

QUARTERLY REPORT
SEPTEMBER 30, 2020



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Our Vision

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

Our Mission

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

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

COMPANY INFORMATION

Board of Directors

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

Board Audit Committee

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

Human Resource and Remuneration Committee

- Mr. Hasan Reza Ur Rahim (Chairman)
- Mr. Shahid Hamid Pracha
- Mr. Shabbir Hussain Hashmi

Chief Financial Officer

- Mr. Saad Faridi

Company Secretary

- Mr. Imran Chagani

Head of Internal Audit

- Mr. Amjad Ali

Auditors

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

Bankers

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

Legal Advisor

- Zia Law Associates
17, Second Floor
Shah Chiragh Chambers
The Mall, Lahore

Share Registrar

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

Registered / Head Office

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

Lahore Office

- 3rd floor, Asia House, 19-C/D, L Block
Gulberg III, Main Feroz Pur Road
Lahore
Tel.: 042-35861050-53
Fax.: 042-35861054

Mills

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

DawoodPur

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

DIRECTORS REVIEW REPORT

FOR THE NINE MONTHS ENDED

September 30, 2020

The Directors are pleased to present their report together with the unaudited unconsolidated condensed interim financial statements of the Company and the unaudited consolidated condensed interim financial statements of the Group for the nine months ended September 30, 2020.

BUSINESS REVIEW

Renewable Energy Business

Following the renewal of the SBP Green Financing Scheme last year, Reon opened the year strongly with a robust deal pipeline and looked set to extend its progression in the current year. However with the onset of COVID 19 pandemic and the consequential industrial and commercial lockdown, the outlook for the year changed. The immediate action was to ensure the continuity of the business while preserving cash. Due to compressed demand, most customers resorted to waiting for the normalization of activity to finalize their orders. However, even during these uncertain times, Reon was able to secure deals of 13MW and of 800 more telecom sites. Following the lifting of the lock down and declining cases, the activity picked up considerably. During Q3, the company managed to significantly grow the order book in the industrial and commercial captive domain. We are hopeful that this marks the beginning of a positive trend for our business and will provide an impetus to the commercial and technical viability of solar technology in the country.

Despite plummeting oil prices energy prices have increased in the country both for utility and captive customers. Energy price inflation is specially acute for commercial and industrial customers where power and gas prices have increased by 17% and 15% respectively. At the same time solar prices continue to improve their competitiveness thus creating an accelerating momentum for conversion to solar in the coming days.

On the regulatory front, Government of Pakistan has now approved the new Renewable Energy Policy. Overall objective of the policy is to increase contribution from renewable sources to 20% by 2025 and to 30% of the installed capacity by 2030. While this represents a major shift in priorities for the Federal Government, details of how this target will be achieved are yet to be developed. If properly executed, solar PV should constitute a lion's share of the incremental capacity between now and 2030 due to its inherent flexibilities both in front and behind the meter. Storage could also play an important role towards helping integrate a higher percentage of intermittent renewable sources in the long term. We foresee Solar PV and Storage solutions competing with gas peaker plants in the country by 2022 based on their ever improving cost curves and efficiencies.

In the wake of the COVID 19 pandemic, the company took a number of steps to ensure the safety and health of its employees and workers. From the appearance of the first COVID case in Pakistan, necessary steps were taken both at offices and in the field. Later on, work-from-home for all office based staff was made mandatory, while employees were demobilized from site. As the lock down is lifted by the Government, the Company has been remobilizing keeping safety and health of its employees as an utmost priority.

Wind Energy Project

The Plant is operating satisfactorily and meeting the expected targets for availability and BOP loss. The BOP Loss for the period was 1.0 % against a target of 2.5 %, whilst the Availability was 99.10 % against a target of 98.0 %. Health Safety and the Environment (HSE) remained the priority and 415,699 safe man-hours have been clocked since COD with zero injury rate and TRIR. The plant has been operating safely, without injury, for 1,464 days.

The plant, together with Dawood HydroChina and Zephyr, is now supplying power to K Electric. This arrangement is providing stable operations and both grid outage and curtailment has substantially reduced. The total NPMV for Q3 2020 was 0.26 GWh as compared to 0.40 GWh for Q3 2019. The energy billed during the current quarter (33.82 GWh) is substantially lower than the P90 level (41.8 GWh) for the reason that the

Plant experienced unusually low winds during this quarter and this trend is likely to continue in October. However, wind speed is expected to improve in November and December, and it is estimated that the energy produced during 2020 will be 120.0 GWH. It is expected that the NPMV events will be minimal during 2020.

During the current quarter the average wind speed observed was 6.94 m/sec, which is lower than the P90 wind speed of 7.38 m/sec. The trend of the wind speed has altered appreciably, with lower wind during the summer months and substantially higher winds during the winter months. This trend was observed in January and February, but the March wind speeds were at the P90 value. This downward trend continued in the period April to September 2020.

FINANCIAL HIGHLIGHTS

The unconsolidated financial highlights of the Company are as under:

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	----- (Rupees in '000) -----	
Revenue – net	1,962	5,009
Cost of revenue	(9,546)	(2,392)
Gross (loss) / profit	(7,584)	2,617
Other income	105,603	70,549
Profit before taxation from continued operations	528,641	894,122
Loss from discontinued operations	(11,668)	(23,209)
Taxation	(85,909)	(143,664)
Profit after taxation	431,064	727,249
Unappropriated profit brought forward	2,708,349	2,289,360
Unappropriated profit carried forward	2,901,099	2,366,973
Earnings per share - basic & diluted (Rupees)	7.27	12.29

During the nine months ended September 30, 2020, dividend income from associate - Dawood Hercules Corporation Limited amounted to PKR 545.5 million against PKR 935.5 million for the period ended September 30, 2019.

Consolidated revenues for the period were PKR 4,171.8 million as against PKR 5,166.4 million for comparative period. This was mainly due to decrease in revenue from solar energy projects amounting to PKR 941 million. After considering, the share of profit from associate of PKR 873.5 million (September 30, 2019: share of profit of PKR 635.6 million), the consolidated profit after tax for the nine month period stood at PKR 1,529.7 million as against PKR 1,429.1 million for the similar period last year. Consolidated earnings per share attributable to the owners of the Holding Company was PKR 21.3 as against PKR 20.29 for the comparative period last year.

FUTURE OUTLOOK

Renewable Energy Business

The governments' measures seem to have stabilized the economy and have boosted business confidence. On current trend, the country appear to be undergoing a V shaped recovery post Covid in our target segments. This bodes well for our growing deal pipeline as many customers are looking to hedge against increasing energy prices as well as reviving dormant expansion plans. Other positive development is stabilisation of USD – PKR exchange rate providing much needed price certainty to customers investing in solar power. Nevertheless, there are other looming challenges at a regional and global level which make the macro economic future uncertain. Principal amongst these are the as yet undetermined longer term effects of COVID

which could continue to impact demand growth, trade and investment decisions for the foreseeable future.

SBP policy for Green financing continues to act as a major catalyst for the renewable industry and is the primary funding source for customers interested in EPC and O&M Services. In addition approval of the new Renewable Energy Policy marks a positive development for the industry with the Government clearly laying out its intent to prioritise renewable energy within the energy mix of Pakistan.

Wind Energy Project

The wind power sector is still facing the full impact of the mounting circular debt and recoveries against invoiced supply are being severely curtailed, with the outstanding payment at 5 months level. This is likely to continue as the Government is delaying the introduction of sukuk / bonds to raise the requisite funds even though the circular debt has exceeded PKR 2.0 trillion. The cash flow situation for CPPA has also deteriorated due to the coronavirus epidemic as the collections have reduced appreciably. However, CPPA is making the payments for tax and debt repayment obligations on priority. Challenges loom as fund availability with the power purchaser (CPPA) is likely to be further constrained in view of the relief measures announced by the Government for payment of utility bills.

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

The government has been actively pushing for a reduction in the cost of electricity. The main emphasis is on elimination / reduction of the capacity payment charges for the thermal plants and a reduction in the applicable tariff for all power plants. The Negotiation Committee has initiated the dialogue with the Wind IPPs and are primarily focusing on reduction in ROE indexation and restructuring of loan terms. Government is currently not employing any legal means and still wants to achieve their objectives through dialogue but the stance remains coercive. After discussions, Non-binding MOUs have been signed with the Wind Association and thermal IPPs. The Negotiations Committee has been changed twice and a new Committee has been formed in early October under the leadership of Mr. Hafeez Sheikh, the Advisor on Finance. The various IPPs have taken the position that the MOUs will be translated into contracts after the outstanding payments have been made. The government is not in a position to make these payments in a lumpsum and so the matter is likely to take some time for resolution.

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

MUJTABA HAIDER KHAN
Chief Executive Officer

SHAHID HAMID PRACHA
Chairman

Karachi, October 28, 2020

DAWOOD LAWRENCEPUR LIMITED

**UNCONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2020

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	Note	Unaudited September 30, 2020	Audited December 31, 2019
----- (Rupees in '000) -----			
Non-current assets			
Property, plant and equipment		25,368	27,853
Intangible assets		31	56
Long-term investments	5	3,502,103	3,201,817
Long-term loans to subsidiary		-	300,000
Long-term deposits		2,778	2,778
Total non-current assets		3,530,280	3,532,504
Current assets			
Stores and spares		892	892
Stock		20,675	34,582
Trade debts		40	71
Short-term loans to subsidiaries	6	737,925	437,922
Loans and advances		5,987	2,635
Deposits, prepayments and other receivables	7	547,852	106,665
Taxes recoverable		-	21,609
Interest accrued	8	112,458	70,276
Cash and bank balances	9	12,057	6,362
Total current assets		1,437,886	681,014
TOTAL ASSETS		4,968,166	4,213,518
EQUITY AND LIABILITIES			
Equity			
Share capital	10	592,998	590,578
Capital reserves		206,666	206,666
Unappropriated profit		2,901,099	2,708,349
Total equity		3,700,763	3,505,593
Non-current liabilities			
Staff retirement benefits		1,816	1,477
Current liabilities			
Trade and other payables		53,316	51,166
Contract liabilities		4,325	2,657
Unpaid dividend		236,773	18,561
Unclaimed dividend		65,122	46,806
Provision	11	7,360	7,360
Short-term borrowings	12	839,855	552,345
Taxes payable		40,672	-
Accrued mark-up		18,164	27,553
Total current liabilities		1,265,587	706,448
Contingencies and commitments	13	1,267,403	707,925
TOTAL EQUITY AND LIABILITIES		4,968,166	4,213,518

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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

	Note	Quarter Ended		Nine Months Ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- (Rupees in '000) -----					
CONTINUING OPERATIONS					
Revenue from contracts with customers - net	14	-	1,108	1,962	5,009
Cost of revenue		-	(969)	(9,546)	(2,392)
Gross (loss) / profit		-	139	(7,584)	2,617
Dividend income		389,659	234,106	545,523	935,493
		389,659	234,245	537,939	938,110
Selling and distribution expenses		(112)	(227)	(335)	(912)
Administrative expenses		(12,390)	(9,485)	(37,107)	(32,626)
Other charges		1,456	(1,122)	-	(12,699)
Other income		25,598	31,630	105,603	70,549
Operating profit		404,211	255,041	606,100	962,422
Finance cost		(18,269)	(30,199)	(77,459)	(68,300)
Profit before taxation		385,942	224,842	528,641	894,122
Taxation		(54,894)	(36,376)	(85,909)	(143,664)
Profit after taxation		331,048	188,466	442,732	750,458
DISCONTINUED OPERATIONS					
Loss from discontinued operations		(8,669)	(8,526)	(11,668)	(23,209)
Profit for the period		322,379	179,940	431,064	727,249
Earnings per share - basic and diluted					
Continuing operations	15	5.58	3.19	7.47	12.68
Loss per share - basic and diluted					
Discontinued operations	15	(0.15)	(0.14)	(0.20)	(0.39)

