

ANNUAL REPORT 2020



KOHINOOR
ENERGY LIMITED



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CORPORATE INFORMATION

Board of Directors

Mr. M. Naseem Saigol
Chairman / Non-Executive
Mr. S M Shakeel
Chief Executive Officer
Mr. Ryo Aoe
Non-Executive
Mr. Hirokazu Ishii
Independent
Ms. Mariko Ueda
Independent
Mr. Shingo Ito
Independent
Mr. Faisal Riaz
Non-Executive

Company Secretary

Mr. Muhammad Asif

Audit Committee

Mr. Shingo Ito
Chairman
Mr. Ryo Aoe
Ms. Mariko Ueda

HR & Remuneration Committee

Mr. Shingo Ito
Chairman
Mr. S M Shakeel
Mr. Ryo Aoe
Ms. Mariko Ueda

Management

Mr. S M Shakeel
Chief Executive Officer
Mr. Ghazanfar Ali Zaidi
General Manager Technical
Mr. Muhammad Ashraf
Chief Financial Officer

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

LMA | Ebrahim Hosain

Bankers

Standard Chartered Bank [Pakistan] Limited
Bank Alfalah Limited
Askari Bank Limited
AL Baraka Bank (Pakistan) Limited
Meezan Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Faysal Bank Limited
Bank Islami Pakistan Limited
National Bank of Pakistan
Dubai Islamic Bank Pakistan Limited

Registered Office

301, 3RD Floor, Green Trust Tower,
Blue Area Islamabad, Pakistan.
Tel : +92-51-2813021-2
Fax : +92-51-2813023

Project/Head Office

Post Office Raja Jang, Near Tablighi Ijtima,
Raiwind Bypass, Lahore, Pakistan.
Tel : +92-42-35392317
Fax : +92-42-35393415-7

Shares Registrar

M/S. Corplink (Pvt.) Ltd.
Wings Arcade, 1-K, Commercial, Model Town,
Lahore, Pakistan.
Tel : +92-42-35839182, 35887262, 35916719
Fax : +92-42-35869037

Lahore Office

17-Aziz Avenue, Unit # 4, Canal Bank,
Gulberg V, Lahore, Pakistan.
Tel : +92-42-35717861-2
Fax : +92-42-35715090

Company Registration No.

0032461 of 1993-94

Company NTN

0656788-6

Website

www.kel.com.pk

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of shareholders of Kohinoor Energy Limited will be held on October 26, 2020 (Monday) at 12:30 P.M. at Islamabad Club, Main Murree Road, Islamabad to transact the following business:

1. To confirm minutes of the Annual General Meeting held on October 22, 2019.
2. To receive and adopt the Annual Audited Accounts of the Company for the financial year ended June 30, 2020 alongwith Directors' and Auditors' Reports thereon.
3. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
4. Any other business with the permission of the Chair

By order of the Board

Lahore:
September 24, 2020

(Muhammad Asif)
Company Secretary

Notes:

i. Closure of Share Transfer Books

The share transfer books of the Company will remain closed from October 18, 2020 to October 26, 2020 (both days inclusive). Transfers received at our Share Registrar Office M/S CORPLINK (PVT) LIMITED situated at Wings Arcade, 1-K, Commercial, Model Town, Lahore upto the close of business hours on October 17, 2020 will be treated in time for determination of entitlement to attend and vote at the meeting.

ii. Participation in Annual General Meeting

A member eligible to attend and vote at this meeting may appoint his / her proxy to attend and vote instead of him/her. Proxies in order to be effective must reach the Company's Head office not less than 48 hours before the time for holding the meeting. Proxies of the Members through CDC shall be accompanied with attested copies of their CNIC. In case of corporate entity, the Board's Resolution/power of attorney with specimen signature shall be furnished along with proxy form to the Company. The members through CDC are requested to bring original CNIC, A/C No. and Participant ID to produce at the time of attending the meeting. Due to current COVID-19 situation, the following SOPs should be adopted at the time of attending the meeting:

- Wear Face Mask
- Hand Sanitization at entry point
- Maintain Social Distance

iii. Video Conference Facility

As per Circular No. 10 of 2014 dated May 21, 2014, issued by the SECP the members holding aggregate ten percent or more shareholding residing in geographical location may participate in the meeting through video conference. In this regard a prescribed form is available at <https://kel.com.pk/page-investor-information>.

CHAIRMAN'S REVIEW



The diversified and the multiregional people from Japan and Pakistan are serving on the Board of your Company and thus poised to help the Company to contribute more towards the sustainable performance of our business enhancing the value for the shareholders.

The Board of your Company is closely engaged with senior management for ensuring consistency in safe, reliable and efficient operations of the plant. The power plant inspite of relatively low dispatch requirement from the power purchaser and mounting overdue amounts that are stuck-up with WAPDA, has demonstrated a sound financial performance and the Company, by utilizing the available credit lines from various financial institutions, is complying with all the dispatch instructions of the power purchaser.

The Company posted net profit after tax of Rs.1,037 million by demonstrating earning per share (EPS) of Rs. 6.12 as compared to net profit after tax of Rs. 551 million with an EPS of Rs. 3.25 demonstrated last year. Despite the better profit of the Company for the financial year 2019-20, keeping in view current status of the overdue invoices amount with the Power Purchaser and as well as the uncertain economic situation of the country due to COVID-19, the board has preferred to meet the dispatch requirements and has skipped dividend in the best interest of the company.

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business.

I am confident that our well experienced/dedicated and hardworking team of professionals/engineers and the committed management guided by the Board of Directors will continue the tradition of service in the future.

Lahore
September 24, 2020

M. Naseem Saigol
Chairman

DIRECTORS' REPORT

The Board of Directors feels pleasure to present the Annual Report together with the audited financial statements of the Company for the financial year ended June 30, 2020.

Principal Activities

The principal business objective of the Company is to own, operate and maintain a furnace oil fired power station with a net capacity of 124 MW (gross capacity of 131.44 MW).

Financial Results

We report that during the year financial year 2019-20, total sales of the Company stood at Rs. 7.54 billion compared to Rs. 7.50 billion in the last financial year. The dispatch was comparatively lower however the devaluation of Pak Rupees has contributed towards increase in sales revenue. The Company earned net profit after tax of Rs. 1,037 million yielding earning per share (EPS) of Rs. 6.12, as compared to Rs. 551 million (EPS 3.25) during the last financial year. During the last financial year the provision of Rs. 431 million made against the amount withheld by the power purchaser (WAPDA) on account of dispute of eligibility of indexation on non-escalable component of the capacity purchase price, resulted into reduction in the profit of the Company for that year. During the financial year under review, fuel efficiency and increase in capacity payments because of Rupee devaluation were the main contributors towards the increase in the profit of the Company.

The recovery of the overdues from the Power Purchaser has been improved, however still a substantial amount of outstanding bills is due from the Power Purchaser. In this regard the management is constantly pursuing the matter with the Power Purchaser, PPIB and the concerned Ministry for an early recovery of the overdues. You shall appreciate that despite of mounting overdue amount the Company by utilizing the available credit lines from various financial institutions, is complying with all the dispatch instructions of the Power Purchaser. There is a lot of uncertainty because of the COVID pandemic. Moreover, Government has also set up a committee for reducing the IPPs' tariff. Under this uncertain situation the Board considered it prudent to skip the

dividend payout and preserve for the liquidity for complying with the electricity demand from the Power Purchaser.

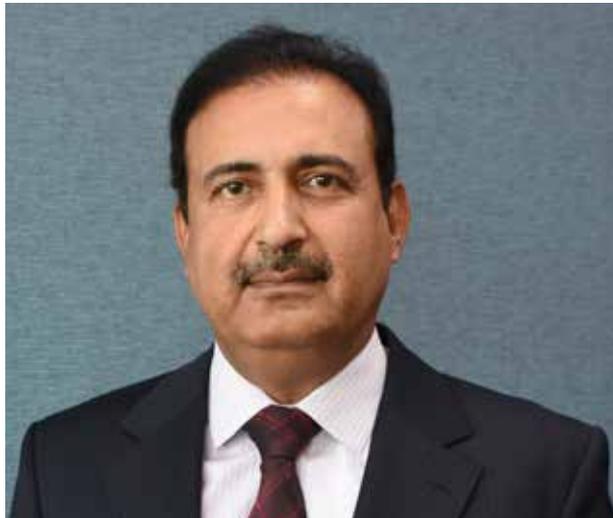
The summarized financial result of the Company for the year ended June 30, 2020 is as follows:-

	2020	2019
	(Rupees in thousand)	
Profit before taxation	1,036,752	551,592
Taxation	(94)	(115)
Profit after taxation	1,036,658	551,477
Other comprehensive income / (loss)	(25,774)	(8,483)
Total comprehensive income for the year	1,010,884	542,994
Un-appropriated profit brought forward	4,176,038	4,310,877
Available for appropriations	5,186,922	4,853,871
Final Dividend 2018-19 @ 20% (Final Dividend 2017-18 @ 10% paid during FY 2018-19)	(338,917)	(169,459)
1st Interim Dividend 2019-20 - Nil (1st Interim Dividend 2018-19@15% paid during FY 2018-19)	-	(254,187)
2nd Interim Dividend 2019-20 - Nil (2nd Interim Dividend 2018-19 @ 15% paid during FY 2018-19)	-	(254,187)
	(338,917)	(677,833)
Un-appropriated profit carried forward	4,848,005	4,176,038
Earnings per share	Rupees 6.12	3.25

The status of the matter related to the imposition of liquidated damages as detailed in Note 12.1.1 & 12.1.2 to the financial statements is the same as reported to you earlier. The management and the legal counsel are of the opinion that the matter will be settled in Company's favor if the dispute is referred to Arbitration. Therefore, the Company has not made any provision in the attached financial statements.

Moreover, on the matter related to sales tax demand raised by the Federal Board of Revenue (the FBR) as detailed in Note 12.1.3 to the financial statements, we report that the matter is at Supreme Court of Pakistan. The management is of the view that since there are meritorious grounds to defend the case, therefore no provision for the demand has been made in these financial statements.

During the year, the Deputy Commissioner Inland Revenue ('DCIR') raised a sales tax demand of Rs. 185.47 million against the Company through its order dated August 27, 2019 mainly on account of inadmissible input tax related to 'capacity purchase price' and sales tax default on account of suppression of sales related to tax periods from July, 2015 to June, 2016. Against



the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) ('CIR(A)') on September 16, 2019 which is pending adjudication. Our legal advisors are of the view that there are strong grounds to believe that the case shall be decided in favour of the Company, therefore no provision has been made in these financial statements.



Unclaimed Dividends

We would like to inform you that subsequent to change in Section 244 of the Companies Act 2017 (the Act) as promulgated in April 2020, we write to report that the process for opening of a separate dividend account was initiated during the 2nd last week of June 2020 and after completion of the process the account became operative in July 2020 i.e. after close of the financial year. Therefore subsequently all of the unclaimed dividends have been transferred to the said account. In accordance with said provisions of the Act any profits generated from the said bank account shall be used for corporate social responsibility initiatives.

Operations

The electricity demand from Power Purchaser remained at lower side resultantly during the financial year ended June 30, 2020, the power plant by operating at 33.41% delivered 363,856 MWh of electricity as compared to 35.67% capacity factor (387,435 MWh) delivered during the previous financial year. During the FY under review two engines reached 116k and one reached 108k operational hours. The said engines were overhauled under 8k major maintenance program. During the previous financial year there were also three major maintenance carried out by the Company. We report that all of the planned and unplanned maintenance have been successfully carried out by our internal technical team in accordance with the budgeted and estimated numbers. We feel pleasure to report that all the engines and their respective auxiliary equipments are in good condition for safe and reliable operations.

The Board also takes pleasure to report that your Company maintaining its track record of successfully qualifying the Annual Dependable Capacity Test (ADC), conducted by the Power

Purchaser on June 05, 2020 has demonstrated the capacity of 129.86 MW which is pretty higher than the net contractual capacity of 124 MW. It's quite satisfactory to mention that the power complex even after surpassing 23 operational years is still in robust, excellent and reliable condition. The Board of Directors recognizes and appreciates the hardworking and dedication of the employees of the Company that resulted in such a remarkable achievement.

Risk Management

The risk management principles are geared to identifying and analyzing the risks to which the Company is exposed to and establishing the appropriate control mechanisms. The principles of risk management and the processes applied are regularly reviewed, taking due regard and changes in the sector and in the activities of the Company. The ultimate goal is to develop controls, based on the existing training management guidelines and conscious approach to risks.

Operational Risks

We would like to report that the management has established a very comprehensive system of operational risks recognition. The Quality & EHS function at power plant is fully responsible to discharge its responsibilities to identify, measure and to take necessary steps to address and mitigate the probabilities of malfunctioning or any unforeseen event. Standard Operational Procedures (SOPs) and contingency plans to the level of international quality standards are in place. The SOPs implemented at power complex are backed by thorough studies and practices, and are in place to ensure the safe and reliable operations.

Financial Risks

The financial risk management is disclosed in note 32 to these financial statements of the Company.

Credit Rating

We report that the Pakistan Credit Rating Agency (PACRA) has maintained the same rating as awarded last year i.e. "AA" (Double A) and "A1+" (A one plus) for the long-term and short-term entity ratings of the Company respectively. It reflects stable business profile emanating from a secured regulatory structure. This entails sovereign guaranteed revenues and cash flows, given adherence to agreed performance benchmarks. The Company meet its availability and efficiency levels which is an outcome of technically sound O & M team, robust systems and controls, and strong governance structure.

Statements in compliance to the Code of Corporate Governance (CCG)

The Directors state that:

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of

its operations, cash flows and changes in equity;

- Proper books of account of the Company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- There are no significant doubts upon the Company's ability to continue as a going concern;
- The key operating and financial data of last six years is attached to the report.
- During the financial year under review the Board of Directors (BoD) and the Audit Committee (AC) met, each for five times. The names of the persons who remain on the board during the FY 2019-20 and their attendance is as follows:

Name of Director	Attendance	
	BoD	AC
Mr. M. Naseem Saigol	1/5	
Mr. Shingo Ito	5/5	5/5
Mr. S M Shakeel	5/5	
Ms. Mariko Ueda	4/5	4/5
Mr. Ichiro Kawano	3/4	
Mr. Ryo Aoe	5/5	5/5
Mr. Hirokazu Ishii	1/1	
Mr. Faisal Riaz	3/5	

The Board granted leaves of absence to the board members who could not attend the board meeting(s)

- During the financial year under review the Human Resource and Remuneration Committee met for one time and Mr. S M Shakeel, Ms. Mariko Ueda, Mr. Ryo Aoe and Mr. Shingo Ito attended the said meeting.
- The Chief Executive Officer, Directors, Chief Financial Officer, Company Secretary and their spouse and minor children have made no sale/purchase of Company's shares during the year July 01, 2019 to June 30, 2020.
- The Company has established Employees Gratuity Fund and registered with the concerned authority. Annual provision

has been made on actuarial valuation basis to cover obligation under the scheme for all employees eligible to gratuity benefits irrespective of the qualifying period. The value of the Gratuity Fund as on June 30, 2020 was Rs. 428.28 m including value of its investment of Rs. 355.79 m

- The Board has formed Audit Committee. It comprises of three non-executive directors. And an independent director is the Chairman of the Committee
- The Board as required by CCG for reporting on trade in shares of the Company, has defined that the expression 'Executive' shall means the CEO, COO, CFO, Head of Internal Audit, Company Secretary and the Managers / Departmental Heads of the Company by whatever name called



Changes on the Board

We write to inform you that since the last annual general meeting held on October 22, 2019 Mr. Ichiro Kawano has relinquished the office of Director and in his place the Board has appointed Mr. Hirokazu Ishii as Director of the Company with effect from May 21, 2020 for the remainder of the term of the outgoing director.

