



KOHINOOR
ENERGY LIMITED

2021 ANNUAL REPORT



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CORPORATE INFORMATION

Board of Directors

Mr. M. Naseem Saigol
Chairman / Non-Executive

Mr. Muhammad Zeid Yousuf Saigol
Chief Executive Officer

Mr. Muhammad Murad Saigol
Non-Executive

Syed Manzar Hassan
Non-Executive

Mr. Muhammad Omer Farooq
Independent

Ms. Sadaf Kashif
Independent

Mr. Faisal Riaz
Independent

Company Secretary

Mr. Muhammad Asif

Audit Committee

Mr. Muhammad Omer Farooq
Chairman

Syed Manzar Hassan

Ms. Sadaf Kashif

HR & Remuneration Committee

Mr. Faisal Riaz
Chairman

Mr. Muhammad Zeid Yousuf Saigol

Syed Manzar Hassan

Management

Mr. Muhammad Zeid Yousuf Saigol
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

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

PEL Factory, 14-KM Ferozepur Road,
Lahore, Postcode 54760, Pakistan.
Tel : +92-42-35920117-8

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 28th Annual General Meeting of shareholders of Kohinoor Energy Limited will be held on October 26, 2021 (Tuesday) at 13:00 at Islamabad Club, Main Murree Road, Islamabad to transact the following business:

1. To confirm minutes of the Annual General Meeting held on October 26, 2020.
2. To receive and adopt the Annual Audited Accounts of the Company for the financial year ended June 30, 2021 alongwith Directors' and Auditors' Reports thereon.
3. To approve two interim dividends already paid @60% i.e. Rs. 6.00 per share and @40% i.e. Rs. 4.00 per share making a total dividend @100% i.e. Rs. 10.00 per share for the financial year 2020-21.
4. To appoint Auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
5. To elect seven directors as fixed by the Board of Directors in its meeting held on September 03, 2021 under Section 159 of the Companies Act, 2017 for a term of three years commencing from October 30, 2021. The retiring Directors are:
 1. Mr. M. Naseem Saigol
 2. Mr. Muhammad Zeid Yousuf Saigol
 3. Mr. Muhammad Murad Saigol
 4. Syed Manzar Hassan
 5. Mr. Muhammad Omer Farooq
 6. Ms. Sadaf Kashif
 7. Mr. Faisal Riaz
6. Any other business with the permission of the Chair.

By the order of the Board

Lahore:
September 23, 2021

(Muhammad Asif)
Company Secretary

Notes:

1. The share transfer books of the Company will remain closed from October 19, 2021 to October 26, 2021 (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 18, 2021 will be treated in time for determination of entitlement to attend and vote at the meeting.

2. Any person who seeks to contest the election of directors shall file at Head Office of the Company, Near Tablighi Ijtima, Raiwind Bypass, Lahore, not later than 14 days before the day of the meeting, notice of his/her intention to offer himself/herself for election of directors together with:
 - a) Consent to act as Director as required under Section 167(1) of the Companies Act, 2017.
 - b) Consent to act as Director in Form-28, as prescribed under the Companies (General Provisions and Forms) Regulation, 2018;
 - c) Declaration in respect of being compliant with requirements of the Code of Corporate Governance and the eligibility criteria as set out in the Section 153 of the Companies Act, 2017(Act) to act as Director or an Independent Director of a listed Company; and
 - d) Detailed profile alongwith office addressed for placement onto the Company's website within 14 days prior to the date of election in terms of SRO dated December 10, 2015 issued by the Securities & Exchange Commission of Pakistan (SECP).
 - e) A director must be holding qualification shares of the Company at the time of filing of his / her consent to act as director. The aforesaid qualification shall not be applicable for instances mentioned in Section 153(i) of the Act;
 - f) Attested copy of valid CNIC and NTN;
 - g) Independent director(s) will be elected through the process of election of director in terms of section 159 of the Act and he/she shall meet the criteria laid down in Section 166 of the Act, the Companies (Manner and Selection of Independent Directors) Regulations 2018 and Guide Book on Corporate Governance and

NOTICE OF ANNUAL GENERAL MEETING

Frequently Asked Questions dated June 5, 2020, issued by the SECP accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as an independent director:

- Declaration by independent director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019;
 - Undertaking on non-judicial stamp paper that he / she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018;
 - The Final list of contesting candidates will be circulated not later than seven days before the date of said meeting, in term of section 159 (4). Further, the website of the Company will be updated with the required information.
3. 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 situated at Near Tablighi Ijtima, Raiwind Bypass, Lahore, not less than 48 hours before the time for holding the. A member shall not be entitled to appoint more than one proxy. 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:
1. Wear Face Mask
 2. Hand Sanitization at entry point
 3. Maintain Social Distance
4. Pursuant to Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors, where in case number of contestants are more than the number of directors to be elected, members will be allowed to exercise their right to vote through postal ballot, that is voting by post in accordance with the requirements and procedures contained in the aforesaid Regulation.
5. 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>.
6. As per Section 72 of the Companies Act, 2017 every listed company is required to replace its physical shares into book-entry form (CDC). Therefore, the shareholders having physical shares are requested to convert the shares into book-entry (CDC).

CHAIRMAN'S REVIEW



On behalf of the Board of Directors, I have great pleasure in presenting you the twenty-eighth Annual Report providing an overview of Kohinoor Energy Limited operations, our operating environment and the Audited Financial Statements for the year ended June 30, 2021.

Despite the numerous challenges experienced during the year, the business has achieved a great deal of success and the board is pleased with the progress the Company is making.

In December 2020, there were changes on the Board, four new Board members joined to fill the casual vacancies occurred. And consequently during the year Mr. Muhammad Zeid Yousuf Saigol has been appointed as the new Chief Executive Officer of the Company. The young and energetic man holds Bachelors of Science (BS) in Chemical Engineering from Carnegie Mellon University USA. He is associated as Director with Pak Elektron Limited since 2011 and having rich experience of power generation business leading the Group's Power Division Operations. I do hope that such change on the board shall bring good impact on the progress of the Company where it is facing challenges of lower dispatch levels in the time ahead to the Company.

I take pleasure to inform you that subsequent to negotiations between the negotiation Committee (formed by the Government of Pakistan) and the

Company, as detailed in the director's report, the matter of piling up of the over due payments stuck up with the power purchaser has been settled. Resultantly the Company has received the first of two installments of the over due amount from the power purchaser. Moreover, subsequently the Company is also receiving the routine payments regularly. Therefore, the board considering the comfortable financial position of the Company has paid two interim dividends in March and May 2021 @ 60% and 40% respectively. The total dividend distribution during the financial year 2020-21 remained at 100%.

During the year under review, the Board visited the power complex and Company offices and facilities with the objective of meeting with the key management executives and gaining firsthand knowledge of the developments and challenges in place. It is pleasurable to put on record that your Company has a dedicated and enthusiastic team of nearly 150 fulltime working people comprising of professionals, qualified engineers and skilled workforce who are serving to the Company with honesty and hardwork. Therefore, despite of the lapse of the 24 operational years the power complex is demonstrating the safe, reliable and the most efficient operations.

The demand of electricity by the Power Purchaser remained slightly lower than that of the previous financial year. I pleasurable let you know that the Company posted net profit after tax of Rs.1,199 million and demonstrated earning per share (EPS) of Rs. 7.08 as compared to net profit after tax of Rs. 1,036 million with an EPS of Rs. 6.12 demonstrated during the corresponding period last year.

In summary, Kohinoor Energy Limited continues to be committed to growing its business over the longer term to build the company's value for our shareholder, by further strengthening its position in the market, increasing operational efficiency, boosting revenue and significantly improving margins and earnings.

Lahore:
September 23, 2021

M. Naseem Saigol
Chairman

چیمبر میں جائزہ

بجلی خریداری کی طرف سے بجلی کی طلب گزشتہ مالی سال سے نسبتاً کم رہی۔ میں آپ کو بتاتا تے ہوئے خوشی محسوس کر رہا ہوں کہ کمپنی نے اس سال بعد از ٹیکس 1,199 ملین روپے کا منافع کمایا ہے اور فی شیئر آمدنی 7.08 روپے رہی جبکہ اسکے مقابلے میں پچھلے سال کمپنی کا بعد از ٹیکس منافع 1,036 ملین روپے تھا جبکہ فی شیئر آمدنی 6.12 روپے تھی۔

خلاصہ یہ ہے کہ کوہ نور انرجی لمیٹڈ اپنے شیئر ہولڈرز کے لئے کمپنی کی قدر بڑھانے، مارکیٹ میں اپنی پوزیشن کو مزید مضبوط بنانے، آپریشنل استعداد بڑھانے، آمدنی اور مارجن بڑھاتے ہوئے طویل عرصے تک اپنے کاروبار کو بڑھانے کے لئے پرعزم ہے۔



ایم نسیم سہگل

چیمبر مین

لاہور

23 ستمبر 2021

بورڈ آف ڈائریکٹرز کی جانب سے مجھے آپ کو اٹھائیسویں سالانہ رپورٹ پیش کرنے میں خوشی محسوس ہو رہی ہے۔ اس رپورٹ میں ہم کوہ نور انرجی لمیٹڈ کے کاموں اور آپریٹنگ ماحول کی 30 جون 2021 کو ختم ہونے والے آڈٹ شدہ مالی حسابات کا جائزہ فراہم کر رہے ہیں۔

سال کے دوران بے شمار چیلنجوں کے باوجود کاروبار نے بڑی کامیابی حاصل کی ہے اور بورڈ کمپنی کی پیش رفت سے بہت خوش ہے۔

دسمبر 2020 میں بورڈ میں کچھ تبدیلیاں ہوئیں، بورڈ میں چار نئے ارکان شامل ہوئے تاکہ کیو ویل ویکنسی کو پُر کیا جاسکے اور سال کے دوران جناب محمد زید یوسف سہگل کو کمپنی کا نیا چیف ایگزیکٹو آفیسر مقرر کیا گیا۔ نئے قابل اور نوجوان چیف ایگزیکٹو آفیسر امریکہ کی یونیورسٹی کارنیگی میلن سے اعلیٰ تعلیمی ڈگری کیمیکل انجینئرنگ BS حاصل کی ہے۔ وہ سال 2011 سے پاک انٹرنیشنل لمیٹڈ کے ڈائریکٹر ہیں اور ان کا پاور جنریشن سیکٹر میں خاصا تجربہ ہے۔ میں اُمید کرتا ہوں کہ بورڈ میں یہ تبدیلی کمپنی کے پیش رفت پر اچھے اثرات مرتب کرے گی، جہاں اسے آنے والے وقت میں کم ترسیل کی سطح کے چیلنجوں کا سامنا ہے۔

میں آپ کو یہ بتاتا ہوں خوشی محسوس کر رہا ہوں کہ حکومت کی مذاکراتی کمیٹی اور کمپنی کے مابین مذاکرات جس کی تفصیل ڈائریکٹرز رپورٹ میں درج ہے۔ جس میں واپڈا کے ساتھ زیر التوا اعداد و اہم کیوں کا معاملہ طے پا گیا ہے جس کے نتیجے میں کمپنی نے بجلی خریدار سے بقایا جات کی دو اقساط وصول کرنی ہے۔ اس کے علاوہ کمپنی کو معمول کی ادائیگی بھی باقاعدگی سے وصول ہو رہی ہے۔ اس لیے بورڈ نے کمپنی کی مالیاتی حیثیت میں بہتری کو مد نظر رکھتے ہوئے مارچ اور مئی 2021 میں 60% اور 40% عبوری منافع تقسیم کیا۔ دوران سال 2020-21 میں کمپنی نے کل 100% منافع تقسیم کیا۔

زیر جائزہ سال کے دوران بورڈ نے پاور کمپلیکس اور کمپنی کے دفاتر اور سہولیات کا دورہ کیا جس کا مقصد کلیدی مینجمنٹ ایگزیکٹوز سے ملاقات کرنا اور وہاں کی پیش رفت اور چیلنجز کے بارے میں پہلے سے معلومات حاصل کرنا تھا۔ یہ بات بھی ریکارڈ پر لاتے ہوئے خوشی محسوس ہو رہی ہے کہ آپ کی کمپنی کے تقریباً 150 فٹ ٹائم کام کرنے والے افراد کی ایک پُر جوش ٹیم موجود ہے جو کہ ماہر پیشہ ور، قابل انجینئرز اور ہنرمند افرادی قوت پر مشتمل ہے جو ایمانداری اور محنت کے ساتھ کمپنی کی خدمت کر رہے ہیں جسکی وجہ سے 24 آپریشنل سال گزر جانے کے باوجود پاور کمپلیکس محفوظ، بہترین اور انتہائی منوثر کارکردگی کا مظاہرہ کر رہا ہے۔

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, 2021.

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 2020-21, total sales of the Company stood at Rs. 6,752 million compared to Rs. 7,549 million in the last financial year. The dispatch of electricity was comparatively lower than that of the previous

financial year. The dispatch was comparatively lower, however the devaluation of Pak Rupees and lower interest rates have contributed to higher profits in comparison to last year. The Company earned net profit after tax of Rs. 1,199 million yielding earning per share (EPS) of Rs. 7.08, as compared to Rs. 1,037 million (EPS 6.12) during the last financial year. The summarized financial results of the Company for the year ended June 30, 2021 are as follows:-

Rupees in Thousand	2021	2020
Profit before taxation	1,202,984	1,036,752
Taxation	(3,563)	(94)
Profit after taxation	1,199,421	1,036,658
Other comprehensive income / (loss)	25,273	(25,774)
Total comprehensive income for the year	1,224,694	1,010,884
Un-appropriated profit brought forward	4,848,005	4,176,038
Available for appropriations	6,072,699	5,186,922
Final Dividend 2019-20-NL (Final Dividend 2018-19 @ 20% paid during FY 2019-20)	-	(338,917)
1st Interim Dividend 2020-21 @ 60% (1st Interim Dividend 2019-20-NIL)	(1,016,752)	-
2nd Interim Dividend 2020-21 @ 40% (2nd Interim Dividend 2019-20-NIL)	(677,834)	-
	(1,694,586)	(338,917)
Un-appropriated profit carried forward	4,378,113	4,848,005
Earnings per share	Rupees 7.08	6.12

As earlier reported to the shareholders we would like to reiterate that the Government of Pakistan formed a Committee for negotiations with the Independent Private Power Producers (the IPPs) including the Company, for negotiation on power tariff, settlement of long outstanding receivables and resolution of certain disputed matters between the IPPs and the Power Purchaser. Consequent to having several rounds of discussions and meetings with the Committee, the Company signed a Memorandum of Understanding (the MoU) dated October 07, 2020. Subsequently, CPPA and the Company initialed and finally signed the Master Agreement, PPA Amendment Agreement, PPA Novation Agreement to effect the agreed terms and conditions. The details have been disclosed in note No. 3 to these financial statements.