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Quarter Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----			
Profit for the period	322,379	179,940	431,064	727,249
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	322,379	179,940	431,064	727,249

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Share capital	Capital reserves					Revenue reserves		Total	
	Merger reserve	Share premium reserve	Capital redemption reserve	Others	Total	Unappropriated Profit	Unrealized gain / (loss) on measurement of available-for-sale investments		
----- (Rupees in '000) -----									
Balance as at December 31, 2018	590,578	10,521	136,865	25,969	33,311	206,666	2,279,122	10,238	3,086,604
Effect of change in accounting policy due to adoption of IFRS 9 - net of deferred tax	-	-	-	-	-	-	10,238	(10,238)	-
Balance as at January 1, 2019 (Audited)	590,578	10,521	136,865	25,969	33,311	206,666	2,289,360	-	3,086,604
Profit for the nine months ended September 30, 2020	-	-	-	-	-	-	727,249	-	727,249
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months ended September 30, 2019	-	-	-	-	-	-	727,249	-	727,249
Transactions with owners									
Final cash dividend for the year ended December 31, 2018 @ Rs. 4 per share	-	-	-	-	-	-	(236,231)	-	(236,231)
First interim cash dividend for the year ending December 31, 2019 @ Rs. 4 per share	-	-	-	-	-	-	(236,231)	-	(236,231)
Second interim cash dividend for the year ending December 31, 2019 @ Rs. 3 per share	-	-	-	-	-	-	(177,174)	-	(177,174)
Balance as at September 30, 2019 (Unaudited)	590,578	10,521	136,865	25,969	33,311	206,666	2,366,973	-	3,164,217
Profit for the quarter ended December 31, 2020	-	-	-	-	-	-	341,448	-	341,448
Other comprehensive loss for the quarter ended December 31, 2019	-	-	-	-	-	-	(72)	-	(72)
Total comprehensive income for the quarter ended December 31, 2019	-	-	-	-	-	-	341,376	-	341,376
Balance as at January 1, 2020	590,578	10,521	136,865	25,969	33,311	206,666	2,708,349	-	3,505,593
Profit for the nine months ended September 30, 2020	-	-	-	-	-	-	431,064	-	431,064
Other comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	-	-	-	-
Total comprehensive income for the nine months ended September 30, 2020	-	-	-	-	-	-	431,064	-	431,064
Issuance of ordinary shares (note 10.1)	1,305	-	-	-	-	-	-	-	1,305
Issuance of bonus shares (note 10.1)	1,115	-	-	-	-	-	(1,115)	-	-
First interim cash dividend for the year ending December 31, 2020 @ Rs. 4 per share	-	-	-	-	-	-	(237,199)	-	(237,199)
Balance as at September 30, 2020 (Unaudited)	592,998	10,521	136,865	25,969	33,311	206,666	2,901,099	-	3,700,763

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	September 30, 2019	September 30, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	516,973	870,913
Add: Loss before taxation attributable to discontinued operations	11,668	23,209
Profit before taxation from continuing operations	<u>528,641</u>	<u>894,122</u>
Adjustments for non-cash and other items:		
Depreciation	1,741	1,513
Amortization	25	22
Provision for gratuity	515	435
Provision for doubtful debts-net	31	24
Provision for stock in trade	8,086	4,048
Finance costs	77,459	68,300
Gain on disposal of property, plant and equipment	-	(5)
Dividend income	(545,523)	(935,493)
Gain on NIT unit	(286)	2,920
Interest income from related parties	(95,385)	(59,874)
Interest income on deposits	(61)	(118)
	<u>(24,757)</u>	<u>(24,106)</u>
Working capital changes		
Decrease / (increase) in current assets		
Stock	3,190	581
Trade debts	-	4,332
Loans and advances	(1,591)	(537)
Deposits, prepayments and other receivables	(51,602)	(32,383)
Increase in current liabilities		
Trade and other payables	(368)	18,796
Provision	-	9,779
Contract liabilities	1,668	-
	<u>(48,703)</u>	<u>568</u>
Cash used in operations	<u>(73,460)</u>	<u>(23,538)</u>
Gratuity paid	(255)	(370)
Finance cost paid	(86,848)	(51,324)
Taxes paid	(23,628)	(143,446)
Discontinued operations	(6,058)	(30,083)
Net cash used in operating activities	<u>(190,249)</u>	<u>(248,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	-	(65)
Purchase of intangible asset	-	(68)
Sale proceeds from disposal of property, plant and equipment	-	5
Investment in subsidiary	(300,286)	-
Loans to subsidiaries	(300,003)	(542,000)
Repayment of loan by subsidiary	300,000	-
Interest received from related parties	53,203	15,515
Interest received on deposits	61	118
Dividend received	155,938	935,493
Discontinued operations	192	-
Net cash (used in) / generated from investing activities	<u>(90,895)</u>	<u>408,998</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividend	(671)	(631,434)
Net decrease in cash and cash equivalents	<u>(281,815)</u>	<u>(471,197)</u>
Cash and cash equivalents at beginning of the period	<u>(545,983)</u>	<u>(368,481)</u>
Cash and cash equivalents at end of the period	<u>(827,798)</u>	<u>(839,678)</u>
Cash and cash equivalents comprises of:		
Cash and bank balances	12,057	7,100
Short-term borrowings	(839,855)	(846,778)
	<u>(827,798)</u>	<u>(839,678)</u>

The annexed notes from 1 to 19 form an integral part of these unconsolidated condensed interim financial statements.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND OPERATIONS

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

The business units of the Company include the following:

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

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

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

1.4 These unconsolidated condensed interim financial statements represent the standalone financial statements of the Company in which investment in subsidiaries (as detailed in note 5) have been stated at cost less accumulated impairment losses, if any. The consolidated condensed interim financial statements of the Company and its subsidiaries have been presented separately.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 The cumulative figures for the nine months ended September 30, 2020 presented in these unconsolidated condensed interim financial statements have been subjected to limited scope review by the auditors, as required under section 237 of the Companies Act, 2017. These unconsolidated condensed interim financial statements do not include all the information required for annual financial statements and should, therefore, be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT

3.1 The accounting policies and the methods of computation adopted in the preparation of this unconsolidated condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Company for the year ended December 31, 2019.

The financial risk management objectives and policies of the Company are also consistent with those disclosed in the audited unconsolidated financial statements of the Company for the year ended December 31, 2019.

3.2 The preparation of this unconsolidated condensed interim financial information in conformity with the approved accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of accounting policies of the Company. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future periods.

During the preparation of this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty are the same as those that were applied to the financial statements of the Company for the year ended December 31, 2019.

3.3 There were certain amendments to accounting and reporting standards which were mandatory for the Company's annual accounting period which began on January 1, 2020. However, these do not have any significant impact on the Company's financial reporting and, therefore, have not been detailed in this unconsolidated condensed interim financial information.

4. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

4.1 During the nine months ended, the World Health Organization (WHO) declared COVID-19 (the Virus) a pandemic. While this has impacted the global economy, the Company's operations, financial position and results have not been materially impacted except for the following:

- decline in the revenue and liquidity issues faced by Reon Energy Limited (Subsidiary Company) that has resulted equity injection amounting to Rs. 300,000.
- extension in the repayment date of subordinated loan to Tenaga Generasi Limited (Subsidiary Company) as explained in note 6 to these unconsolidated condensed interim financial statements.
- increase in short-term borrowings as a result of aforementioned equity injection and extension in repayment terms of short-term loan to Subsidiary.

5. LONG-TERM INVESTMENTS

Investment in related parties - at cost (note 5.1)

Other investments

- Financial assets at fair value through profit or loss (note 5.2)

- Financial assets at fair value through other comprehensive income (note 5.2)

	Unaudited September 30 2020	Audited December 31, 2019
	----- (Rupees in '000) -----	
	3,489,102	3,189,102
	12,986	12,700
	15	15
	13,001	12,715
	3,502,103	3,201,817

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	(Unaudited) September 30, 2020	(Audited) December 31, 2019
	----- (Rupees in '000) -----	
5.1 Investment in related parties - at cost		
Subsidiaries - unquoted		
Tenaga Generasi Limited Percentage holding: 75% (December 31, 2019: 75%) 227,027,613 (December 31, 2019: 227,027,613) fully paid ordinary shares of Rs 10 each	2,294,804	2,294,804
Reon Energy Limited Percentage holding: 100% (December 31, 2019: 100%) 1,026,000,000 (December 31, 2019: 72,600,000) fully paid ordinary shares of Rs 10 each	1,026,000	726,000
Reon Alpha (Private) Limited Percentage holding: 100% (December 31, 2019: 100%) 10,300,100 (December 31, 2019: 10,300,100) fully paid ordinary shares of Rs 10 each	103,001	103,001
Mozart (Private) Limited Percentage holding: 100% (December 31, 2019: 100%) 100 (December 31, 2019: 100) fully paid ordinary shares of Rs 10 each	1	1
Greengo (Private) Limited Percentage holding: 100% (December 31, 2019: 100%) 100 (December 31, 2019: 100) fully paid ordinary shares of Rs 10 each	1	1
Abrax (Private) Limited Percentage holding: 100% (December 31, 2019: 100%) (December 31, 2019: 100) fully paid ordinary shares of Rs 10 each	1	1
	3,423,808	3,123,808
Associate - quoted		
Dawood Hercules Corporation Limited Percentage holding: 16.19% (December 31, 2019: 16.19%) 77,931,896 (December 31, 2019: 77,931,896) fully paid ordinary shares of Rs 10 each Market value: Rs 9,655,762 (December 31, 2019: Rs 12,017,878)	65,294	65,294
	3,489,102	3,189,102

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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

Bank	Shares pledged	Unaudited As at September 30, 2020			Audited As at December 31, 2019		
		Number of shares pledged	Face value of shares pledged	Market value of pledged shares	Number of shares pledged	Face value of shares pledged	Market value of pledged shares
		----- (Rupees in '000) -----			----- (Rupees in '000) -----		
Pledged against short-term financing and other facilities availed by the Company and its subsidiaries							
Standard Chartered Bank (Pakistan) Limited	Dawood Hercules Corporation Limited	26,899,737	268,997	3,332,877	26,899,737	268,997	4,148,208
Bank AL Habib Limited		10,200,000	102,000	1,263,780	10,200,000	102,000	1,572,942
Pledged under Musharka Agreement entered into between RAPL and FBL							
Faysal Bank Limited	Reon Alpha (Private) Limited	5,300,000	53,000	-*	5,300,000	53,000	-*
Pledged under Sponsor Share Agreement							
Citibank N.A.	Tenaga Generasi Limited	34,599,995	346,000	-*	34,599,995	346,000	-*

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

5.1.2 During the period, the Company has made an investment in Reon Energy Limited, a wholly owned subsidiary company, for the purchase of shares.