The Board wishes to record its appreciation for the valuable services rendered by Mr. Ichiro Kawano as Board member and extends its warm welcome to Mr. Hirokazu Ishii as new Director on the Board of the Company.

Corporate Social Responsibility (CSR)

The board takes pleasure to report that as part of our business strategy the community welfare programs are steadily running with full dedication and enthusiasm. We write to inform you that for supporting the surrounding community the CSR program includes contribution on free medical treatment facility and free education facility for deserving children of the people living in the vicinity of the power plant:

a) Medical Facility

The first kind of CSR program of the Company is to provide free medical treatment facility to the deserving people residing in neighboring community the power plant. A qualified and experienced medical team comprises of a MBBS doctor and competent medical staff is enthusiastically serving the people. Since the prices of medicines have been drastically increased therefore during the FY 2019-20 total 8,820 patients have been provided with medical care at a cost of Rs. 7.103 million whereas during the previous financial year total 12,935 patients were provided with medical facility a cost of Rs. 6.729 million.

b) Education Facility

The management of your Company considering its social responsibility is also investing in free education facility to the deserving children of the community in neighbor of the Company. We believe that such contribution to the underprivileged society is playing a pivotal role in developing the living standard of the community.

We report that starting from primary section to secondary school level a total 114 students are being educated with the support of the Company. After passing matriculation, talented students are further supported to study at graduation level. This includes seven students studying in 1st year and seven are in 2nd year of graduation in private colleges. The education facility program is inclusive of providing tuition, books / stationery, uniform and transport fully sponsored by the Company. During the year in overall the Company has contributed Rs. 4.895 million on account of education facility.

Impact on Environment

We recognize that an environmental preservation activity is an integral part of our business, and we voluntarily and actively promote and engage in environmental preservation activities as an indispensable condition for Company's corporate existence and activities. We believe that bringing positive environmental changes in the society is company's Corporate Social Responsibility. Company is also responsible for

ensuring that all of the Company's operations remain environmentally conscious and compliant with the prevalent regulatory framework.

We believe growth is only sustainable if it is achieved with respect to the environment and we have continued to improve and consolidate our contribution in this area. Our standards and guidelines for better environmental performance motivate us to consistently improve our efforts to create a cleaner and healthier world.

We identified which environmental aspects have or may potentially have a major environmental impact. To reduce the risk of these environmental impacts' occurrence, we clearly set objectives and targets to reduce organizational contributions to climate change by continual improvement in our processes by creating awareness, understanding and ownership of the EHS policy throughout the organization. A focus on energy conservation, waste reduction, water conservation and National Environmental Quality Standards (NEQS) compliance through implementation of sustainability plans continued this year as well.

The main objectives and targets established in this regard are;

- Reduce waste and improvement in recycling rate
- Reduce energy consumption and preserve natural resources
- Improve environmental compliance
- Promote the concept of "zero accident" and "green environment"

To achieve such objectives and targets, we have developed and are implementing an environmental management system. This entails preparing an Environmental Management Program (EMP) that specifies responsibilities, means, and schedules, among other matters; and periodically monitoring, measuring, and keeping records of key operational variables.

Impact of COVID-19 on the financial statements

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lockdown as a measure to reduce the spread of the COVID-19. The Company's operations were not affected as it fell under the exemption provided by the Government of Punjab as providers of essential services. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements and assessed that there is no significant accounting impact of the effects of COVID-19 on these financial statements.



Internal Control System of the Company

The management has adopted as far as practicable, all the internal control policies and procedures in achieving management's objectives of ensuring, the orderly and efficient conduct of its business, including adherence to management policies, safeguarding of assets, prevention and detection of fraud and error, accuracy and completeness of accounting records, and timely preparation of reliable financial information.

Auditors

The present statutory auditors of the Company M/s A. F. Ferguson & Co. Chartered Accountants retire and being eligible, offer themselves for reappointment. The Audit Committee and the Board of Directors of the Company have endorsed their re-appointment for shareholders consideration in the forthcoming AGM.

Pattern of Shareholding

A statement of pattern of shareholding and additional information as at June 30, 2020 is annexed to the Annual Report.

Acknowledgement

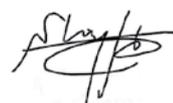
Finally we thank you our valuable shareholders, WAPDA, financial institutions Wartsila Pakistan (Pvt) Limited, Pakistan State Oil and other suppliers for their continued support and trust in the Company. The Board also recognizes the contribution made by a very dedicated team of professionals and engineers who are serving the Company with full enthusiasm. We appreciate all of our employees for demonstrating their commitment and responsibility maintain safe and reliable operations of the power complex and we believe that the same spirit of devotion to the Company shall remain intact in the time ahead, to achieve successful results for the Company and its shareholders.



For and on behalf of the Board

Lahore
September 24, 2020


S M Shakeel
Chief Executive


Shingo Ito
Director

ڈائریکٹرز رپورٹ



بورڈ آف ڈائریکٹرز کمپنی کے مالی حسابات کے ساتھ سالانہ رپورٹ برائے مدت ختمہ 30 جون 2020 خوشی محسوس کرتے ہوئے پیش کرتے ہیں۔

2019 2020

(روپے ہزار میں)	
551,592	1,036,752
(115)	(94)
551,477	1,036,658
(8,483)	(25,774)
542,994	1,010,884
4,310,877	4,176,038
4,853,871	5,186,922
(169,459)	(338,917)
(254,187)	-
(254,187)	-
(677,833)	(338,917)
4,176,038	4,848,005
3.25	6.12

قبل از ٹیکس منافع
ٹیکس

بعد از ٹیکس منافع

دیگر جامع آمدنی (خسارہ)

کل وسیع جامع آمدنی برائے سال

غیر مختص شدہ منافع

حتمی منافع منقسمہ 20%@2018-19

(حتمی منافع منقسمہ 10%@2017-18
مالی سال 2018-19 کے دوران ادا کیا گیا)

پہلا عبوری منافع منقسمہ NIL-2019-20
(پہلا عبوری منافع منقسمہ 15%@2018-19
جو مالی سال 2018-19 میں ادا کیا گیا)

دوسرا عبوری منافع منقسمہ NIL-2019-20
(دوسرا عبوری منافع منقسمہ 15%@2018-19
جو مالی سال 2018-19 میں ادا کیا گیا)

غیر ادا شدہ منافع
آمدنی فی شیئر

روپے

کمپنی کا بنیادی مقصد فرانس آئل سے چلنے والے 124 میگا واٹ کی خالص گنجائش (کل استعداد

131.44 میگا واٹ) بجلی گھر کی ملکیت، اسے چلانا اور اس کی دیکھ بھال کرنا ہے۔

مالی نتائج

ہم رپورٹ کرتے ہیں کہ 30 جون 2020 کو ختم ہونے والے مالی سال کے دوران کمپنی کی مجموعی فروخت آمدنی 7.54 بلین روپے ریکارڈ کی گئی جبکہ گزشتہ مالی سال میں 7.50 بلین روپے ریکارڈ کی گئی تھی۔ کمپنی نے 1.037 بلین روپے کا بعد از ٹیکس منافع حاصل کر کے 6.12 روپے کی فی حصص آمدنی کا مظاہرہ کیا جبکہ پچھلے سال بعد از ٹیکس منافع 551 ملین روپے اور فی حصص آمدنی 3.25 روپے تھی۔ ہم اس بات کا اعادہ کرتے ہوئے لکھتے ہیں کہ پچھلے مالی سال کے دوران کمپنی کا منافع بہت اچھا تھا تاہم ہم نے غیر ملکی قرضوں کی ادائیگی کے بعد کی مدت سے متعلق کپیسٹی پر چیز پرائس کے انڈیکسیشن کا نان ایکسیلیل جزو کے واپڈا کے ساتھ تنازع کی مدد میں 431 ملین روپے کی پروڈن قائم کی ہے، مزید یہ کہ ایندھن کی کارکردگی میں اضافہ اور روپے کی قدر کم ہونے کی وجہ سے کپیسٹی کی ادائیگی میں اضافے کی وجہ سے کمپنی کے منافع میں اضافہ ہوا ہے

بجلی خریدار سے واجب الادا وصولی میں بہتری آئی ہے تاہم ابھی واپڈا کی جانب بقایا بلوں کی معقول رقم واجب الادا ہے، اس ضمن میں مینجمنٹ بجلی کے خریدار، PPIB اور متعلقہ وزارت سے واجب الادا رقم کی جلد وصولی کے لئے مسلسل کوشش کر رہی ہے۔ آپ اس بات کو سنا رہے ہیں کہ واجب الادا رقم میں اضافے کے باوجود کمپنی مختلف مالیاتی اداروں کی طرف سے دستیاب کریڈٹ لائنز کو بروئے کار لاتے ہوئے بجلی کے خریدار کی تمام بجلی کی ڈیمانڈ کی ہدایات پر عمل کر رہی ہے۔ وبائی مرض کرونا کی وجہ سے بہت زیادہ غیر یقینی صورتحال کا سامنا رہا ہے۔ مزید یہ کہ حکومت نے IPPS کے نرخوں کو کم کرنے کے لئے کمیٹی تشکیل دی ہے۔ اس غیر یقینی صورتحال کے تحت بورڈ نے بجلی خریداری کی طلب کو یقینی بنانے کے لئے لیکویڈیٹی کا تحفظ کرتے ہوئے اس سال ڈیوڈنڈ کی ادائیگی کو ترک کر دیا ہے

مالیاتی گوشوارے کے نوٹ 11.1.1 میں لیکویڈٹی نقصانات کے نفاذ سے متعلق معاملے کی حیثیت وہی ہے کہ جیسا کہ آپ کو پہلے بتایا گیا ہے۔ انتظامیہ اور قانونی وکیل کی رائے کے مطابق اگر یہ تنازعہ ثالثی کے حوالے کیا گیا تو فیصلہ کمپنی کے حق میں ہوگا۔ اس لئے کمپنی نے منسلک مالیاتی گوشوارے میں کوئی پروڈن نہیں رکھی۔

مزید یہ کہ مالیاتی گوشوارے کے نوٹ 11.1.2 میں فیڈرل بورڈ آف ریونیو کی طرف سے سلیور ٹیکس بڑھانے کے مطالبے پر ہم یہ رپورٹ کرتے ہیں کہ یہ معاملہ پاکستان سپریم کورٹ کے زیر سماعت ہے۔ کمپنی کی انتظامیہ کا یہ کہنا ہے کیونکہ اس کیس کے دفاع کے لئے بہت ساری بنیادیں ہیں اس لئے مالیاتی گوشوارے میں اس کی پروڈن رکھنے کی ضرورت نہیں ہے۔

اس سال کے دوران ڈپٹی کمشنر انڈین ریونیو (DCIR) نے 27 اگست 2019 کے آرڈر جولائی 2015 سے جون 2016 تک کے دوران ٹیکس کے متعلق فروخت کو دبانے کی وجہ سے، پہلے سے طے شدہ کپیسٹی پر چیز پرائس اور سلیور ٹیکس کے متعلق ناقابل تسخیر انپٹ ٹیکس 185.47 ملین روپے کا کمپنی کے خلاف مطالبہ کیا ہے، مزورہ بالا حکم کے خلاف کمپنی نے 16 ستمبر 2019 کو کمشنر انڈین ریونیو (اپیل) (A) 'CIR' کے سامنے اپیل کی ہے جس کا فیصلہ ابھی زیر التواء ہے، ہمارے قانونی مشیر کا موقف ہے کہ فیصلہ کمپنی کے حق میں دیا جائے گا اسلئے مالیاتی گوشواروں میں اسکی کوئی پروڈن نہیں رکھی گئی

ان کیلیمڈ ڈیوڈنڈز

ہم آپکو یہ بتانا چاہیں گے کہ کمپنیز ایکٹ 2017 کے نفاذ کے بعد اپریل 2020 میں اسکے سیکشن 244 کی تبدیلی کے بعد علیحدہ ڈیوڈنڈ اکاؤنٹ کھولنے کا عمل جو جون کے دوسرے ہفتے میں شروع کی گیا تھا مالی سال کے اختتام کے بعد جولائی 2020 میں متحرک ہو گیا لہذا اب تمام پچھلے ان کیلیمڈ ڈیوڈنڈز کی رقم اس میں منتقل کر دی گئی ہیں۔ اس ایکٹ کی دفعات کے مطابق اس اکاؤنٹ سے حاصل ہونے والے منافع کی رقم کارپوریٹ سماجی ذمہ داری کے کاموں میں استعمال کی جائے گی

آپریشنز

ہم آگاہ کرتے ہیں کہ زیر بحث مالی سال کے دوران بجلی خریداری کی جانب سے بجلی کی طلب کم رہی جس کے نتیجے میں پاور کمپلیکس نے %33.41 استعدادی محرک کے طور پر کام کیا جبکہ پچھلے سال کی ترسیل 35.67 فیصد کی استعداد پر رہی۔ اس کے نتیجے میں کمپنی نے واپڈاکو 363,856 MWHs بجلی فراہم کی، جبکہ پچھلے سال یہ فراہمی 387,435 MWHs تھی۔ زیرغور مالی سال کے دوران تین انجن جو کہ 116K اور ایک انجن 108K آپریشنل گھنٹے مکمل کر چکے تھے انھیں 8K میجر مینٹی نینس پروگرام کے تحت اور ہال کیا گیا جبکہ پچھلے سال دو انجن جو کہ 116K اور ایک انجن 108K آپریشنل گھنٹے مکمل 8K میجر مینٹی نینس پروگرام کے تحت اور ہال کیا گیا۔ تمام شیڈولڈ اور ان شیڈولڈ مینٹی نینس مقررہ طریقہ کار اور بجٹ کے مطابق کامیابی کے ساتھ کی گئی ہے۔ ہمیں یہ بتاتے ہوئے خوش محسوس ہو رہی ہے کہ تمام انجن اور معاون آلات، محفوظ اور قابل بھروسہ آپریشنز کے لیے بالکل ٹھیک حالت میں ہیں۔

ہمیں یہ بتاتے ہوئے بھی خوشی ہے کہ ہم نے واپڈاکو کی طرف سے 05 جون 2020 کو لیے جانے والے Annual Dependable Capacity Test (ADC) کو کامیابی سے کوالیفائی کیا۔ ہم کامل یقین کے ساتھ یہ بتا رہے ہیں کہ کارکردگی کے 23 سال مکمل کرنے کے باوجود پاور پلانٹ بہترین حالت میں ہے۔ نتیجتاً اس نے 129.86 MW استعداد کی قابل تعریف پرفارمنس کا مظاہرہ کیا جو 124 MW کی مجموعی معاہداتی استعداد سے کہیں زیادہ ہے۔ بورڈ آف ڈائریکٹرز مینجمنٹ اور ملازمین کی انتھک محنت کو سراہتا ہے جس کی بدولت یہ نمایاں کامیابی حاصل ہوئی

رسک مینجمنٹ

خطرات کے انتظامی اصول خطرات کی نشاندہی، ان کا تجزیہ کرنے اور انکو روکنے کے لئے مناسب اور مربوط طریقہ کار وضع کرتے ہیں جس کا کمپنی کو سامنا ہے۔ انڈسٹری میں ہونے والی تبدیلیوں اور کمپنی کی موجودہ سرگرمیوں کو مد نظر رکھتے ہوئے خطرات کے انتظام کے تمام لاگو قواعد و ضوابط کا باقاعدگی سے جائزہ لیا جاتا ہے۔ جس کا اہم مقصد خطروں سے نمٹنے کے لئے موجودہ تربیتی نظام کے نقطہ نظر اور اصولوں کے مطابق طریقہ کار وضع کرنا ہے۔

