



KOHINOOR
ENERGY LIMITED



SAIGOLS

KEL/COR/STOK/2020/88
October 27, 2020

The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building/Road,
Karachi.

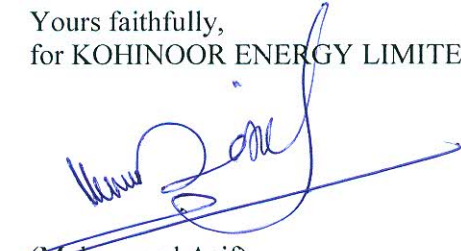
Subject: Transmission of Quarterly Report for the Period Ended September 30, 2020

Dear Sir,

We have to inform you that the Quarterly Report of the Company for the period ended September 30, 2020 have been transmitted through PUCARS and is also available on Company's website.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours faithfully,
for KOHINOOR ENERGY LIMITED



(Muhammad Asif)
Company Secretary

SAY NO TO CORRUPTION

Lahore Office: 17- Aziz Avenue, Unit# 05 Canal Bank, Gulberg V, Lahore, Pakistan Tel: +92-42-35717861- 2 Fax: +92-42-35715090

Head Office & Plant: Near Tablighi Ijtama, Raiwind Bypass, Postcode: 55140 Lahore, Pakistan Tel: +92-42-35392317- 8 Fax: +92-42-35393415- 7

Registered Office: 301, 3rd Floor, Green Trust Tower, Blue Area, Islamabad, Pakistan Tel: +92-51-2813021-2 Fax: +92-51-2813023 E-mail: info@kel.com.pk Web: www.kel.com.pk

QUARTERLY REPORT 2020

July-September (Un-Audited)



KOHINOOR
ENERGY LIMITED



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CORPORATE INFORMATION

Board of Directors

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

Company Secretary

Mr. Muhammad Asif

Audit Committee

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

HR & Remuneration Committee

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

Management

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

Auditors

A. F. Ferguson & Co.
Chartered Accountants

Legal Advisor

LMA | Ebrahim Hosain

Bankers

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

Registered Office

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

Project/Head Office

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

Shares Registrar

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

Lahore Office

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

Company Registration No.

0032461 of 1993-94

Company NTN

0656788-6

Website

www.kel.com.pk

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 for the 1st quarter ended September 30, 2020.

The Company is engaged in electricity generation from a furnace oil fired power plant having a net capacity of 124 MW. The Company has entered into an exclusive power purchase agreement with The Water and Power Development Authority (WAPDA) for sale of electricity being generated at the power plant. We report that during the quarter under review the power plant by running at 54.78% capacity factor delivered 149,985 MWh of electricity to WAPDA while during the corresponding quarter of last year, the power plant by running at 65.35% capacity delivered 178,910 MWh of electricity to WAPDA.

The sales of the Company for the 1st quarter under review remained at Rs. 2,494 million as compared to Rs 3,473 million for the corresponding quarter of the last financial year. The Company earned net profit after tax of Rs. 416.01 million and demonstrated Earnings Per Share (EPS) of Rs. 2.45 as compared to Rs. 379.29 million (with an EPS of Rs. 2.24) earned during corresponding quarter of the last FY. We take pleasure to report that the power plant has been operated at its best possible efficiency. Saving from fuel consumption, lesser major maintenance cost and increase in capacity payments because of Rupee devaluation contributed to the increase in profits of the Company.

We write to report that during the quarter under review, since dispatch from WAPDA was lesser, therefore none of the engines reached at 8k running hours and no major maintenance was required to perform. However during the corresponding quarter there was one engine which was dealt under 8k major maintenance program.