5.2 Other investments

September 30, 2020	December 31, 2019	Name of Investee	Unaudited September 30, 2020	Audited December 31, 2019
Units / Number of Shares			----- (Rupees in '000) -----	
200,000	200,000	Listed securities National Investment (Unit) Trust	12,986	12,700
1,500	1,500	Un-listed securities Asian Co-operative Society Limited	15	15
			13,001	12,715

6. SHORT-TERM LOANS TO SUBSIDIARIES

Following short-term loans have been provided to subsidiaries:

- Tenaga Generasi Limited (6.1 & 6.2)	437,000	137,000
- Reon Energy Limited (note 6.3)	300,000	300,000
- Abrax (Private) Limited	319	319
- Mozart (Private) Limited	286	283
- Greengo (Private) Limited	320	320
	737,925	437,922

6.1 In April 2017, the Company had entered into a subordinated loan agreement with TGL for arranging finance upto a limit of Rs. 300,000.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

The original term of the loan was one year. However, in 2018 the facility was extended for a period of three years upto April 2021 with all other terms unchanged. Mark-up is calculated at the rate of three months KIBOR plus 1.775% per annum. The facility has been fully utilised by TGL as at September 30, 2020.

6.2 In 2019, the Company entered into a subordinated loan agreement with Tenaga Generasi Limited (TGL, a subsidiary company) for arranging finance upto a limit of Rs. 1,000,000. The term of the loan was initially for one year, however, during the current period the term of the loan has been extended for another one year upto July 2021. Mark-up is calculated at the rate of three months KIBOR plus 2.5% per annum. As at September 30, 2020, the facility has been utilised to the extent of Rs. 137,000 by the subsidiary company.

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

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

	Unaudited September 30, 2020	Audited December 31, 2019
	----- (Rupees in '000) -----	
7. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
These include amounts receivable from the following related parties:		
- Tenaga Generasi Limited	101,855	57,324
- Dawood Hercules Corporation Limited	389,585	-
- Reon Alpha (Private) Limited	998	202
- Sach International (Private) Limited	30,632	26,660
	523,070	84,186
8. INTEREST ACCRUED		
This represents mark-up receivable from related parties as follows:		
- Tenaga Generasi Limited	110,036	66,245
- Reon Energy Limited	2,276	4,018
- Reon Alpha (Private) Limited	22	2
- Abrax (Private) Limited	34	3
- Mozart (Private) Limited	30	4
- Greengo (Private) Limited	34	4
	112,432	70,276
9. CASH AND BANK BALANCES		
Cash in hand	509	167
Balances with banks in:		
- current accounts	9,510	4,105
- deposit accounts (note 9.1)	2,037	2,090
	11,548	6,195
	12,057	6,362

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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

10. SHARE CAPITAL

Authorized capital

September 30, 2020	December 31, 2019		Unaudited September 30, 2020	Audited December 31, 2019
----- Number of Shares -----			----- (Rupees in '000) -----	
75,000,000	75,000,000	Ordinary shares of Rs. 10 each full paid in cash	750,000	750,000

Issued, subscribed and paid-up capital

September 30, 2020	December 31, 2019		September 30, 2020	December 31, 2019
----- Number of Shares -----			----- (Rupees in '000) -----	
2,204,002	2,204,002	Ordinary shares of Rs. 10 each full paid in cash	22,040	22,040
12,805,118	12,805,118	Issued for consideration other than cash	128,051	128,051
44,048,739	44,048,739	Fully paid as bonus	440,487	440,487
130,520	-	Issued as right shares as per the Court Order (note 10.1)	1,305	-
111,430	-	Issued as bonus shares as per the Court Order (note 10.1)	1,115	-
59,299,809	59,057,859		592,998	590,578

10.1 In compliance with the orders passed by the Honourable Sindh High Court, the Company has issued 241,950 shares (denoting 130,520 shares as right issue and 114,430 as bonus issue) to National Investment Trust Limited on May 12, 2020. However, the amount of Rs. 1,305.20 against subscription of 130,520 right shares by NIT in the year 1975 deposited with the Nazir of the Sindh High Court, is to be recovered therefrom.

11. PROVISION

In 2019, the Company had estimated a total provision of Rs. 15,595 in respect of mark-up and dividend payments due to NIT out of which Rs. 8,235 was deposited to the Nazir of the Sindh High Court pursuant to a court order for onward payment to NIT. The Company anticipates that the remaining provision of Rs. 7,360 maintained in these unconsolidated condensed interim financial statements is sufficient to meet the remaining obligation of the Company in respect of this matter.

12. SHORT-TERM BORROWINGS

Running finance facilities under mark-up arrangements (note 12.1)

Unaudited September 30, 2020	Audited December 31, 2019
----- (Rupees in '000) -----	
839,855	552,345

12.1 This includes short-term running finance facilities aggregating to Rs.1,500,000 (December 31, 2019: Rs 1,500,000) obtained under mark-up arrangement from various banks. Out of the aforementioned facilities, the Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 300,000. These facilities are secured by way of a first pari passu mortgage charge on immovable property (including land and building), current assets, and pledge over the Company's investments in related party, as explained in note 5.1.1. Rate of mark-up applicable on these facilities ranges from three months KIBOR plus 90 basis points to three months KIBOR plus 100 basis points (December 31, 2019: three

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

months KIBOR plus 75 basis points to three months KIBOR plus 100 basis points) per annum.

13. CONTINGENCIES AND COMMITMENTS

There have been no material change in status of contingencies and commitments as reported in the audited financial statement for the year ended December 31, 2019 except for the following:

13.1 Contingencies

13.1.1 Assessment of annual tax return (Tax year 2017)

In prior year, the Company had filed a constitutional petition before the Sindh High Court (SHC) against the levy of super tax for tax year 2017 amounting to Rs. 42,329 based on the contention that Super Tax, passed by a money bill through the Finance Act, 2015 and subsequently extended through the Finance Acts 2016 and 2017, was required to be approved by the Senate. The SHC had initially granted an interim order in favour of the Company. However, via its order dated July 21, 2020, the SHC has disposed of other cases involving the same matter in favour of the department. The Company had already recorded a provision amounting to Rs 37,342 in respect of the aforementioned order in previous years while the remaining amount has been recorded during the current period. During the period, in line with the group strategy, along with other group companies, company has filed an appeal before Supreme Court of Pakistan in this matter, the hearing of which is pending.

13.1.2 Sales tax audit (Tax year 2017)

On April 23, 2020, the Company received an order for tax year 2016 from the Assistant Commissioner Inland Revenue (ACIR) raising a demand of Rs. 87,492 which included default surcharge and penalty amounting to Rs. 29,645 and Rs. 2,755 respectively. The order was raised primarily on account of taxability of supplies made by the Company as exempt and inadmissible input sales tax. The Company filed an appeal on June 03, 2020 against the aforementioned order before the Commissioner Inland Revenue (Appeals) [CIR(A)] who, vide an order dated July 22, 2020, upheld the demand of the ACIR to the extent of Rs 112 on account of inadmissible input tax deduction and remanded back the remaining matters contained in the order to the ACIR for fresh consideration. During September 2020, department has filed an appeal before ATIR against the order passed by CIR(A). The hearing is pending

13.1.3 During the period, the Company has provided Corporate Guarantee amounting to Rs. 225,000 to Habib Metropolitan Bank Limited to secure an unfunded facility for Reon Energy Limited, a subsidiary company.

Unaudited
Nine Months Ended
September 30, **September 30,**
2020 **2019**

----- (Rupees in '000) -----

14. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

Renewable energy

Project revenue
Others

1,962	4,929
-	80
1,962	5,009

Textile

Fabric

2,677	4,212
4,639	9,221

Related to discontinued operations

(2,677)	(4,212)
1,962	5,009

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

15. EARNINGS / (LOSS) PER SHARE - Basic and diluted

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

	Quarter ended Unaudited		Nine months ended Unaudited	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----			
Continuing operations				
Profit for the period	331,048	188,466	442,732	750,458
Weighted average number of ordinary shares (in thousand)	59,300	59,169	59,297	59,169
Earnings per share	5.58	3.19	7.47	12.68
Discontinued operations				
Loss for the period	(8,669)	(8,526)	(11,668)	(23,209)
Weighted average number of ordinary shares (in thousand)	59,300	59,169	59,297	59,169
Loss per share	(0.15)	(0.14)	(0.20)	(0.39)

16. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

As per the requirements of IFRS 13 "Fair Value Measurement", the Company is required to classify fair value instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (level 1);
- 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 (unobservable inputs) (level 3).

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

The table below analyses financial instruments carried at fair value by valuation method.

As at September 30, 2020 (Unaudited)

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Non-current assets				
<i>Financial assets at fair value through profit or loss</i>				
- Long-term investments (investments in units of mutual funds)	-	12,986	-	12,986
<i>Financial assets at fair value through other comprehensive income</i>				
- Long-term investments (investments in unquoted equity shares)	-	-	15	15
	<u>-</u>	<u>12,986</u>	<u>15</u>	<u>13,001</u>

As at December 31, 2019 (Audited)

	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			
Non-current assets				
<i>Financial assets at fair value through profit or loss</i>				
- Long-term investments (investments in units of mutual funds)	-	12,700	-	12,700
<i>Financial assets at fair value through other comprehensive income</i>				
- Long-term investments (investments in unquoted equity shares)	-	-	15	15
	<u>-</u>	<u>12,700</u>	<u>15</u>	<u>12,715</u>

The Company has a number of financial instruments which are not measured at fair value in the unconsolidated statement of financial position. These include cash and bank balances, loans to employees and subsidiaries, trade debts, mark-up receivable and payable, short-term borrowings, trade and other payables. For the majority of these instruments, the fair values are considered not to be materially different from their respective carrying amounts since the instruments are either short-term in nature or are periodically repriced.

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

17. SEGMENT REPORTING

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

- Renewable energy solutions; and
- Textile - discontinued operations.