آپریشنل خطرات

مینجمنٹ نے آپریشنل خطرات کی شناخت کے لئے ایک مکمل اور مربوط طریقہ کار وضع کیا ہے۔ پلانٹ پر کسی بھی قسم کے خطرے کی شناخت کرنے اور غیر متوقع خطرے کے وقوع پذیر ہونے کو کم کرنے کے لئے ضروری حفاظتی اقدامات کرنا مکمل طور پر کوالٹی اور EHS فنکشن کی ذمہ داری ہے۔ معیاری آپریشنل طریقہ کار ہنگامی منصوبے بین الاقوامی معیار کے مطابق ہیں پلانٹ پر استعمال ہونے والے تمام آپریشنل طریقہ کار کے پیچھے کڑی محنت اور پریکٹس ہے اور پلانٹ کے آپریشنز کو بہتر اور محفوظ بنانے کے لئے برونے کا رہنما ہیں

مالیاتی خطرات

کمپنی کے مالیاتی خطرات کے انتظام کو کمپنی کے مالیاتی حسابات کے نوٹ نمبر 32 میں واضح کر دیا گیا ہے۔

کریڈٹ ریٹنگ

کمپنی کی کریڈٹ ریٹنگ جیسا کہ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے کمپنی کی طویل المدت اور قلیل المدت entity ریٹنگز طے کی ہیں، اسی طرح سے بالترتیب "AA" (ڈبل اے) اور "A1+" (اے ون پلس) ہیں۔ یہ ریٹنگز کریڈٹ رسک کے نہ ہونے کے برابر خطرے کو ظاہر کرتی ہیں۔ یہ مالیاتی وعدوں کی بروقت پاس داری کی مضبوط گنجائش کی طرف اشارہ کرتی ہیں۔ مستقبل قریب میں یہ گنجائش کسی قابل قدر خطرے سے دوچار ہوتی نظر نہیں آتی۔

یہ ریٹنگز کمپنی کے مضبوط فنانشل پروفائل کی عکاسی کرتی ہیں۔ یہ ریٹنگز کمپنی کے اندر آپریشنز ایڈمنسٹری نیشن (O&M) سرگرمیوں کے کامیاب انتظام کا اعتراف اور فنی اعتبار سے مضبوط انتظام، مستحکم سسٹمز اور کنٹرولز اور کمپنی کے طاقت وراثتی ڈھانچے کی عکاسی کرتی ہیں۔

کوڈ آف کارپوریٹ گورننس کی تعمیل میں اسٹیٹمنٹس

ڈائریکٹرز بیان کرتے ہیں کہ:

- ☆ فنانسئل اسٹیٹمنٹس، جو کمپنی کی انتظامیہ کی طرف سے تیار کیے گئے ہیں، اس کے حالات، آپریشنز کے نتائج، کیش فلوز، اور ایکویٹی میں تبدیلیوں کی سچائی کے ساتھ عکاس کرتے ہیں۔
- ☆ کمپنی کے حسابات کو کھاتوں میں مناسب طریقے سے درج کیا گیا ہے۔
- ☆ فنانسئل اسٹیٹمنٹس کی تیاری میں اکاؤنٹنگ کی مناسب پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینوں کی بنیاد مناسب اور معقول فیصلوں پر ہے۔
- ☆ فنانسئل اسٹیٹمنٹس کی تیاری میں فنانسئل رپورٹنگ کے بین الاقوامی معیارات، جیسے کہ پاکستان میں قابل اطلاق ہیں کی پابندی کی گئی ہے
- ☆ داخلی کنٹرول کے نظام کو موثر طریقے سے نافذ کیا گیا اور اس پر نظر رکھی گئی ہے۔
- ☆ کمپنی کے آگے بڑھنے کی قابلیت کے بارے میں کوئی شبہ نہیں ہے۔
- ☆ پچھلے چھ سال کا آپریٹنگ اور فنانسئل ڈیٹا اس رپورٹ کے ساتھ منسلک ہے۔
- ☆ زیر جائزہ مالی سال کے دوران بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی کے پانچ اجلاس ہوئے اور سال 2019-20 کے دوران بورڈ پر رہنے والے ڈائریکٹرز کے نام اور حاضری درج ذیل ہے:

حاضری		
ڈائریکٹر کا نام	بورڈ	آڈٹ کمیٹی
جناب نسیم سہگل	1/5	
جناب ایس ایم شکیل	5/5	
جناب شنگو ایتو	5/5	5/5
جناب رایو آوائے	5/5	5/5
محترمہ ماریکو اویدا	4/5	4/5
جناب اچیر وکوانو	3/4	3/4
جناب فیصل ریاض	3/5	3/5
جناب ہیروکازو ایشی	1/1	1/1

بورڈ نے ان بوڈ ڈمبوز کی رخصت کی منظوری دی جو اجلاس (اجلاسوں) میں شریک نہیں ہو سکے۔

- ☆ زیر غور مالی سالی کے دوران ایچ آر اور مشاہرہ کمیٹی کا ایک اجلاس ہو جس میں جناب ایس ایم شکیل، محترمہ ماریکو اویدا، جناب رایو آوائے اور جناب شنگو ایتو شریک ہوئے۔
- ☆ یکم جولائی 2019 سے 30 جون 2020 کے سال کے دوران چیف ایگزیکٹو آفیسر، ڈائریکٹرز، چیف فنانسئل آفیسر، کمپنی سیکرٹری، ان کی بیگمات اور نابالغ بچوں نے کمپنی کے شیئرز کی کوئی خرید و فروخت نہیں کی۔

☆ کمپنی نے ایپلائنگ گریجویٹ فنڈ قائم کیا اور اسے متعلقہ اتھارٹی کے پاس رجسٹر کرایا۔ سالانہ تخصیص اصل ویلیویشن کی بنیاد پر کی گئی تاکہ اس اسکیم کے تحت ان تمام ملازمین کی ذمہ داری پوری کی جاسکے جو کو ایلفانگ مدت سے قطع نظر گریجویٹ کے فوائد کا حق رکھتے ہیں۔ 30 جون 2020 کو گریجویٹ فنڈ میں سرمایہ کاری کی ویلیو بشمول 355.79 ملین روپے انویسٹمنٹ کے 428.28 ملین روپے تھے۔

☆ بورڈ نے آڈٹ کمیٹی قائم کی ہے۔ بیہتین نان ایگزیکٹو ڈائریکٹرز پر مشتمل ہے۔ غیر جانبدار ڈائریکٹرز اس کمیٹی کا چیئر مین ہے۔

☆ بورڈ نے، جیسا کہ کمپنی کے اندر شیئرز کی خرید و فروخت کے بارے میں اطلاع دینے کے لیے CCG کا تقاضا ہے، یہ تشریح کی ہے کہ لفظ "ایگزیکٹو" کا مطلب، CEO, COO, CFO, ہیڈ آف انٹرنل آڈٹ، کمپنی سیکرٹری، اور کمپنی کے منجوز شعبہ جاتی سربراہ ہوں گے خواہ انہیں کسی بھی نام سے پکارا جائے۔

بورڈ میں تبدیلیاں

اپنے شیئر ہولڈرز کو اس سے پہلے کی اطلاع کے علاوہ ہم آپ کو ایک بار پھر آگاہ کرتے ہیں کہ 22 اکتوبر 2019 کو منعقد ہونے والے سالانہ اجلاس عام کے بعد جناب اچیر وکوانو نے ڈائریکٹر کا عہدہ چھوڑ دیا ہے اور بورڈ نے ان کی جگہ جناب ہیروکازو ایشی جن کو سبکدوش ہونے والے ڈائریکٹر کی بقیہ مدت کے لیے 21 مئی 2020 سے کمپنی کا ڈائریکٹر مقرر کیا ہے۔ جناب اچیر وکوانو نے ڈائریکٹر کی حیثیت سے جو گراں قدر خدمات انجام دیں، بورڈ آف ڈائریکٹرز ان کو سراہتا ہے اور کمپنی کے نئے ڈائریکٹر کی حیثیت سے جناب ہیروکازو ایشی کا پر جوش خیر مقدم کرتا ہے۔

کارپوریٹ سماجی ذمہ داریاں (CSR)

ہم آپ کو بخوشی آگاہ کرتے ہیں کہ آس پاس رہنے والی آبادی کی مدد CSR پروگرام ہمارے کاروباری انداز فکر کا اہم حصہ رہا ہے۔ ہم یہ اطلاع دیتے ہیں کہ بجلی گھر کے قریب وجوہ میں رہنے والوں کو علاج معالجے کی مفت سہولت اور مستحق بچوں کی مفت تعلیم ہمارے CSR پروگرام کی توجہ کا محور رہی ہے۔

(a) طبی سہولت

CSR پروگرام کی پہلی قسم بجلی گھر کے آس پاس کے علاقے کے مستحق لوگوں کو مفت علاج معالجے کی سہولت فراہم کرنا ہے۔ کو ایلفائیڈ ڈاکٹر اور اسٹاف پر مشتمل ایک باصلاحیت میڈیکل ٹیم پورے خلوص کے ساتھ مریضوں کی خدمت کر رہی ہے۔ ہم آگاہ کرتے ہیں کہ مالی سال 2019-20 کے دوران 7.103 ملین روپے سے 8,820 مستحق مریضوں کا علاج معالجہ کیا گیا جب کہ پچھلے مالی سال 2018-19 کے دوران 6.729 ملین روپے سے 12.935 مستحق مریضوں کا علاج معالجہ کیا گیا۔

(b) تعلیمی سہولت

آپ کی کمپنی کی منجمنٹ ایک اور CSR پروگرام کے تحت آس پاس کی آبادی کے مستحق بچوں کو مفت تعلیم فراہم کر رہی ہے اور اس طرح تعلیم کے ذریعے معاشرے کی ترقی میں اپنا کردار ادا کر رہی

ضروری اقدامات اٹھائے ہیں۔ اس کی وجہ سے مینجمنٹ نے ان پیش رفتوں کے اکاؤنٹنگ مضمرات کی فنانشل اسٹیٹمنٹس کے تحت جائزہ لے کر اندازہ لگایا ہے کہ ان فنانشل اسٹیٹمنٹس پر COVID-19 کے کوئی خاص اثرات مرتب نہیں ہوئے۔

کمپنی کا اندرونی نظام کنٹرول

انتظامیہ نے انتظام کے مقاصد کو حاصل کرنے کو یقینی بنانے کے لئے تمام اندرونی کنٹرول کی پالیسیوں کو اپنایا ہے۔ جہاں عملی طور پر اس کے کاروبار کے منظم اور منوثر انداز میں انتظامی پالیسیوں کی تعمیل، اثاثوں کی حفاظت، دھوکہ دہی اور غلطی کا پتہ لگانے سمیت، اکاؤنٹنگ ریکارڈ کی درستگی اور مکمل، قابل اعتماد مالیاتی معلومات کی بروقت تیاری ہے

آڈیٹرز

کمپنی کے موجودہ قانونی آڈیٹرز میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس ریٹائر ہو رہے ہیں، انھوں نے مستحق ہونے کے ناطے خود کو دوبارہ تقرر کے لیے پیش کیا ہے۔ کمپنی کی آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے شیئر ہولڈرز کے سالانہ اجلاس عام میں ان کے تقرر کی منظوری دے دی ہے۔

شیئر ہولڈنگ کا پیٹرن

اسٹیٹمنٹ آف پیٹرن آف شیئر ہولڈنگ اور اضافی معلومات، جیسا کہ 30 جون 2020 کو تھیں، اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

اظہار تشکر

بورڈ، گران قدر شیئر ہولڈرز، واپڈا، مالیاتی اداروں، Wartsila، پاکستان اسٹیٹ آئل اور دوسرے کاروباری ساتھیوں کی مسلسل حمایت، اور کمپنی پر ان کے اعتماد کا اعتراف اور تعریف کرتا ہے جس سے کمپنی کو قوم کی خدمت کرنے میں مدد ملی۔ پاور پلانٹ کے تمام شعبوں میں اعلیٰ درجے کی کارکردگی کو فروغ دینے کے لئے جدید اور حوصلہ افزا کام کی فہما کے قیام کے لئے مینجمنٹ کی تعریف کرتے ہیں۔ اور ہم تمام ایگزیکٹوز اور ایپلایٹس کی انتھک محنت، خلوص اور لگن کے بھی شکر گزار ہیں کہ انھوں نے پلانٹ کے آپریشنز کو محفوظ اور یقینی بنایا اور ہمیں یقین ہے کہ آئندہ مستقبل میں بھی وفاداری کا یہ جذبہ برقرار رہے گا۔

برائے اور از طرف بورڈ



ایس ایم گیل
چیف ایگزیکٹو



شکو اتیو
ڈائریکٹر

24 ستمبر 2020

ہے۔ اس ضمن میں ہم آپ کو آگاہ کرنا چاہیں گے کہ اس وقت 114 اسٹوڈنٹس کو تعلیم دی جا رہی ہے، مزید برآں 10 ویں جماعت پاس کرنے والے بچوں میں سے باصلاحیت بچوں کے لئے گریجویٹیشن تک کی تعلیم کا بیڑا اٹھایا ہے اور ہمیں یہ بتاتے ہوئے مسرت ہو رہی ہے کہ ان میں سے سات بچے فٹس ایئر اور سات بچے گریجویٹیشن لیول میں پرائیویٹ کالجز میں پڑھ رہے ہیں جہاں انھیں فیس، یونیفارم اور ٹرانسپورٹ کی سہولت بھی مہیا کی جا رہی ہے کمپنی نے سال کے دوران تعلیمی سہولت کی مدد میں 4.895 ملین روپے خرچ کیے۔

ماحول پر اثرات

ہم تسلیم کرتے ہیں کہ ماحولیات تحفظ کی سرگرمی ہمارے کاروبار کا لازمی جزو ہے، اور ہم رضا کارانہ اور فعال طور پر ماحولیات تحفظ کی سرگرمیوں کو فروغ دیتے ہیں اور کمپنی کے کارپوریٹ سرگرمیوں میں ناگزیر طور پر مشغول ہیں۔ ہم سمجھتے ہیں کہ معاشرے میں ماحولیات مثبت تبدیلیاں لانا کمپنی کی کارپوریٹ سماجی ذمہ داری ہے۔ کمپنی اس چیز کو بھی ممکن بنانے کی ذمہ دار ہے کہ کمپنی کے تمام کام مروجہ یوٹیوٹی فریم ورک کے عین مطابق ہوں۔ ہمارا خیال ہے کہ ترقی صرف اس صورت میں مستحکم ہوگی جب یہ ماحول کو مد نظر رکھ کر حاصل کی جائے اور ہم اس شعبے میں اپنی شراکت کو بہتر اور مستحکم کر چکے ہیں، ہماری ماحول، صحت اور حفاظت کی حکمت عملی ماحول، صحت اور حفاظت کو آگے بڑھانے کا عہد کرتی ہے۔ ہم نے اس چیز کی نشاندہی کی ہے کہ کونسے عوامل ماحول پر زیادہ اثر انداز ہوتے ہیں۔ ماحولیات اثرات کی موجودگی کو کم کرنے کے لئے ہم نے واضح طور پر اہداف مقرر کئے ہیں جس میں آب و ہوا کو صاف رکھنے کے لئے اپنا حصہ ڈالنے ہوئے ای ایچ پالیسی کو اختیار کرنا ہے

اس سلسلہ میں وضع کردہ بنیادی مقاصد اور اہداف یہ ہیں:

- ویسٹ کو کم کر کے ری سائیکلنگ کی شرح میں بہتری لانا
- توانائی کے استعمال کو کم کرنا اور قدرتی وسائل کو محفوظ رکھنا
- ماحولیات تعمیر کو بہتر بنانا
- صفر حادثے اور سبز ماحول کو فروغ دینا

ان مقاصد اور اہداف کو حاصل کرنے کے لئے ہم نے ایک جامع ماحولیات نظام تیار کیا ہے، اس میں ایسا ماحولیات مینجمنٹ نظام تیار کیا ہے جو دیگر امور کے علاوہ ذمہ داریوں، ذرائع اور نظام الاوقات کو بھی وضع کرتا ہے اور وقتاً فوقتاً ہم آپریشنل تبدیلیوں کی نگرانی اور ریکارڈ رکھنا

COVID-19 کے فنانشل اسٹیٹمنٹس پر اثرات

COVID-19 کا وبائی مرض جو پوری دنیا میں تیزی سے پھیل کر نہ صرف انسانی جانوں کو خطرے میں ڈال دیا ہے بلکہ عالمی معیشت پر بھی اس نے منفی اثرات مرتب کئے ہیں۔ ۳۲ مارچ ۲۰۲۰ کو حکومت پنجاب نے COVID-19 کے پھیلاؤ کو کم کرنے کے اقدام کے طور پر عارضی طور لاک ڈاؤن کا اعلان کیا، اس سے کمپنی کے کاموں پر کوئی اثر نہ ہوا کیونکہ وہ حکومت پنجاب کی جانب سے ضروری خدمات فراہم کرنے والی کمپنیوں کی لسٹ میں شامل ہے۔ ملازمین کی حفاظت کو یقینی بنانے کے لئے تمام ضروری معیاری طریقہ کار (ایس او پی) کو نافذ کرنے کے بعد، کمپنی اپنا کام جاری رکھے ہوئے ہے اور اپنے کاروبار کو بہتر اور مناسب تسلسل کے ساتھ یقینی بنانے کے لئے تمام

HUMAN RESOURCE MANAGEMENT

Our HR department is one of the most pivotal parts of the company while our human resource policies provide transparency and drive our employees that is how we are translating our strategic priorities into actions. It sets examples that what we have been achieved in past years by developing professional organizational culture, retaining talent, performance based compensation, equality based culture of respect & recognitions.

