



**KOHINOOR**  
ENERGY LIMITED



# HALF YEARLY REPORT 2022

July-December (Un-Audited)

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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  
Executive Director

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

Bank Alfalah Limited

Askari Bank Limited

AL Baraka Bank (Pakistan) Limited

Habib Bank Limited

MCB Bank Limited

Faysal Bank Limited

Bank Islami Pakistan Limited

National Bank of Pakistan

Dubai Islamic Bank Pakistan Limited

Standard Chartered 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](http://www.kel.com.pk)

## DIRECTORS' REVIEW

The Board of Directors present you the brief report together with the operational and financial results of the Company reviewed by the statutory auditors, for the 2nd quarter / half year ended December 31, 2022.

The Company is engaged in electricity generation from a furnace oil fired power plant having net capacity of 124 MW. Central Power Purchase Agency (CPPA) is the exclusive purchaser of the electricity being generated at the power plant. We report that during the HY under review, the power plant on lower demand from the CPPA, by operated at 30.69% capacity factor and delivered 168,042 MWh of electricity, while during the corresponding half year the power plant by operating at 41.84% capacity factor delivered 229,118 MWh of electricity.

We report that during the half-year ended Dec 31, 2022, the sales revenue of the Company stood at Rs. 7.039 billion as compared to Rs. 5.414 billion during the corresponding six months of the last year. During the 2nd quarter ended Dec 31, 2022 the Company posted net profit after tax of Rs. 198.8 million as compared to net profit after tax of Rs. 271.8 million posted during the corresponding 2nd quarter of the last FY. Overall the Company, during the half year ended Dec 31, 2022 earned Rs. 775.60 million net profit after tax by demonstrating earnings per share (EPS) of Rs. 4.58 as compared to Rs. 689.30 million earned with an EPS of Rs. 4.07 during the corresponding period of six months. We report that non occurrence of major maintenance and increase in capacity payments because of Rupee devaluation has contributed to increase in profits of the Company.

This is with respect to the major maintenance work, we report that during the half year under review no major occurred while during the corresponding HY of the previous FY two engines surpassing 116k and 124k running hours respectively, were overhauled under 8k major maintenance program as compared. The maintenance work has been done within the budgeted numbers.

We take pleasure to inform you that the board of directors of the Company in their meeting held on February 17, 2023 has declared 2nd interim dividend at the rate of 30% (i.e. Rs. 3.00 per share) for the financial year 2022-23, which will be paid to those shareholders whose names would appear on members' register on Feb 25, 2023. The Share Transfer Books of the Company will remain closed from Feb 25, 2023 to Feb 27, 2023 (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 Feb 24, 2023 will be treated in time for the purpose of entitlement of cash dividend to the transferees.

Further with respect to the matters related to, disputes with WAPDA on imposition of liquidated damages as detailed in Notes 9.1.1 and 9.1.2, and sales tax demand raised by the Federal Board of Revenue (the FBR) as detailed in Note 9.1.3 and 9.1.4 to the financial information, the status is same as reported in the earlier report.

The Directors would like to express their sincere appreciation for the assistance and co-operation received from the CPPA, the financial institutions, Pakistan State Oil, Wartsila and other suppliers as well as valued shareholders of the Company. The Board also extends its appreciation to the management, executives and employees of the Company for their continued efforts and dedication that resulted in safe, efficient and reliable operations of the plant and the board is confident for their continued efforts and enthusiasm in the future.

For and on behalf of the Board



**M. Zeid Yousuf Saigol**  
Chief Executive Officer



**Muhammad Omer Farooq**  
Director

**Lahore:**  
**February 17, 2023**

# FINANCIAL STATEMENTS

# INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF KOHINOOR ENERGY LIMITED REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of Kohinoor Energy Limited as at December 31, 2022 and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-month period then ended (herein-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month periods ended December 31, 2022 and December 31, 2021 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2022.

## Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## Emphasis of Matter

We draw attention to notes 9.1 (i) and 9.1 (ii) to the interim financial statements, which describe the uncertainties regarding the outcome of certain claims by WAPDA which have been disputed by the Company. Our conclusion is not qualified in respect of this matter.

The engagement partner on the audit resulting in this independent auditor's report is Amer Raza Mir.



**A. F. Ferguson & Co.**  
**Chartered Accountants**  
**Lahore**

**Date: February 24, 2023**

**UDIN: RR202210118YznkDNS25**

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 170,000,000 (June 30, 2022: 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 30, 2022: 169,458,614) ordinary shares of Rs. 10 each		1,694,586	1,694,586
Un-appropriated profit		3,737,917	3,216,520
		5,432,503	4,911,106
<b>NON-CURRENT LIABILITIES</b>			
Long term finance - secured	6	-	-
Deferred grant	7	-	-
		-	-
<b>CURRENT LIABILITIES</b>			
Short term finances - secured	8	3,838,933	4,047,935
Trade and other payables		198,249	460,371
Accrued finance cost		83,756	86,129
Current portion of long term finance - secured	6	-	28,070
Current portion of deferred grant	7	-	630
Unclaimed dividend		15,085	14,739
Employee benefits		865	8,054
Provision for taxation - net		50,434	53,373
		4,187,322	4,699,301
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		
		9,619,825	9,610,407

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



Chief Executive Officer



Director



## AS AT DECEMBER 31, 2022 (Un-Audited)

		Un-audited December 31, 2022	Audited June 30, 2022
	Note	(Rupees in thousand)	
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,549,491	2,690,796
Intangible assets		2,331	2,584
Long term loans and deposits		174	354
		2,551,996	2,693,734
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools		317,938	270,179
Stock in trade		867,787	915,860
Trade debts		3,731,281	4,185,218
Loans, advances, deposits, prepayments and other receivables		405,233	724,908
Cash and bank balances	11	1,745,590	820,508
		7,067,829	6,916,673
		9,619,825	9,610,407



Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE THREE MONTH AND SIX MONTH PERIOD ENDED  
DECEMBER 31, 2022 (Un-Audited)

	Note	Three month period ended		Six month period ended	
		December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
(Rupees in thousand)					
Revenue		1,155,361	1,994,142	7,038,980	5,414,115
Cost of sales	12	(765,571)	(1,630,246)	(5,837,870)	(4,540,724)
<b>Gross profit</b>		<b>389,790</b>	<b>363,896</b>	<b>1,201,110</b>	<b>873,391</b>
Administrative expenses		(70,876)	(51,765)	(140,151)	(106,024)
Other expenses		(5,042)	(9,840)	(10,084)	(8,203)
Other income		1,500	-	2,739	-
Operating Profit		315,372	302,291	1,053,614	759,164
Finance costs		(116,170)	(29,331)	(277,247)	(68,286)
<b>Profit before taxation</b>		<b>199,202</b>	<b>272,960</b>	<b>776,367</b>	<b>690,878</b>
Taxation		(435)	(1,128)	(782)	(1,603)
<b>Profit after tax for the period</b>		<b>198,767</b>	<b>271,832</b>	<b>775,585</b>	<b>689,275</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Items that will not be reclassified subsequently to profit or loss					
- Re-measurement of staff gratuity fund		-	-	-	-
Items that may be reclassified subsequently to profit or loss		-	-	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>198,767</b>	<b>271,832</b>	<b>775,585</b>	<b>689,275</b>
Earnings per share - basic and diluted - (in Rupees)		1.17	1.60	4.58	4.07

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

Chief Executive Officer

Director

Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)

FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022

	Share Capital	Unappropriated Profit	Total
(Rupees in thousand)			
<b>Balance as at July 01, 2021</b>	1,694,586	4,378,113	6,072,699
Transactions with owners in their capacity as owners:			
Interim dividends for the year ended			
June 30, 2022 - 1st Interim at the rate of Rs. 5.25 per share	-	(889,658)	(889,658)
June 30, 2022 - 2nd Interim at the rate of Rs. 7.75 per share	-	(1,313,304)	(1,313,304)
	-	(2,202,962)	(2,202,962)
Total comprehensive income for the six month period ended December 31, 2021	-	689,275	689,275
<b>Balance as at December 31, 2021</b>	1,694,586	2,864,426	4,559,012
<b>Balance as at July 01, 2022</b>	1,694,586	3,216,520	4,911,106
Transactions with owners in their capacity as owners:			
Interim dividend for the year ended			
June 30, 2023 - 1st Interim at the rate of Rs. 1.5 per share	-	(254,188)	(254,188)
Total comprehensive income for the six month period ended December 31, 2022	-	775,585	775,585
<b>Balance as at December 31, 2022</b>	<u>1,694,586</u>	<u>3,737,917</u>	<u>5,432,503</u>

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



Chief Executive Officer



Director



Chief Financial Officer

## CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)


FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2022

	Note	Six month period ended	
		December 31, 2022	December 31, 2021
(Rupees in thousand)			
<b>Cash flows from operating activities</b>			
Cash generated from operations	13	1,783,452	4,052,421
Employee benefits paid		(17,675)	(114)
Finance costs paid		(279,620)	(82,712)
Income tax paid		(3,722)	(2,826)
<b>Net cash generated from operating activities</b>		<b>1,482,435</b>	<b>3,966,769</b>
<b>Cash flows from investing activities</b>			
Purchase of fixed assets		(70,575)	(103,719)
Profit on bank deposits received		2,698	5,529
Net decrease in long term loans and deposits		180	281
Proceeds from disposal of operating fixed assets		1,888	503
<b>Net cash used in investing activities</b>		<b>(65,809)</b>	<b>(97,406)</b>
<b>Cash flows from financing activities</b>			
Dividend paid		(253,842)	(2,174,146)
Repayment of long term finances		(28,700)	(28,870)
<b>Net cash used in financing activities</b>		<b>(282,542)</b>	<b>(2,203,016)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,134,084</b>	<b>1,666,347</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(3,227,427)</b>	<b>(1,997,782)</b>
<b>Cash and cash equivalents at the end of the period</b>	14	<b>(2,093,343)</b>	<b>(331,435)</b>

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



Chief Executive Officer



Director



Chief Financial Officer

# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTH AND SIX MONTH PERIOD ENDED DECEMBER 31, 2022 (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 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 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;
- Provisions of and directives issued under the Companies Act, 2017.

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

## 3. Basis of preparation and measurement

These condensed interim financial statements are un-audited but subject to limited scope review. These condensed interim financial statements do not include all the information and disclosures required in an audited financial statements and therefore should be read in conjunction with the Company's annual audited financial statements for the year ended June 30, 2022.

These condensed interim financial statements are prepared in Pak Rupees, which is the functional currency of the Company. Figures have been rounded off to the nearest thousand rupee unless otherwise specified.

## 4. Standards, amendments and interpretations to published accounting standards

### 4.1 Initial application of standards, amendments or interpretations to existing standards

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

#### 4.1.1 Standards, amendments and interpretations to existing standards that are effective in current period

Certain standards, amendments and interpretations to accounting standards are effective for accounting periods beginning on July 1, 2022 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 condensed interim financial statements, except for the following:

In respect of companies holding financial assets due from the Government of Pakistan ('GoP'), SECP through SRO 67(I)/2023 dated January 20, 2023, partially modified its previous SRO 1177(I)/2021 dated September 13, 2021 and notified that the requirements contained in IFRS 9 with respect to application of Expected Credit Losses (ECL) method shall not be applicable till December 31, 2024 and that such companies shall follow relevant requirements of International Accounting Standard ('IAS') 39 in respect of above referred financial assets during the exemption period. Accordingly, the Company has not followed the requirements of IFRS 9 with respect to application of Expected Credit Losses in respect of trade debts and other receivables due from CPPA-G. The Company is in the process of assessing the impact of this amendment on the Company's financial statements.