DIRECTORS' REPORT

The Board takes pleasure to report that subsequent to signing of the above said agreements the Company has received the first installment (i.e. 40% of the over due amount of Rs. 4,974 million outstanding as at November 30, 2020) while the remaining 60% overdue amount is expected to be received within six months of the first installment, we are receiving the routine payments against overdue invoices regularly from the Power Purchaser. Resultantly the balance overdue amount has improved.

The status of the matter related to the imposition of liquidated damages (LDs) as detailed in Note 14.1.1 and 14.1.2 to the financial statements is the same as reported to you earlier. The management and the legal advisors of the Company believe that there are adequate grounds to defend the claim for such LDs, therefore no provision has been made in these financial statements.

Moreover, on the matter related to sales tax demand raised by the Federal Board of Revenue (the FBR) as detailed in Note 14.1.3 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.

Further with respect to the matter of a sales tax demand of Rs. 184.13 million raised by the Deputy Commissioner Inland Revenue ('DCIR') on account of inadmissible input tax as detailed in Note 14.1.4 to these financial statements. Commissioner Inland Revenue (Appeals) adjudicated the case and out of total demand of Rs. 184.13 million, deleted the demand of Rs. 152.95 million, whereas the remaining amount of Rs. 31.18 million has been annulled and remanded back to the DCIR for fresh adjudication.

Dividend Distribution

During the financial year under review upon recommendations of the Board of Directors of the Company two interim dividends have already been paid @60% in March 2021 and @40% in May 2021 respectively, making cumulative dividend distribution for the financial year @ 100%.

Operations

We report that the demand of electricity from the Power Purchaser was relatively lower than the



previous financial year. The power plant by operating at 31.04% delivered 337,122 MWh of electricity as compared to 33.41% capacity factor (363,856 MWh) delivered during the previous financial year. This is with respect to maintenance activities we report that during the financial year under review two engines reached at 124k operational hours. The said engines were overhauled under 8k major maintenance program. During the previous financial year there were three major maintenances that were carried out by the Company. We report that all of the planned and unplanned maintenances 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. Further, one diesel generator has undergone successful repairs and maintenance during the month of June 2021 for which successful job completion certificate has been received subsequent to the year end.

We take immense 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 04, 2021 has demonstrated the capacity of 129.96 MW which is higher than the net contractual capacity of 124 MW. It is quite satisfactory to mention that the power complex even after surpassing 24 operational years is still in robust, excellent and reliable condition. The Board of Directors recognizes and appreciates the

hardwork and dedication of the employees of the Company that resulted in such a remarkable achievement.

Risk Management

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. 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

The management has established a very comprehensive system for recognition and management of operational risks. The Quality & EHS function at power plant is fully responsible to discharge its responsibilities to identify, measure and to take necessary steps for addressing and mitigating 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 and are in place to ensure the safe and reliable operations.

Financial Risks

The financial risk management is disclosed in note 34 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 2020-21 and their attendance is as follows:

Name of Directors	Attendance	
	BOD	AC
Mr. M. Naseem Saigol	2/5	
Mr. Muhammad Zeid Yousuf Saigol	1/2	
Mr. Muhammad Murad Saigol	0/1	
Syed Manzar Hassan	3/3	2/2
Mr. Muhammad Omer Farooq	3/3	2/2
Ms. Sadaf Kashif	2/2	2/2
Mr. S M Shakeel	4/5	
Mr. Faisal Riaz	5/5	
Mr. Shingo Ito	2/2	2/2

DIRECTORS' REPORT

Name of Directors	Attendance	
	BOD	AC
Mr. Ryo Aoe	2/2	2/2
Mr. Hirokazu Ishii	3/3	
Ms. Mariko Ueda	3/3	2/2

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. Muhammad Zeid Yousuf Saigol, Mr. Faisal Riaz and Syed Manzar Hassan attended the said meeting.
- The Company's directors, spouses and executives have purchased 61,250,100 shares of the Company during the FY from July 01, 2020 to June 30, 2021. Number of shares held at the year end are summarized as below:

Particulars	No. of Shares
Sponsors	105,065,839
Directors	101,821
Executives	179,075

Detailed Pattern of shareholding is attached to these financial statements. The threshold for identification of 'Executive' is annually determined by the Board in accordance with the Code of Corporate Governance. Pakistan stock has been updated on above said trading in shares of the Company.

- The Company had established Employees Gratuity Fund and registered with the concerned authority as detailed in note 6.2 to these financial statements. The value of the Gratuity Fund as on June 30, 2021: NIL (Rs. 428.28 million in 2020). The said Fund has been dissolved to take effect from July 01, 2021. And subsequently the management has introduced another retirement benefit scheme namely Employees Provident Fund. The said fund is in the process of registration with the concerned authority.
- 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 26, 2020 Mr. Ryo Aoe and Mr. Shingo Ito have relinquished the office of Director and in their places the Board has appointed Syed Manzar Hassan, Mr. Muhammad Omer Farooq as Directors of the Company with effect from December 16, 2020; and Mr. Hirokazu Ishii, Ms. Mariko Ueda have relinquished the office of Directors and in their places the Board has appointed Mr. Muhammad Zeid Yousuf Saigol and Ms. Sadaf Kashif as Directors on the Board to take effect from December 24, 2020; and Mr. S. M. Shakeel relinquished the office of Director/CEO and in his place the Board has appointed Mr. Muhammad Murad Saigol as Director of the Company and Mr. Muhammad Zeid Yousuf Saigol as CEO with effect from March 08, 2021 for the remainder of the term of the outgoing directors.

The Board wishes to record its appreciation for the valuable services rendered by Mr. Ryo Aoe, Mr. Shingo Ito, Mr. Hirokazu Ishii, Ms. Mariko Ueda and Mr. S. M. Shakeel as Board members and extends its warm welcome to Syed Manzar Hassan, Mr. Muhammad Omer Farooq, Mr. Muhammad Zeid Yousuf Saigol, Ms. Sadaf Kashif and Mr. Muhammad Murad Saigol as new Director on the Board of the Company.

Corporate Social Responsibility (CSR)

As a part of business strategy your Company is consistently taking part in contribution to social welfare. In this regard we report that the Company in support to the neighboring community is making handsome investment on two CSR programs which includes 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 management of your Company paying attention to its social responsibility is providing free medical treatment facility to the deserving people of

the vicinity area of the power plant. A competent medical team comprising of qualified Doctor and its staff is serving the patients with full devotion. During the financial year under review the checkup of patients had been reduced due to the COVID-19 pandemic. Although the number of patients served has been decreased however due to drastic hike in prices of medicines the medical cost has been increased. We report that during the financial year 2020-21 total 4,799 patients have been provided with the free medical treatment at a cost of Rs. 6.804 million.

b) Education Facility

Contributing to another CSR program the Company is providing free education to the deserving children of the vicinity community your Company is playing its role to uplift the society through education. We report that presently 121 students are being educated at school level and seven at college level with the support of the company. The education facility program is inclusive of providing tuition, books / stationery and uniform to all the students for free of cost. During the year the Company has contributed Rs. 3.848 million on account of education facility,

Impact on Environment

At Kohinoor Energy, we recognize the growing challenge and the collective responsibility to manage the world's resources for future generations. We are therefore continuously increasing our water recycling initiatives and promoting the safe reuse of wastewater in plantation and fish farming. We are also striving to reduce our environmental footprints by energy conservation, waste reduction, water conservation and fuel efficiency. At your Company, we are passionate about protecting the environment where we work and act to protect and improve it, as we know that there is no better place to start than from within our own Company. Through clean up initiatives and other activities, we aim to play an active role in changing behavior and raising public awareness about reducing waste and recycling more.

We are consistently focusing on energy conservation, waste reduction, water conservation and compliance of National Environmental Quality Standards (NEQS) through implementation of sustainability plans for green environment at plant.



DIRECTORS' REPORT

Impact of COVID-19 on the financial statements

Consequent to the spread out of the pandemic of COVID-19 the Company has adopted all of the necessary Standard Operating Procedures (SOPs) to ensure safety and well being of the employees. All of the employees of the Company have been fully vaccinated. The management of the Company has taken all of the necessary steps to carry out safe and reliable operations and ensuring continuation of the business of the Company. 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, as far as practicable, 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 reappointment for shareholders consideration in the forthcoming AGM.

Pattern of Shareholding

A statement of pattern of shareholding and additional information as at June 30, 2021 is annexed to the Annual Report.

Acknowledgement

The Board of Directors appreciates and recognizes the valued shareholders, Central Power Purchasing Agency (CPPA), PPIB, financial institutions and, Wartsila, Pakistan State Oil and other business partners for their trust and continued support to the Company.

The Board also recognizes the contribution made by a very dedicated team of professionals and engineers who served KEL with full enthusiasm. We appreciate all of our employees for demonstrating their commitment and responsibility to ensure and maintain safe and reliable operations of the power complex and we believe that the same spirit of devotion shall remain intact in the future ahead to the Company to achieve successful results for the Company and its shareholders.

For and on behalf of the Board



M. Zeid Yousuf Saigol
Chief Executive Officer



Syed Manzar Hassan
Director

Lahore:
September 23, 2021

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کمپنی کے مالی حسابات کے ساتھ سالانہ رپورٹ برائے مدت مختتمہ 30 جون 2021 خوشی محسوس کرتے ہوئے پیش کرتے ہیں۔

اہم سرگرمیاں

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 2021 کو ختم ہونے والے مالی سال کے دوران کمپنی کی مجموعی فروخت آمدنی 6,752 ملین روپے ریکارڈ کی گئی جبکہ گزشتہ مالی سال میں 7,548 ملین روپے ریکارڈ کی گئی تھی تاہم بجلی کی ترسیل پچھلے مالی سال سے نسبتاً کم رہی۔ ترسیل نسبتاً کم تھی تاہم روپے کی قدر میں کمی اور کم شرح سود منافع میں اضافے کا باعث بنی۔ کمپنی نے 1,199 ملین روپے کا بعد از ٹیکس منافع حاصل کر کے 7.08 روپے کی فی حصص آمدنی کا مظاہرہ کیا جبکہ پچھلے سال بعد از ٹیکس منافع 1,037 ملین روپے اور فی حصص آمدنی 6.12 روپے تھی۔ کمپنی کے سالانہ مالی نتائج 30 جون 2021 کے اختتام پر درج ذیل ہیں:

جیسا کہ پہلے شیئر ہولڈرز کو اطلاع دی گئی ہے ہم اس بات کا اعادہ کرنا چاہیں گے کہ حکومت پاکستان نے بجلی کے پرائیوٹ پاور پروڈیوسر (آئی پی بیز) کے ساتھ مذاکرات کے لئے ایک کمیٹی تشکیل دی ہے، بجلی کے نرخوں پر بات چیت، طویل بقایا وصولیوں کے تصفیے اور حل کے لئے ہونے والے کئی اجلاس کے بعد آئی پی بیز اور پاور خریدار کے درمیان کچھ متنازعہ معاملات پر کمیٹی کے ساتھ مورخہ 07 اکتوبر 2020ء کو یادداشت (ایم او یو) پر دستخط کیے۔ بالآخر اس کے بعد سی پی پی اے اور کمپنی نے ماسٹرا ایگریمنٹ، پی پی اے ترمیمی معاہدہ، پی پی اے نوویشن ایگریمنٹ پر اتفاق شدہ شرائط و ضوابط کو نافذ کرنے کے لئے دستخط کئے۔ تفصیل ان مالیاتی بیانات کے نوٹ نمبر 3 میں ظاہر کی گئی ہے۔

بورڈ یہ بتاتے ہوئے خوشی محسوس کرتا کہ مذکورہ بالا معاہدوں و دستخط کے بعد کمپنی کو اپنی پہلی قسط (یعنی 4,974 ملین روپے کی واجب الادا رقم کا 40 فیصد) موصول ہوئی ہے جبکہ بقیہ 60 فیصد واجب الادا رقم پہلی قسط کے چھ ماہ کے اندر موصول ہونے کی امید ہے، ہم بجلی خریدار سے زائد الوقت رسیدوں کے خلاف معمول کی ادائیگی وصول کر رہے ہیں۔ اس کے نتیجے میں بقایا جات کی رقم کو بہتر بنایا گیا ہے۔

مالیاتی بیانات پر نوٹ 14.1.1 اور 14.1.2 میں تفصیل کے مطابق لیکویڈیٹیڈ ڈبچر (LDS) کے نفاذ سے متعلق معاملے کی صورتحال وہی ہے جو آپ کو پہلے اطلاع دی گئی

2020	2021	
(روپے ہزار میں)		
1,036,752	1,202,984	قبل از ٹیکس منافع
(94)	(3,563)	ٹیکس
1,036,658	1,199,421	بعد از ٹیکس منافع
(25,774)	25,273	دیگر جامع آمدنی / (خسارہ)
1,010,884	1,224,694	کل وسیع جامع آمدنی برائے سال
4,176,038	4,848,005	غیر مختص شدہ منافع
5,186,922	6,072,699	
(338,917)	-	حتمی منافع منقسمہ 20-2019-NIL (حتمی منافع منقسمہ 20% @ 2019-2018 مالی سال 2019-20 کے دوران ادا کیا گیا)
-	(1,016,752)	پہلا عبوری منافع منقسمہ 2020-21 - 60% (پہلا عبوری منافع منقسمہ NIL جو مالی سال 2019-20 میں ادا کیا گیا)
-	(677,834)	دوسرا عبوری منافع منقسمہ 2020-21 - 40% (دوسرا عبوری منافع منقسمہ NIL جو مالی سال 2019-20 میں ادا کیا گیا)
4 848 005	(4 378 113)	غیر ادا شدہ منافع
6.12	7.08	روپے آمدنی فی شیئر