Our HR function operates as a strategic partner with senior management and all departmental heads. The key to this role has been its continued focus to align our departmental targets with Team Mission

Statement (TMS). We are sincerely grateful to all employees for their close and constructive cooperation in 2020 because of whom we were able to achieve good progress towards many strategic priorities despite the challenges faced.



CORPORATE SOCIAL RESPONSIBILITY (CSR)



a) Medical Facility

The first kind of CSR program of the Company is to provide free medical treatment facility to the deserving people residing in neighboring community the power plant. A qualified and experienced medical team comprises of a MBBS doctor and competent medical staff is enthusiastically serving the people. Since the prices of medicines have drastically increased therefore during the FY 2019-20 total 8,820 patients have been provided with medical care at a cost of Rs. 7.103 million whereas during the previous financial year total 12,935 patients were provided with medical facility a cost of Rs. 6.729 million.



b) Education Facility

The management of the Company, considering its social responsibility, is also investing on free education facility to the deserving children of the neighbouring community of the Company. We believe that such contribution to the underprivileged society is playing a pivotal role in developing the living standard of the community.

We report that starting from primary section to secondary school level total 114 students are being educated with the support of the Company. After passing matriculation the talented students are further supported to study at graduation level. This includes seven students studying in 1st year and seven are in 2nd year of graduation in private colleges. The education facility program is inclusive of providing tuition, books / stationery, uniform and transport fully sponsored by the Company. During the year the Company has contributed Rs. 4.895 million on account of education facility overall.

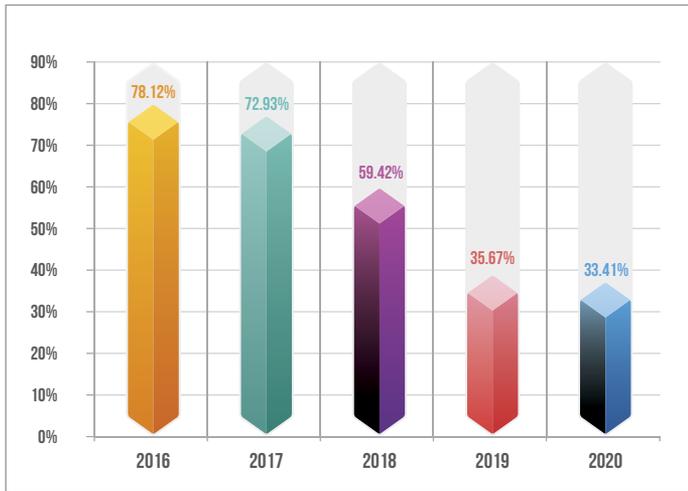


FINANCIAL DATA

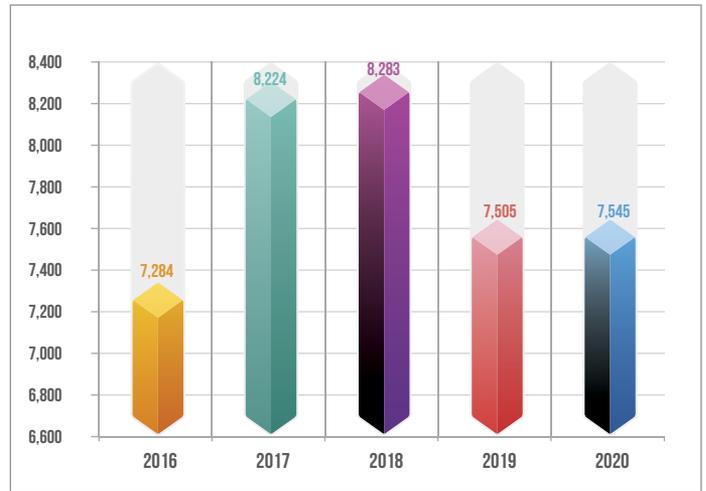
	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
DISPATCH LEVEL (%)	33.41%	35.67%	59.42%	72.93%	78.12%
DISPATCH (MWH)	363,856	387,435	645,395	792,147	850,945
REVENUE (Rs. 000)					
ENERGY FEE	5,020,777	5,592,339	6,852,409	6,947,012	6,070,220
CAPACITY FEE	1,623,874	1,328,564	1,128,422	1,094,435	1,067,666
INTEREST ON DELAYED PAYMENT	904,131	583,835	301,810	182,414	146,050
TOTAL REVENUE	7,548,782	7,504,738	8,282,641	8,223,861	7,283,936
COST OF SALES	5,391,882	5,946,315	7,019,967	6,988,329	6,174,928
GROSS PROFIT	2,156,900	1,558,423	1,262,674	1,235,532	1,109,008
PROFITABILITY (Rs. 000)					
PROFIT/(LOSS) BEFORE TAX	1,036,752	551,592	730,138	804,878	695,661
PROVISION FOR INCOME TAX	94	115	240	711	445
PROFIT/(LOSS) AFTER TAX	1,036,658	551,477	729,898	804,167	695,216
OTHER COMPREHENSIVE INCOME / (LOSS)	(25,774)	(8,483)	(18,781)	8,354	(7,985)
FINANCIAL POSITION (Rs. 000)					
NON CURRENT ASSETS	3,219,285	3,549,660	3,503,541	3,680,940	3,908,948
CURRENT ASSETS	9,156,796	7,974,127	8,022,395	6,194,471	4,880,224
LESS CURRENT LIABILITIES	5,833,490	5,653,163	5,520,473	3,818,502	2,697,491
NET WORKING CAPITAL	3,323,306	2,320,964	2,501,922	2,375,969	2,182,733
CAPITAL EMPLOYED	6,542,591	5,870,624	6,005,463	6,056,909	6,091,681
LESS LONG TERM LOANS				-	
SHARE HOLDERS EQUITY	6,542,591	5,870,624	6,005,463	6,056,909	6,091,681
REPRESENTED BY (Rs. 000)					
SHARE CAPITAL	1,694,586	1,694,586	1,694,586	1,694,586	1,694,586
SHARE PREMIUM					
BONUS SHARES					
UNAPPROPRIATED PROFIT BEFORE APPROPRIATION	5,186,922	4,853,871	5,073,440	5,209,616	5,329,117
APPROPRIATION / DIVIDENDS	338,917	677,833	762,563	847,293	932,022
EFFECT OF RETROSPECTIVE CHANGE IN ACCOUNTING POLICY					
UNAPPROPRIATED PROFIT BROUGHT FORWARD	4,848,005	4,176,038	4,310,877	4,362,323	4,397,095
	6,542,591	5,870,624	6,005,463	6,056,909	6,091,681
SHARE PRICES AS ON JUNE 30,	34.98	36.00	40.00	43.07	41.20
EARNING PER SHARE	6.12	3.25	4.31	4.75	4.10
RATIOS:					
RETURN ON ASSETS	8.38%	4.79%	6.33%	8.14%	7.91%
PRICE EARNING RATIO	5.72	11.08	9.28	9.07	10.05
BREAK UP VALUE PER SHARE OF Rs. 10 EACH	38.61	34.64	35.44	35.74	35.95
CURRENT RATIO	1.57	1.41	1.45	1.62	1.81
NET PROFIT/(LOSS) TO SALES (%AGE)	13.73%	7.35%	8.81%	9.78%	9.54%
DIVIDEND PER SHARE	2.00	4.00	4.50	5.00	5.50

PERFORMANCE OVERVIEW

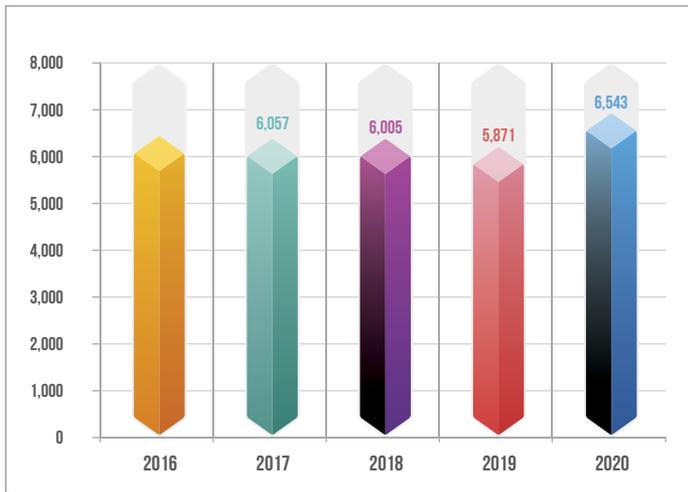
“Dispatch Percentage”



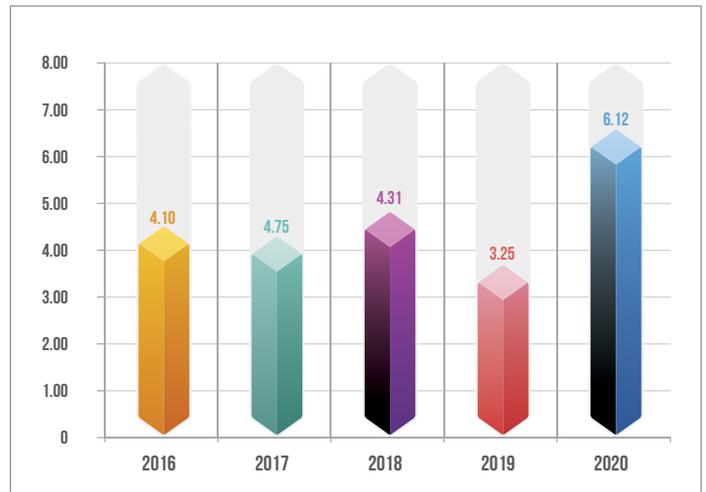
“Turnover” (Rupees in Million)



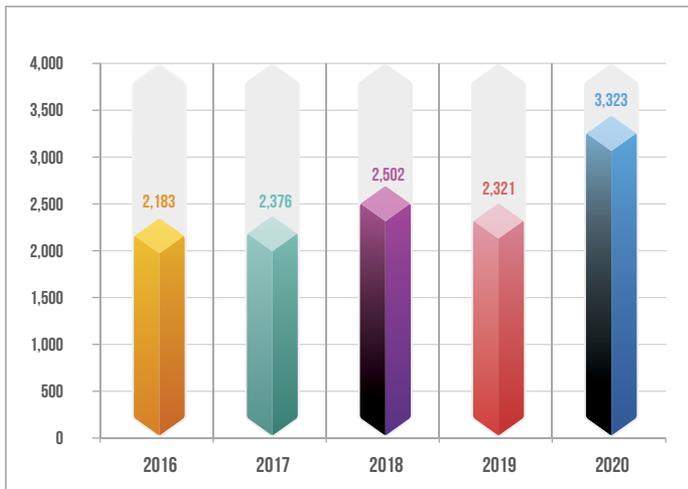
“Shareholder Equity” (Rupees in Million)



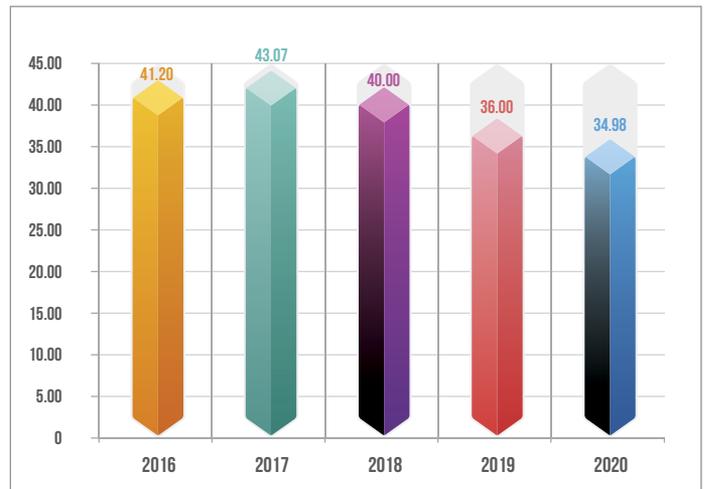
“Earning Per Share” (Rupees in Million)



“Working Capital Analysis” (Rupees in Million)



“Share Price” (Rupees)



STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2019 For the Year ended June 30, 2020

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

1. The total number of directors are seven as per the following:

a. Male: Six **b. Female:** One

2. The composition of board is as follows:

Catagory	Names
i) Independent Directors	Mr. Hirokazu Ishii Mr. Shingo Ito Ms. Mariko Ueda
ii) Non-executive Directors	Mr. M. Naseem Saigol Mr. Faisal Riaz Mr. Ryo Aoe
iii) Executive Directors	Mr. S M Shakeel
iv) Female Directors	Ms. Mariko Ueda

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:
 - a) Mr. Shingo Ito
 - b) Ms. Mariko Ueda
 - c) Mr. Ichiro Kawano;
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

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

a) Audit Committee

Mr. Shingo Ito, Chairman- Independent Director

Mr. Ryo Aoe, Member

Ms. Mariko Ueda, Member

b) HR and Remuneration Committee

Mr. Shingo Ito, Chairman - Independent Director

Mr. S M Shakeel, Member

Mr. Ryo Aoe, Member

Ms. Mariko Ueda, Member

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

14. The frequency of meetings (quarterly/half yearly/yearly) of the committee were as per following;-

a) Audit Committee Five meetings

b) HR and Remuneration Committee Yearly

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

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative(spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;

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

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

for and on behalf of the Board



Shingo Ito
Director



S M Shakeel
Chief Executive/Director

Lahore:
September 24, 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KOHINOOR ENERGY LIMITED REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Kohinoor Energy Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Lahore
October 02, 2020

A. F. Ferguson & Co.
Chartered Accountants



Engagement Partner: Hammad Ali Ahmad

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KOHINOOR ENERGY LIMITED REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of Kohinoor Energy Limited ('the Company'), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Emphasis of matter

We draw attention to notes 12.1.1 and 12.1.2 to the financial statements, which describe the uncertainties regarding the outcome of certain claims by WAPDA which have been disputed by the Company. Our opinion is not qualified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is Hammad Ali Ahmad.