The table below shows the segment information for the reportable segments for the nine months ended September 30, 2020 and 2019 and also the basis on which revenue is recognised:

	-----Unaudited-----							
	Renewable energy		Textile - discontinued operations		Unallocated		Total	
	September 30, 2020	2019	September 30, 2020	2019	September 30, 2020	2019	September 30, 2020	2019
----- (Rupees in '000) -----								
Timing of revenue recognition								
At a point in time	-	4,929	2,677	4,212	-	-	2,677	9,141
Over time	1,962	80	-	-	-	-	1,962	80
Revenue from external customers	1,962	5,009	2,677	4,212	-	-	4,639	9,221
Cost of goods sold	(9,546)	(2,392)	(5,137)	(4,380)	-	-	(14,683)	(6,772)
Segment gross (loss) / profit	(7,584)	2,617	(2,460)	(168)	-	-	(10,044)	2,449
Dividend income	-	-	-	-	545,523	935,493	545,523	935,493
Selling and distribution expenses	(335)	(912)	(17)	(32)	-	-	(352)	(944)
Administrative expenses	(695)	(1,572)	(34,977)	(36,204)	(36,412)	(31,053)	(72,084)	(68,829)
Other charges	-	-	-	-	-	(12,699)	-	(12,699)
Other income	-	-	25,786	13,195	105,603	70,549	131,389	83,745
Finance costs	-	-	-	-	(77,459)	(68,301)	(77,459)	(68,301)
Taxation	-	-	-	-	(85,909)	(143,664)	(85,909)	(143,664)
Segment (loss) / profit	(8,614)	133	(11,668)	(23,209)	451,346	750,325	431,064	727,249
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019	September 30, 2020	December 31, 2019
	-----Rupees-----							
Segment assets	30,881	35,433	36,186	41,381	4,901,099	4,136,704	4,968,166	4,213,518
Segment liabilities	13,605	14,592	5,762	3,244	1,248,036	690,089	1,267,403	707,925

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

18. TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties, other than those which have been disclosed elsewhere in these unconsolidated condensed interim financial statements, are as follows:

		----- (Unaudited) ----- Nine Months Ended September 30, September 30, 2020 2019 ----- (Rupees in '000) -----	
Relationship	Nature of transaction		
a. Subsidiary companies			
Tenaga Generasi Limited (TGL)	Reimbursable expenses incurred by the Company on behalf of TGL	13,864	1,029
	Reimbursable expenses incurred to the Company on behalf of TGL	924	-
	Interest on reimbursable expenses	7,698	5,703
	Loan disbursed	-	242,000
	Interest on subordinated loans to TGL	41,850	28,055
	Stand-by letter of credit cost reimbursement	34,714	27,531
Reon Energy Limited (REL)	Advance given against issue of right shares	300,000	-
	Long-term loan disbursed	-	300,000
	Interest on long-term loan to REL	28,430	24,885
	Short-term loan disbursed to REL	300,000	97,000
	Repayment of short-term loan by REL	300,000	97,000
	Interest on short-term loan to REL	12,290	1,096
	Reimbursable expenses incurred by the Company on behalf of REL	22,990	2,544
	Reimbursable expenses incurred to the Company on behalf of REL	12,723	6,982
	Interest on reimbursable expenses	110	70
Rental income	-	270	
Mozart (Private) Limited	Subordinated loan disbursed	2	65
	Interest on subordinated loan	27	22
Greengo (Private) Limited	Subordinated loan disbursed	-	81
	Interest on subordinated loan	30	25
Abrax (Private) Limited	Subordinated loan disbursed	-	81
	Interest on subordinated loan	30	25
Reon Alpha (Private) Limited (RAPL)	Reimbursable expenses incurred by the Company on behalf of RAPL	1,621	567
	Interest on reimbursable expenses	45	10
	Interest on loan	-	3
b. Associated companies			
Dawood Hercules Corporation Limited	Dividend income	545,523	935,183
	Reimbursable expenses incurred on behalf of the Company	1,559	1,269

NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

		Nine Months Ended	
		September 30, 2020	September 30, 2019
		----- (Rupees in '000) -----	
Sach International (Private) Limited (SIL)	Royalty charged by the Company	6,535	8,822
	Reimbursable expenses incurred by the Company on behalf of SIL	273	269
	Rental income	495	450
	Penalty charged against overdue receivables	1,819	995
Engro Fertilizers Limited (EFL)*	Rental income	-	1,729
	Reimbursable expenses incurred by the Company on behalf of EFL	-	372
c. Key management personnel	Salaries and benefits	13,243	11,330
	Other retirement benefits	311	315
d. Directors	Directors' meeting fee	1,500	1,650

*The entity has ceased to be a related party during the period due to change in common directorship on reconstitution of the board of directors.

19. DATE OF AUTHORIZATION FOR ISSUE

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

Chief Executive Officer

Director

Chief Financial Officer

DAWOOD LAWRENCEPUR LIMITED

**CONSOLIDATED CONDENSED INTERIM
FINANCIAL STATEMENTS (UNAUDITED)**

FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2020

CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2020

	Note	Unaudited September 30, 2020	Audited December 31, 2019
----- (Rupees in '000) -----			
ASSETS			
Non-current assets			
Property, plant and equipment		12,835,787	12,868,110
Intangible assets		42,409	24,585
Long term investments	6	10,728,657	10,377,169
Long term loans to employees		-	689
Right-of-use assets		129,060	140,160
Long term deposits		2,778	2,778
		23,738,691	23,413,491
Current assets			
Stores and spares		892	892
Stock in trade		226,931	191,393
Trade debts		3,082,699	2,794,097
Loans and advances		73,997	32,279
Deposits, prepayments and other receivables		1,288,924	614,768
Accrued interest		5,016	15,074
Contract asset		245,406	159,240
Taxes recoverable		99,668	94,433
Short-term investments		44,728	419,964
Cash and bank balances		234,421	422,336
		5,302,682	4,744,476
TOTAL ASSETS		29,041,373	28,157,967
EQUITY AND LIABILITIES			
Equity			
Share capital	7	592,998	590,578
Capital reserves		206,666	206,666
Unappropriated profits		13,139,625	12,094,910
Non controlling interest		1,477,252	1,210,800
		15,416,541	14,102,954
Non-current liabilities			
Long-term borrowings		8,031,825	8,700,594
Deferred taxation		1,512,004	1,461,558
Long-term portion of lease liabilities		113,578	126,193
Staff retirement benefits		44,041	42,494
		9,701,448	10,330,839
Current liabilities			
Trade and other payables		787,481	1,223,816
Unpaid dividend		236,773	18,561
Unclaimed dividend		65,122	46,806
Provision	8	7,360	7,360
Current portion of long term borrowing		1,324,475	1,130,837
Short term borrowings	9	1,074,568	811,656
Contract liability		240,540	230,977
Current portion of lease liabilities		39,076	26,482
Accrued markup		147,989	227,679
		3,923,384	3,724,174
Contingencies and Commitments	10		
TOTAL EQUITY AND LIABILITIES		29,041,373	28,157,967

The annexed notes from 1 to 16 form an integral part of this consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

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

	Note	Quarter Ended		Nine month ended	
		September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
----- (Rupees in '000) -----					
CONTINUING OPERATIONS					
Revenue - net	11	1,407,760	2,192,272	4,171,764	5,166,423
Cost of revenue		(762,811)	(1,252,505)	(2,372,187)	(3,122,509)
Gross profit		644,949	939,767	1,799,577	2,043,914
Selling and distribution expenses		(68,022)	(56,566)	(196,633)	(167,801)
Other operating expenses		(13,349)	(2,224)	(18,321)	(46,684)
Administrative expenses		(85,371)	(77,966)	(237,180)	(211,134)
Other income		28,251	11,107	62,089	28,707
Operating profit		506,458	814,118	1,409,532	1,647,002
Finance costs		(164,719)	(236,315)	(582,817)	(733,041)
Share of profit from investment in an associate		341,739	577,803	826,715	913,961
Profit before taxation		582,558	276,909	873,465	635,595
Taxation		(91,788)	(58,692)	(158,802)	(97,293)
Profit after taxation		832,509	796,020	1,541,378	1,452,263
DISCONTINUED OPERATIONS					
Loss from discontinued operations		(5,992)	(8,526)	(11,668)	(23,209)
Profit for the period		826,517	787,494	1,529,710	1,429,054
Earnings per share - Basic and diluted					
Continuing operations	12	12.22	11.04	21.50	20.68
Loss per share - Basic and diluted					
Discontinued operations	12	(0.10)	(0.14)	(0.20)	(0.39)
Profit attributable to:					
Owners of the Holding Company		718,745	644,414	1,263,258	1,200,407
Non controlling interest		107,772	143,080	266,452	228,647
		826,517	787,494	1,529,710	1,429,054

The annexed notes from 1 to 16 form an integral part of this consolidated condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Quarter ended		Nine month ended	
	September 30, 2020	September 30, 2019	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----			
Profit for the period	826,517	787,494	1,529,710	1,429,054
Other comprehensive income				
Items that may be reclassified subsequently through profit or loss account				
Share of other comprehensive (loss) / income of associate - net of tax	(17,223)	(6,375)	19,771	20,009
Total comprehensive income for the period	809,294	781,119	1,549,481	1,449,063
Total comprehensive income / (loss) attributable to:				
- Continuing operations	815,286	789,645	1,561,149	1,472,272
- Discontinued operations	(5,992)	(8,526)	(11,668)	(23,209)
	809,294	781,119	1,549,481	1,449,063
Total comprehensive income attributable to:				
- Owners of the Holding Company	701,522	638,039	1,283,029	1,220,416
- Non-controlling interest	107,772	143,080	266,452	228,647
	809,294	781,119	1,549,481	1,449,063

The annexed notes from 1 to 16 form an integral part of this consolidated condensed interim financial statements.

Chief Executive Officer

Director

Chief Financial Officer

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Share capital	Capital reserves				Revenue Reserves		Non controlling interest	Total	
	Merger reserve	Share premium reserve	Capital reserve	Capital redemption reserve fund	Total	Unappropriated profit / (loss)			
----- (Rupees in '000) -----									
Balance at January 01, 2019 (Audited)	590,578	10,521	136,865	33,311	25,969	206,666	11,218,244	940,763	12,956,251
Profit for the period	-	-	-	-	-	-	1,200,407	228,647	1,429,054
Other comprehensive income for the period	-	-	-	-	-	-	20,009	-	20,009
Total comprehensive income for the nine month ended September 30, 2019	-	-	-	-	-	-	1,220,416	228,647	1,449,063
Effect of transaction of associate	-	-	-	-	-	-	(57,184)	-	(57,184)
Transactions with owners									
Final cash dividend for the year ended December 31, 2018 @ Rs. 4 per share	-	-	-	-	-	-	(236,231)	-	(236,231)
Interim cash dividend for the year ended December 31, 2019 @ Rs. 4 per share	-	-	-	-	-	-	(236,231)	-	(236,231)
Interim cash dividend for the year ended December 31, 2019 @ Rs. 3 per share	-	-	-	-	-	-	(177,174)	-	(177,174)
Balance at September 30, 2019 (Unaudited)	590,578	10,521	136,865	33,311	25,969	206,666	11,731,840	1,169,410	13,698,494
Profit for the period	-	-	-	-	-	-	371,415	41,390	412,805
Other comprehensive loss for the period	-	-	-	-	-	-	(10,106)	-	(10,106)
Total comprehensive income for the three month ended December 31, 2019	-	-	-	-	-	-	361,309	41,390	402,699
Effect of other transaction of associate	-	-	-	-	-	-	1,761	-	1,761
Balance at December 31, 2019 (Audited)	590,578	10,521	136,865	33,311	25,969	206,666	12,094,910	1,210,800	14,102,954
Profit for the period	-	-	-	-	-	-	1,263,258	266,452	1,529,710
Other comprehensive income for the period	-	-	-	-	-	-	19,771	-	19,771
Total comprehensive income for the nine month ended September 30, 2020	-	-	-	-	-	-	1,283,029	266,452	1,549,481
Issuance of ordinary shares	1,305	-	-	-	-	-	-	-	1,305
Issuance of bonus shares	1,115	-	-	-	-	-	(1,115)	-	-
First interim cash dividend for the year ending December 31, 2020 @ Rs. 4 per share	-	-	-	-	-	-	(237,199)	-	(237,199)
Balance at September 30, 2020 (Unaudited)	592,998	10,521	136,865	33,311	25,969	206,666	13,139,625	1,477,252	15,416,541

The annexed notes from 1 to 16 form an integral part of this consolidated condensed interim financial statements.

CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Nine Month Ended	
	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,688,512	1,526,347
Loss before taxation attributable to discontinued operations	11,668	23,209
Profit before taxation from continued operations	1,700,180	1,549,556
Adjustments for non-cash and other items		
Depreciation	632,736	519,917
Amortization	3,674	297
Provision for gratuity	11,947	10,103
Provision for NIT	-	9,779
Provision / (reversal) for impairment for stock in trade	9,707	4,768
Provision for warranties	14,370	23,234
Profit on deposit	(14,322)	(14,294)
Interest income on short-term investments	(11,808)	-
Provision for doubtful debts-net	2,467	742
Gain / (loss) on NIT	(286)	2,920
Expected credit loss	-	-
Finance costs	582,817	733,041
Loss on disposal of property, plant and equipment	-	(17)
Dividend income	-	(310)
Share of profit from associate	(873,465)	(635,595)
	2,058,017	2,204,141
Working capital changes		
Decrease / (increase) in current assets		
Stores and spares	-	-
Stock in trade	(45,245)	(169,466)
Trade debts	(291,069)	(1,841,928)
Contract assets	(86,166)	(95,565)
Loans and advances	(41,718)	(39,714)
Deposits, prepayments and other receivables	(343,020)	(236,234)
(Decrease) / increase in current liabilities		
Contract liability	9,563	872,014
Trade and other payables	(436,335)	525,995
	(1,233,991)	(984,898)
Cash generated from operations	824,026	1,219,243
Gratuity paid	(10,399)	(930)
Long term loan	689	19
Finance costs paid	(662,507)	(692,368)
Taxes paid	(117,080)	(185,931)
Discontinued operations	(6,058)	(30,083)
Net cash generated from operating activities	28,671	309,950
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(10,713)	(5,612)
Sale proceeds from disposal of property, plant and equipment	-	17
Additions to capital work-in-progress	(16,215)	(191,037)
Purchase of intangible assets	(21,498)	(950)
Short-term investments redeemed	375,236	-
Interest received	72,147	17,085
Dividend received	214,387	935,493
Discontinued operations	192	-
Net cash generated from investing activities	613,536	754,996
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of dividend	(671)	(631,434)
Payment of lease liabilities	(27,074)	(21,979)
Repayment of loan	(1,156,033)	(991,952)
Proceeds from borrowings	135,472	199,212
	(1,048,306)	(1,446,153)
Net decrease in cash and cash equivalents	(406,100)	(381,207)
Cash and cash equivalents at beginning of the period	(389,320)	68,134
Cash and cash equivalents at end of the period	(795,420)	(313,073)
Cash and cash equivalents:		
Cash and bank balances	234,421	164,488
Short term investments	44,728	391,695
Short term borrowings	(1,074,568)	(869,256)
	(795,420)	(313,073)

The annexed notes from 1 to 16 form an integral part of this consolidated condensed interim financial statements.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND OPERATIONS

1.1 Dawood Lawrencepur Limited (the Holding Company) was incorporated in Pakistan in the year 2004 as a public listed company. It was formed as a result of a Scheme of Arrangement for Amalgamation in terms of the provisions of the repealed Companies Ordinance, 1984 (now Companies Act, 2017) between Dawood Cotton Mills Limited (DCM), Dilon Limited (DL), Burewala Textile Mills Limited (BTM) and Lawrencepur Woolen and Textile Mills Limited (LWTM). The shares of the Holding Company are listed on Pakistan Stock Exchange. The Holding Company manages its investment in its subsidiary and associated companies and is engaged in the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers, along with the legacy textile business.

The business units of the Holding Company include the following:

Business units	Geographical location
Head Office / Registered Office of the Holding Company and its subsidiaries	3 rd Floor Dawood Centre, M.T Khan Road Karachi.
Factories of the Holding Company	
BTM Factory	Dawoodabad, Railway Station Road and Luddan Road Chak 439, E.B, Tehsil Burewala District Vehari.
LWTM Factory	G.T Road Faqirabad, District Attock.
Regional offices of the subsidiary company	
Solar Project Sales Office I	3 rd Floor, Asia House L-block, Gulberg III, main Ferozpur road, Lahore.
Solar Project Sales Office II	Emirates Tower, suite # 324, 3 rd Floor Capital Territory, F7 Markaz, Islamabad.
Solar and Wind Power Plant of the subsidiary companies	
Solar Power Plant	Block II, District Tharparkar, Sindh.
Wind Farm	Khutinkun Area, Gharo, District Thatta Sindh.

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

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

1.4 The "Group" consists of:

The Holding Company: Dawood Lawrencepur Limited (incorporated in Pakistan)

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

Subsidiary Companies: Companies in which the Holding Company owns over 50% of voting rights:

	Period Ended	Percentage of Direct Holding	
		2020	2019
- Reon Energy Limited (note 1.4.1)	Sep 30	100%	100%
- Tenaga Generasi Limited (note 1.4.2)	Sep 30	75%	75%
- Mozart (Private) Limited (note 1.4.3)	Sep 30	100%	100%
- Abrax (Private) Limited (note 1.4.4)	Sep 30	100%	100%
- Greengo (Private) Limited (note 1.4.5)	Sep 30	100%	100%
- Reon Alpha (Private) Limited (note 1.4.6)	Sep 30	100%	100%

1.4.1 Reon Energy Limited

Reon Energy Limited (REL) was incorporated in Pakistan on September 15, 2014 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public unlisted company to carry out the business of trading and marketing of renewable energy solutions, mainly solar, to commercial and industrial consumers. The registered office of REL is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh. REL is a wholly owned subsidiary of the Holding Company.

1.4.2 Tenaga Generasi Limited

Tenaga Generasi Limited (TGL) was incorporated in Pakistan on December 01, 2005 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a public unlisted company to primarily carry out the business of power generation as an independent power producer using wind energy. The registered office of the Subsidiary Company is situated at 3rd Floor, Dawood Centre, M.T. Khan Road, Karachi, in the Province of Sindh.

The Company has set up a 49.5 MW wind power plant at Gharo Sindh. The project achieved 'Financial Close' in March 2015 and has received the Government of Pakistan Guarantee. The Plant commenced commercial operations on October 11, 2016. The electricity generated is transmitted to the National Transmission and Despatch Company (NTDC) under the Energy Purchase Agreement (EPA) dated December 29, 2015. The EPA is for 20 years.

1.4.3 Mozart (Private) Limited

Mozart (Private) Limited (MPL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage investments in associated company. The registered office of MPL is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh. MPL is a wholly owned subsidiary of the Holding Company.

1.4.4 Abrax (Private) Limited

Abrax (Private) Limited (APL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage Holding Company's legacy assets located in Burewala Mill. The registered office of APL is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh. APL is a wholly owned subsidiary of the Holding Company.

1.4.5 Greengo (Private) Limited

Greengo (Private) Limited (GPL) was incorporated in Pakistan on October 4, 2016 under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) as a private limited company to manage Holding Company's legacy assets located in Attock Mill. The registered office of GPL is situated at 3rd Floor, Dawood Centre, M.T.Khan Road, Karachi in the province of Sindh. GPL is a wholly owned subsidiary of the Holding Company.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

1.4.6 Reon Alpha (Private) Limited

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

1.5 Associated company

The Holding Company also holds investments in Dawood Hercules Corporation Limited (DHCL, an associate) the details of which have been provided in note 6.1.

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

2. BASIS OF PREPARATION

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

- International Accounting Standard 34, 'Interim Financial Reporting' (IAS 34), issued by International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND RISK MANAGEMENT

- 3.1 The accounting policies and the methods of computation adopted in the preparation of this consolidated condensed interim financial information are consistent with those applied in the preparation of the annual financial statements of the Holding Company for the year ended December 31, 2019.
- 3.2 The financial risk management objectives and policies of the Holding Company are also consistent with those disclosed in the audited consolidated financial statements of the Holding Company for the year ended December 31, 2019.
- 3.3 The preparation of this consolidated condensed interim financial information in conformity with the approved accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in the application of accounting policies of the Holding Company. The estimates, judgments and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future years if the revision affects both current and future periods.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

4. BASIS OF CONSOLIDATION

The condensed interim financial statements of the subsidiary companies has been consolidated on a line by line basis. The carrying value of investments held by the Holding Company is eliminated against the subsidiaries' share capital and pre-acquisition reserves.

Non-controlling interest has been presented as a separate item in this consolidated condensed interim financial statements. All material intercompany balances and transactions have been eliminated.

The consolidated condensed interim financial statements is presented in Pakistan Rupees, which is the Holding Company's functional currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date 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 the statement of comprehensive income, except where such gains and losses are directly attributable to the acquisition, construction or production of a qualifying asset, in which case, such gain and losses are capitalized as part of the cost of that asset.

5. SUMMARY OF SIGNIFICANT EVENTS AND TRANSACTIONS

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

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

	Unaudited September 30, 2020	Audited December 31, 2019
	----- (Rupees in '000) -----	
6. LONG TERM INVESTMENTS		
Share of investment in an associate (note 6.1)	10,715,656	10,364,454
Other investments	13,001	12,715
	10,728,657	<u>10,377,169</u>
6.1 Share of investment in an associate		
Associated company - quoted Dawood Hercules Corporation Limited		
Opening balance	10,364,454	10,828,538
Add: Share of profit after taxation	873,465	915,237
Share of other comprehensive income	23,260	10,725
Other equity transactions	-	(65,204)
	896,725	860,758
Less: Dividend received	(545,523)	(1,324,842)
	10,715,656	<u>10,364,454</u>

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

7. SHARE CAPITAL

7.1 Authorized capital

Unaudited September 30, 2020	Audited December 31, 2019		Unaudited September 30, 2020	Audited December 31, 2019
-----Number of shares-----			----- (Rupees in '000) -----	
75,000,000	75,000,000	Ordinary shares of Rs. 10 each	750,000	750,000

7.2 Issued, subscribed and paid-up capital

Unaudited September 30, 2020	Audited December 31, 2019		Unaudited September 30, 2020	Audited December 31, 2019
-----Number of shares-----			----- (Rupees in '000) -----	
2,204,002	2,204,002	Ordinary shares of Rs. 10 each full paid in cash	22,040	22,040
12,805,118	12,805,118	Issued for consideration other than cash	128,051	128,051
44,048,739	44,048,739	Fully paid as bonus shares	440,487	440,487
130,520	-	Issued as right issue as per the Court's order (Note 7.2.1)	1,305	-
111,430	-	Issued as bonus shares as per the Court's order (Note 7.2.1)	1,115	-
<u>59,299,809</u>	<u>59,057,859</u>		<u>592,998</u>	<u>590,578</u>

7.2.1 In compliance with the Honorable Sindh High Court Orders, the Holding Company has issued 241,950 shares constituting 130,520 shares as right issue and 114,430 as bonus issue to National Investment Trust Limited on May 12, 2020, after which the Holding Company's Paid-up Capital has increased to 592,998. However, out of these 241,950 shares, the amount of Rs. 1,305,200 against subscription of 130,520 right shares in the year in 1975 by NIT, is yet to be received from Nazir of the Sindh High Court.

8. PROVISION

In 2019, the Holding Company has estimated a total provision of Rs. 15,595 million in respect of mark-up and dividend payments due to NIT out of which Rs. 8,235 million was deposited to the Nazir of the Sindh High Court pursuant to the Court Orders for onward payment to NIT. The Holding Company anticipates that the remaining provision of Rs. 7,360 million maintained in these consolidated condensed interim financial statements is sufficient to meet the remaining obligation of the Holding Company in respect of this matter.

