

# QUARTER 8

July – September 2024



# SECMC

Sindh Engro Coal Mining Company

16th Floor, The Harbor Front Building,  
HC#3, Marine Drive, Block 4, Clifton,  
Karachi-75600, Pakistan

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30<sup>th</sup> October 2024

To,  
REGISTRAR  
THAR COAL ENERGY BOARD  
KARACHI, SINDH

Reference: SECMC-1531-10-2024

**Subject: Filing of Motion for Indexation of Tariff for July to September 2024 Quarter**

Dear Sir,

I, Muhammad Muddasir, Chief Financial Officer and duly authorized representative of Sindh Engro Coal Mining Company Limited ("SECMC") having its registered office at 16th Floor, the Harbor Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi, hereby submit to the Thar Coal & Energy Board ("Authority"), motion for indexation of tariff components for the quarter July to September 2024 on account of applicable indexations including duties and taxes, as per Phase II COD determined tariff TCEB/Registrar/2-1/2014/COD-Phase II dated 6<sup>th</sup> May 2024 ("Tariff").

Attached is an Instrument No. 60267250 (Stationary Ref No. 1900002028) dated 29<sup>th</sup> October 2024 drawn on Industrial Commercial Bank of China being the TCEB tariff petition fee in accordance with Schedule I of Thar Coal Tariff Determination Rules, 2014 and notification dated 15 February 2023.

Furthermore, we would request that going forward SECMC should be allowed to invoice customers based on the last available indexation determination (*Initial invoice*) until the subsequent indexation is determined. It is to highlight that SECMC will file the motion for indexations for the subsequent quarter preferably by the third week of the month following the previous quarter's end and as soon as the same is determined by TCEB, SECMC will issue debit or credit notes (as applicable) to customers, based on the difference between the initial invoicing and the indexation determination (*Adjustment notes*). This process will ensure that our filings are based on the most accurate and up-to-date data points, thereby aligning with the actual macroeconomic conditions.

We look forward to your usual support in determining the same.

Best Regards,

**Muhammad Muddasir**  
Chief Financial Officer



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30<sup>th</sup> October 2024

To,  
REGISTRAR  
THAR COAL ENERGY BOARD  
KARACHI, SINDH

Reference No: SECMC-1533-10-2024

**Subject: Filing of Indexations for the Quarter Based on Actual Macros and Duties**

We would like to extend our gratitude for the approval of methodology for filing indexations for the first quarter i.e covering October to December 2022 through to the sixth quarter i.e January to March 2024. We will continue to use the same format for this quarter as well which is based on actual macroeconomic indicators prevalent during the quarter and the actual duties and taxes paid during the quarter. The details of and mechanism of the same are as follows;

## Macroeconomic Indicators and Assumptions

For each quarter, the following macroeconomic indicators and assumptions will be used for the indexation:

1. **1-month KIBOR:**
  - o Average of daily rates of 1-month offer KIBOR published by SBP during the quarter.
2. **6-month KIBOR:**
  - o Average of daily rates of 6-Month offer KIBOR published by SBP during the quarter.
3. **6-month LIBOR and Exchange Rate:**
  - o (a) Average of daily rates for 6-month LIBOR published by NBP during the quarter.
  - o (b) Average of daily selling PKR/USD exchange rates published by NBP during the quarter.
4. **Diesel Prices:**
  - o Day-wise weighted average of retail prices of HSD at Shell Pakistan Petrol Pumps in Islamabad, as published by OGRA during the quarter.
5. **Local CPI:**
  - o Average of monthly rates published by the Pakistan Bureau of Statistics during the quarter.
6. **US CPI:**
  - o Average of monthly rates published by the US Bureau of Labor Statistics during the quarter.
7. **Power Generation Mix:**
  - o Details of power generation mix during that quarter from Diesel and Solar.
8. **RMB/USD Exchange Rate:**
  - o Average of daily selling and buying rates published by the Bank of China.
9. **Duties and Taxes:**
  - o Actual duties and taxes paid during the quarter.

