**15,511,348**

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30.1 The shariah compliant finances available to the Group from various banks carry profit rate of 3-Month KIBOR plus 1.10 % per annum (2019: 3-Month KIBOR plus 1.10 % per annum). These facilities are secured by way of floating charge on all present and future current assets of the respective Group companies.

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 The Holding Company

- The Holding Company had pledged 15.131 million shares of ECL with Meezan Bank Limited (as agent) in favour of Fatima Fertilizer Company Limited (FFCL) as collateral against guarantee given in favour of DH Fertilizer Limited (DHFL) - ex subsidiary (now FFCL) against potential tax liabilities, WPPF liabilities and WWF liabilities in respect of periods ending on or prior to June 30, 2015. These pledged shares are to be released upon completion of two years from the filing date of Income Tax Return for the year ended December 31, 2015, i.e. September 30, 2016, in case no demand / notice is received from respective authorities.

  During the year ended December 31, 2018 out of 15.131 million shares of ECL, 4.639 million shares were released upon expiration of the period stated in the agreement relating to the WPPF liabilities.

  The Holding Company had also issued a corporate guarantee which will remain in full force and effective for five years and will be released on the later of September 30, 2021 or the date on which the above tax liabilities are finally settled / disposed of or withdrawn.

- During the year ended December 31, 2017, the Holding Company's ex-subsidiary was served with an order from the Additional Commissioner of Inland Revenue (CIR) – Federal Board of Revenue under Section 122(5A) of the Income Tax Ordinance, 2001 to amend the original assessment for the Tax Year 2016 being prejudicial to the revenue of the Federal Government and raised additional demand of Rs 3,380.650 million.

  The issues mainly related to the levy of tax on sale of 'Bubber Sher' brand to wholly owned subsidiary, Bubber Sher (Private) Limited, taxation of capital gain on sale of shares of ECL and HUBCO and levy of super tax on the income claimed to be exempt from tax. The ex-subsidiary being aggrieved with the order filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) and CIRA in its order dated August 7, 2017 decided the matter in favour of the ex-subsidiary. The Deputy CIR served the ex-subsidiary with an appeal effect order on January 11, 2018, under which the tax liability (primarily on account of Alternate Corporate Tax) was worked out to be Rs 1,051.140 million.

  Additionally,CIR filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA, which is currently pending. The ex-subsidiary, on the basis of advice of its tax consultant, filed an appeal with CIRA on February 12, 2018, considering the demand of Rs 1,051.140 million to be still prejudicial to its interests. CIRA in its order dated April 26, 2018 decided the matter against the ex-subsidiary. The ex-subsidiary has filed an appeal with the ATIR on May 9, 2018, against the order passed by CIRA and for grant of stay in respect thereof. The appeal against the order of CIRA is still pending. Meanwhile, the ex-subsidiary has also obtained stay from the Lahore High Court against the recovery of demand. The tax advisor of the ex-subsidiary is of the view that the appeal effect order passed on January 11, 2018 and the subsequent order of CIRA dated April 26, 2018, are either based on a misinterpretation of the provisions of law or are in violation of the directions given by CIRA in its order dated August 7, 2017. Based on these views, the management of the Holding Company is confident that the matter will eventually be decided in favour of the ex-subsidiary. Hence, no provision has been recorded in this respect in these consolidated financial statements.

- During the year ended December 31, 2017, the Holding Company received a show cause notice dated May 11, 2017 from the Additional CIR – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the Additional CIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Holding Company being aggrieved, filed a Constitutional Petition before the High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the High Court of Sindh against the levy of super tax. The High Court of Sindh issued stay orders in respect of the aforementioned matters with the instruction to the taxation authorities to not finalise the proceedings until the cases were disposed of.

- During the year on June 18, 2020, the Holding Company received an income tax demand amounting to Rs 201.196 million in relation to the tax year 2019. Out of such demand, an amount of Rs 92 million seems an apparent error for which a rectification application was submitted to the tax authorities and order against the same was issued on December 16, 2020 by the authorities in favour of the Holding Company granting complete credit of Rs 92 million. The remaining demand of Rs 109 million was made to the Holding Company as the taxation authorities are of the view that the Holding Company's interest income does not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result of which the common expenses incurred by the Holding Company cannot be allocated to 'income from other sources' resulting in increased tax liability. However, the Holding Company is of the view that the earning interest / money market income is one of the principal revenue streams of the Company and should be treated as 'income from business'. An appeal has been filed by the Holding Company before the CIRA, the decision of which is pending to date. The Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. However, on a prudent basis tax charge amounting to Rs 109 million has been recorded in these consolidated financial statements.

31.1.2 Engro Corporation Limited

(i) In the year 2017, FrieslandCampina Engro Pakistan Limited (FCEPL) received an order from the Competition Commission of Pakistan (CCP), imposing a penalty of Rs 62.293 million in respect of FCEPL's marketing activities relating to one of its products. FCEPL has filed an appeal against the aforementioned order on February 8, 2017, which was decided by the CCP Tribunal on January 16, 2019 in FCEPL's favour. However, the CCP has filed appeal against the decision of the tribunal in the Supreme Court of Pakistan which is pending adjudication. As per the terms of the Share Purchase Agreement with FrieslandCampina Pakistan Holding B.V. (FCP), the ECL is required to reimburse 51% of the amount together will all reasonable cost and expenses to FCP in case any such penalty materializes, which due to ECL's holding of 39.9% shares of FCEPL, these exists proportionate exposure of ECL of such demand in addition to the above referred 51% reimbursement. ECL, based on the opinion of the legal advisor, is confident of a favorable outcome of the appeal, and accordingly, no provision has been recognized in these consolidated financial statements in this respect.

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(ii) During 2016, the ECL entered into a Share Purchase Agreement (SPA) with FCP for the sale of 47.1% of the total issued shares of FCEPL. In accordance with the terms of the SPA, ECL is required to pay to FCP, an amount equivalent to 47.1% of any tax liability (as defined in the SPA) together with all reasonable costs and expenses incurred, in case any tax contingency materializes. ECL, based on the opinion of FCEPL's tax and legal advisors, is confident of favorable outcomes in respect of various tax matters being contested by FCEPL, and accordingly no provision has been recognized in these consolidated financial statements in this respect.

(iii) Following are the details of treasury bills pledged by ECL:

- National Bank of Pakistan (NBP) has issued Standby Letters of Credit (Equity SBLCs) worth USD 18.900 million and 51.100 million (in Pak Rupee equivalent) on behalf of EEL for its equity commitments related to SECMC and EPTL in favour of the Inter-creditor Agent (Habib Bank Limited) and the Project Companies (SECMC and EPTL respectively). The Equity SBLCs have been furnished for subscription and / or contribution of sponsor equity pursuant to the Sponsor Support Agreements (SSAs) originally dated February 26, 2016 and February 1, 2016, respectively, (and both as amended and restated from time to time). Equity SBLCs expire as per the terms of the relevant SSAs. These SBLCs are secured through lien over cash or cash equivalent of the Holding Company. As of December 31, 2020, the outstanding amount of these SBLCs are USD 18.635 million (2019: 12.599 million) for SECMC and the Equity SBLC issued for EPTL has been fully utilized and stands discharged (2019: USD 0.138 million).

- Allied Bank of Pakistan (ABL) has issued a Standby Letter of Credit (Put Option SBLC) worth USD 21.070 million on behalf of EEL relating to EPTL in favour of the Put Option Fronting Bank (Habib Bank Limited). The Put Option SBLC has been furnished to meet sponsor obligations under Sponsor Support Agreement (Put Option SSA) dated March 21, 2016 and expires on earlier of (i) June 30, 2021 or (ii) on payment of the Maximum Amount. It is secured through lien over cash and cash equivalent of the ECL.

(iv) Engro Elengy Terminal Pakistan Limited has issued corporate guarantees, performance guarantees and SBLCs amounting to USD 22.500 million (2019: USD 20.700 million), USD 10 million (2019: USD 10 million) and USD 5 million (2019: USD 5 million) respectively. These guarantees have been secured by ECL by pledging Treasury Bills amounting to Rs 3,666 million (2019: Rs 5,650 million).

(v) ECL, as Sponsor Support, has permitted a bank to create ranking charge over its receivables against the SBLC facility amounting to USD 4.673 million and Rs 411.949 million granted to Engro Elengy Terminal (Private) Limited.

(vi) Pursuant to the Finance Act, 2017 and the Finance Act, 2018, section 5A 'Tax on undistributed reserves' of the Income Tax Ordinance, 2001 was substituted by 'Tax on undistributed profits' whereby for tax years 2017 to 2019, a tax has been imposed at the rate of 5% of accounting profit-before-tax, on every public company, that derives profit for a tax year but does not distribute at least 20% of its after-tax-profits within six months of the end of the tax year, through cash.

ECL has obtained a stay on the levy of aforesaid tax from the High Court of Sindh, based on the grounds that this tax is applicable on the accounting profit-before-tax, that does not represent real income which can be taxed under the law and that the requirement to distribute profits or pay tax, amounts to an interference in corporate actions and implies amendment to the relevant company laws, which give shareholders the discretion to approve dividends. Further, it is the contention of ECL that such an amendment to company laws could not have been made through a money bill.

ECL, based on the opinion of its legal advisor is confident that it has a reasonable case in its favour.

31.1.3 Engro Fertilizers Limited and its subsidiary company

(i) EFert has entered into Dealer Finance Agreements (DFAs) with different banks amounting to Rs 4,500 million (2019: Rs 4,500 million) consequent to which the banks will provide financial assistance to dealers approved by EFert. In respect of DFA amounting to Rs 500 million EFert has agreed to bear 10% of the principal in case of default by the dealers. As at December 31, 2020, the banks have made disbursements to dealers under the DFAs amounting to Rs 2,937.099 milliom (2019: Rs 3,337.876 million) maturing on various future dates.

(ii) EFert in the year 2013 along with other fertilizer companies, received a show cause notice from the Competition Commission of Pakistan (CCP) for initiating action under the Competition Act, 2010 in relation to the alleged unreasonable increase in fertilizer prices. EFert has responded in detail that factors resulting in such increase were mainly due to the imposition of infrastructure cess and sales tax and partially the gas curtailment. The CCP has issued an order in March 2013, whereby it has held that EFert enjoys a dominant position in the urea market and that it has abused this position by unreasonable increases of urea prices in the period from December 2010 to December 2011. The CCP has also held another fertilizer company to be responsible for abusing its dominant position. In addition, the CCP has imposed a penalty of Rs 3,140 million and Rs 5,500 million on EFert and other fertilizer company, respectively. An appeal has been filed in the Competition Appellate Tribunal (CAT) and a writ has been filed in the HCS and stay has been granted against the recovery of the imposed penalty. Hearings have been conducted at CAT where Farmer Association has filed an interpleader application.

In case of the other fertilizer company, the CAT has transferred the case back to the CCP for reassessment. EFert has challenged the composition of the CAT. EFert's management believes that the chances of ultimate success are very good, as confirmed by legal advisor, hence, no provision has been made in this respect.

(iii) During 2015, EFert received a sales tax order from the tax department for the year ended December 31, 2013 pertaining to discharge of output tax liability, on assumed production of urea amounting to Rs 402.875 million and on presumption that output tax liability is not being discharged by EFert on advances received from dealers amounting to Rs 1,844.075 million. EFert filed an appeal thereagainst with the Commissioner Inland Revenue (Appeals) [CIR(A)] which decided the matters in favour of EFert. The tax department thereafter challenged the decision of the CIR(A) with the Appellate Tribunal Inland Revenue (ATIR), which is pending to be heard. No provision has been made in this respect in these consolidated financial statements.

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(iv) On July 3, 2018, the tax department raised an order for the period June 2016 to July 2017 with a demand of Rs 1,006 million mainly on account of further sales tax to be charged on sales to unregistered persons. EFert filed an appeal thereagainst with the CIRA who disposed of the appeal in favor of the taxation department on September 24, 2018. A constitutional petition against the said order has been filed with the High Court of Sindh and stay for recovery of demand against CIRA's order was obtained on October 31, 2018. EFert also filed an appeal against CIRA decision which is pending before the ATIR. EFert's management believes that the chances of ultimate success are very good, as confirmed by legal advisor, hence, no provision has been made in this respect.

(v) In the year 2017, the High Court of Islamabad in its order dated June 8, 2017 declared that the income derived by the Contractor from its contract with EFert, is subject to tax as per Clause 4 of Article 5 of Double Taxation Treaty between Pakistan and the Netherlands. Thus confirming demand order issued of Rs 1,178.391 million. In respect thereof, the Contractor preferred an appeal in the Supreme Court of Pakistan (SCP). In year 2019, the SCP decided the case on ex-parte basis against the Contractor. A review application for case restoration has been filed by the Contractor. EFert's management as confirmed by the legal advisor, is confident that the review application for case restoration will be accepted and on the merits of the case no provision is required.

31.1.4 Elengy Terminal Pakistan Limited and its subsidiary company

- The Sindh Finance Act, 1994, prescribed the imposition of an infrastructure fee at the rate of 0.5% of the C&F value of all goods entering or leaving the province of Sindh via sea or air. The Sindh Finance, Act 1994, thereafter was last amended through Sindh Finance Act, 2014 according to which infrastructure fee will range from 0.9% to 0.95% of total value of goods as assessed by the Custom Authorities (the Authorities) plus one paisa per kilometer against various slab of net weight of goods.

  On July 11, 2014, Engro Elengy Terminal (Private) Limited (EETPL) filed a petition against the aforementioned levy before the HCS where it is currently pending. Earlier, the HCS through an interim order on November 11, 2014 of petitions filed by others, directed companies to clear the goods on paying 50% of the amount of levy and furnishing bank guarantee / security for the balance amount. The payment of 50% of the amount of levy has been expensed out in these consolidated financial statements.

  In this respect, EETPL has paid 50% of the above levied cess and has provided bank guarantee amounting to Rs 16 million (2019: Rs 15 million) in favor of the Custom Authorities to comply with interim orders of the HCS. The bank guarantee shall continue and remain valid until the decision of the HCS in the above mentioned cases. The bank guarantee is secured against lien over deposit. Based on the merits of the case and as per the opinion of its legal advisor, EETPL expects a favorable outcome on the matter and accordingly no provision has been made on the remaining 50% levy in this respect in these consolidated financial statements.

- On June 19, 2015, EETPL in connection with the import of Floating Storage Regasification Unit (FSRU), received a demand from Customs Authority amounting to Rs 1,530.494 million contending that the import of FSRU attracts payment of advance income tax. EETPL is of the view that its profits and gains are exempt from income tax for 5 years from the date of commercial operations. EETPL in response to the above demand, filed an appeal based on which the Chief Commissioner Inland Revenue Appeal [CCIR(A)] through its order dated August 22, 2016 remanded the case back to the concerned commissioner, who again rejected the request for exemption against which EETPL filed an appeal before CCIR(A). During the year, CCIR(A) decided appeal against EETPL vide order dated July 24, 2020 against which EETPL filed an appeal before the Sindh High Court (SHC) on August 6, 2020 and has obtained stay in this regard. EETPL based on the merits of the case and as per the opinion of its legal advisor, expects a favorable outcome on the matter and accordingly, no provision has been made in this respect.

31.1.5 Engro Polymer and Chemicals Limited and its subsidiary companies

The Deputy Commissioner Inland Revenue (DCIR) through order dated January 8, 2016, raised a sales tax demand of Rs 524.589 million on account of alleged short payment of sales tax due on the finished products of Engro Polymer and Chemicals Limited (EPCL) that would have been produced and sold from the excess wastage of raw material. EPCL filed appeal thereagainst before the Commissioner Inland Revenue Appeals [CIR(A)] on the grounds that the order passed against EPCL was absolutely baseless as the DCIR had used inappropriate theoretical assumptions for calculating the sales tax liability. The CIR(A) through his order dated March 10, 2016, decided the matter in favor of EPCL. However, the department has challenged the said order of CIR(A) before Appellate Tribunal Inland Revenue (ATIR). No proceedings regarding this matter has been carried out by ATIR, till the year end. EPCL, based on the advice of its tax consultant, is confident of favourable outcome of this matter, accordingly, no provision has been made in this respect in these consolidated financial statements.

31.1.6 Engro Eximp Agriproducts (Private) Limited - EEAP

During the year ended December 31, 2017, the tax department had raised a demand of sales tax of Rs 250 million for not charging sales tax on rice husk / rice bran for the tax year 2015. There was an error in the order as the department had treated all the by-products falling under the category of rice bran or rice hull / husk; though in reality the proportion of these two products among by-products is comparatively low while rice bran was admittedly exempt during that period. As the value of rice husk was wrongly taken, the CIR(A) has vacated the order and demand but upheld the legal position regarding charging of sales tax on rice husk. EEAP has filed in appeal as it is of the view that the department is not treating risk husk correctly. Currently, the matter is pending before the Appellate Tribunal.

30.1.7 Details relating to tax contingencies are disclosed in note 40.1.

31.2 Commitments

31.2.1 Commitments in respect of capital and operational expenditure contracted but not incurred amount to Rs 11,939.640 million (2019: Rs 9,297.407 million).

31.2.2 The aggregate facilities available to the Group for opening Letters of credit and bank guarantees and other commitments other than those disclosed elsewhere in these consolidated financial statements, amounts to Rs 34,035.823 million (2019: Rs 39,185.714 million).

31.2.3 As of December 31, 2020, the rentals outstanding amounted to Rs 3.805 million (2019: Rs nil) in respect of storage and handling contracts of Ethylene Di Chloride (EDC) and caustic soda.

31.2.4 In 2019, Engro Peroxide (Private) Limited, a subsidiary of EPCL, entered into a contract with Chematur Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 6.993 million. As at December 31, 2020 commitment for civil works and equipment procurement amounts to EUR 1.082 million (December 31, 2019: EUR 5.140 million).

31.2.5 Group has entered into commercial lease agreement for lease of office. The aggregate lease payments as monthly rentals amounting to Rs 19.342 million (2019: Rs 51.907 million)

31.2.6 EEAP has entered into export selling contracts of 15,373 tons (2019: 10,793 tons) of Super Basmati Rice to various parties on agreed terms for delivery on various dates subsequent to the year end. The sales value of these open commitments at year end exchange rate amounts to Rs 1,959.868 million (2019: Rs 1,352.854 million).

31.2.7 Commitments in respect of rentals of storage tanks at EVTL for handling of Ethylene aggregate USD 30.456 million and are valid till March 31, 2028 and Ethylene Di Chloride (EDC) aggregate to USD 2.400 million and are valid till December 31, 2028.

31.2.8 Commitments given by the associated companies and joint venture in respect of capital and operational expenditure including bank guarantees amount to Rs 2,732.952 million (2019: Rs 13,952.924 million). Other commitments include arrangements in respect of standby letters of credit and Ijarah which are not material to the Group.

31.2.9 In 2018, EEL took over the operations and maintenance of the power plant owned by Tenega Generasi Limited (TGL) under an agreement signed between both parties. EEL needs to submit a perfomance bond equivalent to USD 930 million on an annual basis as per the agreement. The bond was furnished by EEL on October 21, 2019 and was due to expire on October 20, 2020. The Performance bond has been extended upto October 21, 2021.

31.2.10 Following bank guarantees have been extended:

- Corporate guarantee amounting to USD 10 million issued by ECL to Allied Bank Limited to open Debt Service Rerserve Account (DSRA) letter of credit in favour of senior long term lenders of EPQL, were released during the year.

- EFert has issued bank guarantees amounting to Rs 3,569.428 million (2019: Rs 2,610.188 million) in favour of third parties.

- On February 9, 2018, EEL furnished seven bank guarantees amounting to Rs 5.530 million each, expiring on February 8, 2020, to Baluchistan Power Development Board (BPDB). These were issued to acquire Letter of Intents / development rights for 50MW x 7 project sites located in Kuchlak, Khuzdar and Punjgur areas of Baluchistan. These guarantees have been extended till February 8, 2021 and will be renewed as per past practise.

  On February 1, 2019, EEL furnished 10 bank guarantees amounting to USD 0.05 million each (in Pakistan Rupee equivalent), expiring on January 31, 2021, to BPDB. These were issued to acquire Letter of Intents / development rights for 50MW x 10 project sites located in Chagai corridor, Balochistan.

- Bank guarantees amounting to Rs 2,496.126 million (2019: Rs 2,496.126 million), have been issued by EPQL in favour of Sui Nothern Gas Pipeline Limited (SNGPL), representing an amount equivalent to three months contractual quantities of gas in accordance with the terms of Gas Supply Agreement (GSA) between EPQL and SNGPL.

  Engro Peroxide (Private) Limited has issued bank guarantees in favor of Excise and Taxation amounting to Rs 3.5 million (2019: Rs 3.5 million). The aggregate facilities amounting to Rs 50 million (2019: Rs 50 million) have been issued collectively in favor of EPCL and Engro Plasticizer (Private) Limited.

- On June 27, 2019, EEL furnished a bank guarantee amounting to Rs 100 million which expired on October 4, 2019, to Frontier Works Organization (FWO) along with a proposal for participation as equity partner for the white oil pipeline project being developed by FWO. During the year, EEL refurnished this bank guarantee which will expire on November 29, 2021 on signing of Joint Development Agreement (JDA). The management is of the opinion that JDA will be converted into a Joint Venture with FWO at the later stage.

- National Bank Limited, Askari Bank Limited and Faysal Bank Limited, have issued guarantees of Rs 1,500 million, Rs 1,000 million and Rs 2,066.8 million respectively, expiring on December 31, 2021, February 28, 2022 and July 6, 2022 respectively while Meezan Bank Limited has issued two guarantees of Rs 1,800 million and Rs 900 million expiring on November 21, 2021 and December 27, 2021 respectively. These guarantees have been issued on behalf of EPTL in favour of Sindh Engro Coal Mining Company to secure EPTL's payment obligations under the Coal Supply Agreement. The SBLC Issuing Banks have entered into a non-funded financing facility with EPTL as Junior Creditors and acceded the Intercreditor Agreement and security accordingly.

- EPTL has outstanding bank guarantees in favour of Collector of Customs amounting to Rs 24.703 million (2019: Rs 234.210 million) in respect of income tax on import of plant and machinery. The guarantees were issued under the order of the High Court of Sindh (HCS) where HCS had allowed the imports to be cleared without the payment of income tax till EPTL's exemption application is decided by the Chief Commissioner, Income Tax. Last year, the Commissioner Income Tax granted exemption and based on such exemption order, the Collector of Customs, have been releasing bank guarantees after completion of legal formalities.