#### 4.1.2 Standards, amendments and interpretations to existing standards that are not yet effective and/or have not been early adopted by the Company

There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Company's accounting periods beginning on or after January 1, 2023, but are considered not to be relevant to the Company's operations and are, therefore, not detailed in these condensed interim financial statements.

### 5. Significant accounting policies, estimates, judgements and financial risk management

The preparation of these condensed interim financial statements is in conformity with the approved accounting and reporting standards as applicable in Pakistan. Interim reporting requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on the historical experience and other factors, including reasonable expectations of future events. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Accounting policies, judgements and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied to the audited financial statements as at and for the year ended June 30, 2022.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements as at and for the year ended June 30, 2022.

### 6. Long term finance- secured

This represents long term financing facility (running musharaka facility) availed from Faysal Bank Limited (through its Islamic Banking Division) as a Participating Financial Institution under State Bank of Pakistan's (SBP) Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns ('Refinance Scheme'). The total facility available amounts to Rs. 145 million. The financing is secured against pari passu charge over all the present and future current asset. It carries mark-up at the rate of SBP Profit Rate under the Refinance Scheme plus 1.50% per annum, payable on quarterly basis. The remaining installments were fully paid off during the current period. The reconciliation of carrying amount is as follows:

		<u>Un-audited</u> <u>December</u> <u>31, 2022</u>	<u>Audited</u> <u>June</u> <u>30, 2022</u>
		(Rupees in thousand)	
Long term loan	- note 6.1	-	28,070
Less: Current portion shown under current liabilities		-	(28,070)
		-	-
<b>6.1. The reconciliation of carrying amount is as follows:</b>			
Opening balance		28,070	81,688
Loan repaid during the period / year		(28,852)	(58,261)
Unwinding of discount on liability		782	4,643
		-	28,070
Current portion shown under current liabilities		-	(28,070)
		-	-
<b>7. Deferred Grant</b>			
Opening Balance		630	4,304
Unwinding of grant		(630)	(3,674)
Closing Balance	- note 7.1	-	630
Represented by:			
Non-current portion		-	-
Current portion		-	630
		-	630
<b>7.1.</b> 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.			
<b>8. Short term finances - secured</b>			
Short term borrowings under mark-up and Shariah arrangements obtained as under:			
		<u>Un-audited</u> <u>December</u> <u>31, 2022</u>	<u>Audited</u> <u>June</u> <u>30, 2022</u>
		(Rupees in thousand)	
Under mark up arrangements	- note 8.1	2,188,933	2,547,935
Under arrangements permissible under Shariah	- note 8.2	1,650,000	1,500,000
		3,838,933	4,047,935

## 8.1 Markup Arrangements

Short term finances available from commercial banks under mark up arrangements amount to Rs. 7,100 million (June 30, 2022: Rs. 7,510 million). The rates of mark up for finances under mark up arrangement ranged from 12.64% to 16.61% per annum (June 30, 2022: 7.62% to 15.36% per annum). Various sub facilities comprising money market loans and letters of guarantee have also been utilized during the year. 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. Out of the aggregate running finances availed by the Company, Rs. 6,850 million are secured by joint pari passu charge and Rs. 250 million are secured by ranking charge, over current assets.

## 8.2 Arrangements permissible under shariah

Short term finances available from commercial banks under mark up arrangements out of which finances available from Islamic banks under Islamic arrangements amount to Rs. 3,400 million (June 30, 2022: Rs. 2,900 million). The rates of mark up for finances under arrangements permissible under shariah ranged from 14.4% to 15.92% per annum (June 30, 2022: 7.80% to 14.71% per annum) on the balances outstanding.

- 8.3** Of the aggregate facility of Rs. 950 million (June 30, 2022: Rs. 700 million) for opening letters of credit and Rs. 5 million (June 30, 2022: Rs. 5 million) for guarantees, the amount utilized as at December 31, 2022 was Rs. 11.171 million (June 30, 2022: Rs. 134.66 million) and Rs. 3.33 million (June 30, 2022: Rs. 3.33 million) respectively.