Lahore
October 02, 2020

A. F. Ferguson & Co.
Chartered Accountants



Engagement Partner: Hammad Ali Ahmad

STATEMENT OF FINANCIAL POSITION

	Note	2020 (Rupees in thousand)	2019
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 170,000,000 (June 2019: 170,000,000) ordinary shares of Rs. 10 each		1,700,000	1,700,000
Issued, subscribed and paid up capital 169,458,614 (June 2019: 169,458,614) ordinary shares of Rs. 10 each	6	1,694,586	1,694,586
Un-appropriated profit		4,848,005	4,176,038
		6,542,591	5,870,624
CURRENT LIABILITIES			
Employee benefits	7	82,405	31,929
Short term finances - secured	8	5,389,907	5,354,474
Trade and other payables	9	150,594	53,867
Accrued finance cost	10	143,274	103,727
Unclaimed dividend	11	10,228	50,088
Provision for taxation - net		57,082	59,078
		5,833,490	5,653,163
CONTINGENCIES AND COMMITMENTS	12	-	-
		12,376,081	11,523,787



Chief Executive Officer



Director

AS AT JUNE 30, 2020

	Note	2020 (Rupees in thousand)	2019
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	3,213,573	3,541,996
Intangible assets	14	3,594	4,101
Long term loans and deposits	15	2,118	3,563
		3,219,285	3,549,660
CURRENT ASSETS			
Stores, spares and loose tools	16	303,561	316,292
Stock in trade	17	48,965	190,045
Trade debts - net	18	8,035,685	7,155,022
Loans, advances, deposits, prepayments and other receivables	19	466,177	237,141
Cash and bank balances	20	302,408	75,627
		9,156,796	7,974,127
		12,376,081	11,523,787

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in thousand)	2019
Revenue from contract with customer	21	7,548,782	7,504,738
Cost of sales	22	(5,391,882)	(5,946,315)
Gross profit		2,156,900	1,558,423
Administrative expenses	23	(289,925)	(707,978)
Operating profit		1,866,975	850,445
Other income	24	324	206,857
Finance costs	25	(830,547)	(505,710)
Profit before taxation		1,036,752	551,592
Taxation	26	(94)	(115)
Profit after tax		1,036,658	551,477
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
- Re-measurement of staff gratuity fund		(25,774)	(8,483)
Items that may be reclassified subsequently to profit or loss			
		-	-
Total other comprehensive loss		(25,774)	(8,483)
Total comprehensive income for the year		1,010,884	542,994
Earnings per share - basic and diluted - Rupees	33	6.12	3.25

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 (Rupees in thousand)	2019
Cash flows from operating activities			
Cash generated from operations	27	1,501,870	1,433,694
Employee benefits paid		(45,412)	(44,216)
Mark up on borrowings paid		(791,000)	(450,861)
Taxes paid		(2,090)	(2,476)
Net cash used in operating activities		663,368	936,141
Cash flows from investing activities			
Purchase of property, plant and equipment		(98,955)	(461,087)
Interest / mark up income received		324	394
Net decrease in long term loans and deposits		1,445	4,140
Proceeds from sale of property, plant and equipment		3,943	10,822
Net cash used in investing activities		(93,243)	(445,731)
Cash flows from financing activities			
Dividend paid		(378,777)	(638,050)
Net cash used in financing activities		(378,777)	(638,050)
Net increase / (decrease) in cash and cash equivalents		191,348	(147,640)
Cash and cash equivalents at the beginning of the year		(5,278,847)	(5,131,207)
Cash and cash equivalents at the end of the year	28	(5,087,499)	(5,278,847)

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Share Capital	Un- appropriated (Rupees in thousand)	Total
Balance as on July 1, 2018	1,694,586	4,310,877	6,005,463
Final dividend for the year ended June 30, 2018 at the rate of Rs. 1.0 per share	-	(169,459)	(169,459)
Interim dividend for the year ended June 30, 2019 at the rate of Rs. 1.50 per share	-	(254,187)	(254,187)
Interim dividend for the year ended June 30, 2019 at the rate of Rs. 1.50 per share	-	(254,187)	(254,187)
Profit for the year	-	551,477	551,477
Other comprehensive income:			
Re-measurement of staff gratuity fund	-	(8,483)	(8,483)
Total comprehensive income for the year	-	542,994	542,994
Balance as on June 30, 2019	1,694,586	4,176,038	5,870,624
Final dividend for the year ended June 30, 2019 at the rate of Rs. 2.00 per share	-	(338,917)	(338,917)
Profit for the year	-	1,036,658	1,036,658
Other comprehensive income:			
Re-measurement of staff gratuity fund	-	(25,774)	(25,774)
Total comprehensive income for the year	-	1,010,884	1,010,884
Balance as on June 30, 2020	1,694,586	4,848,005	6,542,591

The annexed notes 1 to 38 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

1 Legal status and nature of business

Kohinoor Energy Limited (the 'Company') was incorporated in Pakistan on April 26, 1994 as a public limited Company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange. The principal activity of the Company is to own, operate and maintain a power plant of 124 MW capacity in Lahore and to sell the electricity produced therefrom to a sole customer, the Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), for a term of 30 years which commenced from June 19, 1997. The address of the registered office of the Company is 301, 3rd Floor, Green Trust Tower, Blue area, Islamabad, Lahore office is situated at 17-Aziz Avenue, Unit # 4, Canal Bank, Gulberg V, Lahore and the Company's power plant has been set up at Post Office Raja Jang, near Tablighi Ijtima, Raiwind Bypass, Lahore.

2 Statement of compliance

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

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

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

3 Basis of preparation

3.1 Initial application of standards, amendments or an interpretation to existing standards

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, as detailed below:

3.1.1 Standards, amendments to published standards and interpretations that are effective in the current year

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 1, 2019 but are considered not to be relevant or to have any significant effect on the Company's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements, except the following:

- IFRS 16, 'Leases': this standard has been notified by the Securities and Exchange Commission of Pakistan (SECP) to be effective for annual periods beginning on or after January 1, 2019. This standard replaces the previous guidance in IAS 17, 'Leases' and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on statement of financial position) and an operating lease (off statement of financial position).

IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees.

SECP through SRO 986(I)/2019 dated September 2, 2019 has granted exemption from the requirements of IFRS 16 to all companies to the extent of their power purchase agreements executed before January 1, 2019. Therefore, the standard will not have any impact on the Company's financial statements to the extent of its power purchase agreement.

Under IFRS 16, the consideration required to be made by the lessee for the right to use the asset is to be accounted for as a finance lease. The Company's power plant's control due to purchase of total output by WAPDA appears to fall under the scope of finance lease under IFRS 16. Consequently, if the Company were to follow IFRS 16 with respect to its power purchase agreement, the effect on the financial statements would be as follows:

	2020	2019
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(2,924,876)	(3,218,080)
Recognition of lease debtor	381,282	388,266
Decrease in un-appropriated profit at the beginning of the year	(2,829,814)	(2,795,879)
Increase / (decrease) in profit for the year	286,220	(33,935)
Decrease in un-appropriated profit at the end of the year	<u>(2,543,594)</u>	<u>(2,829,814)</u>

3.1.2 Standards, amendments and interpretation to existing standards that are not yet effective but are applicable / relevant to the Company's operations

Standard or interpretation	Effective Date (Annual beginning on or after)
IAS 1, Presentation of financial statements (amendment)	January 1, 2020
IAS 8, Accounting policies, changes in accounting estimates and errors	January 1, 2020

3.2 Amendments in Companies Act, 2017

SECP through its notification dated July 29, 2019 brought certain changes in Fourth Schedule to the Company Act, 2017 with regards to preparation and presentation of financial statements. This resulted in elimination of certain disclosures in these financial statements of the Company as at June 30, 2020.

Furthermore, the Companies (Amendment) Ordinance, 2020, promulgated on April 30, 2020 also brought changes to the Companies Act, 2017 with regards to the inclusion of certain disclosures in the financial statements. The Company has provided the applicable disclosures in its financial statements.

4 Basis of measurement

4.1 These financial statements have been prepared under the historical cost convention, modified by capitalization of exchange differences in previous years, except for revaluation of certain financial instruments at fair value and recognition of certain employee retirement benefits at present value.

The Company's significant accounting policies are stated in note 5. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

a) Retirement benefits

The Company uses the valuation performed by an independent actuary as the present value of its retirement benefit obligations. The valuation is based on assumptions as mentioned in note 5.2.

b) Useful lives and residual values of property, plant and equipment

The Company reviews the useful lives of property, plant and equipment on regular basis. Any change in estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

5 Significant accounting policies

5.1 Taxation

Current

The profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. However, full provision is made in the profit and loss account on income from sources not covered under the above clause at current rates of taxation after taking into account, tax credits and rebates available, if any.

Deferred

Deferred tax has not been provided in these financial statements as the Company's management believes that the temporary differences will not reverse in the foreseeable future due to the fact that the profits and gains of the Company derived from electric power generation are exempt from tax subject to the conditions and limitations provided for in terms of clause 132 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.

5.2 Employee retirement benefits

The main features of the schemes operated by the Company for its employees are as follows:

a) Defined benefit plans

The Company operates an approved funded defined benefit gratuity scheme for all employees according to the terms of employment subject to a minimum qualifying period of service. The contribution to the fund is made on the basis of actuarial valuation to cover obligations under the scheme for all employees eligible to gratuity benefits. The latest actuarial valuation for the scheme was carried out as at June 30, 2020 and the actual return on plan assets during the year was Rs. 32.98 million (2019: Rs. 16.16 million). The actual return on plan assets represents the difference between the fair value of plan assets at beginning of the year and end of the year after adjustments for contributions made by the Company as reduced by benefits paid during the year.

Projected Unit Credit (PUC) Actuarial Cost Method, using the following significant assumptions, is used for valuation of this scheme:

- Discount rate	8.5% per annum (2019: 14.25% per annum)
- Expected rate of increase in salary level	7.5% per annum (2019: 13.25% per annum)

The Company accounts for actuarial gains / losses in accordance with IAS 19 "Employee benefits".

b) Accumulating compensated absences

Provisions are made annually to cover the obligation for accumulating compensated absences and are charged to profit and loss account.

5.3 Property, plant and equipment

5.3.1 Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost in relation to certain plant and machinery comprises historical cost, exchange differences capitalized in previous years and borrowing cost mentioned in note 5.11.

Depreciation on all operating fixed assets is charged to profit and loss account on the straight line method so as to write off the cost of an asset over its estimated useful life at the annual rates mentioned in note 13.1 after taking into account their residual values.

The assets' residual values and useful lives are reviewed, at each financial year end, and adjusted if the impact on depreciation is significant. The Company's estimate of the residual value of its operating fixed assets as at June 30, 2020 has not required any adjustment as its impact is considered insignificant.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is available for use, while no depreciation is charged for the month in which the asset is disposed off.

The net exchange difference relating to an asset, at the end of each year, is amortised in equal installments over its remaining useful life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 5.5).

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

5.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost less any identified impairment loss. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

5.3.3 Stores held for capitalization

Stores held for capitalization qualify as property, plant and equipment when an entity expects to use them for more than one year. Transfers are made to relevant operating fixed assets category as and when such items are available for use.

5.4 Intangible assets

Expenditure incurred to acquire intangible assets is stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortised using the straight line method over its estimated useful life at the annual rate mentioned in note 14.

Amortization on additions to intangible assets is charged from the month in which an asset is available for use while no amortization is charged for the month in which the asset is disposed off.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 5.5).

5.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortization and are tested annually for impairment. Assets that are subject to depreciation / amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss

is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

5.6 Stores, spares and loose tools

Usable stores and spares are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

5.7 Stock in trade

Stock in trade except for those in transit and furnace oil are valued principally at lower of moving average cost and net realizable value. Furnace oil is valued at lower of cost based on First in First Out (FIFO) basis and net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make a sale.

5.8 Financial instruments

5.8.1 Financial assets other than those due from the Government of Pakistan

The Company classifies its financial assets in the following categories: at fair value through profit or loss and at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

b) Financial assets at amortised cost

Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the reporting date, which are classified as non-current assets. These comprise of loans, advances, deposits and other receivables and cash and cash equivalents in the statement of financial position.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss account. Financial assets are de-recognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Financial assets at amortised cost are measured using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the profit and loss account in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the profit and loss account as part of other income when the Company's right to receive payments is established.

The Company applies simplified approach, as allowed under IFRS 9, for measuring expected credit losses which uses a lifetime expected loss allowance for all the financial assets. It assess on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

5.8.2 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from WAPDA under PPA that also includes accrued amounts. SECP through SRO 985(I)/2019 dated September 2, 2019 has notified that, in respect of companies holding financial assets due from the Government of Pakistan, the requirements contained in IFRS 9 with respect to application of expected credit losses method shall not be applicable till June 30, 2021 and that such companies shall follow relevant requirements of IAS 39 in respect of above referred financial assets during the exemption period. Accordingly, the same continue to be reported as per the following accounting policy:

Trade debts and other receivables are recognized initially at invoice value, which approximates fair value, and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Company will not be able to collect all the amount due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade debt is impaired. The provision is recognized in the profit or loss account. When a trade debt is uncollectible, it is written-off against the provision. Subsequent recoveries of amounts previously written off are credited to the profit or loss account. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

5.8.3 Financial liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument.

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

5.8.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amount and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

5.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and short term finances under mark up arrangements with original maturities of three months or less.

5.10 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit and loss account over the period of the borrowings using the effective interest method. Finance costs are accounted for on an accrual basis and are reported under accrued finance costs to the extent of the amount remaining unpaid.

5.11 Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed in the profit and loss account in the period in which they arise.

5.12 Provisions

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

5.13 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

5.14 Revenue recognition

Performance obligation related to revenue on account of energy is satisfied on transmission of electricity to WAPDA, whereas on account of capacity is satisfied when due. These are recognized based on the rates determined under the mechanism laid down in the Power Purchase Agreement (PPA). Payment of the transaction price is due on the 25th day of invoicing as per the terms of PPA. Late payments are subject to interest which is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable. Profit on deposits with banks is recognized on a time proportion basis by reference to the amounts outstanding and the applicable rates of return.

5.15 Foreign currency transactions and translation

a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

b) Transactions and balances

Foreign currency transactions are translated into Pak Rupees using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account.

5.16 Dividend

Dividend distribution to the Company's members is recognized as a liability in the period in which the dividends are approved.

5.17 Trade and other payables

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

6. Issued, subscribed and paid up capital

2020 (Number of shares)		2019	2020 (Rupees in thousand)		2019
130,352,780	130,352,780	Ordinary shares of Rs. 10 each fully paid in cash	1,303,528	1,303,528	
39,105,834	39,105,834	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	391,058	391,058	
<u>169,458,614</u>	<u>169,458,614</u>		<u>1,694,586</u>	<u>1,694,586</u>	

6.1 33,891,722 (2019: 33,891,722) ordinary shares of the Company are held by an associated Company, Toyota Tsusho Corporation.