- EPTL has outstanding bank guarantees of various expiry dates in favour of the Collector of Customs amounting to Rs 39.288 million (2019: Rs 184.260 million) in respect of custom duties and sales tax on import of certain items of plant and machinery. The Collector of Customs had requested the Federal Board of Revenue (FBR) for a clarity on allowing concessionary rates of duties on these items. FBR has clarified the matter in favour of EPTL and the bank guarantees are being released after the completion of legal formalities.

During the year, Engro Peroxide (Private) Limited, a subsidiary of EPCL, has entered into a contract with Chematur Engineering AB to establish a plant of Hydrogen Peroxide at a consideration of EUR 6.993 million. As at December 31, 2019 commitment for civil works and equipment procurement amounts to EUR 5.140 million.

The Group has entered into commercial lease agreement for lease of office. The aggregate lease payments as monthly rentals amounting to Rs 51.907 million (2018: Rs 90 million).

EEAP has entered into export selling contracts of 10,793 tons (2018: 9,521 tons) of Super Basmati Rice to various parties on a agreed terms for delivery on various dates subsequent to the year end. The sales value of these open commitments at year end exchange rate amounts to Rs 1,352.854 million (2018: Rs 1,181.436 million).

Commitments given by the associated companies and joint venture in respect of capital and o perational expenditure including bank guarantees amount to Rs 13,952.924 million (2018: Rs 10,020.300 million). Other commitments include arrangements in respect of standby letters of credit and Ijarah which are not material to the Group.

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	2020	2019
	-------- (Rupees in '000) --------	
32 REVENUE		
Own manufactured products (notes 32.1 and 32.2)	**218,240,284**	181,614,689
Less:		
- Sales tax	**(14,182,414)**	(12,413,041)
- Discounts	**(795,459)**	(523,257)
	203,262,411	168,678,391
Purchased product (note 32.3)	**34,516,870**	44,439,112
Services rendered (note 32.4)	**15,855,267**	16,027,425
Less: Sales tax	**(4,684,459)**	(3,379,436)
	45,687,678	57,087,101
	248,950,089	225,765,492

32.1 These includes export sales amounting to Rs 4,072.034 million (2019: Rs 3,559.552 million).

32.2 These include revenue from sale of Energy which comprises of:

	2020	2019
	-------- (Rupees in '000) --------	
Capacity purchase price (note 32.2.1)	**36,216,602**	20,809,750
Energy purchase price	**51,934,080**	33,259,700
	88,150,682	54,069,450

32.2.1 This includes amount subject to Commercial Operation Date (COD) tariff adjustment. The COD tariff adjustment is a variable consideration based on the management's best estimate. Variable consideration is not constrained as the potential reversal of cumulative revenue recognized will not be significant.

32.3 This primarily includes sale of Di-Ammonium Phosphate (DAP) by EAPL.

32.4 This includes revenue from services rendered by ETPL which comprises of:

	2020	2019
	-------- (Rupees in '000) --------	
Operating lease rental income	**889,254**	805,133
Revenue from O&M services	**3,015,535**	3,001,211
Finance income on sublease	**5,400,497**	5,290,427
Revenue from utilization / regasification services	**3,845,381**	3,615,949
	13,150,667	12,712,720

		2020	2019
		-------- (Rupees in '000) --------	
33.	**COST OF REVENUE**		
	Cost of goods sold (note 33.1)	**160,433,271**	148,363,615
	Cost of services rendered (note 33.2)	**8,559,621**	5,022,189
	Finance cost on lease liability	**3,876,418**	3,781,033
		172,869,310	157,166,837
33.1	**Cost of goods sold**		
	Raw and packing materials consumed including unprocessed rice	**80,392,283**	69,939,952
	Salaries, wages and staff welfare (note 33.1.2)	**4,948,827**	5,137,830
	Fuel and power	**21,785,376**	18,752,069
	Operation and management	**2,386,441**	882,069
	Repairs and maintenance	**2,091,775**	2,392,542
	Depreciation - Right of use Asset (note 6.1)	**537,642**	399,190
	Depreciation - PPE (note 5.3)	**12,400,031**	9,623,651
	Amortisation (note 7.1)	**23,471**	79,236
	Consumable stores	**1,664,270**	1,623,899
	Staff recruitment, training, safety and other expenses	**646,907**	300,916
	Purchased services	**1,276,913**	1,666,901
	Storage and handling / product transportation	**1,350,514**	1,681,375
	Travel	**229,342**	358,188
	Communication, stationery and other office expenses	**68,517**	100,367
	Insurance	**1,998,622**	1,244,075
	Rent, rates and taxes	**239,575**	85,961
	Provision against surplus and slow moving spares	**33,805**	191,058
	Write-off Stores and Spares	**66,003**	-
	Write-off Stock in trade - net of proceeds	**96,329**	-
	Write-off Capital work-in-progress	**6,000**	-
	Other expenses	**132,844**	82,681
	Manufacturing cost	**132,375,487**	114,541,960
	Add: Opening stock of work-in-process (note 14)	**73,289**	43,373
	Less: Closing stock of work-in-process (note 14)	**(135,688)**	(73,289)
		(62,399)	(29,916)
	Cost of goods manufactured	**132,313,088**	114,512,044
	Add: Opening stock of finished goods manufactured (note 14)	**4,900,819**	2,596,777
	Less: Closing stock of finished goods manufactured (note 14)	**(7,588,920)**	(4,900,819)
		(2,688,101)	(2,304,042)
	Cost of goods sold		
	- own manufactured product	**129,624,987**	112,208,002
	- purchased product (note 33.1.1)	**30,808,284**	36,155,613
		160,433,271	148,363,615

		2020	2019
		-------- (Rupees in '000) --------	
33.1.1	**Cost of goods sold - purchased product**		
	Opening stock - net of NRV	**9,075,785**	8,982,883
	Add: Purchases	**22,753,161**	36,248,515
	Less: Closing stock - net of NRV	**(1,020,662)**	(9,075,785)
		30,808,284	36,155,613

33.1.2 These include Rs 321.527 million (2019: Rs 310.991 million) in respect of staff retirement benefits.

		2020	2019
		-------- (Rupees in '000) --------	
33.2	**Cost of services rendered**		
	Fixed expenses	**1,747,621**	1,618,324
	Variable expenses	**2,530,880**	2,289,421
	Operational and maintenance services	**2,203,030**	-
	Depreciation - PPE	**417,191**	469,139
	Depreciation - Right-of-use-Asset	**-**	32,837
	Amortisation of intangible assets	**2**	267
	Amortisation of direct cost on FSRU	**86,516**	86,516
	Salaries, wages and benefits	**666,736**	155,997
	Fuel & Power	**208,443**	71,167
	Rent, rates and taxes	**-**	113,776
	Purchased services	**160,646**	-
	Communication and other office expenses	**81,982**	-
	Stores and spares consumed	**45,041**	-
	Repairs and maintenance	**252,020**	83,873
	Travelling and entertainment	**46,445**	25,529
	Security and other expense	**88,629**	75,343
	Others	**24,439**	-
		8,559,621	5,022,189

33.2.1 These includes Rs 3.479 million (2019: Rs 6.278 million) in respect of staff retirement benefits.

		2020	2019
34	**SELLING AND DISTRIBUTION EXPENSES**	-------- (Rupees in '000) --------	
	Salaries, wages and staff welfare (note 34.1)	**1,307,780**	1,213,093
	Staff recruitment, training, safety and other expenses	**85,620**	206,514
	Product transportation and handling	**4,725,473**	5,206,104
	Repairs and maintenance	**69,213**	56,139
	Advertising and sales promotion	**447,978**	472,935
	Rent, rates and taxes	**702,713**	436,305
	Communication, stationery and other office expenses	**15,173**	40,157
	Travel	**140,618**	204,389
	Depreciation - PPE (note 5.3)	**53,411**	116,222
	Amortisation (note 7.1)	**844**	15,290
	Purchased services	**166,958**	75,117
	Others	**129,288**	61,021
		7,845,069	8,103,286

34.1 These include Rs 105.339 milion (2019: Rs 96.292 million) in respect of staff retirement benefits.

35 ADMINISTRATIVE EXPENSES

	2020	2019
	-------- (Rupees in '000) --------	
Salaries, directors' remuneration and other benefits (note 35.1)	**3,641,619**	3,272,870
Staff recruitment, training, safety and other expenses	**147,755**	167,961
Repairs and maintenance	**226,980**	101,889
Advertising	**178,079**	587,608
Rent, rates and taxes	**356,692**	323,566
Communication, stationery and other office expenses	**444,940**	251,873
Travel	**285,579**	522,606
Depreciation - Right of use Asset (note 6.1)	**301,571**	333,467
Depreciation - PPE (note 5.3)	**291,933**	199,176
Amortisation of intengibles (note 7.1)	**155,640**	89,001
Purchased services	**1,549,752**	815,832
Donations (notes 35.2 and 52)	**1,220,932**	833,948
Legal and professional charges	**113,649**	80,190
Insurance	**10,208**	5,086
Subscription and periodicals	**100,038**	67,386
Others	**316,145**	18,886
	9,341,513	7,671,345

35.1 These include Rs 332.924 million (2019: Rs 326.496 million) in respect of staff retirement benefits.

35.2 These include donations made during the year to The Dawood Foundation (an associated undertaking) and Engro Foundation (an associated undertaking) aggregating Rs 196.965 million (2019: Rs 85 million) in which the Holding Company's directors Mr. Hussain Dawood, Mr. Shahzada Dawood, Mr. Abdul Samad Dawood and Ms. Sabrina Dawood are trustees. Further, donation was made to the Agha Khan University Hospital (AKUH) amounting to Rs 50.91 million (2019: Nil).

36 OTHER INCOME

	2020	2019
	-------- (Rupees in '000) --------	
Financial assets:		
Income on deposits / other financial assets	**11,605,086**	12,671,706
Income on shariah compliant deposits	**49,030**	40,393
Exchange gain	**-**	121,307
Interest on receivable from SSGCL	**178,094**	184,236
Delayed payment charges on overdue receivables	**-**	1,520,555
Other investment in quoted shares	**5,599**	800,169
Non financial assets:		
Insurance claims	**2,501**	-
Gain on disposal of property, plant and equipment	**2,703**	3,625
Income from sale of spares / scrap	**74,041**	124,389
Reversal of provision for Worker's Welfare Fund	**180,079**	999,423
Reversal of provision for Tax contingencies	**398,559**	-
of EVTL (notes 8.4 and 28.4)	**3,543,812**	-
Delayed payment charges on overdue receivables	**2,904,978**	-
Remeasurement gain on provision for GIDC (note 27)	**402,767**	205,908
Others	**19,347,249**	16,671,711

37 OTHER OPERATING EXPENSES

	2020	2019
	-------- (Rupees in '000) --------	
Workers' profits participation fund	**1,463,560**	1,732,531
Workers' welfare fund	**495,989**	547,554
Legal and professional charges	**906,203**	1,068,502
Human resources development	**197,428**	536,180
Research and development	**867,587**	218,674
Provision against tax contingency of EVTL (note 8.3)	**-**	229,529
Exchange loss	**263,583**	783,185
Impairment against long-term investments	**484,550**	1,224,304
Write off of property, plant and equipment	**11,945**	452,484
Auditors' remuneration (note 37.1)	**123,440**	65,723
Provision for doubtful debts	**3,294**	39,009
Provision against sales tax receivable	**-**	244,000
Others (note 37.2)	**629,944**	258,043
	5,447,523	7,399,718

37.1 Auditors' remuneration

The aggregate amount charged in these consolidated financial statements in respect of auditors' remuneration, including remuneration of auditors' of foreign subsidiaries, is as follows:

	2020	2019
	-------- (Rupees in '000) --------	
Fee for:		
- audit of annual financial statements	**16,447**	12,766
- review of half yearly financial statements	**4,606**	5,240
Special audit, certifications, review of compliance with Code of Corporate Governance and other advisory services	**42,739**	28,975
Tax services	**54,780**	15,839
Reimbursement of expenses	**4,868**	2,903
	123,440	65,723

37.2 Under the Share Purchase Agreement (SPA) with FrieslandCampina Pakistan Holding B.V. (FCP), ECL is required to pay FCP an amount equal to 51% of the sales tax receivable of FrieslandCampina Engro Pakistan Limited (FCEPL), recognized in the financial years 2012 to 2016, if it is not recovered by FCEPL within six years after it is recognized. Accordingly, on prudence basis, ECL has recognized its liability under the SPA equivalent to 51% of the sales tax receivable pertaining to FCEPL till being December 31, 2020 sales tax short recovered upto December 31, 2020 amounting to Rs 244.414 million.

	2020	2019
	-------- (Rupees in '000) --------	
38 FINANCE COST		
Interest / mark-up on:		
- long term borrowings	**14,395,488**	11,177,648
- short term borrowings	**1,336,841**	1,069,268
Markup on Shariah compliant borrowings	**289,642**	511,780
Interest on lease liabilities	**616,526**	521,331
Unwinding of deferred incentive revenue	**194,458**	99,506
Foreign exchange loss - net	**165,658**	682,728
Amortisation of transaction cost	**861,018**	481,262
Delayed payment charges	**1,852,855**	323,377
Financial / bank charges	**1,672,346**	1,283,652
Others	**107,789**	24,993
	21,492,621	16,175,545

38.1 This includes borrowing costs in relation to qualifying asset amounting to Rs. 57,110, which was not capitalised, as it relates to period from March 24, 2020 to May 21, 2020 when EPCL's project expansion activities were temporarily suspended due to lockdown.

	2020	2019
	-------- (Rupees in '000) --------	
39 SHARE OF INCOME FROM JOINT VENTURE AND ASSOCIATES		
Joint venture:		
Engro Vopak Terminal Limited		
Share of profit before taxation	**1,987,563**	1,703,386
Less: Share of provision for taxation	**(588,178)**	(599,900)
	1,399,385	1,103,486
(Provision) / reversal for WWF	**-**	(89,280)
Share of profit for the year	**1,399,385**	1,014,206
Less: Provision against tax contingency	**-**	-
	1,399,385	1,014,206
Associates		
Share of profit / (loss) from:		
- Sindh Engro Coal Mining Company Limited	**1,327,371**	685,101
- Friesland Campina Engro Pakistan Limited	**70,593**	(380,991)
- Others	**(975)**	(170,317)
	1,396,989	133,793
	2,796,374	1,147,999

	2020	2019
	-------- (Rupees in '000) --------	
40 TAXATION		
Current		
- for the year	**12,153,812**	10,854,208
- for prior years (note 40.1.1)	**(3,248,128)**	148,365
	8,905,684	11,002,573
Deferred		
- for the year	**1,037,539**	5,979,072
- for prior years (note 40.1.1)	**285,300**	-
	1,322,839	5,979,072
	10,228,523	16,981,645

Details of significant income tax matters are as follows:

The Holding Company

40.1 During the year ended December 31, 2017, the Holding Company's ex-subsidiary was served with an order from the Additional Commissioner of Inland Revenue (CIR) – Federal Board of Revenue under Section 122(5A) of the Income Tax Ordinance, 2001 to amend the original assessment for the Tax Year 2016 being prejudicial to the revenue of the Federal Government and raised additional demand of Rs 3,380.650 million.

The issues mainly related to the levy of tax on sale of 'Bubber Sher' brand to wholly owned subsidiary, Bubber Sher (Private) Limited, taxation of capital gain on sale of shares of ECL and HUBCO and levy of super tax on the income claimed to be exempt from tax. The ex-subsidiary being aggrieved with the order filed an appeal with the Commissioner Inland Revenue Appeals (CIRA) and CIRA in its order dated August 7, 2017 decided the matter in favour of the ex-subsidiary. The Deputy CIR served the ex-subsidiary with an appeal effect order on January 11, 2018, under which the tax liability (primarily on account of Alternate Corporate Tax) was worked out to be Rs 1,051.140 million.

Additionally,CIR filed an appeal with the Appellate Tribunal Inland Revenue (ATIR) against the order passed by CIRA, which is currently pending. The ex-subsidiary, on the basis of advice of its tax consultant, filed an appeal with CIRA on February 12, 2018, considering the demand of Rs 1,051.140 million to be still prejudicial to its interests. CIRA in its order dated April 26, 2018 decided the matter against the ex-subsidiary. The ex-subsidiary has filed an appeal with the ATIR on May 9, 2018, against the order passed by CIRA and for grant of stay in respect thereof. The appeal against the order of CIRA is still pending. Meanwhile, the ex-subsidiary has also obtained stay from the Lahore High Court against the recovery of demand. The tax advisor of the ex-subsidiary is of the view that the appeal effect order passed on January 11, 2018 and the subsequent order of CIRA dated April 26, 2018, are either based on a misinterpretation of the provisions of law or are in violation of the directions given by CIRA in its order dated August 7, 2017. Based on these views, the management of the Holding Company is confident that the matter will eventually be decided in favour of the ex-subsidiary. Hence, no provision has been recorded in this respect in these consolidated financial statements.

40.1.2 During the year ended December 31, 2017, the Holding Company received a show cause notice dated May 11, 2017 from the Additional CIR – Federal Board of Revenue under Section 122(9) of the Income Tax Ordinance, 2001 in respect of Tax Year 2016. In the notice, the Additional CIR expressed intention to reject exemption of intercorporate dividend amounting to Rs 18,008.795 million, to make an addition to capital gain amounting to Rs 615.101 million and also to impose a super tax liability amounting to Rs 666.963 million. The Holding Company being aggrieved, filed a Constitutional Petition before the High Court of Sindh against the proposal to reject the exemption claimed on intercorporate dividend. Further, a Constitutional Petition was filed with the High Court of Sindh against the levy of super tax. The High Court of Sindh issued stay orders. in respect of the aforementioned matters with the instruction to the taxation authorities to not finalise the proceedings until the cases were disposed of.

40.1.3 During the year on June 18, 2020, the Holding Company received an income tax demand amounting to Rs 201.196 million in relation to the tax year 2019. Out of such demand, an amount of Rs 92 million seems an apparent error for which a rectification application was submitted to the tax authorities and order against the same was issued on December 16, 2020 by the authorities in favour of the Holding Company granting complete credit of Rs 92 million. The remaining demand of Rs 109 million was made to the Holding Company as the taxation authorities are of the view that the Holding Company's interest income does not meet the criteria of the 'income from business' and should be treated as 'income from other sources'. As a result of which the common expenses incurred by the Holding Company cannot be allocated to 'income from other sources' resulting in increased tax liability. However, the Holding Company is of the view that the earning interest / money market income is one of the principal revenue streams of the Company and should be treated as 'income from business'. An appeal has been filed by the Holding Company before the CIRA, the decision of which is pending to date. The Company in view of the tax consultant's advice is expecting a favourable outcome of the appeal. However, on a prudent basis tax charge amounting to Rs 109 million has been recorded in these consolidated financial statements.

40.2 Engro Corporation Limited

40.2.1 Through Finance Act 2015, levy of 'Super Tax for rehabilitation of temporarily displaced persons' under section 4B of the Income Tax Ordinance, 2001 (ITO) was introduced for tax year 2015. The said levy was extended and made applicable on succeeding years via subsequent Finance Acts upto financial year ended December 31, 2018. Through Finance Supplementary Act, 2019, the levy of Super Tax has been abolished from financial year ended December 31, 2019 onwards for companies other than banking companies. ECL had challenged the levy in the High Court of Sindh and was granted a stay in this respect. ECL, based on the opinion of its legal advisor, believes that there is a reasonable case in its favour. However, based on prudence, ECL had recognized provision for Super Tax relating to tax years 2015 to 2019 amounting to Rs 2,931.158 million.

During the year, the petition filed by ECL along-with other taxpayers against the imposition of super tax in the High Court of Sindh was rejected vide order dated July 21, 2020. ECL, in consultation with its legal and tax advisors, has filed an appeal against the decision of the High Court of Sindh in the Supreme Court of Pakistan. Consequent to the High Court judgement, the tax authorities issued notices to ECL and subsequently framed orders for recovery of super tax for tax years 2017 to 2019 with total tax demand of Rs 2,241.400 million. An appeal was filed against these orders with the Commissioner Inland Revenue (Appeals) [CIR (A)] along with stay against recovery of demand based on certain contentious and factual grounds. For tax year 2017, the CIR (A) has decided ECL's appeal and maintained the levy of super tax considering the High Court of Sindh judgement. The CIR (A) has, however, deleted the action of taxation officer of imposing the levy on exempt income. Application for giving appeal effect to the CIR (A) decision has been filed and the same is pending. The management has assessed the sufficiency of tax provision on account of super tax and considers these sufficient for the purpose.

40.2.2 In year 2016, an amendment was introduced in ITO via the Finance Act 2016 which imposed tax on inter-corporate dividends, which were previously exempt to companies designated as a Group under section 59B of the ITO. The exemption on inter-corporate dividend has been restored through amendment in ITO vide Tax Laws (Second Amendment) Ordinance, 2019. However, in respect of the dividends received before the said amendment, ECL had challenged the imposition of tax on inter-corporate dividends in the High Court of Sindh and has been granted a stay in this respect.

During the year, the aforementioned ordinance was laid down before the Parliament and enacted as Tax Laws (Amendment) Act 2020 (the 2020 Act). The 2020 Act ratified the exemption on inter-corporate dividend restored by the Ordinance, however, the provision granting exemption from application of withholding tax on inter-corporate dividend, as previously deleted by Finance Act 2016, was not restored. Hence, in respect of the inter-corporate dividend received by ECL from its subsidiaries during the period, ECL has obtained stay from the High Court against deduction of withholding of tax.

40.2.3 In year 2013, the income tax department, in respect of the tax year 2011, determined additional income tax liability of Rs 218.790 million and raised a demand of Rs 139.575 million whereby the Deputy Commissioner Inland Revenue (DCIR) - Audit disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. ECL filed an appeal with the CIR(A) who maintained the apportionment of expenses against dividend income and capital gains but allowed the allocation of administrative expenses against interest income, thereby reducing the income tax liability to Rs 184.191 million and revised the demand to Rs 104.976 million. ECL paid Rs 53.250 million thereagainst and simultaneously filed an appeal against the CIR(A) decision with Appellate Tribunal Inland Revenue (ATIR) which granted a stay to ECL. During 2014, the ATIR issued an order whereby the aforementioned appeal was remanded back to the assessing officers for denovo proceedings, thereby accepting ECL's contention. The income tax department, in response thereagainst, had filed an appeal with ATIR, which was dismissed during 2016.