9. SHORT TERM BORROWING

9.1 This includes short-term running finance facilities aggregating to Rs.1,500,000 (December 31, 2019: Rs 1,500,000) obtained under mark-up arrangement from various banks. Out of the aforementioned facilities, the Holding Company has negotiated sub-limits for financing the operations of REL amounting to Rs. 300,000. These facilities are secured by way of a first pari passu mortgage charge on immovable property (including land and building), current assets, and pledge over the Holding Company's investments in related party. Rate of mark-up applicable on these facilities ranges from three months KIBOR plus 90 basis points to three months KIBOR plus 100 basis points (December 31, 2019: three months KIBOR plus 75 basis points to three months KIBOR plus 100 basis points) per annum.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

- 9.2 During the period, a financing facility amounting to Rs. 25,000 and unfunded financing facility of Rs 275,000 (December 31, 2019: Nil) obtained by REL from Al Baraka Bank (Pakistan) Limited for meeting working capital requirements. The facility carries mark up at the rate ranging from one month KIBOR to 6 month KIBOR plus 1.25% (December 31, 2019: Nil) per annum and is secured by way of registered hypothecation charge over stock-in-trade and trades debts of REL.

10. CONTINGENCIES AND COMMITMENTS

There have been no material change in status of contingencies and commitments as reported in the audited financial statement for the year ended December 31, 2019, except for the following:

10.1 Contingencies

10.1.1 Assessment of annual tax return (Tax year 2017)

In prior year, the Holding Company had filed a constitutional petition before the Sindh High Court (SHC) against the levy of super tax for tax year 2017 amounting to Rs. 42,329 based on the contention that Super Tax, passed by a money bill through the Finance Act, 2015 and subsequently extended through the Finance Acts 2016 and 2017, was required to be approved by the Senate. The SHC had initially granted an interim order in favour of the Holding Company. However, via its order dated July 21, 2020, the SHC has disposed of other cases involving the same matter in favour of the department. The Holding Company had already recorded a provision amounting to Rs 37,342 in respect of the aforementioned order in previous years while the remaining amount has been recorded during the current period. During the period, in line with the group strategy, along with other group companies, the Holding Company has filed an appeal before Supreme Court of Pakistan in this matter, the hearing of which is pending.

10.1.2 Sales tax audit (Tax year 2017)

On April 23, 2020, the Holding Company received an order for tax year 2016 from the Assistant Commissioner Inland Revenue (ACIR) raising a demand of Rs. 87,492 which included default surcharge and penalty amounting to Rs. 29,645 and Rs. 2,755 respectively. The order was raised primarily on account of taxability of supplies made by the Holding Company as exempt and inadmissible input sales tax. The Holding Company filed an appeal on June 03, 2020 against the aforementioned order before the Commissioner Inland Revenue (Appeals) [CIR(A)] who, vide an order dated July 22, 2020, upheld the demand of the ACIR to the extent of Rs 112 on account of inadmissible input tax deduction and remanded back the remaining matters contained in the order to the ACIR for fresh consideration. During September 2020, department has filed an appeal before ATIR against the order passed by CIR(A). The hearing is pending.

- 10.1.3 On April 27, 2018, the Officer Inland Revenue (OCIR) through an order raised a sales tax demand upon TGL of Rs. 97,283 along with a default surcharge arising due to inadmissibility of input sales tax credit related to civil works carried out on account of building and foundation of wind turbines. TGL filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] on May 14, 2018 on the grounds that sales tax at 14% was paid on services for installation of wind project which is related to the core taxable activity for the business and is, therefore, admissible as per law. On July 14, 2020, the hearing of the case was fixed by CIR(A), wherein TGL presented its arguments. The decision of CIR(A) is pending. The management of TGL, based on the advice of its tax consultants, is confident of a favorable outcome of this matter. Accordingly, no provision has been recognized in this respect in this consolidated condensed interim financial information.

- 10.1.4 During the period, the Holding Company has provided Corporate Guarantee amounting to Rs. 225,000 to Habib Metropolitan Bank Limited to secure an unfunded facility for REL.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

	Unaudited For the Nine Months Ended	
	September 30, 2020	September 30, 2019
	----- (Rupees in '000) -----	
11. REVENUE - NET		
Renewable energy		
Project revenue (Solar)	1,689,391	2,630,285
Solar lights	-	-
Alternate Energy (Wind)	2,482,373	2,536,058
Others	-	80
	4,171,764	5,166,423
Textile		
Fabric	2,677	4,212
	4,174,441	5,170,635
Related to discontinued operations	(2,677)	(4,212)
	4,171,764	5,166,423

12. EARNING / (LOSS) PER SHARE - Basic and diluted

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

	Unaudited			
	Quarter Ended		Nine Months Ended	
	September 30, 2020	September 30, 2019 (restated)	September 30, 2020	September 30, 2019 (restated)
Continuing operations				
Profit for the period (attributable to the owners of the Holding Company)	724,737	652,940	1,274,926	1,223,616
Weighted average number of ordinary shares (in thousand)	59,300	59,169	59,297	59,169
Earnings per share	12.22	11.04	21.50	20.68
Discontinued operations				
Loss for the period (attributable to the owners of the Holding Company)	(5,992)	(8,526)	(11,668)	(23,209)
Weighted average number of ordinary shares (in thousand)	59,300	59,169	59,297	59,169
Loss per share	(0.10)	(0.14)	(0.20)	(0.39)

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

13. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

13.1 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.

There have been no changes in the risk management policies during the period, consequently this consolidated condensed interim financial statements does not include all the financial risk management information and disclosures required in the annual financial statements.

13.2 Fair value hierarchy

As per the requirements of IFRS 13 "Fair Value Measurement", the Company shall classify fair value instruments using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Non-current assets

Financial assets at fair value through profit or loss

- Long-term investments (investments in units of mutual funds)

Financial assets at fair value through other comprehensive income

- Long-term investments (investments in unquoted equity shares)

As at September 30, 2020			
(Unaudited)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

-	12,986	-	12,986
-	-	15	15
-	12,986	15	13,001

As at December 31, 2019			
(Audited)			
Level 1	Level 2	Level 3	Total
----- (Rupees in '000) -----			

Non-current assets

Financial assets at fair value through profit or loss

- Long-term investments (investments in units of mutual funds)

Financial assets at fair value through other comprehensive income

- Long-term investments (investments in unquoted equity shares)

-	12,700	-	12,700
-	-	15	15
-	12,700	15	12,715

The carrying value of all financial assets and liabilities reflected in this consolidated condensed interim financial statements approximate their fair value.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

14. SEGMENT REPORTING

14.1 Management has determined the operating segments for allocation of resources and assessment of performance which are organized into the following three reportable operating segments;

- Renewable energy solutions
- Textile - discontinued operations
- Alternate energy

Segment analysis is as under:

14.2

	Renewable energy		Textile - discontinued operations		Alternate Energy		Unallocated		Total	
	-----Unaudited-----									
	September 30,		September 30,		September 30,		September 30,		September 30,	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019

----- (Rupees in '000) -----

Revenue from contract with customers - net

Timing of revenue recognition

- At a point in time

- Over time

	-	-	2,677	4,212	-	-	-	-	2,677	4,212
	1,689,391	2,630,365	-	-	2,482,373	2,536,058	-	-	4,171,764	5,166,423
	1,689,391	2,630,365	2,677	4,212	2,482,373	2,536,058	-	-	4,174,441	5,170,635
Cost of revenue	(1,515,709)	(2,277,157)	(5,137)	(4,380)	(856,478)	(845,352)	-	-	(2,377,324)	(3,126,889)
Segment gross profit / (loss)	173,682	353,208	(2,460)	(168)	1,625,895	1,690,706	-	-	1,797,117	2,043,746
Selling and distribution expenses	(196,633)	(167,801)	(17)	(32)	-	-	-	-	(196,650)	(167,833)
Administrative expenses	(142,181)	(106,064)	(34,977)	(36,204)	(58,456)	(70,915)	(36,545)	(34,155)	(272,159)	(247,338)
Other expenses	(18,321)	-	-	-	-	(33,985)	-	(12,699)	(18,321)	(46,684)
Other income	32,624	2,898	25,786	13,195	14,261	14,176	15,203	11,632	87,874	41,901
Finance cost	(42,771)	(18,127)	-	-	(462,588)	(649,006)	(77,459)	(65,908)	(582,818)	(733,041)
Share of profit from associate	-	-	-	-	-	-	873,465	635,595	873,465	635,595
Taxation	(23,700)	-	-	-	-	-	(135,098)	(97,292)	(158,798)	(97,292)
Segment net profit	(217,299)	64,114	(11,668)	(23,209)	1,119,112	950,976	639,566	437,173	1,529,710	1,429,054

14.3

	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited	Unaudited	Audited
	Sep 30,	December 31,	Sep 30,	December 31,	Sep 30,	December 31,	Sep 30,	December 31,	Sep 30,	December 31,
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	-----Rupees-----									
Segment assets	2,053,491	2,124,392	36,187	68,041	15,834,499	15,522,999	11,117,195	10,442,535	29,041,372	28,157,967
Segment liabilities	1,504,075	1,697,007	5,762	3,244	9,356,995	10,203,759	2,758,000	2,151,004	13,624,832	14,055,014

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

15. TRANSACTIONS WITH RELATED PARTIES

Transaction with related parties, other than those which have been disclosed elsewhere in this consolidated condensed interim financial statements, are as follows:

		----- (Unaudited) -----	
		September 30, 2020	September 30, 2019
		----- (Rupees in '000) -----	
Relationship	Nature of transaction		
a. Associated companies			
Dawood Hercules Corporation Limited	Dividend income	545,523	935,183
	Reimbursable expenses by the Group	14,075	5,343
	Reimbursable expenses to the Group	1,600	4,932
Sach International (Private) Limited	Reimbursable expenses incurred by the Group	273	269
	Royalty charged by the Group	6,535	8,822
	Penalty charged against overdue receivables	1,819	995
	Rental Income	495	450
The Dawood Foundation	Expenses incurred by the Group	14,681	7,392
	Sales of goods to the company	7,217	-
Engro Fertilizer Limited *	Rental Income	-	1,792
	Reimbursable expenses incurred by the Group	-	372
Fatima Fertilizer Limited	Rental Income	-	9,664
	Reimbursable expenses incurred by the Group	-	24
Engro Energy Limited	Operations and maintenance expenses	272,848	255,495
	Project revenue	85,250	-
	Extra work	11,476	14,830
Enfrashare (Private) Limited	Project revenue	749,117	-
International Finance Corporation	Borrowing cost charged to Group	118,758	153,477
	Repayment of loan	321,369	286,205
	Supervision fee	3,231	3,316
b. Key management personnel			
	Salaries and benefits	49,727	39,477
	Retirement benefit	311	315
c. Directors			
	Meeting fees	2,500	2,350

*The entity has ceased to be a related party during the period due to change in common directorship on reconstitution of the board of directors.

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020

16. DATE OF AUTHORIZATION FOR ISSUE

This consolidated condensed interim financial statements were authorized for issue on October 28, 2020 by the Board of Directors of the Holding Company.

