



SECMC

Sindh Engro Coal Mining Company

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19TH FEBRUARY 2026

To,
REGISTRAR
THAR COAL ENERGY BOARD
KARACHI, SINDH

Reference: SECMC-1965-02-2026

Subject: Filing of Limited Scope Petition for Verification and Endorsement of Duties & Taxes as Pass-Through Items

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, Harbour Front Building, HC-3, Marine Drive, Block 4, Clifton, Karachi, hereby submit this limited scope petition under Rule 4(1), read with Rule 11(4) of the Thar Coal Tariff Determination Rules, 2014, along with the Thar Coal Pricing Framework (Standards & Guidelines).

Through this petition, SECMC respectfully requests the Thar Coal & Energy Board (“TCEB” or the “Authority”) to verify and endorse duties and taxes for Phase 1 (July 2019 till September 2022) and Phase 2 (October 2022 till December 2025), that have been actually paid to the Government and are being claimed as pass-through/reimbursable items under the applicable tariff and indexation framework.

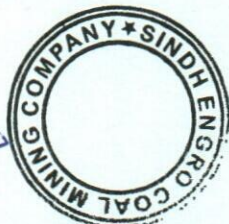
This petition does not seek any review, re-opening, or modification of prior tariff determinations or indexation decisions. The relief sought is strictly limited to the verification of documentary evidence submitted along-with the Petition (including challans, CPRs, receipts, etc.) in Annexure and the issuance of a TCEB determination confirming the verified amounts as allowable pass-through/reimbursable items, for subsequent submission before NEPRA and/or CPPA-G, as applicable.

Attached is an Instrument No. 60299736 (Stationary Ref No.1900000816) dated 17th February 2026 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.

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

Best Regards,

MUHAMMAD MUDDASIR
CHIEF FINANCIAL OFFICER AND VICE PRESIDENT





Annexure A

A. PETITION WRITE-UP WITH ANNEXURES

B. SIGNED AFFIDAVIT

C. NEPRA FPA Approvals – EPTL

1. Revised Fuel Cost NEPRA Decision – July 2019 to March 2024
Ref: NEPRA/R/ADG(Trf)/TRF-301/EPTPL-2015/4087-91
Dated: 23rd April 2025
2. Revised Fuel Cost NEPRA Decision – April 2024 to September 2024
Ref: NEPRA/R/ADG(Trf)/TRF-301/EPTPL-2015/4033-37
Dated: 23rd April 2025
3. NEPRA Decision on Revised Fuel Cost
Ref: NEPRA/R/ADG(Trf)/TRF-301/EPTL-2015/10734-38
Dated: 17th July 2025
4. NEPRA Decision on Revised Fuel Cost
Ref: NEPRA/R/ADG(Trf)/TRF-301/EPTL-2015/12834-38
Dated: 18th August 2025
5. NEPRA Decision on Revised Fuel Cost
Ref: NEPRA/R/ADG(Trf)/TRF-301/EPTL-2015/16490-94
Dated: 15th October 2025

(Collectively referred to as “NEPRA FPA Approvals for EPTL”)

D. NEPRA FPA Approvals – TNPTL

6. NEPRA Decision on Revised Fuel Cost
Ref: NEPRA/R/ADG(Trf)/TRF-367/TPTPL-2016/4039-43
Dated: 23rd April 2025
7. NEPRA Decision on Revised Fuel Cost
Ref: NEPRA/R/ADG(Trf)/TRF-367/TPTPL-2016/13176-80
Dated: 27th August 2025
8. NEPRA Decision on Revised Fuel Cost
Ref: NEPRA/R/ADG(Trf)/TRF-368/TPTPL-2016/20903-07
Dated: 10th December 2025

(Collectively referred to as “NEPRA FPA Approvals for TNPTL”)

E. NEPRA FPA Approvals – TEL

9. Revised Fuel Cost NEPRA Decision
Ref: NEPRA/R/ADG(Trf)/TRF-368/TEL-2016/4093-97
Dated: 23rd April 2025
10. NEPRA Decision on Revised Fuel Cost
Ref: NEPRA/R/ADG(Trf)/TRF-368/TEL-2016/13182-86
Dated: 27th August 2025



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11. NEPRA Decision on Revised Fuel Cost

Ref: NEPRA/R/ADG(Trf)/TRF-368/TEL-2016/20816-20

Dated: 5th December 2025

(Collectively referred to as "NEPRA FPA Approvals for TEL")



DUTIES & TAXES

SUBMITTED BEFORE

THAR COAL AND ENERGY BOARD (TCEB)

FOR THE YEAR 2019 TO 2025

DATED

FEBRUARY 19, 2026



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1. Background & Context

Sindh Engro Coal Mining Company (SECMC), the Petitioner, is engaged in coal mining operations at Thar Coalfield under the applicable concessions, approvals and the tariff framework notified/determined by the Thar Coal Energy Board (TCEB), the Regulator for Phase I and Phase II.