In year 2014, the income tax department in respect of tax year 2012, amended the assessment and raised an additional demand of Rs 250.773 million on similar grounds as stated above. ECL filed an appeal against the said order with CIR(A), who based on ATIR's order for tax year 2011, has remanded back the order to assessing officers for denovo proceedings.

In year 2015, in respect of pending tax assessments for tax year 2011 and tax year 2012, ECL received notices of demand amounting to Rs 105.955 million and Rs 250.773 million respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit again disallowed allocation of expenses against interest income and apportioned expenses against dividend income and capital gains. ECL filed appeals thereagainst with the CIR(A) and also obtained stays from the High Court of Sindh from initiating any recovery proceedings in respect of both tax years. During 2016, in respect of tax year 2011 and tax year 2012, the CIR(A) accepted ECL's plea and annulled the order passed by the DCIR. In response, the DCIR filed appeals before the ATIR for rectification of the orders passed by the CIR(A) for both tax years, which were subsequently dismissed. In the previous year, ECL has reversed excess provision of Rs 168.896 million in respect of tax years 2011 and 2012 consequent to denovo proceedings after which the amended orders were passed in respect of the aforementioned tax years, wherein, the Commisioner has maintained the classification of income from interest on bank deposits and from subordinated loans as "income from other sources". In response, ECL has filed an appeal challenging this contention and ECL is confident of favourable decision based on earlier ATIR judgment. CIR(A) has passed the orders dated January 10, 2019 for both the tax years in relation to ECL's appeal and has again remanded the matter to the assessing officer for denovo proceedings.

During the year, ECL received appeal effect orders both dated June 29, 2020 in respect of tax years 2011 and 2012 along with notices of demand amounting to Rs 75.308 million and Rs 112.681 million, respectively, whereby the Deputy / Additional Commissioner Inland Revenue - Audit has again maintained the classification of income from interest on bank deposits and from subordinated loans as "income from other sources". ECL has again challenged these orders before CIR(A) and the matter is still pending to be heard. ECL, based on the advice of its tax consultant, is confident of favourable decision based on earlier ATIR judgement.

40.2.5 During the year 2017, the income tax department in respect of the tax year 2015, determined an additional income tax liability of Rs 128.400 million, whereby, the Additional Commissioner Inland Revenue (ACIR) - Audit has levied tax on inter-corporate dividends, super tax including on exempt income, the effects of classification of 'Interest Income' as "Income from Business" as well as not allowing the adjustment of the minimum tax paid under section 113(1)(c) of the ITO.

Last year, the CIR(A) vide order dated May 6, 2019 has maintained the matter relating to taxation of intercorporate dividend, super tax under section 4B, the classification of the interest income and carry forward of minimum tax for adjustment whereas the rectificatory matters including the levy of super tax on exempt income was remanded back. ECL has preferred appeal before ATIR on all issues adjudicated against it. ECL, based on advice of its tax consultant, is confident that these matters will be decided in favour of ECL. However, on prudence, ECL has recorded provision against Super Tax relating to tax years 2015 to 2019 amounting to Rs 2,931.158 million.

In year 2017, the ACIR through order dated June 23, 2017 amended the return for the tax year 2016 creating tax demand of Rs 1,484.903 million mainly on account of tax levied on inter-corporate dividend, super tax including on exempt income and disallowance on account of allocation of expenses to dividend and capital gains including minimum tax paid under section 113 of the ITO. The CIR(A) while disposing off ECL's appeal maintained the order of ACIR with respect to certain issues which were further contested before the ATIR. Last year, the ATIR in its order dated July 31, 2019 has annulled the order of ACIR and validated the exemption on intercorporate dividend as well as the non-applicability of super tax on such exempt income whereas the issues relating to the levy of super tax under section 4B and the carry forward of minimum have been linked to the pending decisions of the High Court of Sindh (where the matter is separately being contested by ECL) and the carry forward under section 113(1)(c) has been linked to the decision of the Supreme Court in the case of another taxpayer.

Against the order dated June 23, 2017, ECL had filed an application for rectification. The ACIR through rectified order dated August 29, 2017 reduced the demand to Rs 1,084.733 million. Through the said order, the ACIR accepted ECL's contention relating to various matters except for the issue of allocation of expenses to capital gains. ECL contested this matter in appeal before the CIR(A) who has maintained the order of ACIR through order dated December 18, 2018. During the year, ECL filed an appeal before the ATIR against the CIR(A) order.

ECL has received appeal effect order dated November 20, 2020 issued by the ACIR giving effect to the findings of appellate orders of CIR(A) and ATIR by deleting the tax levied on inter-corporate dividends and super tax on exempt income which resulted in revised demand of Rs 149.257 million. Moreover, the issue of classification of income from interest on bank deposits and from subordinated loans has been decided in Company's favour as "income from business".

In addition to above, the ACIR issued a further amendment order dated November 24, 2020 for tax year 2016 and determined additional income tax liability of Rs 21.808 millon on account of capital gain tax on debt securities. The same has been discharged by ECL.

40.2.6 During the year, the Additional Commissioner Inland Revenue - Audit through order dated December 22, 2020 amended the return for the tax year 2017 by creating tax demand of Rs 4,335.176 million mainly on account of tax levied on undistributed profits under section 5A and super tax under section 4B. As explained in note 30.1.2 of these consolidated financial statements, ECL has obtained stay from High Court of Sindh against the levy of tax on undistributed profits, therefore the said demand is not recoverable by the tax department, as also confirmed by tax consultants. An appeal has been filed

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before the Commissioner Inland Revenue (Appeals) against the said order. ECL, based on the advice of its legal and tax consultants, is confident that chances of ultimate success are good, hence, no provision has been made in this respect.

40.3 Engro Fertilizers Limited (EFert) and its subsidiary companies

40.3.1 During the year, the income tax department amended the assessment filed by EFert for tax year 2019. EFert has filed an appeal before the CIR(A) against the disallowances, which mainly pertained to proration of expenses to exempt/FTR incomes, tax credit on investment in plant and machinery, disallowance of deductible allowances for WWF/ WPPF resulting in additions to taxable income of Rs 3,305.955 million. In addition, the tax department raised demand for Super tax amounting to Rs 476.629 million. EFert is confident for a favorable outcome on this case.

40.3.2 During the year 2015, the income tax department amended the assessment filed by the EFert for tax year 2014. EFert filed an appeal before the CIR(A) against the disallowances, which mainly pertained to exchange gain and loss, loss on derivatives and losses purchased from Engro Eximp Agriproducts (Private) Limited, under section 59B of ITO resulting in additions to taxable income of Rs 3,191.963 million. In addition the tax department raised demand for the Alternative Corporate Tax (ACT) through the same order, for which the EFert specifically obtained a stay order. The matter was heard by CIR(A) and favorable decision was made in respect of exchange losses and acceptance of prior years tax refunds, whilst other additions made by the tax department in respect of ACT, loss on derivatives and group relief under section 59B were maintained in the order. EFert has filed an appeal against the order of CIR(A) before the Income Tax Appellate Tribunal (ITAT) which is pending to be heard.

During the year 2019, the income tax department amended the assessment filed by EFert for the tax years 2015, 2016 and 2017. EFert filed appeals there against before the CIR(A) for disallowances made in the orders which mainly included proration of expenses to exempt/FTR incomes, exchange loss disallowances, loss on derivatives and losses purchased from Engro Eximp Agriproducts Limited under section 59B of ITO, resulting in cumulative addition of Rs 16,173.826 million to taxable income of these tax years. Subsequently, CIR(A) passed an order for tax years 2015, 2016 and 2017 maintaining most of the additions made by taxation officer in the amendment order, whilst allowing deletion of expenses on allocation basis to exempt income and claim of exchange losses on realised basis. EFert, as well as the tax department, has filed appeals against the order of CIR(A) before the ITAT.

Through order dated February 26, 2020, ATIR decided the amendment orders for TY 2015 and 2016 mainly in favor of EFert, except for certain disallowances including provisions on other receivables, retirement benefits and disallowance of loss on fair valuation of embedded derivative which were maintained or remanded back to the tax department for verification. On June 1, 2020, the tax department filed reference application before High Court of Sindh for questions of law arising out of the ATIR order.

EFert maintains adequate provision in these consolidated financial statements and is confident of an ultimate favorable outcome on these amendments.

40.3.4 During the year 2014, the income tax department amended the assessment filed by EFert for tax years 2010 and 2011. EFert filed appeals thereagainst before the Appellate Tribunal Inland Revenue (ATIR), which through its decision provided relief in respect of certain items and confirmed certain disallowances in favor of the tax department. The said disallowances included the charge in respect of exchange gain and loss incurred for tax year 2010 and 2011, and loss on derivative for tax year 2011 raising a demand in respect of these years aggregating Rs 1,075.466 million. EFert had challenged the said decision before the High Court of Sindh. During the year the matter was heard, and was reserved for judgement. EFert is confident of a favourable outcome.

40.3.5 EFert received recovery notice from the Federal Board of Revenue for payment of Super Tax, in accordance with Section 4B of the ITO, for TY 2018. EFert filed a Constitutional Petition before the High Court of Sindh challenging the notice as well as the vires of Section 4B of the ITO. An interim order was granted in favour of EFert. On July 21, 2020, High Court of Sindh held that of Section 4B was intra vires the Constitution ("High Court of Sindh Judgment"). Thereafter, EFert filed a Civil Petition for Leave to Appeal ("CPLA") before the Supreme Court of Pakistan challenging the High Court of Sindh Judgment. The CPLA was filed by the EFert only in relation to TY 2018 i.e. the year which was challenged before the High Court of Sindh as well.

Pursuant to the High Court of Sindh Judgement, the tax department passed orders against the Company for TY 2015 to 2019 in relation to recovery of Super Tax amounting in aggregate of Rs 2,110.491 million. EFert filed appeals against the orders before CIRA.

On November 26, 2020, Supreme Court of Pakistan granted leave to appeal and passed an interim order restraining the Respondents from taking any coercive action against the Petitioner taxpayers (including EFert) subject to them depositing 50% of the impugned outstanding tax amount.

EFert has till date paid Super Tax amounting to Rs 1,121.724 million against the relevant tax years. Adequate provision for Super Tax for the respective TYs is being maintained in these consolidated financial statements.

40.3.6 As a result of demerger in 2009, all pending tax issues of then ECL, Engro Chemical Pakistan Ltd. had been transferred to EFert. Major issues pending before the tax authorities are described below:

In previous years, the taxation department had filed reference applications in the High Court of Sindh against the below-mentioned ATIR's decisions in EFert's favor. No hearing has been conducted to-date. The reference application includes the following matters:

- Group Relief (Financial years 2006 to 2008): Rs 1,500.847 million.
- Inter-Corporate Dividend (Financial years 2007 and 2008): Rs 336.5 million.
- G.P. Apportionment (Financial years 1995 to 2002): Rs 653 million.

EFert is confident that all the aforementioned pending issues will eventually be decided in its favor. Therefore, no provision in respect of these is being maintained in these consolidated financial statements.

40.3.6 As a result of merger of Engro Eximp (Private) Limited (EXIMP) with EFert, all pending tax issues of EXIMP have been transferred to EFert. Major pending issue pertains to exercise of option to be taxed under the Normal Tax Regime (NTR) by EXIMP for the years 2012 and 2013, resulting in an aggregate refund of Rs 796 million. The tax department had not accepted the said treatment for tax year 2013, however, the matter was decided in favor of EFert by the Commissioner Income Tax Appeals(CIT(A)), against which the tax department has filed an appeal with the Income Tax Appellate Tribunal (ITAT). However, the department has given appeal effect order to the aforementioned favourable decision of the CIT(A) for tax year 2013.

On September 26, 2019, the matter was decided by ATIR in favor of the EFert for the tax year 2013 and the departments appeal in this respect was rejected. The management is confident for a favorable outcome on this case and therefore no provision is being maintained in these consolidated financial statements.

40.3.8 During the year, EFert has re-assessed its income tax provisions based on the finalisation of its income tax assessments of prior tax years by the income tax department. Upon such assesment, the Group has recognised reversal of tax provisions aggregating Rs 3,379.336 million in these consolidated financial statements.

40.4 Engro Polymer and Chemicals Limited (EPCL) and its subsidiary companies

40.4.1 The DCIR, through the order dated November 26, 2009 raised a tax demand of Rs 213.172 million. The demand arose as a result of additions on account of trading liabilities of Rs 47.582 million under section 34(5) of the Income Tax Ordinance, 2001; disallowance of provision for retirement benefits of Rs 5.899 million; addition of imputed interest on loans to employees and executives of Rs 16.069 million to income; disallowance of finance cost of Rs 134.414 million and not considering adjustment of minimum tax paid for tax years 2004 to 2007 against the above demand.

EPCL filed an appeal against the aforesaid order before CIR(A), but discharged the entire demand through adjustment against assessed refunds of Rs 180.768 million and paying the balance of Rs 32.404 million 'under protest'. Through an appellate order, the CIR(A) maintained certain additions aggregating Rs 189.810 million including finance cost amounting to Rs 134.414 million and remanded back the issue of imputed interest on loans to employees and executives and directed the DCIR to allow credit of the minimum tax charged for the period of tax years 2004 to 2007. An appeal against the said appellate order was filed by EPCL before the ATIR. The department also filed an appeal against the said appellate order challenging the actions of the CIR(A).

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position except for additions on account of trading liabilities to the extent of Rs 20.28 million and minimum turnover tax for tax years 2004 and 2007 to the extent of Rs 19.692 million and Rs 7.3 million respectively, which were maintained.

In 2013, EPCL filed a reference with the High Court of Sindh (the Court) against the additions maintained by ATIR. Likewise, the tax department also filed reference with the Court against the order passed by the ATIR in favor of EPCL. In 2018, the Court disposed of EPCL's appeal on the ground that the issues raised by the EPCL requires factual verification whereas the petition of the tax department are still pending before the Court. During the year, the EPCL performed detailed assessment of the facts of the case and based on the advice of its tax consultants, the EPCL decided to accept the decision of the Court and accordingly, a provision of Rs 108.882 million in respect of additions maintained by ATIR has been recognized in these consolidated financial statements.

40.4.2 The DCIR through order dated November 30, 2010 raised a tax demand of Rs 163.206 million. The demand arose as a result of disallowance of finance cost of Rs 457.282 million; additions to income of trading liabilities of Rs 21.859 million under section 34(5) of ITO; disallowance of provision for retirement benefits of Rs 14.239 million; disallowance of provision against Special Excise Duty (SED) refundable of Rs 36.687 million; addition of imputed interest on loans to employees and executives of Rs 20.599 million and not considering net loss.

In 2013, the ATIR issued an order whereby the aforementioned appeal was disposed of by accepting EPCL's position except for additions on account of SED provision of Rs 36.687 million and imputed interest on loans to employees and executives to the extent of Rs 17.430 million, which were maintained. EPCL filed a reference with the Court against the additions maintained by ATIR. Likewise, the tax department has also filed reference with the Court against the order passed by the ATIR in favour of EPCL. The management of EPCL, based on the advice of its tax consultants, is confident that the ultimate outcome of the aforementioned matters would be favourable and, accordingly, has not recognised the effects for the same in these consolidated financial statements.

40.4.3 On August 1, 2018, EPCL filed petition against the levy of super tax in the Court and based on the opinion of its legal advisor, EPCL has made a provision for full amount of Super tax of Rs 328 million. During the year, super tax has been declared intra virus by the Court and has been declared a tax rightly introduced through Finance Act and vacated all the stays filed in this respect. Consequently, EPCL received various notices from tax authorities for recovery of super tax for the tax years 2017 to 2019. EPCL filed appeals against the said notices with CIR(A) whereby the action of Officer has been confirmed by CIR(A) for tax years 2017 and 2018. EPCL has now filed an appeal before Appellate Tribunal against the decision of CIR(A) which is pending adjudication.

In the meanwhile, EPCL also filed petition in Supreme Court against the order of the Court, which is pending adjudication. In November 2020, the Supreme Court conditionally granted stay subject to deposit of 50% of super tax demand. EPCL has accordingly discharged 50% of the said liability.

40.4.4 Through the notice dated January 20, 2020, the Additional Commissioner Inland Revenue (ACIR) raised issues inter alia with respect to the adjustment of carried forward minimum taxes from the tax liability of Tax Year 2019 and required EPCL to pay Rs 552.331 million being the amount short paid with the return. EPCL filed a Constitutional Petition in the Court challenging the notice, which through order dated February 4, 2020, dismissed the case based on the decision of the Court in respect of another company. However, the Court directed the department to refrain from passing the order on the bases of the aforesaid notice for a period of thirty days which was then extended for further 30 days to enable EPCL to approach the Supreme Court (SC). EPCL has filed Civil Petition for Leave to Appeal against Court order in Supreme Court, which was heard on March 18, 2020 and an interim stay has been granted to EPCL subject to the submission of Bank Guarantee equivalent to the order amount, which has been duly submitted by EPCL. EPCL, based on the advice of legal advisor, is confident of a favourable decision.

40.4.5 EPCL had filed refund applications with the Commissioner Inland Revenue (the Commissioner) for the Tax Year 2008 to Tax Year 2016. All refund applications filed are subject to verification by the Commissioner as per section 170 of ITO. In previous years, EPCL has received orders from the Commissioner for partial recovery / credit of refunds for certain tax years and furthermore, the Commissioner has also sought additional information for verification of refunds for remaining tax years amounting to Rs 204.969 million. EPCL believes that such differences will be reconciled and relevant supporting evidence will be provided to the Commissioner for rectification.

40.5 Engro Energy Limited (EEL) and its subsidiary companies

40.5.1 Tax Year 2014 was selected for audit under section 214C of ITO. The DCIR after conducting audit made certain additions and disallowances, and hence amended the return filed by EEL vide order dated January 12, 2017, raised a tax demand of Rs 268.584 million. EEL being aggrieved filed an appeal before CIR(A). EEL also approached the High Court of Sindh for a stay against recovery of said demand which was duly granted till the adjudication of appeal by the CIR(A).

During the year, EEL received an order of CIR(A) in which certain issues were remanded back to the DCIR while other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending. Based on the views of tax advisor and legal consultant of EEL, the management believes that EEL has a good case on merits and expects a favourable outcome. Accordingly no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

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40.5.2 The ACIR, through separate show cause notices dated December 11, 2017 and December 12, 2017, issued in respect of tax years 2012, 2013, 2015 and 2016, raised an issue with respect to the inter-corporate dividend claimed as exempt. The ACIR also showed an intention to levy super tax on dividend income for tax years 2015 and 2016. EEL challenged these notices before the High Court of Sindh which has restrained the tax authorities from taking any coercive action including passing an order on the basis of the said notices. No provision has been made in this respect in these consolidated financial statements.

40.5.3 Tax Year 2016 was selected for audit under section 214C of ITO. The DCIR after conducting audit made certain additions and disallowances, and hence amended the return filed by EEL vide order dated November 2, 2018, framed under section 122(1)/(5) of ITO. These additions primarily relate to treating reimbursement from subsidiary as services, additions on account of apportionment of administrative expenses and receipts on account of the project management services to be taxed under normal tax regime / minimum tax regime and resulted in tax demand of Rs 80.888 million. EEL being aggrieved filed an appeal before the CIR(A). EEL also approached the High Court of Sindh for stay against recovery of demand which was duly granted till the adjudication of appeal by the CIR(A).

In year 2019, EEL received an order from the CIR(A) in which certain issues were remanded back to the DCIR while the other issues were decided in favour of tax authorities. EEL filed an appeal before the ATIR on the issues decided against it which is currently pending. Based on the views of tax advisor and legal consultant of EEL, the management believes that EEL has a good case on merits and expects a favourable outcome. Accordingly no provision has been made in respect of the aforementioned demand in these consolidated financial statements.

40.5.4 In November 2017, EPTL, received a demand from ACIR amounting to Rs 1,489.327 million, inclusive of default surcharge Rs 202.994 million, on account of non-withholding of tax on payments made by EPTL to its contractors under the 'Offshore Supply and Services Agreement for Power Plant' and 'Onshore Supply and Services Agreement for Power Plant' respectively in relation to the construction of the power plant being set up by EPTL. The ACIR was of the view that the aforementioned payments attract the requirements of withholding of taxes under the ITO and as such EPTL was required to withhold tax from such payments. EPTL filed an appeal to CIR(A) with the view that payments to one of the contractors fall under the ambit of a specific exemption from withholding of taxes under ITO for coal mining and coal based power generation projects in Sindh. Further, payments to the contractors were made for supply of plant and machinery and EPTL, being an importer, is not liable to withhold taxes.

In year 2018, CIR(A) decided the matter in favour of tax authorities and maintained the order of ACIR. EPTL filed an application to the ATIR who through an order has remanded back the case to ACIR for review of facts and to issue a fresh order in the light of emerging facts. EPTL, as a result of various discussion with the tax authorities, agreed and paid Rs 1,400 million being the lump sum settlement of withholding tax demands for all payments under the contract during the project phase. Based on the advice of the tax advisors of EPTL, the management believes that EPTL will not be liable towards making any further payment in this respect. During the year, EPTL has received formal tax demand for Tax year 2017, 2018 and 2019 in respect of the aforementioned settlement. Tax demand for 2020 is expected to be issued by the tax authorities in due course.

40.5.5 During the year, the ACIR under section 122 (5A), in respect of tax year 2017, amended the tax return filed by EEL vide order dated November 30, 2020 and made certain additions and disallowances that primarily pertains to apportionment of administrative expenses against profit on debt and reciepts on account of project management services to be taxed under Normal Tax Regime (NTR) / Minimum Tax Regime (MTR).

EEL has filed an appeal before CIR(A) dated December 28, 2020, which is pending for hearing.

Associated Company

40.6 FrieslandCampina Engro Pakistan Limited

40.6.1 FCEPL in accordance with section 59 B (Group Relief) of ITO has surrendered to ECL its tax losses amounting to Rs 4,288.134 million out of the total tax losses of Rs 4,485.498 million for the years ended December 31, 2006, 2007 and 2008 (Tax years 2007, 2008 and 2009) for cash consideration aggregating Rs 1,500.847 million, being equivalent to tax benefit/effect thereof.