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
7. Employee benefits			
Gratuity	7.1	72,471	21,695
Accumulating compensated absences		9,934	10,234
		<u>82,405</u>	<u>31,929</u>
7.1 This represents staff gratuity and the amounts recognized in the statement of financial position are as follows:			
Present value of defined benefit obligation	7.1.2	428,259	324,500
Fair value of plan assets	7.1.3	(355,788)	(302,805)
Net liability as at the end of the year		<u>72,471</u>	<u>21,695</u>
7.1.1 For the year			
Net liability as at the beginning of the year		21,695	19,885
Charge to profit and loss account		51,554	20,332
Contribution by the Company		(26,552)	(27,005)
Re-measurement chargeable to other comprehensive income		25,774	8,483
Net liability as at the end of the year		<u>72,471</u>	<u>21,695</u>
7.1.2 The movement in the present value of defined benefit obligation is as follows:			
Present value of defined benefit obligation as at the beginning of the year		324,499	291,527
Current service cost		21,742	19,693
Past service cost		28,612	-
Interest cost		45,774	28,553
Benefits paid		(6,552)	(12,004)
Remeasurements		5,365	(3,439)
Experience loss		8,819	170
Present value of defined benefit obligation as at the end of the year		<u>428,259</u>	<u>324,500</u>

2020
(Rupees in thousand)

2019

7.1.3 The movement in fair value of plan assets is as follows:

Fair value as at the beginning of the year	302,805	271,642
Interest income on plan assets	44,574	27,914
Contribution by the Company	26,552	27,005
Benefits paid	(6,552)	(12,004)
Return on plan assets excluding interest income	(11,591)	(11,752)
	355,788	302,805

7.2 Plan assets of the Fund

	2020 (Rupees in thousand)	%	2019 (Rupees in thousand)	%
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The breakup of plan assets of the Fund is as follows:

Investment in bonds and term deposits	292,141	82.11	147,816	48.82
Investment in equity shares of the Company	13,590	3.82	13,986	4.62
Investment in other shares	-	0.00	2,617	0.86
Investment in units in mutual funds	49,979	14.05	128,808	42.54
Cash and bank / receivables	78	0.02	9,578	3.16
	355,788	100	302,805	100

Investments out of fund have been made in accordance with the provisions of section 218 of the Act and the conditions specified thereunder.

7.3 Sensitivity analysis of the Fund

The impact of change in discount rates and salary increases on year end defined benefit obligation is as follows:

	2020 (Rupees in thousand)	2019
Discount rate + 1%	321,532	296,737
Discount rate - 1%	388,802	356,055
Salary increase + 1%	389,152	356,544
Salary increase - 1%	320,669	295,832

The present value of defined benefit obligation, the fair value of plan assets and the surplus or deficit of the gratuity fund are as follows:

	2020	2019	2018 (Rupees in thousand)	2017	2016
As at June 30, 2020					
Present value of defined benefit obligation	428,259	324,500	291,527	253,064	219,494
Fair value of plan assets	355,788	302,805	271,642	253,238	199,402
(Deficit) / surplus	(72,471)	(21,695)	(19,885)	174	(20,092)
Experience adjustment arising on obligation (gain) / loss	(14,184)	3,269	(2,786)	(1,358)	(813)
Experience adjustment arising on plan assets (loss) / gain	(11,591)	(11,752)	(15,995)	9,712	(7,712)

	Note	2020 (Rupees in thousand)	2019
8. Short term finances - secured			
Under mark up arrangements - secured	8.1	2,040,235	2,485,506
Under arrangements permissible under Shariah - secured	8.1	3,349,672	2,868,968
		<u>5,389,907</u>	<u>5,354,474</u>

8.1 Short term finances available from commercial banks under mark up arrangements amount to Rs. 9,410 million (June 30, 2019: Rs. 8,410 million), out of which finances available from Islamic banks under Islamic arrangements amount to Rs. 5,513 million (June 30, 2019: Rs. 3,410 million). The rates of mark up for finances under mark up arrangement ranged from 9.08% to 15.81% per annum (June 30, 2019: 6.92% to 12.79% per annum) and for finances under arrangement permissible under Shariah ranged from 8.98% to 15.74% per annum (June 30, 2019: 6.38% to 10.99% per annum) on the balances outstanding.

The security and other agreements, negotiable instruments and documents to be executed by the Company in favor of the bank shall be in the form and substance satisfactory to the bank. The Company shall execute or cause to be executed all such instruments, deeds or documents, which the bank may in its sole discretion require.

8.2 Out of the aggregate running finances availed by the Company, Rs. 8,160 million are secured by joint pari passu charge and Rs. 1,250 million are secured by ranking charge on the current assets of the Company.

8.3 Of the aggregate facility of Rs. 875 million (2019: Rs. Rs. 875 million) for opening letters of credit and Rs. 510 million (2019: Rs. 440 million) for guarantees, the amount utilized as at June 30, 2020 was nil (2019: Rs. 4.44 million) and Rs. 296.99 million (2019: Rs. 274.43 million) respectively.

	Note	2020 (Rupees in thousand)	2019
9 Trade and other payables			
Trade creditors	9.1	13,614	4,819
Accrued liabilities		24,896	11,572
Withholding tax payable		4,387	3,414
Workers' Profit Participation Fund	9.2	51,838	27,580
Workers' Welfare Fund	9.3	21,110	375
Security deposit payable	9.4	188	172
Payable against imports		645	213
Sales tax payable		31,633	-
Other payables		2,283	5,722
		<u>150,594</u>	<u>53,867</u>

9.1 Amount due to related parties as at June 30, 2020 is nil (2019: Rs. 0.15 million).

9.2 Movement in Workers' Profit Participation Fund is as follows:

Opening balance		27,580	36,507
Provision for the year	19.2	51,838	27,580
		<u>79,418</u>	<u>64,087</u>
Payments made during the year		(27,580)	(36,507)
Closing balance		<u>51,838</u>	<u>27,580</u>

	Note	2020 (Rupees in thousand)	2019
9.3	Movement in Workers' Welfare Fund is as follows:		
Opening balance		375	367
Provision for the year	9.3.1 & 19.3	20,735	8
		<u>21,110</u>	<u>375</u>
Reversal made during the year		-	-
Closing balance		<u>21,110</u>	<u>375</u>

9.3.1 This represents provision recognised as per 'The Punjab Workers' Welfare Fund Act 2019' promulgated during the year. Under the Act, the Company is liable to pay to Workers' Welfare Fund, a sum equal to two percent of its total income, which is higher of, profit before taxation or provision for taxation as per accounts or the declared income as per the return of income.

9.4 This represents advances and security deposits which are repayable on demand or on the cancellation of agreement. These are utilized for the purpose of the business in accordance with the terms of section 217 of the Act.

	2020 (Rupees in thousand)	2019
10 Accrued finance cost		
Mark up accrued on short term finances	<u>143,274</u>	<u>103,727</u>

11 Unclaimed dividend

This represents unclaimed dividends declared by the Company before promulgation of The Companies (Amendment) Ordinance, 2020 ('CAO'). The CAO, promulgated on April 30, 2020, prescribed that unclaimed dividend to be deposited in a separate savings account and disclose the particulars of that dividend on the Company's website and include certain disclosures in its financial statements. During the year, the Company opened the dividend account; however, transferred the unclaimed dividend amount subsequent to the reporting date (i.e. in August 2020). Therefore, the disclosures as required by CAO will be presented in subsequent financial statements.

12 Contingencies and commitments

12.1 Contingencies

12.1.1 WAPDA imposed Liquidated Damages (LD) on the Company amounting to Rs 353.85 million (June 30, 2019: Rs 353.85 million) during the period from 2011 to 2013 because of failure to dispatch electricity due to WAPDA's non-payment of dues on timely basis and consequential inability of the Company to make advance payments to its fuel supplier - Pakistan State Oil Company Limited (PSO), that resulted in inadequate level of electricity production owing to shortage of fuel.

The Company disputed and rejected the claim on account of LDs because under the terms of PPA, no LDs can be charged to the Company due to the reasons caused solely by the Power Purchaser i.e. WAPDA.

According to legal advisors of the Company, there are adequate grounds to defend the claim for such LDs, therefore no provision has been made in these financial statements.

12.1.2 WAPDA imposed LDs on the Company amounting to Rs 179.32 million (June 30, 2019: Rs 218.01 million) due to incorrect calculation from 2011 till April 2018. The Company has disputed these LDs because WAPDA has ignored certain factors applicable for the calculation of LDs under the terms of the PPA.

For settlement of the dispute, several discussions were held between the officials of WAPDA and the Company. Consequent to the mutual discussion, WAPDA has agreed to calculate the LDs using a model consistent with the terms of the PPA. However, the said model has not yet been applied to recalculate the LDs imposed prior to April 2018. Resultantly, there have been no disputed LDs since May 2018.

Management is confident that the LDs imposed prior to April 2018 will also be revised by WAPDA. The impact of LDs calculated under the agreed model for the period preceding April 2018 has been assessed to be insignificant and therefore, no provision has been made in these financial statements.

12.1.3 A sales tax demand of Rs. 505.41 million was raised against the Company through order dated August 29, 2014 by the Assistant Commissioner Inland Revenue ('ACIR') by disallowing input sales tax for the tax periods from August, 2009 to June, 2013. Such amount was disallowed on the grounds that the revenue derived by the Company on account of 'capacity purchase price' was against a non-taxable supply and thus, the entire amount of input sales tax claimed by the Company was required to be apportioned with only the input sales tax attributable to other revenue stream i.e. 'energy purchase price' admissible to the Company. Against the aforesaid order, the Company preferred an appeal before the Commissioner Inland Revenue (Appeals) ('CIR(A)') who vide its order dated November 6, 2014, upheld the ACIR's order on the issue regarding apportionment of input sales tax with the caveat that tax demand pertaining to period of show cause notice beyond the limitation of five years cannot be sustained and reduced from the tax demand. Subsequently, the Company preferred an appeal before the Appellate Tribunal Inland Revenue ('ATIR'). Additionally, the Company had filed an application with the Lahore High Court seeking a stay in recovery of tax arrears, default surcharge and penalty.

The Lahore High Court, in its order dated December 31, 2014, stayed the recovery of the tax demand along with default surcharge and penalty till adjudication by the ATIR, subject to deposit of Rs. 10 million with the Tax Department which the Company duly submitted on January 7, 2015. The ATIR vide its order dated May 4, 2015, upheld the CIR(A)'s order on the issue regarding apportionment of input sales tax. Thereafter, the Company filed an appeal against the decision of ATIR in the Lahore High Court.

The Lahore High Court vide its judgment dated October 31, 2016 has decided the case in favor of the Company. Subsequently, the tax department being aggrieved, filed a leave for appeal before the Supreme Court of Pakistan. The management is of the view that there are meritorious grounds available to defend the foregoing demands in the Supreme Court of Pakistan. Consequently, no provision for such demand has been made in these financial statements.

12.1.4 During the year, the Deputy Commissioner Inland Revenue ('DCIR') raised a sales tax demand of Rs. 185.47 million against the Company through its order dated August 27, 2019 mainly on account of inadmissible input tax related to 'capacity purchase price' and sales tax default on account of suppression of sales related to tax periods from July, 2015 to June, 2016. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) ('CIR(A)') on September 16, 2019 which is pending adjudication. According to legal advisors of the Company, there are strong grounds to belief that case will be decided in favour of the Company, therefore no provision has been made in these financial statements.

12.1.5 The Company has issued the following guarantees in favor of:

- (i) Water and Power Development Authority (WAPDA) on account of liquidated damages, in case the Company fails to make available electricity to WAPDA on its request, amounting to Rs. 294 million (June 30, 2019: Rs. 272 million).
- (ii) Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs 2.99 million (June 30, 2019: Rs 2.43 million).

12.2 Commitments

- (i) Letters of credit / bank contracts other than capital expenditure as at end of current year and prior year are nil.
- (ii) Letters of credit / bank contracts for capital expenditure as at end of current year are nil (June 30, 2019: Rs. 4.44 million).

	Note	2020 (Rupees in thousand)	2019
13 Property, plant and equipment			
Operating fixed assets	13.1	3,129,907	3,425,226
Stores held for capitalization	13.2	83,666	116,770
		3,213,573	3,541,996

13.1 Property, plant and equipment

	Freehold land	Buildings on freehold land	Plant and machinery	Office appliances and equipment	Laboratory equipment	Electric appliances and equipment	Computers	Furniture and fixtures	Vehicles	Total
Net carrying value basis (NBV) Year ended June 30, 2020										
Opening balance	93,209	169,763	3,106,767	678	2,463	7,883	1,089	48	43,326	3,425,226
Additions (at cost)	-	-	118,166	-	-	98	994	-	12,801	132,059
Disposals	-	-	-	-	-	-	-	-	(3,943)	(3,943)
Write-offs	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(21,310)	(390,060)	(158)	(556)	(1,655)	(919)	(9)	(8,768)	(423,435)
Closing balance	93,209	148,453	2,834,873	520	1,907	6,326	1,164	39	43,416	3,129,907

Gross carrying value basis As at June 30, 2020

Cost	93,209	625,458	8,787,576	5,418	5,561	30,451	50,539	7,884	75,892	9,681,988
Accumulated depreciation	-	(477,005)	(5,952,703)	(4,898)	(3,654)	(24,125)	(49,375)	(7,845)	(32,476)	(6,552,081)
Net book value (NBV)	93,209	148,453	2,834,873	520	1,907	6,326	1,164	39	43,416	3,129,907
Depreciation rate per annum	-	4% - 9%	4.5% - 33%	10%	10%	10%	33%	10%	20%	

Net carrying value basis (NBV) Year ended June 30, 2019

Opening balance	93,209	191,073	3,097,400	838	3,019	8,480	1,520	58	36,952	3,432,549
Additions (at cost)	-	-	380,983	-	-	1,142	483	-	24,517	407,125
Disposals	-	-	-	-	-	-	-	-	(10,482)	(10,482)
Write-offs	-	-	-	-	-	-	-	-	-	-
Transfer out	-	-	(4,125)	-	-	-	-	-	-	(4,125)
Depreciation charge	-	(21,310)	(367,491)	(160)	(556)	(1,739)	(914)	(10)	(7,661)	(399,841)
Closing balance	93,209	169,763	3,106,767	678	2,463	7,883	1,089	48	43,326	3,425,226

Gross carrying value basis As at June 30, 2019

Cost	93,209	625,458	8,669,410	5,418	5,561	30,354	49,939	7,884	70,441	9,557,674
Accumulated depreciation	-	(455,695)	(5,562,643)	(4,740)	(3,098)	(22,471)	(48,850)	(7,836)	(27,115)	(6,132,448)
Net book value (NBV)	93,209	169,763	3,106,767	678	2,463	7,883	1,089	48	43,326	3,425,226
Depreciation rate per annum	-	4% - 9%	4.5% - 33%	10%	10%	10%	33%	10%	20%	

13.1.1 The cost of fully depreciated assets which are still in use as at June 30, 2020 is Rs. 403.65 million (2019: Rs. 331.54 million).

13.1.2 The depreciation charge for the year has been allocated as follows:

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Cost of sales			
Administrative expenses - depreciation on operating fixed assets	22	415,302	392,294
Community welfare expenses	23	8,071	7,478
		62	69
		423,435	399,841

13.1.3 Disposal of operating fixed assets

The aggregate book value of assets disposed by the Company during the current year does not exceed five million rupees.

Detail of fixed assets sold during the year is as follows:

Particulars of assets	2019 (Rupees in thousand)						
	Sold to	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposals
Vehicles							
Employees							
Mr. Faisal Bhatti		2,391	1,148	1,243	1,243	-	Company Policy
Mr. Muhammad Ashraf		2,394	1,149	1,245	1,245	-	-do-
Mr. Syed Ghazanfar Ali Zaidi		5,322	2,554	2,768	2,768	-	-do-
Chief Executive Officer							
Mr. S M Shakeel		5,381	2,583	2,798	2,798	-	-do-
Other than Employees							
Mr. Muhammad Aslam		1,950	390	1,560	1,900	340	Auction

Net book value of all other assets disposed off during the year was less than Rs.500,000 each.

13.2 This amount represents the mechanical store items including coupling flexible set, cylinder liner and turbine blade which are held for capitalization.

13.3 Immovable fixed assets of the Company are situated at Head Office, Post Office Raja Jang, near Tablighi Ijtima, Raiwind Bypass, Lahore, Pakistan. Freehold land represents 256 kanal of land situated at Post Office Raja Jang, near Tablighi Ijtima, Raiwind Bypass, Lahore out of which approximately 16 kanal represent covered area.