It is submitted that in the Phase I, Phase II COD-stage and Multi-Year (MYT) stage tariff determinations, no separate provision of taxes, duties, levies, surcharges and governmental impositions other than tax on dividend, borne by the Petitioner as per the applicable law was built into the tariff as a priced component. However, the determinations expressly recognize such costs where payable by the Project under Applicable Law are to be dealt with as a pass-through/true-up mechanism based on actual expense incurred.

Under clause (xi) of the *Reference Tariff Adjustments & Escalations*, it was provided as follows:

“No provision for income tax, workers profit participation fund and workers welfare fund, any other tax, custom/excise duty or other duty, levy, charge, surcharge or other governmental impositions, payable by the Project has been accounted for in the tariff. If the Petitioner is obligated to pay any tax the exact amount will be reimbursed by the offtaker on production of original receipts. However, withholding tax on dividend will not be pass through under the tariff.”

Accordingly, where the Petitioner is obligated to pay such duties/taxes under Applicable Law and/or where such duties or taxes are incurred to sustain operations (including import-stage duties and statutory payments), the same are required to be allowed as pass-through on actual basis, subject to verification and submission of original supporting evidence.

The Petitioner further submits that in the Phase II COD Determination, TCEB acknowledged that while incentive for tax exemption exist for Thar Coalfield development, certain charges are not exempted under Applicable Law and therefore must be paid as per actual. In this regard, the Petitioner received the following acknowledgement from TCEB:

“TCTDC remains of the view that fiscal incentives provided for development of Thar Coalfields, clearly stipulate that there will be zero percent customs duties on import of machinery, in addition to other fiscal incentives. However, there are certain charges that are not exempted under Applicable Law, such as Additional Custom Duty, and Regulatory Duty on dump trucks, and its spares, infrastructure cess at import stage, stamp duty at import stage, etc. Only those amounts are not exempted under Applicable Law are being allowed in the Determination.”



The above acknowledgement reinforces the principle that actual, non-exempt costs (including import-stage charges, Worker Profit Participation Fund (WPPF) and other statutory payments) are to be recognized and allowed in accordance with the tariff framework and true-up mechanism.

This limited scope petition is submitted with the objective of seeking TCEB's support in verification and endorsement of long outstanding Duties & Taxes paid to the Government and claimed by the Petitioner as pass-through / reimbursable item under applicable tariff/ indexation mechanism. It does not seek review, re-opening or modification of any prior tariff determination or indexation decision. The relief sought is strictly limited to the verification of underlying documentary evidence (including challans, CPRs, receipts, etc.) and the issuance of a TCEB determination confirming the verified amounts as allowable pass-through/reimbursable items for the period starting from July 2019 till December 2025, for subsequent submission before NEPRA and/or CPPA-G, as applicable.

The Petitioner further seeks to streamline and establish a clear, regulator-approved mechanism for the future submission, approval and recovery of such Duties & Taxes from customers under the applicable tariff / indexation framework.

2. Approval on incurred Duties & Taxes

As per the stipulation in the determinations, the Petitioner has been submitting the incurred expenses of Duties and Taxes each month to the Customers under the pass-through mechanism. Following are the time period of Duties and Taxes:

- Phase I (July 2019 to September 2022)
- Phase II (October 2022 to December 2025)

The Petitioner has incurred approximately **PKR 9.8 billion** (PKR 9,806,601,639) in lieu of duties and taxes in its operations. However, reference to the letter submitted by NEPRA requesting regulator (TCEB) verification of the charged Duties and Taxes to IPPs. The Petitioner hereby seeks approval for the pass-through of the above costs, duly supported by relevant Duties and Taxes payment evidence. The amounts have been mapped cost head-wise and are consolidated in **Annexure A** (Phase-Wise Summary of Incurred Amounts) for ease of reference and verification.

3. Taxes

3.1. Withholding tax on O&M invoices (mining and non-mining operations):

The Petitioner requests pass-through of income tax withholding amounts deposited in respect of contractor invoices for mining and non-mining operations covering the period July 2019 to December 2025 under O&M I, O&M



II and O&M III agreements, cumulatively amounting to **PKR 4.79 billion**. The amounts have been duly bifurcated phase-wise and quarter-wise and are supported through relevant cheques, Pay Orders, Computerized Payment Receipts (CPRs), and contractor invoice references, as provided in Annexure A.

3.2. Withholding tax on interest portion of foreign currency financing:

The Petitioner further requests pass-through of **PKR 410 million** against income tax withholding deposited on the interest portion of foreign currency long-term loan payments to China Construction Bank (CCB), where such withholding arises under Applicable Law and was deducted from the Petitioner through banking channels. Supporting evidence, including payment schedules and deposit documentation, is provided in Annexure A.