## Mechanism for Quarterly Indexation Filing and Billing to Customers





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The following mechanism will be followed for filing indexations each quarter along with an example for ease of explaining:

**1. Initial Invoicing:**

- For the months within a given quarter (for e.g., April, May and June), SECMC will initially invoice customers based on the last available indexation determination, which would be for the previous quarter (e.g., January to March).

**2. Indexation Filing and Determination:**

- SECMC will file the indexation for the completed quarter preferably by the third week of the month following the quarter's end (for e.g., by the third week of July for the April to June quarter).
- TCEB will then determine indexation for that quarter.


**3. Adjustment Notes:**

- Once TCEB determines the indexation, SECMC will issue debit or credit notes (as applicable) to customers for the April – June quarter, based on the difference between the initial invoicing and the indexation determination.

This process ensures that our filings are based on the most accurate and up-to-date data points, thereby aligning with the actual macroeconomic conditions and duties and taxes paid.

We believe this approach will lead to more accurate and fairer indexation. Should you have any questions or require further clarification, please do not hesitate to contact us.

Best Regards,



**Muhammad Muddasir**  
Chief Financial Officer

**QUARTERLY INDEXATION/ ADJUSTMENT OF TARIFF FOR SINDH ENGR COAL MINING COMPANY**

For the Quarter Jul-24 to Sep-24

The same shall be applicable for all future sales until indexation order for the subsequent quarter has been determined by TCEB

Tariff Components	Reference Tariff (PKR/Ton)	Revised Jul-24 to Sep-24 Quarter (PKR/Ton)
<b>CAPACITY (FIXED) PAYMENTS</b>		
Fixed O&M - Foreign	907	1,166
Fixed O&M - Local	646	910
Cost of Working Capital	402	597
Insurance	192	192
Power Cost - By Solar	9	8
Power Cost - By Diesel	482	560
ROE	1,148	1,401
ROEDC	477	582
Principal Debt Repayment - Local SG	432	432
Principal Debt Repayment - Local NSG	18	18
Principal Debt Repayment - Foreign	577	704
Interest Payment - Local SG	949	1,086
Interest Payment - Local NSG	70	80
Interest Payment - Foreign	289	406
<b>Total</b>	<b>6,598</b>	<b>8,142</b>
<b>PRODUCTION (VARIABLE) PAYMENTS</b>		
Fuel	1,462	1,669
Variable O&M - Foreign	1,260	1,620
Asset Replacement Cost	1,043	1,341
Royalty	777	955
Heating Value Adjustment	-	-45
Transportation	117	134
<b>Total</b>	<b>4,659</b>	<b>5,673</b>
<b>Grand Total</b>	<b>11,257</b>	<b>13,816</b>

Duties & Taxes*		PKR Mn
Duties & Taxes	As per Actual	963
- EPTL		481
- TEL		241
- TNPTL		241
- LEPL		-

- Duties & Taxes are to be recovered from IPPs based on their respective capacity quantity allocation for the quarter

Indexation Values	Reference	Revised Jul-24 to Sep- 24 Quarter
PKR/USD	228.45	278.82
US CPI	296.81	314.88
Local CPI	185.68	261.53
RMB/USD	7.12	7.17
Diesel Notified Ex GST Price	238.63	272.46
% Diesel	85.29%	86.72%
% Solar	14.71%	13.28%
6 Month KIBOR - SG	17.66%	20.21%
6 Month KIBOR - NSG	18.41%	20.96%
6 Month LIBOR	7.53%	8.68%
1 Month KIBOR	17.91%	21.61%
Heating Value	11.30	11.39



**Subject: Power Cost Component of Tariff for July-September 2024 Quarter for the Sindh Engro Coal Mining Company (SECMC)**

The Sindh Engro Coal Mining Company (SECMC) confirms that the power generation source mix for the July-September 2024 quarter is as follows:

<b>Component</b>	<b>Percentage</b>
Diesel genset	86.72%
Solar Power System	13.28%

This will be duly verified by TCEB at the time of the Multi Year Tariff (MYT).

Best Regards,

