

QUARTERLY REPORT 2021

July-March (Un-Audited)



KOHINOOR
ENERGY LIMITED



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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
Meezan Bank Limited
Habib Bank Limited
MCB Bank Limited
United Bank Limited
Faysal Bank Limited
Bank Islami Pakistan Limited
National Bank of Pakistan
Dubai Islamic Bank Pakistan Limited

Registered Office

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

Project/Head Office

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

Shares Registrar

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

Lahore Office

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

Company Registration No.

0032461 of 1993-94

Company NTN No

0656788-6

Website

www.kel.com.pk

DIRECTORS' REVIEW

The Board of Directors takes pleasure to present you the review report on financial and operational performance and interim accounts of Kohinoor Energy Limited (the Company) for the 3rd quarter ended March 31, 2021.

The Company is engaged in electricity generation from a furnace oil fired power plant having a net capacity of 124 MW. The Company has an exclusive power purchase agreement with the Central Power Purchase Agency (Guarantee) Limited (the CPPA) for sale of electricity being generated at the power plant. The demand of electricity from CPPA remained same as compared with the corresponding period of three quarters. During the period of nine months the power plant operated at 31.12% capacity factor and delivered 253,768 MWh of electricity to WAPDA while during the corresponding period of nine months, the plant by running at 31.44% capacity delivered 257,294 MWh of electricity.

The sales revenue of the Company for the 3rd quarter stood at Rs. 1.455 billion as compared to Rs 1.293 billion for the corresponding 3rd quarter of the last year. In aggregate the sales of the Company for nine months of the current financial year stood at Rs. 4.921 billion as compared to Rs. 5.829 billion in nine months of the corresponding year. During the quarter under review the Company posted net profit after tax of Rs. 320.42 million as compared to net profit after tax of Rs. 225.34 million posted during the corresponding quarter of last FY. Overall the Company earned Rs. 942.14 million net profit after tax and demonstrated earnings per share (EPS) of Rs. 5.56 during the period of current nine months as compared to Rs. 738.76 million earned with an EPS of Rs. 4.36 during the corresponding period of nine months. We report that lesser major maintenances and increase in capacity payments because of Rupee devaluation contributed to increase in the profits of the Company.

We report that recovery of payments from the power purchaser on account of trade debts has been improved. Further with

respect to the matter of dispute with WAPDA on imposition of liquidated damages; and the matter related to sales tax demand raised by the Federal Board of Revenue, the status is the same as reported earlier.

We take pleasure to inform you that the Board of Directors has declared 2nd interim dividend for the financial year 2020-21 at the rate of Rs. 4.00 per ordinary share of Rs. 10 each i.e. @40%, which will be paid to those shareholders whose names would appear on members' register on May 11, 2021. The Share Transfer Books of the Company will remain closed from May 11, 2021 to May 18, 2021 (both days inclusive). Transfers received at our Share Registrar M/s CORPLINK (Private) Ltd, situated at Wings Arcade, 1-K Commercial, Model Town, Lahore upto the close of business hours on May 10, 2021 will be treated in time for the purpose of entitlement of cash dividend to the transferees.

During the period under review one engine has been overhauled under 8k maintenance program while during the corresponding period four engines were dealt under 8k major maintenance program. We are pleased to report that all DG sets and their respective auxiliary equipment are in good condition for safe and reliable operations.

The Board expresses its appreciation to the financial institutions, Central Power Purchase Agency, Pakistan State Oil, financial institutions, Wartsila, and other suppliers as well as the valued shareholders of the Company for their continued support that resulted in for the successful operations. The Board also appreciates and acknowledges the enthusiasm and determination of the management and employees of the Company resulting in the safe, efficient and smooth operations of the power complex.

For and on behalf of the Board



Muhammad Zeid Yousuf Saigol
Chief Executive Officer



Syed Manzar Hassan
Director

CONDENSED INTERIM BALANCE SHEET

	Note	March 2021	June 2020
(Rupees in thousand)			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized 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		1,694,586	1,694,586
Unappropriated profit		4,773,394	4,848,005
		<u>6,467,980</u>	<u>6,542,591</u>
NON-CURRENT LIABILITIES			
Long term finance- secured	8	41,590	-
Deferred grant	9	1,252	-
		42,842	-
CURRENT LIABILITIES			
Employee benefits		2,601	82,405
Short term finances - secured	10	3,250,363	5,389,907
Trade and other payables		78,786	150,594
Accrued Finance Cost		30,193	143,274
Current portion of long term finance- secured		52,672	-
Current portion of deferred grant		4,451	-
Unclaimed dividend		10,230	10,228
Provision for taxation - net		56,157	57,082
		<u>3,485,453</u>	<u>5,833,490</u>
CONTINGENCIES AND COMMITMENTS	11	-	-
		<u>9,996,275</u>	<u>12,376,081</u>