4. Duties

The Petitioner has paid **PKR 1.19 billion** in the head of duties/charges paid against the Import Stage Charges, including customs duty, additional customs duty, excise-related charges, CESS, Regulatory Duty, and stamp duty, incurred primarily for procurement/import of spares of specialized mining equipment and machinery (including dump trucks, excavators, tyres and critical spares) required to sustain mining operations, as such equipment/spares are generally not locally manufactured and require import and related clearances of OEM spares or parts not available locally.

This head also includes Electricity duty relating to consumed units of generating sets, deposited to State Bank of Pakistan, where applicable. The Petitioner has paid **PKR 13.9 million** on account of electricity duty. The detailed cost head-wise and document-wise breakdown is provided in Annexure A.

5. Workers' Profit Participation Fund (WPPF)

SECMC has made payments aggregating **PKR 3.42 billion** towards WPPF pertaining to the years 2021 up to 2024, being the portion deposited with the relevant authority (Sindh Revenue Board) and now submitted for approval. This statutory payment falls within the category explicitly referenced under clause (xi) (WPPF/WWF) and therefore is submitted for pass-through on actual basis subject to verification. Supporting evidence is provided in Annexure B.

6. Recovery of Duties & Taxes via Claw Back

The Petitioner submits a one-time adjustment mechanism whereby the long outstanding Duties & Taxes of **PKR 9.8 billion** to be set off against the saving amount of



PKR 23 billion identified under Clause 19(A) of the MYT Determination, to facilitate timely recovery from customers. It is proposed that the adjustment be apportioned over the remaining four quarters of the MYT claw-back period (October 2025–December 2025, January 2026–March 2026, April 2026–June 2026, and July 2026–September 2026).

The phase wise break-up of incurred duties & taxes costs including WPPF are as below:

Phase	Quarters	Months	Claimable Duties & Taxes	WPPF	Total Claimable Expense
			PKR		
Phase I	Phase I	Jul19-Sep22	2,194,167,984	-	2,194,167,984
Phase II	Q1	Oct22-Dec22	92,185	-	92,185
	Q2	Jan23-Mar23	13,458,318	-	13,458,318
	Q3	Apr23-Jun23	913,981,485	-	913,981,485
	Q4	Jul23-Sep23	995,998,096	-	995,998,096
	Q5	Oct23-Dec23	716,491,338	-	716,491,338
	Q6	Jan24-Mar24	272,711,581	-	272,711,581
	Q7	Apr24-Jun24	604,456,717	250,000,000	854,456,717
	Q8	Jul24-Sep24	316,735,692	285,906,723	602,642,415
	Q9	Oct24-Dec24	45,801,433	907,968,000	953,769,433
	Q10	Jan25-Mar25	100,209,844	400,000,000	500,209,844
	Q11	Apr25-Jun25	161,360,629	650,000,000	811,360,629
	Q12	Jul25-Sep25	15,490,862	300,000,000	315,490,862
	Q13	Oct25-Dec25	36,770,751	625,000,000	661,770,751
Total			6,387,726,915	3,418,874,723	9,806,601,638

The total Duties & Taxes have been allocated to customers in proportion to their respective available capacities during the relevant operational period.

Duties & Taxes PKR	
EPTL	5,999,861,856
TEL	1,902,846,936
TN	1,902,017,974
LEPCL	1,874,872
Total	9,806,601,638

7. Conclusion

In reference to the above explanation, the Petitioner hereby submits details of the total amount of **PKR 9.8 billion** paid against the duties and taxes, duly supported with all required documentation as available including original receipts/challans, CPRs, and

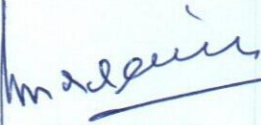


invoices for the period from July 2019 to December 2025. The Petitioner respectfully requests that the long-outstanding Duties & Taxes amount be duly vetted and approved for adjustment over the remaining four quarters of the MYT claw-back period to facilitate timely recovery.

It is further submitted that SECMC has consistently included Duties & Taxes in their previous quarterly indexation submissions and were approved by TCEB as at actual incurred expense. However, through this limited scope petition, SECMC seeks formal approval of a streamlined mechanism whereby, going forward, all Duties & Taxes incurred under the defined cost heads shall be submitted as part of quarterly indexation filing, together with complete supporting documentation. It is respectfully requested that TCEB verify and allow such amounts as pass-through through its quarterly indexation determinations. Upon issuance and gazette notification of the relevant determination, SECMC shall recover the approved amounts from the respective IPPs through adjustment notes in accordance with the applicable tariff framework.

TCEB is respectfully requested to extend its continued utmost support as always, for this long outstanding matter to enable recovery from the Customer.

The Petitioner remains available to provide any further clarification, reconciliation or supporting documentation as may be required by TCEB.


APPLICANT

Karachi

Dated: 19th February 2026