## 9. Contingencies and commitments

### 9.1 Contingencies

- (i) CPPA-G (formerly WAPDA) imposed Liquidated Damages (LDs) on the Company amounting to Rs. 353.85 million (June 30, 2022: Rs. 353.85 million) during the period from 2011 to 2013 because of failure to dispatch electricity due to CPPA-G's non-payment of dues on timely basis and consequential inability of the Company to make advance payments to its fuel supplier - Pakistan State Oil Company Limited (PSO), that resulted in inadequate level of electricity production owing to shortage of fuel.

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

- (ii) CPPA-G (formerly WAPDA) imposed LDs on the Company amounting to Rs 179.32 million (June 30, 2022: 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 condensed interim financial statements.



- (iii) 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 condensed interim financial statements.

- (iv) 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. The management is of the view that there are meritorious grounds available to defend the foregoing demand. Consequently no provision for such demand has been made in these condensed interim financial statements.
- (v) The Company has issued the following guarantee in favor of:

Sui Northern Gas Pipelines Limited on account of payment of dues against gas sales etc., amounting to Rs. 3.33 million (June 30, 2022: Rs 3.33 million).

## 9.2 Commitments

- (i) Letters of credit / bank contracts other than capital expenditure are Rs 9.9 million (June 30, 2022: Rs 35.51 million)
- (ii) Letters of credit / bank contracts for capital expenditure are Nil (June 30, 2022: Rs 96.35 million).

		<u>Un-audited</u>	<u>Audited</u>
		<u>December</u>	<u>June</u>
		<u>31, 2022</u>	<u>30, 2022</u>
		(Rupees in thousand)	
<b>10.</b>	<b>Property, plant and equipment</b>		
	Operating fixed assets - note 10.1	2,478,375	2,624,932
	Major spare parts and standby equipment	71,116	65,864
		<u>2,549,491</u>	<u>2,690,796</u>
<b>10.1</b>	<b>Operating fixed assets</b>		
	Opening net book value	2,624,932	2,764,406
	Additions during the period/year - note 10.1.1	65,323	270,621
		<u>2,690,255</u>	<u>3,035,027</u>
	Disposals during the period/year (at net book value) - note 10.1.2	1,847	1,787
	Assets written off during the period/year (at net book value) - note 10.1.3	-	7,901
	Depreciation charged during the period/year	210,033	400,407
		(211,880)	(410,095)
		<u>2,478,375</u>	<u>2,624,932</u>
<b>10.1.1</b>	<b>Additions during the period / year</b>		
	Plant and machinery	40,635	259,510
	Electric appliances and equipment	545	951
	Computers	1,046	532
	Vehicles	23,032	9,411
	Office appliances and equipment	65	217
		<u>65,323</u>	<u>270,621</u>
<b>10.1.2</b>	<b>Disposals during the period / year</b>		
	Office appliances and equipment	-	88
	Vehicles	1,847	1,640
	Electric appliances and equipment	-	59
		<u>1,847</u>	<u>1,787</u>
<b>10.1.3</b>	<b>Assets written off during the period / year</b>		
	Plant and machinery	-	7,901

	Un-audited	Audited
	December	June
	31, 2022	30, 2022
	(Rupees in thousand)	

## 11. Cash and bank balances

Balance at banks in:

Current accounts		51,895	717
Saving accounts			
-Under interest / mark up arrangements	- note 11.1	539	802,513
- Retention account - Onshore		15,888	14,742
-Under arrangements permissible under Shariah	- note 11.1	1,675,053	52
		1,691,480	817,307
		1,743,375	818,024
Cash in hand		2,215	2,484
		<u>1,745,590</u>	<u>820,508</u>

- 11.1** The balance in savings bank accounts bear mark up at rates ranging from 6.75% to 15% per annum (June 30, 2022: 5.50% to 11.50% per annum) and balance in accounts under arrangements permissible under Shariah bear profit at the rates ranging from 3.25% to 8.1% per annum (June 30, 2022: 2.50% to 11.00%).