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director

AS ON MARCH 31, 2021 (Un-Audited)

	Note	March 2021	June 2020
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	2,902,051	3,213,573
Intangible assets		3,215	3,594
Long term loans, advances and deposits		1,981	2,118
		<u>2,907,247</u>	<u>3,219,285</u>
CURRENT ASSETS			
Stores, spares and loose tools		298,268	303,561
Stock-in-trade		420,728	48,965
Trade debts		5,910,898	8,035,685
Loans, advances, deposits, prepayments and other receivables		345,644	466,177
Cash & Bank balances		113,490	302,408
		<u>7,089,028</u>	<u>9,156,796</u>
		<u>9,996,275</u>	<u>12,376,081</u>



Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2021 (Un-Audited)

	Note	January to March		July to March	
		2021	2020	2021	2020
(Rupees in thousand)					
Sales		1,455,146	1,293,196	4,920,695	5,829,127
Cost of sales	13	(1,016,769)	(784,293)	(3,554,955)	(4,219,227)
Gross profit		438,377	508,903	1,365,740	1,609,900
Administration and general expenses		(70,075)	(61,662)	(202,254)	(211,390)
Other operating income		817	120	1,521	272
Profit from operations		369,119	447,361	1,165,007	1,398,782
Finance costs		(48,459)	(221,984)	(222,425)	(659,945)
Profit before tax		320,660	225,377	942,582	738,837
Taxation		(237)	(35)	(441)	(79)
Profit for the period		320,423	225,342	942,141	738,758
Earnings per share - basic and diluted	Rupees	1.89	1.33	5.56	4.36

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER AND NINE MONTHS ENDED MARCH 31, 2021 (Un-Audited)

Note	January to March		July to March	
	2021	2020	2021	2020
	(Rupees in thousand)			
Profit after taxation	320,423	225,342	942,141	738,758
Other Comprehensive Income	-	-	-	-
Items that will not be reclassified to profit or loss	-	-	-	-
Items that may be subsequently reclassified to profit and loss	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	<u>320,423</u>	<u>225,342</u>	<u>942,141</u>	<u>738,758</u>

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED MARCH 31, 2021 (Un-Audited)

	Share capital	Un-appropriated profit (Rupees in thousand)	Total
Balance as on July 1, 2019	1,694,586	4,176,038	5,870,624
Final dividend for the year ended June 30, 2019 at the rate of Rs 2.00 per share	-	(338,916)	(338,916)
Total comprehensive income for the period	-	738,758	738,758
Balance as on March 31, 2020	1,694,586	4,575,880	6,270,466
Total comprehensive income / (loss) for the period	-	272,125	272,125
Balance as on June 30, 2020	1,694,586	4,848,005	6,542,591
1st Interim dividend for the year ending June 30, 2021 at the rate of Rs 6.00 per share	-	(1,016,752)	(1,016,752)
Profit for the Period	-	942,141	942,141
Other comprehensive income	-	-	-
Total comprehensive income for the period	-	942,141	942,141
Balance as on March 31, 2021	1,694,586	4,773,394	6,467,980

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE NINE MONTHS ENDED MARCH 31, 2021 (Un-Audited)

	Note	July to March	
		2021 (Rupees in thousand)	2020
Cash flows from operating activities			
Cash generated from operations	15	3,318,473	183,961
Staff retirement benefits paid		(114,297)	(25,666)
Finance costs paid		(334,440)	(617,124)
Taxes paid		(1,366)	(2,030)
Net cash from operating activities		2,868,370	(460,859)
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,862)	(50,901)
Interest/mark-up income received		1,558	272
Net (increase)/decrease in long term loans, advances and deposits		137	431
Sale proceeds of property, plant and equipment		9,208	3,692
Net cash (used in)/from investing activities		(959)	(46,507)
Cash flows from financing activities			
Disbursement of long term loan		114,245	-
Repayment of long term loan		(14,280)	-
Dividend paid		(1,016,750)	(377,618)
Net cash used in financing activities		(916,785)	(377,618)
Net (decrease) in cash and cash equivalents		1,950,626	(884,984)
Cash and cash equivalents at beginning of the period		(5,087,499)	(5,278,847)
Cash and cash equivalents at the end of the period	16	(3,136,873)	(6,163,831)