FCEPL had been designated as part of the Group of ECL by the SECP through its letter dated February 26, 2010. Such designation was mandatory for availing Group tax relief under section 59B of ITO and a requirement under the Group Companies Registration Regulations, 2008 notified by the SECP on December 31, 2008.

Further, the ATIR, in respect of surrender of aforementioned tax losses by FCEPL to ECL for the years ended December 31, 2006 and 2007, decided the appeals in year 2010 in favour of ECL, whereby, allowing the surrender of tax losses by FCEPL to ECL. The tax department has filed reference application there against before the High Court of Sindh, which is under the process of hearings. In 2013, the Appellate Tribunal also decided similar appeal filed by ECL for the year ended December 31, 2008 in favour of ECL. FCEPL based on the merits of the case expects a favourable outcome of the matter.

40.6.2 In year 2013, CIR raised a demand of Rs 223.369 million for tax year 2009 by disallowing the provision for advances, stock written-off, repair and maintenance, sales promotion and advertisement expenses etc. During year 2015, in response to the appeal filed against the audit proceedings, CIR(A) issued an appellate order in favour of FCEPL holding the selection of case for audit to be illegal and without jurisdiction. The tax department has filed an appeal against the order with the ATIR, however, no hearing has been conducted to date. On June 24, 2020 the tax authorities have passed an appeal effect order giving effect to the directions of the CIR(A) whereby they have restored the position of FCEPL as in the return.

40.6.3 In year 2014, the ACIR raised a demand of Rs 713.341 million for tax year 2012 by disallowing the initial allowance and depreciation on certain additions to property, plant and equipment, provision for retirement and other service benefits, purchase expenses, sales promotion and advertisement and other expenses etc. In year 2017, CIR(A) upheld the decision of ACIR in respect of provision for retirement benefits and marketing support reimbursements. FCEPL has filed an appeal with ATIR against the order of CIR(A). On October 27, 2020, the tax authorities have passed an order to conclude reexamination proceeding and give effect to the directions of CIR(A). Since complete effect has not been given, being aggrieved with the impugned order, FCEPL has filed appeal before the CIR(A) on November 24, 2020, which is pending for adjudication. Based on the opinion of its tax consultant, FCEPL is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable of FCEPL have not been reduced by the effect of the aforementioned disallowances.

40.6.4 In year 2017, ACIR raised a demand of Rs 511.801 million for tax year 2016 by disallowing minimum turnover tax credit, expenses on account of Employee Share Option Scheme and Worker's Welfare Fund. On June 30, 2018, CIR(A) upheld the decision of ACIR in respect of minimum turnover tax credit and Employee Share Option Scheme against the appeal filed with CIR(A) on November 23, 2017. On August 15, 2018, FCEPL filed an appeal with ATIR against order of CIR(A), which is pending for adjudication. Tax authorities passed an order on December 23, 2020 to allow tax credits arising out of tax year 2015. Based on the opinion of its tax consultant, FCEPL is confident of a favourable outcome of the appeal, and, accordingly taxes recoverable have not been reduced by the effect of the aforementioned disallowances.

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40.7 Relationship between tax expense and accounting profit

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Group's applicable tax rate as follows:

	2020	2019
	-------- (Rupees in '000) --------	
Profit before taxation	**52,858,765**	46,781,061
Tax calculated at the rate of 29% (2019: 29%)	**15,329,042**	13,566,508
Effect of exemption from tax on certain income	**(5,559,674)**	(1,160,291)
Effect of applicability of lower tax rate, FTR and other tax credits / debits	**2,009,381**	1,127,521
Tax effect of expenses not allowed for tax purposes	**499,032**	1,703,631
Effect of prior year charges and deferred tax charge	**(2,962,828)**	148,365
Others	**913,571**	1,608,290
Tax charge for the year	**10,228,524**	16,994,024

41 LOSS FROM DISCONTINUED OPERATIONS

As stated in note 2.1.3.1, the Board of Directors of EDL has decided to discontinue its operations. As a result, financial performance of EDL has been classified as discontinued operations, a summary of which is as follows:

	2020	2019
	-------- (Rupees in '000) --------	
Revenue	**8,804**	154,084
Cost of sales	**(44,401)**	(66,651)
Gross (loss) / profit	**(35,597)**	87,433
Administrative expenses	**(98,460)**	(116,570)
Other operating expenses	**(161,757)**	(278,444)
Other income	**15,054**	20,178
Loss from operations	**(280,760)**	(287,403)
Finance cost	**(6)**	(7)
Loss before taxation	**(280,766)**	(287,410)
Taxation	**1,402**	(12,379)
Loss for the year	**(279,364)**	(299,789)

42 EARNINGS PER SHARE - BASIC AND DILUTED

42.1 Basic earnings per share has been calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

As at December 31, 2020, there is no dilutive on the basic earings per share of the Group earnings per share is based on following:

	2020	2019
	-------- (Rupees in '000) --------	
Profit / (loss) for the year, attributable to:		
- continuing operations	**7,686,565**	5,764,691
- discontinued operations	**(103,990)**	(111,593)
	7,582,575	5,653,098
	-----(Number in thousands) -----	
Weighted average number of ordinary shares for determination of basic and diluted EPS	**481,287**	481,287
Earnings / (loss) per share - Basic and Diluted		
- continuing operations	**15.97**	11.98
- discontinued operations	**(0.21)**	(0.23)
	15.76	11.75

43 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

43.1 The aggregate amounts for remuneration, including all benefits, to the Chief Executive Officer and Directors of the Holding Company and Executives of the Group are as follows:

	2020			2019		
	Chief Executive Officer	**Directors**	**Executives**	Chief Executive Officer	Directors	Executives
	---------------- (Rupees in '000) ----------------			---------------- (Rupees in '000) ----------------		
Managerial remuneration	**15,557**	**-**	**5,715,571**	15,262	-	4,651,098
Remuneration to non-executive directors	**-**	**234,567**	**-**	-	200,757	-
Retirement benefits funds including ex-gratia	**3,629**	**-**	**546,337**	3,533	-	498,241
Rent and utilities	**8,556**	**37,709**	**29,394**	8,285	32,591	-
Compensated absences	**-**	**-**	**-**	1,126	-	-
Medical	**1,296**	**3,745**	**4,666**	2,368	2,689	-
Other benefits	**546**	**6,741**	**774,687**	635	4,283	896,123
Total	**29,584**	**282,762**	**7,070,655**	31,209	240,320	6,045,462
Number of persons including those who worked part of the year	**1**	**4**	**1,145**	1	3	962

43.2 In addition, the Chief Executive Officer (CEO), certain directors and executives are provided with Company owned and maintained cars.

43.3 Meeting fees aggregating Rs 18,750 (2019: Rs 11,750) were paid to 7 directors (2019: 6 directors). The Company considers its Chief Executive and the Directors as its key management personnel.

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44 RETIREMENT BENEFITS

44.1 Defined benefit plans

The Group offers a defined post-employment gratuity benefit to permanent management and non-management employees. In addition, until June 30, 2005, the Group offered a defined post-employment pension benefit to management employees in service which has been discontinued and the plan now only covers a hanful of retired pensioners.

The gratuity and pension funds are governed under the Trusts Act, 1882, Trust Deed and Rules of Fund, Companies Act, 2017, the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

Responsibility for governance of plan, including investment decisions and contribution schedule lie with the Board of Trustees of the Fund.

The Group faces the following risks on account of defined benefit plans:

Final salary risk - The risk that the final salary at the time of cessation of service is greater than what the Group has assumed. Since the benefit is calculated on the final salary, the benefit amount would also increase proportionately.

Asset volatility - Most assets are invested in risk free investments of 3, 5 or 10 year SSCs, RICs, DSCs or Government Bonds. However, investments in equity instruments are subject to adverse fluctuations as a result of change in the market price.

Discount rate fluctuation - The plan liabilities are calculated using a discount rate set with reference to corporate bond yields. A decrease in corporate bond yields will increase plan liabilities, although this will be partially offset by an increase in the value of the current plans' bond holdings.

Investment risks - The risk of the investment underperforming and not being sufficient to meet the liabilities. This risk is mitigated by closely monitoring the performance of investment.

Risk of insufficiency of assets - This is managed by making regular contributions to the Fund as advised by the actuary.

In addition to the above, the pension fund exposes the Group to Longevity Risk i.e. the pensioners survive longer than expected.

44.1.1 Valuation results

The latest actuarial valuation of the defined benefit plans was carried out as at December 31, 2020 for the Holding Company and subsidiary companies, using the Projected Unit Credit Method. Details of the defined benefit plans are as follows:

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2020	2019	**2020**	2019
	----- (Rupees in '000) -----			
44.1.2 Statement of financial position reconciliation				
Present value of defined benefit obligation	**570,000**	545,983	**26,836**	24,018
Fair value of plan assets	**(540,631)**	(329,008)	**(38,820)**	(38,277)
Deficit / (Surplus)	**29,369**	216,975	**(11,984)**	(14,259)
Payable to Defined Gratuity Fund	**10,110**	10,110	**-**	-
Payable in respect of inter group transfers	**46**	46	**-**	-
Unrecognised asset	**-**	-	**11,984**	14,259
Net (asset) / liability recognised in the statement of financial position	**39,525**	227,131	**-**	-

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2020	2019	**2020**	2019
	----- (Rupees in '000) -----			
44.1.3 Movement in net (assets) / liability recognised in the Statement of financial position				
Net liability / (asset) at beginning of the year	**227,131**	154,786	**-**	-
Expense / (income) for the year	**57,353**	49,700	**(1,521)**	(1,621)
Net contribution by the Group	**(224,385)**	(8,232)	**-**	-
Remeasurement loss / (gain) recognised in Other Comprehensive Income	**(20,574)**	31,963	**1,521**	1,621
Liability in respect of promotions	**-**	(1,086)	**-**	-
Unrecognised asset	**-**	-	**-**	-
Net liability / (asset) at end of the year	**39,525**	227,131	**-**	-

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2020	2019	**2020**	2019
	----- (Rupees in '000) -----			
44.1.4 Movement in present value of defined benefit obligation				
As at beginning of the year	**545,983**	525,746	**24,018**	24,600
Current service cost	**33,541**	31,185	**-**	-
Interest cost	**60,691**	64,142	**2,488**	2,881
Benefits paid during the year	**(46,108)**	(116,527)	**(3,910)**	(3,929)
Remeasurement loss / (gain) recognised in Other Comprehensive Income	**(24,107)**	42,523	**4,240**	466
Liability in respect of promotions	**-**	(1,086)	**-**	-
As at end of the year	**570,000**	545,983	**26,836**	24,018

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2020	2019	**2020**	2019
	----- (Rupees in '000) -----			
44.1.5 Movement in present value of defined benefit obligation				
As at beginning of the year	**329,008**	381,116	**38,277**	38,104
Expected return on plan assets	**36,879**	45,627	**4,009**	4,502
Contributions by the Group	**224,385**	8,232	**-**	-
Benefits paid during the year	**(46,108)**	(116,527)	**(3,910)**	(3,929)
Remeasurement (loss) / gain recognised in Other Comprehensive Income	**(3,533)**	10,560	**444**	(400)
As at end of the year	**540,631**	329,008	**38,820**	38,277
44.1.6 Charge for the year				
Current service cost	**33,541**	31,185	**-**	-
Net Interest cost / (income)	**23,812**	18,515	**(1,521)**	(1,621)
	57,353	49,700	**(1,521)**	(1,621)

	2020	2019	2020	2019
44.1.7 Principal actuarial assumptions used in the actuarial valuation				
Discount rate	**8.5% - 9.75%**	11.25% - 11.3%	**11.25%**	11.25%
Expected rate of return on plan assets - per annum	**8.5%**	11.25% - 11.3%	**-**	-
Expected rate of increase in future salaries - per annum	**10.3% - 11.3%**	10.3% - 11.3%	**-**	-
	----- (Rupees in '000) -----			
44.1.8 Actual return on plan assets	**34,066**	57,349	**4,453**	4,102

44.1.9 The expected return on plan assets was determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the consolidated statement of financial position date.

44.1.10 Expected contribution for the year ending December 31, 2021 is as follows:

	(Rupees in '000)
Defined benefit gratuity plans	35,860
Defined benefit pension plan	(978)

44.1.11 Remeasurement (loss) / gain recognised in Other Comprehensive Income

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	2020	2019	**2020**	2019
	----- (Rupees in '000) -----			
(Loss) / gain from change in experience adjustments	**23,723**	(43,283)	**(832)**	1,132
Gain / (loss) from change in financial assumptions	**384**	760	**(3,408)**	(1,598)
Remeasurement (loss) / gain of Obligation	**24,107**	(42,523)	**(4,240)**	(466)
Actual return on plan assets	**34,066**	57,349	**4,453**	4,102
Expected return on plan assets	**(36,879)**	(45,627)	**(4,009)**	(4,502)
Difference in opening fair value of plan assets	**(720)**	(1,162)	**-**	-
Remeasurement (loss) / gain of Plan Assets	**(3,533)**	10,560	**444**	(400)
Effect of asset ceiling	**-**	-	**2,275**	(755)
	20,574	(31,963)	**(1,521)**	(1,621)

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44.1.12 Sensitivity analysis

The impact of 1% change in following variables on defined benefit obligation is as follows:

	Defined Benefit Gratuity Plans Funded		Defined Benefit Pension Plan Funded (Curtailed)	
	Increase in Assumption	Decrease in Assumption	**Increase in Assumption**	Decrease in Assumption
	----- (Rupees in '000) -----			
Discount rate	**466,696**	618,603	**25,490**	22,928
Long term salary increases	**618,644**	466,102	**-**	-
Long term pension increases	**-**	-	**28,441**	25,343

44.1.13 Maturity Profile

	Gratuity Plans	Pension Plan
	-- (Rupees in '000) --	
Time in years		
1	31,090	3910
2	30,011	3910
3	61,670	3910
4	91,431	3910
5-10	265,071	3910
11-15	489,279	3910
16-20	516,794	3910
20+	917,825	3910
Weighted average duration	5.08	5.59

44.2 Defined contribution plans

An amount of Rs 408.759 million (2019: Rs 408.759 million) has been charged during the year in respect of defined contribution plans maintained by the Group.

	2020	2019
	-------- (Rupees in '000) --------	
45 CASH GENERATED FROM OPERATIONS		
Profit before taxation	**58,220,509**	46,781,061
Adjustment for non-cash charges and other items:		
Depreciation on PPE	**13,193,606**	10,463,845
Depreciation ROU assets	**808,174**	789,126
Return on Investment	**(6,970,128)**	-
Remeasurement gain on provision for GIDC	**(2,904,978)**	-
Rent concession on lease liability	**(44,704)**	-
Gain on termination of lease liability	**(22,493)**	-
Reversal of provision of Workers Welfare Fund	**(180,079)**	-
Imapairement charge to e2e - net	**2,000**	-
Amortization of intangible assets	**179,957**	188,161
Amortization of prepaid financial charges	**-**	92,314
Amortization of direct cost on FSRU	**86,516**	86,516
Charge in respect of defined benefit liabilities	**7,862**	7,630
Write off of property, plant and equipment	**-**	452,484
Provisions, net	**2,447,451**	817,606
Gain on disposal of property, plant and equipment - net	**(2,703)**	(3,625)
Income on deposits / other financial assets	**(10,054,078)**	(12,671,706)
Share of income from joint venture and associated companies	**(2,796,374)**	(1,147,999)
Financial charges	**17,965,071**	13,302,158
Foreign currency translation	**429,241**	1,303,187
Impairment of investment	**484,550**	1,224,304
Finance income on net investment in lease	**(5,400,497)**	(5,290,427)
Finance cost on lease liability	**3,876,418**	4,180,765
Working capital changes (note 45.1)	**8,861,345**	(15,799,971)
	78,186,666	44,775,429

	2020	2019
45.1 Working capital changes		
(Increase) / decrease in current assets		
- Stores, spares and loose tools	**(1,414,087)**	(436,452)
- Stock-in-trade	**1,519,587**	(2,447,915)
- Trade debts	**748,147**	(33,352,798)
- Loans, advances, deposits and prepayments	**382,206**	(6,935,307)
- Other receivables - net	**(3,558,316)**	(4,284,979)
	(2,322,463)	(47,457,451)
Increase in current liabilities		
- Trade and other payables and provisions	**11,183,808**	31,657,480
	8,861,345	(15,799,971)

	2020	2019
	-------- (Rupees in '000) --------	
46 CASH AND CASH EQUIVALENTS		
Cash and bank balances (note 20)	**21,660,685**	20,782,755
Short term investments (note 19)	**47,879,477**	26,249,587
Short term borrowings (note 30)	**(12,505,120)**	(15,511,348)
	57,035,042	31,520,994
47 FINANCIAL INSTRUMENTS BY CATEGORY		
47.1 Financial assets		
- Financial assets at amortised cost		
Long term investments	**5,160,833**	7,310,516
Net investment in lease	**47,812,622**	48,107,869
Long term loans and other receivables	**1,564,384**	1,641,863
Trade debts	**184,601,355**	51,816,893
Loans, advances and deposits	**1,939,419**	2,040,838
Other receivables	**13,545,491**	7,017,634
Accrued income	**653,244**	817,106
Contract asset	**-**	5,313,283
Short term investments	**19,418,979**	19,761,028
Cash and bank balances	**111,175,810**	21,229,837
	385,872,137	165,056,867
- Financial assets measures at fair value through other comprehensive income		
Short term investments	**54,052,842**	37,328,795
- Financial assets measured at fair value through profit or loss		
Short term investments	**33,872,533**	33,503,702
47.2 Financial liabilities		
- Financial liabilities at amortised cost		
Borrowings	**165,238,637**	167,955,291
Lease liabilities	**55,571,440**	55,439,757
Trade and other payables	**69,117,430**	100,517,079
Short term borrowings	**12,505,120**	15,511,348
Unclaimed dividend	**275,406**	135,980
Accrued interest / mark-up	**143,014**	3,457,429
	302,851,047	343,016,884
- Financial liabilities measured at fair value through profit or loss		
Derivatives financial instruments	**-**	154

48 FINANCIAL RISK MANAGEMENT

48.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on having cost efficient funding as well as to manage financial risk to minimize earnings volatility and provide maximum return to shareholders.

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

Risk managed and measured by the Group are explained below:

a) Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates or the market prices of instruments due to change in credit rating of the issuers or the instruments, changes in market sentiments, speculative activities, supply and demand of instruments and liquidity in the market. The Holding Company manages the market risk by monitoring exposure on financial instruments and by following internal risk management policies.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

This exists due to the Group's exposure resulting from outstanding import payments, foreign commercial transactions, foreign currency loan liabilities, related interest payments and foreign currency bank accounts. A foreign exchange risk management policy has been developed and approved by the management. The policy allows the Group to take currency exposure for limited periods within predefined limits while open exposures are rigorously monitored. The Group ensures to the extent possible that it has options available to manage exposure, either through forward contracts, options or prepayments, etc. subject to the prevailing foreign exchange regulations.

At December 31, 2020, if the foreign exchange rate had weakened / strengthened by 1% against Pakistan Rupee with all other variables held constant, consolidated profit after tax for the year would have been lower / higher by Rs 976.112 million.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises from short and long-term borrowings and short term investments. These are benchmarked to variable rates which expose the Group to cash flow interest rate risk.

47. Fair value risk - Presently, fair value risk to the Company arises from 'balances with banks' and T-bills which are based on fixed interest rates. As at December 31, 2020, the impact of increase / decrease in fixed interest rates by 100 basis points would not have a material impact on the profit after tax of the Group.

Future cash flow risk - Presently, future cash flow risk to the Company arises from long term financings and short term investments (PIBs and TDRs) which are based on floating interest rates. As at December 31, 2020, had there been increase / decrease of 100 basis points in KIBOR, with all other variables held constant, profit after taxation for the year then ended would have been higher / lower by Rs 14 million (2019: Rs 10 million) mainly as a result of interest income (net).

The Group analyses its interest rate exposure on a regular basis by monitoring interest rate trends to determine whether to enter into hedging alternatives.

iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors effecting all similar financial instruments traded in the market. The Group is exposed to price risk on its equity and mutual fund investments.

b) Credit risk

Credit risk represents the risk of financial loss being caused if counter party fails to discharge an obligation.

Credit risk arises from deposits with banks and financial institutions, trade debts, loans, advances, deposits, bank guarantees and other receivables. The credit risk on liquid funds is limited because the counter parties are banks with a reasonably high credit rating or mutual funds which in turn are deposited in banks and government securities. The maximum exposure to credit risk is equal to the carrying amount of financial assets. The Group accepts bank guarantees of banks of reasonably high credit ratings as approved by management.

The Group's fertilizer segment is exposed to concentration of credit risk on its trade debts by virtue of all its customers being agri-based business in Pakistan. However, this risk is mitigated by applying individual credit limits and by securing a majority of trade debts against bank guarantees inland letter of credits and by the fact that the exposure is spread over a wide customer base.

The Group's power segment is not exposed to any credit risk on its trade debts as these are secured by sovereign guarantee from the Government of Pakistan.

The Group's polymer / chemical segment is not materially exposed to credit risk on trade debts as unsecured credit is provided to selected parties with no significant default in recent history and a major part is secured by bank guarantees.

The Group's terminal segment is not materially exposed to credit risk on trade debt, other and lease receivables from SSGC considering history, no default has been made by the customer and payments are received on a timely basis.

The Group monitors the credit quality of its financial assets with reference to historical performance of such assets and available external credit ratings. The carrying values of financial assets which are neither past due nor impaired are as under:

	2020	2019
	-------- (Rupees in '000) --------	
Loans and advances	**1,939,419**	1,867,134
Trade debts	**31,753,328**	24,662,750
Other receivables	**10,686,134**	5,601,573
Short term investments	**102,217,729**	86,293,143
Bank balances	**24,740,264**	21,224,982
Accrued income	**598,940**	484,224
	171,935,814	140,133,806

c) Liquidity risk

Liquidity risk represents the risk that the Group will encounter difficulties in meeting obligations associated with financial liabilities.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities. Due to dynamic nature of the business, the Group maintains flexibility in funding by maintaining committed credit lines available.

The Group's liquidity management involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

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 undiscounted cash flows.