	Un-audited		Un-audited	
	Three month period ended		Six month period ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	(Rupees in thousand)			
<b>12. Cost of sales</b>				
Raw material consumed	530,037	1,412,547	5,357,310	4,077,765
Salaries, wages and benefits	50,685	47,370	113,207	98,182
Stores and spares consumed	20,933	27,954	51,024	90,724
Depreciation on operating fixed assets	103,466	98,300	205,560	195,127
Fee and subscription	1,276	941	2,496	1,783
Insurance	27,421	18,916	52,384	37,833
Travelling, conveyance and entertainment	7,552	5,640	15,616	11,877
Repairs and maintenance	2,816	2,861	5,509	4,373
Communication charges	440	318	2,422	611
Electricity consumed in-house	15,591	9,285	22,154	12,458
Environmental expenses	225	-	419	170
Contracted services	4,011	2,679	8,254	5,822
Miscellaneous	1,118	330	1,515	894
Capitalised maintenance written off	-	3,105	-	3,105
	<u>765,571</u>	<u>1,630,246</u>	<u>5,837,870</u>	<u>4,540,724</u>

Un-audited	
Six month period ended	
December 31, 2022	December 31, 2021
(Rupees in thousand)	

### 13. Cash generated from operations

Profit before taxation	776,367	690,878
Adjustment for non-cash charges and other items:		
- Depreciation / amortization	210,286	198,587
- Assets fully written off	-	3,105
- Exchange Loss	10,084	-
- Gain on disposal of property, plant and equipment	(41)	-
- Income on bank deposits	(2,698)	(5,529)
- Provision for employee retirement benefits	10,487	12,272
- Finance costs	277,247	68,286
Profit before working capital changes	1,281,732	967,599
Effect on cash flow due to working capital changes:		
- Increase in stores, spares and loose tools	(47,759)	(2,842)
- Decrease / (Increase) in stock in trade	48,073	(176,155)
- Decrease in trade debts	453,937	3,086,752
- Decrease in loans, advances, deposits, prepayments and other receivables	319,675	192,225
- Decrease in trade and other payables	(272,206)	(15,158)
	501,720	3,084,822
	1,783,452	4,052,421

### 14. Cash and cash equivalents

Cash and bank balances	- note 11	1,745,590	1,018,903
Short term finances - secured	- note 8	(3,838,933)	(1,350,338)
		(2,093,343)	(331,435)

## 15. Transactions with related parties

The related parties comprise associated undertakings, other related companies, key management personnel, inclusive of directors, and their close family members and post retirement benefit plan. The Company in the normal course of business carries out transactions with various related parties. The transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements are as follows:

Relationship with the Company	Nature of transaction	Un-audited	
		Six month period ended	
		December 31, 2022	December 31, 2021
		(Rupees in thousand)	
i) Associated undertakings and other related parties	Purchase of services	154	201
	Purchase of goods	6,979	25,771
	Dividend paid	148,364	1,285,854
ii) Key management personnel	Dividend paid	9,475	82,458
	Salaries and other employee benefits	62,457	40,357
iii) Post retirement benefit plan	Expense charged	7,505	6,136

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

## 16. Date of authorization for issue

These condensed interim financial statements were authorized for issue on February 17, 2023 by the Board of Directors of the Company.

## 17. Event after the reporting date

The Board of Directors have approved an interim cash dividend for the period ended December 31, 2022 of Rs 3 per share, amounting to Rs 508.376 millions at their meeting held on February 17, 2023. These condensed interim financial statements do not include the effect of the above dividend which will be accounted for in the period in which it is approved.

## 18. Corresponding figures

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the condensed interim statement of financial position and the condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of the preceding financial year, whereas, the condensed interim statement of profit or loss and other comprehensive income and the condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purposes of comparison. However, no significant re-arrangements have been made.



Chief Executive Officer



Director



Chief Financial Officer

**“ SAY NO TO CORRUPTION ”**

**Contribution to Social Welfare**

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