Chief Executive Officer

Director

Chief Financial Officer

مستقبل کا جائزہ

قابل تجدید توانائی کا کاروبار

ایسا لگتا ہے کہ حکومتوں کے اقدامات سے معیشت مستحکم ہوئی ہے اور کاروباری اعتماد میں اضافہ ہوا ہے۔ کورونا کے بعد حالیہ رجحان یہ ہے کہ ملک اب اپنے اہداف والے سیکٹنس میں V شکل کی ریکوری صورتحال دیکھ رہا ہے۔ یہ ہماری بڑھتی ہوئی ڈیل پائپ لائن کیلئے بہتر ہے کیونکہ بہت سے صارفین توانائی کی مد میں اپنے بڑھتے ہوئے اخراجات کو روکنے کے ساتھ ساتھ اپنے معنی تو سبھی منصوبوں کے دوبارہ آغاز کی طرف بھی توجہ مبذول کئے ہوئے ہیں۔ دوسری مثبت ترقی سول انرجی میں سرمایہ کاری کرنے والے صارفین کو قیمت کی یقین دہانی فراہم کرنے والے امریکی ڈالر کے مقابلے میں روپے کی شرح تبادلہ کا استحکام ہے۔ ابھی بھی دیگر علاقائی اور عالمی سطح کے چیلنجز موجود ہیں جو وسیع معاشی مستقبل کو غیر یقینی بناتے ہیں۔ ان میں اہم ترین کوویڈ کے ابھی تک غیر طے شدہ دور رس اثرات ہیں جو مستقبل میں طلب کی نمو، تجارت اور سرمایہ کاری کے فیصلوں پر اثر ڈال سکتے ہیں۔

گرین فنانسنگ کے تسلسل کیلئے اسٹیٹ بینک آف پاکستان کی پالیسی قابل تجدید صنعت کیلئے بڑے عامل کے طور پر کام کرتی رہے گی۔ یہ ای پی سی اور اوب اینڈ ایم سروسز میں دلچسپی رکھنے والے کسٹمرز کیلئے بنیادی فنڈنگ کا ذریعہ ہے۔ اس کے علاوہ نئی قابل تجدید توانائی پالیسی کی منظوری سے اس صنعت کیلئے مثبت ترقی کا اشارہ ہے جبکہ حکومت پاکستان میں توانائی کے میدان میں قابل تجدید توانائی کو ترجیح دینے کا واضح ارادہ رکھتی ہے۔

پن بجلی منصوبہ

ونڈ پاور سیکٹر کو ابھی بھی بڑھتے ہوئے سرکلر ڈیٹ کے اثرات کا سامنا ہے اور بل کی گئی انوائسوں کی ادائیگیوں کو تنہی سے روکا گیا ہے، اور بقایا جات کی ادائیگی 5 ماہ کی بنیاد پر کی جا رہی ہے۔ یہ صورتحال جاری رہنے کا امکان ہے کیونکہ حکومت مطلوبہ فنڈز اکٹھا کرنے کیلئے سکوک/ بانڈز کے تعارف میں تاخیر کر رہی ہے حالانکہ سرکلر قرض 2.0 ٹریلین روپے سے تجاوز کر چکا ہے۔ کورونا وائرس کی وبا کی وجہ سے سی پی پی اے کے لئے کیش فلو کی صورتحال بھی خراب ہو گئی ہے کیونکہ وصولیوں میں نمایاں حد تک کمی واقع ہوئی ہے۔ تاہم، سی پی پی اے ترجیحی بنیادوں پر ٹیکس اور قرض کی ادائیگی کر رہی ہے۔ چیلنجوں کی وجہ سے بجلی کے خریدار (سی پی پی اے) کو فنڈز کی دستیابی میں کمی کے سبب حکومت کی جانب سے یوٹیلیٹی بلوں کی ادائیگی کے لئے اعلان کردہ امدادی پیکیج کے پیش نظر مزید کاؤٹس آنے کا امکان ہے۔

جھمپور میں ونڈ پلائٹس کو شند پور کاؤٹ کا سامنا کرنا پڑ رہا ہے کیونکہ انخلا کی ترجیح کوئلہ اور ایل این جی منصوبوں کی ہے، جن کا ٹیرف ونڈ سے کم ہے، کیونکہ ان کی درجہ بندی ونڈ پلائٹس کے ساتھ لازمی طور پر چلنے والے پلائٹس کے طور پر کی گئی ہے۔ فی الحال ٹی جی ایل متاثر نہیں ہو رہا ہے کیونکہ اسے کے۔ الیکٹرک کو فراہم کیا جا رہا ہے۔ ایوکیو اییشن کی ترجیحی فہرست میں ترمیم کروانے کے لئے ونڈ ایسوسی ایشن متعلقہ وزارت کے ساتھ مصروف عمل ہے۔ تاہم، اب ایسے اشارے مل رہے ہیں کہ بجلی کی ایوکیو اییشن کمرشل بنیادوں پر کی جائے گی جبکہ ترجیحی بنیادوں پر کم ٹیرف پلائٹس لگائے جائیں گے۔

حکومت فعال طور پر بجلی کی لاگت میں کمی پر زور دے رہی ہے۔ بنیادی توجہ تھرمل پلائٹس کے لئے معاوضے کی ادائیگی کی صلاحیت اور تمام بجلی گھروں کے لئے قابل اطلاق محصولات میں کمی پر ہے۔ مذاکرات کمیٹی نے ونڈ آئی پی پی کے ساتھ بات چیت کا آغاز کیا ہے اور ابتدائی طور پر آراو ای انڈیکسیشن میں کمی اور قرضوں کی شرائط کی ری اسٹرکچرنگ پر توجہ دے رہی ہے۔ حکومت فی الحال کوئی قانونی ذریعہ استعمال نہیں کر رہی اور اب بھی ڈائلاگ کے ذریعے اپنے مقاصد حاصل کرنا چاہتی ہے تاہم حکومتی موقف جبری ہے۔ بات چیت کے بعد، ونڈ ایسوسی ایشن اور تھرمل آئی پی پی کے ساتھ نان بائسنڈنگ مفاہم نامے پر دستخط کیے گئے ہیں۔ مذاکرات کمیٹی کو دوبار تبدیل کیا گیا ہے اور اکتوبر کے اوائل میں مشیر خزانہ جناب حفیظ شیخ کی سربراہی میں ایک نئی کمیٹی تشکیل دی گئی ہے۔ مختلف آئی پی پی پی کے لئے یہ نقطہ نظر اختیار کیا ہے کہ بقایا جات کی ادائیگیوں کے بعد یادداشتوں کو معاہدوں کی شکل دی جائے گی۔ حکومت اس پوزیشن میں نہیں ہے کہ وہ یہ ادائیگیاں یکمشت کرے اور اس لئے معاملے کو حل ہونے میں کچھ وقت لگے گا۔

ٹیرف بڈنگ کا عمل ابھی تک پوری طرح سے تیار نہیں ہوا ہے، اور یہ ڈویلپر کے لئے پریشانی کا سبب ہے۔ نئی قابل تجدید توانائی پالیسی جاری ہونے کے بعد اس عمل کی وضاحت کی جائے گی۔ حکومت نے ونڈ سولر ہابرز ڈیٹیل کے لئے 17 ایل او آئی کو منسوخ کر دیا ہے۔ ٹیرف کو اب نئی آرای پالیسی کے ذریعے طے کیا جائے گا۔

محبتی حیدر خان
چیف ایگزیکٹو آفیسر

شاہد حمید پراچہ
چیرمین

کراچی، 28 اکتوبر 2020

یہ پلانٹ، داؤد بانڈرو چائنا اور زنگفار کے ساتھ مل کر، اب کے الیکٹرک کو بجلی فراہم کر رہا ہے۔ یہ انتظام مستحکم آپریشنز مہیا کر رہا ہے اور گرڈ کی بندش اور توانائی میں کمی دونوں میں کافی حد تک کمی واقع ہوئی ہے۔ 2020 کی تیسری سہ ماہی کیلئے کل NPMV 0.26 گریگا واٹ تھی جبکہ اس کے مقابلے میں 2019 کی تیسری سہ ماہی کیلئے کل NPMV 0.40 گریگا واٹ تھی۔ موجودہ سہ ماہی کے دوران جو توانائی فراہم کی گئی ہے (33.82 گریگا واٹ)، وہ P90 کی سطح (41.8 گریگا واٹ) سے نسبتاً کم ہے۔ اس کی وجہ یہ ہے کہ پلانٹ کو اس سہ ماہی کے دوران غیر معمولی طور پر کم ہوا کا سامنا کرنا پڑا، تاہم نومبر اور دسمبر میں ہوا کی رفتار میں بہتری آنے کا امکان ہے۔ توقع ہے کہ 2020 کے دوران پیدا ہونے والی توانائی 120.0 گریگا واٹ رہے گی۔ نیز یہ بھی توقع ہے کہ NPMV واقعات 2020 میں کم سے کم ہوں گے۔

موجودہ سہ ماہی کے دوران ہوا کی اوسط رفتار 6.94 میٹر/سیکنڈ تھی، جو P90 ہوا کی رفتار 7.38 میٹر/سیکنڈ سے کم ہے۔ گرمی کے مہینوں میں کم ہوا اور سردیوں کے مہینوں میں کافی حد تک تیز ہواؤں کے ساتھ ہوا کی رفتار میں تبدیلی کا نمایاں رجحان نوٹ کیا گیا ہے۔ یہ رجحان جنوری اور فروری میں دیکھا گیا تھا، لیکن مارچ کی ہوا کی رفتار P90 کی ویلیو پر تھی۔ ہوا کی رفتار میں کمی کا یہ رجحان اپریل سے ستمبر 2020 کے عرصے میں بھی جاری رہا۔

مالی جھلکیاں

کمپنی کے غیر مجموعی مالی اشاریے مندرجہ ذیل ہیں:

30 ستمبر، 2020 کو نو ماہی اختتامیہ

30 ستمبر، 2019 کو نو ماہی اختتامیہ

(روپے) ہزار میں		
1,962	5,009	آمدنی - خالص
(9,546)	(2,392)	آمدنی کی لاگت
(7,584)	2,617	مجموعی (نقصان)/ منافع
105,603	70,549	دیگر آمدنی
528,641	894,122	جاری آپریشنز سے منافع قبل از ٹیکس
(11,668)	(23,209)	بند آپریشنز سے نقصان
(85,909)	(143,664)	محصولات
431,064	727,249	بعد از محصولات منافع
2,708,349	2,289,360	گذشتہ حسابات سے موصولہ غیر مختص منافع
2,901,099	2,366,973	آئندہ حسابات کو منتقلہ غیر مختص منافع
7.27	12.29	آمدنی فی حصص - بنیادی اور مجموعی (روپے)

30 ستمبر 2020 کو ختم ہونے والی تیسری سہ ماہی کے دوران، ایسوسی ایٹ ادارے - داؤد ہرکولیس کارپوریشن لمیٹڈ کی جانب سے ڈیویڈنڈ آمدنی 30 ستمبر، 2019 کو ختم ہونے والی مدت میں 935.5 ملین روپے کے مقابلے میں، 545.5 ملین روپے تھی۔

اس مدت کے لئے مجموعی آمدنی 4,171.8 ملین روپے تھی جبکہ تقابلی مدت کے لئے 5,166.4 ملین روپے تھی۔ اس کی بنیادی وجہ سولرا انرجی کے منصوبوں سے ہونے والی آمدنی میں 941 ملین روپے کی کمی تھی۔ 873.5 ملین روپے (30 ستمبر 2019) 635.6 ملین روپے منافع کا حصہ کے ایسوسی ایٹ ادارے سے منافع کے حصے کے سبب، مختتمہ تیسری سہ ماہی کے لئے بعد از ٹیکس مستحکم منافع 1,529.7 ملین روپے رہا جو گذشتہ سال کی اسی مدت کے دوران 1,429.1 ملین روپے تھا۔ ہولڈنگ کمپنی کے مالکان سے منسوب فی حصص آمدن 21.3 روپے تھی جبکہ گذشتہ سال کی تقابلی مدت کے لئے یہ آمدن 20.29 روپے تھی۔