پرفارمنس کا مظاہرہ کیا جو 124 MW کی مجموعی معاہداتی استعداد سے کہیں زیادہ ہے۔ ہم کامل یقین کے ساتھ یہ بتا رہے ہیں کہ کارکردگی کے 24 سال مکمل کرنے کے باوجود پاور پلانٹ بہترین حالت میں ہے۔ بورڈ آف ڈائریکٹرز مینجمنٹ اور ملازمین کی انتھک محنت کو سراہتا ہے جس کی بدولت یہ نمایاں کامیابی حاصل ہوئی۔

رسک مینجمنٹ

رسک مینجمنٹ، بورڈ کے منظور شدہ اصولوں اور پالیسیوں کے تحت فنانس ڈیپارٹمنٹ کرتا ہے۔ بورڈ مجموعی طور پر رسک مینجمنٹ کے لیے اصول مہیا کرتا ہے، نیز مخصوص شعبوں جیسے کہ غیر ملکی زرمبادلہ کا رسک، شرح سود کا رسک، کریڈٹ رسک اور اضافی لیکویڈیٹی کی سرمایہ کاری کے لیے پالیسیاں فراہم کرتا ہے۔ رسک مینجمنٹ کے اصول ان خطرات کی نشاندہی اور تجزیہ کرنے کے لیے تیار ہیں جن کو کمپنی سامنے لاکر مناسب کنٹرول میکانزم قائم کرتی ہے۔ رسک مینجمنٹ کے اصولوں اور لاگو ہونے والے عمل کا باقاعدگی سے جائزہ لیا جاتا ہے، مناسب خیال رکھا جاتا ہے اور شعبے اور کمپنی کی سرگرمیوں میں تبدیلی کی جاتی ہے۔ حتمی ہدف موجودہ ٹریڈنگ مینجمنٹ گائیڈ لائنز اور خطرات کے بارے میں شعوری نقطہ نظر کی بنیاد پر کنٹرول تیار کرنا ہے۔

آپریٹل خطرات

مینجمنٹ نے آپریٹل 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 آپریٹل طریقہ کار ہنگامی منصوبے بین الاقوامی معیار کے مطابق ہیں پلانٹ پر استعمال ہونے والے تمام آپریٹل طریقہ کار کے پیچھے کڑی محنت اور پریکٹس ہے اور پلانٹ کے آپریٹرز کو بہتر اور محفوظ بنانے کے لئے بروئے کار ہیں

مالیاتی خطرات

کمپنی کے مالیاتی خطرات کے انتظام کو کمپنی کے مالیاتی حسابات کے نوٹ نمبر 34 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۔

تھی۔ کمپنی مینجمنٹ اور قانونی مشیروں کا خیال ہے کہ اس طرح کے لیکویڈیٹی ڈیجز (LDs) کے دعوے کے دفاع کے لیے مناسب بنیاد موجود ہے، اس لئے کمپنی نے منسلک مالیاتی گوشوارے میں کوئی پروٹن نہیں رکھی۔

زید سیلز ٹیکس کے مطالبے کے حوالے سے - 184.13 ملین ڈیپٹی کمشنران لینڈ ریونیو ('DCIR') نے ناقابل قبول ان پٹ ٹیکس کی وجہ سے اکٹھا کیا جیسا کہ نوٹ 14.1.4 میں ان مالیاتی بیانات کی تفصیل ہے۔ سال کے اختتام کے بعد کمشنران لینڈ ریونیو ('Appeals') نے کیس کا فیصلہ سناتے ہوئے 184.13 ملین روپے کی طلب سے 152.95 ملین روپے کا مطالبہ حذف کر دیا ہے جبکہ باقی 31.18 ملین روپے کے مطالبے کو منسوخ کرتے ہوئے نئے فیصلے کیلئے DCIR کو واپس بھیج دیا گیا ہے لہذا مذکورہ حکم کی مد میں مطالبہ کو نہیں۔

ڈیوڈنڈز کی ادائیگی

رواں مالی سال کے دوران بورڈ آف ڈائریکٹرز نے دو عبوری ڈیوڈنڈز کی منظوری دی ہے جو پہلے ہی سے 60% مارچ 2021 اور 40% مئی 2021 میں ادا کر دیئے گئے ہیں جو مالی سال 2020-21 کے لئے کل ملا کر 100% بنتا ہے۔

آپریٹرز

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 131.04% استعدادی محرک کے طور پر کام کیا جبکہ پچھلے سال کی ترسیل 33.41 فیصد کی استعداد پر رہی۔ اس کے نتیجے میں کمپنی نے واپڈا کو 337,122 MWhs بجلی فراہم کی، جبکہ پچھلے سال یہ فراہمی 363,856 MWhs تھی۔ زیر غور مالی سال کے دوران دو انجن جو کہ 124K آپریٹل گھنٹے مکمل کر چکے تھے انھیں 8K میجر مینٹی نینس پروگرام کے تحت اور ہال کیا گیا جبکہ پچھلے سال تین انجن میجر مینٹی نینس پروگرام کے تحت اور ہال کئے گئے۔ تمام شیڈ ولڈ اور انشیڈ ولڈ مینٹی نینس ہماری اپنی ٹیم نے مقررہ طریقہ کار اور بجٹ کے مطابق کامیابی کے ساتھ کی گئی ہے۔ ہمیں یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ تمام انجن اور معاون آلات، محفوظ اور قابل بھروسہ آپریٹرز کے لیے بالکل ٹھیک حالت میں ہیں۔ مزید یہ کہ ایک ڈیزل جنریٹر کی کامیابی کے ساتھ دیکھ بھال اور مرمت 30 جون 2021 میں مکمل کر لی گئی ہے۔ جس کے کامیابی کیساتھ کام کی تکمیل کا سرٹیفکیٹ سال کے اختتام پر وصول ہو چکا ہے

ہمیں یہ بتاتے ہوئے بھی خوشی ہے کہ ہم نے واپڈا کی طرف سے 04 جون 2021 کو لیے جانے والے Annual Dependable Capacity Test (ADC) کو کامیابی سے کوالیفائی کیا۔ نتیجتاً اس نے 129.96 MW استعداد کی قابل تعریف

ڈائریکٹرز رپورٹ

حاضری		ڈائریکٹر کا نام
آڈٹ کمیٹی	بورڈ	
	5/5	جناب فیصل ریاض
	4/5	جناب ایس ایم ثقیل
2/2	3/3	محترمہ ماریکو اوبیدا
2/2	2/2	جناب شنگو ایتو
2/2	2/2	جناب رایو آوئے
	3/3	جناب ہیرو کاواشی

بورڈ نے ان بورڈ ڈمبیرز 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 محمد زید یوسف سہگل، جناب سید منظر حسن اور جناب فیصل ریاض شریک

ہوئے۔

☆ یکم جولائی 2020 سے 30 جون 2021 کے سال کے دوران سپانسرز،

ڈائریکٹرز اور ایگزیکٹوز نے کمپنی کے 61,250,100 شیئرز خریدے۔ سال کے

اختتام پر اگلے کل شیئرز کی تعداد:

تفصیل	موجودہ شیئرز
سپانسرز	105,065,839
ڈائریکٹرز	101,821
ایگزیکٹوز	179,075

تفصیلی شیئر ہولڈنگ پینل مالی گوشواروں کے ساتھ منسلک کر دیا گیا ہے۔ ایگزیکٹوز کی تعریف ہر سال بورڈ کی طرف سے کوڈ آف کارپوریٹ گورننس کی اصطلاحات کے مطابق وضع کی جاتی ہے۔ مذکورہ بالا کمپنی کے شیئرز کی ٹریڈ کے بارے میں پاکستان اسٹاک ایکسچینج کو مطلع کیا گیا ہے۔

☆ کمپنی نے ایمپلائز گریجویٹ فنڈ قائم کیا اور اسے متعلقہ اتھارٹی کے پاس

رجسٹر کرایا جیسا کہ مالیاتی گوشوارے کے نوٹ نمبر 6.2 میں بتایا گیا ہے۔ 30

جون 2021 کو گریجویٹ فنڈ میں سرمایہ کاری کی مالیت صفر ہے (جبکہ 2020 میں

428.28 ملین روپے تھی)۔ فنڈ کو 01 جولائی 2021 سے ختم کر دیا گیا ہے اور منجمنٹ

نے اسی بنیاد پر ایمپلائز پراوڈنڈ فنڈ کے نام سے ریٹائرمنٹ سکیم متعارف کرائی ہے جو کہ

ابھی متعلقہ اتھارٹی کے ساتھ رجسٹریشن کے مراحل میں ہے۔

☆ بورڈ نے آڈٹ کمیٹی قائم کی ہے۔ یہ تین نان ایگزیکٹوز ڈائریکٹرز پر مشتمل

یہ ریٹائرمنٹ کمیٹی کے مضبوط فنانسئل پروفائل کی عکاسی کرتی ہیں۔ یہ ریٹائرمنٹ کمیٹی کے اندر آپریشنز اینڈ مینجمنٹ اینس (O&M) سرگرمیوں کے کامیاب انتظام کا اعتراف اور فی اعتبار سے مضبوط انتظام، مستحکم سسٹمز اور کنٹرولز اور کمیٹی کے طاقت ور انتظامی 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 عکاسی

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 آپریشن 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 2020-21 کے دوران بورڈ پر رہنے والے ڈائریکٹرز

کے نام اور حاضری درج ذیل ہے:

حاضری		ڈائریکٹر کا نام
آڈٹ کمیٹی	بورڈ	
	2/5	جناب نسیم سہگل
	1/2	جناب محمد زید یوسف سہگل
	0/1	جناب محمد مراد سہگل
2/2	3/3	جناب سید منظر حسن
2/2	3/3	جناب محمد عمر فاروق
2/2	2/2	محترمہ صدف کاشف

ہے۔ غیر جانبدار ڈائریکٹرز 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 CFO, CEO, COO, ہیڈ آف انٹرنل آڈٹ، کمپنی سیکرٹری، اور کمپنی کے مینجنگ/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 26 اکتوبر 2020 کو منعقد ہونے والے سالانہ اجلاس عام کے بعد سبکدوش ہونے والے ڈائریکٹر کی بقیہ مدت کے لیے جناب راجو آؤنے اور جناب شنگو ایتو نے ڈائریکٹر کا عہدہ چھوڑ دیا ہے اور بورڈ نے ان کی جگہ جناب سید منظر حسن اور جناب محمد عمر فاروق کو 16 دسمبر 2020 سے کمپنی کا ڈائریکٹر مقرر کیا ہے؛ اور جناب ہیر وکازو ایشی اور محترمہ ماریکو ایدا نے ڈائریکٹر کا عہدہ چھوڑ دیا ہے اور بورڈ نے ان کی جگہ جناب محمد زید یوسف سہگل اور محترمہ صدف کاشف کو 24 دسمبر 2020 سے کمپنی کا ڈائریکٹر مقرر کیا ہے؛ اور جناب ایس ایم شکیل نے ڈائریکٹر/چیف ایگزیکٹو عہدہ چھوڑ دیا ہے اور بورڈ نے ان کی جگہ 8 مارچ 2021 سے جناب محمد مراد سہگل کو بطور ڈائریکٹر اور جناب محمد زید یوسف سہگل کو چیف ایگزیکٹو مقرر کیا ہے۔

جناب راجو آؤنے، جناب شنگو ایتو، جناب ہیر وکازو ایشی، محترمہ ماریکو ایدا اور جناب ایس ایم شکیل 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 سید منظر حسن، جناب محمد عمر فاروق، جناب محمد زید یوسف سہگل، محترمہ صدف کاشف اور جناب محمد مراد سہگل 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 قرب و جوار میں رہنے والوں کو علاج معالجے کی مفت سہولت اور مستحق بچوں کی مفت تعلیم ہمارے CSR پروگرام کی توجہ کا محور رہی ہے۔

طبی سہولت

CSR آپ کی کمپنی کی مینجمنٹ کمیٹی کے آس پاس کے علاقے کے مستحق لوگوں کو مفت علاج معالجے کی سہولت فراہم کر رہی ہے۔ کوالیفائیڈ ڈاکٹر اور اسٹاف پر مشتمل ایک با صلاحیت میڈیکل ٹیم پورے خلوص کے ساتھ مریضوں کی خدمت کر رہی ہے۔ COVID-19 کی وبائی بیماری کی وجہ سے رواں مالی سال کے دوران

مریضوں کا چیک اپ کم کیا گیا۔ اگرچہ مریضوں کی تعداد میں کمی آئی مگر ادویات کی قیمتوں میں اضافے کی وجہ سے اس مد میں اخراجات میں اضافہ ہوا۔ ہم آگاہ کرتے ہیں کہ مالی سال 2020-21 کے دوران 6.804 ملین روپے سے 4,799 مستحق مریضوں کا علاج معالجہ کیا گیا۔

(b) تعلیمی سہولت

آپ کی کمپنی کی مینجمنٹ ایک اور گرام کے تحت قریبی 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 ہے۔ اس ضمن میں ہم آپ کو آگاہ کرنا چاہیں گے کہ اس وقت 121 طلباء کو سکول اور 7 طلباء کو کالج کی سطح پر تعلیم کی سہولت فراہم کی جا رہی ہے، اس سہولت میں تدریس، درسی کتب کی فراہمی اور یونیفارم کی سہولت بھی شامل ہے۔ کمپنی نے سال کے دوران تعلیمی سہولت کی مدد میں 3.848 ملین روپے خرچ کیے۔