	2020			2019		
	Maturity upto one year	**Maturity after one year**	**Total**	Maturity upto one year	Maturity after one year	Total
	(Rupees)					
Financial liabilities						
Borrowings	**42,513,612**	**135,230,145**	**177,743,757**	37,607,772	145,920,017	183,527,789
Lease liabilities	**9,119,311**	**73,237,332**	**82,356,643**	4,498,541	50,941,216	55,439,757
Trade and other payables	**69,117,430**	**-**	**69,117,430**	100,517,079	-	100,517,079
Short term borrowings	**15,511,348**	**-**	**15,511,348**	15,511,348	-	15,511,348
Unclaimed Dividend	**275,406**	**-**	**275,406**	135,980	-	135,980
Accrued interest / mark-up	**1,434,014**	**-**	**1,434,014**	3,457,429	-	3,457,429
	137,971,121	**208,467,477**	**346,438,598**	161,728,149	196,861,233	358,589,382

49 CAPITAL RISK MANAGEMENT

The Group's objective when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for share holders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

The management seeks to maintain a balance between higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

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.

49 FAIR VALUE ESTIMATION

The carrying value of all financial assets and liabilities reflected in the consolidated financial statements approximate their fair values. The table below analyses financial instruments carried at fair value by valuation method. The different level have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1);
- 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) (level 2); and
- Inputs for the asset or liability that are not based on observable market data (level 3).

	Level 1	Level 2	Level 3	Total
	(Rupees in '000)			
As at December 31, 2020				
Fair value through profit or loss				
- Short term investments	5,126,625	28,745,908	-	33,872,533
Fair value through other comprehensive income				
- Short term investments	-	54,052,842	-	54,052,842
As at December 31, 2019				
Fair value through profit or loss				
- Short term investments	4,300,382	29,203,320	-	33,503,702
Fair value through other comprehensive income				
- Short term investments	-	37,328,795	-	37,328,795

Level 1 fair value instruments comprise quoted shares.

Level 2 fair value instruments have been recorded on the basis of PKRV rates and closing net asset values for government securities and mutual fund units.

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

50. SEGMENT REPORTING

5.1 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 Holding Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following operating segments:

Type of segments	**Nature of business**
Fertilizer	This part of the business manufactures, purchases and markets fertilizers. The operations of this segment includes a wide range of fertilizer brands, besides urea, which primarily comprises of Engro Zarkhez, Zingro and Engro DAP optimized for local cultivation needs and demand. Further, the segment is a leading importer and seller of phosphate products which are marketed extensively across Pakistan as phospatic fertilizers.
Polymer	This part of the business manufactures, markets and sells Poly Vinyl Chloride (PVC), PVC compounds, Caustic soda and related chemicals all over Pakistan and few Central Asian countries.
Terminal	This part of the business includes operating and maintaining integrated liquid chemical terminal and storage farm, and LNG terminal for receipt, storage and regasification of LNG.
Power and mining	This part of the business includes power generation, distribution, transmission and sale of electricity in Pakistan and operations and management services in Pakistan and Nigeria.
Other operations	It includes management of investments in associates and joint ventures. It also includes investments made in the foods, telecommunication infrastructure and digital and technology services and products.

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss. Segment results and assets include items directly attributable to a segment.

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50.2 The following information presents operating results regarding operating segments for the year ended December 31, 2020 and asset information regarding operating segments as at December 31, 2020:

	Fertilizer		Polymer		Terminal		Power and mining		Other operations		Elimination - net		Consolidated	
	(Rupees in '000)													
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Revenue from external customers (note 31)	105,846,314	121,354,758	35,331,398	37,836,632	13,150,667	12,712,720	88,552,644	50,039,229	21,244,050	18,201,335	(15,174,984)	(14,225,098)	248,950,089	225,919,576
Segment gross profit / (loss)	34,254,688	39,539,888	10,949,269	8,106,015	4,207,071	4,308,306	26,474,655	16,364,363	15,902,475	19,990,579	(15,707,379)	(19,623,063)	76,080,779	68,686,088
Segment expenses - net of other income	(11,159,261)	(9,986,904)	(1,623,531)	(2,130,268)	(400,410)	(185,227)	973,121	119,360	33,277,023	(6,761,672)	1,567,163	(1,327,977)	22,634,105	(20,272,688)
Income on deposits / other financial assets (note 35)	1,439,335	1,731,489	1,099,166	857,324	561,468	324,981	1,360,486	561,396	13,762,847	10,621,365	1,123,947	(701,341)	19,347,249	13,395,214
Finance cost (note 37)	(3,236,285)	(3,886,870)	(2,191,135)	(1,793,775)	(727,203)	(1,306,250)	(14,042,514)	(7,583,444)	(2,298,706)	19,990,579	1,003,222	709,856	(21,492,621)	6,130,096
Loss allowance on subsidy receivable from GoP	(1,238,912)	-	-	-	-	-	-	-	-	-	-	-	(1,238,912)	-
Share of income from joint venture and associates (note 38)	-	-	-	-	1,399,385	1,014,206	1,326,396	514,784	70,593	(380,991)	-	-	2,796,374	1,147,999
Income tax (charge) / credit (note 39)	(3,165,130)	(10,526,380)	(2,503,533)	(1,343,259)	(1,281,697)	(206,869)	(1,165,069)	(1,163,742)	(2,103,340)	(2,526,576)	(9,754)	57,279	(10,228,523)	(15,709,547)
Segment profit / (loss) after tax - continued operations	16,894,435	16,871,223	5,730,236	3,696,037	3,758,614	3,949,147	14,927,075	8,812,717	13,342,682	40,933,284	(12,022,801)	(20,885,246)	42,630,241	53,377,162
Segment loss - discontinued operations	-	-	-	-	-	-	-	-	(279,364)	-	-	-	(279,364)	-
	16,894,435	16,871,223	5,730,236	3,696,037	3,758,614	3,949,147	14,927,075	8,812,717	13,063,318	40,933,284	(12,022,801)	(20,885,246)	42,350,877	53,377,162
Segment assets	131,713,375	127,261,901	69,093,661	57,519,217	62,338,352	64,714,675	214,364,787	206,084,446	171,836,843	123,042,779	(48,322,057)	(34,946,792)	601,024,961	543,676,226
Investment in joint venture / associate	-	-	-	-	-	-	5,605,313	3,388,819	26,639,774	26,574,181	-	-	32,245,087	29,963,000
Total segment assets	131,713,375	127,261,901	69,093,661	57,519,217	62,338,352	64,714,675	219,970,100	209,473,265	198,476,617	149,616,960	(48,322,057)	(34,946,792)	633,270,048	573,639,226
Total segment liabilities	84,982,635	83,982,441	42,967,530	39,743,061	55,528,898	56,614,312	163,108,406	166,705,951	42,479,969	30,319,812	(19,704,051)	(11,770,926)	369,363,387	365,594,651
Capital expenditure	5,175,376	4,018,508	7,318,314	13,114,040	224,959	271,517	481,723	27,200,197	937,601	3,070,019	(18,337)	(678,000)	18,718,399	46,996,281
Impairment of long term investment	-	-	-	-	-	-	484,550	-	-	1,224,304	-	-	484,550	1,224,304
Depreciation	5,236,004	5,601,299	1,740,206	1,443,161	433,315	424,930	5,650,980	3,116,444	937,601	667,137	30,100	-	14,028,206	11,252,971
Amortization of intangible assets	107,257	76,130	25,193	75,362	10,160	3,363	12,575	14,883	29,249	22,288	(3,862)	(3,865)	180,572	188,161

50.3 Revenue derived from CPPA which is in excess of 10% or more of the Group's revenue amounting to Rs 88,150.682 million (2019 : Rs 54,069.450 million), attributal to power and mining segment.

50.4 Polymer Segment

During the year, major turnaround maintenance was planned resulting in closure of plant. Further, on March 6, 2020, EPCL reported, through Pakistan Stock Exchange (PSX), an isolated incident of gas leak at the Engro Polymer & Chemicals Plant, Port Qasim which occurred on March 6, 2020. On March 9, 2020, the EPCL reported through PSX that a notice under Section 21(2) of Sindh Environmental Protection Act, 2014 was received from the Environmental Protection Agency of Government of Sindh directing EPCL to stop all production activities at the plant and fixing a hearing on March 10, 2020. On March 16, 2020, EPCL reported through PSX the resumption of production activities at its plant. Due to the incident the production facilities of EPCL were closed from March 9, 2020 to March 16, 2020.

51 TRANSACTIONS WITH RELATED PARTIES

Following are the details of associated undertakings and other related parties with whom the Group entered into transactions or had agreements and arrangements in place during the year:

S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
1	Engro Foundation	N/A	Associated Company
3	Sindh Engro Coal Mining Company Limited	N/A	Associated Company
4	FrieslandCampina Engro Pakistan Limited	39.90%	Associated Company
5	Reon Energy Limited	N/A	Associated Company
6	GEL Utility Limited	N/A	Associated Company
7	Siddiqsons Energy Limited	N/A	Associated Company
8	International Finance Corporation	N/A	Associated Company
9	Arabian Sea Country Club	N/A	Associated Company
10	Mitsubishi Corporation	N/A	Associated Company
11	Habib Bank Limited	N/A	Associated Company
12	IQ Nexus Management Cooperatie U.S.A	N/A	Associated Company
13	Engro Vopak Terminal Limited	50.00%	Joint Venture
14	Dawood Industries (Private) Limited	N/A	Common Directorship
15	Inbox Business Technologies Private Limited	N/A	Common Directorship
16	Karachi School for Business & Leadership	N/A	Common Directorship
17	Brainchild Communication Pakistan (Private) Limited	N/A	Common Directorship
18	Overseas Investors Chamber of Commerce and Industry	N/A	Common Directorship
19	Tenaga Generasi Limited	N/A	Common Directorship
20	Pakistan Oxygen Ltd (formerly known as Linde Pakistan Limited)	N/A	Common directorship
21	Abdul Samad Dawood	N/A	Director
22	Ghias Khan	N/A	Director
23	Henna Inam	N/A	Director
24	Hussain Dawood	0.69%	Director
25	Khawaja Iqbal Hassan	N/A	Director
26	Mohammad Abdul Aleem	N/A	Director
27	Raihan Merchant	N/A	Director
28	Rizwan Diwan	N/A	Director

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S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
29	Shahzada Dawood	0.43%	Director
30	Waqar Ahmed Malik	N/A	Director
31	Inam Ur Rahman	N/A	Director of Group Company
32	Muhammad Imran Sayeed	N/A	Director of Group Company
33	Zafaryab Khan	N/A	Director of Group Company
34	Khusrau Nadir Gilani	N/A	Director of Group Company
35	Shahab Qader	N/A	Director of Group Company
36	Syed Manzoor Hussain Zaidi	N/A	Director of Group Company
37	Jahangir Piracha	N/A	Director of Group Company
38	Vaqar Zakaria	N/A	Director of Group Company
39	Feroz Rizvi	N/A	Director of Group Company
40	Imran Anwer	N/A	Director of Group Company
41	Noriyuki Koga	N/A	Director of Group Company
42	Asad Said Jafar	N/A	Director of Group Company
43	Asim Murtaza Khan	N/A	Director of Group Company
44	Javed Akbar	N/A	Director of Group Company
45	Sadia Khan	N/A	Director of Group Company
46	Asif Sultan Tajik	N/A	Director of Group Company
47	Imran Ahmed	N/A	Director of Group Company
48	Eram Hassan	N/A	Director of Group Company
49	Ayesha Aziz	N/A	Director of Group Company
50	Nazoor Baig	N/A	Director of Group Company
51	Rizwan Masood Raja	N/A	Director of Group Company
52	Rahat Kaunain Hassan	N/A	Director of Group Company
53	Yusuf Siddiqui	N/A	Director of Group Company
54	Nadir Salar Qureshi	N/A	Director of Group Company
55	Imran Ahmed	N/A	Key Management Personnel
56	Amir Iqbal	N/A	Key Management Personnel
57	Faiz Chapra	N/A	Key Management Personnel
58	Hasnain Moochhala	N/A	Key Management Personnel
59	Muhammad Ovais Aziz	N/A	Key Management Personnel
60	Farooq Nazim Shah	N/A	Key Management Personnel
61	Adil Mushtaq	N/A	Key Management Personnel
62	Fahim	N/A	Key Management Personnel
63	Sadaf Aslam	N/A	Key Management Personnel
64	Syed Ammar Shah	N/A	Key Management Personnel
65	Aneeq Ahmed	N/A	Key Management Personnel
66	Jahangir Waheed	N/A	Key Management Personnel
67	Muhammad Imran Khalil	N/A	Key Management Personnel
68	Salman Hafeez	N/A	Key Management Personnel
69	Syed Abbas Raza	N/A	Key Management Personnel
70	Syed Ali Akbar	N/A	Key Management Personnel
71	Fahd Khawaja	N/A	Key Management Personnel
72	Mohammad Azhar Malik	N/A	Key Management Personnel
73	Muhammad Majid Latif	N/A	Key Management Personnel
74	Syed Shahzad Nabi	N/A	Key Management Personnel

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S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
75	Mazhar Abbas Hasnani	N/A	Key Management Personnel
76	Kalimuddin A Khan	N/A	Key Management Personnel
77	Ahmad Shakoor	N/A	Key Management Personnel
78	Abdul Qayoom	N/A	Key Management Personnel
79	Aman ul Haq	N/A	Key Management Personnel
80	Shariq Abdullah	N/A	Key Management Personnel
81	Khawaja Bilal Hussain	N/A	Key Management Personnel
82	Syed Zaheer Mehidi	N/A	Key Management Personnel
83	Faisal Imran Hussain Malik	N/A	Key Management Personnel
84	Sulaiman Ijaz	N/A	Key Management Personnel
85	Zamin Zaidi	N/A	Key Management Personnel
86	Kashif Ahmed Soomro	N/A	Key Management Personnel
87	Chaudhary Muhammad Azhar Nawaz	N/A	Key Management Personnel
88	Shomaila Loan	N/A	Key Management Personnel
89	Syed Kaleem Asghar Naqvi	N/A	Key Management Personnel
90	Kan Li	N/A	Key Management Personnel
91	Xiangwei Duan	N/A	Key Management Personnel
92	Farooq Barkat Ali	N/A	Key Management Personnel
93	Khalid Mohsin Shaikh	N/A	Key Management Personnel
94	Shabbir Hashmi	N/A	Key Management Personnel
95	Fauzia Viqar	N/A	Key Management Personnel
96	Kaiser Bengali	N/A	Key Management Personnel
97	Rabia Wafah Khan	N/A	Key Management Personnel
98	Rameez Ahmed Faraz	N/A	Key Management Personnel
99	Imran Aslam	N/A	Key Management Personnel
100	Jahanzeb Dal	N/A	Key Management Personnel
101	Mahmood Siddiqui	N/A	Key Management Personnel
102	Asghar Ali Khan	N/A	Key Management Personnel
103	Salima Hasham	N/A	Key Management Personnel
104	Mohammed Saqib	N/A	Key Management Personnel
105	Suleiman Ajaz	N/A	Key Management Personnel
106	Muhammad Danial Ali	N/A	Key Management Personnel
107	Engro Corporation Limited DB Gratuity Fund	N/A	Post Employment Benefits Fund
108	Engro Corporation Limited DC Gratuity Fund	N/A	Post Employment Benefits Fund
109	Engro Corporation Limited DC Pension Fund	N/A	Post Employment Benefits Fund
110	Engro Corporation Limited Provident Fund	N/A	Post Employment Benefits Fund
111	Engro Corporation Limited MPT Gratuity Fund	N/A	Post Employment Benefits Fund
112	Engro Corporation Limited NMPT Gratuity Fund	N/A	Post Employment Benefits Fund
113	Ayesha Dawood	N/A	Spouse of director
114	Humera Aleem	N/A	Spouse of director
115	Kulsum Dawood	0.52%	Spouse of director
116	Ahsan Zafar Syed	N/A	Common Directorship
117	Pakistan Institute of Corporate Governance	N/A	Common Directorship
118	Sirius (Private) Limited	N/A	Associate/Common Directorship
119	Mozart Private Limited	N/A	Associate/Common Directorship
120	Abrax Private Limited	N/A	Associate/Common Directorship

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S.No.	Name of Related parties	Direct shareholding % of the Holding Company	Relationship
121	Grid Egde (Private) Limited	N/A	Associate/Common Directorship
122	Karachi Education Initiative	N/A	Associate/Common Directorship
123	Sach International	N/A	Associate/Common Directorship
124	Empiric AI Limited	N/A	Associate/Common Directorship
125	Najam Saeed	N/A	Key Management Personnel
126	Thomas Patrick Schmitt	N/A	Key Management Personnel
127	Engro Corporation Limited	N/A	Subsidiary
128	Empiric AI (Private) Limited	N/A	Subsidiary
129	Dawood Lawrencepur Limited	16.19%	Associated company
130	Cyan Limited	0.17%	Associated company
131	Inbox Business Technologies Limited	N/A	Associated company
132	The Dawood Foundation	3.95%	Associated company
133	Dawood Corporation (Private) Limited	N/A	Associated company
134	Sach International (Private) Limited	0.001%	Associated company
135	Tenaga Generasi Limited	N/A	Associated company
136	Reon Alpha Limited	N/A	Associated company
137	Patek (Private) Limited	N/A	Associated company
138	Shell Pakistan Limited	N/A	Associated company
139	Teach the World Foundation	N/A	Associates
140	Pakistan Business Council	N/A	Associates
141	Muller & Phipps Pakistan (Private) Limited	N/A	Associates
142	Karachi School of Business & Leadership	N/A	Associated undertaking
143	Mr. Shabbir Hussain Hashmi	N/A	Key management personnel
144	Mr. Muhammad Imran Sayeed	N/A	Key management personnel
145	Mr. Hussain Dawood	N/A	Key management personnel
146	Ms. Kulsoom Dawood	N/A	Family members of KMP
147	Ms. Azmeh Dawood	N/A	Family members of KMP
148	Mr. Shahzada Dawood	N/A	Key management personnel
149	Ms. Sabrina Dawood	N/A	Key management personnel
150	Mr. Parvez Ghias	N/A	Key management personnel
151	Mr. Muneer Kamal	N/A	Key management personnel
152	Mr. Hasan Reza Ur Rahim	N/A	Key management personnel
153	Mr. Samad Dawood	N/A	Key management personnel
154	Mr. Kamran Nishat	N/A	Key management personnel
155	Mr. Inam ur Rehman	N/A	Key management personnel
156	Staff Provident Fund	N/A	Employees Retirement Fund
157	Staff Gratuity Fund	N/A	Employees Retirement Fund

Details of transactions with related parties during the year, other than those which have been disclosed elsewhere in these consolidated financial statements, are as follows:

	2020	2019
	-------- (Rupees in '000) --------	
Associated Companies of ECL		
Purchases and services	**43,345,203**	24,277,463
Sale of goods and rendering of services	**28,741**	28,741
Donations	**510,710**	510,710
Advance against share capital / Share capital issued	**-**	4,548,437
Payments against EPC contract	**-**	18,949,378
Short term loan received	**4,548,437**	-
Long term loan received	**18,949,378**	384,304
Bonus Share issued	**384,304**	36,132
Reimbursement to associated companies	**3,042,424**	2,246,840
Expenses paid on behalf of associated companies	**912,449**	619,402
Disposal of assets	**24,295,962**	-
Dividends paid / payable	**-**	12,979,834
Loans repaid	**12,979,834**	-
Finance costs	**-**	577,053
Joint Ventures		
Purchase of services	**-**	1,546,131
Reimbursements	**-**	42,561
Dividend received	**-**	1,305,000
Expenses paid on behalf of joint venture company	**1,546,131**	126,141
Disbursement of loan	**42,561**	200,000
Mark-up on loan	**1,305,000**	153
Retirement funds		
Contribution to retirement benefit funds	**-**	445,403
Key management personnel		
Dividend paid	**937,060**	1,419,337
Directors' fees	**152,447**	113,861
Profit on Engro Rupiya Certificates	**-**	19,504
Other benefits paid	**135,699**	86,947
Reimbursement to key management personnel	**1,754,399**	1,547,243
Bonus Share Issued		6,076
Loss on sale of an item of operating fixed asset		30,132

Details of related parties incorporated outside Pakistan with whom the Group had transactions or arrangements in place are as follows:

China Machinery Engineering Corporation	China East Resources Import & Export Corporation	Engro Power Services Limited (EPSL)	Engro Power Investment International B.V. (EPII B.V.)	Engro Power Services Holding B.V. (EPSH B.V.)	Engro Power International Holding B.V. (EPIH)	Engro Eximp FZE
People's Republic of China	People's Republic of China	Netherlands	Netherlands	Netherlands	Netherlands	United Arab Emirates
N/A (indirectly through subsidiary)	N/A (indirectly through subsidiary)	100% (indirectly through subsidiary)	100% (indirectly through subsidiary)	100% (indirectly through subsidiary)	100% (indirectly through subsidiary)	100% (Subsidiary)

52. PROVIDENT FUND

The employees of the Group participate in the Provident Fund maintained by the Holding Company and ECL. Monthly contributions are made both by the companies and the employees to the fund at the rate of 10% of basic salary.

The investments out of the provident funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified there under.