With respect to the matter related to sales tax demand of Rs. 505.41 million raised by the Revenue Department by disallowing input sales tax for the tax period from Aug 2009 to Jun 2013. The Company had filed an appeal before the honorable Lahore High which has decided the case in favor of the Company. Subsequently the tax department had filed a leave for appeal before the honorable Supreme Court of Pakistan. Further with respect to another matter of sales tax demand of Rs. 185.47 million raised by Deputy Commissioner Inland Revenue, mainly on account of inadmissible input tax related to 'capacity purchase price' and sales tax default on account of suppression of sales related to tax periods from Jul 2015 to Jun 2016, the Company preferred an appeal before Commissioner Inland Revenue which is pending adjudication. The management is of the view that there are meritorious grounds to defend both the cases therefore no provision has been made in these financial statements.

The recovery of overdue from the Power Purchaser has been improved however still a substantial amount is outstanding. We are constantly persuading the matter with the concerned quarters of power purchaser, PPIB and the relevant Ministry for early recoveries. Nevertheless of the overdue amount, we are also doing our best to keep the power operational and meeting the dispatch requirements of the Power Purchaser in the best interest of the country.

We take this opportunity to extend thanks to our valued shareholders, financial institutions, Central Power Purchase Agency, Pakistan State Oil, Wartsila and other suppliers of the Company for extending their support as always. The Board also appreciates the enthusiasm and determination of the Team KEL for demonstrating safe, reliable and efficient plant operations and expects for the same spirit of hard working in the future.

For and on behalf of the Board



S M Shakeel
Chief Executive Officer



Shingo Ito
Director

Islamabad
October 26, 2020

BALANCE SHEET

	Note	September 2020	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		5,264,016	4,848,005
		6,958,602	6,542,591
NON CURRENT LIABILITIES			
Long term finance - Secured	5	75,531	-
Deferred Grant	6	4,085	-
		79,616	-
CURRENT LIABILITIES			
Employee benefits		12,776	82,405
Short term finances - secured	7	4,787,810	5,389,907
Trade and other payables		37,683	150,594
Accrued finance cost		71,454	143,274
Current portion of Long term finance		28,080	-
Current portion of Deferred grant		5,906	-
Provision for taxation - net		56,564	57,082
Dividend payable		9,420	10,228
		5,009,693	5,833,490
CONTINGENCIES AND COMMITMENTS			
	8	-	-
		12,047,911	12,376,081

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive Officer



Director

AS AT SEPTEMBER 30, 2020 (Un-Audited)

	Note	September 2020	June 2020
(Rupees in thousand)			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	3,116,161	3,213,571
Intangible assets		3,468	3,595
Long term loans and deposits		2,819	2,119
		<u>3,122,448</u>	<u>3,219,285</u>
CURRENT ASSETS			
Stores, spares and loose tools		306,136	303,561
Stock-in-trade		416,245	48,965
Trade debts		7,729,798	8,035,685
Loans, advances, deposits, prepayments and other receivables		261,408	466,177
Cash and bank balances		211,876	302,408
		<u>8,925,463</u>	<u>9,156,796</u>
		<u>12,047,911</u>	<u>12,376,081</u>



Chief Financial Officer

PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (Un-Audited)

	Note	July to September	
		2020	2019
		(Rupees in thousand)	
Sales		2,493,981	3,472,376
Cost of sales	10	(1,898,545)	(2,810,921)
Gross profit		595,436	661,455
Administrative expenses		(66,636)	(70,030)
Operating Profit		528,800	591,425
Other income		456	93
Finance costs		(113,108)	(212,205)
Profit before tax		416,148	379,313
Taxation		(137)	(27)
Profit after tax		416,011	379,286
Earnings per share - basic and diluted	Rupees	2.45	2.24

The annexed notes 1 to 14 form an integral part of these financial statements.