ماحول پر اثرات

کوہ نور انرجی میں ہم بڑھتے ہوئے چیلنج اور آئندہ نسلوں کے لیے دنیا کے وسائل کا انتظام کرنے کی اجتماعی ذمہ داری کو تسلیم کرتے ہیں۔ اس لیے ہم اپنے پانی کی ری سائیکلنگ کے اقدامات میں مسلسل اضافہ کر رہے ہیں اور پودے لگانے اور پھل کی کاشت میں گندے پانی کے محفوظ استعمال کو فروغ دے رہے ہیں۔ ہم توانائی کے تحفظ، کچرے میں کمی، پانی کے تحفظ اور ایندھن کی کارکردگی کے ذریعے اپنے ماحولیاتی اثرات کو کم کرنے کی ذریعے اپنے ماحولیاتی اثرات میں کمی کی کوشش کر رہے ہیں۔ آپ کی کمپنی میں، ہم اس ماحول کی حفاظت اور بہتری کے لیے پرجوش ہیں جہاں ہم کام کرتے ہیں، جیسا کہ ہم جانتے ہیں کہ ہماری اپنی کمپنی کے اندر شروع کرنے کے لیے اس سے بہتر کوئی جگہ نہیں ہے۔ صفائی کے اقدامات اور دیگر سرگرمیوں کے ذریعے، ہمارا مقصد برتاؤ کو تبدیل کرنے اور فضلہ کو کم کرنے اور زیادہ سے زیادہ ری سائیکلنگ کے بارے میں عوامی شعور بیدار کرنے میں فعال کردار ادا کرنا ہے۔ ہم پلانٹ میں سبز ماحول کے لیے پائیداری کے منصوبوں پر عمل درآمد کے ذریعے توانائی کے تحفظ، کچرے میں کمی، پانی کے تحفظ اور قومی ماحولیاتی معیار کے معیارات (NEQS) کی تعمیل پر مسلسل توجہ مرکوز کر رہے ہیں۔

COVID-19 کے فنانشل اسٹیٹمنٹس پر اثرات

COVID-19 کی وبائی بیماری کے پھیلاؤ کے نتیجے میں کمپنی نے ملازمین کی حفاظت اور فلاح و بہبود کو یقینی بنانے کے لیے تمام ضروری معیاری آپریشننگ طریقہ کار (SOPs) اختیار کیے ہیں۔ کمپنی کے تمام ملازمین کی مکمل ویکسین ہو چکی ہے۔ کمپنی کی انتظامیہ نے محفوظ اور قابل اعتماد آپریشن کرنے اور کمپنی کے کاروبار کو جاری رکھنے کو

ڈائریکٹرز رپورٹ

شیئر ہولڈنگ کا پیٹرن

اسٹیٹمنٹ آف پیٹرن آف شیئر ہولڈنگ اور اضافی معلومات، جیسا کہ 30 جون 2021 کو تھیں، اس سالانہ رپورٹ کے ساتھ منسلک ہیں۔

اظہار تشکر

بورڈ، گراں قدر شیئر ہولڈرز، سی پی اے، پی پی آئی بی، 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 فضا کے قیام کے لئے میجمنٹ کی تعریف کرتے ہیں۔ اور ہم تمام ایگزیکٹوز اور ایسپلائرز کی انتھک محنت، خلوص اور لگن کے بھی شکر گزار ہیں کہ انہوں 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۔

یقینی بنانے کے لیے تمام ضروری اقدامات کیے ہیں۔ اس کی وجہ سے میجمنٹ نے ان پیش رفتوں کے اکاؤنٹنگ مضمرات کا 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 کام 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 موثر 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، انہوں 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۔



سید منظر حسن
ڈائریکٹر



محمد زید یوسف سہگل
چیف ایگزیکٹو

لاہور

23 ستمبر 2021

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 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 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 constructive cooperation in 2021 because of we were able to achieve good progress towards many strategic priorities despite the challenges faced.



CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a part of business strategy your Company is consistently taking part in contribution to social welfare. In this regard we report that the Company in support to the neighboring community is making handsome investment on two CSR programs which includes 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 management of your Company paying attention to its social responsibility is providing free medical treatment facility to the deserving people of the vicinity area of the power plant. A competent medical team comprising of qualified Doctor and its staff is serving the patients with full devotion. During the FY under review the checkup of patients had been reduced due to the COVID-19 pandemic. Although the number of patients served has been decreased however due to drastic hike in prices of medicines the medical cost has been increased. We report that during the financial year 2020-21 total 4,799 patients have been provided with the free medical treatment at a cost of Rs. 6.804 million.



b) Education Facility

Contributing to another CSR program the Company is providing free education to the deserving children of the vicinity community your Company is playing its role to uplift the society through education. We report that presently 121 students are being educated at school level and seven at college level. The facility includes teaching, and provision of textbooks and uniform to all the students for free of cost. During the year the Company has contributed Rs. 3.848 million on account of education facility..

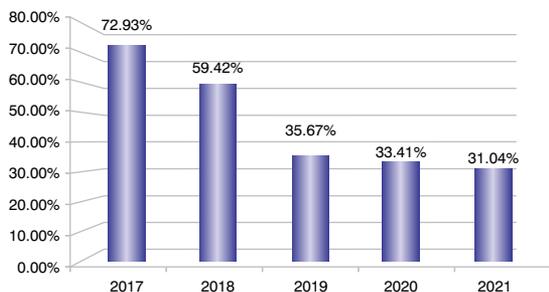


FINANCIAL DATA

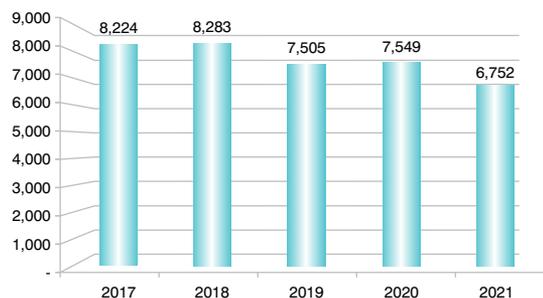
	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017	2015-2016
DISPATCH LEVEL (%)	31.04%	33.41%	35.67%	59.42%	72.93%	78.12%
DISPATCH (MWH)	337,122	363,856	387,435	645,395	792,147	850,945
REVENUE (Rs. 000)						
ENERGY FEE	4,635,701	5,020,777	5,592,339	6,852,409	6,947,012	6,070,220
CAPACITY FEE	1,752,832	1,623,874	1,328,564	1,128,422	1,094,435	1,067,666
INTEREST ON DELAYED PAYMENT	363,797	904,131	583,835	301,810	182,414	146,050
TOTAL REVENUE	6,752,330	7,548,782	7,504,738	8,282,641	8,223,861	7,283,936
COST OF SALES	4,983,277	5,391,882	5,946,315	7,019,967	6,988,329	6,174,928
GROSS PROFIT	1,769,053	2,156,900	1,558,423	1,262,674	1,235,532	1,109,008
PROFITABILITY (Rs. 000)						
PROFIT/(LOSS) BEFORE TAX	1,202,984	1,036,752	551,592	730,138	804,878	695,661
PROVISION FOR INCOME TAX	3,563	94	115	240	711	445
PROFIT/(LOSS) AFTER TAX	1,199,421	1,036,658	551,477	729,898	804,167	695,216
OTHER COMPREHENSIVE INCOME / (LOSS)						
	25,273	(25,774)	(8,483)	(18,781)	8,354	(7,985)
FINANCIAL POSITION (Rs. 000)						
NON CURRENT ASSETS	2,845,589	3,219,285	3,549,660	3,503,541	3,680,940	3,908,948
CURRENT ASSETS	7,367,352	9,156,796	7,974,127	8,022,395	6,194,471	4,880,224
LESS CURRENT LIABILITIES	4,111,682	5,833,490	5,653,163	5,520,473	3,818,502	2,697,491
NET WORKING CAPITAL	3,255,670	3,323,306	2,320,964	2,501,922	2,375,969	2,182,733
CAPITAL EMPLOYED	6,101,259	6,542,591	5,870,624	6,005,463	6,056,909	6,091,681
LESS LONG TERM LOANS	28,560	-	-	-	-	-
SHARE HOLDERS EQUITY	6,072,699	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	1,694,586
SHARE PREMIUM	-	-	-	-	-	-
BONUS SHARES	-	-	-	-	-	-
UNAPPROPRIATED PROFIT BEFORE APPROPRIATION	6,072,699	5,186,922	4,853,871	5,073,440	5,209,616	5,329,117
APPROPRIATION / DIVIDENDS	1,694,586	338,917	677,833	762,563	847,293	932,022
EFFECT OF RETROSPECTIVE CHANGE IN ACCOUNTING POLICY	-	-	-	-	-	-
UNAPPROPRIATED PROFIT BROUGHT FORWARD	4,378,113	4,848,005	4,176,038	4,310,877	4,362,323	4,397,095
	6,072,699	6,542,591	5,870,624	6,005,463	6,056,909	6,091,681
SHARE PRICES AS ON JUNE 30,						
EARNING PER SHARE	36.00	34.98	36.00	40.00	43.07	41.20
	7.08	6.12	3.25	4.31	4.75	4.10
RATIOS:						
RETURN ON ASSETS	11.74%	8.38%	4.79%	6.33%	8.14%	7.91%
PRICE EARNING RATIO	5.08	5.72	11.08	9.28	9.07	10.05
BREAK UP VALUE PER SHARE OF Rs. 10 EACH	35.84	38.61	34.64	35.44	35.74	35.95
CURRENT RATIO	1.79	1.57	1.41	1.45	1.62	1.81
NET PROFIT/(LOSS) TO SALES (%AGE)	17.76%	13.73%	7.35%	8.81%	9.78%	9.54%
DIVIDEND PER SHARE	10.00	2.00	4.00	4.50	5.00	5.50

PERFORMANCE OVERVIEW

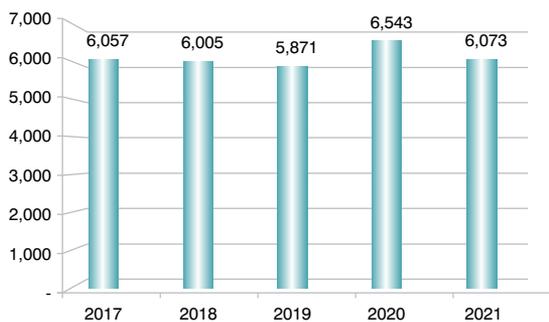
Dispatch Percentage



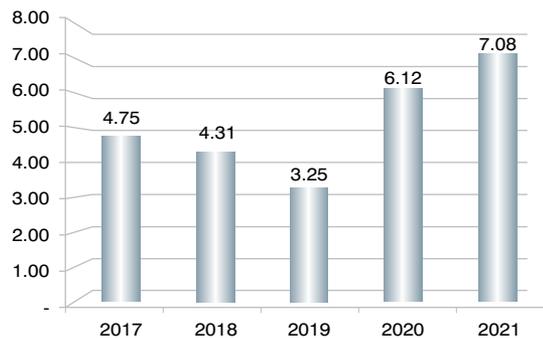
Turnover (Rupees in Million)



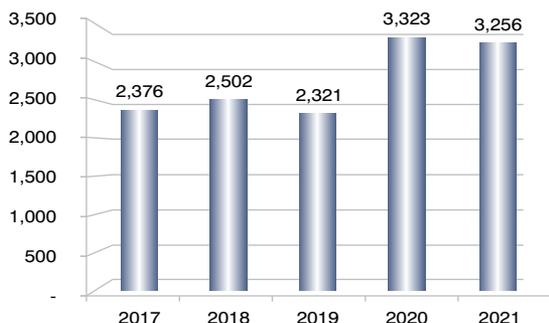
Shareholding Equity (Rupees in Million)



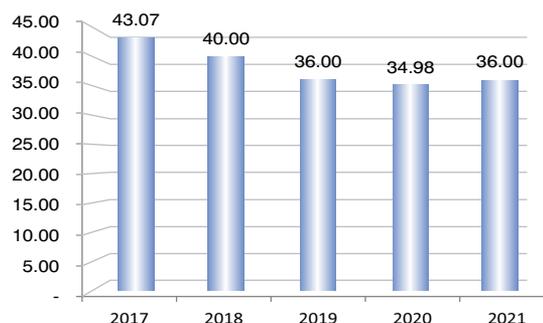
Earning Per Share (Rupees)



Working Capital Analysis (Rupees in Million)



Share Price (Rupees)



STATEMENT OF COMPLIANCE

With Listed Companies (Code of Corporate Governance) Regulations, 2019 (CCG) For the Year Ended June 30, 2021

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

1. The total number of directors are 07 as per the following:

a. Male: 06 (Six) **b. Female:** 01 (One)

2. The composition of board is as follows:

Executive Directors	Non-Executive Directors
Mr. Muhammad Zeid Yousaf Saigol	Mr. M. Naseem Saigol Mr. Muhammad Murad Saigol Syed Manzar Hassan
Independent Director	Female Director
Mr. Muhammad Omer Farooq Mr. Faisal Riaz Ms. Sadaf Kashif (Female Director)	Ms. Sadaf Kashif

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- 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.
- 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 significant policies along with their date of approval or updating is maintained by the Company.
- All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations;
- 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.
- The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
- In terms of the requirement of the clause 19 of the CCG Regulations, we confirm that five directors have completed the Directors Training Program (DTP) and one director is exempt from the DTP.
- 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.
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;
- The board has formed committees comprising of members given below:

Audit Committee

1. Mr. Muhammad Omer Farooq
Chairman - Independent Director
2. Syed Manzar Hassan
3. Ms. Sadaf Kashif

HR and Remuneration Committee

1. Mr. Faisal Riaz
Chairman - Independent Director
2. Mr. Muhammad Zeid Yousuf Saigol
3. Syed Manzar Hassan

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 during the Financial Year 2020- 2021.
 - b) HR and Remuneration Committee: One meeting during the Financial Year 2020- 2021.
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 the behalf of the Board



M. Zeid Yousuf Saigol
Chief Executive/Direcor



Syed Manzar Hassan
Director

Lahore:
September 23, 2021

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, 2021 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, 2021.



A. F. Ferguson & Co.
Chartered Accountants

Lahore
Date: October 04, 2021

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, 2021, 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, 2021 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the 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.