53. DONATIONS

53.1 Donations include the following in which the Directors of the Holding Company or Group companies are interested:

Director	Interest in Donee	Name of donee	2020 -----Rupees-----
Ghias Khan	Chairman, Board of Trustees	Engro Foundation	664,750
Nadir Salar Qureshi	Trustee		
Ahsan Zafar Syed	Trustee		
Imran Anwar	Trustee		
Jahangir Piracha	Trustee		
Ahsan Zafar Syed	Trustee	Thar Foundation	138,010
Haussain Dawood	Trustee		
Shahzada Dawood	Trustee		
Sabrina Dawood	Trustee		
Abdul Samad Dawood	Trustee	The Dawood Fondation	196,965

Director	Interest in Donee	Name of donee	2019 -----Rupees-----
Ghias Khan	Chairman, Board of Trustees	Engro Foundation	313,653
Nadir Salar Qureshi	Trustee		
Ahsan Zafar Syed	Trustee		
Jahangir Piracha	Trustee		
Ahsan Zafar Syed	Trustee	Thar Foundation	61,034
Shahzada Dawood	Trustee		
Sabrina Dawood	Trustee		
Abdul Samad Dawood	Trustee	The Dawood Foundation	85,000

(Amounts in thousand)

53.2 During the year the Group made the following donations which are above Rs 1000 or 10% of Group's total amount of donation:

	2020
	---Rupees---
Engro Foundation	**464,750**
Thar Foundation	**138,010**
Karachi Education Initiative	**20,400**
Human Rights Welfare Front of Pakistan	**20,000**
Habib University Foundation	**10,000**
Harf Foundation	**6,668**
The Water Foundation	**3,578**
Citizens Foundation	**2,465**
Dawood Foundation	**196,965**
Donation under COVID Relief Fund:	
Engro Foundation	**200,000**
Government of Sindh Corona Virus Emergency Fund	**50,000**
Staff Duties Directorate	**40,000**
Headquarters Southern Command	**30,000**
Vital Care	**11,907**
Commissioner Rawalpindi	**10,000**
Indus Hospital	**9,000**
Dr. Ziauddin Hospitals	**7,000**
Agha Khan University Hospital	**50,910**

54. PRODUCTION CAPACITY

		Designed Annual Capacity		**Actual Production**	
		2020	2019	**2020**	2019
Urea (note)	Metric Tons	**2,275,000**	2,275,000	**2,247,242**	2,003,035
NPK (note)	Metric Tons	**100,000**	100,000	**140,552**	134,784
PVC Resin (note)	Metric Tons	**195,000**	195,000	**153,000**	197,000
EDC (note)	Metric Tons	**127,000**	127,000	**79,000**	110,000
Caustic soda (note)	Metric Tons	**106,000**	106,000	**77,000**	105,000
Caustic flakes (note)	Metric Tons	**20,000**	20,000	**2,000**	4,000
VCM (note)	Metric Tons	**204,000**	204,000	**148,000**	184,000
Power (note)	Mega Watt Hours	**7,159,097**	4,397,963	**4,582,884**	3,097,604
Power	Mega Watt	**66**	66	**48**	48
Milling / Drying unit of rice processing plant (note 54.3)	Metric Tons	**361,000**	414,000	**132,115**	93,689

54.1 Production planned as per market demand and in house consumption needs.

54.2 Output produced by the plants of EPQL and EPTL is dependent on the load demanded by NTDC and plants' availability.

54.3 Three months season design capacity and production is dependent on availability of rice paddy.

54.4 The annual capacity of EETPL as service provider to SSGCL is 4.5 MTPA and there has been no shortfall during the year.

55. NUMBER OF EMPLOYEES OF THE GROUP

	Number of Employees as at		**Average Number of Employees as at**	
	December 31, 2020	December 31, 2019	**December 31, 2020**	December 31, 2019
Management employees	**2,263**	2,127	**2,164**	2,017
Non-management employees	**536**	531	**535**	524
	2,799	2,658	**2,699**	2,541

56 SEASONALITY

The Group's fertilizer business is subject to seasonal fluctuations as a result of two different farming seasons viz, Rabi (from October to March) and Kharif (from April to September). On an average fertilizer sales are more tilted towards Rabi season. The Group manages seasonality in the business through appropriate inventory management.

The Group's agri business is subject to seasonal fluctuation as majority of paddy / unprocessed rice is procured during the last quarter of the year which is the harvesting period for all rice varieties grown in Pakistan. However, rice is sold evenly throughout the year. The Group manages seasonality in the business through appropriate inventory management.

57. NON-ADJUSTING EVENT AFTER REPORTING DATE

57.1 The Board of Directors of Engro Vopak Terminal Limited, a joint venture company, in its meeting held on February 2, 2021 has proposed a final cash dividend of Rs. 9.50 per share for the year ended December 31, 2020, amounting to Rs. 855,000 of which the proportionate share of the Company amounts to Rs. 427,500.

57.2 The consolidated financial statements for the year ended December 31, 2020 do not include the effect of the aforementioned proposed dividends, which will be accounted for in the consolidated financial statements for the year ending December 31, 2021.

58. LISTING OF SUBSIDIARY COMPANIES, ASSOCIATED COMPANIES AND JOINT VENTURE

Name of Subsidiary	Financial year end
Engro Corporation Limited	December 31
EmpiricAI (Private) Limited	December 31
Name of Subsidiaries of ECL	
Engro Fertilizers Limited (EFert)	December 31
EFERT Agritrade (Private) Limited (EAPL)	December 31
Engro Polymer and Chemicals Limited (EPCL)	December 31
Think PVC (Private) Limited (formerly Engro Polymer (Private) Limited (EPTL))	December 31
Engro Peroxide (Private) Limited	December 31
Engro Plasticizer (Private) Limited	December 31
Engro Energy Limited	December 31
Engro Power Services Limited (EPSL)	December 31
Engro Power International Holding B.V. (EPIH)	December 31
Engro Power Services Holding B.V. (EPSH B.V.)	December 31
Engro Power Investment International B.V. (EPII B.V.)	December 31
Kolachi Portgen (Private) Limited (KPPL)	December 31
Name of Subsidiaries of ECL	**Financial year end**
Engro Powergen Qadirpur Limited (EPQL)	December 31
Engro Powergen Thar (Private) Limited (EPTPL)	December 31
Elengy Terminal Pakistan Limited (ETPL)	December 31
Engro Elengy Terminal (Private) Limited (EETPL)	December 31
Engro Eximp FZE (FZE)	December 31
Engro Eximp Agriproducts (Private) Limited (EEAPL)	December 31
Engro Digital Limited (EDigital)	December 31
Engro Infiniti (Private) Limited	December 31
Enfrashare (Private) Limited	December 31
Engro Energy Services Limited (EESL)	December 31
Name of Joint Venture of ECL	
Engro Vopak Terminal Limited (EVTL)	December 31
Name of Associates of ECL	
FrieslandCampina Engro Pakistan Limited (FCEPL)	December 31
Sindh Engro Coal Mining Company Limited (SECMC)	December 31
Gel Utility Limited (GEL)	December 31
Siddiqsons Energy Limited (SEL)	June 30
Pakistan Energy Gateway Limited (PEGL)	December 31
Magboro Power Company Limited (MPCL)	December 31

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

	EPQL	EPTPL	ETPL	EFert	EPCL
	(Rupees in '000)				
Total Assets	25,510,294	196,481,614	62,338,352	131,713,375	69,093,661
Total Liabilities	9,873,568	145,126,257	55,528,898	84,982,635	42,967,530
Total Comprehensive Income	2,078,294	13,800,114	2,359,229	18,139,575	5,730,236
Total Comprehensive Income allocated to NCI	646,658	6,886,256	1,038,060	7,932,435	2,505,959
Accumulated NCI	4,893,782	30,479,356	2,984,818	19,726,227	13,094,593
Cash and cash equivalents	(3,605,404)	9,226,756	3,319,148	5,126,379	14,371,251
Cash (utilized in) / generated from					
- operating activities	2,457,308	9,652,931	4,947,779	51,381,173	11,192,412
- investing activities	(53,889)	97,228	(224,959)	(25,655,875)	(6,252,544)
- financing activities	95,050	(5,901,810)	(5,421,520)	(24,628,876)	1,407,105
Dividend paid / payable to NCI	125,940	-	1,606,061	6,423,915	79,640
Interest of NCI	31.11%	49.90%	44%	43.73%	43.81%

59. CORRESPONDING FIGURES

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

60. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorised for issue on March 01, 2021 by the Board of Directors of the Holding Company.

Mohammad Shamoon Chaudry	Inam ur Rahman	Shabbir Hussain Hashmi
Chief Financial Officer	Chief Executive	Director

PATTERN OF SHAREHOLDING

As at December 31, 2020

Number of Shareholders	SHARESHOLDINGS From	To	Numbers of Shares Held
657	**1**	100	28,505
728	**101**	500	242,736
382	**501**	1,000	329,156
1,508	**1,001**	5,000	3,301,512
239	**5,001**	10,000	1,796,601
112	**10,001**	15,000	1,401,629
45	**15,001**	20,000	816,094
24	**20,001**	25,000	528,336
21	**25,001**	30,000	595,992
13	**30,001**	35,000	439,002
10	**35,001**	40,000	381,624
10	**40,001**	45,000	429,433
15	**45,001**	50,000	743,976
6	**50,001**	55,000	306,752
6	**55,001**	60,000	346,961
2	**60,001**	65,000	126,816
3	**65,001**	70,000	204,012
2	**70,001**	75,000	150,000
2	**75,001**	80,000	159,946
1	**80,001**	85,000	82,500
2	**85,001**	90,000	170,969
1	**90,001**	95,000	94,200
2	**95,001**	100,000	192,128
1	**100,001**	105,000	102,000
1	**105,001**	110,000	109,000
1	**115,001**	120,000	115,411
1	**120,001**	125,000	120,596
1	**125,001**	130,000	130,000
1	**145,001**	150,000	150,000
1	**155,001**	160,000	160,000
1	**190,001**	195,000	193,000
1	**195,001**	200,000	197,352
1	**245,001**	250,000	250,000
3	**295,001**	300,000	900,000
1	**335,001**	340,000	336,072
1	**360,001**	365,000	362,500
1	**485,001**	490,000	486,300
1	**555,001**	560,000	558,700
1	**630,001**	635,000	631,192
1	**715,001**	720,000	717,896
1	**790,001**	795,000	794,380
1	**1,345,001**	1,350,000	1,346,000
1	**1,690,001**	1,695,000	1,690,316
1	**2,220,001**	2,225,000	2,220,100
1	**3,995,001**	4,000,000	3,998,097
1	**4,180,001**	4,185,000	4,181,200
1	**5,780,001**	5,785,000	5,781,016
1	**5,905,001**	5,910,000	5,906,612
1	**6,050,001**	6,055,000	6,052,416
2	**10,465,001**	10,470,000	20,930,568
1	**11,370,001**	11,375,000	11,371,000
1	**12,200,001**	12,205,000	12,204,788
1	**16,010,001**	16,015,000	16,014,900
4	**18,120,001**	18,125,000	72,481,592
1	**18,990,001**	18,995,000	18,991,988
4	**19,185,001**	19,190,000	76,752,016
2	**21,640,001**	21,645,000	43,281,216
2	**22,860,001**	22,865,000	45,722,500
1	**35,245,001**	35,250,000	35,245,616
1	**77,930,001**	77,935,000	77,931,896
3,839			**481,287,116**

CATEGORIES OF SHAREHOLDING

As at December 31, 2020

Shareholder's Category	Number of sharehoders	Total shares held	Percentage %
Directors, Chief Executive Officer, and their spouse and minor children	**12**	**60,173,844**	**12.50**
Associated Companies, Undertakings and Related Parties	**4**	**97,725,260**	**20.30**
NIT and ICP	**1**	**50**	**0.00**
Banks, Development Financial Institutions, Non Banking Financial Institutions	**12**	**8,869,249**	**1.84**
Insurance Companies	**2**	**14,424,888**	**3.00**
Modarabas and Mutual Funds	**9**	**851,310**	**0.18**
Shareholders holding 10% or more	**1**	**77,931,896**	**16.19**
General Public :			
Residents	**3,733**	**22,029,329**	**4.58**
Non-residents	**-**	**-**	**-**
Others			
Foreign Companies	**7**	**259,167,892**	**53.85**
Others	**59**	**18,045,294**	**3.75**
Total (excluding : shareholders holding 10% or more)	**3,839**	**481,287,116**	**100**

*Negligible

	Shareholders' Category	Number of shares
1	**Associated Companies, Undertaking and Related Parties**	
	Dawood Lawrencepur Limited	77,931,896
	Dawood Foundation	18,991,988
	Cyan Limited	794,380
	Sach International (Private) Limited	6,996
2	**Mutual Funds**	
	CDC - Trustee National Investment (Unit) Trust	717,896
	CDC - Trustee AKD Index Tracker Fund	79,946
	CDC - Trustee NIT Pakistan Gateway Exchange Traded Fund	19,152
	CDC - Trustee Al-Ameen Islamic Ret. Sav. Fund - Equity Sub Fund	10,500
	CDC - Trustee NIT-Equity Market Opportunity Fund	10,000
	CDC - Trustee UBL Retirement Savings Fund - Equity Sub Fund	1,300
	CDC - Trustee Alfalah GHP Islamic Dedicated Equity Fund	416
	CDC - Trustee ABL Stock Fund	100
3	**Directors, CEO and their spouse(s) and minor children**	
	Mr. Hussain Dawood	35,245,616
	Ms. Kulsum Dawood (W/o. Mr. Hussain Dawood)	11,371,000
	Mr. Shahzada Dawood	6,052,416
	Ms. Sabrina Dawood	5,781,016
	Mr. Abdul Samad Dawood	1,690,316
	Mr. Inam Ur Rahman	32,580
	Ms. Ayesha Zeba Gias (W/o. Mr. Parvez Ghias)	250
	Mr. Sultan Muhammad Parvez Ghias	250
	Mr. Muhammad Imran Sayeed	100
	Mr. Kamran Nishat	100
	Mr. Hasan Reza Ur Rahim	100
	Mr. Shabbir Hussain Hashmi	100
4	**Executives**	1,500
5	**Public Sector Companies and Corporations**	**16,203,212**
6	**Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds**	**7,446,648**
7	**Shareholders holding five percent or more voting rights in the Listed Company**	
	Dawood Lawrencepur Limited	77,931,896
	Calfran Limited	45,722,500
	Hercules Enterprises Limited	43,281,216
	Alzarat Limited	38,376,008
	Zincali Limited	38,376,008
	Palmrush Investments Limited	36,240,796
	Persica Limited	36,240,796
	Mr. Hussain Dawood	35,245,616

PATTERN OF SHAREHOLDING
As at December 31, 2020

8 Trades in the shares of the Company

Following trades in the shares of the Company were made by the Directors / Spouse, Executives:

Name	Date of transaction	Nature of transaction	Price per share	No. of Share
Mr. Inam ur Rahman	27-Feb-2020	Purchased	131	500
Mr. Inam ur Rahman	16-Mar-2020	Purchased	127.5	1,000
Mr. Inam ur Rahman	18-Mar-2020	Purchased	115.6	2,000
Mr. Inam ur Rahman	24-Mar-2020	Purchased	102.79	500
Mr. Inam ur Rahman	6-Apr-2020	Purchased	105.18	1,000
Mr. Kamran Hanif	5-May-2020	Purchased	125	500
Mr. Hussain Dawood	23-Jun-2020	Purchased	117.79	100,000
Mrs. Kulsum Dawood (W/o. of Mr. Hussain Dawood)	23-Jun-2020	Purchased	117.79	40,000
Mr. Shahzada Dawood	24-Jun-2020	Purchased	118.19	51,200
Mr. Shah Faraz Salim	5-Aug-2020	Purchased	140	100
Mr. Samad Dawood	24-Sep-2020	Sold	129	1,075,000
Mr. Samad Dawood	25-Sep-2020	Sold	129	595,000
Mr. Inam ur Rahman	29-Sep-2020	Purchased	124	1,200
Mr. Samad Dawood	29-Sep-2020	Sold	126	850,000
Mr. Samad Dawood	1-Oct-2020	Sold	126	485,000
Mr. Inam ur Rahman	5-Oct-2020	Purchased	121	2,000
Mr. Kamran Hanif	3-Nov-2020	Sold	130	500
Mr. Inam ur Rahman	23-Nov-2020	Purchased	119.95	1,000

اس کی وجہ سے ملک کے غیر ملکی زرمبادلہ پر دباؤ پڑے گا۔اسی طرح، درمیانی مدت میں، افراط زربھی تشویش کی بڑی وجہ بنا رہے گا۔اس کے نتیجے میں اوررد عمل کے طور پر، کیلنڈر سال کے دوسرے نصف میں، اسٹیٹ بینک آف پاکستان اپنے پالیسی ریٹ میں اضافہ کرسکتا ہے۔

حالیہ دنوں میں، حکومت کی جانب سے سائنس، ٹیکنالوجی، تعلیم اور مستقبل سے تعلق رکھنے والی ٹیکنالوجی پر زور دینے سے پاکستان کے آئی ٹی سیکٹر کی حوصلہ افزائی ہوئی ہے۔حال ہی میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کی جانب سے کاروبار کرنے میں آسانی (Ease of Doing Business) کی پالیسیاں اور اسٹیٹ بینک آف پاکستان کی جانب سے زرمبادلہ کے قواعد میں نرمی نے اس سیکٹر کے بارے میں مثبت نقطہ نظر فراہم کیا ہے۔انفارمیشن ٹیکنالوجی کی خدمات، فری لینس ورک اور پلیٹ فارم سروسز ان اہم شعبوں میں سے ہیں جو حکومتی پالیسیوں میں تبدیلی سے بہت زیادہ فائدہ اٹھا سکتے ہیں۔پاکستان میں دستیاب فطری ذہانت، درست سرمایہ کاری اور ہدف کے مطابق حکمت عملی کے ذریعے آئی ٹی کی برآمدات میں نمایاں کردار ادا کرسکتی ہے۔غیر ملکی اداروں، وینچر کیپٹلز اور پرائیویٹ ایکویٹی فنڈز کی جانب سے حالیہ سرمایہ کاری ٹیکنالوجی کے شعبے میں دستیاب ترقی کے مواقع کی توثیق ہے جو پاکستانی معیشت کے بڑے شراکت داروں میں سے ایک بن سکتے ہیں۔

خوش قسمتی سے ڈی ایچ کارپ بہترین پوزیشن ہے کہ اِس شعبے میں کی گئی سرمایہ کاری سے حاصل ہونے معلومات سے فائدہ اٹھا سکے۔اپنے ذیلی ادارے، ایمپیرک اے آئی (EmpiricAI) کے ذریعے ہماری توجہ برآمد کی جانے والی خدمات کے کاروبار کو تیزی سے ترقی دینے پر مرکوز ہے۔ہم عالمی سطح پر اَساسی اور غیر اَساسی بنیادوں پر ترقی کے لیے جرأتمندانہ منصوبہ بندی کرتے ہیں۔

اِس عرصے میں، فنڈز کا انتظام وانصرام اہم اسٹاکس کے ذریعے سرکاری سیکیورٹیز، ٹرم ڈپازٹس اور پبلک ایکویٹیز پر مشتمل ایک دانشمند پورٹ فولیو کی صورت میں کیا جائے گا۔

ہمارا ذیلی ادارہ، اینگرو کارپوریشن ملک کے بعض انتہائی ضروری اور فوری مسائل حل کرنے اور پاکستانی عوام کی زندگی بہتر بنانے میں بڑا کردار ادا کرنے کے لیے عمدہ پوزیشن میں ہے۔اینگرو اپنے چاروں عمودوں (verticals) کو ترقی دیتا رہے گا اور ترقی کے ایسے نئے ذرائع تلاش کرتا رہے گا جن سے حصص یافتگان کے لیے طویل المیعاد قدر پیدا کی جاسکے۔

اینگرو پیٹروکیمیکلز کے عمود (vertical) میں اپنے تجربے اور پروپین ڈی ہائیڈروجنیشن (propane dehydrogenation) پلانٹ میں پولی پروپلین (poly- propylene) کی تیاری کے لیے جائزہ رپورٹ کی روشنی میں اپنی پیش رفت جاری رکھے گی۔اِس پلانٹ کی تکمیل اپنے آخری مراحل میں ہے۔توانائی کا کاروبار قابل تجدید توانائی کی مارکیٹ میں اپنے قدم جمانے کے لیے جامع انداز میں کام کر رہا ہے اور ہوا اور شمسی توانائی کے پروجیکٹس کے ساتھ کچرے سے بجلی پیدا کرنے والے پروجیکٹ کے ابتدائی مطالعہ پر کام ہو رہا ہے۔

پولیمر (Polymer) کا کاروبار بھی، اپنے پی وی سی/ وی سی ایم (PVC/VCM) کے توسیعی پروجیکٹس سے پیدا ہونے والی اُمید افزا گنجائش سے فائدہ اٹھانے کے لیے عمدہ پوزیشن میں ہے۔توقع ہے کہ یہ پروجیکٹس آئندہ سال تک کام شروع کردیں گے۔پاکستان میں، پولیمر اور ملحق کیمیائی مادوں کے حوالے سے اپنا ویژن حاصل کرنے اور بین الاقوامی سطح پر قدم جمانے کی غرض سے اس نے ایک کلیتی حکمت عملی (holistic strategy) تیار کی ہے۔اینگرو اور رائل ووپاک (Royal Vopak) کے درمیان، مشترکہ وسائل اور مہارت کے ذریعے، اندرون ملک اور بیرون ملک، مزید مشترکہ منصوبوں کے لیے تعاون جاری ہے۔انفراشیئر (Enfrashare) کو توقع ہے کہ وہ، آئندہ پانچ برسوں کے دوران، مناسبت سے تیار کردہ (built-to-suit) جرأتمندانہ رول آؤٹ کے ذریعے ایک خودمختار ٹاور کو (TowerCo) بزنس کے طور پر مارکیٹ میں راہنما کا درجہ حاصل کرلے گا۔

ہماری حقیقی توجہ حصص یافتگان کے لیے طویل المیعاد قدر میں اضافہ کرنے کے ساتھ ملک اور معیشت، دونوں کو درپیش اہم دشواریوں سے نمٹنے پر مرکوز ہے۔

ر۔ بعدازاں رونما ہونے والے واقعات کے باعث مادی تبدیلیاں

مالی سال کے اختتام پر اور اس رپورٹ کے درمیانی عرصے میں کسی قسم کی اہم تبدیلیاں رونما نہیں ہوئیں اور نہ ہی کوئی وعدے کیے گئے ہیں جو ہماری مالی پوزیشن پر اثر انداز ہوسکیں۔

ز۔ اعتراف

بورڈ اپنے تمام حصص یافتگان کے اعتماد اور تعاون کا اعتراف کرتا ہے اور اُن کا شکریہ ادا کرتا ہے۔اِس کے علاوہ، ہم مالی اداروں سمیت اُن تمام اسٹیک ہولڈرز کا بھی شکریہ ادا کرتے ہیں جن کی مدد اور تعاون ہمیں حاصل رہا اور انھیں یقین دلاتے ہیں کہ ہم اُن سے تعلق رکھنے والے مفادات کی دیکھ بھال کرتے رہیں گے۔

ڈی ایچ کارپ کی خوشحالی اور ترقی کے لیے مخلصانہ کوششیں کرنے پر ہم کمپنی کی انتظامیہ اور عملے کے ارکان کا بھی شکریہ ادا کرتے ہیں۔