14. Intangible assets

	Computer software	Others	Total
	(Rupees in thousand)		
Net carrying value basis			
Year ended June 30, 2020			
Opening net book value (NBV)	3,655	446	4,101
Additions at cost	-	-	-
Amortization charge	(450)	(57)	(507)
	<u>3,205</u>	<u>389</u>	<u>3,594</u>
Gross carrying value basis			
As at June 30, 2020			
Cost	22,117	1,000	23,117
Accumulated amortization	(18,912)	(611)	(19,523)
Net book value (NBV)	<u>3,205</u>	<u>389</u>	<u>3,594</u>
Amortization rate per annum	<u>6.25% - 8.82%</u>	<u>5.56%</u>	
Net carrying value basis			
Year ended June 30, 2019			
Opening net book value (NBV)	4,105	501	4,606
Additions at cost	-	-	-
Amortization charge	(450)	(55)	(505)
Closing net book value (NBV)	<u>3,655</u>	<u>446</u>	<u>4,101</u>
Gross carrying value basis			
As at June 30, 2019			
Cost	22,117	1,000	23,117
Accumulated amortization	(18,462)	(554)	(19,016)
Net book value (NBV)	<u>3,655</u>	<u>446</u>	<u>4,101</u>
Amortization rate per annum	<u>6.25% - 8.82%</u>	<u>5.56%</u>	
	Note	2020	2019
		(Rupees in thousand)	

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

Administrative expenses	23	<u>507</u>	<u>505</u>
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14.2 The cost of fully amortised assets which are still in use as at June 30, 2020 is Rs. 16.50 million (2019: Rs. 7.20 million).

	Note	2020 (Rupees in thousand)	2019
15. Long term loans and deposits			
Loans to employees - considered good			
- Executives	15.1	1,414	3,852
- Others	15.1	3,013	7,262
		4,427	11,114
Current portion included in current assets			
- Executives	15.1	(484)	(2,438)
- Others	15.1	(2,070)	(5,358)
		(2,554)	(7,796)
		1,873	3,318
Security deposits		245	245
		2,118	3,563

15.1 These represent interest free loans to executives and other employees for purchase of residential plot, construction of house, purchase of motor cars etc. and are repayable in monthly instalments over a period of 24 to 60 months. Loans for purchase of residential plots and construction of house are secured against staff retirement benefits of employees. Loans for purchase of motor cars and motorcycles are secured by registration of motor cars in the name of the Company.

	2020 (Rupees in thousand)	2019
15.2 Reconciliation of carrying amount of loans to executives		
Opening balance	3,852	7,362
Disbursements	-	1,800
	3,852	9,162
Repayments	(2,438)	(5,310)
Closing balance	1,414	3,852

15.3 The maximum amount outstanding at the end of any month from executives aggregated Rs. 3.46 million (2019: Rs. 6.76 million).

	Note	2020 (Rupees in thousand)	2019
16. Stores, spares and loose tools			
Stores		3,878	6,781
Spares		312,877	322,753
Loose tools		944	896
		317,699	330,430
Provision for obsolete stores and spares	16.1	(14,138)	(14,138)
		303,561	316,292

	Note	2020 (Rupees in thousand)	2019
16.1 Provision for obsolete stores and spares			
Opening balance		14,138	14,138
Provision / (reversal) for the year		-	-
Closing balance		<u>14,138</u>	<u>14,138</u>
17. Stock in trade			
Furnace oil		41,520	180,650
Diesel		1,437	1,908
Lubricating oil		6,008	7,487
		<u>48,965</u>	<u>190,045</u>
18. Trade debts - net			
Trade receivables from WAPDA - secured			
- Considered good		8,035,685	7,155,022
- Considered doubtful		430,517	430,517
	18.1	<u>8,466,202</u>	<u>7,585,539</u>
Provision for impairment	18.2	<u>(430,517)</u>	<u>(430,517)</u>
		<u>8,035,685</u>	<u>7,155,022</u>

18.1 This includes an overdue amount of Rs. 6,847.65 million (2019: Rs. 6,020.99 million) receivable from WAPDA. The trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement. These are in the normal course of business and are interest free, however, a penal mark up at the rate of base rate plus 2% per annum is charged in case the amounts are not paid within due dates, the base rate being the State Bank of Pakistan's reverse repo rate. The penal mark up rate charged during the year ranges from 10% to 14.75% (2019: 9% to 14.75%) per annum.

	Note	2020 (Rupees in thousand)	2019
18.2 Provision for impairment			
Opening balance		430,517	-
Provision made during the year	18.3	-	430,517
Written-off during the year		-	-
Closing balance		<u>430,517</u>	<u>430,517</u>

18.3 This represents a receivable amount pertaining to eligibility of indexation of non-escalable component (NEC) of the capacity purchase price relating to the period subsequent to the repayment of foreign currency loan. This was disputed by WAPDA in year ended June 30, 2010 taking the stance that under the Power Purchase Agreement (PPA) indexation is allowed until the repayment of foreign currency loan, and since the loan was fully repaid in September, 2008, therefore no indexation was to be allowed from September, 2008 onwards. WAPDA had earlier paid this amount relating to the period from September, 2008 to September, 2009 but subsequently withheld this amount in June, 2010 against the invoices of April, 2010.

The matter was referred to an expert by the management of the Company who decided in favor of the Company stating that adjustment of the amount is unlawful since the underlying invoices were not disputed within the prescribed period of 180 days. However, WAPDA did not accept the decision of the expert.

During the prior year, the management of the Company decided not to pursue the recoverability of this amount and a provision against the same was recorded.

	Note	2020 (Rupees in thousand)	2019
19. Loans, advances, deposits, prepayments and other receivables			
Current portion of long term loans to employees	15	2,554	7,796
Advances - considered good			
- To employees	19.1	2,599	2,943
- To suppliers		355,111	134,202
Prepayments		4,485	4,861
Claims recoverable from WAPDA for pass through items:			
- Workers' Profit Participation Fund	19.2	79,416	64,086
- Workers' Welfare Fund	19.3	21,110	375
Sales tax receivable		-	22,244
Other receivables - considered good		902	634
		466,177	237,141

19.1 Included in advances to employees are amounts due from executives of Rs. 1.63 million (2019: Rs. 1.86 million).

	Note	2020 (Rupees in thousand)	2019
19.2 Movement in Workers' Profit Participation Fund is as follows:			
Opening balance		64,086	202,299
Provision for the year	9.2	51,838	27,580
		115,924	229,879
Receipts during the year		(36,508)	(165,793)
Closing balance	19.4	79,416	64,086
19.3 Movement in Workers' Welfare Fund is as follows:			
Opening balance		375	367
Provision for the year	9.3	20,735	8
Closing balance		21,110	375

19.4 Under section 14.2(a) of Part III of Schedule 6 to the Power Purchase Agreement (PPA) with WAPDA, payments to Workers' Profit Participation Fund and Workers' Welfare Fund are recoverable from WAPDA as pass through items.

	Note	2020 (Rupees in thousand)	2019
20. Cash and bank balances			
Balance at banks on:			
Current accounts		200,914	11,280
Saving accounts			
- Under interest / mark up arrangements	20.1	50,026	32,421
- Under arrangements permissible under Shariah	20.1	50,005	30,019
		100,031	62,440
		300,945	73,720
Cash in hand		1,463	1,907
		302,408	75,627

20.1 The balance in savings bank accounts bear mark up at rates ranging from 5.0% to 11.25% per annum (2019: 4.0% to 10.25% per annum) and balance in accounts under arrangements permissible under Shariah bear profit at the rates ranging from 3.76% to 6.25% per annum (2019: 2.38% to 5.50%).

	Note	2020 (Rupees in thousand)	2019
21. Revenue from contract with customer			
Energy purchase price		5,873,547	6,543,039
Less: Sales tax		852,770	950,700
		5,020,777	5,592,339
Capacity purchase price		1,623,874	1,328,564
Interest on delayed payment		904,131	583,835
		7,548,782	7,504,738
22. Cost of sales			
Raw material consumed		4,424,400	5,028,860
Salaries, wages and benefits	22.1	282,181	228,677
Stores and spares consumed		119,818	165,275
Depreciation on operating fixed assets	13.1	415,302	392,294
Fee and subscription		2,643	4,624
Insurance		72,987	52,228
Travelling, conveyance and entertainment		19,451	22,229
Repairs and maintenance		9,068	10,873
Communication charges		2,720	1,890
Electricity consumed in-house		22,860	19,848
Environmental expenses		622	716
Liquidated damages		181	-
Contracted services		17,307	15,978
Miscellaneous		2,342	2,823
		5,391,882	5,946,315
22.1 Salaries, wages and other benefits			
Salaries, wages and other benefits include following in respect of gratuity:			
Current service cost		13,480	10,044
Past service cost		17,740	-
Interest cost for the year		28,380	14,562
Expected return on plan assets		(27,636)	(14,236)
		31,964	10,370

In addition to above, salaries, wages and other benefits included in cost of sales include Rs. 11.51 million (2019: Rs. 8.69 million) in respect of provision for accumulating compensated absences.

	Note	2020 (Rupees in thousand)	2019
23. Administrative expenses			
Salaries, wages and benefits	23.1	177,053	149,669
Communication charges		1,935	2,153
Depreciation on operating fixed assets	13.1	8,071	7,478
Amortization on intangible assets	14.1	507	505
Insurance		2,845	2,903
Travelling, conveyance and entertainment		31,547	36,151
Repairs and maintenance		2,408	2,086
Legal and professional charges	23.2	11,368	23,057
Community welfare expenses		11,998	12,680
Rents, rates and taxes		3,196	2,580
Fee and subscription		4,498	1,932
Security expenses		9,674	9,058
Environmental expenses		9,412	9,867
Contracted services		10,967	11,499
Provision for impairment		-	430,517
Donations		159	-
Miscellaneous		4,287	5,843
		289,925	707,978

23.1 Salaries, wages and other benefits

Salaries, wages and other benefits include following in respect of gratuity:

Current service cost	8,262	9,650
Past service cost	10,872	-
Interest cost for the year	17,394	13,991
Expected return on plan assets	(16,938)	(13,678)
	19,590	9,963

In addition to above, salaries, wages and other benefits included in admin include Rs. 7.05 million (2019: Rs. 8.69 million) in respect of provision for accumulating compensated absences.

	2020 (Rupees in thousand)	2019
23.2 Legal and professional charges include the following:		
In respect of auditors' services for:		
- Statutory audit	1,675	1,575
- Half yearly review and certifications	607	487
- Out of pocket expenses	183	295
	2,465	2,357

	2020	2019
23.3 Employees of the company		
Total number of employees as at June 30	151	152
Average number of employees	152	153

	2020 (Rupees in thousand)	2019
Effect on cash flow due to working capital changes:		
- Decrease in stock in trade	141,080	191,672
- Decrease / (increase) in stores and spares	12,731	(10,525)
- (Increase) in trade debts	(880,663)	(509,811)
- (Increase) / decrease in loans, advances, deposits, prepayments and other receivables	(229,036)	297,985
- Increase / (decrease) in trade and other payables	96,727	(30,253)
	(859,161)	(60,932)
	<u>1,501,870</u>	<u>1,433,694</u>

28. Cash and cash equivalents

Cash and bank balances	302,408	75,627
Finances under mark up arrangements	(5,389,907)	(5,354,474)
	<u>(5,087,499)</u>	<u>(5,278,847)</u>

29. Remuneration of Chief Executive, Directors and Executives

29.1 The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive, full time working directors including alternate directors and executives of the Company is as follows:

	Chief Executive		Non-Executive Director		Executive Director	
	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)					
Managerial remuneration and allowances	13,482	11,930	14,481	13,165	53,416	44,492
Housing	6,062	5,364	6,512	5,920	23,977	19,966
Utilities	1,347	1,192	1,447	1,315	5,328	4,437
Retirement benefits	2,374	2,101	-	-	9,406	7,834
Medical expenses	248	293	-	-	1,174	1,281
Bonus	6,842	6,054	-	-	27,263	23,145
Club expenses	98	93	-	-	551	573
Others	10,723	8,192	6,410	5,017	30,115	21,735
	<u>41,176</u>	<u>35,219</u>	<u>28,850</u>	<u>25,417</u>	<u>151,230</u>	<u>123,463</u>
Number of persons	1	1	1	1	18	17

29.2 The Company also provides some of the Directors and Executives with free transport and residential telephones.

29.3 No amount is charged in the financial statements for the year for fee to Directors (2019: nil).

29.4 The Company has no Executive Director other than the Chief Executive Officer.

30. Transactions with related parties

The related parties comprise associated undertakings, other related companies, key management personnel and post retirement benefit plan. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under receivables and payables and remuneration of key management personnel is disclosed in note 29. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature of transaction	2020	2019
		(Rupees in thousand)	
Associated companies	Purchase of services	1,417	2,421
	Reimbursement of expenses	5	-
	Purchase of goods	158	333
	Dividend paid	122,010	244,020
	Sale of goods	-	1,804
Retirement benefit plan	Dividend paid	777	1,554
	Expense charged	51,554	20,332
Key management personnel	Dividend paid	44,139	88,277

30.1 The names of related parties with whom the Company has entered into transactions or had agreements / arrangements in place during the year and whose names have not been disclosed elsewhere in these financial statements are as follows:

Name of the related party	Basis of relationship	Percentage of shareholding %
Toyota Tsusho Corporation	Associated company	20%
Tomen Power (Singapore) (Private) Limited	Associated company	16%
Red Communication Arts (Private) Limited	Common directorship	-
Kohinoor Power Company Limited	Common directorship	-
Pak Elektron Limited	Common directorship	-
Pel Marketing (Private) Limited	Common directorship	-
Wartsila Pakistan (Private) Limited	Common directorship	-
Kohinoor Energy Limited Employees Gratuity Fund	Common control	0.23%

All transactions with related parties are carried out on mutually agreed terms and conditions.

30.2 Information about the related party incorporated outside the Pakistan with whom the company had entered into transactions is as follows:

30.2.1 Name of company: Toyota Tsusho Corporation
Country of incorporation: Japan
Basis of association: Associated undertaking
Aggregate percentage of shareholding: 20%

30.2.2 Name of company: Tomen Power (Singapore) (Private) Limited
Country of incorporation: Singapore
Basis of association: Associated undertaking
Aggregate percentage of shareholding: 16%

31. Capacity and production	2020	2019
	MWh	
Installed capacity (Based on 8,760 hours)	1,086,240	1,086,240
Actual energy delivered	363,856	387,435

Under utilization of available capacity is due to less demand by WAPDA.

32. Financial risk management

32.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Board of Directors (the Board) exercises oversight of the Company's risk management programme.