Following are the Key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1.	<p>Amendment to the Power Purchase Agreement (PPA):</p> <p>(Refer notes 1 and 3 to the financial statements)</p> <p>Pursuant to the negotiation with the Implementation Committee formed by Government of Pakistan on October 07, 2020, on February 11, 2021, the Company signed Amendment to the PPA and the Master Agreement (the Agreements) with Central Power Purchasing Agency Guarantee Limited (CPPA-G) (Power Purchaser).</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> obtained the amendments to the Agreements and checked approvals of the relevant authorities (Board of Directors of the Company, Power Purchaser and Government of Pakistan); made inquiries with the management of the Company and read minutes of the meetings of the Board of Directors and Board Audit Committee;

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>As per the Agreements, the Company is entitled to receive outstanding receivables of Rs. 4,974 million due from Power Purchaser as on November 30, 2020, out of which the Company received Rs. 1,989 million as the 1st tranche (40%) on June 04, 2021, the remaining 60% being due in the next six months. Post receipt of 1st tranche, the Company has provided a "Tariff Discount" of 11% in the escalable component of Capacity Purchase Price and Variable Operations and Maintenance component of Energy Purchase Price.</p> <p>In this regard, the management of the Company has evaluated the impact of the Agreements on the financial statements in terms of profitability and cashflows.</p> <p>Signing of the above-mentioned Agreements is a significant event during the year and the evaluation of its impact involves significant management judgement, therefore, we considered this as a key audit matter.</p>	<ul style="list-style-type: none"> • traced the receipts of the first tranche from the Power Purchaser; • checked that the invoices raised by the Company during the year are in accordance with the requirements of PPA and related amendment(s); • circularized confirmation of trade debts to CPPA-G; • checked the Agreements and assessed whether trade debts are secured against guarantee from the Government of Pakistan and whether any impairment is required to be recognized there against as per the applicable accounting and reporting standards; • checked the management's assessment whether any impairment of the Cash Generating Unit is required to be recognized there against as per the applicable accounting and reporting standards; and • checked the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.
2.	<p>Dissolution of approved funded defined benefit gratuity scheme for all employees:</p> <p>(Refer notes 6.2, 10 and 37.1 to the financial statements)</p> <p>During the year, the Company resolved to discontinue the approved funded defined benefit gratuity scheme from June 30, 2021 and replaced it with a defined contribution plan (contributory provident fund) for all its permanent employees.</p> <p>Consent from eligible employees related to the proposed scheme was obtained and the Company engaged legal advisors to amend the rules of the Gratuity Fund and file application for dissolution before the relevant authorities. Furthermore, the Company appointed an actuarial expert to calculate the</p>	<p>Our audit procedures, amongst others, included the following:</p> <ul style="list-style-type: none"> • inspected the resolution of the Board of Directors for dissolution of the Gratuity Fund and approval of proposed defined contribution plan; • checked correspondence with the relevant authorities for dissolution of defined benefit gratuity scheme; • checked compliance of relevant laws and regulations; • understood relevant controls over the completeness and accuracy of data extracted for computation of liability; • tested reliability of the underlying data used to determine the liability to Gratuity Fund;

S. No.	Key audit matters	How the matter was addressed in our audit
	<p>final liability / settlement due to the Gratuity Fund and contributed Rs. 99.89 million.</p> <p>The dissolution of the defined benefit gratuity scheme and its settlement was a significant development during the year, therefore, we considered this as a key audit matter.</p>	<ul style="list-style-type: none"> • recalculated the settlement liability to be paid to the eligible employees; • on a sample basis, traced payments towards the Gratuity Fund; • on a sample basis, inspected the consent of eligible employees and obtained confirmation about settlements paid; and • checked the adequacy of the disclosures made by the Company with regard to applicable accounting and reporting standards.

Emphasis of matter

We draw attention to notes 14.1.1 and 14.1.2 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 these matter.

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

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



A. F. Ferguson & Co.
Chartered Accountants

Lahore
Date: October 04, 2021

STATEMENT OF FINANCIAL POSITION

	Note	2021 (Rupees in thousand)	2020
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital 170,000,000 (June 2020: 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 2020: 169,458,614) ordinary shares of Rs. 10 each	7	1,694,586	1,694,586
Un-appropriated profit		4,378,113	4,848,005
		6,072,699	6,542,591
NON-CURRENT LIABILITIES			
Long term finance - secured	8	27,930	-
Deferred grant	9	630	-
		28,560	-
CURRENT LIABILITIES			
Employee benefits	10	-	82,405
Short term finances - secured	11	3,790,152	5,389,907
Current portion of long term finance- secured	8	53,758	-
Current portion of deferred grant	9	3,674	-
Trade and other payables	12	165,164	150,594
Accrued finance cost	13	29,663	143,274
Unclaimed dividend		10,616	10,228
Provision for taxation - net		58,655	57,082
		4,111,682	5,833,490
CONTINGENCIES AND COMMITMENTS			
	14	-	-
		10,212,941	12,376,081

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Director

AS AT JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	2,841,686	3,213,573
Intangible assets	16	3,088	3,594
Long term loans and deposits	17	815	2,118
		<u>2,845,589</u>	<u>3,219,285</u>
CURRENT ASSETS			
Stores, spares and loose tools	18	300,594	303,561
Stock in trade	19	756,453	48,965
Trade debts - net	20	3,981,105	8,035,685
Loans, advances, deposits, prepayments and other receivables	21	536,830	466,177
Cash and bank balances	22	1,792,370	302,408
		<u>7,367,352</u>	<u>9,156,796</u>
		<u>10,212,941</u>	<u>12,376,081</u>



Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
Revenue from contract with customer	23	6,752,330	7,548,782
Cost of sales	24	(4,983,277)	(5,391,882)
Gross profit		1,769,053	2,156,900
Administrative expenses	25	(295,500)	(289,925)
Other income	26	12,287	324
Operating profit		1,485,840	1,867,299
Finance costs	27	(282,856)	(830,547)
Profit before taxation		1,202,984	1,036,752
Taxation	28	(3,563)	(94)
Profit after tax for the year		1,199,421	1,036,658
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
- Re-measurement of staff gratuity fund		25,273	(25,774)
Items that may be reclassified subsequently to profit or loss		-	-
Total other comprehensive income / (loss)		25,273	(25,774)
Total comprehensive income for the year		1,224,694	1,010,884
Earnings per share - basic and diluted - Rupees	35	7.08	6.12

The annexed notes 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees in thousand)	2020
Cash flows from operating activities			
Cash generated from operations	29	5,266,411	1,501,870
Employee benefits paid		(129,628)	(45,412)
Mark up on borrowings paid		(395,079)	(791,000)
Taxes paid		(1,990)	(2,090)
Net cash generated from operating activities		4,739,714	663,368
Cash flows from investing activities			
Purchase of property, plant and equipment		(53,756)	(98,955)
Interest / mark up income received		2,019	324
Net decrease in long term loans and deposits		1,303	1,445
Proceeds from sale of property, plant and equipment		10,031	3,943
Net cash used in investing activities		(40,403)	(93,243)
Cash flows from financing activities			
Dividend paid		(1,694,198)	(378,777)
Long term finance received		114,245	-
Long term finance repayment		(29,641)	-
Net cash used in financing activities		(1,609,594)	(378,777)
Net increase in cash and cash equivalents		3,089,717	191,348
Cash and cash equivalents at the beginning of the year		(5,087,499)	(5,278,847)
Cash and cash equivalents at the end of the year	30	(1,997,782)	(5,087,499)

The annexed notes 1 to 39 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, 2021

	Share Capital	Un-appropriated Profit	Total
	(Rupees in thousand)		
Balance as at July 1, 2019	1,694,586	4,176,038	5,870,624
Transactions with owners:			
Final dividend for the year ended June 30, 2019 at the rate of Rs. 2 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 at June 30, 2020	1,694,586	4,848,005	6,542,591
Transactions with owners:			
Interim dividend for the year ended			
June 30, 2021 - 1st Interim at the rate of Rs. 6 per share	-	(1,016,752)	(1,016,752)
June 30, 2021 - 2nd Interim at the rate of Rs. 4 per share	-	(677,834)	(677,834)
Profit for the year	-	1,199,421	1,199,421
Other comprehensive income:			
Re-measurement of staff gratuity fund	-	25,273	25,273
Total comprehensive income for the year	-	1,224,694	1,224,694
Balance as at June 30, 2021	1,694,586	4,378,113	6,072,699

The annexed notes 1 to 39 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, 2021

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 (the Ordinance) repealed with the enactment of the Companies Act, 2017 on May 30, 2017. The Company is listed on the Pakistan Stock Exchange. The principal activities of the Company are 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 Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), for a term of 30 years which commenced from June 19, 1997. Subsequently, WAPDA has irrevocably transferred all of its rights, obligations and liabilities under the PPA to Central Power Purchasing Agency Guarantee Limited (CPPA-G) (Power Purchaser) thereunder via Novation Agreement and Amendment Agreement to the Implementation Agreement which became effective on February 11, 2021 after approval from the relevant authorities.

The address of the registered office of the Company is 301, 3rd Floor, Green Trust Tower, Blue Area, Islamabad 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 Amendment to the Power Purchase Agreement (PPA)

On June 03, 2020, the Government of Pakistan (GoP) formed a negotiation committee (the Committee) to initiate discussion with Independent Power Producers (IPPs) including Kohinoor Energy Limited (the 'Company') on various matters, which inter alia, included "Tariff Discount" and other terms and conditions of respective PPAs. After several discussions with the Committee, a Memorandum of Understanding (MoU) was signed between the Committee and the Company on August 21, 2020.

Subsequent to the MoU, the GoP through notification dated October 7, 2020, constituted the Implementation Committee to finalize the binding agreement based on the MoU referred above. After several discussions with the Implementation Committee, CPPA-G signed the Amendment to the PPA and the Master Agreement (the Agreements) on February 11, 2021. These Agreements were approved by the Board of Directors of the Company vide a circular resolution dated February 01, 2021. Furthermore, these agreements were approved by the Federal Government through the Cabinet Committee on Energy (CCoE) on February 08, 2021.

Pursuant to the terms of these Agreements, the Company is entitled to receive outstanding receivables amounting to Rs 4,974 million due from Power Purchaser as on November 30, 2020, in two tranches. Accordingly, the Company received Rs 1,989 million as the 1st tranche (40%) on June 04, 2021. The remaining amount is due to be recovered within six months from the date of the first tranche as per the terms of the Agreements.

As part of the Amendment to the PPA, the Company has provided a "Tariff Discount" of 11% in the escalable component of Capacity Purchase Price (CPP) and Variable Operations and Maintenance (O&M) component of Energy Purchase Price (EPP) with effect from the date of receipt of 1st tranche i.e. June 04, 2021. Moreover, there is a restriction on indexation of the 50% of the reduced escalable component of CPP and reduced Variable O&M when the exchange rate reaches to Rs. 168.60 / USD.

The Tariff Discount is expected to have an impact on the future cashflows and profitability of the Company. In this regard, the management of the Company has conducted an impairment assessment of the Cash Generating Unit (CGU) as at the financial position date, and has assessed that no impairment adjustment is required against the carrying value of the assets.

Pursuant to the clause 2.5 of the Amendment to the PPA signed by the Company and CPPA-G, the parties have also agreed that the requirement for "Company letter of credit" and "CPPA-G (formerly WAPDA) letter of credit" under section 9.4(f) of the original PPA have been deleted in the entirety.

4 Basis of preparation

4.1 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:

4.1.1 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, 2020, 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.

4.1.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

4.1.2.1 Standards or interpretations with no significant impact

Effective date (annual periods beginning on or after)

Amendments to IFRS 9 'Financial Instruments interest rate benchmarks'

January 01, 2021

Amendments to IAS 16 'Property, Plant and Equipment', prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.

January 01, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' regarding the costs to include when assessing whether a contract is onerous.

January 01, 2022

Effective date (annual periods beginning on or after)

Annual Improvements 2018-2020	January 01, 2022
Narrow scope amendments to IFRS 3	January 01, 2022
Classification of liabilities as current or non-current (Amendments to IAS 1).	January 01, 2023
Amendments to IAS 8 'Accounting policies, changes in accounting estimates and errors'	January 01, 2023

Other than the aforesaid standards, interpretations and amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1 – First Time Adoption of International Financial Reporting Standards

IFRS 17 – Insurance Contracts

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

4.1.3.1 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O 229 (I) / 2019 dated February 14, 2019, notified that the standard IFRS 9, 'Financial Instruments' would be effective for reporting period / year ending on or after June 30, 2019. However, SECP through SRO 1177 (I) / 2021 dated September 13, 2021, granted exemption from applying expected credit loss based impairment model to financial assets due from the Government till June 30, 2022. The management of the Company believes that the application of this standard subsequent to June 30, 2021, will not have any material impact on the Company.

4.1.3.2 The Securities and Exchange Commission of Pakistan (SECP) through S.R.O. 24(I) / 2012 dated January 16, 2012, as modified by S.R.O. 986(I) / 2019 dated September 2, 2019, granted exemption from the application of IFRS 16 'Leases' to all companies, which have entered into power purchase agreements before January 1, 2019. However, SECP made it mandatory to disclose the impact of the application of IFRS 16 on the company's financial statements.

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 CPPA-G 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:

	2021	2020
	(Rupees in thousand)	
De-recognition of property, plant and equipment	(2,570,392)	(2,924,876)
Recognition of lease debtor	269,604	381,282
Decrease in un-appropriated profit at the beginning of the year	(2,543,594)	(2,829,814)
Increase in profit for the year	344,256	286,220
Decrease in un-appropriated profit at the end of the year	<u>(2,199,338)</u>	<u>(2,543,594)</u>

5 Basis of measurement

5.1 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 6. 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 6.2.

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.

c) Provision for obsolescence of stores and spares

The Company reviews stores and spares inventory items based on the technical evaluation(s) conducted in-house by the technical team. Provision is recognized against items determined to be obsolete and / or not expected to be used up till the expiry of PPA term.

6 Significant accounting policies

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

6.1 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.

6.2 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, 2021 and the actual return on plan assets during the year was Rs 26.46 million (2020: Rs 32.98 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. The Board Members of the Kohinoor Energy Limited Employees Gratuity Fund ('Gratuity Fund') are managing the Gratuity Fund as per the applicable Gratuity Fund Deed, Rules and Regulations of the fund.

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

- Discount rate 10% per annum (2020: 8.5% per annum)
- Expected rate of increase in salary level 9% per annum (2020: 7.5% per annum)

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

The Board of Directors (the Board) of the Company have resolved to discontinue the approved funded defined benefit gratuity scheme through a circular resolution dated May 05, 2021 with effect from June 30, 2021, and proposed a defined contribution plan (contributory provident fund) for all its permanent employees with effect from July 01, 2021. Consent from eligible employees related to the proposed scheme was obtained.

Pursuant to the decision of the Board, the Company engaged legal advisor(s) to amend the rules of the Gratuity Fund and file application for dissolution before the relevant authorities. Further, the Company appointed an actuarial expert to calculate the final liability / settlement due to the Gratuity Fund and contributed Rs 99.89 million during the year.

This conversion has been accounted for as a settlement under 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.

6.3 Property, plant and equipment

6.3.1 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 6.11.

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 15.1 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, 2021 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 6.5).