شبیر حسین ہاشمی	انعام الرحمٰن
ڈائریکٹر	**چیف ایگزیکٹو**

XIV۔ بورڈ کے اجلاس

سنہ 2020ء کے دوران بورڈ کے 6 اجلاس منعقد ہوئے اور ان تمام اجلاسوں کی صدارت چیئرمین نے کی۔ کوڈ آف کارپوریٹ گورننس کے تقاضوں کی تعمیل میں کمپنی سیکریٹری اور چیف فنانشل آفیسر نے بھی ان اجلاسوں میں شرکت کی۔ ہر ڈائریکٹر کی حاضری ذیل میں دی گئی ہے:

نمبر شمار	ڈائریکٹر کا نام	میٹنگز میں شرکت			
		بورڈ میٹنگز	بورڈ آڈٹ کمیٹی	ہیومن ریسورس اینڈ معاوضہ کمیٹی	بورڈ انویسٹمنٹ کمیٹی
1	جناب حسین داؤد	6/6	-	-	-
2	جناب شہزادہ داؤد	6/6	-	5/4	2/2
3	جناب عبدالصمد داؤد	6/6	-	-	1/1
4	محترمہ سبرینہ داؤد	6/4	-	3/3	-
5	جناب پرویز غیاث	6/6	-	5/5	-
6	جناب شبیر حسین ہاشمی	6/6	4/4	-	1/1
7	جناب منیر کمال*	2/2	2/2	2/2	-
8	جناب کامران نشاط**	4/4	2/2	-	-
9	جناب حسن رضا الرّحیم	6/6	4/4	3/3	1/1
10	جناب عمران سعید	6/6	-	2/2	2/2
11	جناب انعام الرّحمٰن	6/6	-	-	-

*جناب منیر کمال مورخہ 21 مئی، 2020ء کو سبکدوش ہوگئے۔

**جناب کمال نشاط کو مورخہ 22 مئی، 2020ء بطور ڈائریکٹر منتخب کیا گیا۔

XV۔ ڈائریکٹرز کا مشاہرہ

ڈی ایچ کارپ کے پاس کمپنیز ایکٹ، 2017ء اور کمپنی کے آرٹیکلز آف ایسوسی ایشن کے تحت ڈائریکٹرز کے مشاہرے کے لیے ایک باضابطہ اور شفاف پالیسی موجود ہے۔

XVI۔ ڈائریکٹرز کی ذمہ داریوں کے بارے میں بیان

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

ا۔ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی گوشوارے کمپنی کے معاملات، اس کے آپریشنز، نقدی کے بہاؤ (cash flow) اور سرمایہ میں تبدیلی کی درست نمائندگی کرتے ہیں۔

۲۔ کمپنی کے کھاتے (books of accounts) درست انداز میں رکھے گئے ہیں۔

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

۴۔ بین الاقوامی مالی رپورٹنگ کے معیارات (International Financial Reporting Standards; IFRS) کا اطلاق پاکستان میں بھی ہوتا ہے۔ لہٰذا، مالی گوشواروں کی تیاری میں ان معیارات کا خیال بھی رکھا گیا ہے اور ان سے کسی قسم کے انحراف کا مناسب انداز میں انسداد کیا گیا ہے۔

۵۔ کمپنی کے اندرونی کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مضبوط ہے اور اس پر مؤثر انداز میں عمل درآمد کے ساتھ ساتھ اسے مانیٹر بھی کیا جاتا ہے۔

۶۔ کمپنی کے معاملات کے معمول کے مطابق جاری رہنے کے بارے میں کسی قسم کے شکوک وشبہات نہیں پائے جاتے ہیں۔

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

XVII۔ ڈائریکٹرز کی تربیت کا پروگرام

کمپنی کے دس (10) ڈائریکٹروں میں سے 9 (نو) ڈائریکٹر باقاعدہ سند یافتہ یا ڈائریکٹرز کے تربیتی پروگرام سے مستثنٰی ہیں۔

XVIII۔ متعلق فریق کے ساتھ معاملت

کوڈ آف کارپوریٹ گورننس کی تعمیل میں، ڈی ایچ کارپ نے متعلق فریق سے متعلق تمام ٹرانزیکشنز آڈٹ کمپنی اور بورڈ کے سامنے، ان کے جائزے اور منظوری کے لیے پیش کیے۔

د۔ مستقبل کا منظرنامہ

ہم سمجھتے ہیں کہ حکومت کی جانب سے زری اور مالیاتی پالیسیوں کے ذریعے کیے گئے ترقی کے اقدامات کے اثرات ظاہر ہو رہے ہیں اور کیلنڈر سال 2020ء کی دوسری ششماہی کے دوران متاثر کن ترقی دیکھنے میں آئی۔ توقع ہے کہ، موجودہ مالی سال کے دوران، کرنٹ اکاؤنٹ موافق حالت میں رہے گا۔ ہم توقع کرتے ہیں کہ کیلنڈر سال کے دوسرے نصف کے دوران، قابل فروخت اشیاء کی قیمتوں اور کیپٹل گڈز کی درآمدات کے باعث مجموعی برآمدات میں اضافہ ہو جائے گا۔

V۔ حصص کا کاروبار، اوسط قیمتیں اور پاکستان اسٹاک ایکسچینج

سال کے دوران، پاکستان اسٹاک ایکسچینج میں ڈی ایچ کارپ کے 34.62 ملین حصص کا کاروبار ہوا۔ روزانہ کاروباری دن کے اختتام کی شرح کی بنیاد پر ڈی ایچ کارپ کے حصص کی اوسط قیمت 131.11 روپے رہی جبکہ سنہ 2020ء کے دوران زیادہ سے زیادہ قیمت 175.56 روپے فی حصص اور کم سے کم قیمت 94.41 روپے رہی۔

VI۔ حصص یافتگی کا رجحان (Pattern of Shareholding)

مورخہ 31 دسمبر، 2020ء کو ڈی ایچ کارپ کی حصص یافتگی کے رجحان کے ساتھ دیگر ضرورت معلومات اس رپورٹ کے آخر میں، نمائندگی کے فارم کے ہمراہ، دستیاب ہیں۔

VII۔ مارکیٹ میں سرمایہ کاری اور بہی قدر (Market Capitalization and Book Value)

سال کے اختتام پر، مارکیٹ میں، ڈی ایچ کارپ کی سرمایہ کاری 58,496 ملین روپے تھی جبکہ سنہ 2019ء میں یہ سرمایہ کاری 74,219 ملین روپے تھی جس کی بریک اپ ویلیو 64.2 روپے فی حصص (2019ء میں 65.66 روپے) تھی۔

VIII۔ تخصیص (Appropriation)

سال کے دوران قابل تقسیم کل منافع منقسم 9 روپے فی حصص (90 فیصد) ادا کیا گیا۔

IX۔ ادارتی درجہ بندی (Entity Rating)

سال 2020ء کے دوران، PACRA نے ایک مرتبہ پھر ڈی ایچ کارپ کی طویل مدتی ریٹنگ کی سالانہ بنیاد پر تصدیق کی۔

یہ کریڈٹ ریٹنگ اداروں کی مالی اور انتظامی قوت ظاہر کرنے کے علاوہ موافق کریڈٹ اسٹینڈنگ کو ظاہر کرتی ہے اور ہماری مضبوط بیلنس شیٹ اور منافع منقسم کی مسلسل ادائیگی کے حوالے سے ہماری نہایت عمدہ کارکردگی کا مظہر ہیں۔

X۔ پراویڈنٹ اور گریجویٹی فنڈز

ڈی ایچ کارپ کے ملازمین کو اِن فنڈز کے ذریعے فراہم کے جانے والے فوائد کا سال میں ایک مرتبہ آڈٹ کیا جاتا ہے اور مناسب انداز میں کافی سرمایہ کاری بھی کی جاتی ہے۔ غیر آڈٹ شدہ گوشواروں کے مطابق پراویڈنٹ فنڈ کی سرمایہ کاری کی مجموعی مالیت 29.73 ملین روپے ہے جبکہ سنہ 2019ء میں یہ مالیت 19.87 ملین روپے تھی۔

فنڈ کے زیر انتظام اثاثوں کی حقیقی مالیت کے تحت گریجویٹی پلان کی مالیت، 31 دسمبر، 2020ء کو 28.66 ملین روپے تھی جبکہ سنہ 2019ء میں یہ مالیت 22.59 ملین روپے تھی۔

XI۔ کارپوریٹ گورننس

ڈی ایچ کارپ کارپوریٹ گورننس کے اعلیٰ معیار پر کاربند رہی اور اس نے اپنا کاروبار کوڈ آف کارپوریٹ گورننس ریگولیشنز اور پاکستان اسٹاک ایکسچینج لمیٹڈ کے وضع کردہ لسٹنگ ریگولیشنز کے بہترین طریقوں کے مطابق چلایا جن میں ڈی ایچ کارپ کے بورڈ آف ڈائریکٹرز کی ذمہ داریوں اور کردار کا تعین کیا گیا ہے۔ مزید تفصیلات کے لیے براہ مہربانی اسٹیٹمنٹ آف کمپلائنس ودھ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017ء ملاحظہ کیجیے۔

XII۔ خطرات کا انتظام وانصرام

ڈی ایچ کارپ کی سرگرمیوں کو مختلف اقسام کے مالی خطرات کا سامنا رہتا ہے: مارکیٹ رسک (بشمول انٹریسٹ رسک، کرنسی رسک، اور پرائس رسک)، کریڈٹ رسک اور لکویڈیٹی رسک وغیرہ۔ کمپنی کی مجموعی رسک مینجمنٹ کی توجہ فنانشل مارکیٹوں کی غیر یقینی صورت حال پر مرکوز رہتی ہے اور وہ کمپنی کی مالی کارکردگی پر اس کے ممکن اثرات کم سے کم کرنے کی کوششیں کرتی رہتی ہے۔

لہٰذا، رسک مینجمنٹ پالیسیاں تیار کی گئی ہیں جن کا مقصد ڈی ایچ کارپ کو درپیش خطرات کا تدارک کرنا، ان کے لیے مناسب حدود اور کنٹرولز کا تعین کرنا اور اُن کی مانیٹرنگ کرنا ہے۔ رسک مینجمنٹ پالیسیوں اور نظاموں کا باقاعدگی سے جائزہ لیا جاتا ہے تاکہ مارکیٹ کے حالات اور کمپنی کی سرگرمیوں میں ہونے والی تبدیلیوں کی بنا پر فوراً جوابی ردعمل کیا جاسکے۔

XIII۔ بورڈ آف ڈائریکٹرز

کمپنی کا بورڈ 10 (دس) ڈائریکٹرز پر مشتمل ہے:

انڈیپینڈنٹ ڈائریکٹرز	3
نان-ایگزیکٹو ڈائریکٹرز	
- مرد	5
- خاتون	1
ایگزیکٹو ڈائریکٹر	1

II۔ سماجی خدمات

پاکستان میں کووِڈ-19 کے خلاف جدوجہد کے لیے جناب حسین داؤد نے داؤد ہرکولیس کارپوریشن لمیٹڈ اور اپنے اہل خانہ کی جانب سے مختصر، درمیانی اور طویل مدت کے لیے خدمات، اشیاء اور ایک ارب روپے نقد رقم کی فراہمی کا عہد کیا۔ حسین داؤد پلیج (Hussain Dawood Pledge) کا مقصد بیماری سے بچاؤ، ہیلتھ کیئر پریکٹشنرز، فرنٹ لائن ورکرز، کا تحفظ اور ان کی تیاری، پیشنٹ کیئر سہولتوں کی تیاری اور معاشرے میں انتہائی مستحکم روزگار کو سہارا فراہم کرنا تھا۔ اس کل رقم اور خدمات کے لیے ڈی ایچ کارپ 25 فیصد حصہ شامل کرنے کا ارادہ رکھتی ہے۔ داؤد ہرکولیس کارپوریشن نے بھی ان شعبوں میں خدمات کے لیے کل رقم کا 25 فیصد دینے کا وعدہ کیا ہے۔

سال کے دوران، کارپوریٹ سماجی ذمہ داری (CSR) کے طور پر ڈی ایچ کارپ نے 142 ملین روپے، دی داؤد فاؤنڈیشن کو اس کے مختلف منفرد پروجیکٹس کے لیے عطیے کے طور پر دیئے۔ دی داؤد فاؤنڈیشن تعلیم کے ذریعے تمام افراد کو بااختیار بنانے پر یقین رکھتی ہے تاکہ وہ اجتماعی طور پر تبدیلی لاسکیں اور اِس مقصد کے لیے فاؤنڈیشن اسکول اور کالج تعمیر کرتی رہی ہے۔ مزید پیش رفت کرتے ہوئے، ایسے پروجیکٹس جنھیں مزید وسعت دی جاسکتی ہے اور جن کا زیادہ انحصار مواد (content) اور ٹیکنالوجی پر ہے تعلیم کے فروغ کے لیے استعمال کیے جاتے ہیں۔ دی داؤد فاؤنڈیشن نے میگنیفائی سائنس سینٹر (MagnifiScience Center) بھی سرمایہ کاری کی ہے جو پاکستان میں عالمی معیار کا پہلا انٹرایکٹو سائنس میوزیم ہوگا۔ کراچی اسکول آف بزنس اینڈ لیڈرشپ (KSBL) بھی دی داؤد فاؤنڈیشن کے تحت کام کرتا ہے جو عالمی معیار کے مینیجرز، بزنس لیڈرز اور انٹرپرینیورز کی تیاری کے ذریعے تنوع، خودمختاری، دیانتداری اور انٹرپرینیورل جذبے کی بنیادی اقدار کو فروغ دینے کے لیے پرعزم ہے۔

III۔ شراکتیں

عالمی اقتصادی فورم (World Economic Forum)

ہم نے عالمی اقتصادی فورم کے ساتھ شراکت داری (نیٹ ورکنگ اقدام) کی ہے تاکہ گروپ میں سیکھنے اور جدت کا ماحول واپس لایا جائے اور مشترکہ سرمایہ کاری کے لیے روابط میں اضافہ کیا جائے۔ اب تک، ہم نے 65 سے زائد لرننگ ایونٹس میں شرکت کی ہے جن میں 35 سے زائد گروپ ایگزیکٹوز شامل ہوئے اور اسٹریٹیجک انٹیلی جنس ٹولز اور کاروبار کے عالمی مسائل کے بارے میں معلومات تک رسائی حاصل کی۔

ورلڈ وائیڈ فنڈ (WWF)

اپنے دفتر کی حدود میں ماحولی فٹ پرنٹس میں کمی کی غرض سے ہم نے ورلڈ وائیڈ فنڈ کے ساتھ شراکت داری کی ہے تاکہ گرین آفس کے نام سے ایک انوائرنمنٹل مینیجمنٹ پروگرام شروع کرسکیں۔ یہ پروگرام ہمیں اس قابل بنائے گا کہ ہم اپنے ملازمین میں ماحول سے آگاہی رکھنے والی عادات پیدا کرسکیں اور ماحولیاتی تبدیلی کے اثر کو دھیما کرنے میں اپنا کردار ادا کرسکیں۔

ج۔ مالی رپورٹ

I۔ مالی کارکردگی

زیرِ جائزہ سال کے دوران، انضمام شدہ کل محاصل 248.95 ارب روپے تھے جبکہ گزشتہ برس، اسی عرصے کے دوران، یہ محاصل 225.76 ارب روپے تھا۔ تمام کاروباری شعبوں میں مضبوط آپریشنل کارکردگی کا نتیجہ 42.35 ارب روپے کے بعد از ٹیکس کی صورت میں برآمد ہوا جبکہ سنہ 2019ء میں بعد از ٹیکس منافع 29.79 ارب روپے تھا۔

غیر انضمام شدہ بنیاد پر ہمارے محاصل 6,970 ملین روپے تھے جبکہ گزشتہ برس، اسی عرصے کے دوران یہ محاصل 8,378 ملین روپے تھے اس طرح ان محاصل میں 17 فیصد کمی ہوئی جس کی بنیادی وجہ لسٹڈ ایکوئیٹیز میں کی گئی سرمایہ کاری سے حاصل ہونے والے منافع اور سرپلس فنڈز پر حاصل ہونے والی انٹریسٹ انکم میں کمی تھی۔

II۔ فی حصص آمدنی (Earning Per Share)

زیرِ جائزہ سال کے دوران، سنہ 2020ء کے لیے غیر انضمام شدہ آمدنی 7.75 روپے رہی جبکہ سنہ 2019ء میں یہ آمدنی 10.02 روپے تھی۔ سال کے لیے انضمام شدہ آمدنی 15.76 روپے رہی جبکہ 2019ء میں یہ آمدنی 11.75 روپے تھی۔

III۔ اسلامی صکوک سرٹیفکیٹس

ڈی ایچ کارپ کے بورڈ آف ڈائریکٹرز نے، مورخہ 18 دسمبر، 2020ء کو منعقد ہونے والے اپنے اجلاس میں اسلامی صکوک سرٹیفکیٹس کی فوری خریداری کی منظوری دی۔ اس خریداری کے نتیجے میں صکوک 1 کے لیے مکمل ادائیگی 16 فروری، 2021ء اور صکوک 2 کے لیے مکمل ادائیگی یکم مارچ، 2021ء کو یعنی سال کے اختتام پر کی گئی۔

VI۔ آڈیٹرز

موجودہ آڈیٹرز، اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس آئندہ سالانہ اجلاس عام کے موقع پر سبکدوش ہو رہے ہیں اور خود کو دوبارہ تقرری کے لیے پیش کر رہے ہیں۔ آڈٹ کمیٹی نے اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس ڈی ایچ کارپ کے آڈیٹرز کی حیثیت سے، برائے سال مختتم 31 دسمبر، 2021ء کے لیے دوبارہ تقرری کی سفارش کی ہے اور بورڈ نے بھی اس سفارش کی توثیق کی ہے۔

سائٹس کی فراہمی کا سنگ میل عبور کیا ہے جن میں پاکستان کے تمام موبائل نیٹ ورک آپریٹرز (MNOs) شامل ہیں۔ پورٹ فولیو میں اس وسعت کے باعث اس کے مارکیٹ شیئر میں 41 فیصد اضافہ ہوا ہے جبکہ سنہ 2019ء میں یہ اضافہ 18 فیصد تھا۔

خوراک (Foods)

ڈیری کے کاروبار نے مسلسل نویں (9th) سہ ماہی میں بھی نہایت اعلیٰ کارکردگی کا مظاہرہ کیا۔ مجموعی اخراجات کا ماحول دشوار رہا اور، اسی کے ساتھ، گزشتہ 12 ماہ کے دوران، پاکستانی کرنسی کی قیمت میں کمی اور اشیائے خورونوش کی تھوک قیمتوں میں اضافے کے باعث قابل فروخت اشیاء کے اخراجات میں بھی غیر معمولی اضافہ ہوا۔ تاہم اخراجات سے زیادہ سے زیادہ فائدہ اٹھانے اور مکس منیجمنٹ سمیت متعدد کاروباری اقدامات کے ذریعے ان اثرات پر قابو پایا گیا۔

سنہ 2020ء میں چاول کے کاروبار پر بھی زیادہ توجہ دی گئی اور اس کاروبار کے منافع میں، سنہ 2019ء کے مقابلے میں، 2.5 گنا اضافہ ریکارڈ کیا گیا۔

کارپوریٹ اور سماجی ترقی

I۔ انسانی وسائل کی ترقی

صلاحیتوں (talent) میں بڑھوتی

ہمارے لوگ ہمارا انتہائی قیمتی اثاثہ ہیں اور سنہ 2020ء میں، ہم نے ان کی ترقی کے لیے بھاری سرمایہ کاری جاری رکھی۔ ہمارے لرننگ سرکلز (Learning Circles) اقدام نے معلومات کے اشتراک کی کوشش کی ہے اور یہ ملازمین کی ترقی کے لیے ایک مجموعی سوچ ہے۔ سال کے دوران، متحدہ، پائیدار اور لچکدار اقتصادی نظام، ذمہ دارانہ صنعتی تبدیلی کا فروغ اور ترقی اور چوتھے صنعتی انقلاب کی ٹیکنالوجیز سے استفادہ سمیت، مختلف موضوعات پر، 16 سیشن منعقد ہوئے۔ اپنے لوگوں کی فطری ذہانت میں اضافے کیلیے پوری کمپنی میں گیلونائز (Galvanize) کی جانب سے ٹیکنکل ٹریننگ کے علاوہ دیگر تربیتی سیشن اور کام کے تقاضوں کے مطابق تیار کردہ سیمینارز بھی منعقد کیے گئے۔ اس کے علاوہ، غیر محسوس جانبداری سے بچنے اور کام کا زیادہ شمولیتی ماحول پیدا کرنے کی غرض سے بھی تربیتی پروگرام منعقد کیے گئے۔

ملازمین کی حوصلہ افزائی کے اقدامات

ملازمین کا حوصلہ بلند رکھنے والے ورک فرام ہوم (work-from-home) کے ماحول میں، اور بالخصوص کووڈ کے دوران، متعدد اقدامات کیے گئے جن میں مسائل کے حل، فاصلاتی تعاون (remote collaboration) اور تفریحی اقدامات کی حوصلہ افزائی شامل تھے۔ اِن اقدامات میں فوٹوگرافی چیلنج، ورچوئل ڈنر (virtual dinner)، کری ایٹو ورک اسٹیشن چیلنج (creative workstation challenge)، چھٹکارا "Escape Room" کی سرگرمی، آن لائن کلر تھراپی، دی کامیڈی زون اور دنیا بھر میں ورچوئل ریس شامل تھے۔ ٹیموں کو مصروف اور مربوط رکھنے کیلیے، روزانہ صبح کے اوقات میں ڈپارٹمنٹل ہیڈز کے ساتھ ملاقات بھی رکھی گئی اور اس طرح 6 نان۔منیجمنٹ سمیت 21 سی ای او ٹاؤن ہالز میٹنگز منعقد ہوئیں۔

شمولیت اور تنوع

ہم نے مسلسل یہ بات یقینی بنانے کی کوشش کی ہے کہ پس منظر، مذہب، صنف یا مراتب کی پرواہ کیے بغیر تمام ملازمین کا احترام کیا جائے اور ان میں ادارے کے ساتھ وابستگی میں فخر کا احساس پیدا کیا جائے۔