Risk management is carried out by the finance department under the principles and policies approved by the Board. The Board provides principles for overall risk management, as well as policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity. All treasury related transactions are carried out within the parameters of these policies. The finance department prepares monthly and quarterly management accounts. Quarterly management accounts are scrutinized by the Board and variances from the budgets are investigated. Quantitative and qualitative analyses are carried out to measure risk exposures and to develop strategies for managing these risks. These analyses include ratio analysis and trend analysis over financial and non-financial measures of performance.

a) Market risk

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable / payable from / to the foreign entities. At the reporting date, no amounts were receivable from or payable to the foreign entities. The Company's exposure to currency risk is as follows:

	2020	(Euro)	2019
Trade and other payables	2,254		-

The following significant exchange rates were applied during the year:

	2020	2019
Rupees per Euro		
Average rate	187.38	155.21
Reporting date rate	188.61	186.14

If the functional currency, at reporting date, had fluctuated by 5% against the Euro with all other variables held constant, the impact on profit after taxation for the year would have Rs. 0.02 million (2019: nil). Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to any significant equity price risk since there are no investments in equity securities. The Company is also not exposed to commodity price risk since it has a diverse portfolio of commodity suppliers.

iii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from short term borrowings. Borrowings obtained at variable rates expose the Company to cash flow interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2020	2019
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	100,031	62,440
Net exposure	<u>100,031</u>	<u>62,440</u>
Floating rate instruments		
Financial assets		
Trade debts - overdue	7,278,170	6,451,504
Financial liabilities		
Finances under mark up arrangements - secured	(5,389,907)	(5,354,474)
Net exposure	<u>1,888,263</u>	<u>1,097,030</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates on finances under mark up arrangements, at the year end date, fluctuate by 1% higher / lower with all other variables held constant, profit before tax would have been Rs. 73.59 million (2019: Rs. 51.62 million) higher / lower, mainly as a result of higher / lower interest expense on floating rate finances.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from deposits with banks and other receivables.

i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2020	2019
	(Rupees in thousand)	
Long term loans and deposits	2,118	3,563
Trade debts	8,035,685	7,155,022
Loans, advances, deposits, prepayments and other receivables	3,456	8,430
Balances with banks	300,945	73,720
	<u>8,342,204</u>	<u>7,240,735</u>

The age of trade debts as at reporting date is as follows:

- Not past due	1,188,032	1,134,035
- Past due 0 - 180 days	1,383,482	3,083,830
- Past due 181 - 365 days	2,687,516	2,249,254
- 1 - 2 years	2,246,784	205,720
- More than 2 years	960,388	912,700
	<u>8,466,202</u>	<u>7,585,539</u>

The movement in provision for impairment of receivables is as follows:

Opening balance	430,517	-
Provision made during the year	-	430,517
Written-off during the year	-	-
Closing balance	<u>430,517</u>	<u>430,517</u>

The trade debts are secured by a guarantee from the Government of Pakistan under the Implementation Agreement.

ii) Credit quality of major financial assets

The credit quality of major financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Short Term	Long Term	Rating Agency	2020	2019
				(Rupees in thousand)	
Trade debts					
WAPDA	Not available			8,035,685	7,155,022
Other receivables					
WAPDA	Not available			100,526	64,461
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	-	30
Standard Chartered Bank	A1+	AAA	PACRA	1	2
Askari Commercial Bank	A1+	AA+	PACRA	50,008	34,712
Habib Bank Limited	A-1+	AAA	JCR-VIS	50,825	30,603
Al-Baraka Bank	A1	A	PACRA	-	48
United Bank Limited	A-1+	AAA	JCR-VIS	-	14
National Bank of Pakistan	A1+	AAA	PACRA	24	304
Faysal Bank Limited	A1+	AA	PACRA	69	117
Bank Islami Pakistan Limited	A1	A+	PACRA	200,004	7,890
Dubai Islamic Bank	A-1+	AA	JCR-VIS	14	-
				<u>8,437,156</u>	<u>7,293,203</u>

After giving due consideration to the strong financial standing of the banks and Government guarantee in case of WAPDA, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At June 30, 2020, the Company had Rs. 9,480 million available borrowing limits from financial institutions and Rs. 302.41 million cash and bank balances. Out of total aforementioned available borrowing limit, Rs. 73.6 million pertains to subsidised loan obtained from State Bank of Pakistan in respect of 'Islamic Refinance Scheme' for payment of wages and salaries to the workers and employees of the Company which remains unutilized as at June 30, 2020.

The following are the contractual maturities of financial liabilities as at June 30, 2020:

	Carrying amount	Less than one year (Rupees in thousand)	One to five years	More than five years
Finances under mark up arrangements	5,389,907	5,389,907	-	-
Trade and other payables	77,646	77,646	-	-
Accrued finance cost	143,274	143,274	-	-
Unclaimed dividend	10,228	10,228	-	-
	<u>5,621,055</u>	<u>5,621,055</u>	<u>-</u>	<u>-</u>

The following are the contractual maturities of financial liabilities as at June 30, 2019:

	Carrying amount	Less than one year (Rupees in thousand)	One to five years	More than five years
Finances under mark up arrangements	5,354,474	5,354,474	-	-
Trade and other payables	25,912	25,912	-	-
Accrued finance cost	103,727	103,727	-	-
Unclaimed dividend	50,088	50,088	-	-
	<u>5,534,201</u>	<u>5,534,201</u>	<u>-</u>	<u>-</u>

32.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

32.3 Financial instruments by categories

	At fair value through profit and loss		Amortised cost		Total	
	2020	2019	2020	2019	2020	2019
			(Rupees in thousand)			
Assets as per statement of financial position						
Long term loans and deposits	-	-	2,118	3,563	2,118	3,563
Trade debts	-	-	8,035,685	7,155,022	8,035,685	7,155,022
Loans, advances, deposits, prepayments and other receivables	-	-	3,456	8,430	3,456	8,430
Cash and bank balances	-	-	300,945	73,720	300,945	73,720
	<u>-</u>	<u>-</u>	<u>8,342,204</u>	<u>7,240,735</u>	<u>8,342,204</u>	<u>7,240,735</u>

**Financial liabilities at
amortized cost**
2020 **2019**
(Rupees in thousand)

Financial liabilities as per statement of financial position

Short term finances	5,389,907	5,354,474
Trade and other payables	77,646	25,912
Accrued finance cost	143,274	103,727
Unclaimed dividend	10,228	50,088
	5,621,055	5,534,201

32.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders through repurchase of shares, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings including current and non-current borrowings, less cash and bank balances as disclosed in note 20. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio as at June 30, 2020 and June 30, 2019 is as follows:

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Short term borrowings	8	5,389,907	5,354,474
Cash and bank balances	20	(302,408)	(75,627)
Net debt		5,087,499	5,278,847
Total equity		6,542,591	5,870,624
Total capital		11,630,090	11,149,471
Gearing ratio %		43.7%	47.3%

33. Earnings per share

33.1 Basic earnings per share

		2020	2019
Net profit for the year	Rupees in thousand	1,036,658	551,477
Weighted average number of ordinary shares	Number in thousands	169,459	169,459
Earnings per share	Rupees	6.12	3.25

33.2 Diluted earnings per share

A diluted earnings per share has not been presented as the Company does not have any convertible instruments in issue as at June 30, 2020 and June 30, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

34. Date of authorization for issue

These financial statements were authorized for issue on September 24, 2020 by the Board of Directors of the Company.

35. Impact Of COVID-19 on the financial statements

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. The Company's operations were not affected as it fell under the exemption provided by the Government of Punjab to providers of essential services. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Due to this, management has assessed the accounting implications of these developments on these financial statements and assessed that there is no significant accounting impact of the effects of COVID-19 on these financial statements.

36. Subsequent events

36.1 The Board of Directors have proposed a final dividend for the year ended June 30, 2020 of Rs. Nil (2019: Rs. 2) per share, amounting to Rs. Nil (2019: Rs. 338.917 million) at their meeting held on September 24, 2020 for approval of the members at the Annual General Meeting to be held on 26th October, 2020. These financial statements do not reflect this dividend payable.

36.2 The Federal Government constituted the Committee for Negotiations with Independent Power Producers (the Committee) for negotiations with independent power producers (IPPs) for settlement of overpayments and tariff reduction.

The Company and the Committee entered into Memorandum of Understanding (MoU) on August 21, 2020 subject to approval of the Cabinet of Federal Government, the Board of Directors of the Company, other necessary corporate approvals and the conditionalities as stated in the Company's letter dated August 21, 2020. The impact of this conditional MoU on the prospective financial statements of the Company cannot be estimated reliably as the final agreement is yet to be executed.

37. Corresponding figures

Corresponding figures where necessary, have been rearranged for the purposes of comparison. No significant rearrangement or reclassification has been made during the year ended June 30, 2020.

38. General

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



Chief Executive Officer



Director



Chief Financial Officer

PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2020

NO. OF SHAREHOLDERS	FROM	SHAREHOLDING TO	TOTAL SHARES HELD
149	1	100	3,479
213	101	500	85,192
188	501	1,000	172,436
332	1,001	5,000	1,023,836
159	5,001	10,000	1,284,657
54	10,001	15,000	681,469
32	15,001	20,000	591,550
25	20,001	25,000	575,050
24	25,001	30,000	677,450
7	30,001	35,000	229,650
11	35,001	40,000	426,594
7	40,001	45,000	311,500
14	45,001	50,000	689,000
6	50,001	55,000	314,500
3	55,001	60,000	176,250
2	60,001	65,000	127,000
4	65,001	70,000	269,500
2	70,001	75,000	147,000
3	75,001	80,000	237,000
4	80,001	85,000	331,025
1	85,001	90,000	90,000
10	95,001	100,000	996,000
1	100,001	105,000	103,382
1	115,001	120,000	120,000
1	135,001	140,000	136,000
2	145,001	150,000	296,500
2	155,001	160,000	320,000
1	180,001	185,000	185,000
1	185,001	190,000	187,820
2	195,001	200,000	400,000
1	205,001	210,000	205,500
2	210,001	215,000	429,000
1	230,001	235,000	231,500
1	250,001	255,000	255,000
2	275,001	280,000	556,269
2	290,001	295,000	587,500
1	295,001	300,000	300,000
1	330,001	335,000	333,000
1	345,001	350,000	350,000
1	385,001	390,000	388,500
2	495,001	500,000	1,000,000
1	630,001	635,000	632,500
1	650,001	655,000	655,000
1	805,001	810,000	805,500
1	875,001	880,000	876,257
1	1,045,001	1,050,000	1,050,000
1	1,175,001	1,180,000	1,175,895
1	1,190,001	1,195,000	1,194,500
1	1,495,001	1,500,000	1,500,000
1	1,800,001	1,805,000	1,800,392

1	2,565,001	2,570,000	2,567,500
1	3,385,001	3,390,000	3,389,171
1	5,695,001	5,700,000	5,700,000
1	5,795,001	5,800,000	5,800,000
1	6,730,001	6,735,000	6,733,992
1	7,900,001	7,905,000	7,902,999
1	10,135,001	10,140,000	10,135,351
1	11,285,001	11,290,000	11,287,100
1	14,125,001	14,130,000	14,126,621
1	15,295,001	15,300,000	15,295,627
1	27,110,001	27,115,000	27,113,378
1	33,890,001	33,895,000	33,891,722
1,297			169,458,614

Categories of shareholders	Share held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	22,032,770	13.0019
Associated Companies, undertakings and related parties. (Parent Company)	61,393,600	36.2293
NIT and ICP	876,257	0.5171
Banks Development Financial Institutions, Non Banking Financial Institutions.	10,148,758	5.9889
Insurance Companies	353,269	0.2085
Modarabas and Mutual Funds	49,000	0.0289
Shareholders holding 10% or more	61,005,100	36.0000
General Public		
a. Local	43,174,142	25.4777
b. Foreign	40,000	0.0236
Others (to be specified)		
1- Investment Companies	1,050,187	0.6197
2- Pension Funds	24,282	0.0143
3- Others Companies	2,605,822	1.5377
4- Joint Stock Companies	2,281,357	1.3463
5- Foreign Companies	3,399,551	2.0061

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Categories of Shareholding required under Code of Corporate Governance (CCG)

As on June 30, 2020

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties:			
1	TOYOTA TSUSHO CORPORATION	33,891,722	20.0000
2	TOMEN POWER (SINGAPORE) (PVT) LIMITED	27,113,378	16.0000
3	TRUSTEE KOHINOOR ENERGY LTD EMPLOYEES GRATUITY FUND (CDC)	388,500	0.2293
4	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGIL (CDC)	15,295,627	9.0262
5	MR. M. AZAM SAIGOL (CDC)	6,733,992	3.9738
Mutual Funds:			
Directors, CEO and their Spouse and Minor Children:			
1	MR. M. NASEEM SAIGOL (CDC)	14,126,621	8.3363
2	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	7,902,999	4.6637
3	SHEIKH MUHAMMAD SHAKEEL	650	0.0004
4	MR. SHINGO ITO	500	0.0003
5	MISS MARIKO UEDA	500	0.0003
6	MR. FAISAL RIAZ	500	0.0003
7	MR. RYO AOE	500	0.0003
8	MR. HIROKAZU ISHII	500	0.0003
Executives:		36,500	0.0215
Public Sector Companies & Corporations:			
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		10,575,309	6.2406
Shareholders holding five percent or more voting interest in the listed company:			
S. No.	Name	Holding	% AGE
1	TOYOTA TSUSHO CORPORATION	33,891,722	20.0000
2	TOMEN POWER (SINGAPORE) (PVT) LIMITED.	27,113,378	16.0000
3	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGIL (CDC)	15,295,627	9.0262
4	MR. M. NASEEM SAIGOL (CDC)	14,126,621	8.3363
5	MST. ATIQA BEGUM (CDC)	11,287,100	6.6607
6	NATIONAL BANK OF PAKISTAN. (CDC)	10,135,500	5.9811
All trades in the shares of the listed company, carried out by its Directors, CEO, CFO, Company Secretary and their spouses and minor children:			
S. No.	NAME	SALE	PURCHASE
1	MR. ICHIRO KAWANO	500	-
2	MR. HIROKAZU ISHII	-	500

PROXY FORM

Ledger Folio/CDC A/C No.

Shares Held

I/We _____

of _____ being member(s) of Kohinoor Energy Limited

hereby appoint _____

of _____ or failing him _____

of _____ as my/our Proxy in my/our absence to attend and vote for me/us and on

my/our behalf at the 27th Annual General Meeting of the Company to be held on October 26, 2020 (Monday) at 12:30 P.M.

at Islamabad Club, Main Murree Road, Islamabad and/or at any adjournment thereof.

As witness my/our hand(s) this _____ day of _____ 2020

signed by _____

in the presence of _____

Signed by the said

Witness: _____
Name

CNIC No. _____

Address _____

Witness: _____
Name

CNIC No. _____

Address _____

Revenue
Stamps
Rs.5/-

Notes:

A member entitled to attend and vote at this meeting may appoint a proxy. Proxies, in order to be effective, must be received at Head Office/Shares Department of the Company situated at plant site Near Tablighi Ijtima, Raiwind Bypass, Lahore not less than forty-eight hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

For CDC Account Holders/Corporate Entities

In addition to the above, the following requirements be met :

- (i) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be provided with the proxy form.
- (ii) In case of a corporate entity, the Board of Directors resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company
- (iii) The proxy shall produce his original CNIC or original passport at the time of attending the meeting.

پراکسی فارم

عام حصص بمطابق شیئر رجسٹرڈ / فولیو نمبر

کوہ نور انرجی لمیٹڈ

سی ڈی سی کا شراکتی آئی ڈی نمبر

میں / ہم

ساکن

بطور کوہ نور انرجی لمیٹڈ کے رکن و حامل

ساکن

یا بصورت دیگر

ساکن

کو اپنی جگہ، بروز پیر 26 اکتوبر 2020 کو دوپہر بارہ بج کر تیس منٹ (12:30) پر اسلام آباد کلب، مین مری روڈ، اسلام آباد میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہی:

دستخط 2020

5/- روپے کا
محصول ٹکٹ

1- دستخط

نام

پتہ

قومی شناختی کارڈ نمبر

دستخط

(دستخط کمپنی کے پاس دستخط کے نمونہ کے مطابق ہوں)

قومی شناختی کارڈ نمبر / پاسپورٹ نمبر

ضروری:

(i) پراکسی فارم کے موثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل کمپنی کو موصول ہوں۔ پراکسی فارم کا کمپنی کارکن ہونا ضروری نہیں ہے سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر یا ڈیجیٹل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔

(ii) پراکسی فارم کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

(iii) کارپوریٹ ایجنسی کی صورت میں ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نامزد فرد کے دستخط کا نمونہ (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم کے ہمراہ کمپنی کو پیش کرنے ہوں گے۔

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