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.

6.3.2 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.

6.3.3 Stores held for capitalization

Stores held for capitalization qualify as property, plant and equipment when company 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.

6.4 Intangible assets

Expenditure incurred to acquire intangible assets is stated at cost less accumulated amortisation and any identified impairment loss. Intangible assets are amortized using the straight line method over its estimated useful life at the annual rate mentioned in note 16.

Amortization on additions to intangible assets is charged from the month in which an asset is available for use while no amortisation 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 6.5).

6.5 Impairment of non-financial assets

Assets that have an indefinite useful life, for example land, are not subject to depreciation / amortisation and are tested annually for impairment. Assets that are subject to depreciation / amortisation 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.

6.6 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.

6.7 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.

6.8 Financial instruments

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

In accordance with the requirements of IFRS 9 'Financial Instruments', the Company classifies its financial assets in the following categories: at amortised cost, at fair value through other comprehensive income and at fair value through profit or loss. The classification depends on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. Management determines the classification of its financial assets at the time of initial recognition.

a) 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.

b) Financial assets at fair value through other comprehensive income

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

As at reporting date, the Company does not hold any debt instruments classified as fair value through other comprehensive income.

c) 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 or not classified in any of the other categories. 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.

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 and at fair value through other comprehensive income 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 while gains or losses arising from changes in the fair value of the 'financial assets at fair value through other comprehensive income' category are presented in the statement of other comprehensive income in the period in which they arise. Dividend income from financial assets 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.

6.8.2 Financial assets due from the Government of Pakistan

Financial assets due from the Government of Pakistan include trade debts and other receivables due from CPPA-G 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.

6.8.3 Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, and financial liabilities at amortised cost, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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.

6.8.4 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.

6.9 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.

6.10 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.

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

6.11 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.

6.12 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.

6.13 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.

6.14 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and recognised in profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.

In subsequent periods, the grant shall be deducted from the related expense in the statement of profit or loss.

6.15 Revenue recognition

Performance obligation related to revenue on account of energy is satisfied on transmission of electricity to CPPA-G, 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.

6.16 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.

6.17 Dividend

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

6.18 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.

7 Issued, subscribed and paid up capital

2021	2020		2021	2020
(Number of shares)			(Rupees in thousand)	
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>

7.1 Nil (2020: 33,891,722) ordinary shares of the Company are held by an associated Company, Toyota Tsusho Corporation.

	Note	2021	2020
8 Long term finance- secured		(Rupees in thousand)	
Long term loan		81,688	-
Less: Current portion shown under current liabilities		(53,758)	-
	8.1	27,930	-
8.1 The reconciliation of carrying amount is as follows			
Opening balance		-	-
Loan received during the year	8.2	114,245	-
Loan repaid		(29,641)	-
Transferred to deferred grant	9	(9,418)	-
Unwinding of interest expense		6,502	-
		81,688	-
less: Current portion shown under current liabilities		(53,758)	-
		27,930	-

8.2 This represents amount of loan against facility of Rs 145,000 thousand (2020: Nil) obtained under State Bank of Pakistan (SBP) refinance scheme of salaries and wages. The amount is repayable in 8 equal quarterly installments starting from March 31, 2021 and carry markup at the rate of 1.5% per annum which is payable quarterly.

8.3 This facility is secured by joint parri passu charge over all the present and future current assets of the Company.

	2021	2020
	(Rupees in thousand)	
9 Deferred grant		
As at July, 01	-	-
Received during the year	9,418	-
Unwinding of grant	(5,114)	-
As at June, 30	4,304	-
Represented by:		
Non-current portion	630	-
Current portion	3,674	-
	4,304	-

- 9.1** Government grant has been recognized against loan obtained under the SBP refinance scheme of salaries and wages in lieu of below market-interest rate payable on this loan. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

	Note	2021	2020
(Rupees in thousand)			
10 Employee benefits			
Gratuity	10.1	-	72,471
Accumulating compensated absences		-	9,934
		-	<u>82,405</u>
10.1 This represents staff gratuity and the amounts recognized in the statement of financial position are as follows:			
Present value of defined benefit obligation	10.1.2	-	428,259
Fair value of plan assets	10.1.3	(5,796)	(355,788)
Receivable from gratuity fund upon settlement	21	5,796	-
Net asset as at the end of the year	6.2	-	<u>72,471</u>
10.1.1 For the year			
Net liability as at the beginning of the year		72,471	21,695
Charge to profit and loss account		46,900	51,554
Contribution by the Company		(99,894)	(26,552)
Receivable from gratuity fund upon settlement		5,796	-
Re-measurement chargeable to other comprehensive income		(25,273)	25,774
Net asset as at the end of the year		-	<u>72,471</u>
10.1.2 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		428,259	324,499
Current service cost		26,135	21,742
Past service cost		-	28,612
Interest cost		34,518	45,774
Benefits paid		(476,343)	(6,552)
Loss arising on plan settlement		18,850	-
Remeasurements		503	5,365
Experience (gain) / loss		(31,922)	8,819
Present value of defined benefit obligation as at the end of the year		-	<u>428,259</u>

Note **2021** **2020**
(Rupees in thousand)

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

Fair value as at the beginning of the year		355,788	302,805
Interest income on plan assets		32,603	44,574
Contribution by the Company		99,894	26,552
Benefits paid		(476,343)	(6,552)
Return on plan assets excluding interest income		(6,146)	(11,591)
	21	5,796	355,788

10.2 Plan assets of the Fund

Note	2021		2020	
	(Rupees in thousand)	%	(Rupees in thousand)	%
The breakup of plan assets of the Fund is as follows:				
Investment in bonds and term deposits	-	0.00	292,141	82.11
Investment in equity shares of the Company	-	0.00	13,590	3.82
Investment in units in mutual funds	-	0.00	49,979	14.05
Cash and bank / receivables	5,796	100.00	78	0.02
	5,796	100	355,788	100

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

10.3 Sensitivity analysis of the Fund

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

	2021	2020
	(Rupees in thousand)	
Discount rate + 1%	-	321,532
Discount rate - 1%	-	388,802
Salary increase + 1%	-	389,152
Salary increase - 1%	-	320,669

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:

	Note	2021	2020	2019	2018	2017
(Rupees in thousand)						
As at June 30, 2021						
Present value of defined benefit obligation		-	428,259	324,500	291,527	253,064
Fair value of plan assets		5,796	355,788	302,805	271,642	253,238
(Deficit) / surplus	10.1.3	5,796	(72,471)	(21,695)	(19,885)	174
Experience adjustment arising on obligation (gain) / loss		31,418	(14,184)	3,269	(1,358)	(813)
Experience adjustment arising on plan assets (loss) / gain		(6,146)	(11,591)	(15,995)	9,712	(7,712)

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

Final salary risks - The risk that the final salary at the time of cessation of service is different than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases as salary increases.

Mortality risks - The risk that the actual mortality experience is different. The effect depends on the beneficiaries service / age distribution and the benefit.

Withdrawal risks – The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

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

	Note	2021	2020
(Rupees in thousand)			
11 Short term finances - secured			
Under mark up arrangements - secured	11.1	2,214,475	2,040,235
Under arrangements permissible under Shariah - secured	11.1	1,575,677	3,349,672
		<u>3,790,152</u>	<u>5,389,907</u>

11.1 Short term finances available from banks under mark up arrangements amount to Rs. 7,510 million (June 30, 2020: Rs. 9,410 million), out of which finances available from Islamic banks under Islamic arrangements amount to Rs. 2,900 million (June 30, 2020: Rs. 5,513 million). The rates of mark up for finances under mark up arrangement ranged from 7.23% to 9.83% per annum (June 30, 2020: 9.08% to 15.81% per annum) and for finances under arrangement permissible under Shariah ranged from 7.55% to 9.79% per annum (June 30, 2020 : 8.98% to 15.74% 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.

11.2 Out of the aggregate running finances availed by the Company, Rs. 7,510 million are secured by joint pari passu charge.

- 11.3** Of the aggregate facility of Rs. 700 million (2020: Rs. 875 million) for opening letters of credit and Rs. 5 million (2020: Rs. 510 million) for guarantees, the amount utilized as at June 30, 2021 was Rs. 30.53 million (2020: Nil) and Rs. 2.99 million (2020: Rs. 296.99 million) respectively.

	Note	2021 (Rupees in thousand)	2020
12 Trade and other payables			
Trade creditors		37,501	13,614
Accrued liabilities		13,436	24,896
Withholding tax payable		7,610	4,387
Workers' Profit Participation Fund	12.1	60,149	51,838
Workers' Welfare Fund	12.2	45,170	21,110
Security deposit payable	12.3	178	188
Payable against imports		-	645
Sales tax payable		-	31,633
Other payables		1,120	2,283
		165,164	150,594
12.1 Movement in Workers' Profit Participation Fund is as follows:			
Opening balance		51,838	27,580
Provision for the year	21.2	60,149	51,838
		111,987	79,418
Payments made during the year		(51,838)	(27,580)
Closing balance		60,149	51,838
12.2 Movement in Workers' Welfare Fund is as follows:			
Opening balance		21,110	375
Provision for the year	21.3	24,060	20,735
Closing balance		45,170	21,110
12.2.1 This represents provision recognised as per 'The Punjab Workers' Welfare Fund Act 2019'. 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.			
12.3 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.			
		2021	2020
		(Rupees in thousand)	
13 Accrued finance cost			
Mark up on short term finances under mark up arrangements - secured		16,365	50,868
Profit on short term arrangements permissible under Shariah - secured		13,298	92,406
		29,663	143,274

14 Contingencies and commitments

14.1 Contingencies

- 14.1.1** CPPA-G (formerly WAPDA) imposed Liquidated Damages (LDs) on the Company amounting to Rs. 353.85 million (June 30, 2020: Rs. 353.85 million) during the period from 2011 to 2013 because of failure to dispatch electricity due to CPPA-G 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. CPPA-G.

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.

- 14.1.2** CPPA-G (formerly WAPDA) imposed LDs on the Company amounting to Rs 179.32 million (June 30, 2020: Rs 179.32 million) due to incorrect calculation from 2011 till April 2018. The Company has disputed these LDs because CPPA-G 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 CPPA-G and the Company. Consequent to the mutual discussion, CPPA-G 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 CPPA-G. 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.

- 14.1.3** 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.

14.1.4 A sales tax demand of Rs. 184.13 million was raised against the Company through order dated August 27, 2019 mainly by the Deputy Commissioner Inland Revenue ('DCIR') on account of inadmissible input tax related to 'capacity purchase price', sales tax default on account of suppression of sales related to tax periods from July, 2015 to June, 2016 and inadmissible input tax claimed by the Company. Against the aforesaid order, the Company preferred an appeal before Commissioner Inland Revenue (Appeals) ('CIR(A)') on September 16, 2019. Out of Rs. 184.13 million, CIR(A) through order dated July 08, 2021 has deleted the demand of Rs. 152.95 million raised on account of inadmissible input tax related to 'capacity purchase price', whereas the remaining demand of Rs. 31.18 million raised related to sales tax default on account of suppression of sales for the tax periods from July, 2015 to June, 2016 and inadmissible input tax claimed by the Company have been remanded back to the DCIR.

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

- (i) Central Power Purchasing Agency Guarantee Limited (CPPA-G) (formerly WAPDA) on account of liquidated damages, in case the Company fails to make available electricity to CPPA-G on its request, amounting to Nil (June 30, 2020: Rs. 294 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, 2020: Rs 2.99 million).

14.2 Commitments

- (i) Letters of credit / bank contracts other than capital expenditure as at end of current year are Rs 20.17 million (June 30, 2020: Nil)
- (ii) Letters of credit / bank contracts for capital expenditure as at end of current year are Rs 10.36 million (June 30, 2020: Nil).

	Note	2021	2020
		(Rupees in thousand)	
15	Property, plant and equipment		
	Operating fixed assets	2,764,406	3,129,907
	Stores held for capitalization	53,246	83,666
	Capital work in progress	24,034	-
		2,841,686	3,213,573

15.1 Property, plant and equipment

	Freehold land	Buildings on freehold land	Plant and machinery	Office appliances and equipment	Laboratory equipment (Rupees in thousand)	Electric appliances and equipment (Rupees in thousand)	Computers	Furniture and fixtures	Vehicles	Total
Net carrying value basis (NBV)										
Year ended June 30, 2021										
Opening balance	93,209	148,453	2,834,873	520	1,907	6,326	1,164	39	43,416	3,129,907
Additions (at cost)	-	-	48,133	80	-	370	674	-	10,885	60,142
Disposals	-	-	-	(29)	-	-	-	-	(10,018)	(10,047)
Write-offs	-	-	(929)	-	-	-	-	-	-	(929)
Transfer out	-	-	-	-	-	-	-	-	-	-
Depreciation charge	-	(21,310)	(381,307)	(158)	(534)	(1,613)	(799)	(10)	(8,936)	(414,667)
Closing balance	93,209	127,143	2,500,770	413	1,373	5,083	1,039	29	35,347	2,764,406
Gross carrying value basis										
As at June 30, 2021										
Cost	93,209	625,458	8,826,418	5,424	5,561	30,821	50,952	7,884	69,334	9,715,061
Accumulated depreciation	-	(498,315)	(6,325,648)	(5,011)	(4,188)	(25,738)	(49,913)	(7,855)	(33,987)	(6,950,655)
Net book value (NBV)	93,209	127,143	2,500,770	413	1,373	5,083	1,039	29	35,347	2,764,406
Depreciation rate per annum	-	4% - 9%	4.5% - 33%	10%	10%	10%	33%	10%	20%	
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)	(6,768)	(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%	

15.1.1 The cost of fully depreciated assets which are still in use as at June 30, 2021 is Rs. 552.99 million (2020: Rs. 403.65 million).

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

	Note	2021	2020
Cost of sales			
Administrative expenses - depreciation on operating fixed assets	24	406,967	415,302
Community welfare expenses	25	7,671	8,071
		29	62
		414,667	423,435

15.1.3 Disposal of operating fixed assets

Disposal of property, plant and equipment of book value exceeding Rs 500,000

Particulars of assets	Sold to	2021 (Rupees in thousand)					Mode of disposal
		Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	
Vehicles	Employees						
	Mr. Rahmat Ullah	2,660	1,277	1,383	1,383	-	Company Policy
	Mr. Usman Saeed	2,248	1,079	1,169	1,169	-	-do-
	Mr. Abdul Rauf Khan	2,248	1,079	1,169	1,169	-	-do-
	Mr. Barkat Ali	1,143	321	822	823	1	-do-
	Chief Executive Officer						
	Mr. S M Shakeel	9,143	3,668	5,475	5,475	-	-do-

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

15.2 This amount represents the mechanical store items including coupling flexible set and pieces of piston crown coated which are held for capitalization.

