

Quarter 1

January – March 2025

Phase II - Quarter 10



SECMC
Sindh Engro Coal Mining Company

16th Floor, The Harbor Front Building,
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29th April 2025

To,
REGISTRAR
THAR COAL ENERGY BOARD
KARACHI, SINDH

Reference: SECMC-1675-04-2025

Subject: Filing of Motion for Indexation of Tariff for January to March 2025 Quarter

Dear Sir,

I, Muhammad Mudassir, Chief Financial Officer, 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 January to March 2025 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 6th May 2024 ("Tariff").

Attached is an Instrument No. 32934907 dated 29th April 2025 drawn on National Bank of Pakistan being the TCEB tariff petition fee in accordance with Schedule I of Thar Coal Tariff Determination Rules, 2014

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 Mudassir

Vice President and Chief Financial Officer





29th April 2025

To,
Registrar
Thar Coal Energy Board
Karachi, Sindh

Reference No: SECMC-1676-04-2025

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 ninth quarter i.e. October to December 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 SOFR and Exchange Rate:**
 - o (a) Average of daily rates for 6-month SOFR 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

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

1. **Initial Invoicing:**
 - o For the months within a given quarter (for e.g., April, May and June), following the requested approval from TCEB, SECMC will initially invoice customers based on the last available indexation determination, which would be for the previous quarter (e.g., January to March).



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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 January – March 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. Kindly find the enclosed documents submitted for your review and approval.

We believe this approach will lead to more accurate and fairer indexation.

Best Regards,

Muhammad Mudassir
Vice President and Chief Financial Officer



QUARTERLY INDEXATION/ ADJUSTMENT OF TARIFF FOR SINDH ENGRO COAL MINING COMPANY
For the Quarter Jan-25 to Mar-25

Tariff Components	Reference Tariff (PKR/Ton)	Revised Jan-25 to Mar-25 Quarter (PKR/Ton)
CAPACITY (FIXED) PAYMENTS		
Fixed O&M - Foreign	729	938
Fixed O&M - Local	715	1,022
Cost of Working Capital	402	389
Insurance	192	192
Power Cost - By Solar	9	11
Power Cost - By Diesel	482	518
ROE	1,147	1,405
ROEDC	477	584
Principal Debt Repayment - Local SG	510	510
Principal Debt Repayment - Local NSG	22	22
Principal Debt Repayment - Foreign	622	762
Interest Payment - Local SG	865	668
Interest Payment - Local NSG	67	52
Interest Payment - Foreign	245	318
Total	6,484	7,391
PRODUCTION (VARIABLE) PAYMENTS		
Fuel	1,480	1,646
Variable O&M - Foreign	1,249	1,607
Asset Replacement Cost	1,044	1,343
Royalty	770	895
Heating Value Adjustment	-	-59
Transportation	117	130
Total	4,660	5,562
Grand Total	11,144	12,953

Duties & Taxes*		PKR Mn
Duties & Taxes	As per Actual	473
- EPTL		236
- TEL		118
- TNPTL		118
- LEPL		-

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

Indexation Values	Reference	Revised Jan-25 to Mar- 25 Quarter
PKR/USD	228.45	279.81
US CPI	296.81	318.85
Local CPI	185.68	265.47
RMB/USD	7.12	7.28
Diesel Notified Ex GST Price	238.63	265.34
% Diesel	85.29%	82.46%
% Solar	14.71%	17.54%
6 Month KIBOR - SG	17.66%	13.63%
6 Month KIBOR - NSG	18.41%	14.38%
6 Month LIBOR / SOFR	7.53%	7.98%
1 Month KIBOR	17.91%	14.51%
Heating Value	11.30	11.42

M. J. J. J.