The annexed notes 1 to 18 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE MONTHS ENDED MARCH 31, 2021 (Un-Audited)

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 Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), for a term of 30 years which commenced from June 19, 1997. The address of the registered office of the Company is 301, 3rd Floor, Green Trust Tower, Blue Area, Islamabad, Lahore Office is situated at 17-Aziz Avenue, Unit # 4, Canal Bank, Gulberg V, Lahore and the Company's power plant has been set up at Post Office Raja Jang, Near Tablighi Jtima, Raiwind Bypass, Lahore.

2. Statement of Compliance

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

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

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

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

3. Basis of preparation

3.1 The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2020, whereas comparative condensed interim statement of profit or loss and comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the condensed interim financial statements for the nine months ended March 31, 2020.

3.2 These condensed interim financial information do not include all information and disclosures required in the annual audited financial statements and therefore should be read in conjunction with the annual audited financial statements for the year ended June 30, 2020.

3.3 Standards, interpretations and amendments to published approved accounting standards that became effective during the year but are not relevant

There were certain new standards, amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The amendments and Interpretations which became effective during the current period are considered not to be relevant to the Company's operations and therefore are not detailed in these condensed interim financial statements.

4. Basis of measurement

These condensed interim 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 as well as long term loan at present value.

5. Functional and presentation currency

The condensed interim financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

6. Summary of significant accounting policies

The accounting policies and methods of computation adopted for the preparation of these condensed interim financial statements are same as those applied in the preparation of the preceding annual audited financial statements of the Company for the year ended June 30, 2020.

7. Accounting estimates and judgments

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, incomes and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of estimation are the same as those that applied to the annual audited financial statements for the year ended June 30, 2020.

		Un-audited March 31, 2021	Audited June 30, 2020
		(Rupees in thousand)	
8. Long term finance- secured			
Long term loan	- note 8.1	94,262	-
Less: Current portion shown under current liabilities		(52,672)	-
		<u>41,590</u>	<u>-</u>

8.1 The reconciliation of carrying amount is as follows

Opening balance		-	-
Loan received during the year	- note 8.2	114,245	-
Transferred to deferred grant	- note 9	(10,634)	-
Unwinding of discount on liability		4,931	-
Repayment of loan		(14,280)	-
		<u>94,262</u>	<u>-</u>
Less: Current portion shown under current liabilities		(52,672)	-
		<u>41,590</u>	<u>-</u>

8.2 This represents amount of loan against facility of Rs 145 million (2020: Nil) obtained under 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 payable quarterly. This facility is secured by ranking charge on current assets.

	Note	Un-audited March 31, 2021	Audited June 30, 2020
		(Rupees in thousand)	
9. Deferred Grant			
Opening Balance		-	-
Received during the year		10,634	-
Transferred during the period		(4,931)	-
Closing Balance	9.1	<u>5,703</u>	<u>-</u>
Represented by:			
Non-current portion		1,252	-
Current portion		4,451	-
		<u>5,703</u>	<u>-</u>

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.

Un-audited March 31, 2021	Audited June 30, 2020
(Rupees in thousand)	

10. Short term finances - secured

- Under mark up arrangements	note 10.1	2,273,084	2,040,235
- Under arrangements permissible under Shariah	note 10.1	977,279	3,349,672
		<u>3,250,363</u>	<u>5,389,907</u>

10.1 Short term finances available from commercial banks under mark up arrangements amount to Rs.8,410 million (June 30, 2020: Rs. 9,410 million), out of which finances available from Islamic banks under Islamic arrangements amount to Rs. 3,400 million (June 30, 2020: Rs. 5,513 million). The rates of mark up for finances under mark up arrangement ranged from 7.73% to 8.96% per annum (June 30, 2020: 9.08% to 15.81% per annum) and for finances under arrangement permissible under Shariah ranged from 7.78% to 8.30% 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.

10.2 Out of the aggregate running finances availed by the Company, Rs. 8,010 million (June 30, 2020: Rs. 8,160 million) are secured by joint pari passu charge and Rs. 500 million (June 30, 2020: Rs. 1,250 million) are secured by ranking charge on the current assets of the Company.