15.3 Capital work in progress

	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Plant and machinery	24,034	-
Movement in capital work in progress is as follows:		
Opening balance	-	-
Additions during the year	24,034	-
Capitalized during the year	-	-
	<u>24,034</u>	<u>-</u>

15.4 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.

16 Intangible assets

	Computer software	Others	Total
	(Rupees in thousand)		

Net carrying value basis**Year ended June 30, 2021**

Opening net book value (NBV)	3,205	389	3,594
Additions at cost	-	-	-
Amortization charge	(450)	(56)	(506)
Closing net book value (NBV)	<u>2,755</u>	<u>333</u>	<u>3,088</u>

Gross carrying value basis**As at June 30, 2021**

Cost	22,117	1,000	23,117
Accumulated amortization	(19,362)	(667)	(20,029)
Net book value (NBV)	<u>2,755</u>	<u>333</u>	<u>3,088</u>

Amortization rate per annum

6.25% - 8.82% 5.56%**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)
Closing net book value (NBV)	<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

6.25% - 8.82% 5.56%

Note **2021** **2020**
(Rupees in thousand)

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

Administrative expenses	25	<u>506</u>	<u>507</u>
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16.2 The cost of fully amortized assets which are still in use as at June 30, 2021 is Rs. 16.50 million (2020: Rs. 16.5 million).

	Note	2021 (Rupees in thousand)	2020
17 Long term loans and deposits			
Loans to employees - considered good			
- Executives	17.1	930	1,414
- Others	17.1	-	3,013
		930	4,427
Current portion included in current assets			
- Executives	17.1	(360)	(484)
- Others	17.1	-	(2,070)
		(360)	(2,554)
		570	1,873
Security deposits		245	245
		815	2,118

17.1 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.

	2021 (Rupees in thousand)	2020
17.2 Reconciliation of carrying amount of loans to executives		
Opening balance	1,414	3,852
Disbursements	-	-
	1,414	3,852
Repayments	(484)	(2,438)
Closing balance	930	1,414

17.3 The maximum amount outstanding at the end of any month from executives aggregated Rs.1.34 million (2020: Rs. 3.46 million).

	Note	2021 (Rupees in thousand)	2020
18 Stores, spares and loose tools			
Stores		5,801	3,878
Spares		308,106	312,877
Loose tools		825	944
		314,732	317,699
Provision for obsolete stores and spares	18.1	(14,138)	(14,138)
		300,594	303,561

	Note	2021 (Rupees in thousand)	2020
18.1 Provision for obsolete stores and spares			
Opening balance		14,138	14,138
Provision / (reversal) for the year		-	-
Closing balance		14,138	14,138
19 Stock in trade			
Furnace oil		751,136	41,520
Diesel		1,064	1,437
Lubricating oil		4,253	6,008
		756,453	48,965
20 Trade debts - net			
Trade receivables from CPPA-G secured			
- Considered good		3,981,105	8,035,685
- Considered doubtful		430,517	430,517
	20.1	4,411,622	8,466,202
Provision for impairment	20.2	(430,517)	(430,517)
		3,981,105	8,035,685

20.1 This includes an overdue amount of Rs. 2,709.18 million (2020: Rs. 6,847.65 million) receivable from CPPA-G (formerly WAPDA). The trade debts are secured by a guarantee from the Government of Pakistan (GoP) 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 was 10% (2020: 10% to 14.75%) per annum. These include unbilled receivables aggregating to Rs 957.11 million (2020: Rs 1,383.48 million).

	Note	2021 (Rupees in thousand)	2020
20.2 Provision for impairment			
Opening balance	20.3	430,517	430,517
Provision made during the year		-	-
Written-off during the year		-	-
Closing balance		430,517	430,517

20.3 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 CPPA-G (formerly 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. CPPA-G 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, CPPA-G did not accept the decision of the expert.

During the year 2019, the management of the Company decided not to pursue the recoverability of this amount and a provision against the same was recorded.

	Note	2021	2020
		(Rupees in thousand)	
21	Loans, advances, deposits, prepayments and other receivables		
Current portion of long term loans to employees	17	360	2,554
Advances - considered good			
- To employees	21.1	2,462	2,599
- To suppliers		303,389	355,111
Prepayments		15,002	4,485
Claims recoverable from CPPA-G for pass through items:			
- Workers' Profit Participation Fund	21.2	111,985	79,416
- Workers' Welfare Fund	21.3	45,170	21,110
Sales tax receivable		49,908	-
Receivable from Gratuity Fund	21.5	8,290	-
Other receivables - considered good		264	902
		<u>536,830</u>	<u>466,177</u>
21.1	Included in advances to employees are amounts due from executives of Rs. 1.27 million (2020: Rs. 1.63 million) for the purchase of supplies and consumables.		
	Note	2021	2020
		(Rupees in thousand)	
21.2	Movement in Workers' Profit Participation Fund is as follows:		
Opening balance		79,416	64,086
Provision for the year	12.1	60,149	51,838
		<u>139,565</u>	<u>115,924</u>
Receipts during the year		(27,580)	(36,508)
Closing balance	21.4	<u>111,985</u>	<u>79,416</u>
21.3	Movement in Workers' Welfare Fund is as follows:		
Opening balance		21,110	375
Provision for the year	12.2	24,060	20,735
Closing balance		<u>45,170</u>	<u>21,110</u>

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

21.5 This includes Rs. 2.5 million (2020: Nil) receivable from the Gratuity Fund on account of deduction of loans to employees against settlement of the Gratuity Fund.

	Note	2021	2020
(Rupees in thousand)			
22	Cash and bank balances		
Balance at banks on:			
Current accounts		249,902	200,914
Saving accounts			
- Under interest / mark up arrangements	22.1	1,180,049	50,026
- Retention account - Onshore		11,363	-
- Under arrangements permissible under Shariah	22.1	350,241	50,005
		1,541,653	100,031
		1,791,555	300,945
Cash in hand		815	1,463
		1,792,370	302,408

22.1 The balance in savings bank accounts bear mark up at rates ranging from 3.01% to 9.00% per annum (2020: 5.0% to 11.25% per annum) and balance in accounts under arrangements permissible under Shariah bear profit at the rates ranging from 2.75% to 6.75% per annum (2020: 3.76% to 6.25%).

	2021	2020
(Rupees in thousand)		
23	Revenue from contract with customer	
Energy purchase price	5,423,796	5,873,547
Less: Sales tax	788,095	852,770
	4,635,701	5,020,777
Capacity purchase price	1,752,832	1,623,874
Interest on delayed payment	363,797	904,131
	6,752,330	7,548,782

	Note	2021	2020
		(Rupees in thousand)	
24 Cost of sales			
Raw material consumed		4,042,580	4,424,400
Salaries, wages and benefits	24.1	276,684	282,181
Stores and spares consumed		110,277	119,818
Depreciation on operating fixed assets	15.1	406,967	415,302
Fee and subscription		3,105	2,643
Insurance		69,136	72,987
Travelling, conveyance and entertainment		19,225	19,451
Repairs and maintenance		10,827	9,068
Communication charges		1,305	2,720
Electricity consumed in-house		26,498	22,860
Environmental expenses		760	622
Liquidated damages		51	181
Contracted services		13,960	17,307
Miscellaneous		1,902	2,342
		<u>4,983,277</u>	<u>5,391,882</u>
24.1 Salaries, wages and other benefits			
Salaries, wages and other benefits include following in respect of gratuity:			
Current service cost		16,204	13,480
Past service cost		-	17,740
Loss arising on plan settlement		11,687	-
Interest cost for the year		21,401	28,380
Expected return on plan assets		(20,214)	(27,636)
		<u>29,078</u>	<u>31,964</u>

In addition to above, salaries, wages and other benefits included in cost of sales include Rs. 15.21 million (2020: Rs. 11.51 million) in respect of provision for accumulating compensated absences.

	Note	2021 (Rupees in thousand)	2020
25			
Administrative expenses			
Salaries, wages and benefits	25.1	168,841	177,053
Communication charges		1,940	1,935
Depreciation on operating fixed assets	15.1	7,671	8,071
Amortization on intangible assets	16.1	506	507
Insurance		4,389	2,845
Travelling, conveyance and entertainment		29,571	31,547
Repairs and maintenance		2,424	2,408
Legal and professional charges	25.2	6,630	11,368
Community welfare expenses		10,652	11,998
Rents, rates and taxes		8,211	3,196
Fee and subscription		21,285	4,498
Security expenses		9,758	9,674
Environmental expenses		9,794	9,412
Contracted services		9,310	10,967
Provision for impairment		-	-
Donations		-	159
Miscellaneous		4,518	4,287
		295,500	289,925
25.1			
Salaries, wages and other benefits			
Salaries, wages and other benefits include following in respect of gratuity:			
Current service cost		9,931	8,262
Past service cost		-	10,872
Loss arising on plan settlement		7,163	-
Interest cost for the year		13,117	17,394
Expected return on plan assets		(12,389)	(16,938)
		17,822	19,590

In addition to above, salaries, wages and other benefits included in admin include Rs. 10.39 million (2020: Rs. 7.05 million) in respect of provision for accumulating compensated absences.

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
25.2	Legal and professional charges include the following:		
	In respect of auditors' services for:		
	- Statutory audit	1,759	1,675
	- Half yearly review and certifications	981	607
	- Out of pocket expenses	255	183
		<u>2,995</u>	<u>2,465</u>
25.3	Employees of the Company	2021	2020
	Total number of employees as at June 30	148	151
	Average number of employees	150	152
26	Other income		
	Income on bank deposits	26.1 2,019	324
	Gain on disposal of GoP Ijara Sukuks	26.2 7,425	-
	Gain on disposal of Pakistan Investment Bonds (PIBs)	26.2 2,843	-
		<u>12,287</u>	<u>324</u>
26.1	Income on bank deposits		
	Income on bank deposits under mark up arrangements	1,005	36
	Income on bank deposits under arrangements permissible under Shariah	1,014	288
		<u>2,019</u>	<u>324</u>
26.2	This represents the gain arising on the sale of debt securities received as 1st tranche of 40% of the outstanding receivables - Rs 4,974 million (i.e. Rs 1,989 million as the 1st tranche on June 04, 2021) due from Power Purchaser as on November 30, 2020 equally in the form of cash, PIBs and GoP Ijara Sukuks.		
		2021	2020
		(Rupees in thousand)	
27	Finance cost		
	Mark up on short term finances - secured	280,034	828,731
	Long term finances - secured	1,388	-
	Bank guarantee and commission	1,171	1,119
	Others	263	697
		<u>282,856</u>	<u>830,547</u>

2021 2020
(Rupees in thousand)

28 Taxation

Current		
- For the year	3,563	94
- Prior year	-	-
	3,563	94

28.1 Tax charge reconciliation

Profit before tax	1,202,984	1,036,752
Tax at applicable rate of 29% (2020: 29%)	348,865	300,658
Tax effect of exempt income referred to in note 6.1	(345,302)	(300,564)
Tax charge	3,563	94

29 Cash generated from operations

Profit before taxation	1,202,984	1,036,752
Adjustment for:		
- Depreciation on property, plant and equipment	414,667	423,435
- Amortization on intangible assets	506	507
- Loss on disposal of property, plant and equipment	16	-
- Income on bank deposits	(2,019)	(324)
- Charge for employee retirement benefits	72,496	70,114
- Property, plant and equipment written off	929	-
- Finance cost on borrowings	282,856	830,547
Profit before working capital changes	1,972,435	2,361,031
Effect on cash flow due to working capital changes:		
- (Increase) / Decrease in stock in trade	(707,488)	141,080
- Decrease in stores and spares	2,967	12,731
- Decrease / (Increase) in trade debts	4,054,580	(880,663)
- (Increase) in loans, advances, deposits, prepayments and other receivables	(70,653)	(229,036)
- Increase in trade and other payables	14,570	96,727
	3,293,976	(859,161)
	5,266,411	1,501,870

	2021	2020
	(Rupees in thousand)	
30 Cash and cash equivalents		
Cash and bank balances	1,792,370	302,408
Finances under mark up arrangements	(3,790,152)	(5,389,907)
	<u>(1,997,782)</u>	<u>(5,087,499)</u>

31 Remuneration of Chief Executive, Directors and Executives

31.1 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		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in thousand)					
Managerial remuneration and allowances	14,642	13,482	14,481	14,481	52,120	53,416
Housing	6,584	6,062	6,512	6,512	23,399	23,977
Utilities	1,463	1,347	1,447	1,447	5,200	5,328
Retirement benefits	2,374	2,374	-	-	9,201	9,406
Medical expenses	65	248	-	-	2,003	1,174
Bonus	2,335	6,842	-	-	20,585	27,263
Club expenses	270	98	-	-	508	551
Others	7,570	10,723	6,410	6,410	36,721	30,115
	<u>35,303</u>	<u>41,176</u>	<u>28,850</u>	<u>28,850</u>	<u>149,737</u>	<u>151,230</u>
Number of persons	2	1	1	1	17	18

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

31.3 No amount is charged in the financial statements for the year for fee to Directors (2020: Nil).

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

32 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 31. Other significant transactions with related parties are as follows:

Relation with undertaking	Nature of transaction	2021	2020
		(Rupees in thousand)	
Associated companies	Purchase of services	97	1,417
	Reimbursement of expenses	-	5
	Purchase of goods	454	158
	Dividend paid	-	122,010
	Sale of goods	-	-
Retirement benefit plan	Dividend paid	3,885	777
	Expense charged	46,900	51,554
Key management personnel	Dividend paid	1,052,038	44,139

32.1 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
Red Communication Arts (Private) Limited	Common directorship	-
Pak Elektron Limited	Common directorship	-
Kohinoor Energy Limited Employees Gratuity Fund	Common control	-

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

32.2 There was no related party incorporated outside the Pakistan with whom the company had entered into transactions.

	2021	2020
	MWh	
33 Capacity and production		
Installed capacity (Based on 8,760 hours)	1,086,240	1,086,240
Actual energy delivered	337,122	363,856

Under utilization of available capacity is due to less demand by CPPA-G.