Chief Executive Officer


Director


Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (Un-Audited)

	Note	July to September	
		2020	2019
Profit for the period		416,011	379,286
Other comprehensive income		-	-
Total comprehensive income for the quarter		416,011	379,286

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (Un-Audited)

	Note	July to September	
		2020	2019
Cash flows from operating activities			
Cash generated from operations	12	666,579	(1,165,211)
Staff retirement benefits paid		(74,825)	(4,248)
Finance costs paid		(184,548)	(126,508)
Taxes paid		(381)	(1,438)
Net cash from operating activities		406,825	(1,297,406)
Cash flows from investing activities			
Purchase of property, plant and equipment		(11,564)	(5,622)
Interest/mark-up income received		478	93
Net increase in long term loans, advances and deposits		(700)	662
Sale proceeds of property, plant and equipment		3,733	923
Net cash used in investing activities		(8,054)	(3,944)
Cash flows from financing activities			
(Decrease) / Increase in short term finance		(602,097)	1,278,521
Increase in long term finance		114,245	-
Dividend paid		(808)	(65)
Net cash used in financing activities		(488,660)	1,278,456
Net increase/(decrease) in cash and cash equivalents		(89,889)	(22,894)
Cash and cash equivalents at beginning of the period		302,408	75,626
Cash and cash equivalents at the end of the period		212,519	52,732

The annexed notes 1 to 14 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2020 (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	-	(338,917)	(338,917)
Total comprehensive income for the period	-	379,286	379,286
Balance as on September 30, 2019	1,694,586	4,216,407	5,910,993
Profit for the period (Oct-19 to Jun-20)	-	657,372	657,372
Other Comprehensive Income: Re-measurement of staff gratuity fund	-	(25,774)	(25,774)
Balance as on June 30, 2020	1,694,586	4,848,005	6,542,591
Total comprehensive income for the quarter	-	416,011	416,011
Balance as on September 30, 2020	1,694,586	5,264,016	6,958,602

The annexed notes 1 to 14 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 QUARTER ENDED SEPTEMBER 30, 2020 (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 (Now Companies Act, 2017). The Company is listed on the Pakistan Stock Exchange. The principal activity of the Company is to own, operate and maintain a power plant of 124 MW capacity in Lahore and to sell the electricity produced therefrom to a sole customer, the Pakistan Water and Power Development Authority (WAPDA) under a Power Purchase Agreement (PPA), for a term of 30 years which commenced from June 19, 1997. The address of the registered office of the Company is 301, 3rd Floor, Green Trust Tower, Blue area, Islamabad, Lahore Office is situated at 17-Aziz Avenue, Unit # 4, Canal Bank, Gulberg V, Lahore and the Company's power plant has been set up at Post Office Raja Jang, near Tablighi Ijtima, Raiwind Bypass, Lahore.

2. Statement of Compliance

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

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

- Provision of & directives issued under the Companies Act, 2017

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

This condensed interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the annual financial statements for the year ended June 30, 2020.

3. Significant Accounting Policies

The accounting policies adopted for the preparation of this condensed interim financial information are the same as those applied in the preparation of preceding annual published financial statements of the company for the year ended June 30, 2020.

4 Accounting Estimates & Judgements

The preparation of the condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. In preparing this condensed interim financial information, the significant judgments made by management in applying accounting policies and key sources of estimation were the same as those that were applied to the financial statements for the year ended June 30, 2020.

5 Long Term Finance - Secured

	Note	September 2020	June 2020
Long Term Loan	5.2	103,611	-
Less: Current Portion shown under current liabilities		(28,080)	-
		<u>75,531</u>	<u>-</u>

5.1 Reconciliation of carrying amount is as follows:

Opening Balance	-	-
Loan received during the year	114,245	-
Transferred to deferred grant	(10,634)	-
	<u>103,611</u>	<u>-</u>
Less: Current portion shown under current liabilities	(28,080)	-
	<u>75,531</u>	<u>-</u>

- 5.2 This represent amount of loan against facility of Rs. 145,000 thousand obtained under SBP refinance scheme of salaries & wages. The amount is repayable in 8 quarterly installments starting from February 6, 2021 and carry mark up at the rate of 1.5% p.a which is payable quarterly. This facility is secured by Joint Pari Passu charge in current assets of the company.