داؤڈلارنس پورلمیٹڈ

ڈائریکٹرز کی جائزہ رپورٹ برائے اختتام نومبر 30 2020

ڈائریکٹرز مسرت کے ساتھ 30 ستمبر 2020 کو ختم ہونے والے نو ماہ کیلئے اپنی رپورٹ مع کمپنی کے عبوری، غیر آڈٹ شدہ، مجموعی مالی حسابات کا خلاصہ اور گروپ کے عبوری، غیر آڈٹ شدہ مجموعی مالی حسابات پیش کرتے ہیں۔

کاروباری جائزہ

قابل تجدید توانائی کا کاروبار

پچھلے سال اسٹیٹ بینک گرین فناننگ اسکیم کی تجدید کے بعد، Reon نے پائپ لائن کے ایک معاہدے کے ذریعے سال کا بھر پور آغاز کیا اور موجودہ سال میں اس پیش رفت کو جاری رکھنے کیلئے تیار ہے۔ تاہم COVID-19 جیسی وبائی بیماری کے آغاز اور اس کے نتیجے میں صنعتی اور تجارتی لاک ڈاؤن کے سبب، اس سال کیلئے پیش بینی میں تبدیلی آئی ہے۔ فوری کارروائی کے طور پر نقد رقم کو محفوظ رکھنے ہوئے کاروبار کے تسلسل کو یقینی بنانا تھا۔ کم ہوتی ہوئی طلب کی وجہ سے، زیادہ تر صارفین نے اپنے آرڈرز کو جتنی شکل دینے کے لئے حالات کے معمول پر آنے کا انتظار کیا۔ تاہم، ان غیر یقینی اوقات کے دوران بھی، Reon، 13 میگا واٹ اور ٹیلی کام کی مزید 800 سائٹس کے سودے حاصل کرنے میں کامیاب رہا۔ لاک ڈاؤن کو ختم کرنے اور کم ہوتے ہوئے کوویڈ کیسز کے بعد معاشی سرگرمیوں میں ایک بار پھر اضافہ ہو رہا ہے۔ تیسری سہ ماہی کے دوران، کمپنی صنعتی اور تجارتی کیٹیگوری ڈومین میں نمایاں معاہدے کرنے میں کامیاب رہی۔ ہمیں امید ہے کہ اس سے ہمارے کاروبار کو ایک مثبت جہت ملے گی اور ملک میں سولر ٹیکنالوجی کے کمرشل اور ٹیکنیکل استعمال اور صلاحیت کو فروغ ملے گا۔

تیل کی قیمتوں میں کمی کے باوجود یوٹیلیٹی اور کیٹیگوری صارفین کے لئے ملک میں توانائی کی قیمتوں میں اضافہ ہوا ہے۔ توانائی کی قیمت میں اضافہ بالخصوص تجارتی اور صنعتی صارفین کیلئے بجلی اور گیس کی قیمتوں میں بالترتیب 17 فیصد اور 15 فیصد اضافہ بہت زیادہ ہے۔ اسی دوران سولر کی قیمتوں کے تقابل میں بہتری آرہی ہے، یعنی آنے والے دنوں میں توانائی کے حصول کو سولر انرجی پر تبدیل کرنے کیلئے تیز رفتار حرکت پیدا ہونے کو ہے۔

ریگولیٹری مجاز پر، حکومت پاکستان نے اب نئی قابل تجدید توانائی پالیسی کی منظوری دے دی ہے۔ پالیسی کا مجموعی مقصد 2025 تک قابل تجدید ذرائع سے شراکت میں 20 فیصد اور 2030 تک انشٹال صلاحیت سے 30 فیصد تک اضافہ کرنا ہے۔ جبکہ یہ وفاقی حکومت کے لئے ترجیحات میں ایک اہم تبدیلی کی نمائندگی کرتا ہے، لیکن اس ہدف کو کس طرح حاصل کیا جائے گا اس کی تفصیلات ابھی باقی ہیں۔ اگر مناسب طریقے سے عملدرآمد کیا جاتا ہے تو، سولر پی وی کو بنگ اور کارکردگی کے لحاظ سے اب اور 2030 کے درمیان بڑھتی ہوئی صلاحیت میں بڑی تبدیلی کا حامل ہونا چاہئے۔ اسٹوریج بھی طویل مدت میں وقفے وقفے سے قابل تجدید ذرائع کے زیادہ فیصد شرح کو مروجہ کرنے میں مدد دینے میں اہم کردار ادا کر سکتا ہے۔ ہم 2022 تک ملک میں سولر پی وی اور اسٹوریج سلووٹرنج کی لاگت اور استعداد کی بنیاد پر گیس سے چلنے والے پلانٹس کے مقابلے میں کہیں بہتر پاتے ہیں۔

کوویڈ 19 وباء کے تناظر میں، کمپنی نے اپنے ملازمین اور کارکنوں کی حفاظت اور صحت کو یقینی بنانے کے لئے متعدد اقدامات کیے۔ پاکستان میں پہلے COVID کیس ظاہر ہوتے ہی دفاتر اور فیلڈ میں ضروری اقدامات کیے گئے۔ بعد ازاں، تمام دفتری عملے کے لئے گھر سے کام لازمی کر دیا گیا، جبکہ ملازمین کو سائٹ سے پہلے ہی غیر متحرک کر دیا گیا تھا۔ چونکہ حکومت کی طرف سے لاک ڈاؤن کو ختم کیا گیا ہے، کمپنی اپنے ملازمین کی حفاظت اور صحت کو اہم ترین ترجیح کے طور پر برقرار رکھے ہوئے ہے۔

پن بجلی منصوبہ

پلانٹ اطمینان بخش طریقے سے کام کر رہا ہے اور دستیابی اور BOP نقصان کے متوقع اہداف کو پورا کر رہا ہے۔ اس عرصے کیلئے BOP نقصان 2.5 فیصد ہدف کے مقابلے میں 1.0 فیصد تھا، جبکہ دستیابی 98.0 فیصد ہدف کے مقابلے میں 99.10 فیصد تھی۔ صحت، حفاظت اور ماحول (HSE) ترجیح رہی اور 415,699 محفوظ گھنٹے، زیر انجری ریٹ اور TRIR کے ساتھ ریکارڈ کئے گئے۔ یہ پلانٹ 1,464 دن سے بغیر کسی انجری کے محفوظ طریقے سے چل رہا ہے۔

PHYSICAL SHAREHOLDERS

Bank Account Details for Payment of Cash Dividend (Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information:

Details of Shareholder	
Name of shareholder	
Folio No.	
CNIC No.	
Cell number of shareholder	
Landline number of shareholder, if any	
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	

You are requested to kindly send photocopy of this letter immediately duly filled in and signed by you along with legible photocopy of your valid CNIC at the Company's Share Registrar Office, **CDC Share Registrar Services Limited, Share Registrar Services, CDC House, 99-B, Block B, Main Shahrah-e-Faisal, Karachi. 74400, Pakistan.**

CDS SHAREHOLDERS

Bank Account Details for Payment of Cash Dividend (Mandatory Requirement as per the Companies Act, 2017)

Dear Shareholder,

This is to inform you that in accordance with the Section 242 of the Companies Act, 2017, any dividend payable in cash shall only be paid through electronic mode directly into the bank accounts of entitled shareholder as designated by them. In pursuance of the direction given by Securities and Exchange Commission of Pakistan (SECP), kindly immediately contact your relevant CDC Participant/CDC Investor Account Services Department and provide them your bank mandate information including International Bank Account Number (IBAN) which is now mandatory for all cash dividend payments.

In order to comply with regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide requisite bank mandate information to your respective Participant/CDC Investor Account Services Department immediately.

ELECTRONIC TRANSMISSION CONSENT FORM

The Securities & Exchange Commission of Pakistan through SRO 787(I)/2014 of September 8, 2014 allowed the Company to circulate its annual balance sheet and profit & loss accounts, auditor's report and directors' report etc. (Audited Financial Statements) along with the Company's Notice of Annual General Meeting to its shareholders through email. Those shareholders who wish to receive the Company's Annual Report through email are requested to complete the requisite form below.

CDC shareholders are requested to submit their Electronic Transmission Consent Form along with their CNIC directly to their broker (participant)/CDC; while shareholders having physical shares are to send the forms and a copy of their CNIC to the Company's Share Registrar, Messrs. CDC Share Registrar Services Limited, CDC House, 99-B, Block "B", S.M.C.H.S., Main Shakra-e-Faisal, Karachi.

Electronic Transmission Consent Form

Pursuant to the directions given by the Securities & Exchange Commission of Pakistan through its SRO 787(I)/2014 of September 8, 2014, I Mr. / Ms. _____
S/o, D/o, W/o _____ hereby consent to have the Dawood Lawrencepur Limited Audited Financial Statements and Notice of Annual General Meeting delivered to me via email on my email address provided below:

Folio / CDC Account No.	
Postal Address:	
Email Address:	
Contact No:	
CNIC No.:	

It is stated that the above mentioned information is true and correct and that I shall notify the Company and its Share Registrar in writing of any change in my email address or withdrawal of my consent to email delivery of the Company's Audited Financial Statements and Notice of the Meeting.

Dear Shareholder,

REQUEST FORM FOR HARD COPY OF ANNUAL AUDITED ACCOUNTS

The Securities and Exchange Commission of Pakistan, vide S.R.O 470(I)/2016 dated May 31, 2016, has allowed companies to circulate their annual balance sheet, profit and loss account, auditor's report, directors' report and ancillary statements/notes/documents ("Annual Audited Accounts") along with notice of general meeting to the registered addresses of its shareholders in electronic form through CD/DVD/USB.

However, Shareholders may request a hard copy of the Annual Audited Accounts along with notice of general meetings to be sent to their registered address instead of receiving the same in electronic form on CD/DVD/USB. If you require a hard copy of the Annual Audited Accounts, please fill the following form and send it to our Share Registrar or Company Secretary at the address given below.

Date: _____

I/We _____ request that a hard copy of the Annual Audited Accounts along with notice of general meetings be sent to me through post. My/our particulars in this respect are as follows:

Folio /CDC A/c No.	
Postal Address:	
Email Address:	
Contact No:	
CNIC No.	
Signature	

The form may be sent directly to Dawood Lawrencepur Limited Share Registrar or Company Secretary at the following address:

CDC Share Registrar Services Limited CDC
House, 99-B, Block "B", S.M.C.H.S
Main Shahra-e-Faisal, Karachi, Pakistan
Tel: +92 (21) 111-111-500
Website: <http://cdcpakistan.com>

Dawood Lawrencepur Limited
Dawood Centre, M.T. Khan Road
Karachi -75530, Pakistan
Tel: +92 (21) 35632200
Email: info.reon@dawoodhercules.com
Website: www.dawoodlawrencepur.com

If you are a CDC Account Holder, you should submit your request directly to your CDC Participant through which you maintain your CDC account.



Registered Office:
3rd Floor, Dawood Center, M.T. Khan Road, Karachi- 75530, Pakistan.

UAN: (021) 111 736 611
Tel: (92 21) 3563 2200-09
Fax: (92 21) 3563 3970

info.reon@dawoodhercules.com
www.dawoodlawrencepur.com