34 Financial risk management

34.1 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 the foreign entities. The Company's exposure to currency risk is as follows:

	2021	2020
	(Euro)	
Trade and other payables	55,555	2,254

The following significant exchange rates were applied during the year:

Rupees per Euro	2021	2020
Average rate	187.94	187.38
Reporting date rate	187.27	188.61

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. 0.52 million (2020: Rs. 0.02 million). 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 and long 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:

	2021	2020
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Bank balances - savings accounts	1,541,653	100,031
Financial liabilities		
Long term Finance-secured	(81,688)	-
Net exposure	<u>1,459,965</u>	<u>100,031</u>
Floating rate instruments		
Financial assets		
Trade debts - overdue	3,139,696	7,278,170
Financial liabilities		
Finances under mark up arrangements - secured	(3,790,152)	(5,389,907)
Net exposure	<u>(650,456)</u>	<u>1,888,263</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. 38.26 million (2020: Rs. 73.59 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:

	2021	2020
	(Rupees in thousand)	
Long term loans and deposits	815	2,118
Trade debts	3,981,105	8,035,685
Loans, advances, deposits, prepayments and other receivables	157,779	103,982
Balances with banks	1,791,555	300,945
	<u>5,931,254</u>	<u>8,442,730</u>

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk and the risk attributable to trade debts and Workers' Welfare Fund and Worker's Profit Participation Fund receivable from Power Purchaser is mitigated by guarantee from the Government of Pakistan under the Implementation Agreement. Age analysis of trade receivable balances is as follows:

	2021	2020
	(Rupees in thousand)	
The age of trade debts as at reporting date is as follows:		
- Not past due	1,271,926	1,383,482
- Past due 0 - 180 days	2,708,834	2,687,516
- Past due 181 - 365 days	-	2,246,784
- 1 - 2 years	345	960,388
- More than 2 years	430,517	1,188,032
	4,411,622	8,466,202
The movement in provision for impairment of receivables is as follows:		
Opening balance	430,517	430,517
Provision made during the year	-	-
Written-off during the year	-	-
Closing balance	430,517	430,517

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	2021 (Rupees in thousand)	2020
Trade debts					
CPPA-G	Not available			3,981,105	8,035,685
Other receivables					
CPPA-G	Not available			157,155	100,526
Banks					
Bank Alfalah Limited	A1+	AA+	PACRA	-	-
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	248,541	1
Askari Bank Limited	A1+	AA+	PACRA	300,046	50,008
Habib Bank Limited	A-1+	AAA	JCR-VIS	61,583	50,825
AlBaraka Bank (Pakistan) Limited	A1	A	PACRA	100,021	-
United Bank Limited	A-1+	AAA	JCR-VIS	14	-
National Bank of Pakistan	A1+	AAA	PACRA	3	24
Faysal Bank Limited	A1+	AA	PACRA	880,955	69
BankIslami Pakistan Limited	A1	A+	PACRA	200,102	200,004
Dubai Islamic Bank Pakistan Limited	A-1+	AA	JCR-VIS	222	14
MCB Bank Limited	A1+	AAA	PACRA	-	-
Meezan Bank Limited	A-1+	AAA	JCR-VIS	68	-
				5,929,815	8,437,156

After giving due consideration to the strong financial standing of the banks and Government guarantee in case of CPPA-G, 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, 2021, the Company had Rs. 7,510 million (2020: Rs. 9,480 million) available borrowing limits from financial institutions and Rs. 1,792.37 million (2020: Rs. 302.41 million) cash and bank balances.

The following are the contractual maturities of financial liabilities as at June 30, 2021:

	Carrying amount	Contractual Cashflows			
		Total	Less than one year	One to five years	More than five years
(Rupees in thousand)					
Long term finance - secured	81,688	82,319	53,758	28,561	-
Finances under mark up arrangements	3,790,152	3,790,152	3,790,152	-	-
Trade and other payables	59,845	59,845	59,845	-	-
Accrued finance cost	29,663	29,663	29,663	-	-
Unclaimed dividend	10,616	10,616	10,616	-	-
	<u>3,971,964</u>	<u>3,972,595</u>	<u>3,944,034</u>	<u>28,561</u>	<u>-</u>

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

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

34.2 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.

34.3 Financial instruments by categories

	At fair value through profit and loss		Amortised cost		Total	
	2021	2020	2021	2020	2021	2020
(Rupees in thousand)						
Assets as per statement of financial position						
Long term loans and deposits	-	-	815	2,118	815	2,118
Trade debts	-	-	3,981,105	8,035,685	3,981,105	8,035,685
Loans, advances, deposits, prepayments and other receivables	-	-	157,779	3,456	157,779	3,456
Cash and bank balances	-	-	1,791,555	300,945	1,791,555	300,945
	-	-	5,931,254	8,342,204	5,931,254	8,342,204

Financial liabilities at amortised cost

2021 2020
(Rupees in thousand)

Financial liabilities as per statement of financial position

Long term finance - secured	27,930	-
Short term finances	3,790,152	5,389,907
Current portion of long term finance- secured	53,758	-
Trade and other payables	59,845	77,646
Accrued finance cost	29,663	143,274
Unclaimed dividend	10,616	10,228
	<u>3,971,964</u>	<u>5,621,055</u>

34.4 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 22. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratio as at June 30, 2021 and June 30, 2020 is as follows:

	Note	2021 (Rupees in thousand)	2020 (Rupees in thousand)
Long term finance - secured	8	82,319	-
Short term borrowings	11	3,790,152	5,389,907
Cash and bank balances	22	(1,792,370)	(302,408)
Net debt		2,080,101	5,087,499
Total equity		6,072,699	6,542,591
Total capital		8,152,800	11,630,090
Gearing ratio %		25.5%	43.7%

35 Earnings per share

35.1 Basic earnings per share

		2021	2020
Net profit for the year	Rupees in thousand	1,199,421	1,036,658
Weighted average number of ordinary shares	Number in thousand	169,459	169,459
Earnings per share	Rupees	7.08	6.12

35.2 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, 2021 and June 30, 2020 which would have any effect on the earnings per share if the option to convert is exercised.

36 Date of authorization for issue

These financial statements were authorized for issue on September 23, 2021 by the Board of Directors of the Company.

37 Subsequent events

37.1 The Board of Directors have resolved to introduce a defined contribution plan (contributory provident fund) for all its permanent employees with effect from July 01, 2021 through its resolution dated August 09, 2021 in lieu of the dissolved defined benefit gratuity scheme.

As per the resolution, 10% of the monthly basic salary of permanent employee(s) will be deducted and by contributing the same amount by the Company be credited to the employees individual account at the contributory provident fund on monthly basis. A Board of Trustees has been constituted to administer the Fund.

Approval of relevant authorities for establishment / registration of the contributory provident fund are in process.

37.2 The Board of Directors have proposed an interim dividend for the period ended August 31, 2021 of Rs. 5.25 (2020: Nil) per share, amounting to Rs. 889,658 thousands (2020: Nil) at their meeting held on September 03, 2021.

38 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, 2021.

39 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, 2021

No. of Shareholding	Shareholding		Total Shares Held
	From	To	
159	1	100	3,750
243	101	500	99,137
236	501	1,000	220,602
471	1,001	5,000	1,425,821
180	5,001	10,000	1,450,968
50	10,001	15,000	640,463
40	15,001	20,000	733,475
25	20,001	25,000	568,673
30	25,001	30,000	839,450
4	30,001	35,000	131,150
12	35,001	40,000	458,094
5	40,001	45,000	221,500
11	45,001	50,000	543,500
4	50,001	55,000	209,000
4	55,001	60,000	236,250
3	60,001	65,000	192,000
4	65,001	70,000	269,500
2	70,001	75,000	147,000
1	75,001	80,000	80,000
4	80,001	85,000	328,000
13	95,001	100,000	1,292,500
2	100,001	105,000	205,007
1	125,001	130,000	129,000
2	135,001	140,000	276,000
2	145,001	150,000	296,500
1	155,001	160,000	160,000
2	195,001	200,000	400,000
1	205,001	210,000	205,500
1	210,001	215,000	214,000
1	230,001	235,000	231,500
2	275,001	280,000	556,269
1	290,001	295,000	295,000
1	295,001	300,000	300,000
1	320,001	325,000	325,000
1	345,001	350,000	350,000
1	350,001	355,000	351,000
1	465,001	470,000	466,631
2	495,001	500,000	1,000,000
1	525,001	530,000	530,000
2	650,001	655,000	1,306,757
1	1,045,001	1,050,000	1,050,000
1	1,175,001	1,180,000	1,175,895
1	1,495,001	1,500,000	1,500,000
1	1,695,001	1,700,000	1,700,000
1	1,800,001	1,805,000	1,800,392
1	2,565,001	2,570,000	2,570,000
1	3,385,001	3,390,000	3,389,171
1	5,695,001	5,700,000	5,700,000

No. of Shareholding	Shareholding		Total Shares Held
	From	To	
1	5,795,001	5,800,000	5,800,000
1	6,255,001	6,260,000	6,258,433
1	7,900,001	7,905,000	7,902,999
1	9,350,001	9,355,000	9,354,631
1	10,135,001	10,140,000	10,135,351
1	12,345,001	12,350,000	12,349,600
1	14,125,001	14,130,000	14,126,621
1	20,855,001	20,860,000	20,856,445
1	21,560,001	21,565,000	21,562,988
1	24,535,001	24,540,000	24,537,091
1,545			169,458,614

Categories of Shareholders	Shares Held	Percentage
Directors, Chief Executive Officer, and their spouse and minor children	58,600,950	34.5813
Associated Companies, undertakings and related parties. (Parent Company)	46,566,710	27.4797
NIT and ICP	651,757	0.3846
Banks Development Financial Institutions, Non Banking Financial Institutions.	10,148,758	5.9889
Insurance Companies	358,269	0.2114
Modarabas and Mutual Funds	49,000	0.0289
Shareholders holding 10% or more	90,437,776	53.3687
General Public		
a. Local	44,866,790	26.4765
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	1,377,502	0.8129
4- Joint Stock Companies	2,324,858	1.3719
5- Foreign Companies	3,399,551	2.0061

CATEGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF CORPORATE GOVERNANCE (CCG)

AS AT JUNE 30, 2021

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise):			
1	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL	46,100,079	27.2043
2	MR. M. AZAM SAIGOL (CDC)	466,631	0.2754
Mutual Funds (Name Wise Detail)			
Directors, CEO and their Spouse and Minor Children (Name Wise):			
1	MR. M. NASEEM SAIGOL (CDC)	14,126,621	8.3363
2	MR. M. NASEEM SAIGOL (PHYSICAL)	9,354,631	5.5203
3	MRS. SEHYR SAIGOL W/O MR. M. NASEEM SAIGOL (CDC)	7,902,999	4.6637
4	MR. MUHAMMAD MURAD SAIGOL	20,856,445	12.3077
5	MR. FAISAL RIAZ	500	0.0003
6	MR. MUHAMMAD ZEID YOUSUF SAIGOL	6,258,433	3.6932
7	MRS. SADAF KASHIF	500	0.0003
8	MR. MUHAMMAD OMER FAROOQ (CDC)	100,321	0.0592
9	SYED MANZAR HASSAN (CDC)	500	0.0003
Executives:		179,075	0.1056
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance		10,580,309	6.2436
Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:			
Shareholders holding five percent or more voting interest in the listed company (Name Wise)			
S. No.	Name	Holding	% AGE
1	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL	46,100,079	27.2043
2	MR. M. NASEEM SAIGOL (CDC)	23,481,252	13.8566
3	MR. MUHAMMAD MURAD SAIGOL	20,856,445	12.3077
4	MST. ATIQA BEGUM (CDC)	12,355,600	7.2912
5	NATIONAL BANK OF PAKISTAN. (CDC)	10,135,500	5.9811

All trades in the shares of the listed company, carried out by its Directors, Sponsors, CEO, CFO, Company Secretary, Executives and their spouses and minor children:

S. No.	NAME	SALE	PURCHASE
1	MR. M. NASEEM SAIGOL	-	9,354,631
2	MR. MUHAMMAD MURAD SAIGOL	-	20,856,445
3	MR. MUHAMMAD ZEID YOUSUF SAIGOL	500	6,258,433
4	MRS. AMBER HAROON SAIGOL W/O M. AZAM SAIGOL	-	24,537,091
5	MRS. SADAF KASHIF	-	500
6	MR. MUHAMMAD OMER FAROOQ (CDC)	-	100,000
7	SYED MANZAR HASSAN (CDC)	-	500
8	EXECUTIVES	-	142,500

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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 28th Annual General Meeting of the Company to be held on October 26, 2021
(Tuesday) at 13:00 at Islamabad Club, Main Murree Road, Islamabad and/or at any adjournment thereof.
As witness my/our hand(s) this _____ day of _____ 2021
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.

کوہ نور انرجی لمیٹڈ

سی ڈی سی کا شراکتی آئی ڈی نمبر

پراکسی فارم

عام حصص بمطابق شیئر رجسٹرڈ اوفیو نمبر

میں / ہم ساکن بطور کوہ نور انرجی لمیٹڈ کے رکن و حامل ساکن یا بصورت دیگر ساکن کو اپنی جگہ، بروز منگل 26 اکتوبر 2021 کو دوپہر ایک بجے (13:00) پر اسلام آباد کلب، مین مری روڈ، اسلام آباد میں منعقد یا ملتوی ہونے والے سالانہ اجلاس عام میں رائے دہندگی کے لیے اپنا ناما ہندہ مقرر کرتا کرتی ہوں۔

دستخط

گواہی:

1- دستخط	2- دستخط
..... نام نام
..... پتہ پتہ
..... قومی شناختی کارڈ نمبر قومی شناختی کارڈ نمبر

5/- روپے کا
محصول ٹکٹ

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 کارکن ہونا ضروری نہیں ہے سی ڈی سی کے حصص یافتگان اور ان کے نمائندوں سے التماس ہے کہ وہ اپنے کمپیوٹر یا ڈی ڈی قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ کمپنی میں جمع کرائیں۔
- (ii) پراکسی کو اجلاس کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- (iii) کارپوریٹ اسٹیٹس 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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