	Note	September 2020	June 2020
6 Deferred Grant			
Balance as at July 1		-	-
Received during the year		10,634	-
Less: Transferred to profit & loss during the period		(643)	-
Balance as at Sep 30	6.1	<u>9,991</u>	<u>-</u>
Represented by:			
Non - current portion		4,085	-
Current portion		5,906	-
		<u>9,991</u>	<u>-</u>

- 6.1 Govt grant has been recognised against loan obtained under SBP refinance scheme of salaries & wages in lieu of below market interest rates payable on this loan. There are no unfulfilled conditions or contingencies attached to this grant effecting its recognition at the reporting date.

7 Short Term Financing - Secured

	September 2020	June 2020
- Under mark up arrangements	2,521,876	2,040,235
- Under arrangements permissible under Shariah	2,265,934	3,349,672
	<u>4,787,810</u>	<u>5,389,907</u>

Short term finances available from commercial banks under mark up arrangements amount to Rs. 9,410 million (June 30, 2020: Rs. 9,410 million), out of which finances available from Islamic banks under Islamic arrangements amount to Rs. 3,900 million (June 30, 2020: Rs. 5,513 million). The rates of mark up for finances under mark up arrangement ranged from 7.23 % to 8.93 % per annum (June 30, 2020: 9.08% to 15.81% per annum) and for finances under arrangement permissible under Shariah ranged from 7.56 % to 8.37% per annum (June 30, 2020: 8.98% to 15.74% per annum) on the balances outstanding.

8 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:

- 8.1 Commitment regarding letter of credit/bank contracts other than capital expenditure Rs. 9.856 million (June 30, 2020: Rs. Nil million)

	Note	September 2020 (Rupees in thousand)	June 2020
9 Property, plant and equipment			
Operating fixed assets	9.1	3,032,496	3,129,906
Stores held for capital expenditures		83,665	83,665
		<u>3,116,161</u>	<u>3,213,571</u>
9.1 Operating fixed assets			
Opening net book value		3,129,907	3,425,226
Additions (At cost)		11,565	132,059
		<u>3,141,472</u>	<u>3,557,285</u>
Disposals (at NBV)		(3,750)	(3,943)
Depreciation charge		(105,226)	(423,435)
		<u>(108,975)</u>	<u>(427,378)</u>
Closing net book value		<u>3,032,496</u>	<u>3,129,907</u>

July to September

10 Cost of sales

	2020	2019
	(Rupees in thousand)	
Raw material consumed	1,680,504	2,560,256
Salaries, wages and benefits	63,435	66,569
Stores and spares consumed	17,612	42,779
Depreciation/amortization	103,174	103,076
Insurance	17,522	19,071
Traveling, conveyance and entertainment	4,828	5,732
Repair and maintenance	2,187	3,525
Electricity consumed in-house	3,697	1,956
Contracted Services	3,992	4,856
Miscellaneous	1,594	3,101
	<u>1,898,545</u>	<u>2,810,921</u>

11 Transactions with related parties

Relationship with the company	Nature of transactions		
i. Associated undertakings and other related parties	Purchase of goods / services	116	970
	Reimbursement of expenses	-	8
ii. Key Management Personnel	Salaries and other employee benefits	33,337	35,611
ii. Retirement benefit plan	Expense charged	5,196	3,818
		<u>38,648</u>	<u>40,407</u>

12 Cash generated from operations

Profit before tax	416,148	379,313
Adjustments for:		
Depreciation/amortization	105,352	105,195
Interest income	(473)	(93)
Provision for retirement benefits	5,196	3,818
Finance cost	112,455	211,842
Profit before working capital changes	<u>638,694</u>	<u>700,075</u>
Effect on cash flow due to working capital changes		
Stores and spares	(2,575)	9,264
Stock in trade	(367,280)	7,498
Trade debts	305,887	(1,813,500)
Other receivables	204,764	(51,980)
Creditors, accrued and other liabilities	(112,910)	(16,569)
	<u>27,885</u>	<u>(1,865,287)</u>
	<u>666,579</u>	<u>(1,165,211)</u>

13 Date of authorization for issue

These financial statements were authorized for issue on October 26, 2020 by the Board of Directors of the company.

14 Corresponding figures

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