10.3 Of the aggregate facility of Rs. 775 million (June 30, 2020: Rs. 875 million) for opening letters of credit and Rs. 305 million (June 30, 2020: Rs. 510 million) for guarantees, the amount utilized as at March 31, 2021 was Rs.28 million (June 30, 2020: Nil) and Rs.296.99 million (June 30, 2020: Rs. 296.99 million) respectively.

11. Contingencies and commitments

There is no change in contingencies & commitments from the preceding published financial statements of the company for the year ended June 30, 2020 except the following:

11.1 Commitment regarding letter of credit / bank contract other than capital expenditure Rs. 34 million (June 30, 2020: NIL)

Note	March 2021	June 2020
	(Rupees in thousand)	

12. Property, plant and equipment

Operating fixed assets	12.1	2,849,063	3,129,907
Stores held for capitalisation		52,988	83,666
		<u>2,902,051</u>	<u>3,213,573</u>

12.1 Operating fixed assets

Opening book value	3,129,907	3,425,226
Add: Additions during the period	42,540	132,059
	<u>3,172,447</u>	<u>3,557,285</u>
Less: Disposals during the period (at book value)	9,225	3,943
Depreciation charged during the period	314,159	423,435
	<u>323,384</u>	<u>427,378</u>
	<u>2,849,063</u>	<u>3,129,907</u>

	January to March		July to March	
	2021	2020	2021	2020
13. Cost of sales	(Rupees in thousand)			
Raw material consumed	816,458	559,052	2,890,927	3,497,569
Salaries, wages and benefits	50,790	55,768	171,509	186,168
Stores and spares consumed	12,220	27,897	72,576	107,813
Electricity consumed	7,197	8,089	20,225	18,536
Depreciation	101,947	103,624	308,131	310,217
Insurance	17,534	18,137	52,577	54,809
Travelling, conveyance & entertainment	4,895	4,843	14,814	16,314
Repairs and maintenance	1,199	1,342	9,690	7,799
Miscellaneous expenses	4,529	5,541	14,506	20,002
	1,016,769	784,293	3,554,955	4,219,227
			July to March	
			2021	2020
			(Rupees in thousand)	
14. Transactions with related parties				
Relationship with the company	Nature of transactions			
i. Associated undertakings and other related parties	Purchase of goods / services	288	1,325	
	Dividend paid	2,331	122,787	
ii. Key management personnel	Salaries and other employee benefits	83,957	91,999	
	Dividend paid	631,220	44,139	
iii. Post employment benefits	Expense charged	23,380	17,182	
		March	June	
		2021	2020	
		(Rupees in thousand)		
Period end balances				
Payable to related parties		123	-	
			July to March	
			2021	2020
			(Rupees in thousand)	
15. Cash generated from operations				
Profit before tax		942,582	738,837	
Adjustments for:				
Depreciation/amortization		314,538	316,688	
Loss on disposal of property, plant and equipment		17	-	
Interest income		(1,521)	(272)	
Staff retirement benefits		34,493	23,743	
Finance cost		221,359	658,814	
Profit before working capital changes		1,511,468	1,737,810	
Effect on cash flow due to working capital changes				
Stores and spares		5,293	10,163	
Stock in trade		(371,763)	72,595	
Trade debts		2,124,787	(1,690,733)	
Advances deposits prepayments & other receivables		120,496	46,036	
Creditors, accrued and other liabilities		(71,808)	8,090	
		1,807,005	(1,553,849)	
		3,318,473	183,961	

July to March
2021 **2020**

(Rupees in thousand)

16. Cash and cash equivalents

Cash and bank balances	113,490	3,539
Finances under mark-up arrangements - Secured	<u>(3,250,363)</u>	<u>(6,167,369)</u>
	<u>(3,136,873)</u>	<u>(6,163,830)</u>

17. Date of authorization for issue

These financial statements were authorized for issue on April 26, 2021 by the Board of Directors of the company.

17.1 Events after the balance sheet date

The Board of Directors have declared 2nd interim dividend of Rs 4.00 per share amounting to Rs. 677,834 thousand at their meeting held on April 26, 2021. These condensed interim financial statements does not include the effect of the above interim dividend which will be accounted for in the period in which it is declared.

18. Corresponding figures

Corresponding figures have been re-arranged, where necessary, for better and fair presentation. However no significant reclassification / re-arrangements were made during the period.



Chief Executive Officer



Director



Chief Financial Officer

“SAY NO TO CORRUPTION”

Contribution to Social Welfare

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