سنہ 2020ء کے اختتام تک، ڈی ایچ کارپ میں ہماری افرادی قوت کا 28 فیصد یعنی 13 خواتین پر مشتمل تھا۔ یہ خاتون ملازمین میٹرنٹی انشورنس سمیت 16 ہفتوں کی تنخواہ والی چھٹیاں بھی لے سکتی ہیں۔ اس کے علاوہ، مرد ملازمین بھی 5 روز کی paternal leave لے سکتے ہیں۔ تنخواہ کا فیصلہ بھرتی کے موقع پر، صنف سے قطع نظر اور قابلیت وصلاحیت کی بنیاد، کیا جاتا ہے اور اس کے بعد، معاوضے کا فیصلہ کارکردگی کی بنیاد پر کیا جاتا ہے۔ اپنے تمام گروپ کمپنیوں میں خواتین کی شمولیت کے لیے پہلی مرتبہ اور پورے گروپ میں خواتین کی اجتماعی ملاقات (Women's Collective) منعقد کی گئی۔ اس وقت ہم خواتین کی نمائندگی میں اضافے کے لیے کام کررہے ہیں اور خاندان۔دوست پالیسیوں کے ذریعے ڈی ایچ کارپ میں زیادہ شمولیتی ماحول پیدا کررہے ہیں۔

صحت اور تحفظ

ہمارے ملازمین کی صحت اور تحفظ کو بہت زیادہ اہمیت دی جاتی ہے۔ تمام ملازمین اور ان کے اہل خانہ کو 'کووِڈ-19' سے تعلق رکھنے والی مدد فوراً فراہم کرنے کی غرض سے ایک کرائسس منیجمنٹ کمیٹی قائم کی گئی جو تمام ڈپارٹمنٹل ہیڈز پر مشتمل تھی۔ چوبیس گھنٹے دستیابی کے لیے ایک ڈاکٹر کی خدمات حاصل کی گئیں تاکہ ملازمین اور اُن کے اہل خانہ اُس سے مشاورت کرسکیں، اپنے کووِڈ ٹیسٹس مفت کرواسکیں، آکسیجن کے سیلنڈرز حاصل کرسکیں اور کووِڈ بنیادی لازمی پیک حاصل کرسکیں۔ اس کے علاوہ، تمام ملازمین کے لیے، کام کے لچکدار اوقات اور ہاسپٹلائزیشن انشورنس پیش کی گئی۔ گھر پر قیام کے دوران صحت (Wellbeing While Staying at Home)، ریلیزنگ ٹیکنکس (Releasing Techniques) اور لافٹر تھراپی (Laughter Therapy) کے سیشن منعقد کیے گئے۔ ملازمین اور ان کے اہل خانہ کے لیے کونسلنگ کے پلیٹ فارمز بھی پیش کیے جاتے ہیں جن سے وہ اپنی سہولت کے مطابق فائدہ اٹھاسکتے ہیں۔

III۔ لسٹڈ ایکویٹیز کی صورت حال

ہم نے بورڈ آف ڈائریکٹرز کی منظور کردہ حدود کے مطابق پاکستان اسٹاک ایکسچینج میں لسٹڈ بلیو چپ کمپنیوں کے حصص میں سرمایہ کاری مضبوط کرنے کا عمل جاری رکھا۔ سیمنٹ اور ٹیکسٹائل سیکٹر کے حصص میں اضافے سے ہمارا پورٹ فولیو مارکیٹ کے دوبارہ بحال ہونے پر منافع بخش ہوا۔ تاہم، زیادہ تر سرمایہ کاری بینکوں اور آئل کمپنیوں کے اسٹاک میں کئے جانے کی وجہ سے ہولڈنگ پیریڈ کی بنیاد پر، ہمارے پورٹ فولیو نے، آغاز سے ہی، گزشتہ برس کے مقابلے میں 29 فیصد منافع (بشمول منافع منقسم) حاصل کیا جبکہ گزشتہ برس یہ منافع 18 فیصد رہا تھا۔ اس طرح اس نے KSE-100 انڈیکس سے 11 فیصد زیادہ بہتر کارکردگی کا مظاہرہ کیا۔ تاہم، کیلنڈر سال کے دوران پورٹ فولیو نے مارکیٹ میں 3.9 فیصد کم تر کارکردگی کا مظاہرہ کیا۔

ہماری بڑی سرمایہ کاری، اینگرو نے آپریشنز کے اعتبار سے عمدہ کارکردگی کا مظاہرہ کیا اور مالی سال کے دوران فی حصص 26.0 روپے کی شرح سے منافع منقسم دیا۔ تاہم، حصص کی قیمتیں دباؤ میں رہیں جن میں 11 فیصد تک کمی واقع ہوئی۔

اینگرو میں ہماری سرمایہ کاری ایک طویل مدتی حکمت عملی ہے جس سے دوررس نتائج کی امید ہے۔ ہم ڈی ایچ کارپ اور اس کے ذیلی اداروں کی نگرانی جاری رکھے ہوئے ہیں اور اس بارے میں کچھ اہم پہلو درج ذیل حصوں میں بیان کیے گئے ہیں۔

IV۔ اینگرو کارپوریشن لمیٹڈ

انضمام شدہ محاصل میں 10 فیصد اضافہ ہوا اور یہ بڑھ کر 225,765 ملین روپے ہوگئے جب کہ گزشتہ برس، سنہ 2019ء میں یہ محاصل 248,818 ملین روپے تھے۔ محاصل میں اضافے کی بنیادی وجہ تھر انرجی پروجیکٹس کا پورے سال کام کرنے کے باعث محاصل میں اضافہ تھا۔ سنہ 2020ء کے لیے انضمام شدہ بعد از ٹیکس منافع (PAT) 44,112 ملین روپے تھا جو گزشتہ سال کے بعد از ٹیکس منافع سے 46 فیصد زیادہ تھا۔ گزشتہ برس، سنہ 2019ء میں، بعد از ٹیکس منافع 16,533 ملین روپے تھا، اس طرح اس میں 25,100 ملین روپے کا اضافہ ہوا جس کی بنیادی وجہ حصص یافتگان میں اضافہ تھا۔ اس کے نتیجے میں فی حصص آمدنی (EPS) بڑھ کر 43.57 روپے ہوگئی جبکہ سنہ 2019ء میں یہ آمدنی 28.69 روپے تھی۔

فرٹیلائزز

سنہ 2020ء میں پیش آنے والے دشوار ماحول کے باوجود 2,247 کلوٹن یوریا کی پیداوار کا تاریخی سنگ میل عبور کیا گیا جبکہ سنہ 2019ء میں یہ پیداوار 2,003 کلوٹن تھی۔ اس پلانٹ کی یہ اب تک سب سے زیادہ پیداوار ہے۔ پیداوار میں اس 13 فیصد اضافے کی بنیادی وجہ پلانٹ کا بہتر استعمال تھا جسے بندش کے دنوں کا کم سے کم سامنا کرنا پڑا اور گیس کی زیادہ مقدار میں دستیابی بھی تھی۔ یہ سنگ میل پلانٹ کی عمدہ کارکردگی اور انجنیئر نگ میں عمدہ مہارت پر غیر متزلزل توجہ کے باعث حاصل ہوئی۔ 2020ء میں ملک کے اندر، اب تک کی سب سے زیادہ فروخت کا سنگ میل بھی عبور کیا جو 2,006 کلوٹن تھی جبکہ سنہ 2019ء میں یہ فروخت 1,958 کلوٹن تھی جس سے سال بہ سال کی بنیاد پر 2 فیصد کا اضافہ ظاہر ہوتا ہے۔

انرجی

کان کنی کے آپریشنز کسی رکاوٹ کے بغیر جاری رہے اور اس کان کے ذریعے، اینگرو پاورجین تھر کو 3.8 ملین ٹن کوئلہ فراہم کیا گیا۔ سائٹ پر کنٹریکٹر کے ذریعے، کان کی توسیع کا کام جاری ہے۔

تھر پاور پلانٹ، تمام سال، پوری طرح آپریشنل رہا اور کووڈ-19 وائرس سے پیدا ہونے والی دشواریوں کے باوجود یہ سسٹم قابل بھروسہ ثابت ہوا۔

قادر پور گیس فیلڈ کے ذخائر میں کمی کے باعث قادر پور کے پاور پلانٹ کو گیس میں تخفیف کا سامنا ہے۔ اس وجہ سے خالص الیکٹریکل آؤٹ پٹ میں کمی واقع ہوئی اور لوڈ فیکٹر 29.5 فیصد ہو گیا جبکہ گزشتہ برس لوڈ فیکٹر 58.8 فیصد تھا۔

پیٹروکیمیکلز

سنہ 2020ء میں (Engro Polymer) کے محاصل میں، سنہ 2019ء کے مقابلے میں 6 فیصد کمی واقع ہوئی جس کی بنیادی وجہ علاقہ بندی کے عرصے میں، پلانٹ کے بند ہونے کے باعث، پی وی سی اور کاسٹک کے حجم میں کمی تھی۔ حجم میں اس کمی کو پی وی سی کی قیمتوں میں اضافے کے ذریعے پورا کیا گیا جو عالمی سطح پر محدود فراہمی کے باعث، سنہ 2020ء کی دوسری ششماہی کے پورے عرصے میں جاری رہا۔ اس کے نتیجے میں، (Engro Polymer) نے، اپنی تاریخ میں، ہمیشہ سے زیادہ منافع حاصل کیا اور اس طرح سنہ 2020ء کی دوسری ششماہی میں حجم، پی وی سی کی قیمتوں اور اخراجات پر مؤثر کنٹرول برقرار رکھا۔

ٹرمینل آپریشنز

اب تک جاری وبا نے اگرچہ سنگین نوعیت کا خلل ڈالا ہے لیکن اینگرو ٹرمنلز نے اپنی خدمات کی فراہمی کا تسلسل یقینی بنایا اور اس کے لیے دشواریوں سے نمٹنے کے لیے متحرک حکمت عملی پر عمل درآمد کیا گیا۔ اس وقت، ایل این جی ٹرمینل ملکی ضرورت کا 12 فیصد سے زیادہ پورا کرتا ہے۔ اینگرو ووپاک ٹرمینل (Engro Vopak Terminal) کے حجم میں بھی، کیمیکلز اور ایل پی جی کے حوالے سے گزشتہ برس کے مقابلے میں، 2 فیصد کمی واقع ہوئی۔

ٹیلی مواصلات کا انفرااسٹرکچر

اینگرو انفرا شیئر مشترک ٹیلی کام ٹاورز کے حصول اور تعمیر کا کام کرنے کے علاوہ ٹیلی مواصلات کے لیے متعدد انفرااسٹرکچر کی فراہمی کا کام کرتی ہے جس میں جدید ترین نیٹ ورک مانیٹرنگ کے حل شامل ہیں۔ ہم نے اپنے ٹاور کے کاروباری فٹ پرنٹ کو وسعت دی ہے اور، سنہ 2020ء کے اختتام تک، کل 1,265

داؤد ہرکولیس کارپوریشن لمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ برائے اختتام سال 31 دسمبر 2020

ہمیں بہت خوشی ہے کہ بروقت اور جامع روک تھام اور مریضوں کی دیکھ بھال کے اقدامات کے باعث، کووڈ-19 (COVID-19) کی وبا کے دوران ہمارے تمام ملازمین محفوظ رہے۔ سال کے دوران صرف چند کیس سامنے آئے لیکن وہ بھی ہمارے دفاتر یا کام کرنے کی دیگر جگہوں سے نہیں پھیلے۔ داؤد ہرکولیس کارپوریشن (ڈی ایچ کارپ) نے ایسے مواقع پر آفات کی روک تھام کے لیے مؤثر طریقہ کار تیار کیے تھے جن پر عمل کرنے کے نتیجے میں گھر سے کام کرنے (work-from-home) کا آغاز حکومت کے احکامات سے بھی پہلے شروع کر دیا گیا تھا۔ بورڈ اور کمیٹیوں کے اجلاس سمیت بعد میں انجام دی جانے والی تمام سرگرمیاں، اور حصص یافتگان کا سالانہ اجلاس عام ویڈیو کانفرنس کے ذریعے منعقد کیئے گئے۔ ماضی کی طرح ہم اپنے ملازمین، اُن کے اہل خانہ، اسٹیک ہولڈرز اور کمیونٹی کی صحت اور تحفظ کو کاروباری معاملات پر ترجیح دیتے ہیں۔

ڈی ایچ کارپ کی سالانہ رپورٹ اور آڈٹ شدہ مالی گوشوارے برائے سال مختتم 31 دسمبر 2020ء پیشِ خدمت ہے۔

ا۔ اقتصادی جائزہ

مہلک وبا کا شکار ہونے کے بعد، عالمی سطح پر، سنہ 2020ء انتہائی دشوار اور بے یقینی کا سال ثابت ہوا۔ عالمی مالیاتی فنڈ (I M F) نے اندیشہ ظاہر کیا ہے کہ سنہ 2020ء میں عالمی معیشت 3.5 فیصد تک سکڑ جائے گی جبکہ سنہ 2021ء میں بحالی کے بعد اس میں 5.5 فیصد اضافہ ہوگا۔ پاکستان میں بھی وبا کے اس شدید حملے کے باعث کاروباری سرگرمی نہ ہونے کی وجہ سے مالی سال 2020ء کے دوران مجموعی قومی پیداوار (GDP) میں 0.4 فیصد تک کمی واقع ہوئی۔ ہمارے ملک میں ایسی کمی پہلی بار واقع ہوئی ہے۔

زیر جائزہ سال کے دوران آئی ایم ایف کا 6 ارب امریکی ڈالرز کا پروگرام معطل ہوگیا، تاہم، وبا سے نمٹنے کے لیے، آئی ایم ایف کے ریپڈ فنانسنگ انسٹرومنٹ (Rapid Financing Instrument) کے تحت 1.4 ارب امریکی ڈالرز موصول ہوئے۔ اسی طرح، زری اور مالیاتی پالیسیوں کے ذریعے توسیعی اقدامات بھی کیے گئے۔ اسٹیٹ بینک آف پاکستان نے تین ماہ کے اندر شرح سود 13.25 فیصد سے کم کر کے 7.0 فیصد کردی یعنی 625 بیس پوائنٹس کم کیے۔ اس اقدام کو مزید تقویت قرضوں کی ری شیڈولنگ، پے رول فنانس اسکیموں (payroll finance schemes) اور عارضی معاشی ری فنانس کی سہولت (Temporary Economic Refinance Facility; TERF) کے ذریعے پہنچائی گئی تا کہ معیشت میں سرمایہ کارانہ سرگرمی کے لیے ترغیب دی جا سکے۔ مختلف شعبوں کے لیے اسی طرح کا ایک محرک حکومت پاکستان نے مالیاتی پالیسی کے ذریعے فراہم کیا اور اس مقصد کے لیے 1.2 کھرب روپے کا اعلان کیا گیا۔

ملک بھر میں علاقہ بندی میں نرمی کے سبب کیلنڈر سال 2020ء کا دوسرا نصف معیشت کے لیے بہتر ثابت ہوا۔ کاروباری سرگرمی میں دوبارہ تیزی آنا شروع ہوئی اور اس کے نتیجے میں، بڑے پیمانے کے پیداواری اداروں کے اشاریئے (Large-Scale Manufacturing Index; LSMI) میں سال بہ سال کی بنیاد پر، سنہ 2020ء کی پہلی ششماہی کے مقابلے میں، سنہ 2021ء کی پہلی ششماہی کے دوران 8.2 فیصد ترقی دیکھنے میں آئی۔ تیل کی کم قیمتیں اور پر تعیش اشیاء کی درآمدات کی بندش کے ساتھ ترسیلات زر میں متاثر کن اضافے نے بھی توازن ادائیگی کے اکاؤنٹ کو بہتر بنائے رکھا۔ سنہ 2021ء کی پہلی ششماہی کے دوران 1.13 ارب امریکی ڈالرز کے ساتھ سرپلس ہوگیا جبکہ سنہ 2020ء کی پہلی ششماہی کے دوران اس کا خسارہ 2.03 ارب امریکی ڈالرز تھا۔

ب۔ بنیادی سرگرمی

ڈی ایچ کارپ کی بنیادی سرگرمی سرمایہ کاری کا حصول اور اس کا انتظام وانصرام ہے لیکن یہ یہاں تک محدود نہیں ہے بلکہ قومی اور بین الاقوامی سطح پر کمپنی کے ذیلی اداروں اور/ یا ملحق کمپنیاں بھی شامل ہیں اور اس مقصد کے حصول کے لیے تمام اتفاقی اور ضروری امور انجام دینا ہے۔

I۔ ٹیکنالوجی کے شعبے میں سرمایہ کاری

ڈی ایچ کارپ نے ٹیکنالوجی کے شعبے میں سرمایہ کاری پر از سرنو توجہ دیتے ہوئے، ابتدائی طور پر، آئی ٹی سروسز کے شعبے میں سرمایہ کاری کی ہے۔ اس توجہ کا مقصد آئی ٹی سروسز فراہم کرنے والے ایسے کاروبار پر توجہ دینا ہے جو برآمد بھی کی جا سکے۔ اس پر ڈی ایچ کارپ کی سالانہ رپورٹ برائے 2019ء میں بھی زور دیا گیا تھا اور یہ برآمدات میں اضافے کی حکومتی پالیسی کے مطابق بھی ہے۔ بورڈ نے ٹیکنالوجی کے شعبے میں کام کرنے والے ایک کل ملکیتی ادارے ایمپیرک اے آئی (پرائیویٹ) لمٹیڈ [Empiric AI (Private) Limited] کے قیام کی منظوری دی اور اس ادارے نے جون، 2020ء میں کام کرنا شروع بھی کر دیا۔ ڈی ایچ کارپ نے مشاورت اور اعانت کے لیے کیلیفورنیا میں واقع ایک کمپنی وسونا سسٹمز انٹرنیشنل ایل ایل سی (VSI) کی خدمات حاصل کی ہیں۔

II۔ بازارزر کا پورٹ فولیو

شرح سود میں کمی کے باعث فاضل سرمائے سے سرکاری سیکیوریٹیز میں سرمایہ کاری کی گئی، معاہدے کیے گئے اور قلیل مدتی بینک ڈپازٹس میں سرمایہ کاری کی گئی۔ ڈی ایچ کارپ نے اپنے PIBs کی فروخت سے غیر معمولی منافع حاصل کیا۔ اس کے نتیجے میں، سال کے لیے مؤثر فائدہ 11.30 فیصد رہا جس سے ہمارے صکوک بانڈز پر 8bps کا مثبت فائدہ حاصل ہوا جو گزشتہ برس 15bps کا منفی فائدہ تھا۔

Dawood Hercules

Proxy Form

I/We ____
of _______________________ being a member of Dawood Hercules Corporation 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 _________________ ,or failing him/her _________________
of _______________, as my/our proxy to attend, speak, and vote for me/us and on my/our behalf, at the Annual General Meeting (AGM) of the Company to be held on Tuesday, April 27, 2021 at 11:00 a.m. to be held virtually via Video Link Facility and at any adjournment thereof.

Signed this __________________ day of __________ 2021.

WITNESSES -1:

Signature: ______________________________
Name: ______________________________
Address: ______________________________
CNIC No. or ______________________________
Passport No. ______________________________

WITNESSES -2:

Signature: ______________________________
Name: ______________________________
Address: ______________________________
CNIC No. or ______________________________
Passport No. ______________________________

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

Dawood Hercules Corporation Limited
Dawood Centre, M.T. Khan Road, Karachi - 75530
Tel: +92-21-35686001 Fax: +92-21-35644147
www.dawoodhercules.com

Dawood Hercules

نمائندگی کا فارم

میں/ہم ______________ ساکن ______________

بحیثیت ممبر داؤد ہرکولیس کارپوریشن لمیٹڈ کے رکن وحامل ______________ عام حصص بمطابق شیئر رجسٹرڈ فولیو نمبر ______________

اور/یا سی ڈی سی کے شراکتی آئی ڈی نمبر ______________ اور ذیلی کھاتہ نمبر ______________ محترم/محترمہ ______________

ساکن ______________ یابصورتِ دیگر محترم/محترمہ ______________

ساکن ______________ کو اپنی جگہ بروز منگل مورخہ ۲۷ اپریل ۲۰۲۱ بوقت ۱۱:۰۰ بجے صبح ویڈیو لنک کے ذریعے منعقد یا ملتوی ہونے والے سالانہ اجلاسِ عام میں رائے دہندگی کے لئے اپنا نمائندہ مقرر کرتا/ کرتی ہوں۔

دستخط ______________ بروز ______________ ۲۰۲۱

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 اور ان 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
CORRECT
POSTAGE

Dawood Hercules Corporation Limited
Dawood Centre, M.T. Khan Road, Karachi - 75530
Tel: +92-21-35686001 Fax: +92-21-35644147
www.dawoodhercules.com

ELECTRONIC DIVIDEND MANDATE FORM

In accordance with the provisions of Section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Shareholders are requested to send the attached Form dully filled and signed, along with attested copy of their CNIC to the Company's Share Registrar, FAMCO Associates (Private) Limited, 8-F, Near to Hotel Faran, Block-6, P.E.C.H.S, Shahra-e-Faisal, Karachi. CDC shareholders are requested to submit their Dividend Mandate Form and attested copy of CNIC directly to their broker (participant) / CDC.

Electronic Dividend Mandate Form:

	Details of Shareholder
Name of shareholder	
Folio No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
Details of Bank Account	
Title 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

Date:____________________

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 balance sheet, profit and loss account, auditor's report, directors' report, chairman's 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 Hercules Corporation Limited Share Registrar or Company Secretary at the following address:

FAMCO Associates (Private) Limited
8-F, Near Hotel Faran, Nursery, Block-6
P.E.C.H.S., Shahra-e-Faisal, Karachi, Pakistan
Tel: +92 (21) 34380101-5
Karachi-75650
Email: info.shares@famco.com.pk
Website: www.famco.com.pk

Dawood Hercules Corporation Limited
Dawood Centre, M.T. Khan Road
Karachi, Pakistan
Tel: +92 (21) 35686001
Karachi-75530
Email: shareholders@dawoodhercules.com
Website: www.dawoodhercules.com

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 balance sheet and profit & loss accounts, auditor's report and directors' report, chairman's 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.

Shareholders are requested to submit their Electronic Transmission Consent Form along with copy of their CNIC to the Company's Registrar, FAMCO Associates (Pvt) Limited, 8-F, Block 6, P.E.C.H.S, Near to Hotel Faran, Nursery, Shahrah-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 Hercules Corporation Limited Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Folio /CDC A/c 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.

____

Signature of Member/Shareholder

Date:___________________

CORPORATION

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